



VMS Industries Limited

Ship Recycling & Automobiles

808-C, Pinnacle Business Park, Corporate Road, Prahladnagar.
Ahmedabad - 380015, Gujarat (INDIA) Tele : 079 - 31900484 Telefax : 079 - 40320484
Web.: www.vmsil.com E-mail : info@vmsil.com, vmsind@gmail.com



ISO 9001:2008 OHSAS 18001:2007 ISO 14001:2004
ISO 38000:2009

CIN-L74140GJ1991PLC016714

Ref No. Annual Report 2013-14/01
TO,
BSE LTD,
C/O LISTING DEPARTMENT,
PHIROZ JEEJEEBHOY TOWERS,
DALAL STREET,
MUMBAI-400001

Date: 08.09.2014

FORM A

1	Name of Company	VMS INDUSTRIES LIMITED
2	Annual Financial Statements for the Year ended	31.03.2014
3	Type of Audit observation	Un-qualified
4	Frequency of observation	N.A
5	To be Singed by • CEO / Managing Director • CFO • Auditor of the Company • Audit Committee Chairman	<p>For, VMS INDUSTRIES LTD.</p> <p><i>He - se - Ov</i></p> <p>MANOJKUMAR JAIN MANAGING DIRECTOR DIN : 02190018</p>

We are attaching herewith six copy of Annual Report for your consideration and reference.

For: VMS INDUSTRIES LIMITED

Hemal Patel
HEMAL PATEL
COMPANY SECRETARY



Annual Report
2013-2014



VMS INDUSTRIES LIMITED

BOARD OF DIRECTORS



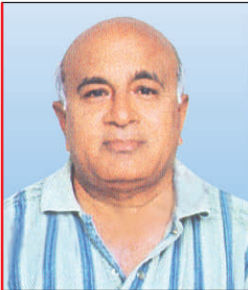
Manoj Kumar Jain
Managing Director



Sangeeta Jain
Whole Time Director



Ajit Kumar Jain
Director



Bakul Mehta
Non Executive Independent Director



Pranav Parikh
Non Executive Independent Director



Hitesh Loonia
Non Executive Independent Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Hemal Patel

REGISTERED OFFICE

808-C, Pinnacle Business Park, Corporate Road,
Prahladnagar, Ahmedabad-380015 Gujarat (India)
Telefax No. (079) 40320484
Website : www.vmsil.com
email : info@vmsil.com

CIN NO.

L74140GJ1991PLC016714

WORK SHOP

Ship Recycling Yard
160-M, Alang- Sosiya Ship Breaking Yard,
Alang-364081, Dist. Bhavnagar, Gujarat

REGISTRARS & SHARE TRANSFER AGENTS FOR ELECTRONIC SHARES

Cameo Corporate Services Limited
'Subramanian Building',
No. 1 Club House Road, Chennai – 600 002
Tel: +91-44-28460390/28460425

MAIN BANKERS

Bank of Baroda
Allahabad Bank
Indian Overseas Bank
ICICI Bank Ltd.
Oriental Bank of Commerce

STATUTORY AUDITORS

K. Solanki & Co.,
Chartered Accountants.
3rd Floor, Avishakar-II, Nr. Patel Was Madalpura,
Ellisbridge, Ahmedabad-380006

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NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the members of M/s VMS Industries Limited will be held at 11.00 A.M. on Monday, 29th day of September, 2014 at the Registered Office of the Company at 808/C Pinnacle Business Park, Corporate Road, Prahladnagar, Ahmedabad-380015 to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss Account for the year ended on that date together with the reports of the Directors' and the Auditors thereon.
2. To Re-appoint Mr. Ajit Kumar Jain, Director of the Company (DIN: 00114766), liable to retire by rotation in terms of section 152(6) of the companies Act, 2013 and, being eligible, himself for Re-appointment.
3. To Re-appoint Mrs. Sangeeta Jain, Whole Time Director of the Company (DIN: 00125273), liable to retire by rotation in terms of section 152(6) of the companies Act, 2013 and, being eligible, herself for Re-appointment.
4. To appoint the Auditor and to fix their remuneration and in this regards pass with or without modification(s) the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provision of Section 139, 142 and other applicable provision, if any, of the Companies Act, 2013 (corresponding to Section 224 and other applicable provision, if any, of the Companies act, 1956), M/s P D GOPLANI & Co.(Firm Reg. No.118023W), Chartered Accountant, be and are hereby appointed as the Statutory Auditors of the Company in place of retiring Statutory Auditor M/s K Solanki & Co., Chartered Accountants, Ahmedabad, who have expressed their unwillingness to continue as Auditor of the Company.

"RESOLVED FURTHER THAT M/s P D GOPLANI & Co, Chartered Accountants, shall hold office from the conclusion of this Annual General Meeting till the conclusion of the 27th Annual General Meeting i.e for period of five years (after commencement of the Companies Act, 2013), subject to ratification by the shareholder annually, at a remuneration to be decided by the Board of Directors in consultation with the Auditor plus applicable service tax and re-imbusement of travelling and out of pocket expenses incurred by them for the purpose of audit."

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:
"RESOLVED that in supersession of the earlier Resolution passed in this regard and pursuant to Section 293(1) (d) of the Companies Act, 1956, at the Extra Ordinary General Meeting of the Company held on 03rd February, 2010 and pursuant to section 180(1) (c) and other applicable provisions, if any, of the Companies Act, 2013, the consent of the members be and is hereby granted to the Board of Directors of the Company to borrow for the purposes of its business, apart from temporary loans obtained and or to be obtained from the Company's banker in the ordinary course of business, a sum or sums of money not exceeding ₹ 250.00 crores (Rupees Two Hundred Fifty Crores Only), excluding the interest accrued thereon, notwithstanding that such aggregate amount of borrowing outstanding at any one time may exceed paid up capital and its free reserves, that is to say, reserves not set apart for any specific purpose, from the Company's bankers or from any person or persons, firms, bodies corporate or Financial Institutions and by way of deposits, advances or other loans whether unsecured or secured by mortgage, charge, hypothecation or pledge of any or all of the Company's assets and properties existing and future, on such terms and conditions as the Board of Directors may from time to time, deem fit."
6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:
"RESOLVED that in pursuant to Section 293(1) (a) of the Companies Act, 1956, and Section 180(1) (a) and other applicable provisions, if any, of the Companies Act, 2013, consent of the members of the Company be and is hereby accorded to the Board of Directors for the creation of mortgages, charges and hypothecation, in such form and manner as the Board of Directors may deem fit on such of the Company's movable and immovable properties, both present and future, and in such manner as the Board may direct, the Company, in certain events in favour of Lender(s)/ Financial Institutions /Bank(s) and other investing agencies to secure Rupee Loan or any other debt instruments together with interest thereon at the respective agreed rates, compounded rates, additional interest, liquidated damages, commitment charges, costs, charges, expenses, including any increase as a result of devaluation / revaluation/ fluctuation in the rates of the exchange and other investing agencies under the arrangements entered into / to be entered by the Company in respect of the said loans, securities or other instruments."
"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalize the terms and conditions of the above mentioned loans, securities, instruments and documents for creating the aforesaid mortgages, charges and hypothecation and to do all such acts and things and execute such documents or writings as may be necessary for giving effect to the above resolutions."
7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution** :
"RESOLVED THAT in accordance with the provision of section 196, 197 and 203 read with schedule V and all other applicable provision of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managing Personnel) Rule, 2014 (including any statutory modification(s) or re enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Ms Sangeeta Jain, (DIN: 00125273) as Whole Time Director, designated as Executive Director of the Company, for a period of 5 (Five) Years with effect from 01st October, 2014 which would result in concurrent termination of earlier appointment and on terms and condition including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Director (hereinafter referred to as "the Board" which shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and vary the terms and condition of the said re-appointment and/ or remuneration to Ms Sangeeta Jain, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;



“RESOLVED FURTHER THAT in the event of any loss, absence or inadequacy of the profit of the company in any financial year, during the term of office of Ms. Sangeeta Jain, the remuneration mentioned in the above referred appointment shall be paid to Ms. Sangeeta Jain as minimum remuneration and the same shall be subject to the limits as set out in Section II of part II of Schedule V of the Companies Act, 2013.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

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

“RESOLVED THAT in accordance with the provision of section 196, 197 and 203 read with schedule V and all other applicable provision of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managing Personnel) Rule, 2014 (including any statutory modification(s) or re enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Mr. Manoj Kumar Jain, (DIN: 02190018) as Managing Director, designated as Executive Director of the Company, for a period of 5 (Five) years with effect from 01st October, 2014 and the said appointment will result in concurrent termination of earlier appointment due to substantial change in terms and conditions in the appointment. The new terms and condition including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Director (hereinafter referred to as “the Board” which shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and vary the terms and condition of the said re-appointment and/ or remuneration to Mr. Manoj Kumar Jain, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;”

“RESOLVED FURTHER THAT in the event of any loss, absence or inadequacy of the profit of the company in any financial year, during the term of office of Mr. Manoj Kumar Jain, the remuneration mentioned in the above referred appointment shall be paid to Mr. Manoj Kumar Jain as minimum remuneration and the same shall be subject to the limits as set out in Section II of part II of Schedule V of the Companies Act, 2013.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013 Mr. Hitesh Loonia, (DIN: 02906216) Non Executive Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from April 01, 2014 up to March 31, 2019.”

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013, Mr. Bakul Mehta, (DIN: 02902485) Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from April 01, 2014 up to March 31, 2019.”

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013, Mr. Pranav V Parikh, (DIN: 02906210) Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from April 01, 2014 up to March 31, 2019.”

**By Order of Board of Directors
For: VMS INDUSTRIES LIMITED**

Place : Ahmedabad

Date : 23.08.2014

**Hemal Patel
Company Secretary**

NOTES:

- A. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (MEETINGS) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy from duly completed and signed, should be lodged with the company, at its registered office at least 48 hours before the time of the meeting
- B. The relative Explanatory Statement , pursuant to section 102 (2) of the companies act , 2013 (corresponding to 173 (2) of the companies act , 1956), in respect of the special business under item no. 5 to 11 are annexed hereto
- C. Pursuant to the provision of Section 91 of the Companies Act , 2013 (corresponding to 154 of the companies act , 1956), the registered of members and share transfer books of the company will remain closed from Friday 26th September, 2014 to Monday 29th September, 2014 (both day inclusive).
- D. All documents referred to in the notice and the explanatory statement requiring the approval of the members at the meeting and other statutory register shall be available for inspection by the Members at the registered office of the company during office hours on all working days between 11.00 a.m to 1.00 p.m. on all days except Saturdays, Sundays and public holiday, from the date hereof up to the date of the Annual General Meeting.

- E. The Notice of the 22nd Annual General Meeting with instruction for e-voting, along with attendance slip and proxy form is being dispatched to the Members by Post (and electronically by e-mail to those Members who have registered their e-mail IDs with the Company /Depositories) whose names appear in the Register of Members/list of beneficial owners as received from National Securities Depository Limited (NSDL)/Central Depository Services (India) Limited (CDSL) on 22nd August, 2014. Members may also note that the notice of the 22nd AGM and the Annual Report 2013-14 will be available on the company's website www.vmsil.com
- F. Members are entitled to make nomination in respect of shares held in physical form. Members desirous of making nominations are requested to send their requests in Form 2B (specimen available on request) to the Registered office of the Company.
- G. **Voting through electronic means:** In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 22nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting. The Company has signed an agreement with CDSL for facilitating such e-Voting by the Members. Kindly note that each Member can opt for only one mode for voting i.e. either by Physical Ballot or by E-voting. However, in case members cast their vote both via physical ballot and e-voting, then voting through postal ballot shall prevail and voting done by e-voting shall be treated as invalid.

The instructions for e-voting are as under:

(A) In case a Member receives an email from NSDL/ CDSL [for members whose email IDs are registered with the Company/ Depository Participant(s)]:

- i) If you are holding shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any Company, then your existing login id and password are to be used.
- ii) Log on to the e-voting website www.evotingindia.com
- iii) Click on "shareholders" tab to cast your votes.
- iv) Now select the Electronic Voting Sequence Number – "EVSN" along with "COMPANY NAME" (VMS Industries Limited) from the drop down menu and click on "SUBMIT".
- v) Now, fill up the following details in the appropriate boxes :

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
User ID	For NSDL – 8 characters of DP ID followed by 8 Digits Client ID For CDSL – 16 digits beneficiary ID	Folio Number registered with the Company
PAN*	Enter your 10 digits alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

* Members who have not updated their PAN with the Company/Depository Participant are requested to use - the First 2 alphabets from First Holder Name filed + 8 characters from right of BOID/ Folio Number (If the BOID / Folio Number is shorter than 8 characters then the system will insert "0" (zero) to fulfill the 10 character requirements.) in the PAN field. No special characters will be taken from the name.

Please enter any one of the details in order to login. If the Date of Birth & Bank Account Details both are left blank then the system will record BOID / FOLIO NO. in the Bank Account Details

- vi) After entering these details appropriately, click on "SUBMIT" tab.
- vii) Members holding shares in physical form will then reach directly to the voting screen. However, members holding shares in demat form will now reach 'Password Change' menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ % & *). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through NSDL / CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Kindly note that this changed password is to be also used by the Demat holders for voting for resolutions for the Company or any other Company on which they are eligible to vote, provided that Company opts for e-voting through NSDL / CDSL platform.
- viii) Click on the relevant EVSN on which you choose to vote.
- ix) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- x) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
 - xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - xii) Once you "CONFIRM" you vote on the resolution, you will not be allowed to modify your vote.
- (B) In case of members receiving the physical copy of Notice of AGM (for members whose e-mail IDs are not registered with the Company/depository participant(s) or requesting physical copy)
Please follow all steps from Sl.No. (ii) to (vi) and then Sl. No. (viii) to Sl. No. (xii) above to cast vote.
- (C) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
- (D) The voting period begins on 24th September, 2014 (9.00 a.m.) and ends on 25th September, 2014 (6.00 p.m.) During these period shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22nd August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (E) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQs) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdsl.india.com. You may also contact to Mr. Narshiman, M/s. Cameo Corporate Services Private Limited, Tel No. 044 - 28460390-395 , email : narasimhan@cameoindia.com.
- (F) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 22nd August, 2014.
- (G) Mr. Punit S. Lath, Practicing Company Secretary, (Membership No. 26238) has been appointed as the Scrutinizer to scrutinize the e-voting process (including the physical ballots received from members who don't have access to the e-voting process) in a fair and transparent manner.
- (H) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (I) The Results shall be declared at the AGM of the Company. The result will be announced to the Stock Exchanges where the shares of the Company are listed and will also be displayed on the Company's website www.vmsil.com
- (J) Members are requested to notify the change in the address, if any. In case of shares held in electronic form to the concerned Depository Participant quoting their Client ID and in case of physical shares to the Registrar and Transfer Agent of the Company quoting their Folio Number.
- (K) This notice is being issued having regard to provisions of section 108 and 110 of the Companies Act 2013, General circular no. 20/2014 Government of India and Clause 35B of the listing agreement with stock exchanges.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013 WITH RESPECT TO THE SPECIAL BUSINESSES**Item No. 5**

At the Extra Ordinary General Meeting of the Company held on 03rd February, 2010, the Members had, by way of an Ordinary Resolution and in pursuance of the provisions of Section 293(1) (d) of the Companies Act, 1956, authorized the Board to borrow for the purposes of its business, apart from temporary loans obtained and or to be obtained from the Company's bankers in the ordinary course of business, a sum or sums of money not exceeding ₹ 250 Crores. Now Section 180 of the Companies Act, 2013 was notified on September 12, 2013. Under the said section, the above powers of the Board are required to be exercised only with the consent of the company by way of a Special Resolution. The Ministry of Corporate Affairs ("MCA") had vide its General Circular No 4/2014 dated March 25, 2014, clarified that the Ordinary Resolutions passed under Section 293(1) (d) of the Companies Act, 1956 would be sufficient compliance of Section 180 of the Act for a period of one year from the date of notification.

The approval of the Members for the said borrowings, now being sought, by way of Special Resolution, pursuant to Section 180(1)(c) of the Act.

None of the Directors of the Company or their relatives or Key Managerial Personnel of the Company or their relatives, are concerned or interested in the passing of this Resolution.

Item No. 6

Under section 180 (1) (a) of the Companies Act, 2013 for the creation by the Board of Directors of such mortgages, charges and hypothecations, created/to be created by the Company in such form and manner as the Board of Directors may decide on such of the Company's movable and immovable properties, both present and future, and in such manner as the Board may decide, by the Company in certain events in favour of Lender(s)/Financial Institutions/ Bank(s)and other investing agencies.

