



# VMS Industries Limited

Ship Recycling

Ship Recycling Works : Plot No. 160 M- Alang- Sosiya Ship Recycling Yard,  
ALANG-364081 (Dist. Bhavnagar)


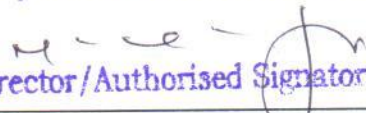
CIN = L74140GJ1991PLC016714



Ref No. Annual Report 2014-15/  
TO,  
BSE LTD,  
C/O LISTING DEPARTMENT,  
PHIROZ JEEJEEBHOY TOWERS,  
DALAL STREET,  
MUMBAI-400001

Date: 08.09.2015

## FORM B

1	Name of Company	VMS INDUSTRIES LIMITED
2	Annual Financial Statements for the Year ended	31.03.2015
3	Type of Audit observation	NON PROVISION FOR GRATUITY AND LONG TERM EMPLOYEE BENEFITS.
4	Frequency of observation	HALF YEARLY
5	To be Signed by • CEO/ Managing Director • CFO • Auditor of the Company • Audit Committee Chairman	<b>P. D. GOPLANI &amp; ASSOCIATES- CHARTERED ACCOUNTANTS-</b>   PARTNER  For, VMS Industries Ltd   Director/Authorised Signatory

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

For: VMS INDUSTRIES LIMITED  
  
  
HEMAL PATEL  
COMPANY SECRETARY

ANNUAL REPORT  
2014-2015



**VMS INDUSTRIES LIMITED**

**BOARD OF DIRECTORS**



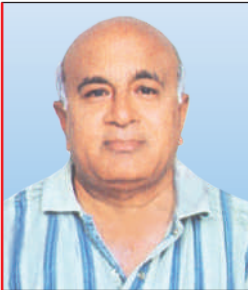
**Manoj Kumar Jain**  
Managing Director



**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

**CHIEF FINANCIAL OFFICER**

Mr. Himanshu Shah

**SECRETARIAL AUDITOR**

Jalan Alkesh & Associates

**COMPANY SECRETARY & COMPLIANCE OFFICER**

Mr. Hemal Patel

**REGISTERED OFFICE**

808-C, Pinnacle Business Park, Corporate Road,  
Prahaldnagar, Ahmedabad-380015 Gujarat (India)  
Telefax No. (079) 40320484  
Website : www.vmsil.com  
email : info@vmsil.com  
L74140GJ1991PLC016714

**WORK SHOP**

Ship Recycling Yard  
160-M, Alang- Soshiya 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**

P. D. Goplani & Associates,  
Chartered Accountants.  
A 104-105, Leela Efcee, Waghawadi Road,  
Bhavnagar-364001

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**NOTICE**

Notice is hereby given that the 23<sup>rd</sup> Annual General Meeting of the members of M/s VMS Industries Limited will be held at 11.00 A.M. on Wednesday, 30<sup>th</sup> day of September, 2015 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 31<sup>st</sup> March, 2015 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 Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made there under, as amended from time to time, the Company hereby ratifies the appointment of M/s P D GOPLANI & ASSOCIATES (Firm Reg. No.118023W), Chartered Accountant as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 24<sup>th</sup> Annual General Meeting of the Company to be held in year 2016 to examine and audit the accounts of the Company for the Financial Year 2015-16 at such remuneration plus service tax, out-of-pocket, travelling and living expenses etc., as may be mutually agreed between the Board of Directors and the Auditors."

**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 pursuant to provisions of Section 14 and all other applicable provisions of Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds and action as may be necessary, proper or expedient to give effect to this resolution."

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

**Hemal Patel**  
Company Secretary

Place : Ahmedabad  
Date : 14.08.2015

**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 form 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, in respect of the special business under item no. 5 are annexed hereto.
- C. Pursuant to the provision of Section 91 of the Companies Act, 2013, the registered of members and share transfer books of the company will remain closed from Friday 25<sup>th</sup> September, 2015 to Wednesday 30<sup>th</sup> September, 2015 (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 23<sup>rd</sup> 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 21<sup>st</sup> August, 2015. Members may also note that the notice of the 23<sup>rd</sup> AGM and the Annual Report 2014-15 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 23<sup>rd</sup> 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 Participants(s)]:**

- (i) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://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](http://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 27<sup>th</sup> September, 2015 (9.00 a.m.) and ends on 29<sup>th</sup> September, 2015 (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 of 23<sup>rd</sup> September, 2015, 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](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdsl.india.com](mailto: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](mailto: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 23<sup>rd</sup> September, 2015.
- (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](http://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

The existing Articles of Association ("AoA") are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Act. With the coming into force of the Companies Act, 2013, several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model Articles of Association for a Company limited by shares. Shareholder's attention is invited to certain salient provisions in the new draft of AoA of the Company viz;

1. Provisions relating to the appointment of independent and women directors have been added.
2. Provisions relating to the appointment of Key Managerial Personnel have been added.
3. Provisions relating to giving of special notice by shareholders for moving any resolution at a shareholders meeting have been amended in accordance with the Act.
4. Provisions relating to disclosures to be made by directors at meetings of the board and vacation of office by directors have been amended in accordance with the Act.
5. Provisions relating to use of the electronic medium to communicate with the shareholders and directors have been added.
6. Various existing articles have been aligned with the Act.
7. The statutory provisions of the Act which permit a company to do some acts "if so authorized by its articles" or provisions which require a company to do acts in a prescribed manner "unless the articles otherwise provide" have been specifically included.

The proposed new draft of AoA is being uploaded on the company's website for perusal by the Shareholders. The proposed new draft of AoA is available for inspection by the members at the Registered Office of the Company on any working day excluding public holidays and Sundays, between 11.00 A.M. to 1.00 P.M. upto and including the date of Annual General Meeting. None of the Directors and Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financial or otherwise, in the Special Resolution set out at item no. 5 of the Notice. The Board of Directors recommends the Special Resolution for your approval.

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

Place : Ahmedabad  
Date : 14.08.2015

**Hemal Patel**  
Company Secretary



**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors present herewith their 23<sup>rd</sup> (Twentieth Third) Annual Report of your Company together with the Audited Annual Accounts of the Company for the year ended 31st March, 2015.

**FINANCIAL RESULTS**

The financial performance of the Company for the Year ended 31<sup>st</sup> March, 2015 is summarized as below:-

(₹ In Lacs)

Particulars	STANDALONE		CONSOLIDATED	
	Year Ended on 31.03.2015	Year Ended on 31.03.2014	Year Ended on 31.03.2015	Year Ended on 31.03.2014
Income / Receipts from Operations	8,228.20	11,609.04	8,228.20	11,609.04
Other Income	369.71	343.78	369.71	343.78
<b>Total Income</b>	<b>8597.91</b>	<b>11952.82</b>	<b>8597.91</b>	<b>11952.82</b>
Earning Before Financial Charges, Depreciation, and Taxation (EBITDA)	340.92	374.43	340.92	374.43
Financial Charges	168.35	153.57	168.35	153.57
Depreciation	72.00	66.72	72.00	66.72
<b>Profit Before Tax (PBT)</b>	<b>100.58</b>	<b>154.14</b>	<b>100.58</b>	<b>154.14</b>
Less: Provision for Taxation including Deferred	32.43	45.91	32.43	45.91
Less Extra Ordinary Item	(13.46)	(5.92)	(13.46)	(5.92)
<b>Profit After Tax (PAT)</b>	<b>54.68</b>	<b>102.30</b>	<b>54.68</b>	<b>102.30</b>
Profit Brought Forward from Previous Year	830.19	727.89	830.19	727.89
<b>Profit Available for Appropriation</b>	<b>884.87</b>	<b>830.19</b>	<b>884.87</b>	<b>830.19</b>
Balance Carried to Balance Sheet	<b>884.87</b>	<b>830.19</b>	<b>884.87</b>	<b>830.19</b>

**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 2014-15.

**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 Mrs. 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:

- In the preparation of the Annual Accounts for the year ended on 31<sup>st</sup> March, 2015 the applicable accounting standards have been followed and there has been no material departure.
- 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.
- 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.
- The Directors have prepared the Annual accounts for the year ended on 31<sup>st</sup> March, 2015 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, 2015.

### 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 31<sup>st</sup> March 2015 are given in **Annexure - II** 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 - III**.

### EXTRACT OF THE ANNUAL RETURN

Pursuant to provision of Section 92 and 134 and other applicable provision of the Companies Act, 2013 and of Rule 12 ( 1 ) of Companies ( Management and Administration ) Rules, 2014 the extract of the annual return in form MGT 9 for the Financial Year ended on 31st March, 2015 is annexed as **Annexure-V** to this Report.





### **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.

### **CORPORATE SOCIAL RESPONSIBILITY :**

The provision of Corporate Social responsibility is not applicable to the Company.

### **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place an Anti harassment policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee are set up at shop floor level to redress complaints received regularly and are monitored by women line supervisors who directly report to the Chairman. All employees ( permanent, contractual, temporary , trainees) are covered under the policy. There was no complaint received from any employee during the financial year 2014-15 and hence no complaint is outstanding as on 31.03.2015 for redressal.

### **SECRETARIAL AUDIT REPORT :**

Pursuant to Section 204 of the Act, the Secretarial Audit Report for the Financial Year ended 31st March, 2015 given by M/s. Jalan Alkesh & Associates, Practising Company Secretary is annexed as Annexure 4 to this Report. As regards the observations made in the said Secretarial Audit Report, regarding shortfall in the spend on CSR activities, explanation is given in this Directors' Report under the heading "Corporate Social Responsibility"

### **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 2015-16.

### **DEMATERIALISATION OF SHARES:**

The ISIN for the Equity shares is INE932K01015. As on 31<sup>st</sup> March, 2015 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 - VII*. The Auditors' Certificate on compliance with Corporate Governance requirements by the Company is attached.

### **AUDITORS**

The auditors M/s. P D Goplani & Co., Chartered Accountants offers themselves for reappointment at the ensuing annual general meeting. The company has received a letter from the auditors stating that their appointment if made will be within the limits of Section 139, 141 of the Companies Act, 2013 and the rules made there under. The Directors recommend for their reappointment.

### **FIXED DEPOSITS**

During the year ended on 31st March 2015, 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 : 14.08.2015

**MANOJ KUMAR JAIN**  
MANAGING DIRECTOR



## VMS Industries Limited

### Annexure-I Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

#### Statement Containing Salient features of Financial Statement of Subsidiaries

#### Part – “A”: Subsidiaries

(₹ in Lacs)

Name of Subsidiary	VMS TMT PRIVATE LTD
Reporting period of the subsidiary concerned, if different from the holding Company's reporting period	01 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2015
Reporting Currency	INR
Share Capital	609.60
Reserves and Surplus	-
Total Assets	615.94
Total Liabilities (Excluding Share Capital & Reserve and Surplus)	6.34
Investment (Other than Subsidiary)	-
Turnover (Including other Income)	-
Profit Before Taxation	-
Provision for Taxation	-
Profit After Taxation	-
Proposed Dividend	-
% of Shareholding	79.36%

#### Notes:

**1. There is no subsidiary which has been liquidated or sold during the year.**

The amount given in the tables above are from the annual accounts made for the respective financial year end for each of the Company.

#### Part-“B”: Associates and Joint Venture- Not Applicable

**ANNEXURE – II  
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 2013.

**A. CONSERVATION OF ENERGY**

- |    |  |   |
|----|--|---|
| a) | Energy conservation measure taken  | In the ship breaking and offshore 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 and in the business of off-shore segment. 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 :	₹ NIL
Outgo :	₹ 7,573.75



## VMS Industries Limited

### Annexure-III of Directors' Report 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:

##### Our present business mainly 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 following Partnership Firm:-
  - M/s Eternal Automobiles (dealer of Honda Two Wheeler) in Bhavnagar.

**INDUSTRY OVERVIEW:****SHIP BREAKING INDUSTRY:****Overview**

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

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

**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 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 31<sup>st</sup> March, 2015 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 : 14.08.2015  
Place : Ahmedabad

**Manoj Kumar Jain**  
*Managing Director*



**Annexure-IV**  
**Disclosure under Section 197(12) and Rule 5(1) of the Companies**  
**(Appointment and Remuneration of Managerial Personnel) Rules, 2014**

1. Ratio of remuneration of each director to the median remuneration of the employees of the company for the financial year ended 31 March, 2015

Sr. No.	Name of the Director	Remuneration per annum (In ₹)	Median Remuneration per annum ( In ₹ )	Ratio
1	MANOJ KUMAR JAIN	18,00,000	3,00,000	0.16
2	SANGEETA JAIN	18,00,000	3,00,000	0.16

2. There was no increase in the remuneration of the Directors.
3. Percentage increase in median remuneration of employees in the financial year 40
4. The number of permanent employees on the rolls of the company as on 31 March, 2015 - 10
5. The explanation on the relationship between average increase in remuneration and company performance

Particulars	2014 – 2015	2013 – 2014
Total revenue	<b>8597.90</b>	<b>11952.81</b>
EBIDTA	340.92	374.42
EBIDTA as a % of total Income	3.96	3.16
Profit before tax	<b>100.58</b>	<b>154.14</b>
PBT as a % of total Income	1.16	1.28

6. **Affirmation that the remuneration is as per the remuneration policy of the Company:**

It is affirmed that the remuneration is as per the remuneration policy of the Company.

