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Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with Link Intime India Private Limited. The Company is providing e-voting facility to all members to enable them to cast vote electronically to all resolutions set forth in the notice. This is pursuant to sec 108 of the Companies Act 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014. The instructions for e-voting are annexed to the notice.

Annual General Meeting will be held at 3.00 p.m. on Friday, the 12th September, 2014 at MIG-4, Indravati Colony, Raipur, Chhattisgarh. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting.
Visit us at : www.vaswaniindustries.com, E-mail : info@vaswaniindustries.com • Tel.: +91 771 4226000 • Fax : +91 771 4226000

CORPORATE INFORMATION

Performance Highlights 2013-2014

Financial

(Rs. in Lacs)

Total Revenue	22637.98
Profit Before Tax	91.30
Profit After Tax	2.94
Earning Price Per Share (EPS) - Basic & Diluted	0.01

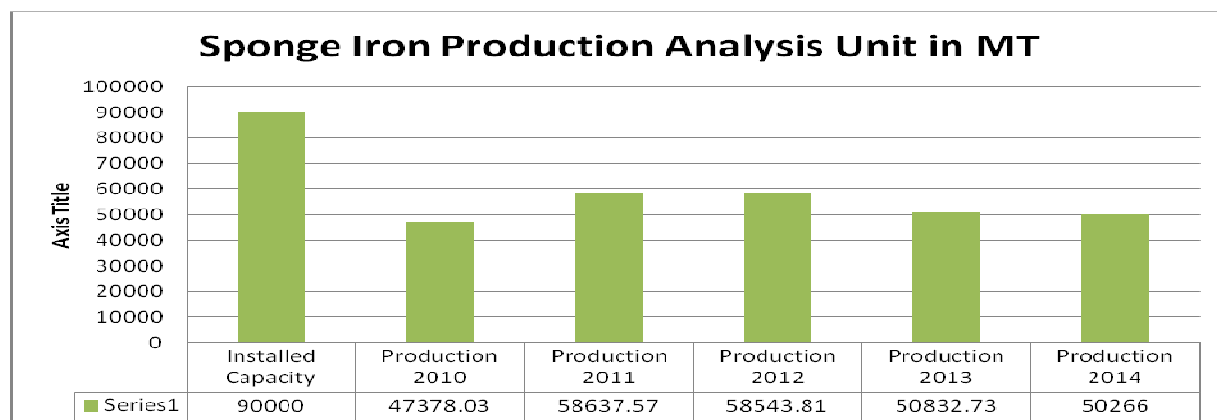
Operational

Particulars	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010
Installed capacity					
Sponge Iron	90000 MT	90000 MT	90000 MT	90000 MT	90000 MT
Steel Billets/Ingots	36000 MT	36000 MT	36000 MT	36000 MT	36000 MT
Power	11.5 MW	11.5 MW	11.5 MW	11.5 MW	7.5 MW
Production					
Sponge Iron	50266.000MT	50832.73 MT	58543.81 MT	58637.57 MT	47378.03 MT
Steel Billets/Ingots	44104.030MT	37596.705 MT	33231.655 MT	865.585 MT	4243.320 MT

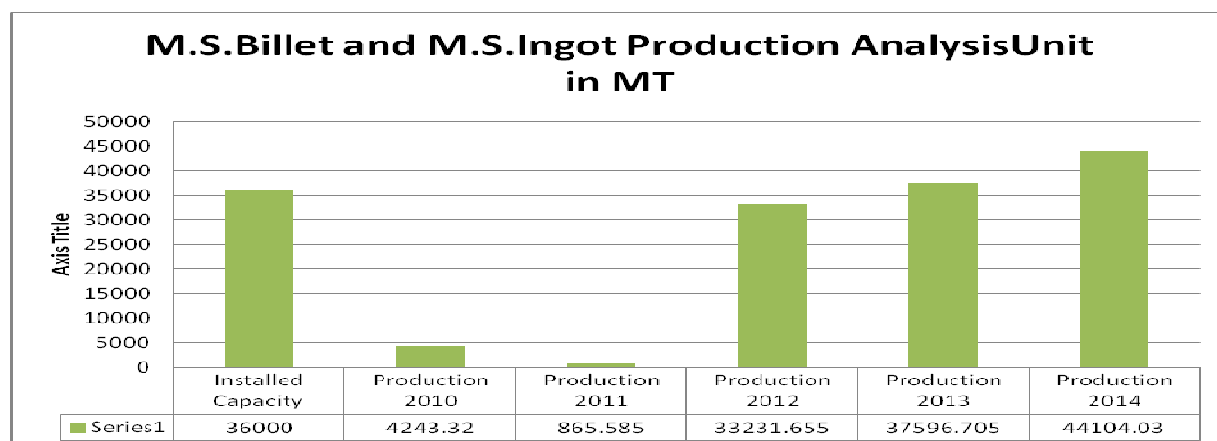
Power	65372200 UNITS	64213200 UNITS	70555900 UNITS	74753378 UNITS	60396000 UNITS
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Production, Sales and Self Consumption Chart