Section 180 of the Act was notified on September 12, 2013. Under the said section, the creation of charge or mortgage by the Board is required to be exercised only with the consent of the company by way of a Special Resolution. The Ministry of Corporate Affairs ("MCA") had vide its General Circular No 4/2014 dated March 25, 2014, clarified that the Ordinary Resolutions passed under Section 293(1)(a) of the Companies Act, 1956 would be sufficient compliance of Section 180 of the Act for a period of one year from the date of notification.



VMS Industries Limited

The approval of the Members for the said creation of a mortgage or charge, now being sought, by way of Special Resolutions, pursuant to Section 180(1)(a) of the Act.

None of the Directors of the Company or their relatives or Key Managerial Personnel of the Company or their relatives, are concerned or interested in the passing of this Resolution.

Item No. 7

Based on the recommendations of the Nomination and Remuneration Committee at their meeting held on 14th August, 2014, the Board of Directors at their Meeting held on 14th August, 2014 approved the re-appointment of Ms Sangeeta Jain as Whole Time Director, for a period of 5 (Five) years commencing from 1st October, 2014 to 30th September, 2019 liable to retire by rotation. The Board also approved the terms and condition of her appointment including remuneration, as recommended by the Nomination and Remuneration Committee, in accordance with the provision of Section 197, 203, Schedule V and other applicable provision if any, of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (Including any statutory modification(s) or re-enactment thereof, for the time being in force), subject to the approval of the shareholders at the ensuing Annual General Meeting as under:

<u>Sr No.</u>	<u>Name</u>	<u>Salary Per Month</u>
1	Ms Sangeeta Jain	2,00,000/-

General:

- (i) The Whole-time Director will perform her respective duties as such with regard to all work of the Company and she will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board and the functions of the Whole-time Director will be under the overall authority of the Whole time Director.
- (ii) The Whole-time Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
- (iii) The Whole-time Director shall adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.
- (iv) The office of The Whole-time Director may be terminated by the Company or the concerned Director by giving the other 3 (three) months' prior notice in writing.

Notwithstanding anything to contrary herein, wherein any financial year during the currency of tenure of the Whole Time Director, the Company has no Profit or its profit are inadequate, the Company will pay to the Whole Time Director, Remuneration /Salary, benefits and amenities not exceeding the ceiling for the time being laid down in Schedule V of the Companies Act, 2013 and as may be decided by the Board of Directors of the Company and subject to such sanction and approvals as may be necessary. The scope and quantum of remuneration/salary, specified hereinabove, may be enhanced, enlarged, widened, altered or varied by the Board of Directors in the light of and in conformity with any amendments to the relevant provisions of the Companies Act, 2013 and / notified by the regulatory authorities from time to time.

Ms Sangeeta Jain satisfy all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for their re-appointment. She is not disqualified from being appointed as Directors in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of re-appointment of Ms. Sangeeta Jain under Section 190 of the Act.

Brief resume of Ms Sangeeta Jain, nature of their expertise in specialize functional areas, names of companies in which she hold memberships / chairmanships of Shareholder' / Investors' Grivenace Board Committees, shareholding and relationships amongst directors inter-se as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Ms. Sangeeta Jain is interested in the resolutions set out respectively at Item Nos. 7 of the Notice, which pertain to their respective re-appointments and remuneration payable to her.

The relatives of Ms Sangeeta Jain may be deemed to be interested in the resolutions set out respectively at Item Nos. 7 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, Financially or otherwise, in these resolutions.

The Board commends the Special Resolutions set out at Item Nos. 7 of the Notice for approval by the shareholders.

Item No. 8

Based on the recommendations of the Nomination and Remuneration Committee at their meeting held on 14th August, 2014, the Board of Directors at their Meeting held on 14th August, 2014 approved the re-appointment of Mr Manoj Kumar Jain as Managing Director, for a period of 5 (Five) years commencing from 1st October, 2014 to 30th September, 2019, not liable to retire by rotation. The Board also approved the terms and condition of his appointment including remuneration, as recommended by the Nomination and Remuneration Committee, in accordance with the provision of Section 197, 203, Schedule V and other applicable provision if any, of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (Including any statutory modification(s) or re-enactment thereof, for the time being in force), subject to the approval of the shareholders at the ensuing Annual General Meeting as under:

<u>Sr No.</u>	<u>Name</u>	<u>Salary Per Month</u>
1	Mr Manoj Kumar Jain	2,00,000/-

General:

- (i) The Managing Director will perform his respective duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board and the functions of the Managing Director will be under the overall authority of the Managing Director.
- (ii) The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
- (iii) The Managing Director shall adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.
- (iv) The office of The Managing Director may be terminated by the Company or the concerned Director by giving the other 3 (three) months' prior notice in writing.

Notwithstanding anything to contrary herein, wherein any financial year during the currency of tenure of the Managing Director, the Company has no Profit or its profit are inadequate, the Company will pay to the Managing Director, Remuneration /Salary, benefits and amenities not exceeding the ceiling for the time being laid down in Schedule V of the Companies Act, 2013 and as may be decided by the Board of Directors of the Company and subject to such sanction and approvals as may be necessary. The scope and quantum of remuneration/ salary, specified hereinabove, may be enhanced, enlarged, widened, altered or varied by the Board of Directors in the light of and in conformity with any amendments to the relevant provisions of the Companies Act, 2013 and / notified by the regulatory authorities from time to time.

Mr Manoj Kumar Jain satisfy all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for their re-appointment. He is not disqualified from being appointed as Directors in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr Manoj Kumar Jain under Section 190 of the Act.

Brief resume of Mr Manoj Kumar Jain, nature of their expertise in specialize functional areas, names of companies in which he hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships amongst directors inter-se as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Mr Manoj Kumar Jain is interested in the resolutions set out respectively at Item Nos. 8 of the Notice, which pertain to their respective re-appointments and remuneration payable to him.

The relatives of Mr Manoj Kumar Jain may be deemed to be interested in the resolutions set out respectively at Item Nos.8 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, Financially or otherwise, in these resolutions.

The Board commends the Special Resolutions set out at Item Nos. 8 of the Notice for approval by the shareholders.

Item No. 9, 10 & 11

Pursuant to Sections 149, 152, Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, it is proposed to appoint Mr. Hitesh Loonia, Mr. Bakul Mehta and Mr. Pranav V Parikh as Independent Directors of the Company up to 5 (five) consecutive years up to 31st March, 2019. The Company has also received notice pursuant to Section 160 of the Companies Act, 2013 from members proposing the appointment of aforesaid Independent Directors.



VMS Industries Limited

A brief profile along with other details of the Independent Directors are as follows:

Name of Director	Mr. Hitesh Loonia	Mr. Bakul Mehta	Mr. Pranav V Parikh
Date of Birth	22/09/1984	16/06/1953	05/06/1959
DIN	02906216	02902485	02906210
Nationality	Indian	Indian	Indian
Date of Appointment on the Board	28.04.2010	28.04.2010	28.04.2010
Qualification	B.Com, ACA, CS, CMA	B.A	B.E CIVIL/MIE
Experience of functional area	Business	Business	Consultant
Shareholding in the Company	4005	-	-
List of Directorship held in other Companies	Nil	Nil	Nil
Committee Membership	2	1	2

The Board of Directors believe that the association of the aforementioned Independent Directors with the Company shall be beneficial to the progress of the Company and hence, the Board recommends the appointment of Mr. Hitesh Loonia, Mr. Bakul Mehta and Mr. Pranav V Parikh as Independent Directors of the Company for the approval of the shareholders at the ensuing Annual General Meeting. In the opinion of the Board, the Independent Directors fulfill the conditions specified in Sections 149, 152 and Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2013 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force) and such Independent Directors are independent of the management. Further, all the aforesaid Independent Directors have given a declaration to the Board of Directors to the effect that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013. Other than the Independent Directors of the Company and their relatives, none of the Directors, Key Managerial Personnel or their relatives are concerned or interested in the proposed Ordinary Resolutions as set out in Item Nos. 9, 10 and 11 of this Notice. This explanatory statement may also be regarded as disclosure under Clause 49 of the Listing Agreement.

**By Order of Board of Directors
For: VMS INDUSTRIES LIMITED**

**Place : Ahmedabad
Date : 23.08.2014**

**Hemal Patel
Company Secretary**

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors present herewith their 22nd (Twentieth Second) Annual Report of your Company together with the Audited Annual Accounts of the Company for the year ended 31st March, 2014.

FINANCIAL RESULTS

The financial performance of the Company for the Year ended 31st March, 2014 is summarized as below:-

(₹ In Lacs)

Particulars	STANDALONE		CONSOLIDATED	
	Year Ended on 31.03.2014	Year Ended on 31.03.2013	Year Ended on 31.03.2014	Year Ended on 31.03.2013
Income / Receipts from Operations	11609.04	12710.91	11609.04	12710.91
Other Income	343.78	430.68	343.78	430.68
Total Income	11952.82	13141.59	11952.82	13141.59
Earning Before Financial Charges, Depreciation, and Taxation (EBITDA)	368.50	368.95	368.50	368.95
Financial Charges	153.56	81.58	153.56	81.58
Depreciation	66.72	95.40	66.72	95.40
Profit Before Tax (PBT)	148.22	191.97	148.22	191.97
Less: Provision for Taxation including Deferred	45.92	34.23	45.92	34.23
Profit After Tax (PAT)	102.30	157.74	102.30	157.74
Profit Brought Forward from Previous Year	727.88	570.14	727.88	570.14
Profit Available for Appropriation	830.18	727.88	830.18	727.88
Balance Carried to Balance Sheet	830.18	727.88	830.18	727.88

OPERATIONS REVIEW

The decrease in profit in the current financial year as compared to previous year is due dollar fluctuation against Indian Rupee which highly affects the company's profitability.

LIQUIDITY

We maintain sufficient cash to meet our strategic objectives. We understand that liquidity is necessary to cover Business and Financial risks. Excess funds are invested in deposits with Bank having special rates of interest or by providing short Terms Loan and Advances to parties which is receivable on demand so that funds are readily available at any time period to meet requirement of our business.

DIVIDEND

Looking to future requirements of funds for business operations of the Company, the directors have not recommended any dividend for the Financial Year 2013-14.

FUTURE PROSPECTUS

Our Company is also optimistic that with the stabilization in price for the old ship in the international markets and in the sale price of recycled products in the domestic market, the Company will be able to improve the turnover and the profitability ratios in the coming years.

SUBSIDIARY

The consolidated financial statements presented by the Company include financial information of its subsidiary Company M/s VMS TMT Private Limited which is prepared in compliance with applicable Accounting Standards. The Ministry of Corporate Affairs, Government of India vide its Circular No. 5/12/2007-CL-III dated 8th February, 2011 has granted general exemption under Section 212(8) of the Companies



Act, 1956, from attaching the balance sheet, profit and loss account and other documents of the subsidiary company to the balance sheet of the Company, provided certain conditions are fulfilled. Accordingly, the Annual Accounts of the subsidiary company and the related detailed information will be made available to the holding and subsidiary company investors seeking such information at any point of time. The annual accounts of the subsidiary company will also be kept for inspection by any investor at its Reg. Office /Head Office in Ahmedabad and that of the Subsidiary company concerned.

DIRECTORS

Mr. Ajit Kumar Jain (DIN: 00114766) and Ms. Sangeeta Jain (DIN: 00125273) are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. None of the Directors of the company are disqualified under section 164 of the Companies Act, 2013 from being appointed as a Director of any public company. The Board recommends their reappointment for your approval.

In terms of the provision of Companies Act, 2013 the independent Directors are not liable to retire by rotation. Accordingly the Board has ascertained the Directors who are liable to retire by rotation keeping in view the provisions of the Companies Act, 2013. The Board recommends for their reappointment.

Brief resumes of the above Directors, nature of their expertise in specific functional areas and names of the Public Limited Companies in which they hold Directorships and Memberships / Chairmanships of Committees of the Board and their shareholding in the Company, as stipulated under Clause 49 of the Listing Agreement are given in the Report on Corporate Governance forming part of the Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standards AS-21 and AS-27 on Consolidated financial Statements read with the Accounting Standard AS-23 on Accounting for investments in Associates, the Audited consolidated financial statements are provided in the annual report.

INSURANCE

The properties of the company stand adequately insured against risk of fire, strike, riots, earthquake, explosion and malicious damage.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217 (2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that:

- a) In the preparation of the Annual Accounts for the year ended on 31st March, 2014 the applicable accounting standards have been followed and there has been no material departure.
- b) The Directors had selected such accounting policies and applied them consistently and made judgment and estimate that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.
- d) The Director have prepared the Annual accounts for the year ended on 31st March, 2014 on a going concern basis.

COST COMPLIANCE REPORT

The Company has appointed a Practicing Cost Accountant for obtaining Cost Compliance Report under the Companies (Cost Accounting Records) Rules, 2011 as per the notification of Ministry of Corporate Affairs dated 3rd June 2011. The Compliance Report will be duly filed with Ministry of Corporate Affairs, within 180 days from the close of the Financial Year ending 31st March, 2014.

RISK MANAGEMENT

The Company is exposed to the risk from the market fluctuations of foreign exchange as well as the fluctuation in the price of iron and steel. The Company's raw material is old ship, which is purchased from the international market on credit ranging up to 180 days to 360 days. Though the Company is not hedging or covering the foreign exchange requirement, the Company is regularly monitoring the foreign exchange movement and suitable remedial measures are taken as and when felt necessary. Though the Company is employing such measures, the Company is still exposed to the risk of any foreign exchange fluctuation.

Likewise, the Company's finished products are mainly re-rollable scrap generated from ship breaking and the price of the same is linked to the market rate for iron and steel. Any ups and downs in the price of the iron and steel will affect the profitability of the Company. The Company keeps a watch on the movement of scrap prices and accordingly decides its policy regarding purchase of ships and sale of scrap.

DISCLOSURES

Except as disclosed elsewhere in this report, there are no material changes and commitments which can affect the financial position of the Company occurred between the end of the financial year and the date of this report:



CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to 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 related to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo for the financial year ended 31st March 2014 are given in **Annexure - I** attached hereto and forming part of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

As required under the provisions of Clause 49 (IV) (f) of Listing Agreement, a detailed review of the operations, performance and future outlook of the Company and its business is given in the Management's Discussion and Analysis Report which form of this Report as **Annexure - II**

PARTICULARS OF EMPLOYEES

There are no employees in the Company whose particulars are required to be provided under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

LISTING:

The Equity shares of the Company are listed on Bombay Stock Exchange. The Company is regular in payment of listing fees. The Company has paid the listing fees for the year 2014-15.

DEMATERIALISATION OF SHARES:

The ISIN for the Equity shares is INE932K01015. As on 31st March, 2014 total 1,64,73,380 equity shares of the company have been Dematerialized. Members of the Company are requested to dematerialize their shares.

CORPORATE GOVERNANCE REPORT

We adhere to the principal of Corporate Governance mandated by the Securities and Exchange Board of India (SEBI) and have implemented all the prescribed stipulations. As required by Clause 49 of the Listing Agreement, a detailed report on Corporate Governance forms part of this Report as **Annexure - III**. The Auditors' Certificate on compliance with Corporate Governance requirements by the Company is attached.

AUDITORS

The Auditors M/s K. Solanki & Co., Chartered Accountants, Ahmedabad, holds office until the conclusion of the ensuing Annual General Meeting and has expressed their unwillingness to be reappointed. The Company has received a letter from a member of the Company proposing the name of M/s. P. D. GOPLANI & Co, Chartered Accountancy Firm as Statutory Auditor of Company.

The Company has received a certificate from the Auditors to the effect that their appointment if made, would be within the prescribed limits under section 141(3)(g) of the companies Act, 2013.

The Notes on Financial Statement referred to the Auditor's Report are Self-explanatory and do not call for any further comments.

FIXED DEPOSITS

During the year ended on 31st March 2014, the Company has not accepted any Fixed Deposits from public under Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

CAUTIONARY STATEMENT:

Statements in the Directors Report and the Management discussion & Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global & domestic demand and supply conditions affecting selling prices, new capacity additions, availability of critical materials and its cost, changes in government policies and tax laws, economic development of the country and such other factors which are material to the business operations of the Company.

ACKNOWLEDGEMENT

Your Directors acknowledge with gratitude, the commitment and dedication of the employees, their untiring personal efforts and collective contributions at all levels that has led to the growth and success of the Company. The Directors would also like to thank other stakeholders including banks and business associates who have continued to provide support and encouragement to the Company.

For and on Behalf of Board of Directors

Place : Ahmedabad
Date : 23.08.2014

MANOJ KUMAR JAIN
MANAGING DIRECTOR

ANNEXURE – I TO DIRECTORS' REPORT

Information as per Section 217 (1) (e) read with the Companies Act, 1956 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 on 31st March 2014.

