

VARDHMAN SPECIAL STEELS LIMITED

5th Annual Report 2014-2015



Vardhman



Miles to Go...





From Managing Director's Desk

Dear Shareholders,

It gives me immense pleasure to address you as I completed 5 years of association with Vardhman Special Steels Limited (VSSL), 4 of them as a Managing Director. We started this journey with few dreams. In 2009-10, our sales as a division of Vardhman Textiles Limited (VTXL) were ₹ 277 Crores. We had then dreamt of making VSSL into ₹ 1000 Crore Company by 2015-16. This was the time when large steel companies were planning to enter the alloy steel market and steel experts had told me that a small business like VSSL does not have any future. My approach in life is to weigh my convictions and experience at par with the experts/analysts advices, which has been reasonably successful so far and we embarked on the journey to grow this business and thereby become a leading "alloy steel producer" of India with Global Recognition. Now we are in 2015-16, we will not be at ₹ 1000 Crore but are targeting close to around ₹ 850 Crore. But I am reasonably confident that we will achieve that milestone in a year or two.

Let me share how we went around this journey:-

Right team

Since VSSL was being run as a division of VTXL earlier and was going to begin life as a Company, selecting the Board of Directors was a major decision. I am very fortunate to get around me a very strong set of leaders who agreed to join the Board and they have been by my side guiding me, challenging me, advising me, cautioning me and providing a good outsider's perspective. The Board has made me change few of my views and in a couple of cases even made me change the course of action as well that I had decided to embark on. I am lucky to have such a Board and I think all of us are lucky to have the kind of Board we have. We also filled up the few organizational gaps we had, by rehiring few ex-employees and also transferring few resources from the rest of the group.

Strong Customer Relationship

Customer is God, as most of us say it and ironically I found there was a huge opportunity in this space for us to improve. I personally built a lot of strong relationship by travelling all over and meeting existing as well as potential customers. This also gives a signal to our marketing and technical teams that this was the new agenda. They have built much stronger relationships with the customers over the years. All this definitely laid the foundation for the growth to come.

The new Rolling mill and NDT line

This was the first major decision we took in the steel business. This was a risky decision as one of our strengths in VSSL had always been having a low capital

cost. Buying a new European rolling mill and quality testing line was going to be a huge expenditure and would increase our "capital employed" drastically and expose us to downturns in the future. We decided to proceed on this path regardless and were able to have a very good implementation with the best in class equipment. Consequent to this expansion, the capital employed of course has shot up and combined with the downturn in the auto market and hence the alloy steel market, our returns have got badly affected and shareholders may need to have more patience for good times to come.

Cultural transformation

We had a good team but they never got the right kind of management attention and the business was starved of adequate and the right investments. We had to move the team to growth and innovation mode and to work on making a much stronger teamwork to handle the larger organization. We invested heavily in training and a large number of employees visited foreign countries for meeting customers, suppliers, other steel plants, training and so on. Also many people went to see our textile operations and learnt a lot from there. I feel travel adds significantly to opening the minds of people and it did. I must say the team responded well and we have a strong culture in the organization today ready to face the challenges, tribulations and the opportunities of an increasingly global world.

Technical Up-gradation

In addition to the Rolling mill and NDT line which also increased our capacity, we found a part of the infrastructure and equipment quite dilapidated/obsolete and hence unreliable. We had to then invest lot of time, energy and capital to make good the assets that had deteriorated and were now hampering the reliability of operation. This includes, among others, the Secondary Emission Control System mandated by the Punjab Pollution Control Board which is likely to start in the next few days and will drastically improve the air quality inside the plant and required an investment of around ₹ 10 Crore. This process of up-gradation will continue over the next year or so when we can say that we are up to date and then onwards we will only be talking of normal capital expenditure or some other investment to improve operations, either quality or production or lowering cost.

Exports

This was an area where we gave a major thrust and we made some good breakthroughs. From almost zero exports to around 5,000 tons has been achieved. This is significantly below what targets we had set for ourselves because we hadn't envisaged the massive devaluation of the Euro and the yen vis-a-vis the dollar. Because of this we become uncompetitive in many markets. However, the customers that we have been able to develop, have been more than satisfied with us.