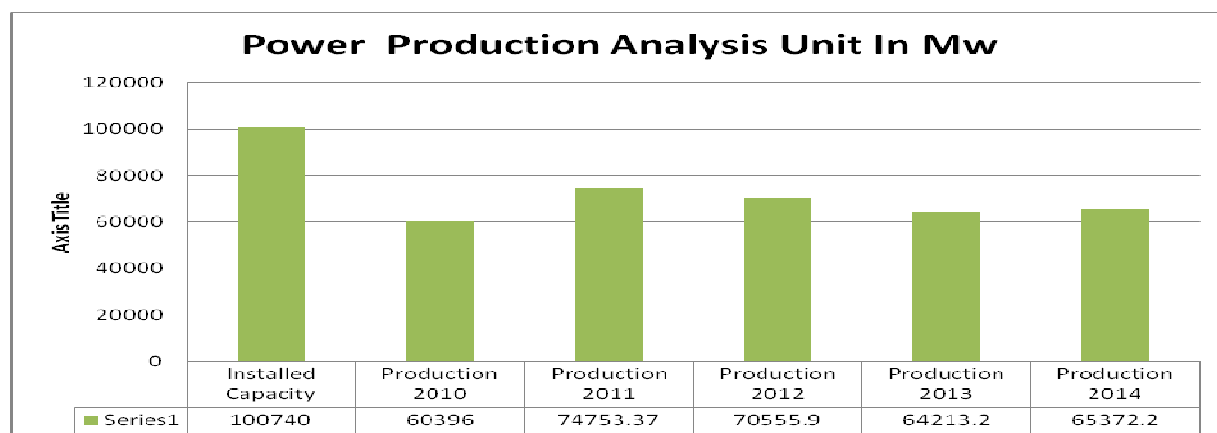
SPONGE IRON



M S BILLETS



POWER



BOARD OF DIRECTORS

Mr. Ravi Vaswani	Chairman & Managing Director (CMD)
Mr. Pramod Vaswani	Whole Time Director (WTD)
Mr. Yashwant Vaswani	Whole Time Director (WTD)
Mr. Lekhu Thadharam Mulchandani	Non- Executive & Independent Director
Mr. Ashok Suri	Non- Executive & Independent Director
Mr. Sanjay Jadwani	Non- Executive & Independent Director

COMMITTEES OF THE BOARD

I . AUDIT COMMITTEE	
Mr. Lekhu Thadharam Mulchandani	Chairman
Mr. Pramod Vaswani	Member
Mr. Ashok Suri	Member

II. REMUNERATION COMMITTEE	
Mr. Lekhu Thadharam Mulchandani	Chairman
Mr. Yashwant Vaswani	Member
Mr. Ashok Suri	Member

III. SHAREHOLDERS'/ INVESTOR GRIEVANCES COMMITTEE	
Mr. Lekhu Thadharam Mulchandani	Chairman
Mr. Pramod Vaswani	Member
Mr. Sanjay Jadwani	Member

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Ritu Hardeep Lamba

STATUTORY AUDITORS

Sunil Johri & Associates Chartered Accountants Nathani Building, Shastri Chowk, G.E. Road, Raipur – 492 001
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BANKERS

State Bank of India (SBI) Union Bank of India (UBI) IDBI Bank Limited (IDBI)
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REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Private Limited C-13, Pannalal Silk Mills Compound LBS Marg, Bhandup (w) Mumbai – 400 078
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REGISTERED OFFICE

