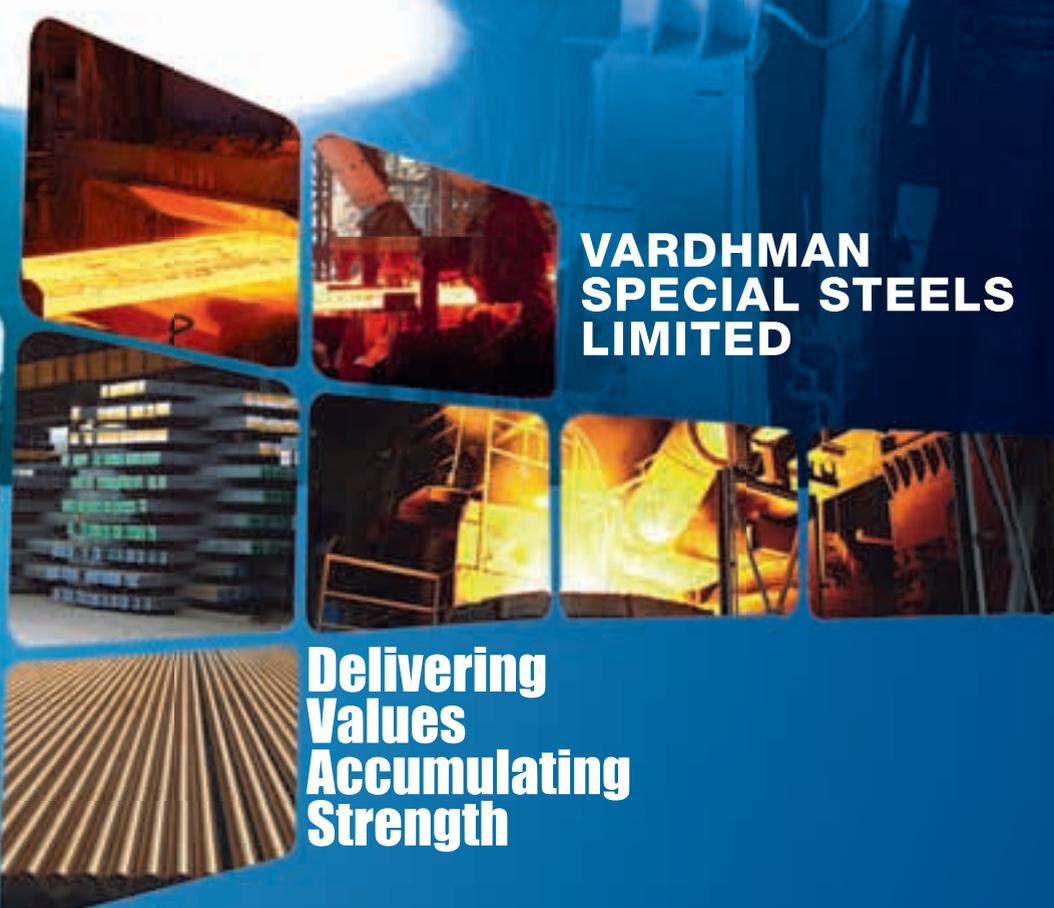
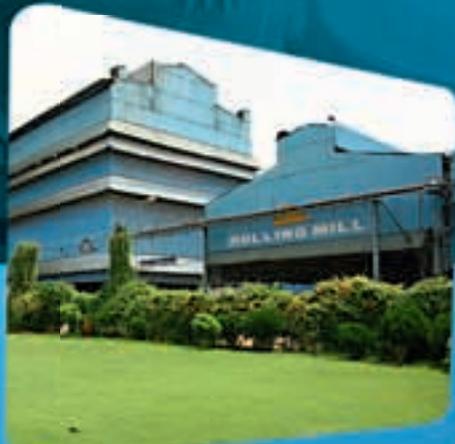




Vardhman



**VARDHMAN
SPECIAL STEELS
LIMITED**



**Delivering
Values
Accumulating
Strength**

4th Annual Report 2013-14

BOARD OF DIRECTORS

MR. PRAFULL ANUBHAI – *Chairman*

MR. RAJINDER KUMAR JAIN

MR. JAYANT DAVAR

MR. RAJEEV GUPTA

MR. MUKUND CHOUDHARY

MR. SANJEEV PAHWA

MRS. SUCHITA JAIN

MR. B. K. CHOUDHARY

MR. SACHIT JAIN – *Managing Director*

CHIEF EXECUTIVE

MR. NARESH BANSAL

CHIEF FINANCIAL OFFICER

MR. SANJEEV SINGLA

COMPANY SECRETARY

MS. TANU BERRY

AUDITORS

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

BANKERS

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

REGISTERED OFFICE

VARDHMAN PREMISES, CHANDIGARH ROAD,
LUDHIANA - 141 010.

PHONES : (0161) 2228943 - 48

FAX : (0161) 2601048, 2220766

E-MAIL: secretarial.lud@vardhman.com

WEB SITE: www.vardhmansteel.com

WORKS

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

REGISTRAR & TRANSFER AGENT

ALANKIT ASSIGNMENTS LIMITED
1E/13, ALANKIT HEIGHTS, JHANDEWALAN EXTN.,
NEW DELHI-110 055.

PHONE: (011) 41540060-63

FAX: (011) 41540064

E-MAIL: rta@alankit.com

BRANCHES & WAREHOUSES

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

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**NOTICE**

NOTICE is hereby given that the FOURTH ANNUAL GENERAL MEETING of Vardhman Special Steels Limited will be held on Wednesday, the 24th day of September, 2014 at 3.30 p.m. at the Registered Office of the Company situated at Vardhman Premises, Chandigarh Road, Ludhiana, to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014, Statement of Profit & 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. B. K. Choudhary (DIN: 00307110) 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 appoint the Auditors 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 and the Companies (Audit and Auditors) Rules, 2014, M/s. S. S. Kothari Mehta & Co., (Firm Registration No 087899), Chartered Accountants, be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 9th Annual General Meeting (subject to ratification by the members at every Annual General Meeting) at a remuneration to be decided by the Managing Director in consultation with the Auditors plus applicable service tax and reimbursement of out of pocket expenses incurred by them for the purpose of audit."

SPECIAL BUSINESS:

4. **To appoint Mr. Prafull Anubhai 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 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 Clause 49 of the Listing Agreement (including any statutory modification (s) or re-enactment thereof for the time being in force), Mr. Prafull Anubhai (DIN 00040837), who was appointed as a Director of the Company liable to retire by rotation 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 to hold office for a term of three consecutive years starting from the date of this Annual General Meeting to the conclusion of 7th Annual General Meeting of the Company."

5. **To appoint Mr. Rajeev Gupta 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 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 Clause 49 of the Listing Agreement (including any statutory modification (s) or re-enactment thereof for the time being in force), Mr. Rajeev Gupta (DIN 00241501), who was appointed as a Director of the Company liable to retire by rotation 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 to hold office for a term of three consecutive years starting from the date of this Annual General Meeting to the conclusion of 7th Annual General Meeting of the Company."

6. **To appoint Mr. Mukund Choudhary 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 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 Clause 49 of the Listing Agreement (including any statutory modification (s) or re-enactment thereof for the time being in force), Mr. Mukund Choudhary (DIN 00051529), who was appointed as a Director of the Company liable to retire by rotation 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 to hold office for a term of three consecutive years starting from the date of this Annual General Meeting to the conclusion of 7th Annual General Meeting of the Company."

7. **To appoint Mr. Sanjeev Pahwa 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 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 Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Sanjeev Pahwa (DIN 00022674), who was appointed as a Director of the Company liable to retire by rotation 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 to hold office for a term of three consecutive years starting from the date of this Annual General Meeting to the conclusion of 7th Annual General Meeting of the Company.”

8. To appoint Mr. Jayant Davar 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 read with Schedule IV to the Companies Act, 2013, the rules made there under and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Jayant Davar (DIN 00100801), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting 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 three consecutive years starting from the date of this Annual General Meeting to the conclusion of 7th Annual General Meeting of the Company.”

9. To appoint Cost Auditors 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 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 31st March, 2015 be paid the remuneration as set out in the statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT Mr. Sachit Jain, Managing Director and Ms. Tanu Berry, 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.”

10. To adopt new set of Articles of Association of the Company:

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

“RESOLVED THAT pursuant to the provisions of the Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules,

2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

BY ORDER OF THE BOARD

PLACE: GURGAON

DATED: 2ND AUGUST, 2014

(TANU BERRY)

Company Secretary

NOTES:

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting, is annexed hereto.
2. 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. 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.
THE PROXY, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.
3. The information pursuant to Corporate Governance Clause of the Listing Agreement(s) regarding the directors seeking appointment/re-appointment in the Annual General Meeting is also being annexed hereto separately and forms part of the Notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
4. **The Register of Members and the Share Transfer Books of the Company shall remain closed from 05.09.2014 to 24.09.2014 (both days inclusive).**
5. 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.
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 are requested to bring their copy of Annual report along with them to the Annual General Meeting.
9. Members holding shares in the same/identical name(s) under different folios are requested to apply for consolidation of such folios and send relevant share certificates to the Company/Registrar and Transfer Agent.
10. Members may also note that the Notice of the 4th Annual General Meeting and the Annual Report for the Financial Year 2013-14 will also be available on the Company's website www.vardhmansteel.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Ludhiana for inspection during normal business hours on working days. Even after registering for e-communications, members are entitled to receive such communications in physical form, upon making a request for the same, by post free of cost.
11. The Ministry of Corporate Affairs, Government of India, has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars allowing Companies to send official documents to their Members electronically.
In support of the Green Initiative, Your Company proposes to send the documents like Notice calling the Annual General Meeting and Annual Report containing Balance Sheet, Statement of Profit & Loss and Director's Report, etc. and other communications in electronic form.
The Members are requested to support this Green Initiative by registering/updating their e-mail addresses with the Depository Participant (in case of shares held in dematerialised form) or with Registrar & Transfer Agent-Alankit Assignments Limited, New Delhi (in case of shares held in physical form).

12. Voting through electronic means:

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to provide members a facility to exercise their right to vote at the 4th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL).

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 17th September, 2014 (9:00 am) and ends on 19th September, 2014 (5:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in Dematerialized form, as on the cut-off date of 26th August, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com during the voting period.

- (iii) Click on "Shareholders" tab.
- (iv) Now, select the "VARDHMAN SPECIAL STEELS LIMITED" (EVSIN: 140816030) from the drop down menu and click on "SUBMIT"
- (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 De-mat form and had logged on to 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:

	For Members holding shares in De-mat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both De-mat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> • 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 folio/De-mat Account number in the PAN field. • In case the folio 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. E.g. If your name is Ramesh Kumar with folio number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your De-mat account or in the Company records for the said De-mat account or folio in dd/mm/yyyy format.
Bank Details	Enter the Bank Details as recorded in your De-mat account or in the Company records for the said De-mat account or folio.
	<ul style="list-style-type: none"> • Please enter the DOB or Bank Details in order to login. In case either of the details are not recorded with the Depository/RTA please enter the <YOUR NUMBER OF SHARES> in the Bank details field.

- (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 De-mat 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 De-mat 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: 140816030 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 De-mat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Institutional Shareholders:
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://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.
 - After receiving the login details they have to create compliance user using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com 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.

