





**FORM A**

**Format of covering letter of the annual audit report to be filed with the stock exchanges**

1.	Name of the Company	Vardhman Special Steels Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2015
3.	Type of Audit observation	Un-qualified Audit Report
4.	Frequency of observation	Not Applicable
5.	To be signed by- <ul style="list-style-type: none"><li>• Managing Director (Mr. Sachit Jain)</li><li>• CFO (Mr. Sanjeev Singla)</li><li>• Auditor of the company (Mr. Dinesh K. Abrol, Partner, M/s. S.S. Kothari Mehta &amp; Company, Chartered Accountants)</li><li>• Audit Committee Chairman (Mr. Prafull Anubhai)</li></ul>	   

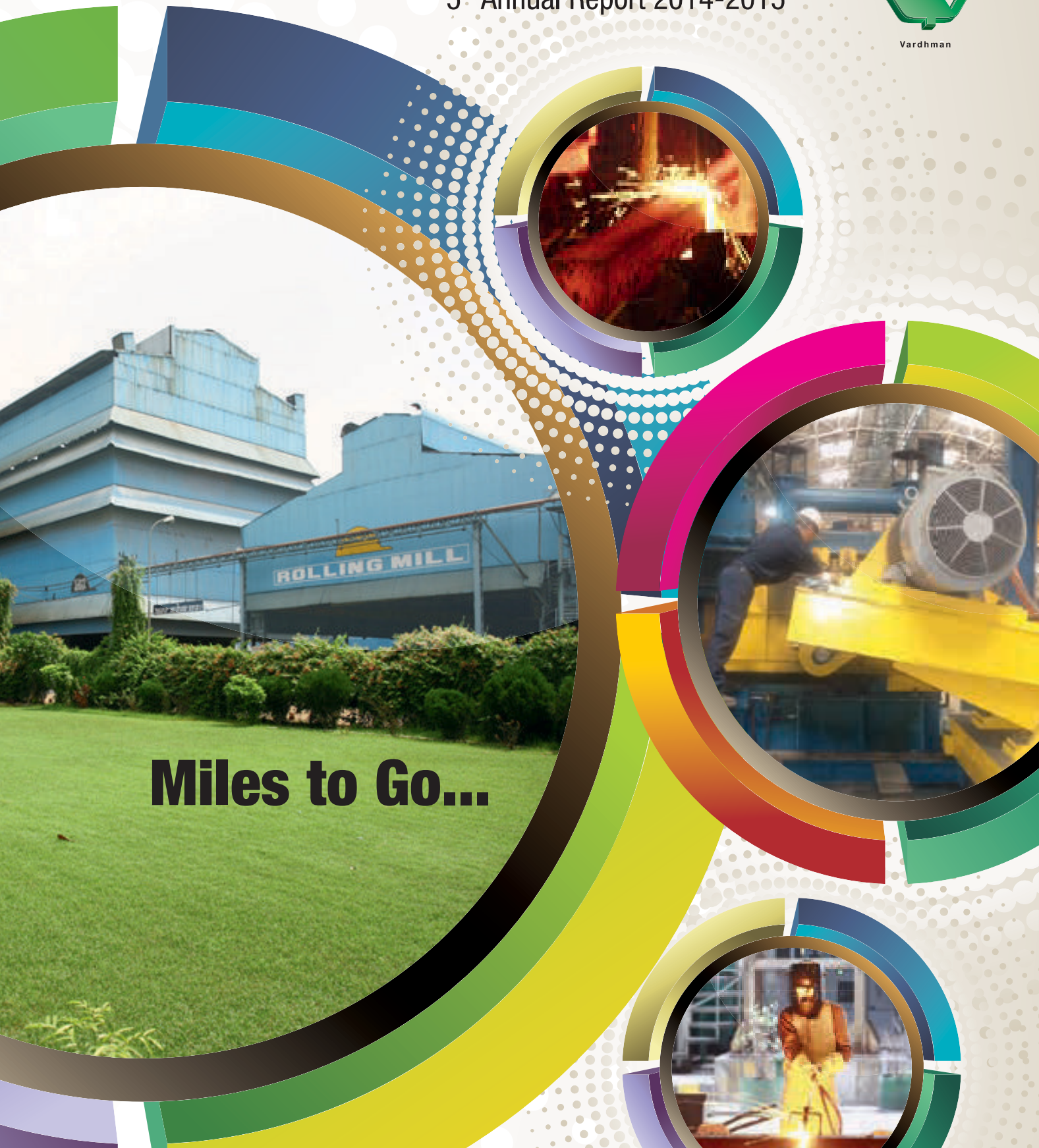
Date: 01.08.2015

# VARDHMAN SPECIAL STEELS LIMITED

5<sup>th</sup> 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

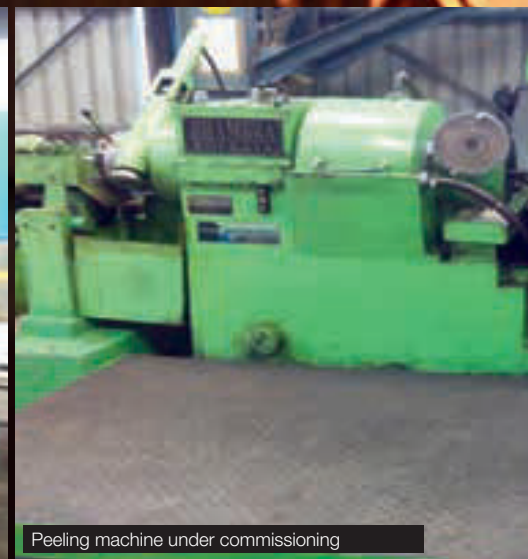




Inauguration Ceremony of New Rolling Mill



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





## CONTENTS

Management Discussion & Analysis Report	4
Director's Report	5
Corporate Governance Report	26
Independent Auditors Report	33
Balance Sheet	36
Statement of Profit & Loss	37
Cash Flow Statement	38
Notes to Financial Statement	39
Notice	57

# 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 5<sup>th</sup> Annual Report on the affairs of the Company together with the Audited Accounts of the Company for the year ended, 31<sup>st</sup> 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 31<sup>st</sup> March, 2015 were ₹ 250.78 Crore as compared to ₹ 239.93 Crore in the previous year.

##### b) Current Assets:

The current assets as on 31<sup>st</sup> 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
<b>Cash and Cash equivalents:</b>		
Beginning of the year	13.90	30.27
End of the year	8.65	13.90
<b>Net cash provided (used) by:</b>		
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](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 31<sup>st</sup> 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](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 31<sup>st</sup> 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](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. 7<sup>th</sup> 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. 31<sup>st</sup> 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 30<sup>th</sup> 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 24<sup>th</sup> 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 9<sup>th</sup> 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 31<sup>st</sup> 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 17<sup>th</sup> 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 31<sup>st</sup> 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](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 31<sup>st</sup> March, 2015 and of the profit of the Company for the year ended on 31<sup>st</sup> 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.

## 22. GENERAL DISCLOSURES:

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual

Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## 23. ACKNOWLEDGEMENT:

Your Directors are pleased to place on record their sincere gratitude to the Government, Financial Institutions, Bankers and Business Constituents for their continued and valuable co-operation and support to the Company. They also take this opportunity to express their deep appreciation for the devoted and sincere services rendered by the employees at all levels of the operations of the Company during the year.

**FOR AND ON BEHALF OF THE BOARD**

**Place : Gurgaon**  
**Dated : 2<sup>nd</sup> May, 2015**

**(PRAFULL ANUBHAI)**  
**Chairman**



## ANNEXURES TO THE DIRECTORS' REPORT

### ANNEXURE- I

#### Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2014-15:

Sr. No.	PARTICULARS	
1.	Brief outline of CSR Policy	The thrust areas for CSR includes promotion of education, environment protection and energy conservation, development of human capital, rural development, women empowerment, disaster relief, any other project/ programme pertaining to activities listed in Rules.
2.	Composition of CSR Committee	The CSR Committee of the Company consists of: i) Sanjeev Pahwa- Chairman ii) Sachit Jain- Member iii) Suchita Jain- Member
3.	Average net profit of the Company for last three financial years	₹ 11.58 crores
4.	Prescribed CSR Expenditure	₹ 0.23 crores
5.	<b>Details of CSR spent during the year:</b>	
	Total amount to be spent for the financial year	₹ 0.23 crores
	Amount unspent, if any	₹ 0.23 crores
	Manner in which the amount spent during the financial year	N.A.
6.	In case the Company has failed to spend two percent, reason thereof.	The Company incurred losses in the financial year 2014 so it was not in a position to make CSR expenditure.

#### RESPONSIBILITY STATEMENT:

I, Sanjeev Pahwa, Chairman of the CSR Committee of Vardhman Special Steels Limited undertake that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

SIGNED BY:-

Date : 2<sup>nd</sup> May, 2015

Place: Gurgaon

(Sanjeev Pahwa)  
Chairman of CSR Committee

**ANNEXURE- II****Details of material contracts/ arrangements/ transactions with related parties.****1. Details of contracts or arrangements or transactions not at arm's length basis:**

A	B	C	D	E	F	G	H
Name(s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts/ arrangements/ transactions including the value, if any	Justification for entering into such contracts/ arrangements/ transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which special resolution was passed in general meeting as require under first proviso to Section 188
		N.A.					

**2. Details of material contracts or arrangements or transactions at arm's length basis:**

A	B	C	D	E	F
Name(s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transactions	Amount (In Crores)	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts/ arrangements/ transactions including the value, if any	Date(s) of approval by the Board
Vardhman Textiles Limited	Purchase of Scrap Purchase of DEPB ICD Taken ICD Return Interest Paid Common Corporate Charges	0.64 0.62 662.85 637.30 2.82 1	2014-15	N.A.	<ul style="list-style-type: none"> <li>08.11.2014</li> <li>31.01.2015</li> <li>02.05.2015</li> </ul>
Vardhman Yarns and Threads Limited	Purchase of Scrap	0.09	2014-15		<ul style="list-style-type: none"> <li>31.01.2015</li> <li>02.05.2015</li> </ul>
Vardhman Nisshinbo Garments Company Limited	Purchase of Scarp	0.0006	2014-15		<ul style="list-style-type: none"> <li>02.05.2015</li> </ul>



## **ANNEXURE- III**

### **Nomination & Remuneration Policy of the Company:**

#### **1. PREFACE:**

In terms of the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, this policy on Nomination and Remuneration of Directors and Senior Management has been formulated by the Committee and approved by the Board of Directors in their meeting held on 2<sup>nd</sup> August, 2014.

Upon the recommendations of Nomination and Remuneration Committee, the Board of Directors of VSSL in their meeting held on 2<sup>nd</sup> May, 2015 made certain amendments in the existing policy and thereafter replaced the existing policy with the amended policy.

The amended policy is as under:-

#### **2. ROLE OF THE COMMITTEE:**

- a) To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to Board their appointment and removal.
- b) To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- c) To recommend to the Board remuneration policy related to remuneration of Directors (Whole Time Directors, Executive Directors etc), Key Managerial Personnel and other employees while ensuring the following:-
  - a. That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully.
  - b. That relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
  - c. That remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate of the working of the company and its goals.
- d) To formulate criteria for evaluation of Directors and the Board.
- e) To devise a policy on Board diversity.

#### **3. MEMBERSHIP:**

- a. The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- b) Minimum two (2) members shall constitute a quorum for the Committee meeting.

- c) Membership of the Committee shall be disclosed in the Annual Report.
- d) Term of the Committee shall be continued unless terminated by the Board of Directors.

#### **4. CHAIRMAN:**

- a) Chairman of the Committee shall be an Independent Director.
- b) Chairman of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d) Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

#### **5. FREQUENCY OF MEETINGS:**

The meeting of the Committee shall be held at such regular intervals as may be required.

#### **6. COMMITTEE MEMBERS' INTERESTS:**

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

#### **7. SECRETARY:**

The Company Secretary of the Company shall act as Secretary of the Committee.

#### **8. VOTING:**

- a) Decisions of the Committee shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

#### **9. MINUTES OF COMMITTEE MEETING:**

The minutes of all the proceedings of all meetings must be signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board meetings.

#### **10. EFFECTIVE DATE & AMENDMENTS:**

This policy will be effective from 2<sup>nd</sup> May, 2015 and may be amended subject to the approval of Board of Directors.

## ANNEXURE- IV

### Secretarial Audit Report in Form MR-3:

#### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2015

*[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]*

To,  
The Members,  
Vardhman Special Steels Limited,  
Vardhman Premises, Chandigarh Road,  
Ludhiana- 141010,  
Punjab (India).

We have conducted the secretarial audit compliance of applicable statutory provisions and the adherence to good corporate practices by **Vardhman Special Steels Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the **Vardhman Special Steels Limited** books, papers, minutes books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31.03.2015** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute book, forms and returns filed and other records maintained by the company for the financial year ended on **31.03.2015** according to the provisions of:

- i. The **Companies Act, 2013** (the Act) and the rules made thereunder;
- ii. The **Securities Contracts (Regulation) Act, 1956 ("SCRA")** and the rules made thereunder;
- iii. The **Depositories Act, 1996** and the Regulations and Bye-laws framed thereunder;
- iv. **Foreign Exchange Management Act, 1999** and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the **Securities and Exchange Board of India Act, 1992** ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (**Substantial Acquisition of Shares and Takeovers**) **Regulations, 2011**;
  - b. The Securities and Exchange Board of India (**Prohibition of Insider Trading**) **Regulations, 1992**;

- c. The Securities and Exchange Board of India (**Issue of Capital and Disclosure Requirements**) **Regulations, 2009**; not applicable during the period of audit.
  - d. The Securities and Exchange Board of India (**Employee Stock Option Scheme and Employee Stock Purchase Scheme**) **Guidelines, 1999**; not applicable during the period of audit.
  - e. The Securities and Exchange Board of India (**Issue and Listing of Debt Securities**) **Regulations, 2008**; not applicable during the period of audit.
  - f. The Securities and Exchange Board of India (**Registrar to an Issue and Share Transfer Agents**) **Regulations, 1993**; regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (**Delisting of Equity Shares**) **Regulations, 2009**; not applicable during the period of audit; and
  - h. The Securities and Exchange Board of India (**Buyback of Securities**) **Regulations, 2009**; not applicable during the period of audit.
- vi. **Other Applicable laws**

We have relied on the representations made by the Company & its officers for system and mechanism formed by the Company for compliances under other applicable Acts as Environmental Laws & Labour Laws and have also examined compliances made by the Company in respect of filing of various returns with the competent authorities within the stipulated period in respect of following applicable laws:-

- i. The Listing Agreements entered into by the Company with Stock Exchange(s).
- ii. Secretarial Standards issued by The Institute of Company Secretaries of India (However not notified by ICSI and MCA during the period of our audit hence not applicable on Company still the management has voluntarily decide to adhere to Secretarial Standards and comply with the same).
- iii. Other applicable economic laws like labour and environmental laws.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of **Executive Directors, Non-Executive Directors and Independent Directors**. The changes in the composition of the Board of Directors that

took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013.

**Adequate notice** is given to all the Directors to schedule the **Board Meetings, Agenda** and detailed **notes** on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size

and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has passed two Special Resolutions by Postal Ballot pursuant to the provisions of Section **180(1)(a) of the Companies Act, 2013** to sell, lease or otherwise disposal of the whole or substantially the whole of the undertaking and **Section 180(1)(c) of the Companies Act, 2013** for moneys to be borrowed including moneys already borrowed exceeds the sum of paid up capital & free reserves of the company.

**Place:** Ludhiana

(Ashwani Kumar Khanna)

**Date:** 01.05.2015

FCS No. 3254

CP No. 2220



**ANNEXURE- V****Particulars of Energy Conservation, Technology Absorption and foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014.****STEPS TAKEN FOR CONSERVATION OF ENERGY:**

The Unit of the Company has taken various measures in conservation of energy. The thrust is to measure the existing system parameters and then implement improvements. Emphasis is also given to optimize the operation of various equipments which also lead to energy conservation.

Conservation measure taken, proposed measures being implemented for reduction of consumption of energy and consequent impact thereof on the cost of production of goods in Vardhman Special Steels Limited for the year 2014-15:

1. Reduction in power consumption by 4 KWH/Ton with changes in the power profile, DRI Feeding/Oxygen lancing practices. Power consumption reduced from 555 KWH/Ton to 551 KWH/Ton.
2. Replacing old inefficient motors of 92.5% efficiency for Peeling 1 (55 KW) and Peeling 2 (45KW) with energy efficient motors of efficiency 94.5%.
3. Replacement of 45KW LRF Cooling Pump with new energy efficient pump of 37 KW.
4. Replacement of 60KW EAF hot well pump with new energy efficient pump of 30 KW.
5. LRF Power Consumption reduction by 9 KWH/Ton with synchronization of speeds and current balancing. Power consumption reduced from 114 KWH/Ton to 105 KWH/Ton.

The above energy conservation measures resulted in savings of 15.76 lac units of electricity amounting to ₹ 1.10 crore.

**II. TECHNOLOGY ABSORPTION:**

Efforts made in Technology Absorption are furnished as under:

**A) RESEARCH AND DEVELOPMENT (R&D):****1. Specific areas in which Research & Development is carried out by the Company:**

Lot of work has been carried out for development of new products and improvement in the production processes in almost all the areas. Quality parameters have been improved to the extent possible. Various new products have been launched in the market. Some new R&D equipment have been purchased and some have been ordered.