MIG – 4, Indrawati Colony,

CHAIRMAN'S STATEMENT

We are living in extraordinary times, when on one hand global recovery is gaining pace though slowly , and on the other political developments in India are ensuring an enabling environment for enhanced economic activity. According to the IMF, global growth is expected to touch 3.6% in 2014, and is expected to strengthen further towards the beginning of 2015. The growth impetus is emanating from advanced economies in sharp contrast to previous years, when developing economies put up a better performance. Such a scenario will create potential and other business opportunities for developing economies like India to grow. In this context it gives me immense satisfaction to inform you that Vaswani Industries Limited (VIL) has already focused on enhancing production capacities, diversifying investments and strengthening our core capabilities - raw material security, technology leadership and retail brand visibility - to leverage new opportunities.

Huge investments in above stated sectors are expected to remove the bottlenecks of growth. Such a scenario will increase the country's hunger for steel and power. In both these sectors, VIL has a role, an important one, to play in contributing to the nation's demand.

We are investing significant resources to strengthen our market position in existing regions, as well as establishing footprints in newer and attractive geographies. During 2013-14, we completed multiple expansions across locations to take cumulative steel and power capacity to 7.50 MTPA and 4,527 MW respectively. In coming years, we will enhance steel production capacity to leverage our captive coal and iron-ore reserves, in domestic market.

During FY 2013-2014, we faced many challenges. But undaunted by the nature, degree and kinds of these challenges we were able to surmount them. Our performance gives us confidence that we will achieve our goals. In all circumstances the ideas of caring and sharing cannot leave us. In fact, they drive us and give us a sense of fulfillment.

The vision of our Board of Directors is always a guiding force and it is reassuring that our journey towards greater glory is in the right direction.

RAVI VASWANI

CHAIRMAN

NOTICE OF ANNUAL GENERAL MEETING

The **ELEVENTH ANNUAL GENERAL MEETING** of Vaswani Industries Limited will be held at 03:00 P. M. on Friday, the 12th September, 2014 at Registered Office of the Company situated at MIG-4, Indrawati Colony, Raipur, Chhattisgarh to transact the following business:

ORDINARY BUSINESS:

- 1: To receive, consider and adopt the Audited Balance Sheet of the Company as on 31st March, 2014 and Profit & Loss Accounts of the Company for the year ended on that date and the Reports of Board of Directors and Auditors thereon.
- 2: To appoint a director in place of Shri Pramod Vaswani, Whole-time Director of the Company, who retires by rotation and is eligible for re-appointment.
- 3: To appoint a director in place of Shri Yashwant Vaswani, Whole-time Director of the Company, who retires by rotation and is eligible for re-appointment.
- 4: To appoint M/s Sunil Johri & Associates, Chartered Accountants, Statutory Auditors for holding the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

- 5: To consider and if thought fit to pass, with or without modification, the following Resolutions as Special Resolutions:

"RESOLVED THAT pursuant to the provisions contained in Section 188 of the Companies Act, 2013 and all other applicable provisions of the Companies Act, 2013, the consent of the board is hereby accorded for the appointment of Mr. Kushal Vaswani as Chief Operation Officer - Industry holding office of profit under the company he being a relative of the Managing Director, Mr. Ravi Vaswani, of the Company subject to the approval of the by the members. The appointment is pursuant to the terms and conditions including relating to the remuneration as contained in an agreement between the company of the one part and the said Mr. Kushal Vaswani of the other part, a copy whereof initialed by the Chairman was placed before this meeting.

FURTHER RESOLVED THAT Mr. Ravi Vaswani, Managing Director or Mr. Pramod Vaswani, Whole time Director or Mr. Yashwant Vaswani, Whole time Director of the Company be and is hereby authorized to do all acts, deeds and things as they may deem necessary in this regard.

