



VMS INDUSTRIES LIMITED



Annual Report
2016-2017

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
ICICI Bank Ltd.

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 25th Annual General Meeting of the members of M/s VMS Industries Limited will be held at 11.00 A.M. on Friday, 29th day of September, 2017 at the Registered Office of the Company at 808/C Pinnacle Business Park, Corporate Road, Prahladnagar, Ahmedabad-380015 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2017 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 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.
3. To appoint the Auditor and to fix their remuneration and in this regards pass with or without modification(s) the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provision of Section 139, 142 and other applicable provision, if any, of the Companies Act, 2013 (corresponding to Section 224 and other applicable provision, if any, of the Companies act, 1956), M/s S N SHAH & Associates (Firm Reg. No.109782W), Chartered Accountant, be and are hereby appointed as the Statutory Auditors of the Company in place of retiring Statutory Auditor M/s P D Goplani & Associates., Chartered Accountants, Ahmedabad, who have expressed their unwillingness to continue as auditor of the Company.

"RESOLVED FURTHER THAT M/s S N SHAH & Associates, Chartered Accountants, shall hold office from the conclusion of this Annual General Meeting till the conclusion of the 30th Annual General Meeting i.e for period of five years (after commencement of the Companies Act, 2013), subject to ratification by the shareholder annually, at a remuneration to be decided by the Board of Directors in consultation with the Auditor plus applicable service tax and re-imburement of travelling and out of pocket expenses incurred by them for the purpose of audit."

SPECIAL BUSINESS:

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

"RESOLVED THAT in accordance with the provision of section 196, 197 and 203 read with schedule V and all other applicable provision of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managing Personnel) Rule, 2014 (including any statutory modification(s) or re enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Mrs. Sangeeta Jain, (DIN: 00125273) as Whole Time Director, designated as Executive Director of the Company, for a period of 5 (Five) Years with effect from 01st October, 2017 which would result in concurrent termination of earlier appointment and on terms and condition including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and vary the terms and condition of the said re-appointment and/ or remuneration to Mrs. Sangeeta Jain, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

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

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

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

"RESOLVED THAT in accordance with the provision of section 196, 197 and 203 read with schedule V and all other applicable provision of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managing Personnel) Rule, 2014 (including any statutory modification(s) or re enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Mr. Manoj Kumar Jain, (DIN: 02190018) as Managing Director, designated as Executive Director of the Company, for a period of 5 (Five) years with effect from 01st October, 2017 and the said appointment will result in concurrent termination of earlier appointment due to substantial change in terms and conditions in the appointment. The new terms and condition including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Director (hereinafter referred to as "the Board" which shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and vary the terms and condition of the said re-appointment and/ or remuneration to Mr. Manoj Kumar Jain, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

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



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

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

“RESOLVED THAT pursuant to section 188 and other applicable provisions of the Companies Act, 2013 and the rules made there under including any modification or amendments or clarifications thereon, if any, and pursuant to the revised Regulation 27(2)(b) SEBI Listing Obligation and Disclosure Requirements Regulation, 2015 as applicable thereto as are made from time to time and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, approval of the shareholders be and is hereby accorded to the Board of Directors to enter into a contract(s)/ arrangement(s)/ transaction(s)/ Loan and advance(s) with M/s Aditya Ultra Steel Private Limited, a related party within the meaning of the aforesaid law, on such terms and conditions as may be mutually agreed upon, up to a maximum amount of Rs. 50 crore from the financial year 2017-18 and onward provided, however that contract(s)/ transaction(s) so carried out shall at all times be on arm’s length basis and in the ordinary course of the Company’s business.’

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to settle any question, difficulty or doubt that may arise with regard to giving effect to the above Resolution; sign and execute necessary documents and papers on an ongoing basis and to do and perform all such acts, deeds and things as may be necessary or in its absolute discretion deem necessary, proper, desirable and to finalize any documents and writings in this regard.

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers conferred on it by or under this Resolution to any Committee of Directors of the Company or to any one or more Directors of the Company or any other officer(s) or employee(s) of the Company as it may consider appropriate in order to give effect to this Resolution.”

By Order of Board of Directors
For: VMS INDUSTRIES LIMITED

Place :- Ahmedabad
Date :- 31st August, 2017

Hemal Patel
Company Secretary

NOTES:

- A. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (MEETINGS) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy from duly completed and signed, should be lodged with the company, at its registered office at least 48 hours before the time of the meeting
- B. Pursuant to the provision of Section 91 of the Companies Act, 2013 (corresponding to 154 of the companies act, 1956), the registered of members and share transfer books of the company will remain closed from Saturday 23rd September, 2017 to Friday 29th September, 2017 (both day inclusive).
- C. 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.
- D. The Notice of the 25th 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 1st September, 2017. Members may also note that the notice of the 25th AGM and the Annual Report 2016-17 will be available on the company’s website www.vmsil.com
- E. 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.
- F. 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 25th 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 and casted your vote earlier for EVSN of any Company, then your existing login id and password are to be used.
 - (ii) Log on to the e-voting website www.evotingindia.com
 - (iii) Click on “shareholders” tab to cast your votes.
 - (iv) Now select the Electronic Voting Sequence Number – “170902040” 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 you 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 (ivi).
- (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 26th September, 2017 (9.00 a.m.) and ends on 28th September, 2017 (6.00 p.m.) During these period shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22nd September, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (E) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQs) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdsl.india.com. You may also contact to Mr. Narshiman, M/s. Cameo Corporate Services Private Limited, Tel No. 044 - 28460390-395 , email : narasimhan@cameoindia.com.
- (F) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 22nd September, 2017.
- (G) K. Jatin & Co., Practicing Company Secretary, (Membership No. 26725) has been appointed as the Scrutinizer to scrutinize the e-voting process (including the physical ballots received from members who don't have access to the e-voting process) in a fair and transparent manner.
- (H) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.



- (I) The Results shall be declared at the AGM of the Company. The result will be announced to the Stock Exchanges where the shares of the Company are listed and will also be displayed on the Company's website www.vmsil.com
- (J) Members are requested to notify the change in the address, if any. In case of shares held in electronic form to the concerned Depository Participant quoting their Client ID and in case of physical shares to the Registrar and Transfer Agent of the Company quoting their Folio Number.
- (K) This notice is being issued having regard to provisions of section 108 and 110 of the Companies Act 2013, General circular no. 20/2014 Government of India.

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

Place :- Ahmedabad
Date :- 31st August, 2017

Hemal Patel
Company Secretary

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013 WITH RESPECT TO THE SPECIAL BUSINESSES

Item No. 4 & 5,

The Board of Directors of the Company (the 'Board'), at its meeting held on August 31, 2017 has, subject to the approval of members, re-appointed Mrs Sangeeta Jain as Whole Time Director, for a period of 5 (Five) years from the expiry of his present term, which expired on 30th September, 2022, at the remuneration recommended by the Remuneration Committee of the Board and approved by the Board.

Further, the Board at its meeting held on August 31, 2017 has, subject to the approval of members, re-appointed Mr Manoj Kumar Jain as Managing Director for a period of 5 (Five) years before the expiry of his present term, which will expire on September 30, 2022, at the remuneration recommended by the Remuneration Committee of the Board and approved by the Board. It is proposed to seek the members' approval for the re-appointment of and remuneration payable to Mrs Sangeeta Jain as Whole Time Director and Mr. Manoj Kumar Jain as Managing Director in terms of the applicable provisions of the Act. Broad particulars of the terms of re-appointment of and remuneration payable to Mrs Sangeeta Jain and Mr Manoj Kumar Jain are as under:

Sr No.	Name	Salary Per Month
1	Mrs Sangeeta Jain	4,00,000/-
2	Mr Manoj Kumar Jain	4,00,000/-

Reimbursement of Expenses:

Expenses incurred for travelling, board and lodging including for their respective spouses and attendant(s) during business trips, any medical assistance provided including for their respective family members; and provision of cars for use on the Company's business and telephone expenses at residence shall be reimbursed at actual and not considered as perquisites.

General:

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

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

Brief resume of Mrs Sangeeta Jain and Mr Manoj Kumar Jain, nature of their expertise in specialize functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships amongst directors inter-se as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges, are provided as under;

Ms Sangeeta Jain is the Whole Time Director of the Company. She holds a Master degree in Arts from C.S.J.M University, Kanpur. She is having around 23 years of experience in the area of administration and marketing . She is associated with our Company since its Incorporation. She is in charge of administration and liaisioning functions. She is also partner in M/s Eternal Automobiles from July 2002 and is looking after all activities of said partnership firm engaged as Dealer of Honda Motorcycle and Scooter India Pvt Ltd.



Brief resume of the Whole Time Director as under;

Name of the Director	Mrs. Sangeeta Jain	
Date of Birth	22 nd January, 1968	
DIN	00125273	
Qualification	M.A	
Experience in specific functional areas	Mrs Sangeeta Jain is the the Whole Time Director of the Company. She holds a Master degree in Arts from C.S.J.M. University, Kanpur. She is having around 19 years of experience in the areas of administration and marketing. She is associated with our Company since its incorporation. She is in-charge of administration and liaisoning functions. She is also partner in M/s Eternal Automobiles from July 2002 and is looking after overall activities of said partnership firm engaged as Dealer of Honda Motorcycle and Scooter India Pvt. Ltd	
List of other Companies in which Directorship is held	VMS TMT PVT LTD	
Chairman / Member of the Committees of the Board of other Companies in which she is a Director	1	
The details of shares held by the Directors and their relatives	No. of Shares	% in Holding
SANGEETA JAIN	22,92,264	13.91
MANOJ KUMAR JAIN	61,68,100	37.44
VARUN JAIN	6,24,800	3.79
VAIBHAV JAIN	2,40,000	1.46
TOTAL	93,25,164	56.61

Brief resume of the Managing Director as under;

Name of the Director	Mr. Manoj Kumar Jain	
Date of Birth	18 th December, 1961	
DIN	02190018	
Qualification	B. Com, Chartered Accountant	
Experience in specific functional areas	He is having over 20 years of experience in various fields such as finance, taxation consultancy and ship recycling and off shore Industrial and other business activities. He is examining and advising on Purchase of Old ships and finalizes the deals with the suppliers. He is also guiding on off shore activities and is arranging finance for the business of the company	
List of other Companies in which Directorship is held	VMS TMT PVT LTD	
Chairman / Member of the Committees of the Board of other Companies in which he is a Director	Nil	
The details of shares held by the Directors and their relatives	No. of Shares	% in Holding
MANOJ KUMAR JAIN	61,68,100	37.44
SANGEETA JAIN	22,92,264	13.91
VARUN JAIN	6,24,800	3.79
VAIBHAV JAIN	2,40,000	1.46
TOTAL	93,25,164	56.61

Mrs Sangeeta Jain and Mr Manoj Kumar Jain are interested in the resolutions set out respectively at Item Nos. 4 and 5 of the Notice, which pertain to their respective re-appointments and remuneration payable to each of them.

The relatives of Mrs Sangeeta Jain and Mr Manoj Kumar Jain may be deemed to be interested in the resolutions set out respectively at Item Nos. 4 and 5 of the Notice, to the extent of their shareholding interest, if any, in the Company.

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



Item No.6

Pursuant to provisions of Section 188 of the Companies Act, 2013, the Companies (Meeting of Board and its Powers) Rules, 2014, the Related Party Transactions as mentioned in clause (a) to (g) of the said Section require a Company to obtain prior approval of the Board of Directors and subsequently the Shareholders of the Company by way of ordinary resolution in case the value of the Related Party Transactions exceeds the stipulated thresholds prescribed in Rule 15 of the said Rules and transactions other than in ordinary course of business and on arm's length basis.

SEBI (LODR) Regulations, 2015, also requires that all material related party transactions shall require approval of the shareholders through ordinary resolution.

Accordingly, on recommendation of Audit Committee, Board of Directors of the Company has in its meeting held on February 14, 2017 approved related party transaction and now seek approval of the Shareholders by way of Ordinary Resolution under Section 188 of the Companies Act, 2013, the Companies (Meeting of Board and its Powers) Rules, 2014 and SEBI (LODR) Regulations, 2015 to enable the Company to enter into following Related Party Transaction in one or more tranches. The transaction under consideration is proposed to be enter is in the ordinary course of business and at arm length basis.

However, considering the nature of agreements which are peculiar in nature in respect of each working site, Company as an abundant caution is taking necessary approval of the shareholders under Section 188 also.

The Company envisages that the transaction(s) entered into with M/s. Aditya Ultra Steel Pvt Ltd whether individually and/or in aggregate would exceed the stipulated threshold of ten percent of the annual consolidated turnover of the Company as per the last audited and financial statements of the Company during a financial year of the Company. The Company therefore requires approval of the shareholders through a Special Resolution for entering into contract(s)/ arrangement (s)/ transaction(s) with M/s. Aditya Ultra Steel Pvt Ltd upto a maximum amount as mentioned in the respective resolutions from the financial year 2017-2018 and onward.

Although approval of the shareholders would not be required under the provisions of Section 188 of the Companies Act, 2013 and the rules framed there under for the specified transactions with this Company, the same is being sought as an abundant precautionary measure.

All related parties shall abstain from voting on these resolutions.

The relevant information is as follows :-

Sr No.	Particulars	Details
1	Name of related parties	M/s. Aditya Ultra Steel Private Limited
2	Name of Director or KMP who is related	Mr Manoj Kumar Jain Managing Director & Mrs Sangeeta Jain Whole Time Director and Mr. Ajit Jain, Director of the Company are interested in the proposed resolution.
3	Nature of relationship	Mr Manoj Kumar Jain Managing Director & Mrs Sangeeta Jain Whole Time Director are father Mother of Varun Jain who is Director of M/s Aditya Ultra Steel Private Limited
4	Monetary value	The estimated aggregate contract value for the matters proposed in the resolution shall not exceed Rs. 50 crores annually for each of M/s Aditya Ultra Steel Private Limited
5	Nature, material terms and particulars of arrangement	Purchase / Sale of material / Services by the Company from and the Purchase / sale / services / Loan and advances of Company's product(s) to these companies are dependent on the requirement of the Company for its products from time to time and ability of supply of specified material by these companies. However, such transactions would at all times be on arm's lengths basis and in the ordinary course of the Company's business.
6	Any advance paid or received for the arrangement, If any	Nil.