A. CONSERVATION OF ENERGY

- a) Energy conservation measure taken : In the ship recycling activities carried out by the Company, the energy consumption is Negligible, and does not require any specific energy conservation measures
- b) Additional investment and proposal if any being implemented for reduction in consumption of energy. : No material consideration looking to the business of the Company
- c) Impact of the measures at (a) & (b) on energy consumption & consequent impact on the cost of production. : N.A.
- d) Total energy consumption and energy consumption per unit of production : Nil

B. TECHNOLOGY ABSORPTION:-

The Company is engaged in the business of breaking of old and used ships. No material Research & Development is carried out in any specific area and therefore no details are furnished on matters related to Technology Absorption.

C. FOREIGN EXCHANGE EARNING & OUTGO

- 1. Activities relating to export initiatives taken to increase exports, development of new markets for products and services and export plans : NIL
- 2. During the year, the Company earned / spent foreign exchange as under :
 - Earnings : ₹ 52.68 Lacs
 - Outgo : ₹ 9990.35 Lacs

MANAGEMENT DISCUSSION AND ANALYSIS

DISCLAIMER STATEMENT:

Certain statements in this report on Management Discussion and Analysis may be forward looking statements and have been issued in terms of the applicable security laws and regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however differ materially from those expressed in the statements or implied due to the influence of external and internal factors, which are beyond the control of the Company. The Company assumes no responsibility in respect of forward looking statements, which may be amended or modified in future on the basis of subsequent developments, information's or events.

BACKGROUND:

VMS Industries Ltd was originally incorporated on December 2, 1991 as a Private Limited Company in the name and style of "Varun Management Services Pvt. Ltd" by its Promoters. The Company acquired a Ship Breaking Plot in the year 2007 and to reflect the business of the Company the name was changed to "VMS Industries Pvt. Ltd". The constitution of the Company was changed to Public limited Company with effect from January 29, 2010 and consequently the name was changed to "VMS Industries Limited".

BUSINESS OVERVIEW:
Ship Recycling Activities:-

During the year 2004, Gujarat Maritime Board auctioned vacant plots and under open bid we have been allotted vacant Plot No. 160 at Alang-Sosiya Ship Breaking Yard admeasuring 1350 sq. meter on a lease basis. However, our Company could not start ship breaking activities due to change in policy for ship recycling plant, requiring higher size (2700 sq mtrs) of plot and therefore we could not get permission for utilization of plot from GMB. Meanwhile, in the year 2007, the plot size was enlarged to 2700 sq. meter as per the instructions given by the Inter Ministerial Committee constituted by Hon. Supreme Court, by merging the adjoining Plot No. 159 and our Company was permitted to use the merged Plot No. 160M for a period of 5 years and subject to renewal thereafter.

We started the ship recycling activity during the financial year 2009-10 and purchased total 21 (Twenty One) ships for our ship recycling activities till date, whose details are as under:-

Sr.No.	Name of the Ship	Weight (MT)
1.	LORETTA D	6150
2.	COLOMOBO STAR II	5850
3.	MADRE	8150
4.	VENUS GAS	3912
5.	WINCO	2987
6.	MT MAR	9653
7.	LIBRA GAS II	3126
8.	ANNOULA	9749
9.	KAPADOKIA	11432
10.	M V GREEN NEPTUNIC	2420
11.	JAMAIMA	6522
12.	KINGSWAY	16691
13.	THERESA LEPOARD	10730
14.	MV OCEAN	9890
15.	BLU	7426
16.	SHAN	14850
17.	INTERBOARD	9040
18.	HACI ALI SARI	5203
19.	MV ABM PIONEER	6862
20.	M.V NOA	16809
21.	ARMIA KRAJOWA	13575



1. Apart from the above business segment, the Company is also Partner in M/s Eternal Automobiles (dealer of Honda Two Wheeler) in Bhavnagar. The current profit/loss sharing ratio of the Company is 10 % and the balance 30% are with Promoter Group and their Relatives and Balance with others.

INDUSTRY OVERVIEW:

SHIP BREAKING INDUSTRY:

Overview

Steel scrap from the demolished ships is a major source of raw material for the re-rolling mills in our country. Normally at least 70 % of the total light displacement tonnage of a ship broken constitutes of re-rollable scrap. These are converted into bars and rods that are used in the construction sector. The other raw materials to produce bars and rods are re-rollable scrap from railways, pencil ingots from induction furnaces, semis from the integrated plants and imported re-rollable scrap.

Scrap from ship breaking fetches a very good price in the market. If prices express consumer preference, then there is a strong preference for the ship-recycling scrap. This is because of the high quality of steel that comes in the form of re-rollable scrap from ships. Ships are manufactured with acute specifications. The manufacture of ships is done usually in the developed countries and the specifications are monitored closely in order to avoid accidents. The general features of steels that are used to manufacture ships are ability to withstand pressure, high impact and strain on account of severe cold. These features if translated into manufacture of bars and rods may give us similar qualities of steel with equal strength.

The material processed from ship breaking scrap is better in terms of yield strength, notch impact strength and through thickness ductility. In terms of chemical composition it is consistent and has low sulphur and phosphorus content. In terms of metallurgical properties, steel from ships are normalized, fully killed and has finer and more compact grain structure, free from inclusions, pores and cracks and austenitic properties. Hence for all kinds of applications those require impact resistance, corrosion resistance, machinability, bendability, and formability, steel from ship breaking scrap has been found to be more suitable than steel from ingots and billets. Incidentally, everywhere else in the world the scrap from the demolished ships are usually sent into melting furnaces, India is probably only country that has the technique of re-rolling scrap into producing construction steel without having to first cast scrap as billets and ingots.

In order to produce a tonne of steel through the integrated steel plants one tends to consume more power and fuel and non-replenish able resources like coal, iron ore and limestone and other minerals. The sunk costs in terms of capital employed are higher in the integrated steel plants and the integrated plants create far less employment. Indeed, we can obtain our required input material from the ship recycling industry at a fraction of the costs of the integrated plants.

Steel Produced via Ship breaking route vis-à-vis other route

Capital investment required for producing 2 million tones of steel through ship-recycling route will not be more than ₹ 300 crore as compared to over ₹ 6000 crore required via alternative route. Solid waste generation in ship recycling is negligible as compared to major steel plants. During its peak on 1999-2000, it was producing more than 2 million tones of re-rolling steel per annum. The following resources are required for production of 2MT of steel through steel plants based on BF technology in India

1.	Iron Ore, Coal, refractories and other raw materials	9.2 MT
2.	Water	120.0 MWM
3.	Oxygen	13.0 MWM
4.	Electricity	4600.0 M Watts
5.	Furnace Oil	60000.0 Tones
6.	Land Requirements	10000.0 Hectors

(Reference taken from <http://www.sriaindia.com/alang-info/role-in-steel-economy/>)

GROWTH OF THE COMPANY

The Income / Receipts from Operations for the year ended March 31, 2014 amounted to ₹ 11609.04 Lacs in comparison to ₹ 12710.91 Lacs for the previous year ended March 31, 2013.



OPERATIONS REVIEW

The Company operates in a single segment business activity i.e Ship Recycling.

As has been stated in the out-look, due to boom in the availability of old ships in the international market, the Company's ship breaking unit at Alang Ship Breaking Yard, Bhavnagar is fully operational throughout the year and sales turnover in ship breaking activities has seen a manifold increase. However due to heavy fluctuation in the rates of old ships purchased for breaking, dollar-rupee rates and also sales price of Iron and Steel products of the Company, the profit margins could not be achieved as desired. However, now the market has stabilized and taking into account the inventory level of the Company as at the year-end, it is hoped that the turnover and the profitability will see a reasonable increase in the current financial year.

RISK MANAGEMENT

The Company is exposed to the risk from the market fluctuations of foreign exchange as well as the fluctuation in the price of iron and steel. The Company's raw material is old ship, which is purchased from the international market on credit ranging upto 180 days to 360 days. Though the Company is not hedging or covering the foreign exchange requirement, the Company is regularly monitoring the foreign exchange movement and suitable remedial measures are taken as and when felt necessary. Though the Company is employing such measures, the Company is still exposed to the risk of any foreign exchange fluctuation.

Likewise, the Company's finished products are mainly re-rollable scrap generated from Ship Recycling and the price of the same is linked to the market rate for iron and steel. Any ups and downs in the price of the iron and steel will affect the profitability of the Company. The Company keeps a watch on the movement of scrap prices and accordingly decides its policy regarding purchase of ships and sale of scrap

FUTURE PROSPECTUS

The business activity of Ship-Recycling industry at Alang Ship Breaking Yard is likely to increase substantially in view of favorable availability of second hand ships and demand of ship-recycled material. Your Company is also optimistic that with the stabilization in price for the old ship in the international markets and in the sale price of recycled products in the domestic market, the Company will be able to improve the turnover and the profitability ratios in the coming years.

CERTIFICATIONS

The Company had received the certification under the ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 for Ship-Recycling and Off-shore activities and ISO30000:2009 for Ship-Recycling activities.

HUMAN RESOURCE DEVELOPMENT

The Company recognizes human resources as its biggest strength which has resulted in getting acknowledgement that the Company is the right destination where with the growth of the organization, value addition of individual employees is assured. The total number of employees as on 31st March, 2014 is 40.

INTERNAL CONTROL

The Company has an adequate internal control system for safeguarding the assets financial transactions of the Company. The strong internal control system has been designed in such a way that, not only it prevents fraud and misuse of the Company's resources but also protect shareholders interest.

CAUTIONARY STATEMENT

Certain statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied therein.

For & On Behalf of Board of Directors

Date : 23.08.2014
Place : Ahmedabad

Manoj Kumar Jain
Managing Director
(DIN : 02190018)

CORPORATE GOVERNANCE REPORT
COMPLIANCE WITH CORPORATE GOVERNANCE GUIDELINES

(As required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

1. Company’s Philosophy:

VMS Industries Limited is committed to achieve the best standards of Corporate Governance through complete transparency in its dealings with the management, associate companies/ firms or other third parties. The Company’s policy on Corporate Governance is to make it a way of life by, inter alia, adopting superior standard of Corporate Governance practices through continual improvement of internal systems and satisfaction of employees, customers, stakeholders and society.

Corporate Governance aims at fairness, transparency, accountability and responsibility in the functioning of the Company with the ultimate objective of realizing and enhancing shareholders’ values. The Company had adopted Corporate Governance and disclosure practices even before these were mandated legislations.

2. Board of Directors

The Board of the Company has an optimum combination of Executive Directors and Non-Executive Directors – Independent Directors, which is in conformity with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges.

a) Composition of Board

The present strength of the Board is six (6) Directors, comprising of Chairman / Managing Director, one Whole Time Director, one Non Executive / Promoter Director and three Independent & Non Executive Directors. The Board Members possess the skills, expertise & experience necessary to guide the Company.

The Board comprises of the following:

Sr. No.	Name of the Director	Designation	Executive/Non Executive/ Promoter	Independent/ Non independent
1	Mr. Manoj Kumar Jain	Chairman & Managing Director	Executive Director & Promoter	Non- Independent
2	Mr. Ajit Kumar Jain	Director	Non-Executive Director & Promoter	Non- Independent
3	Ms. Sangeeta Jain	Whole Time Director	Executive Director & Promoter	Non- Independent
4	Mr. Hitesh Loonia	Director	Non-Executive Director	Independent
5	Mr. Pranav Parikh	Director	Non-Executive Director	Independent
6	Mr. Bakul Mehta	Director	Non-Executive Director	Independent

b) Board Meetings and Attendance of Directors

During the year under review, 10 (ten) Board meetings were held, one each on the following dates:

Sl. No.	Date	Board Strength	No. of Directors present
1	15 th April, 2013	6	5
2	28 th , May, 2013	6	5
3	30 th May, 2013	6	5
4	03 rd June, 2013	6	5
5	14 th August, 2013	6	5
6	23 rd September, 2013	6	5
7	14 th November, 2013	6	5
8	23 rd January, 2014	6	5
9	13 rd February, 2014	6	5
10	18 th March, 2014	6	6

Agenda papers containing all necessary information / documents are made available to the Board in advance to enable the Board to discharge its responsibilities effectively and take informed decisions. Where it is not practicable to attach or send the relevant

information as part of Agenda Papers, the same are tabled at the meeting or / and the presentations are made by the concerned managers to the Board. Considerable time is spent by the Directors on discussions and deliberations at the Board Meetings.

The information as specified in Annexure 1A to Clause 49 of the Listing Agreement is regularly made available to the Board, whenever applicable, for discussion and consideration.

The details of the Directors with regard to the outside directorships and committee positions as well as attendance at Board Meetings/Annual General Meeting (AGM) are as follows:

Sr. No	Name of the Director	Category of Directorship	No. of Board Meetings Attended	Attendance At the last AGM	No. of Directorships in other Public Companies
1	Mr. Manoj Kumar Jain	Chairman & Managing Director	10	Yes	Nil
2	Mr. Ajit Kumar Jain	Non- Executive Director	9	Yes	Nil
3	Ms. Sangeeta Jain	Whole Time Director	10	Yes	Nil
4	Mr. Hitesh Loonia	Independent & Non-Executive Director	8	No	Nil
5	Mr. Pranav Parikh	Independent & Non-Executive Director	6	No	Nil
6	Mr. Bakul Mehta	Independent & Non-Executive Director	8	Yes	Nil

The necessary disclosure regarding Committee positions have been made by all the Directors. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all companies in which they are Directors.

c) Information of Directors' Re-appointment:-

The profiles of Directors who are seeking re-appointment at the Annual General Meeting are furnished below:-

Mr. Ajit Kumar Jain, is the Executive Director of the Company. He has completed his graduation in Arts faculty. He is having around 57 years of experience in various segments of the ship related activities, Automobiles and Transport. He started his business in the year 1958 by joining as partner in M/s Jain Roadways, Kanpur which was engaged in the Transportation activities. He has diversified his business activities in the year 1966 and entered into the manufacturing and trading of consumer items and supplied to various government and semi – government department. In the year 1994, he has shifted to Bhavnagar and set up one rolling mill and also joined the Company as a director. He was handling various activities of the company since 1994 in various capacities. Presently he is looking after day to day recycling activities carried out at Alang Recycling Plot

Brief resume of the Managing Director as under;

Name of the Director	Mr. Manoj Kumar Jain	
Date of Birth	18 th December, 1961	
DIN	02190018	
Qualification	B. Com, Chartered Accountant	
Experience in specific functional areas	He is having over 25 years of experience in various fields such as finance, taxation consultancy and ship recycling and off shore Industrial and other business activities. He is examining and advising on Purchase of Old ships and finalizes the deals with the suppliers. He is also guiding on off shore activities and is arranging finance for the business of the company	
List of other Companies in which Directorship is held	VMS TMT PVT LTD	
Chairman / Member of the Committees of the Board of other Companies in which he is a Director	Nil	
The details of shares held by the Directors and their relatives	No. of Shares	% in Holding
MANOJ KUMAR JAIN	61,68,100	37.44
SANGEETA JAIN	22,92,264	13.91
VARUN JAIN	6,24,800	3.79
VAIBHAV JAIN	2,40,000	1.46
TOTAL	93,25,164	56.61

Brief resume of the Whole Time Director as under;

Name of the Director	Mrs Sangeeta Jain
Date of Birth	22 nd January, 1968
DIN	00125273
Qualification	M.A
Experience in specific functional areas	Mrs Sangeeta Jain is the the Whole Time Director of the Company. She holds a Master degree in Arts from C.S.J.M. University, Kanpur. She is having around 23 years of experience in the areas of administration and marketing. She is associated with our Company since its incorporation. She is in-charge of administration and liaisoning functions. She is also partner in M/s Eternal Automobiles from July 2002 and is looking after overall activities of said partnership firm engaged as Dealer of Honda Motorcycle and Scooter India Pvt. Ltd
List of other Companies in which Directorship is held	Nil
Chairman / Member of the Committees of the Board of other Companies in which he is a Director	1
The details of shares held by the Directors and their relatives	No. of Shares % in Holding
SANGEETA JAIN	22,92,264 13.91
MANOJ KUMAR JAIN	61,68,100 37.44
VARUN JAIN	6,24,800 3.79
VAIBHAV JAIN	2,40,000 1.46
TOTAL	93,25,164 56.61

Committee of Board of Directors of the Company

3. Audit Committee

a) Composition & Attendance:-

The Audit Committee comprises of experts specializing in accounting / financial management. The Chairman of the Audit Committee is a Non-executive and Independent Director. The composition and attendance of Audit Committee as on 31st March, 2014 is as follows:-

Name of the Members	Position	Category	Attendance
Mr.Hitesh Loonia	Chairman	Independent & Non-Executive Director	4
Mr. Ajit Kumar Jain	Member	Chairman & Managing Director	4
Mr. Pranav Parikh	Member	Independent & Non-Executive Director	4

The Company Secretary acts as a Secretary to the Committee.