LVCQSA

Our approach is Low volume, Critical Quality, Special application. This was established by the business before I associated with it. This is our niche and growth mantra. Many of the big guys can produce the commodity products cheaper than us and we decided early on not to attack them head on but follow the niche strategy where we become a specialized, highly service oriented company that will develop small lots customized for the customer. We are well established in this space now and our customers recognize our expertise here.

Relationship with Foreign Steel Companies

This was another very important area, we set out for our self and we have established success in having a good relationship with a few steel companies in Europe and Japan. Hopefully over the next few years, one or more of them may develop into some kind of strategic relationship.

This gives you an idea of our thinking over the past five years. What we didn't anticipated was the economic turmoil that would get unleashed in the global steel industry as well as the Indian and that it will last so long. Steel industry has come under severe pressure over the last 2-3 years and we have not remained untouched by that. We have had losses in the last 2 years but fortunately we have remained cash positive. This year we will be able to improve our cash profit position and bring our debt levels down. We have also made an entry into some critical customers which bodes well for the future.

To conclude I can only say that the last 5 years have been an exciting journey. We started out on a path with a plan and a lot of enthusiasm. We have encountered severe storms on the way which are still continuing. However, these storms rather than daunting us, have strengthened us to handle this and more and prepared us to take advantage of the better times that are just around the corner.

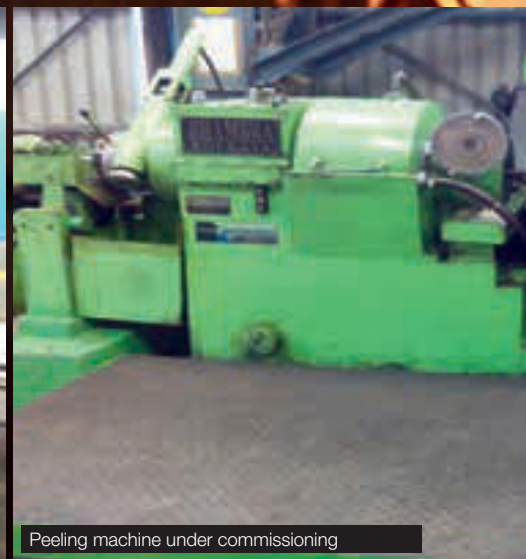
Warm Regards,
Sachit Jain
Managing Director



Inauguration Ceremony of New Rolling Mill



Installation of New MPI machines in CFD New Yard



Peeling machine under commissioning



Inauguration Ceremony of Secondary Fume Extraction System



Inauguration Ceremony of Secondary Fume Extraction System



Inauguration Ceremony of New Rolling Mill by Deputy Chief Minister of Punjab, S. Sukhbir Singh Badal



Environment Day 2015

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Management Discussion & Analysis Report

In the year 2014-15 World's Steel production stood at 1,661 Million Tonnes as compared to 1,642 Million Tonnes in the last year, showing an increase of 1.2%. India remained the World's fourth largest Steel producing nation for the fifth year in a row and China remained the world's largest crude steel producer in the year 2014.

India's production growth has remained subdued since the beginning of the year 2014-15. In the year 2014-15, India's steel production grew at nearly half the world's average in the first six months of the year. Domestic steel consumption growth remained nominal at 1.3% during the year 2014-15 due to demand of automobiles and infrastructure development. Although trend in steel production has tracked declining consumption pattern, it has remained higher than the demand growth, at 2.5% during the year 2014-15.

The year 2014-15 continued to be a difficult year for your Company. The sales realization per ton has declined sharply and the raw material prices of DRI, Sponge, Nickel and Moly had increased, which further curtailed the margins for the Company. Depreciation cost also increased from ₹ 5.70 crores to ₹ 13.87 crores as the Company had to re-calculate the remaining useful life of fixed assets in accordance with provisions of Schedule II of the new Companies Act, 2013 and also the asset base has gone up due to installation of rolling mill and some other machines/equipment.

