



# VARDHMAN SPECIAL STEELS LIMITED

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Ref. VSSL:SCY:SEPT:2016-17

Dated: 03-Sept-2016

The Deputy General Manager,  
Corporate Relationship Deptt,  
Bombay Stock Exchange Limited,  
1<sup>st</sup> Floor, New Trading Ring,  
Rotunda Building, P.J Towers,  
Dalal Street, Fort,  
**MUMBAI-400001.**

Scrip Code: 534392

The National Stock Exchange of India Ltd,  
"Exchange Plaza,  
Bandra-Kurla Complex,  
Bandra (East),  
**MUMBAI-400 051**

Scrip Code: VSSL

## SUB: SUBMISSION OF ANNUAL REPORT FOR FINANCIAL YEAR 2015-16

Dear Sir,

Pursuant to the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Annual report of the Company for the Financial Year 2015-16.

Kindly acknowledge the receipt of the same.

Thanking you,

Yours faithfully,

**For VARDHMAN SPECIAL STEELS LIMITED**

  
(SONAM TANEJA)  
Company Secretary



# Vardhmān

Delivering Excellence. Since 1965.

## ***Emphasis on Value & Vision***

6<sup>th</sup> Annual Report  
2015-2016

**VARDHMAN SPECIAL STEELS LIMITED**



## From Managing Director's Desk

### *Dear Shareholders,*

I am very happy to be communicating with you again. Last year, I was completing five years of association with the steel business and this year is another five year anniversary, that of being Managing Director of the Company for 5 years. Last year, I had traced our journey up to the point. This year, I would like to point a little bit into the future.

### *Increasing Throughput:*

The rolling mill expansion increased our capacity to 180,000 tons of rolling, but our melting capacity meant that we could not go beyond 130,000 tons. As mentioned in last year's report, we are in the midst of a project to reduce the tap to tap time in the furnace which leads to increase in the production of billets. This project should get completed by November and after stabilizing the changes, we should be able to start increasing our production. Some impact of that should come in the last quarter but the full impact would come in the next year. This means that from capacity point of view, we will be ready to face the increased demand that we are foreseeing within the next year. The signs of this increase already seem visible. Similarly, we are also working on improving the performance of our bright bar section (which is a value addition on to our normal bars) by about 15-20%.

### *Improving Quality:*

As I explained last year, our strategy is to be in the high quality, critical steel areas. This means that the grades that we make are going to become tougher than ever and the customers we serve will be more demanding. This means that demands on the quality will be higher and we have to be on our toes to constantly improve that. We have multiple teams working on improving the quality and I am happy to announce that we have started seeing those changes and we expect more results to come in by the end of the year.



### ***Technical Orientation:***

To move to the next level as an organization, we need to be much stronger technically than we have ever been. Over the last few years, we have been working hard with the key engineering institutes around to be able to attract good metallurgy students to join us. I am happy to announce that over the last couple of years, we have become quite popular in the campuses and we have been able to attract more young metallurgists to come and join us. This has improved the culture of inquisitiveness and enquiry. Also, we have begun to move some of these youngsters into other functions like Exports and more will follow in the next few years.

### ***Research & Development:***

This is a futuristic thought. I have asked our team to add an additional track to our working. So far we have tried work on developing difficult grades for our customers which meant providing a better solution to what the customer was anyway using. Now our thought process is, can we develop original entirely new grades of steel which will help our customers reduce overall cost or improve performance or both? Whether we will succeed in this bold thought only time will tell but suffice to say that our intent is strong and we have started on the journey.

### ***Changes in Management:***

When the organization is in the process of changing gears, quite often there is also need to have changes in the people who will help us to move to the next level. In a first for Vardhman Group, we have hired a new President and Chief Executive, Mr. Subhasis Dey, who has a rich experience of 19 years with Tata Motors and 10 years with the Lucas TVS group. So he brings to the organization a far better understanding of the automobile and automobile component industries. I am happy to welcome him on board. A few other key people are joining the organization in the month of August. We have also brought back Mr. Tippannavar, an old veteran of the group to help take our Technical journey forward on the lines I explained earlier.

### ***Capital Structure:***

We have already started the process of debt reduction. The peak debt levels reached in March'15 have already come down and may rise marginally by March'17 because of increased capex on account of the melting expansion and upgradations as also increasing working capital requirements on higher sales. However, the debt levels will remain lower than our March'15 numbers on increased volume.

As a management, we are thinking of examining the proposals of infusing some equity in the company to make the capital base stronger. No decisions have been taken but the process has begun. We shall come back to you once we arrive at the right course of things.

### ***Adventure:***

And lastly, I want to share as I turned 50 in July, I have been thinking of how to infuse more adventure in our lives. I recently went on a high attitude trek in the Himalayas. We crossed Rupin Pass at a height of 15,300 feet. We had started climbing from 5,200 feet and it was an exhilarating experience.

I am now trying to infuse a sense of adventure in our organization too by sending people to white water rafting or some treks. A sense of adventure brings excitement, happiness and team work as well as increased risk taking ability.

Thank you ladies and gentlemen for coming along with me on this adventurous journey of Vardhman Special Steels Limited. Whether you will make money or not, time will tell, I can only assure you that you will have quite an adventure with me.

Thank you and all the best.

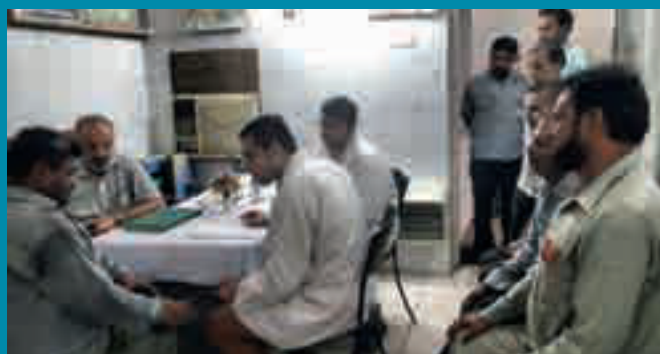
Warm Regards,

Sachit Jain  
Managing Director  
& fellow shareholder

# National Safety Week 2016



Mock Drill & Practical Fire Fighting Training



# Health Checkup Camp 2016



# Rupin Pass Trek by Mr. Sachit Jain, MD VSSL



Environment Day 2016

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# Management Discussion & Analysis Report

In the year 2015, World's Crude Steel production stood at 1,622.80 Million Tonnes (MT) as compared to 1,670 MT in the last year, showing a decline of 2.8%. China remained the World's largest Crude Steel producer in the year 2015 and India became World's third largest Steel producing nation in the year 2015 as compared to fourth largest nation in the previous year.

India is expected to become World's second largest steel producing nation soon. The growth in the Indian steel sector has been driven by domestic availability of raw materials such as iron ore and cost-effective labour. In the year 2015, India produced 91.46 MT of finished steel and the consumption of finished steel grew to 76.99 MT.

The business environment related to alloy steel industry is intertwined with the highly globalized automobile industry. The automobile industry also happens to be one of the most vibrant sectors of the Indian industry at present and likely to be so for foreseeable future as well. Further, growth in auto components export also gives additional impetus to the alloy steel industry growth in terms of better capacity utilization and capacity expansion. The domestic market driven by demographic changes visible in urbanization and growing income levels even in rural sector are the major drivers of alloy steel related industry in medium to long run.

On the supply side, growing competition from non-alloy steel manufacturers, who increased their presence in alloy steel sector due to lower demand elsewhere, challenges of growing imports from China and rising cost of production in the country are some of the constraints forcing steel manufacturers in India to relentlessly pursue value creation for the customers in terms of competitive prices, high quality and superior customer services.

Keeping in view the above factors, the Company has been making earnest efforts to win global customer confidence to become their preferred supplier and focus on high value added products of global quality to increase margin to beat increase in costs partially.

The year 2015-16 turned out to be a better year for your Company. The Company earned a Net Profit of ₹ 5.21 crores in the financial year 2015-16 as compared to losses in the last couple of years. The savings in cost from the fully commissioned New Rolling Mill is ₹ 1,061.63 lacs for the year 2015-16 as compared to ₹ 960.16 lacs in the year 2014-15. On the exports front, the Company exported 5,710.12 MTs of alloy steel in 2015-16 as against 4,178.97 MTs in the year 2014-15. The main impetus for the increase in margins were lower raw material & lower fuel costs.

As mentioned in the last Annual Report, your Company has successfully commissioned New Bright Bar Shop. The Company had also received Environment Clearance from Ministry of Environment & Forests (MOEF), Govt. of India. After getting the approval from MOEF, the process of revamping the capacity of steel melt shop has started which is likely to be complete in the ongoing financial year. In this revamp, the main job that we intend to do is replace our 20MVA Transformer with a 25MVA Transformer. This will increase the power input in the furnace and reduce the tap to tap time of our melting, thereby increasing the number of heats per day and hence the production. Other modernization jobs include :-

- a) Modernisation and revamping of Ladle Refining Furnace.
- b) Modernisation of Continuous Casting Machine.
- c) Installation of some additional cranes etc.

Since the Rolling Mill anyway has excess capacity, increase in melting will lead to increase in throughput.

In addition to meet the requirements of the customers, we intend to start a new size in our billet from the continuous casting. We will be introducing 240mm x 260mm cross section size billet. This will enable us to get a better reduction ratio and help us to enter some more critical customer segments.

Further, as mentioned in the last Annual Report, we wish to inform you that expansions undertaken by the company during last 3 years, stands covered under the revised Fiscal Incentives and Industrial Promotion Scheme, 2013 of Govt. of Punjab. Your Company has also received Letter of Regulatory Clearances (LORC-1), LORC-2 and Letter of intent for fiscal incentives (LOIFI) from Punjab Bureau of Investment Promotion. Further, Company is in the process of preparing for next steps i.e. LoRC-3 and then signing an agreement with the State Government to obtain the fiscal incentives under the scheme.

And lastly, as per study conducted by "Business World" Magazine in its edition dated 4th April, 2016 with an attempt to find out Fastest Growing Companies in India in various categories, your Company is ranked 26th in the list of Fastest Growing (Feather Weights) Companies.

## DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting their 6<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, 2016.

### 1. FINANCIAL RESULTS:

The financial results for the year are as under:-

	(₹ in Crore)	
PARTICULARS	2015-16	2014-15
Revenue from operations (Gross)	729.33	734.18
Profit before Depreciation, Interest & Tax (PBDIT)	45.77	18.96
Interest and Financial expenses	23.53	20.21
Profit before Depreciation and Tax (PBDT)	22.24	(1.25)
Depreciation	17.03	13.87
Profit before Tax (PBT)	5.21	(15.12)
Provision for Tax - Current	-	0.01
- Deferred Tax (Net of Adjustment)	-	-
Profit for the period after tax (PAT)	5.21	(15.13)
Earnings per share (₹)		
- Basic	2.81	(8.15)
- Diluted	2.81	(8.15)

### 2. FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS:

#### PRODUCTION & SALES REVIEW:

During the year under review, your Company has registered Revenue from Operations of ₹ 729.33 Crore as compared to ₹ 734.18 Crore in the previous year. The exports for the year under review were ₹ 39.35 Crore as compared to ₹ 28.64 Crore in the previous year.

#### PROFITABILITY:

The Company earned profit before depreciation, interest and tax of ₹ 45.77 Crore as against ₹ 18.96 Crore in the previous year. After providing for depreciation of ₹ 17.03 Crore (Previous Year ₹ 13.87 Crore), interest of ₹ 23.53 Crore (Previous Year ₹ 20.21 Crore), the net profit from operations worked out to ₹ 5.21 Crore as compared to net loss of ₹ 15.13 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, 2016 were ₹ 252.71 Crore as compared to ₹ 250.78 Crore in the previous year.

##### b) Current Assets:

The current assets as on 31<sup>st</sup> March, 2016 were ₹ 343.17 Crore as against ₹ 349.89 Crore in the previous year. Inventory level was at ₹ 106.90 Crore

as compared to the previous year level of ₹ 132.89 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	2015-16	2014-15
<b>Cash and Cash equivalents:</b>		
Beginning of the year	8.65	13.90
End of the year	3.79	8.65
<b>Net cash provided (used) by:</b>		
Operating Activities	50.10	(32.75)
Investing Activities	(20.13)	(3.65)
Financial Activities	(34.83)	31.15

### 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 THESE 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 these 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 new Companies Act, 2013. The Company's vision is to pursue a corporate strategy that enables shareholder value enhancement and societal value creation in a 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 accessed on the Company's website at the link:

<http://vardhmansteel.com/Corporate%20Social%20Responsibility%20Policy.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 employees of the Company.
- **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 was not able to undertake any CSR initiatives as it has incurred losses in the last three financial years.

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. Thereafter, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 became effective from 1<sup>st</sup> December, 2015. These regulations provide for the obligation to constitute Risk Management Committee only on top 100 Listed Companies. Therefore, the Board of Directors in its meeting held on 29<sup>th</sup> April, 2016 approved dissolution of the Risk Management Committee of the Company w.e.f 29<sup>th</sup> April, 2016.

However, the Risk Management Policy of the Company required to be formulated under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been duly formulated and 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, 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/download-files/risk\\_management\\_policy\\_final.pdf](http://www.vardhmansteel.com/sites/default/files/download-files/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.

A report on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 as given by the Statutory Auditors of the Company forms part of the Independent Auditor's Report as Annexure B.

## 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. During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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/download-files/related\\_party\\_transaction\\_final.pdf](http://www.vardhmansteel.com/sites/default/files/download-files/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, 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 financial statement (Please refer to Note 13, 14, 15 and 19 to the financial statement).

### 12. DIRECTORS:

Mr. Rajinder Kumar Jain, Director of the Company, retires 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, offers himself for re-appointment. The Board recommended his appointment for the consideration of the members of the Company at the ensuing Annual General Meeting.

Mr. Sanjoy Bhattacharyya was appointed as an Additional Director of the Company by the Board of Directors in its meeting held on 30<sup>th</sup> October, 2015. His appointment as an Independent Director for a term starting from conclusion of 6<sup>th</sup> Annual General Meeting till the conclusion of 11<sup>th</sup> Annual General Meeting is to be approved by the members in ensuing Annual General Meeting.

#### 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 forms part of this report as **Annexure II**.

#### Familiarization programmes for Board Members:

Your Company has formulated Familiarization Programme for all the Board members in accordance with Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Schedule IV of the Companies Act, 2013 which provides that the

Company shall familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of Industry in which the Company operates, business model of the Company, etc. through various programmes.

The Familiarization Programme for Board members may be accessed on the Company's website at the link:

<http://vardhmansteel.com/vss/uploads/tpl-buddy-011/img/familiarisation%20program.pdf>

#### Annual Evaluation of the Board Performance:

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

The evaluation was done by way of discussions on the performance of the Non- Independent Directors, Chairperson 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, 2016. 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 2<sup>nd</sup> May, 2015 for the financial year 2015-16.

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, 2016. This Report is self-explanatory



and requires no comments. The Report forms part of this report as **Annexure III**.

#### **Cost Auditor:**

The Board of Directors in their meeting held on 2<sup>nd</sup> May, 2015 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 2016-17 is placed for ratification by the members.

The Cost Auditor's Report for the Financial Year 2015-16 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, Chairman and Independent Director, Mr. Rajeev Gupta, Independent Director, Mr. Sanjeev Pahwa, Independent Director and Mr. Rajinder Kumar Jain, Non-Executive Non-Independent 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://vardhmansteel.com/sites/default/files/download-files/vigil\\_mechanism\\_final.pdf](http://vardhmansteel.com/sites/default/files/download-files/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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 forms part of this report as **Annexure IV**.

#### **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 2015-16 in Form No. MGT-9 is annexed hereto and forms part of this report as **Annexure V**.

#### **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 863 employees on permanent rolls.

Pursuit of proactive policies for industrial relations has resulted in a peaceful and harmonious situation on the shop floor of the plant.

#### **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 forms part of this report.

A statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in Rule 5 (2) and 5 (3) Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is annexed hereto and forms part of this report.

In terms of section 197(14) of the Companies Act, 2013,

the Company does not have any Holding or Subsidiary Company.

All the above details are provided in **Annexure VI**.