Mr. Ajit Jain, Mr. Manoj Kumar Jain and Sangeeta Jain are interested on above resolution.

None of the other Directors and Key Managerial Personnel or their relatives is in any way concerned or interested in the resolution.

The Board of Directors recommends the above special resolutions for your approval.

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

Place :- Ahmedabad
Date :- 31st August, 2017

Hemal Patel
Company Secretary



DIRECTORS' REPORT

Dear Shareholders,

Your Directors present herewith their 25th (Twentieth Fifth) Annual Report of your Company together with the Audited Annual Accounts of the Company for the year ended 31st March, 2017.

FINANCIAL RESULTS

The financial performance of the Company for the Year ended 31st March, 2017 is summarized as below:-

(₹In Lacs)

Particulars	STANDALONE		CONSOLIDATED	
	Year Ended on 31.03.2017	Year Ended on 31.03.2016	Year Ended on 31.03.2017	Year Ended on 31.03.2016
Income / Receipts from Operations	11411.67	10,179.95	11,473.84	10,179.95
Other Income	362.53	424.09	403.82	424.09
Total Income	11774.20	10,604.04	11,877.66	10,604.04
Earning Before Financial Charges, Depreciation, and Taxation (EBITDA)	258.40	307.53	300.80	307.53
Financial Charges	42.85	132.81	82.32	132.81
Depreciation	43.27	34.98	43.26	34.98
Profit Before Tax (PBT)	172.28	139.74	175.22	139.74
Less: Provision for Taxation including Deferred	73.21	44.53	74.12	44.53
Less Extra Ordinary Item	-	-	-	-
Profit After Tax (PAT)	99.07	95.21	101.10	95.21
Profit Brought Forward from Previous Year	980.07	884.86	980.07	884.86
Profit Available for Appropriation	1079.14	980.07	1081.17	980.07
Balance Carried to Balance Sheet	1079.14	980.07	1081.17	980.07

OPERATIONS REVIEW

During the year, under review, the revenue from operations amounted to ₹ 11,411.67 lacs as against the previous year figure of ₹ 10,179.95 lacs, a growth of 12.10 % approx. In spite of overall slowdown in the economy, the Company was able to generate Net Profit After Tax amounted to ₹ 99.07 lacs as against the previous year figure of ₹ 95.21 lacs.

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 2016-17.

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 Company has one subsidiaries company M/s VMS TMT PVT LTD but does not have any associate company and joint ventures within the meaning of Section 2(6) of the Companies Act, 2013.

A statement containing the salient features of the financial statement of the Company's subsidiary under the provisions of Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014 has been annexed as Annexure-I in prescribed form AOC-1.



PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. Particulars of Contract with Related party is attached as AOC-2 in Annexure-I

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

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo as required under Section 134 (3) (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 for the financial year ended 31st March 2017 are given in Annexure - II attached hereto and forming part of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

As required under the provisions of Listing Obligation & Disclosure Requirements Regulations, 2015, 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

PARTICULARS OF EMPLOYEES

There are no employees in the Company whose particulars are required to be provided under Section 197(12) of the Companies Act, 2013 Details of which is attached as Annexure-IV.

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, 2017 is annexed as Annexure-V to this Report.

SECRETARIAL AUDIT REPORT

Pursuant to Section 204 of the Act, the Secretarial Audit Report for the Financial Year ended 31st March, 2017 given by M/s. Jalan Alkesh & Associates, Practising Company Secretary is annexed as Annexure VI to this Report.

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 LODR Regulations, 2015, 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 STATUTORY AUDITOR

The Company's Auditors, M/s. P D Goplani & Associates, Chartered Accountant, Bhavnagar has expressed their unwillingness to continue as a Statutory Auditors. The Company had received notice in writing from the members proposing the name of M/s S N Shah & Associates, Chartered Accountants, Ahmedabad for appointment as Statutory Auditors. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed there under for appointment as Auditors of the Company.

DIRECTORS

Mrs. Sangeeta Jain (DIN: 00125273) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers herself 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 her 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 her expertise in specific functional areas and names of the Public Limited Companies in which she hold Directorships and Memberships / Chairmanships of Committees of the Board and their shareholding in the Company, as stipulated under LODR, 2015 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 134(5) of the Companies, Act, 2013, the Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, in the case of a listed Company, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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, 2017.

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 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:

STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Listing Obligation & Disclosure Requirements Regulations, 2015, the Company has framed Risk Management Policy. The details of the policy are as updated on website of the Company www.vmsil.com. The risk management includes identifying types of risks and its assessment, risk handling and monitoring and reporting. At present the Company has not identified any element of risk which may threaten the existence of the Company.

DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable.

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

The details of Loans, Guarantee and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

The Company had 9 (Nine) Board meetings during the financial year under review. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

DECLARATION OF INDEPENDENT DIRECTORS

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.



FORMAL ANNUAL BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Listing Obligation & Disclosure Requirements Regulations, 2015, the Board has carried out an evaluation of its own performance and the Directors individually. A process of evaluation was followed by the Board for its own performance and that of its Committees and individual Directors.

A familiarization programme was conducted for Independent Directors to familiarize them with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters and the said was updated on website of the Company <http://www.vmsil.com>

DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

The Audit Committee consists of the following members:

- a) Shri. Bakulbhai Mehta - Chairman
- b) Shri. Ajitkumar Jain - Member
- c) Shri Pranav Parikh - Member

The Company has established a vigil mechanism and oversees through the committee, the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of co employees and the Company.

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 2016-17 and hence no complaint is outstanding as on 31.03.2017 for redressal.

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 2017-18.

DEMATERIALIZATION OF SHARES:

The ISIN for the Equity shares is INE932K01015. As on 31st March, 2017 total 1,64,73,255 equity shares of the Company have been Dematerialized. Members of the Company are requested to dematerialize their shares.

FIXED DEPOSITS

During the year ended on 31st March 2017, 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 : 29th May, 2017

MANOJ KUMAR JAIN
MANAGING DIRECTOR



**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

Name of Subsidiary	VMS TMT PRIVATE LTD
Reporting period of the subsidiary concerned, if different from the holding Company’s reporting period	01 st April, 2016 to 31 st March, 2017
Reporting Currency	INR
Share Capital	633.36
Reserves and Surplus	2.01
Total Assets	1119.36
Total Liabilities (Excluding Share Capital & Reserve and Surplus)	484.25
Investment (Other than Subsidiary)	-
Turnover (Including other Income)	103.44
Profit Before Taxation	2.93
Provision for Taxation	0.92
Profit After Taxation	2.01
Proposed Dividend	-
% of Shareholding	80.13%

Notes:

- 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

FORM NO. AOC.2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm’s length basis

- Name(s) of the related party and nature of relationship
- Nature of contracts/arrangements/transactions
- Duration of the contracts/arrangements/transactions
- Salient terms of the contracts or arrangements or transactions including the value, if any
- Justification for entering into such contracts or arrangements or transactions
- Date of approval by the Board
- Amount paid as advances, if any:
- Date on which the special resolution was passed in general meeting as required under first proviso to section 188

2. Details of material contracts or arrangement or transactions at arm’s length basis

(a)	Name(s) of the related party and nature of relationship:	M/s. Aditya Ultra Steel Pvt Ltd (CIN: U27100GJ2011PTC066552) Managing Director Manoj Kumar Jain son and Whole Time Director Sangeeta JAIN Son Mr. VARUN JAIN is Director of the Company
(b)	Nature of contracts/arrangements/transactions	Sale of Ingot and Billets
(c)	Duration of the contracts/arrangements/transactions	As per Payment Terms
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Sale of Ingot and Billets
(e)	Date(s) of approval by the Board, if any:	12.08.2016
(f)	Amount paid as advances, if any	NIL

Form shall be signed by the persons who have signed the Board’s report.



**ANNEXURE – II
TO DIRECTORS' REPORT**

Information as per Section 134 (3) (m) read with the Companies Act, 2013 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 2017.

A. CONSERVATION OF ENERGY

a)	Energy conservation measure taken	In the ship breaking 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 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 : ₹ 4536.21 Lakhs
3. ISO 9001, 14001, 18001, ISO 30000:2009



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 28 (Twenty Eight) 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
22.	M.V.HANJI	18650
23.	M.V. MASUREN	11282
24.	M.V. COMMODORE	12658
25.	M.V. BALEEN	9497
26.	M.V. ESPINA	11610
27.	M.V. OPUS	17059
28.	M.V. LISSY SCHULTE-I	7710

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 9001,14001,18001, ISO 30000:2009 for Ship-Recycling activities.

HUMAN RESOURCE DEVELOPMENT

The Company recognizes human resources as its biggest strength which has resulted in getting acknowledgement that the Company is the right destination where with the growth of the organization, value addition of individual employees is assured. The total number of employees as on 31st March, 2017 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 :- 29th May, 2017

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, 2017.

Sr. No.	Name of the Director	Remuneration per annum (In ₹)	Median Remuneration per annum (In ₹)	Ratio
1	MANOJ KUMAR JAIN	24,00,000	1,27,308	18.85
2	SANGEETA JAIN	24,00,000	1,27,308	18.85

2. There was increase in the remuneration of the Directors.
3. Percentage increase in median remuneration of employees in the financial year 5%
4. The number of permanent employees on the rolls of the company as on 31 March, 2017 is 40.
5. The explanation on the relationship between average increase in remuneration and company performance

Particulars	2016 – 2017	2015 – 2016
Total revenue	11774.20	10,604.04
EBIDTA	258.40	307.53
EBIDTA as a % of total Income	2.19	2.90
Profit before tax	172.28	139.74
PBT as a % of total Income	1.46	1.31

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.
7. None of employee received highest remuneration than that of Director



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:

i.	CIN	L74140GJ1991PLC016714
ii.	Registration Date	02/12/1991
iii.	Name of the Company	VMS INDUSTRIES LTD
iv.	Category/Sub-Category of the Company	Public Limited / limited By Shares
v.	Address of the Registered office and contact details	808/c Pinnacle Business Park, Corporate Road, Prahladnagar, Ahmedabad-380015
vi.	Whether listed company	Listed
vii.	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:-

Sr. No.	Name and 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 And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	%of shares held	Applicable Section
1.	VMS TMT PVT LTD	U27204GJ2013PTC074403	Subsidiary	80.13%	2(87)

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 01.04.2016 The year				No. of Shares held at the end of the year at 31.03.2017				% Change during
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	9325164	0	9325164	56.61	9325164	0	9325164	56.61	0.00
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	0.00
2) Foreign	-	-	-	-	-	-	-	-	-
g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
h) Other-Individuals	-	-	-	-	-	-	-	-	-
i) Bodies Corp.	-	-	-	-	-	-	-	-	-
j) Banks / FI	-	-	-	-	-	-	-	-	-
k) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total(A)(2):-	-	-	-	-	-	-	-	-	-
B. Public Shareholding									
1. Institutions									
i. Mutual Funds	-	-	-	-	-	-	-	-	-
ii. Banks / FI	-	-	-	-	-	-	-	-	-
iii. Central Govt	-	-	-	-	-	-	-	-	-
iv. State Govt(s)	-	-	-	-	-	-	-	-	-
v. Venture Capital Funds	-	-	-	-	-	-	-	-	-
vi. Insurance Companies	-	-	-	-	-	-	-	-	-
vii. FIs	-	-	-	-	-	-	-	-	-
viii. Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
ix. Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total(B)(1)	-	-	-	-	-	-	-	-	-
2. Non Institutions									
a) Bodies Corp.	4845287	0	4845287	29.41	4328937	0	4328937	26.28	-3.13
(i) Indian									
(ii) Overseas									
b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	341707	11	341696	2.07	350085	136	349949	2.13	0.06
(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	1921623	0	1921623	11.67	2427842	0	2427842	14.74	3.07
c) Others (Clearing Members)	200	0	200	0	500	0	500	0	0.00
d) HUF	36673	0	36673	0.22	37723	0	37723	0.23	0.01
e) None Resident Indian	2737	0	2737	0.02	3140	0	3140	0.01	0.01
Sub-total(B)(2)	7148227	11	7148227	43.39	7148227	136	7148091	43.39	0.00
Total Public Shareholding (B)=(B)(1)+(B)(2)	7148227	11	7148227	43.39	7148227	136	7148091	43.39	0.00
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	16473380	11	16473391	100%	16473391	136	16473255	100	-

ii. Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding 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.	VAIBHAV JAIN	2,40,000	0.30	0	2,40,000	0.30	0	-
		93,25,164	56.61	30.35	93,25,164	56.61	30.35	0

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

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	93,25,164	56.61	93,25,164	56.61
	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	93,25,164	56.61	93,25,164	56.61

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

Sl 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.	MONO HERBICIDES LTD Amalgamated with Monotype India Ltd	14,95,194	9.08	27,51,690	16.70
2.	SUVARNA NANDKUMAR GOPALE	2,98,000	1.81	2,98,000	1.81
3.	NANDKUMAR MARUTI GOPALE	3,50,000	2.12	3,50,000	2.12
4.	SIDHARTH RATANLAL BAFNA	2,12,063	1.28	2,12,063	1.28
5.	ASHIKA STOCK BROKING LTD CLINENT MARGIN A/C	6,99,990	4.25	4,99,990	3.04
6.	FAIR INTERMEDIATE INVESTMENT	3,45,000	2.09	-	-
7.	ABHINANDAN JAIN	2,00,500	1.22	2,00,500	1.22
8.	HARIDARSHAN SALES PVT. LTD.	-	-	2,81,000	1.71
9.	IVORY CONSULTANTS PVT. LTD.	-	-	2,00,000	1.21
10.	TORRENT FINVEST CONSULTANTS PVT. LTD.	-	-	1,55,000	0.94

(v) Shareholding of Directors and Key Managerial personnel:

Sl. 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	2,505	0.01	2,505	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	488.15	603.62	-	1091.77
i) Principal Amount			-	
ii) Interest due but not paid			-	
iii) Interest accrued but not			-	
Total (i+ii+iii)	488.15	603.62	-	1091.77
Change in Indebtedness during the financial year				
- Addition	390.88	-		390.88
- Reduction		603.62		603.62
Net Change	390.88	-		390.88
Indebtedness at the end of the financial year				
i. Principal Amount	97.27	-	-	97.27
ii. Interest due but not paid	-	-	-	
iii. Interest accrued but not due	-	-	-	
Total (i+ii+iii)	879.03	-	-	879.03

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	24.00	24.00	48.00
	Ceiling as per the Act			

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
	Independent Directors ·Fee for attending board committee meetings ·Commission ·Others, please specify	NIL	
	Total(1)		
	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)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary	0	4.09	2.87	6.96
2.	Total	0	4.09	2.87	6.96

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority[RD /NCLT/Court]	Appeal made. If any (give details)
A. Company					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. Directors					
Penalty	-	-	NIL	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. Other Officers In Default					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-



**Annexure- VI
FORM NO. MR-3**

For the Financial Year ended on 31st March, 2017

[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, 2017 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, 2017 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.

