



**29th Annual Report
2008-2009**

VALLABH STEELS LIMITED



VALLABH STEELS LIMITED

BOARD OF DIRECTORS

Mr. Kapil Kumar Jain	Chairman & Managing Director
Mr. Rahul Jain	Director
Mr. M. K. Jain	Director
Mr. Mohan Lal	Director
Mr. Mohinder Pal Gupta	Director
Mr. Jawahar Jain	Director

AUDITORS

M/s Raj Gupta & Co.
Chartered Accountants
Miller Ganj, Ludhiana-141 003

BANKERS

Punjab National Bank
Large Corporate Branch
Bhagwati Tower, R.K. Road,
Ludhiana-141 003.

State Bank of India
Specialised Commercial Branch
Miller Ganj, Pahwa Hospital Complex,
Ludhiana-141 003.

REGISTERED OFFICE

G.T. Road, Pawa, Sahnewal,
Ludhiana -141 120 (Punjab)

WORKS

- | | |
|---|---|
| (i) G.T. Road, Pawa, Sahnewal,
Ludhiana-141 120 (Punjab) | (ii) G.T. Road, Nandpur, Sahnewal,
Ludhiana-141 120 (Punjab) |
| (iii) G.T. Road, Village Bapror,
Tehsil Rajpura, Distt. Patiala (Punjab) | (iv) Vill. Dugdha Ghamaria,
Distt. Saraikela (Jharkhand) |

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VALLABH STEELS LIMITED

NOTICE

Notice is hereby given that the 29th Annual General Meeting of the members of Vallabh Steels Limited will be held at Registered Office of the company at G.T. Road, Village Pawa, Sahnewal, Ludhiana on Tuesday, the 29th September, 2009 at 10.00 A.M. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009, Profit and Loss Account for the year ended on that date together with the Reports of Auditors and Directors thereon.
2. a) To appoint a Director in place of Mr. Jawahar Jain who retires by rotation and being eligible offers himself for re-appointment.
b) To appoint a Director in place of Mr. Mohinder Pal Gupta who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of next Annual General Meeting and to fix their remuneration.
4. To appoint M/s. RCS & Company, Company Secretaries in practice for the Secretarial Compliance Certificate for the Financial Year 2009-10.

AS SPECIAL BUSINESS

5. **TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), IF ANY, THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Section(s) 198, 269, 309, 314 and Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and rules framed there under, including any statutory modification or re-enactment thereof and subject to such approvals as may be deemed necessary, including the approval of the Central Government, consent of the Company be and is hereby accorded for the appointment of Mr. Kapil Kumar Jain as Chairman & Managing Director for a period of 3 years w.e.f. 28.08.2008 and for payment of remuneration to Mr. Kapil Kumar Jain, Chairman & Managing Director of the Company by way of a consolidated salary upto Rs.3,00,000/- (Rs. Three Lac Only) plus other perks not exceeding Rs.50,000/- (Rs. Fifty Thousand Only) per month w.e.f.01.08.2009 till the remaining tenure of Chairman & Managing Director of the company i.e. up to 27.08.2011."

"RESOLVED FURTHER THAT Board of Directors/Remuneration Committee be and is hereby authorised to alter or increase or vary the terms and conditions of the said remuneration and/or agreement in such form and manner or with such modifications as the board may deem fit or as may be prescribed by the Central Government while granting necessary approvals, if any, in this regard and as may be acceptable to Mr. Kapil Kumar Jain, without again referring the same to the General Meeting."

"RESOLVED FURTHER THAT where in any financial year, the company has no profits or its profits are inadequate during the tenure of remuneration as proposed of Mr. Kapil Kumar Jain, the remuneration aforesaid shall be the minimum remuneration provided that it does not exceed the limits as prescribed in Section II of Part II of Schedule XIII of the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and to execute all such documents, instruments and writings as any be required to give effect to the aforesaid resolutions."

By order of the Board of Directors

Sd/-

(KAPIL KUMAR JAIN)

CHAIRMAN & MANAGING DIRECTOR

PLACE : LUDHIANA

DATED : 31.08.2009



VALLABH STEELS LIMITED

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on poll instead of himself/herself and the proxy need not be a member of the company. Proxy Form, in order to be effective must be delivered at the Regd. office of the Company atleast 48 hours before the scheduled time of the meeting. The blank Proxy Form is enclosed.
2. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item No. 5 of Special Business is annexed hereto and forms part of this Notice.
3. The Register of Members and Share Transfer Books of the company will remain closed from Friday, the 25th September, 2009 to Tuesday, the 29th September, 2009 (both days inclusive).
4. Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Registrar & Share Transfer Agents of the company. However, members holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participants.
5. Members are requested to send their queries on the accounts, if any, so as to reach the Registered Office of the Company at least seven days before the meeting to enable the company to have relevant information ready at the meeting.
6. Members are requested to bring their copy of Annual Report alongwith them to the Annual General Meeting.
7. Members may also note that the equity shares of the company have been included in the list of securities for compulsory trading in dematerialised form under ISIN No. INE 457E01016. Shareholders are, therefore, advised to dematerialise their shareholding to avoid inconvenience in future. They are requested to send their Dematerialisation Request Form (DRF) through their Depository Participant (DP).

By order of the Board of Directors

Sd/-

PLACE : LUDHIANA

(KAPIL KUMAR JAIN)

DATED : 31.08.2009

CHAIRMAN & MANAGING DIRECTOR

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM NO. 5 OF SPECIAL BUSINESS:

ITEM NO. 5

Mr. Kapil Kumar Jain has been appointed as Chairman & Managing Director of the company by the Board in its meeting held on 28th August, 2008 for a period of three years with effect from 28.08.2008. As per the amendments in Schedule XIII (Part-II)(Section II) of the Companies Act, 1956 consent of the members of the Company by way of passing a Special Resolution is required for payment of remuneration to a Managerial person for a period not exceeding three years in case of Companies having no profits or inadequate profits.

The principal terms of remuneration of Mr. Kapil Kumar Jain as approved by the Remuneration Committee and by the Board of Directors of the Company w.e.f. 01.08.2009 for his remaining tenure as Chairman & Managing Director of the company i.e. up to 27.08.2011 is given in the proposed resolution. The Board recommends the resolution for your approval.

The above may be treated as an abstract and notice of Interest under Section 302 of the Companies Act, 1956.

MEMORANDUM OF INTEREST:

None of the Directors except Mr. Kapil Kumar Jain, the appointee, Mr. M.K. Jain and Mr. Rahul Jain being his relatives is interested in the resolution.



VALLABH STEELS LIMITED

STATEMENT ON THE INFORMATION AS REQUIRED UNDER SECTION II, PART II, OF SCHEDULE XIII OF THE COMPANIES ACT, 1956 (AS AMENDED) IS GIVEN AS UNDER:

1. a) NATURE OF INDUSTRY

Your Company is engaged in the manufacturing and marketing of Steel Pipes and Cold Rolled Steel Strips and Coils which fall within the single segment of "Iron & Steel Industry."

The Indian Steel Industry has witnessed divergent trends in the financial year 2008-09. While the first half has been buoyant with steel prices and demand touching unprecedented higher levels, the second half remained dull due to drastic fall in demand as finished steel consumption growth slackened significantly in the third quarter of 2008-09 due to the domino effect of the global financial crisis on the Indian Financial Markets.

Subsequently in the fourth quarter there was a smart recovery in demand for steel products due to various factors which included timely announcement of monetary and fiscal stimulus measures by Govt. of India; increase in local consumption in rural and semi urban areas which were unaffected by global slowdown; and reduction in inventory at producer, user and dealer levels.

b) DATE OF COMMENCEMENT OF COMMERCIAL PRODUCTION

The Company started its commercial production in 1980-81.

c) FINANCIAL PERFORMANCE

Financial Performance of the Company in respect of units remaining with the Company and excluding that of the Sponge Iron Unit hived off for the last two years is given below:

(Rs. In Lacs)		
PARTICULARS	2008-09	2007-08
Gross Sales	30300.97	32093.86
Gross Profit	996.66	1063.19
Less Interest	526.61	427.57
Less Depreciation	276.83	326.98
Net Profit before tax	193.22	308.64
Provision for taxation	94.75	123.00
Deferred tax	(13.56)	(30.40)
Net Profit after tax	112.03	216.04

d) EXPORT PERFORMANCE

Export Performance during the year 2008-09 is as under:

Foreign Exchange Earnings : Rs. 14,58,12,255/-

(Less) Foreign Exchange Outgo: Rs. 70,290/-

Net Foreign Exchange Earnings: Rs. 14,57,41,965/-

2. INFORMATION ABOUT MR. KAPIL KUMAR JAIN:

a) BACKGROUND

Mr. Kapil Kumar Jain has been associated with the company since inception and has now been appointed as Chairman & Managing Director of the company for a period of three years with effect from 28.08.2008. He has vast experience in the field of General Administration and project implementation.

b) PAST REMUNERATION

Mr. Kapil Kumar Jain has been drawing a salary of Rs. 1,00,000/- (Rs. One Lac Only) per month from Vardhman Industries Limited alongwith following perquisites & benefits till 31.07.2009 :



VALLABH STEELS LIMITED

The perquisites shall be allowed in addition to salary. However, such perquisites shall be restricted to an amount equal to one year's salary during each year as per details given below:

i) Housing:

Free furnished accommodation or house rent allowance equal to 50% of the basic salary. Free furnishing shall also be provided by the company alongwith other amenities. The said facility shall, however, be subject to the policy framed by the company in this respect. The expenditure incurred by the company on the gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962.

ii) Medical Reimbursement:

Expenses incurred for self and the family (including Mediclaim Insurance Premium) subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

iii) Leave:

Leave with full pay or encashment thereof as per the Rules of the Company.

iv) Leave Travel Concession:

For self and family, once in a year incurred in accordance with Rules specified by the company.

v) Club fees:

Fees of Clubs subject to a maximum of two clubs, excluding admission or life membership fees.

vi) Personal Accident Insurance:

Premium not to exceed Rs.5,000/- per annum.

vii) Provident Fund:

Contribution to Provident fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent either these singly or put together are not taxable under the Income Tax Act.

viii) Gratuity:

Gratuity payable shall not exceed half a month's salary for each completed year of service. This will, however, be subject to ceiling prescribed by the Central Government from time to time.

ix) Car:

Provision of car alongwith driver for use for company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the appointee."

c) RECOGNITION OR AWARDS

Though no specific awards have been won by the Company its performance over the years is itself an award.

d) JOB PROFILE

Mr. Kapil Kumar Jain is a Director of the company since inception. He has been appointed as Chairman & Managing Director of the Company w.e.f 28.08.2008 for a period of 3 years. He looks after the work related to Project implementation, marketing in formulating the plans and future policies of the Company.

e) REMUNERATION PROPOSED

A consolidated salary upto Rs. 3,00,000/- (Rs. Three Lac Only) per month w.e.f 01.08.2009 alongwith perks not exceeding Rs. 50,000/- (Rs. Fifty Thousand Only) per month is proposed to be paid to Mr. Kapil Kumar Jain as Chairman & Managing Director of the Company as recommended by the Remuneration Committee till 27.08.2011 i.e. for the remaining tenure as Chairman & Managing Director of the company.