## 21. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures;
- b. 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, 2016 and of the profit of the Company for the year ended on 31<sup>st</sup> March, 2016;
- c. 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;
- d. the annual accounts have been prepared on a going concern basis;
- e. 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
- f. A proper system 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 : 29<sup>th</sup> April, 2016**

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



## ANNEXURES TO THE DIRECTORS' REPORT

### ANNEXURE- I

#### Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2015-16:

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 loss of the Company for last three financial years	₹ (7.63) crores
4.	Prescribed CSR Expenditure	Nil
5.	<b>Details of CSR spent during the year:</b>	
	Total amount to be spent for the financial year	Nil
	Amount unspent, if any	N.A.
	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.	Since, the Company has incurred losses in the last three financial years, it was unable to make any 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:** 29<sup>th</sup> April, 2016

**Place:** Gurgaon

(Sanjeev Pahwa)  
Chairman of CSR Committee

## **ANNEXURE- II**

### **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- III**

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

#### **SECRETARIAL AUDIT REPORT**

#### **FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

*[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 of the 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 Company's 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<sup>st</sup> March, 2016** 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<sup>st</sup> March, 2016** according to the provisions of:

- (i) The **Companies Act, 2013** (the Act) and the rules made there under;
- (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, 2015**;
- (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** and Securities and Exchange Board of India (**Share Based Employee Benefits) Regulations, 2014**; 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.
- (h) The Securities and Exchange Board of India (**Buyback of Securities) Regulations, 1998**; Not applicable during the period of audit.
- (i) Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (effective 1<sup>st</sup> December 2015)
- (vi) The Company has identified the **Other Applicable economic laws** as specifically applicable to the Company: **as per the list attached.**

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI) - ICSI had issued Secretarial Standards numbering 1 and 2 corresponding with reference to the provisions of the Companies Act, 2013 (effective 1<sup>st</sup> July, 2015) and the Management adheres to them;
- (ii) The Uniform Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

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 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 one **Special Resolutions** pursuant to the provisions of **Section 196 and 197** of the Companies Act, 2013: To reappoint Mr. Sachit Jain as Managing Director of the Company

**Place:** Ludhiana

**(Ashwani Kumar Khanna)**

**Date:** 21.04.2016

FCS No. 3254

CP No. 2220

### Secretarial Audit for the financial year 2015-16-Annexure A

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

**Note:** This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

### LIST OF LABOUR LAWS AND ENVIRONMENTAL LAWS WHICH HAVE BEEN VERIFIED DURING AUDIT PERIOD

#### List of Labour Laws

- Factories Act, 1948
- Industrial Disputes Act, 1947
- The Payment of Wages Act, 1936
- The Minimum Wages Act, 1948
- Employee's State Insurance Act, 1948
- The Payment of Bonus Act, 1972
- The Apprentices Act, 1961
- Employee's Provident Fund and Miscellaneous Provisions Act, 1952

#### List of Environmental Laws

- Environment (Protection) Act, 1986
- Water (Prevention and Control of Pollution) Act, 1974
- Air (Prevention and Control of Pollution) Act, 1981

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc. and we have relied on such representations for giving our report.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Place:** Ludhiana

**(Ashwani Kumar Khanna)**

**Date:** 21.04.2016

FCS No. 3254

CP No. 2220



## **ANNEXURE- IV**

**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 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 measures 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 2015-16:

1. Improvement of Power factor from 0.947 to 0.957 by installing the APFC Panels and fix capacitors.
2. EAF hot well pump No. 2 replaced with new energy efficient pump. The earlier motor was of 60 kW and new motor is of 30 kW.
3. Replacement of 200 kW motors with energy efficient motors.

The above energy conservation measures resulted in savings of 7.24 lac units of electricity amounting to ₹ 0.58 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:**

- ✓ A project was undertaken in Collaboration with IIT-Kanpur on "Steel Making Performance Improvement and Knowledge Management" with an objective to do water modeling as well as thermodynamic and kinematic calculations to achieve following objectives:
  - Study of loss of iron oxide in EAF slag and its recovery through rectification of oxygen blowing practice.
  - Minimize slag carry over from ladle to tundish.
  - Reduce tundish skull and increase prime bloom length to improve yield.
  - Develop continuing education platforms to train engineers in house on technical topics.
- ✓ For the first time, trials were conducted for introducing nitrogen in steel grade through purging of nitrogen gas from porous plug of Ladle instead of regular practice of addition of Nitrated Manganese Metal from top of ladle after VD.
- ✓ Trials were conducted for addition of CaSi wire before VD with an aim to prevent any kind of addition after VD treatment that will lead to improved cleanliness levels of steel.

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

- ✓ As a result of collaborative project between the Company & IIT-Kanpur, the variance of percentage of iron oxide in EAF slag of different heats was stabilized and somewhat reduced towards lower limit. This has lead to improvement in yield of Scrap to LM and smaller de-oxidizer consumption.
- ✓ Based upon thermodynamic and kinematic calculations along-with actual production data, a new software was developed that helps operators at shop floor to know the amount of raw-materials (Scrap, DRI, Oxygen, Lime etc.) required to be added to ensure the efficient Electric Arc Furnace production process. This software was further upgraded for calculating the amount of de-oxidizers & ferro alloys need to be added during refining process of steel.
- ✓ Trials were conducted with modified tundish design having a new flow modifier with an aim of producing more prime steel billets with enhanced cleanliness. Encouraging results have been observed during the trials in terms of yield improvement by reduction of Tundish skull from 146 kg to 96 Kg (that is prime billet yield increased to 50 Kg). Due to this modified tundish, we have deduced that there is a net saving of ₹ 3,191 per Tundish.
- ✓ After trails of nitrogen purging for introducing nitrogen in steel, it was observed that this trial has led to better recovery with improved cleanliness and had led to cost saving of ₹ 269 per Ton of Cast Billet.
- ✓ In case of trials of addition of CaSi wire before VD alongwith ensuring nil addition after VD, improvement in castability of steel has been observed along-with better inclusion control. This has also led to improved rolled product surface quality.

### **3. Future Course of action:**

Management is fully committed to further strengthen the Research & Development activities by inducting 8 Metallurgists from leading Institutes of India and also planning to add more equipments to strengthen its product testing and development activities.

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

	(2015-16)	(2014-15)
Capital	5.40	59.41
Recurring	252.56	175.44
Total	257.96	234.85
Total R & D expenditure as a Percentage of Turnover	0.35	0.36

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

- a) A new tundish was designed with the help of water modeling that is having flow modifier for improving cleanliness levels of steel along-with better yield of cast product.
- b) A new software was developed for calculating amount of raw materials, de-oxidizers & Ferro Alloys required during steel making.
- c) Installed a new Radiation Detection Gate for inspection of all incoming raw materials.
- d) Installation of new Radioactive Contamination Analyzer for testing the amount of radioactive isotope (in Bq/gm) present in steel product.
- e) Installation of new Secondary APCD - Fume Extraction System for enhancing Company's capability towards minimizing environmental pollution and improving ambient air quality at shop floor.
- f) Planning to install new technologies namely - Scanning Electron Microscopy with EDS with automatic image analysis, Optical Metallurgical Microscope, XRD-XRF, Digital Universal Testing Machine, Digital Universal Hardness Testing Machine, Endurance Testing Machine etc. that shall enable the Company develop new steel grades with improved cleanliness levels.

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

- a) NDT Line comprising of Shot Blasting Machine, Straightening & Chamferring Machine, Automatic

Magnetic Flux Leakage Testing Machine and Automatic Ultrasonic Testing Machine for inspecting internal soundness of steel bars.

- b) Radiation Detection Gate
- c) Radioactive Contamination Analyzer
- d) Secondary APCD - Fume Extraction System

**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 5,661.81 MT of rolled products during the financial year 2015-16, achieving a growth rate of 36%, having value of approximately ₹ 43.22 crores.
- Developed new grades with high contributions like of 18CrNiMo7-6 and Micro Alloy steel 38MnVS6.
- Consolidated and developed customers in markets of Thailand, US, Turkey, Russia and U.S.
- In Japan, technical proposals are under way for Honda Cars and Daihatsu (A Toyota Company). Sample lots are already approved in Japan for Daihatsu Connecting Rod. Business expected by 2017-18.

**Total Foreign Exchange earned and used:**

(₹ In lacs)

	2015-16	2014-15
a) Earnings (FOB value of Exports)	3,935.19	2,864.36
b) Outgo (CIF value of Imports and Expenditure in Foreign Currency)	12,377.82	13,683.93



## ANNEXURE- V

### EXTRACT OF ANNUAL RETURN:

Form No. MGT-9

#### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31<sup>st</sup> March, 2016

[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:rita@alankit.com">rita@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	99.46%

#### 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>									
<b>1) Indian</b>									
a) Individuals(including shares held by partners of Partnership firms)	292,321	6**	292,327	1.58	292,321	0	292,321	1.58	0
b) Central Govt./ State Govt. (s)	0	0	0	0	0	0	0	0	0
c) Banks /FI	0	0	0	0	0	0	0	0	0
d) Any other (specify)									
• Bodies corporate	13,120,325	0	13,120,325	70.71	10,776,686	0	10,776,686	58.07	-12.64
• LLP	179,010	0	179,010	0.96	2,522,655	0	2,522,655	13.60	12.64
[Adishwar Enterprises LLP (formerly known as Adinath Investment & Trading Company)]***									
• Trust	319,747	0	319,747	1.72	319,747	0	319,747	1.72	0
<b>Sub –total (A)(1):-</b>	<b>13,911,403</b>	<b>6</b>	<b>13,911,409</b>	<b>74.97</b>	<b>13,911,409</b>	<b>0</b>	<b>13,911,409</b>	<b>74.97</b>	<b>0</b>
<b>2) Foreign</b>									
a) Individuals (Non- Resident Individuals/ Foreign Individuals)	0	0	0	0	0	0	0	0	0
b) Government	0	0	0	0	0	0	0	0	0
c) Institutions	0	0	0	0	0	0	0	0	0
d) Foreign Portfolio Investor	0	0	0	0	0	0	0	0	0

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>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 and Promoter Group (A)= (A) (1) +(A) (2)</b>	<b>13,911,403</b>	<b>6</b>	<b>13,911,409</b>	<b>74.97</b>	<b>13,911,409</b>	<b>0</b>	<b>13,911,409</b>	<b>74.97</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	93,001	4,454	97,455	0.53	84,826	4,454	89,280	0.48	-0.05
b) Venture Capital Funds	0	0	0	0	0	0	0	0	0
c) Alternate Investment Funds	0	0	0	0	0	0	0	0	0
d) Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
e) Foreign Portfolio Investors	13,986	1,738	15,724	0.08	13,986	1,738	15,724	0.08	0
f) Financial Institutions/ Banks	197	12,027	12,224	0.07	197	12,027	12,224	0.07	0
g) Insurance Companies	93,786	315	94,101	0.51	81,798	315	82,113	0.44	-0.07
h) Provident Funds/ Pension Funds	0	0	0	0	0	0	0	0	0
i) Any other (specify)	0	0	0	0	0	0	0	0	0
<b>Sub –total (B)(1):-</b>	<b>200,970</b>	<b>18,534</b>	<b>219,504</b>	<b>1.19</b>	<b>180,807</b>	<b>18,534</b>	<b>199,341</b>	<b>1.07</b>	<b>-0.12</b>
<b>2. Central Government/ State Government (s)/ President of India</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>Sub- Total (B)(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>3. Non Institutions</b>									
a) Individuals – i. Individual shareholders holding nominal share capital up to ₹ 2 lakhs	1,701,542	229,741	1,931,283	10.41	1,724,339	218,732	1,943,071	10.47	0.06
ii. Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs	1,679,428	0	1,679,428	9.05	1,936,389	0	1,936,389	10.45	1.40
b) NBFCs registered with RBI	0	0	0	0	0	0	0	0	0
c) Employee Trusts	0	0	0	0	0	0	0	0	0
d) Overseas Depositories (holding DRs) (balancing figures)	0	0	0	0	0	0	0	0	0
e) Any Other (specify)									
e-1) Corporate Body	627,448	8,705	636,153	3.43	474,548	8,645	483,193	2.60	-0.83
e-2) NRI	173,778	351	174,129	0.93	78,107	351	78,458	0.42	-0.51
e-3) Trust	3,470	0	3,470	0.02	3,515	0	3,515	0.02	0.00
<b>Sub-Total (B)(3)</b>	<b>4,185,666</b>	<b>238,797</b>	<b>4,424,463</b>	<b>23.84</b>	<b>4,216,898</b>	<b>227,728</b>	<b>4,444,626</b>	<b>23.96</b>	<b>0.12</b>
<b>Total public shareholding (B) = (B) (1) +(B) (2) + (B) (3)</b>	<b>4,386,636</b>	<b>257,331</b>	<b>4,643,967</b>	<b>25.03</b>	<b>4,397,705</b>	<b>246,262</b>	<b>4,643,967</b>	<b>25.03</b>	<b>0</b>
<b>Grand total (A+B+C)</b>	<b>18,298,039</b>	<b>257,337</b>	<b>18,555,376</b>	<b>100</b>	<b>18,309,114</b>	<b>246,262</b>	<b>18,555,376</b>	<b>100</b>	<b>0</b>

\* 9,536,075 shares belonging to the promoters group which were locked-in for a period of 3 years pursuant to listing of shares on 17<sup>th</sup> May, 2012 were released during the year.

\*\*Shares held by Mr. S.P. Oswal, Mrs. Shakun Oswal, Mr. Sachit Jain, Mrs. Suchita Jain, Mr. Darshan Lal Sharma and Mr. Rajeev Thapar as a nominee of Vardhman Textiles Limited in the beginning of the year has been transferred to Vardhman Textiles Limited during the year.

\*\*\*Adinath Investment & Trading Company got converted into Adishwar Enterprises LLP w.e.f 5<sup>th</sup> June, 2014. The process of change in nomenclature of demat accounts involving 2,343,645 shares of Adinath Investment & Trading Company got completed in the financial year 2015-16. So as on 31.03.2016, 2,343,645 shares have been included in Adishwar Enterprises LLP and excluded from the total of Promoter Bodies Corporate.


**(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	Adishwar Enterprises LLP (formerly known as Adinath Investment & Trading Company)*	2,522,655	13.60	2,522,655	13.60	0.00
2	Devakar Investment & Trading Company Private Limited	1,108,175	5.97	1,108,175	5.97	0.00
3	Flamingo Finance & Investment Company Limited	118,102	0.64	118,102	0.64	0.00
4	Anklesh Investments Private Limited	71,500	0.39	71,500	0.39	0.00
5	Marshall Investment & Trading Company Private Limited	109,102	0.59	109,102	0.59	0.00
6	Ramaniya Finance & Investment Company Limited	94,006	0.51	94,006	0.51	0.00
7	Santon Finance & Investment Company Limited	101,120	0.54	101,120	0.54	0.00
8	Plaza Trading Company Private Limited	168	0.00	168	0.00	0.00
9	Pradeep Mercantile Company Private Limited	144	0.00	144	0.00	0.00
10	Srestha Holdings Private Limited	34,400	0.19	34,400	0.19	0.00
11	Syracuse Investment & Trading Company Private Limited	5,523	0.03	5,523	0.03	0.00
12	Mahavir Spinning Mills Private Limited	2,129	0.01	2,129	0.01	0.00
13	S.P. Oswal	132,422	0.71	132,422	0.71	0.00
14	Shakun Oswal	30,715	0.17	30,715	0.17	0.00
15	Suchita Jain	54,161	0.29	54,161	0.29	0.00
16	Sachit Jain	8,001	0.04	8,001	0.04	0.00
17	Soumya Jain	1,596	0.01	1,596	0.01	0.00
18	Sagrika Jain	1,548	0.01	1,548	0.01	0.00
19	Eastern Trading Company	11,808	0.06	11,808	0.06	0.00
20	Ambar Syndicate	17,249	0.09	17,249	0.09	0.00
21	Northern Trading Company	16,512	0.09	16,512	0.09	0.00
22	Paras Syndicate	18,309	0.10	18,309	0.10	0.00
23	Vardhman Holdings Limited	3,080,517	16.60	3,080,517	16.60	0.00
24	VTL Investments Limited	226,800	1.22	226,800	1.22	0.00
25	#Vardhman Textiles Limited	5,824,994	31.39	5,825,000	31.39	0.00
26	Mahavir Shares Trust	319,747	1.72	319,747	1.72	0.00
27	#Shri Paul Oswal (Nominee of Vardhman Textiles Limited)	1	0.00	0	0.00	0.00
28	#Shakun Oswal (Nominee of Vardhman Textiles Limited)	1	0.00	0	0.00	0.00
29	#Sachit Jain (Nominee of Vardhman Textiles Limited)	1	0.00	0	0.00	0.00
30	#Suchita Jain (Nominee of Vardhman Textiles Limited)	1	0.00	0	0.00	0.00
31	#Darshan Lal Sharma (Nominee of Vardhman Textiles Limited)	1	0.00	0	0.00	0.00
32	#Rajeev Thapar (Nominee of Vardhman Textiles Limited)	1	0.00	0	0.00	0.00
	<b>Total</b>	<b>13,911,409</b>	<b>74.97</b>	<b>13,911,409</b>	<b>74.97</b>	<b>0.00</b>

\* Adinath Investment & Trading Company got converted into Adishwar Enterprises LLP w.e.f 5th June, 2014. The process of change in nomenclature of demat accounts involving 2,343,645 shares of Adinath Investment & Trading Company got completed in the financial year 2015-16. So as on 31.03.2016, 2,343,645 shares have been included in Adishwar Enterprises LLP and excluded from the total of Promoter Bodies Corporate.