**ANNEXURE- V**

Form No. MGT-9

EXTRACT OF ANNUAL RETURNS ON THE FINANCIAL YEAR ENDED ON  
 [Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the  
 Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

<b>i.</b>	CIN	L74140GJ1991PLC016714
<b>ii.</b>	Registration Date	02/12/1991
<b>iii.</b>	Name of the Company	VMS INDUSTRIES LTD
<b>iv.</b>	Category/Sub-Category of the Company	Public Limited / limited By Shares
<b>v.</b>	Address of the Registered office and contact details	808/c Pinnacle Business Park, Corporate Road, Prahladnagar, Ahmedabad-380015
<b>vi.</b>	Whether listed company	Listed
<b>vii.</b>	Name, Address and Contact details of Registrar and Transfer Agent, if any	Mr. Narshiman, M/s. Cameo Corporate Services Private Limited, Tel No. 044 - 28460390-395 , email : narasimhan@cameoindia.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

SL No	Name & Description of main products / services	NIC Code of the Product /service	% to total turnover of the company
1	Ship Recycling Activities	998941- 9989410- 99894100	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1.	<b>VMS TMT PVT LTD</b> 808/c Pinnacle Business Park, Corporate Road, Prahladnagar, Ahmedabad-380015	U27204GJ2013PTC074403	Subsidiary	79.36%	2(87) (ii)

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

Category of Shareholders	No of Shares held at the beginning of the year 01.04.2014				No of Shares held at the end of the year 31.03.2015				% Change during this year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
<b>1) Indian</b>									
a) Individual/ HUF	9325164	0	9325164	56.61	9325164	0	9325164	56.61	0
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	9325164	0	9325164	56.61	9325164	0	9325164	56.61	0
<b>2) Foreign</b>									
g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
h) Other-Individuals	-	-	-	-	-	-	-	-	-
i) Bodies Corp.	-	-	-	-	-	-	-	-	-
j) Banks / FI	-	-	-	-	-	-	-	-	-
k) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total(A)(2):-	-	-	-	-	-	-	-	-	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
i. Mutual Funds	-	-	-	-	-	-	-	-	-
ii. Banks / FI	-	-	-	-	-	-	-	-	-
iii. Central Govt	-	-	-	-	-	-	-	-	-
iv. State Govt(s)	-	-	-	-	-	-	-	-	-
v. Venture Capital Funds	-	-	-	-	-	-	-	-	-
vi. Insurance Companies	-	-	-	-	-	-	-	-	-
vii. FIIs	-	-	-	-	-	-	-	-	-
viii. Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
ix. Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total(B)(1)	-	-	-	-	-	-	-	-	-
<b>2. Non Institutions</b>									
a) Bodies Corp.									
(i) Indian	4099290	0	4099290	24.88	5305021	0	5305021	32.21	7.33
(ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	230743	11	230754	1.41	218668	11	218679	1.33	(0.08)
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2492109	0	2492109	15.12	1418795	0	1418795	8.61	(6.51)
c) Others (Clearing Members)	203743	0	203743	1.23	184974	0	184974	1.12	(0.11)
d) HUF	121153	0	121153	0.74	18021	0	18021	0.11	(0.63)
e) None Resident Indian	1178	0	1178	0.01	2737	0	2737	0.01	0
Sub-total(B)(2)	7148227	11	7148227	43.39	7148227	0	7148227	43.39	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	7148227	11	7148227	43.39	7148216	11	7148227	43.39	0
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
Grand Total(A+B+C)	16473380	11	16473391	100%	16473380	11	16473391	100%	-

**ii. Shareholding of Promoters**

Sr No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	MANOJ KUMAR JAIN	61,68,100	37.44	18.21	61,68,100	37.44	18.21	-
2.	SANGEETA JAIN	22,92,264	13.91	12.14	22,92,264	13.91	12.14	-
3.	VARUN JAIN	6,24,800	3.79	0	6,24,800	3.79	0	-
4.	AJIT KUMAR JAIN	50,000	0.30	0	0	0	0	(0.3)
5.	VAIBHAV JAIN	1,90,000	1.15	0	2,40,000	1.45	0	0.3
		<b>93,25,164</b>	<b>56.61</b>	<b>30.35</b>	<b>93,25,164</b>	<b>56.61</b>	<b>30.35</b>	<b>0</b>

**iii. Change in Promoters' Shareholding (please specify, if there is no change)**

Sr. No.		Shareholding at the beginning of the year [As on 31-March-2014]		Cumulative Shareholding during the year [As on 31-March-2015]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	0	0	0	0
	At the End of the year	0	0	0	0

**(iv) Shareholding pattern of top ten shareholders  
(other Directors, Promoters and Key Managerial Personnel )**

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	SANDEEP KUMAR HISARIA	2,00,000	1.21	0	0
2.	G PRASHANTH NARAYAN	7,81,000	4.74	0	0
3.	HASMUKHBHAI MANILAL SHAH	3,26,729	1.98	0	0
4.	PRITESHKUMAR H SHAH	3,32,400	2.02	0	0
5.	MONO HERBICIDES LTD	18,17,671	11.04	14,99,684	9.10
6.	KAUSHIK SHAH SHARES & SECURITIES PVT LTD	1,69,000	1.02	0	0
7.	VINTEL SECURITIES PVT LTD	8,36,295	5.07	0	0
8.	LILYGOLD MERCHANTS PVT LTD	3,45,963	2.10	0	0
9.	SUBHKARI COMMODITIES PVT LTD	4,43,153	2.69	0	0
10.	ARCADIA SHARE & STOCK BROKERS PVT LTD	1,72,363	1.04	0	0
11	SUVARNA NANDKUMAR GOPALE	-	-	2,98,000	1.81
12	NANDKUMAR MARUTI GOPALE	-	-	3,50,000	2.12
13	TRANSIT SURVEYS PVT LTD	-	-	7,81,000	4.74
14	B LODHA SECURITIES LTD	-	-	13,42,896	8.15
15	SPARKLE SECURITIES SOLUTIONS PVT LTD	-	-	2,24,000	1.35
16	SIDHARTH RATANLAL BAFNA	-	-	2,12,063	1.28
17	HARIDARSHAN SALES PVT LTD	-	-	2,81,000	1.71
18	ASHIKA STOCK BROKING LTD CLINENT MARGIN A/C	-	-	7,25,949	4.41
19	FAIR INTERMEDIATE INVESTMENT	-	-	1,76,799	1.07

**(v) Shareholding of Directors and Key Managerial personnel:**

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	MANOJ KUMAR JAIN	61,68,100	37.44	61,68,100	37.44
2.	SANGEETA JAIN	22,92,264	13.91	22,92,264	13.91
3.	HITESH LOONIA	4,005	0.02	3,005	0.01



**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
<b>i) Principal Amount</b>	<b>6040.06</b>	-	-	<b>6040.06</b>
<b>ii) Interest due but not paid</b>	-	-	-	-
<b>iii) Interest accrued but not</b>	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>6040.06</b>	-	-	<b>6040.06</b>
Change in Indebtedness during the financial year				
- Addition	0	0	0	0
- Reduction	(5633.81)	-	-	(5633.81)
Net Change	(5633.81)	-	-	(5633.81)
Indebtedness at the end of the financial year				
i. Principal Amount	406.25	-	-	406.25
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>406.25</b>	-	-	<b>406.25</b>

**VI. REMUNERATION OF DIRECTORS AND KEYMANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

(₹ Lacs)

Sr. No.	Particulars of Remuneration	Name of Managing Director / Whole Time Director		Total Amount
		Mano Kumar Jain Managing Director	Sangeeta Jain, Whole Time Director	
1	Gross salary	18.00	18.00	36.00
	Ceiling as per the Act			

**B. Remuneration to other directors:**

SN.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
1	Independent Directors					
	Fee for attending board committee meetings					
	Commission					
	Others, please specify					
	Total (1)					
2	Other Non-Executive Directors					
	Fee for attending board committee meetings					
	Commission					
	Others, please specify					
	Total (2)					
	Total (B)=(1+2)					
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					



C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

(₹ In Lacs)

SN	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1.	Gross salary	0	3.48	0	0
2.	Total	0	3.48	0	0

VII. PENALTIES/PUNISHMENT/COMPOUNDING OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (giveDetails)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					



## VMS Industries Limited

### Annexure III

#### Form No. MR-3 For the financial year ended on 31st March, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
**VMS Industries Limited**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by VMS Industries Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the VMS Industries Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31 March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2015 according to the provisions of :

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India ( Issue of Capital and Disclosure Requirements ) Regulations 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India ( Issue and Listing of Debt Securities ) Regulations, 2008 ;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
  - (h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998

And in general, the Company has systems, process and procedure for the compliance of Other Laws Applicable to the Company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, guidelines, standards etc mentioned above subject to the following :

- a) Non filing / Late Filing of certain forms with the Ministry of Corporate Affairs required under the Companies Act, 2013 was not done in time. ( Example of non filing / late filing of forms like for Chief Financial Officer, non submission of change in Shareholding, late submission of Balance Sheet for the year ended on 31<sup>st</sup> March, 2014 etc. ) However for late filing of forms the Company has paid additional fees.

I further report that :

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure

compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there were no instances of :

- (i) Public/Rights/Preferential issue of Shares/debentures/ sweat equity of the Company.
- (ii) Redemption/buy-back of securities.
- (iii) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013.
- (iv) Merger/ amalgamation/ reconstruction etc.
- (v) Foreign technical collaborations.

For, **JALAN ALKESH & ASSOCIATES**  
**COMPANY SECRETARIES**  
**ALKESH JALAN**  
**PROPRIETOR**

Date : 14.08.2015  
Place : Ahmedabad

## Annexure –VII to the Directors’ Report

### 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	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, 9 (Nine) Board meetings were held, one each on the following dates:

Sl. No.	Date	Board Strength	No. of Directors present
1	15 <sup>th</sup> April 2014	6	5
2	29 <sup>th</sup> May 2014	6	5
3	13 <sup>th</sup> August, 2014	6	5
4	03 <sup>rd</sup> September, 2014	6	5
5	13 <sup>th</sup> November, 2014	6	5
6	14 <sup>th</sup> November, 2014	6	5
7	01 <sup>st</sup> December, 2014	6	5
8	24 <sup>th</sup> December, 2014	6	4
9	14 <sup>th</sup> February, 2015	6	5

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	9	Yes	Nil
2	Mr. Ajit Kumar Jain	Non- Executive Director	8	Yes	Nil
3	Ms. Sangeeta Jain	Whole Time Director	9	Yes	Nil
4	Mr. Hitesh Loonia	Independent & Non-Executive Director	7	Yes	Nil
5	Mr. Pranav Parikh	Independent & Non-Executive Director	6	No	Nil
6	Mr. Bakul Mehta	Independent & Non-Executive Director	6	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:-

Name of Director	Mr. Ajit Kumar Jain	Mrs. Sangeeta Jain
Date of Birth	19/12/1936	22/01/1968
Nationality	Indian	Indian
Date of Appointment on the Board	05.09.2005	02.12.1991
Qualification	B.A	M.A
Experience of functional area	Business	Business
Shareholding in the Company	-	22,92,264
List of Directorship held in other Companies	NIL	NIL
Committee Membership	2	1

**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, 2015 is as follows:-

Name of the Members	Position	Category	Attendance
Mr. Bankulbhai Mehta	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 2015 comprises of three members who are Independent & Non Executive Directors. The composition of Remuneration Committee as on 31st March, 2015 is as follows:

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

During the year under review, (2) 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	₹18,00,000/-
Ms. Sangeeta Jain	Whole Time Director	₹18,00,000/-

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:

Name of the Director	No. of Equity Shares held on 31st March, 2015
Mr. Hitesh Loonia	3,005

**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 2014 to 31st March 2015:-**

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 31<sup>st</sup> March, 2015"**

**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 *
20 <sup>th</sup>	2011-12	10 <sup>th</sup> September, 2012	11.00 AM	2 <sup>nd</sup> Floor Jain House, Opp. Vitthalwadi, Bhavnagar- 364 003	3
21 <sup>th</sup>	2012-13	25 <sup>th</sup> September , 2013	11.00 AM	808/C Pinnacle Business Park, Corporate Road, Prahladnagar, Ahmedabad-380015	Nil
22 <sup>nd</sup>	2013-14	29 <sup>th</sup> September, 2014	11.00 AM	808/C Pinnacle Business Park, Corporate Road, Prahladnagar, Ahmedabad-380015	7

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

Financial Year	Special Resolution Passed
2011-12	<p>Cancellation of Agreement dt 4<sup>th</sup> February, 2010 with Ajit Kumar Jain (former Managing Director) of the Company u/s 302 of Companies Act 1956.</p> <p>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.</p> <p>Approval Utilization of IPO proceed under section 61 of Companies Act, 1956</p>
2013-14	<p>Authority To The Board Of Directors For Borrowing Power ₹250.00 Crores Under Section 180(1)(C) Of The Companies Act, 2013</p> <p>Authority To The Board Of Directors For Creation Of Mortgage Under Section 180(1)(A) Of The Companies Act, 2013</p> <p>Reappointment Of Sangeeta Jain Whole Time Director For 5 Years Starting From 01.10.2014 To 30.09.2019</p> <p>Reappointment Of Manoj Kumar Jain Managing Director For 5 Years Starting From 01.10.2014 To 30.09.2019</p> <p>Appointment Of Independent Director Mr. Hitesh Loonia</p> <p>Appointment Of Independent Director Mr. Bakul Mehta</p> <p>Appointment Of Independent Director Mr. Pranav V Parikh</p>

All the resolutions including special resolutions set out in the respective notices were passed unanimously by the shareholders.

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

No Extra – Ordinary General Meeting was held during the year.

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

**There is No resolution passed through Postal Ballot during F. Y 2014-15.**

**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.

**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 (2.31) of Notes to Accounts of Schedule (b) 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:-**

The Company was an unlisted Company until 31<sup>st</sup> March, 2015. Consequently, 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) 23<sup>rd</sup> Annual General Meeting:-**

Date                   **30<sup>th</sup> September, 2015**  
 Day & Time    Wednesday, 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 1<sup>st</sup> April to 31<sup>st</sup> March, as the Financial Year

For the Financial Year 2015-16, Financial Results will be announced as per the following tentative schedule:-

1 <sup>st</sup> Quarter ending June, 2015	By 15 <sup>th</sup> August, 2015
2nd Quarter & Half Year ending September, 2015	By 14 <sup>th</sup> November, 2015
3 <sup>rd</sup> Quarter ending December, 2015	By 14 <sup>th</sup> February, 2016
4 <sup>th</sup> Quarter / year ending March, 2016	Within 60 days from 31 <sup>st</sup> March, 2016
Annual General Meeting	By September 2016



**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:-**

Presently all the equity shares have been dematerialized as on 31<sup>st</sup> March, 2015. Trading in VMS Industries Limited shares is permitted only in dematerialized form as per notification issued by the Securities and Exchange Board of India. The equity shares of VMS Industries Limited are actively traded shares on Bombay Stock Exchange Limited.