**2. Benefits derived as a result of R & D:**

The quality of products has improved significantly and some new products have been launched in the market.

**3. Future Course of action:**

Management is fully committed to further strengthen the Research & Development activities. Even a Product Development Cell

comprising of 3 Engineers has been constituted to focus on R&D activities.

**4. Expenditure on R & D:**

	(2014-15)	(2013-14)
Capital	59.41	12.49
Recurring	175.44	170.64
<b>Total</b>	<b>234.85</b>	<b>183.13</b>
Total R & D expenditure as a Percentage of Turnover	0.36	0.37

**B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:****1. Efforts made:**

The Company is continuously making efforts for adaptation of latest technology in the Unit. During the financial year, the new NDT Line (Non Destructive Testing) imported from M/s Olympus, Canada has been commissioned and started commercial production from 15<sup>th</sup> March 2015. Some more new machines/ equipments have been bought out of which some are indigenous and some are imported. The standard operating practices for different processes are being thoroughly reviewed & improved, wherever required.

**2. Particulars of technology imported in last five years.****Technology imported:**

New NDT Line have been imported during the year under review.

**III. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Activities relating to export, initiatives taken to increase exports, development of new export market for products and services and export plans are given hereunder:-

- Exported 4,178.97 MT of rolled steel bars during the year for a consideration of ₹ 28.64 Crore.
- Developed customers in country like Thailand, Turkey, USA, Spain, Russia & Taiwan.
- Studies have been undertaken for markets like Japan and Europe, so as to explore more business potential in exports for the year 2015-16.

**Total Foreign Exchange earned and used:**

	2014-15	2013-14
a) Earnings (FOB value of Exports)	2,864.36	2,729.13
b) Outgo (CIF value of Imports and Expenditure in Foreign Currency)	13,683.93	11,653.75

## ANNEXURE- VI

### EXTRACT OF ANNUAL RETURN:

Form No. MGT-9

#### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31<sup>st</sup> March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

S. No.	Particulars	Details
i)	CIN	L27100PB2010PLC033930
ii)	Registration Date	14 <sup>th</sup> May, 2010
iii)	Name of the Company	Vardhman Special Steels Limited
iv)	Category/ Sub-Category of the Company	Listed Public Company
v)	Address of the Registered office and contact details	Vardhman Premises, Chandigarh Road, Ludhiana-141010, Punjab, India.
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Alankit Assignments Limited 1E/13, Alankit Heights, Jhandewalan Extn., New Delhi- 110055. Phone: 011- 41540060-63 Fax: 011- 41540064 E-mail: <a href="mailto:rta@alankit.com">rta@alankit.com</a>

#### II. Principal Business Activities of the Company:

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

S. No	Name and Description of main products /services	NIC Code of the product/service	%to total turnover of the company
1.	Steel Bars & Rods	241	99.47%

#### III. Particulars of Holding, Subsidiary and Associate Companies:

S. No	Name and Address of the company	CIN/ GLN	Holding /Subsidiary / Associate	% of shares held	Applicable section
	N.A.				

#### IV. Share holding pattern (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category –wise share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physicals	Total	% of Total Shares	Demat	Physicals	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual /HUF	2,64,001	6	2,64,007	1.42	2,64,001	6	2,64,007	1.42	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt. (s)	0	0	0	0	0	0	0	0	0
d) Bodies corp.	1,36,47,402	0	1,36,47,402	73.55	1,34,68,392	0	1,34,68,392	72.58	-0.97
e) Banks /FI	0	0	0	0	0	0	0	0	0
f) Any other (LLP)	0	0	0	0	1,79,010	0	1,79,010	0.96	0.97
<b>Sub –total (A)(1):-</b>	<b>1,39,11,403</b>	<b>6</b>	<b>1,39,11,409</b>	<b>74.97</b>	<b>1,39,11,403</b>	<b>6</b>	<b>1,39,11,409</b>	<b>74.97</b>	<b>0</b>

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physicals	Total	% of Total Shares	Demat	Physicals	Total	% of Total Shares	
<b>(2) Foreign</b>									
a) NRIs Individuals	0	0	0	0	0	0	0	0	0
b) Other individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
<b>Sub -total (A)(2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of promoter (A)= (A) (1) +(A) (2)</b>	<b>1,39,11,403</b>	<b>6</b>	<b>1,39,11,409</b>	<b>74.97</b>	<b>1,39,11,403</b>	<b>6</b>	<b>1,39,11,409</b>	<b>74.97</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	97,826	4,454	1,02,280	0.55	93,001	4,454	97,455	0.53	-0.02
b) Banks /FI	197	12,027	12,224	0.07	197	12,027	12,224	0.07	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt (s)	0	0	0	0	0	0	0	0	0
e) Venture capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	1,09,833	315	1,10,148	0.59	93,786	315	94,101	0.51	-0.08
g) FIs	58,230	1,738	59,968	0.32	13,986	1,738	15,724	0.08	-0.24
h) Foreign venture Capital	0	0	0	0	0	0	0	0	0
i) Funds other (specify)	0	0	0	0	0	0	0	0	0
<b>Sub -total (B)(1):-</b>	<b>2,66,086</b>	<b>18,534</b>	<b>2,84,620</b>	<b>1.53</b>	<b>2,00,970</b>	<b>18,534</b>	<b>2,19,504</b>	<b>1.18</b>	<b>-0.35</b>
<b>2. Non Institutions</b>									
a) Bodies corp.									
i) Indian	3,74,821	8,785	3,83,606	2.07	6,27,448	8,705	6,36,153	3.43	1.36
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	14,37,503	2,40,130	16,77,633	8.75	13,05,641	2,29,741	15,35,382	8.27	-0.48
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	21,17,600	0	21,17,600	11.41	20,75,329	0	20,75,329	11.18	-0.23
c) Others (specify)									
c-1) Non-Resident Indian (Repatriable)	1,70,906	336	1,71,242	0.92	1,69,399	336	1,69,735	0.91	-0.01
c-2) Non-Resident Indian (Non-Repatriable)	3,581	15	3,596	0.02	4,379	15	4,394	0.02	0.00
c-3) Trusts & Foundations	5,670	0	5,670	0.03	3,470	0	3,470	0.02	-0.01
<b>Sub-Total (B)(2)</b>	<b>41,10,081</b>	<b>2,49,266</b>	<b>43,59,347</b>	<b>23.50</b>	<b>41,85,666</b>	<b>2,38,797</b>	<b>44,24,463</b>	<b>23.84</b>	<b>0.34</b>
<b>Total public shareholding (B) = (b) (1) +(b) (2)</b>	<b>43,76,167</b>	<b>2,67,800</b>	<b>46,43,967</b>	<b>25.03</b>	<b>43,86,636</b>	<b>2,57,331</b>	<b>46,43,967</b>	<b>25.03</b>	<b>0</b>
<b>C. Shares held by custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>1,82,87,570</b>	<b>2,67,806</b>	<b>1,85,55,376</b>	<b>100</b>	<b>1,82,98,039</b>	<b>2,57,337</b>	<b>1,85,55,376</b>	<b>100</b>	<b>0</b>



**(ii) Shareholding of Promoters:**

S. No	Shareholders Name	Shareholding at the beginning of the year		Shareholding at the end of year		% change in shareholding during the year
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
1	*Adinath Investment and Trading Company Limited	25,22,655	13.60	23,43,645	12.63	
2	*Adishwar Enterprises LLP	–	–	1,79,010	0.96	
3	Devakar Investment and Trading Company (Private) Limited	11,08,175	5.97	11,08,175	5.97	0.00
4	Flamingo Finance and Investment Company Limited	1,18,102	0.64	1,18,102	0.64	0.00
5	Anklesh Investments (Private) Limited	71,500	0.39	71,500	0.39	0.00
6	Marshall Investment and Trading Company (Private) Limited	1,09,102	0.59	1,09,102	0.59	0.00
7	Ramaniya Finance and Investment Company Limited	94,006	0.51	94,006	0.51	0.00
8	Santon Finance and Investment Company Limited	1,01,120	0.54	1,01,120	0.54	0.00
9	Plaza Trading Company (Private) Limited	168	0.00	168	0.00	0.00
10	Pradeep Mercantile Company (Private) Limited	144	0.00	144	0.00	0.00
11	Srestha Holdings Limited	34,400	0.19	34,400	0.19	0.00
12	Syracuse Investment and Trading Company (Private) Limited	5,523	0.03	5,523	0.03	0.00
13	Mahavir Spinning Mills Private Limited	2,129	0.01	2,129	0.01	0.00
14	**Mr. S.P. Oswal	1,28,629	0.69	1,32,422	0.71	0.02
15	**Shri Paul and Sons (HUF)	5,689	0.03	–	–	–0.03
16	Shakun Oswal	30,715	0.17	30,715	0.17	0.00
17	**Suchita Jain	52,265	0.28	54,161	0.29	0.01
18	Sachit Jain	8,001	0.04	8,001	0.04	0.00
19	Soumya Jain	1,596	0.01	1,596	0.01	0.00
20	Sagrika Jain	1,548	0.01	1,548	0.01	0.00
21	Eastern Trading Company	11,808	0.06	11,808	0.06	0.00
22	Ambar Syndicate	17,249	0.09	17,249	0.09	0.00
23	Northern Trading Company	16,512	0.09	16,512	0.09	0.00
24	Paras Syndicate	18,309	0.10	18,309	0.10	0.00
25	Vardhman Holdings Limited	30,80,517	16.60	30,80,517	16.60	0.00
26	VTL Investments Limited	2,26,800	1.22	2,26,800	1.22	0.00
27	Vardhman Textiles Limited	58,24,994	31.39	58,24,994	31.39	0.00
28	Mahavir Shares Trust	3,19,747	1.72	3,19,747	1.72	0.00
29	Shri Paul Oswal (Nominee of Vardhman Textiles Limited)	1	0.00	1	0.00	0.00
30	Shakun Oswal (Nominee of Vardhman Textiles Limited)	1	0.00	1	0.00	0.00
31	Sachit Jain (Nominee of Vardhman Textiles Limited)	1	0.00	1	0.00	0.00
32	Suchita Jain (Nominee of Vardhman Textiles Limited)	1	0.00	1	0.00	0.00
33	Darshan Lal Sharma (Nominee of Vardhman Textiles Limited)	1	0.00	1	0.00	0.00
34	Rajeev Thapar (Nominee of Vardhman Textiles Limited)	1	0.00	1	0.00	0.00
	<b>Total</b>	<b>1,39,11,409</b>	<b>74.97</b>	<b>1,39,11,409</b>	<b>74.97</b>	<b>0.00</b>

\* Adinath Investment and Trading Company got converted into Adishwar Enterprises LLP w.e.f 5th June, 2014. However, the process of change in nomenclature of demat accounts of Adinath Investment and Trading Company is under process.

\*\* Shri Paul Oswal & Sons, HUF has undergone partition w.e.f 3<sup>rd</sup> May, 2014 and the shares of the Company held by it have been transferred to Mr. S.P. Oswal and Mrs. Suchita Jain.

**(iii) Change in promoter's Shareholding (please specify, if there is no change):**

S. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year		Nil		
	Date wise increase/Decrease in Promoters shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer/bonus/sweat equity etc) :				
	At the end of the year				

**(iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):-**

S. No	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-14 to 31-03-15)	
		No. of shares at the beginning (01.04.14)/ end of the year (31.03.15)	% of total shares of the company				No. of Shares	% of total shares of the Company
	Top 10 Shareholders							
1.	Sanjay Devkinandan Gupta	7,00,000 7,00,000	3.772 3.772	01-Apr-2014 31-Mar-2015	0	Nil movement during the year	7,00,000	3.772
2.	T Udayaraj	2,00,000 2,00,000	1.078 1.078	01-Apr-2014 31-Mar-2015	0	Nil movement during the year	2,00,000	1.078
3.	Suketu Bhanuray Sanghvi	1,62,925 1,61,625	0.878 0.871	01-Apr-2014 31-Mar-2015			1,61,625	0.871
4.	Anil Kumar Goel	1,30,000	0.701	01-Apr-2014 13-June-2014 11-July-2014 18-July-2014 29-Aug-2014 05-Sept-2014 14-Nov-2014 21-Nov-2014	13,474 1,526 5,300 9,700 744 4,256 1,358	Transfer Transfer Transfer Transfer Transfer Transfer Transfer	1,43,474 1,45,000 1,50,300 1,60,000 1,60,744 1,65,000 1,66,358	0.773 0.781 0.810 0.862 0.866 0.889 0.897
		1,66,358	0.897	31-Mar-2015			1,66,358	0.897
5.	Seema Goel	1,00,000 1,00,000	0.539 0.539	01-Apr-2014 31-Mar-2015	0	Nil movement during the year	1,00,000	0.539
6.	UTI Transportation & Logistics Fund	82,564 82,564	0.445 0.445	01-Apr-2014 31-Mar-2015	0	Nil movement during the year	82,564	0.445
7.	N Chandrasekaran	64,469	0.347	01-Apr-2014 04-Apr-2014 11-Apr-2014 18-Apr-2014 09-May-2014 02-Aug-2014 29-Aug-2014 05-Spet-2014 10-Oct-2014 17-Oct-2014 31-Oct-2014 07-Nov-2014 14-Nov-2014 21-Nov-2014 28-Nov-2014	1,283 967 403 147 1,869 1,346 352 490 2,392 2,418 2,853 3,160 25 1,760	Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer	65,752 66,719 67,122 67,269 69,138 70,484 70,836 71,326 73,718 76,136 78,989 82,149 82,174 83,934	0.354 0.360 0.362 0.363 0.373 0.380 0.382 0.384 0.397 0.410 0.426 0.443 0.443 0.452
		83,934	0.452	31-Mar-2015			83,934	0.452

S. No	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-14 to 31-03-15)	
		No. of shares at the beginning (01.04.14)/ end of the year (31.03.15)	% of total shares of the company				No. of Shares	% of total shares of the Company
	Top 10 Shareholders							
8.	Kanwal Khurana*	58,301	0.314	01-Apr-2014 18-Apr-2014 06-June-2014	-50,000 -8,301	Transfer Transfer	8,301 0	0.045 0
		0	0	31-Mar-2015			0	0
9.	Vivek Mundra	56,543	0.305	01-Apr-2014	0	Nil movement		
		56,543	0.305	31-Mar-2015		during the year	56,543	0.305
10.	Pardeep Gupta *	54,000	0.291	01-Apr-2014	0	Nil movement		
		54,000	0.291	31-Mar-2015		during the year	54,000	0.291
11.	4A Financial Securities Limited#	-	-	01-Apr-2014				
				30-May-2014	11,993	Transfer	11,993	0.065
				20-June-2014	83,931	Transfer	95,924	0.517
				30-June-2014	17,938	Transfer	1,13,862	0.614
				11-July-2014	12,349	Transfer	1,26,211	0.680
				18-July-2014	2,763	Transfer	1,28,974	0.695
				25-July-2014	3,921	Transfer	1,32,895	0.716
				02-Aug-2014	12,428	Transfer	1,45,323	0.783
				20-Feb-2015	-10,000	Transfer	1,35,323	0.729
		1,35,323	0.729	31-Mar-2015			1,35,323	0.729
12.	Sumpoorna Portfolio Limited#	-	-	01-Apr-2014				
				04-Apr-2014	5,000	Transfer	5,000	0.027
				18-Apr-2014	34,419	Transfer	39,414	0.212
				09-May-2014	1,447	Transfer	40,866	0.220
				16-May-2014	12,938	Transfer	53,804	0.290
				23-May-2014	2,013	Transfer	55,817	0.301
				30-May-2014	19,313	Transfer	75,130	0.405
				06-June-2014	1,030	Transfer	76,160	0.410
				13-June-2014	4,428	Transfer	80,588	0.434
				11-July-2014	6,900	Transfer	87,488	0.471
				29-Aug-2014	4,738	Transfer	92,226	0.497
				30-Sept-2014	1,000	Transfer	93,226	0.502
				10-Oct-2014	500	Transfer	93,726	0.505
				17-Oct-2014	200	Transfer	93,926	0.506
				14-Nov-2014	2,100	Transfer	96,026	0.518
				28-Nov-2014	300	Transfer	96,326	0.519
				30-Mar-2015	-19,517	Transfer	76,809	0.414
		76,809	0.414	31-Mar-2015			76,809	0.414

\* Ceased to be in the list of Top 10 shareholders as on 31.03.2015. The same is reflected above since the shareholder was one of the Top 10 shareholder as on 01.04.2014.