On the brighter side, your Company achieved highest ever billet production (122,232 MT) and sales (116,338 MT) since its inception. The savings in cost from the fully commissioned New Rolling Mill is ₹ 960.16 lacs for the year 2014-15 which is envisaged to improve further in the coming year. The New Bright Bar Shop will be commissioned in June 2015 for which two annealing furnaces have already been installed by the Company. Further, as mentioned in the last Annual Report, your Company is envisaging to enhance the steel melting capacity, the application filed with Ministry of Environment & Forests (MOEF) is progressing satisfactorily. Once the ongoing project on control of secondary emissions is commissioned which is slated for July/August this year, we hope to get the final approval from MOEF. After getting the approval, your company will initiate steps to enhance the capacity of melting shop.

Among the many initiatives taken by the Company during the year for increase in efficiencies, quality improvement, process improvement etc., the Company started importing Shredded Scrap from Japan, which is of superior quality as compared to that imported from Europe. Project Udaan was initiated to identify opportunities for reducing machine breakdown time, quality improvement, manpower reduction etc.

On the exports front, the Company exported 4,178.97 MTs of alloy steel in 2014-15 as against 4,102 MTs in the year 2013-14. Further, as mentioned in the last Annual Report, your Company have succeeded in adding new export destinations and made exports to USA & Russia for the first time in the current year. In domestic market too, we have made new strides by getting the first order from a prestigious customer like Hyundai.

We are still awaiting the final new Punjab Investment Policy, which has been long delayed. We believe that the company should get significant benefits from that policy which should help in improving our financial situation.

We look forward to reduction in the interest rates in the market, which should lead to a spurt in demand across the industry and especially in the automotive industry. Improvement in auto sector would lead to increased demand for alloy steels and spreading costs across a bigger volume for your Company.

We would also like to share that the rupee depreciation has affected the company bottom line in the year under review and the current financial year too. However, as per our calculations, the cost of the borrowed funds including rupee depreciation so far is still less than taking a rupee term loan at that time.

At Vardhman, we are looking forward to emerging situation in alloy steel based industries with great interest. Niche markets development by offering knowledge based products and bringing innovation in processes to improve quality and reduce cost have been our key focus areas to meet the growing expectations of our consumers.

Continuing with its endeavour to follow best HR practices, the Company started recruitment of female workers at shop floor primarily for quality inspection which is a rarity in Steel Industry in India. Frequent training sessions are being organized for workers as well as employees of the Company.

With these initiatives, we are hopeful to come back to profitability on a sustainable basis in coming years.

DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting their 5th Annual Report on the affairs of the Company together with the Audited Accounts of the Company for the year ended, 31st March, 2015.

1. FINANCIAL RESULTS:

The financial results for the year are as under:-

(₹ in Crore)

PARTICULARS	2014-15	2013-14
Revenue from operations (Gross)	734.18	408.66
Profit before Depreciation, Interest & Tax (PBDIT)	18.96	4.43
Interest and Financial expenses	20.21	11.90
Profit before Depreciation and Tax (PBDT)	(1.25)	(7.47)
Depreciation	13.87	5.70
Profit before Tax (PBT)	(15.12)	(13.17)
Provision for Tax - Current	0.009	0.01
- Deferred Tax (Net of Adjustment)	-	(3.76)
Profit for the period after tax (PAT)	(15.13)	(9.42)
Earnings per share (₹)		
- Basic	(8.15)	(5.07)
- Diluted	(8.15)	(5.07)

2. FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS:

PRODUCTION & SALES REVIEW:

During the year under review, your Company has registered Revenue from Operations of ₹ 734.18 Crore as compared to ₹ 408.66 Crore in the previous year. The exports for the year ended were ₹ 28.64 Crore as compared to ₹ 27.29 Crore in the previous year.