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, 2015:-**

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	71736	0.44	627	78.96
5001 – 10000	45648	0.28	57	7.18
10001 – 20000	69844	0.42	45	5.67
20001 - 30000	37196	0.23	15	1.89
30001 – 40000	30179	0.18	9	1.13
40001 – 50000	28690	0.17	6	0.76
50001 - 100000	6000	0.04	1	0.13
100001 & above	16184098	98.24	34	4.28
<b>TOTAL</b>	<b>16473391</b>	<b>100</b>	<b>794</b>	<b>100</b>

**m) Categories of Shareholders as on March 31, 2015 :-**

Category	No. of Equity Shares held	% of Share held	No. of Shares holders	% of Share holders
Promoters and Promoter Group	93,25,164	56.61	4	0.51
Public Shareholding:	18,43,206	11.19	727	91.54
Bodies Corporate	53,05,021	32.20	63	7.95
<b>TOTAL</b>	<b>1,64,73,391</b>	<b>100</b>	<b>794</b>	<b>100</b>

**n) Workshop:-**

Ship Recycling Yard

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

**o) Address for Correspondence:-**

Registered Office: The Compliance Officer808/C, Pinnacle Business Park, Corporate Road, Prahladnagar, Ahmedabad-380015 Gujarat (India) Email:- Investor@vmsil.com, info@vmsil.com

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 13<sup>th</sup> 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 P. D. Goplani & Associates**  
Chartered Accountants

Place : Bhavnagar  
Date : 14.08.2015

**CA. Savan Shah**  
*Partner*  
FRN: 118023W  
M. No. 144870



## INDEPENDENT AUDITOR'S REPORT

To  
**The Members,  
VMS INDUSTRIES LIMITED**

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **VMS INDUSTRIES LIMITED** ('the Company'), which comprise the balance sheet as at 31 March 2015, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, **except for non provision for gratuity and long term employee benefits a per AS – 15**, the aforesaid standalone 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, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

### Other Matter

We have not audited the financial statements of VMS TMT PVT LTD (Ahmedabad), whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.



2. As required by Section 143 (3) of the Act, we report that:
- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. on the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
  - f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 29 to the financial statements;
    - ii. The Company did not any long term contracts including derivative contracts for which there were any material foreseeable losses. and
    - iii. There is no such amount which were required to be transferred to the Investor Education and Protection Funds by the Company.

**For P. D. Goplani & Associates**  
Chartered Accountants

Place: Bhavnagar  
Date: May 29, 2015

**CA. Savan Shah**  
*Partner*  
FRN: 118023W  
M. No. 144870

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2015, we report that:

- i) a) The Company has maintained proper records showing the full particulars, including the quantitative details and situation of its fixed assets.
- b) All the assets have not been physically verified by the management during the year, but as per the information and explanations provided to us, there is a regular programme of physical verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- ii) a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of the inventory and according to the information given to us. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) a) The company has no granted unsecured loans to any company covered in the registered maintained under section 189 of the Companies Act, 2013.
- b) In the case of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act, the borrowers have been regular in the payment of the interest as stipulated. The terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand. Accordingly, paragraph 3(iii)(b) of the Order is not applicable to the Company in respect of repayment of the principal amount.



- c) There are no overdue amounts of more than rupees one lac in respect of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and purchase of fixed assets and sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
- v) According to the information and explanations given to us, the company has not invited any deposits as per the provisions of section 73 to 76 or any other relevant provisions of companies act and the rules framed there under. However the company has taken unsecured loan from associate concerns/companies, and relatives of Directors, which are in the nature of unsecured loans. As per the information and explanation given to us, no order has been passed by the Company Law Board, National Company Law Tribunal, RBI or any other court or other tribunal.
- vi) We have broadly reviewed the books of account relating to material, wages and other items of cost maintained by the Company pursuant to the rules made by the Central Government under sub-section (1) of section 148 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and any other material statutory dues have been generally regularly deposited with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Value Added Tax, Cess and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there were material dues of Income tax & sales tax authorities which have been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income tax, sales tax, and value added tax have been pending which are as mentioned below:
- A. There is demand of Income tax for the A.Y 2007-08, A.Y.2010-11 and A.Y.2012-13 of ₹523.57 lacs ₹8.99 Lacs and ₹15.33 respectively raised by Assessing Officer u/s 143(3). The company has filed appeal before CIT. in the opinion of the Management the company has fair chances of succeeding in the said appeal. Therefore no provision has been made for the said demand.
- B. There is a demand from deputy commissioner of commercial tax division -9 of Bhavnagar for F.Y.2009-10 was ₹19,27,984/- & for F.Y.2010-11 ₹34,72,252/-, both are standing against the 1<sup>st</sup> appeal authority.
- According to the information and explanations given to us the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under has been transferred to such fund within time.
- viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- ix) In our opinion and according to the information and explanations provided to us, the company has not defaulted in repayment of dues to a financial institutions, bank or debenture holders.
- x) In our opinion and according to the information and the explanations given to us, the Company has given guarantee to partnership firm for loans taken from banks.
- xi) In our opinion and as per the information and explanation given to us the company has applied the term loan for the purpose for which the loan was obtained.
- xii) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

**For P. D. Goplani & Associates**  
Chartered Accountants

Place: Bhavnagar  
Date: May 29, 2015

**CA. Savan Shah**  
Partner  
FRN: 118023W  
M. No. 144870



## VMS Industries Limited

### STANDALONE BALANCE SHEET AS AT 31st MARCH, 2015

(Amount ₹ In Lacs)

Particulars	Note No.	March 31, 2015	March 31, 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 SHARE HOLDERS' FUNDS</b>			
(a) Share Capital	2.1	1,647.34	1,647.34
(b) Reserves & Surplus	2.2	3,499.28	3,460.15
<b>2 NON-CURRENT LIABILITIES</b>			
(a) Long-Term Borrowings	2.3	15.58	7.77
(b) Other Long Term Liabilities	2.4	5.82	4.09
<b>3 CURRENT LIABILITIES</b>			
(a) Short Term Borrowings	2.5	384.86	6,028.21
(b) Trade Payables	2.6	6.01	29.49
(c) Other Current Liabilities	2.7	421.96	104.75
(d) Short-Term Provisions	2.8	6.04	14.64
Total		5,986.89	11,296.44
<b>II. ASSETS</b>			
<b>1 NON-CURRENT ASSETS</b>			
(a) Fixed Assets			
(i) <i>Tangible assets</i>	2.9	609.75	669.01
(b) Non-Current Investments	2.10	902.54	685.43
(c) Deferred Tax Assets	2.11	22.41	17.38
(d) Long-Term Loans & Advances	2.12	233.99	207.13
(e) Other Non-Current Asset	2.13	94.32	109.86
<b>2 CURRENT ASSETS</b>			
(a) Inventories	2.14	55.20	2,902.43
(b) Trade Receivables	2.15	381.13	1,017.93
(c) Cash & Cash Equivalents	2.16	972.24	3,318.57
(d) Short-Term Loan & Advances	2.17	2,714.55	2,271.91
(e) Other Current Assets	2.18	0.76	96.79
Total		5,986.89	11,296.44

See accompanying Notes to Financial Statements

As per our Audit Report of even date

**For P.D.Goplani & Associates**

*Chartered Accountants*

FRN : 118023W

**CA. Savan Shah**  
**Partner**

Mem No.144870

Place : Ahmedabad

Date : 29th May, 2015

**For and on behalf of Board of Directors**

**Manoj Kumar Jain** *Managing Director*

**Ms. Sangeeta Jain** *Whole Time Director*

**Himanshu Shah** *Chief Financial Officer*

**Hemal Patel** *Company Secretary*

Place : Ahmedabad

Date : 29th May, 2015



## VMS Industries Limited

### STANDALONE STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2015

(Amount ₹ In Lacs)

Particulars	Note No.	March 31, 2015	March 31, 2014
<b>INCOME</b>			
a) Revenue From Operations	2.19	8,228.20	11,609.04
b) Other Income	2.20	369.71	343.78
<b>Total Revenue</b>		<b>8,597.91</b>	<b>11,952.82</b>
<b>EXPENSES:</b>			
a) Cost of Raw Materials Consumed	2.21	7,607.36	10,195.56
b) Changes In Inventory of Finished Goods	2.22	-	516.32
c) Manufacturing & Operating Costs	2.23	121.09	219.08
d) Employee Benefits Expenses	2.24	70.11	98.19
e) Finance Costs	2.25	168.35	153.57
f) Depreciation & amortization Expenses	2.9	72.00	66.72
g) Other Expenses	2.26	458.42	549.25
<b>Total Expenses</b>		<b>8,497.33</b>	<b>11,798.69</b>
<b>PROFIT BEFORE EXTRAORDINARY ITEM &amp; TAXES</b>		<b>100.57</b>	<b>154.14</b>
Exceptional Items		-	-
<b>PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX</b>		<b>100.57</b>	<b>154.14</b>
<b>TAX EXPENSES :</b>	2.27		
(1) Current tax		37.46	45.00
(2) Deferred tax		(5.03)	0.91
<b>PROFIT FROM ORDINARY ACTIVITIES AFTER TAX</b>		<b>68.14</b>	<b>108.22</b>
<b>EXTRAORDINARY ITEMS</b>		<b>13.46</b>	<b>5.92</b>
<b>PROFIT FOR THE YEAR</b>		<b>54.68</b>	<b>102.30</b>
<b>EARNINGS PER EQUITY SHARES:</b>	2.28		
[Nominal value per share ₹10 : previous year ₹10]			
(1) Basic		0.33	0.62
(2) Diluted		0.33	0.62
Weighted average number of shares outstanding		16,473,391	16,473,391

See accompanying notes to Financial Statements

As per our Audit Report of even date

**For P.D.Goplani & Associates**

Chartered Accountants

FRN : 118023W

**CA. Savan Shah**  
Partner

Mem No.144870

Place : Ahmedabad

Date : 29th May, 2015

**For and on behalf of Board of Directors**

**Manoj Kumar Jain** Managing Director

**Ms. Sangeeta Jain** Whole Time Director

**Himanshu Shah** Chief Financial Officer

**Hemal Patel** Company Secretary

Place : Ahmedabad

Date : 29th May, 2015



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

(Amount ₹ In Lacs)

Sr. No	PARTICULARS	Current Year	Previous Year
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>		
	<b>NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS</b>	100.57	154.14
	- Adjustment for : Depreciation	72.00	66.72
	<b>Operating Profit before Working Capital Changes</b>	172.57	220.86
	- <b>Adjustments for changes in assets and liabilities:</b>		
	Trade Receivables	636.79	(480.96)
	Loans and advances and other assets	(373.47)	-
	Inventories	2,847.23	(1,096.71)
	Liabilities & provisions	286.85	(292.69)
	<b>Cash Flow from operation</b>	3,569.98	(1,649.50)
	Income Tax Paid	37.46	45.00
	<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	3,532.52	(1,694.50)
<b>B.</b>	<b>CASH FLOW ARISING FROM INVESTING ACTIVITIES:</b>		
	- Purchase of Fixed Assets	(42.02)	(50.59)
	- Increase \ (decrease) in Investment	(217.10)	-
	- Proceeds on sale of fixed assets	15.81	331.13
	<b>Net Cash Inflow / (Outflow) in the course of Investing Activities</b>	(243.31)	280.53
<b>C.</b>	<b>CASH FLOW ARISING FROM FINANCING ACTIVITIES:</b>		
	- Proceeds from Long-tem Borrowings	7.81	-
	- Proceeds from Short-term Borrowings	(5,643.35)	2,589.00
	- Dividend Proposed	-	-
	<b>Net Cash (Outflow) in the course of Financing Activities</b>	(5,635.54)	2,589.00
	<b>Net Increase/(Decrease) in Cash/Cash Equivalents (A+B+C)</b>	(2,346.32)	1,175.04
	Add: Balance at the beginning of the year	3,318.57	2,291.61
	<b>Cash and Cash Equivalents at the close of the year (Refer Note 2.15)</b>	972.24	3,466.65

Cash flow Statement has been prepared under the indirect method as set out in Accounting Standard- 3 'Cash Flow Statement' as notified under the Companies (Accounting standard) Rules, 2014.

As per our Audit Report of even date

**For P.D.Goplani & Associates**

Chartered Accountants

FRN : 118023W

**CA. Savan Shah**

Partner

Mem No.144870

Place : Ahmedabad

Date : 29th May, 2015

**For and on behalf of Board of Directors**

**Manoj Kumar Jain** Managing Director

**Ms. Sangeeta Jain** Whole Time Director

**Himanshu Shah** Chief Financial Officer

**Hemal Patel** Company Secretary

Place : Ahmedabad

Date : 29th May, 2015



**1. CORPORATE INFORMATION**

VMS Industries Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act. The company has its primary listing on BSE limited.

During the year, the Company was engaged in the ship breaking business and trading activities in metal scrap, coals, aluminum foil & other inputs. However, as and when any surplus fund are available, the same is given on interest to other parties and also invested in the shares and securities to earn short term and long term capital gains.

**2. SIGNIFICANT ACCOUNTING POLICIES ON ACCOUNTS:****2.1. Basis of preparation of financial Statements:**

- a. These financial statements are prepared in accordance with Indian General Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for the certain financial instruments which are measured at fair value. GAAP comprise the Companies Act, 2013(the Act) read with Rule 7 of the Companies (Accounts) Rules, 2014, the provision of the Act (to the extent notified) and Guidelines issued by the Securities and Exchange Board of the India (SEBI).
- b. Accounting policies have been consistently applied except where a newly –issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**2.2. USE OF ESTIMATES:-**

- a. Preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.
- b. All material expenditure and income to the extent considered payable and receivable are accounted for on accrual basis, except for insurance claim and refunds/subsidy from statutory authorities, which are accounted on cash basis, keeping in view the concept of materiality.
- c. Accounting estimates could change from period to period. Accrual results could differ from these estimates. Appropriate changes in estimate are made as the Management becomes aware of changes in circumstances surrounding the estimate. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

**2.3. REVENUE RECOGNITION:-**

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

**Sale of Goods**

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. Further, sales are inclusive of all duties and taxes and net of returns, claims, rebates, discounts, etc.

**Income from Rent-Services**

Income from Rent-Services is recognized on performance of the contract and acceptance of the services by the parties.

**Interest Income**

Revenues of interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Insurance, duty drawback and other claims are accounted for on receipt basis or as acknowledged by the appropriate authorities.

**2.4. TANGIBLE FIXED ASSETS:-**

- I. Capitalized at cost of acquisition.
- II. Fixed Assets are stated at cost, less accumulated depreciation (other than 'Freehold Land'). Cost comprises the purchase price, including duties and other non-refundable taxes or levies any directly attributable cost of bringing the asset to its working condition and indirect costs specifically attributable to installation of specified fixed assets or to the acquisition of a fixed asset.
- III. In the event of the same having been revalued, they are stated at the revalued figures. Expenditure relating to Tangible fixed assets is added to costs only when the same involved modification work whereby it increases the life of the assets.

**2.5. DEPRECIATION ON TENGIBLE ASSETS:**

- I. Depreciation on tangible assets is provided on the straight line method, over the useful lives of assets estimated by the management. The management estimates the useful lives for the other fixed assets as follows:

<u>Tangibile Fixed Assets</u>	<u>Estimated useful Life</u>
Factory Shed & Building	25- 30 Years
Other Buildings	25 -30 Years
Plant & Machinery	10 -15 Years
Furniture & Fixtures, Office Equipments, etc	5 -10 Years
Vehicle	5 -8 Years
Computers	3 Years

*For these classes of assets, based on internal assessment and independent technical evaluation carried by the management, which believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives for above few assets is different from the useful lives as prescribed under part C of schedule II of the companies Act, 2013*

- II. Leasehold land is amortized over the period of lease.
- III. No depreciation is provided for assets sold during the year whereas pro-rata depreciation is provided on assets acquired during the year.

