



# VALLABH STEELS LIMITED

(Govt. of India Recognised One Star Export House)

Regd. & Administrative Office : G. T. Road, Sahnewal, Ludhiana - 141 120 (INDIA)  
Tel. : 0091-161-2511412, 2511413, Fax : 0091-161-2511414 E-mail : vardhman@vallabhgroup.com

CIN: L27109PB1980PLC004327

## FORM A

(Pursuant to Clause 31 (a) of the Listing Agreement)


1.	Name of the Company	Vallabh Steels Limited
2.	Annual financial statements for the year ended	31st March, 2015
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	N.A.


For Raj Gupta & Co.,  
Chartered Accountants  
(FRN 000203N)



(R.K. Gupta)  
Partner  
M.No. 017039

For Vallabh Steels Limited

  
(Kapil Kumar Jain)  
Managing Director

  
(Parveen Sharma)  
Chairman of the Audit Committee

Date: 30.05.2015  
Place: Ludhiana

  
(Suresh Gupta)  
Chief Financial Officer



Delhi Office : 2nd Floor, Jeevan Deep Building, Parliament Street, New Delhi - 110 001.  
Phones : 011-23742401-03, Fax : 23742403



35th Annual Report  
2014-15

**VALLABH STEELS LIMITED**



## VALLABH STEELS LIMITED

### BOARD OF DIRECTORS

Mr. Kapil Kumar Jain	Chairman & Managing Director
Mr. Rahul Jain	Director
Mr. Jawahar Jain	Director
Mrs. Parveen Sharma	Director

### CHIEF FINANCIAL OFFICER

Mr. Suresh Gupta

### STATUTORY AUDITORS

M/s. Raj Gupta & Co.  
Chartered Accountants  
549/10, Sutlej Tower, Opp. Petrol Pump,  
Near Fountain Chowk, Ludhiana - 141 001

### BANKERS

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

Oriental Bank of Commerce  
Overseas Branch  
Jandu Tower,  
Ludhiana-141 003

### REGISTERED OFFICE

G.T. Road, Pawa, Sahnewal,  
Ludhiana - 141 120 (Punjab)  
(CIN : L27109PB1980PLC004327)  
E-mail ID : fin.ho@vallabhgroup.com

### WORKS

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

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## NOTICE

Notice is hereby given that the 35th Annual General Meeting of the members of Vallabh Steels Limited will be held at Registered Office of the company at G.T. Road, Village Pawa, Sahnewal, Ludhiana on Saturday, the 26th September, 2015 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, 2015, Statement of Profit and Loss for the year ended on that date together with the Reports of Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Rahul Jain (DIN: 00755312) who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“Resolved That** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Raj Gupta & Co., Chartered Accountants (Firm Registration No.000203N), be and are hereby appointed as the Statutory Auditors of the Company to hold the office for a term of 4 (Four) years from the conclusion of this Annual General Meeting (subject to ratification of their appointment by members at every annual general meetings to be held after this meeting) until the conclusion of the Thirty Ninth Annual General meeting of the company to be held in the calendar year 2019 at a remuneration to be decided by the Board of Directors in consultation with the Auditors plus actual taxes and out of pocket expenses incurred by them in connection with the aforesaid audit .”

### AS SPECIAL BUSINESS

4. **To consider and, if thought fit, to pass with or without modification(s), if any, the following resolution as a Special Resolution to adopt new set of Articles of Association of the company containing regulations in conformity with Companies Act, 2013:**

**“Resolved That** pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Incorporation) Rules 2014, (including any statutory modification(s) or re-enactment thereof, for the time being in force), the new set of Articles of Association of the Company be and is hereby approved and adopted as the new set of Articles of Association of the Company, in substitution for, and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company”.

**“Resolved Further That** for the purpose of giving effect to this resolution, the board of directors of the company be and is hereby authorized, on behalf of the Company, to do all acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid resolution along with filing of necessary e-forms with the Registrar of Companies.”

5. **To consider and, if thought fit, to pass with or without modification(s), if any, the following resolution as a Special Resolution for approving the related party transactions:**

**“Resolved That** pursuant to the provisions of section 188 and all other applicable provisions, if any, of the Companies Act, 2013 including any modification and/ or re-enactment thereof read with companies (Meetings of Board and its Powers) Rules, 2014 the consent, sanction, permission or approval (as the case may be) of the Company be and is hereby accorded to the Board of Directors (“the Board”) to enter into any contracts or arrangements with related parties (as listed below) as defined under the Act with respect to sale, purchase or supply of any goods or services or reimbursement of any expenses or any other transaction of whatever nature with related parties”.



