



30th Annual Report  
2009-2010

**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)

CONTENTS	Page Nos.
NOTICE	1
DIRECTORS' REPORT	2-15
AUDITORS' REPORT	16-17
BALANCE SHEET	18
PROFIT & LOSS ACCOUNT	19
ANNEXURES	20-25
NOTES ON ACCOUNTS	26-30
BALANCE SHEET ABSTRACT	31
CASH FLOW STATEMENT	32



## VALLABH STEELS LIMITED

### NOTICE

Notice is hereby given that the 30th 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, Sahnawal, Ludhiana on Tuesday, the 14th September, 2010 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, 2010, 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. Mohinder Kumar Jain who retires by rotation and being eligible offers himself for re-appointment.  
b) To appoint a Director in place of Mr. Mohan Lal 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 2010-11.

By order of the Board of Directors

Sd/-

(KAPIL KUMAR JAIN)

CHAIRMAN & MANAGING DIRECTOR

PLACE : LUDHIANA

DATED : 10.08.2010

### 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. The Register of Members and Share Transfer Books of the company will remain closed from Friday, the 10th September, 2010 to Tuesday, the 14th September, 2010 (both days inclusive).
3. 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 (DPs).
4. 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.
5. Members are requested to bring their copy of Annual Report alongwith them to the Annual General Meeting.
6. 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/-

(KAPIL KUMAR JAIN)

CHAIRMAN & MANAGING DIRECTOR

PLACE : LUDHIANA

DATED : 10.08.2010



## VALLABH STEELS LIMITED

### DIRECTORS' REPORT

To

The Members,

We have pleasure in presenting the 30th Annual Report of the Company along with the Audited Statement of Accounts for the year ended 31st March, 2010.

### FINANCIAL RESULTS

	(Rupees in Lacs)	
	Current Year	Previous year
Sale/Income from operations (Gross)	<b>24877.69</b>	30300.97
Profit before Interest, Depreciation and Tax	<b>868.55</b>	996.66
Less :		
Financial Expenses	<b>273.32</b>	526.61
Provision for Depreciation	<b>262.04</b>	276.83
Taxes : Current Tax & FBT	<b>131.00</b>	94.75
Deferred Tax	<b>41.59</b>	(13.56)
Profit after Tax	<b>160.60</b>	112.03
Add:		
Balance b/f from Previous Year	<b>2309.77</b>	2245.85
<b>Profit available for appropriations</b>	<b>2470.37</b>	<b>2357.88</b>
<b>Appropriations :</b>		
Provision for Gratuity	-	23.11
Transferred to General Reserve	<b>25.00</b>	25.00
Surplus Carried to Balance Sheet	<b>2445.37</b>	2309.77
	<b>2470.37</b>	<b>2357.88</b>

### OPERATIONS

Your Directors hereby inform you that your Company has recorded a lower Gross Sale/Income from operations of Rs. 24877.69 lacs as compared to 30300.97 lacs of previous year representing a decline of about 17.90% which is attributed to decline in sale prices of its products in line with industry trends. The operations of the units remaining with the Company (after hive off) have resulted in a net profit of Rs. 160.60 lacs after all adjustments as compared to Rs. 112.03 lacs thus registering a jump of over 43%.

### 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, Ethiopia and West Indies etc.

However, due to wide fluctuation in prices and stiff competition, the exports were lower at Rs. 1277.66 lacs as compared to Rs. 1458.12 lacs in previous year.

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

As informed in previous year's Report, the Scheme of Arrangement in respect of hiving off of Sponge Iron unit in the state of Jharkhand has been approved by Hon'ble High Court of Punjab & Haryana at Chandigarh vide its order dated 23.07.2009 as amended on 09.10.2009 and all the legal and procedural formalities have since been complied with.

### DIVIDEND

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



## **VALLABH STEELS LIMITED**

---

---

### **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 2010-11.

### **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. Mohinder Kumar Jain and Mr. Mohan Lal, Directors of the company retire by rotation at the forth coming 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 (1B) 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 2010-11.

### **SECRETARIAL COMPLIANCE CERTIFICATE**

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 2010-11. The Board recommends to reappoint M/s RCS & Company, the Secretarial Auditors and to fix their remuneration.

Further, the Secretarial Compliance Certificate for financial year 2009-10 received from M/s RCS & Company, Practising Company Secretaries is annexed and forms part of this report as Annexure-II.



## VALLABH STEELS LIMITED

### 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. The results achieved during the year have been possible only with the dedication and hard work at all levels of workers, staff and executives of the Company.

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	36	Whole Time Director* looking after all managerial functions of the Company	10,26,800/-	B.Com.	14	01.04.1997	1st Employment

(\*) Salary paid upto 31.07.2009

Note: The above appointment is contractual and 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 five 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 : 10.08.2010

(KAPIL KUMAR JAIN)

CHAIRMAN & MANAGING DIRECTOR



## ANNEXURE - I TO THE DIRECTORS' REPORT CORPORATE GOVERNANCE REPORT

### I. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### I. 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 2009-10. In the first quarter the prices of steel were better as compared to prices prevailing in the last quarter of financial year 2008-09. However, subsequently the prices stabilized or declined which even affected the demand adversely.

During the later part of year, however, the demand started picking up but without any significant rise in prices due to various factors which included timely announcement of monetary and fiscal stimulus measures by Govt. of India in the shape of removal of export duty, increase of excise duty and increase in export duty on iron ore; 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 :

Sale/Income from operations (Gross) of the Company during the year 2009-10 has declined by about 17.90% to Rs. 24877.69 lacs from Rs. 30300.97 lacs in the previous year due to decline in prices of its products. The net profit after tax is Rs.160.60 lacs as compared to Rs. 112.03 lacs in the previous year, thus registering a jump of over 43%.