**2.6. VALUATION OF INVENTORIES:**

Inventories of Raw Materials- Ships and its work -in -progress are stated at Cost values. Cost comprises all cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Cost formulas used are First -in -First -out.

Consumable stores and spares are written off at the time of purchase itself.

In ship recycling units, 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 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 the ship and its voyage for long period of the years. Inventory at the close of the year is ascertained by reducing the weight of the scrap sold together with the estimated wastage of the material.

**2.7. INVESTMENTS:-**

Investments are classified into current and Long-term investment. Current Investments are stated at lower of cost and fair market value. Long Term Investments are stated at cost after deducting provision, if any, for diminution in value considered being other than temporary in nature.

**2.8. 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), read with Rule 7 of the Companies (Accounts) Rules, 2014

**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 does not applicable to the Company.

**iii) Contribution to Provident Funds**

The company contributes to the employee's provident fund maintained under the Employees Provident Fund Scheme of the Central Government and the same is charged to the Profit & Loss Account. The company has no obligation, other than the contribution payable to the provident fund.

**iv) Other short term benefits**

Expense in respect of other short term benefits is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

**2.9. TAXES ON INCOME :**
**Current Tax**

Provision for current Tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations and the provisions of Income Tax Act, 1961.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and TDS/TCS receivables.

**Deferred Tax**

Deferred tax resulting from timing differences between taxable Income and accounting income is accounted for at the current rate of tax or substantively enacted tax rates as at reporting date, to the extent that the timing differences are expected to crystallize.

Deferred tax assets are recognized where realization is reasonably certain whereas in case of carried forward losses or unabsorbed depreciation, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that such deferred tax assets will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date.

**2.10. EXCISE DUTY AND CENVAT:-**

Excise duty is payable on the assessed value of ship determined by the departmental authorities and is payable under the CENVAT before beaching of the Ship at Port. The excise duty is collected on sales and is adjusted against the CENVAT credits, to the extent it is available and balance duty is paid and debited to revenue expenditure.

**2.11. BORROWING COST:**

Borrowing cost, if any attributable to acquisition or construction of a qualifying asset are capitalized as part of cost of such assets. Qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as expenses in the period in which they are incurred are charged to the Statement of Profit and Loss.

**2.12. CONSOLIDATED FINANCIAL STATEMENTS:**

The Ministry of Corporate Affairs (MCA) has vide notification dated October 14, 2014 amended the Companies (Accounts) Rules, 2014 (Amended Rules). Section 129 (3) read with Rule 6 of the Companies (Accounts) Rules, 2014 (Rules) provides manner of consolidation pursuant to Schedule III of the Companies Act, 2013 (Act) and the applicable accounting standards. The amended Rules seemingly exempt a company not having subsidiaries from consolidation requirement but having associates or joint ventures (JVs).

**2.13. FOREIGN CURRENCY TRANSACTIONS:**

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 transactions are affected. Exchange difference arising on foreign exchange transactions settled during the year is recognized in the Statement of profit and loss of the year.

In the case of forward contract, if any, 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 exchange contract is recorded as Income /Expense for the period.

Monetary assets/liabilities relating to foreign currency transaction are stated at exchange rate prevailing at the end of the year and exchange difference in respect thereof is charged to statement of Profit & Loss except foreign exchange loss/gain on reporting long-term currency monetary item used for depreciable assets, which are capitalized.

**2.14. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:-**

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for:

- i) Possible obligations which will be confirmed only by future events not within the control of the Company or,
- ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

**2.15. DISCOUNTING OPERATION:**

The company has discounted 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 stranded -24.

The company has discontinued operations of its off Shore division from October, 2012.

**2.16. CASH & CASH EQUIVALENTS:**

Cash and cash equivalents comprise cash and cash on deposit with banks. The company considers all highly liquid investment with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

**2.17. CASH FLOW STATEMENT:-**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transaction of a non-cash nature, any deferral or accruals of past or future operating cash receipts or payment and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**2.18. IMPAIRMENT OF ASSETS:**

The company assesses at each balance sheet date, the management reviews the carrying amounts of its assets included in each cash generating unit to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

**2.19. MISCELLANEOUS EXPENDITURES:**
**I. Preliminary Expenses :**

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

**II. Public Issue Expenses:**

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 under the head miscellaneous expenditure- to the extent not written off in the balance sheet.

**2.20. MICRO SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:-**

- Based on information available with the company in respect of MSME (as defined in the Micro Small and Medium Enterprises Development Act, 2006) there are no delays in the payment of dues to such Enterprises during the year.
- As per information available with the company about suppliers whether they are covered under Micro, Small and Medium Enterprise Act, 2006. As on date, the company has not received confirmation 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.

**2.21. EARNING PER SHARE:-**

Basic and Diluted Earnings per shares are calculated by dividing the net profit attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

**2.22. SEGMENT INFORMATION:-**

Under the provisions of the Accounting Standard- 17, the company at present operates in the single business segment of Ship Recycling activated and therefore, separate segment discloser has not been given.

**2.23. 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 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Net Profit as per Profit & Loss Account (' in lacs)	54.68	102.30
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	0.33	0.62
Diluted Earning Per Share	0.33	0.62

Under the provisions of the Accounting Standard- 17, the company at present operates in the single business segment of Ship Recycling activated and therefore, separate segment discloser has not been given.

**Notes forming part of Balance Sheet as on 31st March, 2015**
**2.1 SHARE CAPITAL**
**A. SHARE CAPITAL**

(Amount ₹ In Lacs)

PARTICULARS	As at 31st March, 2015		As at 31st March, 2014	
	Number	Amount	Number	Amount
<b>AUTHORISED SHARE CAPITAL</b>				
Equity Shares of ₹ 10/- each	20,000,000	2,000.00	20,000,000.00	2,000.00
	<b>20,000,000</b>	<b>2,000.00</b>	20,000,000.00	2,000.00
<b>ISSUED, SUBSCRIBED &amp; FULLY PAID UP</b>				
Equity Shares of ₹ 10/- each fully paid	16,473,391	1,647.34	16,473,391.00	1,647.34
	<b>16,473,391</b>	<b>1,647.34</b>	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, 2015		As at 31st March, 2014	
	Number	Amount	Number	Amount
At the beginning of the year	16,473,391	164,733,910	16,473,391	164,733,910
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	164,733,910	16,473,391	164,733,910

**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, 2015		As at 31 March 2014	
	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 MONO HERBICIDES LIMITED	1,499,684	9.10	1,817,671	11.03
4 VINTEL SECURITIES PVT LTD	-	-	836,295	5.08
5 B LODHA SECURITIES LIMITED	1,342,896	8.15	-	-

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

**2.2 RESERVES & SURPLUS**

( Amount Rs In Lacs)

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>A SECURITY PREMIUM ACCOUNT</b>		
Balance as per the last Financial Statements	2,583.66	2,599.21
Less: 1/10th public issue expenses	15.54	15.54
Capital Subsidy From State Government	-	-
<b>Closing Balance (A)</b>	<b>2,568.12</b>	<b>2,583.67</b>
<b>B GENERAL RESERVES</b>		
Balance as per the last Financial Statements	46.29	46.29
Add: Current year transfer	-	-
Less: Written back in current year	-	-
<b>Closing Balance (B)</b>	<b>46.29</b>	<b>46.29</b>
<b>C SURPLUS IN THE STATEMENT OF PROFIT &amp; LOSS</b>		
Balance as per the last Financial Statements	830.19	727.89
Net Profit for the current year	54.68	102.30
Less: <b>Appropriations</b>		
Tax on proposed equity dividend	-	-
Total Appropriations	-	-
<b>Net Surplus in the Statement of Profit &amp; Loss (C)</b>	<b>884.87</b>	<b>830.19</b>
<b>Total Reserve &amp; Surrplus (A+B+C)</b>	<b>3,499.28</b>	<b>3,460.15</b>

**2.3 LONG TERM BORROWINGS**

( Amount ₹ In Lacs)

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>LOANS REPAYABLE ON DEMAND</b>		
Vehicle loan-secured from banks (Secured)	0.00	0.00
Total	0.00	0.00
Notes:		
<b>1. Details of the secured Long-term borrowings:</b>		
Loans from banks:		
- Skoda Car Loan-Axis Bank	3.37	5.46
Less: Current Maturities of Loan term i.e. amount repayable within 12 Month	2.58	2.09
<b>(A)</b>	<b>0.79</b>	<b>3.37</b>
- Audi Car Loan- ICICI	4	12.62
Less: Current Maturities of Loan term i.e. amount repayable within 12 Month	4	8.22
<b>(B)</b>	<b>-</b>	<b>4.40</b>
- Volvo Car Loan- ICICI	21.13	-
Less: Current Maturities of Loan term i.e. amount repayable within 12 Month	6.34	-
<b>(C)</b>	<b>14.79</b>	<b>-</b>
- Total - from banks <b>Total (A+B+C)</b>	<b>15.58</b>	<b>7.77</b>

**2.4 OTHER LONG TERM LIABILITIES**

( Amount ₹ In Lacs)

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
(A) Trade Payables (Including Acceptance)	5.82	4.09
(B) Other Payables		
Total	5.82	4.09

**2.5 SHORT TERM BORROWINGS**

( Amount ₹ In Lacs)

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>SECURED</b>		
(a) <b>LOANS REPAYABLE ON DEMAND</b>		
<b>I Cash Credit facility from Banks</b>	-	0.64
<b>II BOB-Overdraft from Bank</b> (Secured)	384.86	-
<b>III BOB-Foreign Letter of Credits</b> (Secured)	-	6,027.56
Total	384.86	6,028.21
Notes : Details of the secured Short-term borrowings:		
From Banks		
<b>Bank of Baroda</b> (Cash Credit)	-	0.64
<b>Bank of Baroda</b> (Overdraft Against FDR)	384.86	-
<b>Bank of Baroda</b> (Letter Of Credit)	-	6,027.56
Total	384.86	6,028.21

**2.6 TRADE PAYABLES**

( Amount ₹ In Lacs)

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Trade Payables ( Including Acceptances)		
Other Creditors	6.01	29.49
Total	6.01	29.49

**2.7 OTHER CURRENT LIABILITIES**

( Amount ₹ In Lacs)

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Statutory Dues	9.19	92.91
Other Payables	0.50	0.54
Statutory Remittances	0.08	0.41
Current maturities of long-term debt (Refer Note 2.3 (i) above)	13.32	10.31
Other Payables	0.66	0.58
Advance From Customers	398.21	-
Total	421.96	104.75

**2.8 SHORT- TERM PROVISIONS**

( Amount ₹ In Lacs)

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Provision for Employee Benefits</b>		
Contribution to Provident Funds	0.10	0.62
ESIC Payable	0.05	0.27
<b>Others Provisions</b>		
Current income tax (net of payment)	5.89	13.75
Total	6.04	14.64





## VMS Industries Limited

### 2.9 TANGIBLE ASSETS

( Amount ₹ In Lacs)

ASSETS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As On 01.04.14	Addition During The Year	Deductions As On 31.03.2015	Total 31.03.2015	As On 01.04.14	Rate Of Dep	Dep For The Year	Deduction/ Adjustment/ Write Back	Total As On 31.03.2015	As On 31.03.2015	As On 31.03.2014
Building	2.08	-	-	2.08	0.31	3.76	0.08	-	0.39	1.69	1.76
Plant & Machinery	0.71	-	-	0.71	0.15	9.36	0.07	-	0.22	0.49	0.56
Weigh Bridge	6.21	-	-	6.21	1.25	9.37	0.58	-	1.83	4.38	4.97
Winch	143.28	-	-	143.28	16.95	8.35	11.32	-	28.27	115.01	126.33
Wire Rope	23.58	-	-	23.58	1.58	7.89	1.86	-	3.44	20.14	22.00
Crane	239.38	-	-	239.38	27.37	8.20	18.95	-	46.32	193.06	212.01
Oxygen Clinder & tank	244.26	1.43	49.44	196.25	88.01	6.77	13.98	20.71	81.28	114.96	156.24
DG Sets	1.67	-	-	1.67	0.15	8.20	0.11	-	0.27	1.40	1.51
Computer	7.66	-	-	7.66	7.36	45.77	0.24	-	7.59	0.07	0.30
C.C.TV CAMERA	-	0.58	-	0.58	-	20.00	0.09	-	0.09	0.48	-
Honda Civic	5.04	-	-	5.04	0.20	13.54	0.68	-	0.88	4.16	4.84
Volvo Car	-	40.01	-	40.01	-	12.50	4.54	-	4.54	35.48	-
Godrege RHINO Safe	0.11	-	-	0.11	0.00	13.56	0.02	-	0.02	0.09	0.11
Corporate Office	42.01	-	-	42.01	2.81	3.51	1.47	-	4.28	37.73	39.21
Furniture	40.55	-	-	40.55	7.05	18.33	5.43	-	12.48	28.07	33.50
Office Equipments	2.07	-	-	2.07	0.48	3.46	0.07	-	0.55	1.52	1.59
Vehicals	67.43	-	0.85	66.58	16.21	18.68	12.44	0.30	28.35	38.23	51.23
Printer	0.24	-	-	0.24	0.03	31.41	0.07	-	0.10	0.14	0.20
Fax Machine	0.20	-	-	0.20	0.20	-	0.00	-	0.20	0.00	0.00
Varun Gases	12.65	-	-	12.65	0.00	-	0.00	-	-	12.65	12.65
<b>T O T A L</b>	<b>839.13</b>	<b>42.02</b>	<b>50.29</b>	<b>830.86</b>	<b>170.11</b>		<b>72.00</b>	<b>21.01</b>	<b>221.10</b>	<b>609.75</b>	<b>669.01</b>
PREVIOUS YEAR	1,132.26	50.59	343.72	839.13	115.99		66.72	(0.44)	182.27	656.86	1,016.27

### 2.10 NON CURRENT INVESTMENTS

( Amount ₹ In Lacs)

Particulars	As at March 31, 2015	As at March 31, 2014
<b>TRADE INVESTMENTS (Valued at cost unless otherwise stated )</b>		
a Investments In partnership Firms*	418.31	261.20
b Investments in Government securities	0.29	0.29
c Investments in VARUN GASES OTHER THEN FIXED ASSETS	0.14	0.14
d Investments in VMS TMT PVT LTD { 4838000 Equity Share of ₹ 10 each ( 4238000 Equity Share in P Y)}	483.80	423.80
<b>Total</b>	<b>902.54</b>	<b>685.43</b>
* Details Of Investment in Firms		
1 <b>VMS Industries Limited</b>	10%	10%
2 <b>Manjok Kumar Jain</b>	15%	15%
3 <b>Smt Sangeeta Jain</b>	15%	15%
4 <b>Other Individuals</b>	60%	60%
<b>Total</b>	<b>100%</b>	<b>100%</b>

### 2.11 DEFERRED TAX ASSETS

( Amount ₹ In Lacs)

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Deferred Tax Assets</b>		
- On disallowances of expenses	22.41	17.38
<b>Total</b>	<b>22.41</b>	<b>17.38</b>

The major components of deferred tax assets, 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.