PROFITABILITY:

The Company earned profit before depreciation, interest and tax of ₹ 18.96 Crore as against ₹ 4.43 Crore in the previous year. After providing for depreciation of ₹ 13.87 Crore (Previous Year ₹ 5.70 Crore), interest of ₹ 20.21 Crore (Previous Year ₹ 11.90 Crore), provision for current tax ₹ 0.009 Crore (Previous Year ₹ 0.01 Crore), the net loss from operations worked out to ₹ 15.13 Crore as compared to ₹ 9.42 Crore in the previous year.

RESOURCES UTILISATION:

a) Fixed Assets:

The net fixed assets (including capital work-in-progress) as at 31st March, 2015 were ₹ 250.78 Crore as compared to ₹ 239.93 Crore in the previous year.

b) Current Assets:

The current assets as on 31st March, 2015 were ₹ 339.89 Crore as against ₹ 299.92 Crore in the previous year. Inventory level was at ₹ 132.89 Crore

as compared to the previous year level of ₹ 119.31 Crore.

FINANCIAL CONDITIONS & LIQUIDITY:

Management believes that the Company's liquidity and capital resources should be sufficient to meet its expected working capital needs and other anticipated cash requirements. The position of liquidity and capital resources of the Company is given below:-

(₹ in crore)

PARTICULARS	2014-15	2013-14
Cash and Cash equivalents:		
Beginning of the year	13.90	30.27
End of the year	8.65	13.90
Net cash provided (used) by:		
Operating Activities	(32.75)	(35.90)
Investing Activities	(3.65)	52.37
Financial Activities	31.15	(32.86)

3. DIVIDEND:

No Dividend was declared during the current financial year.

4. CONSOLIDATED FINANCIAL STATEMENT:

As your Company does not have any subsidiary, associate or joint venture company, the provisions of Companies Act, 2013 and Accounting Standards 21, 23 and 27 in relation to consolidation of accounts do not apply.

5. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

The Company does not have any subsidiary, associate or joint venture company.

6. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report.

7. CORPORATE SOCIAL RESPONSIBILITY:

Your Company is committed to and fully aware of its Corporate Social Responsibility (CSR), the guidelines in respect of which were more clearly laid down in the recently overhauled Companies Act. The Company's vision is to pursue a corporate strategy that enables shareholders value enhancement and societal value creation in mutually reinforcing and synergistic manner.

The Corporate Social Responsibility Committee of the Company has formulated and recommended to the Board, a Corporate Social Responsibility (CSR) Policy indicating

the activities to be undertaken by the Company, which has been approved by the Board.

The CSR policy may be assessed on the Company's website at the link:

http://www.vardhmansteel.com/sites/default/files/corporate_social_responibility_policy.pdf

The Company has identified following thrust areas for CSR:-

- **PROMOTION OF EDUCATION:** To continue our endeavour for promoting education by setting up schools, colleges to deliver high quality education to students of all strata of society including wards of VSSL employees.
- **ENVIRONMENT PROTECTION AND ENERGY CONSERVATION:** To protect environment and to sustain and continuously improve standards of Environment, Health and Safety through the collective endeavour of Company and its employees at all levels towards attaining world class standards.
- **DEVELOPMENT OF HUMAN CAPITAL:** To encourage the development of human capital through skills development, vocational training programmes.
- **RURAL DEVELOPMENT:** To contribute to development in rural areas through agricultural research and knowledge sharing, promoting superior farm practices, improving cotton production, productivity and quality and other agri-extension practices such as soil and moisture conservation and watershed management etc.
- **OTHER INITIATIVES:**
 - ✓ To contribute to empowering women economically, supplementing primary and secondary education and participating in rural capacity building programmes and such other schemes.
 - ✓ To respond to emergency situations & disasters by providing timely help to affected victims and their families.
 - ✓ Any other project/ programme pertaining to activities listed in Schedule VII of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014)

During the year, the Company has not undertaken any CSR initiatives as it has incurred losses and was not in a position to make CSR expenditure.

The disclosures related to CSR activities pursuant to Section 134(3) of the Companies Act, 2013 read with Rule 9 of Companies (Accounts) Rules, 2014 and Companies (Corporate Social Responsibility) Rules, 2014 is annexed hereto and form part of this report as **Annexure I**.