In case you have any queries or issues regarding e-voting, you may refer the **Frequently Asked Questions (“FAQs”)** and e-voting manual

available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com

12. M/s. B.K. Gupta & 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 within a period of three working days from 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 favour or against, if any, forthwith to the Chairman of the Company.
13. The Results shall be declared at the Annual General Meeting of the Company. The results declared along with the Scrutinizer’s report shall be placed on the Company’s website www.vardhmansteel.com and on the website of CDSL within 2(two) working days of the passing of the resolution at the Annual General Meeting of the Company and communicated to the Stock Exchanges.
14. MEMBERS HOLDING EQUITY SHARES IN ELECTRONIC FORM, AND PROXIES THEREOF, ARE REQUESTED TO BRING THEIR DP ID AND CLIENT ID FOR IDENTIFICATION.

BY ORDER OF THE BOARD

**PLACE: GURGAON
DATED: 2ND AUGUST, 2014**

**(TANU BERRY)
Company Secretary**

ANNEXURE TO THE NOTICE

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

ITEM NOS. 4 TO 7 OF THE SPECIAL BUSINESS:

In accordance with the provisions of Section 149 of the Companies Act, 2013 which came into effect from 1st April ,2014, every listed public company is required to have at least one-third of the total number of Directors as Independent Directors who are not liable to retire by rotation and who shall hold office upto a term of five consecutive years.

The Company had appointed Mr. Prafull Anubhai, Mr. Mukund Choudhary, Mr. Sanjeev Pahwa and Mr. Rajeev Gupta all as Non- Executive Directors, liable to retire by rotation under the Companies Act, 1956.

Consequent to the applicability of the Companies Act, 2013, it is proposed to appoint Mr. Prafull Anubhai, Mr. Mukund Choudhary, Mr. Sanjeev Pahwa, and Mr. Rajeev Gupta as Independent Directors of the Company for a term of three consecutive years starting from the date of this Annual General Meeting to the conclusion of 7th Annual General Meeting of the Company. The Company has received consent from these Independent Directors and also declaration confirming that they are not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and meets the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 as well as Clause 49 of the Listing Agreement with the Stock Exchanges.



In this regard, requisite notice in writing from a member has been received proposing the appointment of Mr. Prafull Anubhai, Mr. Mukund Choudhary, Mr. Sanjeev Pahwa and Mr. Rajeev Gupta for the office of Independent Director of the Company.

All these Independent Directors are independent of the management and in the opinion of the Board they fulfil 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 along with other details of the Independent Directors are provided at the end of this statement.

The Board commends the Ordinary Resolutions as set out at Item Nos. 4 to 7 of the Notice for approval by the shareholders.

MEMORANDUM OF INTEREST:

Other than the appointee himself, none of the other Directors/ Key Managerial Personnel (KMP) of the Company/their relatives are concerned or interested, financially or otherwise, in the proposed resolutions as set out in Item Nos. 4 to 7 of this Notice. This Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchanges.

ITEM NO. 8 OF THE SPECIAL BUSINESS:

The Board of Directors of the Company in their meeting held on 9th November, 2013 had appointed Mr. Jayant Davar 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. Jayant Davar as candidate for the office of Independent Director of the Company for a term of three consecutive years starting from the date of this Annual General Meeting to the conclusion of 7th Annual General Meeting of the Company.

The Company has also received consent from Mr. Jayant Davar 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 meets the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 as well as Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. Jayant Davar 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. Jayant Davar is provided at the end of this statement.

The Board commends the Ordinary Resolution as set out at Item No. 8 of the Notice for approval by the shareholders.

MEMORANDUM OF INTEREST:

Except Mr. Jayant Davar, being an appointee, 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 8. This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

ITEM NO.9 OF THE SPECIAL BUSINESS:

Pursuant to the provisions of the Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the Cost Audit is required to be conducted in respect of the Cost Accounts maintained by the Company. The Board of Directors have appointed M/s Ramanath Iyer & Co., 808, Pearls Business Park, Netaji Subhash Place, New Delhi to conduct Cost Audit for the Financial Year 2014-15. In this regard, the approval of the members is solicited for payment of ₹ 35,500/- as remuneration to the Cost Auditors for the Financial Year ending 31st March, 2015.

Accordingly, the consent of the members is solicited for passing an Ordinary Resolution as set out at Item No. 9 of the notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending 31st March, 2015.

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.

The Board commends the Ordinary Resolution as set out at Item No. 9 of the Notice for approval by the shareholders.

ITEM NO.10 OF THE SPECIAL BUSINESS:

The Articles of Association ("AOA") of the Company as presently in force are based on the Companies Act, 1956 and several regulations in the existing AOA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AOA are no longer in conformity with the Act.

The Act is now largely in force. On 12th September, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on 26th March, 2014, MCA notified most of the substantive sections of the Act which deal with the general working of Companies. With the coming into force of the Act, several regulations of the existing AOA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AOA by a new set of Articles.

The new AOA to be substituted in place of the existing AOA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares. The proposed new draft AOA is being uploaded on the Company's website for perusal by the shareholders.

MEMORANDUM OF INTEREST:

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 10.

The Board commends the Special Resolution set out at Item No. 10 of the Notice for approval by the Shareholders.

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

Name of the Director	Mr. Rajeev Gupta	Mr. Jayant Davar	Mr. Mukund Choudhary	Mr. Prafull Anubhai	Mr. B.K. Choudhary	Mr. Sanjeev Pahwa
Date of Birth	19-03-1958	18-10-1961	22-08-1971	20-01-1938	27-06-1951	26-12-1966
Date of Appointment	15-03-2011	09-11-2013	15-03-2011	15-03-2011	15-03-2011	15-03-2011
Expertise in specific functional area	Experience of 32 years in manufacturing, Investment Banking and Private equity.	Experience of more than 27 years in the auto industry.	Experience of more than 18 years in steel industry.	Industrialist and Business Consultant having experience of more than 41 years.	Experience of more than 33 years in the steel & textiles industry.	Experience of 23 years in the field of bicycle/automobiles tyres & tubes industry and bicycle components.
Qualification	B.Tech, M.B.A.	Mechanical Engineer	B.Com	B.Com, B.S.C. (Eco.)- London	M.B.A.	B.Tech
Directorships of Other Companies as on 31st March, 2014	<ol style="list-style-type: none"> 1. Cosmo Films Limited 2. Dalmia Cement Bharat Limited 3. VIP Industries Limited 4. EIH Limited 5. TVS Capital Funds Limited 6. Arpwood Capital Pvt. Ltd. 	<ol style="list-style-type: none"> 1. Sandhar Technologies Limited 2. Sandhar Infosystems Limited 3. SLD Auto Ancilliary Limited 4. Sandhar Tooling Pvt. Limited 5. KDB Investments Pvt. Ltd. 6. Haridwar Estates Pvt. Ltd. 7. Raasaa Retail Pvt. Ltd. 	<ol style="list-style-type: none"> 1. Spentex Industries Limited 2. CLC & Sons Private Limited 3. CLC Power Limited 4. CLC Enterprises Limited 5. Spentex (Netherland) B.V. 6. CLC Technologies Private Limited 7. Ramya Agrotech Private Limited 	<ol style="list-style-type: none"> 1. Gruh Finance Limited 2. Torrent Cables Limited 3. Unichem Laboratories Limited 4. Management Structure & Systems Private Ltd. 5. BOTIL Oil Tools India Pvt. Ltd. 6. Birla Sun Life Trustee Co.Pvt. Ltd. 7. Centre for Science, Technology and Policy (CSTEP) 8. Vardhman Textiles Limited 	<ol style="list-style-type: none"> 1. Vardhman Acrylics Limited 2. Narmada Clean Tech Limited 	<ol style="list-style-type: none"> 1. Ralson (India) Ltd. 2. Ram Commercial Enterprises Ltd. 3. Kosani Finance & Investments Pvt. Ltd. 4. Shivansi Investments Pvt. Ltd. 5. Ralco Finance & Investments Pvt. Ltd. 6. Ralco Tyres Pvt. Ltd. 7. Ralco Communication Technologies Pvt. Ltd.
Chairman/ Member of Committees of Other Companies as on 31st March, 2014.	Audit Committee: <ol style="list-style-type: none"> 1. Cosmo Films Limited (Member) 	NIL	Investors Grievance Committee: <ol style="list-style-type: none"> 1. Spentex Industries Limited (member) 	Audit Committee: <ol style="list-style-type: none"> 1. Gruh Finance Limited (Member) 2. Torrent Cables Limited (Member) 3. Unichem Laboratories Ltd. (Chairman) 4. Birla Sun Life Trustee Co.Pvt. Ltd.(Chairman) 5. Vardhman Textiles Limited (Chairman) Shareholders/ Investors' Grievance Committee <ol style="list-style-type: none"> 1. Gruh Finance Ltd. (Member) 2. Torrent Cables Limited (Member) Remuneration Committee: Unichem Laboratories Ltd. (Chairman)	Investors Grievance Committee: <ol style="list-style-type: none"> 1. Vardhman Acrylics Limited. 	NIL
No. of shares held	NIL	NIL	NIL	710	NIL	NIL
Relationship with other Director(s)	Not related to any Director	Not related to any Director	Not related to any Director	Not related to any Director	Not related to any Director	Not related to any Director

DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting their 4th Annual Report on the affairs of the Company together with the Audited Accounts of the Company for the year ended 31st March, 2014.

1. FINANCIAL RESULTS:

The Financial Results for the year are as under:-

PARTICULARS	₹ In Crore	
	2013-14	2012-13
Revenue from operations (Gross)	408.66	494.75
Profit before Depreciation, Interest & Tax (PBDIT)	4.43	23.24
Interest and Financial expenses	11.90	10.87
Profit before Depreciation and Tax (PBDT)	(7.47)	12.37
Depreciation	5.70	3.98
Profit before Tax (PBT)	(13.17)	8.39
Provision for Tax - Current	0.01	3.91
- Deferred Tax	(3.76)	(0.37)
Profit after Tax (PAT)	(9.42)	4.85
Earnings per share (₹)		
- Basic	(5.07)	2.61
- Diluted	(5.07)	2.61

2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A) BUSINESS REVIEW:

World Steel Position

In the year 2013-14, the world steel demand grew higher than predicted due to stronger than expected performance in the developed countries in the second half of the year. The recovery in US gained strength and downturn in Europe bottomed out resulting in improvement in steel prices in the later half of the year.

As many emerging economies continue to struggle with structural issues and financial markets volatility coupled with Chinese government's policy to restrain investment activities in order to rebalance its economy, the Global Steel production is expected to increase by only 3.4 percent in 2014-15 as compared to 3.5 percent growth in 2013-14. However, gradual improvement in capacity utilization, expected slowdown in exports by Chinese government and further softening of raw material prices may brighten up the overall steel industry in the coming year. The expected turnaround in construction sector will also provide a much needed boost to steel industry. In respect of automotive steel, various projects by many renowned companies will become operational in South Asian countries like Thailand, Indonesia and China resulting in higher demand of automotive steel from countries like India and Korea. Turkey, Vietnam, Indonesia and Malaysia are fast becoming promising markets for auto components in coming years.

Indian Scenario:

In 2013-14, the Indian economic slowdown has resulted in depressed demand for steel from end user industries. Construction, auto and capital goods sector continue to underperform. The auto sector with the exception of two wheeler segment has recorded a decline in sales volume. During the year, India produced 21.4 million vehicles against 20.6 million vehicles in year 2012-13. Though the demand for utility vehicles is growing but the demand for Medium and heavy commercial vehicle is down by 21%.

However, the demand for steel in India is still subdued and it is expected to start rising in the 2nd half of 2014-15 due to expected boost by government in infrastructure sector and lifting of ban on iron ore and coal mines in Goa. This will promote use of steel in commercial vehicles as well as in railways.