The Audit Committee is constituted in accordance with the provisions of Clause 49 of the Listing Agreement and the Companies Act, 1956. All the members of Audit Committee possess knowledge of corporate finance, accounts and company law.

b) Powers & Terms of Reference:

The Power and terms of reference of the Audit Committee are as mentioned in Clause 49 II (C), (D) & (E) of the Listing Agreement entered into with the Stock Exchanges and includes overseeing the Company's financial reporting process, reviewing with the management the financial statements and the adequacy of the internal audit function and to discuss significant internal audit findings, statutory compliance issue and issues related to risk management and compliances. The CFO and the Statutory Auditors are invited to the meeting.

4. Remuneration Committee:

a) Composition & Attendance:-

The Remuneration Committee as on 31st March 2014 comprises of three members who are Independent & Non Executive Directors. The composition of Remuneration Committee as on 31st March, 2014 is as follows:

Name of the Members	Position	Category
Mr.Hitesh Loonia	Chairman	Independent & Non-Executive Director
Mr.Bakul Mehta	Member	Independent & Non-Executive Director
Mr. Pranav Parikh	Member	Independent & Non-Executive Director

During the year under review, No meeting of Remuneration Committee was held.

The Company Secretary acts as the Secretary to the Committee.

b) Terms of Reference:-

The broad terms of reference of the committee are to appraise the performance of Chairman & Managing Director and Whole Time Directors to determine and recommend to the Board compensation payable to Chairman & Managing Director, Whole Time Directors. The Remuneration policy of the Company is based on review of achievements. The remuneration policy is in consonance with the existing industry practice.

c) Remuneration Policy:-

Subject to approval of the Board of Directors and subsequent approval by the members at the Annual General Meeting and such authorities as the case may be, remuneration of Chairman cum Managing Director and Whole Time Directors is fixed by the Remuneration Committee. The remuneration is decided by the Remuneration Committee taking into consideration various factors such as qualifications, experience, expertise, prevailing remuneration in the competitive industries, financial position of the company etc.

The remuneration structure may comprises of basic salary, perquisites, allowances (fixed component), and contribution to provident fund, in accordance with the provisions of the Companies Act, 1956 and as fixed by Remuneration Committee.

d) Remuneration of Directors

Details of remuneration paid to the Directors during the year are given below: -

Name of the Director	Designation	Salary / Remuneration
Mr. Manoj Kumar Jain	Managing Director	₹12,00,000/-
Ms. Sangeeta Jain	Whole Time Director	₹12,00,000/-

No payments are made to Non-Executive Directors towards remuneration.

e) Number of Shares held by Independent & Non- Executive directors

Details of Shareholding of Independent & Non-Executive Directors are as follows:

<u>Name of the Director</u>	<u>No. of Equity Shares held on 31st March, 2014</u>
Mr. Hitesh Loonia	4005

5. Shareholders' / Investors' Grievances Committee:
a) Composition and attendance:-

The Board has delegated the powers to approve transfer of shares etc. to this Committee of Three (1) Directors. The quorum for functioning of the committee is any one (1) Directors present. The composition of Shareholders' / Investors' Grievance Committee as on 31st March, 2014 is as follows:-

Name of the Members	Position	Category
Ms. Sangeeta Jain	Chairman	Whole Time Director
Mr. Hitesh Loonia	Member	Independent & Non- Executive Director
Mr. Bakul Mehta	Member	Independent & Non- Executive Director

b) Terms of Reference:-

The Company has a Shareholders' / Investors' Grievance Committee, to look into redressed of Investors Complaints and requests such as delay in transfer of shares, non receipt of Dividend, Annual Report, revalidation of Dividend warrants etc.

The committee deals with various matters relating to –

- Transfer / transmission of shares.
- Issue of share certificate in lieu of lost, sub-divided, consolidated, rematerialized or defaced certificates.
- Consolidation / splitting of folios.
- Review of shares dematerialized and all other related matters.

Investors' grievance and redressed mechanism and recommend measures to improve the level of investors' services.

The share department of the Company and Registrar and transfer agents, M/s Cameo Corporate Services Limited attends expeditiously to all grievances / correspondences of the shareholders and investors, received directly or through SEBI, Stock Exchanges, Department of Corporate Affairs, and Registrar of Companies etc. The complaints are generally resolved within 30 days of receipt of letter, except in the cases that are constrained by disputes or legal impediment.

c) Details of Complaints received and redress during Years from 01st April 2013 to 31st March 2014:-

Opening: 0, Received: 0, Resolved: 0, Pending Complaints: 0.

d) Compliance Officer:-

Mr. Hemal Patel is the Compliance Officer for complying with the requirements of SEBI (Prohibition of Insider Trading) Regulation, 1992 and the Listing Agreements with the Bombay Stock Exchange Ltd (BSE)

6. Code of Conduct and Ethics for Directors and Senior Management

The Company has formulated and implemented a Code of Conduct for Board Members and Senior Management Personnel of the Company.

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Managing Director is given below:-

“I hereby confirm that –

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the “Code of Conduct and Ethics for Board of Directors and Senior Management for the year ended on 31st March, 2014”

**MANOJ KUMAR JAIN
MANAGING DIRECTOR**

7. General Body Meetings:-

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

AGM	Financial year	Date	Time	Venue	No. Special Resolution Passed *
19 th	2010-11	22nd September, 2011	11:00 AM	2nd Floor Jain House, Opp. Vitthalwadi, Bhavnagar- 364 003	Nil
20 th	2011-12	10 th September, 2012	11.00 AM	2 nd Floor Jain House, Opp. Vitthalwadi, Bhavnagar- 364 003	3
21 st	2012-13	25 th September , 2013	11.00 AM	808/C Pinnacle Business Park, Corporate Road, Prahladnagar, Ahmedabad-380015	Nil

* Details of Special Resolutions Passed in the respective Financial Year are as under:-

Financial Year	Special Resolution Passed
2011-12	<ol style="list-style-type: none"> 1. Cancellation of Agreement dt 4th February, 2010 with Ajit Kumar Jain (former Managing Director) of the Company u/s 302 of Companies Act 1956. 2. Appointment of Mr. Manoj Kumar Jain as Managing Director of Company at Remuneration ₹1.00 Lac (Rupees One Lac) per Month for tenure of Five Years. 3. Approval Utilization of IPO proceed under section 61 of Companies Act, 1956 <p>All the resolutions including special resolutions set out in the respective notices were passed unanimously by the shareholders.</p>

b) Details of Extra Ordinary General Meetings held during the year:-

Nil

c) Resolutions passed through Postal Ballot during the year under review.

Nil

8. Subsidiary Company(ies):-

The Company have One subsidiary Company M/s VMS TMT Private Limited in term of Clause 49 (III) of the Listing Agreement. Consolidated Financial Statements is attached herewith.

9. Compliance with other mandatory requirements:-

I) Disclosures:-

a) Material significant related party transactions:-

There were no materially significant related party transaction i.e. transactions of the Company of material nature with its promoters, directors or the management or relatives etc during the year that may have potential conflict with interest of the Company at large.

The related party transactions have been disclosed under Schedule 32 of Notes to Accounts forming part of the Annual Accounts.

b) Disclosure of accounting treatment:-

In the preparation of financial statements, the Company has followed the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India to the extent applicable.

c) Risk Management:-

The Company has a comprehensive and integrated risk management framework to effectively deal with uncertainty and associated risks and enhances the organization’s capacity to build value. The Risk Management framework of the Company has been designed with an objective to develop a risk culture that encourages identifying risks and responding to them with appropriate actions.

d) Statutory Compliances, Penalties and Strictures:-

There were no strictures pr penalties imposed by either SEBI or the Stock Exchanges or any Statutory Authorities for non compliance of any matter related to the Capital Markets during the last three years.

10. Means of Communication:-

Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance.

- Audited Annual Result for the year ended and Unaudited Quarterly results will be published in English & Gujarati newspaper. The Company is not making any official releases and not sending half- yearly or quarterly results to the shareholders, as it is not a mandatory requirement.
- Annual Result / Quarter ended results are also posted on our website -www.vmsil.com
- The company's website www.vmsil.com contains a separate dedicated Section 'Investor Relation' where shareholder information is available. The Annual Report of the Company is also available on the website in a user-friendly and downloadable form.
- Quarterly results are taken on record by the Board of Directors and submitted to the Stock Exchanges in terms of the requirement of Clause 41 of the Listing Agreement.

The Management Discussion and Analysis report is attached with the Directors' Report in this Annual Report.

11. General Shareholding Information:
a) 22nd Annual General Meeting:-

Date **29th September, 2014**
 Day & Time Monday, 11:00 A.M
 Venue 808/C Pinnacle Business Park, Corporate Road, Prahladnagar Ahmedabad-380015, Gujarat

b) Financial Calendar :-

The Company follows the period of 1st April to 31st March, as the Financial Year

For the Financial Year 2014-15, Financial Results will be announced as per the following tentative schedule:-

1 st Quarter ending June, 2014	By 15 th August, 2014
2 nd Quarter & Half Year ending September, 2014	By 14 th November, 2014
3 rd Quarter ending December, 2014	By 14 th February, 2015
4 th Quarter / year ending March, 2015	Within 60 days from 31 st March, 2015
Annual General Meeting	By September 2015

c) Book Closure & Dividend:-

Date of Book Closure Friday 26th September, 2014 to Monday 29th September, 2014 (both day inclusive)
 Dividend No Dividend has been declared

d) Listing:-

The Shares of the Company are listed on Bombay Stock Exchange Limited (BSE) on 14th June, 2011.

e) Listing Fees to Stock Exchange:-

The Company has paid the Listing Fees for the year 2014-15 to BSE.

f) Stock Code / Symbol:-

Bombay Stock Exchange Ltd (BSE) 533427
 International Securities Identification Number(ISIN) INE932K01015

g) Stock Market Price Data for the year 2013-14

Market Price Data: High, Low (based on the closing prices) and volume during each month in form April, 2013 to March, 2014 at BSE LTD.

Month	High	Low	Close	No. of Shares	No. of Trades
Apr-13	31.05	17.2	29.85	27356	147
May-13	29.3	24.6	25.5	1,58,145	55
Jun-13	25.5	22.75	24.1	13053	79
Jul-13	33.45	22.9	27.6	5797	52
Aug-13	28	20	21.9	4,34,471	45
Sep-13	28.5	19.8	28.5	6,78,566	70
Oct-13	32.9	27.2	31	2,60,689	36
Nov-13	39.5	30.95	39.5	1,54,532	87
Dec-13	42.5	36	36	5,83,467	116
Jan-14	35.95	32.6	32.6	5847	36
Feb-14	31	29.4	29.45	1460	24
Mar-14	30	27.3	27.3	4,60,641	572

h) Registrar and Share Transfer Agents:-

Share transfers, dividend payment and all other investor related matters are attended to and processed by our Registrar and Share Transfer Agent viz. M/s Cameo Corporate Services Limited.

Cameo Corporate Services Limited

'Subramanian Building', No. 1 Club House Road, Chennai- 600 002

Phone: (0) 91-44-28460390/2846 0425, Fax: 91-44-28460129 Email: vmsipo@cameoindia.com

i) Share Transfer System:-

Presently, the share transfers received by the R&TA of the Company are processed and returned within a period of 30 days from the date of its receipt, subject to documents being valid and complete in all respect. The Board has delegated the authority for approving the transfers to the registrar & transfer agent subject to approval by Grievance Committee. Shareholders' Grievances and other miscellaneous correspondence on change of address, mandates, etc. received from Members are generally processed by R & TA of the Company within 30 days.

j) Outstanding GDR / ADR / Warrants or any convertible instruments, conversion date and its impact on equity:- Nil
k) Dematerialization of Shares and Liquidity:-

The ISIN for the Equity shares is INE932K01015. As on 31st March, 2014 total 1,64,73,391 Equity Share out of which 1,64,73,380 equity shares of the company have been Dematerialized. Members of the Company are requested to dematerialize their shares.

For any assistance regarding dematerialization of shares, shares transfers, transmissions, change of address, non-receipt of dividend and any other query relating to the shares of the Company, please write to the Share Transfer Agent of the Company

l) Distribution of Shareholding as on March 31, 2014:-

Category of No. of Equity Shares Held	No. of Equity Shares held	% of Share held	No. of Shares holders	% of Share holders
Up to 5000	730780	0.45	650	78.5
5001 – 10000	504280	0.31	61	7.37
10001 – 20000	744260	0.45	47	5.68
20001 - 30000	348480	0.21	13	1.57
30001 – 40000	302490	0.18	9	1.09
40001 – 50000	280050	0.17	6	0.72
50001 - 100000	114000	0.07	2	0.24
100001 & above	161709570	98.16	40	4.83
TOTAL	164733910	100	828	100

m) Categories of Shareholders as on March 31, 2014 :-

Category	No. of Equity Shares held	% of Share held	No. of Shares holders	% of Share holders
Promoters and Promoter Group	9325164	56.61	5	0.61
Public Shareholding:	3048937	18.53	753	90.94
Bodies Corporate	4099290	24.86	70	8.45
TOTAL	16473391	100	828	100

n) Workshop:-

Ship Recycling Yard

160-M, Alang- Sosiya Ship Breaking Yard, Alang-364081, Dist. Bhavnagar, Gujarat (India)

o) Address for Correspondence:-

Registered Office: (CIN: L74140GJ1991PLC016714)

The Compliance Officer

808/C, Pinnacle Business Park, Corporate Road, Prahladnagar, Ahmedabad-380015 Gujarat (India)

Email:- Investor@vmsil.com, info@vmsil.com Website:-www.vmsil.com

Tel:- 079-40320484, Fax:-079-40320484

Shareholders are requested to quote their Folio No's/ DP Id/ Client Id No. of shares held and address for prompt reply.



VMS Industries Limited

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of VMS Industries Limited

We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Clause 49 the Listing Agreement entered into, by the Company, with the Bombay Stock Exchange Limited (BSE) on 13th June, 2011.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the condition of corporate Governance Code. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For **K. Solanki & Co.**
Chartered Accountants

(Kamlesh Solanki)
Proprietor
Firm Regn. No. 114694W
Membership No. 48478

Place : Ahmedabad
Date : 29th May, 2014

CERTIFICATION BY THE MANAGING DIRECTOR

To the Board of Directors of VMS Industries Ltd

Dear Sirs,

- a) I have examined the financial statements and the Cash flow statement of VMS Industries Ltd ("the Company") for the year ended on 31st March, 2014 and to the best of our knowledge and belief :
 - i. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading ;
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into between the Company during the year which is fraudulent, illegal or violative of the Company's Code of Conduct.
- c) I accept responsibility for establishing and maintaining internal controls for financial reporting. I have evaluated the effectiveness of internal control systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any and steps taken or proposed to be taken for rectifying these deficiencies.
- d) I have indicated to the Auditors and the Audit Committee:-
 - i. Significant changes in the internal control over financial reporting during the year;
 - ii. Significant changes in accounting policies during the year and that the same have been disclosed suitably in the notes to the financial statements;
 - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For & On Behalf of Board of Directors

Manoj Kumar Jain
Managing Director
(DIN : 02190018)

Date : 29th May, 2014
Place : Ahmedabad



INDEPENDENT AUDITOR'S REPORT

To
The Members of VMS INDUSTRIES LTD

1. We have audited the accompanying financial statement of VMS INDUSTRIES LTD, which comprise the Balance Sheet as at March 31st, 2014, and the statement of Profit & Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.
2. The company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and Cash flow of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate affairs in respect of Section 133 of the Companies Act 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and Maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
3. Our responsibility to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of the Profit and Loss Account, of the Profit/loss 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.

Further to our comments in the Annexure referred to above paragraph

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

For **K. Solanki & Co.**
Chartered Accountants

(Kamlesh Solanki)
Proprietor
Firm Regn. No. 114694W
Membership No. 48478

Place : Ahmedabad
Date : 29th May, 2014

**ANNEXURE TO THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF VMS INDUSTRIES LTD,
ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

As required by the Companies (Auditors report) order, 2003

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:-

i) In respect of fixed assets:

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) The fixed assets have been physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all fixed assets at reasonable intervals, having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c) As per the records and information and explanation given to us, no substantial part of fixed assets has been disposed off during the year and it had not affected the going concern status of the Company.

ii) In respect of inventory:

- a) As explanation to us, the inventories have been physically verified during the year by the management at reasonable intervals.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material. Estimation of waste is been made and considered as per the management.

iii) In respect of the loans, secured or unsecured, granted or taken by the Company to from the Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:

- a) The Company has given loans to One subsidiary. In respect of the said loans, the maximum amount outstanding at any time during the year was ₹ 79.85 lacs and the yeare end balance is ₹ Nil.
- b) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions of the loans given by the Company, are not prima facie prejudicial to the interest of the Company.
- c) The principal amount along with interest had been paid during the year and outstanding balance at the year end is NIL.
- d) In respect of the said loans and interest thereon, there are no overdue amounts.
- e) The Company has not taken any loan during the year from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of the Clause (iii) (f) and (iii) (g) of the Paragraph 4 of the Order are not applicable.

iv) In our opinion and as per the information and explanation given to us there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regards to purchases of raw materials, stores, fixed assets and also for sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control.**v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanation given to us:**

- a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
- b) In our opinion and accordance to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements, exceeding value of Rupees Five Lacks have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from public to which the directives issued by Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public apply.