##### (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. Well established customers base for the last over 29 years.
3. 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.



## VALLABH STEELS LIMITED

---

---

4. 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
5. 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.

**3. BOARD OF DIRECTORS :**

**(a) Board Meetings :**

During the financial year 2009-10, nine Board meetings were held on 08.06.2009, 30.06.2009, 31.07.2009, 31.08.2009, 29.09.2009, 12.10.2009, 31.10.2009, 30.01.2010 and 31.03.2010.





## VALLABH STEELS LIMITED

### (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	9	Yes	3	1	-	2
2.	Mr. Rahul Jain	Director	Promoter	9	No	-	4	-	-
3.	Mr. Mohinder Kumar Jain	Director	Promoter	8	Yes	-	1	-	-
4.	Mr. Mohan Lal	Director	Independent	5	No	-	2	-	2
5.	Mr. Jawahar Jain	Director	Independent	9	Yes	-	1	-	3
6.	Mr. Mohinder Pal Gupta	Director	Independent	6	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. Mohinder Kumar Jain aged about 65 years is a reputed businessman and has an experience of over 39 years in trade and industry. He has been associated with the company since its inception.
2. Mr. Mohan Lal, aged about 87 years is Law Graduate and has an experience of over 58 years as a Practising Advocate and has been a director of the Company since 01.06.1992.

### (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 2009-10, the Audit Committee met five (5) times on 30.06.2009, 31.07.2009, 31.08.2009, 31.10.2009 and 30.01.2010. All the members of the Committee attended all the meetings alongwith Statutory Auditors and Internal Auditors as invitees.

### (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. The Remuneration Committee met once on 31.08.2009 to recommend the remuneration payable to Mr. Kapil Kumar Jain. All the three members were present at the said meeting.



## VALLABH STEELS LIMITED

### (4) DIRECTORS' REMUNERATION :

The company has paid remuneration to the Chairman & Managing Director and Whole Time Director as approved by the members of the company in the general body meeting. The details of remuneration paid to the Managing/Whole Time Director during the year 2009-10 are given below:

(Amount in Rs.)

NAME	DESIGNATION	TENURE OF APPOINTMENT	SALARY	PERKS	TOTAL
Mr. Kapil Jain	Chairman & MD*	01.08.2009 to 27.08.2011	800000/-	365031/-	1165031/-
Mr. Rahul Jain	Whole Time Director**	01.04.2007 to 31.07.2009	1000000/-	26800/-	1026800/-

(\*) w.e.f 1st August, 2009

(\*\*) w.e.f 1st April, 2009 to 31st July, 2009

Non-executive independent directors have not been paid any remuneration during 2009-10.

### (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 2009-10 the committee met 7 times.

During the year 2009-10, 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/demat materialisation.

### (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
29th AGM	Thursday, 29.09.2009, 10.00 AM	G.T. Road, Vill. Pawa, Sahnewal, Ludhiana.	1
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.	1

### (b) EXTRA ORDINARY GENERAL MEETING :

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

### (c) RESOLUTION PASSED DURING THE FINANCIAL YEAR 2009-10 THROUGH POSTAL BALLOT :

No resolution was passed by Postal Ballot during the financial year 2009-10

### (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 31.03.2010.



## VALLABH STEELS LIMITED

### (9) MEANS OF COMMUNICATION :

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

### (10) GENERAL INFORMATION FOR SHAREHOLDERS :

#### (i) 30th Annual General Meeting :

- Date and Time** : Tuesday, the 14th September, 2010 - 10.00 AM.  
**Venue** : At Regd. Office i.e. at G.T. Road, Village Pawa, Sahnewal, Ludhiana.

#### (ii) Financial Calendar 2010-11

- First Quarter Results** : By middle of August, 2010  
**Second Quarter Results** : By middle of November, 2010  
**Third Quarter Results** : By middle of February, 2011  
**Fourth Quarter Results** : By middle of May, 2011  
**Annual Results 2010-11** : In the month of July/August, 2011.

#### (iii) Date of Book Closure : Friday, 10th September, 2010 to Tuesday, 14th September, 2010 (both days inclusive).

#### (iv) Dividend Payment Date : No dividend on equity shares has been recommended for the year 2009-10. 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 2009-10 are given as follows:

Financial Year 2009-10	Closing Share Prices of the Company at BSE		BSE Sensex	
	High (Rs.)	Low (Rs.)	Highest	Lowest
April, 2009	11.60	10.00	11492.10	9546.29
May, 2009	16.80	11.49	14930.54	11621.30
June, 2009	20.70	15.95	15600.30	14016.95
July, 2009	16.90	12.00	15732.81	13219.99
August, 2009	18.00	15.45	16002.46	14684.45
September, 2009	20.95	16.75	17142.52	15356.72
October, 2009	28.55	15.45	17493.17	15805.20
November, 2009	19.40	15.45	17290.48	15330.56
December, 2009	23.50	19.10	17530.94	16577.78
January, 2010	26.95	24.85	17790.33	15982.08
February, 2010	27.50	24.05	16669.25	15651.99
March, 2010	27.30	23.15	17793.01	16438.45



## 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. 2284693 equity shares comprising of 46.16% of the total equity shares of the company are in dematerialised form as on 31.03.2010.

Out of a total of 4466 shareholders 1505 shareholders representing 33.70% have got their shares dematerialised as on 31.03.2010.