Export of steel sheets, coils and billets will be high due to anticipated Rupee depreciation. The Society of Indian automobile manufacturers has predicted a growth of about 6% in auto segment in India.

With India becoming a hub for exporting passenger cars being manufactured by companies like Hyundai, Nissan, Suzuki, Toyota, Honda etc. who are looking to replace imported steel for critical parts by procuring the same from within India, the demand for value added products like bright bar, Spheroidized annealed steel and normalized steel is anticipated to be higher in the coming years.

Company's Business Strategy & Future Perspective:

The Year 2013-14 was a difficult year for your Company with slowdown in automobile industry along with internal turbulences faced by the Company during the implementation of new Rolling Mill. This led to serious impact on sales volume of the Company and led to depressed margins. This situation, however, has started improving but the demand of steel is likely to increase from second half of the Financial Year 2014-15.

During the year, your Company has successfully upgraded its capacities by implementing new State of Art Rolling Mill from renowned maker of Rolling Mills - M/s. Morgardshammar, Sweden. This new Rolling Mill which has become fully operational from 1st January, 2014 is expected to significantly improve capacities and efficiencies. The project got delayed by 6 months due to certain supply problems from the manufacturer which led to increased operating costs at our end. However, now the plant is running efficiently and at full capacity.

Your Company continues to focus on high quality niche products and is expanding in this area with the expansion of Bright Bar & Spheroidized Annealed Steel capacity being undertaken by the Company which will increase the capacity of Bright Bar Shop from 1,500 MTs to 2,100 MTs per month and Annealed Steel from 600 MT to 900 MT per month. This Project is likely to be completed by the end of Financial Year 2014-15.

Further, as mentioned in the last Annual Report, we had applied to the Environment Ministry for permission to enhance the melting capacity to 2,00,000 tonnes. This permission has not been received and we have been asked to make certain investment in Secondary Emission Control System. We are reasonably confident that once we install this equipment, we will get the permission. After that, we will have to make some investments in the Steel Melting Shop to increase the capacity. Total investment is envisaged to be around ₹ 25 crores. Detailed working has yet to be done, and time frame envisaged for completion is December, 2015.

On the exports front, the Company exported 4,102 MTs of alloy steel in 2013-14 as against 4,207 MTs in year 2012-13. In the coming year, the Company will target newer export destinations in addition to consolidating and increasing sales in present countries. New approvals are in sight from other global companies which shall add to export volumes for the Company.

Company's HR Initiatives:

Your Company continues to remain focussed on its most important resource - The Human Resource. The Company aims to improve quality of work life with a check on absenteeism and attrition rate of employees.

B. FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS:

• PRODUCTION & SALES REVIEW:

During the year under review, your Company has registered Revenue from Operations of ₹ 408.66 Crore as compared to ₹ 494.75 Crore in the previous year. The exports for the year ended were ₹ 27.29 Crore as compared to ₹ 24.76 Crore in the previous year.

• PROFITABILITY:

The Company earned profit before depreciation, interest and tax of ₹ 4.43 Crore as against ₹ 23.24 Crore in the previous year. After providing for depreciation of ₹ 5.70 Crore (Previous Year ₹ 3.98 Crore), interest of ₹ 11.90 Crore (Previous Year ₹ 10.87 Crore), provision for current tax ₹ 0.01 Crore (Previous Year ₹ 3.91 Crore), deferred tax ₹ (3.76) Crore (Previous Year ₹ (0.37) Crore), the net loss from operations worked out to ₹ 9.42 Crore as compared to Net Profit of ₹ 4.85 Crore in the previous year.

• RESOURCES UTILISATION:

a) Fixed Assets:

The gross fixed assets (including work-in-progress) as at 31st March, 2014 were ₹ 291.73 Crore as compared to ₹ 228.57 Crore in the previous year.

b). Current Assets:

The net current assets as on 31st March, 2014 were ₹ 20.86 Crore as against ₹ 70.01 Crore in the previous year. Inventory level was at ₹ 119.31 Crore as compared to the previous year level of ₹ 113.70 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)

	2013-14	2012-13
Cash and Cash equivalents:		
Beginning of the year	30.27	87.11
End of the year	13.90	30.27
Net cash provided (used) by:		
Operating Activities	(35.90)	55.01
Investing Activities	52.37	(153.89)
Financing Activities	(32.86)	42.04

C). INTERNAL CONTROL SYSTEM:

The Company has well defined internal control system. The Company takes abundant care to design, review and monitor the working of internal control system. Internal Audit in the organization is an independent appraisal activity and it measures the efficiency, adequacy and effectiveness of other controls in the organization. All significant issues are brought to the attention of the Audit Committee of the Board.

D) MANAGEMENT PERCEPTION OF RISK AND CONCERN:

Though there are strong grounds for expecting a brighter future for steel industry but this optimism needs to be tempered

by an awareness of the continued challenges like potential volatility in terms of raw material prices or abrupt decline in steel prices in the event of regional or even global political, economic or natural disruptions that could stifle growth in this industry. Continuous increase in energy and labour cost and depreciation in value of rupee, as lot of scrap is imported, are other concern areas. This year will continue to be tough but we can see light at the end of the tunnel and we foresee things to start turning around may be in the last quarter of this Financial Year.

To counter these situations, your Company shall focus on operational excellence and efficiencies. Efforts in these areas will be valuable regardless of cyclicity and competitive nature of the industry and will be key to taking advantage of today's opportunities while preparing for an uncertain future.

Change in Policy

In one area, we have changed our policy. Earlier, we were booking the losses on account of fluctuation in exchange rates against our liability of External Commercial Borrowing. Whereas in the event of any gain on this account, the same has not been taken into account. But to bring the policy at par with the laid down accounting practices, we are now re-instating the liability on this account according to the exchange rate prevailing at the end of each quarter.

E) HUMAN RESOURCES /INDUSTRIAL RELATIONS:

The Company continues to lay emphasis on building and sustaining an excellent organizational climate based on human performance. Performance management is the key word for the Company. During the year, the Company employed over 800 employees.

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

3. DIRECTORS:

Mrs. Ramni Nirula has resigned from the Board of Directors of the Company w.e.f. 9th November, 2013. Mr. Jayant Davar has been appointed as an Additional Director on the Board of the Company pursuant to Section 161 (1) of the Companies Act, 2013 and Articles of Association of the Company w.e.f. 9th November, 2013. He will hold office upto the date of ensuing Annual General Meeting.

Mr. B.K. Choudhary, Director of the Company, retires by rotation at the conclusion of the forthcoming Annual General Meeting, pursuant to the provisions of Section 152 (6) of the Companies Act, 2013 and being eligible, offer himself for re-appointment. The Board recommended his re-appointment for the consideration of the members of the Company at the ensuing Annual General Meeting.

4. CORPORATE GOVERNANCE:

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

5. AUDITORS:

M/s. S. S. Kothari Mehta & Co., Chartered Accountants, Panchkula, Auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.



6. AUDITORS' REPORT:

The Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company for the accounting year ended 31st March, 2014. This Auditors' Report is self-explanatory and requires no comments.

7. COST AUDITORS:

The Board of Directors has appointed M/s. Ramanath Iyer & Company, Cost Accountants, New Delhi, as the Cost Auditors of the Company subject to shareholders' approval under Section 148 of the Companies Act, 2013, read with Companies (Cost Records and Audit) Rules, 2014 for the Financial Year 2014-15.

8. STATEMENT OF PARTICULARS OF EMPLOYEES:

A Statement of Particulars of Employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 including amendments thereon is enclosed and forms part of this report.

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

Energy conservation continues to be an area of major emphasis in your 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 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are annexed hereto and form part of this report.

10. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section-217 (2AA) of the Companies Act, 1956, the Directors confirm that in the preparation of the annual accounts, the applicable accounting standards have been followed;

- appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and Statement of the Profit & Loss of the Company for the year ended on 31st March, 2014;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the annual accounts have been prepared on a going concern basis.

11. 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 : 17TH MAY, 2014

(PRAFULL ANUBHAI)
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1) (e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2014:

1. CONSERVATION OF ENERGY:

The Company has over the previous year taken several steps to conserve energy wherever possible. This continues to remain thrust area with studies, discussions and analysis being undertaken regularly for further improvements. The Company has taken several steps to conserve energy in almost all areas of operations. Lot of discussions, studies & analysis are being carried out in this direction. Few steps undertaken by the Company in the direction of conservations of energy are - Load sharing on Transformer to reduce losses, replacement of motors drawing more power, compressor air leakage arresting, installation of electrode regulation controller on EAF, replacement of non efficient compressor with efficient compressor in Oxygen Plant, installation of energy efficient pumps.

The desired information is herein below:

Form-A

A. POWER AND FUEL CONSUMPTION

Particulars	U.O.M	2013-14	2012-13
1. (A) Electricity Purchased	Lac Kwh	944.41	822.71
Total Amount	(₹ In lac)	6664.73	5,377.00
Rate per Unit	₹/Kwh	7.06	6.54
(B) Own Generation			
Through Diesel Generator Units	(KWH in lac)	0.81	0.47
Diesel	Qty-Ltrs	24,750	14,500
Rate	₹ /Ltr.	50.71	40.38
Unit/Ltr. Of Diesel	Kwh	3.28	3.26
Cost Per Unit	₹/ Kwh	15.44	12.40
2. Oil (HFO/HSD):			
(A) Used in Boiler			
Quantity	Ltr	504,981	494,549
Total Cost	(₹ In lac)	216.79	201.55
Average Rate	₹/Ltr.	42.93	40.75
(B) Used in Furnace			
Quantity	Ltr.	990,950	875,757
Total Cost	₹ in lacs	463.15	357.76
Average Rate	₹ /Ltr.	46.74	40.85

B. CONSUMPTION PER UNIT OF PRODUCTION:

1. Steel Billets/Ingots			
Electricity	Kwh/MT	740	739
Furnace Oil/ L.D.O.	Ltr/ MT	9.81	9.72
2. Rolled Steel			
Electricity	Kwh/MT	128.62	98.34
Oil (F.O., L.D.O)	Ltr/MT	46.45	41.15

II. TECHNOLOGY ABSORPTION:

Efforts made in Technology Absorption are furnished in Form-B as under:

Form B:

A) RESEARCH AND DEVELOPMENT (R&D):

1. Specific areas in which Research & Development is carried out by the Company:

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

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

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

3. Future Course of action:

Management is fully committed to further strengthen the Research & Development activities. Even a Product Development Cell comprising of 3 Engineers has been constituted to focus on R&D activities.

4. Expenditure on R & D:

	(₹ in lac)	
	2013-14	2012-13
Capital	12.49	120.33
Recurring	170.64	141.93
Total	183.13	262.26
Total R & D expenditure as a Percentage of Turnover	0.37	0.53

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts made:

The Company is continuously making efforts for adaptation of latest technology in the Unit. During the Financial Year,

the new Rolling Mill imported from M/s Morgardshammar, Sweden has been commissioned and started commercial production from 1st January, 2014. Some more new machines/equipments have been bought out of which some are indigenous and some are imported. The standard operating practices for different processes are being thoroughly reviewed & improved, wherever required.

2. Particulars of technology imported in last five years.

(a) Technology imported: Nil

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

- Exported 4,102 MT of rolled steel bars during the year for a consideration of 27.29 Crore.
- Developed customers in countries like Thailand & Japan.
- Studies have been undertaken for markets like US and Turkey, so as to explore more business potential in exports for the year 2014-15.