- vii) The Company does not have any formal internal audit system but there are adequate checks and controls at all levels. The management has informed us that the steps are being taken to introduce internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Account Records) Rules, 2011 made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate.
- ix) a) The Company is generally regular in depositing undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues with appropriate authorities, wherever applicable to it.
- b) According to information and explanation given to us, there are no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, Customs Duty and Excise Duty which have remained outstanding as on 31st March, 2014 for a period of more than six months from the date they become payable.
- c) According to information and explanations given to us, there are no statutory dues which have not been deposited on account of any dispute.
- x) The Company has no accumulated losses at the end of the financial year. Further, the Company has not incurred cash losses during the financial year under audit and during immediately preceding financial year.
- xi) In our opinion an according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks.
- xii) According to information and explanations given to us and based on the documents and records produced before us, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore the provisions of clause 4(xii) of the Order are not applicable to the Company.
- xiii) In our opinion, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies. Therefore the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- xiv) In our opinion and according to the information and explanation given to us, the Company is not generally dealing or trading in shares, securities, debentures and other investments. However, as and when the Company deals in shares and securities, proper entries are made in records maintained for the purpose. The shares are held in the name of the Company.
- xv) According to information and explanations given to us, the Company has given guarantee for loans taken by Partnership Firm where the Company is Partner, from Bank or financial institution and the terms and conditions of such guarantee are not prima facie prejudicial to the interest of the Company.
- xvi) In our opinion and according to the explanation given to us, the Company had not availed any term loan during the year and therefore the requirements of the Clause (xvi) of the Paragraph 4 of the Order are not applicable.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on short term basis have been used for long term assets. No long term funds have been used to finance short term assets.
- xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) In our opinion and according to the information and explanations given to us, no debentures have been issued by the Company during the year and clause 4 (xiv) of the Order is not applicable to the Company.
- xx) 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, and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **K. Solanki & Co.**
Chartered Accountants

(Kamlesh Solanki)
Proprietor

Firm Regn. No. 114694W
Membership No. 48478

Place : Ahmedabad
Date : 29th May, 2014



VMS Industries Limited

STANDALONE BALANCE SHEET AS AT 31st MARCH , 2014

(Amount ₹ In Lacs)

Particulars	Note No.	March 31, 2014	March 31, 2013
I. EQUITY AND LIABILITIES			
1 SHARE HOLDERS' FUNDS			
(a) Share Capital	2	1,647.34	1,647.34
(b) Reserves & Surplus	3	3,460.15	3,373.38
2 SHARE APPLICATION MONEY PENDING			
3 NON-CURRENT LIABILITIES			
(a) Long-Term Borrowings	4	18.08	147.61
(b) Other Long Term Liabilities	5	4.09	-
4 CURRENT LIABILITIES			
(a) Short Term Borrowings	6	6,028.21	3,439.20
(b) Trade Payables	7	29.49	19.16
(c) Other Current Liabilities	8	95.33	425.87
(d) Short-Term Provisions	9	45.00	21.57
Total		11,327.69	9,074.13
II. ASSETS			
NON-CURRENT ASSETS			
1 (a) Fixed Assets	10		
(i) Tangible assets		669.02	1,016.27
(ii) Capital work-in-progress		-	-
(b) Non-Current Investments	11	685.43	364.76
(c) Deferred Tax Assets (Net)	12	17.38	18.30
(d) Long-Term Loans & Advances	13	69.34	26.79
(e) Other Non-Current Assets	14	109.86	125.40
2 CURRENT ASSETS			
(a) Inventories	15	2,902.43	1,805.72
(b) Trade Receivables	16	1,017.93	903.21
(c) Cash & Cash Equivalents	17	3,315.66	2,291.61
(d) Short-Term Loan & Advances	18	2,441.61	2,479.37
(e) Other Current Assets	19	99.03	42.70
Total		11,327.69	9,074.13

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For, **K. Solanki & Co.,**
Chartered Accountants

Kamlesh Solanki
Proprietor
Membership no 048478

Firm No 114694W

Place : Ahmedabad
Date : 29th May, 2014

For and on behalf of Board of Directors

Manoj Kumar Jain *Managing Director*

Ms. Sangeeta Jain *Whole Time Director*

Hemal Patel *Company Secretary*

Place : Ahmedabad
Date : 29th May, 2014



VMS Industries Limited

STANDALONE STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2014

(Amount ₹ In Lacs)

Particulars	Note No.	March 31, 2014	March 31, 2013
I. INCOME			
a) Revenue From Operations	20	11,609.04	12,710.92
b) Other Income	21	343.78	430.68
Total Revenue		11,952.82	13,141.60
II. EXPENSES:			
a) Cost Of Materials & Components Consumed	22	10,195.56	12,285.05
b) Purchase Of Stock-In-Trade		-	-
c) Changes In Inventories Of Finished Goods	23	516.32	(516.32)
d) Manufacturing & Operating Costs	24	219.07	303.78
e) Employee Benefits Expenses	25	98.19	137.61
f) Finance Costs	26	153.57	81.58
g) Depreciation & Amortization Expenses	10	66.72	95.41
h) Other Expenses	27	555.17	562.51
Total Expenses		11,804.60	12,949.62
III. Exceptional Items			
		-	44.95
IV. PROFIT/(LOSS) BEFORE TAXES			
		148.22	147.03
V. TAX EXPENSES :			
(1) Current tax		45.00	21.00
(2) Deferred tax		0.92	13.24
(3) Taxes of earlier years		-	-
VI. PROFIT/(LOSS) FOR THE YEAR AFTER TAX (IV- V)			
		102.30	112.79
VII. Profit (Loss) of Discontinuing Operations			
		-	44.95
VIII. PROFIT/ (LOSS) FOR THE YEAR (VI +VII)			
		102.30	157.74
EARNINGS PER EQUITY SHARES:			
[Nominal value per share ₹10 : previous year ₹10]			
(1) Basic		0.62	0.96
(2) Diluted		0.62	0.96
Number of shares outstanding		16,473,391.00	16,473,391.00

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For, **K. Solanki & Co.,**
Chartered Accountants

Kamlesh Solanki
Proprietor
Membership no 048478
Firm No 114694W

Place : Ahmedabad
Date : 29th May, 2014

For and on behalf of Board of Directors

Manoj Kumar Jain *Managing Director*

Ms. Sangeeta Jain *Whole Time Director*

Hemal Patel *Company Secretary*

Place : Ahmedabad
Date : 29th May, 2014



VMS Industries Limited

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

(Amount ₹ In Lacs)

Sr. No	PARTICULARS	2013-14	2012-13
A	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit for the period (Before Tax)	148.22	191.98
	Adjustements for:		
	Depreciation/ Amortisation	66.72	95.41
	(Loss)/Profit on sale of Assets	5.91	(0.72)
	Provision for Expense	-	-
	Tax Payments	(45.91)	(35.70)
	Excess Provisions Written Back	-	(65.97)
	Operating Profit Before Working Capital Changes	174.94	185.00
	Adjustments for Working Capital Changes:		
	(Increase)/ Decrease in Trade Receivable	(114.72)	(177.23)
	(Increase)/ Decrease in Short Term Loans & Advances	37.76	(810.07)
	(Increase)/ Decrease in Long Term Loans & Advances	(41.63)	11.15
	(Increase)/ Decrease in Other Current Assets	(56.32)	66.47
	(Increase)/ Decrease in Inventories	(1,096.71)	1,772.46
	Increase / (Decrease) in Other Liabilites	(326.45)	253.94
	Increase / (Decrease) in Trade Payable & Provisions	33.76	(32.19)
	Net Cash Flow From Operating Activities - (A)	(1,389.37)	1,269.53
B	CASH FLOW FROM INVESTMENT ACTIVITIES		
	Sale of Fixed Assets	325.21	499.79
	Purchase of Fixed Assets	(50.59)	(43.88)
	(Increase)/ Decrease in Investments	(320.67)	(131.49)
	(Increase)/ Decrease in Other Non-current Assets	-	324.42
	Net Cash Flow from Investing Activities - (B)	(46.05)	324.42
C	CASH FLOW FROM FINANCIAL ACTIVITIES		
	Increase / (Decrease) in Share Capital	-	-
	Increase/(Decrease) in Securities Premium	-	-
	Proceeds from Long Term Borrowings	(129.53)	(140.75)
	Proceeds from Short Term Borrowings	2,589.00	(3,627.19)
	Net Cash Flow from Financial Activities - (C)	2,459.47	(3,767.94)
D	Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	1,024.05	(2,173.99)
E	Cash & Cash equivalents as at the beginning of the year	2,291.61	4,465.60
F	Cash & Cash Equivalents as at the close of the year (D + E)	3,315.66	2,291.61

As per our report of even date.

For, **K. Solanki & Co.,**
Chartered Accountants

Kamlesh Solanki
Proprietor
Membership no 048478
Firm No 114694W

Place : Ahmedabad
Date : 29th May, 2014

For and on behalf of Board of Directors

Manoj Kumar Jain *Managing Director*

Ms. Sangeeta Jain *Whole Time Director*

Hemal Patel *Company Secretary*

Place : Ahmedabad
Date : 29th May, 2014

NOTE 1:-**SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Accounting :**

- The financial statements have been prepared and presented under historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ("GAAP") and comply with the mandatory Accounting Standards ("AS") as notified as per the Companies Accounting Standards (Rules), 2006 to the extent applicable and with the relevant provisions of the Companies Act, 1956.
- Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles. It is assumed that company is Going Concern at least for one year minimum.

2. Use of Estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and reported amount of revenues and expenses for the year. Actual results could differ from these estimates. Difference between the actual result and estimates are recognized in the period in which the results are known/ materialized. Any revision to an accounting estimate is recognized prospectively in the year of revision.

3. Prior Period and Change in Accounting Policies:

There is no prior period item and there is no change in accounting estimate and policies.

4. Revenue Recognition :

Sale of goods is recognized on dispatch to the customers. Sales are inclusive of all duties and taxes. Income/Expenses are accounted for on accrual basis and provisions are made for all known expenditure. The revenue from services is recognized on mercantile basis.

5. Fixed Assets :

Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use. Borrowing cost directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use is capitalized. Expenditure relating to fixed assets is added to cost only when the same involved modification of work and whereby it can increase the life of the assets.

6. Depreciation :

- Depreciation has been provided on the Straight Line Method at the rate specified in Schedule – XIV of the Companies Act, 1956.
- Depreciation has been provided on pro-rata basis for both assets acquired and sold during the accounting period.
- Leasehold land is amortized over the period of lease.

7. Inventories :

The Finished goods, Raw Material –Ships and Other Stock are valued at lower of cost or net realizable value.

Consumable Stores & Spares are written off at the time of purchase itself.

No accounting is done for the invisible waste resulting during recycling process of ships.

In ship recycling unit, the weight of the ship purchased is accounted in terms of LDT/MT of the ship at the time of its construction. Ascertaining of weight of the ship at the time of purchase is not possible due to its nature and size. There is loss of weight on account of corrosion and other factors during the usage of ships and its voyage for long period. Inventory at the close of the year is ascertained by reducing the weight of the scrap sold together with the ascertained wastage during cutting process.

8. Investments :

Investments of long term nature are valued at cost. Current investments, if any, are carried at the lower of cost or fair market value. Provision for diminution in the value of long – term investments is made only if such a decline is other than a temporary.

9. Retirement Benefits :

Liability for employee benefits, both short and long term, for present and past services which are due as per terms of employment are recorded in accordance with Accounting Standard (AS) 15 "Employee Benefits" as notified by the Companies (Accounting Standards) Rules, 2006

i) Gratuity

The management is of the opinion that since none of the employees of the company were in continuous service of more than five years and accordingly making provision of the gratuity does not arise. However, if payment on account of gratuity arises due to happening of any incidents as provided under the applicable provisions of the law, the same will be accounted for on cash basis.

ii) Pension

The management is also of the opinion that the payment under Pension Act is not applicable to the Company.

iii) Provident Fund

Contribution to Provident Fund is recognized and accounted for on accrual basis.

10. Taxes on Income:**a) Current Tax**

The current charge for income tax is calculated in accordance with the relevant provisions as prescribed under the Income Tax Act, 1961.

b) Deferred Tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date. Deferred tax Assets is created by reversal of entry for fixed Asset sold

11. Excise Duty and Cenvat :

Excise Duty is payable on the assessed value of ship determined by the departmental authorities and is payable under the head Cenvat before beaching of the ship. The excise duty is collected on sales and is adjusted against the Cenvat available and excess duty payable is recognized as revenue expenditure.

12. Borrowing Cost :

Borrowing Cost, if any, is attributable to acquisition or construction of qualifying assets and is capitalized as part of the cost of such assets up to the date when such asset is ready for its intended use. Other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

13. Consolidated Financial Statements:

The Ministry of Corporate Affairs, Government of India, vide General Circular No 2 and 3 dated 8th February, 2011 and 21st February, 2011 respectively read with General Circular No. 08/2014 dated 4th April, 2014 has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiary has been included in the Consolidated Financial Statements.

14. Foreign Currency Transaction :

- a) The Company is exposed to currency fluctuations on foreign currency transactions. Transactions denominated in foreign currency are recorded at the original rates of exchange in force / notional determined exchange rates at the time the transactions are affected. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the profit and loss account of the year.
- b) In case of forward contracts, if any, the difference between the forward rates and the exchange rates on the transaction dates is recognized as income or expenses over the lives of the related contracts. The profit/loss arising out of the cancellation or renewal of forward exchanges contracts are recorded as income/expense for the period.
- c) Monetary assets and liabilities relating to foreign currency transactions are stated at exchange rate prevailing at the end of the year and exchange difference in respect thereof is charged to Profit and Loss Account except foreign exchange loss/gain on reporting of long – term currency monetary items used for depreciable assets, which are capitalized.

15. Provision, Contingent Liabilities and Contingent Assets :

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized in the books of accounts and disclosed as notes to accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

16. Discontinuing Operation:

The Company has discontinued operations of its Gas Division namely "Varun Gas" located at Sihor, GIDC, Bhavnagar in the year 1997. The said division has no reportable operations as per Accounting Standard – 24.

The Company has discontinued operations of its off Shore Division from October, 2012.

17. Impairment of Assets :

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount of the assets or the recoverable amount of the cash generating unit to which the assets belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

18. Miscellaneous Expenditure :**a) Preliminary Expenditure :**

Written off over a period of five years or the period over which the benefit of the expenditure is expected to be derived.

b) Public Issue Expense :

The public issue expenses are written off against Securities Premium Reserve as per the provision of Section 78 of the Companies Act, 1956 for the period of 10 years and the balancing figure are shown under the head Miscellaneous Expenditure - to the extent not written off in the Balance Sheet.

19. Micro, Small and Medium Enterprises Development Act, 2006:

a) Based on the information available with the company in respect of MSME (as defined in the Micro Small & Medium Enterprise Development Act, 2006) there are no delays in payment of dues to such enterprises during the year.

b) As per information available with the Company about suppliers whether they are covered under Micro, Small and Medium Enterprises Act, 2006. As on date, the Company has not received confirmation from any suppliers who have registered under the "Micro, Small and Medium Enterprise Development Act, 2006" and hence no disclosure has been made under the said Act.

20. Segment Information:

Under the provisions of Accounting Standard - 17, the Company at present operates in the single business segment of ship recycling activities and therefore, separate segment disclosure has not been given.

Notes forming part of Balance Sheet as on 31st March, 2014
2. SHARE CAPITAL
A. SHARE CAPITAL

(Amount ₹ In Lacs)

PARTICULARS	As at 31st March, 2014		As at 31st March, 2013	
	Number	Amount	Number	Amount
AUTHORISED SHARE CAPITAL				
Equity Shares of ₹ 10/- each	20,000,000	2,000.00	20,000,000.00	2,000.00
	20,000,000	2,000.00	20,000,000.00	2,000.00
ISSUED, SUBSCRIBED & FULLY PAID UP				
Equity Shares of ₹ 10/- each fully paid	16,473,391	1,647.34	16,473,391.00	1,647.34
	16,473,391	1,647.34	16,473,391.00	1,647.34

B. Reconciliation of the number of outstanding shares as at the beginning and at the end of the reporting period

Equity Shares of	As at 31st March, 2014		As at 31st March, 2013	
	Number	Amount	Number	Amount
At the beginning of the year	16,473,391	1,647.34	16,473,391	1,647.34
Forfeited shares	-	-	-	-
Add: Issue of Bonus Shares during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	16,473,391	1,647.34	16,473,391	1,647.34

C. Terms/rights attached to equity shares

The Company has one class of equity shares having par value of ₹ 10/- each. Each shareholder of the equity shares is entitled to one vote per share entitled to receive dividend as declared from time to time.