# Shares held by Mr. S.P. Oswal, Mrs. Shakun Oswal, Mr. Sachit Jain, Mrs. Suchita Jain, Mr. Darshan Lal Sharma and Mr. Rajeev Thapar as a nominee of Vardhman Textiles Limited in the beginning of the year has been transferred to Vardhman Textiles Limited during the year.



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

S. No.	Particulars	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 (01-04-15 to 31-03-16)	
		No. of shares at the beginning (01.04.15)/end of the year (31.03.16)	% of total shares of the Company				No. of Shares	% of total shares of the Company
	<b>Top 10 Shareholders</b>							
1.	Sanjay Devkinandan Gupta	700,000	3.772	01-Apr-2015	0	Nil movement during the year		
		700,000	3.772	31-Mar-2016			700,000	3.772
2.	T Udayaraj	200,000	1.078	01-Apr-2015				
				26-Jun-2015	1,010	Transfer	201,010	1.083
				31-Jul-2015	300	Transfer	201,310	1.085
				11-Sep-2015	2,436	Transfer	203,746	1.098
				18-Sep-2015	1,953	Transfer	205,699	1.108
				25-Sep-2015	2,500	Transfer	208,199	1.122
				09-Oct-2015	1,045	Transfer	209,244	1.128
		209,244	1.128	31-Mar-2016			209,244	1.128
3.	Anil Kumar Goel	166,358	0.896	01-Apr-2015				
				09-Oct-2015	1,795	Transfer	168,153	0.906
		168,153	0.906	31-Mar-2016			168,153	0.906
4.	Suketu Bhanuray Sanghvi	161,625	0.871	01-Apr-2015				
				18-Dec-2015	-96615	Transfer	65,010	0.350
		65,010	0.350	31-Mar-2016			65,010	0.350
5.	4A Financial Securities Limited*	135,323	0.729	01-Apr-2015				
				10-Apr-2015	-350	Transfer	134,973	0.727
				18-Sep-2015	-1,700	Transfer	133,273	0.718
				25-Sep-2015	-25,613	Transfer	107,660	0.580
				30-Sep-2015	-26,073	Transfer	81,587	0.440
				09-Oct-2015	-23,299	Transfer	58,288	0.314
				16-Oct-2015	-31,288	Transfer	27,000	0.146
				23-Oct-2015	-3,420	Transfer	23,580	0.127
				30-Oct-2015	-4,802	Transfer	18,778	0.101
				06-Nov-2015	-18,778	Transfer	0	0
		0	0.00	31-Mar-2016			0	0
6.	Seema Goel	100,000	0.539	01-Apr-2015	0	Nil movement during the year		
		100,000	0.539	31-Mar-2016			100,000	0.539



S. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
		No. of shares at the beginning (01.04.15)/end of the year (31.03.16)	% of total shares of the Company				No. of Shares	% of total shares of the Company
7.	N Chandrasekaran	83,934	0.452	01-Apr-2015	0	Nil movement during the year		
		83,934	0.452	31-Mar-2016			83,934	0.452
8.	UTI Transportation & Logistics Fund	82,564	0.445	01-Apr-2015	0	Nil movement during the year		
		82,564	0.445	31-Mar-2016			82,564	0.445
9.	Sumpoorna Portfolio Limited	76,809	0.414	01-Apr-2015				
				10-Apr-2015	-1,505	Transfer	75,304	0.406
				24-Apr-2015	-200	Transfer	75,104	0.405
				19-Jun-2015	-1,559	Transfer	73,545	0.396
				26-Jun-2015	-4,000	Transfer	69,545	0.375
				10-Jul-2015	-2,176	Transfer	67,369	0.363
				17-Jul-2015	-2,000	Transfer	65,369	0.352
				24-Jul-2015	-1,010	Transfer	64,359	0.347
				31-Jul-2015	-5,000	Transfer	59,359	0.320
				07-Aug-2015	-5,900	Transfer	53,459	0.288
				21-Aug-2015	-5,000	Transfer	48,459	0.261
				28-Aug-2015	-2,000	Transfer	46,459	0.250
				04-Sep-2015	-200	Transfer	46,259	0.249
				11-Sep-2015	-11,458	Transfer	34,801	0.188
				01-Oct-2015	4,073	Transfer	38,874	0.210
				20-Nov-2015	12,624	Transfer	51,498	0.278
				27-Nov-2015	-1,692	Transfer	49,806	0.268
				04-Dec-2015	3,247	Transfer	53,053	0.286
				11-Dec-2015	5,870	Transfer	58,923	0.318
				18-Dec-2015	-3,816	Transfer	55,107	0.297
				25-Dec-2015	-8,889	Transfer	46,218	0.249
				31-Dec-2015	3,000	Transfer	49,218	0.265
				08-Jan-2016	7,995	Transfer	57,213	0.308
				15-Jan-2016	10,709	Transfer	67,922	0.366
				22-Jan-2016	-423	Transfer	67,499	0.364
				29-Jan-2016	-3,449	Transfer	64,050	0.345
				05-Feb-2016	50	Transfer	64,100	0.345
				12-Feb-2016	300	Transfer	64,400	0.347
				19-Feb-2016	150	Transfer	64,550	0.348
				26-Feb-2016	50	Transfer	64,600	0.348
				04-Mar-2016	-100	Transfer	64,500	0.348
				11-Mar-2016	-100	Transfer	64,400	0.347
				18-Mar-2016	19,507	Transfer	83,907	0.452
				31-Mar-2016	-3,717	Transfer	80,190	0.432
		80,190	0.432	31-Mar-2016			80,190	0.432
10.	Vivek Mundra	56,543	0.305	01-Apr-2015	0	Nil movement during the year		
		56,543	0.305	31-Mar-2016			56,543	0.305
11.	Vandana Sehgal#	0	0.000	01-Apr-2015				
				03-Jul-2015	53,834	Transfer	53,834	0.290
				09-Oct-2015	32,801	Transfer	86,635	0.467
				08-Jan-2016	50,654	Transfer	137,289	0.740
		137,289	0.740	31-Mar-2016			137,289	0.740

\* Ceased to be in the list of Top 10 shareholders as on 31.03.2016. The same is reflected above since the shareholder was one of the Top 10 shareholder as on 01.04.2015.

# Not in the list of Top 10 shareholders as on 01.04.2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2016.

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

S. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
		No. of shares at the beginning (01.04.15)/end of the year (31.03.16)	% of total shares of the Company				No. of Shares	% of total shares of the Company
<b>A)</b>	<b>DIRECTORS:</b>							
1.	Sachit Jain Managing Director Promoter Director	8,001	0.04	01-Apr-2015	0	Nil movement during the year		
		8,001	0.04	31-Mar-2016			8,001	0.04
2.	Suchita Jain Non-Executive Director Promoter Director	54,161	0.29	01-Apr-2015	0	Nil movement during the year		
		54,161	0.29	31-Mar-2016			54,161	0.29
3.	Prafull Anubhai Independent Director	710	0.004	01-Apr-2015	0	Nil movement during the year		
		710	0.004	31-Mar-2016			710	0.004
4.	Rajeev Gupta Independent Director	0	0.00	01-Apr-2015	0	Nil Holding/ movement during the year		
		0	0.00	31-Mar-2016			0	0.00
5.	Jayant Davar Independent Director	0	0.00	01-Apr-2015	0	Nil Holding/ movement during the year		
		0	0.00	31-Mar-2016			0	0.00
6.	Sanjeev Pahwa Independent Director	0	0.00	01-Apr-2015	0	Nil Holding/ movement during the year		
		0	0.00	31-Mar-2016			0	0.00
7.	B.K. Choudhary Non-Executive Non-Independent Director	0	0.00	01-Apr-2015	0	Nil Holding/ movement during the year		
		0	0.00	31-Mar-2016			0	0.00
8.	Rajinder Kumar Jain Non-Executive Non-Independent Director	0	0.00	01-Apr-2015	0	Nil Holding/ movement during the year		
		0	0.00	31-Mar-2016			0	0.00
9.	Sanjoy Bhattacharyya Additional Director	10	0.00	01-Apr-2015	0	Nil Holding/ movement during the year		
		10	0.00	31-Mar-2016			10	0.00





B)	KEY MANAGERIAL PERSONNEL (KMP's):							
1.	Sanjeev Singla Chief Financial Officer	0	0.00	01-Apr-2015	0	Nil Holding/ movement during the year		
		0	0.00	31-Mar-2016			0	0.00
2.	Sonam Taneja Company Secretary	0	0.00	01-Apr-2015	0	Nil Holding/ movement during the year		
		0	0.00	31-Mar-2016			0	0.00

(vi) **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	3,249,157,820	255,456,850	-	3,504,614,670
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4,797,580	-	-	4,797,580
<b>Total (i+ii+iii)</b>	<b>3,253,955,401</b>	<b>255,456,850</b>	<b>-</b>	<b>3,509,412,251</b>
<b>Change in indebtedness during the financial year</b>				
Addition	677,696,747	-	-	677,696,747
Reduction	691,690,396	105,456,850	-	797,147,246
<b>Net change</b>	<b>(13,993,649)</b>	<b>(105,456,850)</b>	<b>-</b>	<b>(119,450,499)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal amount	3,230,577,505	150,000,000	-	3,380,577,505
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	9,384,247	-	-	9,384,247
<b>Total (i+ii+iii)</b>	<b>3,239,961,752</b>	<b>150,000,000</b>	<b>-</b>	<b>3,389,961,752</b>

(vii) **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 (In ₹)
1.	Gross Salary	Mr. Sachit Jain	
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961		9,250,200
	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		-
	<b>Total (A)</b>		<b>9,250,200</b>
	Ceiling as per the Act		12,000,000

**B. Remuneration to other directors:**

S. No.	Particulars of Remuneration	Name of Directors					Total Amount
1.	Independent Directors - Fee for attending board/ committee meetings - Commission - Others, please specify	Prafull Anubhai ₹ 120,000/-	Rajeev Gupta ₹ 95,000/-	Sanjeev Pahwa ₹ 120,000/-	Jayant Davar ₹ 55,000/-	Sanjoy Bhattacharyya ₹ 45,000/-	₹ 435,000/-
2.	Other Non-Executive Directors -Fee for attending board/ committee meetings - Commission -Others, Please specify	Rajinder Kumar Jain ₹ 100,000/-					₹ 100,000/-
	<b>Total (1)</b>	₹ 120,000	₹ 95,000	₹ 120,000	₹ 55,000	₹ 45,000	₹ 435,000
	<b>Total (2)</b>	₹ 100,000	-	-	-	-	₹ 100,000
	<b>Total (B) =(1+2)</b>	₹ 220,000	₹ 95,000	₹ 120,000	₹ 55,000	₹ 45,000	₹ 535,000
	<b>Total Managerial Remuneration</b>						₹ 535,000
	Overall ceiling as per the act						₹ 12,000,000*

\*Due to inadequacy of profits, the remuneration paid to Mr. Sachit Jain, Managing Director, was approved by the shareholders in their Annual General Meeting held on 4<sup>th</sup> September, 2015.

**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.	348,869	1,552,996	1,901,865
	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		-	-	-
	<b>Total</b>		348,869	1,552,996	1,901,865

**(viii) 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- VI**

### **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 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

S. NO.	NAME OF DIRECTOR/ KMP AND DESIGNATION	REMUNERATION FOR DIRECTORS/ KMP FOR FINANCIAL YEAR 2015-16 (Amount in ₹)	% INCREASE IN REMUNERATION IN THE FINANCIAL YEAR 2015-16	RATIO OF REMUNERATION OF EACH DIRECTOR/ KMP TO MEDIAN REMUNERATION OF EMPLOYEES	COMPARISON OF REMUNERATION OF KMP AGAINST THE PERFORMANCE OF THE COMPANY
1.	Sachit Jain Managing Director Promoter Director	9,250,200	*	30.94	The Company earned a Net Profit of ₹ 5.21 crore in the year 2015-16 as compared to Net Loss of ₹ 15.13 crore in the year 2014-15.
2.	Suchita Jain Non-Executive Director Promoter Director	-	-	-	
3.	B.K. Choudhary Non-Executive Non-Independent Director	-	-	-	
4.	Rajinder Kumar Jain Non-Executive Non-Independent Director	100,000	Nil	0.33	
5.	Prafull Anubhai Independent Director	120,000	-7.69	0.40	
6.	Rajeev Gupta Independent Director	95,000	35.71	0.32	
7.	Sanjeev Pahwa Independent Director	120,000	84.62	0.40	
8.	Jayant Davar Independent Director	55,000	Nil	0.18	
9.	Sanjoy Bhattacharyya Additional Director	45,000	**	0.15	
10.	Sanjeev Singla Chief Financial Officer (CFO)	1,552,996	#	5.19	The Company earned a Net Profit of ₹ 5.21 crore in the year 2015-16 as compared to Net Loss of ₹ 15.13 crore in the year 2014-15.
11.	Sonam Taneja Company Secretary (CS)	348,869	##	1.17	

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

\*\* Details not given as Mr. Sanjoy Bhattacharyya was appointed as an Additional Director of the Company w.e.f. 30<sup>th</sup> October, 2015.

# 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 CS w.e.f. 31<sup>st</sup> January, 2015.

- The median remuneration of employees of the Company during the financial year was ₹ 2.99 lacs.
- In the financial year, there was an increase of 7.55% in the median remuneration of employees.
- There were 863 permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2016.
- Relationship between average increase in remuneration and company performance: - The Company earned a Net Profit of ₹ 5.21 crore in the year 2015-16 as compared to Net Loss of ₹ 15.13 crore in the year 2014-15. The median remuneration increased by 7.55% as compared to last year.
- Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:- Not Applicable as Managing Director was not paid salary in the year 2014-15 and CFO & CS were appointed during the year 2014-15.
- (a) Variations in the market capitalisation of the Company : The market capitalisation as on 31<sup>st</sup> March, 2016 was ₹ 97.60 crore (₹ 60.21 crore as on 31<sup>st</sup> March, 2015).



- (b) Price Earnings ratio of the Company was 18.72 as at 31<sup>st</sup> March, 2016 and was -3.98 as at 31<sup>st</sup> March, 2015.
- (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 ₹ 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 ₹ 5,260 as on 31<sup>st</sup> March, 2016 showing a Compounded Annual Growth Rate of 9.56%.
8. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year 2015-16 was 16.02%.
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.

**PERSON EMPLOYED THROUGHOUT THE FINANCIAL YEAR, WHO WAS IN RECEIPT OF REMUNERATION WHICH, IN THE AGGREGATE, WAS NOT LESS THAN ₹ 60,00,000/- PER ANNUM**

Sr. No.	Name of employee	Designation/ Nature of duties	Remuneration (in ₹ lac)	Qualification	Age (Years)	Experience (Years)	Date of Employment	Particulars of last employment
1.	Mr. Sachit Jain	Managing Director	92.50	B. Tech, MBA	50	26	14.05.2010	Executive Director, VMT Spinning Company Limited

## 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 SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015, 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 31<sup>st</sup> March, 2016:

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	#Rajinder Kumar Jain B.K. Choudhary
Additional Director	Sanjoy Bhattacharyya

# Mr. Sachit Jain, Mrs. Suchita Jain and Mr. Rajinder Kumar Jain are related among themselves. None of the other Directors is related to any other Director of the Company.

#### ii. Board Meetings:

During the financial year 2015-2016, the Board met 4 times on the following dates:

- 2<sup>nd</sup> May, 2015
- 1<sup>st</sup> August, 2015
- 30<sup>th</sup> October, 2015
- 22<sup>nd</sup> January, 2016

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	7	2	Nil	1
Rajinder Kumar Jain	4	No	Nil	Nil	Nil	Nil
Suchita Jain	4	No	7	Nil	Nil	NIL
Prafull Anubhai	4	Yes	4	4	Nil	2
B.K. Choudhary	4	No	1	1	Nil	Nil
Sanjeev Pahwa	4	No	2	1	Nil	Nil
Rajeev Gupta	4	No	7	4	Nil	Nil
Jayant Davar	3	No	4	Nil	Nil	Nil
Sanjoy Bhattacharyya*	3	No	1	Nil	Nil	Nil

\* Mr. Sanjoy Bhattacharyya was appointed as an Additional Director of the Company during the current financial year.