VALLABH STEELS LIMITED

f) COMPARATIVE REMUNERATION PROFILE

The remuneration profile with respect to manufacturing and other companies having comparative turnover as reported in the respective Annual Reports:

Sr. No.	Name of the Company	Name of the Managerial Personnel	Annual Turnover (Rs. In lacs)	Remuneration Paid* (Rs. Per annum)
1.	DISH TV India Limited	Mr. Jawahar Lal Goel Managing Director	73769	6174000/-
2.	GTL Infrastructure Limited	Mr. Parkash Ranjalkar Whole Time Director	22084	4683135/-
3.	LGB Forge Limited	Mr. P.S. Balasubramaniam Managing Director	9429	2400000/-
4.	Menon Pistons Limited	Mr. Sachin Ram Menon Managing Director	10749	2639000/-

* As reported in the respective Annual Reports for Financial Year 2008-09.

g) PECUNIARY RELATIONSHIP

Mr. Kapil Kumar Jain, except his appointment as Chairman & Managing Director of the Company, has no pecuniary relation with the Company.

3. OTHER INFORMATION :

a) REASONS FOR LOSS OR INADEQUATE PROFITS

Though the Company has not incurred losses, but there may be inadequacy of profits under section 198, 249 and 350 of the Companies Act, 1956 on account of the following factors;

1. Quantitative restrictions and/or additional tariffs of exports from India by importing countries.
2. Cheap imports to India creating pressure on domestic demand and prices.
3. Unpredictable and sharp cyclical movements in the raw material and other input prices.
4. Unfavourable Govt. policies in respect of import of Steel/ Steel products.

b) STEPS TAKEN BY THE MANAGEMENT TO IMPROVE THE PERFORMANCE OF THE COMPANY

In the recent past, the company has increased its production capacity, diversified its product mix, gaining economies of scale and integrated manufacturing facilities.

The company by virtue of quality and market oriented specification of its products have posted profitable operations during the most trying times in the past. As such current buoyant conditions are paving way for major strides towards improved performance in future. Besides the Company has recently adopted strategy of taking its products to new markets in India and Abroad and purchasing of raw material on long term bulk basis besides savings the overheads to bring down the cost per unit of production.

c) EXPECTED INCREASE IN PRODUCTIVITY AND PROFITS

The company has hived off its burdensome units in Jharkhand State. Further the company is continuously improving its operational efficiency, productivity and cost control besides setting up new projects, which will help it to improve the bottom line in future. With the various steps taken by company and expansion plans and strategies under implementation the performance of the company is likely to improve in future.

4. DISCLOSURES :

The remuneration package along with the corresponding details payable to the Chairman & Managing Director has been mentioned earlier.

The aforesaid statements form part of the Notice calling the AGM. None of the Directors except Mr. Kapil Kumar Jain, Chairman & Managing Director, Mr. M.K. Jain and Mr. Rahul Jain being his relative is concerned or interested in resolution at serial no. 5 of notice.

By order of the Board of Directors

Sd/-

PLACE : LUDHIANA

DATED : 31.08.2009

(KAPIL KUMAR JAIN)

CHAIRMAN & MANAGING DIRECTOR



VALLABH STEELS LIMITED

DIRECTORS' REPORT

To

The Members,

We have pleasure in presenting the 29th Annual Report of the Company alongwith the Audited Statement of Accounts for the year ended 31st March, 2009

FINANCIAL RESULTS

As informed in our last report, the company had decided to hive off its Sponge Iron Unit in Jharkhand State subject to necessary consents and approvals. The requisite petition under section 394 of the Companies Act, 1956 seeking the approval of Scheme of Arrangement has been approved by the Hon'ble Punjab & Haryana High Court at Chandigarh vide its order dated 23.07.2009 which shall become effective on a date on which a certified copy of the order of Hon'ble High Court sanctioning the Scheme is filed with the Registrar of Companies, Punjab, H.P. & Chandigarh at Jalandhar City.

The financial results pertaining to the units remaining with the Company after hiving off the Sponge Iron unit in Jharkhand are given as under :

	(Rupees in Lacs)	
	Current Year	Previous year
Sale/Income from operations (Gross)	30300.97	32093.86
Profit before Interest, Depreciation and Tax	996.66	1063.19
Less :		
Financial Expenses	526.61	427.57
Provision for Depreciation	276.83	326.98
Taxes : Current Tax & FBT	94.75	123.00
Deferred Tax	(13.56)	(30.40)
Profit after Tax	112.03	216.04
Add:		
Balance b/f from Previous Year	2245.85	2054.47
Profit available for appropriations	2357.88	2270.51
Appropriations :		
Proposed Dividend on Preference Shares	-	0.22
Tax on proposed dividend	-	0.04
Provision for Gratuity	23.11	-
Tax adjustments of earlier years	-	(0.60)
Transferred to General Reserve	25.00	25.00
Surplus Carried to Balance Sheet	2309.77	2245.85
	2357.88	2270.51

OPERATIONS

Your Directors are pleased to inform you that without taking into account the financial results of the Sponge Iron Unit in the State of Jharkhand (being hived off w.e.f. 01.03.2006), your Company has recorded a Sale/Income from operations (Gross) of Rs. 30300.97 lacs as compared to Rs. 32093.86 lacs of previous year representing a decline of about 5.59%. The operations of the units remaining with the Company have resulted in a lower net profit of Rs. 112.03 lacs after all adjustments as compared to Rs. 216.04 lacs which has been primarily due to wide fluctuations and decline in end product prices particularly in the third quarter of the financial year and partly due to higher financial expenses.

EXPORTS

We are pleased to inform you that during the year under review the Company continued to export its products in various countries such as Ghana, Canada, Malawi & Lesotho.

Despite wide fluctuation in prices and stiff competition the company registered higher exports at Rs. 1458.12 lacs as compared to Rs. 559.45 lacs in previous year recording a whopping jump of over 160%.



VALLABH STEELS LIMITED

SCHEME OF ARRANGEMENT IN RESPECT OF SPONGE IRON UNIT IN THE STATE OF JHARKHAND

The Board of Directors of the Company in its meeting held on 24.11.2006 had approved the Scheme of Arrangement envisaging the restructure and transfer of the undertaking constituting the Sponge Iron Unit of the Company with a production capacity of 1,12,000 MT per annum set up in the State of Jharkhand to a separate company namely Zoom Vallabh Steel Limited as a Special Purpose Vehicle (the scheme) in accordance with sections 391 and 394 of the Companies Act, 1956 subject to modification or alteration, if any, as may be required in consultations with the Legal Advisors/ Financial Consultants. The Scheme has already been approved by the Hon'ble Punjab & Haryana High Court at Chandigarh vide its order dated 23.07.2009 which shall become effective on a date on which a certified copy of the orders of Hon'ble High Court sanctioning the Scheme is filed with the Registrar of Companies, Punjab, H.P. & Chandigarh at Jalandhar City as per provisions of applicable laws.

DIVIDEND

With a view to conserve resources for immediate future requirements, your directors have not recommended any dividend for the year under consideration.

LISTING OF SHARES

The Equity Shares of the Company are listed at Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai. The company has duly paid the listing fee to Bombay Stock Exchange Limited, Mumbai upto the Financial Year 2009-10.

FIXED DEPOSITS

During the year, your Company has not accepted any fixed deposits within the meaning of Section 58-A of the Companies Act, 1956 and the Rules made thereunder.

DIRECTORS

Mr. Jawahar Jain and Mr. Mohinder Pal Gupta Directors of the company retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

CORPORATE GOVERNANCE

Corporate Governance Report and Management Discussion and Analysis along with Certificate of the Auditors of your company pursuant to clause 49 of the Listing Agreement with the Stock Exchange(s) has been annexed to the report as Annexure-I. Your company has been practicing the principle of good Corporate Governance over the years. The Board of Directors supports the broad principles of Corporate Governance. In addition to the basic governance issues as dictated by compliance of statutory requirements, the Board lays strong emphasis on transparency, accountability and integrity.

AUDITORS

M/s Raj Gupta & Co., Chartered Accountants, Auditors of the company, retire at the conclusion of this Annual General Meeting and are eligible for re-appointment. They have furnished a certificate to the effect that their re-appointment, if made, will be in accordance with sub-section (IB) of Section 224 of the Companies Act, 1956.

AUDITORS' REPORT

The Auditors' report read with the relevant notes on accounts for the year under review is self explanatory and do not call for any further comments as there are no adverse remarks in the Auditors' Report.

COST AUDITORS

The Board of Directors has appointed M/s. Meenu & Associates, Cost Accountants, Ludhiana as the Cost Auditors of the Company under Section 233 B of the Companies Act, 1956 for which application to the Central Government has already been made seeking approval for appointment of Cost Auditors to conduct audit in respect of Steel Pipes Unit for the year 2009-10.



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SECRETARIAL COMPLIANCE CERTIFICATE

Pursuant to notification no. 1/6/2008-CL.V dated 5th January, 2009 every company which is not required to employ a Company Secretary and having a paid up capital of Rs. 10 lacs to Rs. 500 lacs has to submit the Secretarial Compliance Certificate from a Practicing Company Secretary and the said certificate shall be attached to the Directors' Report. The Board of Directors have in their meeting held on 31.01.2009 appointed M/s. RCS & Company, Company Secretaries to verify the secretarial records and to provide a compliance certificate for the year 2008-2009 which has now been obtained and is attached to this Director's Report as Annexure-II.

M/s. RCS & Company, the Secretarial Auditors of the Company retire at the ensuing Annual General Meeting. The reappointment of the Secretarial Auditors is to be approved by the members at the ensuing Annual General Meeting to verify the Secretarial records and to provide a compliance certificate for the financial year 2009-10. The Board recommends to reappoint M/s. RCS & Company, the Secretarial Auditors and to fix their remuneration.

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

Information as per section 217(1)(e) read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure-III forming part of this report.

PERSONNEL AND INDUSTRIAL RELATIONS

The Management - Employees relations remained cordial throughout the year.

Statement pursuant to section 217(2A) of The Companies Act, 1956 and The Companies (Particulars of Employees) rules, 1975 is given below:

Name of Director	Age	Designation/ Nature of Duties	Remuneration (Rs.)	Qualification	Experience (Years)	Date of Commencement of Employment	Last Employment held
Mr. Rahul Jain	35	Whole Time Director	3030000/-	B.Com.	13	01.04.1997	1st Employment

Note: The above remuneration includes perquisites valued in accordance with the Income Tax Rules, 1962.

AUDIT COMMITTEE

As per clause 49 of the Listing Agreement the Company has constituted an Audit Committee. The constituent members of the Audit Committee are Mr. Mohan Lal, Mr. Mohinder Pal Gupta and Mr. Jawahar Jain. Mr. Mohinder Pal Gupta is Chairman of the Committee. The statutory auditors and internal auditors are the permanent invitees to the audit committee meetings. The Committee met four times during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

Directors' Responsibility Statement pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956 is given in Annexure-IV forming part of this report.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their sincere thanks and appreciation to the team of executives, staff members and workers at all levels for their co-operation, hard work, dedication and devotion. Our thanks are also due to the Bankers, Financial Institutions, Government Authorities and Business constituents for their continued support and co-operation extended from time to time to the Company.