Total Foreign Exchange earned and used:

	(₹ in lac)	
	2013-14	2012-13
a). Earnings (FOB value of Exports)	2,729.13	2,476.43
b). Outgo (CIF value of Imports and Expenditure in Foreign Currency)	11,653.75	16,526.44

STATEMENT OF PARTICULARS OF EMPLOYEES

INFORMATION REQUIRED AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 INCLUDING AMENDMENTS THEREON AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2014.

PERSONS EMPLOYED THROUGHOUT THE FINANCIAL YEAR, WHO WERE 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	24.00	B.Tech, M.B.A.	48	24	15.03.2011	Executive Director, VMT Spinning Company Limited.

1. Total remuneration due to Mr. Sachit Jain in accordance with his remuneration approved by shareholders was ₹ 100.80 lac. However, the same was restricted to ₹ 24.00 lac in accordance with limits laid down under Part-II, Section I of Schedule XIII of the Companies Act, 1956.

2. Mr. Sachit Jain is not related to any of the Directors of the Company except Mrs. Suchita Jain and Mr. Rajinder Kumar Jain.



CORPORATE GOVERNANCE REPORT

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

1. COMPANY'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 and 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:

i) **Board Meetings:** During the Financial Year 2013-14, the Board met 4 times on the following dates:

- 10th May, 2013
- 12th August, 2013
- 9th November, 2013
- 1st February, 2014

ii) **Composition as on 31st March, 2014:**

The Board of Directors comprises of a Managing Director and 8 Non-Executive Directors. Out of the total strength of 9 directors, 5 directors are Independent, thus it meets the stipulated requirement.

The composition of the Board of Directors and their attendance at the Board Meetings during the year and at last Annual General Meeting of the Company and also the number of Directorship/Chairmanship in other Indian Public Limited Companies are as follows:

Name of Director	Designation & Category	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
Mr. Prafull Anubhai	Non- Executive Independent Director	4	Yes	4	7	-	2
Mr. Rajinder Kumar Jain	Non- Executive Non- Independent Director	4	No	-	-	-	-
Mr. Rajeev Gupta	Non- Executive Independent Director	3	No	5	2	-	-
Mr. Mukund Choudhary	Non- Executive Independent Director	2	No	3	1	-	-
Mr. Sanjeev Pahwa	Non- Executive Independent Director	2	No	2	-	1	-
Mrs. Suchita Jain	Non- Executive Non-Independent Director	1	No	7	-	-	-
Mr. B.K. Choudhary	Non- Executive Non-Independent Director	2	No	2	1	-	-
Mr. Sachit Jain	Managing Director Non- Independent Director	4	Yes	13	4	1	3
Mrs. Ramni Nirula*	Non-Executive Independent Director	2	No	6	5	-	2
Mr. Jayant Davar**	Non-Executive Independent Director	2	No	3	-	1	-

* Mrs Ramni Nirula resigned from the Directorship of the Company w.e.f 9th November, 2013.

** Mr. Jayant Davar was appointed as Additional Director of the Company w.e.f 9th November, 2013 by the Board of Directors in its meeting held on 9th November, 2013.

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.

3. AUDIT COMMITTEE:

The Board of Directors in its meeting held on 12th August, 2013 re-constituted the Audit Committee comprising of 5 Directors i.e. Mr. Prafull Anubhai, Mr. Rajinder Kumar Jain, Mrs. Ramni Nirula, Mr. Mukund Choudhary and Mr. Rajeev Gupta with Mr. Prafull Anubhai as the Chairman of the Committee. Ms. Tanu Berry is the Secretary of the Committee. Due to resignation of Mrs. Ramni Nirula on 9th November, 2013, the Audit Committee comprises of 4 Directors as on 31st March, 2014. The terms of reference of the Audit Committee are, as contained in section 292A of the Companies Act, 1956 and also as contained in Corporate Governance Clause of the Listing Agreement.

The Audit Committee met four times during the Financial Year 2013-14 on the following dates:

-10 th May, 2013	- 12 th August, 2013
- 9 th November, 2013	- 1 st February, 2014

The attendance of present and past members of the Audit Committee during the Financial Year 2013-14 is given below:

Sr. No.	Committee Members	Category	No. of Audit Committee Meetings Attended
1.	Mr. Prafull Anubhai	Non-Executive Director	4
2.	Mr. Rajinder Kumar Jain	Non-Executive Director	4
3.	Mrs. Ramni Nirula	Non-Executive Director	2
4.	Mr. Mukund Choudhary	Non-Executive Director	2
5.	Mr. Rajeev Gupta	Non-Executive Director	3

4. DIRECTORS' REMUNERATION:

i) Managing Director:

The Company pays remuneration to Managing Director as approved by the Remuneration Committee of the Company subject to the approval of the Members of the Company in the General Meeting.

A detail of remuneration paid to the Managing Director during the year 2013-14 is as given below:

(₹in lac)

Name	Designation	Salary	Perquisites	P.F. Contribution	Commission	Gross remuneration
Mr. Sachit Jain	Managing Director	24.00	-	-	-	24.00

ii) Non-Executive Directors:

Mr. Prafull Anubhai, Non-Executive Director of the Company is entitled to remuneration by way of commission @ 0.5% of the Net Profit of the Company subject to maximum of ₹ 10 lac per annum. During the year 2013-14, he was entitled to NIL remuneration.

The detail of sitting fees paid to the Non-Executive Directors during the Financial Year 2013-14 is given hereunder: -

S.NO.	NAME OF DIRECTOR	SITTING FEE (₹)
1.	Mr. Prafull Anubhai	1,00,000
2.	Mr. Rajinder Kumar Jain	1,00,000
3.	Mrs. Ramni Nirula	50,000
4.	Mr. Rajeev Gupta	75,000
5.	Mr. Mukund Choudhary	50,000
6.	Mr. Sanjeev Pahwa	30,000
7.	Mr. Jayant Davar	30,000

5. SHAREHOLDING OF DIRECTORS AS ON 31st MARCH, 2014:

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

<u>Name of Directors</u>	<u>Number of Shares held</u>
Mrs. Suchita Jain	52,265
Mr. Sachit Jain	8,001
Mr. Prafull Anubhai	710

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

6. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

The Investors' Grievance Committee constituted by the Company looks into the redressal of investors' complaints on various issues.



As at 31st March, 2014, the Investors' Grievance Committee comprised of Mr. B.K. Choudhary, Mr. Sanjeev Pahwa and Mrs. Suchita Jain. The Shareholders'/ Investors' Grievance Committee met once during the year on 26th March, 2014. The Compliance officer of this Committee is Ms. Tanu Berry, Company Secretary.

During the Financial Year 2013-14, the Company received 17 complaints pertaining to Non- Receipt of Annual Report.

7. REMUNERATION COMMITTEE:

The Board of Directors in its meeting held on 12th August, 2013 re-constituted the Remuneration Committee comprising of 4 Directors. As at 31st March, 2014, the Remuneration Committee comprised of 4 Directors i.e. Mr. Prafull Anubhai, Mr. Rajeev Gupta, Mr. B.K. Choudhary and Mr. Sanjeev Pahwa. Mr. Prafull Anubhai is the Chairman of the Committee and Ms. Tanu Berry is the Secretary of the Committee.

8. GENERAL BODY MEETINGS:

The details of General Body Meetings held during the last three Financial Years are given as under:

Meeting	Day, Date and Time of the Meeting	Venue	No. of Special Resolutions
3 rd Annual General Meeting for the Financial Year ended 31 st March, 2013.	Saturday, 31 st August, 2013 at 3.00 p.m.	Regd. Office, Vardhman Premises, Chandigarh Road, Ludhiana-141010.	1
2 nd Annual General Meeting for the Financial Year ended 31 st March, 2012.	Saturday, 1 st September, 2012 at 10.00 a.m.	Regd. Office, Vardhman Premises, Chandigarh Road, Ludhiana-141010.	1
1 st Annual general Meeting for the Financial Year ended 31 st March, 2011.	Saturday, 23 rd July, 2011 at 10.00 a.m.	Regd. Office, Vardhman Premises, Chandigarh Road, Ludhiana-141010.	1

The Company has not passed any resolution through postal ballot, during the Financial Year 2013-14.

9. 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 Clause 49 of the Listing Agreement. The Company may also take up the non-mandatory requirements of Clause 49 in due course of time.

10. 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.

GENERAL INFORMATION FOR SHAREHOLDERS

i) 4th Annual General Meeting:

Date : 24th September, 2014
 Time : 3.30 P.M.
 Venue : Regd. Office, Chandigarh Road, Ludhiana-141 010.

ii) Financial Calendar 2013-2014 (Tentative)

First Quarter Results : August, 2014
 Second Quarter Results : October, 2014
 Third Quarter Results : January, 2015
 Annual Results : May, 2015

iii) Dates of Book Closure : 5th September, 2014 to 24th September, 2014 (both days inclusive)

iv) Dividend payment date : The Board of Directors has not recommended Dividend for the Financial Year 2013-14.

- v) **Listing** : The securities of the Company are listed on the following Stock Exchanges: -
1. The Bombay Stock Exchange Limited, Mumbai (BSE), 1st 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 Fees to both the aforesaid Stock Exchanges for the Financial Year 2014-15.

vi) **Stock Code:**

- The Bombay Stock Exchange Limited, Mumbai : **534392**
- The National Stock Exchange of India Limited : **VSSL**

vii) **Stock Market Data:**

The month-wise highest, lowest and closing stock prices at NSE and BSE during the Financial Year 2013-14 is given below:

Financial Year 2013-14	Share Price of Vardhman Special Steels Limited on NSE				Share Price of Vardhman Special Steels Limited on BSE			
	Highest (₹)	Lowest (₹)	Closing (₹)	%age change over last month's closing	Highest (₹)	Lowest (₹)	Closing (₹)	%age change over last month's closing
April	26.00	21.65	23.00	-10.68	30.90	18.45	23.00	-13.21
May	22.55	18.05	20.00	-13.04	23.00	16.50	19.00	-17.39
June	20.00	17.50	19.95	-0.25	22.00	16.50	17.15	-9.74
July	18.20	14.00	14.40	-27.81	19.95	13.65	13.65	-20.40
August	13.95	12.05	13.35	-7.291	14.28	11.92	13.35	-2.19
September	16.70	13.20	16.20	21.34	18.76	14.00	16.20	21.34
October	16.20	14.15	14.50	-10.49	16.50	13.80	14.15	-12.65
November	14.50	11.55	11.55	-20.34	14.50	12.01	12.25	-13.42
December	14.10	11.10	14.10	22.07	15.30	11.64	14.76	20.48
January	18.80	14.00	16.50	17.02	19.20	13.85	15.45	4.67
February	19.60	15.70	19.40	17.57	19.40	14.75	19.30	24.91
March	20.45	17.20	19.70	1.54	21.00	18.15	19.60	1.55

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,
(Unit: Vardhman Special Steels Limited)

1E/13, Alankit Heights, Jhandewalan Extension, New Delhi - 110 055.

Phone: (011) 41540060-63, Fax: (011) 41540064, e-mail: 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 normally within 15 days from the date of receipt by them.