The Excise Act, 1944, Central Sales Tax Act 1958, Factories Act, Water (Prevention and Control of Pollution) Act, 1974, The Air (Prevention and Control of Pollution) Act, 1981, Employees State Insurance Act, Employees Provident Fund Act, Gratuity Act, Service Tax Act, 1944, Income Tax Act, 1961, Explosives Act, 1884

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.

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

Date : 27th May, 2017

Place : Ahmedabad

This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.

ALKESH JALAN
PROPRIETOR

Annexure A'

To,
The Members of
VMS Industries Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial Records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our Audit.
2. We have followed the audit practices and processes as were appropriated to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of Financial Records and Books of Accounts of the Company.
4. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.
5. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For, JALAN ALKESH & ASSOCIATES
COMPANY SECRETARIES

Date : 27th May, 2017

Place : Ahmedabad

ALKESH JALAN
PROPRIETOR



Annexure –VII to the Directors’ Report
CORPORATE GOVERNANCE REPORT
COMPLIANCE WITH CORPORATE GOVERNANCE GUIDELINES
Listing Obligation & Disclosure Requirements Regulations, 2015 [SEBI]

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 (Listing Obligation & Disclosure Requirements) Regulations, 2015 [SEBI] LODR, Regulation 2015.

a) Composition of Board

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

The Board comprises of the following:

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

b) Board Meetings and Attendance of Directors

During the year under review, 9 (Nine) Board meetings were held, one each on the following dates:

Sl. No.	Date	Board Strength	No. of Directors present
1	15.04.2016	6	4
2	30.05.2016	6	4
3	18.07.2016	6	4
4	12.08.2016	6	4
5	20.09.2016	6	5
6	14.11.2016	6	4
7	24.12.2016	6	4
8	14.02.2017	6	6
9	15.03.2017	6	4

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

There is one independent Director Meeting held on 29th March, 2017

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 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	Mrs. Sangeeta Jain
Date of Birth	22/01/1968
Nationality	Indian
Date of Appointment on the Board	02.12.1991
Qualification	M.A
Experience of functional area	Business
Shareholding in the Company	22,92,264
List of Directorship held in other Companies	1
Committee Membership	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, 2017 is as follows:-

Name of the Members	Position	Category	Attendance
Mr. Bakul 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 Section 177 of the Companies Act, 2013 and Regulation 18(3) read with Part-C of Schedule 2 of SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015. 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 SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015 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 2017 comprises of three members who are Independent & Non Executive Directors. The composition of Remuneration Committee as on 31st March, 2017 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, 2013 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	₹24,00,000
Ms. Sangeeta Jain	Whole Time Director	₹24,00,000

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, 2017
Mr. Hitesh Loonia	2,505

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 (3) Directors. The quorum for functioning of the committee is any one (2) Directors present. The composition of Shareholders' / Investors' Grievance Committee as on 31st March, 2017 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 2016 to 31st March 2017:-

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 SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015.

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

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

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

"I hereby confirm that –

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the "Code of Conduct and Ethics for Board of Directors and Senior Management for the year ended on 31st March, 2017."

**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 *
22 nd	2013-14	29 th September, 2014	11.00 AM	808/C Pinnacle Business Park, Corporate Road, Prahladnagar, Ahmedabad-380015	7
23 rd	2014-15	30 th September, 2015	11.00 AM	808/C Pinnacle Business Park, Corporate Road, Prahladnagar, Ahmedabad-380015	1
24 th	2015-16	29 th September, 2016	11.00 AM	808/C Pinnacle Business Park, Corporate Road, Prahladnagar, Ahmedabad-380015	0

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

Financial Year	Special Resolution Passed
2013-14	Authority To The Board Of Directors For Borrowing Power ₹250.00 Crores Under Section 180(1)(C) Of The Companies Act, 2013
	Authority To The Board Of Directors For Creation Of Mortgage Under Section 180(1)(A) Of The Companies Act, 2013
	Reappointment Of Sangeeta Jain Whole Time Director For 5 Years Starting From 01.10.2014 To 30.09.2019
	Reappointment Of Manoj Kumar Jain Managing Director For 5 Years Starting From 01.10.2014 To 30.09.2019
	Appointment Of Independent Director Mr. Hitesh Loonia
	Appointment Of Independent Director Mr. Bakul Mehta
2014-15	Appointment Of Independent Director Mr. Pranav V Parikh
	Adoption of New Article of Association of the Company as per Companies, Act, 2013.

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:-

There is One Extra – Ordinary General Meeting was held 28TH day of March, 2017 during the year;

Financial Year	Special Resolution Passed
2016-17	Special Resolution Approval For Investments / Loans / Guarantees / Securities in excess of Limited specified in Section 186 of the Companies, Act 2013

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

There one resolution passed through Postal Ballot during F. Y 2016-17.

Financial Year	Special Resolution Passed
2016-17	Special Resolution Approval For Investments / Loans / Guarantees / Securities in excess of Limited specified in Section 186 of the Companies, Act 2013

8. Subsidiary Company(ies):-

The Company have One subsidiary Company M/s VMS TMT Private Limited in term of SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015.

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 Note 2.31 for Standalone and 2.32 for Consolidated 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:-

During F.Y 2015-16 the Company had paid penalty of ₹4,560/- to BSE Ltd for Late submission of Annual Report other than this no other penalty was imposed on the Company by the Stock Exchange of or SEBI During last 3 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 Regulation 33 of SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015.

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

11. General Shareholding Information:

a) 25th Annual General Meeting:-

Date	29th September, 2017
Day & Time	Friday, 11:00 A.M
Venue	808/C Pinnacle Business Park, Corporate Road, Prahladnagar Ahmedabad-380015, Gujarat

b) Financial Calendar :-

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

For the Financial Year 2017-18, Financial Results will be announced as per the following tentative schedule:-

1 st Quarter ending June, 2017	By 15 th August, 2017
2 nd Quarter & Half Year ending September, 2017	By 14 th November, 2017
3 rd Quarter ending December, 2017	By 14 th February, 2018
4 th Quarter / year ending March, 2018	Within 60 days from 31 st March, 2018
Annual General Meeting	By September 2018

c) Book Closure & Dividend:-

Date of Book Closure Saturday 23rd September, 2017 to Friday 29th September, 2017 (both day inclusive).
 Dividend No Dividend has been declared

d) Listing:-

The Shares of the Company are listed on Bombay Stock Exchange Limited (BSE).

e) Listing Fees to Stock Exchange:-

The Company has paid the Listing Fees for the year 2017-18 to BSE.

f) Stock Code / Symbol:-

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

g) Stock Market Price Data for the year 2016-17

Market Price Data: High, Low (based on the closing prices) and volume during each month in form April, 2016 to March, 2017 at BSE LTD.

Month	Open	High	Low	Close	No. of Shares	No. of Trades
Apr-16	15.75	16.3	15.45	16.3	8,910	32
May-16	16	18.75	16	18.4	18,220	37
Jun-16	18.75	18.75	18	18	8,464	17
Jul-16	17.9	18	16.7	16.7	9,052	13
Aug-16	16.7	17.5	16.5	16.85	4,306	21
Sep-16	16.85	16.9	15.4	16	7,362	25
Oct-16	15.7	16.6	14.8	16.6	44,157	65
Nov-16	16.6	17.8	16	16.85	3,502	24
Dec-16	16.6	17.65	16.6	17.45	1,114	9
Jan-17	17.15	17.15	15.75	16.45	2,185	12
Feb-17	16.75	18	16.75	17.9	37,587	29
Mar-17	17.6	17.95	16.6	16.6	3,03,575	51

h) Registrar and Share Transfer Agents:-

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

Cameo Corporate Services Limited
 'Subramanian Building', No. 1 Club House Road, Chennai- 600 002
 Phone: (O) 91-44-28460390/2846 0425, Fax: 91-44-28460129
 Email: vmsipo@cameoindia.com

i) Share Transfer System:-

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

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

k) Dematerialization of Shares and Liquidity:-

Presently all the equity shares have been dematerialized as on 31st March, 2017. 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 BSE LTD.

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, 2017:-

SLNO	HOLDING	NUMBER	% OF TOTAL	SHARES	% OF TOTAL
1	between 1 and 1000	441	51.1	189400	0.11
2	between 1001 and 5000	218	25.26	592200	0.36
3	between 5001 and 10000	70	8.11	557870	0.34
4	between 10001 and 20000	46	5.33	678620	0.41
5	between 20001 and 30000	16	1.85	395800	0.24
6	between 30001 and 40000	9	1.04	308540	0.19
7	between 40001 and 50000	11	1.27	528650	0.32
8	between 50001 and 100000	7	0.81	593090	0.36
9	> 100000	43	5.21	160889740	97.67
	Total	861	100.00	164733910	100.00

m) Categories of Shareholders as on March 31, 2017 :-

Category	No. of Shares held	% of Shares held	No. of Shares Holder	% of Share Holders
Promoters and Promoter Group	93,25,164	56.61	4	0.46
Public Shareholding:	28,19,290	17.11	809	93.96
Bodies Corporate	43,28,937	26.28	48	5.57
TOTAL	1,64,73,391	100.00	861	100.00

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 Officer

808/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.



INDEPENDENT AUDITOR'S REPORT

To
The Members,
VMS INDUSTRIES LIMITED

Report on Financial Statements

We have audited the accompanying financial statements of **VMS INDUSTRIES LIMITED** ("the Company"), which comprise the balance sheet as at 31st March, 2017, 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 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 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 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, the aforesaid 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, 2017, and its profit and its cash flows for the year ended on that date, **except for non provision for gratuity and long term employee benefits as per AS – 15, the amount of which could not be ascertained in the absence of actuarial valuation.**

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("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- 1" 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, and except for the effects of our qualified opinion, the aforesaid 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 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report; and
- g. 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 impact of pending litigations on its financial position in its financial statements - *Refer Note 2.28 of the financial statements.*
 - ii. the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses. and
 - iii. there has been no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. the Company has provided requisite disclosures in its financial statements as to dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. *Refer Note 2.33 to the financial statements.*

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

Place : Ahmedabad
 Date : May 29, 2017

CA. Sonam Langalia
Partner
 M. No. 154014

Annexure – 1 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 31st March, 2017, 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 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.
 - c) According to information and explanations given by the management, the title deeds of immovable properties, included under fixed assets, are held in the name of the Company. However, the Company has constructed the building on lease hold land at Alang (Alang Ship Breaking Yard, Alang).
- ii) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable and no material discrepancies were noticed on such physical verification.
- iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with requirements under section 186 of the Companies Act, 2013 for investments, loans and guarantees. The Company has provided guarantee to the partnership firm amount of ₹ 4.80 Cr and to the subsidiary Company to ₹ 5.00 Cr for term loan in which the Company itself and the Directors are partners for Bank Working Capital Finance.
- 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.

- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- vii) a) In our opinion and according to the information and explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it and no such undisputed amounts were in arrears for a period of more than six months from the date they became payable.
- b) According to the records of the Company, the dues outstanding of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the authority (where the dispute is pending)	Related period	Nature	Amount in ₹
Commissioner of Income Tax (Appeal) , Ahmedabad	A Y 2010-11	Income Tax	8,99,000
Commissioner of Income Tax (Appeal) , Ahmedabad	A Y 2011-12	Income Tax	2,64,000
Dy. Commissioner of Commercial Tax (Appeals) , Bhavnagar	F Y 2009-10	VAT	19,27,984
Dy. Commissioner of Commercial Tax (Appeals) , Bhavnagar	F Y 2010-11	VAT	34,72,252

- viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and financial institution. The Company has not taken any loan from government.
- ix) In our opinion and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year under report.
- x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud by the Company or material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi) According to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable Accounting Standards.
- xiv) According to the information and explanations given by the management and based on the examinations of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

CA. Sonam Langalia
Partner
M. No. 154014

Place : Ahmedabad
Date : May 29, 2017



Annexure 2 to the Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of VMS Industries Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by Company, which considers the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the standalone financial statements of the Company, which comprise the Balance Sheet as at March 31, 2017, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report of even date expressed an unqualified opinion thereon.