## 2.12 LONG TERM LOANS &amp; ADVANCES

( Amount ₹ In Lacs)

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Security Deposits</b> (Secured, Considered Good)		
- Security Deposits	2.11	2.01
Sub Total	2.11	2.01
<b>Loans &amp; Advances</b> (Unsecured, Considered Good)		
- Advances	43.10	67.34
Sub Total	43.10	67.34
<b>Balance with Revenue Authorities</b>		
Income tax	188.78	137.79
Sub Total	188.78	137.79
<b>Total</b>	<b>233.99</b>	<b>207.13</b>

## 2.13 OTHER NON-CURRENT ASSETS

( Amount ₹ In Lacs)

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>A Share Issue Expenditure</b>	94.32	109.86
Total	94.32	109.86

## 2.14 INVENTORIES

( Amount ₹ In Lacs)

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Raw Material	55.20	2,902.43
Total	55.20	2,902.43

## 2.15 TRADE RECEIVABLES

( Amount ₹ In Lacs)

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Trade receivables outstanding For a period less than six months from the date they are due for payment Considered good	47.47	935.83
Total	47.47	935.83
Trade receivables outstanding For a period exceeding six months from the date they are due for payment Considered good	333.66	82.10
(B)	333.66	82.10
Total (A+B)	381.13	1,017.93

## 2.16 CASH &amp; BANK BALANCES

( Amount ₹ In Lacs)

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>(a) Cash &amp; cash Equivalents</b>		
Balances With Banks		
- On current accounts	28.18	287.35
- Fixed Deposits	895.00	2,984.00
- Interest accrued but not dues on Fixed deposits	44.19	30.65
Cash on hand	4.87	16.57
Total	972.24	3,318.57



2.17 SHORT TERM LOANS & ADVANCES

( Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2015	As at March 31, 2014
(Unsecured, considered good)		
<b>Loans and advances to:</b>		
- <i>Others</i>	2,714.19	2,269.76
<b>Balance with Statutory/Government Authorities</b>	0.36	2.16
Total	2,714.55	2,271.91

2.18 OTHER CURRENT ASSETS

( Amount ₹ In Lacs)

<i>Particulars</i>	As at March 31, 2015	As at March 31, 2014
Deposits	-	0.10
Advances Recoverable in cash or kind	-	95.76
Prepaid Expenses	0.76	0.93
Total	0.76	96.79

2.19 REVENUE FROM OPERATIONS

( Amount ₹ In Lacs)

<i>Particulars</i>	For the year ended on March 31, 2015	For the year ended on March 31, 2014
Sale of Material Derived from Ship Breaking (Gross)	8,247.48	11,638.33
Less: Excise Duty paid	19.28	29.29
Total	8,228.20	11,609.04

2.20 OTHER INCOME

( Amount ₹ In Lacs)

<i>Particulars</i>	For the year ended on March 31, 2015	For the year ended on March 31, 2014
<b>Interest Income On</b>		
<i>Interest Income</i>	216.35	218.06
<i>Fixed Deposits</i>	147.15	104.02
Rent Income	2.40	3.00
Share of profit from Partnership firm	3.64	17.09
Other Non Operating Income	0.17	0.04
Written back of amortization of fund	-	1.57
Total	369.71	343.78

2.21 COST OF RAW MATERIAL CONSUMED

( Amount ₹ In Lacs)

<i>Particulars</i>	For the year ended on March 31, 2015	For the year ended on March 31, 2014
Inventory at the Beginning of the Year	2,902.43	1,289.41
Add: Ship Purchase for Recycling	4,760.13	11,808.58
	7,662.56	13,097.99
Inventory at the end of the Year	55.20	2,902.43
<b>Cost of Raw Materials Consumed</b>	7,607.36	10,195.56



2.22 CHANGES IN INVENTORIES OF FINISHED GOODS

( Amount ₹ In Lacs)

<i>Particulars</i>	<b>For the year ended on March 31, 2015</b>	<b>For the year ended on March 31, 2014</b>
Inventory at the Beginning of the Year		
- Finished Goods	-	516.32
		516.32
Inventory at the end of the Year		
- Finished Goods	-	-
	-	-
Increase/(Decrease) In Finished Stock Total	-	516.32
<b>VALUATION OF STOCK</b>	<b>QTY (MT)</b>	
<b>RAW MATERIAL</b>		
Opening Stock		9,090.00
Purchases	13,575.00	
Total Of Purchase		13,575.00
Production For The Year		
Sales	20,548.58	
Total Sales	20,548.58	
Shortage/Wastage/Burnig Loss	2,056.42	
Total Consumption		22,605.00
Closing Stock		60.00
<b>FINISHED GOODS</b>		
Opening Stock		-
Purchases		-
Production For The Year		-
Sales For The Year		-
CLOSING STOCK		-
<b>CLOSING STOCK</b>		
MV ARMIA KRAJOWA	40.00	40.00
RATE OF MV ARIMA KRAJOWA	35,325.00	
Value Of Closing Stock of		1,413,000.00
<b>Total Closing Stock</b>		<b>1,413,000.00</b>

2.23 MANUFACTURING & OPERATING COST

( Amount ₹ In Lacs)

<i>Particulars</i>	<b>For the year ended on March 31, 2015</b>	<b>For the year ended on March 31, 2014</b>
Gases & Carbide	83.47	187.90
Consumable Expenses	12.00	16.37
Plot Rent & Development Charges	12.67	12.70
Duty Paid On Oil	12.06	-
Pollution Control Expenses	0.89	2.11
<b>Total</b>	<b>121.09</b>	<b>219.08</b>

2.24 EMPLOYEE BENEFIT EXPENSES

( Amount ₹ In Lacs)

<i>Particulars</i>	<b>For the year ended on March 31, 2015</b>	<b>For the year ended on March 31, 2014</b>
Salaries & Wages	48.69	76.31
Bonus Expenses	8.28	12.57
Contribution to Provident Funds	4.32	4.78
Contribution to ESIC	1.82	2.50
Staff Welfare / Workmen Compensation Expenses	7.00	2.03
<b>Total</b>	<b>70.11</b>	<b>98.19</b>



## 2.25 FINANCE COSTS

( Amount ₹ In Lacs)

<i>Particulars</i>	<b>For the year ended on March 31, 2015</b>	<b>For the year ended on March 31, 2014</b>
Bank Commission & Charges	83.53	48.64
<b>Interest paid to :</b>		
<i>Car loan from Banks</i>	3.52	2.45
<i>Cash Credit from Bank</i>	25.24	29.32
<i>Others</i>	56.06	73.16
<b>Total</b>	<b>168.35</b>	<b>153.57</b>

## 2.26 OTHER EXPENSES

( Amount ₹ In Lacs)

<i>Particulars</i>	<b>For the year ended on March 31, 2015</b>	<b>For the year ended on March 31, 2014</b>
<b>ADMINISTRATIVE EXPENSES</b>		
Computer Charges	0.29	0.31
Donation	0.24	0.36
Electric Expenses	2.12	2.25
Insurance	1.60	2.23
Rebate & Discount/written Off	11.31	0.34
Legal & Professional Expenses	8.68	11.27
Office Expenses	0.84	1.06
Payment to Auditors	0.57	0.84
Postage And Courier Charges	0.19	0.21
Printing & Stationery	0.82	0.89
Professional Tax	0.40	0.57
Repairs & Maintenance	0.62	0.82
Salary To Directors	36.06	24.00
Security Charges	14.16	3.44
Services Tax Expenses	5.20	7.71
Telephone Expenses	1.67	1.81
Travelling Expenses	1.98	2.61
Vehicle Running & Maintenance	4.53	4.43
<b>Sub Total</b>	<b>91.28</b>	<b>65.15</b>
<b>SELLING EXPENSES</b>		
Brokerage & commission Charges	7.47	9.69
Sales tax Expenses	359.67	474.41
<b>Sub Total</b>	<b>367.14</b>	<b>484.10</b>
<b>Total</b>	<b>458.42</b>	<b>549.25</b>
<b>* PAYMENT TO AUDITOR</b>		
<b>AS AUDITOR:</b>		
Audit Fees/ Tax Audit Fees	0.57	0.83
<b>Total</b>	<b>0.57</b>	<b>0.83</b>



2. 27 TAX EXPENSES

( Amount ₹ In Lacs)

Particulars	For the year ended on March 31, 2015	For the year ended on March 31, 2014
Current tax:		
- Income taxes	37.46	45.00
Deferred taxes	(5.03)	0.91
Total	32.43	45.91

2. 28 EARNING PER SHARE

The annualised earning per equity shares has been calculated as under:

Particulars	For the year ended on March 31, 2015	For the year ended on March 31, 2014
Net profit for calculation of Earning per shares	54.68	102.30
Weighted average No. of shares outstanding during the year	16,473,391	16,473,391
Basic Earning per shares	0.33	0.62
Dialuted earnings per share	0.33	0.62

2. 29 COMMITMENTS AND CONTINGENT LIABILITIES

Amount (In lacs)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Claim against the company not acknowledge as debts	Nil	Nil
Bank guarantee	Nil	Nil
Corporate Guarantee for Partnership Firm	480.00	170.00

A. There is demand of Income tax for the A.Y 2007-08, A.Y.2010-11 and A.Y.2012-13 of ₹523.57 lacs ₹8.99 Lacs and ₹15.33 respectively raised by Assessing Officer u/s 143(3). The company has filed appeal before CIT. in the opinion of the Management the company has fair chances of succeeding in the said appeal. therefor no provision has been made for the said demand.

B. There is a demand from deputy commissioner of commercial tax division -9 of Bhavnagar for F.Y.2009-10 was ₹19,27,984/- & for F.Y.2010-11 ₹34,72,252/-, both are standing against the 1st appeal authority.

2. 30 FIXED DEPOSIT UNDER LIEN:-

Amount (In lacs)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Fixed deposits under lien with bank for Bank Guarantee, Letter of Credit and Others.	895.00	2,984.00

2.31 RELATED PARTY TRANSACTIONS

a) Transactions with Related parties as specified under Accounting Statndard -18 issued by the Institute of Chartered Accountant of India-

Key Managemrial personnel 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**

<b>Mr Varun Manoj Jain</b>	<i>Son of Managing Director</i>
<b>Mr Vaibhav Manoj Jain</b>	<i>Son of Managing Director</i>
<b>Mr. Subhodh Ajit Jain</b>	<i>Brother of Managing Director</i>
<b>Mr. Naveen Ajit Jain</b>	<i>Brother of Managing Director</i>
<b>Smt. Ritu Rajeev Agrawal</b>	<i>Sister of Managing Director</i>

**Enterprises over which Key Managerial Personnel exercises significant influence**

Eternal Automobiles	<i>As Partnership firm in which Company is partner</i>
VMS Industries	<i>As Partnership firm in which Company is partner</i>
VMS TMT Private Limited	<i>Subsidiary company</i>
Eternal Motors Pvt Lts	<i>Enterprises over which Director's relative exercises significant influence</i>
Eternal Tours & Travels	<i>Enterprises over which Director's relative exercises significant influence</i>

**b) Particulars of Related Party Transactions:-**
**(₹ In Lacs)**

Nature of transactions	Key Managerial Personnel		Enterprises controlled by Key Managerial Personnel and their relatives	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
<b>Advances</b>				
VMS TMT Private Limited	-	-	6.78	120.59
Eternal Automobiles	-	-	7.00	-
<b>Capital in Partnership Firm</b>				
Eternal Automobiles	-	-	418.30	261.20
<b>Director Remuneration</b>				
Key Managerial Personnel				
Mr. Manoj Kumar Jain	18.00	12.00	-	-
Smt. Sangeeta Jain	18.00	12.00	-	-
<b>Services Charges paid</b>				
Eternal Tours & Travels	-	-	0.33	0.99
<b>Corporate guarantee to banks for banks limits where company is partner</b>				
Eternal Automobiles	-	-	480.00	170.00
<b>Interest Income</b>				
VMS TMT Private Limited	-	-	1.97	4.89
<b>Rent Income</b>				
VMS TMT Private Limited	-	-	2.40	3.00
<b>OUTSTANDING BALANCES AS ON MARCH 31, 2015</b>				
<b>Receivable:</b>				
<b>Capital in Partnership Firm</b>				
Eternal Automobiles	-	-	418.31	261.20
<b>Payable</b>				
Varun Gases	-	-	5.00	-
Eternal Tours & Travels	-	-	-	0.16



**2.32 INFORMATION ABOUT QUANTITY & VALUES**

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

**1. Particulars of Opening Stock, Sales & Closing Stock of Finished Goods**

Description	Quantity MT		Value ₹ (In Lacs)	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Opening Stock	-	1,200.00	-	516.32
Sales	20,548.58	31,433.41	8,247.48	11,638.33
Closing Stock	-	-	-	-
<b>2. Value of Imported and indigenous Raw Materials consumed</b>				
Indigenous	-	-	-	-
Imported - Old Ships	22,605	33,593	7,607.36	10,195.56
<b>3 CIF Value of Imports</b>				
Raw Material Ship Purchases	13,575	37,998	3,825.06	9,990.35

2.33 In the opinion of the Board of Directors, Current Assets, Loans & Advances have a value of realisation at least equal to the amount at which they are stated in the Balance Sheet. Adequate provision have been made in the accounts for all the known liabilities.

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

2.35 Previous years figures have been regrouped/rearranged wherever necessary so as to make them comparable with current years figures.