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 31.03.2010 :

Share Holding	Share Holders		Share Holding	
	Number	% to total	Number	% to Total
Up to 500	4229	94.69	554663	11.20
501 to 1000	102	2.28	85163	1.72
1001 to 2000	53	1.19	83651	1.69
2001 to 3000	23	0.51	60457	1.22
3001 to 4000	8	0.18	29988	0.61
4001 to 5000	3	0.07	12682	0.26
5001 to 10000	12	0.27	88575	1.79
10001 and above	36	0.81	403481	81.51
Total	4466	100.00	4950000	100.00

### (x) Share Holding Pattern as on 31.03.2010 :

Category	Number of Shares	% to Total Shares
Promoters	3590900	72.54
Private Corporate Bodies	115256	2.33
Indian Public	1216213	24.57
NRIs	27631	0.56
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



## VALLABH STEELS LIMITED

### (xiii) Plant Locations of the Company :

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

### (I) 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 31st March, 2010.

**FOR VALLABH STEELS LIMITED**

**PLACE : LUDHIANA  
DATE : 10.08.2010**

**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, 2010, 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 : 10.08.2010**

**Sd/-  
(R.K. GUPTA)  
PARTNER  
M. No. 17039  
FRN- 000203N**



**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, 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, 2010. 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 nine (9) times on 08.06.2009, 30.06.2009, 31.07.2009, 31.08.2009, 29.09.2009, 12.10.2009, 31.10.2009, 30.01.2010 and 31.03.2010 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 25.09.2009 to 29.09.2009 and necessary compliance of section 154 of the Act has been made.
6. The 29th Annual General Meeting for the financial year ended on 31.03.2009 was held on 29.09.2009 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 directly / through Registrar & Share Transfer Agent.
  - (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 not appointed any Managing Director during this financial year.
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. During this financial year, the Company has not redeemed any Preference Shares as there was no outstanding Preference Share Capital.
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 31.03.2010 is 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 31.03.2010.
31. There was no prosecution initiated against or Show Cause Notice received by the Company, during the financial year, for offences under the Act.
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 : 10.08.2010**



## 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 - Board Meeting - General Meeting	Section 193
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 : 10.08.2010**

### 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, 2010.

Sr. No.	Particulars	Remarks
1.	B/S as on 31.03.2008 and P& L A/C for the year ending on 31.03.08 filed u/s 220 with form 23 AC and 23 ACA as the Balance Sheet filed in time earlier was not taken on record by ROC.	Filed with late fee (As desired by ROC u/s 234)
2.	Form No. 23 filed on 06.10.2009 for registration of special Resolution	Filed in time
3.	B/S as on 31.03.2009 and P& L A/C for the year ending on 31.03.2009 filed u/s 220 with form 23 AC and 23 ACA.	Filed in time
4.	Form No. 66 filed on 10.10.2009 for Compliance Certificate	Filed in time
5.	Form No. 21 filed on 10.11.2009 for Order of High Court	Filed in time
6.	Corrected B/S as on 31.03.2009 and P& L A/C for the year ending on 31.03.2009 filed u/s 220 with form 23 AC and 23 ACA.	Filed with late fee
7.	Annual Return made as on 29.09.2009 filed on 25.11.2009	Filed in time
8.	Form No. 8 filed on 11.03.2010 for creation of charge	Filed in time

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

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

**PLACE : LUDHIANA**

**DATE : 10.08.2010**





**ANNEXURE-III TO THE DIRECTORS' REPORT**

**STATEMENT PURSUANT TO SECTION 217 (1) (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 31.3.2010.**

**I. CONSERVATION OF ENERGY**

- a) Energy Conservation measure taken : N.A.
- b) Additional investments and proposals if any, being implemented for reduction of consumption of energy. : No
- c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production. : N.A.
- d) 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
<b>a) Electricity</b>		
Rolling Mill, Tube Mill, Cold Rolled Mill		
Purchased Units	<b>99,93,122</b>	1,03,28,391
Total Amount (Rs.)	<b>4,78,48,066</b>	4,33,82,456
Rate/Unit (Rs.)	<b>4.79</b>	4.20
<b>b) Own Generation</b>		
i) Through Diesel Generator		
Units	<b>3,14,650</b>	6,31,966
Unit per litre of diesel oil	<b>3.89</b>	3.93
Cost/Unit (Rs.)	<b>7.68</b>	8.35
ii) Through Steam/turbine Generator		
Units	-	-
Unit per litre of fuel/Gas/Oil	-	-
Cost/Unit (Rs.)	-	-
<b>c) Coal (Steam)</b>		
Quantity (Tonnes)	<b>0.900</b>	1,150
Total Cost (Rs.)	<b>8,075</b>	10,325
Average Rate (Rs.)	<b>8,972</b>	8,978
<b>d) Furnace Oil</b>		
Quantity (Ltrs.)	<b>22,64,799</b>	18,68,701
Total Cost (Rs.)	<b>6,45,74,898</b>	5,53,91,345
Average Rate (Rs.)	<b>28.51</b>	29.64
<b>e) Other/Internal Generation</b>		
Quantity	-	-
Total Cost (Rs.)	-	-
Average Rate (Rs.)	-	-
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
Products of UNIT		
Rolling Mill, Tube Mill, Cold Rolled Mill		
Electricity (Rs.)	MT <b>659</b>	<b>748</b>

**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**

**a) 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, Ethiopia and West Indies 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.

