

### NOTICE

Notice is hereby given that the 19th [Nineteenth] Annual General Meeting of the Company will be held on 11.00 hours on Thursday 22nd day of September 2011 at the Registered Office of the Company situated at 2nd Floor, "Jain House", Opp. Vitthalwadi, Bhavnagar-364003 to transact the following business.

#### Ordinary Business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the Year ended 31st March, 2011 and the Balance Sheet as on that date and the Report of the Board of Directors and the Auditor's Report thereon and other documents attached / annexed thereto.
2. To pass with or without modification following resolution as ordinary resolution  

**"RESOLVED THAT** M/s K Solanki & Co., Chartered Accountants, the retiring Statutory Auditors of the Company to hold office as Auditors from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at remuneration to be determined by Board of Directors of Company and reimbursement of out of pocket expenses."
3. To appoint Director in place of Mr. Bakul K. Mehta, who retire by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Director in place of Mr. Pranav V. Parikh, who retire by rotation and, being eligible, offers himself for re-appointment.

By Order of Board of Directors

Place : Bhavnagar  
Date : August 9, 2011

**Hemal Patel**  
Company Secretary

#### Notes:

- i) A member entitled to attend to vote at the meeting is entitled to appoint a proxy, to attend and vote on poll on his behalf and such a proxy need not be member of the Company, Proxies in order to be effective must be deposited at the Registered Office or with the Registrar and Share Transfer Agents of the Company, M/s Cameo Corporate Services Limited, not less than 48 hours before the meeting.
- ii) The Registrar of Members of the Company and the Share Transfer Registrar shall remain closed on from Thursday September 15, 2011 to Thursday September 22, 2011 (both days inclusive)
- iii) The members are requested to
  - a) Notify immediately any change in their address to the Company
  - b) Bring their copy of the Annual Report to the Annual General Meeting.
- iv) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant with whom they are maintaining their Demat accounts. Members holding shares in Physical form, if any, can submit their PAN details to the Company/ Registrar and Transfer Agent M/s Cameo Corporate Services Limited.

#### DETAILS OF DIRECTORS SEEKING REAPPOINTMENT IN ANNUAL GENERAL MEETING (IN PURSUANT OF CLAUSE 49 OF LISTING AGREEMENT)

Name of Director	Mr. Bakul K. Mehta	Mr. Pranav V Parikh
Date of Birth	16/06/1953	05/06/1959
Nationality	Indian	Indian
Date of Appointment on the Board	28.04.2010	28.04.2010
Qualification	B. Com	B.E.-CIVIL/ M.I.E.
Experience of functional area	Business	Consultant
Shareholding in the Company	NIL	NIL
List of Directorship held in other Companies	NIL	NIL
Committee Membership	1	2



## VMS Industries Limited

### DIRECTORS' REPORT

Dear Shareholders,

Your Directors present herewith their 19th (Nineteenth) Annual Report of your Company together with the Audited Annual Accounts of the Company for the year ended 31st March, 2011.

#### FINANCIAL RESULTS

The financial performance of the Company for the Year ended 31st March, 2011 is summarized as below:-

Particulars	(₹ In Lacs)	
	Year Ended on 31.03.2011	Year Ended on 31.03.2010
Income / Receipts from Operations	7624.94	2849.10
Other Income	12.60	2.05
Total Income	7637.54	2851.15
Earning Before Financial Charges, Depreciation, and Taxation (EBITDA)	332.25	486.69
Preliminary Exp	1.12	3.11
Financial Charges	109.35	92.11
Depreciation	37.65	45.19
Profit Before Tax (PBT)	184.13	346.28
Less: Provision for Taxation including Deferred	41.07	84.55
Prior Period Adjustment / Excess Provision Written Back	24.12	(0.57)
Profit After Tax (PAT)	167.18	261.16
Profit Brought Forward from Previous Year	310.99	71.23
Profit Available for Appropriation	478.17	332.39
Transfer to Tonnage Tax Reserve	10.62	21.40
Balance Carried to Balance Sheet	467.55	310.99

#### OPERATIONS REVIEW

During the year under review, the driving areas of the Company were Ship Breaking unit and Off-shore unit which have achieved substantial increase in terms of Services/ Sales Turnover. The decrease in Profit in the current financial year is due to non favorable results in the last quarter of the financial year 2010-11.

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

#### DIVIDEND

Looking to future requirements of funds for business operations of the Company, the directors have not recommended any dividend for the Financial Year 2010-11

#### INITIAL PUBLIC OFFERING (IPO)

Your Company entered the Capital Market with an Initial Public Offer (IPO) of 64,38,227 Equity shares of ₹ 10/- each at a premium of ₹ 30 /- per share in May 2011. Your Company's shares were listed on the Bombay Stock Exchange Limited (BSE) on 14th June, 2011. The issue was subscribed by about 1.46 times.