The shares of the Company are traded on the Stock Exchanges compulsorily in De-mat 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 31st March, 2014:**

Range No. of Shares	SHAREHOLDERS		SHARES	
	Numbers of total Holders	% to Total Holders	Numbers of shares Held	% to Total Shares
Upto-500	18,209	96.31	7,68,681	4.41
501-1000	258	1.36	1,93,415	1.04
1001-2000	153	0.80	2,33,031	1.26
2001-3000	65	0.34	1,61,907	0.87
3001-4000	24	0.12	81,746	0.44
4001-5000	24	0.12	1,09,768	0.59
5001-10000	65	0.34	4,44,477	2.39
10001- above	108	0.57	1,65,62,351	89.26
Total	18,906	100	1,85,55,376	100

xi) **Dematerialization of shares:**

As on 31st March, 2014, 98.55 % of the capital comprising 1,82,87,570 shares, out of total of 1,85,55,376 shares were dematerialized.

xii) **Plant Location:**

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

xiii) **Address for correspondence:**

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

DECLARATION UNDER CLAUSE 49

I, Sachit Jain, Managing Director of Vardhman Special Steels Limited declare that all Board Members and Senior Management Personnel have affirmed compliance with 'Code of Conduct for Board and Senior Management Personnel' for the year ended 31st March, 2014.

PLACE : GURGAON
DATED : 17TH MAY, 2014

Sachit Jain
(Managing Director)

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

To

The Members of

Vardhman Special Steels Limited

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

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

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

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

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

PLACE : GURGAON
DATED : 17TH MAY, 2014

Partner
M.No.087899

INDEPENDENT AUDITORS' REPORT

To
The Shareholders,
Vardhman Special Steels Limited.

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 31st March 2014, and the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

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:

- in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- in the case of the Statement of Profit & Loss of the loss for the year ended on that date; and
- 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

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by section 227(3) of the Act, we report that:
 - we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - In our opinion, the Balance Sheet, Statement of Profit & Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.
 - On the basis of written representations received from the Directors as on 31st March, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

(CA Dinesh K. Abrol)
Partner
Membership No.87899

PLACE: GURGAON
DATE: 17TH MAY, 2014



THE ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE OUR REPORT OF EVEN DATE TO THE MEMBERS OF VARDHMAN SPECIAL STEELS LIMITED ON THE ACCOUNTS OF THE COMPANY FOR THE YEAR ENDED 31ST MARCH, 2014.

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

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
(b) As explained to us, Fixed Assets are verified by rotation every year. No material discrepancies were observed in the Fixed Assets physically verified during the Financial Year.
(c) In our opinion and according to the information and explanations given to us, during the period, the Company has not disposed off substantial portion of fixed assets. Therefore, it has not affected the ability of Company to continue as going concern.
2. (a) As explained to us, inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been adequately dealt with in books of accounts.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.
(e) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, there are no transactions made in pursuance of contracts or arrangements that need to be entered into the register maintained under section 301. Thus sub clause (b) is not applicable to the Company.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 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.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. 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 209 (1) (d) of the Companies Act, 1956 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.
9. (a) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it. According to the records of the Company examined by us and the information and explanations given to us, in our opinion, no undisputed amounts payable in respect of provident fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty, Cess and other statutory dues were outstanding, as at 31.03.2014 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 sale tax, income-tax / sales tax / wealth tax / service tax / customs duty / excise duty / cess which have not been deposited on account of any dispute, except the following:

S. No.	Nature of dues	Amount due (₹)	Forum where pending
1.	PUNJAB SALE TAX	Basic & Penalty ₹ 1,86,500	JOINT DIRECTOR, ENFORCEMENT, PATIALA
2.	PUNJAB SALE TAX	Basic & Penalty ₹ 1,80,000	JOINT DIRECTOR ENFORCEMENT PATIALA
3.	PUNJAB VAT ACT, 2005	Penalty ₹ 5,95,963	AETC MOBILE WING, PATIALA
4.	CENVAT – DENIAL OF CENVAT	Basic & Penalty ₹ 4,15,723 Interest ₹ 4,05,723	CHIEF COMMISSIONER EXCISE, CHANDIGARH
5.	CENVAT – DENIAL OF CENVAT	Basic ₹ 45,450 Interest ₹ 45,450	CESTAT
6.	CENVAT – DENIAL OF CENVAT	Basic & Penalty ₹ 25,394 Interest ₹ 1,143	ASSISTANT COMMISSIONER, LUDHIANA
7.	CENVAT – DENIAL OF CENVAT	Basic ₹ 84,910 Interest ₹ 7,642	ASSISTANT COMMISSIONER, LUDHIANA
8.	RULE 6 B OF VALUATION RULES-CENTRAL EXCISE	Basic & Penalty ₹ 27,78,084 Interest ₹ 17,39,042	COMMISSIONER, APPEALS CHANDIGARH
9.	DENIAL OF CENVAT	Basic & Penalty ₹ 7,51,035 Interest ₹ 7,41,035	CESTAT
10.	DENIAL OF CENVAT	Basic ₹ 1,33,333 Interest ₹ 1,33,333	REMANDED BACK TO COMMISSIONER APPEALS BY CESTAT IN AUG'10
11.	DENIAL OF CENVAT	Basic & Penalty ₹ 26,938 Interest ₹ 4,243	ASSISTANT COMMISSIONER LUDHIANA
12.	DENIAL OF CENVAT	Basic & Penalty ₹ 25,756 Interest ₹ 6,622	ASSISTANT COMMISSIONER, LUDHIANA
13.	DENIAL OF CENVAT	Basic & Penalty ₹ 7,284 Interest ₹ 983	ASSISTANT COMMISSIONER, LUDHIANA

10. The Company does not have any accumulated losses and has incurred cash loss during the Financial Year covered by our audit but not in the immediately preceding Financial Year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution or bank during the period.

12. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
13. According to the records of the Company examined by us and the information and explanations given to us, term loans availed by the Company during the year have been utilized for the purpose they have been received.
14. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
15. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
16. The Company has not issued any debentures during the period covered by our audit report.
17. The Company has not raised any money by public issue during the year.
18. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the period, nor have we been informed of such case by the management.
19. Matters specified in clauses xii, xiii, xiv & xviii, of paragraph 4 of the CARO 2003 do not appear to be applicable for the year under report.

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

(CA Dinesh K. Abrol)

Partner

Membership No.87899

PLACE: GURGAON
DATE: 17TH MAY, 2014



Vardhman

Vardhman Special Steels Limited

BALANCE SHEET as at 31st March, 2014

(₹ in lac)

Particulars	Note No.	As at 31 st March, 2014	As at 31 st March, 2013
1. EQUITY AND LIABILITIES			
I Shareholder's funds			
(a) Share capital	3	1,855.54	1,855.54
(b) Reserves and surplus	4	16,719.90	17,661.54
		<u>18,575.44</u>	<u>19,517.08</u>
II Share application money pending allotment		-	-
III Non-current liabilities			
(a) Long-term borrowings	5	9,982.67	9,264.63
(b) Deferred tax liabilities, (net)	12	-	375.97
(c) Long-term trade payables		-	-
(d) Other long-term liabilities	6	11.87	16.39
(e) Long-term provisions	7	50.95	47.59
		<u>10,045.49</u>	<u>9,704.58</u>
IV Current liabilities			
(a) Short-term borrowings	8	19,495.49	21,440.21
(b) Trade payables	9	4,202.49	3,299.26
(c) Other current liabilities	10	3,962.74	4,157.19
(d) Short-term provisions	7	121.54	174.16
		<u>27,782.26</u>	<u>29,070.82</u>
TOTAL		<u><u>56,403.19</u></u>	<u><u>58,292.48</u></u>
2. ASSETS			
I Non-current assets			
(a) Fixed assets			
Tangible assets	19	21,037.93	4,123.98
Intangible assets		-	-
Capital work-in-progress		2,954.81	13,134.61
(b) Non-current investments	11	1,675.27	2,851.66
(c) Long-term loans and advances	13	743.09	1,996.22
(d) Other non-current assets	15	123.83	113.84
		<u>26,534.93</u>	<u>22,220.31</u>
II Current assets			
(a) Current investments	16	1,500.00	9,300.00
(b) Inventories	17	11,931.22	11,370.31
(c) Trade receivables	14	12,152.52	10,226.02
(d) Cash and cash equivalents	18	1,389.84	3,027.49
(e) Short-term loans and advances	13	2,887.29	1,827.23
(f) Other current assets	15	7.39	321.12
		<u>29,868.26</u>	<u>36,072.17</u>
TOTAL		<u><u>56,403.19</u></u>	<u><u>58,292.48</u></u>
See accompanying notes forming part of the financial statements	1-46		

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

(CA Dinesh K.Abrol)
Partner
M.No.087899

Place : GURGAON
Dated : 17th May, 2014

TANU BERRY
(Company Secretary)

NARESH BANSAL
(Chief Executive)

SUCHITA JAIN
(Director)

SACHIT JAIN
(Managing Director)

For and on behalf of the Board of Directors

Statement of Profit and Loss for the year ended 31st March, 2014

				(₹ in lac)
Particulars	Note No.	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013	
INCOME				
Revenue from Operations (Gross)	20	40,865.50	49,475.10	
Less: Excise duty		3,805.92	4,951.23	
Revenue from Operations (Net)		37,059.58	44,523.87	
Cost of Material Transferred to Trial Run (Rolling Mill)		19,336.52	-	
Other income	21	1,576.18	559.66	
Total income		57,972.28	45,083.53	
EXPENSES				
Cost of materials consumed	22	30,632.94	28,044.58	
Purchase of stock-in-trade		-	-	
Changes in inventories of finished goods, work in progress and stock-in-trade	23	7,018.76	(2,548.18)	
Employee Benefit Expense	24	2,126.34	2,131.59	
Other expenses	25	17,289.48	14,644.34	
Excise Duty on Closing Stocks		461.13	487.07	
Finance cost	26	1,189.72	1,086.71	
Depreciation and amortisation expense	27	570.45	398.28	
Total expenses		59,288.82	44,244.39	
Profit before exceptional items, extraordinary items and tax		(1,316.54)	839.14	
Exceptional items		-	-	
Profit before extraordinary items and tax		(1,316.54)	839.14	
Extraordinary items		-	-	
Profit before tax		(1,316.54)	839.14	
Tax expense				
Current tax		1.07	391.17	
Deferred tax		(375.97)	(36.58)	
Profit for the year after Tax		(941.64)	484.55	
Earnings per share (₹)				
Basic - Par value of ₹ 10 per share		(5.07)	2.61	
Diluted - Par value of ₹ 10 per share		(5.07)	2.61	

See accompanying notes forming part of the financial statements 1-46

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

(CA Dinesh K.Abrol)
Partner
M.No.087899

TANU BERRY
(Company Secretary)

NARESH BANSAL
(Chief Executive)

SUCHITA JAIN
(Director)

SACHIT JAIN
(Managing Director)

Place : Gurgaon
Dated : 17th May, 2014

For and on behalf of the Board of Directors



Vardhman

Cash Flow Statement for the year ended 31st March, 2014

(₹ in lac)