By order of the Board of Directors

Sd/-

PLACE : LUDHIANA
DATED : 31.08.2009

(KAPIL KUMAR JAIN)
CHAIRMAN & MANAGING DIRECTOR



VALLABH STEELS LIMITED

ANNEXURE - I TO THE DIRECTORS' REPORT CORPORATE GOVERNANCE REPORT

I. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. MANAGEMENT DISCUSSION AND ANALYSIS

(a) Industry Structure and Development :

Your Company is mainly engaged in the manufacturing and marketing of Steel Pipes and Cold Rolled Steel Strips & Coils which fall within the single segment of "Iron & Steel Industry."

The Indian Steel Industry has witnessed divergent trends in the financial year 2008-09. While the first half has been buoyant with steel prices and demand touching unprecedented higher levels, the second half remained dull due to drastic fall in demand as finished steel consumption growth slackened significantly in the third quarter of 2008-09 due to the domino effect of the global financial crisis on the Indian Financial Markets.

Subsequently in the fourth quarter there was a smart recovery in demand for steel products due to various factors which included timely announcement of monetary and fiscal stimulus measures by Govt. of India; increase in local consumption in rural and semi urban areas which were unaffected by global slowdown; and reduction in inventory at producer, user and dealer levels.

(b) Company's Performance :

After excluding the turnover and financial results of Sponge Iron Unit being hived off w.e.f 01.03.2006, the Sale/Income from operations (Gross) of the other units remaining with the Company during the year 2008-09 has marginally declined by about 5.59% to Rs. 30300.97 lacs from Rs. 32093.86 lacs in the previous year. The net profit after tax is placed lower at Rs. 112.03 lacs as compared to Rs. 216.04 lacs due to decline in end product prices and partly due to higher financial expenses.

(c) Dividend :

Your directors are constrained not to recommend any dividend on equity shares for the period under review for conserving resources to strengthen the financials of the company for its immediate requirements.

(d) Outlook : Opportunity, Threats, Risks & Concerns :

The Iron & Steel industry as a whole continues to witness buoyant trends. The diversified product mix, expected economies of scale, highly responsive market conditions give the management surety for having optimistic outlook for substantial growth in the operating performance of your company in near future.

Your directors perceive following factors which may pose threat, risk & concern for the Iron & Steel Industry in general and your company in particular:

1. Any adverse conditions of user sector to which it caters, thus adversely affecting the demand.
2. Quantitative restrictions and/or additional tariffs of exports from India by importing countries.
3. Cheap imports to India may exert pressure on domestic demand and prices.
4. Unpredictable and sharp cyclical movements in the raw material and other input prices.
5. Any change in Govt. Policies pertaining to steel industry may affect the profitability.

The opportunities of growth for your company as detailed below are manifold in view of its Strengths which may also counter the above concerns:-

1. Buoyant trends are continuing in user sector and it is expected that such trends will persist in the times ahead. Your company by virtue of quality and market oriented specification of its products have posted profitable operations during the most trying times in the past. As such current buoyant conditions are paving way for major strides towards improved performance in future.
2. The company's production capacity entails less outgo for servicing interest payments and repayments of principals vis-a-vis its returns thus, improving cash flows of the company.



VALLABH STEELS LIMITED

3. Well established customers base for the last over 28 years.
4. Your company's recently adopted strategy of taking its products to new markets in India and abroad has been a resounding success. Encouraging feedback from new customers gives optimism of momentum for its growth.
5. Your Company is fully poised to reap the benefits of economies of scale and it will be in a better position to negotiate raw material prices on long term bulk lifting basis & definite savings on overheads will bring down the cost per unit of production and lead to higher profitability
6. Your Company has strategic advantage as its units are located in the industry friendly area having all infrastructural amenities.

Thus, your company stands in good stead to avail of the opportunities and also to take head on successfully the areas posing risks, concerns and threats to it.

(e) Internal Control System and their Adequacy :

Your company has adequate internal control systems commensurate with its size and nature of business to ensure efficient utilisation and protection of assets, compliance with statutes and proper recording of all transactions.

In addition, the company has engaged M/s Gupta Sanjeev & Co., Chartered Accountants as external independent agency to conduct internal audit of the affairs of your company.

The company has also an Audit Committee constituted pursuant to the provisions of Listing Agreement which reviews internal control system of the company from time to time besides looking into other areas in its scope.

(f) Risk Management :

The company is exposed to various normal business risks such as risks from market fluctuations of foreign exchange, interest rates, prices of raw materials and finished goods and natural vagaries.

Business risk evaluation and management is an ongoing process within the Company. During the year under review, a detailed exercise on "Risk Assessment and Management" was carried out covering the entire gamut of business operations and the Board was informed of the same.

(g) Cautionary statement :

Statement in the Management Discussion and Analysis describing the company's objectives, projections, estimates, expectations or predictions, may be "forward looking statements " within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied.

2. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE :

Your company is committed to the attainment of highest level of transparency, integrity, accountability and equity in all dealings with shareholders, employees, lenders, government and other business constituents in all dealings in pursuit of its overall organisational goals.

In pursuance of the above, the Board of directors has constituted committees to implement its policies and guidelines and has set up adequate review systems for exercising effective management control and ensuring compliance of laws. There is adequate representation of independent directors on the Board. We believe in timely and transparent disclosure of information.

Our focus on sustainable growth, productivity improvement, commitment to quality, self-discipline, value of time, safety in operations and total customers satisfaction is unrelenting. The company will continue its efforts towards raising the standards in Corporate Governance and will also review its systems and procedures constantly in pace with the changing economic environment from time to time as it feels that the Corporate Governance should be need based and is not seen only as an issue of compliance dictated by statutory requirements.



VALLABH STEELS LIMITED

3. BOARD OF DIRECTORS :

(a) Board Meetings :

During the financial year 2008-09, eleven Board meetings were held on 30.04.2008, 22.05.2008, 09.06.2008, 19.06.2008, 30.06.2008, 31.07.2008, 28.08.2008, 10.09.2008, 31.10.2008, 31.01.2009, and 31.03.2009.

(b) Composition :

The Board comprises of six directors of which three are independent non-executive directors. The details of the Board composition, attendance of directors at Board Meetings and their other members are given below:

Sr. No.	Name of Director	Designation	Category	No. of Board Meetings Attended	Attendance at last AGM	Total No. of Directorships in Public Ltd. Companies		No. of Committee positions in Public Ltd. Companies	
						Chairman	Member	Chairman	Member
1.	Mr. Kapil Kumar Jain	Chairman & Managing Director	Promoter	11	Yes	3	1	-	2
2.	Mr. Rahul Jain	Whole Time Director	Promoter	11	Yes	-	4	-	-
3.	Mr. Mohinder Kumar Jain	Director	Promoter	7	No	-	1	-	-
4.	Mr. Mohan Lal	Director	Independent	4	No	-	2	-	2
5.	Mr. Jawahar Jain	Director	Independent	11	Yes	-	1	-	3
6.	Mr. Mohinder Pal Gupta	Director	Independent	5	Yes	-	1	3	-

(c) Information of Directors Appointed/re-appointed :

A brief resume of the directors being appointed/re-appointed at the ensuing Annual General Meeting is furnished below:

1. Mr. Kapil Kumar Jain aged about 59 years is a Commerce Graduate and has an experience of over 35 years in Business and Industry and has been associated with the Company since its inception. He is now being appointed as Chairman and Managing Director for a period of 3 years w.e.f. 28.08.2008.
2. Mr. Jawahar Jain aged about 59 years is a seasoned business man having experience in general administration and purchase related activities and has been a director on the Board since 31.03.2003. He is not holding directorship in any other company.
3. Mr. Mohinder Pal Gupta aged about 66 years is a graduate and a retired Banker having an overall experience of about 43 years and is presently working as a freelance consultant in the field of finance and banking. He is not holding directorship in any other company.

(d) Audit Committee :

The Audit Committee of the Board of Directors of the company, inter-alia, provides assurance to the Board on the adequacy of the internal control system and financial disclosures.

The Audit Committee of the company is comprised of Mr. Mohinder Pal Gupta, Mr. Mohan Lal and Mr. Jawahar Jain with Mr. Mohinder Pal Gupta as its Chairman. All these members are non-executive independent directors of the Company.

The Statutory Auditors i.e. Raj Gupta & Co., Chartered Accountants and Gupta Sanjeev & Co., Chartered Accountants, the Internal Auditors are permanent invitees to this committee. The terms of reference of the Audit Committee are as contained in Clause 49 of the Listing Agreement.

During the year 2008-09, the Audit Committee met four (4) times on 30.06.2008, 31.07.2008, 31.10.2008 and 31.01.2009. All the members of the Committee attended all the meetings alongwith Statutory Auditors and Internal Auditors as invitees.



VALLABH STEELS LIMITED

(e) Remuneration Committee :

The Company has constituted Remuneration Committee in line with Schedule XIII of the Companies Act, 1956 and clause 49 of the Listing Agreement. The remuneration committee comprises of three members namely Mr. Mohinder Pal Gupta, Mr. Jawahar Jain and Mr. Mohan Lal with Mr. Mohinder Pal Gupta as its Chairman. All these members are non-executive independent Directors of the Company. However, there was no business to be transacted & as such this committee did not meet during the year.

(4) DIRECTORS' REMUNERATION :

The company pays remuneration to the Whole Time Director as approved by the members of the company in the general body meeting. The details of remuneration paid to the Whole Time Director during the year 2008-09 are given below:

(Amount in Rs.)

NAME	DESIGNATION	TENURE OF APPOINTMENT	SALARY	PERKS	TOTAL
Mr. Rahul Jain	Whole Time Director	01.04.2007 to 31.03.2010	3000000/-	30000/-	3030000/-

Non-executive independent directors have not been paid any remuneration during 2008-09.

(5) SHAREHOLDERS GRIEVANCE COMMITTEE :

The company has constituted Shareholders Grievance Committee under the chairmanship of Mr. Mohinder Pal Gupta and other members being Mr. Kapil Kumar Jain and Mr. Jawahar Jain. The compliance officer of this committee is Mr. Suresh Gupta. The quorum for the meeting is two directors and the committee meets frequently to dispose of investors' complaints/requests. During the year 2008-09 the committee met 5 times.

During the year 2008-09, the company received very few complaints/requests comprising of non-receipt of annual report, demat queries/requests and requests for transfers and demat etc. & all the complaints were duly resolved and requests duly complied within a period of about 20 days. There was no pendency in respect of complaints/share received for transfers/dematerialisation.

(6) (a) GENERAL BODY MEETINGS :

The details of last three Annual General Meetings (AGMs) are as follows:-

MEETING	DAY, DATE & TIME OF MEETING	VENUE	NO. OF SPECIAL RESOLUTIONS
28th AGM	Saturday, 09.08.2008, 10.00 AM	G.T. Road, Vill. Pawa, Sahnewal, Ludhiana.	Nil
27th AGM	Saturday, 04.08.2007, 10.00 AM	G.T. Road, Vill. Pawa, Sahnewal, Ludhiana.	I
26th AGM	Saturday, 29.07.2006, 10.00 AM	G.T. Road, Vill. Pawa, Sahnewal, Ludhiana.	Nil

(b) EXTRA ORDINARY GENERAL MEETING :

During the year under review no Extra Ordinary General Meeting was held.

(c) RESOLUTION PASSED DURING THE FINANCIAL YEAR 2008-09 THROUGH POSTAL BALLOT :

No resolution was passed by Postal Ballot during the financial year 2008-09.

(7) CODE OF CONDUCT :

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and Senior Management Personnel. The said code has been communicated to the directors and members of the Senior Management.