As per our Audit Report of even date

**For P.D.Goplani & Associates**

Chartered Accountants

FRN : 118023W

**CA. Savan Shah**

Partner

Mem No.144870

Place : Ahmedabad

Date : 29th May, 2015

**For and on behalf of Board of Directors**

**Manoj Kumar Jain** *Managing Director*

**Ms. Sangeeta Jain** *Whole Time Director*

**Himanshu Shah** *Chief Financial Officer*

**Hemal Patel** *Company Secretary*

Place : Ahmedabad

Date : 29th May, 2015

**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF VMS INDUSTRIES LTD****Report on the Consolidated Financial Statements**

1. We have audited the accompanying consolidated financial statements of VMS INDUSTRIES LTD (hereinafter referred to as "the Holding Company") and its subsidiary Company M/s VMS TMT Private Limited (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

**Management's Responsibility for the Consolidated Financial Statements**

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

**Opinion**

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at 31st March, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

**Other Matters**

7. We did not audit the financial statements / financial information of subsidiary M/s VMS TMT Private Limited whose financial statements / financial information reflect total assets of Rs. 615.94 Lacs as at 31st March, 2015, total revenues of Rs. Nil (as operations has not been started), as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary is based solely on the reports of the other auditor.
8. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

**Report on Other Legal and Regulatory Requirements**

9. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary company, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
10. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, none of the directors of the Group company, is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
    - The Holding Company and its subsidiary Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses and .
    - There is no such amount which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company.

**For P. D. Goplani & Associates**  
Chartered Accountants

Place: Bhavnagar  
Date: May 29, 2015

**CA. Savan Shah**  
*Partner*  
FRN: 118023W  
M. No. 144870

**ANNEXURE TO THE INDEPENDENT AUDITORS REPORT**

Refer to the Paragraph 9 of the independent auditor's report of even date on to the members of VMS INDUSTRIES LTD on the consolidated financial statements for the year ended on 31st March 2015. With respect to VMS INDUSTRIES LTD ("Holding Company"), its subsidiary Company M/s VMS TMT Private Limited as per the information and explanations furnished and based on the report of the auditors, we report as under:

**1. Fixed Asset**

- The holding Company has maintained proper records showing full particulars including quantitative details and situation of fixed asset. As reported by the auditor of the subsidiary company, the subsidiary company have maintained proper records showing full particulars including quantitative details and situation of fixed asset.
- The fixed assets have been physically verified by the management of holding company and subsidiary company at reasonable intervals; No material discrepancies were noticed on such verification.

**2. Inventory**

- Physical verification of inventory has been conducted at reasonable intervals by the management of holding company. As reported by the auditor of the subsidiary company in its audited annual accounts, the subsidiary company had not started any manufacturing/ trading activity and thus does not have any inventory.
- In our opinion and according to the information and explanation given to us, the procedures of the physical verification followed by the management of holding company are reasonable and adequate in relation to the size of the company and nature of its business.
- On the basis of our examination of the inventory records, in our opinion, the holding company are maintaining proper records of inventory. The discrepancies noticed on physical verification were not material.

**3. Unsecured Loan**

The holding company and subsidiary companies have not granted unsecured loans to the parties covered in the register maintained under section 189 of the Companies Act.

**4. Internal Controls**

In our opinion and according to the information and explanations given to us and as reported by the auditor of the subsidiary Company, there are adequate internal control commensurate with the size of the company and the nature of their business. We neither have come across nor are we informed of any continuing failure to correct major weakness in the internal control of holding company and subsidiary companies.

**5. Acceptance of Depots**

The holding company and subsidiary company have not accepted any deposit from the public within the meaning of section 73 to section 76 of the act and the rules made there under during the period under audit.

**6. Costing Records**

We have broadly reviewed the cost record maintained by the holding company under the maintenance of cost records rules specified by the Central Government under sub section (1) of section 148 of the Act, as we are of the opinion that, prima facie, the prescribed cost records have been made and maintained. As reported by the auditors of the subsidiary company, the Central Government has not prescribed maintenance of Cost records under Section 148(1) of the Companies Act, 2013.

**7. Statutory dues**

(i) In our opinion and according to the information and explanations given to us and as reported by the auditor of the subsidiary Company, is regular in depositing undisputed statutory dues including Provident funds, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and any other material statutory dues have been generally regularly deposited with the appropriate authorities.

(ii) According to the information and explanation given to us and as per the records of the company examined by us and as reported by auditor of subsidiary company, no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales tax, Wealth Tax, Service Tax, Custom Duty, Value Added Tax, Cess and other material statutory dues were in arrears as at 31<sup>st</sup> March, 15 for a period of more than six months from the date they became payable.

(iii) According to the information and explanations given to us, in Holding Company there were material dues of Income tax & sales tax authorities which have been deposited with the appropriate authorities on account of any dispute. And as reported by auditor of the subsidiary Company, there were no statutory dues, which have not been deposited on account of any dispute. However, according to information and explanations given to us, the following dues by Holding Company of income tax, sales tax, and value added tax have been pending which are as mentioned below:

a) There is demand of Income tax for the A.Y 2007-08, A.Y.2010-11 and A.Y.2012-13 of Rs.523.57 lacsRs.8.99 Lacs and Rs.15.33 respectively raised by Assessing Officer u/s 143(3). The company has filed appeal before CIT. in the opinion of the Management the company has fair chances of succeeding in the said appeal. Therefore no provision has been made for the said demand.

b) There is a demand from deputy commissioner of commercial tax division -9 of Bhavnagar for F.Y.2009-10 was RS.19,27,984/- & for F.Y.2010-11 Rs.34,72,252/-, both are standing against the 1<sup>st</sup> appeal authority.

iv) Based on our verification of records of the holding company and reports of auditors of the subsidiary company, there is no instance of any amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Act and rules made there under.

**8. Cash Losses**

The holding and the subsidiary company have no accumulated losses at the end of the financial year and they have not incurred cash losses in this financial year and in the immediately preceding financial year.

**9. Default in Repayments**

In our opinion and according to the information and explanation given to us, the holding company and the subsidiary company have not defaulted in repayment of dues to a bank or financial institution. The company has not issued any debenture.

**10. Guarantee for loans taken by others**

In our opinion and according to the information and explanation given to us, Holding Company has given guarantee to partnership firm for loans taken from banks. As reported by the auditors of subsidiary company, no guarantee have been given by subsidiary company on the loan obtained by the other parties.

**11. Application of term loan**

Based on the information and explanations given by the management, term loans obtained by the Holding Company and subsidiary company, were applied for the purpose for which loans were obtained.

**12. Fraud**

During the course of our examination of the books of the holding company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us we have neither come across to any material fraud on or by the holding company nor we are informed of any such cases by the management. As reported by the auditors of subsidiary company, they have neither come across to any material fraud on or by those subsidiary company, nor are they informed of any such cases by the management of those subsidiary company.

**For P. D. Goplani & Associates**  
Chartered Accountants

Place: Bhavnagar  
Date: May 29, 2015

**CA. Savan Shah**  
Partner  
FRN: 118023W  
M. No. 144870



## VMS Industries Limited

### CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2015

(Amount ₹ In Lacs)

Particulars	Note No.	March 31, 2015	March 31, 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 SHARE HOLDERS' FUNDS</b>			
(a) Share Capital	2.1	1,647.34	1,647.34
(b) Reserves & Surplus	2.2	3,499.28	3,460.15
<b>2 MINORITY INTEREST</b>			
	2.3	125.80	11.80
<b>3 NON-CURRENT LIABILITIES</b>			
	-	-	
(a) Long - Term Borrowings	2.4	21.00	16.35
(b) Deferred Tax Liabilities (Net)	2.5	-	-
(c) Other Long Term Liabilities	2.6	5.82	4.09
<b>4 CURRENT LIABILITIES</b>			
	-	-	
(a) Short Term Borrowings	2.7	384.86	6,028.20
(b) Trade Payables	2.8	6.14	30.79
(c) Other Current Liabilities	2.9	421.96	104.75
(d) Short-Term Provision	2.11	6.83	16.61
TOTAL		6,119.03	11,320.08
<b>II. ASSETS</b>			
<b>1 NON-CURRENT ASSETS</b>			
(a) Fixed Assets			
Tangible assets	2.11	802.77	860.94
WORK IN PROGRES		334.23	196.21
(b) Non-Current Investments	2.12	428.97	261.63
(c) Deferred Tax Assets (Net)	2.13	22.41	17.38
(d) Long-Term Loans & Advances	2.14	234.51	213.68
(d) Other Non-current Asset	2.15	94.32	110.59
<b>2 CURRENT ASSETS</b>			
	-		
(a) Inventories	2.16	55.20	2,902.43
(b) Trade Receivables	2.17	381.13	1,017.93
(c) Cash & Cash Equivalents	2.18	944.69	3,295.20
(d) Short-Term Loan & Advances	2.19	2,714.55	2,316.53
(e) Other Current Assets	2.20	106.25	127.56
TOTAL		6,119.03	11,320.08

See Accompanying Notes to Financial Statements

As per our Audit Report of even date

**For P.D.Goplani & Associates**

Chartered Accountants

FRN : 118023W

**CA. Savan Shah**

Partner

Mem No.144870

Place : Ahmedabad

Date : 29th May, 2015

**For and on behalf of Board of Directors**

**Manoj Kumar Jain**      *Managing Director*

**Ms. Sangeeta Jain**      *Whole Time Director*

**Himanshu Shah**      *Chief Financial Officer*

**Hemal Patel**      *Company Secretary*

Place : Ahmedabad

Date : 29th May, 2015



## VMS Industries Limited

### CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2015 (Amount ₹ In Lacs)

Particulars	Note No.	March 31, 2015	March 31, 2014
<b>INCOME</b>			
a) Revenue From Operations	2.21	8,228.20	11,609.04
b) Other Income	2.22	369.71	343.78
Total Revenue		8,597.91	11,952.82
<b>EXPENSES:</b>			
a) Cost Of Materials Consumed	2.23	7,607.36	10,195.56
b) Purchase Of Stock-In-Trade	2.24	-	-
c) Manufacturing & Operating Costs	2.25	121.09	219.08
d) Changes In Inventories Of Finished Goods	2.26	-	516.32
e) Employee Benefits Expenses	2.27	70.11	98.19
f) Finance Costs	2.28	168.35	153.57
g) Depreciation & Amortization Expenses	2.11	72.00	66.72
h) Other Expenses	2.29	458.42	549.25
Total Expenses		8,497.33	11,798.69
<b>Profit/(Loss) Before Taxes</b>		100.57	154.14
EXCEPTIONAL ITEMS		-	-
<b>Profit/(Loss) After Taxes</b>		100.57	154.14
<b>Tax Expenses:</b>	2.30		
(1) Current Tax		37.46	45.00
(2) Deferred Tax		(5.03)	0.91
(3) Taxes Of Earlier Years		-	-
<b>PROFIT FROM ORDINARY ACTIVITIES AFTER TAX</b>		68.14	108.22
<b>EXTRAORDINARY ITEMS</b>		13.46	5.92
<b>Profit/(Loss) After Tax</b>		54.68	102.30
<b>Minority Interest</b>		-	-
<b>Profit/(Loss) For The Year</b>		54.68	102.30
Earnings Per Equity Shares:			
<b>Equity Shares Of Par Value Of Rs. 10/- Each</b>			
(1) Basic		0.33	0.62
(2) Diluted		0.33	0.62
Weighted average number of shares outstanding		16,473,391	16,473,391

Significant accounting policies & notes on account

As per our Audit Report of even date

**For P.D.Goplani & Associates**  
Chartered Accountants  
FRN : 118023W

**CA. Savan Shah**  
Partner

Mem No.144870  
Place : Ahmedabad  
Date : 29th May, 2015

**For and on behalf of Board of Directors**

**Manoj Kumar Jain** Managing Director

**Ms. Sangeeta Jain** Whole Time Director

**Himanshu Shah** Chief Financial Officer

**Hemal Patel** Company Secretary

Place : Ahmedabad  
Date : 29th May, 2015

## 1. CORPORATE INFORMATION

VMS Industries Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act. The company has its primary listing on BSE limited.

During the year, the Company was engaged in the ship breaking business and trading activities in metal scrap, coals, aluminum foil & other inputs. However, as and when any surplus fund are available, the same is given on interest to other parties and also invested in the shares and securities to earn short term and long term capital gains. The Company has one subsidiary M/s VMS TMT Private Limited, engaged in the business of manufacturing of TMT Bars and allied products.

## 2. PRINCIPAL OF CONSOLIDATION

I) 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.

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

III) 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.

IV) The parent company's holding in subsidiary company considered in consolidated financial statement as follows:

Name of the Company	Country Incorporation	Proportion of shareholding as on 31/03/2015	Proportion of shareholding as on 31/03/2014
VMS TMT Private Limited	India	79.36%	97.30%

## 3. SIGNIFICANT ACCOUNTING POLICIES ON ACCOUNTS:

### 3.1. Basis of preparation of financial Statements:

- a. These financial statements are prepared in accordance with Indian General Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for the certain financial instruments which are measured at fair value. GAAP comprise the Companies Act, 2013(the Act) read with Rule 7 of the Companies (Accounts) Rules, 2014, the provision of the Act (to the extent notified) and Guidelines issued by the Securities and Exchange Board of the India (SEBI).
- b. Accounting policies have been consistently applied except where a newly –issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

### 3.2. USE OF ESTIMATES:-

- a. Preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.
- b. All material expenditure and income to the extent considered payable and receivable are accounted for on accrual basis, except for insurance claim and refunds/subsidy from statutory authorities, which are accounted on cash basis, keeping in view the concept of materiality.
- c. Accounting estimates could change from period to period. Accrual results could differ from these estimates. Appropriate changes in estimate are made as the Management becomes aware of changes in circumstances surrounding the estimate. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

### 3.3. REVENUE RECOGNITION:-

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



**Sale of Goods**

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. Further, sales are inclusive of all duties and taxes and net of returns, claims, rebates, discounts, etc.

**Income from Rent-Services**

Income from Rent-Services is recognized on performance of the contract and acceptance of the services by the parties.

**Interest Income**

Revenues of interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Insurance, duty drawback and other claims are accounted for on receipt basis or as acknowledged by the appropriate authorities.

**3.4. TANGIBLE FIXED ASSETS:-**

- I. Capitalized at cost of acquisition.
- II. Fixed Assets are stated at cost, less accumulated depreciation (other than 'Freehold Land'). Cost comprises the purchase price, including duties and other non-refundable taxes or levies any directly attributable cost of bringing the asset to its working condition and indirect costs specifically attributable to installation of specified fixed assets or to the acquisition of a fixed asset.
- III. In the event of the same having been revalued, they are stated at the revalued figures. Expenditure relating to Tangible fixed assets is added to costs only when the same involved modification work whereby it increases the life of the assets.