FURTHER RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the approval of Central Government and subject to such other consents, approvals, permissions as may be required, the appointment of Mr. Kushal Vaswani as Chief Operation Officer - Industry aged 26 years and an Engineer and who is in relation with the Managing Director of the Company, to hold an office or place of profit under the Company as (post) with effect from (date) on such terms & conditions and on such remuneration as set out below :

- 1) Basic Salary: Rs. 75000 per month
- 2) Perquisite and allowance
 - a. Dearness Allowance: 10% of the Salary
 - b. Leave Travel Allowance: Payable as per company's rules and decided by Board of Directors.
 - c. Medical Reimbursement: Payable as per company's rules and decided by Board of Directors.
 - d. Contribution to provident fund, superannuation fund or Annuity fund: The contributions to Provident Fund and Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
 - e. Bonus/ Ex-gratia: Payable up to maximum of 20% of the salary and as decided by Board of Directors
 - f. Gratuity: Gratuity payable not exceeding half a month's salary for every completed year of service
 - g. Leave encashment: Payable as per company's rules and decided by Board of Directors.
 - h. Insurance: Payable as per company's rules and decided by Board of Directors.

FURTHER RESOLVED THAT Mr. Ravi Vaswani, Managing Director of the company be and is hereby authorized to sanction the promotion of Mr. Kushal Vaswani to the next higher grade or grades during the tenure of his services.

FURTHER RESOLVED THAT the remuneration payable to Mr. Kushal Vaswani as aforesaid would be subject to such modifications as the Remuneration Committee in their meeting and/or Shareholders in their general meeting and / or the Central Government may suggest or require while granting their approval Central Government may suggest or require while granting their approval (which the which the above said persons are hereby authorized to accept on behalf of the Company)and which may be acceptable to Mr. Kushal Vaswani and are not less favorable to the Company."

By order of the Board of Directors
For **Vaswani Industries Limited**
SD/-
Ravi Vaswani
(Chairman & Managing Director)

Place: Raipur (C.G.)
Date: 05/08/2014

Notes:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") 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 INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2) Relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of special business as set out above annexed hereto.
- 3) A Corporate Member shall be deemed to be personally present only if it is represented in accordance with Section 187 of the Companies Act, 1956, i.e. only if the Corporate Member sends certified true copy of the Board Resolution authorizing the representative to attend and vote the Annual General Meeting.
 - Register of Members and Share Transfer Book of the Company will remain closed from; 05.09.2014 to 12.09.2014 (both days inclusive).
- 4) Members who are holding Equity shares in identical order of names in more than one folio are requested to write to the Company to consolidate their holdings in one folio.
- 5) Members desirous of obtaining any information concerning Accounts and Operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the Meeting so that the information required may be made available at the Meeting.
- 6) Members attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting venue. However, entry to attend the Meeting will be strictly on the basis of the entry slip available at the counters at the venue and to be exchanged with attendance slip.
- 7) Members will not be distributed any gift, compliment or kinds of such nature at the ensuing 11th Annual General Meeting of your Company.
- 8) To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
- 9) 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 Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
- 10) Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
- 11) Electronic copy of the Annual Report for 2014 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2014 is being sent in the permitted mode.
- 12) Electronic copy of the Notice of the 11th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the

- same. For members who have not registered their email address, physical copies of the Notice of the 11th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
- 13) Members may also note that the Notice of the 11th Annual General Meeting and the Annual Report for 2014 will also be available on the Company's website www.vaswaniindustries.in for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Raipur for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: complianceofficer@vaswaniindustries.com.
- 15) Voting through electronic means
- I. 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 leased to provide members facility to exercise their right to vote at the 11th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):
- The instructions for e-voting are as under:
- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:
- (i) Open email and open PDF file viz; "Vaswani Industries Limited e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder - Login
- (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
- (vii) Select "EVEN" of Vaswani Industries Limited.
- (viii) Now you are ready for e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to complianceofficer@vaswaniindustries.com with a copy marked to satishbatra6@gmail.com.
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]
- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:
EVEN (E Voting Event Number) USER ID PASSWORD/PIN
- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com
- III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V. The e-voting period commences on 10th September, 2014 (9:00 am) and ends on 12th September, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 10th April, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- VI. 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 (record date) of 10th April, 2014.
- VII. Mr. Satish Batra, Pract. Company Secretary (Membership No. 2875) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VIII. 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.

Explanatory Statement

FOR ITEM 1 :

Explanatory Statement pursuant to section 102 of the Companies Act, 2013

Mr. Kushal Vaswani, who has been selected by your Board of Directors to hold the position of Chief Operation Officer of the company inter alia at a salary in the grade of Rs.75000 pm is son of Mr. Ravi Vaswani, who is Managing Director on the Board of your company, section 188 of the Companies Act, 2013, for entering Transactions i.e. appointment to any office or place of profit in the company with related party, special resolution is required in the meeting subjected to the prescribed share capital or Turnover and also the approval of the Central Government.