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 Rajinder Kumar 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 Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.</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://vardhmansteel.com/sites/default/files/download-files/vigil_mechanism_final.pdf">http://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://vardhmansteel.com/sites/default/files/download-files/related_party_transaction_final.pdf">http://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://vardhmansteel.com/Corporate%20Social%20Responsibility%20Policy.pdf">http://vardhmansteel.com/Corporate%20Social%20Responsibility%20Policy.pdf</a></li> <li>During the year, the Company has not undertaken any CSR initiatives as it has incurred losses in the last three financial years.</li> <li>The Annual Report on CSR activities undertaken by the Company forms part of the Board Report as Annexure I.</li> </ul>





NAME OF COMMITTEE	COMPOSITION	TERMS OF REFERENCE
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 from Investors. There is no pendency in respect of shares received for transfer during 2015-2016 except those that are disputed/ sub-judice.</li> </ul>
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, 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://vardhmansteel.com/sites/default/files/download-files/risk_management_policy_final.pdf">http://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 Uniform Listing Agreement.

\*SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 became effective from 1<sup>st</sup> December, 2015 which provided for the obligation to constitute Risk Management Committee only on top 100 Listed Companies. Therefore, the Board of Directors dissolved the Risk Management Committee of the Company w.e.f 29<sup>th</sup> April, 2016.

## 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>1</b>	<b>2</b>	<b>1</b>	<b>1</b>
Sachit Jain	N.A.	1	2	N.A.	N.A.
Suchita Jain	N.A.	1	N.A.	1	N.A.
Prafull Anubhai	4	N.A.	2	N.A.	N.A.
Rajeev Gupta	4	N.A.	2	N.A.	N.A.
Jayant Davar	N.A.	N.A.	N.A.	N.A.	1
Sanjeev Pahwa	4	1	N.A.	1	N.A.
Rajinder Kumar Jain	4	N.A.	N.A.	N.A.	N.A.
B.K. Choudhary	N.A.	N.A.	1	0	1
Sanjoy Bhattacharyya	N.A.	N.A.	N.A.	N.A.	N.A.

N.A. - Not a member of the Committee

## iii. Meeting of Independent Directors:

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

## 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. Due to anticipated inadequacy in profits for the financial year 2015-16, the Shareholders had approved remuneration to Mr. Sachit Jain, Managing Director, in terms of limits set under Section-II of Part-II of Schedule V of the Companies Act, 2013.

A detail of remuneration paid to the Managing Director during the year 2015-16 is as given below:

(in ₹ Lacs)

Name	Designation	Salary	Perquisites & Allowances	Retirement Benefit	Commission	Gross remuneration
Sachit Jain	Managing Director	60.00	32.50	-	-	92.50

### ii) Non-Executive Directors:

Non-Executive Directors have not been paid any remuneration except sitting fees for attending Board & Committee Meetings.

The detail of sitting fees paid to the Non-Executive Directors during the Financial Year 2015-16 is given hereunder: -

S. NO.	NAME OF DIRECTOR	SITTING FEE (₹)
1.	Prafull Anubhai	120,000
2.	Rajinder Kumar Jain	100,000
3.	Rajeev Gupta	95,000
4.	Sanjeev Pahwa	120,000
5.	Jayant Davar	55,000
6.	Sanjoy Bhattacharyya	45,000

#### 5. SHAREHOLDING DETAIL OF DIRECTORS AS ON 31.03.2016:

The shareholding of the Directors in the Equity Share Capital of the Company is given as follows: -

Name of Directors	Number of Shares held
Suchita Jain	54,161
Sachit Jain	8,001
Prafull Anubhai	710
Sanjoy Bhattacharyya	10

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

#### 6. GENERAL BODY MEETINGS:

The details of General Body Meetings held during the last three financial years are given as follows:

Meeting	Day, Date and Time of the Meeting	Venue	No. of Special Resolutions
5 <sup>th</sup> Annual General Meeting for the Financial Year ended 31 <sup>st</sup> March, 2015.	Friday, 4 <sup>th</sup> September, 2015 at 12.00 noon.	Regd. Office, Chandigarh Road, Ludhiana- 141010.	1
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 03.30 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

#### 7. DISCLOSURES:

There was no material/significant transaction with the Directors or the management and their relatives etc. that have any potential conflict with interest of the Company at large. Also there has not been any non-compliance by the Company in respect 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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company may also take up the non-mandatory requirements of the Regulations 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.vardhmansteel.com](http://www.vardhmansteel.com).

#### GENERAL INFORMATION FOR SHAREHOLDERS

##### i) 6<sup>th</sup> Annual General Meeting:

Date: 28<sup>th</sup> September, 2016

Time: 11.00 a.m.

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

##### ii) Financial Calendar 2016-2017 (Tentative)

First Quarter Results : July, 2016

Second Quarter Results : October, 2016

Third Quarter Results : January, 2017

Annual Results : April, 2017



- iii) **Date of Book Closure** : **21<sup>st</sup> September, 2016**
- iv) **Dividend payment date** : The Board of Directors has not recommended Dividend for Financial Year 2015-16.
- 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 2015-16.

**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 2015-16 is given below: -

Financial Year 2015-16	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
<b>April</b>	42.00	32.30	37.85	16.64	38.95	30.15	37.90	17.70
<b>May</b>	38.00	32.65	37.60	-0.66	37.90	30.70	37.90	0.00
<b>June</b>	38.00	31.70	37.10	-1.33	38.50	32.00	38.00	0.26
<b>July</b>	48.00	36.40	44.85	20.89	48.90	37.35	44.40	16.84
<b>August</b>	46.00	36.00	42.70	-4.79	48.50	36.20	42.70	-3.83
<b>September</b>	46.00	30.60	33.35	-21.90	42.50	31.00	33.35	-21.90
<b>October</b>	44.00	31.10	37.15	11.39	41.40	31.10	37.30	11.84
<b>November</b>	42.00	35.50	41.05	10.50	43.35	35.05	40.50	8.58
<b>December</b>	70.45	40.20	57.35	39.71	70.90	39.20	57.00	40.74
<b>January</b>	62.85	38.65	56.15	-2.09	62.00	40.00	55.70	-2.28
<b>February</b>	59.90	43.20	45.00	-19.86	59.65	42.50	44.10	-20.83
<b>March</b>	58.00	45.95	52.60	16.89	57.90	45.15	52.55	19.16

**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 House, 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, 2016:**

RANGE No. of Shares	SHAREHOLDERS		SHARES	
	Numbers of Total Holders	% to Total Holders	Numbers of Shares Held	% to Total Shares
Upto-500	15,788	96.13	671,058	3.62
501-1000	227	1.38	165,886	0.89
1001-2000	131	0.79	198,753	1.07
2001-3000	60	0.37	151,008	0.81
3001-4000	29	0.18	102,211	0.55
4001-5000	32	0.20	147,343	0.80
5001-10000	46	0.28	345,562	1.86
10001- above	110	0.67	16,773,555	90.40
<b>Total</b>	<b>16,432</b>	<b>100</b>	<b>18,555,376</b>	<b>100</b>

**xi) Dematerialisation of shares:**

As on 31<sup>st</sup> March, 2016, 98.67% of the capital comprising 18,309,114 shares, out of total of 18,555,376 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, 2602710, 2222616

E-mail : [secretarial.lud@vardhman.com](mailto:secretarial.lud@vardhman.com)

(Exclusively for redressal of investors' grievances)



**MANAGING DIRECTOR'S DECLARATION**

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, 2016.

**Place : Gurgaon**  
**Dated : 29<sup>th</sup> April, 2016**

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

**AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE UNDER  
CORPORATE GOVERNANCE CLAUSE OF THE UNIFORM LISTING AGREEMENT**

**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, 2016, as stipulated in the Uniform 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 Uniform 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.

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

**Place : Gurgaon**  
**Dated : 29<sup>th</sup> April, 2016**

## INDEPENDENT AUDITORS' REPORT

**To the members 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 31<sup>st</sup> March, 2016, the Statement of Profit and Loss & the Cash Flow Statement for the year then ended and a summary of the 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 stated 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 maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, 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 the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the 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, 2016;
- b) in the case of the Statement of Profit and Loss, of the profit 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, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified 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 it appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- 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 the written representations received from the Directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a Director in terms of Section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule

11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 to the financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 43 to the financial statements;
- 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's Registration No. 022150N)**

**CA DINESH K. ABROL**  
**(Partner)**

**Place: Gurgaon**  
**Date: 29<sup>th</sup> April, 2016**

**Membership No. 087899**

#### **ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VARDHMAN SPECIAL STEELS LIMITED DATED 29<sup>TH</sup> APRIL, 2016**

Report on the matters specified in paragraph 3 of the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Companies Act, 2013 ("the Act") as referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' section -

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) As explained to us, Fixed Assets are verified by rotation every year. Discrepancies observed during physical verification of fixed assets during the financial year were adequately dealt with in books of accounts;
- (c) The title deeds of immovable properties are held in the name of the Company.
- (ii) (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 have been adequately dealt with in books of accounts.
- (iii) The Company has not granted loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- (v) 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.

(vi) 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.

(vii)(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, except delay in few cases, in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. 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<sup>st</sup> March, 2016 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 VAT Act, 2005	Penalty ₹ 595,963	AETC MOBILE WING, PATIALA
2.	CENVAT – DENIAL OF CENVAT	Basic & Penalty ₹ 415,723 Interest ₹ 405,723	CHIEF COMMISSIONER EXCISE, CHANDIGARH

S.No.	Nature of dues	Amount due (₹)	Forum where pending
3.	CENVAT – DENIAL OF CENVAT	Basic ₹ 45,450 Interest ₹ 45,450	CESTAT
4.	CENVAT – DENIAL OF CENVAT	Basic & Penalty ₹ 25,394 Interest ₹ 5,713	CESTAT
5.	CENVAT – DENIAL OF CENVAT	Basic ₹ 84,910 Interest ₹ 22,924	CESTAT
6.	RULE 6 B OF VALUATION RULES-CENTRAL EXCISE	Basic & Penalty ₹ 2,778,084 Interest ₹ 1,739,042	COMMISSIONER APPEALS CHANDIGARH
7.	DENIAL OF CENVAT	Basic ₹ 133,333 Interest ₹ 133,333	REMANDED BACK TO COMMISSIONER APPEALS BY CESTAT
8.	DENIAL OF CENVAT	Basic & Penalty ₹ 26,938 Interest ₹ 9,091	CESTAT
9.	DENIAL OF CENVAT	Basic & Penalty ₹ 145,529 Interest ₹ 26,196	CESTAT
10.	DENIAL OF CENVAT	Basic & Penalty ₹ 26,756 Interest ₹ 11,438	CESTAT
11.	DENIAL OF CENVAT	Basic & Penalty ₹ 7,284 Interest ₹ 2,295	CESTAT
12.	Entry Tax	₹ 85,000,000	PUNJAB & HARYANA HIGH COURT

(viii) 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, Bank or Government during the period. As the Company has not issued debentures, clause regarding default to debenture holders does not apply to the Company.

(ix) The moneys raised by way of debt instruments and term loans were applied for the purposes for which those are raised.

(x) 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 by the Company or fraud on the Company by its officers or employees, noticed or reported during the period, nor have we been informed of such case by the management.

(xi) The managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

(xii) The Company is not a Nidhi Company, hence clause (xii) of the Order is not applicable to the Company;

- (xiii) All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013, as applicable and the details have been disclosed in these Financial Statements as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or debentures during the year under review, hence clause (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into non-cash transactions with Directors and persons

connected with them, hence clause (xv) of the Order is not applicable to the Company.

- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

**CA DINESH K. ABROL**  
**(Partner)**

**Place: Gurgaon**  
**Date: 29<sup>th</sup> April, 2016**

**Membership No. 087899**

## **ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VARDHMAN SPECIAL STEELS LIMITED DATED 29<sup>TH</sup> APRIL, 2016**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act"), as referred to in paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements' section.

We have audited the Internal Financial Controls over Financial Reporting of **VARDHMAN SPECIAL STEELS LIMITED** ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



## Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and
- c) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Company's assets that could have a material effect on financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility

of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has, in all material respects an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by The Institute of Chartered Accountants of India".

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

**CA DINESH K. ABROL**  
**(Partner)**

**Membership No. 087899**

**Place: Gurgaon**  
**Date: 29<sup>th</sup> April, 2016**

**BALANCE SHEET as at 31<sup>st</sup> March, 2016**

		(₹ in lac)	
Particulars	Note No.	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<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	15,638.76	15,117.48
		<u>17,494.30</u>	<u>16,973.02</u>
<b>II Non-current liabilities</b>			
Long-term borrowings	5	12,955.43	10,440.31
Other long-term liabilities	6	13.89	19.00
Long-term provisions	7	62.88	54.43
		<u>13,032.20</u>	<u>10,513.74</u>
<b>III Current liabilities</b>			
Short-term borrowings	8	16,682.35	23,911.98
Trade payables	9	4,099.68	5,157.10
Other current liabilities	10	9,691.59	4,843.70
Short-term provisions	11	62.14	62.22
		<u>30,535.76</u>	<u>33,975.00</u>
<b>TOTAL</b>		<u><u>61,062.26</u></u>	<u><u>61,461.76</u></u>
<b>2 ASSETS</b>			
<b>I Non-current assets</b>			
Fixed assets			
Tangible assets	12	25,024.80	22,997.74
Intangible assets	12	35.20	-
Capital work-in-progress		210.84	2,079.82
Non-current investments	13	129.69	408.22
Long-term loans and advances	14	1,345.20	987.39
		<u>26,745.73</u>	<u>26,473.17</u>
<b>II Current assets</b>			
Current investments	15	1,000.00	1,000.00
Inventories	16	10,690.38	13,288.98
Trade receivables	17	19,416.94	17,898.22
Cash and cash equivalents	18	379.06	864.85
Short-term loans and advances	19	2,828.85	1,935.16
Other current assets	20	1.30	1.38
		<u>34,316.53</u>	<u>34,988.59</u>
<b>TOTAL</b>		<u><u>61,062.26</u></u>	<u><u>61,461.76</u></u>
See accompanying notes forming part of the financial statements	1-48		

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  
 (Partner)  
 M.No.087899

SONAM TANEJA  
 (Company Secretary)

SANJEEV SINGLA  
 (Chief Financial Officer)

NARESH BANSAL  
 (Chief Executive)

SUCHITA JAIN  
 (Director)  
 DIN : 00746471

SACHIT JAIN  
 (Managing Director)  
 DIN : 00746409

Place : Gurgaon  
 Dated : 29<sup>th</sup> April, 2016

Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2016

(₹ in lac)			
Particulars	Note No.	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
<b>INCOME</b>			
Revenue from operations (Gross)	21	72,932.88	73,418.12
Less: Excise Duty		7,277.29	7,258.15
Revenue from operations (Net)		65,655.59	66,159.97
Other Income	22	263.59	739.97
<b>Total Income</b>		<b>65,919.18</b>	<b>66,899.94</b>
<b>EXPENSES</b>			
Cost of materials consumed	23	32,508.39	40,885.04
Purchase of stock-in-trade		-	-
Changes in inventories of finished goods, work in progress and stock-in-trade	24	2,711.20	(156.93)
Employee benefit expenses	25	3,383.58	2,836.22
Other expenses	26	22,458.88	20,912.36
Excise Duty on closing stocks		279.76	526.37
Finance Cost	27	2,352.97	2,021.48
Depreciation and amortisation expense	28	1,703.11	1,387.21
<b>Total Expenses</b>		<b>65,397.89</b>	<b>68,411.75</b>
<b>Profit before Exceptional Items, Extraordinary Items and Tax</b>		<b>521.29</b>	<b>(1,511.81)</b>
Exceptional Items		-	-
<b>Profit before Extraordinary Items and Tax</b>		<b>521.29</b>	<b>(1,511.81)</b>
Extraordinary Items		-	-
<b>Profit before Tax</b>		<b>521.29</b>	<b>(1,511.81)</b>
Tax Expense		-	-
Current tax - Wealth tax		-	0.85
Deferred tax		-	-
<b>Profit for the year after Tax</b>		<b>521.29</b>	<b>(1,512.66)</b>
<b>Earnings per share (₹)</b>			
Basic - Par value of ₹ 10 per share		2.81	(8.15)
Diluted - Par value of ₹ 10 per share		2.81	(8.15)
<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)

CA DINESH K. ABROL  
(Partner)  
M.No.087899

SONAM TANEJA  
(Company Secretary)

SANJEEV SINGLA  
(Chief Financial Officer)

NARESH BANSAL  
(Chief Executive)