**3.5. DEPRECIATION ON TANGIBLE ASSETS:**

- I. Depreciation on tangible assets is provided on the straight line method, over the useful lives of assets estimated by the management. The management estimates the useful lives for the other fixed assets as follows:

<u>Tangible Fixed Assets</u>	<u>Estimated useful Life</u>
Factory Shed & Building	25- 30 Years
Other Buildings	25 -30 Years
Plant & Machinery	10 -15 Years
Furniture & Fixtures, Office Equipments, etc	5 -10 Years
Vehicle	5 -8 Years
Computers	3 Years

*For these classes of assets, based on internal assessment and independent technical evaluation carried by the management, which believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives for above few assets is different from the useful lives as prescribed under part C of schedule II of the companies Act, 2013*

- II. Leasehold land is amortized over the period of lease.
- III. No depreciation is provided for assets sold during the year whereas pro-rata depreciation is provided on assets acquired during the year.

**3.6. VALUATION OF INVENTORIES:**

Inventories of Raw Materials- Ships and its work -in -progress are stated at Cost values. Cost comprises all cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Cost formulas used are First -in -First -out.

Consumable stores and spares are written off at the time of purchase itself.

In ship recycling units, 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 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 the ship and its voyage for long period of the years. Inventory at the close of the year is ascertained by reducing the weight of the scrap sold together with the estimated wastage of the material.

**3.7. INVESTMENTS:-**

Investments are classified into current and Long-term investment. Current Investments are stated at lower of cost and fair market value. Long Term Investments are stated at cost after deducting provision, if any, for diminution in value considered being other than temporary in nature.

**3.8. 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), read with Rule 7 of the Companies (Accounts) Rules, 2014

**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 does not applicable to the Company.

**iii) Contribution to Provident Funds**

The company contributes to the employee's provident fund maintained under the Employees Provident Fund Scheme of the Central Government and the same is charged to the Profit & Loss Account. The company has no obligation, other than the contribution payable to the provident fund.

**iv) Other short term benefits**

Expense in respect of other short term benefits is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

**3.9. TAXES ON INCOME :****Current Tax**

Provision for current Tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations and the provisions of Income Tax Act, 1961.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and TDS/TCS receivables.

**Deferred Tax**

Deferred tax resulting from timing differences between taxable Income and accounting income is accounted for at the current rate of tax or substantively enacted tax rates as at reporting date, to the extent that the timing differences are expected to crystallize.

Deferred tax assets are recognized where realization is reasonably certain whereas in case of carried forward losses or unabsorbed depreciation, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that such deferred tax assets will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date.

**3.10. EXCISE DUTY AND CENVAT:-**

Excise duty is payable on the assessed value of ship determined by the departmental authorities and is payable under the CENVAT before beaching of the Ship at Port. The excise duty is collected on sales and is adjusted against the CENVAT credits, to the extent it is available and balance duty is paid and debited to revenue expenditure.

**3.11. BORROWING COST:**

Borrowing cost, if any attributable to acquisition or construction of a qualifying asset are capitalized as part of cost of such assets. Qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as expenses in the period in which they are incurred are charged to the Statement of Profit and Loss.

**3.12. FOREIGN CURRENCY TRANSACTIONS:**

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 transactions are affected. Exchange difference arising on foreign exchange transactions settled during the year is recognized in the Statement of profit and loss of the year.

In the case of forward contract, if any, 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 exchange contract is recorded as Income /Expense for the period.

Monetary assets/liabilities relating to foreign currency transaction are stated at exchange rate prevailing at the end of the year and exchange difference in respect thereof is charged to statement of Profit & Loss except foreign exchange loss/gain on reporting long-term currency monetary item used for depreciable assets, which are capitalized.

**3.13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:-**

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for:

- i) Possible obligations which will be confirmed only by future events not within the control of the Company or,
- ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

**3.14. DISCOUNTING OPERATION:**

The company has discounted 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 stranded -24.

The company has discontinued operations of its off Shore division from October, 2012.

**3.15. CASH & CASH EQUIVALENTS:**

Cash and cash equivalents comprise cash and cash on deposit with banks. The company considers all highly liquid investment with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

**3.16. CASH FLOW STATEMENT:-**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transaction of a non-cash nature, any deferral or accruals of past or future operating cash receipts or payment and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**3.17. IMPAIRMENT OF ASSETS:**

The company assesses at each balance sheet date, the management reviews the carrying amounts of its assets included in each cash generating unit to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

**3.18. MISCELLANEOUS EXPENDITURES:****I. Preliminary Expenses :**

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

**II. Public Issue Expenses:**

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 under the head miscellaneous expenditure to the extent not written off in the balance sheet.

**3.19. MICRO SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:-**

- a) Based on information available with the company in respect of MSME (as defined in the Micro Small and Medium Enterprises Development Act, 2006) there are no delays in the 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 Enterprise Act, 2006. As on date, the company has not received confirmation 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.

**3.20. EARNING PER SHARE:-**

Basic and Diluted Earnings per shares are calculated by dividing the net profit attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

**3.21. SEGMENT INFORMATION:-**

Under the provisions of the Accounting Standard- 17, the company at present operates in the single business segment and therefore, separate segment discloser has not been given.

**3.22. 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

**Notes forming part of Balance Sheet as on 31st March, 2015**
**2.1 SHARE CAPITAL**

<i>Particulars</i>	As at March 31, 2015	As at March 31, 2014
<b>AUTHORISED CAPITAL:</b>		
Equity Shares of Rs. 10/- each	2,000.00	2,000.00
<b>ISSUED SHARES CAPITAL</b>		
Equity Shares of Rs. 10/- each fully paid up	1,647.34	1,647.34
<b>SUBSCRIBED &amp; PAID UP CAPITAL</b>		
Equity Shares of Rs. 10/- each fully paid up	1,647.34	1,647.34
Amount received on forfeitted shares	-	-
Total	1,647.34	1,647.34

**2.2 RESERVES & SURPLUS**

<i>Particulars</i>	As at March 31, 2015	As at March 31, 2014
<b>SECURITY PREMIUM ACCOUNT</b>		
<b>Balance as per the last Financial Statements</b>	2,583.67	2,599.21
Less: 1/10th public issue expenses	15.54	15.54
Capital Subsidy From State Government	-	-
Closing Balance	2,568.13	2,583.67
<b>GENERAL RESERVES</b>		
<b>Balance as per the last Financial Statements</b>	46.29	46.29
Add: BALANCE TRANSFERRED FROM BRANCH	-	-
Add: Current Year Transfer	-	-
Less: Written Back in Current Year	-	-
Closing Balance	46.29	46.29
<b>SURPLUS/(DEFICIT) IN THE STATEMENT OF PROFIT &amp; LOSS</b>		
<b>Balance as per the last Financial Statements</b>	830.19	727.89
Add: BALANCE TRANSFERRED FROM BRANCH	-	-
Net Profit/(Net Loss) For the current year	54.68	102.30
Transfer From Reserves	-	-
Less: <i>APPROPRIATIONS</i>		
Transfer to Reserves	-	-
Proposed final equity dividend	-	-
Tax on proposed equity dividend	-	-
Total Appropriations	-	-
Net Surplus in the Statement of Profit & Loss	884.87	830.19
Total Reserve & Surrplus	3,499.28	3,460.15

**2.3 MINORITY INTEREST**

<i>Particulars</i>	As at March 31, 2015	As at March 31, 2014
<b>Minority Interest</b>		
- <i>Share Capital of VMS TMT</i>	609.60	435.60
<b>Less:- Holding of VMS IND</b>	-483.80	-423.80
	125.80	11.80

**2.4 LONG - TERM BORROWINGS**

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Secured</b>		
<b>A. LOANS</b>	21.00	16.35
1. Term Loan		
Total	21.00	16.35
Notes:		
Details of the secured Long-Term Borrowings:		
ICICI Car Loan -Volvo Car	14.79	-
Axis Bank -Skoda Car Loan	0.79	7.77
	15.58	7.77

**2.5 DEFERRED TAX LIABILITIES**

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Deferred Tax Liabilities</b>		
- On account of Depreciation	-	-
<b>Deferred Tax Assets</b>		
- On disallowances of expenses	-	-
Total	-	-

**2.6 OTHER LONG TERM LIABILITIES**

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
(A) Trade Payables (Including Acceptance)	5.82	4.09
(B) Other Payables		
Advance from Customers	-	-
Security Deposit From Tenants	-	-
Total	5.82	4.09

**2.7 SHORT TERM BORROWINGS**

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>SECURED</b>		
<b>A LOANS REPAYABLE ON DEMAND</b>		
<b>I BOB-Cash Credit (Secured)</b>	-	0.64
<b>II BOB-Overdraft from Bank (Secured)</b>	384.86	-
<b>III BOB-Foreign Letter of Credits (Secured)</b>	-	6,027.56
<b>IV Bank Loan (Secured)</b>	-	-
Total	384.86	6,028.20
Notes:		
1. Details of the secured short-term borrowings:		
Working Capital Loan from banks:		
A <b>Bank of Baroda (Cash Credit)</b>	-	0.64
<b>Bank of Baroda (Overdraft Against FDR)</b>	384.86	-
<b>Bank of Baroda (Letter Of Credit)</b>	-	6,027.56
<b>Car Loan</b>	-	-
- <b>Volvo Car Loan-ICICI Bank</b>		
Total	384.86	6,028.20

**2.8 TRADE PAYABLE**

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
a. Trade Payables		
- Other Creditors Payable	6.14	30.79
Total	6.14	30.79

**2.9 OTHER CURRENT LIABILITIES**

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Statutory Dues	9.19	92.91
Other Payables	0.50	0.54
Statutory Remittances	0.08	0.41
Current Maturity	13.32	10.31
Other Payables	0.66	0.58
Advance From Customers	398.21	-
Total	421.96	104.75

**2.10 SHORT- TERM PROVISIONS**

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Provision for Employee Benefits</b>		
Contribution to Provident Funds	0.10	0.62
ESIC Payable	0.05	0.27
Provision for TDS	0.65	1.88
Provisions for Others	0.14	0.08
Provision For Income Tax	5.89	13.76
Total	6.83	16.61



## VMS Industries Limited

### 2.11 TANGIBLE ASSETS

ASSETS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As On 01.04.14	Addition During The Year	Deductions As On 31.03.2015	Total 31.03.2015	As On 01.04.14	Rate Of Dep	Dep For The Year	Deduction/ Adjustment/ Write Back	Total As On 31.03.2015	As On 31.03.2015	As On 31.03.2014
Building	2.08	-	-	2.08	0.31	3.76	0.08	-	0.39	1.69	1.77
Plant & Machinery	0.71	-	-	0.71	0.15	9.36	0.07	-	0.22	0.49	0.56
Weigh Bridge	6.21	-	-	6.21	1.25	9.37	0.58	-	1.83	4.38	4.96
Winch	143.28	-	-	143.28	16.95	8.35	11.32	-	28.27	115.01	126.33
Wire Rope	23.58	-	-	23.58	1.58	7.89	1.86	-	3.44	20.14	22.00
Crane	239.38	-	-	239.38	27.37	8.20	18.95	-	46.32	193.06	212.01
Oxygen Clinder & tank	244.26	1.43	49.44	196.25	88.01	6.77	13.98	20.71	81.28	114.96	156.24
DG Sets	1.67	-	-	1.67	0.15	8.20	0.11	-	0.27	1.40	1.52
Computer	7.66	-	-	7.66	7.36	45.77	0.24	-	7.59	0.07	0.30
C.C.TV CAMERA	-	0.57	-	0.57	-	20.00	0.09	-	0.09	0.48	-
Honda Civic	5.04	-	-	5.04	0.20	13.54	0.68	-	0.88	4.16	4.84
Volvo Car	-	40.01	-	40.01	-	12.50	4.54	-	4.54	35.48	-
Godrege RHINO Safe	0.11	-	-	0.11	0.00	13.56	0.02	-	0.02	0.09	0.11
Corporate Office	42.01	-	-	42.01	2.81	3.51	1.47	-	4.28	37.73	39.21
Furniture	40.55	-	-	40.55	7.05	18.33	5.43	-	12.48	28.07	33.50
Office Equipments	2.07	-	-	2.07	0.48	3.46	0.07	-	0.55	1.52	1.59
Veicals	67.43	-	0.85	66.58	16.21	18.68	12.44	0.30	28.35	38.23	51.22
Printer	0.24	-	-	0.24	0.03	31.41	0.07	-	0.10	0.13	0.21
Fax Machine	0.20	-	-	0.20	0.20	-	0.00	-	0.20	0.00	0.00
Varun Gases	12.65	-	-	12.65	0.00	-	0.00	-	-	12.65	12.65
Freehold land	163.11	-	-	163.11	-	-	-	-	-	163.11	163.11
Veicals	7.77	-	0.30	7.47	-	-	-	-	-	7.47	7.77
Borewell	3.57	-	-	3.57	-	-	-	-	-	3.57	3.57
Plant & Machinery	10.96	1.32	-	12.29	-	-	-	-	-	12.29	10.96
Weighbridge	6.51	0.07	-	6.58	-	-	-	-	-	6.58	6.51
<b>T O T A L</b>	<b>1,031.05</b>	<b>43.41</b>	<b>50.59</b>	<b>1,023.87</b>	<b>170.11</b>	<b>-</b>	<b>72.00</b>	<b>21.01</b>	<b>221.10</b>	<b>802.77</b>	<b>860.94</b>
PREVIOUS YEAR	1,132.26	50.59	343.72	839.13	115.99	-	66.72	(0.44)	182.27	656.86	1,016.27
<b>B. CAPITAL WORK IN PROGRESS</b>											
Factory Building	101.92	54.55	-	156.47	-	-	-	-	-	156.47	101.92
Factory Shed	15.77	-	-	15.77	-	-	-	-	-	15.77	15.77
Electric Installation	0.54	0.13	-	0.67	-	-	-	-	-	0.67	0.54
Furniture & Fixtures	0.12	0.18	-	0.30	-	-	-	-	-	0.30	0.12
Plant & Machinery	3.70	14.16	-	17.87	-	-	-	-	-	17.87	3.70
Pre- Operative Exp (Allocation pending)	74.16	68.99	-	143.15	-	-	-	-	-	143.15	74.16
<b>Sub Total (B)</b>	<b>196.21</b>	<b>138.02</b>	<b>-</b>	<b>334.23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>334.23</b>	<b>196.21</b>
<b>TOTAL</b>	<b>1,227.26</b>	<b>181.43</b>	<b>50.59</b>	<b>1,358.28</b>	<b>170.11</b>	<b>-</b>	<b>72.00</b>	<b>21.01</b>	<b>221.10</b>	<b>1,137.18</b>	<b>1,057.15</b>