Mr. Kushal Vaswani, who happens to be a relative of your Directors, is a qualified Industrial Engineer & an MBA from American University and having an experience of 3 years.

None of the Directors, except Mr. Ravi Vaswani , Mr. Pramod Vaswani and Mr. Yashwant Vaswani , is directly or indirectly interested in the aforesaid resolution and recommends your acceptance thereof in the interest of the company. Hence, the resolution is placed before the shareholders. The Directors recommend the resolution for your approval.

None of the directors (other than those issued equity shares under this resolution) are, in any way, concerned or interested in this resolution.

By order of the Board of Directors
For **Vaswani Industries Limited**

Ravi Vaswani
(Chairman & Managing Director)

Place: Raipur (C.G.)
Date: 05/08/2014

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

India's economic growth is contingent upon the growth of core sectors which include the Indian steel industry. Consumption of steel is taken to be an indicator of economic development. While steel continues to have a stronghold in traditional sectors such as construction, housing and ground transportation, special steels are increasingly used in engineering industries such as power generation, petrochemicals and fertilizers.

Our company is engaged in integrated business of manufacture of Sponge Iron, Steel Billets & Ingots and power generation, the production facilities are currently located in Sondra village, Raipur.

OPPORTUNITIES AND THREATS

OPPORTUNITIES

Growth in the steel demand has strong correlation with growth in GDP of nation. The Indian economy was expected to grow at a spectacular growth rate of 9% of GDP; but unfortunately the same did not happen. As a result, the steel demand is unlikely to grow at the expected pace. The demand for sponge iron in medium term shall be at healthy level due to closure of many sponge iron plants for want of iron ore. Steel through induction furnace route is set to reduce. Consequently merchant sponge iron suppliers will be under pressure on account of market demand. The company therefore has vision to shift focus to steel making from present sponge making only.

The important policy measures which have been taken over the years for the growth and development of the Indian iron and steel sector are as under:-

(i) Currently, the import duty on steel items from existing 5% to 10%. The import duty on raw materials like melting scrap, coking coal, met coke is NIL and between 2 to 5 percent for other raw materials such as Zinc, Iron Ore and Ferro Alloys. There is no export duty on any steel item. However, Government has imposed ad-valorem export duty of 30 per cent on iron ore lumps in order to conserve the mineral for long term requirement of the domestic steel industry.

(i) Excise duty for steel is currently at 12 per cent.

(iii) To ensure sufficient domestic availability and curb the rising price of hot-rolled coils in the domestic market, its imports have been freed by the government.

(iv) The National Steel Policy 2005 is being updated to provide a roadmap for Indian Steel Industry's long term growth prospects in view of fast-changing nature of operations, structure and dynamics.

(v) For ensuring quality of steel several items have been brought under a quality control order issued by the Government. The matter to bring more steel items under this order is under examination.

(vi) In order to obtain full picture of the pattern of rural steel consumption in the country, an all India survey was commissioned by the Ministry of Steel. The survey work was coordinated by Joint Plant Committee, Kolkata and the field work was carried out by IMRB International, a leading market research organization. The study report was examined by a high-level Committee appointed by the Ministry of Steel for devising roadmap for implementation of the recommendations of the study, which have submitted its report to Ministry of Steel. Further action as per recommendations of this committee is being taken.

THREATS

Cost of Iron ore and coal i.e. the basic raw material has a direct impact on the profitability. Iron ore prices has increased substantially and availability of the required grade has suffered to a great extent due to various restrictions imposed by the authorities. Coal India's new coal distribution policy and consequent Fuel Supply Agreement has disrupted coal linkages forcing producers to procure more e-auction coal. Coal India has also increased the price of coal substantially.

The cost of iron ore and coal constitute more than 80% of cost of production. Therefore the profitability of the company depends on market price of these raw materials vis-à-vis price of sponge iron. The only way to substantially reduce the cost of iron ore and coal is to have captive mines for these raw materials. The coal block which is under development will meet most of the coal requirements. Delay in starting the mining operations is only due to external factors. Further, the coal linkage has been discontinued forcing the company to procure the required coal through e-auctions of coal India and overseas markets at high cost. The company does not have any iron ore mine.