For and on behalf of the Board of Directors

SUCHITA JAIN  
(Director)  
DIN : 00746471

SACHIT JAIN  
(Managing Director)  
DIN : 00746409

Place : Gurgaon

Dated : 29<sup>th</sup> April, 2016

**Cash Flow Statement for the year ended 31<sup>st</sup> March, 2016**

(₹ in lac)		
Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
<b>A Cash flow from operating activities</b>		
Net profit before tax and Extra Ordinary Items	521.29	(1,511.81)
<b>Adjustments for:</b>		
Depreciation and Amortisation	1,703.11	1,387.21
Provision for Doubtful Debts written back	(3.15)	(1.10)
Sundry Balances Written (back) / off	(35.64)	(21.72)
Interest Expense	2,352.97	2,021.48
Profit on sale of Investments	(36.23)	(523.01)
Exchange Rate Fluctuation (unrealised)	583.13	431.50
Interest income	(91.39)	(106.89)
Dividend Income	(6.28)	(2.34)
(Profit)/Loss on Sale of Fixed Assets (Net)	111.80	(8.50)
Operating Profit before working capital changes	5,099.61	1,664.82
<b>Adjustments for:</b>		
Decrease/(Increase) in Inventories	2,598.59	(1,357.76)
Increase / (Decrease) in liabilities and provisions	(79.66)	1,340.25
Decrease /(Increase) in other Current assets/Loans & Advances	(1,089.83)	700.49
Decrease/ (Increase) in Trade Receivables	(1,518.72)	(5,621.87)
	(89.62)	(4,938.89)
<b>Cash generated from operations</b>	5,009.99	(3,274.07)
Income tax paid	-	(0.85)
<b>Net cash generated from/(used in) operating activities</b>	5,009.99	(3,274.92)
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets and capital work in progress (including capital advances)	(2,471.49)	(2,833.60)
Proceeds from sale of Fixed Assets	45.81	22.67
Proceeds from sale of Investments	314.76	2,290.06
Interest Received	91.47	153.45
Dividend Received	6.28	2.34
<b>Net cash generated from/(used in) investing activities</b>	(2,013.17)	(365.08)
<b>C Cash flows from financing activities</b>		
Inter-corporate deposits taken	-	-
Proceeds from Short Term Borrowings	(7,229.64)	4,416.49
Proceeds from Term loan	6,100.00	720.00
Interest paid	(2,352.97)	(2,021.48)
<b>Net cash generated from/(used in) financing activities</b>	(3,482.61)	3,115.01
<b>Net increase in cash and cash equivalents (A+B+C)</b>	(485.79)	(524.99)
<b>Cash and cash equivalents at the beginning of the period</b>	864.85	1,389.84
<b>Cash and cash equivalents at the end of the period</b>	379.06	864.85
<b>Components of cash and cash equivalents:</b>		
Cash in hand & Others	6.37	2.21
Balances with scheduled banks:		
- in current accounts	370.17	857.12
- in fixed deposit accounts	2.52	5.52
	379.06	864.85

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  
(Partner)

SONAM TANEJA  
(Company Secretary)

SANJEEV SINGLA  
(Chief Financial Officer)

NARESH BANSAL  
(Chief Executive)

SUCHITA JAIN  
(Director)  
DIN : 00746471

SACHIT JAIN  
(Managing Director)  
DIN : 00746409

M.No.087899

Place : Gurgaon

Dated : 29<sup>th</sup> April, 2016

## Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2016

### Note 1. CORPORATE INFORMATION:

Vardhman Special Steels Limited is a Public Limited Company incorporated under the provisions of the Companies Act, 1956 on 14<sup>th</sup> 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 the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014 and other relevant provisions of the said Act.

#### b) **Use of Estimates:**

The preparation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amount of assets and liabilities as of the date of the financial statements and the reported amount of the revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results materialize.

#### c) **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) **Export Incentives:**

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

##### iii) **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.

##### iv) **Interest:**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

#### d) **Employee Benefits:**

##### i) **Short Term Employee Benefits:**

Short term employee benefits are recognized as an expense on an undiscounted basis in the statement of profit and loss of the year in which the related services are rendered.

##### ii) **Post Employment Benefits:**

##### a) **Defined Contribution Plans**

- i) **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.
- ii) **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.



**Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2016**
**b) Defined Benefit Plans**

- 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 The 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 The Institute of Chartered Accountants of India, carried out at the end of the period.

**e) Fixed Assets:**

- i) Fixed Assets are stated at historical cost less depreciation.
- ii) Cost of fixed assets comprise its purchase price and any attributable expenditure (both direct and indirect) for bringing an asset to its working condition for its intended use.

**f) Intangible Assets:**

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

**g) 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 ₹ 5,000 or below acquired during the year is charged @ 100% on proportionate basis keeping in view materiality aspect.

**h) 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.

**i) 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.

**j) 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:

- i) In case of raw materials-at weighted average cost plus direct expenses.
- ii) In case of stores & spares-at weighted average cost plus direct expenses.
- iii) 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.

**k) 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.

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**Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2016**


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**l) 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.

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

- i) Foreign currency transactions are recorded on initial recognition at the rate prevailing on the date of the transaction.
- ii) 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.
- iii) 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.
- iv) The exchange difference to the extent of loss, arising on forward contracts and put and call derivative options to hedge the transactions in the nature of firm commitments and /or highly probable forecast transactions is recognised in the statement of Profit and Loss. The profit, if any, arising thereon is ignored.
- v) 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.

**n) 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.

**o) 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.

**p) Provisions and Contingencies:****i) Provision is recognized (for liabilities that can be measured by using a substantial degree of estimation) when:**

- a) The Company has present obligation as a result of a past event;
- b) A probable outflow of resources embodying economic benefits is expected to settle the obligation; and
- c) The amount of the obligation can be reliably estimated.

**ii) Contingent liability is disclosed in case there is:**

- a) 1) possible obligation that arises from past events and existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise; or
- 2) a reliable estimate of the amount of the obligation cannot be made.
- b) a present obligation arising from the past events but is not recognised
  - 1) when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - 2) a reliable estimate of amount of the obligation cannot be made.

**q) 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.

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**Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2016**

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**r) Earnings per share:**

Basic earnings per share is computed 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 by taking into account the aggregate of the weighted average number of equity shares outstanding during the period and the weighted average number of equity shares which would be issued on conversion of all the dilutive potential equity into equity shares.

**s) 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.

**t) 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.

**u) 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.

Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2016

(₹ in lac)

## 3 SHARE CAPITAL

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Number of shares (in Lacs)	Amount	Number of shares (in Lacs)	Amount
<b>Authorised</b>				
Equity shares of ₹ 10 each	350.00	3,500.00	350.00	3,500.00
	350.00	3,500.00	350.00	3,500.00
<b>Issued, subscribed and paid up</b>				
Equity shares of ₹ 10 each fully paid up				
At the beginning of the year	185.55	1,855.54	185.55	1,855.54
Add: Issued during the year	—	—	—	—
At the end of the year	185.55	1,855.54	185.55	1,855.54
<b>Total</b>	185.55	1,855.54	185.55	1,855.54

**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 preceding 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, 2016		As at 31 <sup>st</sup> March, 2015	
	Number of shares (in Lacs)	Amount	Number of shares (in Lacs)	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>	—	—	—	—

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

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Number of shares (in Lacs)	% holding in the class	Number of shares (in Lacs)	% holding in the class
Equity shares of ₹ 10/- each fully paid up held by				
- Vardhman Textiles Limited	58.25	31.39	58.25	31.39
- Vardhman Holdings Limited	30.81	16.60	30.81	16.60
- Adishwar Enterprises LLP (formerly Adinath Investment and Trading Company)	25.23	13.60	25.23	13.60
- Devakar Investment and Trading Company (P) Ltd	11.08	5.97	11.08	5.97
<b>Total</b>	125.36	67.56	125.36	67.56

**Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2016**

(₹ in lac)

**4 RESERVES AND SURPLUS**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<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 and Loss</b>		
Balance at the beginning of the year	1,226.86	2,829.28
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	521.28	(1,512.66)
Balance at the end of the year	1,748.14	1,226.86
<b>Total</b>	<b>15,638.76</b>	<b>15,117.48</b>

**5 LONG-TERM BORROWINGS**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Banks - Foreign currency denominated loans (ECB)#	10,303.43	10,414.17
Less : - Current Maturities of long term borrowings (refer note -10)	4,168.00	6,135.43
Bank - Term Loan	6,820.00	693.86
<b>Total</b>	<b>12,955.43</b>	<b>9,720.31</b>

- a) The above mentioned borrowings are 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.

# 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 2016	As at 31 <sup>st</sup> March 2015	Current Year (Years)	Previous Year (Years)	Current Year (No.)	Previous Year (No.)	Current Year	Previous Year
720.00	720.00	5	5	20	20	Quarterly	Quarterly
1,600.00	-	8	-	32	-	Quarterly	-
1,500.00	-	7	-	28	-	Quarterly	-
3,000.00	-	5.5	-	22	-	Quarterly	-
10,303.43	10,414.17	2.25	2.25	8	9	Quarterly	Quarterly
17,123.43	11,134.17						

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



Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2016

(₹ in lac)

**6 OTHER LONG-TERM LIABILITIES**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Securities received	5.55	12.29
Superannuation payable	8.34	6.71
<b>Total</b>	<b>13.89</b>	<b>19.00</b>

**7 LONG-TERM PROVISIONS**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Provision for employee benefits		
Leave encashment (unfunded)	62.88	54.43
<b>Total</b>	<b>62.88</b>	<b>54.43</b>

**8 SHORT-TERM BORROWINGS**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Loans repayable on demand		
From banks (Secured)*	15,182.35	21,357.41
From related parties (Unsecured)		
- Vardhman Textiles Limited	1,500.00	2,554.57
<b>Total</b>	<b>16,682.35</b>	<b>23,911.98</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, 2016	As at 31 <sup>st</sup> March, 2015
Trade payables	4,010.69	5,150.03
Trade payables : related party	88.99	7.07
<b>Total</b>	<b>4,099.68</b>	<b>5,157.10</b>

**10 OTHER CURRENT LIABILITIES**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Current maturity of long term debt	4,168.00	693.86
Interest accrued but not due on borrowings	93.84	47.98
Other payables		
-Statutory dues	495.52	761.46
-Security deposits	40.48	28.61
-Payable on purchase of fixed assets	157.55	449.01
-Advances from customers	101.63	113.51
-Dues to employees	323.16	183.96
-Expense payable	4,311.41	2,565.31
<b>Total</b>	<b>9,691.59</b>	<b>4,843.70</b>

**Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2016**

(₹ in lac)

**11 SHORT-TERM PROVISIONS**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>Provision for employee benefits :</b>		
Gratuity (funded)	40.58	43.61
Leave encashment (unfunded)	21.56	18.61
<b>Total</b>	<b>62.14</b>	<b>62.22</b>

**12 (a) TANGIBLE ASSETS**

Description	Cost			Depreciation				Net Block		
	As at 1 <sup>st</sup> April, 2015	Additions	Deletions/ adjustments	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	For the year	Deletions/ adjustments	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Land Freehold	844.94	-	-	844.94	-	-	-	-	844.94	844.94
Buildings	4,152.35	818.81	-	4,971.36	1,127.17	135.89	-	1,263.06	3,708.10	3,025.18
Plant and machinery	24,021.37	2,973.94	404.06	26,591.25	5,222.32	1,483.35	248.04	6,457.63	20,133.62	18,799.05
Furniture and fixtures	134.05	4.33	8.04	130.34	63.74	10.55	7.91	66.38	63.96	70.31
Vehicles	280.35	24.08	-	304.43	103.51	36.13	-	139.64	164.79	176.84
Office equipment	213.58	65.44	10.72	268.30	132.16	36.01	9.26	158.91	109.39	81.42
<b>Total</b>	<b>29,646.64</b>	<b>3,886.60</b>	<b>422.82</b>	<b>33,110.43</b>	<b>6,648.90</b>	<b>1,701.93</b>	<b>265.21</b>	<b>8,085.62</b>	<b>25,024.80</b>	<b>22,997.74</b>
<b>Previous year</b>	<b>26,218.08</b>	<b>3,450.95</b>	<b>22.39</b>	<b>29,646.64</b>	<b>5,180.15</b>	<b>1,387.21</b>	<b>(81.54)</b>	<b>6,648.90</b>	<b>22,997.74</b>	<b>21,037.93</b>

**12 (b) INTANGIBLE ASSETS**

Description	Cost				Depreciation				Net Block			
	As at 1 <sup>st</sup> April, 2015	Additions	Deletions/ adjustments	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	For the year	Deletions/ adjustments	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015		
Computer Software	-	36.38	-	36.38	-	1.18	-	1.18	35.20	-		
Total	-	36.38	-	36.38	-	1.18	-	1.18	35.20	-		
Previous year	-	-	-	-	-	-	-	-	-	-		

**13 NON-CURRENT INVESTMENTS (VALUED AT COST UNLESS OTHERWISE STATED)**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>Bonds / Debentures (Unquoted )</b>		
IIFL Real Estate Fund (Domestic) Series-I	129.69	408.22
	129.69	408.22
Less: Provision for diminution in value of investment	-	-
<b>Total</b>	<b>129.69</b>	<b>408.22</b>
Aggregate book value of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate book value of unquoted investments	129.69	408.22
Aggregate provision for diminution in the value of investments	-	-

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

Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2016

(₹ in lac)

## 14 LONG-TERM LOANS AND ADVANCES

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>Secured, considered good</b>	-	-
<b>Unsecured, considered good</b>		
Capital advances	199.95	73.92
Security deposits	1,007.78	783.87
Other loans and advances :		
-Loans to employees	31.52	21.81
-Prepaid expenses	7.56	7.83
-Advance Income Tax	98.39	99.96
{net of provision for tax ₹ 4.51 lacs (Previous year ₹ 3.67 lacs)}		
<b>Total</b>	<b>1,345.20</b>	<b>987.39</b>

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

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Other than trade		
<b>Debt Funds/ Fixed Maturity Plans (Quoted )</b>		
10,000,000 units (previous year 10,000,000) of ₹ 10/- each of Birla Sunlife Fixed Term Plan -Series * #	1,000.00	1,000.00
	<b>1,000.00</b>	<b>1,000.00</b>
	<b>1,000.00</b>	<b>1,000.00</b>
Aggregate book value of quoted investments	1,000.00	1,000.00
Aggregate market value of quoted investments	1,308.11	1,213.68
Aggregate book value of unquoted investments	-	-
Aggregate provision 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, 2016	As at 31 <sup>st</sup> March, 2015
Raw materials	880.77	1,956.14
Raw materials in transit	1,538.08	389.91
Stores and spares	1,896.49	1,926.51
Stores and spares in transit	244.12	174.30
Finished goods	6,130.92	8,842.12
<b>Total</b>	<b>10,690.38</b>	<b>13,288.98</b>

**Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2016**

(₹ in lac)

**17 TRADE RECEIVABLES**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Debts outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	-	-
Unsecured, considered good	734.38	251.76
Debts due from related parties, unsecured	-	-
Unsecured, considered doubtful	100.00	60.00
Less: provision for doubtful debts	100.00	60.00
	<u>734.38</u>	<u>251.76</u>
Other debts		
Unsecured, considered good	18,682.56	17,646.46
<b>Total</b>	<b><u>19,416.94</u></b>	<b><u>17,898.22</u></b>

**18 CASH AND BANK BALANCES**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>Cash and cash equivalents</b>		
Balance with banks in		
Current accounts	370.17	857.12
Fixed deposits	2.52	5.52
Cash in hand	6.37	2.21
	<u>379.06</u>	<u>864.85</u>

**19 SHORT-TERM LOANS AND ADVANCES**
**Unsecured considered good, unless stated otherwise**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Security deposits		
Secured, considered good	-	-
Other loans and advances		
Loans to employees	60.30	54.42
Other Current assets	186.41	216.56
Balance with government authorities	1,096.65	971.17
Prepaid expenses	53.11	82.73
Advances to suppliers & contractors	1,432.38	610.28
<b>Total</b>	<b><u>2,828.85</u></b>	<b><u>1,935.16</u></b>

**20 OTHER CURRENT ASSETS**
**(Unsecured considered good, unless otherwise stated)**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Interest accrued on fixed deposits	1.30	1.38
<b>Total</b>	<b><u>1.30</u></b>	<b><u>1.38</u></b>

**Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2016**

(₹ in lac)

**21 REVENUE FROM OPERATIONS**

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
<b>Sale of products</b>		
Own manufactured :		
Steel Bars	72,539.91	73,032.20
Miscellaneous sales	239.98	273.00
Other operating revenue : Export incentives	152.99	112.92
<b>Revenue from operations (Gross)</b>	<b>72,932.88</b>	<b>73,418.12</b>

**22 OTHER INCOME**

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Interest income on		
Others	91.39	106.89
Dividend income from Current Investments	6.28	2.34
Profit on sale of Investments :		
-Current Investments	36.23	20.74
-Long Term Investments	-	502.27
Interest income from current Investments	19.34	57.88
Net gain on sale of fixed assets	-	8.50
Provision no longer required written back	3.15	1.10
Sundry Balances Written Back	35.64	21.72
Prior Period Income	51.26	0.09
Miscellaneous Income	20.30	18.44
<b>Total</b>	<b>263.59</b>	<b>739.97</b>