# Not in the list of Top 10 shareholders as on 01.04.2014. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2015.



**v) Shareholding of Directors and Key Managerial Personnel:**

S. No	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-14 to 31-03-15)	
		No. of shares at the beginning (01.04.14)/ end of the year (31.03.15)	% of total shares of the company				No. of Shares	% of total shares of the Company
A) DIRECTORS:								
1.	Sachit Jain (Managing Director)	8,001 8,001	0.04 0.04	01-Apr-2014 31-Mar-2015	0	Nil movement during the year	8,001	0.04
2.	Suchita Jain (Non-Executive Director)	52,265       54,161	0.28       0.29	01-Apr-2014 03-May-2014      31-Mar-2015	1,896	Shri Paul Oswal & Sons, HUF has undergone partition w.e.f 3rd May, 2014 and the shares of the Company held by it have been transferred to Mr. S.P. Oswal and Mrs. Suchita Jain.	       54,161	       0.29
3.	Prafull Anubhai (Independent Director)	710 710	0.004 0.004	01-Apr-2014 31-Mar-2015	0	Nil movement during the year	710	0.004
4.	Rajeev Gupta (Independent Director)	0 0	0.00 0.00	01-Apr-2014 31-Mar-2015	0	Nil Holding/ movement during the year	0	0.00
5.	Jayant Davar (Independent Director)	0 0	0.00 0.00	01-Apr-2014 31-Mar-2015	0	Nil Holding/ movement during the year	0	0.00
6.	Sanjeev Pahwa (Independent Director)	0 0	0.00 0.00	01-Apr-2014 31-Mar-2015	0	Nil Holding/ movement during the year	0	0.00
7.	B.K. Choudhary (Non-Executive Director)	0 0	0.00 0.00	01-Apr-2014 31-Mar-2015	0	Nil Holding/ movement during the year	0	0.00
8.	R.K. Jain (Non-Executive Director)	0 0	0.00 0.00	01-Apr-2014 31-Mar-2015	0	Nil Holding/ movement during the year	0	0.00
B) KEY MANAGERIAL PERSONNEL (KMP's):								
1.	Sanjeev Singla* (Chief Financial Officer)	0 0	0.00 0.00	17-May-2014 31-Mar-2015	0	Nil Holding/ movement during the year	0	0.00
2.	Sonam Taneja** (Company Secretary and Compliance Officer)	0 0	0.00 0.00	31-Jan-2015 31-Mar-2015	0	Nil Holding/ movement during the year	0	0.00

\* Sanjeev Singla has been appointed as Chief Financial Officer of the Company w.e.f. 17<sup>th</sup> May, 2014.

\*\* Sonam Taneja has been appointed as Company Secretary of the Company w.e.f. 31<sup>st</sup> January, 2015.

**(V) Indebtedness:**
**Indebtedness of the Company including interest outstanding /accrued but not due for payment**
**(Amount in ₹)**

	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal amount	2,81,31,65,408	13,46,50,000	–	2,94,78,15,408
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	61,16,337	–	–	61,16,337
<b>Total (i+ii+iii)</b>	<b>2,81,92,81,745</b>	<b>13,46,50,000</b>	<b>–</b>	<b>2,95,39,31,745</b>
<b>Change in indebtedness during the financial year</b>				
Addition	44,18,08,986	12,08,06,850	–	56,26,15,836
Reduction	5,02,84,730	–	–	5,02,84,730
<b>Net change</b>	<b>39,15,24,256</b>	<b>12,08,06,850</b>	<b>–</b>	<b>51,23,31,106</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal amount	3,24,91,57,820	25,54,56,850	–	3,50,46,14,670
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	47,97,580	–	–	47,97,580
<b>Total (i+ii+iii)</b>	<b>3,25,39,55,401</b>	<b>25,54,56,850</b>	<b>–</b>	<b>3,50,94,12,251</b>

**(vi) Remuneration of Directors and Key Managerial Personnel:**
**A. Remuneration to Managing Director, Whole time Directors and /or Manager:**

S. No	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
1.	Gross Salary	Mr. Sachit Jain	
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961		–
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961		–
	c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961		–
2.	Stock option		–
3.	Sweat Equity		–
4.	Commission - As % of profit - Others, specify		–
5.	Others, please Specify		–
	Total (A)		–
	Ceiling as per the Act		N.A.

**B. Remuneration to other directors:**

S. No	Particulars of Remuneration	Name of Directors					Total Amount (In ₹)
1.	Independent Directors - Fee for attending board/ committee meetings - Commission - Others, please specify	Prafull Anubhai 1,30,000	Rajeev Gupta 70,000	Sanjeev Pahwa 65,000	Jayant Davar 55,000	Mukund Choudhary 50,000	<b>3,70,000</b>
2.	Other Non-Executive Directors - Fee for attending board/committee meetings - Commission - Others, Please specify	R.K. Jain 1,00,000					<b>1,00,000</b>
	Total (1)	1,30,000	70,000	65,000	55,000	50,000	3,70,000
	Total (2)	1,00,000	–	–	–	–	1,00,000
	Total (B) =(1+2)	2,30,000	70,000	65,000	55,000	50,000	4,70,000
	<b>Total Managerial Remuneration</b>						<b>4,70,000</b>
	Overall ceiling as per the act						N.A.

## C. Remuneration to Key Managerial Personnel other than MD/Manager /WTD

S. No	Particulars of remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	N.A.	52,046*	13,85,576	14,37,622
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961		–	–	–
2.	Stock Option		–	–	–
3.	Sweat Equity		–	–	–
4.	Commission		–	–	–
	- As % of profit				
	- Others, specify				
5.	Others, Please Specify		–	–	–
	Total		52,046	13,85,576	14,37,622

\* Sonam Taneja has been appointed as Company Secretary of the Company w.e.f. 31<sup>st</sup> January, 2015. Therefore, the salary mentioned above is of two months only.

## vii) Penalties/punishment /compounding of offences:

Type	Section of The Companies Act	Brief Description	Details of penalty/punishment/compounding fees imposed	Authority (RD/NCLT/COURT)	Appeal made, if any (give details)
<b>A. Company</b>					
Penalty		N.A.			
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty					
Punishment					
Compounding					
<b>C. Others officers in default</b>					
Penalty					
Punishment					
Compounding					



## ANNEXURE- VII

### Particulars of employees and related disclosures:

#### DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF COMPANIES ACT, 2013 READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2014-15, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No.	NAME OF DIRECTOR/ KMP AND DESIGNATION	REMUNERATION FOR DIRECTORS/ KMP FOR FINANCIAL YEAR 2014-15 (₹ In crore)	% INCREASE IN REMUNERATION IN THE FINANCIAL YEAR 2014-15	RATIO OF REMUNERATION OF EACH DIRECTOR TO MEDIAN REMUNERATION OF EMPLOYEES	COMPARISON OF REMUNERATION OF KMP AGAINST THE PERFORMANCE OF THE COMPANY
1.	Sachit Jain* Managing Director	–	–	–	Net loss before tax has increased by 14.83% and net loss after tax has increased by 60.64% in the financial year 2014-15.
2.	Suchita Jain Non-Executive Director	–	–	–	
3.	B.K. Choudhary Non-Executive Director	–	–	–	
4.	R.K. Jain Non-Executive Director	1,00,000	Nil	0.36	
5.	Prafull Anubhai Independent Director	1,30,000	30	0.47	
6.	Rajeev Gupta Independent Director	70,000	–6.67	0.25	
7.	Sanjeev Pahwa Independent Director	65,000	116.67	0.23	
8.	Jayant Davar Independent Director	55,000	83.33	0.20	
9.	Mukund Choudhary** Independent Director	–	–	–	
10.	Sanjeev Singla*** Chief Financial Officer	–	–	–	
11.	Sonam Taneja**** Company Secretary	–	–	–	

\* Details not given as Mr. Sachit Jain was not paid any salary in the year 2014-15.

\*\* Details not given as Mr. Mukund Choudhary was a Director only for a part of financial year 2014-15 i.e. upto 7<sup>th</sup> October, 2014.

\*\*\* Details not given as Mr. Sanjeev Singla was appointed as CFO w.e.f. 17<sup>th</sup> May, 2014.

\*\*\*\*Details not given as Ms. Sonam Taneja was appointed as Company Secretary w.e.f. 31<sup>st</sup> January, 2015.

- The median remuneration of employees of the Company during the financial year was ₹ 2.78 lacs.
- In the financial year, there was an increase of 2.58% in the median remuneration of employees.
- There were 827 permanent employees on the rolls of Company as on March 31, 2015.
- Relationship between average increase in remuneration and company performance: - The Net Loss for the financial year ended March 31, 2015 increased by 60.64% whereas the increase in median remuneration was 2.58%.
- Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:-N.A.

7. (a) Variations in the market capitalisation of the Company : The market capitalisation as on March 31, 2015 was ₹ 60.21 crore (₹ 36.55 crore as on March 31, 2014).
- (b) Price Earnings ratio of the Company was -3.98 as at March 31, 2015 and was -3.89 as at March 31, 2014.
- (c) Percent increase over/ decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer in the year- Pursuant to the Scheme of Arrangement and Demerger between Vardhman Textiles Limited (VTXL) & Vardhman Special Steels Limited (VSSL) as sanctioned by the Hon'ble High Court of Punjab & Haryana vide its order dated 12<sup>th</sup> January, 2011, the Steel Business Undertaking of VTXL was demerged into a separate company namely VSSL w.e.f. 1<sup>st</sup> January, 2011. The shareholders holding 5 shares in VTXL were allotted 1 share of VSSL as part of the demerger process. Further, the Company got the allotted shares listed on National Stock Exchange and Bombay Stock Exchange of India w.e.f. 17<sup>th</sup> May, 2012. The price at which the share opened at the time of listing was Rs.40 per share. A shareholder who was allotted 100 shares at the time of demerger, his shares were priced at ₹ 4,000 at the time of listing. These shares are worth ₹ 3,245 as on 31<sup>st</sup> March, 2015 showing of decrease of 18.88%.
8. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year 2014-15 was 18.75%.
9. The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
10. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – Not Applicable.
11. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

## CORPORATE GOVERNANCE REPORT

This report on corporate governance forms part of the Annual Report. Corporate governance refers to a combination of laws, regulations, procedures, implicit rules and good corporate practices that ensure that a Company meets its obligations to optimize shareholders' value and fulfill its responsibilities to the community, customers, employees, Government and other segments of society. Your Company is committed on adopting the best practices of Corporate Governance as manifested in the Company's functioning to achieve the business excellence by enhancing long-term shareholders' value. Efficient conduct of the business of the Company through commitment to transparency and business ethics in discharging its corporate responsibilities is hallmarks of the best practices followed by the Company. This report on Corporate Governance, besides being in compliance of the mandatory Listing Agreement, gives an insight into the functioning of the Company.

### 1. VARDHMAN GROUP'S PHILOSOPHY:

- ❖ Continued expansion in areas "which we know best".
- ❖ Total customer focus in all operational areas.
- ❖ Products to be of best available quality for premium market segments through TQM
- ❖ Zero defect implementation.
- ❖ Integrated diversification/ product range expansion.
- ❖ World class manufacturing facilities with most modern R & D and process technology.
- ❖ Faith in individual potential and respect for human values.
- ❖ Encouraging innovation for constant improvements to achieve excellence in all functional areas.
- ❖ Accepting change as a way of life.
- ❖ Appreciating our role as a responsible corporate citizen.

### 2. BOARD OF DIRECTORS/ BOARD MEETINGS:

#### i. Composition as on March 31<sup>st</sup>, 2015:

The Composition of Board and category of Directors are as follows:-

Category	Name of Directors
Promoter Directors	# Sachit Jain- Managing Director # Suchita Jain- Non- Executive Non- Independent Director
Independent Directors	Prafull Anubhai Jayant Davar Rajeev Gupta Sanjeev Pahwa
Non- Executive Non- Independent Director	R.K. Jain B.K. Choudhary

# Sachit Jain, Suchita Jain and R.K. Jain are related among themselves. None of the other Director is related to any other Director of the Company.

#### ii. Board Meetings:

During the financial year 2014-2015, the Board met 4 times on the following dates:

17<sup>th</sup> May, 2014

2<sup>nd</sup> August, 2014

8<sup>th</sup> November, 2014

31<sup>st</sup> January, 2015

**iii. Attendance of the Directors at the Board Meetings during the year and at last Annual General Meeting of the Company and also the number of other Directorship/Chairmanship in Indian Public Limited Companies are as follows:-**

Name of Director	No. of Board meetings attended	Attendance at last AGM	Total No. of Directorships in other Companies	No. of Committee memberships in other Companies	Total No. of Board Chairmanship in other Companies	Total No. of Committee Chairmanship in other companies
Sachit Jain	4	Yes	8	2	Nil	1
Rajinder Kumar Jain	4	No	Nil	Nil	Nil	Nil
Suchita Jain	3	No	8	Nil	Nil	1
Prafull Anubhai	4	Yes	5	6	Nil	2
B.K. Choudhary	4	No	2	1	Nil	Nil
Sanjeev Pahwa	3	No	2	1	Nil	Nil
Rajeev Gupta	2	No	6	3	Nil	Nil
Jayant Davar	3	No	4	Nil	Nil	Nil
Mukund Choudhary*	2	No	-	-	-	-

\* Mukund Choudhary resigned from the Directorship of the Company w.e.f. 7<sup>th</sup> October, 2014.

Video conferencing facilities were provided to facilitate Directors travelling abroad or present at other locations to participate in the Board meetings.

**3. BOARD COMMITTEES:**

**i. Board Committees, their composition and terms of reference are provided as under:**

NAME OF COMMITTEE	COMPOSITION	TERMS OF REFERENCE
Audit Committee	Prafull Anubhai (Chairman) Rajeev Gupta Sanjeev Pahwa R.K. Jain	<ul style="list-style-type: none"> <li>The role of the Audit Committee is as per Section 177 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement.</li> <li>The Vigil Mechanism of the Company, which also incorporates a whistle blower 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 Policy on Vigil Mechanism and whistle blower policy as approved by the Board may be accessed on the Company's website at the link: <a href="http://www.vardhmansteel.com/sites/default/files/download-files/vigil_mechanism_final.pdf">http://www.vardhmansteel.com/sites/default/files/download-files/vigil_mechanism_final.pdf</a></li> <li>The Policy on dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: <a href="http://www.vardhmansteel.com/sites/default/files/download-files/related_party_transaction_final.pdf">http://www.vardhmansteel.com/sites/default/files/download-files/related_party_transaction_final.pdf</a></li> </ul>
Nomination and Remuneration Committee	Rajeev Gupta (Chairman) Prafull Anubhai Sachit Jain B.K. Choudhary	<ul style="list-style-type: none"> <li>Formulated and recommended Nomination and Remuneration Policy.</li> <li>The Nomination &amp; Remuneration Policy includes policy on Director's appointment and remuneration including 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.</li> <li>Nomination and Remuneration Policy of the Company forms part of the Board Report as Annexure II.</li> </ul>
Corporate Social Responsibility Committee	Sanjeev Pahwa (Chairman) Sachit Jain Suchita Jain	<ul style="list-style-type: none"> <li>Formulated and recommended CSR Policy of the Company indicating CSR activities proposed to be undertaken by the Company pursuant to provisions of Schedule VII of the Companies Act, 2013 read with CSR rules, 2014. The CSR policy may be accessed on the Company's website at the link: <a href="http://www.vardhmansteel.com/sites/default/files/corporate_social_responsibility_policy.pdf">http://www.vardhmansteel.com/sites/default/files/corporate_social_responsibility_policy.pdf</a></li> <li>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.</li> <li>The Annual Report on CSR activities undertaken by the Company forms part of the Board Report as Annexure I.</li> </ul>
Stakeholder Relationship Committee	Sanjeev Pahwa (Chairman) Suchita Jain B.K. Choudhary	<ul style="list-style-type: none"> <li>The Committee reviews and ensures redressal of investor grievances.</li> <li>The Committee noted that during the year the Company received <b>Nil</b> complaints related to non-receipt of annual report. There is no pendency in respect of shares received for transfer during 2014-2015 except those that are disputed/ sub-judice.</li> </ul>



NAME OF COMMITTEE	COMPOSITION	TERMS OF REFERENCE
Risk Management Committee	Jayant Davar (Chairman) B.K. Choudhary Naresh Bansal	<ul style="list-style-type: none"> <li>The Risk Management Committee has formulated Risk Management Policy of the Company which aims to maximize opportunities in all activities and to minimize adversity.</li> <li>The risk management framework 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.</li> <li>The Risk Management policy may be accessed on the Company's website at the link: <a href="http://www.vardhmansteel.com/sites/default/files/download-files/risk_management_policy_final.pdf">http://www.vardhmansteel.com/sites/default/files/download-files/risk_management_policy_final.pdf</a></li> </ul>

Ms. Sonam Taneja, Company Secretary and Compliance Officer, is the Secretary of all Board Committees constituted under the Companies Act, 2013 and Listing Agreement.

**ii. Meetings of Board Committees held during the year and Director's attendance:**

Board Committees	Audit	CSR	Nomination & Remuneration	Stakeholders Relationship	Risk Management
<b>Meetings held</b>	<b>4</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>0</b>
Sachit Jain	N.A.	0	1	N.A.	N.A.
Suchita Jain	N.A.	0	N.A.	1	N.A.
Prafull Anubhai	4	N.A.	1	N.A.	N.A.
Rajeev Gupta	3	N.A.	2	N.A.	N.A.
Jayant Davar	N.A.	N.A.	N.A.	N.A.	0
Sanjeev Pahwa*	0	0	1	1	N.A.
R.K. Jain	4	N.A.	N.A.	N.A.	N.A.
B.K. Choudhary	N.A.	N.A.	2	0	0
Mukund Choudhary**	2	N.A.	N.A.	N.A.	N.A.

N.A. - Not a member of the Committee

\* Sanjeev Pahwa has been appointed as a member of the Audit Committee w.e.f 31<sup>st</sup> January, 2015 and ceased to be member of Nomination & Remuneration Committee w.e.f. 2<sup>nd</sup> August, 2014.

\*\* Mukund Choudhary ceased to be Director of the Company w.e.f 7<sup>th</sup> October, 2014.