(8) DISCLOSURES :

During the period under review, there was no material/significant transaction with the promoters, directors, management and their relatives etc. that may have potential conflict with the interest of the company at large. There has not been any non-compliance by the company in respect of which penalties or strictures have been imposed by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

The company has not issued any GDRs/ADRs/Warrants & there are no warrants or convertible instruments pending as on 31.03.2009.



VALLABH STEELS LIMITED

(9) MEANS OF COMMUNICATION :

The Company communicates with the shareholders at large through its Annual report, publication of financial results in a English and Vernacular Newspapers and by filing reports & returns with the statutory bodies like Stock Exchange(s) and the Registrar of Companies.

The financial results and shareholding pattern of the company are also available on the EDIFAR Website viz. www.sebiedifar.nic.in.

(10) GENERAL INFORMATION FOR SHAREHOLDERS :

(i) 29th Annual General Meeting :

- Date and Time** : Tuesday, the 29th September, 2009 - 10.00 AM.
Venue : At Regd. Office i.e. at G.T. Road, Village Pawa, Sahnewal, Ludhiana.

(ii) Financial Calender 2009-10

- First Quarter Results** : By end of July, 2009
Second Quarter Results : By end of October, 2009
Third Quarter Results : By end of January, 2010
Fourth Quarter Results : By end of April, 2010
Annual Results 2009-10 : In the month of July/August, 2010.

- (iii) Date of Book Closure** : Friday, 25th September, 2009 to Tuesday, 29th September, 2009 (both days inclusive).

- (iv) Dividend Payment Date** : No dividend on equity shares has been recommended for the year 2008-09. Hence not applicable.

- (v) Listing** : The company's shares are listed on the Bombay Stock Exchange Limited at Mumbai. Delisting approval is yet to be received from Calcutta Stock Exchange.

- (vi) Stock Code** : **Stock Exchange** **Code**
Mumbai 513397

(vii) Stock Market Data :

The month wise highest & lowest closing prices vis-a-vis BSE sensex during the financial year 2008-09 are given as follows:

Financial Year 2008-09	Closing Share Prices of the Company at BSE		BSE Sensex	
	High (Rs.)	Low (Rs.)	Highest	Lowest
April, 2008	29.70	25.25	17480.74	15297.96
May, 2008	28.75	24.80	17735.70	16196.02
June, 2008	25.55	21.00	16632.72	13405.54
July, 2008	20.90	18.00	15130.09	12514.02
August, 2008	26.30	18.90	15579.78	14002.43
September, 2008	27.50	22.65	15107.01	12153.55
October, 2008	21.60	15.70	13203.86	7697.39
November, 2008	16.50	15.00	10945.41	8316.39
December, 2008	16.15	13.45	10188.54	8467.43
January, 2009	16.85	15.30	10469.72	8631.60
February, 2009	14.55	13.85	9724.87	8619.22
March, 2009	13.16	09.65	10127.09	8047.17



VALLABH STEELS LIMITED

(viii) Dematerialisation of shares, Registrar & Transfer Agent & Share Transfer system :

The equity shares of the company are available for dematerialisation through National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The International Securities Identification Number (ISIN) is INE 457 E 01016.

M/s Mas Services Limited, having its office at T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi - 110020 are the Registrars and Share Transfer Agents being a Common Agency for Physical and Electronic modes.

The dematerialised shares are directly transferred to the beneficiaries through the depositories. 2084093 equity shares comprising of 42.10% of the total equity shares of the company are in dematerialised form as on 31.03.2009. Out of a total of 4570 shareholders 1514 shareholders representing 33.13% have got their shares dematerialised as on 31.03.2009.

The process of transfer/transmission/transposition etc. of equity shares in physical form including despatch of the share certificates is completed within a period of 20 days if the documents are in order in all respects.

The Shareholders Grievance Committee specifically looks into the redressal of shareholders complaints like transfer of equity shares and related matters.

(ix) Distribution of shareholding as on 31.03.2009 :

Share Holding	Share Holders		Share Holding	
	Number	% to total	Number	% to Total
Up to 500	4301	94.11	561095	11.34
501 to 1000	96	2.10	78455	1.58
1001 to 2000	71	1.55	108073	2.18
2001 to 3000	21	0.46	54349	1.10
3001 to 4000	15	0.33	58104	1.17
4001 to 5000	9	0.20	41392	0.84
5001 to 10000	21	0.46	158240	3.20
10001 and above	36	0.79	3890292	78.59
Total 4570	100.00	4950000	100.00	

(x) Share Holding Pattern as on 31.03.2009 :

Category	Number of Shares	% to Total Shares
Promoters	3373600	68.15
Private Corporate Bodies	146965	2.97
Indian Public	1418343	28.66
NRIs	11092	0.22
Total	4950000	100.00

(xi) Registrar for Demat and Share Transfer :

Mas Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020

Phone No. : 011-26387281-83, Fax No. : 011-26387384, E-Mail : mas_serv@yahoo.com

(xii) Investors Correspondence :

All queries of investors regarding the company's shares in physical form may be sent to the company at its Regd. office at G.T. Road, Village Pawa, Sahnewal, Ludhiana-141 120. (Phone No.: 0161-2511412, 2511413)

OR

to the Registrar for physical/demat modes at the following address:

Mas Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020

Phone No. : 011-26387281-83, Fax No. : 011-26387384, E-Mail : mas_serv@yahoo.com

(xiii) Plant Locations of the Company :

- G.T. Road, Village Pawa, Sahnewal, Ludhiana-141 120, (Phone No. : 0161-2511412, 2511413)
- G.T. Road, Village Nandpur, Sahnewal, Ludhiana-141 120, (Phone No. : 0161-2844499)
- G.T. Road, Village Bapror, Tehsil Rajpura, Distt. Patiala, (Phone No. 01762-265135)



VALLABH STEELS LIMITED

(11) SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL :

As stipulated by SEBI, the statutory auditors of the company carry out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and report thereon is submitted to the Stock Exchange where shares of the Company are listed. The audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

DECLARATION :

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, all Board members and Senior Management Personnel have affirmed compliance with Vallabh Steels Limited's Code of Business Conduct and Ethics for the year ended March 31, 2009.

FOR VALLABH STEELS LIMITED

PLACE : LUDHIANA
DATE : 31.08.2009

Sd/-
(KAPIL KUMAR JAIN)
CHAIRMAN & MANAGING DIRECTOR

AUDITORS' CERTIFICATE

(on compliance of conditions of Corporate Governance)

To
The members of
Vallabh Steels Limited

We have examined the compliance of conditions of Corporate Governance by Vallabh Steels Limited for the year ended on 31st March, 2009, as stipulated in clause 49 of the Listing Agreement executed by the said Company with stock exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the 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 Raj Gupta & Co.
Chartered Accountants

PLACE: LUDHIANA
DATE : 31.08.2009

Sd/-
(R.K. GUPTA)
PARTNER
M. No. 17039



VALLABH STEELS LIMITED

ANNEXURE - II TO THE DIRECTORS' REPORT

COMPLIANCE CERTIFICATE

CIN No. L27109PB1980PLC004327

Authorised Share Capital :Rs. 500 lacs

To

The Members
Vallabh Steels Limited
Ludhiana

We have examined the registers, records, books and papers of Vallabh Steels Limited a company registered under the Companies Act, 1956 and having its Regd. Office at G.T. Road, Village Pawa, Sahnewal, Ludhiana - 141120 as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2009. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure "B" to this certificate, with the Registrar of Companies, within the time prescribed under the Act and rules made thereunder and such other extended time as was permitted.
3. The Company, being a Public Limited Company, our comments are not required.
4. The Board of Directors duly met eleven (11) times on 30.04.2008, 22.05.2008, 09.06.2008, 19.06.2008, 30.06.2008, 31.07.2008, 28.08.2008, 10.09.2008, 31.10.2008, 31.01.2009 and 31.03.2009 in respect of which proper notices were given and the proceedings were properly recorded and signed in the Minutes book maintained for the purpose.
5. The Company closed its register of Members, from 05.08.2008 to 09.08.2008 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31.03.2008 was held on 09.08.2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-ordinary General Meeting(s) was held during the financial year.
8. The Company has not advanced any loans to the Directors or persons or firms or companies referred to under section 295 of the Companies Act, 1956.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company has made entries about firms/companies in which directors are interested in the register under Section 301(3) of the Act.
11. The Company was not required to obtain any approvals of Board of Directors and members pursuant to the provisions of section 314 of the Act during this year.
12. The Company has not issued any duplicate share certificates during the year.
13. During the year the Company has :
 - (i) not issued/allotted any fresh shares. However it has registered transfer of shares and as such delivered the certificates after registration of transfer of securities as per provisions of the Companies Act, 1956.
 - (ii) the Company has not deposited any amount in a separate Bank Account as no dividend was declared/paid during the financial year.
 - (iii) the Company was not required to post warrants to the members of the Company as no dividend was declared/ paid during the financial year.
 - (iv) no unpaid/unclaimed dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon for a period of seven years which is required to be transferred to Investor Education and Protection Fund.
 - (v) duly complied with the requirements of section 217 of the Act.



VALLABH STEELS LIMITED

14. The Board of Directors of the Company is duly constituted and the appointment(s) of Directors have been duly made.
15. The Company has appointed a Managing Director during this financial year and has duly complied with the provisions of Companies Act, 1956.
16. The Company has not appointed any sole selling agent during this financial year.
17. The Company was not required to obtain approvals of the Central Government, Registrar or such other authorities as may be prescribed under the various applicable provisions of the Act.
18. The Directors have disclosed their interest in other firms, companies to the Board of Directors pursuant to the provisions of the Act and rules made thereunder.
19. The Company has not issued any Securities during this financial year.
20. The Company has not bought back any shares during this financial year.
21. The Company has redeemed 2000 11% Redeemable cumulative Preference shares of Rs. 100/- each during the financial year ending 31st March, 2009 and the Company has duly complied with the provisions of Companies Act, 1956 in this regard.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the meaning of Section 58A of the Act during this financial year.
24. The amount borrowed by the Company from public, financial institutions, banks etc during the financial year ending 31.03.2009 is/or within the borrowing limits of the company and necessary resolution under section 293(1)(d) of the Companies Act, 1956 and has been duly passed in a general meeting.
25. The Company has not made Loans or advances or provided securities to other bodies corporate as prescribed under section 372A of Companies Act, 1956 except in the ordinary course of business. However, the company has given guarantee to IDBI for a term loan given to another group company and it has duly complied with the provisions of the Companies Act, 1956 in this regard.
26. The Company has not altered provisions of its Memorandum of Association with respect to situation of Company's registered office from one State to another during this financial year.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during this financial year.
28. The Company has not altered provisions of Memorandum of Association with respect to name of the Company during this financial year.
29. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during this financial year.
30. The Company has not carried out any alteration in its Articles of Association during the financial year ended 31.03.2009.
31. There was no prosecution initiated against or Show Cause Notice received by the Company, during the financial year, for offences under the Act. However, the company received an order U/s 234 of the Companies Act, 1956 from Registrar of Companies (ROC), Jalandhar City seeking certain information / documents / records / related to Balance Sheet of the Company as at 31.03.2008. As confirmed by the Company, it has duly replied to the said order of ROC as well as subsequent queries.
32. The Company has not received any money as security from its employees during this financial year.
33. The Company has not constituted any Provident Fund Trust and as such provisions of section 418 of the Act are not applicable to the company.