Particulars	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
A Cash flow from operating activities		
Net profit before tax and Extra-Ordinary Items	(1,316.54)	839.14
Adjustments for:		
Depreciation	570.45	398.28
Provision for Doubtful Debts written back	(34.46)	(15.94)
Sundry Balances Written (back) / off	(2.27)	(33.71)
Interest Expense	1,340.88	1,663.79
Profit on sale Investments	(1,038.51)	(201.83)
Exchange Rate Fluctuation (unrealised)	718.05	418.17
Interest income	(216.26)	(611.55)
Dividend Income	(22.57)	(8.33)
(Profit)/Loss on Sale of Fixed Assets (Net)	(324.45)	(75.97)
Operating Profit before working capital changes	(325.68)	2,372.05
Adjustments for:		
Decrease/(Increase) in Inventories	(560.91)	(1,787.42)
Increase / (Decrease) in liabilities and provisions	412.32	5,589.00
Decrease / (Increase) in other Current assets/Loans & Advances	(1,154.63)	(443.55)
Decrease/ (Increase) in Trade Receivables	(1,934.22)	259.51
	(3,237.44)	3,617.54
	(3,563.12)	5,989.59
Income tax paid	(26.41)	(488.19)
Net cash Flow From / (used) in operating activities	(3,589.53)	5,501.40
B Cash flow from investing activities		
Purchase of fixed assets and capital work in progress (including capital advances)	(5,747.56)	(13,969.49)
Proceeds from sale of Fixed Assets	417.58	80.90
Purchase of Investments	(323.61)	(8,726.66)
Proceeds from sale of Investments	10,338.51	6,701.83
Interest Received	529.99	516.27
Dividend Received	22.57	8.33
Net cash From / (used) in investing activities	5,237.48	(15,388.82)
C Cash flows from financing activities		
Proceeds from Short Term Borrowings	(1,944.72)	5,867.43
Interest paid	(1,340.88)	(1,663.79)
Net cash generated from / (Used) in financing activities	(3,285.60)	4,203.64
Net increase in cash and cash equivalents (A+B+C)	(1,637.65)	(5,683.79)
Cash and cash equivalents at the beginning of the period	3,027.49	8,711.26
Cash and cash equivalents at the end of the period	1,389.84	3,027.49
Components of cash and cash equivalents:		
Cash in hand & Others	4.29	10.00
Cheques in hand	-	82.83
Balances with scheduled banks:		
- on current accounts	1,004.91	423.10
- on fixed deposit accounts (under lien with banks)	-	850.00
- on fixed deposit accounts	380.64	1,661.56
	1,389.84	3,027.49

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 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

TANU BERRY
(Company Secretary)

NARESH BANSAL
(Chief Executive)

SUCHITA JAIN
(Director)

SACHIT JAIN
(Managing Director)

Place : Gurgaon
Dated : 17TH May, 2014

Notes to the Financial Statements for the Year Ended 31st March, 2014

Note 1. **CORPORATE INFORMATION:**

Vardhman Special Steel Limited is a Public Limited Company incorporated under the provisions of the companies Act ,1956 on 14th May, 2010. The Company is engaged in the Manufacturing of Billets, Steel bars & rods and Bright bars of various categories of special and alloys 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 sub-section (3C) of section 211 of the Companies Act, 1956 and other relevant provisions of the said Act.

b) **Revenue Recognition:**

i) **Sales:**

- a) Export sales are converted at negotiated rate, that approximates the actual rate prevailing on the date of the transaction. The negotiated export sale at the end of the year has been recognised at the closing conversion rate.
- b) Domestic Sales (Gross) include excise duty and freight and is recognized on dispatch of goods to customers.

ii) **Insurance and Other Claims:**

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

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

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

c) **Retirement Benefits:**

a) **Gratuity** : Provision for gratuity liability to employees is made on the basis of Actuarial Valuation as per AS-15 issued by Institute of Chartered Accountants of India.

b) **Leave Encashment** : Provision for leave encashment is made on the basis of leaves accrued to the employees during the calendar year and has been determined on Actuarial Valuation as per AS-15 issued by Institute of Chartered Accountants of India.

c) **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.

d) **Superannuation:** The liability in respect of eligible employees covered as per Company policy is provided on accrual basis.

d) **Fixed Assets:**

Fixed Assets are stated at historical cost less depreciation.

e) **Depreciation:**

a) Depreciation on Plant & Machinery & Building is charged on Straight Line method. Depreciation on straight line method is calculated on the basis of circular No.1/86 dated 21.5.1986 issued by the Company Law Board i.e. on the basis of rates corresponding to rates (inclusive of multiple shift allowance) applicable under the Income Tax Rules at the time of acquisition/purchase of assets upto 02.04.1987. However, for the assets purchased/acquired after 02.04.1987, depreciation is provided in accordance with the rates prescribed in Schedule XIV to the Companies Act, 1956. In respect of the assets purchased/acquired on or after 16.12.1993, depreciation has been provided in accordance with Notification No. GSR 756(E) dated 16.12.1993 issued by the Department of Company Affairs.

b) On the remaining assets, Depreciation is provided on straight line method in accordance with and in the manner specified in Schedule XIV to the Companies Act, 1956, except in case of computers, on which depreciation has been provided @ 25 % on straight line basis.

c) Depreciation on assets costing Rs 0.05 lac or below acquired during the year is charged @ 100% on proportionate basis.

f) **Inventories:**

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

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

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

- o Foreign currency transactions are recorded on initial recognition at the rate prevailing on the date of the transaction. Where export bills are negotiated with the bank, the export sales are recorded at the rate on the date of negotiation as the said rate approximates the actual rate on the date of transaction



Notes to the Financial Statements for the Year Ended 31st March, 2014

- o Foreign Currency monetary items are reported using the closing rate. Exchange differences arising on the settlement of monetary items or on reporting the same at the closing rate as at the balance sheet date are recognised as income or expense in the period in which they arise.
- o The premium or discount arising at the inception of forward exchange contracts is amortised as an expense or income over the life of the contract.
- o Exchange differences on the aforesaid forward exchange contract are recognised in the Statement of Profit & Loss in the reporting period in which the exchange rates change. Profit or loss arising on cancellation or renewal of such contracts is recognised as income or expense in the period in which such profit or loss arises.

h) 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.

i) Expenditure incurred during construction period :

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

j) Provisions and contingencies:

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resource.

k) Employee benefits:***Short term benefits:***

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

Gratuity (Defined benefit plan):

Provision for gratuity, which is a defined benefit plan, is made on the basis of an actuarial valuation 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 Statement of Profit & Loss.

Leave encashment (Other long term benefits):

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 carried out at the end of the period.

l) Earnings per share:

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

m) 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.

n) 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.

Notes to the Financial Statements for the Year Ended 31st March, 2014

(₹ in lac)

3. SHARE CAPITAL

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	Number of shares	Amount	Number of shares	Amount
Authorised				
Equity shares of ₹ 10 each	<u>35,000,000</u>	<u>3,500.00</u>	35,000,000	3,500.00
	<u>35,000,000</u>	<u>3,500.00</u>	<u>35,000,000</u>	<u>3,500.00</u>
Issued, subscribed and paid up				
Equity shares of ₹ 10 each fully paid up				
At the beginning of the year	<u>18,555,376</u>	<u>1,855.54</u>	18,555,376	1,855.54
Add: Issued during the year	-	-	-	-
At the end of the year	<u>18,555,376</u>	<u>1,855.54</u>	<u>18,555,376</u>	<u>1,855.54</u>
Total	<u>18,555,376</u>	<u>1,855.54</u>	<u>18,555,376</u>	<u>1,855.54</u>

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

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

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

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	Number of shares	Amount	Number of shares	Amount
Equity shares of ₹ 10/- each fully paid up held by				
Ultimate Holding Company	-	-	-	-
Holding Company	-	-	-	-
Subsidiary of ultimate Holding Company or Holding Company	-	-	-	-
Associate of ultimate Holding Company or Holding Company	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	Number of shares	% holding in the class	Number of shares	% holding in the class
Equity shares of ₹ 10/- each fully paid up held by				
- Vardhman Textiles Limited.	<u>5,825,000</u>	<u>31.39</u>	5,825,000	31.39
- Vardhman Holding Limited.	<u>3,080,517</u>	<u>16.60</u>	3,080,517	16.60
- Adinath Investment & Trading Company	<u>2,522,655</u>	<u>13.60</u>	2,522,655	13.60
- Devakar Investment & Trading Company (P) Ltd	<u>1,108,175</u>	<u>5.97</u>	1,108,175	5.97
Total	<u>12,536,347</u>	<u>67.56</u>	<u>12,536,347</u>	<u>67.56</u>



Notes to the Financial Statements for the Year Ended 31st March, 2014

(₹ in lac)

4. RESERVES AND SURPLUS

Particulars	As at	
	31 st March, 2014	31 st March, 2013
a) General reserve		
At the beginning of the year	13,890.62	13,890.62
Add/Less : Transfer from Surplus in Statement of Profit & Loss	-	-
At the end of the year	13,890.62	13,890.62
b) (Deficit)/ surplus in the Statement of Profit & Loss		
Balance at the beginning of the year	3,770.92	3,286.37
Add/ (less): Profit/ (Loss) for the year	(941.64)	484.55
Balance at the end of the year	2,829.28	3,770.92
Total	16,719.90	17,661.54

5. LONG-TERM BORROWINGS

Particulars	Non-current portion		Current maturities	
	As at 31 st March, 2014	As at 31 st March, 2013	As at 31 st March, 2014	As at 31 st March, 2013
Bank - Foreign currency denominated loans (ECB) Secured	9,982.67	9,264.63	-	-
Total	9,982.67	9,264.63	-	-

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

Refer Note No. 32 on reinstatement of External Commercial Borrowings (ECB).

6. OTHER LONG-TERM LIABILITIES

Particulars	As at	
	31 st March, 2014	31 st March, 2013
Securities Received	6.57	10.73
Superannuation Payable	5.30	5.66
Total	11.87	16.39

7. PROVISIONS

Particulars	Long-term		Short-term	
	As at 31 st March, 2014	As at 31 st March, 2013	As at 31 st March, 2014	As at 31 st March, 2013
Provision for employee benefits				
Gratuity	-	-	7.70	42.28
Compensated absences -Leave Encashment (unfunded)	50.95	47.59	14.25	11.01
Bonus & Ex-Gratia	-	-	66.24	64.21
Pension	-	-	5.08	5.12
Provident funds	-	-	22.26	20.15
Welfare funds	-	-	0.44	0.83
ESI	-	-	5.57	5.21
	50.95	47.59	121.54	148.81
Provision for Taxes (net of Advance Tax)	-	-	-	25.35
	-	-	-	25.35
Total	50.95	47.59	121.54	174.16



Notes to the Financial Statements for the Year Ended 31st March, 2014

(₹ in lac)

12. DEFERRED TAX ASSETS/ LIABILITY (NET)

Particulars	As at	
	31 st March, 2014	31 st March, 2013
Deferred Tax Asset	-	53.68
Gross Deferred Tax Asset	-	53.68
Deferred Tax Liability	-	429.65
Gross Deferred Tax Liability	-	429.65
Deferred Tax Liability (Net)	-	(375.97)

13. LOANS AND ADVANCES

Particulars	Long-term		Short-term	
	As at 31 st March, 2014	As at 31 st March, 2013	As at 31 st March, 2014	As at 31 st March, 2013
Capital advances				
Secured, considered good	62.43	1,410.12	-	-
Security deposits	62.43	1,410.12	-	-
Secured, considered good	564.00	553.68	4.59	12.15
Other loans and advances	564.00	553.68	4.59	12.15
<i>Unsecured considered good, unless stated otherwise</i>				
Other Current Assets				
Loans to employees	29.90	28.62	43.41	36.10
Other Current Assets	-	-	280.35	306.43
Balance with statutory/ government authorities	-	-	1,379.91	1,096.63
Prepaid expenses	4.07	3.80	27.29	17.35
Advance Tax (Net of Provisions)	82.69	-	-	-
Others				
Advances to suppliers & Contractors	-	-	1,151.74	358.57
Total	743.09	1,996.22	2,882.70	1,815.08

14. TRADE RECEIVABLES

Particulars	As at	
	31 st March, 2014	31 st March, 2013
Debts outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	136.57	202.51
Unsecured, considered doubtful	-	-
	136.57	202.51
Less: Provision for doubtful debts	-	-
	136.57	202.51
Other Debts		
Unsecured, considered good	12,015.95	10,023.51
	12,015.95	10,023.51
Less: Provision for doubtful debts	-	-
	12,015.95	10,023.51
Total	12,152.52	10,226.02