8. RISK MANAGEMENT:

The Board of Directors in their meeting held on 31st January, 2015 had constituted Risk Management Committee of the Company. The Committee has formulated Risk Management Policy of the Company which has been subsequently approved by the Board of Directors of the Company. The aim of risk management policy is to maximize opportunities in all activities and to minimize adversity. The policy includes identifying types of risks and its assessment, risk handling and monitoring and reporting, which in the opinion of the Board may threaten the existence of the Company.

The Risk Management policy may be accessed on the Company's website at the link:

http://www.vardhmansteel.com/sites/default/files/downloadfiles/risk_management_policy_final.pdf

9. INTERNAL FINANCIAL CONTROLS:

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

10. 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 an arm's length basis.

The details of material contracts/ arrangements/ transactions at arm's length basis for the year ended 31st March, 2015 is annexed hereto and form part of this report as **Annexure II**.

The Policy on dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link:

http://www.vardhmansteel.com/sites/default/files/downloadfiles/related_party_transaction_final.pdf

Your Directors draw attention of the members to Note 37 to the financial statement which sets out related party disclosures.

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

Particulars of loans given/ taken, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the standalone financial statement (Please refer to Note 13, 14, and 15 to the financial statement).

12. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Mrs. Suchita Jain, Director of the Company, retire by rotation at the conclusion of the forthcoming Annual General Meeting, pursuant to the provisions of the Articles of Association of the Company and being eligible, offer herself for re-appointment. The Board recommended her appointment for the consideration of the members of the Company at the ensuing Annual General Meeting.

During the year under review, the members approved the appointments of Mr. Prafull Anubhai, Mr. Rajeev Gupta, Mr. Jayant Davar, Mr. Sanjeev Pahwa and Mr. Mukund Choudhary as Independent Directors of the Company who are not liable to retire by rotation.

Mr. Mukund Choudhary has resigned from the Board of Directors of the Company w.e.f. 7th October, 2014.

The following persons were appointed as KMP of the Company:

Sr. No.	Whole Time Key Managerial Personnel	Present position in Company
1.	Sachit Jain	Managing Director (MD)
2.	Sonam Taneja*	Company Secretary (CS)
3.	Sanjeev Singla	Chief Financial Officer (CFO)

*Sonam Taneja has been appointed as Company Secretary (KMP) of the Company w.e.f. 31st January, 2015.

Declaration under Section 149(6):

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 thereof.

Company's Policy relating to Directors appointment, payment of remuneration and discharge of their duties:

The Nomination & Remuneration Committee of the Company has formulated the Nomination & Remuneration Policy on Director's appointment and remuneration includes the criteria for determining qualifications, positive attributes, independence of a director and other matters as provided under Section 178(3) of the Companies Act, 2013.

The Nomination & Remuneration Policy is annexed hereto and form part of this report as **Annexure III**.

Familiarisation programmes for Board Members:

The Board members are provided with necessary documents/ brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings on business and performance updates of the Company, global business environment, business strategy and risks involved. Quarterly updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the Directors. Site visits to various plant locations are organized for the Directors to enable them to understand the operations of the Company.

Annual Evaluation of the Board Performance:

The meeting of Independent Directors of the Company was held on 30th March, 2015 to evaluate the performance of Non-Independent Directors, Chairman of the Company and the Board as a whole for the financial year 2014-15. The evaluation was done by way of discussions on the performance of the Non-Independent Directors, Chairman and Board as a whole and the minutes of the meeting was submitted to the Chairman of the Company.

A policy on the performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of non-executive directors and executive directors have been formulated by the Company.

13. AUDITORS AND AUDITORS REPORT:

Statutory Auditors:

At the Annual General Meeting held on 24th September, 2014, M/s. S.S. Kothari Mehta & Company, Chartered Accountants, Panchkula were appointed as Statutory Auditors of the Company to hold office till the conclusion of 9th Annual General Meeting of the Company. In terms of provisions of Section 139 (1) of the Companies Act, 2013, the appointment of Statutory Auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. S.S. Kothari Mehta & Company as Statutory Auditors is placed for ratification by the members.