**For RCS & COMPANY
(Company Secretaries)**

**Sd/-
(R.C.SINGAL)
PROPRIETOR
C.P. No. 3154
FCS : 903**

**PLACE : LUDHIANA
DATE : 31.08.2009**



VALLABH STEELS LIMITED

Annexure - 'A'

REGISTERS AS MAINTAINED BY VALLABH STEELS LIMITED, LUDHIANA

1. Register of members & Index of Member	Section 150/151
2. Minutes Book containing minutes of	Section 193
- Board Meeting	
- General Meeting	
3. Book of Accounts	Section 209
4. Register of Fixed Assets	Section 209
5. Register of particulars of firms and companies in which Directors are interested	Section 301
6. Register of Directors, Managing Director /Manager/Secretary	Section 303(3)
7. Register of Director's shareholdings	Section 307
8. Registers of Attendance for Board Meetings / General Meetings	
9. Records of Annual Returns filed with ROC	Section 143
10. Registrar of Charges.	
11. Registrar of Investments, Loan & Advances	Section 372 A
12. Common Seal Register	
13. Register of Transfer / Transmission of Shares*	
14. Register of issue of Duplicate Share Certificates*	

* Through Registrar and Share Transfer Agent.

For RCS & COMPANY
(Company Secretaries)

Sd/-
(R.C.SINGAL)
PROPRIETOR
(C.P. No. 3154)
FCS : 903

PLACE : LUDHIANA

DATE : 31.08.2009

Annexure - 'B'

FORMS AND RETURNS AS FILED BY VALLABH STEELS LIMITED WITH REGISTRAR, REGIONAL DIRECTOR, CENTRAL GOVERNMENT OR OTHER AUTHORITIES DURING THE FINANCIAL YEAR ENDED 31ST MARCH, 2009.

Sr No.	Particulars	Remarks
1.	Form No. 8 filed on 06.05.2008 for creation of charge	Filed in time
2.	Form No. 8 filed on 10.06.2008 for modification of charge	Filed in time
3.	Form No. 5 filed on 04.07.2008 for redemption of preference shares	Filed in time
4.	B/S as on 31.03.08 and P & L A/C for the year ending on 31.03.2008 filed u/s 220	Filed in time
5.	Form No. 8 filed on 10.09.2008 for modification of charge	Filed in time
6.	Form No. 8 filed on 10.09.2008 for modification of charge	Filed in time
7.	Form No. 23 filed on 17.09.2008 for registration of ordinary Resolution	Filed in time
8.	Form No. 25C filed on 17.09.2008 for appointment of Managing Director	Filed in time
9.	Form No. 32 filed on 17.09.2008 for change in designation	Filed in time
10.	Annual Return filed on 22.09.2008	Filed in time
11.	Form No. 8 filed on 25.09.2008 for the modification of Charge	Filed in time
12.	Form No. 8 filed on 06.11.2008 for the modification of Charge	Filed in time
13.	Form No. 8 filed on 6.11.2008 for the modification of Charge	Filed in time
14.	Form No. 17 filed on 5.12.2008 for the satisfaction of Charge	Filed in time

For RCS & COMPANY
(Company Secretaries)

Sd/-
(R.C.SINGAL)
PROPRIETOR
C.P. No. 3154
FCS : 903

PLACE : LUDHIANA

DATE : 31.08.2009



VALLABH STEELS LIMITED

ANNEXURE-III TO THE DIRECTORS' REPORT

STATEMENT PURSUANT TO SECTION 217 (I) (e) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31.3.2009.

I. CONSERVATION OF ENERGY

- Energy Conservation measure taken : N.A.
- Additional investments and proposals : No
if any, being implemented for reduction
of consumption of energy.
- Impact of the measures at (a) and (b) : N.A.
above for reduction of energy
consumption and consequent impact
on the cost of production.
- Total Energy consumption per unit of
production as per form 'A' of the annexure
to the Rules in respect of industries
Specified in Schedule thereto.

A. POWER & FUEL CONSUMPTION

	Current Year	Previous Year
a) Electricity		
Rolling Mill, Tube Mill, Cold Rolled Mill		
Purchased Units	1,03,28,391	1,23,45,691
Total Amount (Rs.)	4,33,82,456	5,22,89,460
Rate/Unit (Rs.)	4.20	4.24
b) Own Generation		
i) Through Diesel Generator		
Units	6,31,966	2,65,122
Unit per litre of diesel oil	3.93	3.72
Cost/Unit (Rs.)	8.35	7.56
ii) Through Steam/turbine Generator		
Units	-	-
Unit per litre of fuel/Gas/Oil	-	-
Cost/Unit (Rs.)	-	-
c) Coal (Steam)		
Quantity (Tonnes)	1.150	1.450
Total Cost (Rs.)	10,325	11,112
Average Rate (Rs.)	8,978	7,663
d) Furnace Oil		
Quantity (Ltrs.)	18,68,701	24,39,335
Total Cost (Rs.)	5,53,91,345	6,10,37,472
Average Rate (Rs.)	29.64	25.02
e) Other/Internal Generation		
Quantity	-	-
Total Cost (Rs.)	-	-
Average Rate (Rs.)	-	-

B. CONSUMPTION PER UNIT OF PRODUCTION

Products of	UNIT	
Rolling Mill, Tube Mill, Cold Rolled Mill		
Electricity (Rs.)	MT	748
		769

II. TECHNOLOGY ABSORPTION

Your Company has always been making best efforts towards technology absorption, adaption and innovation to improve the quality of its products being manufactured at its various units and to reduce the cost of production.

III. FOREIGN EXCHANGE EARNING AND OUTGO

- Activities relating to export, initiatives to increase exports, Development of New Export markets for Products and Services, and Export Plans.**

The management has taken number of initiatives for export of its products i.e. Steel Pipes. As a result the company has made exports to Ghana, Canada, Malawi and Lesotho etc. directly as well as through agents. Besides the Company has taken effective steps to improve the quality of its products to capture more international markets.

- Total Foreign Exchange used and earned**

	Current Year	Previous Year
Used (Rs.)	70,290	7,01,328
Earned (Rs.)	14,58,12,255	5,59,45,086

ANNEXURE-IV TO THE DIRECTORS' REPORT

Directors' Responsibility Statement

Pursuant to the provisions of section 217(2AA) of the Companies Act, 1956 it is hereby confirmed:

- That in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- That the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for the year;
- That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the directors had prepared the annual accounts on a going concern basis.

BY ORDER OF THE BOARD
OF DIRECTORS

Sd/-

(KAPIL KUMAR JAIN)

CHAIRMAN & MANAGING DIRECTOR

PLACE : LUDHIANA

DATED : 31.08.2009



VALLABH STEELS LIMITED

AUDITORS' REPORT

To

**The Members of
VALLABH STEELS LIMITED,**

1. We have audited the attached Balance Sheet of **VALLABH STEELS LIMITED** as at 31st March, 2009, and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (amendment) order 2004, issued by the Central Govt. of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that :
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
5. In our opinion and to the best of our information and according to the explanations given to us, accounts read together with significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i) In the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2009,
 - ii) In the case of Profit & Loss Account of the Profit for the year ended on that date and
 - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For RAJ GUPTA & CO.
CHARTERED ACCOUNTANTS**

**Place : Ludhiana
Dated : 31.08.2009**

**Sd/-
(R. K. GUPTA)
PARTNER
M. No. 17039**

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date

- i) In respect of its fixed assets :
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The Company has physically verified certain assets during the year in accordance with a programme of verification, which in our opinion provides for physical verification of the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - c) In our opinion and according to the information and explanations given to us, the Company has not made any substantial disposals during the year.
- ii) In respect of its inventories :
 - a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
 - 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 were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iii) In respect of loans, secured or unsecured, granted or taken by the Company to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956, according to the information and explanations given to us :



VALLABH STEELS LIMITED

- a) The Company has not granted any loan.
- b) Hence, the rate of interest and other terms and conditions of loans given by the company are not prima-facie prejudicial to the interest of the company.
- c) Receipt of the interest and principal amount on loan is not applicable.
- d) There is no overdue of such loan taken from aforesaid company.
- e) The company has not taken any loan.
- f) Hence, the rate of interest and other terms and conditions of loans given by the company are not prima-facie prejudicial to the interest of the company.
- g) Repayment of the interest & principal amount on loan is not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services.
- v) In our opinion and according to the information and explanation given to us there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- vi) The company has not accepted any deposits from the public.
- vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- viii) We have broadly reviewed the books of account and records maintained by the Company relating to the manufacture of pipe pursuant to the maintenance of cost records under clause (d) of subsection (1) of Section 209 of the Companies Act, 1956 as prescribed by the Central Government and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- ix) According to the information and explanations given to us in respect of statutory and other dues :
 - a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees State Insurance Fund, Income-tax, Sales-Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and any other statutory dues with the appropriate authorities during the year.
 - b) No disputed amount is pending.
- x) The Company neither have accumulated losses at the end of the financial year, nor incurred cash losses in such financial year and in the immediately preceding financial year.
- xi) 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 the repayment of dues to a financial institution or banks.
- xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of special statute applicable to chit fund / or a nidhi / or a mutual benefit fund / society are not applicable to the said company, hence provisions of clause (a), (b), (c) and (d) to point xiii is not applicable.
- xiv) According to the information and explanations given to us by the management, proper records have been maintained of the transactions and contracts in relating to dealing or trading in shares, securities, debentures and other investments.
- xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions, are not prima facie prejudicial to the interest of the Company.
- xvi) To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.
- xvii) According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment (fixed assets, etc.), other than temporary deployment pending application.
- xviii) The Company has not made any preferential allotment of shares during the year to any parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures, hence this provision is not applicable.
- xx) The company has not raised any money by public issue during the year.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For RAJ GUPTA & CO.
CHARTERED ACCOUNTANTS

Sd/-
(R. K. GUPTA)
PARTNER
M. No. 17039

Place : Ludhiana
Dated : 31.08.2009



VALLABH STEELS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2009

PARTICULARS	ANNEXURE	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
I. SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	'A'	4,95,00,000	4,97,00,000
Reserves & Surplus	'B'	32,67,32,479	31,78,40,684
Loan Funds			
Secured Loans	'C'	37,64,02,913	38,30,18,345
Unsecured Loans	'D'	5,80,59,889	8,46,48,572
Deferred Credits		77,81,222	62,43,832
Deferred Tax		1,60,81,349	1,74,37,462
TOTAL		83,45,57,852	85,88,88,895
II. APPLICATION OF FUNDS			
Fixed Assets	'E'		
Gross Block		52,33,54,539	50,86,27,806
Less : Depreciation		34,37,12,573	31,71,91,935
Net Block		17,96,41,966	19,14,35,871
Capital work in progress		14,70,031	1,34,784
Investments	'F'	4,85,47,000	1,80,47,000
Current Assets, Loans & Advances			
Inventories	'G'	21,47,89,438	40,28,34,701
Sundry Debtors	'H'	50,46,45,761	48,60,26,978
Cash & Bank Balances	'I'	1,85,77,021	1,92,92,971
Loans & Advances	'J'	12,64,20,102	18,90,67,879
		86,44,32,322	1,09,72,22,529
Less : Current Liabilities & Provisions			
Liabilities	'K'	25,00,58,467	43,56,24,050
Provisions	'L'	94,75,000	1,23,27,239
		25,95,33,467	44,79,51,289
Net Current Assets		60,48,98,855	64,92,71,240
TOTAL	'S'	83,45,57,852	85,88,88,895
NOTES ON ACCOUNTS			

The Annexures referred to above form an integral part of the Balance Sheet.