Notes to the Financial Statements for the Year Ended 31st March, 2014

(₹ in lac)

15. OTHER CURRENT ASSETS

(Unsecured considered good, unless otherwise stated)

Particulars	Non-Current		Current	
	As at 31 st March, 2014	As at 31 st March, 2013	As at 31 st March, 2014	As at 31 st March, 2013
Long term trade receivables :-				
Debts outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	123.83	113.84	-	-
Unsecured, considered doubtful	38.00	38.00	-	-
	161.83	151.84	-	-
Less: Provision for doubtful debts	38.00	38.00	-	-
	123.83	113.84	-	-
Other Assets:-				
Unsecured considered good, unless otherwise stated				
Interest accrued on fixed deposits	-	-	7.39	321.12
Total	123.83	113.84	7.39	321.12

16. CURRENT INVESTMENTS

(valued at cost or market value whichever is lower)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Other than Trade		
Equity Linked Mutual Funds / Liquid Funds (QUOTED)*		
Nil (Previous Year 1,698,037) of ₹ 10/- each of Birla Sun Life Dynamic Bond Fund (Growth Plan) *	-	300.00
Nil (Previous Year 1,614,974) of ₹ 10/- each of UTI Short Term Income Fund- Institutional Growth Option *	-	200.00
Nil (Previous Year 8,828,385) of ₹ 10/- each of HDFC Medium Term Opportunities Fund-Growth Fund *	-	1,000.00
Nil (Previous year 2,305,965) of ₹ 10/- each State Bank of India Dyanamic Bond Fund (Growth) *	-	300.00
Nil (Previous year 3,798,065) of ₹ 10/- each IDFC Bond Fund (Growth) *	-	500.00
Nil (Previous year 9,878,495) of ₹ 10/- each JP Morgan India Active Bond Fund (Growth) *	-	1,000.00
Nil (Previous year 1,550,210) of ₹ 10/- each Kotak Bond Fund Regular -Plan A (Growth) *	-	500.00
Nil (Previous Year 20,000,000) of ₹ 10/- each Reliance Fixed Horizon Fund XXI Series 18 Growth Option *	-	2,000.00
Nil (Previous Year 19,999,990) of ₹ 10 each ICICI Prudential Fixed Maturity Plan Series 63-384 Days *	-	2,000.00
Nil (Previous Year 5,000,000) of ₹ 10/- each Kotak Mutual Fund as (Kotak FMP Series 77 - Growth)	-	500.00
Nil (Previous year 9,733,118) of ₹ 10/- each DWS Premier Bond Fund (Growth)	-	1,000.00
15,000,000 units (Previous year Nil) of ₹ 10 each HDFC FMP 36 M October 2011(1)-Growth Fund * #	1,500.00	-
	1,500.00	9,300.00



Notes to the Financial Statements for the Year Ended 31st March, 2014

(₹ in lac)

Particulars	As at	
	31 st March, 2014	31 st March, 2013
Aggregate book value of quoted investments	1,500.00	9,300.00
Aggregate Market value of quoted investments	1,889.76	10,208.56
Aggregate book value of unquoted investments	-	-
Aggregate provision Diminution in the value of investments	-	-
* Lien Marked in Favour of Deutshe 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 as per the requirement of Guidance Note on the Revised Schedule VI to the Company act, 1956 issued by "The Institute of Chartered Accountants of India".		
17. INVENTORIES (AT COST OR NET REALIZABLE VALUE WHICHEVER IS LOWER)		
Raw materials	1150.83	683.63
Raw materials in Transit	357.28	533.63
Stores and spares	1,483.81	1,006.44
Stores and spares in Transit	254.11	177.47
Finished goods		
- Own manufactured	8,685.19	8,969.14
Total	11,931.22	11,370.31
18. CASH AND BANK BALANCES		
Cash and cash equivalents		
Balance with banks in		
Current accounts	1,004.91	423.10
Fixed deposits	375.54	1,656.46
Fixed Deposits (under lien)	-	850.00
Cheques/ drafts on hand	-	82.83
Cash in hand	4.29	10.00
	1,384.74	3,022.39
Other bank balances		
Fixed Deposits with maturity of more than 12 months	5.10	5.10
Total	1,389.84	3,027.49
19. TANGIBLE ASSETS		

Description	Cost			Depreciation			Net Block			
	As at 1 st April, 2013	Additions	Deletions/ adjustments	As at 31 st March, 2014	As at 1 st April, 2013	For the year	Deletions/ adjustments	As at 31 st March, 2014	As at 31 st March, 2014	As at 31 st March, 2013
Land Freehold	844.94	-	-	844.94	-	-	-	-	844.94	844.94
Buildings	1,746.20	1,829.26	1.16	3,574.30	875.94	68.15	0.50	943.59	2,630.71	870.26
Plant and machinery	6,644.70	15,648.20	1,074.70	21,218.20	4,554.82	458.56	984.93	4,028.45	17,189.75	2,089.88
Furniture and fixtures	92.96	40.65	-	133.61	47.31	4.49	-	51.80	81.81	45.65
Vehicles	265.61	18.50	5.96	278.15	48.17	24.89	3.32	69.74	208.41	217.44
Office equipment	128.02	40.92	0.06	168.88	72.21	14.36	-	86.57	82.31	55.81
Total	9,722.43	17,577.53	1,081.88	26,218.08	5,598.45	570.45	988.75	5,180.15	21,037.93	4,123.98
Previous year	9,639.32	221.07	137.96	9,722.43	5,333.20	398.28	133.03	5,598.45	4,123.98	4,306.12

Notes :-

- Plant & Equipment amounting to 1580.34 lac (previous year Nil) and Buildings amounting to 152.96 lac (previous year Nil) has been adjusted for the amounts allocated out of Project and Pre-operative Expenses. (Refer Note No. 42)
- Borrowing Cost amounting to 409.00 lac (previous year Nil) has been capitalised during the year.
- Depreciation for the year includes net depreciation of ₹ Nil (Previous Year ₹ (-) 2.89 lac pertaining to earlier years.

Notes to the Financial Statements for the Year Ended 31st March, 2014

(₹ in lac)

Particulars	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
20. REVENUE FROM OPERATIONS		
Sale of products		
Own manufactured		
Steel Bars	40,535.41	49,123.63
By Products/Waste	20.90	41.32
Miscellaneous Sales	233.79	209.37
Other operating Revenue : Export Incentives	75.40	100.78
Revenue from operations (Gross)	40,865.50	49,475.10
21. OTHER INCOME		
Interest income on		
Others	65.11	34.47
Net Gain on Account of Foreign Exchange Fluctuation (Refer Note No. 32)	-	74.10
Dividend Income From Current Investments	22.57	8.33
Interest income from current Investments	64.31	21.43
Interest income from current Investments (Tax Free)	-	13.15
Profit on sale Investments		
-Current Investments	5.10	2.95
-Long Term Investments	1,033.41	198.88
Net Gain on sale of Fixed assets	324.44	75.97
Miscellaneous Income	23.66	48.75
Provision no longer required written back	34.46	15.94
Sundry Balances Written Back	2.27	33.71
Prior Period Income	0.85	31.98
Total	1,576.18	559.66
22. COST OF RAW MATERIALS CONSUMED		
Raw Material Scrap & Ferro Alloys	30,632.94	28,044.58
Total	30,632.94	28,044.58
23. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE		
Particulars	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
Opening stock		
-Work-in-progress	-	-
Finished goods :-		
- Own manufactured	8,969.14	6,420.96
	8,969.14	6,420.96
Add : Material Transferred from Trial Run	6,734.81	-
Less :		
Closing stock		
Work-in-progress	-	-
Finished goods :-		
- Own manufactured	8,685.19	8,969.14
	8,685.19	8,969.14
Net (Increase) / Decrease	7,018.76	(2,548.18)
24. EMPLOYEE BENEFIT EXPENSE		
Salaries, wages and Bonus	1,918.38	1,908.29
Contribution to Provident and Other Fund	165.51	188.94
Staff welfare expense	42.45	34.36
Total	2,126.34	2,131.59

Notes to the Financial Statements for the Year Ended 31st March, 2014

(₹ in lac)

25. OTHER EXPENSES

Particulars	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
Consumption of stores and spare parts	3,844.04	3,193.08
Power and fuel	7,472.69	6,878.15
Rent	13.39	31.87
Repairs to Building	76.44	138.97
Repairs to Machinery	667.35	726.59
Insurance	28.36	23.56
Rates and taxes, excluding taxes on income	12.06	17.74
Directors Travelling	6.01	11.14
Payment to Auditors **	3.31	3.14
Net loss on account of foreign exchange fluctuation (Refer Note-32)	1,475.10	-
Miscellaneous expenses	95.41	138.74
Packing material	115.35	118.47
Processing Charges	2,058.84	1,438.62
Repairs and maintenance - others	23.13	28.70
Employee training expenses	23.01	26.13
Legal and professional	25.85	43.78
Bad Debts/Other Assets Written Off	-	67.20
Travelling and conveyance	82.63	99.55
Printing and Stationery	15.53	27.46
Communication expenses	30.69	49.21
Prior period expenses	6.16	12.61
Freight & Cartage On Domestic Sale	729.12	899.02
Freight & Cartage On Exports Sale	113.57	138.34
Cash and Other Discount, Commission	317.70	474.39
Advertisement	2.99	8.44
Others Selling Expenses	50.75	49.44
Total	17,289.48	14,644.34
** Payment to Auditors		
As auditor		
Audit fee	2.00	1.50
Tax audit fee	0.50	0.50
Cost Audit Fees	0.31	0.31
In other capacity		
For other services	-	0.05
For reimbursement of expenses	0.50	0.78
Total	3.31	3.14

Notes to the Financial Statements for the Year Ended 31st March, 2014

(₹ in lac)

26. FINANCE COST

Particulars	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
Interest expense (Net of Interest Received from Banks)	1,085.07	970.44
Other borrowing cost	33.01	34.70
Bank charges	71.64	81.57
Total	1,189.72	1,086.71

27. DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation on tangible assets	570.45	398.28
Total	570.45	398.28

28. NOTES TO FINANCIAL STATEMENTS

i) There are contingent liabilities in respect of:

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
a) Bank Guarantees and Letters of Credit outstanding	3122.20	4220.11
b) Other contingent liabilities	258.73	241.40
c) Claims Against the Company Not Acknowledged as Debts	83.14	109.81

ii) Estimated amount of capital contracts remaining to be executed is ₹ 120.13 Lac (previous year ₹9560.97 Lac).

iii) Claims against the Company not acknowledged as debts include additional demands in respect of Excise Duty/Service Tax /Sale Tax amounting to ₹ 83.14 Lac (Previous year ₹ 109.81 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.

29. 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 ₹ 13.39 Lacs , (Previous Year ₹ 31.87 lacs).

30. 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.

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

32. The Liability in respect of External Commercial Borrowing (ECB) was re-instated as on 31st March, 2014 and foreign exchange loss of ₹ 718.05 lacs has been provided in books of account for the year ended 31st March, 2014. As on 31st March 2013, the Company while following the conservative approach had carried the liability in respect of ECB at a level as determined on 30th June, 2012 and had not provided for notional foreign exchange gains amounting ₹ 219.91 lacs arising due to appreciation of rupee as on 31st March, 2013.