**b) Total Foreign Exchange used and earned**

	Current Year	Previous Year
Used (Rs.)	<b>79,492</b>	70,290
(CIF Value of Import & Expenditure in foreign currency)		
Earned (Rs.)	<b>12,77,65,571</b>	14,58,12,255
(FOB value of Exports)		

**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 :

- i) That in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) 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;
- iii) 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;
- iv) 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 : 10.08.2010**



**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, 2010, 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, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 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, 2010,
  - 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 : 10.08.2010**

**Sd/-  
(R. K. GUPTA)  
PARTNER  
M. No. 17039  
FRN- 000203N**

**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**

**Place : Ludhiana  
Dated : 10.08.2010**

**Sd/-  
(R. K. GUPTA)  
PARTNER  
M. No. 17039  
FRN- 000203N**



# VALLABH STEELS LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	ANNEXURE	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	'A'	4,95,00,000	4,95,00,000
Reserves & Surplus	'B'	34,27,92,662	32,67,32,479
<b>Loan Funds</b>			
Secured Loans	'C'	43,09,97,475	37,64,02,913
Unsecured Loans	'D'	6,58,91,377	5,80,59,889
Deferred Credits		52,69,981	77,81,222
Deferred Tax		2,02,40,867	1,60,81,349
	<b>TOTAL</b>	<b>91,46,92,362</b>	<b>83,45,57,852</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	'E'	57,60,24,110	52,33,54,539
Less : Depreciation		36,99,16,544	34,37,12,573
<b>Net Block</b>		<b>20,61,07,566</b>	<b>17,96,41,966</b>
Capital work in progress		20,17,333	14,70,031
<b>Investments</b>	'F'	<b>4,85,47,000</b>	<b>4,85,47,000</b>
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	'G'	30,11,95,763	21,47,89,438
Sundry Debtors	'H'	49,72,97,260	50,46,45,761
Cash & Bank Balances	'I'	1,91,42,533	1,85,77,021
Loans & Advances	'J'	11,86,15,134	12,64,20,102
		<b>93,62,50,690</b>	<b>86,44,32,322</b>
<b>Less : Current Liabilities &amp; Provisions</b>			
Liabilities	'K'	26,51,30,227	25,00,58,467
Provisions	'L'	1,31,00,000	94,75,000
		<b>27,82,30,227</b>	<b>25,95,33,467</b>
Net Current Assets		<b>65,80,20,463</b>	<b>60,48,98,855</b>
	<b>TOTAL</b>	<b>91,46,92,362</b>	<b>83,45,57,852</b>
<b>NOTES ON ACCOUNTS</b>			
<b>'S'</b>			

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  
M. No. 17039  
FRN- 000203N  
Place : Ludhiana  
Dated : 10.08.2010

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, 2010

PARTICULARS	ANNEXURE	FOR THE YEAR ENDED 31.03.2010 Rs.	FOR THE YEAR ENDED 31.03.2009 Rs.
<b>INCOME</b>			
Sale/Income from Operations		<b>2,48,77,69,167</b>	3,03,00,97,437
	<b>TOTAL</b>	<b>2,48,77,69,167</b>	3,03,00,97,437
<b>EXPENDITURE</b>			
Cost of Material consumed	<b>'M'</b>	<b>1,94,79,62,945</b>	2,51,84,85,325
Manufacturing Expenses	<b>'N'</b>	<b>38,98,33,035</b>	33,64,87,975
Personnel Expenses	<b>'O'</b>	<b>3,91,12,673</b>	3,42,06,983
Admn. & Other Expenses	<b>'P'</b>	<b>1,08,42,757</b>	1,13,42,838
Financial Expenses	<b>'Q'</b>	<b>2,73,31,531</b>	5,26,61,143
Selling & Distribution Expenses	<b>'R'</b>	<b>1,31,62,554</b>	2,99,08,417
Depreciation		<b>2,62,03,971</b>	2,76,83,146
	<b>TOTAL</b>	<b>2,45,44,49,466</b>	3,01,07,75,827
<b>PROFIT BEFORE TAXATION</b>			
		<b>3,33,19,701</b>	1,93,21,610
Less : Taxes			
- Current Tax		<b>131,00,000</b>	92,00,000
- Deferred Tax		<b>41,59,518</b>	(13,56,113)
- Fringe Benefit Tax		-	2,75,000
<b>PROFIT AFTER TAX</b>			
		<b>1,60,60,183</b>	1,12,02,723
Balance brought forward from previous year		<b>23,09,76,743</b>	22,45,84,948
Profit available for appropriations		<b>24,70,36,926</b>	23,57,87,671
<b>APPROPRIATIONS</b>			
Provision for Gratuity		-	23,10,928
Transferred to General Reserve		<b>25,00,000</b>	25,00,000
Balance carried to Balance Sheet		<b>24,45,36,926</b>	23,09,76,743
	<b>TOTAL</b>	<b>24,70,36,926</b>	23,57,87,671
Basic & Diluted Earning per share			
		<b>3.24</b>	2.26
(Refer Note No. 17 of Notes on Accounts)			

#### 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

M. No. 17039

FRN- 000203N

Place : Ludhiana

Dated : 10.08.2010

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

Sd/-  
**(Rahul Jain)**  
Director

Sd/-  
**(M.K. Jain)**  
Director



## VALLABH STEELS LIMITED

PARTICULARS	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
<b>ANNEXURE- 'A'</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
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
<b>TOTAL</b>	<b>5,00,00,000</b>	<b>5,00,00,000</b>
<b>Issued, Subscribed and Paid Up Capital</b>		
49,50,000 Equity Shares of Rs. 10/- each fully paid up	4,95,00,000	4,95,00,000
<b>Note :</b>		
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.		
<b>ANNEXURE- 'B'</b>		
<b>RESERVE &amp; SURPLUS</b>		
<b>Share Premium</b>	1,75,61,000	1,75,61,000
<b>General Reserve</b>		
- As per last account	7,81,94,736	7,56,94,736
- Addition during the year	25,00,000	25,00,000
	8,06,94,736	7,81,94,736
<b>Surplus in Profit &amp; Loss Account</b>	24,45,36,926	23,09,76,743
<b>TOTAL</b>	<b>34,27,92,662</b>	<b>32,67,32,479</b>
<b>ANNEXURE - 'C'</b>		
<b>SECURED LOANS</b>		
<b>Working Capital Borrowings</b>		
- From Punjab National Bank	40,16,77,128	33,83,50,011
- From State Bank of India	1,36,75,323	82,62,010
<b>Term Loans</b>		
- From State Bank of India	1,56,45,024	2,97,90,892
<b>TOTAL</b>	<b>43,09,97,475</b>	<b>37,64,02,913</b>

**Notes :**

- 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.
- 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.
- 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 31.03.2010  
Rs. AS AT 31.03.2009  
Rs.