**iii. Meeting of Independent Directors:**

The meeting of Independent Directors of the Company was held on 30<sup>th</sup> March, 2015 to evaluate the performance of Non-Independent Directors of the Company, Chairperson of the Company and the Board as a whole for the financial year 2014-15.

**4. DIRECTORS' REMUNERATION:**

**i) Managing Director:**

The Company pays remuneration to Managing Director as approved by the Board of Directors and the Members of the Company in the General Meeting.

A detail of remuneration paid to the Managing Director during the year 2014-15 is as given below:

(in ₹ Lacs)

Name	Designation	Salary	Perquisites & Allowances	Retirement Benefit	Commission	Gross remuneration
Sachit Jain	Managing Director	—	—	—	—	Nil

Sachit Jain, Managing Director of the Company, has not drawn any salary in the financial year 2014-15.

**ii) Non-Executive Directors:**

Mr. Prafull Anubhai, Non-Executive Director of the Company is entitled to remuneration by way of commission @ 0.5% of the Net Profit of the Company subject to maximum of ₹ 10 lac per annum. During the year 2014-15, he was paid NIL remuneration.

S. NO.	NAME OF DIRECTOR	SITTING FEE (₹)
1.	Prafull Anubhai	1,30,000
2.	Rajinder Kumar Jain	1,00,000
3.	Rajeev Gupta	70,000
4.	Sanjeev Pahwa	65,000
5.	Jayant Davar	55,000
6.	Mukund Choudhary	50,000

\*No other director holds any share in the Equity Share Capital of the Company.

Meeting	Day, Date and Time of the Meeting	Venue	No. of Special Resolutions
4 <sup>th</sup> Annual General Meeting for the Financial Year ended 31 <sup>st</sup> March, 2014.	Wednesday, 24 <sup>th</sup> September, 2014 at 3.30 p.m.	Regd. Office, Chandigarh Road, Ludhiana- 141010.	1
3 <sup>rd</sup> Annual General Meeting for the Financial year ended 31 <sup>st</sup> March, 2013.	Saturday, 31 <sup>st</sup> August, 2013 at 03.00 p.m.	Regd. Office, Chandigarh Road, Ludhiana- 141010.	1
2 <sup>nd</sup> Annual General Meeting for the Financial year ended 31 <sup>st</sup> March, 2012.	Saturday, 1 <sup>st</sup> September, 2012 at 10.00 a.m.	Regd. Office, Chandigarh Road, Ludhiana- 141010.	1

Promoter/ Public	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes in favour	No. of votes against	% of votes in favour on votes polled	% of votes in against on votes polled
	1	2	3 = (2/1)*100	4	5	6= (4/2)*100	7= (5/2)*100
<b>Special Resolution 1</b>							
Promoter & Promoter Group	13,911,409	13,911,409	100	13,911,409	0	100	0
Public	4,643,967	100,491	2.16	99,925	566	99.44	0.56
<b>Total</b>	<b>18,555,376</b>	<b>14,011,900</b>	<b>75.51</b>	<b>14,011,334</b>	<b>566</b>	<b>99.99</b>	<b>0.01</b>
<b>Special Resolution 2</b>							
Promoter & Promoter Group	13,911,409	13,911,409	100.00	13,911,409	0	100	0
Public	4,643,967	100,488	2.16	96,462	4,026	95.99	4.01
<b>Total</b>	<b>18,555,376</b>	<b>14,011,897</b>	<b>75.51</b>	<b>14,007,871</b>	<b>4,026</b>	<b>99.97</b>	<b>0.03</b>

## 29

of which penalties or strictures were imposed by the Stock Exchanges or Securities Exchange Board of India (SEBI) or any other Statutory Authority during the last three years.

Further, the Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement. The Company may also take up the non-mandatory requirements of Clause 49 in due course of time.

## 8. MEANS OF COMMUNICATION:

The Company communicates with the shareholders at large through its Annual Reports, publication of financial results, press releases in leading newspapers and by filing of various reports and returns with the Statutory Bodies like Stock Exchanges and the Registrar of Companies. The Quarterly Financial Results are published in prominent daily newspapers viz., "Business Standard" and "Desh Sewak". The Financial Results of the Company are also made available at the Company's web-site [www.vardhmansteels.com](http://www.vardhmansteels.com).

### GENERAL INFORMATION FOR SHAREHOLDERS

#### i) 5<sup>th</sup> Annual General Meeting:

Date: 4<sup>th</sup> September, 2015

Time: 12:00 noon

Venue: Regd. Office, Chandigarh Road, Ludhiana-141 010.

#### Financial Calendar 2015-2016 (Tentative)

First Quarter Results : August-2015

Second Quarter Results : October-2015

Third Quarter Results : January-2016

Annual Results : April-2016

#### iii) Dates of Book Closure : 7<sup>th</sup> August, 2015 to 4<sup>th</sup> September, 2015(both days inclusive)

#### iv) Dividend payment date : The Board of Directors has not recommended Dividend for Financial Year 2014-15.

#### v) Listing : The securities of the Company are listed on the following Stock Exchanges: -

1. The Bombay Stock Exchange Limited, Mumbai (BSE), 1<sup>st</sup> Floor, New Trading Ring, Rotunda Building, P.J. Towers, Dalal Street, Fort, Mumbai-400 001.
2. The National Stock Exchange of India Limited (NSE), "Exchange Plaza, Bandra-Kurla Complex, Bandra(East), Mumbai."

The Company has duly paid the listing fee to both the aforesaid Stock Exchanges for the financial year 2014-15.

#### vi) Stock Code:

The Bombay Stock Exchange Limited, Mumbai : 534392

The National Stock Exchange of India Limited : VSSL

#### vii) Stock Market Data:

The month-wise highest and lowest and closing stock prices of NSE vis-a-vis BSE during the financial year 2014-15 is given below: -

Financial Year 2014-15	Share Prices of Vardhman Special Steels Limited on NSE				Share Prices of Vardhman Special Steels Limited on BSE			
	Highest (₹)	Lowest (₹)	Closing (₹)	%age change over last month's closing	Highest	Lowest	Closing	%age change over last month's closing
April	29.60	19.10	27.00	37.06	29.10	18.60	26.60	35.71
May	32.50	23.75	28.00	3.70	31.60	23.30	28.30	6.39
June	43.10	27.30	38.05	35.89	43.20	27.55	38.35	35.51
July	45.35	36.00	42.75	12.35	45.65	35.05	43.00	12.13
August	44.80	33.20	34.50	-19.30	45.00	34.00	34.05	-20.81
September	44.10	34.55	36.60	6.09	43.00	35.65	36.55	7.34
October	40.75	30.00	35.55	-2.87	39.90	34.00	34.85	-4.65
November	38	31.00	33.05	-7.03	37.00	31.25	33.30	-4.44
December	35.80	30.50	34.90	5.60	37.00	30.50	33.60	0.90
January	38.95	29.00	32.05	8.17	36.95	30.55	32.50	-3.27
February	36	29.90	34.65	8.11	39.30	27.50	34.70	6.77
March	40	30.05	32.45	-6.35	37.90	30.05	32.20	-7.20

## viii) Registrar & Transfer Agent:

The work related to Share Transfer Registry in terms of both physical and electronic mode is being dealt with by M/s. Alankit Assignments Limited at the address given below: -

M/s. Alankit Assignments Limited,

1E/13, Alankit Heights,

Jhandewalan Extension, New Delhi - 110 055.

Phone: (011) 41540060-63, Fax: (011) 41540064, E-mail: [rta@alankit.com](mailto:rta@alankit.com)

## ix) Share Transfer System:

The Company has constituted a Share Transfer Committee of its directors. The Committee meets on an average once in 10 days. The list of valid transfers prepared by the Transfer Agent in respect of transfer cases received by them and objections, if any, are placed before the Committee for its approval/confirmation. The Share Certificates are returned back to the shareholders by Transfer Agent within 15 days from the date of receipt by them.

The shares of the Company are traded on the Stock Exchanges compulsorily in demat form. The Company has participated as an issuer both with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The shareholders may operate through any of the depositories, based on tariffs, quality and range of services being offered by them. The International Securities Identification Number (ISIN) of the Company is **INE 050M01012**.

## x) Distribution of Shareholding as on 31<sup>st</sup> March, 2015:

Range No. of Shares	SHAREHOLDERS		SHARES	
	Numbers of Total Holders	% to Total Holders	Numbers of shares Held	% to Total Shares
Upto-500	16,373	96.43	6,80,019	3.665
501-1000	219	1.29	12,534	0.876
1001-2000	110	0.648	1,65,580	0.892
2001-3000	62	0.365	1,51,325	0.816
3001-4000	26	0.153	92,290	0.497
4001-5000	26	0.153	1,20,385	0.649
5001-10000	53	0.312	3,82,021	2.059
10001- above	111	0.654	16,01,222	90.57
<b>Total</b>	<b>16,980</b>	<b>100</b>	<b>1,85,55,376</b>	<b>100</b>

## xi) Dematerialisation of shares:

As on 31<sup>st</sup> March, 2015, 98.61% of the capital comprising 1,82,98,039 shares, out of total of 1,85,55,376 shares, were dematerialized.

## xii) Plant Location:

Vardhman Special Steels Limited, Unit-1  
C-58, Focal Point,  
Ludhiana- 141 010.

## xiii) Address for correspondence:

Registered office : Vardhman Premises, Chandigarh  
Road, Ludhiana-141010  
Tel : 0161-2228943-48  
Fax : 0161-2601048, 2220766  
E-mail : [secretarial.lud@vardhman.com](mailto:secretarial.lud@vardhman.com)  
(Exclusively for redressal of investors' grievances)



**DECLARATION UNDER CLAUSE 49**

I, Sachit Jain, Managing Director of Vardhman Special Steels Limited declare that all Board Members and Senior Management Personnel have affirmed compliance with 'Code of Conduct for Board and Senior Management Personnel' for the year ended 31<sup>st</sup> March, 2015.

**PLACE : GURGAON**  
**DATED : 2<sup>ND</sup> MAY, 2015**

**Sachit Jain**  
**(Managing Director)**

**AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE UNDER  
CORPORATE GOVERNANCE CLAUSE OF THE LISTING AGREEMENT(S)**

**To**  
**The Members of**  
**Vardhman Special Steels Limited**

We have examined the compliance of the conditions of Corporate Governance by Vardhman Special Steels Limited for the year ended on 31<sup>st</sup> March, 2015, 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 review of the 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 and based on the representations made by the Directors and Management, 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.

**PLACE : GURGAON**  
**DATED : 2<sup>ND</sup> MAY, 2015**

**For S.S. Kothari Mehta & Co.**  
**Chartered Accountants**  
**(Firm Regn No.022150N)**  
**(CA Dinesh K.Abrol)**  
**Partner**  
**M.No.087899**

## INDEPENDENT AUDITORS' REPORT

**To**  
**The Member of,**  
**Vardhman Special Steels Limited,**  
**Ludhiana**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Vardhman Special Steels Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in the Annexure a statement on the matters prescribed in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
  - d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) on the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the other matters included in the Auditor's Report and to the best of our information and according to the explanations given to us :
    - I. The Company does not have any pending litigations which would materially impact its financial position;
    - II. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
    - III. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For S. S. Kothari Mehta & Co.**  
**Chartered Accountants**  
**(Firm Regn. No. 022150N)**

**(CA Dinesh K. Abrol)**  
**Partner**

**Membership No.87899**

**PLACE: GURGAON**  
**DATE: 2<sup>ND</sup> MAY, 2015**

**THE ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE OUR REPORT OF EVEN DATE TO THE MEMBERS OF VARDHMAN SPECIAL STEELS LIMITED ON THE ACCOUNTS OF THE COMPANY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015.**

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, Fixed Assets are verified by rotation every year. No discrepancies were observed in the Fixed Assets physically verified during the financial year.
2. (a) As explained to us, inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been adequately dealt with in books of accounts.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii (a) and iii (b) of the order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventories & fixed assets and for sale of goods & services. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed thereunder. We have been explained that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal against the Company during the year.
6. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost

records under Section 148 (1) of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the said records with a view to determine whether they are accurate or complete.

7. (a) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Employees' State Insurance, Income-Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other statutory dues applicable to it. According to the records of the Company examined by us and the information and explanations given to us, in our opinion, no undisputed amounts payable in respect of provident fund, Employees' State Insurance, Income-Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other statutory dues were outstanding, as at 31.03.2015 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, there are no dues of income-tax / sales tax / wealth tax / service tax / customs duty / excise duty / Value Added Tax / cess which have not been deposited on account of any dispute, except the following:

S. No.	Nature of dues (₹)	Amount due (₹)	Forum where pending
1.	PUNJAB SALE TAX	Basic & Penalty ₹ 186500	JOINT DIRECTOR, ENFORCEMENT, PATIALA
2.	PUNJAB SALE TAX	Basic & Penalty ₹ 180000	JOINT DIR ENFORCEMENT PATIALA
3.	Punjab VAT Act, 2005	PENALTY ₹ 595963	AETC MOBILE WING, PATIALA
4.	CENVAT – DENIAL OF CENVAT	Basic & Penalty ₹ 415723 Interest ₹ 405723	CHIEF COMMISSIONER EXCISE, CHANDIGARH
5.	CENVAT – DENIAL OF CENVAT	Basic ₹ 45450 Interest ₹ 45450	CESTAT
6.	CENVAT – DENIAL OF CENVAT	Basic & Penalty ₹ 25394 Interest ₹ 3428	ASSISTANT COMMISSIONER, LUDHIANA
7.	CENVAT – DENIAL OF CENVAT	Basic ₹ 84910 Interest ₹ 15283	ASSISTANT COMMISSIONER, LUDHIANA
8.	RULE 6 B OF VALUATION RULES- CENTRAL EXCISE	Basic & Penalty ₹ 2778084 Interest ₹ 1739042	COMMISSIONER APPEALS, CHANDIGARH
9.	DENIAL OF CENVAT	Basic ₹ 133333 Interest ₹ 133333	REMANDED BACK TO COMMISSIONER APPEALS BY CESTAT
10.	DENIAL OF CENVAT	Basic & Penalty ₹ 26938 Interest ₹ 6667	ASSISTANT COMMISSIONER LUDHIANA
11.	DENIAL OF CENVAT	Basic & Penalty ₹ 145529 Interest ₹ 13098	ASSISTANT COMMISSIONER, LUDHIANA
12.	DENIAL OF CENVAT	Basic & Penalty ₹ 25756 Interest ₹ 9030	ASSISTANT COMMISSIONER, LUDHIANA
13.	DENIAL OF CENVAT	Basic & Penalty ₹ 7284 Interest ₹ 1639	ASSISTANT COMMISSIONER, LUDHIANA
14.	Entry Tax	₹ 8,50,00,000	Punjab & Haryana High Court

- (c) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, no amount was required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
8. The Company does not have any accumulated loss and has incurred cash loss during the financial year covered by our audit, however had incurred cash loss in the immediately preceding financial year.
9. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution or bank during the period. As the Company has not issued debentures, clause regarding default to debenture holders does not apply to the Company.
10. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
11. According to the records of the Company examined by us and the information and explanations given to us, term loans availed by the Company during the year have been utilized for the purpose they have been received.
12. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the period, nor have we been informed of such case by the management.