33. 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 31st March, 2014

(₹ in lac)

34. Employee Benefits :

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

Particulars	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous Year	Current Year	Previous Year
(a) Changes in the present value of the obligations :				
Present value obligation as at beginning of the year	47.59	44.42	306.62	244.22
Interest cost	4.00	3.31	27.00	19.33
Past Service cost	-	-	-	-
Current service cost	25.41	14.56	32.05	32.18
Curtailement cost	-	-	-	-
Settlement cost	-	-	-	-
Benefits Paid	(7.34)	(8.18)	(19.86)	(17.17)
Actuarial (gain)/ loss on Obligations	(18.70)	(6.52)	(10.67)	27.74
Present value obligation as at end of the year	50.95	47.59	335.14	306.30
(b) Change in Fair Value of Plan Asset:				
Fair value of Plan Assets as at beginning of the year	-	-	264.34	225.75
Expected return on Plan Assets	-	-	21.87	19.34
Contributions	-	-	42.28	18.97
Benefits Paid	(7.34)	(8.18)	-	-
Actuarial gain/ (loss) on Obligations	-	-	(1.04)	(0.78)
Fair value of Plan Assets as at end of the year	-	-	327.45	263.28
(c) Amount recognized in Balance Sheet :				
Present value obligation as at end of the year	50.95	47.59	335.15	306.31
Fair value of Plan Assets as at end of the year	-	-	327.45	264.84
Funded Status	(50.95)	(47.59)	(7.70)	(41.47)
Present value of unfunded obligation as at March,31, 2013	-	-	-	-
Unfunded Actuarial (gains)/ losses	-	-	-	-
Unfunded Net Asset/ (Liability) recognised in Balance Sheet.	(50.95)	(47.59)	(7.70)	(41.47)
(d) Expenses Recognized in Statement of Profit & Loss				
Current service cost	25.41	14.56	32.05	32.18
Past Service cost	-	-	-	-
Interest cost	4.00	3.31	27.00	19.33
Expected return on Plan Assets	-	-	(21.87)	(19.34)
Curtailement cost	-	-	-	-
Settlement cost	-	-	-	-
Net Actuarial (gain)/ loss recognised during the year	(18.70)	(6.52)	(9.63)	26.97
Total Expenses recognised in Statement of Profit & Loss	10.71	11.35	27.55	59.14

Notes to the Financial Statements for the Year Ended 31st March, 2014

(₹ in lac)

Particulars	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous Year	Current Year	Previous Year
(e) Investment details of Fund:				
Central Govt. Securities	-	-	168.72	-
Investment in PSU	-	-	20.13	-
Other Investments	-	-	12.50	-
Bank Balance	-	-	126.16	264.84
Total	-	-	327.51	264.84

(f) Principal actuarial assumption 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)	9.10%	8.20%	9.10%	8.20%
Rate of increase in compensation levels (per annum)	6.50%	6.50%	6.00%	6.00%
Rate of return on plan assets (per annum)	NA	N.A.	7.66%	8.23%
Expected Average remaining working lives of employees (years)	21.33	22.08	21.33	22.08
Method Used	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit

The estimates of future salary increase 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	11.01	7.98	8.90	6.20	13.26	10.63
Closing Liability	14.25	11.01	9.00	8.90	18.19	13.26
Benefits Paid during the period	0.00	0.00	5.36	5.43	25.66	22.52
Amount debited to Statement of Profit & Loss	3.23	3.03	5.46	8.13	30.59	25.15

h) During the year, the Company has recognized an expense of ₹ 89.39 Lacs (Previous year ₹ 82.01 lac) in respect of Contribution to Provident Fund and ₹ 5.30 Lacs (Previous Year ₹ 5.66 lac) in respect of Contribution to superannuation Scheme.

35. 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.



Notes to the Financial Statements for the Year Ended 31st March, 2014

(₹ in lac)

36. 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	-	-	83.90	43.59	83.90	43.59
Purchase of DEPB licenses	-	-	32.33	1,144.05	32.33	1,144.05
Sales/Processing of goods	-	-	1.57	-	1.57	-
Logo Charges (Inc. Service Tax)	-	-	14.05	14.05	14.05	14.05
Interest received	-	-	-	-	-	-
Managerial Remuneration	24.00	43.00	-	-	24.00	43.00
Common Corporate Charges (Inc. Service Tax)	-	-	102.25	92.14	102.25	92.14
Loan Given Including opening Balance	-	-	-	-	-	-
Closing Balance of Loan	-	-	-	-	-	-
Interest Paid	-	-	150.23	463.91	150.23	463.91
Loan taken including opening balance	-	-	81,891.00	94,665.98	81,891.00	94,665.98
Loan Repayment	-	-	80,544.50	94,665.98	80,544.50	94,665.98
Closing Balance of Loan	-	-	1,346.50	-	1,346.50	-

Note :

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

37. Earnings Per Share :

The calculation of Earnings Per Share (EPS) as disclosed in the Statement of Profit & Loss 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.

38. 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.

Notes to the Financial Statements for the Year Ended 31st March, 2014

(₹ in lac)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Deferred tax liabilities (a)		
Accelerated depreciation	(1,340.49)	(429.65)
Deferred tax assets		
Deferred Tax Asset arising on account of expenses allowable for tax purposes when paid u/s 43B	329.55	53.68
Unabsorbed losses and depreciation	2,112.83	-
Total	2,442.38	53.68
Deferred tax assets (b) *	375.97	53.68
Net deferred tax assets/(liability) [(a)-(b)]	Nil	(375.97)

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

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

40. Figures in brackets indicate deductions.

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

42. PROJECT AND PRE-OPERATIVE EXPENSES

Particulars	Current Year	Previous Year
Development Account		-
Rent	25.69	-
Salary and Incentive	203.75	-
Insurance	13.80	-
Travelling, Lodging and Boarding	221.75	-
Professional Charges	4.89	-
Bank Charges	240.91	-
Miscellaneous	30.24	-
Interest	201.87	-
Total (A)	942.90	-
Trial Run Expenses		
Material Transfer for Trial Run	19,336.52	-
Power and Fuel	1,148.94	-
Store and Spares Consumed	89.26	-
Repair to Machinery and Building	147.66	-
Contractor Labour	112.06	-
Salary and Wages	183.57	-
Rent Rates and Taxes	17.90	-
Insurance	20.43	-
Legal and Professional	14.46	-
Selling Expenses	366.17	-
Miscellaneous	163.16	-
Interest	207.13	-
Total (B)	21,807.26	-
Total C = (A+B)	22,750.16	-



Particulars	Current Year	Previous Year
Less: Sale of Finished Goods	14,109.81	
Export Benefits Received	28.50	-
Finished Goods Transfer From Trial Run	6,734.81	-
Total of Trial Run Income (D)	20,873.12	-
Net Expenditure during Trial Run (C-D)	1,877.04	-
Less : Allocated to Plant and Machinery	1,580.34	-
Building	152.96	-
Capital Work in Progress	143.74	-
Total Allocation	1,877.04	-
Pending Allocation	Nil	-

43. CIF VALUE OF IMPORTS

Particulars	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
Components & Spare Parts	509.85	640.26
Capital Goods	3,043.97	6467.26
Raw Material	7,607.35	8958.12
Total	11,161.17	16065.64

44. EXPENDITURE IN FOREIGN CURRENCY

Traveling out of India*	21.39	20.48
Membership Fees	-	-
Technical Know how	-	5.32
Interest on ECB*	471.19	435.00
Total	492.58	460.80

*Interest on ECB Includes ₹ 256.71Lac (Previous Year ₹ 144.58 lacs) being capitalised, and Travelling Outside India Includes ₹2.28 Lac (Previous Year ₹ Nil) being Capitalised"

45. FOB VALUE OF EXPORT 2729.13 2476.43

46. VALUE OF RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED

Particulars	For the year ended 31 st March, 2014		For the year ended 31 st March, 2013	
	Amount	%	Amount	%
1. Raw Material				
Imported	7,936.90	25.91	7,990.24	28.49
Indigenous	22,696.05	74.09	20,054.34	71.51
Total	30,632.95	100.00	28,044.58	100.00
2. Component & Spare Parts				
Imported	548.60	13.38	401.93	11.22
Indigenous	3,550.45	86.62	3,179.79	88.78
Total	4,099.05	100.00	3,581.72	100.00

As per our 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.Abral)
Partner
M.No.087899

TANU BERRY
(Company Secretary)

NARESH BANSAL
(Chief Executive)

SUCHITA JAIN
(Director)

SACHIT JAIN
(Managing Director)

Place : Gurgaon
Dated : 17TH May, 2014

VARDHMAN SPECIAL STEELS LIMITED

Regd. Office: Vardhman Premises, Chandigarh Road, Ludhiana - 141 010



PROXY FORM

I/We.....
of.....
in the District.....being a Member/Members
of **Vardhman Special Steels Limited** hereby appoint.....
of.....in the
District.....failing him/her
.....of.....
.....in the District.....

as my/our proxy to vote for me/us on my/our behalf at the 4th Annual General Meeting of the Company to be held at Registered Office of the Company situated at Vardhman Premises, Chandigarh Road, Ludhiana, at 3.30 p.m., on Wednesday, the 24th day of September, 2014 and at any adjournment thereof.

Signed this.....day of.....2014.

Affix
Revenue
Stamp here

Signature.....
Address.....
Folio No./ Client-ID

- NOTES :
1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote on poll instead of himself/herself.
 2. The Proxy Form duly signed across Revenue Stamp should reach the Company's Registered Office at least 48 hours before the time of meeting.

(TEAR HERE)

VARDHMAN SPECIAL STEELS LIMITED

Regd. Office: Vardhman Premises, Chandigarh Road, Ludhiana - 141 010



SUGGESTIONS

In case you have any suggestion for the betterment of your Company, please do write to us.

Suggestion.....
.....
.....

Name.....Folio No./ Client-ID

Address.....

--	--	--	--	--	--

(TEAR HERE)

Pin Code

VARDHMAN SPECIAL STEELS LIMITED

Regd. Office: Vardhman Premises, Chandigarh Road, Ludhiana - 141 010



ATTENDANCE SLIP

I hereby record my presence at the 4th Annual General Meeting of the above named Company being held at Registered Office of the Company situated at Vardhman Premises, Chandigarh Road, Ludhiana, at 3.30 p.m., on Wednesday, the 24th day of September, 2014.

.....
Full Name of the Member
(IN BLOCK LETTERS)
Signature

Folio No./ Client-ID No. No. of Shares held.....

.....
Full Name of the Proxy
(IN BLOCK LETTERS)
Signature

NOTE: Members attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

(TEAR HERE)

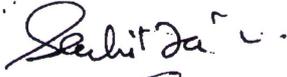
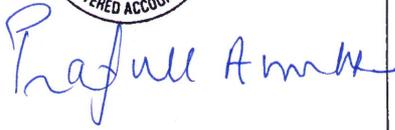


Concast Machine at Steel Melting Shop.



An overview of newly erected Rolling Mill.

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

1.	Name of the Company	Vardhman Special Steels Limited
2.	Annual financial statements for the year ended	31 st March, 2014
3.	Type of Audit observation	Un-qualified Audit Report
4.	Frequency of observation	Not Applicable
5.	To be signed by- <ul style="list-style-type: none"> • Managing Director (Mr. Sachit Jain) • CFO (Mr. Sanjeev Singla) • Auditor of the company (Mr. Dinesh K. Abrol, Partner, M/s. S.S. Kothari Mehta & Company, Chartered Accountants) • Audit Committee Chairman (Mr. Prafull Anubhai) 	   

Date: 02.08.2014