## ANNEXURE - 'D'

### UNSECURED LOANS

From Shareholders, Directors & their relatives	<b>6,58,91,377</b>	5,80,59,889
<b>TOTAL</b>	<b>6,58,91,377</b>	<b>5,80,59,889</b>

## ANNEXURE - 'E'

### FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As At 1.4.2009	Additions	Sales/ Adjust- ments As At 31.3.2010	Up to 01.04.2009	For the Year	Adjust- ment/ Written Back As At 31.3.2010	As At 31.3.2010	As At 31.3.2009
Land	4,47,34,854	-	-	4,47,34,854	-	-	4,47,34,854	4,47,34,854
Building	3,88,66,214	7,38,343	-	3,96,04,557	2,35,41,970	15,39,165	2,50,81,135	1,45,23,422
Furniture & Fixture	24,20,431	7,160	-	24,27,591	17,07,292	1,29,771	18,37,063	5,90,528
Plant and Machinery	42,76,41,302	5,18,68,451	-	47,95,09,753	31,45,89,442	2,30,24,626	33,76,14,068	14,18,95,684
Vehicles	96,91,738	55,617	-	97,47,355	38,73,869	15,10,409	53,84,278	43,63,078
Total	52,33,54,539	5,26,69,571	-	57,60,24,110	34,37,12,573	2,62,03,971	36,99,16,544	20,61,07,566
Previous Year	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

## ANNEXURE - 'F'

### INVESTMENTS

#### Quoted

6,66,600 Equity Shares of Rs. 10/- each fully paid up of Vardhman Industries Ltd.	<b>49,99,000</b>	49,99,000
26,000 Equity Shares of Rs. 10/- each fully paid up of Associated Leasing Ltd.	<b>2,60,000</b>	2,60,000
72,000 Equity Shares of Rs. 5/- each fully paid up of DMC International Ltd. (Previous Year unquoted 96,000 Equity Shares of Rs. 5/- each fully paid up of Swen Realty and Media Ltd.)	<b>2,88,000</b>	-

#### Unquoted

Nil (Previous Year 96,000 Equity Shares of Rs. 5/- each fully paid up of Swen Realty and Media Ltd.)	-	2,88,000
43,00,000 (Previous year 23,50,000) Equity Shares of Rs. 10/- each fully paid up of Vallabh Textiles Company Ltd.	<b>4,30,00,000</b>	2,35,00,000
Share Application Money (Vallabh Textiles Co. Ltd.)	-	1,95,00,000

**TOTAL** **4,85,47,000** **4,85,47,000**

#### Note :

Market Value of quoted investments	<b>1,71,40,690</b>	63,96,040
Aggregate value of unquoted investments	<b>4,30,00,000</b>	4,32,88,000



## VALLABH STEELS LIMITED

PARTICULARS	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>CURRENT ASSETS</b>		
<b>ANNEXURE - 'G'</b>		
<b>INVENTORIES</b>		
Stores & Spares	6,02,48,830	4,73,88,875
Raw Material	13,96,56,947	5,30,39,936
Material in Transit	3,52,014	91,00,724
Material in Process	5,31,50,779	4,60,51,236
Finished Goods	4,77,87,193	5,92,08,667
<b>TOTAL</b>	<b>30,11,95,763</b>	<b>21,47,89,438</b>

**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	57,08,683	63,70,481
Others	49,15,88,577	49,82,75,280
<b>TOTAL</b>	<b>49,72,97,260</b>	<b>50,46,45,761</b>

### **ANNEXURE - 'I'**

#### **CASH & BANK BALANCES**

##### **A) CASH BALANCES**

Cash in hand (Including Imprest)	22,25,444	24,17,932
----------------------------------	-----------	-----------

##### **B) BALANCES WITH SCHEDULED BANKS IN**

- Current Accounts	1,15,853	17,955
- Fixed Deposit Accounts	1,68,01,236	1,61,41,134
<b>TOTAL</b>	<b>1,91,42,533</b>	<b>1,85,77,021</b>



**VALLABH STEELS LIMITED**

PARTICULARS	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
<b>ANNEXURE - 'J'</b>		
<b>LOANS &amp; ADVANCES</b>		
<b>(Unsecured considered good, unless otherwise stated)</b>		
Securities Deposits	24,00,912	24,00,912
Balance with Central Excise Authorities	21,346	21,346
Prepaid Expenses	37,98,206	46,60,736
Income Tax	3,63,56,443	3,33,52,444
Advances recoverable in cash or in kind or value to be received	7,60,38,227	8,59,84,664
<b>TOTAL</b>	<b>11,86,15,134</b>	<b>12,64,20,102</b>
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>ANNEXURE - 'K'</b>		
<b>LIABILITIES</b>		
Sundry Creditors	24,32,95,129	23,40,75,990
Other Liabilities	1,40,92,952	1,30,96,792
Advances from customers	77,42,146	28,85,685
<b>TOTAL</b>	<b>26,51,30,227</b>	<b>25,00,58,467</b>
<b>ANNEXURE - 'L'</b>		
<b>PROVISIONS</b>		
Income Tax & FBT	1,31,00,000	94,75,000
<b>TOTAL</b>	<b>1,31,00,000</b>	<b>94,75,000</b>