**For S. S. Kothari Mehta & Co.**  
**Chartered Accountants**  
**(Firm Regn. No. 022150N)**  
**(CA Dinesh K. Abrol)**  
**Partner**  
**Membership No.87899**

**PLACE: GURGAON**  
**DATE: 2<sup>ND</sup> MAY, 2015**



**BALANCE SHEET as at 31<sup>st</sup> March, 2015**

(₹ in lac)

Particulars	Note No.	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
<b>1 EQUITY AND LIABILITIES</b>			
<b>I Shareholder's funds</b>			
Share capital	3	1,855.54	1,855.54
Reserves and surplus	4	15,117.48	16,719.90
		<u>16,973.02</u>	<u>18,575.44</u>
<b>II Share application money pending allotment</b>		–	–
<b>III Non-current liabilities</b>			
Long-term borrowings	5	10,440.31	9,982.67
Other long-term liabilities	6	19.00	11.87
Long-term provisions	7	54.43	50.95
		<u>10,513.74</u>	<u>10,045.49</u>
<b>IV Current liabilities</b>			
Short-term borrowings	8	23,911.98	19,495.49
Trade payables	9	5,157.10	4,202.49
Other current liabilities	10	4,843.70	4,062.33
Short-term provisions	11	62.22	21.95
		<u>33,975.00</u>	<u>27,782.26</u>
<b>TOTAL</b>		<u><u>61,461.76</u></u>	<u><u>56,403.19</u></u>
<b>2 ASSETS</b>			
<b>I Non-current assets</b>			
Fixed assets			
Tangible assets	12	22,997.74	21,037.93
Intangible assets		–	–
Capital work-in-progress		2,079.82	2,954.81
Non-current investments	13	1,408.22	1,675.27
Long-term loans and advances	14	987.39	743.09
Other non-current assets		–	–
		<u>27,473.17</u>	<u>26,411.10</u>
<b>II Current assets</b>			
Current investments	15	–	1,500.00
Inventories	16	13,288.98	11,931.22
Trade receivables	17	17,898.22	12,276.35
Cash and cash equivalents	18	864.85	1,389.84
Short-term loans and advances	19	1,935.16	2,846.74
Other current assets	20	1.38	47.94
		<u>33,988.59</u>	<u>29,992.09</u>
<b>TOTAL</b>		<u><u>61,461.76</u></u>	<u><u>56,403.19</u></u>
<b>See accompanying notes forming part of the Financial Statements</b>	<b>1-48</b>	–	–

As per our separate report of even date  
For S.S.Kothari Mehta & Co.  
Chartered Accountants  
(Firm Regn No.022150N)

For and on behalf of the Board of Directors

(CA Dinesh K.Abröl)

SONAM TANEJA

SANJEEV SINGLA

NARESH BANSAL

SUCHITA JAIN

SACHIT JAIN

Partner

(Company Secretary)

(Chief Financial Officer)

(Chief Executive)

(Director)

(Managing Director)

M.No.087899

Place : Gurgaon

Dated : 2<sup>nd</sup> May, 2015

**Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2015**

(₹ in lac)			
Particulars	Note No.	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
<b>INCOME</b>			
Revenue from Operations (Gross)	21	73,418.12	40,865.50
Less: Excise Duty		7,258.15	3,805.92
Revenue from Operations (Net)		66,159.97	37,059.58
Cost of Material Transfer To Trial Run (Rolling Mill)		—	19,336.52
Other Income	22	739.97	1,576.18
<b>Total Income</b>		<b>66,899.94</b>	<b>57,972.28</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	23	40,885.04	30,632.94
Purchase of Stock-in-trade		—	—
Changes in Inventories of Finished Goods, Work in Progress and Stock-in-Trade	24	(156.93)	7,018.76
Employee Benefit Expenses	25	2,836.22	2,126.34
Other Expenses	26	20,912.36	17,289.48
Excise Duty on Closing Stocks		526.37	461.13
Finance Cost	27	2,021.48	1,189.72
Depreciation and Amortisation Expense	28	1,387.21	570.45
<b>Total Expenses</b>		<b>68,411.75</b>	<b>59,288.82</b>
<b>Profit before Exceptional Items, Extraordinary Items and Tax</b>		<b>(1,511.81)</b>	<b>(1,316.54)</b>
Exceptional Items:		—	—
<b>Profit before Extraordinary Items and Tax</b>		<b>(1,511.81)</b>	<b>(1,316.54)</b>
Extraordinary Items		—	—
<b>Profit before Tax</b>		<b>(1,511.81)</b>	<b>(1,316.54)</b>
Tax Expense			
Current tax - Wealth Tax		0.85	1.07
Deferred tax		—	(375.97)
<b>Profit for the year after Tax</b>		<b>(1,512.66)</b>	<b>(941.64)</b>
<b>Earnings per share (₹)</b>			
Basic - Par value of ₹ 10 per share		(8.15)	(5.07)
Diluted - Par value of ₹ 10 per share		(8.15)	(5.07)
<b>See accompanying notes forming part of the Financial Statements</b>	<b>1-48</b>		

As per our separate report of even date

For S.S.Kothari Mehta &amp; Co.

Chartered Accountants

(Firm Regn No.022150N)

(CA Dinesh K.Abrul)

SONAM TANEJA

SANJEEV SINGLA

NARESH BANSAL

SUCHITA JAIN

SACHIT JAIN

Partner

(Company Secretary)

(Chief Financial Officer)

(Chief Executive)

(Director)

(Managing Director)

M.No.087899

Place : Gurgaon

Dated : 2<sup>nd</sup> May, 2015

For and on behalf of the Board of Directors

**Cash Flow Statement for the year ended 31<sup>st</sup> March, 2015**

(₹ in lac)		
Particulars	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
<b>A Cash flow from operating activities</b>		
Net profit before tax and Extra Ordinary Items	(1,511.81)	(1,316.54)
<b>Adjustments for:</b>		
Depreciation	1,387.21	570.45
Provision for Doubtful Debts written back	(1.10)	(34.46)
Sundry Balances Written (back) / off	(21.72)	(2.27)
Interest Expense	2,021.48	1,340.88
Profit on sale Investments	(523.01)	(1,038.51)
Exchange Rate Fluctuation (unrealised)	431.50	718.05
Interest income	(106.89)	(216.26)
Dividend Income	(2.34)	(22.57)
(Profit)/Loss on Sale of Fixed Assets (Net)	(8.50)	(324.45)
Operating Profit before working capital changes	1,664.82	(325.68)
<b>Adjustments for:</b>		
Decrease/(Increase) in Inventories	(1,357.76)	(560.91)
Increase / (Decrease) in liabilities and provisions	1,340.25	412.32
Decrease /(Increase) in other Current assets/Loans & Advances	700.49	(1,154.63)
Decrease/ (Increase) in Trade Receivables	(5,621.87)	(1,934.22)
	(4,938.89)	(3,237.44)
<b>Cash Generation from Operations</b>	(3,274.07)	(3,563.12)
Income tax paid	(0.85)	(26.41)
<b>Net cash used in operating activities</b>	(3,274.92)	(3,589.53)
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets and capital work in progress (including capital advances)	(2,833.60)	(5,747.56)
Proceeds from sale of Fixed Assets	22.67	417.58
Purchase of Investments	-	(323.61)
Proceeds from sale of Investments	2,290.06	10,338.51
Interest Received	153.45	529.99
Dividend Received	2.34	22.57
<b>Net cash used in investing activities</b>	(365.08)	5,237.48
<b>C Cash flows from financing activities</b>		
Proceeds from Short Term Borrowings	4,416.49	(1,944.72)
Proceeds from Term loan	720.00	-
Interest paid	(2,021.48)	(1,340.88)
<b>Net cash generated from financing activities</b>	3,115.01	(3,285.60)
<b>Net increase in cash and cash equivalents (A+B+C)</b>	(524.99)	(1,637.65)
<b>Cash and cash equivalents at the beginning of the period</b>	1,389.84	3,027.49
<b>Cash and cash equivalents at the end of the period</b>	864.85	1,389.84
<b>Components of cash and cash equivalents:</b>		
Cash in hand & Others	2.21	4.29
Cheques in hand	-	-
Balances with scheduled banks:		
- on current accounts	857.12	1,004.91
- on fixed deposit accounts	5.52	380.64
	864.85	1,389.84

Note: The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard - 3 on Cash Flow Statement prescribed by the Companies (Accounting Standards) Rules, 2006.

As per our separate report of even date  
For S.S.Kothari Mehta & Co.  
Chartered Accountants  
(Firm Regn No.022150N)

For and on behalf of the Board of Directors

(CA Dinesh K.Abrol)

SONAM TANEJA

SANJEEV SINGLA

NARESH BANSAL

SUCHITA JAIN

SACHIT JAIN

Partner

(Company Secretary)

(Chief Financial Officer)

(Chief Executive)

(Director)

(Managing Director)

M.No.087899

Place : Gurgaon

Dated : 2<sup>nd</sup> May, 2015

## Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2015

### Note 1. **CORPORATE INFORMATION**

Vardhman Special Steels Limited is a Public Limited Company incorporated under the provisions of the companies Act, 1956 on 14th May, 2010. The Company is engaged in the Manufacturing of Billet, Steel bars & rods and Bright bars of various categories of special and alloy steels.

### Note 2. **SIGNIFICANT ACCOUNTING POLICIES:**

#### a) **Accounting Convention:**

The accounts are prepared on accrual basis under the historical cost convention in accordance with the accounting standards referred to in section 133 of Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014 and other relevant provisions of the said Act.

#### b) **Revenue Recognition:**

##### i) **Sales:**

Revenue from sale of goods is recognized:

- a) When all the significant risks and rewards of ownership are transferred to the buyer and the company retains no effective control of the goods transferred to a degree usually associated with ownership; and
- b) No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.
- c) Domestic Sales (Gross) include excise duty and freight and is recognized on dispatch of goods to customers.

##### ii) **Insurance and Other Claims:**

The revenue in respect of claims is recognized when no significant uncertainty exists with regard to the amount to be realised and the ultimate collection thereof.

##### iii) **Benefit under Duty Entitlement Pass Book/Duty Drawback Scheme:**

Revenue in respect of the above benefits is recognized on post export basis.

#### c) **Retirement Benefits:**

- i. **Gratuity :** Provision for gratuity, which is a defined benefit plan, is made on the basis of an actuarial valuation, as per AS-15 issued by Institute of Chartered Accountants of India, carried out by an independent actuary at the balance sheet date, using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the Profit and Loss Account.
- ii. **Leave Encashment:** As per the Company's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either utilise during the service or encash. Encashment can be made during the service, on early retirement, on withdrawal of scheme, at resignation by employee or upon death of employee. The Company accounts for the liability for compensated absences payable in future based on an independent actuarial valuation, as per AS-15 issued by Institute of Chartered Accountants of India, carried out at the end of the period.
- iii. **Provident Fund :** Contribution to Provident Fund is made in accordance with the provisions of the Provident Fund Act, 1952 and is treated as revenue expenditure.
- iv. **Superannuation:** The liability in respect of eligible employees covered under the scheme is provided through a policy taken from Life Insurance Corporation of India by an approved trust formed for the purpose. The premium in respect of such policy is recognized as an expense in the period in which it falls due.

#### d) **Fixed Assets:**

Fixed Assets are stated at historical cost less depreciation.

#### e) **Intangible Assets:**

Intangible assets are stated at cost less accumulated amount of amortization.



---

**Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2015**

---

**f) Depreciation:**

- i) Depreciation is provided on straight line method in accordance with and in the manner specified in Schedule II to the Companies Act, 2013.
- ii) Depreciation on assets costing ₹ 5000 or below acquired during the year is charged @ 100% on proportionate basis keeping in view materiality aspect.

**g) Amortization:**

- i) Intangible assets are amortized on straight line method over their estimated useful life.
- ii) Right to use Power Lines is amortised on straight line method over their estimated useful life.

**h) Investments:**

Long term Investments are carried at cost less provision for diminution, other than temporary, in the value of investment. Current investments are carried at lower of cost and fair value.

**i) Inventories:**

Inventories are valued at cost or net realisable value, whichever is lower. The cost in respect of various items of inventories is computed as under:

- o In case of raw materials-at weighted average cost plus direct expenses.
- o In case of stores & spares-at weighted average cost plus direct expenses.
- o In case of finished goods-at raw material cost plus conversion cost, packing cost, excise duty and other overheads incurred to bring the goods to their present condition and location.

**j) Subsidy:**

Government grants available to the company are recognised when there is a reasonable assurance of compliance with the conditions attached to such grants and where benefits in respect thereof have been earned and it is reasonably certain that the ultimate collection will be made. Government subsidy in the nature of promoter's contribution is credited to capital reserve. Government subsidy received for a specific asset is reduced from the cost of the said asset.

**k) Foreign Currency Conversion/Translation:**

- o Foreign currency transactions are recorded on initial recognition at the rate prevailing on the date of the transaction. Where export bills are negotiated with the bank, the export sales are recorded at the rate on the date of negotiation as the said rate approximates the actual rate on the date of transaction.
- o Foreign Currency monetary items are reported using the closing rate. Exchange differences arising on the settlement of monetary items or on reporting the same at the closing rate as at the balance sheet date are recognised as income or expense in the period in which they arise.
- o The premium or discount arising at the inception of forward exchange contracts is amortised as an expense or income over the life of the contract.
- o Exchange differences on the aforesaid forward exchange contract are recognised in the statement of profit & loss in the reporting period in which the exchange rates change. Profit or loss arising on cancellation or renewal of such contracts is recognised as income or expense in the period in which such profit or loss arises.

**l) Borrowing Costs:**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset. Other borrowing costs are recognised as expense in the period in which they are incurred.

**m) Expenditure incurred during construction period:**

In respect of major expansion, the indirect expenses incurred during construction period up to the date of commercial production is capitalised on various categories of fixed assets on proportionate basis.

**n) Provisions and contingencies:**

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation

## Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2015

and reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resource.

**o) Operating Leases:**

Assets acquired on leases wherein a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals paid for such leases are recognised as an expense on systematic basis over the term of lease.

**p) Employee benefits**

***Short Term Benefits***

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, short term compensated absences and bonus, etc. are recognized in the profit and loss account in the period in which the employee renders the related service.

**q) Earnings per share**

Basic earnings per share is calculated by dividing the net profit/(loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of equity and dilutive potential equity shares outstanding during the period, except where the results would be anti-dilutive.

**r) Accounting for Tax on Income:**

The accounting treatment followed for taxes on income is to provide for Current Tax and Deferred Tax. Current Tax is the amount of income-tax determined to be payable in respect of taxable income for a period. Deferred Tax is the tax effect of all timing differences.

**s) Impairment of Assets**

At each Balance Sheet date, an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of accounts.

**t) Segment Information:**

The Company has only one reporting segment i.e. manufacturing of Steel. The Company is mainly operating in India which is considered to be the only reportable geographical segment.

**u) Cenvat Credit:**

Cenvat credit of excise duty paid on inputs, capital assets and input services is recognised in accordance with the Cenvat Credit Rules, 2004.

Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2015

(₹ in lac)

## 3. SHARE CAPITAL

Particulars	As at 31 <sup>st</sup> March, 2015		As at 31 <sup>st</sup> March, 2014	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised</b>				
Equity shares of ₹ 10 each	35,000,000	3,500.00	35,000,000	3,500.00
	<u>35,000,000</u>	<u>3,500.00</u>	<u>35,000,000</u>	<u>3,500.00</u>
<b>Issued, subscribed and paid up</b>				
Equity shares of ₹ 10 each fully paid up				
At the beginning of the year	18,555,376	1,855.54	18,555,376	1,855.54
Add: Issued during the year	—	—	—	—
At the end of the year	<u>18,555,376</u>	<u>1,855.54</u>	<u>18,555,376</u>	<u>1,855.54</u>
<b>Total</b>	<u>18,555,376</u>	<u>1,855.54</u>	<u>18,555,376</u>	<u>1,855.54</u>

3(a) The Aggregate number of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash in the last five years immediately preceeding the balance sheet date is **NIL**.

3(b) Equity Shares calls unpaid by Directors and Officers of the Company is **NIL**.

3(c) Shares held by holding Company or its ultimate holding Company or subsidiaries or associates of the holding Company or the ultimate holding Company in aggregate.

Particulars	As at 31 <sup>st</sup> March, 2015		As at 31 <sup>st</sup> March, 2014	
	Number of shares	Amount	Number of shares	Amount
Equity shares of ₹ 10/- each fully paid up held by				
Ultimate Holding Company	—	—	—	—
Holding Company	—	—	—	—
Subsidiary of ultimate Holding Company or Holding Company	—	—	—	—
Associate of ultimate Holding Company or Holding Company	—	—	—	—
<b>Total</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

3 (d) Details of shareholders holding more than 5% shares of the Company

Particulars	As at 31 <sup>st</sup> March, 2015		As at 31 <sup>st</sup> March, 2014	
	Number of shares	% holding in the class	Number of shares	% holding in the class
Equity shares of ₹ 10/- each fully paid up held by				
- Vardhman Textiles Limited.	5,825,000	31.39	5,825,000	31.39
- Vardhman Holding Limited.	3,080,517	16.60	3,080,517	16.60
- Adishwar Enterprises LLP (formerly Adinath Investment and Trading Company)	2,522,655	13.60	2,522,655	13.60
- Devakar Investment and Trading Company (P) Ltd	1,108,175	5.97	1,108,175	5.97
<b>Total</b>	<u>12,536,347</u>	<u>67.56</u>	<u>12,536,347</u>	<u>67.56</u>

**Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2015**

(₹ in lac)

**4. RESERVES AND SURPLUS**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>a) General reserve</b>		
At the beginning of the year	13,890.62	13,890.62
Add/Less : Transfer from Surplus in Profit & Loss Statement	—	—
At the end of the year	13,890.62	13,890.62
<b>b) (Deficit)/ surplus in the Statement of Profit &amp; Loss</b>		
Balance at the beginning of the year	2,829.28	3,770.92
Add/ (less): Depreciation charged to reserves as per schedule-II of Companies Act, 2013 (refer note-42)	(89.76)	—
Add/ (less): Profit/ (loss) for the year	(1,512.66)	(941.64)
Balance at the end of the year	1,226.86	2,829.28
<b>Total</b>	<b>15,117.48</b>	<b>16,719.90</b>

**5. LONG-TERM BORROWINGS**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Bank - Foreign currency denominated loans (ECB) <sup>#</sup>	10,414.17	9,982.67
Less : - Current Maturities of long term borrowings (refer note -10)	693.86	—
Bank - Term Loan	720.00	—
<b>Total</b>	<b>10,440.31</b>	<b>9,982.67</b>

- (a) The above mentioned ECB is secured by mortgage created or to be created on all the immovable assets of the Company, both present and future and hypothecation of all the movable assets including movable machinery, machinery parts, tools and accessories and other movables both present and future (except book debts), subject to charges created or to be created in favour of the Bankers for securing the working capital limits.