SEGMENT-WISE PERFORMANCE

The company has three segment iron & steel, power and real estate. The necessary disclosures have been made as per accounting standard 17 on segment reporting in the notes to accounts.

OUTLOOK

The outlook of the company is broadly described in Vision and Mission statements of the Company. Options of shifting focus to steel making, separate power plant at pit head of coal block etc. are being examined to optimize the revenue in future.

OVERVIEW OF THE COMPANY AND ITS PROJECT

Vaswani Industries Ltd. was incorporated under the Companies Act, 1956 on July 22, 2003 with the Registrar of Companies, Madhya Pradesh and Chhattisgarh and obtained Certificate of Business Commencement on February 10, 2004. The company was established with the object of manufacturing of Sponge Iron, Steel Billets and captive Power Generation. We are presently engaged in integrated business of manufacturing Sponge Iron, Steel Billets & Ingots and power generation.

Our company belongs to Vaswani Group of companies which has interest in iron & steel since past two decades. The developments of the Company are as under:

(i) Our company has manufacturing facilities in an industrial area at Sondra village, 14 km from Raipur railway station. Our company installed first kiln of 1x100 TPD sponge iron in the year 2004-05 and over the period of time enhanced the total capacity of sponge iron to 3 x 100 TPD.

(ii) Installed three Induction Furnaces in the year 2007-2008 with a capacity of 36000 MT for manufacturing of Steel Billets & Ingots utilizing in-house production of Sponge Iron.

(iii) Commenced power generation of 7.5 MW in the year 2007-08 (5 MW from Waste Heat Recovery Boiler (WHRB) and 2.5 MW from Coal) for captive consumption. Our power generation capacity was enhanced to 11.5 MW (9 MW from WHRB and 2.50 MW from Coal) during the year 2010-2011. In the year 2009, our company started selling surplus power generated to private power companies namely M/s Lanco Electric Utility Limited and others as well as State Electricity Board namely Chhattisgarh State Electricity Board.

Since inception, Vaswani Industries Limited, under the guidance of experienced promoters, has responded to changing economic conditions and new market opportunities through vertical integration and periodic restructuring. Company's management firmly believes in benchmark product quality, customer centric approach, people focus, ethical business practices and good corporate citizenship. Company draw its strength from an age old tradition of reliable customer service and quality products.

FINANCIAL PERFORMANCE OF THE COMPANY

- Sales

The total sales of current year 2013-14 is Rs. 22637.98 lacs as compared to Rs. 21440.35 lacs in previous year 2012-13, company has registered a increment of 5.29%.

- *Consumed Material Cost*
The material cost during the current year 2013-2014 is Rs. 15322.02 lacs as compared to Rs. 16782.54 lacs 2012-13. The raw material consumption has increased by 28.05%.
- *Manufacturing Expenses*
Manufacturing expenses during the current year 2013-2014 is Rs. 2401.23 lacs where as during the previous year 2012-13 is Rs. 1986.27 lacs. These expenses have increased by 4.75% as compared to last year.
- *Employees Remuneration & Benefits*
Employees Remuneration & benefits during the current year 2013-14 is Rs. 341.50 lacs as compared to Rs. 324.27 lacs in previous year 2012-13. These expenses have increased by 10.46% as compared to last year.
- *Administrative & Other Expenses*
Administrative & Other Expenses during the current year 2013-14 is Rs. 188.63 lacs as compared to Rs. 232.93 lacs in previous year 2012-13. These expenses have decreased by 33.27% as compared to 2011-2012.
- *Depreciation*
Depreciation during the current year 2013-14 was Rs. 548.77 lacs as compared to Rs. 524.77lacs the previous year 2012-13. During the current year it increased by 01.15%.
- *Profit after tax*
The current year has Profit after tax and extra-ordinary items amounting to Rs. 2.93 lacs.