As per our separate report of even date

For and on behalf of the Board

FOR RAJ GUPTA & CO.

Chartered Accountants

Sd/-
(R. K. Gupta)

Partner

Place : Ludhiana

Dated : 31.08.2009

Sd/-
(Kapil Kumar Jain)
Chairman & Managing Director

Sd/-
(Rahul Jain)
Director

Sd/-
(M.K. Jain)
Director



VALLABH STEELS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	ANNEXURE	FOR THE YEAR ENDED 31.03.2009 Rs.	FOR THE YEAR ENDED 31.03.2008 Rs.
INCOME			
Sale/Income from Operations		3,03,00,97,437	3,20,88,46,283
Less : Excise Duty		-	93,49,296
		<u>3,03,00,97,437</u>	<u>3,19,94,96,987</u>
Agricultural Income		-	5,40,000
TOTAL		<u>3,03,00,97,437</u>	<u>3,20,00,36,987</u>
EXPENDITURE			
Cost of Material consumed	'M'	2,51,84,85,325	2,47,68,16,837
Manufacturing Expenses	'N'	33,64,87,975	54,62,33,693
Personnel Expenses	'O'	3,42,06,983	3,55,95,737
Admn. & Other Expenses	'P'	1,13,42,838	1,53,07,820
Financial Expenses	'Q'	5,26,61,143	4,27,56,595
Selling & Distribution Expenses	'R'	2,99,08,417	1,97,64,032
Depreciation		2,76,83,146	3,26,98,472
TOTAL		<u>3,01,07,75,827</u>	<u>3,16,91,73,186</u>
PROFIT BEFORE TAXATION		1,93,21,610	3,08,63,801
Less : Taxes			
- Current Tax		92,00,000	1,20,00,000
- Fringe Benefit Tax		2,75,000	3,00,000
- Deferred Tax		(13,56,113)	(30,39,891)
PROFIT AFTER TAX		<u>1,12,02,723</u>	<u>2,16,03,692</u>
Balance brought forward from previous year		22,45,84,948	20,54,47,439
Profit available for appropriations		<u>23,57,87,671</u>	<u>22,70,51,131</u>
APPROPRIATIONS			
Proposed Dividend		-	22,000
- Preference Shares		-	3,739
Tax on proposed Dividend		-	-
Provision for Gratuity		23,10,928	-
Tax adjustment of earlier years		-	(59,556)
Transferred to General Reserve		25,00,000	25,00,000
Balance carried to Balance Sheet		<u>23,09,76,743</u>	<u>22,45,84,948</u>
TOTAL		<u>23,57,87,671</u>	<u>22,70,51,131</u>
Basic & Diluted Earning per share (Refer Note No. 17 of Notes on Accounts)		2.26	4.36

NOTES ON ACCOUNTS

'S'

The Annexures referred to above form an integral part of the Profit & Loss Account.

As per our separate report of even date

For and on behalf of the Board

FOR RAJ GUPTA & CO.

Chartered Accountants

Sd/-

(R. K. Gupta)

Partner

Place : Ludhiana

Dated : 31.08.2009

Sd/-

(Kapil Kumar Jain)

Chairman & Managing Director

Sd/-

(Rahul Jain)

Director

Sd/-

(M.K. Jain)

Director



VALLABH STEELS LIMITED

PARTICULARS	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
ANNEXURE- 'A'		
SHARE CAPITAL		
Authorised		
49,50,000 Equity Shares of Rs. 10/- each	4,95,00,000	4,95,00,000
5,000 11% Redeemable Cumulative Preference Shares of Rs. 100/- each	5,00,000	5,00,000
TOTAL	5,00,00,000	5,00,00,000
Issued, Subscribed and Paid Up Capital		
49,50,000 Equity Shares of Rs. 10/- each fully paid up	4,95,00,000	4,95,00,000
Nil (Previous Year 2,000) 11% Redeemable Cumulative Preference Shares of Rs. 100/- each fully paid up	-	2,00,000
TOTAL	4,95,00,000	4,97,00,000

Notes :

1. Out of above equity shares, 5,00,000 Shares of Rs. 10/- each allotted as fully paid up by way of Bonus Shares by capitalisation of General Reserve.
2. 2000 11% Preference Shares of Rs. 100/- each were redeemed during the year as per the terms of issuance of said shares.

ANNEXURE- 'B'

RESERVE & SURPLUS

Share Premium	1,75,61,000	1,75,61,000
General Reserve		
- As per last account	7,56,94,736	7,31,94,736
- Addition during the year	25,00,000	25,00,000
	7,81,94,736	7,56,94,736
Surplus in Profit & Loss Account	23,09,76,743	22,45,84,948
TOTAL	32,67,32,479	31,78,40,684

ANNEXURE - 'C'

SECURED LOANS

Working Capital Borrowings

- From Punjab National Bank	33,83,50,011	34,83,72,765
- From State Bank of India	82,62,010	78,74,936

Term Loans

- From State Bank of India	2,97,90,892	2,67,70,644
TOTAL	37,64,02,913	38,30,18,345

Notes :

- a) Working Capital Borrowings are Secured by hypothecation of entire present and future current assets of the Company and personally guaranteed by three of the Directors.
- b) Corporate Loan/Term Loan from SBI is secured by way of first charge against hypothecation of specific machinery & second charge on the existing fixed assets of the company and personally guaranteed by three of the Directors.
- c) Term loan from SBI for C. R. Plant, Rajpura is secured by way of equitable mortgage created by deposit of title deeds in respect of immovable properties and first charge by way of Hypothecation of Plant & Machinery and other fixed assets of company situated at C. R. Plant, Rajpura and personally guaranteed by three of the Directors.



VALLABH STEELS LIMITED

PARTICULARS	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
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ANNEXURE - 'D'

UNSECURED LOANS

From Shareholders, Directors & their relatives	5,80,59,889	8,46,48,572
TOTAL	5,80,59,889	8,46,48,572

ANNEXURE - 'E'

FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 1.4.2008	Additions	Sales/ Adjust- ments	As At 31.3.2009	Up to 01.04.2008	For the Year	Adjust- ment/ Written Back	As At 31.3.2009	As At 31.3.2009	As At 31.3.2008
Land	4,89,20,804	2,50,83,353	2,92,69,303	4,47,34,854	-	-	-	-	4,47,34,854	4,89,20,804
Building	3,81,17,404	7,48,810	-	3,88,66,214	2,18,87,829	16,54,141	-	2,35,41,970	1,53,24,244	1,62,29,575
Furniture & Fixture	24,05,125	15,306	-	24,20,431	15,50,003	1,57,289	-	17,07,292	7,13,139	8,55,122
Plant and Machinery	41,17,39,176	1,59,02,126	-	42,76,41,302	28,99,36,697	2,46,52,745	-	31,45,89,442	11,30,51,860	12,18,02,479
Vehicles	74,45,297	39,72,588	17,26,147	96,91,738	38,17,406	12,18,971	11,62,508	38,73,869	58,17,869	36,27,891
Total	50,86,27,806	4,57,22,183	3,09,95,450	52,33,54,539	31,71,91,935	2,76,83,146	11,62,508	34,37,12,573	17,96,41,966	19,14,35,871
Previous Year	45,78,90,943	5,52,67,368	45,30,505	50,86,27,806	287,13,7749	3,26,98,472	26,44,286	31,71,91,935	19,14,35,871	17,07,53,194

ANNEXURE - 'F'

INVESTMENTS

Quoted

6,66,600 Equity Shares of Rs. 10/- each fully paid up of Vardhman Industries Ltd.	49,99,000	49,99,000
26,000 Equity Shares of Rs. 10/- each fully paid up of Associated Leasing Ltd.	2,60,000	2,60,000

Unquoted

96,000 Equity Shares of Rs. 5/- each fully paid up of Swen Realty and Media Ltd.	2,88,000	2,88,000
23,50,000 (Previous year 12,50,000) Equity Shares of Rs. 10/- each fully paid up of Vallabh Textiles Company Ltd.	2,35,00,000	1,25,00,000
Share Application Money (Vallabh Textiles Co. Ltd.)	1,95,00,000	-
TOTAL	4,85,47,000	1,80,47,000

Note :

Market Value of quoted investments	63,96,040	1,73,94,940
Aggregate value of unquoted investments	4,32,88,000	1,27,88,000



VALLABH STEELS LIMITED

PARTICULARS	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS		
ANNEXURE - 'G'		
INVENTORIES		
Stores & Spares	4,73,88,875	5,45,32,424
Raw Material	5,30,39,936	19,04,70,795
Material in Transit	91,00,724	-
Material in Process	4,60,51,236	10,93,44,538
Finished Goods	5,92,08,667	4,84,86,944
TOTAL	21,47,89,438	40,28,34,701

Notes :

- Inventories as taken, valued and certified by the management.
- Stores & Spares, Raw Material and Material in Transit are valued at cost.
- Material in process and finished goods are valued at cost or market value whichever is lower.

ANNEXURE - 'H'

SUNDRY DEBTORS

(Unsecured considered good)

More than six months old	63,70,481	62,94,308
Others	49,82,75,280	47,97,32,670
TOTAL	50,46,45,761	48,60,26,978

ANNEXURE - 'I'

CASH & BANK BALANCES

A) CASH BALANCES

Cash in hand (Including Imprest)	24,17,932	19,59,440
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B) BALANCES WITH SCHEDULED BANKS IN

- Current Accounts	17,955	51,338
- Fixed Deposit Accounts	1,61,41,134	1,72,82,193
TOTAL	1,85,77,021	1,92,92,971



VALLABH STEELS LIMITED

PARTICULARS	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
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ANNEXURE - 'J'

LOANS & ADVANCES

(Unsecured considered good, unless otherwise stated)

Loans	-	4,30,000
Securities Deposits	24,00,912	24,00,912
Balance with Central Excise Authorities	21,346	23,703
Prepaid Expenses	46,60,736	54,30,603
Income Tax	3,33,52,444	3,05,20,845
Advances recoverable in cash or in kind or value to be received	8,59,84,664	15,02,61,816
TOTAL	12,64,20,102	18,90,67,879

CURRENT LIABILITIES & PROVISIONS

ANNEXURE - 'K'

LIABILITIES

Sundry Creditors	23,40,75,990	41,92,22,800
Other Liabilities	1,30,96,792	1,02,41,640
Advances from customers	28,85,685	61,59,610
TOTAL	25,00,58,467	43,56,24,050

ANNEXURE - 'L'

PROVISIONS

Dividend	-	22,000
Tax on proposed dividend	-	3,739
Income Tax & FBT	94,75,000	1,23,01,500
TOTAL	94,75,000	1,23,27,239



VALLABH STEELS LIMITED

PARTICULARS	FOR THE YEAR ENDED 31.03.2009 Rs.	FOR THE YEAR ENDED 31.03.2008 Rs.
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ANNEXURE - 'M'

COST OF MATERIAL CONSUMED

Opening Stock

Raw Material	19,04,70,795	8,63,58,854
Material in Process	10,93,44,538	15,19,42,139
Finished Goods	4,84,86,944	4,20,43,571
	<u>34,83,02,277</u>	<u>28,03,44,564</u>
Add : Purchases	2,32,84,82,887	2,54,47,74,550
	<u>2,67,67,85,164</u>	<u>2,82,51,19,114</u>