<sup>#</sup> Refer Note No. 33 on restatement of External Commercial Borrowings

- (b) Terms of repayment of term loans

		Repayment Period		Instalments Outstanding		Periodicity of repayment	
As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014	Current Year (Years)	Previous Year (Years)	Current Year (No.)	Previous Year (No.)	Current Year	Previous Year
720.00	—	5.00	—	20	—	Quarterly	—
10,414.17	9,982.67	2.25	2.25	9	9	Quarterly	Quarterly
11,134.17	9,982.67						

\* Figures of term loan stated above in para (b) includes current maturities of long term debt shown separately in note 10

**6. OTHER LONG-TERM LIABILITIES**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Securities Received	12.29	6.57
Superannuation Payable	6.71	5.30
<b>Total</b>	<b>19.00</b>	<b>11.87</b>

Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2015

(₹ in lac)

**7. LONG-TERM PROVISIONS**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Provision for employee benefits Gratuity (funded)	–	–
Leave Encashment (unfunded)	54.43	50.95
<b>Total</b>	<b>54.43</b>	<b>50.95</b>

**8. SHORT TERM BORROWINGS**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Loans repayable on demand		
From banks*	21,357.41	18,148.99
From related parties		
- Vardhman Textiles Limited	2,554.57	1,346.50
<b>Total</b>	<b>23,911.98</b>	<b>19,495.49</b>

\* includes Working Capital Borrowings from Consortium Banks which are secured by hypothecation of entire present and future tangible current assets of the Company as well as a second charge on the entire present and future fixed assets of the company.

**9. TRADE PAYABLES**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Trade Payables	5,150.03	4,202.49
Trade Payables : Related Party	7.07	–
<b>Total</b>	<b>5,157.10</b>	<b>4,202.49</b>

**10. OTHER CURRENT LIABILITIES**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Current Maturity of Long Term Debt	693.86	–
Interest accrued but not due on borrowings	47.98	61.16
Other Payables		
-Statutory Dues	761.46	722.43
-Security Deposits	28.61	43.90
-Payable on Purchase of Fixed Assets	449.01	695.16
-Advances from Customers	113.51	225.72
-Dues to Employees	183.96	115.09
-Expense Payable	2,565.31	2,198.87
<b>Total</b>	<b>4,843.70</b>	<b>4,062.33</b>

**11. SHORT-TERM PROVISIONS**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>Provision for employee benefits :</b>		
Gratuity (funded)	43.61	7.70
Leave Encashment (unfunded)	18.61	14.25
<b>Total</b>	<b>62.22</b>	<b>21.95</b>



Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2015

(₹ in lac)

## 12. TANGIBLE ASSETS

Description	Cost			Depreciation			Net Block		
	As at 1 <sup>st</sup> April, 2014	Additions	Deletions/ adjustments	As at 31 <sup>st</sup> March, 2015	As at 1 <sup>st</sup> April, 2014	For the year Deletions/ adjustments <sup>#</sup>	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Land Freehold	844.94	–	–	844.94	–	–	–	844.94	844.94
Buildings	3,574.30	578.05	–	4,152.35	943.59	109.28 (74.30)	1,127.17	3,025.18	2,630.71
Plant and machinery	21,218.20	2,818.57	15.40	24,021.37	4,028.45	1,194.98 1.11	5,222.32	18,799.05	17,189.75
Furniture and fixtures	133.61	0.44	–	134.05	51.80	11.39 (0.55)	63.74	70.31	81.81
Vehicles	278.15	9.19	7.00	280.34	69.74	38.04 4.27	103.51	176.03	208.41
Office equipment	168.88	44.70	–	213.58	86.57	33.52 (12.07)	132.16	81.02	82.31
<b>Total</b>	<b>26,218.08</b>	<b>3,450.95</b>	<b>22.40</b>	<b>29,646.63</b>	<b>5,180.15</b>	<b>1,387.21 (81.54)</b>	<b>6,648.90</b>	<b>22,997.73</b>	<b>21,037.93</b>
<b>Previous year</b>	<b>9,722.43</b>	<b>17,577.53</b>	<b>1,081.88</b>	<b>26,218.08</b>	<b>5,598.45</b>	<b>570.45 988.75</b>	<b>5,180.15</b>	<b>21,037.93</b>	<b>4,123.98</b>

## Notes :-

- Plant and Equipment amounting to ₹ Nil (Previous Year ₹ 851.70 lacs) and Building amounting to ₹ Nil (Previous Year ₹ 82.44 lacs) has been adjusted for the amounts allocated out of Development & trial run expenses.
- # Includes depreciation of ₹ 89.76 Lacs charged to reserves as per Schedule-II of The Companies act, 2013.
- Borrowing cost amounting to ₹ Nil (Previous Year ₹ 207.13 lacs) has been capitalised during the year.

## 13. NON-CURRENT INVESTMENTS (valued at cost unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Trade investments	–	–
Other than Trade		
<b>Debt Funds/ Fixed Maturity Plans (QUOTED )</b>		
10,000,000 units (Previous year 10,000,000) of ₹ 10/- each Birla Sunlife Fixed Term Plan -Series (1185 Days)	1,000.00	1,000.00
<b>Bonds / Debentures (UNQUOTED )</b>		
680,937 units (previous year 680,937) of ₹ 56.904 each (previous year ₹ 96.073) of IIFL Real Estate Fund (Domestic) Series-I	408.22	675.27
<b>Total</b>	<b>1,408.22</b>	<b>1,675.27</b>
Aggregate book value of quoted investments	1,000.00	1,000.00
Aggregate Market value of quoted investments	1,213.68	1,098.58
Aggregate book value of unquoted investments	408.22	675.27
Aggregate provision for Dimunition in the value of investments	–	–

## 14. LONG-TERM LOANS AND ADVANCES

	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>Secured, considered good</b>	–	–
<b>Unsecured, considered good</b>		
Capital advances	73.92	62.43
Security deposits	783.87	564.00
Other loans and advances :		
- Loans to employees	21.81	29.90
- Prepaid expenses	7.83	4.07
- Advance Income Tax {net of provision for tax ₹ 4.51 lacs (Previous year ₹ 3.67 lacs)}	99.96	82.69
<b>Total</b>	<b>987.39</b>	<b>743.09</b>

Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2015

(₹ in lac)

**15. CURRENT INVESTMENTS (VALUED AT COST OR MARKET VALUE WHICHEVER IS LOWER)**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Other than Trade		
<b><u>Equity Linked Mutual Funds / Liquid Funds (QUOTED )*</u></b>		
Nil units (Previous year 15000000 of ₹ 10 each of HDFC FMP 36 M October 2011(1)-Growth Fund * #	–	1,500.00
	–	1,500.00
	–	1,500.00
Aggregate book value of quoted investments	–	1,500.00
Aggregate Market value of quoted investments	–	1,889.76
Aggregate book value of unquoted investments	–	–
Aggregate provision for Diminution in the value of investments	–	–

\* Lien Marked in Favor of Deutsche Bank AG against the overdraft facility sanction by it.

# Non Current Investment having maturity period less than 12 months as on date of balance sheet have been shown under the head Current Investment.

**16. INVENTORIES (AT COST OR NET REALIZABLE VALUE WHICHEVER IS LOWER)**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Raw materials	1,956.14	1,150.83
Raw materials in Transit	389.91	357.28
Stores and spares	1,926.51	1,483.81
Stores and spares in Transit	174.30	254.11
Finished goods	8,842.12	8,685.19
<b>Total</b>	<b>13,288.98</b>	<b>11,931.22</b>

**17. TRADE RECEIVABLES**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Debts outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	251.76	260.40
Unsecured, considered doubtful	60.00	38.00
Less: Provision for doubtful debts	60.00	38.00
	251.76	260.40
Other debts		
Unsecured, considered good	17,646.46	12,015.95
<b>Total</b>	<b>17,898.22</b>	<b>12,276.35</b>

Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2015

(₹ in lac)

## 18. CASH AND BANK BALANCES

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>Cash and cash equivalents</b>		
Balance with banks in		
Current accounts	857.12	1,004.91
Fixed deposits	5.52	375.54
Cash in hand	2.21	4.29
	<u>864.85</u>	<u>1,384.74</u>
<b>Other bank balances</b>		
Fixed Deposits with maturity of more than 12 months	–	5.10
	<u>864.85</u>	<u>1,389.84</u>

## 19. SHORT-TERM LOANS AND ADVANCES

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Unsecured considered good, unless stated otherwise		
Security deposits		
Secured, considered good	–	4.59
Other loans and advances		
Loans to employees	54.42	43.41
Other Current Assets	216.56	239.80
Balance with government authorities	971.17	1,379.91
Prepaid expenses	82.73	27.29
Advances to suppliers & Contractors	610.28	1,151.74
<b>Total</b>	<u>1,935.16</u>	<u>2,846.74</u>

## 20. OTHER CURRENT ASSETS

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
(Unsecured considered good, unless otherwise stated )		
Interest accrued on fixed deposits	1.38	47.94
<b>Total</b>	<u>1.38</u>	<u>47.94</u>

## 21. REVENUE FROM OPERATIONS

Particulars	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
<b>Sale of products</b>		
Own manufactured :		
Steel Bars	73,032.20	40,535.41
By Products/Waste	–	20.90
Miscellaneous Sales	273.00	233.79
Other operating Revenue : Export Incentives	112.92	75.40
<b>Revenue from operations (Gross)</b>	<u>73,418.12</u>	<u>40,865.50</u>

Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2015

(₹ in lac)

## 22. OTHER INCOME

Particulars	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
Interest income on		
Others	106.89	65.11
Dividend Income From Current Investments	2.34	22.57
Profit on sale Investments :		
- Current Investments	20.74	5.10
- Long Term Investments	502.27	1,033.41
Interest income from current Investments	57.88	64.31
Net Gain on sale of Fixed assets	8.50	324.44
Provision no longer required written back	1.10	34.46
Sundry Balances Written Back	21.72	2.27
Prior Period Income	0.09	0.85
Miscellaneous Income	18.44	23.66
<b>Total</b>	<b>739.97</b>	<b>1,576.18</b>

## 23. COST OF RAW MATERIALS CONSUMED

Particulars	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
Raw Material Scrap & Ferro Alloys	40,885.04	30,632.94
<b>Total</b>	<b>40,885.04</b>	<b>30,632.94</b>

## 24. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE

Particulars	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
Opening stock		
Finished goods	8,685.19	8,969.14
	8,685.19	8,969.14
Add : Material Transferred from Trial Run		6,734.81
Less :		
Closing stock		
Finished goods :-	8,842.12	8,685.19
	8,842.12	8,685.19
Net (Increase) / Decrease	(156.93)	7,018.76

## 25. EMPLOYEE BENEFIT EXPENSE

Particulars	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
Salaries, wages and Bonus	2,557.12	1,918.39
Contribution to provident and other fund	257.34	165.51
Staff welfare expense	21.76	42.45
<b>Total</b>	<b>2,836.22</b>	<b>2,126.35</b>

## 26. OTHER EXPENSES

Particulars	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
Consumption of stores and spare parts	5,385.89	3,844.04
Power and fuel	10,372.60	7,472.69
Packing material	116.65	115.35
Processing Charges	606.43	2,058.84
Rent	46.09	13.39
Repairs to Building	107.93	76.44
Repairs to Machinery	858.11	667.35
Insurance	51.89	28.36
Rates and taxes, excluding taxes on income	14.46	12.06
Payment to Auditors **	3.74	3.31
Net loss on account of foreign exchange fluctuation (Refer Note-33)	724.69	1,475.10
Bad Debt/Other Assets/Balances Written off	0.04	—
Provision for doubtful debts	22.00	—
Freight & Cartage on Sale	1,500.92	842.69
Cash and Other Discount, Commission	405.16	317.70
Miscellaneous expenses	695.76	362.16
<b>Total</b>	<b>20,912.36</b>	<b>17,289.48</b>
<b>** Payment to Auditors</b>		
As auditor		
Audit fee	2.00	2.00
Tax audit fee	0.50	0.50
Cost Audit Fees	0.36	0.31
For reimbursement of expenses	0.88	0.50
<b>Total</b>	<b>3.74</b>	<b>3.31</b>

## 27. FINANCE COST

Interest expense (Net of Interest Received from Banks)	1,903.44	1,085.07
Other borrowing cost	15.39	33.01
Bank charges	102.65	71.64
<b>Total</b>	<b>2,021.48</b>	<b>1,189.72</b>

## 28. DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation on tangible assets	1,387.21	570.45
<b>Total</b>	<b>1,387.21</b>	<b>570.45</b>



## Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2015

(₹ in lac)

### 29. NOTES TO FINANCIAL STATEMENTS

#### i) There are contingent liabilities in respect of:

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
a) Bank Guarantees and Letters of Credit outstanding	7414.05	3122.20
b) Other contingent liabilities	232.61	83.14
c) Claims Against the Company Not Acknowledged as Debts	371.13	258.73

ii) Estimated amount of capital contracts remaining to be executed is ₹ 1407.88 Lac (Previous Year ₹ 120.13 Lac).

iii) Other Contingent Liabilities include additional demands in respect of Income Tax/Excise Duty/Service Tax / Sale Tax/VAT amounting to ₹ 232.61 Lac (Previous Year ₹ 83.14 Lac) in different cases, which have been contested by the Company and various appeals have been filed with the Appellate Authorities. No provision has been made in the books of accounts in respect thereof.

### 30. Leases

The Company has leased facilities under cancellable operating leases arrangements with a lease term ranging from one to five years, which are subject to renewal at mutual consent thereafter. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expenses recognised during the year amounts to ₹ 46.09 Lacs (Previous year ₹ 13.39 lacs).

31. In the opinion of the Board, Current Assets, Loan & Advances have a value in the ordinary course of business at least equal to that stated in the Balance Sheet.

32. Balances of Sundry Debtors and Sundry creditors are subject to reconciliation and confirmation.

33. The Liability in respect of External Commercial Borrowing (ECB) was re-stated as on 31<sup>st</sup> March, 2015 and foreign exchange loss of ₹ 431.49 Lac (Previous Year ₹718.05 Lac) has been provided in books of account for the year ended 31<sup>st</sup> March 2015.

34. Sundry creditors include amount of ₹Nil owed to Small Scale Industries Undertakings, to the extent such enterprises have been identified, out of which amount outstanding for a period of more than 30 days is ₹ Nil. The Company has not made any delays in settlement of balance due to Small Scale Industrial undertakings and hence no provision for interest on delayed payment is required. Further, there are no outstanding amount payable beyond the agreed period to Micro, Small and Medium Enterprises as on the Balance Sheet date to the extent such enterprises have been identified, based on the information available with the Company.

### 35. Employee Benefits :

The summarized position of Post-employment benefits and long term employee benefits recognized in the Profit & Loss Account and Balance Sheet as required in accordance with Accounting Standard (AS) 15 are as under:-

Particulars	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous Year	Current Year	Previous Year
(a) Changes in the present value of the obligations :				
Present value obligation as at March 31, 2014	50.95	47.59	335.14	306.62
Interest cost	3.55	4.00	25.15	27.00
Past Service cost	—	—	—	—
Current service cost	27.46	25.40	40.48	32.05
Curtailment cost	—	—	—	—
Settlement cost	—	—	—	—
Benefits Paid	(11.88)	(7.34)	(33.57)	(19.86)
Actuarial (gain)/ loss on Obligations	(15.65)	(18.70)	48.91	(10.67)
Present value obligation as at March 31, 2015	54.43	50.95	416.11	335.14

Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2015

(₹ in lac)

Particulars	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous Year	Current Year	Previous Year
(b) Change in Fair Value of Plan Asset:				
Fair value of Plan Assets as at beginning of the year	–	–	327.45	264.34
Actual Return on Plan Assets	–	–	35.98	20.83
Contributions	–	–	9.07	42.28
Benefits Paid	(11.88)	(7.34)	–	–
Fair value of Plan Assets as at end of the year	–	–	372.50	327.45
Funded Status	–	–	(43.61)	(7.70)
(c) Amount recognized in Balance Sheet :				
Present value obligation as at March 31, 2015	54.43	50.95	416.11	335.15
Fair value of Plan Assets as at March 31, 2015	–	–	372.50	327.45
Funded Status	(54.43)	(50.95)	(43.61)	(7.70)
Present value of unfunded obligation as at March 31, 2015	–	–		
Unfunded Actuarial (gains)/ losses	–	–		
Unfunded Net Asset/ (Liability) recognised in Balance Sheet.	(54.43)	(50.95)	(43.61)	(7.70)
(d) Expenses Recognized in Statement of Profit & Loss				
Current service cost	27.46	25.41	40.48	32.05
Past Service cost	–	–	–	–
Interest cost	3.56	4.00	25.15	27.00
Expected Return on Plan Assets	–	–	(32.23)	(21.87)
Net Actuarial (gain)/ loss recognised during the year	(15.65)	(18.70)	45.15	(9.63)
Total Expenses recognised in Profit & Loss Account	15.37	10.71	78.55	27.55
(e) Investment details of Fund:				
Central Govt. Securities	–	–	184.94	168.72
Investment in PSU	–	–	30.70	20.13
Other Investments	–	–	25.31	12.50
Bank Balance	–	–	131.55	126.10
<b>Total</b>	–	–	372.50	327.45
(f) Principal actuarial assumption at the Balance Sheet Date (expressed as weighted average)				
Discount Rate (per annum)	7.90%	9.10%	7.90%	9.10%
Rate of increase in compensation levels (per annum)	6.00%	6.50%	6.00%	6.00%
Rate of return on plan assets (per annum)	NA	NA	9.26%	7.66%
Expected Average remaining working lives of employees (years)	21.66	21.33	21.66	21.33
Method Used	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employee market.

## Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2015

(₹ in lac)

### (g) Other short term employee's benefits (Un-Funded)

Particulars	Short term Leave		Leave Travel Encashment		Ex-Gratia	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Opening Liability	14.25	11.01	9.00	8.90	18.19	13.26
Closing Liability	18.61	14.25	11.91	9.00	23.25	18.19
Benefits Paid during the period	0.00	0.00	5.90	5.36	18.19	25.66
Amount debited to P & L Account	4.36	3.24	8.81	5.46	23.25	30.59

(h) During the year, the Company has recognized an expense of ₹ 120.97 Lacs (Previous year ₹ 89.39 Lacs) in respect of Contribution to Provident Fund and ₹ 6.70 Lacs (Previous Year ₹ 5.30 Lacs) in respect of Contribution to superannuation Scheme.

### 36. Segment Reporting:

The Company operates only in one business segment viz. "Steel" which is the reportable segment in accordance with the requirements of Accounting Standard (AS-17) on Segment Reporting issued by The Institute of Chartered Accountants of India.

### 37. Related Party Disclosure:

Details of transactions entered into with related parties during the year as required by Accounting Standard (AS) - 18 on "Related Party Disclosures" issued by The Institute of Chartered Accountants of India are as under:

Particulars	Key Management Personnel (KMP)		Enterprises over which KMP is able to exercise significant influence		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Purchase/Processing of goods	—	—	77.79	83.90	77.79	83.90
Purchase of DEPB licenses	—	—	58.57	32.33	58.57	32.33
Sales/Processing of goods	—	—	3.15	1.57	3.15	1.57
Logo Charges (Inc. Service Tax)	—	—	14.05	14.05	14.05	14.05
Interest received	—	—	—	—	—	—
Managerial Remuneration	—	24.00	—	—	—	24.00
Common Corporate Charges (Inc. Service Tax)	—	—	111.97	102.25	111.97	102.25
Loan Given Including opening Balance	—	—	—	687.00	—	687.00
Closing Balance of Loan	—	—	—	687.00	—	687.00
Interest Paid	—	—	286.17	216.44	286.17	216.44
Loan taken including opening balance	—	—	66425.50	87357.61	66425.50	87357.61
Loan Repayment	—	—	63870.93	96011.11	63870.93	96011.11
Closing Balance of Loan	—	—	2554.57	1,346.50	2554.57	1,346.50

## Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2015

(₹ in lac)

### Note :

Particulars	Current Year	Previous Year
1. Holding Company	Nil	Nil
2. Fellow Subsidiary Companies	Nil	Nil
3. Key Management Personnel	Mr Sachit Jain (MD)	Mr Sachit Jain (MD)
4. Enterprises over which Key Management Personnel (KMP) is able to exercise significant influence	<b>Vardhman Textiles Limited</b> <b>Vardhman Holdings Limited</b> <b>Vardhman Acrylics Limited</b> <b>Vardhman Nisshinbo Garments Company Limited</b> <b>Vardhman Yarns &amp; Threads Limited</b> <b>VTL Investments Limited</b> <b>VMT Spinning Company Limited</b>	Vardhman Textiles Limited Vardhman Holdings Limited Vardhman Acrylics Limited Vardhman Nisshinbo Garments Company Limited Vardhman Yarns & Threads Limited VTL Investments Limited VMT Spinning Company Limited

### 38. Earnings Per Share :

The calculation of Earnings Per Share (EPS) as disclosed in the Profit & Loss Account has been made in accordance with the requirements of Accounting Standard (AS-20) on Earnings Per Share issued by the Institute of Chartered Accountants of India.

### 39. Deferred Tax:

Accounting entries for deferred tax have been passed in accordance with the provisions of Accounting Standard (AS)-22 on 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India.

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>Deferred tax liabilities (a)</b>		
Accelerated depreciation	(1934.01)	(1,340.49)
<b>Deferred tax assets</b>		
Deferred Tax Asset arising on account of expenses allowable for tax purposes when paid u/s 43B	349.05	329.55
Unabsorbed losses and depreciation	3153.52	2,112.83
<b>Total Deferred tax asset</b>	<b>3542.57</b>	2,442.38
<b>Deferred tax assets recognised (b) *</b>	<b>1934.01</b>	1340.49
<b>Net deferred tax assets/(liability) [(a)-(b)]</b>	<b>Nil</b>	Nil

\* The Company has incurred losses in the current year. Accordingly, in the absence of virtual certainty of realisability of deferred tax assets, the deferred tax assets have been recognized only to the extent of deferred tax liability.

40. No asset qualifies for impairment for the current year according to AS-28 issued by The Institute of Chartered Accountants of India.

41. Figures in brackets indicate deductions. Figures have been rounded off to nearest lacs. Figures for previous year have been recast/regrouped, wherever necessary to make them comparable with current year's figures.

42. Depreciation for the year has been provided on Straight Line Method on the basis of useful lives specified in the Schedule-II of the Companies Act, 2013 as against the amount of depreciation calculated on the basis of rates of depreciation in respect of various assets contained in Schedule XIV to the Companies Act 1956.

In view of this change, carrying amounts of various tangible fixed assets as at 1st April, 2014 after retaining the residual value an amount of ₹ 89.77 lacs has been recognized in the opening balance of retained earning (net of deferred tax) where the useful life of an asset is Nil. In other cases, the carrying amounts as at 1st April, 2014 have been depreciated over the revised remaining useful life of the asset as per Schedule II. The depreciation for the

## Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2015

(₹ in lac)

year ended 31st March, 2015 would have been higher by ₹ 154.62 lacs, had the Company continued with the previously prescribed depreciation rates as per Schedule-XIV of Companies Act, 1956.

43. The company uses forward contracts to hedge its risk associated with fluctuation in foreign currency relating to foreign currency assets and liabilities, firm commitment and highly probable forecast transactions. The use of the aforesaid financial instruments is governed by the company's overall strategy. The company does not use forward contracts and options for speculative purposes. The detail of the outstanding forward contracts as at 31<sup>st</sup> March, 2015 is as under:

Particulars	Current Year		Previous Year	
	No. of Contracts	Amount in Foreign Currency (Lac)	No. of Contracts	Amount in Foreign Currency (Lac)
a) Category wise quantitative data				
Forward contracts against imports (USD)	44	99.63	28	81.00
Put and call options against imports (USD)	1	4.00	—	—
Forward contracts against foreign currency loan (USD)	18	99.61	—	—
Forward contracts against imports (SEK)	1	59.16	3	59.53
Forward contracts against imports (EURO)	—	—	1	0.58
Forward contracts against exports (EURO)	8	4.27	6	4.72
Forward contracts against exports (USD)	17	18.61	31	35.46
b) Details of foreign currency exposure that has not been hedged by a derivative instrument or otherwise is given below :				
Against Creditors (CHF)		0.02		—
Against Creditors (EURO)		0.26		0.18
Against foreign currency loan (USD)		175.57		282.97

## 44. PROJECT AND PRE-OPERATIVE EXPENSES

Particulars	Current Year	Previous Year
<b>Development Account</b>	—	
Rent	—	25.69
Salary and Incentive	—	203.75
Insurance	—	13.80
Travelling, Lodging and Boarding	—	221.75
Professional Charges	—	4.89
Bank Charges	—	240.91
Miscellaneous	—	30.24
Interest	—	201.87
<b>Total (A)</b>	—	<b>942.90</b>
<b>Trial Run Expenses</b>	—	
Material Transfer for Trial Run	—	19,336.52
Power and Fuel	—	1,148.94
Store and Spares Consumed	—	89.26
Repair to Machinery and Building	—	147.66



Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2015

(₹ in lac)

Particulars	Current Year	Previous Year
Contractor Labour	—	112.06
Salary and Wages	—	183.57
Rent Rates and Taxes	—	17.90
Insurance	—	20.43
Legal and Professional	—	14.46
Selling Expenses	—	366.17
Miscellaneous	—	163.16
Interest	—	207.13
<b>Total (B)</b>	—	21,807.26
<b>Total C = (A+B)</b>	—	22,750.16
Less: Sale of Finished Goods	—	14,109.81
Export Benefits Received	—	28.50
Finished Goods Transfer From Trial Run	—	6,734.81
<b>Total of Trial Run Income (D)</b>	—	20,873.12
<b>Net Expenditure during Trial Run (C-D)</b>	—	1,877.04
Less : Allocated to	—	1,580.34
Plant and Machinery	—	152.96
Building	—	143.74
Capital Work in Progress	—	—
<b>Total Allocation</b>	—	1,877.04
<b>Pending Allocation</b>	Nil	Nil

## 45. CIF VALUE OF IMPORTS

Particulars	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
Components & Spare Parts	703.50	509.85
Capital Goods	581.63	3,043.97
Raw Material	11,877.02	7,607.35
<b>Total</b>	<b>13,162.15</b>	<b>11,161.17</b>

## 46. EXPENDITURE IN FOREIGN CURRENCY

Particulars	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
Traveling out of India*	11.98	21.39
Interest on ECB/Buyer Credit*	509.80	471.19
<b>Total</b>	<b>521.78</b>	<b>492.58</b>

\*Interest on ECB Includes ₹Nil (Previous Year ₹ 256.71 lacs) being capitalised, and Travelling Outside India Includes ₹Nil (Previous Year ₹ 2.28 Lac) being Capitalised.

**47. FOB VALUE OF EXPORT** 2,864.36 2,729.13

Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2015

(₹ in lac)

**48. VALUE OF RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED**

Particulars	For the year ended 31 <sup>st</sup> March, 2015		For the year ended 31 <sup>st</sup> March, 2014	
	Amount	%	Amount	%
<b>1. Raw Material</b>				
Imported	11,452.34	27.14	7,936.90	25.91
Indigenous	30,749.29	72.86	22,696.05	74.09
<b>Total</b>	<b>42,201.63</b>	<b>100.00</b>	<b>30,632.95</b>	<b>100.00</b>
<b>2. Component &amp; Spare Parts</b>				
Imported	449.54	5.32	548.60	13.38
Indigenous	7,995.28	94.68	3,550.45	86.62
<b>Total</b>	<b>8,444.82</b>	<b>100.00</b>	<b>4,099.05</b>	<b>100.00</b>

As per our separate report of even date  
For S.S.Kothari Mehta & Co.  
Chartered Accountants  
(Firm Regn No.022150N)

For and on behalf of the Board of Directors

(CA Dinesh K.Abrol)

SONAM TANEJA

SANJEEV SINGLA

NARESH BANSAL

SUCHITA JAIN

SACHIT JAIN

Partner

(Company Secretary)

(Chief Financial Officer)

(Chief Executive)

(Director)

(Managing Director)

M.No.087899

Place : Gurgaon

Dated : 2<sup>nd</sup> May, 2015

## NOTICE

NOTICE is hereby given that the FIFTH ANNUAL GENERAL MEETING of Vardhman Special Steels Limited will be held on Friday, the 4<sup>th</sup> day of September, 2015 at 12:00 noon at the Registered Office of the Company situated at Vardhman Premises, Chandigarh Road, Ludhiana, to transact the following business:-

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2015, Statement of Profit and Loss for the year ended on that date, together with Report of Auditors' and Directors' thereon.
2. To appoint a Director in place of Mrs. Suchita Jain (DIN:00746471) who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers herself for re-appointment.
3. To consider and ratify the appointment of Statutory Auditors of the Company for the financial year 2015-16 and to fix their remuneration and in this regard 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 Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014, the appointment of M/s. S.S Kothari Mehta & Co., (Firm Registration No. 087899) Chartered Accountants, as the Statutory Auditors of the Company for a term of consecutive five years starting from conclusion of the Fourth Annual General Meeting till the conclusion of Ninth Annual General Meeting of the Company be and is hereby ratified at the Fifth Annual General Meeting of the Company at such remuneration as may be finalized by the Managing Director in consultation with auditor plus applicable service tax and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit."

### SPECIAL BUSINESS:

4. **To re-appoint Mr. Sachit Jain as Managing Director of the Company:**

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

"RESOLVED THAT pursuant to the provisions of Section 196, 197, Schedule V of the Companies Act, 2013, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, approval of the members be and is hereby accorded to re-appoint Mr. Sachit Jain as Managing Director of the Company for a term of 5 (five) consecutive years starting from 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2020 on a remuneration as detailed below:-

### For the Financial year 2015-16:

S. NO.	REMUNERATION	DETAILS
I.	Salary	₹ 5,00,000 per month.
II.	Special Allowance	₹ 70,850 per month.
III.	Perquisites	The perquisites are allowed in addition to salary as per details given below, however, such perquisites are restricted to an amount equal to one year's salary during the year:-
a)	Housing	Free residential accommodation or House Rent Allowance equal to 40 per cent of the basic salary. Free furnishing is provided by the Company along with other amenities.
b)	Medical Reimbursement	Reimbursement of medical expenses incurred by the appointee (including medi-claim insurance premium) on self and his family.
c)	Leave Travel Concession	The expenses incurred on leave travel by the appointee on self and his family is reimbursed once in a year in accordance with the rules specified by the Company.
d)	Club Fees	Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
e)	Personal Accident Insurance	Premium not to exceed ₹ 5,000/- per annum.
f)	Gratuity	Gratuity payable not exceeding half a month's salary and this shall not be included in the computation of ceiling on perquisites. This will, however, be subject to the ceiling prescribed by the Central Government from time to time.
g)	Car & Telephone	Free use of Company's car for official work as well as for personal purposes along with Driver and telephone at Company's cost.

### For the Financial year 2016-17:

S. NO.	REMUNERATION	DETAILS
I.	Salary	₹ 7,25,000 per month.
III.	Special Allowance	₹ 93,350 per month.
IV.	Perquisites	The perquisites are allowed in addition to salary as per details given below, however, such perquisites are restricted to an amount equal to one year's salary during the year:-

S. NO.	REMUNERATION	DETAILS
a)	Housing	Free residential accommodation or House Rent Allowance equal to <b>40</b> per cent of the basic salary. Free furnishing is provided by the Company along with other amenities.
b)	Medical Reimbursement	Reimbursement of medical expenses incurred by the appointee (including medi-claim insurance premium) on self and his family.
c)	Leave Travel Concession	The expenses incurred on leave travel by the appointee on self and his family is reimbursed once in a year in accordance with the rules specified by the Company.
d)	Club Fees	Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
e)	Personal Accident Insurance	Premium not to exceed ₹ 5,000/- per annum.
f)	Gratuity	Gratuity payable not exceeding half a month's salary and this shall not be included in the computation of ceiling on perquisites. This will, however, be subject to the ceiling prescribed by the Central Government from time to time.
g)	Car & Telephone	Free use of Company's car for official work as well as for personal purposes along with Driver and telephone at Company's cost.

Explanation: "Family" means the spouse, the dependent children and dependent parents of the appointee.

RESOLVED FURTHER THAT the remuneration to be paid to Mr. Sachit Jain for financial year 2017-18 and onwards shall be decided at the end of financial year 2016-17.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to vary/alter at any time the remuneration, terms & conditions of the said appointment in such manner as may be approved by the Board of Directors of the Company and are acceptable to Mr. Sachit Jain.

RESOLVED THAT Mrs. Suchita Jain, Director, be and is hereby authorised to enter into an agreement with Mr. Sachit Jain in respect of his appointment as Managing Director of the Company, for and on behalf of the Company."

## 5. To approve the remuneration of Cost Auditors for the financial year ending 31<sup>st</sup> March, 2015:

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 Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force),

M/s. Ramanath Iyer & Company, Cost Auditors, New Delhi appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31<sup>st</sup>, 2016, be paid the remuneration as set out in the statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT Mr. Sachit Jain, Managing Director and Ms. Sonam Taneja, Company Secretary be and are hereby severally authorized to do all acts and take all such steps as may be necessary or expedient to give effect to this resolution."

## BY ORDER OF THE BOARD

Place : Gurgaon

Dated : 2<sup>nd</sup> May, 2015

(SONAM TANEJA)

Company Secretary

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.

However, a person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

2. The Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. **The Register of Members and the Share Transfer Books of the Company shall remain closed from 07.08.2015 to 04.09.2015 (both days inclusive).**
4. The Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Registrar & Transfer Agent/Company. However, members holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participants.
5. The information pursuant to Corporate Governance Clause of the Listing Agreement(s) regarding the directors seeking appointment/re-appointment in the Annual General Meeting is also being annexed hereto separately and forms part of the Notice. The Directors have furnished the requisite declarations for their appointment/ re-appointment.
6. Members desiring any information, as regards Accounts, are requested to write to the Company at its Registered Office at least 10 days before the date of Annual General Meeting so as to enable the management to keep the information ready.
7. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 10.30A.M. to 12.30P.M.

8. Members are requested to bring their copy of Annual report along with them to the Annual General Meeting.
9. Members holding shares in the same/identical name(s) under different folios are requested to apply for consolidation of such folios and send relevant share certificates to the Company/Registrar and Transfer Agent.

10. The Ministry of Corporate Affairs, Government of India, has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars allowing Companies to send official documents to their Members electronically.

In support of the Green Initiative, Your Company proposes to send the documents like Notice calling the Annual General Meeting and Annual Report containing Balance Sheet, Statement of Profit & Loss and Director's Report, etc. and other communications in electronic form.

The Members are requested to support this Green Initiative by registering/updating their e-mail addresses with the Depository Participant (in case of shares held in dematerialised form) or with Registrar & Transfer Agent-Alankit Assignments Limited, New Delhi (in case of shares held in physical form).

11. Members may also note that the Notice of the 5<sup>th</sup> Annual General Meeting and the Annual Report for the Financial Year 2014-15 will also be available on the Company's website [www.vardhmansteel.com](http://www.vardhmansteel.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Ludhiana 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.