COMPETITION

The Company faces stiff competition from medium and larger well-established players. The Company is smaller in size compared to the market leaders. However with capital expenditure in the project of the company it intends to make it good and face competition more confidently.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly, applicable statutes, the Code of Conduct and Corporate policies are duly complied with. The Company has an Audit Committee with majority of Independent Directors as members to maintain the objectivity. The Internal Audit Program is designed in consultation with the Statutory Auditors to ensure accuracy and reliability of accounting data and is monitored by the Audit Committee. Audit observations and recommendations are reported to the Audit Committee, which monitors the implementation of the said recommendations. The Company's internal audit team also carries out extensive audits throughout the year, across all functional areas.

PERSONNEL

Human wealth is the ultimate wealth in for any industry. The Company recognizes this fact and understands that employees are one of the most important sources for sustained growth of any business. Quality personnel delivering their optimum potential for the organization is the key differentiator. The Company maintained good relations with its employees and there was no unrest in the Company.

CAUTIONARY STATEMENT

Statements made in the report describing the company's plan, projections and expectations may constitute "forward looking statement" within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied.

CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by **Vaswani Industries Limited** for the year ended 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the company.

SATISH KUMAR BATRA

Satish Batra & Associates,
Company Secretaries,
M.No. - FCS 1316
C.P. No. 2875

Raipur, 30th MAY 2014

CEO/CFO CERTIFICATION

We, Ravi Vaswani, Managing Director, and Pramod Vaswani, Whole-time Director of the Company do here by certify to the Board that:

a. They we have reviewed financial statements and the cash flow statement for the year ending 31st March, 2014 and that to the best of their knowledge and belief :

- i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the auditors and the Audit committee

- i. significant changes in internal control over financial reporting during the year;
- ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

RAVI VASWANI - MANAGING DIRECTOR

PRAMOD VASWANI - WHOLE TIME DIRECTOR

RAIPUR, 30th MAY 2014

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2013-2014

(as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

i) COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Our Company is committed for practicing good Corporate Governance in order to lay strong emphasis on transparency, accountability and integrity for building investor confidence, improve investor's protection and maximize long-term shareholder value. Company has formulated and implemented a Code of Business Conduct and Ethics for all Board members and senior management personnel of the Company, who have affirmed the compliance thereto.

ii) BOARD OF DIRECTORS

The Board of Directors has a combination of Executive and Non-Executive Directors. The Board comprises of three Whole-time Directors (the Managing Director and two Executive Directors) and three Non-executive Directors cum Independent Directors. One-half of the Board of Directors of the company comprises of Independent and Non-executive Directors.

None of the Directors on the Board is a Member of more than 10 committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other companies are given below in Table - 1, Table - 2, Table - 3 and Table - 4 :

TABLE 1

As on March 31, 2014

S.NO.	Name of Director	Category of Directors	No. of other Directorship		No. of other Committee Membership/ Chairmanship held*	
			Public Company	Private Company	Committee Chairmanship	Committee Membership
1	Mr. Ravi Vaswani	Chairman & Managing Director	9	4	-	-
2	Mr. Pramod Vaswani	Whole Time Director	5	1	-	-
3	Mr. Yashwant Vaswani	Whole Time Director	4	1	-	-
4	Mr. Lekhu Thadaram Mulchandani	Independent Director	1	-	-	-
5	Mr. Ashok Suri	Independent Director	-	1	-	-
6	Mr. Sanjay Jadwani	Independent Director	-	-	-	-

TABLE 2

As on March 31, 2014

Number of Board Meetings held

The dates on which Meetings of the Board of Directors were held and the number of Directors presents in each meeting are given in table below:

S. no.	Date of Meeting	Board Strength	No. of Directors present
1.	30.05.2013	6	6
2.	26.06.2013	6	6
3.	14.08.2013	6	6
4.	26.08.2013	6	6
5.	10.09.2013	6	5
6.	15.11.2013	6	5
7.	15.02.2014	6	5

The maximum time gap between any two meetings was not more than 3 (three) calendar months.

TABLE 3

AS ON MARCH 31, 2014

ATTENDANCE OF DIRECTORS AT (I) BOARD MEETING AND (II) ANNUAL GENERAL MEETING

S. No.	Name Of Directors	No. Of Board Meetings Attended	Attendance At The Last AGM
1	Mr. Ravi Vaswani	7	YES
2	Mr. Pramod Vaswani	7	YES
3	Mr. Yashwant Vaswani	7	YES