## VALLABH STEELS LIMITED

PARTICULARS	FOR THE YEAR ENDED 31.03.2010 Rs.	FOR THE YEAR ENDED 31.03.2009 Rs.
<b>ANNEXURE - 'M'</b>		
<b>COST OF MATERIAL CONSUMED</b>		
<b>Opening Stock</b>		
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>
<b>Add : Purchases</b>	<b>2,03,02,58,025</b>	<b>2,32,84,82,887</b>
	<u>2,18,85,57,864</u>	<u>2,67,67,85,164</u>
<b>Less: Closing Stock</b>		
Raw Material	13,96,56,947	5,30,39,936
Material in Process	5,31,50,779	4,60,51,236
Finished Goods	4,77,87,193	5,92,08,667
	<u>24,05,94,919</u>	<u>15,82,99,839</u>
Net Consumption	<u>1,94,79,62,945</u>	<u>2,51,84,85,325</u>
<b>ANNEXURE - 'N'</b>		
<b>MANUFACTURING EXPENSES</b>		
Stores & Spares consumed	25,93,71,325	22,01,19,392
Power & Fuel	11,48,46,148	10,40,19,688
Repair & Maintenance	1,16,23,446	1,02,14,319
Other Manufacturing expenses	39,92,116	21,34,576
<b>TOTAL</b>	<b><u>38,98,33,035</u></b>	<b><u>33,64,87,975</u></b>
<b>ANNEXURE - 'O'</b>		
<b>PERSONNEL EXPENSES</b>		
Salaries, Wages, Bonus and other Benefits	3,42,74,186	2,97,78,373
Contribution towards Provident & other Funds	29,97,847	29,53,031
Welfare Expenses	9,88,674	7,28,702
Gratuity	8,51,966	7,46,877
<b>TOTAL</b>	<b><u>3,91,12,673</u></b>	<b><u>3,42,06,983</u></b>



## VALLABH STEELS LIMITED

PARTICULARS	FOR THE YEAR ENDED 31.03.2010 Rs.	FOR THE YEAR ENDED 31.03.2009 Rs.
<b>ANNEXURE - 'P'</b>		
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Printing & Stationery	4,15,832	3,30,538
Telecommunication Expenses	10,52,508	10,67,492
Insurance	13,76,030	15,87,025
Travelling & Conveyance *	6,93,067	9,11,856
Directors' Remuneration	18,00,000	30,00,000
Rent, Fees and Taxes	15,59,055	18,36,688
<b>Auditors' Remuneration</b>		
- Audit Fee	60,665	55,150
- Reimbursement of Expenses	26,621	20,557
<b>Repairs &amp; Maintenance</b>		
- Building	6,41,841	1,06,118
- Vehicles	13,81,455	7,99,171
- General	2,82,592	2,57,616
Charity & Donation	4,201	3,100
Legal & Professional Expenses	8,34,528	4,83,574
Other Miscellaneous Expenses	7,14,362	8,83,953
<b>TOTAL</b>	<b>1,08,42,757</b>	<b>1,13,42,838</b>

\* including Directors travelling Rs.12,985/- (Previous Year Rs.77,468/-)

## ANNEXURE - 'Q'

### FINANCIAL EXPENSES

#### Interest

- On Working Capital	2,29,59,036	4,62,20,187
- On Term Loan	23,23,198	30,36,793
- To Others	4,88,561	8,01,230
Bank Charges and Commission	15,60,736	26,02,933
<b>TOTAL</b>	<b>2,73,31,531</b>	<b>5,26,61,143</b>

## ANNEXURE - 'R'

### SELLING AND DISTRIBUTION EXPENSES

Packing & Forwarding Charges	76,36,471	2,32,88,163
Rebate and Discount	3,40,281	8,64,397
Brokerage & Commission	51,19,641	55,53,339
Advertisement	66,161	2,02,518
<b>TOTAL</b>	<b>1,31,62,554</b>	<b>2,99,08,417</b>



## ANNEXURE - 'S'

### NOTES ON ACCOUNTS

#### I. SIGNIFICANT ACCOUNTING POLICIES

**i. Basis of Preparation of Financial Statements:**

The financial statements are prepared under the historical cost convention which are in accordance with the generally accepted accounting principles in India and provisions of the Companies Act, 1956.

**ii. Use of Estimates:**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialised

**iii. Revenue Recognition:**

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Turnover includes sales of raw material, by-products and wastes. Sales is inclusive of Excise Duty but excludes Value Added Tax and Central Sales Tax and it is adjusted for discounts, if any.

**iv. Fixed Assets:**

Fixed assets are stated at cost net of value added tax less accumulated depreciation and impairment loss, if any. The cost comprises purchase price, construction cost, including non refundable taxes or levies and any directly attributed cost of bringing the assets to its working condition for its intended use. The financing costs till commencement of commercial production and adjustments arising from exchange rate variations attributable to the fixed assets are capitalized.

**v. Depreciation:**

Depreciation on fixed assets of the company is provided to the extent of depreciable amount on Written Down Value method at rates and in the manner prescribed in schedule XIV to the Companies Act, 1956 over their useful life.

**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:**

Transactions in foreign currency are recorded at the exchange rate prevalent on the date of the transaction or that approximates the actual rate at the date of the transaction. Foreign currency assets and liabilities are reinstated at the exchange rates prevailing at the date of Balance sheet and at forward contract rates wherever so covered. Realised gains or losses on foreign exchange transactions, other than those relating to fixed assets are recognized in the profit and loss account. The difference in foreign exchange in the case of fixed assets is adjusted to the cost of fixed assets.