For P. D. Goplani & Associates

Chartered Accountants

FRN: 118023W

CA. Sonam Langalia

Partner

M. No. 154014

Place : Ahmedabad
Date : May 29, 2017



BALANCE SHEET AS AT MARCH 31, 2017

(Amount ₹ in Lacs)

PARTICULARS	Note No.	As at	
		March 31, 2017	March 31, 2016
I. EQUITY AND LIABILITIES			
1 SHARE HOLDERS' FUNDS			
(a) Share Capital	2.1	1,647.34	1,647.34
(b) Reserves & Surplus	2.2	3,579.29	3,578.96
2 NON-CURRENT LIABILITIES			
(a) Long-Term Borrowings	2.3	40.49	23.39
(b) Other Long Term Liabilities	2.4	-	6.11
(c) Deferred Tax Liability	2.5	71.42	-
3 CURRENT LIABILITIES			
(a) Short Term Borrowings	2.6	43.03	1,059.50
(b) Trade Payables	2.7	7,524.35	2,663.87
(c) Other Current Liabilities	2.8	52.55	53.82
(d) Short-Term Provisions	2.9	37.77	4.85
Total		12,996.24	9,037.84
II. ASSETS			
1 NON-CURRENT ASSETS			
(a) Fixed Assets			
(i) Tangible assets	2. 10	647.40	675.34
(ii) Capital Work-in-Progress		9.03	-
(b) Non-Current Investments	2.11	1,039.83	917.44
(c) Deferred Tax Assets	2.12	-	18.46
(d) Long-Term Loans & Advances	2.13	552.06	1,602.78
(e) Other Non - Curren Assets	2.14	63.24	78.78
2 CURRENT ASSETS			
(a) Inventories	2.15	2,725.77	1,670.14
(b) Trade Receivables	2.16	2,021.29	1,721.82
(c) Cash & Bank Balances	2.17	3,176.04	782.27
(d) Short-Term Loan & Advances	2.18	2,743.68	1,570.39
(e) Other Current Assets	2.19	17.90	0.42
Total		12,996.24	9,037.84

See accompanying Notes to Financial Statements

As per our Audit Report of even date

For P. D. Goplani & Associates

Chartered Accountants

FRN : 118023W

CA. Sonam Langalia

Partner

M. No. 154014

For and on behalf of the Board

VMS Industries Limited

Manoj Kumar Jain

Director

DIN: 02190018

Himanshu Shah

Chief Financial Officer

Sangeeta Jain

Director

DIN: 00125273

Hemal Patel

Company Secretary

Place : Ahmedabad

Date : May 29, 2017

Place : Ahmedabad

Date : May 29, 2017



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON MARCH 31, 2017

(Amount ₹ in Lacs)

PARTICULARS	Note No.	As at	
		March 31, 2017	March 31, 2016
INCOME:			
a) Revenue From Operations	2.20	11,411.67	10,179.95
b) Other Income	2.21	362.53	424.09
Total Revenue		11,774.20	10,604.04
EXPENSES:			
a) Cost of consumption of Raw Materials	2.22	8,501.67	9,526.51
b) Purchase of stock - in - trade	2.23	2,027.79	-
c) Employee Benefits Expenses	2.24	128.57	97.51
d) Finance Costs	2.25	42.85	132.81
e) Depreciation & amortization Expenses	2.10	43.27	34.99
f) Other Expenses	2.26	857.77	672.48
Total Expenses		11,601.92	10,464.30
PROFIT BEFORE EXTRAORDINARY ITEM & TAXES		172.28	139.73
Exceptional Items		-	-
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX		172.28	139.73
TAX EXPENSES :	2.27		
(1) Current tax		66.34	40.83
(2) Deferred tax		6.66	3.95
(3) Tax of Earlier Years		0.21	(0.26)
PROFIT FROM ORDINARY ACTIVITIES AFTER TAX		99.07	95.21
EXTRAORDINARY ITEMS		-	-
PROFIT FOR THE YEAR		99.07	95.21
EARNINGS PER EQUITY SHARES:	2.27		
[Nominal value per share ₹10 : previous year ₹10]			
(1) Basic		0.60	0.58
(2) Diluted		0.60	0.58
Weighted average number of shares outstanding		1,64,73,391	1,64,73,391

See accompanying Notes to Financial Statements

As per our Audit Report of even date

For P. D. Goplani & Associates

Chartered Accountants

FRN : 118023W

CA. Sonam Langalia

Partner

M. No. 154014

Place : Ahmedabad

Date : May 29, 2017

For and on behalf of the Board

VMS Industries Limited

Manoj Kumar Jain

Director

DIN: 02190018

Himanshu Shah

Chief Financial Officer

Place : Ahmedabad

Date : May 29, 2017

Sangeeta Jain

Director

DIN: 00125273

Hemal Patel

Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(Amount ₹ in Lacs)

PARTICULARS	31-Mar-17	31-Mar-16
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	172.28	139.73
- Adjustment for :		
Depreciation	43.27	34.99
Finance Cost	42.85	132.81
Interest & Other Non - Operating Income	(247.25)	(279.14)
Operating Profit before Working Capital Changes	11.15	28.40
- Adjustments for changes in assets and liabilities:		
Trade Receivables	(299.47)	(1,340.68)
Inventories	(1,055.63)	(1,614.95)
Other Receivables	(1.93)	0.34
Liabilities and Provisions	4,870.50	2,288.30
Cash Flow From Operations	3,524.61	(638.59)
Income Tax Paid	66.54	40.57
Net Cash Inflow/(Outflow) from Operating Activities	3,458.07	(679.16)
B. CASH FLOW ARISING FROM INVESTING ACTIVITIES:		
- Purchase of Fixed Assets	(53.48)	(123.61)
- Proceeds on sale of fixed assets	29.13	23.04
- (Increase)/ Decrease in Investment	(122.39)	(14.90)
- Proceeds from Long-Term Loans & Advances	1,050.72	(1,368.79)
- Proceeds from Short-Term Loans & Advances	(1,173.29)	1,144.16
- Interest & Other Non - Operating Income	247.25	279.14
Net Cash Inflow / (Outflow) in the course of Investing Activities	(22.07)	(60.96)
C. CASH FLOW ARISING FROM FINANCING ACTIVITIES:		
- Proceeds from Long-Term Borrowings	17.10	8.32
- Proceeds from Short-Term Borrowings	(1,016.47)	674.65
- Finance Costs	(42.85)	(132.81)
Net Cash Inflow/ (Outflow) in the course of Financing Activities	(1,042.22)	550.15
Net Increase/(Decrease) in Cash/Cash Equivalent (A+B+C)	2,393.78	(189.97)
Add: Balance at the beginning of the year	782.27	972.24
Cash and Bank Balances at the close of the year (Refer Note 2.17)	3,176.05	782.27

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. Sonam Langalia

Partner

M. No. 154014

For and on behalf of the Board

VMS Industries Limited

Manoj Kumar Jain

Director

DIN: 02190018

Himanshu Shah

Chief Financial Officer

Sangeeta Jain

Director

DIN: 00125273

Hemal Patel

Company Secretary

Place : Ahmedabad

Date : May 29, 2017

Place : Ahmedabad

Date : May 29, 2017



1. Corporate Information

VMS Industries Limited is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956.

The company has its primary listing on BSE Ltd. During the year, the Company was engaged in the business of ship breaking as well as trading in ferrous and non-ferrous metals. Moreover, 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 in the name of Ms/. VMS TMT Private Limited, in which the company has 80.13% of the holding. The subsidiary company is in its business plans implementation stage.

The company has also investment of 10% share in a partnership firm M/s. Eternal Automobiles, which is engaged in the business of Automobiles dealership of sales , service and spares of Honda Scooters.

2. Significant Accounting Policies on Accounts:

2.1. Basis of Preparation of Financial Statements:

- a. The financial statements are prepared under the historical cost convention, ongoing concern basis and all material respects with the Accounting Standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis to the extent measurable and where there is certainty of ultimate realization of incomes. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.
- 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.
- c. As the quarter and year-to-date figures are taken from the source and rounded to the nearest digits, the quarter figures in these financial statements added up to the figures reported for the previous quarters might not always add up to the year-to-date figures reported in these financial statements.

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 and Amortization:

- I. Depreciation on tangible assets is provided on the straight-line method over the useful lives of the assets estimated by the Management. Depreciation for assets purchased during a period is proportionately charged.

Useful lives and residual values of assets are reviewed periodically.
- II. 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:

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 as and when incurred.

ii) Pension

The management is also of the opinion that the payment under Pension Act is 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. Segment Information :

During the year under review, the Company was engaged in the business of ship breaking as well as trading in iron and steel products. Moreover, 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 not presented segment-wise reporting of its activities carried out during the year. The management is of the view that the company is mainly engaged in Ship Breaking Activities; during the year company has also done trading in iron and steel products. But, looking to the similar nature and use of the products dealt in, the company has treated both of its business activities as single segment.

2.10. Taxes on Income :

i) 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.

ii) Deferred Tax

Deferred tax liability 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.

2.11. 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.

2.12. 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.

2.13. 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.

2.14. 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.

2.15. 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.

2.16. Share Issue Expenses :

Share issue expenses are amortized adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013 to the extent any balance is available for utilization in the Securities Premium Account.

2.17. Earnings 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.

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

(in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Net Profit as per Profit & Loss Account (in lacs)	99.07	95.21
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	0.60	0.58
Diluted Earning Per Share	0.60	0.58

As per our Audit Report of even date

For P. D. Goplani & Associates

Chartered Accountants

FRN : 118023W

CA. Sonam Langalia

Partner

M. No. 154014

Place : Ahmedabad

Date : May 29, 2017

For and on behalf of the Board

VMS Industries Limited

Manoj Kumar Jain

Director

DIN: 02190018

Himanshu Shah

Chief Financial Officer

Place : Ahmedabad

Date : May 29, 2017

Sangeeta Jain

Director

DIN: 00125273

Hemal Patel

Company Secretary

NOTES ON ACCOUNTS FOR YEAR ENDED MARCH 31, 2017

Note No:- 2. 1 SHARE CAPITAL

A. SHARE CAPITAL

(₹ in Lacs)

PARTICULARS	As at 31st March, 2017		As at 31st March, 2016	
	Number	Amount	Number	Amount
AUTHORISED SHARE CAPITAL				
Equity Shares of ₹ 10/- each	2,00,00,000	2,000.00	2,00,00,000	2,000.00
	2,00,00,000	2,000.00	2,00,00,000	2,000.00
ISSUED, SUBSCRIBED & FULLY PAID UP				
Equity Shares of ₹ 10/- each fully paid	1,64,73,391	1,647.34	1,64,73,391	1,647.34
Total	1,64,73,391	1,647.34	1,64,73,391	1,647.34

Notes:

A. The reconciliation of the number of outstanding shares as at 31st March, 2017 and 31st March, 2016 is set out below :

Equity Shares	As at 31st March, 2017		As at 31st March, 2016	
	Number	Amount	Number	Amount
At the beginning of the year	1,64,73,391	16,47,33,910	1,64,73,391	16,47,33,910
Add: Issue of Bonus Shares during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	1,64,73,391	16,47,33,910	1,64,73,391	16,47,33,910

B. The details of shareholder holding more than 5% shares as at 31st March, 2017 and 31st March, 2016 is set out below :

	NAME OF SHAREHOLDERS	As at 31st March, 2017		As at 31st March, 2016	
		No. of Shares	% of Holding	No. of Shares	% of Holding
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	Mono Herbicides Limited	27,51,690	16.70	14,99,684	9.08
4	B LODHA SECURITIES LTD	-	-	12,55,006	7.60

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

Note No:- 2. 2 RESERVES & SURPLUS

(₹ in Lacs)

Particulars		As at	
		March 31, 2017	March 31, 2016
A	SECURITY PREMIUM ACCOUNT		
	Balance as per the last Financial Statements	2,552.59	2,568.13
	Less: 1/10th public issue expenses	15.54	15.54
	Closing Balance (A)	2,537.05	2,552.59
B	GENERAL RESERVES		
	Balance as per the last Financial Statements	46.29	46.29
	Add: Current year transfer	-	-
	Less: Written back in current year	-	-
	Closing Balance (B)	46.29	46.29
C	SURPLUS IN THE STATEMENT OF PROFIT & LOSS		
	Balance as per the last Financial Statements	980.08	884.87
	Net Profit for the current year	99.07	95.21
	Less: Appropriations		
	Other Appropriations	83.21	-
	Net Surplus in the Statement of Profit & Loss (C)	995.95	980.08
	Total Reserve & Surplus (A+B+C)	3,579.29	3,578.96

Note No:- 2. 3 LONG TERM BORROWINGS

(₹ in Lacs)

Particulars		As at	
		March 31, 2017	March 31, 2016
	Term Loans :		
I.	Vehicle Loans (Secured)	40.49	23.39
	Total	40.49	23.39
	Notes:		
1.	Details of the secured Long-Term Borrowings:		
	Vehicle		
	Loans	54.24	31.21
	Less: Current Maturities of Loan i.e. amount repayable within 12 Months	13.75	7.82
	Total	40.49	23.39

2. Details of Securities:

- Long Term Finance from ICICI Bank Limited is Secured by Hypothecation Charge on Car - Volvo. Car Loan is repayable in 60 Equal Monthly Installments of ₹ 52,865/- including interest and ending on April 2019.
- Long Term Finance from ICICI Bank Limited is Secured by Hypothecation Charge on Car - Innova. Car Loan is repayable in 60 Equal Monthly Installments of ₹ 32,800/- including interest and ending on October 2020.
- Long Term Finance from Bank of Baroda is Secured by Hypothecation Charge on Car - Baleno. Car Loan is repayable in 60 Equal Monthly Installments of ₹ 18,656/- including interest and ending on July 2021.
- Long Term Finance from Bank of Baroda is Secured by Hypothecation Charge on Car - Maruti Swift VDI. Car Loan is repayable in 60 Equal Monthly Installments of ₹ 14,605/- including interest and ending on July 2021.
- Long Term Finance from Bank of Baroda is Secured by Hypothecation Charge on Car - Creta. Car Loan is repayable in 84 Equal Monthly Installments of ₹ 24,593/- including interest and ending on October 2023.
- Long Term Finance from Bank of Baroda is Secured by Hypothecation Charge on Car - Celerio. Car Loan is Repayable in 48 Equal Monthly Installments of ₹ 12,586/- including interest and ending on October 2020.
- Long Term Finance from Axis Bank Limited is Secured by Hypothecation Charge On Car. Term Loans is Repayable in Equal Monthly Installments Of ₹ 21,500/- including interest and ending on August 2016.

Note No:- 2. 4 OTHER LONG TERM LIABILITIES

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
- Trade Payables (Including Acceptance)	-	6.11
Total	-	6.11

Note No:- 2. 5 DEFERRED TAX LIABILITIES

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
Deferred Tax Liabilities		
- On account of Depreciation	71.42	-
Total	71.42	-

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.