Further, the Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company for the accounting year ended 31st March, 2015. This Auditors' Report is self-explanatory and requires no comments.

Secretarial Auditor:

M/s. Khanna Ashwani & Associates, Company Secretary in Practice, were appointed as Secretarial Auditors of the Company by the Board of Directors of the Company in their meeting held on 17th May, 2014 for the financial year 2014-15.

The Secretarial Auditors of the Company have submitted their Report in Form No. MR-3 as required under Section 204, of the Companies Act, 2013 for the financial year ended 31st March, 2015. This Report is self-explanatory and requires no comments. The Report forms part of this report as **Annexure IV**.

Cost Auditor:

The Board of Directors has appointed M/s Ramanath Iyer & Company, Cost Accountants, New Delhi, as the Cost Auditors of the Company to conduct Cost Audit of the Accounts for the financial year ended 2015-16. However, as per provisions of Section 148 of the Companies Act, 2013, read with Companies (Cost Records and Audit) Rules, 2014, the remuneration to be paid to the Cost Auditors is subject to ratification by members at the Annual General Meeting. Accordingly, the remuneration to be paid to M/s Ramanath Iyer & Company, Cost Accountants, New Delhi, for financial year 2015-16 is placed for ratification by the members.

The Cost Auditor's Report for the Financial Year 2014-15 will be forwarded to the Central Government as required under law.

14. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW:

Four meetings of the Board were held during the year.

15. AUDIT COMMITTEE DISCLOSURES:

Composition:

The Audit Committee consists of Mr. Prafull Anubhai, Independent Director, Mr. Rajeev Gupta, Independent Director, Mr. Sanjeev Pahwa, Independent Director and Mr. R.K. Jain, Non-Executive Director. Mr. Prafull Anubhai is the Chairman of the Committee and Ms. Sonam Taneja is the Secretary of the Committee. All the recommendations made by the Audit Committee were accepted by the Board.

Vigil Mechanism:

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Listing Agreement aims to provide a channel to the employees and Directors to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Codes of conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairman/ Chairman of the Audit Committee in exceptional cases.

The Policy on Vigil Mechanism and whistle blower policy as approved by the Board may be accessed on the Company's website at the link:

http://www.vardhmansteel.com/sites/default/files/downloadfiles/vigil_mechanism_final.pdf

16. CORPORATE GOVERNANCE:

The Company has in place a system of Corporate Governance. A separate report on Corporate Governance forming part of the Annual Report of the Company is annexed hereto. A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Corporate Governance Clause of the Listing Agreement is annexed to the report on Corporate Governance.

17. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Energy conservation continues to be an area of major emphasis in our Company. Efforts are made to optimize the energy cost while carrying out the manufacturing operations. Particulars with respect to conservation of energy and other areas as per Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, are annexed hereto and form part of this report as **Annexure V**.

18. ANNUAL RETURN:

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 for the

financial year 2014-15 in Form No. MGT-9 is annexed hereto and form part of this report as **Annexure VI**.

19. HUMAN RESOURCES /INDUSTRIAL RELATIONS:

The Company continues to lay emphasis on building and sustaining an excellent organization climate based on human performance. Performance management is the key word for the company. During the year the Company employed around 827 employees.

Pursuit of proactive policies for industrial relations has resulted in a peaceful and harmonious situation on the shop floors of the various plants.

20. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

The disclosures in respect of managerial remuneration as required under section 197(12) read with Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is annexed hereto and form part of this report as **Annexure VII**.

None of the employee of the Company receives salary in excess of the limits set out in Rule 5 (2) and 5 (3) Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

In terms of section 197(14) of the Companies Act, 2013, the Company does not have any Holding or Subsidiary Company.

21. DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submit its Responsibility Statement:—

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures;
- appropriate accounting policies have been selected and applied consistently, and have 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 as at 31st March, 2015 and of the profit of the Company for the year ended on 31st March, 2015;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis;
- the Internal financial controls has been laid down to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- the proper systems has been devised to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.