D. The details of shareholder holding more than 5% shares as at 31st March, 2014 and 31st March 2013 is set out below:

NAME OF SHAREHOLDERS	As at 31st March, 2014		As at 31 March 2013	
	No. of Shares	% of Holding	No. of Shares	% of Holding
1 MANOJ KUMAR JAIN	6,168,100	37.44	6,168,100	37.44
2 SANGEETA JAIN	2,292,264	13.91	2,292,264	13.91
3 M R SHARE BROKING PVT LTD	-	-	849,853	5.16
4 MONO HERBICIDES LIMITED	1,817,671	11.03	2,386,824	14.49
5 VINTEL SECURITIES PVT LTD	836,295	5.08		

E. Details of shares issued during the last 5 financial year by way of Bonus shares or by way of pursuant to contract without payment being received in cash or shares bought back:-

Particulars	Year (Aggregate No. of shares)				
	2013-14	2012-13	2011-12	2010-11	2009-10
Equity shares:					
Fully paid up by way of bonus shares	-	-	-	-	5,017,582



3. RESERVES & SURPLUS

(Amount Rs In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
A Securities Premium Account		
Balance as per the last Financial Statements	2,599.21	2,614.75
Add: Current Year Transfer	-	-
Less: 1/10th Public Issue Expenses W/off	15.54	15.54
Closing Balance (A)	2,583.67	2,599.21
B GENERAL RESERVES		
Balance as per the last Financial Statements	46.29	46.29
Add: Current Year Transfer	-	-
Less: Written Back in Current Year	-	-
Closing Balance (B)	46.29	46.29
C SURPLUS IN THE STATEMENT OF PROFIT & LOSS		
Balance as per the last Financial Statements	727.89	570.15
Additon during the year		
Net Profit/(Net Loss) For the current year	102.30	157.73
Transfer From Reserves	-	-
Less: APPROPRIATIONS		
Transfer to general reserve	-	-
Proposed final equity dividend	-	-
Tax on proposed equity dividend	-	-
Total Appropriations	-	-
Net Surplus in the Statement of Profit & Loss (C)	830.19	727.89
Total Reserve & Surrplus (A+B+C)	3,460.15	3,373.38

4. LONG TERM BORROWINGS

(Amount ₹ In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
SECURED		
LOANS REPAYABLE ON DEMAND		
Car Loan From Banks	18.08	27.34
(Secured by respective vehicles, Repayable in 60 Monthly installments for ₹ 21,500 and 48 monthly installments for ₹ 76,500)		
Sub Total	18.08	27.34
UNSECURED		
Deferred Payment liabilities		
GIDC for Land	-	120.27
(Deferred Payment for acquisition of Lease hold land from GIDC on deferred payment, payable in 10 equated quarterly installments)		
Sub Total	-	120.27
Total	18.08	147.61



5. OTHER LONG TERM LIABILITIES (Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
Trade Payables (Including Acceptance)	4.09	-
Total	4.09	-

6. SHORT TERM BORROWINGS (Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
SECURED		
LOANS REPAYABLE ON DEMAND		
I Cash Credit Account (Secured by way of Hypothecation of vessel and its scrap, stock & Book Debts and secured by pledge of FDRs and also by Personal Guarantee of Promoters directors and Corporate guarantee of the Company)	0.64	0.19
II Foreign Letter of Credit (Secured by way of Hypothecation of vessel and its scrap, stock & Book Debts and secured by pledge of FDRs and also by Personal Guarantee of Promoters directors and Corporate guarantee of the Company)	6,027.57	3,439.01
Total	6,028.21	3,439.20

7. TRADE PAYABLES (Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
Trade Payables (Including Acceptances)		
Other Creditors	29.32	18.79
Due to Micro, Small & Medium Enterprise	-	-
Due to Other than Micro, Small & Medium Enterprise	0.17	0.37
Total	29.49	19.16

8. OTHER CURRENT LIABILITIES (Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
Statutory Dues	93.80	74.27
Advance from Customers	-	349.51
Statutory Remittances	0.41	1.45
Other Paybles	1.12	0.64
Total	95.33	425.87

9. SHORT- TERM PROVISIONS (Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
Provision for Employee Benefits		
Contribution to Provident Funds	-	0.57
Others Provisions		
Provision For Income Tax A Y 2014-15	45.00	-
Provision For Income Tax A Y 2013-14	-	21.00
Total	45.00	21.57

10. TANGIBLE ASSETS

(Amount ₹ In Lacs)

Sr.No	ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As On 01.04.13	Addition During The Year	Deductions As On 31.03.2014	Total 31.03.2014	As On 01.04.13	Dep For The Year	Deduction/ Adjustment/ Write Back	Total As On 31.03.2014	As On 31.03.2014	As On 31.03.2013
1	TANGIBLE ASSETS										
	Land - Leasehold Owned:	311.31	8.00	319.31	-	6.08	-	(6.08)	-	-	305.23
2	Shed & Building -Leasehold	4.92	-	-	4.92	1.08	0.07	-	1.14	3.77	3.85
3	Corporate Office	42.01	-	-	42.01	1.40	1.40	-	2.80	39.21	40.61
4	Plant & Machinery	424.05	10.29	-	434.34	36.96	19.37	-	56.33	378.01	387.09
5	Computer & Software	7.49	0.17	-	7.66	6.97	0.38	-	7.36	0.31	0.51
6	Office Equipment	2.51	0.11	-	2.62	0.58	0.13	-	0.71	1.91	1.92
7	Furniture & Fixtures	40.57	-	-	40.57	4.50	2.57	-	7.06	33.51	36.07
8	Vehicles	67.43	11.02	5.98	72.47	9.80	6.61	-	16.41	56.06	57.64
9	Gas Cylinders	241.69	21.00	18.44	244.25	58.34	36.19	(6.52)	88.01	156.24	183.35
	Total	1,141.98	50.59	343.72	848.85	125.71	66.72	(12.60)	179.82	669.02	1,016.27
	As At 31st March, 2013	1,745.27	43.89	647.18	1,141.98	177.70	95.41	147.40	125.70	1,016.27	1,238.02

11. NON CURRENT INVESTMENTS

(Amount ₹ In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Long Term Investments- Traded (Valued at cost unless otherwise stated)		
Investment in Partnership Firm*		
M/s Eternal Automobiles	261.20	262.46
M/s VMS Industries	-	102.01
Investments in Government securities	0.29	0.29
Investment in Gas Division	0.14	-
In Equity Shares - Un-Quoted, Fully Paid Up		
42,38,000 (Nil) VMS TMT Private Limited of ₹ 10/- each	423.80	-
Total	685.43	346.76

***Investment in Partnership Firm for the year ended 31st March, 2014
(M/s Eternal Automobiles)**

Name of the Partners	Share in Profit / (Loss)
1 VMS Industries Limited	10%
2 Manoj Kumar Jain	15%
3 Smt. Sangeeta Jain	15%
4 others Individuals	60%
Total	100%

12. DEFERRED TAX ASSETS

(Amount ₹ In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Deferred Tax Assets		
- On account of Depreciation	17.38	18.30
Total	17.38	18.30

The major components of deferred tax assets/ liabilities, based on the tax effect of the timing difference as at the year end. Deferred tax is accounted using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date.



13. NON CURRENT LOANS AND ADVANCES

(Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
SECURITY DEPOSITS		
Unsecured considered goods		
Security Deposits	69.34	26.79
Total	69.34	26.79

14. OTHER NON CURRENT ASSETS

(Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
Unamortised expenses		
Share Issue Expenditure	109.86	125.40
Total	109.86	125.40

15. INVENTORIES

(Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
Raw Material of Uncut Ship Stock	2,902.43	1,289.41
Finished Goods	-	516.31
Total	2,902.43	1,805.72

Note : Inventories has been valued at lower of cost & net realisable value.

16. TRADE RECEIVABLES

(Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
A. Trade receivables outstanding For a period less than six months from the date they are due for payment Unsecured, Considered good	935.83	903.21
(A)	935.83	903.21
B. Trade receivables outstanding For a period exceeding six months from the date they are due for payment Unsecured, Considered good	82.10	-
(B)	82.10	-
Total (A+B)	1,017.93	903.21

The trade receivables are considered to be of short duration and are not discounted and the carrying values are assumed to approximate their fair values.

17. CASH & BANK BALANCES

(Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
Cash & cash Equivalents		
Balances With Banks		
- In Deposit Accounts (The FDRs pleade with banks against sanction of various credit facilities to Company)	3,011.74	2,163.15
- In Current Accounts	287.35	117.46
Cash on hand	16.57	11.00
Total	3,315.66	2,291.61



18. SHORT TERM LOANS & ADVANCES

(Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
Other Advances - Unsecured, Considered Good		
Advance to the employees	-	0.40
Advance Income Tax/TDS	31.24	70.72
Prepaid Expenses	0.93	0.96
Balance with Revenue Authorities	139.69	18.76
Others - Advance Recoverable in cash or in kind	2,269.75	2,388.53
Total	2,441.61	2,479.37

19. OTHER CURRENT ASSETS

(Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
Deposits	0.10	-
Interest accrued on deposits	2.91	-
Advance to suppliers	96.02	42.70
Total	99.03	42.70

20. REVENUE FROM OPERATIONS

(Amount ₹ In Lacs)

<i>Particulars</i>	For the year ended on March 31, 2014	For the year ended on March 31, 2013
Sale of Material Derived From Ship Breaking (Gross)	11,638.33	12,659.27
Less: Excise Duty Paid	29.29	24.85
Net Sales	11,609.04	12,634.42
Traded Goods	-	-
- Sales of services (Tug Income)	-	76.50
- Local Sales	-	-
Total	11,609.04	12,710.92

21. OTHER INCOME

(Amount ₹ In Lacs)

<i>Particulars</i>	For the year ended on March 31, 2014	For the year ended on March 31, 2013
Interest Income		
From Advances & FDR	322.08	336.74
Rent Income	3.00	-
Short/(Excess) Provison Wirtten Back	-	65.97
Share Of Profit From Partnership Firm	17.09	21.01
Profit On Sales Of Assets	-	0.71
Other Misc. Income	0.04	6.25
Amortization of fund w/back	1.57	-
Total	343.78	430.68

22. COST OF RAW MATERIAL CONSUMED

(Amount ₹ In Lacs)

<i>Particulars</i>	For the year ended on March 31, 2014	For the year ended on March 31, 2013
Inventory at the Beginning of the Year	1,289.41	3,558.93
Add: Ship Purchase for Recycling	11,808.58	10,015.53
	13,097.99	13,574.46
Inventory at the end of the Year	2,902.43	1,289.41
Cost of Raw Materials Consumed	10,195.56	12,285.05

23. CHANGE IN INVENTORIES

(Amount ₹ In Lacs)

<i>Particulars</i>	For the year ended on March 31, 2014	For the year ended on March 31, 2013
Opening Balance of Finished Goods	516.32	-
Closing Balances of Finished Goods	-	516.32
Change in inventory of Finished Goods	516.32	(516.32)

24. MANUFACTURING COST

(Amount ₹ In Lacs)

<i>Particulars</i>	For the year ended on March 31, 2014	For the year ended on March 31, 2013
Gases & Carbide Expenses	187.90	266.30
Consumption Of Stores And Spare Parts	16.36	17.56
Plot Rent	1.67	1.70
Plot Development Charges	11.03	10.95
Pollution Control Expenses	2.11	2.37
Other Manufacturing Expenses	-	4.90
Total	219.07	303.78

25. EMPLOYEE BENEFIT EXPENSES

(Amount ₹ In Lacs)

<i>Particulars</i>	For the year ended on March 31, 2014	For the year ended on March 31, 2013
Salaries & Wages	76.31	112.87
Bonus Expenses	12.57	13.44
Contribution To Provident Funds And Other Funds	4.78	5.32
Contribution to ESIC	2.50	-
Staff Welfare Expenses	0.91	0.72
Workmen Insurance / Compensation	1.12	5.26
Total	98.19	137.61



26. FINANCE COSTS

(Amount ₹ In Lacs)

<i>Particulars</i>	For the year ended on March 31, 2014	For the year ended on March 31, 2013
Bank Processing Charges & Commission	48.64	20.30
Interest Paid To		
Borrowing From Other Parties	71.20	28.68
Borrowing From Bank	29.32	29.15
Car Loan	2.45	3.40
Late Payment Of Sales Tax / Tds /Service Tax	1.96	0.05
Total	153.57	81.58

27. OTHER EXPENSES

(Amount ₹ In Lacs)

<i>Particulars</i>	For the year ended on March 31, 2014	For the year ended on March 31, 2013
ADMINISTRATIVE EXPENSES		
Donation	0.36	1.16
Electric Expenses	2.25	1.88
Fees & Subscription	0.61	3.10
Insurance	2.23	3.84
Legal & Professional Expenses	11.58	15.08
Loss On Sales Of Asset	5.92	-
Miscellaneous Expanses	4.86	3.93
Office Rent	-	0.60
Payment To Auditors	0.50	0.50
Power & Fuel Expenses	-	23.22
Printing & Stationery	0.89	1.04
Salary To Directors	24.00	20.75
Repairs & Maintenance	5.24	3.11
Services Tax Expenses	7.71	9.94
Telephone Expenses	1.81	1.96
Travelling Expenses	2.61	9.56
Tug Operation Charges	-	13.66
Sub Total	70.57	113.33
SELLING EXPENSES		
Business Promotion	0.50	0.84
Brokerage & Commission Expenses	9.69	13.34
Sales Tax Expense	474.41	433.70
Other Selling & Distribution Expenses	-	1.30
Sub Total	484.60	449.18
Total	555.17	562.51
* PAYMENT TO AUDITOR		
Audit Fees	0.30	0.30
Tax Audit Fees	0.20	0.20
Total	0.50	0.50

B. NOTES ON ACCOUNTS: -
28. Commitments and Contingent Liabilities:-
(₹ In Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Corporate Guarantee for Partnership Firm	170.00	170.00

There is demand of income tax for the A.Y 2007-08 of ₹523.57 lacs raised by A.O u/s 143(3). The Company has filed appeal before CIT. In the opinion of the management they have fair chances of succeeding in the said appeal. So no provision has been created for the said demand.

29. Fixed Deposit Under Lien:-
(₹ In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
SECURITY DEPOSITS		
Fixed Deposits under lien with bank for Bank Guarantee, Letter of Credit and Others	3011.74	2163.15

30. Foreign Currency Earning / Expenditure:-
(₹ In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Earnings	52.68	(714.52)
Expenditure	-	-
CIF Value for Import of Ship for Recycling Business	9990.35	7789.80

31. Earnings Per Share:-

The Company reports basic and diluted earnings per share in accordance with Accounting Standard issued by the Institute of Chartered Accountant of India. Basic earnings per share are computed by dividing the net profit for the year by the Weighted Average Number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit for the year by weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares except where results are anti-dilutive. Statement showing the computation of EPS is as under"-

(₹ In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Net Profit as per Profit & Loss Account (₹ in lacs)	102.30	157.74
Number of Shares Outstanding during the year	1,64,73,391	1,64,73,391
Weighted Average Number of Equity Shares Outstanding during the year	1,64,73,391	1,64,73,391
Basic Earning Per Share	0.62	0.96
Diluted Earning Per Share	0.62	0.96

32. Related Party Disclosures:-

a) Transactions with Related Parties as specified under Accounting Standard – 18 issued by the Institute of Chartered Accountant of India-

Enterprises over which Key Managerial
Personnel exercises significant influence

Eternal Automobiles – Partnership Firm where Company is Partner

VMS Industries – Partnership Firm where Company is Partner

VMS TMT Private limited – Subsidiary company

Eternal Motors Pvt. Ltd – Enterprise over which Director's Relative exercises significant influence

Eternal Tours & Travels- Enterprise over which Director's Relative exercises significant influence

Key Managerial Personnel (KMP) on the Board

Mr. Manoj Kumar Jain	Managing Director
Smt. Sangeeta Jain	Whole Time Director
Mr. Ajit Kumar Jain	Director – Non Executive

Relatives of Key Managerial Personnel

Mr. Varun Manoj Jain	Son of Managing Director
Mr. Vaibhav Manoj Jain	Son of Managing Director
Mr. Subhod Ajit Jain	Brother of Managing Director
Mr. Naveen Ajit Jain	Brother of Managing Director
Smt. Ritu Rajeev Agrawal	Sister of Managing Director

b) Particulars of Related Party Transactions:-

(₹ In Lacs)

Particulars	Volume of Transaction		O/S Receivable		O/S Payable	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Advances						
Eternal Motors Pvt. Ltd	-	21.27	-	-	-	-
VMS TMT PVT LTD	120.59	-	-	-	-	-
Capital in Partnership Firm						
Eternal Automobiles	-	-	261.20	242.96	-	-
VMS Industries	14.46	-	-	102.00	-	-
Directors Remuneration						
Key Managerial Personnel						
- Mr. Manoj Kumar Jain	12.00	7.00	-	-	-	-
- Mr. Ajit Kumar Jain	-	1.75	-	-	-	-
- Smt. Sangeeta Jain	12.00	12.00	-	-	-	-
Services Received						
Eternal Tours & Travels	0.99	6.85	-	-	0.16	-
Rent Paid						
Key Managerial Personnel						
- Smt. Sangeeta Jain	Nil	-	-	-	-	-
Corporate Guarantee to Banks for Bank Limits where Company is Partner Eternal Automobiles	170	170	N.A	N.A	N.A	N.A
VMS TMT Private Limited						
Rent Income	3.00	-	-	-	-	-
Interest Income	4.89	-	-	-	-	-

33. Capacity & Production:-

The Company is engaged in Ship Recycling. The ships recycling activity consists purchase of ships and its dismantling. In view of above nature of business activities, the installed Capacity cannot be ascertained.