Note No:- 2. 6 SHORT TERM BORROWINGS

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
SECURED		
(a) LOANS REPAYABLE ON DEMAND		
I Bank of Baroda - Cash Credit (Cash Credit from Bank of Baroda is primarily secured against Stock, Receivables and Other Current Assets of the company and collaterally secured by immovable properties of the directors and their relatives. The same is also secured by personal guarantee of directors and their relatives. The cash credit is repayable on demand.)	43.03	0.42
II Bank of Baroda - Overdraft	-	455.47
UNSECURED		
(b) Loans Received :		
- From Others	-	603.61
Total	43.03	1,059.50

Note No:- 2. 7 TRADE PAYABLES

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
Trade Payables (Including Acceptances)		
Trade Creditors (Goods)	7,503.48	2,654.19
Other Creditors	20.87	9.68
Total	7,524.35	2,663.87

Note No:- 2. 8 OTHER CURRENT LIABILITIES

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
Statutory Remittances	19.82	42.23
Current maturities of long-term debt (Refer Note 2.3 (i) above)	13.75	8.87
Other Payables	18.06	1.49
Advances received from customers	0.92	1.23
Total	52.55	53.82



Note No:- 2. 9 SHORT TERM PROVISIONS

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
Provision for Employee Benefits		
Contribution to Provident Funds	1.28	0.75
ESIC Payable	0.39	0.09
Others Provisions		
Provision for Income Tax (net of prepaid taxes)	36.10	4.01
Total	37.77	4.85

2. 10 - TANGIBLE ASSETS

(₹ in Lacs)

ASSETS	GROSSBLOCK				DEPRECIATION				NETBLOCK	
	AS ON 01.04.16	ADDITION DURING THE YEAR	DEDUCTIONS DURING THE YEAR	TOTAL	AS ON 01.04.16	DEP FOR THE YEAR	DEDUCTION/ ADJUSTMENT/ WRITE BACK	TOTAL AS ON 31.03.2017	AS ON 31.03.2017	AS ON 31.03.2016
TANGIBLE ASSETS :										
Building	2.08	-	-	2.08	0.47	0.08	-	0.55	1.53	1.61
Plant & Machinery	0.71	-	-	0.71	0.29	0.07	-	0.36	0.35	0.42
Air Conditioner	-	1.51	-	1.51	-	0.08	-	0.08	1.43	-
Weigh Bridge	6.21	-	-	6.21	2.41	0.58	-	2.99	3.22	3.80
Winch	190.90	-	-	190.90	31.03	5.90	-	36.93	153.97	159.87
Wire Rope	23.58	-	-	23.58	5.30	1.85	-	7.15	16.43	18.28
Crane	289.90	-	-	289.90	54.94	10.17	-	65.11	224.79	234.96
Oxygen Clinder & tank	196.25	-	58.31	137.94	86.54	3.70	29.18	61.06	76.88	109.71
DG Sets	1.67	-	-	1.67	0.38	0.11	-	0.49	1.18	1.29
Computer	3.05	1.72	-	4.77	2.80	0.47	-	3.27	1.50	0.25
Corporate Office	42.01	-	-	42.01	5.75	1.47	-	7.22	34.79	36.26
Furniture	40.55	0.84	-	41.39	17.90	7.50	-	25.40	15.99	22.65
Office Equipments	2.87	-	-	2.87	0.85	0.20	-	1.05	1.82	2.02
Vehicles	123.93	39.81	-	163.74	39.75	10.98	-	50.73	113.01	84.18
Printer	0.24	-	-	0.24	0.18	0.04	-	0.22	0.02	0.06
EPBX	-	0.58	-	0.58	-	0.07	-	0.07	0.51	-
TOTAL (A)	923.95	44.46	58.31	910.10	248.59	43.27	29.18	262.68	647.42	675.36
CAPITAL WORK - IN - PROGRESS :										
GREEN PLOT	-	9.03	-	9.03	-	-	-	-	9.03	-
TOTAL (B)	-	9.03	-	9.03	-	-	-	-	9.03	-
TOTAL (A + B)	923.95	53.49	58.31	919.13	248.59	43.27	29.18	262.68	656.45	675.36
PREVIOUS YEAR	830.86	123.61	30.52	923.95	221.10	34.99	7.48	248.61	675.34	609.75

Note No:- 2. 11 NON - CURRENT INVESTMENTS

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
(Valued at cost unless otherwise stated)		
a Investments In partnership Firms*	532.53	410.14
b Investments in VMS TMT PVT LTD { 50,73,000 Equity Share of Rs. 10 each(50,73,000 Equity Share in P Y)} [which is 80.13% Holding and Minority Interest - 19.87%]	507.30	507.30
Total	1,039.83	917.44



*** Details Of Investment in Firms**

(₹ in Lacs)

Particulars	Share in Profit/ (Loss)	As at	
		March 31, 2017	March 31, 2016
Eternal Automobiles	10.00%	532.53	410.14
Details of other Partners :			
1 Manoj Kumar Jain	15.00%	N.A.	N.A.
2 Smt Sangeeta Jain	15.00%	N.A.	N.A.
3 Other Individuals	60.00%	N.A.	N.A.
		532.53	410.14

Note No:- 2. 12 DEFERRED TAX ASSETS

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
Deferred Tax Assets		
- On disallowances of expenses	-	18.46
Total	-	18.46

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.

Note No:- 2. 13 LONG TERM LOANS & ADVANCES

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
Security Deposits (Unsecured, Considered Good)		
- Security Deposits	9.11	2.12
Sub Total	9.11	2.12
Loans & Advances (Unsecured, Considered Good)		
- Advances	500.25	1,349.19
Sub Total	500.26	1,349.19
Other Advances		
Advances recoverable in cash or kind	42.70	42.70
Balance with Revenue Authorities	-	208.79
Sub Total	42.70	251.49
Total	552.06	1,602.78

Note No:- 2. 14 OTHER NON-CURRENT ASSET

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
A Share Issue Expenditure	63.24	78.78
Total	63.24	78.78

Note No:- 2. 15 INVENTORIES

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
Raw Materials of Uncut Ship	2,725.77	1,670.14
Total	2,725.77	1,670.14

Note No:- 2. 16 TRADE RECEIVABLES

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
Trade receivables outstanding		
For a period less than six months from the date they are due for payment		
Unsecured, Considered good	2,021.29	1,721.82
(A)	2,021.29	1,721.82
Trade receivables outstanding		
For a period exceeding six months from the date they are due for payment		
Unsecured, Considered good	-	-
(B)	-	-
Total (A+B)	2,021.29	1,721.82

Note No:- 2.17 CASH & BANK BALANCES

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
(a) Cash & cash Equivalents		
Cash on hand	5.01	28.67
Balances With Banks		
- On current accounts	299.40	46.86
- Fixed Deposits	1,515.40	-
(b) Other Bank Balances		
BOB - FDR	1,334.60	698.06
Interest accrued on FDR	21.63	8.68
Total	3,176.04	782.27

Note No:- 2.18 SHORT TERM LOANS & ADVANCES

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
(Unsecured, Considered good)		
Loans and advances to:		
- Others	2,624.46	1,570.22
Other Advances :		
Balance with Statutory/Government Authorities	107.94	0.17
Advance recoverable in cash or kind	11.28	-
Total	2,743.68	1,570.39



Note No:- 2. 19 OTHER CURRENT ASSETS

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
Prepaid Expenses	17.90	0.42
Total	17.90	0.42

Note No:- 2. 20 REVENUE FROM OPERATIONS

(₹ in Lacs)

Particulars	For the year ended on	
	March 31, 2017	March 31, 2016
Sales of Manufactured Goods	10,073.54	10,729.29
Sales of Trading Goods	2,058.72	-
	12,132.26	10,729.29
Less: Excise Duty paid	720.59	549.34
Total	11,411.67	10,179.95

Note No:- 2. 21 OTHER INCOME

(₹ in Lacs)

Particulars	For the year ended on	
	March 31, 2017	March 31, 2016
Interest Income:		
i) From Others	164.61	231.39
ii) On FDRs	112.64	136.67
iii) From Eternal Automobile	63.54	47.75
iv) On IT Refund	19.10	-
v) Rent Income	0.60	0.70
vi) Share of profit from Partnership firm	0.73	1.95
vii) Other Non Operating Income	1.31	5.63
Total	362.53	424.09

Note No:- 2. 22 COST OF CONSUMPTION OF RAW MATERIALS

(₹ in Lacs)

Particulars	For the year ended on	
	March 31, 2017	March 31, 2016
Inventory at the Beginning of the Year	1,670.14	55.20
Add: Ship Purchase for Recycling	9,781.24	10,804.46
Foreign Exchange Variation Effect on Purchase	(223.94)	337.00
	11,227.44	11,196.66
Inventory at the end of the Year	2,725.77	1,670.15
Cost of Raw Materials Consumed	8,501.67	9,526.51

Note No:- 2. 23 PURCHASE OF STOCK-IN-TRADE

(₹ in Lacs)

Particulars	For the year ended on	
	March 31, 2017	March 31, 2016
PURCHASES	2,027.79	-
Total	2,027.79	-

Note No:- 2. 24 EMPLOYEE BENEFIT EXPENSES

(₹ in Lacs)

Particulars	For the year ended on	
	March 31, 2017	March 31, 2016
Salaries & Wages	97.94	74.94
Bonus Expenses	16.87	13.02
Contribution to Provident Funds	9.37	7.44
Contribution to ESIC	2.85	2.11
Staff Welfare / Workmen Compensation Expenses	1.54	-
Total	128.57	97.51

Note No:- 2. 25 FINANCE COSTS

(₹ in Lacs)

Particulars	For the year ended on	
	March 31, 2017	March 31, 2016
Bank Commission & Charges	18.49	36.02
Interest paid to :		
Bank for Car Loans	4.54	3.00
Bank for Cash Credit	4.34	14.45
Bank On OD	-	3.19
on late payment of sales tax	-	0.15
Usance Interest	7.40	-
Buyer's Credit	0.42	-
Others	7.66	76.00
Total	42.85	132.81



Note No:- 2. 26 OTHER EXPENSES

(₹ in Lacs)

Particulars	For the year ended on	
	March 31, 2017	March 31, 2016
MANUFACTURING EXPENSES		
Gases & Carbide	176.36	118.50
Consumable Expenses	52.30	14.90
Plot Rent & Development Charges	19.01	16.52
Pollution Control Expenses	1.89	1.57
Repairs & Maintenance	1.69	0.70
Sub Total	251.25	152.19
ADMINISTRATIVE EXPENSES		
Advertisement Expenses	0.42	0.71
Computer Charges	0.14	0.29
Donation	0.38	0.43
Electric Expenses	2.83	2.48
Fees and Subscription	1.21	-
Foreign Exchange Variations	49.70	-
Insurance	1.95	1.43
Legal & Professional Expenses	31.71	10.56
Loss on sale of assets	22.66	-
Office Expenses	0.66	0.57
Postage & Courier Charges	0.32	0.26
Payment to auditors #	0.70	0.64
Printing & Stationery	1.49	0.76
Professional Tax	0.91	0.58
Repairs & Maintenance	0.47	0.47
Salary To Directors	48.00	36.00
Security Charges	-	1.30
Telephone Expenses	4.63	2.05
Travelling Expenses	0.24	1.22
Vehicle Running & Maintenance	3.61	3.76
Sub Total	172.03	63.51
SELLING EXPENSES		
Brokerage & commission Charges	12.91	6.55
Sales tax Expenses	421.58	450.23
Sub Total	434.49	456.78
Total	857.77	672.48
* PAYMENT TO AUDITOR		
Statutory Audit Fees	0.58	0.54
Tax Audit Fees	0.06	0.05
Fees - For other matters	0.06	0.05
Total	0.70	0.64

Note No:- 2. 27 TAX EXPENSES

(₹ in Lacs)

Particulars	For the year ended on	
	March 31, 2017	March 31, 2016
Current tax:		
- Income taxes	66.34	40.83
Deferred taxes	6.66	3.95
Tax of Earlier Years	0.20	(0.26)
Total	73.20	44.52

Note No:- 2. 28 EARNING PER SHARE

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

(₹ in Lacs)

Particulars	For the year ended on	
	March 31, 2017	March 31, 2016
Profit after tax as per profit & Loss accounts	99.07	95.21
Add: Prior Period Adjustments	-	-
Less :Dividend on Preference Shares including dividend Tax	-	-
Net profit for calculation of Earning per shares	99.07	95.21
Weighted average No. of shares outstanding during the year	1,64,73,391	1,64,73,391
Basic Earning per shares	0.60	0.58
Diluted earnings per share	0.60	0.58

Note No:- 2. 29 CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
Corporate Guarantee given for Partnership Firm	480.00	480.00
Corporate Guarantee given for Subsidiary Company	500.00	-
Commissioner of Income Tax (Appeals), Ahmedabad (AY: 2010-11)	8.99	8.99
Commissioner of Income Tax (Appeals), Ahmedabad (AY: 2011-12)	2.64	2.64
Deputy Commissioner of Commercial Tax, Div. - 9, Bhavnagar (FY: 2009-10)	19.28	19.28
Deputy Commissioner of Commercial Tax, Div. - 9, Bhavnagar (FY: 2010-11)	34.72	34.72

Note:

- The company does not anticipate any liability except above on account of pending income tax and sales tax assessments.
- The company has given bank guarantee in favor of M/s. VMS TMT Pvt. Ltd., which is its subsidiary company for Term Loans aggregating of ₹ 5.00 Crores availed by them from Reliance Home Finance Limited. The outstanding amounts of such finance availed by VMS TMT Pvt. Ltd. as at 31.03.2017 is ₹ 4.78 Crores.
- The company has given bank guarantee in favor of M/s. Eternal Automobiles, in which the Directors are interested for Working Capital Finance of ₹ 4.80 Crores availed by them from Standard Chartered Bank, Mumbai Branch. The outstanding amounts of such finance availed by M/s. Eternal Automobiles as at 31.03.2017 is ₹4.12 Crores.