**23 COST OF RAW MATERIALS CONSUMED**

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Raw material scrap & ferro alloys	32,508.39	40,885.04
<b>Total</b>	<b>32,508.39</b>	<b>40,885.04</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, 2016		For the year ended 31 <sup>st</sup> March, 2015	
Opening stock				
Finished goods	8,842.12	8,842.12	8,685.19	8,685.19
Closing stock				
Finished goods	6,130.92	6,130.92	8,842.12	8,842.12
Net (Increase) / Decrease		2,711.20		(156.93)



**Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2016**

(₹ in lac)

**25 EMPLOYEE BENEFIT EXPENSE**

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Salaries, Wages and Bonus	3,080.95	2,557.12
Contribution to provident and other fund	276.10	257.34
Staff welfare expense	26.53	21.76
<b>Total</b>	<b>3,383.58</b>	<b>2,836.22</b>

**26 OTHER EXPENSES**

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Consumption of stores and spare parts	5,475.17	5,385.89
Power and fuel	10,755.53	10,372.60
Packing material	138.93	116.65
Processing charges	292.47	606.43
Rent	78.21	46.09
Repairs to building	239.21	107.93
Repairs to machinery	1,326.90	858.11
Insurance	58.24	51.89
Rates and taxes, excluding taxes on income	51.55	14.46
Payment to Auditors **	4.81	3.74
Net loss on account of foreign exchange fluctuation (Refer Note-33)	873.22	724.69
Net Loss on sale of Fixed assets	111.80	-
Bad debt/other assets/balances written off	26.79	0.04
Provision for doubtful debts	40.00	22.00
Freight & cartage on sale	1,947.87	1,500.92
Cash and other discount, commission	387.61	405.16
Miscellaneous expenses	650.57	695.76
	<b>22,458.88</b>	<b>20,912.36</b>

**\*\* Payment to Auditors**

As auditor		
Audit fee	2.75	2.00
Tax audit fee	0.75	0.50
Cost audit fees	0.35	0.36
For reimbursement of expenses	0.96	0.88
<b>Total</b>	<b>4.81</b>	<b>3.74</b>

**27 FINANCE COST**

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Interest expense (Net of Interest Received from Banks)	2,179.58	1,903.44
Other borrowing cost	50.32	15.39
Bank charges	123.07	102.65
<b>Total</b>	<b>2,352.97</b>	<b>2,021.48</b>

Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2016

(₹ in lac)

**28 DEPRECIATION AND AMORTIZATION EXPENSE**

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Depreciation on tangible assets	1,701.93	1,387.22
Amortisation of intangible assets	1.18	-
<b>Total</b>	<b>1,703.11</b>	<b>1,387.22</b>

**29 NOTES TO FINANCIAL STATEMENTS****i) There are contingent liabilities in respect of:**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
a) Bank Guarantees and Letters of Credit Outstanding	5,498.69	7,414.05
b) Other Contingent Liabilities	2,209.93	232.61
c) Claims Against the Company Not Acknowledged as Debts	73.87	371.13

ii) Estimated amount of capital contracts remaining to be executed is ₹ 2,436.44 Lac (Previous Year ₹ 1,407.88 Lac).

iii) Other Contingent Liabilities include additional demands in respect of Income Tax/Excise Duty/Service Tax / Sale Tax/VAT amounting to ₹ 2,209.93 Lac (Previous Year ₹ 603.74 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 ₹ 78.20 Lacs (Previous Year ₹ 46.09 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, 2016 and foreign exchange loss of ₹ 583.12 Lac (Previous Year ₹ 431.49 Lac) has been provided in books of account for the year ended 31<sup>st</sup> March 2016.

**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.

**Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2016**

(₹ in lac)

**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 obligations:				
Present value obligation as at beginning of the year	54.43	50.95	416.11	335.14
Interest cost	4.08	3.55	32.40	25.15
Current service cost	30.54	27.46	46.73	40.48
Benefits Paid	(7.01)	(11.88)	(22.23)	(33.57)
Actuarial (gain)/ loss on obligations	(19.16)	(15.65)	14.71	48.91
Present value obligation as at end of the year	62.88	54.43	487.72	416.11
(b) Change in Fair Value of Plan Asset:				
Fair value of Plan Assets as at beginning of the year	-	-	372.50	327.45
Expected Return on Plan Assets	-	-	31.03	35.98
Contributions	-	-	43.61	9.07
Fair value of Plan Assets as at end of the year	-	-	447.14	372.50
Funded Status	-	-	40.58	43.61
(c) Amount recognized in Balance Sheet:				
Present value of funded obligation as at end of the year	-	-	487.72	416.11
Fair value of Plan Assets as at end of the year	-	-	447.14	372.50
Funded Status	-	-	(40.58)	(43.61)
Present value of unfunded obligation as at end of the year	62.88	54.43	-	-
Unfunded Actuarial (gains)/ losses	-	-	-	-
Unfunded Net Asset/ (Liability) recognised in Balance Sheet.	(62.88)	(54.43)	(40.58)	(43.61)
(d) Expenses Recognized in Profit & Loss				
Current service cost	30.54	27.47	46.73	40.48
Past Service cost	-	-	-	-
Interest cost	4.08	3.55	32.40	25.15
Expected Return on Plan Assets	-	-	(32.92)	(32.23)
Net Actuarial (gain)/ loss recognised during the year	(19.16)	(15.65)	16.53	45.15
Total Expenses recognised in Profit & Loss Account	15.46	15.37	62.74	78.55
(e) Investment details of Fund:				
Central Govt. Securities	-	-	207.99	184.94
Investment in PSU	-	-	60.91	30.70
Other Investments	-	-	37.29	25.31
Bank Balance	-	-	140.95	131.55
<b>Total</b>	-	-	<b>447.14</b>	<b>372.50</b>

Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2016

(₹ in lac)

## (f) Principal actuarial assumptions at the Balance Sheet Date (expressed as weighted average)

Particulars	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous Year	Current Year	Previous Year
Discount Rate (per annum)	8.00%	7.90%	8.00%	7.90%
Rate of increase in compensation levels (per annum)	6.00%	6.00%	6.00%	6.00%
Rate of return on plan assets (per annum)	NA	NA	8.35%	9.26%
Expected Average remaining working lives of employees (years)	21.44	21.66	21.44	21.66
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.

## (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	18.61	14.25	11.91	9.00	23.25	18.19
Closing Liability	21.55	18.61	13.80	11.91	7.02	23.25
Benefits Paid during the period	-	-	7.36	5.90	23.38	18.19
Amount debited to P&L Account	2.94	4.36	9.25	8.81	7.15	23.25

h) During the year, the Company has recognized an expense of ₹ 149.38 Lacs (Previous year ₹ 120.97 Lacs) in respect of Contribution to Provident Fund and ₹ 8.34 Lacs (Previous Year ₹ 6.70 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	-	-	70.26	77.79	70.26	77.79
Purchase of FOCUS/DEPB licenses	-	-	368.50	58.57	368.50	58.57
Sales/Processing of goods	-	-	-	3.15	-	3.15
Logo Charges (Inc. Service Tax)	-	-	14.31	14.05	14.31	14.05
Interest received	-	-	0.03	-	0.03	-
KMP Remuneration	158.18	52.62	-	-	158.18	52.62
Common Corporate Charges (Inc. Service Tax)	-	-	98.16	111.97	98.16	111.97
Interest Paid	-	-	71.50	286.17	71.50	286.17

**Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2016**

(₹ in lac)

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
Loan taken including opening balance	-	-	7,254.57	66,425.50	7,254.57	66,425.50
Loan Repayment	-	-	5,754.57	63,870.93	5,754.57	63,870.93
Closing Balance of Loan	-	-	1,500.00	2,554.57	1,500.00	2,554.57

**Note :**

	Current Year	Previous Year
1. Holding Company	Nil	Nil
2. Fellow Subsidiary Companies	Nil	Nil
3. Key Management Personnel	Mr. Sachit Jain (MD) Mr. Naresh Bansal (CE) Mr. Sanjeev Singla (CFO) Ms. Sonam Taneja (CS)	Mr. Sachit Jain (MD) Mr. Naresh Bansal (CE) Mr. Sanjeev Singla (CFO) Ms. Sonam Taneja (CS)
4. Enterprises over which Key Management Personnel (KMP) is able to exercise significant influence	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	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, 2016	As at 31 <sup>st</sup> March, 2015
<b>Deferred tax liabilities (a)</b>		
Accelerated depreciation	(2,709.22)	(1,934.01)
<b>Deferred tax assets</b>		
Deferred Tax Asset arising on account of expenses allowable for tax purposes when paid u/s 43B	421.99	339.36
Deferred Tax Asset arising on account of provision for doubtful debt	34.61	9.69
Unabsorbed losses and depreciation	3,569.03	3,153.52
<b>Total</b>	<b>4,025.63</b>	<b>3,542.57</b>
<b>Deferred tax assets (b) *</b>	<b>2,709.22</b>	<b>1,934.01</b>
<b>Net deferred tax assets/(liability) [(a)-(b)]</b>	<b>NIL</b>	<b>Nil</b>

\*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.



Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2016

(₹ in lac)

**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.

**42** During the previous year, depreciation calculations had undergone a change w.e.f. 1<sup>st</sup> April 2014 in accordance with the provisions of Schedule-II of the Companies Act, 2013 as against Schedule XIV to the Companies Act, 1956.

In view of that change, carrying amounts of various tangible fixed assets as at 1<sup>st</sup> April, 2014 after retaining the residual value, an amount of ₹ 89.77 lacs had been recognized in the opening balance of retained earnings (net of deferred tax) where the useful life of an asset was Nil. In other cases, the carrying amounts as at 1<sup>st</sup> April, 2014 is being depreciated over the revised remaining useful life of the asset as per Schedule-II.

**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, 2016 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)	43	83.04	44	99.63
Put and call options against imports (USD)	2	2.66	1	4.00
Forward contracts against foreign currency loan (USD)	12	142.86	18	99.61
Forward contracts against imports (SEK)	-	-	1	59.16
Forward contracts against imports (EURO)	1	0.12	-	--
Forward contracts against exports (EURO)	-	-	8	4.27
Forward contracts against exports (USD)	39	54.28	17	18.61
b) Details of foreign currency exposure that has not been hedged by a derivative instrument or otherwise is given below :				
Against Creditors (USD)	-	1.14		-
Against Creditors (CHF)	-	-		0.02
Against Creditors (EURO)	-	0.73		0.26
Against Creditors (GBP)	-	0.01		-
Against foreign currency loan (USD)	-	26.70		175.57
Against foreign currency loan (EURO)	-	5.22		-

**44** Figures have been rounded off.

**Notes to the Financial Statements for the Year Ended 31<sup>st</sup> March, 2016**

(₹ in lac)

**45 CIF VALUE OF IMPORTS:**

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Components & Spare Parts	743.22	703.50
Capital Goods	1,113.56	581.63
Raw Material	9,878.56	11,877.02
<b>Total</b>	<b>11,735.34</b>	<b>13,162.15</b>

**46 EXPENDITURE IN FOREIGN CURRENCY**

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Traveling out of India	39.22	11.98
Technical Know how	26.35	-
Interest on ECB/Buyer Credit	576.91	509.80
<b>Total</b>	<b>642.48</b>	<b>521.78</b>

**47 FOB VALUE OF EXPORTS**

3,935.19	2,864.36
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**48 VALUE OF RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED**

Particulars	For the year ended 31 <sup>st</sup> March, 2016		For the year ended 31 <sup>st</sup> March, 2015	
	Amount	%	Amount	%
<b>1 Raw Material</b>				
Imported	11,110.79	37.09	11,452.34	27.14
Indigenous	18,842.00	62.91	30,749.29	72.86
<b>Total</b>	<b>29,952.79</b>	<b>100.00</b>	<b>42,201.63</b>	<b>100.00</b>
<b>2 Components &amp; Spare Parts</b>				
Imported	1,175.12	15.70	449.54	5.32
Indigenous	6,308.20	84.30	7,995.28	94.68
<b>Total</b>	<b>7,483.32</b>	<b>100.00</b>	<b>8,444.82</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  
 (Partner)  
 M.No.087899

SONAM TANEJA  
 (Company Secretary)

SANJEEV SINGLA  
 (Chief Financial Officer)

NARESH BANSAL  
 (Chief Executive)

SUCHITA JAIN  
 (Director)  
 DIN : 00746471

SACHIT JAIN  
 (Managing Director)  
 DIN : 00746409

Place : Gurgaon  
 Dated : 29<sup>th</sup> April, 2016

## NOTICE

NOTICE is hereby given that the SIXTH ANNUAL GENERAL MEETING of Vardhman Special Steels Limited will be held on Wednesday, the 28<sup>th</sup> day of September, 2016 at 11:00 a.m. at the Registered Office of the Company situated at 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, 2016, 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 Mr. Rajinder Kumar Jain (holding DIN:00046541), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
3. To consider and ratify the appointment of Statutory Auditors of the Company for the financial year 2016-17 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. 022150N) 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 Sixth 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 appoint Mr. Sanjoy Bhattacharyya as an Independent Director of the Company:

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

“RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013

read with Schedule IV to the Companies Act, 2013, the rules made thereunder and Regulations 16 & 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Sanjoy Bhattacharyya (DIN: 00059480), who was appointed as an Additional Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation for a term of consecutive five years starting from the date of this Annual General Meeting to the conclusion of 11<sup>th</sup> Annual General Meeting of the Company.”

5. To approve the remuneration payable to Mr. Sachit Jain, Managing Director, for the financial year 2016-17:

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

“RESOLVED THAT in partial modification of the resolution passed by Members in their Annual General Meeting held on 4<sup>th</sup> September, 2015 in respect of re-appointment of 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, the approval of the members of the Company be and is hereby accorded to pay following remuneration to Mr. Sachit Jain, Managing Director, for the financial year 2016-17 pursuant to the provisions of Section 197, Schedule V and other applicable provisions, if any, of the Companies Act, 2013:

S.NO.	REMUNERATION	DETAILS
I.	Basic Salary	₹ 5,00,000 per month.
II.	Special Allowance	₹ 83,000 per month.
III.	Perquisites	The perquisites shall be allowed in addition to basic salary and special allowance. However, such perquisites shall be restricted to an amount equal to 5 month's basic salary during each year as per details given below:-
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.

S.NO.	REMUNERATION	DETAILS
b)	Club Fees	Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
c)	Personal Accident Insurance	Premium not to exceed ₹ 5,000/- per annum.
d)	Gratuity	Gratuity payable not exceeding half a month's salary for each completed year of service 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.
e)	Car & Telephone	Free use of Company's car for official work as well as for personal purposes 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, 2018-19 and 2019-20 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 in such manner as may be approved by the Board of Directors of the Company and are acceptable to Mr. Sachit Jain."

**6. To approve the commission payable to Mr. Prafull Anubhai, Chairman & Independent Director, for the financial year 2016-17:**

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

"RESOLVED THAT pursuant to provisions of Sections 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, approval of the members of the Company be and is hereby given for the payment of remuneration by way of commission @ 1% of the net profits of the Company subject to the maximum of ₹ 10 lacs for a period of one year i.e. from 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017 to Mr. Prafull Anubhai, Chairman & Independent Director of the Company, who is neither in whole time employment of the Company nor the Managing Director, in addition to the sitting fees being paid to him for attending the Board/Committee meetings of the Company.

RESOLVED FURTHER THAT the remuneration to be paid to Mr. Prafull Anubhai will be within the overall ceiling prescribed under Section II of Part II of Schedule V of Companies Act, 2013 i.e. remuneration payable to managerial personnel in case of inadequacy of profits."

**7. Approval of Vardhman Special Steels Limited Employee Stock Option Plan 2016 under SEBI (Share Based Employee Benefits) Regulations, 2014:**

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

"RESOLVED THAT pursuant to section 62(1)(b) of the Companies Act, 2013 read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 and all other applicable provisions of the Companies Act, 2013, including any statutory modification or re-enactment thereof, for the time being in force and subject to SEBI (Share Based Employee Benefits) Regulations, 2014 ("SEBI Guidelines") and subject to such approvals, permissions, sanctions and subject to such conditions and modifications as may be prescribed or imposed by the above authorities while granting such approval, permissions and sanctions, approval and consent of the members be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any committee including Nomination & Remuneration Committee of the Board) to introduce, offer and implement the proposed **Vardhman Special Steels Limited ESOP Plan 2016** (proposed plan), the salient features of which are detailed in the Explanatory Statement to this Notice and to create, offer, issue and allot in one or more tranches to the present and future employees of the Company selected on the basis of criteria prescribed by the Board in accordance with the SEBI Guidelines, hereinafter referred to as "the Eligible Employees" under the said proposed plan such number of options as the Board may decide which could give rise to the issue of equity shares of nominal face value not exceeding ₹ 37,11,080 divided into 3,71,108 equity shares of the face value of ₹10/- each on such terms and conditions described below :

The offer shall be in accordance with the terms and conditions as regards price, payment, application, allotment, entitlement to dividend and other rights, transferability and all other matters as stipulated by the SEBI Guidelines and in accordance with any other guidelines, rules, regulations and laws to the extent applicable and subject also to the Memorandum and Articles of Association of the Company provided that:

- The equity shares issued upon exercise of the options shall rank pari passu in all respects with the existing equity shares of the Company including the entitlement of dividend.
- Each option granted to Eligible Employees shall be convertible into one equity share of nominal

value of ₹10/- each on payment of a price as decided by the Nomination & Remuneration Committee and subject to any regulation or guidelines of the SEBI in regard to the pricing of the options, as applicable from time to time.