Less : Closing Stock

Raw Material	5,30,39,936	19,04,70,795
Material in Process	4,60,51,236	10,93,44,538
Finished Goods	5,92,08,667	4,84,86,944
	<u>15,82,99,839</u>	<u>34,83,02,277</u>
Net Consumption	<u>2,51,84,85,325</u>	<u>2,47,68,16,837</u>

ANNEXURE - 'N'

MANUFACTURING EXPENSES

Stores & Spares consumed	22,01,19,392	41,90,85,383
Power & Fuel	10,40,19,688	11,53,42,567
Repair & Maintenance	1,02,14,319	92,64,725
Other Manufacturing expenses	21,34,576	25,41,018
TOTAL	<u>33,64,87,975</u>	<u>54,62,33,693</u>

ANNEXURE - 'O'

PERSONNEL EXPENSES

Salaries, Wages, Bonus and other Benefits	2,97,76,073	3,16,23,657
Contribution towards Provident & other Funds	29,53,031	30,04,350
Welfare Expenses	7,28,702	5,63,906
Gratuity	7,46,877	4,00,599
Staff Recruitment Expenses	2,300	3,225
TOTAL	<u>3,42,06,983</u>	<u>3,55,95,737</u>



VALLABH STEELS LIMITED

PARTICULARS	FOR THE YEAR ENDED 31.03.2009 Rs.	FOR THE YEAR ENDED 31.03.2008 Rs.
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ANNEXURE - 'P'

ADMINISTRATIVE & OTHER EXPENSES

Printing & Stationery	3,30,538	3,81,665
Telecommunication Expenses	10,67,492	17,81,249
Insurance	15,87,025	10,65,904
Travelling & Conveyance *	9,11,856	26,43,061
Directors' Remuneration	30,00,000	30,00,000
Rent, Fees and Taxes	18,36,688	16,03,470
Auditors' Remuneration		
- Audit Fee	55,150	44,944
- Reimbursement of Expenses	20,557	9,780
Repairs & Maintenance		
- Building	1,06,118	11,19,427
- Vehicles	7,99,171	9,06,724
- General	2,57,616	3,24,251
Charity & Donation	3,100	3,100
Legal & Professional Expenses	4,83,574	11,09,647
Other Miscellaneous Expenses	8,83,953	13,14,598
TOTAL	1,13,42,838	1,53,07,820

* including Directors travelling Rs. 77,468/- (Previous Year Rs. 11,87,980/-)

ANNEXURE - 'Q'

FINANCIAL EXPENSES

Interest

- On Working Capital	4,62,20,187	3,47,94,645
- On Term Loan	30,36,793	44,33,979
- To Others	8,01,230	13,45,464
Bank Charges and Commission	26,02,933	21,82,507
TOTAL	5,26,61,143	4,27,56,595

ANNEXURE - 'R'

SELLING AND DISTRIBUTION EXPENSES

Packing & Forwarding Charges	2,32,88,163	1,35,68,130
Rebate and Discount	8,64,397	7,33,989
Brokerage & Commission	55,53,339	50,84,388
Advertisement	2,02,518	3,65,685
Sales Tax	-	11,840
TOTAL	2,99,08,417	1,97,64,032



VALLABH STEELS LIMITED

ANNEXURE - 'S'

NOTES ON ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES

i. **Accounting Conventions :**

The Accounts are prepared on the historical cost basis and in accordance with the applicable accounting standards and relevant provisions of the Companies Act, 1956.

ii. **Revenue Recognition :**

The Company follows mercantile system of accounting and recognises income and expenditure on accrual basis.

iii. **Fixed Assets :**

Fixed Assets are stated at cost net of value added tax less accumulated depreciation and impairment loss, if any. All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets are capitalised.

iv. **Depreciation :**

Depreciation has been charged on written down value method on Fixed Assets at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

v. **Impairment of Assets :**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable value.

vi. **Inventories :**

Inventories are valued at cost except material in process and finished goods which are valued at cost or realisable value whichever is lower.

vii. **Foreign Exchange Transactions :**

Foreign Currency transactions are accounted at exchange rates on the date of transaction. Premium on forward cover contracts in respect of import of raw materials is charged to Profit and Loss Account over the period of contract. Amounts payable and receivable in foreign currency as at the Balance Sheet date, not covered by forward contracts, are reinstated at the applicable exchange rates prevailing on that date. All exchange differences arising on revenue transactions, not covered by forward contracts, are charged to Profit and Loss Account.

viii. **Investments :**

Long Term Investments are carried at cost less provision, if any, for diminution in value which is other than temporary.

ix. **Turnover :**

Turnover includes sales of raw material, by-products and wastes, sales is inclusive of the Excise duty but excludes Value Added Tax and Central Sales Tax.

x. **Excise Duty :**

The Excise Duty payable on finished goods is accounted for on the clearance thereof from the factory premises.

xi. **Taxation :**

In accordance with the Accounting Standard 22- Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India, the deferred tax for timing difference between the book and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets arising from temporary timing differences are recognised to the extent there is reasonable certainty that the assets can be realised in future.

xii. **Employee Benefits :**

a) **Short Term Employee Benefits**

Employee benefits payable wholly within twelve months of rendering services are classified as short term employee benefits and are recognised in the period in which the employee renders the related services.

b) **Post Employment Benefits (defined benefit plans)**

The employees gratuity scheme is defined benefit plans. The present value of the obligation under such defined benefit plan is determined at each Balance Sheet date based on an actuarial valuation. Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

c) **Post Employment Benefits (defined contribution plans)**

Contributions to the Employees Provident Fund and Employee State Insurance Fund, which are defined Contributions schemes, are recognised as an expense in the Profit and Loss Account in the period to which it relates.



VALLABH STEELS LIMITED

d) Long Term Employment Benefits

Long term employee benefits comprise of compensated absences (i.e. Leave with wages) and other employee incentives. These are measured on yearly basis for actual leave with wages payable at each Balance Sheet date unless they are insignificant.

xiii. Provisions and Contingencies :

Provision is recognised in the Balance Sheet when, the Company has a present obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligations; and a reliable estimate of the amount of the obligation can be made. A disclosure by way of a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements.

2. CONTINGENT LIABILITIES NOT PROVIDED FOR :

(Rs. in Lacs)

	As At 31.03.2009	As At 31.03.2008
Bank Guarantee	61.62	7.00

3. WHOLETIME DIRECTORS' REMUNERATION :

	For the year ended 31.03.2009 (Rs.)	For the year ended 31.03.2008 (Rs.)
a) Salaries	30,00,000	30,00,000
b) Other Benefits	30,000	30,000
Total	30,30,000	30,30,000

4. In the opinion of the Board of Directors and to the best of their knowledge and belief, the value on realisation of loans, advances and current assets in the ordinary course of business will not be less than the amount at which these are stated in balance sheet.
5. Parties' balances under Debtors, Creditors and Advances are subject to confirmation, reconciliation and adjustments, if any.
6. The Income Tax and Sales Tax assessments of the Company have been completed upto accounting year 2005-06 and 2004-05 respectively.
7. Interest on Working Capital is net of interest received.
8. Inter-unit transfers are made at market price and same have been excluded from sales. The opening and closing stock is partly comprised of the material so transferred. The mode of valuation referred at cost represents cost worked out by the unit separately taking into account the price charged in the inter-unit transfer.
9. The Company has given guarantee to IDBI for a Term Loan of Rs. 9.00 crores (Outstanding Rs. 3.25 crores) given to another group Company Vardhman Industries Limited.
10. The Hon'ble Punjab & Haryana High Court at Chandigarh has approved the Scheme of Arrangement for hiving off the Sponge Iron unit of the company and the effective date for the same is 01.03.2006. As such the figures of the said unit have not been included in the final accounts for this year as well as previous year.
11. Additional information pursuant to para 3 and 4 of part II of Schedule VI to the Companies Act, 1956.

A. As per Government of India's Notification No. SO. 477 (E) Dated 25.07.1991, licences are not required.

B. PARTICULARS OF INSTALLED CAPACITY*

Class of Goods	UOM	Current Year	Previous Year
Steel Pipes	MT	43200	43200
Cold Rolled Steel Strips/Coils**	MT	81000	81000
Tube / Pipe of Steel	MT	7500	7500

* As certified by the Directors and accepted by the Auditors.

** C.R. Unit at Rajpura is given on lease.



VALLABH STEELS LIMITED

C. PARTICULARS OF ACTUAL PRODUCTION :

Class of goods	UOM	Current Year	Previous Year
Steel Pipes	PCS	29,09,130	29,15,951
Cold Rolled Steel Strips/Coils*	MT	30,491	41,504
Tube/Pipe of Steel	MT	2,392	2,399

D. PARTICULARS OF SALES :

Class of Goods	UOM	Current Year		Previous Year	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)
Steel Ingots and its products	MT	9600	27,51,43,067	12547	30,42,16,799
Steel Pipes	PCS	2855317	13,08,63,22,53	3151497	1,28,70,87,839
Cold Rolled Steel Strips/Coils*	MT	28299	60,75,75,410	40151	82,80,91,923
Tube/Pipe of Steel	MT	2451	12,23,89,337	2409	10,23,80,486
Others			71,63,57,370		68,70,69,236
			<u>3,03,00,97,437</u>		<u>3,20,88,46,283</u>

E. RAW MATERIAL CONSUMED :

Class of Goods	UOM	Current Year		Previous Year	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)
Steel Ingots	MT	28262	91,30,90,065	28121	74,10,81,750
Steel Strips**	MT	28699	29,19,19,337	25949	25,62,95,180
H.R./C.R. Coils ***	MT	34456	1,23,31,07,388	40182	1,28,53,17,428
Steel Pipes	PCS	30495	2,44,80,440	231725	10,71,49,544
Others			33,16,516		5,08,18,707
			<u>2,46,59,13,746</u>		<u>2,44,06,62,609</u>

* Quantity includes 14650 MT as job work production/sale (Previous Year 19822) and excludes 3182 MT (previous year 5043 MT) on account of inter unit transfer.

** Quantity includes 21160 MT transferred from Rolling Mill Division (Previous Year 18697 MT) for which value not considered.

*** Quantity includes 2502 MT transferred from C R Division to P T Mill (Previous year 2373 MT) for which value not considered.