Note No:- 2. 30 FIXED DEPOSITS UNDER LIEN

(₹ in Lakhs)

Particulars	As at	
	March 31, 2017	March 31, 2016
Fixed deposits under lien with bank for Bank Guarantee, Letter of Credit and Others.	2,850.00	698.05

Note No:- 2. 31 RELATED PARTY TRANSACTIONS

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

Key Managerial 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

Mr Varun Manoj Jain	Son of Managing Director
Mr Vaibhav Manoj Jain	Son of Managing Director

Enterprises over which Key Managerial Personnel exercises significant influence

Eternal Automobiles	As Partnership firm in which Company is partner
VMS TMT Private Limited	Subsidiary company

b) The details of transaction with related parties :

(₹ in Lacs)

Nature of transactions	Key Managerial Personnel		Enterprises controlled by Key Managerial Personnel and their relatives	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Capital in Partnership Firm				
Eternal Automobiles	-	-	532.53	410.14
Director Remuneration				
Key Managerial Personnel				
Mr. Manoj Kumar Jain	24.00	12.00	-	-
Smt. Sangeeta Jain	24.00	24.00	-	-
Corporate guarantee to banks				
Eternal Automobiles	-	-	480.00	480.00
VMS TMT Pvt. Ltd.	-	-	500.00	-
Interest Income				
VMS TMT Private Limited	-	-	-	0.05
Rent Income				
VMS TMT Private Limited	-	-	0.60	0.70
OUTSTANDING BALANCES AS ON MARCH 31, 2017				
Investment in Partnership Firm				
Eternal Automobiles	-	-	532.53	410.14
Investment in Subsidiary Company				
VMS TMT Pvt. Ltd.	-	-	507.30	507.30



Note No:- 2. 32 INFORMATION ABOUT QUANTITY & VALUES

The company is engaged in Ship Recycling and Trading in Ferrous and Non-Ferrous Metals. 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

Nature of transactions	Quantity MT		Value ₹ (in Lacs)	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Ship Breaking :				
Opening Stock	-	-	-	-
Sales	37,871.754	32,174.360	10,073.54	10,729.29
Closing Stock	-	-	-	-
Trading :				
Opening Stock	-	-	-	-
Purchases	7,080.450	-	-	-
Sales	7,080.450	-	2,058.72	0.00
Closing Stock	-	-	-	-
2. Value of Imported and indigenous Raw Materials consumed				
Indigenous	-	-	-	-
Imported - Old Ships	46,000.700	35,748.400	8,501.67	9,526.51
3. CIF Value of Imports				
Raw Material Ship Purchases	46,000.700	43,273.400	9,374.64	10,369.46

Note No:- 2. 33 DISCLOSURE ON SPECIFIED BANK NOTES (SBNs)

During the year, the Company had specified bank notes and other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017. The details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

(Amount in ₹)

PARTICULARS	SBNs *	Other Denomination Notes	Total
Closing Balance as at November 8, 2016	6,39,500	21,20,289	27,59,789
Add: Permitted receipts	-	4,95,773	4,95,773
Add: Withdrawals from Bank	-	2,55,000	2,55,000
Less: Paid for permitted transactions	-	9,81,844	9,81,844
Less: Deposited in Banks	6,39,500	-	6,39,500
Closing Balance as at December 30, 2016	-	18,89,218	18,89,218

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

Note No:- 2. 34 OTHER DISCLOSURES

- The company has no information as to whether any of its suppliers constitute micro, small and medium enterprises as per Micro, Small & Medium Enterprises Development Act, 2006 and therefore, the amount due to such suppliers has not been identified.
- The balance of Sundry Creditors, Sundry Debtors, Loans & Advances are unsecured, considered good and reconciled from subsequent transaction and/or confirmations are obtained.
- In the opinion of the Board of Directors, Current Assets, Loans & Advances have a value of realization 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.
- 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. Sonam Langalia

Partner

M. No. 154014

For and on behalf of the Board

VMS Industries Limited

Manoj Kumar Jain

Director

DIN: 02190018

Himanshu Shah

Chief Financial Officer

Sangeeta Jain

Director

DIN: 00125273

Hemal Patel

Company Secretary

Place : Ahmedabad

Date : May 29, 2017

Place : Ahmedabad

Date : May 29, 2017



INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To The Members,

VMS INDUSTRIES LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **VMS INDUSTRIES LIMITED** ('the Holding Company') and its One Subsidiary, which comprise the Consolidated Balance Sheet as at 31st March, 2017, the consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the consolidated financial statements

The Holding Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of requirements of the Companies Act, 2013 ('the act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group 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 board of directors of the companies included in the group 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; 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 consolidated 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 consolidated financial statements are free from material misstatement.

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 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 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 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 report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the Subsidiaries as noted below, 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 state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date, **except for non provision for gratuity and long term employee benefits a per AS – 15, the amount of which could not be ascertained in the absence of actuarial valuation.** .

Other Matter

We did not audit the financial statements of VMS TMT PRIVATE LIMITED, whose financial statements reflect total assets of ₹ 1119.37 Lacs as at March 31, 2017 and as well as the total revenue of ₹ 103.45 Lacs as at March 31, 2017, have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors.



Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("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 so far as it appears from our examination of those books and report of the other auditors;
 - c. 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 consolidated financial statements;
 - d. in our opinion, except for the effects of matter described in our qualified 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;
 - e. on the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the report of the auditors of the subsidiary company incorporated in India, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f. with respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report; and
 - g. 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 Consolidated financial statements disclose the impact of pending litigations on Group's financial position in its financial statements - *Refer Note 2.28 of the financial statements;*
 - ii. The Group did not do any long term contracts including derivative contracts for which there were any material foreseeable losses. and
 - iii. There is no such amount which was required to be transferred to the Investor Education and Protection Funds by the Holding Company and its subsidiary.
 - iv. the Company has provided requisite disclosures in its financial statements as to dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. *Refer Note 2.33 to the financial statements.*

For P. D. Goplani & Associates
Chartered Accountants
FRN: 118023W
CA. Sonam Langalia
Partner
M. No. 154014

Place : Ahmedabad
Date : May 29, 2017



Annexure 1 to the Auditor's Report of even date on the Consolidated Financial Statements

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2017, we have audited the internal financial controls over financial reporting of **VMS Industries Limited** ("the Holding Company") and its subsidiary company which is company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The board of Directors of the Holding Company and its subsidiary are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the group, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the company and its subsidiary, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to One subsidiary company (VMS TMT Private Limited), is based on the corresponding reports of the auditors of such companies incorporated in India.

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

CA. Sonam Langalia
Partner
M. No. 154014

Place : Ahmedabad
Date : May 29, 2017



CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

(Amount ₹ in Lacs)

PARTICULARS	Note No.	As at	
		March 31, 2017	March 31, 2016
I. EQUITY AND LIABILITIES			
1 SHARE HOLDERS' FUNDS			
(a) Share Capital	2.1	1,647.34	1,647.34
(b) Reserves & Surplus	2.2	3,561.21	3,560.04
2 MINORITY INTEREST		145.89	144.72
3 NON-CURRENT LIABILITIES	2.3		
(a) Long-Term Borrowings	2.3	519.26	23.39
(b) Other Long Term Liabilities	2.4	-	6.11
(c) Deferred Tax Liability	2.5	71.42	-
4 CURRENT LIABILITIES	2.6		
(a) Short Term Borrowings	2.6	43.03	1,059.51
(b) Trade Payables	2.7	7,524.35	2,664.01
(c) Other Current Liabilities	2.8	53.74	53.81
(d) Short-Term Provisions	2.9	42.06	4.97
Total		13,608.30	9,163.90
II. ASSETS			
1 NON-CURRENT ASSETS			
(a) Fixed Assets	2. 10		
(i) Tangible assets	2.10	820.65	848.60
(ii) Capital Work-in-Progress		384.80	375.77
(b) Non-Current Investments	2.11	532.53	410.13
(c) Deferred Tax Assets	2.12	-	18.47
(d) Long-Term Loans & Advances	2.13	1,079.74	1,603.30
(e) Other Non - Curren Assets	2.14	76.60	92.14
2 CURRENT ASSETS	2.15		
(a) Inventories	2.15	2,733.60	1,727.61
(b) Trade Receivables	2.16	2,026.81	1,721.82
(c) Cash & Bank Balances	2.17	3,178.28	786.18
(d) Short-Term Loan & Advances	2.18	2,757.39	1,579.46
(e) Other Current Assets	2.19	17.90	0.42
Total		13,608.30	9,163.90

See accompanying Notes to Financial Statements

As per our Audit Report of even date

For P. D. Goplani & Associates

Chartered Accountants

FRN : 118023W

CA. Sonam Langalia

Partner

M. No. 154014

For and on behalf of the Board

VMS Industries Limited

Manoj Kumar Jain

Director

DIN: 02190018

Himanshu Shah

Chief Financial Officer

Sangeeta Jain

Director

DIN: 00125273

Hemal Patel

Company Secretary

Place : Ahmedabad

Date : May 29, 2017

Place : Ahmedabad

Date : May 29, 2017



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON MARCH 31, 2017

(Amount ₹ in Lacs)

PARTICULARS	Note No.	As at	
		March 31, 2017	March 31, 2016
INCOME:			
a) Revenue From Operations	2.20	11,473.83	10,179.95
b) Other Income	2.21	403.82	424.09
Total Revenue		11,877.65	10,604.04
EXPENSES:			
a) Cost of consumption of Raw Materials	2.22	8,501.67	9,526.51
b) Purchase of stock - in - trade	2.23	2,027.79	57.47
c) Changes in Inventories	2.24	49.64	(57.47)
d) Employee Benefits Expenses	2.25	129.49	97.51
e) Finance Costs	2.26	82.32	132.81
f) Depreciation & amortization Expenses	2.10	43.27	34.99
g) Other Expenses	2.27	868.26	672.49
Total Expenses		11,702.44	10,464.31
Profit before Extraordinary Items & Taxes		175.21	139.73
Extraordinary Items		-	-
Profit after Extraordinary Items but before Taxes		175.21	139.73
Tax Expenses :	2.28		
(1) Current tax		67.26	40.83
(2) Deferred tax		6.66	3.95
(3) Tax of Earlier Years		0.20	(0.26)
Profit for the Year		101.09	95.21
EARNINGS PER EQUITY SHARES:	2.27		
[Nominal value per share ₹10 : previous year ₹10]			
(1) Basic		0.61	0.58
(2) Diluted		0.61	0.58
Weighted average number of shares outstanding		1,64,73,391	1,64,73,391

See accompanying Notes to Financial Statements

As per our Audit Report of even date

For P. D. Goplani & Associates

Chartered Accountants

FRN : 118023W

For and on behalf of the Board

VMS Industries Limited

CA. Sonam Langalia

Partner

M. No. 154014

Manoj Kumar Jain

Director

DIN: 02190018

Sangeeta Jain

Director

DIN: 00125273

Himanshu Shah

Chief Financial Officer

Place : Ahmedabad
Date : May 29, 2017

Hemal Patel

Company Secretary

Place : Ahmedabad
Date : May 29, 2017



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(Amount ₹ in Lacs)

PARTICULARS	31-Mar-17	31-Mar-16
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	175.21	139.73
- Adjustment for :		
Depreciation	43.28	34.99
Finance Cost	82.32	132.81
Interest & Other Non - Operating Income	(288.54)	-
Operating Profit before Working Capital Changes	12.27	307.53
- Adjustments for changes in assets and liabilities:		
Trade Receivables	(304.99)	(1,340.68)
Inventories	(1,005.99)	(1,672.41)
Other Receivables	(1.93)	12.77
Liabilities and Provisions	4,875.71	2,272.10
Cash Flow From Operations	3,575.07	(420.69)
Income Tax Paid	67.46	40.57
Net Cash Inflow/(Outflow) from Operating Activities	3,507.61	(461.26)
B. CASH FLOW ARISING FROM INVESTING ACTIVITIES:		
- Purchase of Fixed Assets	(53.48)	(225.49)
- Proceeds on sale of fixed assets	29.13	103.14
- (Increase)/ Decrease in Investment	(122.39)	8.60
- Proceeds from Long-Term Loans & Advances	523.56	(1,368.44)
- Proceeds from Short-Term Loans & Advances	(1,177.94)	1,196.02
- Interest & Other Non - Operating Income	288.54	-
Net Cash Inflow / (Outflow) in the course of Investing Activities	(512.58)	(286.17)
C. CASH FLOW ARISING FROM FINANCING ACTIVITIES:		
- Proceeds from Long-Term Borrowings	495.86	2.90
- Proceeds from Short-Term Borrowings	(1,016.47)	674.65
- Finance Costs	(82.32)	(132.81)
Net Cash Inflow/ (Outflow) in the course of Financing Activities	(602.93)	544.74
Net Increase/(Decrease) in Cash/Cash Equivalentents (A+B+C)	2,392.10	(202.69)
Add: Balance at the beginning of the year	786.18	988.87
Cash and Bank Balances at the close of the year (Refer Note 2.17)	3,178.28	786.18

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. Sonam Langalia

Partner

M. No. 154014

For and on behalf of the Board

VMS Industries Limited

Manoj Kumar Jain

Director

DIN: 02190018

Himanshu Shah

Chief Financial Officer

Sangeeta Jain

Director

DIN: 00125273

Hemal Patel

Company Secretary

Place : Ahmedabad

Date : May 29, 2017

Place : Ahmedabad

Date : May 29, 2017

1. CORPORATE INFORMATION

VMS Industries Limited is a public limited 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 group was engaged in the ship breaking business as trading in ferrous and non-ferrous metal products. 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. The consolidated financial statements are prepared under the historical cost convention, ongoing concern basis and all material respects with the Accounting Standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The group follows the mercantile system of accounting and recognizes income and expenditure on accrual basis to the extent measurable and where there is certainty of ultimate realization of incomes. The accounting policies adopted in the preparation of consolidated financial statements are consistent with those of previous year.
- 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 consolidated 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 consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated 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 the assets estimated by the Management. Depreciation for assets purchased during a period is proportionately charged. Useful lives and residual values of assets are reviewed periodically.
- II. 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:-

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 as and when incurred.

ii) Pension

The management is also of the opinion that the payment under Pension Act is 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 liability 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. CONSOLIDATION OF FINANCIAL STATEMENTS:

The financial statements of VMS Industries Ltd and its subsidiary have been consolidated on a line by line basis by adding together like items of assets, liabilities, income, expenses, after eliminating intra group transactions and any unrealized gains or losses in accordance with the Accounting Standard - 21 on "Consolidated Financial Statements" (AS 21).