- Each option shall be vested in the Option Holder after a minimum period of 2 (two) years from the date of grant of the option.
- The options shall be valid and exercisable for a period of 2 years from the date of vesting of the options.
- The consideration for the shares to be issued upon exercise of an option, may as determined by the Nomination & Remuneration Committee at the time of granting the Options, consist of cash, cheque or consideration received by the Company under a cashless exercise program implemented by the Company or any combination of the foregoing methods of payment.
- No employee shall, during any fiscal year of the Company, be granted options exceeding the limit fixed by the SEBI or any other relevant regulation as is applicable to such options.
- The Company shall confirm to the accounting policies mandated by applicable law or regulations of the SEBI or any other relevant regulation as is applicable to the accounting of such options.

RESOLVED FURTHER THAT the Board is also authorized to take necessary steps for listing of the shares allotted under the proposed plan, on the Stock Exchanges where the Company's equity shares are listed as per the terms and conditions of the Uniform Listing Agreement with the concerned Stock Exchanges and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT the Board be and is hereby authorized to formulate, evolve, decide upon and bring into effect the proposed plan on such terms and conditions as contained in the relevant explanatory statement to this notice and to make any modification(s), change(s), variation(s), alteration(s) or revision(s) in terms and conditions of the scheme from time to time including but not limited to amendments with respect to vesting period, exercise price, eligibility criteria, vesting schedule or to suspend, withdraw or revive the proposed plan subject to the condition that it is not detrimental to the interests of the employees.

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorized to do all such acts, deeds,

matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable and to appoint consultants, advisors, etc. and pay fees and commission and incur expenses in relation thereto.

RESOLVED FURTHER THAT the Board be and is hereby authorized to settle all questions, difficulties or doubts that may arise in relation to the implementation of the proposed plan and to the shares issued herein without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by authority of this Resolution.

RESOLVED FURTHER THAT in case the Company's equity share capital or its valuation is effected due to any corporate action like issue of Bonus/Rights shares, stock split, consolidation, merger, restructuring or any such event happening subsequent to the grant of options, the Board shall have the discretion to make appropriate amendments to the proposed plan including change in number of options, the exercise price or floating a new scheme/ extend the application of the existing scheme or any other fair and just mechanism including acceleration of options, in accordance with Law, if deemed necessary, while striving to ensure that the rights of employees are not affected.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any powers conferred herein to any committee, with power to sub-delegate to any Executives/Officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings etc., as may be necessary in this regard."

### 8. **To Approve Grant of options exceeding one per cent but up to a maximum of two per cent of the issued Capital of the Company during any one financial year to identified employees under Vardhman Special Steels Limited ESOP Plan, 2016:**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution:-**

"RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013, the Memorandum and Articles of Association of the Company, the Uniform Listing Agreements entered into by the Company with the Stock Exchanges, Regulation 6 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications



as may be prescribed or imposed while granting such approvals, permissions and sanctions and notwithstanding ceiling limit for Grant of Option during any one Financial Year to any employee or director of the Company not exceeding one per cent of the issued Capital of the Company, the approval and consent be and is hereby accorded respectively to the **"Vardhman Special Steels Limited ESOP Plan, 2016"** (hereinafter referred to as the "ESOP Plan, 2016"/ "Plan") and to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include the Nomination & Remuneration Committee) for Grant of option to identified employees, during any one year, exceeding one per cent but up to a maximum of two per cent of the issued capital of the Company (maximum aggregate number of shares 3,71,108) at the time of Grant of option in one or more tranches, on such terms and in such manner in the **"Vardhman Special Steels Limited ESOP Plan, 2016"**.

**9. To increase the Authorised Share Capital of the Company from existing ₹ 35 crore to ₹ 60 crore:**

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 61 read with Section 64 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed thereunder, the consent of the members of the Company be and is hereby accorded to increase the Authorised Share Capital of the Company from existing ₹ 35,00,00,000/- (Rupees Thirty Five Crore) divided into 3,50,00,000 (Three Crore Fifty Lac) Equity Shares of ₹ 10/- each to ₹ 60,00,00,000/- (Rupees Sixty Crore) divided into 6,00,00,000 (Six Crore) Equity Shares of ₹ 10/- each by creation of additional 2,50,00,000 (Two Crore Fifty lac) Equity Shares of ₹ 10/- each aggregating to ₹ 25,00,00,000/- ( Rupees Twenty Five Crore).

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all necessary action for giving effect to the above resolution and file relevant forms with the Registrar of Companies, as required under the provisions of Companies Act, 2013."

**10. To alter Memorandum of Association of Company:**

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 13 and 61 and other applicable provisions

of the Companies Act, 2013 read with the rules framed, the existing **Clause V** of Memorandum of Association of the Company relating to the Authorised Share Capital be and is hereby amended and read as under:

"Clause V – The Authorised Share Capital of the Company is ₹ 60,00,00,000/- (Rupees Sixty Crore only) divided into 6,00,00,000 (Six Crore) Equity Shares of ₹ 10/- each with powers to increase and reduce the capital, to divide the shares in the capital for the time being, into several classes and to attach thereto respectively such preferential or special rights, privileges or conditions/ including power to create preference, shares as may be determined by or in accordance with regulations of the Company, to vary, modify or abrogate any such right, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company."

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all necessary action for giving effect to the above resolution and file relevant forms with the Registrar of Companies, as required under the provisions of the Companies Act, 2013."

**11. To ratify the remuneration of Cost Auditors for the financial year ending 31<sup>st</sup> March, 2017:**

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 31<sup>st</sup> March, 2017, be paid the remuneration of ₹ 35,500/-.

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: Ludhiana**  
**Dated: 24<sup>th</sup> August, 2016**

**(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 SEPARATELY ENCLOSED ALONGWITH ATTENDANCE SLIP.

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 on **Wednesday, 21<sup>st</sup> September, 2016.**
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 Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 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 10:30 a.m. to 12:30 p.m.
8. 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.
9. 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 dematerialized form) or with Registrar & Transfer Agent- Alankit Assignments Limited, New Delhi (in case of shares held in physical form).

10. The Annual Report 2015-16 is being sent through electronic mode only to the members whose email addresses are registered with the Company/ Depository Participant(s), unless any member has requested for a physical copy of the report. For members who have not registered their email addresses, physical copies of the Annual Report 2015-16 are being sent by permitted mode.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form are requested to submit their PAN details to the Registrar and Share Transfer Agent.
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 Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements), 2015 the Company is pleased to provide members a facility to exercise their right to vote at the 6<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 e-voting period commences on 25<sup>th</sup> September, 2016 (9:00 a.m.) and ends on 27<sup>th</sup> September, 2016 (5:00 p.m.). During this period, shareholder's of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 21<sup>st</sup> September, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL



for voting after end of voting period on 27<sup>th</sup> September, 2016. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on "Shareholders".
- (v) 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.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) 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.
- (viii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
<b>PAN</b>	<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. Sequence number is printed on Attendance Slip provided with the Annual Report.</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>
<b>Bank Details or Date of Birth (DOB)</b>	<p>Enter the Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <ul style="list-style-type: none"> <li>If both 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 (v).</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) 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.

- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN 160825031 for <VARDHMAN SPECIAL STEELS LIMITED> on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting" available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30<sup>th</sup> June, 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non-Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians 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 a 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.
- 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.

(xxi) Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. 21<sup>st</sup> September, 2016 may follow the same instructions as mentioned above for e-Voting.

(xxii) 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. Harsh Goyal & 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 resolutions passed at the AGM of the Company will be declared within 48 hours of the conclusion of AGM. The results declared along with the Scrutinizer's report shall be simultaneously 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: Ludhiana**  
**Dated: 24<sup>th</sup> August, 2016**

**(SONAM TANEJA)**  
**Company Secretary**

### 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 of the Company in their meeting held on 30<sup>th</sup> October, 2015 had appointed Mr. Sanjoy Bhattacharyya as an Additional Director of the Company pursuant to section 161(1) of the Companies Act, 2013 and Articles of Association of the Company. He will hold office upto the date of ensuing Annual General Meeting.

The Company has received requisite notice in writing from a member proposing appointment of Mr. Sanjoy Bhattacharyya as candidate for the office of Independent Director of the Company for a term of consecutive five years starting from the date of this Annual General Meeting to the conclusion of 11<sup>th</sup> Annual General Meeting of the Company.

The Company has also received consent from Mr. Sanjoy Bhattacharyya and also declaration confirming that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 as well as Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges.

Mr. Sanjoy Bhattacharyya is Independent of the management and in the opinion of the Board, fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for appointment as an Independent Director of the Company. A copy of the draft letter for appointment as an Independent Director setting out the terms and conditions would be available for inspection without any fee to the members at the Registered Office of the Company during normal business hours on any working day. A brief profile of Mr. Sanjoy Bhattacharyya is provided at the end of this statement.

The Board recommends the Ordinary Resolution as set out at item number 4 of the Notice for approval by the shareholders.

#### MEMORANDUM OF INTEREST:

None of the Directors/ Key Managerial Personnel (KMP) of the Company/their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.



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

The Board of Directors in its meeting held on 2<sup>nd</sup> May, 2015 had 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.

Since the Company was anticipated to have inadequacy of profits in financial year 2015-16, the remuneration to be paid to Mr. Sachit Jain for the financial year 2015-16 was fixed as per the provisions of Section-II of Part-II of Schedule V of the Companies Act, 2013 i.e. remuneration payable to managerial personnel in case of inadequacy of profits. The Shareholders of the Company in their Annual General Meeting held on 4<sup>th</sup> September, 2015 had approved the same by way of a Special Resolution.

For financial year 2016-17, the Company may again have inadequate profits. 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. 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 remuneration 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)
		<b>2015-16</b> <b>2014-15</b> <b>2013-14</b>
	Revenues	729.33      734.18      408.66
	Net Profit before Tax	5.21      (15.12)      (13.17)
	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 (50) is a B. Tech from IIT (Delhi) & MBA from IIM (Ahmedabad).He has over 26 years of experience in the Textile and Steel Industry.								
2.	Past remuneration	<div>Mr. Sachit Jain has been paid ₹ 24 lacs in the year 2013-14 and Nil in the year 2014-15 due to inadequate profits.</div> <div>Remuneration paid during Financial Year 2015-16 is as follows:</div> <table><tr><th>Particulars</th><th>Amount (₹ in Lacs)</th></tr><tr><td>Salary</td><td>60.00</td></tr><tr><td>Perquisites</td><td>32.50</td></tr><tr><td><b>TOTAL</b></td><td><b>92.50</b></td></tr></table>	Particulars	Amount (₹ in Lacs)	Salary	60.00	Perquisites	32.50	<b>TOTAL</b>	<b>92.50</b>
Particulars	Amount (₹ in Lacs)									
Salary	60.00									
Perquisites	32.50									
<b>TOTAL</b>	<b>92.50</b>									



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 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 and has also commissioned New Bright Bar Shop. The Company has also started the process of revamping the capacity of steel melt shop, modernization and revamping of Ladle refining furnace, modernization of Continuous Casting Machine, etc. The Company has started catering to newer and high profile customers and is taking initiatives for development of new export market for products.</p> <p>As a leader, he motivates the entire team for superior performance. Under his supervision, Company is ranked 26<sup>th</sup> in the list of Fastest Growing (Feather Weights) Companies as per study conducted by "Business World" Magazine in its edition dated 4<sup>th</sup> April, 2016.</p>
4.	Remuneration proposed	The details of remuneration are set out in the Item No. 5 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 30 <sup>th</sup> July, 2016.
5.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The salary to be paid to Mr. Sachit Jain for the financial year 2016-17 is in line with current industry standards.
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. Rajinder Kumar Jain, Director of Company and Mrs. Suchita Jain, Director of Company, is his wife. No other managerial personnel has any relationship with Mr. Sachit Jain.

**III. OTHER INFORMATION**

S.No.	Particulars	Remarks
1.	Reasons of loss or inadequate profits	The Company earned a net profit of ₹ 5.21 crores for the year ended 31 <sup>st</sup> March, 2016 as compared to net loss of ₹ 15.13 crores in the corresponding period last year. However, these profits of the Company are still inadequate in comparison to remuneration payable to Managing Director. The reason for inadequacy in profits is due to overall recessionary trend in the industry.
2.	Steps taken or proposed to be taken for improvement	<p>The Company believes that it is well positioned to capture significant growth opportunities and profitability because of its following principal competitive strengths:</p> <ol style="list-style-type: none"> <li>Strong Human Resource.</li> <li>Customer Oriented Business Principles.</li> <li>State-of-the-art technology and infrastructure.</li> <li>Brand Name recognition.</li> <li>Strong Management Team.</li> <li>Strong Marketing Team.</li> <li>Focusing on the value added products like Bright Bar Shop, implementing operational cost reduction programmes etc.</li> <li>Stabilization of Rolling Mill which leads to increase in capacities along with improvement in quality and reduction in costs.</li> <li>Started catering to newer customers and taking initiatives for development of new export market for products.</li> <li>Significant increase in exports and further foundation laid down for increase in exports.</li> </ol>
3.	Expected increase in productivity and profits in measurable terms	After the commissioning of the Rolling Mill, the Company has started a project to modernise and revamp Steel Melting Shop. The current capacity of the melt shop is 125,000 MT per annum, after the revamp, the capacity shall reach to a level of 160,000 MT. The project is expected to complete in the financial year 2016-17. Accordingly, in the next financial year, the Company will target higher production and sales to the tune of 150,000 MT. In this situation both top line and bottom line is expected to improve significantly.

**MEMORANDUM OF INTEREST:**

Except Mr. Sachit Jain, Mrs. Suchita Jain and Mr. Rajinder Kumar Jain, being the appointee's relatives, none of the Directors/ Key Managerial Personnel (KMP) of the Company/ their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5. This Statement may also be regarded as a disclosure under Corporate Governance Clause of Uniform Listing Agreement with the Stock Exchange.

### ITEM NO. 6 OF THE SPECIAL BUSINESS:

The Board of Directors in its meeting held on 30<sup>th</sup> July, 2016 were of the view that Mr. Prafull Anubhai, Chairman and Independent Director of the Company has been associated with the Company since its inception. During this association, he has devoted his considerable time to the Company and his valuable advices have helped the Company from time to time. Under his Chairmanship, the Company has undertaken many new projects and expansions which have substantially benefited the Company.

Therefore, the Board of Directors considered it desirable that he may be paid remuneration by way of commission in addition to sitting fees paid to him for attending meetings of the Board of Directors or its Committees.

This payment of remuneration by way of commission is subject to the approval of the members in accordance with Section 197, 198 and Schedule V of the Companies Act, 2013. Such approval would remain in force for a period of one year w.e.f. 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017.

This remuneration will be within the limits set under Section II of Part II of Schedule V of Companies Act, 2013 i.e. remuneration payable to managerial personnel in case of inadequacy of profits.

Accordingly, your approval is solicited.

### MEMORANDUM OF INTEREST:

None of the Directors/ Key Managerial Personnel (KMP) of the Company/their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

### ITEM NO. 7 & 8 OF THE SPECIAL BUSINESS:

#### Vardhman Special Steels Limited Employee Stock Option Plan 2016

##### a) Brief description of the scheme:

In order to create a sense of ownership and participation amongst the employees; to motivate the employees with incentives, inspire loyalty and reward opportunities, to provide means to enable the Company to attract and retain appropriate human talent in the employment of the Company and to achieve sustained growth of the Company, the Board of Directors in its meeting held on 24<sup>th</sup> August, 2016 have approved and proposed for the approval of the shareholders for issue of Stock Options as per which employees, who comply with certain eligibility criteria would be granted stock options to subscribe a specified number of equity shares of the Company offered to them at a price to be determined. The proposed plan would be subject

to and in conformity with the SEBI Guidelines.

##### b) Total number of options to be granted:

- i) The maximum aggregate number of shares that may be granted under the proposed plan is 2% of the total issued capital i.e. 3,71,108 equity shares of the face value of ₹10/- .
- ii) One option entitles the holder of the options to apply for one equity share of the company subject to corporate action.