**viii. Provision For Current Tax and Deferred Tax:**

Provision for tax for Current Year has been made on the basis of estimated taxable income computed in accordance with Provisions as per Income Tax Act, 1961.

In accordance with the Accounting Standard - 22 Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India, the deferred Tax resulting from all timing differences between taxable and accounting income is accounted for, at the enacted rate of tax, to the extent that the timing differences are expected to crystallise.

**ix. Impairment of Assets :**

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

**x. Borrowing Costs:**

Borrowing costs directly attributable to the acquisition or construction of qualifying fixed assets are capitalized as part of the cost of the assets, upto the date the asset is put to use. Other borrowing costs are charged to the Profit & Loss Account in the year in which they are incurred.



**xi. Employees 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 & Loss Account.
- c) Post Employment Benefits (defined contribution plans)  
Contributions to the Employees Provident Fund, Labour Welfare Fund and Employee State Insurance Fund, which are defined contribution schemes, are recognised as an expense in the Profit and Loss Account in the period in which the contribution is due.
- 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.

**xii. Investments:**

Current Investments are carried at lower of cost and quoted/fair value, computed category wise. Long Term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary.

**xiii. Earning Per Share:**

Basic Earning per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by taking into account the aggregate of the weighted average number of equity outstanding during the period and the weighted average number of equity shares which would be issued on conversion of all dilutive potential equity shares into equity shares.

**xiv. Provisions, Contingent Liabilities And Contingent Assets:**

Provisions are recognized in terms of Accounting Standard-29 " Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India.

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of economic benefits will be required to settle the obligations.

Contingent liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation can not be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are neither recognized nor disclosed in the financial statements.

**2. CONTINGENT LIABILITIES NOT PROVIDED FOR :**

	(Rs. in Lacs)	
	As At 31.03.2010	As At 31.03.2009
Bank Guarantee	35.85	61.62

**3. MANAGING/WHOLETIME DIRECTORS' REMUNERATION :**

	For the year ended 31.03.2010 (Rs.)	For the year ended 31.03.2009 (Rs.)
a) Salaries	18,00,000	30,00,000
b) Other Benefits	3,91,831	30,000
<b>Total</b>	<b>21,91,831</b>	<b>30,30,000</b>

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.



## VALLABH STEELS LIMITED

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. 1.25 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. All the legal and procedural formalities related there to have been complied with.
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 has been given on lease.

**C. PARTICULARS OF ACTUAL PRODUCTION :**

Class of goods	UOM	Current Year	Previous Year
Steel Pipes	PCS	26,07,388	29,09,130
Cold Rolled Steel Strips/Coils*	MT	48,240	30,491
Tube/Pipe of Steel	MT	2,104	2,392

**D. PARTICULARS OF SALES :**

Class of Goods	UOM	Current Year		Previous Year	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)
Steel Ingots and its products	MT	8,952	20,27,27,535	9,600	27,51,43,067
Steel Pipes	PCS	28,37,791	1,10,72,84,622	28,55,317	1,30,86,32,253
Cold Rolled Steel Strips/Coils*	MT	45,850	72,45,66,007	28,299	60,75,75,410
Tube/Pipe of Steel	MT	2,092	8,95,03,815	2,451	12,23,89,337
Others			36,36,87,188		71,63,57,370
			<u>2,48,77,69,167</u>		<u>3,03,00,97,437</u>

**E. RAW MATERIAL CONSUMED :**

Class of Goods	UOM	Current Year		Previous Year	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)
Steel Ingots	MT	25,769	66,69,38,006	28,262	91,30,90,065
Steel Strips**	MT	25,689	17,82,72,439	28,699	29,19,19,337
H.R./C.R. Coils/Strips ***	MT	34,370	1,03,23,09,489	34,456	1,23,31,07,388
Steel Pipes	PCS	1,31,050	6,55,93,689	30,495	2,44,80,440
Others			5,27,391		33,16,516
			<u>1,94,36,41,014</u>		<u>2,46,59,13,746</u>

\* Quantity includes 27617 MT as job work production/sale (Previous Year 14650) and excludes 3757 MT (previous year 3182 MT) on account of inter unit transfer.

\*\* Quantity includes 20196 MT transferred from Rolling Mill Division (Previous Year 21160 MT) for which value not considered.

\*\*\* Quantity includes 2156 MT transferred from C R Division to P T Mill (Previous year 2502 MT) for which value not considered.



## VALLABH STEELS LIMITED

### F. OPENING AND CLOSING STOCK OF GOODS PRODUCED :

Particulars	UOM	Current Year		Previous Year	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)
<b>OPENING STOCK</b>					
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
			<u>5,92,08,667</u>		<u>4,84,86,944</u>

Particulars	UOM	Current Year		Previous Year	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)
<b>CLOSING STOCK</b>					
Steel Ingots and its' products	MT	222	58,07,148	75	9,27,510
Steel Pipes	PCS	45723	2,64,07,013	145076	5,20,55,242
Cold Rolled Steel Strips/Coils	MT	305	1,15,73,719	98	33,43,954
Tube/Pipe of Steel	MT	91	39,99,313	79	28,81,961
			<u>4,77,87,193</u>		<u>5,92,08,667</u>

### G. C.I.F VALUE OF IMPORTS

Nil

### H. EXPENDITURE IN FOREIGN CURRENCY

79,492

### I. EARNING IN FOREIGN EXCHANGE

12,77,65,571

14,58,12,255

### 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
<b>a) Raw Material</b>				
Indigenous	1,83,74,24,958	94.53	2,46,59,13,746	100.00
Imported	10,62,16,056	5.47	-	-
	<u>1,94,36,41,014</u>	<u>100.00</u>	<u>2,46,59,13,746</u>	<u>100.00</u>
<b>b) Stores &amp; Spares</b>				
Indigenous	25,93,71,325	100.00	22,01,19,392	100.00
Imported	-	-	-	-
	<u>25,93,71,325</u>	<u>100.00</u>	<u>22,01,19,392</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, 2010 comprises of the following :