Minority interest in the net assets of the consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made in the subsidiary company and further movements in their share in the equity, subsequent to the dates of investments. The losses in subsidiary/s attributable to the minority shareholder are recognized to the extent of their interest in the equity of the subsidiary.

2.11. 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.

2.12. 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.

2.13. 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 Standard – 24 Discontinuing Operations. The Tangible assets forming part of the said discontinued business have been shown as single item in Balance Sheet under the Tangible Assets and no depreciation has been provided on said assets.

2.14. 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.

2.15. 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.

2.16. 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.

2.17. SHARE ISSUE EXPENSES :

Share issue expenses are amortized adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013 to the extent any balance is available for utilization in the Securities Premium Account.

2.18. 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.

2.19. EARNINGS 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.

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

(in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Net Profit as per Profit & Loss Account (₹ in lacs)	101.09	95.21
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	0.61	0.58
Diluted Earning Per Share	0.61	0.58

As per our Audit Report of even date

For P. D. Goplani & Associates

Chartered Accountants

FRN : 118023W

CA. Sonam Langalia

Partner

M. No. 154014

For and on behalf of the Board

VMS Industries Limited

Manoj Kumar Jain

Director

DIN: 02190018

Himanshu Shah

Chief Financial Officer

Sangeeta Jain

Director

DIN: 00125273

Hemal Patel

Company Secretary

Place : Ahmedabad

Date : May 29, 2017

Place : Ahmedabad

Date : May 29, 2017

CONSOLIDATED NOTES ON ACCOUNTS FOR YEAR ENDED MARCH 31, 2017

Note No:- 2. 1 SHARE CAPITAL

A. SHARE CAPITAL

(₹ in Lacs)

PARTICULARS	As at 31st March, 2017		As at 31st March, 2016	
	Number	Amount	Number	Amount
AUTHORISED SHARE CAPITAL				
Equity Shares of ₹ 10/- each	2,00,00,000	2,000.00	2,00,00,000.00	2,000.00
	2,00,00,000	2,000.00	2,00,00,000.00	2,000.00
ISSUED, SUBSCRIBED & FULLY PAID UP				
Equity Shares of ₹ 10/- each fully paid	1,64,73,391	1,647.34	1,64,73,391.00	1,647.34
Total	1,64,73,391	1,647.34	1,64,73,391.00	1,647.34

Notes:

A. The reconciliation of the number of outstanding shares as at 31st March, 2017 and 31st March, 2016 is set out below :

Equity Shares	As at 31st March, 2017		As at 31st March, 2016	
	Number	Amount	Number	Amount
At the beginning of the year	1,64,73,391	16,47,33,910	1,64,73,391	16,47,33,910
Add: Issue of Bonus Shares during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	1,64,73,391	16,47,33,910	1,64,73,391	16,47,33,910

B. The details of shareholder holding more than 5% shares as at 31st March, 2017 and 31st March, 2016 is set out below :

NAME OF SHAREHOLDERS	As at 31st March, 2017		As at 31st March, 2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding
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 Mono Herbicides Limited	27,51,690	16.70	14,99,684	9.08
4 B LODHA SECURITIES LTD	-	-	12,55,006	7.60

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

Note No:- 2. 2 RESERVES & SURPLUS

(₹ in Lacs)

Particulars		As at	
		March 31, 2017	March 31, 2016
A	SECURITY PREMIUM ACCOUNT		
	Balance as per the last Financial Statements	2,552.59	2,568.13
	Less: 1/10th public issue expenses	15.54	15.54
	Closing Balance (A)	2,537.05	2,552.59
B	GENERAL RESERVES		
	Balance as per the last Financial Statements	46.29	46.29
	Add: Current year transfer	-	-
	Less: Written back in current year	-	-
	Closing Balance (B)	46.29	46.29
C	SURPLUS IN THE STATEMENT OF PROFIT & LOSS		
	Balance as per the last Financial Statements	980.08	884.87
	Net Profit for the current year	81.00	76.29
	Less: Appropriations		
	Other Appropriations	83.21	-
	Net Surplus in the Statement of Profit & Loss (C)	977.87	961.16
	Total Reserve & Surplus (A+B+C)	3,561.21	3,560.04

Note No:- 2. 3 LONG TERM BORROWINGS

(₹ in Lacs)

Particulars		As at	
		March 31, 2017	March 31, 2016
	Term Loans :		
I.	Vehicle Loans (Secured)	40.49	23.39
II.	Term Loans (Secured)	478.77	-
	Total	519.26	23.39
	Notes:		
1.	Details of the secured Long-Term Borrowings:		
	Vehicle		
	Loans	471.29	31.21
	Less: Current Maturities of Loan i.e. amount repayable within 12 Months	61.63	7.82
	Total	519.26	23.39

2. Details of Securities:

- Long Term Finance from ICICI Bank Limited is Secured by Hypothecation Charge on Car - Volvo. Car Loan is repayable in 60 Equal Monthly Installments of ₹ 52,865/- including interest and ending on April 2019.
- Long Term Finance from ICICI Bank Limited is Secured by Hypothecation Charge on Car - Innova. Car Loan is repayable in 60 Equal Monthly Installments of ₹ 32,800/- including interest and ending on October 2020.
- Long Term Finance from Bank of Baroda is Secured by Hypothecation Charge on Car - Baleno. Car Loan is repayable in 60 Equal Monthly Installments of ₹ 18,656/- including interest and ending on July 2021.
- Long Term Finance from Bank of Baroda is Secured by Hypothecation Charge on Car - Maruti Swift VDI. Car Loan is repayable in 60 Equal Monthly Installments of ₹ 14,605/- including interest and ending on July 2021.
- Long Term Finance from Bank of Baroda is Secured by Hypothecation Charge on Car - Creta. Car Loan is repayable in 84 Equal Monthly Installments of ₹ 24,593/- including interest and ending on October 2023.
- Long Term Finance from Bank of Baroda is Secured by Hypothecation Charge on Car - Celerio. Car Loan is Repayable in 48 Equal Monthly Installments of ₹ 12,586/- including interest and ending on October 2020.
- Long Term Finance from Axis Bank Limited is Secured by Hypothecation Charge On Car. Term Loans is Repayable in Equal Monthly Installments Of ₹ 21,500/- including interest and ending on August 2016.
- Term Loans (40695 & 40696) from Reliance Home Finance are primarily secured by immovable properties of the company. The same is also secured by corporate guarantee of its holding company. The Term Loans are repayable in 84 Equal Monthly Installments of ₹ 8,62,054/- and ₹ 95,874/- respectively, including interest.

Note No:- 2. 4 OTHER LONG TERM LIABILITIES

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
- Trade Payables (Including Acceptance)	-	6.11
Total	-	6.11

Note No:- 2. 5 DEFERRED TAX LIABILITIES

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
Deferred Tax Liabilities		
- On account of Depreciation	71.42	-
Total	71.42	-

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.

Note No:- 2. 6 SHORT TERM BORROWINGS

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
SECURED		
(a) LOANS REPAYABLE ON DEMAND		
I Bank of Baroda - Cash Credit (Cash Credit from Bank of Baroda is primarily secured against Stock, Receivables and Other Current Assets of the company and collaterally secured by immovable properties of the directors and their relatives. The same is also secured by personal guarantee of directors and their relatives. The cash credit is repayable on demand.)	43.03	0.42
II Bank of Baroda - Overdraft	-	455.47
UNSECURED		
(b) Loans Received :		
- From Others	-	603.62
Total	43.03	1,059.51

Note No:- 2. 7 TRADE PAYABLES

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
Trade Payables (Including Acceptances)		
Trade Creditors (Goods)	7,503.48	2,654.19
Other Creditors	20.87	9.82
Total	7,524.35	2,644.01

Note No:- 2. 8 OTHER CURRENT LIABILITIES

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
Statutory Remittances	21.01	42.23
Current maturities of long-term debt (Refer Note 2.3 (i) above)	13.75	8.87
Other Payables	18.06	1.49
Advances received from customers	0.92	1.22
Total	53.74	53.81

Note No:- 2. 9 SHORT TERM PROVISIONS

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
Provision for Employee Benefits		
Contribution to Provident Funds	1.28	0.75
ESIC Payable	0.39	0.09
Others Provisions		
Other Expenses Payables	3.37	0.13
Provision for Income Tax (net of prepaid taxes)	37.02	4.00
Total	42.06	4.97

2. 10 - TANGIBLE ASSETS

(₹ in Lacs)

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON 01.04.16	ADDITION DURING THE YEAR	DEDUCTIONS DURING THE YEAR	TOTAL	AS ON 01.04.16	DEP FOR THE YEAR	DEDUCTION/ ADJUSTMENT/ WRITE BACK	TOTAL AS ON 31.03.2017	AS ON 31.03.2017	AS ON 31.03.2016
TANGIBLE ASSETS :										
Building	2.08	-	-	2.08	0.47	0.08	-	0.55	1.53	1.61
Plant & Machinery	0.71	-	-	0.71	0.29	0.07	-	0.36	0.35	0.42
Air Conditioner	-	1.50	-	1.50	-	0.08	-	0.08	1.42	-
Weigh Bridge	6.21	-	-	6.21	2.41	0.58	-	2.99	3.22	3.80
Winch	190.90	-	-	190.90	31.03	5.90	-	36.93	153.97	159.87
Wire Rope	23.58	-	-	23.58	5.30	1.85	-	7.15	16.43	18.28
Crane	289.90	-	-	289.90	54.94	10.17	-	65.11	224.79	234.96
Oxygen Cylinder & Tank	196.25	-	58.31	137.94	86.54	3.70	29.16	61.08	76.86	109.71
DG Sets	1.67	-	-	1.67	0.38	0.11	-	0.49	1.18	1.29
Computer	3.05	1.72	-	4.77	2.80	0.47	-	3.27	1.50	0.25
Corporate Office	42.01	-	-	42.01	5.75	1.47	-	7.22	34.79	36.26
Furniture	40.55	0.84	-	41.39	17.90	7.50	-	25.40	15.99	22.65
Office Equipments	2.87	-	-	2.87	0.85	0.20	-	1.05	1.82	2.02
Vehicles	123.93	39.82	-	163.75	39.76	10.98	-	50.74	113.01	84.17
Printer	0.24	-	-	0.24	0.18	0.04	-	0.22	0.02	0.06
EPBX	-	0.58	-	0.58	-	0.07	-	0.07	0.51	-
Freehold Land	163.11	-	-	163.11	-	-	-	-	163.11	163.11
Borewell	3.57	-	-	3.57	-	-	-	-	3.57	3.57
Plant & Machinery - Weighbridge	6.58	-	-	6.58	-	-	-	-	6.58	6.58
TOTAL (A)	1,097.21	44.46	58.31	1,083.36	248.60	43.27	29.16	262.71	820.65	848.60
CAPITAL WORK - IN - PROGRESS :										
GREEN PLOT	-	9.03	-	9.03	-	-	-	-	9.03	-
Factory Building	165.10	-	-	165.10	-	-	-	-	165.10	165.10
Factory Shed	40.12	-	-	40.12	-	-	-	-	40.12	40.12
Electric Installation	0.54	-	-	0.54	-	-	-	-	0.54	0.54
Electric Fittings	0.14	-	-	0.14	-	-	-	-	0.14	0.14
Furniture & Fixtures	0.30	-	-	0.30	-	-	-	-	0.30	0.30
Plant & Machinery	0.25	-	-	0.25	-	-	-	-	0.25	0.25
Pre- Operative Exp (Allocation pending)	169.32	-	-	169.32	-	-	-	-	169.32	169.32
TOTAL (B)	375.77	9.03	-	384.80	-	-	-	-	384.80	375.77
TOTAL (A + B)	1,472.98	53.49	58.31	1,468.16	248.60	43.27	29.16	262.71	1,205.45	1,224.37
PREVIOUS YEAR	1,358.10	225.49	110.62	1,472.97	221.10	34.99	7.48	248.61	1,224.36	1,136.99

Note No:- 2. 11 NON - CURRENT INVESTMENTS

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
(Valued at cost unless otherwise stated)		
a Investments In partnership Firms*	532.53	410.13
Total	532.53	410.13

*** Details Of Investment in Firms**

(₹ in Lacs)

Particulars	Share in Profit/ (Loss)	As at	
		March 31, 2017	March 31, 2016
Eternal Automobiles	10.00%	532.53	410.13
Details of other Partners :			
1 Manoj Kumar Jain	15.00%	N.A.	N.A.
2 Smt Sangeeta Jain	15.00%	N.A.	N.A.
3 Other Individuals	60.00%	N.A.	N.A.
		532.53	410.13

Note No:- 2. 12 DEFERRED TAX ASSETS

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
Deferred Tax Assets		
- On disallowances of expenses	-	18.47
Total	-	18.47

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.