(i) Particulars of Opening Stock, Production, Sales & Closing Stock of Finished Goods

Description	Unit	Year Ended 31 st March, 2014		Year Ended 31 st March, 2013	
		Quantity	Value in (₹ In Lacs)	Quantity	Value in (₹ In Lacs)
Opening Stock	MT	1200.00	516.32	-	-
Production	MT	30233.41	10195.55	35190.160	12357.44
Sales	MT	31433.41	11609.04	33990.160	12659.27
Closing Stock	MT	-	-	1200.000	516.32

(ii) Ship purchase itself is considered as raw material and details of Raw Material Consumption is as under:

Particulars	Year Ended 31 st March, 2014		Year Ended 31 st March, 2013	
	Consumption (₹ In Lacs)	% of Total Consumption	Consumption (₹ In Lacs)	% of Total Consumption
Total Consumption	10195.56	100%	12285.05	100%
Imported	10195.56	100%	12285.05	100%
Indigenous	Nil	Nil	Nil	Nil

34. In the opinion of the Board of Directors, Current Assets, Loans and Advances have a value of realization equivalent to the amount at which they are stated in the Balance Sheet. Adequate provisions have been made in the accounts for all the known liabilities.

35. The balance of Sundry Creditors, Sundry Debtors, and Loans & Advances are unsecured, considered good and reconciled from subsequent transaction and/ or confirmations are obtained.

36. Previous year's figures have been regrouped / reclassified wherever necessary to confirm to current year's classification.

37. Information required in terms of part IV to schedule VI of the Companies Act, 1956 is attached

As per our report of even date.

For, **K. Solanki & Co.,**
Chartered Accountants

Kamlesh Solanki
Proprietor
Membership no 048478
Firm No 114694W
Place : Ahmedabad
Date : 29th May, 2014

For and on behalf of Board of Directors

Manoj Kumar Jain *Managing Director*

Ms. Sangeeta Jain *Whole Time Director*

Hemal Patel *Company Secretary*

Place : Ahmedabad
Date : 29th May, 2014



INDEPENDENT AUDITOR'S REPORT

To
The Board of Directors of VMS Industries Limited

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the accompanying Consolidated financial statement of VMS INDUSTRIES LTD (the Company), its subsidiaries, which comprise the consolidated Balance Sheet as at March 31st, 2014, and the consolidated statement of Profit & Loss for the year ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

2. Management is responsible for the preparation of these Consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate affairs in respect of Section 133 of the Companies Act 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and Maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

3. Our responsibility to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

5. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - b) In the case of the consolidated Profit and Loss Account, of the Profit/loss for the year ended on that date; and

OTHER MATTERS

6. We did not audit the financial statements of subsidiary Company whose financial statements reflect Total Assets (Net) ₹ 444.18 lacs as at March 31, 2014 for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of the other auditors.

Our opinion is not qualified in respect of other matters.

For **K. Solanki & Co.**
Chartered Accountants

(Kamlesh Solanki)
Proprietor
Firm Regn. No. 114694W
Membership No. 48478

Place : Ahmedabad
Date : 12th June, 2014



VMS Industries Limited

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH , 2014

(Amount ₹ In Lacs)

Particulars	Note No.	March 31, 2014	March 31, 2013
I. EQUITY AND LIABILITIES			
1 SHARE HOLDERS' FUNDS			
(a) Share Capital	2	1,647.34	1,647.34
(b) Reserves & Surplus	3	3,460.15	3,373.38
2 SHARE APPLICATION MONEY PENDING			
3 MINORITY INTEREST		11.80	-
4 NON-CURRENT LIABILITIES			
(a) Long-Term Borrowings	4	26.66	147.61
(b) Other Long Term Liabilities	5	4.09	-
5 CURRENT LIABILITIES			
(a) Short Term Borrowings	6	6,028.21	3,439.20
(b) Trade Payables	7	30.79	19.16
(c) Other Current Liabilities	8	95.33	425.87
(d) Short-Term Provisions	9	46.95	21.57
TOTAL		11,351.32	9,074.13
II. ASSETS			
1 NON-CURRENT ASSETS			
(a) Fixed Assets	10		
(i) Tangible assets		839.90	1,016.27
(ii) Capital work-in-progress		217.25	-
(b) Non-Current Investments	11	261.63	364.76
(c) Deferred Tax Assets (Net)	12	17.38	18.30
(d) Long-Term Loans & Advances	13	71.87	26.79
(e) Other Non-Current Assets	14	110.59	125.40
2 CURRENT ASSETS			
(a) Inventories	15	2,902.43	1,805.72
(b) Trade Receivables	16	1,017.93	903.21
(c) Cash & Cash Equivalents	17	3,322.94	2,291.61
(d) Short-Term Loan & Advances	18	2,490.38	2,479.37
(e) Other Current Assets	19	99.02	42.70
TOTAL		11,351.32	9,074.13

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For, **K. Solanki & Co.,**
Chartered Accountants

Kamlesh Solanki
Proprietor
Membership no 048478
Firm No 114694W

Place : Ahmedabad
Date : 12th June, 2014

For and on behalf of Board of Directors

Manoj Kumar Jain Managing Director

Ms. Sangeeta Jain Whole Time Director

Hemal Patel Company Secretary

Place : Ahmedabad
Date : 12th June, 2014



VMS Industries Limited

CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2014

(Amount ₹ In Lacs)

Particulars	Note No.	March 31, 2014	March 31, 2013
I. INCOME			
a) Revenue From Operations	20	11,609.04	12,710.92
b) Other Income	21	343.78	430.68
Total Revenue		11,952.82	13,141.60
II. EXPENSES:			
a) Cost Of Materials & Components Consumed	22	10,195.56	12,285.05
b) Purchase Of Stock-In-Trade		-	-
c) Changes In Inventories Of Finished Goods	23	516.32	(516.32)
d) Manufacturing & Operating Costs	24	219.07	303.78
e) Employee Benefits Expenses	25	98.19	137.61
f) Finance Costs	26	153.57	81.58
g) Depreciation & Amortization Expenses	10	66.72	95.41
h) Other Expenses	27	555.17	562.51
Total Expenses		11,804.60	12,949.62
III. Exceptional Items		-	44.95
IV. PROFIT/(LOSS) BEFORE TAXES		148.22	147.03
V. TAX EXPENSES :			
(1) Current tax		45.00	21.00
(2) Deferred tax		0.92	13.24
(3) Taxes of earlier years		-	-
VI. PROFIT/(LOSS) FOR THE YEAR AFTER TAX		102.30	112.79
VII. Profit (Loss) of Discontinuing Operations (Included in above profit)		-	44.95
VIII. PROFIT/ (LOSS) FOR THE YEAR		102.30	157.74
EARNINGS PER EQUITY SHARES:			
[Nominal value per share ₹10 : previous year ₹10]			
(1) Basic / Diluted		0.62	0.96
Number of shares outstanding		16473391	16473391

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For, **K. Solanki & Co.,**
Chartered Accountants

Kamlesh Solanki
Proprietor
Membership no 048478

Firm No 114694W

Place : Ahmedabad
Date : 12th June, 2014

For and on behalf of Board of Directors

Manoj Kumar Jain Managing Director

Ms. Sangeeta Jain Whole Time Director

Hemal Patel Company Secretary

Place : Ahmedabad
Date : 12th June, 2014

NOTE 1:-**A. PRINCIPAL OF CONSOLIDATION**

The consolidated financial statements relate to VMS Industries Limited ('the Company') and its subsidiary Company M/s VMS TMT Private Limited. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances in accordance with Accounting Standard (AS) 21- " Consolidated Financial Statements"
- b) Minority Interest's share of net assets of consolidated subsidiary is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- c) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

B. Investments other than subsidiary i.e. Investment in Partnership firm have been accounted as per Accounting Standard (AS) 13 on " Accounting for Investments"

C. Other Significant Accounting Policies

These are set out under "Significant Accounting Policies" as given in the Company's separate financial statements.

D. The subsidiary Company M/s. VMS TMT Pvt. Ltd. has been incorporated on 9th April, 2013. Till date the Company has not started its business activities.

Notes forming part of Balance Sheet as on 31st March, 2014
2. SHARE CAPITAL
A. SHARE CAPITAL

(Amount Rs In Lacs)

PARTICULARS	As at 31st March, 2014		As at 31st March, 2013	
	Number	Amount	Number	Amount
AUTHORISED SHARE CAPITAL				
Equity Shares of ₹ 10/- each	20,000,000	2,000.00	20,000,000.00	2,000.00
	20,000,000	2,000.00	20,000,000.00	2,000.00
ISSUED, SUBSCRIBED & FULLY PAID UP				
Equity Shares of ₹ 10/- each fully paid	16,473,391	1,647.34	16,473,391.00	1,647.34
	16,473,391	1,647.34	16,473,391.00	1,647.34

B. Reconciliation of the number of outstanding shares as at the beginning and at the end of the reporting period

Equity Shares of	As at 31st March, 2014		As at 31st March, 2013	
	Number	Amount	Number	Amount
At the beginning of the year	16,473,391	1,647.34	16,473,391	1,647.34
Forfeited shares	-	-	-	-
Add: Issue of Bonus Shares during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	16,473,391	1,647.34	16,473,391	1,647.34

C. Terms/rights attached to equity shares

The Company has one class of equity shares having par value of ₹ 10/- each. Each shareholder of the equity shares is entitled to one vote per share entitled to receive dividend as declared from time to time.

D. The details of shareholder holding more than 5% shares as at 31st March, 2014 and 31st March 2013 is set out below:

NAME OF SHAREHOLDERS	As at 31st March, 2014		As at 31 March 2013	
	No. of Shares	% of Holding	No. of Shares	% of Holding
1 MANOJ KUMAR JAIN	6,168,100	37.44	6,168,100	37.44
2 SANGEETA JAIN	2,292,264	13.91	2,292,264	13.91
3 M R SHARE BROKING PVT LTD	-	-	849,853	5.16
4 MONO HERBICIDES LIMITED	1,817,671	11.03	2,386,824	14.49
5 VINTEL SECURITIES PVT LTD	836,295	5.08		

E. Details of shares issued during the last 5 financial year by way of Bonus shares or by way of pursuant to contract without payment being received in cash or shares bought back:-

Particulars	Year (Aggregate No. of shares)				
	2013-14	2012-13	2011-12	2010-11	2009-10
Equity shares:					
Fully paid up by way of bonus shares	-	-	-	-	5,017,582

3. RESERVES & SURPLUS

(Amount Rs In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
A Securities Premium Account		
Balance as per the last Financial Statements	2,599.21	2,614.75
Add: Current Year Transfer	-	-
Less: 1/10th Public Issue Expenses W/off	15.54	15.54
Closing Balance (A)	2,583.67	2,599.21
B GENERAL RESERVES		
Balance as per the last Financial Statements	46.29	46.29
Add: Current Year Transfer	-	-
Less: Written Back in Current Year	-	-
Closing Balance (B)	46.29	46.29
C SURPLUS IN THE STATEMENT OF PROFIT & LOSS		
Balance as per the last Financial Statements	727.89	570.14
Additon during the year		
Net Profit/(Net Loss) For the current year	102.30	157.74
Transfer From Reserves	-	-
Less: APPROPRIATIONS		
Transfer to general reserve	-	-
Total Appropriations	-	-
Net Surplus in the Statement of Profit & Loss (C)	830.19	727.89
Total Reserve & Surrplus (A+B+C)	3,460.15	3,373.38

4. LONG TERM BORROWINGS

(Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
SECURED		
LOANS REPAYABLE ON DEMAND		
I From Banks		
Secured by Car	18.08	27.34
(Secured by respective vehicles, Repayable in 60 Monthly installments for ₹ 21,500 and 48 monthly installments for ₹ 76,500)		
Secured by Plant & Machinery i.e Crane	8.58	-
Sub Total	26.66	27.34
UNSECURED		
Deferred Payment liabilities		
GIDC for Land	-	120.27
(Deferred Payment for acquisition of Lease hold land from GIDC on deferred payment, payable in 10 equated quarterly installments)		
Sub Total	-	120.27
Total	26.66	147.61



5. OTHER LONG TERM LIABILITIES

(Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
Trade Payables (Including Acceptance)	4.09	-
Total	4.09	-

6. SHORT TERM BORROWINGS

(Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
SECURED		
LOANS REPAYABLE ON DEMAND		
I Cash Credit Account	0.65	0.19
(Secured by way of Hypothecation of vessel and its scrap, stock & Book Debts and secured by pledge of FDRs and also by Personal Guarantee of Promoters directors and Corporate guarantee of the Company)		
II Foreign Letter of Credit	6,027.56	3,439.01
(Secured by way of Hypothecation of vessel and its scrap, stock & Book Debts and secured by pledge of FDRs and also by Personal Guarantee of Promoters directors and Corporate guarantee of the Company)		
Total	6,028.21	3,439.20

7. TRADE PAYABLES

(Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
Trade Payables (Including Acceptances)		
Sundry Creditors for Capital goods	1.30	-
Sundry Creditors		
Due to Micro, Small and Medium Enterprise	-	
Due to other than Micro, Small and Medium Enterprise	29.49	19.16
Total	30.79	19.16

8. OTHER CURRENT LIABILITIES

(Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
Statutory Dues	93.80	74.27
Advance from Customers	-	349.51
Statutory Remittances	0.41	1.45
Other Paybles	1.12	0.64
Total	95.33	425.87

9. SHORT- TERM PROVISIONS

(Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
Provision for Employee Benefits		
Contribution to Provident Funds	-	0.57
Others Provisions		
Provision For Income Tax A Y 2014-15	45.00	-
Provision For Income Tax A Y 2013-14	-	21.00
Provision For TDS	1.88	-
Provision for Others	0.07	-
Total	46.95	21.57



VMS Industries Limited

10. TANGIBLE ASSETS

(Amount ₹ In Lacs)

Sr.No	ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As On 01.04.13	Addition During The Year	Deductions As On 31.03.2014	Total 31.03.2014	As On 01.04.13	Dep For The Year	Deduction/ Adjustment/ Write Back	Total As On 31.03.2014	As On 31.03.2014	As On 31.03.2013
A	TANGIBLE FIXED ASSET										
	Land - Leasehold	311.31	8.00	319.31	-	6.08	-	(6.08)	-	-	305
	Land - Freehold		163.11		163.11	-	-	-	-	163.11	-
	Shed & Building	4.92	-	-	4.92	1.08	0.07	-	1.14	3.78	3.85
	Corporate Office	42.01	-	-	42.01	1.40	1.40	-	2.81	39.21	40.61
	Plant & Machinery	424.05	10.29	-	434.34	36.96	19.37	-	56.33	378.01	387.09
	Computer & Software	7.49	0.17	-	7.66	6.97	0.38	-	7.36	0.30	0.51
	Office Equipment	2.51	0.11	-	2.62	0.58	0.13	-	0.71	1.91	1.92
	Furniture & Fixtures	40.57	-	-	40.57	4.50	2.57	-	7.06	33.51	36.07
	Vehicles	67.43	18.79	5.98	80.24	9.80	6.61	-	16.41	63.83	57.63
	Gas Cylinders	241.69	21.00	18.44	244.26	58.34	36.19	(6.52)	88.01	156.24	183.35
	Sub Total (A)	1,141.98	221.47	343.72	1,019.73	125.71	66.72	(12.60)	179.83	839.90	1,016.27
B	CAPITAL WORK IN PROGRESS										
1	Factory Building	-	101.92	-	101.92	-	-	-	-	101.92	-
2	Factory Shed	-	15.77	-	15.77	-	-	-	-	15.77	-
3	Electric Installation	-	0.54	-	0.54	-	-	-	-	0.54	-
4	Furniture & Fixtures	-	0.12	-	0.12	-	-	-	-	0.12	-
5	Borewell	-	3.57	-	3.57	-	-	-	-	3.57	-
6	Plant & Machinery	-	21.17	-	21.17	-	-	-	-	21.17	-
7	Pre- Operative Exp (Allocation pending)	-	74.16	-	74.16	-	-	-	-	74.16	-
	Sub Total (B)	-	217.25	-	217.25	-	-	-	-	217.25	-
	TOTAL	1,142	438.72	343.73	1236.98	125.71	66.72	(12.60)	179.83	1,057.15	1,016.27

11. NON CURRENT INVESTMENTS

(Amount ₹ In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
TRADE INVESTMENTS (Valued at cost unless otherwise stated)	-	-
Investment in Partnership Firm	261.20	364.47
Investment in Government Securities	0.29	0.29
Investment in Gas Division	0.14	-
Total	261.63	364.76

12. DEFERRED TAX ASSETS

(Amount ₹ In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Deferred Tax Assets		
- On account of Depreciation	17.38	18.30
Total	17.38	18.30

The major components of deferred tax assets/ liabilities, based on the tax effect of the timing difference as at the year end. Deferred tax is accounted using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date.