### 2.12 NON CURRENT INVESTMENT

Particulars	As at March 31, 2015	As at March 31, 2014
<b>A LONG TERM INVESTMENTS (AT COST)</b>		
a Investments In partnership Firms	428.54	261.20
b Investments in Government securities	0.29	0.29
c Investments VARUN GASES OTHER THEN FIXED ASSETS	0.14	0.14
Total	428.97	261.63

### 2.13 DEFERRED TAX ASSETS

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Deferred Tax Assets</b>		
- On account of Depreciation	22.41	17.38
<b>Deferred Tax Assets</b>		
- On disallowances of expenses	-	-
Total	22.41	17.38



**2.14 LONG TERM LOANS & ADVANCES**

<i>Particulars</i>	As at March 31, 2015	As at March 31, 2014
<b>A Security Deposits</b>		
Secured, considered good	2.11	2.01
Unsecured, considered good	0.27	2.52
<b>B Unsecured, Considered good</b>		
Loans and advances to:		
- Others	43.10	67.34
<b>C Balance with Revenue Authorities</b>	189.03	141.81
Total	234.51	213.68

**2.15 OTHER NON-CURRENT ASSET**

<i>Particulars</i>	As at March 31, 2015	As at March 31, 2014
Share Issue Expenditure	94.32	109.86
Misc. Expenditure to the extent not w/off	-	0.73
(A)	94.32	110.59

**2.16 INVENTORIES**

<i>Particulars</i>	As at March 31, 2015	As at March 31, 2014
<b>A RAW MATERIALS &amp; COMPONENTS (Valued at Cost)</b>		
Closing Balance Of Uncut Ship	55.20	2,902.43
<b>B TRADED GOODS</b>		
Closing Balance	-	-
Total (A+B)	55.20	2,902.43

**2.17 TRADE RECEIVABLES**

<i>Particulars</i>	As at March 31, 2015	As at March 31, 2014
Trade receivables outstanding		
Less than six months		
Unsecured, Considered good	-	935.83
(A)	-	935.83
Trade receivables outstanding		
More than six months		
Unsecured, Considered good	381.13	82.10
(B)	381.13	82.10
Total (A+B)	381.13	1,017.93

**2.18 CASH & CASH EQUIVALENTS**

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Cash in Hand	7.57	21.25
<b>Balances with scheduled banks</b>		
- In Deposit Account	500.00	500.00
- In Current Account	437.12	2,773.95
	944.69	3,295.20
The details of balances as on balance sheet dates with banks are as follows:		
<b>In current account</b>		
State Bank Of India	0.60	6.74
Indian Overseas Bank	0.00	0.05
ICICI Bank Ltd 027205003793	-	0.05
ICICI BANK (S.G. AHMEDABAD)- 029505001788	26.52	16.32
Allahabad Bank Mumbai	0.00	0.02
Allahabad Bank Bhanagar	-	0.06
Corporation Bnak (Cbca 01000249)	-	0.02
BOB CURRENT A/C.NO.08490200001462	0.04	0.06
Bank of Baroda- Makarba Branch	0.87	263.89
BOB C/C A/C.NO.08490500000109	0.00	-
Oriental Bank of Commerce, Bhavnagar -A/C 104	0.15	0.14
FDR with allahabad bank	500.00	500.00
FDR BOB-For Ship	395.00	2,484.00
Total	923.18	3,271.35

**2.19 SHORT-TERM LOANS & ADVANCES**

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
(Unsecured, considered good)		
Loans and advances to:		
Others	2,714.19	2,314.37
Balance with Statutory/Government Authorities	0.36	2.16
	2,714.55	2,316.53

**2.20 OTHER CURRENT ASSETS**

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Balance with Statutory/Government Authorities	4.42	
Deposits	-	0.10
Interest accrued on FDR	44.19	30.65
Advances to Suppliers	56.86	95.76
Prepaid Expenses	0.78	1.05
	106.25	127.56

**2.21 REVENUE FROM OPERATIONS**

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Sales Of Products	8,247.48	11,638.33
Sales Of Trading Goods		
- Local Sales	-	
	8,247.48	11,638.33
Less: Excise Duty paid	19.28	29.29
Total	8,228.20	11,609.04



**2.22 OTHER INCOME**

<i>Particulars</i>	As at March 31, 2015	As at March 31, 2014
Interest Income On		
From Other Parties	216.35	218.06
Interest On FDR	147.15	104.02
Rent Income	2.40	3.00
Share Of Profit From Partnership Firm	3.64	17.09
Other Non Operating Income	0.17	0.04
written back of amortization of fund	-	1.57
Total	369.71	343.78

**2.23 COST OF MATERIALS CONSUMED**

<i>Particulars</i>	As at March 31, 2015	As at March 31, 2014
Inventory At The Beginning Of The Year	2,902.43	1,289.41
Add: Purchase Of Raw Material	4,760.13	11,808.58
	7,662.56	13,097.99
Less: Inventory At The End Of The Year	55.20	2,902.43
Cost Of Raw Material Consumed	7,607.36	10,195.56

**2.24 PURCHASE OF STOCK-IN-TRADE**

<i>Particulars</i>	As at March 31, 2015	As at March 31, 2014
Inventory at the Beginning of the Year		
- Finished Goods (Trading )	-	-
Total	-	-
INVENTORY AT THE END OF THE YEAR		
- Finished Goods (Trading )	-	-
Total	-	-
Increase/(Decrease) In Finished Stock (A-B)	-	-

**2.25 MANUFACTURING & OPERATING COSTS**

<i>Particulars</i>	As at March 31, 2015	As at March 31, 2014
Gases & Carbide	83.47	187.90
Consumable Expenses	12.00	16.37
Plot Rent & Development Charges	12.67	12.70
Duty Paid On Oil	12.06	-
Pollution Control Expenses	0.89	2.11
Total	121.09	219.08

**2.26 CHANGES IN INVENTORIES OF FINISHED GOODS**

<i>Particulars</i>	As at March 31, 2015	As at March 31, 2014
INVENTORY AT THE BEGINNING OF THE YEAR		
- Finished Goods (Trading )	-	516.32
(A)	-	516.32
INVENTORY AT THE END OF THE YEAR		
- Finished Goods (Trading )	-	-
(B)	-	-
Increase/(Decrease) In Finished Stock (A-B)	-	516.32

**2.27 EMPLOYEE BENEFITS EXPENSES**

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Salaries & Wages	48.69	76.31
Bonus Expenses	8.28	12.57
Contribution to Provident Funds	4.32	4.78
Contribution to ESIC	1.82	2.50
Staff Welfare / Workmen Compensation Expenses	7.00	2.03
<b>Total</b>	<b>70.11</b>	<b>98.19</b>

**2.28 FINANCE COSTS**

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Bank Commission & Charges	83.53	48.64
<b>Interest Expenses On :</b>		
Bank For Car Loans	1.40	2.45
<b>INTEREST PAID TO :</b>		
Bank For C/C	27.37	29.32
Others	56.05	73.16
<b>Total</b>	<b>168.35</b>	<b>153.57</b>

**2.29 OTHER EXPENSES**

<i>Particulars</i>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>ADMINISTRATIVE EXPENSES</b>		
Computer Charges	0	0.31
Donation	0.24	0.36
Electric Expenses	2.12	2.25
Insurance	1.60	2.23
Rebate & Discount/Written Off	11.31	0.34
Legal & Professional Expenses	8.68	11.27
Office Expenses	0.84	1.06
Payment to Auditors	0.57	0.84
Postage And Courier Charges	0.19	0.21
Printing & Stationery	0.82	0.89
Professional Tax	0.40	0.57
Salary To Directors	-	-
Repairs & Maintenance	0.62	0.82
Security Charges	36.06	24.00
Services Tax Expenses	14.16	3.44
Share Demat Charges	5.20	7.71
Telephone Expenses	1.67	1.81
Travelling Expenses	1.98	2.61
Vehicle Running & Maintenance	4.53	4.43
<b>Sub Total</b>	<b>91.28</b>	<b>65.15</b>
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
Brokerage & Commission Expenses	7.47	9.69
Sales Tax	359.67	474.41
<b>Sub Total</b>	<b>367.14</b>	<b>484.10</b>
<b>Total</b>	<b>458.42</b>	<b>549.25</b>
<b>* PAYMENT TO AUDITOR</b>		
As Auditor :		
Audit Fee	0.57	0.83
Tax Audit Fee	-	-
Limited Review	-	-
<b>Total</b>	<b>0.57</b>	<b>0.83</b>



2.30 TAX EXPENSES

Particulars	As at March 31, 2015	As at March 31, 2014
Current tax:		
- Income taxes	37.46	45.00
Deferred taxes	(5.03)	0.91
Taxes of earlier years w/off	-	-
Total	32.43	45.91

2.31 COMMITMENTS AND CONTINGENT LIABILITIES

Amount (In lacs)

Particulars	As at March 31, 2015	As at March 31, 2014
Claim against the company not acknowledge as debts	Nil	Nil
Bank guarantee	Nil	Nil
Corporate Guarantee for Partnership Firm	480.00	170.00

A. There is demand of Income tax for the A.Y 2007-08, A.Y.2010-11 and A.Y.2012-13 of Rs.523.57 lacsRs.8.99 Lacs and Rs.15.33 respectively raised by Assessing Officer u/s 143(3). The company has filed appeal before CIT. in the opinion of the Management the company has fair chances of succeeding in the said appeal. therefor no provision has been made for the said demand.

B. There is a demand from deputy commissioner of commercial tax division -9 of Bhavnagar for F.Y.2009-10 was RS.19,27,984/- & for F.Y.2010-11 Rs.34,72,252/-,both are standing against the 1st appeal authority.

2.32 FIXED DEPOSIT UNDER LIEN:-

Amount (In lacs)

Particulars	As at March 31, 2015	As at March 31, 2014
Fixed deposits under lien with bank for Bank Guarantee, Letter of Credit and Others.	895.00	2,984.00

2.33 Related Party Disclosures:-

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

**Key Managemrial personnel on the board**

Mr. Manoj Kumar Jain

Smt. Sangeeta Jain

Mr. Ajit Kumar Jain

Mr Varun Manoj Jain

Mr Vaibhav Manoj Jain

**Relatives of Key Managerial Personnel**

Mr. Subhodh Ajit Jain Relative of Key Managerial Person

Mr. Naveen Ajit Jain Relative of Key Managerial Person

Smt. Ritu Rajeev Agrawal Relative of Key Managerial Person

**Enterprises over which Key Managerial Personnel exercises significant influnce**

Eternal Automobiles As Partnership firm in which Company is partner

Eternal Motors Pvt Ltd Enterprises over which Director's relative exercies significant influence

Eternal Tours & Travels Enterprises over which Director's relative exercies significant influence



b) Particulars of Related Party Transactions:-

(₹ In Lacs)

Nature of transactions	Key Managerial Personnel		Enterprises controlled by Key Managerial Personnel and their relatives	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
<b>Advances</b>				
Eternal Automobiles	-	-	7.00	-
<b>Capital in Partnership Firm</b>				
Eternal Automobiles	-	-	418.30	261.20
<b>Director Remuneration</b>				
Key Managerial Personnel				
Mr. Manoj Kumar Jain	18.00	12.00	-	-
Smt. Sangeeta Jain	18.00	12.00	-	-
Mr. Varun Kumar Jain	12.00	8.00		
Mr. Vaibhav Kumar Jain	6.00	5.50		
<b>Services Charges paid</b>				
Eternal Tours & Travels	-	-	0.33	0.99
<b>Corporate guarantee to banks for banks limits where company is partner</b>				
Eternal Automobiles	-	-	480.00	170.00
<b>Interest Paid</b>				
Key Managerial Personnel				
Mr. Manoj Kumar Jain	-	1.56		
Smt. Sangeeta Jain	-	0.73		
<b>Rent Paid</b>				
Key Managerial Personnel				
Mr. Manoj Kumar Jain	5.00	4.50		
<b>OUTSTANDING BALANCES AS ON MARCH 31, 2015</b>				
<b>Receivable:</b>				
<b>Capital in Partnership Firm</b>				
Eternal Automobiles	-	-	418.31	261.20
<b>Payable</b>				
Varun Gases	-	-	5.00	-
Eternal Tours & Travels	-	-	-	0.16

**Note No:- 2. 33**

In the opinion of the Board of Directors, Current Assets, Loans & Advances have a value of realisation at least equal to the amount at which they are stated in the Balance Sheet. Adequate provision have been made in the accounts for all the known liabilities.

**Note No:- 2. 34**

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

**Note No:- 2. 35**

Previous years figures have been regrouped/rearranged wherever necessary so as to make them comparable with current years figures.

As per our Audit Report of even date

**For P.D.Goplani & Associates**

Chartered Accountants

FRN : 118023W

**CA. Savan Shah**  
Partner

Mem No.144870

Place : Ahmedabad

Date : 29th May, 2015

**For and on behalf of Board of Directors**

**Manoj Kumar Jain** Managing Director

**Ms. Sangeeta Jain** Whole Time Director

**Himanshu Shah** Chief Financial Officer

**Hemal Patel** Company Secretary

Place : Ahmedabad

Date : 29th May, 2015



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

23rd ANNUAL GENERAL MEETING

I /We hereby record my / our presence at the 23rd Annual General Meeting of the Company to be held at 808/C PINNACLE BUSINESS PARK, CORPORATE ROAD, PRAHLADNAGAR, AHMEDABAD-380015 on Wednesday, the 30th September, 2015 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 2014-15 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 2014-15 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 23rd Annual General Meeting to be held on Wednesday, the 30th September, 2015 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
	<b>ORDINARY BUSINESS</b>		
1.	Adoption of Financial Statements for the year ended 31 <sup>st</sup> March, 2015		
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 & Associates, Chartered Accountant		
	<b>SPECIAL BUSINESS</b>		
5.	Adoption of New Articles of Association of the Company as per Table F of Companies Act, 2013		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

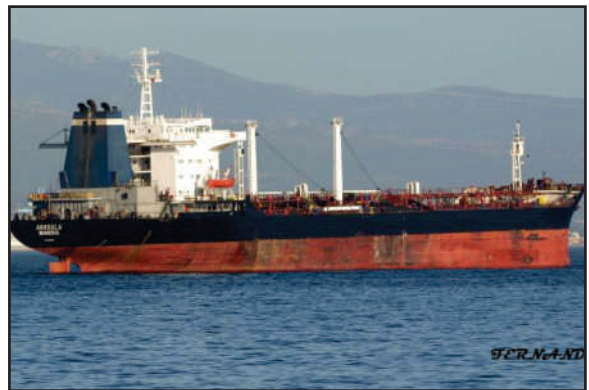
Signature of Shareholder \_\_\_\_\_

Signature of Proxy holder (s) \_\_\_\_\_

Affix  
Re 1  
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 23<sup>rd</sup> 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)