	Current Year (Rs.)	Previous Year (Rs.)
a) Deferred Tax Liability		
Arising on Account of Timing Difference of Depreciation	2,17,50,020	1,66,87,791
Less : Balance in Deferred Tax Liability Fund	1,60,81,349	1,74,37,462
	<u>56,68,671</u>	<u>(7,49,671)</u>
b) Deferred Tax Assets		
Arising on Account of Timing Difference of Disallowance u/s 43-B	15,09,153	6,06,442
Net Deferred Tax (Assets)/Liability (a-b)	<u>41,59,518</u>	<u>(13,56,113)</u>



## VALLABH STEELS LIMITED

### 17. Earning per Share :

	Current Year	Previous Year
Net Profit after tax (Rs.)	<b>1,60,60,183</b>	1,12,02,723
Nos. of Equity Shares (Face Value of Rs. 10/- each)	<b>49,50,000</b>	49,50,000
Basic and Diluted EPS (Rs.)	<b>3.24</b>	2.26

### 18. Leases :

The Company has given plant and machinery on operating lease and lease rent amounting to Rs. 1,20,00,000/- (Previous Year Rs. 1,65,00,000/- ) 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	<b>1,20,00,000</b>	1,20,00,000
Later than one year and not later than five years	<b>30,00,000</b>	1,50,00,000
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.29,97,847/- (Previous Year Rs.29,53,031/-) towards post employment defined contribution plans comprising of Provident Fund, Employee State Insurance Corporation and other funds debited 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	<b>25,74,608</b>	23,10,928
Liability provided for the year	<b>4,68,292</b>	2,63,680
Liability at the end of the year	<b>30,42,900</b>	25,74,608

#### 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	<b>8,51,966</b>	7,46,877

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	1	0																						
				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	9	2	9	2	3	1								1	9	2	9	2	3									
Source of Funds																																			
Paid-up Capital			Reserve & Surplus			Secured Loans			Unsecured Loans																										
4			9	5	0	0	3			4	2	7	9	3	4			3	0	9	9	7	6						5	8	9	1			
			Deferred Credits			Deferred Tax																													
			5			2	7	0	2			0	2	4	1																				
Application of Funds																																			
Net Fixed Assets			Investments			Net Current Assets			Capital WIP																										
2			0	6	1	0	8	4			8	5	4	7	6			5	8	0	2	0	2						0	1	7				
			Accumulated Losses																																
			N			I	L																												
IV. Performance of Company (Amount in Rs. Thousands)																																			
Turnover			Total Expenditure			+/-Profit/Loss Before Tax			Profit After Tax																										
2			4	8	7	7	6	9	2			4	5	4	4	9	+			3	3	3	2	0	+						1	6	0	6	0
			Earning per Share in Rs.			Dividend Rate %																													
			3			.	2	4	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					
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  
M.No. 17039  
FRN- 000203N  
Place : Ludhiana  
Dated : 10.08.2010

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, 2010 PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

	FOR THE YEAR ENDED 31.3.2010 (Rs. in Lacs)		FOR THE YEAR ENDED 31.3.2009 (Rs. in Lacs)	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Profit before tax and extraordinary Items		333.19		193.22
<b>Adjustment for</b>				
Depreciation	262.04		276.83	
Provision for Gratuity	-		(23.11)	
Interest	273.32	535.36	526.61	780.33
<b>Operating Profit before working capital changes</b>		<b>868.55</b>		<b>973.55</b>
<b>Adjustment for</b>				
Trade and other Receivables	151.53		317.27	
Inventories	(864.06)		1880.45	
Trade Payables & Other Liabilities	161.86	(550.67)	(1745.79)	451.93
<b>Cash Generated from operations</b>		<b>317.88</b>		<b>1425.48</b>
Interest Paid	(273.32)		(526.61)	
Direct Taxes Paid	(131.00)	(404.32)	(94.75)	(621.36)
<b>Net cash from operating activities</b>		<b>(86.44)</b>		<b>804.12</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed assets	(532.17)		(470.56)	
Sale of Fixed assets	-		298.33	
Purchase of Investments	-		(305.00)	
<b>Net Cash used in Investing Activities</b>		<b>(532.17)</b>		<b>(477.23)</b>
		<b>(618.61)</b>		<b>326.89</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Proceeds from issue of Share Capital	-		(2.00)	
Proceeds from long term borrowing (Net)	(141.46)		30.20	
Proceeds from working capital borrowing	687.40		(96.36)	
Proceeds from unsecured loans	78.32		(265.89)	
<b>Net Cash used in financing Activities</b>		<b>624.26</b>		<b>(334.05)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>5.65</b>		<b>(7.16)</b>
<b>Cash and Cash equivalents at the beginning of the year</b>		<b>185.77</b>		<b>192.93</b>
<b>Cash and Cash equivalents at the end of the year</b>		<b>191.42</b>		<b>185.77</b>

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

M.No. 17039

FRN- 000203N

Place : Ludhiana

Dated : 10.08.2010

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

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 30th Annual General Meeting held on Tuesday, the 14th September, 2010 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 WILL BE DISTRIBUTED AT THE MEETING.

----- (Cut Here) -----

## 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 30th Annual General Meeting of the Company to be held on Tuesday, the 14th September, 2010 at 10.00 A.M. and at any adjournment thereof.

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

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