F. OPENING AND CLOSING STOCK OF GOODS PRODUCED :

Particulars	UOM	Current Year		Previous Year	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)
OPENING STOCK					
Steel Ingots and its' products	MT	169	46,92,265	288	47,90,329
Steel Pipes	PCS	60768	2,70,24,828	64589	2,36,80,561
Cold Rolled Steel Strips/Coils	MT	253	1,08,81,694	209	76,82,144
Tube/Pipe of Steel	MT	138	58,88,157	148	58,90,537
			4,84,86,944		4,20,43,571

Particulars	Current Year			Previous Year	
	UOM	Qty.	Value (Rs.)	Qty.	Value (Rs.)
CLOSING STOCK					
Steel Ingots and its' products	MT	75	9,27,510	169	46,92,265
Steel Pipes	PCS	145076	5,20,55,242	60768	2,70,24,828
Cold Rolled Steel Strips/Coils	MT	98	33,43,954	253	1,08,81,694
Tube/Pipe of Steel	MT	79	28,81,961	138	58,88,157
			5,92,08,667		4,84,86,944



VALLABH STEELS LIMITED

	Current Year (Rs.)	Previous Year (Rs.)
G. C.I.F VALUE OF IMPORTS		
Stores & Spares	-	6,80,853
H. EXPENDITURE IN FOREIGN CURRENCY	70,290	7,01,328
I. EARNING IN FOREIGN EXCHANGE	14,58,12,255	5,59,45,086
J. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIAL AND STORES & SPARES CONSUMED AND PERCENTAGE THERE OF		

Particulars	Current Year		Previous Year	
	Value (Rs.)	%age	Value (Rs.)	%age
a) Raw Material				
Indigenous	2,46,59,13,746	100.00	2,44,06,62,609	100.00
Imported	-	-	-	-
	<u>2,46,59,13,746</u>	<u>100.00</u>	<u>2,44,06,62,609</u>	<u>100.00</u>
b) Stores & Spares				
Indigenous	22,01,19,392	100.00	41,84,04,530	99.84
Imported	-	-	6,80,853	0.16
	<u>22,01,19,392</u>	<u>100.00</u>	<u>41,90,85,383</u>	<u>100.00</u>

12. Figures have been rounded off to the nearest Rupee and Metric Ton in case of amount and quantity respectively.
13. Previous year figures have been regrouped/rearranged to make them comparable with those of Current Year.
14. In response to letters from existing suppliers with whom company deals regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the Company has received replies from some of the suppliers. Based on these replies, there is no information that has to be disclosed under the provisions of the above referred Act.
15. The Company operates in one Segment i.e. Iron & Steel.
- 16. Deferred Tax Liability :**

As per Accounting Standard (AS - 22) on Accounting for Taxes on Incomes issued by the Institute of Chartered Accountants of India (ICAI), the Deferred Tax Liability as at 31st March, 2009 comprises of the following :

	Current Year (Rs.)	Previous Year (Rs.)
a) Deferred Tax Liability		
Arising on Account of Timing Difference of Depreciation	1,66,87,791	1,80,79,272
Less : Balance in Deferred Tax Liability Fund	<u>1,74,37,462</u>	<u>2,04,77,353</u>
	(7,49,671)	(23,98,081)
b) Deferred Tax Assets		
Arising on Account of Timing Difference of		
Disallowance u/s 43-B	6,06,442	6,41,810
Net Deferred Tax (Assets)/Liability (a-b)	<u>(13,56,113)</u>	<u>(30,39,891)</u>

	Current Year	Previous Year
17. Earning per Share :		
Net Profit after tax and dividend on Preference Shares (Rs.)	1,12,02,723	2,15,77,953
Nos. of Equity Shares (Face Value of Rs. 10/- each)	49,50,000	49,50,000
Basic and Diluted EPS (Rs.)	2.26	4.36



VALLABH STEELS LIMITED

18. Leases :

The Company has given plant and machinery on operating lease and lease rent amounting to Rs. 1,65,00,000/- (Previous Year Rs. 3,00,00,000/-) has been credited to Profit and Loss Account. The future minimum lease receipt is as under:

	Current Year (Rs.)	Previous Year (Rs.)
Not Later than one year	1,20,00,000	3,00,00,000
Later than one year and not later than five years	1,50,00,000	1,20,16,129
Later than five years	-	-

19. Employee Benefits :

The Disclosures in accordance with requirements of accounting standard 15 (Revised 2005) issued by the Institute of Chartered Accountants of India, employees benefits are provided below :

a) Defined Contribution Plans

The Company has recognised Rs. 29,53,031/- (Previous Year Rs. 30,04,350/-) towards post employment defined contribution plans comprising of provident fund employee state insurance funds in the profit and loss account.

b) Defined Benefit Plan

In accordance with the payment of Gratuity Act, 1972, the Company is required to provide post employment benefit to its employees in form of gratuity. The Company has made a provision in the Financial Statement on the basis of actuarial valuation in accordance with the standard. The disclosure relating to the Company's gratuity plan which is certified by the actuary and relied upon by the Auditors are provided below :

Reconciliation of opening and closing balance of provision of gratuity :

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Liability at the beginning of the year	23,10,928	21,55,403
Liability provided for the year	2,63,680	1,55,525
Liability at the end of the year	25,74,608	23,10,928

Expenses recognised in Profit and Loss Account :

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Amount paid/provided during the year and included in Profit and Loss Account	7,46,877	4,00,599

20. On the basis of information available with the Company and relied upon by the Auditors, no party falls under the definition of related party as defined in AS - 18 on "Related Party Disclosures" issued by ICAI.

21. Annexures 'A' to 'S' form an integral part of the Balance Sheet and Profit and Loss Account.



VALLABH STEELS LIMITED

22. THE INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 :

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.

I. Registration Details																														
Registration No.															4	3	2	7	State Code					1	6					
Balance Sheet Date															3	1	-	0	3	-	2	0	0	9						
										Date		Month		Year																
II. Capital raised during the Year (Amount in Rs. Thousands)																														
Public Issue					Right Issue					Bonus Issue					Private Placement															
N I L					N I L					N I L					N I L															
III. Position of Mobilisation & Deployment of Funds (Amount in Rs. Thousands)																														
Total Liabilities										Total Assets																				
1 1 0 6 3 9 3										1 1 0 6 3 9 3																				
Source of Funds																														
Paid-up Capital					Reserve & Surplus					Secured Loans					Unsecured Loans															
4 9 5 0 0					3 2 6 7 3 3					3 7 6 4 0 3					5 8 0 6 0															
										Deferred Credits					Deferred Tax															
										7 7 8 1					1 6 0 8 1															
Application of Funds																														
Net Fixed Assets					Investments					Net Current Assets					Capital WIP															
1 7 9 6 4 2					4 8 5 4 7					6 0 4 8 9 9					1 4 7 0															
										Accumulated Losses																				
										N I L																				
IV. Performance of Company (Amount in Rs. Thousands)																														
Turnover					Total Expenditure					+/-Profit/Loss Before Tax					Profit After Tax															
3 0 3 0 0 9 8					3 0 1 0 7 7 6					+ 1 9 3 2 2					+ 1 1 2 0 3															
										Earning per Share in Rs.					Dividend Rate %															
										2 . 2 6					N I L															
V. Generic Names of Three Principal Products/Services of Company (As per Monetary Terms)																														
a)	Item Code No.					7	2	0	9	1	7	3	0																	
	Product Discription					C	O	L	D	R	O	L	L	E	D	S	T	E	E	L										
						S	T	R	I	P	S	A	N	D	S	H	E	E	T	S										
b)	Item Code No.					7	3	0	6	1	0	1	1																	
	Product Discription					S	T	E	E	L	P	I	P	E	S															
c)	Item Code No.																													
	Product Discription																													

As per our separate report of even date
FOR RAJ GUPTA & CO.
Chartered Accountants

For and on behalf of the Board

Sd/-
(R. K. Gupta)
Partner
Place : Ludhiana
Dated : 31.08.2009

Sd/-
(Kapil Kumar Jain)
Chairman & Managing Director

Sd/-
(Rahul Jain)
Director

Sd/-
(M.K. Jain)
Director



VALLABH STEELS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009 PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

	FOR THE YEAR ENDED 31.3.2009 (Rs. in Lacs)	FOR THE YEAR ENDED 31.3.2008 (Rs. in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extraordinary Items	193.22	308.64
Adjustment for		
Depreciation	276.83	326.98
Provision for Gratuity	(23.11)	-
Interest	526.61	427.57
Operating Profit before working capital changes	973.55	1063.19
Adjustment for		
Trade and other Receivables	317.27	877.94
Inventories	1880.45	(601.63)
Trade Payables & Other Liabilities	(1745.79)	(953.75)
Cash Generated from operations	1425.48	385.76
Interest Paid	(526.61)	(427.57)
Direct Taxes Paid	(94.75)	(122.40)
Net cash from operating activities	804.12	(164.21)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed assets	(470.56)	(554.02)
Sale of Fixed assets	298.33	18.86
Purchase of Investments	(305.00)	(125.00)
Net proceeds from Sale of Investment	-	1.66
Net Cash used in Investing Activities	(477.23)	(658.50)
	326.89	(822.71)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of Share Capital	(2.00)	-
Proceeds from long term borrowing (Net)	30.20	(222.19)
Proceeds from working capital borrowing	(96.36)	844.43
Proceeds from unsecured loans	(265.89)	93.98
Dividend Paid	-	(0.22)
Tax on Dividend	-	(0.04)
Net Cash used in financing Activities	(334.05)	715.96
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(7.16)	(106.75)
Cash and Cash equivalents at the beginning of the year	192.93	299.68
Cash and Cash equivalents at the end of the year	185.77	192.93

As per our separate report of even date

FOR RAJ GUPTA & CO.

Chartered Accountants

Sd/-

(R. K. Gupta)

Partner

Place : Ludhiana

Dated : 31.08.2009

Sd/-

(Kapil Kumar Jain)

Chairman & Managing Director

For and on behalf of the Board

Sd/-

(Rahul Jain)

Director

Sd/-

(M.K. Jain)

Director



VALLABH STEELS LIMITED

VALLABH STEELS LIMITED

Registered Office : G. T. Road, Pawa, Sahnewal, Ludhiana. 141 120

ATTENDANCE SLIP

I/We hereby record my/our presence at the 29th Annual General Meeting held on Tuesday, the 29th September, 2009 at 10.00 A.M. at Registered Office of the Company at G. T. Road, Village Pawa, Sahnewal, Ludhiana.

DP. ID*

Master Folio No.

Client ID*

No. of Share(s) held

NAME OF SHAREHOLDER/PROXY

ADDRESS

(SIGNATURE OF SHAREHOLDER/PROXY)

*Applicable for investors holding shares in electronic form.

Notes : (i) Members/Proxyholders are requested to produce the attendance slip duly signed for admission to the meeting hall.

(ii) Members are requested to bring their copy of Annual Report.

IT MAY KINDLY BE NOTED THAT NO GIFTS ARE PROPOSED TO BE DISTRIBUTED AT THE MEETING.

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VALLABH STEELS LIMITED

Registered Office : G. T. Road, Pawa, Sahnewal, Ludhiana. 141 120

DP. ID*

Master Folio No.

PROXY FORM

Client ID*

No. of Share(s) held

I/We of

in the district of being the member/members

of **VALLABH STEELS LIMITED**, hereby appoint

of in the district of

or failing him/her of

in the district of

as my/our proxy to attend and vote for me/us on my/our behalf at the 29th Annual General Meeting of the Company to be held on Tuesday, the 29th September, 2009 at 10.00 A.M. and at any adjournment thereof.

As witness my/our hand(s) this day of 2009.

Signature

Address

Affix a
Rs. 1/-
Revenue
Stamp

* Applicable for investors holding shares in electronic form.

Notes : (i) A Member entitled to attend & vote at the meeting is entitled to appoint a proxy to attend & vote on poll instead of himself/herself.

(ii) The proxy form duly signed across the revenue stamp of Re. 1/- should reach the Company's Regd. Office at least 48 hours before the scheduled time of the meeting.

BOOK POST
(PRINTED MATTER)

If undelivered please return to :

VALLABH STEELS LIMITED

G.T. Road, Pawa, Sahnewal,
Ludhiana - 141 120.

MACRO
TEL. : 98150-00749