Note No:- 2. 13 LONG TERM LOANS & ADVANCES

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
Security Deposits		
(Unsecured, Considered Good)		
- Security Deposits	9.38	2.38
Sub Total	9.38	2.38
Loans & Advances		
(Unsecured, Considered Good)		
- To Relatives	527.15	-
- To Others	500.26	1,349.19
Sub Total	1,027.41	1,349.19
Other Advances		
Advances recoverable in cash or kind	42.70	42.70
Balance with Revenue Authorities	0.25	209.03
Sub Total	42.95	251.73
Total	1,079.74	1,603.30

Note No:- 2. 14 OTHER NON-CURRENT ASSET

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
A Share Issue Expenditure	63.24	78.78
B Miscellaneous Expenses (Assets)	13.36	13.36
Total	76.60	92.14

Note No:- 2. 15 INVENTORIES

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
Raw Materials of Uncut Ship	2,725.77	1,670.14
Stock - in - Trade	7.83	57.47
Total	2,733.60	1,727.61

Note No:- 2. 16 TRADE RECEIVABLES

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
Trade receivables outstanding		
For a period less than six months from the date they are due for payment		
Unsecured, Considered good	2,021.29	1,721.82
(A)	2,021.29	1,721.82
Trade receivables outstanding		
For a period exceeding six months from the date they are due for payment		
Unsecured, Considered good	5.52	-
(B)	5.52	-
Total (A+B)	2,026.81	1,721.82

Note No:- 2.17 CASH & BANK BALANCES

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
(a) Cash & cash Equivalents		
Cash on hand	5.87	32.38
Balances With Banks		
- On current accounts	300.78	47.07
- Fixed Deposits	1,515.40	-
(b) Other Bank Balances		
BOB - FDR	1,334.60	698.06
Interest accrued on FDR	21.63	8.68
Total	3,178.28	786.18

Note No:- 2.18 SHORT TERM LOANS & ADVANCES

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
(Unsecured, Considered good)		
Loans and advances to:		
- Others	2,624.46	1,570.23
Other Advances :		
Balance with Statutory/Government Authorities	113.03	4.23
Advance recoverable in cash or kind	19.90	5.00
Total	2,757.39	1,579.46

Note No:- 2. 19 OTHER CURRENT ASSETS

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
Prepaid Expenses	17.90	0.42
Total	17.90	0.42

Note No:- 2. 20 REVENUE FROM OPERATIONS

(₹ in Lacs)

Particulars	For the year ended on	
	March 31, 2017	March 31, 2016
Sales of Manufactured Goods	10,073.53	10,729.29
Sales of Trading Goods	2,120.89	-
	12,194.43	10,729.29
Less: Excise Duty paid	720.59	549.34
Total	11,473.83	10,179.95

Note No:- 2. 21 OTHER INCOME

(₹ in Lacs)

Particulars	For the year ended on	
	March 31, 2017	March 31, 2016
Interest Income:		
From Others	205.90	231.39
On FDRs	112.64	136.67
From Eternal Automobile	63.54	47.75
On IT Refund	19.10	-
Rent Income	0.60	0.70
Share of profit from Partnership firm	0.73	1.95
Other Non Operating Income	1.31	5.63
Total	403.82	424.09

Note No:- 2. 22 COST OF CONSUMPTION OF RAW MATERIALS

(₹ in Lacs)

Particulars	For the year ended on	
	March 31, 2017	March 31, 2016
Inventory at the Beginning of the Year	1,670.14	55.20
Add: Ship Purchase for Recycling	9,781.24	10,804.45
Foreign Exchange Variation Effect on Purchase	(223.94)	337.00
	11,227.44	11,196.66
Inventory at the end of the Year	2,725.77	1,670.14
Cost of Raw Materials Consumed	8,501.67	9,526.51



Note No:- 2. 23 PURCHASE OF STOCK-IN-TRADE

(₹ in Lacs)

Particulars	For the year ended on	
	March 31, 2017	March 31, 2016
PURCHASES	2,027.79	57.47
Total	2,027.79	57.47

Note No:- 2. 24 CHANGES IN INVENTORIES

(₹ in Lacs)

Particulars	For the year ended on	
	March 31, 2017	March 31, 2016
Inventories at the beginning of the Year	57.47	-
Less: Inventories at the end of the Year	7.83	57.47
Total	49.64	(57.47)

Note No:- 2. 25 EMPLOYEE BENEFIT EXPENSES

(₹ in Lacs)

Particulars	For the year ended on	
	March 31, 2017	March 31, 2016
Salaries & Wages	98.85	74.94
Bonus Expenses	16.87	13.02
Contribution to Provident Funds	9.37	7.44
Contribution to ESIC	2.85	2.11
Staff Welfare / Workmen Compensation Expenses	1.55	-
Total	129.49	97.51

Note No:- 2. 26 FINANCE COSTS

(₹ in Lacs)

Particulars	For the year ended on	
	March 31, 2017	March 31, 2016
Bank Commission & Charges	18.50	36.02
Interest paid to :		
Bank for Car Loans	4.55	3.00
Bank for Cash Credit	4.34	14.45
Bank On OD	-	3.19
Bank Term Loans	39.46	-
on late payment of sales tax	-	0.14
Usance Interest	7.40	-
Buyer's Credit	0.42	-
Others	7.65	76.01
Total	82.32	132.81

Note No:- 2. 27 OTHER EXPENSES

(₹ in Lacs)

Particulars	For the year ended on	
	March 31, 2017	March 31, 2016
MANUFACTURING EXPENSES		
Gases & Carbide	176.82	118.50
Consumable Expenses	52.30	14.90
Plot Rent & Development Charges	19.00	16.52
Pollution Control Expenses	1.89	1.57
Repairs & Maintenance	1.79	0.70
Sub Total	251.80	152.19
ADMINISTRATIVE EXPENSES		
Advertisement Expenses	0.42	0.71
Computer Charges	0.14	0.29
Donation	0.38	0.43
Electric Expenses	2.83	2.48
Fees and Subscription	1.21	-
Foreign Exchange Variations	49.70	-
Insurance	1.95	1.43
Legal & Professional Expenses	40.81	10.56
Loss on sale of assets	22.66	-
Office Expenses	0.73	0.57
Postage & Courier Charges	0.32	0.26
Payment to auditors #	0.85	0.64
Printing & Stationery	1.50	0.76
Professional Tax	0.91	0.58
Rent, Rates and Taxes	0.60	-
Repairs & Maintenance	0.47	0.47
Salary To Directors	48.00	36.00
Security Charges	-	1.30
Telephone Expenses	4.63	2.05
Travelling Expenses	0.24	1.212
Vehicle Running & Maintenance	3.61	3.76
Sub Total	181.96	63.52
SELLING EXPENSES		
Brokerage & commission Charges	12.92	6.55
Sales tax Expenses	421.58	450.23
Sub Total	434.50	456.78
Total	868.26	672.49
* PAYMENT TO AUDITOR		
Statutory Audit Fees	0.73	0.55
Tax Audit Fees	0.06	0.05
Fees - For other matters	0.06	0.05
Total	0.85	0.65



Note No:- 2. 28 TAX EXPENSES

(₹ in Lacs)

Particulars	For the year ended on	
	March 31, 2017	March 31, 2016
Current tax:		
- Income taxes	67.26	40.83
Deferred taxes	6.66	3.95
Tax of Earlier Years	0.20	(0.26)
Total	74.12	44.52

Note No:- 2. 29 EARNING PER SHARE

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

(₹ in Lacs)

Particulars	For the year ended on	
	March 31, 2017	March 31, 2016
Profit after tax as per profit & Loss accounts	101.09	95.21
Add: Prior Period Adjustments	-	-
Less :Dividend on Preference Shares including dividend Tax	-	-
Net profit for calculation of Earning per shares	101.09	95.21
Weighted average No. of shares outstanding during the year	1,64,73,391	1,64,73,391
Basic Earning per shares	0.61	0.58
Diluted earnings per share	0.61	0.58

Note No:- 2. 30 CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

(₹ in Lacs)

Particulars	As at	
	March 31, 2017	March 31, 2016
Corporate Guarantee given for Partnership Firm	480.00	480.00
Corporate Guarantee given for Subsidiary Company	500.00	-
Commissioner of Income Tax (Appeals), Ahmedabad (AY: 2010-11)	8.99	8.99
Commissioner of Income Tax (Appeals), Ahmedabad (AY: 2011-12)	2.64	2.64
Deputy Commissioner of Commercial Tax, Div. - 9, Bhavnagar (FY: 2009-10)	19.28	19.28
Deputy Commissioner of Commercial Tax, Div. - 9, Bhavnagar (FY: 2010-11)	34.72	34.72

Note:

- 1 The company does not anticipate any liability except above on account of pending income tax and sales tax assessments.
- 2 The company has given bank guarantee in favor of M/s. VMS TMT Pvt. Ltd., which is its subsidiary company for Term Loans aggregating of ₹ 5.00 Crores availed by them from Reliance Home Finance Limited. The outstanding amounts of such finance availed by VMS TMT Pvt. Ltd. as at 31.03.2017 is ₹ 4.78 Crores.
- 3 The company has given bank guarantee in favor of M/s. Eternal Automobiles, in which the Directors are interested for Working Capital Finance of ₹ 4.80 Crores availed by them from Standard Chartered Bank, Mumbai Branch. The outstanding amounts of such finance availed by M/s. Eternal Automobiles as at 31.03.2017 is ₹4.12 Crores.

Note No:- 2. 31 FIXED DEPOSITS UNDER LIEN

(₹ in Lakhs)

Particulars	As at	
	March 31, 2017	March 31, 2016
Fixed deposits under lien with bank for Bank Guarantee, Letter of Credit and Others.	2,850.00	698.05

Note No:- 2. 32 RELATED PARTY TRANSACTIONS
a) Transactions with Related parties as specified under Accounting Standard -18 issued by the Institute of Chartered Accountant of India-
Key Managerial 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

Mr Varun Manoj Jain	Son of Managing Director
Mr Vaibhav Manoj Jain	Son of Managing Director

Enterprises over which Key Managerial Personnel exercises significant influence

Eternal Automobiles	As Partnership firm in which Company is partner
VMS TMT Private Limited	Subsidiary company

b) The details of transaction with related parties :

(₹ in Lacs)

Nature of transactions	Key Managerial Personnel		Enterprises controlled by Key Managerial Personnel and their relatives	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Capital in Partnership Firm				
Eternal Automobiles	-	-	532.53	410.14
Director Remuneration				
Key Managerial Personnel				
Mr. Manoj Kumar Jain	24.00	12.00	-	-
Smt. Sangeeta Jain	24.00	24.00	-	-
Corporate guarantee to banks				
Eternal Automobiles	-	-	480.00	480.00
VMS TMT Pvt. Ltd.	-	-	500.00	-
Interest Income				
VMS TMT Private Limited	-	-	-	0.05
OUTSTANDING BALANCES AS ON MARCH 31, 2017				
Investment in Partnership Firm				
Eternal Automobiles	-	-	532.53	410.14

**Note No:- 2. 33 DISCLOSURE ON SPECIFIED BANK NOTES (SBNs)**

During the year, the Company had specified bank notes and other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017. The details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

(Amount in ₹)

PARTICULARS	SBNs *	Other Denomination Notes	Total
Closing Balance as at November 8, 2016	8,49,500	21,32,209	29,81,709
Add: Permitted receipts	-	4,95,773	4,95,773
Add: Withdrawals from Bank	-	3,30,000	3,30,000
Less: Paid for permitted transactions	-	10,02,894	10,02,894
Less: Deposited in Banks	8,49,500	-	8,49,500
Closing Balance as at December 30, 2016	-	19,55,088	19,55,088

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

Note No:- 2. 34 OTHER DISCLOSURES

- The company has no information as to whether any of its suppliers constitute micro, small and medium enterprises as per Micro, Small & Medium Enterprises Development Act, 2006 and therefore, the amount due to such suppliers has not been identified.
- The balance of Sundry Creditors, Sundry Debtors, Loans & Advances are unsecured, considered good and reconciled from subsequent transaction and/or confirmations are obtained.
- In the opinion of the Board of Directors, Current Assets, Loans & Advances have a value of realization 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.
- 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. Sonam Langalia

Partner

M. No. 154014

Place : Ahmedabad

Date : May 29, 2017

For and on behalf of the Board

VMS Industries Limited

Manoj Kumar Jain

Director

DIN: 02190018

Himanshu Shah

Chief Financial Officer

Place : Ahmedabad

Date : May 29, 2017

Sangeeta Jain

Director

DIN: 00125273

Hemal Patel

Company Secretary



VMS INDUSTRIES LIMITED

[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

ATTENDANCE SLIP

25TH ANNUAL GENERAL MEETING

I /We hereby record my / our presence at the Annual General Meeting of the Company to be held at 808/C PINNACLE BUSINESS PARK, CORPORATE ROAD, PRAHLADNAGAR, AHMEDABAD-380015 on Friday, 29TH day of September, 2017 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 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. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Notice of the Annual General Meeting (AGM) 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

[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

PROXY FORM

25th ANNUAL GENERAL MEETING

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:

(1) Name : _____ Address : _____

Email ID : _____ Signature : _____ or failing him / her:

(1) Name : _____ Address : _____

Email ID : _____ Signature : _____

as my /our proxy to attend and vote for my / our behalf at the Annual General Meeting to be held on Friday, the 29th September, 2017 at 11.00 A.M. at 808/c Pinnacle Business Park, Corporate Road, Prahladnagar, Ahmedabad - 380015 and at any adjournment thereof in respect of resolutions as are indicated below:.

Resolution No.	Particulars of Resolution	Optional	
		For	Against
ORDINARY BUSINESS			
1.	Adoption of Financial Statement for the year ended 31 st March, 2017		
2.	Re-appointment of Mrs. Sangeeta Jain, Whole - Time Director retire by rotation.		
3.	Appointment of Statutory Auditors M/s. S N Shah & Associates, Chartered Accountant in place of retiring Auditor M/s. P D Goplani & Associates, Chartered Accountant.		
4.	Increasing remuneration of Mrs. Sangeeta Jain, Whole - Time Director.		
5.	Increasing remuneration of Mr. Manojkumar Jain, Managing Director.		
6.	Approval of transaction u/s. 188 of the Companies Act, 2013 with M/s. Aditya Ultra Steel Pvt. Ltd.		

Signed this _____ day of _____ 2017

Signature of Shareholder _____

Signature of Proxy holder (s) _____

Affix ₹ 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 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.





VMS INDUSTRIES LIMITED

Annual Report 2016-2017

If Undelivered, Please return to :

VMS INDUSTRIES LIMITED

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

CIN NO. : L74140GJ1991PLC016714