13. NON CURRENT LOANS AND ADVANCES

(Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
Unsecured considered goods		
Security Deposits	71.87	26.79
Total	71.87	26.79

14. OTHER NON CURRENT ASSETS

(Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
Unamortised expenses		
Share Issue Expenditure	109.86	125.40
Misc. Expenditure	0.73	-
Total	110.59	125.40

15. INVENTORIES

(Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
Raw Material of Uncut Ship Stock	2,902.43	1,289.40
Finished Goods	-	516.32
Total	2,902.43	1,805.72

Note : Inventories has been valued at lower of cost & net realisable value.

16. TRADE RECEIVABLES

(Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
A. Trade receivables outstanding For a period less than six months from the date they are due for payment Unsecured, Considered good	935.83	903.21
(A)	935.83	903.21
B. Trade receivables outstanding For a period exceeding six months from the date they are due for payment Unsecured, Considered good	82.10	-
(B)	82.10	-
Total (A+B)	1,017.93	903.21

The trade receivables are considered to be of short duration and are not discounted and the carrying values are assumed to approximate their fair values.

17. CASH & BANK BALANCES

(Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
Cash & cash Equivalents		
Balances With Banks		
- In Deposit Accounts (The FDRs pleade with banks against sanction of various credit facilities to Company)	3,011.74	2,163.15
- In Current Accounts	289.95	117.46
Cash on hand	21.25	11.00
Total	3,322.94	2,291.61



18. SHORT TERM LOANS & ADVANCES

(Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
Other Advances - Unsecured, Considered Good		
Advance to the employees	-	0.41
Advance Income Tax/TDS	31.24	70.72
Advances For Capital Goods / Services	44.61	-
Prepaid Expenses	1.05	0.96
Balance with Revenue Authorities	143.72	18.76
Others - Advance Recoverable in cash or in kind	2,269.76	2,388.52
Total	2,490.38	2,479.37

19. OTHER CURRENT ASSETS

(Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
Deposits	0.10	-
Interest accrued on deposits	2.91	-
Advance to suppliers	96.01	42.70
Total	99.02	42.70

20. REVENUE FROM OPERATIONS

(Amount ₹ In Lacs)

<i>Particulars</i>	For the year ended on March 31, 2014	For the year ended on March 31, 2013
Sale of Material Derived From Ship Breaking (Gross)	11,638.33	12,659.27
Less: Excise Duty Paid	29.29	24.85
Net Sales	11,609.04	12,634.42
Traded Goods	-	-
- Sales of services (Tug Income)	-	76.50
- Local Sales	-	-
Total	11,609.04	12,710.92

21. OTHER INCOME

(Amount ₹ In Lacs)

<i>Particulars</i>	For the year ended on March 31, 2014	For the year ended on March 31, 2013
Interest Income		
From Advances & FDR	322.08	336.74
Rent Income	3.00	-
Short/(Excess) Provision Wirtten Back	-	65.97
Share Of Profit From Partnership Firm	17.09	21.01
Profit On Sales Of Assets	-	0.71
Other Misc. Income	0.04	6.25
Amortization of fund w/back	1.57	-
Total	343.78	430.68

22. COST OF RAW MATERIAL CONSUMED

(Amount ₹ In Lacs)

<i>Particulars</i>	For the year ended on March 31, 2014	For the year ended on March 31, 2013
Inventory at the Beginning of the Year	1,289.41	3,558.93
Add: Ship Purchase for Recycling	11,808.58	10,015.53
	13,097.99	13,574.46
Inventory at the end of the Year	2,902.43	1,289.41
Cost of Raw Materials Consumed	10,195.56	12,285.05

23. CHANGE IN INVENTORIES

(Amount ₹ In Lacs)

<i>Particulars</i>	For the year ended on March 31, 2014	For the year ended on March 31, 2013
Opening Balance of Finished Goods	516.32	-
Closing Balances of Finished Goods	-	516.32
Change in inventory of Finished Goods	516.32	(516.32)

24. MANUFACTURING COST

(Amount ₹ In Lacs)

<i>Particulars</i>	For the year ended on March 31, 2014	For the year ended on March 31, 2013
Gases & Carbide Expenses	187.90	266.30
Consumption Of Stores And Spare Parts	16.37	17.56
Plot Rent	1.67	1.70
Plot Development Charges	11.03	10.95
Pollution Control Expenses	2.11	2.37
Other Manufacturing Expenses	-	4.90
Total	219.08	303.78

25. EMPLOYEE BENEFIT EXPENSES

(Amount ₹ In Lacs)

<i>Particulars</i>	For the year ended on March 31, 2014	For the year ended on March 31, 2013
Salaries & Wages	76.31	112.87
Bonus Expenses	12.57	13.44
Contribution To Provident Funds And Other Funds	4.78	5.32
Contribution to ESIC	2.50	-
Staff Welfare Expenses	0.91	0.72
Workmen Insurance / Compensation	1.12	5.26
Total	98.19	137.61

26. FINANCE COSTS

(Amount ₹ In Lacs)

<i>Particulars</i>	For the year ended on March 31, 2014	For the year ended on March 31, 2013
Bank Processing Charges & Commission	48.64	20.30
Interest Paid To		
Borrowing From Other Parties	71.21	28.68
Borrowing From Bank	29.32	29.15
Car Loan	2.45	3.40
Late Payment Of Sales Tax / Tds /Service Tax	1.96	0.05
Total	153.57	81.58

27. OTHER EXPENSES

(Amount ₹ In Lacs)

<i>Particulars</i>	For the year ended on March 31, 2014	For the year ended on March 31, 2013
ADMINISTRATIVE EXPENSES		
Donation	0.36	1.16
Electric Expenses	2.25	1.88
Fees & Subscription	0.61	3.10
Insurance	2.23	3.84
Legal & Professional Expenses	11.58	15.08
Loss On Sales Of Asset	5.92	-
Miscellaneous Expanses	4.86	3.93
Office Rent	-	0.60
Payment To Auditors	0.50	0.50
Power & Fuel Expesnes	-	23.22
Printing & Stationery	0.89	1.04
Salary To Directors	24.00	20.75
Repairs & Maintenance	5.24	3.11
Services Tax Expenses	7.71	9.94
Telephone Expenses	1.81	1.96
Travelling Expenses	2.61	9.56
Tug Operation Charges	-	13.66
Sub Total	70.57	113.33
SELLING EXPENSES		
Business Promotion	0.50	0.84
Brokerage & Commission Expenses	9.69	13.34
Sales Tax Expense	474.41	433.70
Other Selling & Distribution Expenses	-	1.30
Sub Total	484.60	449.18
Total	555.17	562.51

28. Earnings Per Share:-

The Company reports basic and diluted earnings per share in accordance with Accounting Standard issued by the Institute of Chartered Accountant of India. Basic earnings per share are computed by dividing the net profit for the year by the Weighted Average Number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit for the year by weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares except where results are anti-dilutive. Statement showing the computation of EPS is as under"-

<i>Particulars</i>	(₹ In Lacs)	
	As at March 31, 2014	As at March 31, 2013
Net Profit as per Profit & Loss Account (₹ in lacs)	102.30	157.74
Number of Shares Outstanding during the year	1,64,73,391	1,64,73,391
Weighted Average Number of Equity Shares Outstanding during the year	1,64,73,391	1,64,73,391
Basic Earning Per Share	0.62	0.96
Diluted Earning Per Share	0.62	0.96

29. Related Party Disclosures:-

- a) Transactions with Related Parties as specified under Accounting Standard – 18 issued by the Institute of Chartered Accountant of India-

Enterprises over which Key Managerial Personnel exercises significant influence	Eternal Automobiles – Partnership Firm where Company is Partner
	VMS Industries – Partnership Firm where Company is Partner
	VMS TMT Private limited – Subsidiary company
	Eternal Motors Pvt. Ltd – Enterprise over which Director's Relative exercises significant influence
	Eternal Tours & Travels- Enterprise over which Director's Relative exercises significant influence

Key Managerial Personnel (KMP) on the Board

Mr. Manoj Kumar Jain	Mr. Varun M. Jain
Smt. Sangeeta Jain	Mr. Vaibhav M. Jain
Mr. Ajit Kumar Jain	

Relatives of Key Managerial Personnel

Mr. Subhod Ajit Jain	Brother of Managing Director
Mr. Naveen Ajit Jain	Brother of Managing Director
Smt. Ritu Rajeev Agrawal	Sister of Managing Director

b) Particulars of Related Party Transactions:-

(₹ In Lacs)

Particulars	Volume of Transaction		O/S Receivable		O/S Payable	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Advances						
Eternal Motors Pvt. Ltd	-	21.27	-	-	-	-
Capital in Partnership Firm						
Eternal Automobiles	-	-	261.20	242.96	-	-
VMS Industries	14.46	-	-	102.00	-	-
Directors Remuneration						
Key Managerial Personnel						
- Mr. Manoj Kumar jain	12.00	7.00	-	-	-	-
- Mr. Ajit Kumar Jain	-	1.75	-	-	-	-
- Smt. Sangeeta Jain	12.00	12.00	-	-	-	-
- Mr. Varun M . Jain	8.00					
- Mr. Vaibhav M. Jain	5.50					
Services Received						
Eternal Tours & Travels	0.99	6.85	-	-	0.16	-
Interest Paid						
- Mr. Manoj J.Jain	1.56					
- Smt. Sangeeta Jain	0.73					
Rent Paid						
Key Managerial Personnel						
- Smt. Sangeeta Jain	-	0.60	-	-	-	-
- Mr. Manoj Jain	4.50					
Corporate Guarantee to Banks for Bank Limits where Company is Partner Eternal Automobiles	170	170	N.A	N.A	N.A	N.A
VMS TMT Private Limited						
Rent Income	3.00	-	-	-	-	-
Interest Income	4.89	-	-	-	-	-

30. Commitments and Contingent Liabilities:-

(₹ In Lacs)

Particulars	As at	As at
	31 st March, 2014	31 st March, 2013
Corporate Guarantee for Partnership Firm	170.00	170.00

There is demand of income tax on Holding Company for the A.Y 2007-08 of ₹523.57 lacs raised by A.O u/s 143(3). The Company has filed appeal before CIT. In the opinion of the management have fair chances of succeeding in the said appeal. So no provision has been created for the said demand.



31. Fixed Deposit Under Lien:-

(₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
SECURITY DEPOSITS		
Fixed Deposits under lien with bank for Bank Guarantee, Letter of Credit and Others	3011.74	2163.15

32. Foreign Currency Earning / Expenditure:-

(₹ In Lacs)

<i>Particulars</i>	As at March 31, 2014	As at March 31, 2013
Earnings	-	(714.52)
Expenditure	-	-
CIF Value for Import of Ship for Recycling Business	9990.35	7789.80

33. Segment Information:-

Under the provisions of Accounting Standard - 17, the Company at present operates in the single business segment of ship recycling activities and therefore, separate segment disclosure has not been given.

34. In the opinion of the Board of Directors, Current Assets, Loans and Advances have a value of realization equivalent to the amount at which they are stated in the Balance Sheet. Adequate provisions have been made in the accounts for all the known liabilities.

35. The balance of Sundry Creditors, Sundry Debtors, and Loans & Advances are unsecured, considered good and reconciled from subsequent transaction and/ or confirmations are obtained.

36. Previous year's figures have been regrouped / reclassified wherever necessary to confirm to current year's classification.

As per our report of even date.

For, **K. Solanki & Co.,**
Chartered Accountants

Kamlesh Solanki
Proprietor
Membership no 048478
Firm No 114694W

Place : Ahmedabad
Date : 12th June, 2014

For and on behalf of Board of Directors

Manoj Kumar Jain *Managing Director*

Ms. Sangeeta Jain *Whole Time Director*

Hemal Patel *Company Secretary*

Place : Ahmedabad
Date : 12th June, 2014



VMS INDUSTRIES LIMITED

ATTENDANCE SLIP

[CIN:L74140GJ1991PLC016714]

Regd. Office: 808/C PINNACLE BUSINESS PARK, CORPORATE ROAD, PRAHLADNAGAR, AHMEDABAD-380015, Email: info@vmsil.com web site: www.vmsil.com Phone : 079-40320484 Fax: 079-40320484

22nd th ANNUAL GENERAL MEETING

I /We hereby record my / our presence at the 22nd Annual General Meeting of the Company to be held at 808/C PINNACLE BUSINESS PARK, CORPORATE ROAD, PRAHLADNAGAR, AHMEDABAD-380015 on Monday, the 29th September, 2014 at 11.00 a.m.

Member's Folio / DP ID Client ID No.

Member's / Proxy name in Block Member's / Proxy's Signature

Note:

- 1. Please complete the Folio / DP ID-Client No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF OFFICE.
2. Electronic copy of the Annual Report for 2013-14 and Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form are being sent to all the Members whose email address is registered with the Company / Depository Participant unless any member has requested for a hard copy of the same.
3. Physical copy of the Annual Report for 2013-14 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is sent in the permitted mode (s) to all Members whose email address is not registered or have requested for a hard copy.

VMS INDUSTRIES LIMITED

PROXY FORM

[CIN:L74140GJ1991PLC016714]

Regd. Office: 808/C PINNACLE BUSINESS PARK, CORPORATE ROAD, PRAHLADNAGAR, AHMEDABAD-380015, Email: info@vmsil.com web site: www.vmsil.com Phone : 079-40320484 Fax: 079-40320484

Name of the Member (s) :

Registered Address :

E-mail Id :

Folio / DP ID Client ID No. :

I /We being the member (s) holding Shares of the above named Company hereby appoint:

(1) Name : Address :

Email ID : Signature : or failing him / her:

(2) Name : Address :

Email ID : Signature : or failing him / her:

(3) Name : Address :

Email ID : Signature :

as my /our proxy to attend and vote for my / our behalf at the 22nd Annual General Meeting to be held on Monday, the 29th September, 2014 at 11.00 A.M. at 808/c Pinnacle Business Park, Corporate Road, Prahladnagar, Ahmedabad and at any adjournment thereof in respect of resolutions as are indicated below:.



Resolution No.	Particulars of Resolution	Optional	
		For	Against
	ORDINARY BUSINESS		
1.	Adoption of Financial Statements for the year ended 31 st March, 2014		
3.	Re-appointment of Mr. Ajit Kumar Jain, and Ms Sangeeta Jain, Director retire by rotation.		
4.	Appointment of Statutory Auditors M/s P D Goplani & Co, Chartered Accountant in place of retiring Auditor M/s K. Solanki & Co.		
	SPECIAL BUSINESS		
5.	Authority to the Board of Directors for Borrowing Power Rs.250.00 Crores under Section 180(1)(C) of the Companies Act, 2013		
6.	Authority to the Board of Directors for Creation of Mortgage under Section 180(1)(a) of the Companies Act, 2013		
7.	Reappointment of Whole Time Director for 5 years starting from 01.10.2014 to 30.09.2019		
8.	Reappointment of Managing Director for 5 years starting from 01.10.2014 to 30.09.2019		
	ORDINARY BUSINESS		
9.	Appointment of Independent Director Mr. Hitesh Loonia for five years		
10.	Appointment of Independent Director Mr. Bakul Mehta for five years		
11.	Appointment of Independent Director Mr. Pranav V Parikh for five years		

Signed this _____ day of _____ 2014

Signature of Shareholder _____

Signature of Proxy holder (s) _____

Affix
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revenue
stamp

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 22nd Annual General Meeting.
3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he / she thinks appropriate.
4. Please complete all details including details of member (s) in the above box before submission.



If undelivered, please return to :
VMS INDUSTRIES LIMITED
CIN NO. : L74140GJ1991PLC016714
Regd. Office : 808-C, Pinnacle Business Park,
Corporate Road, Prahladnagar,
Ahmedabad-380015 Gujarat (India)