



Annual Report
2013-2014



VMS INDUSTRIES LIMITED

BOARD OF DIRECTORS

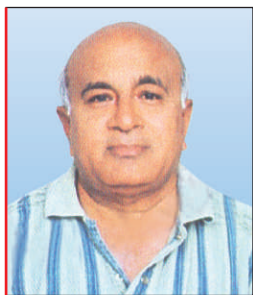

Manoj Kumar Jain
Managing Director



Sangeeta Jain
Whole Time Director



Ajit Kumar Jain
Director



Bakul Mehta
Non Executive Independent Director



Pranav Parikh
Non Executive Independent Director



Hitesh Loonia
Non Executive Independent Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Hemal Patel

REGISTERED OFFICE

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

CIN NO.

L74140GJ1991PLC016714

WORK SHOP

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

REGISTRARS & SHARE TRANSFER AGENTS FOR ELECTRONIC SHARES

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

MAIN BANKERS

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

STATUTORY AUDITORS

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

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NOTICE

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

ORDINARY BUSINESS

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

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

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

SPECIAL BUSINESS

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

"RESOLVED that in supersession of the earlier Resolution passed in this regard and pursuant to Section 293(1) (d) of the Companies Act, 1956, at the Extra Ordinary General Meeting of the Company held on 03rd February, 2010 and pursuant to section 180(1) (c) and other applicable provisions, if any, of the Companies Act, 2013, the consent of the members be and is hereby granted to the Board of Directors of the Company to borrow for the purposes of its business, apart from temporary loans obtained and or to be obtained from the Company's banker in the ordinary course of business, a sum or sums of money not exceeding ₹ 250.00 crores (Rupees Two Hundred Fifty Crores Only), excluding the interest accrued thereon, notwithstanding that such aggregate amount of borrowing outstanding at any one time may exceed paid up capital and its free reserves, that is to say, reserves not set apart for any specific purpose, from the Company's bankers or from any person or persons, firms, bodies corporate or Financial Institutions and by way of deposits, advances or other loans whether unsecured or secured by mortgage, charge, hypothecation or pledge of any or all of the Company's assets and properties existing and future, on such terms and conditions as the Board of Directors may from time to time, deem fit."

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

"RESOLVED that in pursuant to Section 293(1) (a) of the Companies Act, 1956, and Section 180(1) (a) and other applicable provisions, if any, of the Companies Act, 2013, consent of the members of the Company be and is hereby accorded to the Board of Directors for the creation of mortgages, charges and hypothecation, in such form and manner as the Board of Directors may deem fit on such of the Company's movable and immovable properties, both present and future, and in such manner as the Board may direct, the Company, in certain events in favour of Lender(s)/ Financial Institutions /Bank(s) and other investing agencies to secure Rupee Loan or any other debt instruments together with interest thereon at the respective agreed rates, compounded rates, additional interest, liquidated damages, commitment charges, costs, charges, expenses, including any increase as a result of devaluation / revaluation/ fluctuation in the rates of the exchange and other investing agencies under the arrangements entered into / to be entered by the Company in respect of the said loans, securities or other instruments."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalize the terms and conditions of the above mentioned loans, securities, instruments and documents for creating the aforesaid mortgages, charges and hypothecation and to do all such acts and things and execute such documents or writings as may be necessary for giving effect to the above resolutions."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Place : Ahmedabad

Date : 23.08.2014

**Hemal Patel
Company Secretary**

NOTES:

- A 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
- The relative Explanatory Statement, pursuant to section 102 (2) of the companies act, 2013 (corresponding to 173 (2) of the companies act, 1956), in respect of the special business under item no. 5 to 11 are annexed hereto
- Pursuant to the provision of Section 91 of the Companies Act, 2013 (corresponding to 154 of the companies act, 1956), the registered of members and share transfer books of the company will remain closed from Friday 26th September, 2014 to Monday 29th September, 2014 (both day inclusive).
- All documents referred to in the notice and the explanatory statement requiring the approval of the members at the meeting and other statutory register shall be available for inspection by the Members at the registered office of the company during office hours on all working days between 11.00 a.m to 1.00 p.m. on all days except Saturdays, Sundays and public holiday, from the date hereof up to the date of the Annual General Meeting.

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

The instructions for e-voting are as under:

(A) In case a Member receives an email from NSDL/ CDSL [for members whose email IDs are registered with the Company/ Depository 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 – "EVSN" along with "COMPANY NAME" (VMS Industries Limited) from the drop down menu and click on "SUBMIT".
- v) Now, fill up the following details in the appropriate boxes :

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

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

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

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

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

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

Item No. 5

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

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

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

Item No. 6

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

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

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

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

Item No. 7

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

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

General:

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

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

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

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

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

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

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

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

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

Item No. 8

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

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

General:

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

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

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

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

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

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

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

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

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

Item No. 9, 10 & 11

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



VMS Industries Limited

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

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

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

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

**Place : Ahmedabad
Date : 23.08.2014**

**Hemal Patel
Company Secretary**

DIRECTORS' REPORT

Dear Shareholders,

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

FINANCIAL RESULTS

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

(₹ In Lacs)

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

OPERATIONS REVIEW

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

LIQUIDITY

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

DIVIDEND

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

FUTURE PROSPECTUS

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

SUBSIDIARY

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