##### c) Eligibility criteria for the employees to participate:

The following are eligible to participate in the proposed plan of the Company:

- i) a permanent employee of the company who has been working in India or outside India; or
- ii) a director of the company whether a whole time director or not but excluding an independent director; or
- iii) an employee as defined in clauses (i) or (ii) of a subsidiary, in India or outside India, or of a holding company of the company but does not include-
  - a) an employee who is a promoter or a person belonging to the promoter group; or
  - b) a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the company.

##### d) Requirements of vesting:

There shall be a minimum period of two years between the grant of options and vesting of options. However, in case where options are granted by a company under the proposed plan in lieu of options held by the employee under an ESOP plan in another company which has merged or amalgamated with that company, the period during which the options granted by the transferor company were held by him shall be adjusted against the minimum vesting period of two years.

##### e) Vesting:

The vesting shall happen in one or more tranches as may be decided by the Nomination & Remuneration Committee and communicated to the employees at the time of grant.

##### f) Exercise price or price formula:

The exercise price for the conversion of one option into one equity share shall be as decided by the Nomination & Remuneration Committee.

**g) Exercise Period and the Process of Exercise:**

- i) Exercise period shall be two years from the date of vesting of the options.
- ii) If an eligible employee's employment with the company terminates otherwise than due to "Cause", the eligible employee shall be eligible to exercise all the vested options within 30 days of his termination of employment with the company or such extended period as decided by the Nomination & Remuneration Committee.

"Cause" for the purpose of the Plan shall mean, as determined by the Nomination & Remuneration Committee and shall include,

- (i) the engaging by the eligible employee in wilful, reckless or grossly negligent conduct which is determined by Nomination & Remuneration Committee to be detrimental to the interest of the Company or any of its affiliates, monetarily or otherwise.
  - (ii) fraud, misfeasance, breach of trust or wrongful disclosure of any secret or confidential information about the Company.
  - (iii) the eligible employee pleading guilty to or conviction of a felony.
  - (iv) Violation of any terms of employment contract.
- iii) If an eligible employee's employment with the Company terminates due to Death or Permanent disability, the eligible employee / nominee shall be eligible to exercise all the options within 30 days or such period as decided by the Nomination & Remuneration Committee.
  - iv) The options will be exercisable by the employees by a written application to the Nomination & Remuneration Committee to exercise the options, in such manner and on execution of such documents as may be prescribed by the Nomination & Remuneration Committee under the proposed plan.
  - v) The options will lapse if not exercised within the specified exercise period.

**h) Parameters/ Process for determining the eligibility of employees to the ESOP Scheme:**

- i) Employees would be granted stock options based on such parameters as may be decided by the Nomination & Remuneration Committee from time to time.
- ii) The Nomination & Remuneration Committee may at its discretion extend the benefits of the

proposed plan to a new entrant or any existing employee on such other basis as it may deem fit.

**i) Maximum number of options to be issued per employee and in aggregate:**

- i) The maximum number of options to be granted to each employee will depend upon the rank/ designation of the employee as on the date of grant of options. However, no employee shall be entitled to more than such number of options exceeding the limit fixed by the SEBI or any other relevant regulation as is applicable to such options.
- ii) The maximum aggregate number of shares that may be granted under the proposed plan is 2% of the total issued share capital i.e. 3,71,108 shares.
- iii) The Nomination & Remuneration Committee shall decide on the number of options to be granted to each employee within this limit.

**j) Maximum quantum of benefits to be provided per employee:**

The maximum quantum of benefit to be provided per employee shall depend upon various factors e.g. number of option granted, exercise price and fair market value on exercise date. However no employee shall be entitled to more than such number of options exceeding the limit fixed by the SEBI or any other relevant regulation as is applicable to such options.

**k) Mode of Implementation and administration of Scheme:**

The scheme shall be directly implemented and administered by the Company through the Nomination & Remuneration Committee.

**l) Issuance of shares under the Scheme:**

The company shall issue fresh shares as and when application for exercise of options are received by the Company from the employees.

**m) Accounting Methods:**

The Company shall confirm to the accounting policies specified in the SEBI Guidelines and/or such other guidelines as may be applicable from time to time.

**n) Method of valuation of the options:**

The Company shall use the prescribed method for valuation of the options.

Clause 6 of the SEBI Guidelines requires that any ESOP Scheme for offering stock options to the employees of the Company must be approved by the

shareholders by way of a Special Resolution in the General Meeting and furthermore, as the Scheme will entail further shares to be offered to persons other than the existing shareholders of the Company, consent of the members is required by way of a Special Resolution pursuant to the provisions of sub section (b) of Section 62 of the Companies Act, 2013 for the Item No. 7 & 8 and all other applicable provisions of the law for the time being in force.

The Board of Directors recommends the Special Resolution as set out in Item No. 7 & 8 for the approval of the members. Accordingly, your approval is solicited.

### MEMORANDUM OF INTEREST:

Except Mr. B.K. Choudhary, Non-Executive Director, Mr. Rajinder Kumar Jain, Non-Executive Director and Mr. Sanjeev Singla, CFO, none of the Directors/ Key Managerial Personnel (KMP) of the Company/ their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 & 8.

### ITEM NO. 9 OF THE SPECIAL BUSINESS:

The Authorised Share Capital of the Company as on date is ₹ 35,00,00,000/- (Rupees Thirty Five Crore) divided into 3,50,00,000 (Three Crore Fifty Lac) Equity Shares of ₹ 10/- each. In order to meet growth objectives and to strengthen the financial position of the Company, the Company may undertake further issue of capital in near future.

In this respect, the Board of Directors in its meeting held on 24<sup>th</sup> August, 2016 proposed to increase the Authorised Share Capital of the Company from existing ₹ 35,00,00,000/- (Rupees Thirty Five Crore) divided into 3,50,00,000 (Three Crore Fifty Lac) Equity Shares of ₹ 10/- each to ₹ 60,00,00,000/- (Rupees Sixty Crore) divided into 6,00,00,000 (Six Crore) Equity Shares of ₹ 10/- each.

The Board of Directors recommends the Ordinary Resolution as set out in Item no. 9 for the approval of the members. Accordingly, your approval is solicited.

### MEMORANDUM OF INTEREST:

None of the Directors/ Key Managerial Personnel (KMP) of the Company/their relatives are concerned or

interested, financially or otherwise, in the resolution set out at Item No. 9.

### ITEM NO. 10 OF THE SPECIAL BUSINESS:

The Board of Directors in their meeting held on 24<sup>th</sup> August, 2016 had approved the increase in Authorised Share Capital of the Company. In order to reflect the increase in authorised share capital in Memorandum of Association it is required to amend Capital Clause i.e. Clause V of the memorandum.

The Board of Directors recommends the Ordinary Resolution as set out in Item no. 10 for the approval of the members. Accordingly, your approval is solicited.

### MEMORANDUM OF INTEREST:

None of the Directors/ Key Managerial Personnel (KMP) of the Company/their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 10.

### ITEM NO. 11 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. Upon the recommendations of Audit Committee, the Board of Directors in its meeting held on 29<sup>th</sup> April, 2016 had appointed M/s. Ramanath Iyer & Co., 808, Pearls Business Park, Netaji Subhash Place, New Delhi as Cost Auditors of the Company to conduct Cost Audit for the Financial Year ending 31<sup>st</sup> March, 2017.

Accordingly, the consent of the members is solicited for passing an Ordinary Resolution as set out at Item No. 10 of the notice for ratification of payment of remuneration of ₹ 35,500/- to the Cost Auditors for the Financial Year ending 31<sup>st</sup> March, 2017. The Board recommends the Ordinary Resolution as set out at Item No. 11 of the Notice for approval by the shareholders.

### MEMORANDUM OF INTEREST:

None of the Directors/ Key Managerial Personnel (KMP) of the Company/ their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 11.

**Information Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding the Directors seeking appointment/ re-appointment in the Annual General Meeting.**

<b>Name of the Director</b>	<b>Mr. Rajinder Kumar Jain</b>	<b>Mr. Sanjoy Bhattacharyya</b>
<b>Date of Birth</b>	07.02.1939	07.06.1960
<b>Date of Appointment</b>	15.03.2011	30.10.2015
<b>Expertise in specific functional area</b>	Mr. Rajinder Kumar Jain is an Engineer and has retired as a General Manager from Indian Railways.	Mr. Sanjoy Bhattacharyya has rich experience in Investment Management.
<b>Qualification</b>	Chartered Mechanical Engineer, London	B.Sc Statistics (Honours), MBA
<b>Directorships of Other Companies as on 31<sup>st</sup> March, 2016</b>	NIL	1. Management Structure & Systems Private Limited. 2. IRIS Business Services Limited.
<b>Chairman/Member of Committees of Other Companies as on 31<sup>st</sup> March, 2016</b>	NIL	NIL
<b>Shareholding in the Company</b>	NIL	10
<b>Relationship with other Director(s)</b>	Mr. Sachit Jain is the son and Mrs. Suchita Jain is the daughter-in-law of Mr. Rajinder Kumar Jain.	Not related to any Director.



# VARDHMAN SPECIAL STEELS LIMITED

## CORPORATE INFORMATION

### BAORD OF DIRECTORS

MR. PRAFULL ANUBHAI – *Chairman*  
MR. RAJINDER KUMAR JAIN  
MR. RAJEEV GUPTA  
MR. B.K. CHOUDHARY  
MR. SANJOY BHATTACHARYYA – *Additional Director*

MR. SANJEEV PAHWA  
MR. JAYANT DAVAR  
MRS. SUCHITA JAIN  
MR. SACHIT JAIN – *Managing Director*

### PRESIDENT & CHIEF EXECUTIVE

MR. SUBHASIS DEY

### CHIEF FINANCIAL OFFICER

MR. SANJEEV SINGLA

### COMPANY SECRETARY

MS. SONAM TANEJA

### STATUTORY AUDITORS

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

### WORKS

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

### BANKERS

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

### REGISTERED OFFICE

VARDHMAN PREMISES, CHANDIGARH ROAD  
LUDHIANA – 141010.  
PHONES: (0161) 2228943-48  
FAX: (161) 2601048, 2220766  
E-MAIL: [secretarial.lud@vardhman.com](mailto:secretarial.lud@vardhman.com)  
WEBSITE: [www.vardhmansteel.com](http://www.vardhmansteel.com)

### REGISTRAR & TRANSFER AGENT

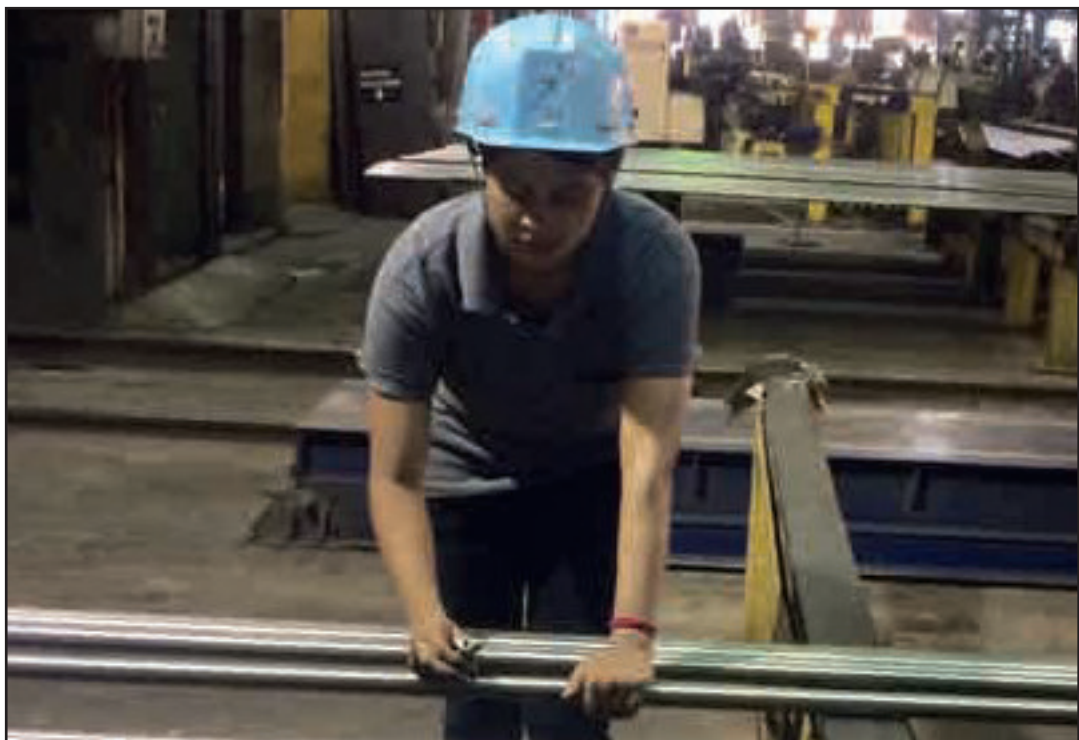
ALANKIT ASSIGNMENTS LIMITED  
1E/13, ALANKIT HEIGHTS, JHANDEWALAN EXTN.  
NEW DELHI – 110 055.  
PHONE: (011) 41540060-63  
FAX: (011) 41540064  
E-MAIL: [rta@alankit.com](mailto:rta@alankit.com)

### BRANCHES & WAREHOUSES

- 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.
- Village – Fauzi Matkota, Tehsil – Kichha, Distt. – Udhham Singh Nagar, Rudrapur – 263 153.
- DP No. 17, Sidco Womens Industrial Estate, Thirumullaivoyal, Chennai.
- C/o M/s Sudalloys Private Limited, B-26, MIDC Chakan, Pune – 410 501, Maharashtra.
- Gala # 908A, Gat # 71 B/S, Goodyear Tyre, Group Grampanchayat – Ghanegaon, Vitava Naryangaon (Khurad) – Aurangabad.



Newly Commissioned Bright Bar Shop



Engaging female workers at Shop Floor Level

**VARDHMAN SPECIAL STEELS LIMITED**

CIN: L27100PB2010PLC033930

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

Phone No.: 0161-2228943-48, Fax: 0161-2220766

E-mail: [secretarial.lud@vardhman.com](mailto:secretarial.lud@vardhman.com); Website: [www.vardhmansteel.com](http://www.vardhmansteel.com)**ATTENDANCE SLIP  
E-VOTING PARTICULARS****6<sup>th</sup> ANNUAL GENERAL MEETING****2016**

I/We hereby record my/our presence at the 6<sup>th</sup> Annual General Meeting of Vardhman Special Steels Limited being held at Registered Office of the Company situated at Chandigarh Road, Ludhiana-141 010 on Wednesday, the 28<sup>th</sup> day of September, 2016 at 11.00 a.m.

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 meeting place.
- Electronic copy of the Annual Report for 2015-16 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 Annual Report for 2015-16 alongwith Attendance Slip and Proxy Form is sent in 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 6<sup>th</sup> Annual General Meeting annexed in the Annual Report for 2015-16 of the Company, carefully before voting electronically.

**VARDHMAN SPECIAL STEELS LIMITED**

CIN: L27100PB2010PLC033930

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

Phone No.: 0161-2228943-48, Fax: 0161-2220766

E-mail: [secretarial.lud@vardhman.com](mailto:secretarial.lud@vardhman.com); Website: [www.vardhmansteel.com](http://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 holder(s) of ..... shares of the above named Company bearing folio no. .... 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: ..... or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 6<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday, the 28<sup>th</sup> day of September, 2016 at 11.00 a.m. at Registered Office of the Company situated at Chandigarh Road, Ludhiana-141010 and at any adjournment thereof in respect of such resolutions as are indicated below:

**RESOLUTIONS NO.****Ordinary Business**

- Adoption of Financial Statements, Reports of Auditors and Directors of the Company for the financial year ended 31<sup>st</sup> March, 2016.
- Re-appointment of Mr. Rajinder Kumar Jain, Director, who retires by rotation.
- Ratification of the appointment of Statutory Auditors of the Company for the financial year 2016-17 and fix their remuneration.

**Special Business**

- Appointment of Mr. Sanjoy Bhattacharyya as an Independent Director of the Company.
- Approval of the remuneration payable to Mr. Sachit Jain, Managing Director, for the financial year 2016-17.
- Approval of the commission payable to Mr. Prafull Anubhai, Chairman & Independent Director, for the financial year 2016-17.
- Approval of Vardhman Special Steels Limited Employee Stock Option Plan 2016 under SEBI (Share Based Employee Benefits) Regulations, 2014.
- Approval of grant of options exceeding one percent but upto a maximum of two percent of issued capital of Company during any one financial year under VSSL ESOP Plan, 2016.
- Approval of increase in Authorised share capital on the Company from existing Rs.35 Crore to Rs.60 Crore.
- Approval of alteration in Memorandum of Association of the Company.
- Ratification of Remuneration of Cost Auditor for the financial year ended 31<sup>st</sup> March, 2017.

Sign this ..... day of ..... 2016.

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