## 12. Voting through electronic means:

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and Clause 35B of the Listing Agreement, the Company is pleased to provide members a facility to exercise their right to vote at the 5<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through E-voting Services provided by Central Depository Services (India) Limited (CDSL).

### The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 1<sup>st</sup> September, 2015 (9:00 a.m.) and ends on 3<sup>rd</sup> September, 2015 (5:00 p.m.). 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 27<sup>th</sup> August, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period
- (iii) Click on "Shareholders" tab.

- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Bank Details	<p>Enter the Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. 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 CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.



- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN 150727018 for <VARDHMAN SPECIAL STEELS LIMITED> on which you choose to vote.
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Institutional Shareholders
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) 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](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
13. M/s. Khanna Ashwani & Associates, Company Secretaries have been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner (including the ballot forms received from members who do not have access to the e voting process). The Scrutinizer shall upon the conclusion of E-voting period, unblock the votes in presence of at least two witnesses not in employment of the Company and make a report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.
14. The Results of the resolution passed at the AGM of the Company will be declared within 48 hours from the conclusion of AGM. The results declared along with the Scrutinizer's report shall be placed on the Company's website [www.vardhmansteel.com](http://www.vardhmansteel.com) and on the website of CDSL and will be communicated to the Stock Exchanges.
15. MEMBERS HOLDING EQUITY SHARES IN ELECTRONIC FORM, AND PROXIES THEREOF, ARE REQUESTED TO BRING THEIR DP ID AND CLIENT ID FOR IDENTIFICATION.

## BY ORDER OF THE BOARD

Place : Gurgaon  
Dated : 2<sup>nd</sup> May, 2015

(SONAM TANEJA)  
Company Secretary

## ANNEXURE TO THE NOTICE:

### ANNEXURE TO THE NOTICE:

### STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

#### ITEM NO.4 OF THE SPECIAL BUSINESS:

The Board of Directors vide resolution dated 15<sup>th</sup> March, 2011 had appointed Mr. Sachit Jain, as Managing Director of the Company for a period of 5 years with effect from 15<sup>th</sup> March, 2011 to 14<sup>th</sup> March, 2016 at terms and conditions approved by shareholders in their Extra-Ordinary General Meeting held on 1<sup>st</sup> April, 2011.

The Board of Directors in its meeting held on 2<sup>nd</sup> May, 2015 have re-appointed Mr. Sachit Jain as Managing Director of the Company for a term of five consecutive years starting from 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2020. Pursuant to provisions of Section 197 read with schedule V of the Companies Act, 2013, in case of inadequate profits the maximum remuneration that can be paid to a managerial person is subject to limits set under Section-II of Part-II of Schedule V of the Companies Act, 2013. Since, the Company is anticipated to have inadequate profits in financial year 2015-16, the remuneration to be paid to Mr. Sachit Jain shall be as per the provisions of Schedule V of the Companies Act, 2013. The statement pursuant to provisions of Section-II of Part-II of Schedule V of the Companies Act, 2013 is enumerated below for information of members. His appointment is subject to approval of members of the Company by Special Resolution. Accordingly, your approval is solicited.

## Statement pursuant to provisions of Section-II of Part-II of Schedule V of the Companies Act, 2013:

### I. GENERAL INFORMATION

S. No.	Particulars	Remarks
1.	Nature of industry	Steel Industry.
2.	Date of commencement of commercial production	The Company commenced business from the date of Certificate of Commencement of Business i.e 15 <sup>th</sup> June, 2010.
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Not Applicable
4.	Financial performance based on given indicators	Year ended (₹ in Crore)
		2014-15      2013-14      2012-13
	Revenues	734.18      408.66      494.75
	Net Profit before Tax	(15.12)      (13.17)      8.39
	Dividend %	N.A.      N.A.      N.A.
5.	Foreign investments or collaborators if any.	NIL

### II. INFORMATION ABOUT THE APPOINTEE

S. No.	Particulars	Remarks								
1.	Background details	Mr. Sachit Jain (49) is a B.Tech from IIT (Delhi) & MBA from IIM (Ahmedabad) He has over 25 years of experience in the Textile and Steel Industry.								
2.	Past remuneration	Remuneration paid during Financial Year 2011-12: <table><tr><th>Particulars</th><th>Amount (₹ in Lakhs)</th></tr><tr><td>Salary</td><td>100.87</td></tr><tr><td>Perquisites</td><td>62.32</td></tr><tr><td>TOTAL</td><td>163.19</td></tr></table> <p>* Mr. Sachit Jain has been paid ₹ 43 lacs in the year 2012-13, ₹ 24 lacs in the year 2013-14 and Nil in the year 2014-15 due to inadequate profits.</p>	Particulars	Amount (₹ in Lakhs)	Salary	100.87	Perquisites	62.32	TOTAL	163.19
Particulars	Amount (₹ in Lakhs)									
Salary	100.87									
Perquisites	62.32									
TOTAL	163.19									
3.	Job profile and his suitability as Director	<p>Earlier, the steel business undertaking was part of Vardhman Textiles Limited. The steel business demerged into separate Company, Vardhman Special Steels Limited w.e.f 1<sup>st</sup> January, 2011. Mr. Sachit Jain being Executive Director of Vardhman Textiles Limited at that point of time was also looking after steel business of the Company along with textile business. Due to this long association with business and his ability to develop leadership across organisation, he was appointed as Managing Director of Vardhman Special Steels Limited. As a Managing Director of Vardhman Special Steels Limited, he is in overall in-charge of running the affairs of the Company. He is a dynamic new generation industrialist.</p> <p>Under his supervision, the Company has undertaken Rolling Mill up-gradation project which has been successfully completed which lead to increase in capacities along with improvement in quality and reduction in costs. The New Bright Bar Shop is at commissioning stage for which two annealing furnaces have already been installed by the Company. The Company has started catering to newer and high profile customers and is taking initiatives for development of new export market for products. As a leader, he motivates the entire team for superior performance. He has played a key role in making the Company one of the 50 best places to work with in an independent survey conducted by Economic Times in the financial year 2012-13.</p>								
4.	Remuneration proposed	The details of remuneration are set out in the Item No. 4 of the notice. The remuneration of Mr. Sachit Jain has been approved by Nomination & Remuneration Committee and the Board of Directors of the Company in their meetings held on 2 <sup>nd</sup> May, 2015.								
5.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the reverent details would be w.r.t. the country of his origin)	The salary to be paid to Mr. Sachit Jain for the F.Y 2015-16, is in line with current industry standards.								

S. No.	Particulars	Remarks
6.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	Mr. Sachit Jain is a Promoter Director holding 8,001 shares consisting of 0.04% of the paid-up capital of the Company. Apart from receiving managerial remuneration, Mr. Sachit Jain, is not receiving any emoluments from the Company. Mr. Sachit Jain is son of Mr. R.K. Jain and Mrs. Suchita Jain is his wife. No other managerial personnel have any relationship with Mr. Sachit Jain.

### III. OTHER INFORMATION

S. No.	Particulars	Remarks
1.	Reasons of loss or inadequate profits	The Company's profits in 2014-15 fell due to general slowdown in the steel industry. The price of raw material i.e. DRI, sponge, Nickel and Moly also increased which restricted the margins of the Company to that extent.
2.	Steps taken or proposed to be taken for improvement	The Company believes that it is well positioned to capture significant growth opportunities and profitability because of its following principal competitive strengths: <ul style="list-style-type: none"> <li>a. Strong Human Resource.</li> <li>b. Customer Oriented Business Principles.</li> <li>c. State-of-the-art technology and infrastructure.</li> <li>d. Brand Name recognition.</li> <li>e. Strong Management Team.</li> <li>f. Strong Marketing Team.</li> <li>g. Focusing on the value added products like Bright Bar Shop, implementing operational cost reduction programmes etc.</li> <li>h. Stabilization of Rolling Mill which leads to increase in capacities along with improvement in quality and reduction in costs.</li> <li>i. Started catering to newer customers and taking initiatives for development of new export market for products.</li> <li>j. Significant increase in exports and further foundation laid down for increase in exports.</li> </ul>
3.	Expected increase in productivity and profits in measurable terms:	The Rolling Mill Up gradation Project has become fully operational which is expected to increase the production to 1,50,000 MT of high quality steel in the financial year 2015-16. This will enable our Company to cater to high profile customers like Toyota, Daimler, Volvo etc. The annual turnover of the Company is expected to increase by 25.75% which will lead to increase in PBDIT of the Company.

#### MEMORANDUM OF INTEREST:

Except Mr. Sachit Jain, Mrs. Suchita Jain and Mr. R.K. Jain, being the appointee's relative, none of the Directors/ Key Managerial Personnel (KMP) of the Company/ their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4. This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

#### ITEM NO. 5 OF THE SPECIAL BUSINESS:

Pursuant to the provisions of the Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the Cost Audit is required to be conducted in respect of the Cost Accounts maintained by the Company. The Board of Directors have appointed M/s. Ramanath Iyer & Co., 808, Pearls Business Park, Netaji Subhash Place, New Delhi to conduct Cost Audit for the Financial Year 2015-16. In this regard, the approval of the members by way of an Ordinary Resolution is solicited for payment of ₹ 35,500/- as remuneration to the Cost Auditors for the Financial Year ending March 31, 2016.

#### MEMORANDUM OF INTEREST:

None of the Directors/ Key Managerial Personnel (KMP) of the Company/ their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

**Information Pursuant to Corporate Governance Clause of the Listing Agreement (s) regarding the Directors seeking re-appointment in the Annual General Meeting.**

<b>Name of the Director</b>	<b>Mrs. Suchita Jain</b>
<b>Date of Birth</b>	21.03.1968
<b>Date of Appointment</b>	14 <sup>th</sup> May, 2010
<b>Expertise in specific functional area</b>	Mrs. Suchita Jain has a rich experience of more than 22 years in Textile Industry.
<b>Qualification</b>	M.Com
<b>Directorships of Other Companies as on 31<sup>st</sup> March, 2015</b>	<ol style="list-style-type: none"> <li>1. Marshall Investment and Trading Company Private Limited</li> <li>2. Syracuse Investment and Trading Company Private Limited</li> <li>3. Pradeep Mercantile Company Private Limited</li> <li>4. Plaza Trading Company Private Limited</li> <li>5. Anklesh Investments Private Limited</li> <li>6. Ramaniya Finance and Investment Company Limited</li> <li>7. Srestha Holdings Limited</li> <li>8. Santon Finance and Investment Company Limited</li> <li>9. Flamingo Finance and Investment Company Limited</li> <li>10. Vardhman Textiles Limited</li> <li>11. Vardhman Holdings Limited</li> <li>12. Vardhman Spinning and General Mills Limited</li> <li>13. VTL Investments Limited</li> </ol>
<b>Chairman/Member of Committees of Other Companies as on 31<sup>st</sup> March, 2015</b>	Nil
<b>No. of Shares</b>	54,162 (including 1 share held as a nominee of Vardhman Textiles Limited)
<b>Relationship with other Director(s)</b>	Mr. Sachit Jain is the husband and Mr. R.K. Jain is the Father-in-law of Mrs. Suchita Jain.

[illegible]

# VARDHMAN SPECIAL STEELS LIMITED

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

MR. PRAFULL ANUBHAI – *Chairman*  
MR. R. K. JAIN  
MR. JAYANT DAVAR  
MR. RAJEEV GUPTA

MR. SANJEEV PAHWA  
MRS. SUCHITA JAIN  
MR. B. K. CHOUDHARY  
MR. SACHIT JAIN – *Managing Director*

### CHIEF EXECUTIVE

MR. NARESH BANSAL

### CHIEF FINANCIAL OFFICER

MR. SANJEEV SINGLA

### COMPANY SECRETARY

MS. SONAM TANEJA

### STATUTORY AUDITORS

M/S. S.S. KOTHARI MEHTA & CO.,  
CHARTERED ACCOUNTANTS,  
PANCHKULA.

### BANKERS

STATE BANK OF INDIA  
HDFC BANK LIMITED  
AXIS BANK LIMITED  
YES BANK LIMITED

### REGISTERED OFFICE

VARDHMAN PREMISES, CHANDIGARH ROAD,  
LUDHIANA - 141 010.  
PHONES : (0161) 2228943-48  
FAX : (0161) 2601048, 2220766  
E-MAIL: [secretarial.lud@vardhman.com](mailto:secretarial.lud@vardhman.com)  
WEB SITE: [www.vardhmansteel.com](http://www.vardhmansteel.com)

### WORKS

VARDHMAN SPECIAL STEELS LIMITED UNIT-I,  
C-58, FOCAL POINT,  
LUDHIANA - 141 010.

### REGISTRAR & TRANSFER AGENT

ALANKIT ASSIGNMENTS LIMITED  
1E/13, ALANKIT HEIGHTS, JHANDEWALAN EXTN.,  
NEW DELHI-110 055.  
PHONE: (011) 41540060-63  
FAX: (011) 41540064  
E-MAIL: [rta@alankit.com](mailto:rta@alankit.com)

### BRANCHES & WAREHOUSES

- 422 & 423, 4<sup>th</sup> Floor,  
B Wing, Jai Ganesh Vision, Akurdi,  
Pune - 411 033.
- Gate No. 153, Pune-Nashik Highway,  
Kuruli, Chimbli Phata, Chakan,  
Pune - 411 033.
- Village - Fauzi Matkota, Tehsil - Kichha,  
Distt. - Udham Singh Nagar,  
Rudrapur - 263 153.
- DP No. 17, Sidco Womens Industrial Estate,  
Thirumullaivoyal, Chennai.
- SPL - 1, Phase - I,  
Industrial Area, Bhiwadi,  
Distt.- Alwar - 301 019.
- Sai Road, Baddi - 173 205.
- Plot Nos. 400-401, Block - C,  
Pioneer Industrial Park,  
Pathredi, Gurgaon - 123 413.
- Survey No. 10/1, Bommasandra Village,  
Attibale Hubli, Anekal Taluka, Bangalore-560 099.
- Plot. No. B-10, Industrial Area-III,  
Meerut Road, Ghaziabad - 201 003.



## Projects Successfully Completed



Bag Filter House



Compressor Room



Duct Erection



FES Canopy Erection and all Civil Work



Installation of ID Fan



SILO Work

**VARDHMAN SPECIAL STEELS LIMITED**

CIN: L27100PB2010PLC033930

Regd. Office: Chandigarh Road, Ludhiana-141 010, Punjab (INDIA)

Phone No.: (0161) - 2228443-48; Fax: (0161) 2220766

E-mail: secretarial.lud@vardhman.com; Website: www.vardhmansteel.com

**ATTENDANCE SLIP  
E-VOTING PARTICULARS****5<sup>th</sup> ANNUAL GENERAL MEETING****2015**

I/We hereby record my presence at the 5<sup>th</sup> Annual General Meeting of Vardhman Special Steels Limited being held at the Registered Office of the Company situated at Chandigarh Road, Ludhiana-141 010 on Friday, the 4<sup>th</sup> day of September, 2015 at 12:00 noon.

Member's Folio/DP ID-Client ID No.

Member's /Proxy's name in Block Letters

Member's/Proxy's Signature

**Note:**

- Please complete the Folio / DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the entrance of the meeting hall.
- Electronic copy of the Annual Report for 2014-15 and Notice of the Annual General Meeting (AGM) alongwith Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Company/Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
- Physical copy of the Annual Report for 2014-15 and Notice of the Annual General Meeting alongwith Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or have requested for a hard copy.

**ELECTRONIC VOTING PARTICULARS**

EVSN (E-Voting Sequence Number)	USER ID / Folio No. / DP / Client ID	SEQUENCE NO.

**NOTE :** Please read instructions given at Point No. 12 of the Notice of 5<sup>th</sup> Annual General Meeting annexed in the Annual Report for 2014-15 of the Company, carefully before voting electronically.

**VARDHMAN SPECIAL STEELS LIMITED**

CIN: L27100PB2010PLC033930

Regd. Office: Chandigarh Road, Ludhiana-141 010, Punjab (INDIA)

Phone No.: (0161) - 2228443-48; Fax: (0161) 2220766

E-mail: secretarial.lud@vardhman.com; Website: www.vardhmansteel.com

**PROXY FORM**

[pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

I/We being the member(s) of.....shares of the above named Company hereby appoint :

- Name : .....Address : .....  
E-mail Id : .....Signature: ..... or failing him;
- Name : .....Address : .....  
E-mail Id : .....Signature: ..... or failing him;
- Name : .....Address : .....  
E-mail Id : .....Signature: ..... ;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 5<sup>th</sup> Annual General Meeting of the Company, to be held on Friday, the 4<sup>th</sup> day of September, 2015 at 12:00 noon at the Registered Office of the Company situated at Chandigarh Road, Ludhiana-141 010 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	RESOLUTIONS
<b>Ordinary Business :</b>	
1.	Adoption of Financial Statements, Reports of Directors and Auditors of the Company for the financial year ended 31 <sup>st</sup> March, 2015
2.	Re-appointment of Mrs. Suchita Jain, Director, who retires by rotation.
3.	Ratification of the appointment of Statutory auditors of the Company for the financial year 2015-16 and to fix their remuneration.
<b>Special Business :</b>	
4.	Re-appointment of Mr. Sachit Jain as Managing Director of the Company.
5.	Ratification of remuneration to the Cost Auditor for the financial year ended 31 <sup>st</sup> March, 2016.

Signed this .....day of.....2015.

Signature of shareholder ..... Signature of Proxy holder(s) .....

**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Affix Revenue  
Stamp not  
less than  
Rs. 0.15