## VALLABH STEELS LIMITED

Sr. No.	Name(s) of the related Party	Nature of Transactions as per section 188 of the Companies Act, 2013	Maximum amount of transactions (estimated amount Rs. in Crore)	Name of Director /KMP who is related and nature of their relationship	The nature, material terms, monetary value and particulars of the contract/ arrangement
1.	JSW Vallabh Tinplate Private Limited (JSW VTPL)	Sale	300	Enterprises over which KMP and relatives of such Personnel exercise significant influence where Sh. Kapil Kumar Jain, Shareholder and relative of Sh. Rahul Jain, common director of JSW VTPL and VIL and Sh. Rahul Jain Director, Shareholder of both the companies mentioned here carry Shareholding interest may be deemed to be concerned/ interested in their capacity as Directors of the Company.	All Proposed transactions of sale, purchase and for availing or rendering job work or services are proposed to be carried out based on business requirements of the Company and shall be in ordinary course of business and at arm's length.
		Purchase	200		
		Job Work	200		
2.	Vardhman industries Ltd. (VIL)	Sale	200		
		Purchase	200		
		Job Work	100		

**“Resolved Further That** the Board of Directors of the Company be and is hereby, authorized to do or cause to be done all such acts, matters, deeds and things and to settle any queries, difficulties, doubts that may arise with regard to any transaction with the related party and execute such agreements, documents and writings and to make such filings, as may be necessary or desirable for the purpose of giving effect to this resolution, in the best interest of the Company.”

6. **To consider and, if thought fit, to pass with or without modification(s), if any, the following resolution as an Ordinary Resolution for re-appointment of Mr. Suresh Gupta as CFO of the Company:**

**“Resolved That** pursuant to the provisions of Section(s) 203 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013 including any statutory modification or re-enactment thereof and subject to such approvals as may be deemed necessary, including the approval of the Central Government and consent of the Company be and is hereby accorded to the Board of Directors (“the Board”) for the re-appointment of Mr. Suresh Gupta (having PAN-ACAPG4571E) as Chief Financial Officer of the Company w.e.f. 01.04.2015 on the terms as may be mutually agreed and decided by the Board.”

**“Resolved Further That** the Board be and is hereby authorised to do all such acts, deeds and things and to execute all such documents, instruments and writings as any be required to give effect to the aforesaid resolution.”

7. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution to approve the remuneration of the Cost Auditor for the financial year ending March 31, 2016:**

**“Resolved That** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. Meenu & Associates, Cost Accountants, (having Firm Registration No. 100729), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016, at a remuneration of Rs. 55,000/- (Rupees Fifty Five Thousand Only) plus taxes and reimbursement of out of pocket expenses in connection with the aforesaid audit be and is hereby ratified and confirmed.”

**“Resolved Further That** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

8. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution for appointment of Secretarial Auditor for the financial year ending March 31, 2016:**

**“Resolved That** pursuant to the provisions of Section 204 of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration personnel) Rules 2014 of the Companies Act, 2013, the consent of the Company be and is hereby accorded to the Board of Directors (“the Board”) for appointment of M/s. RCS & Company, Company Secretaries, as the Secretarial Auditors of the Company for the financial year 2015-16 on such remuneration as may be mutually decided by the Board and the Secretarial Auditors.”

**“Resolved Further That** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”



## VALLABH STEELS LIMITED

9. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution for regularization of Mrs. Parveen Sharma as Director of the Company:**

**“Resolved That** Mrs. Parveen Sharma (having DIN 06388464), who was appointed as an Additional Director with effect from March 31, 2015 on the Board of the Company in terms of Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom a notice has been received from a member in writing, under section 160 of the Companies Act, 2013 along with requisite deposit, proposing her candidature for the office of a director, be and is hereby appointed as a director of the Company.”

10. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution for appointment of Mrs. Parveen Sharma as an Independent Director:**

**“Resolved That** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, and the rules made there under, including any amendment, modification, variation or re-enactment thereof read with Schedule IV to the Companies Act, 2013, for the time being in force, Mrs. Parveen Sharma (having DIN 06388464), Director of the Company, in respect of whom the Company has received a notice in writing from a Member proposing her candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, to hold office as such for a period of 5 (five) consecutive years, with effect from the date of her appointment and that she shall not be liable to retire by rotation.”

**BY ORDER OF THE BOARD OF DIRECTORS**

**PLACE : LUDHIANA  
DATED: 14.08.2015**

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

### **NOTES:**

- 1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on poll instead of himself/herself and the proxy need not be a member of the company. Proxy Form, in order to be effective, must be delivered at the Regd. office of the Company atleast 48 hours before the scheduled time of the meeting. The blank Proxy Form is enclosed.**
2. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of item nos. 4 to 10 of Special Business is annexed hereto and forms part of this Notice.
3. The Register of Members and Share Transfer Books of the company will remain closed from Monday, the 21st September, 2015 to Saturday, the 26th September, 2015 (both days inclusive) on account of Annual General Meeting.
4. Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Registrar & Share Transfer Agents of the company. However, members holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participants (DPs).
5. Members are requested to send their queries on the accounts, if any, so as to reach the Registered Office of the Company at least seven days before the meeting to enable the company to have relevant information ready at the meeting.
6. Members are requested to bring their copy of Annual Report alongwith them to the Annual General Meeting.
7. Members may also note that the equity shares of the company have been included in the list of securities for compulsory trading in dematerialised form under ISIN No. INE457E01016. 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).
8. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder, Members have been provided with the facility to cast their vote electronically, through the e-voting services provided by Mas Services Limited, on all resolutions set forth in this Notice.

Notice of the 35th Annual General Meeting of the Company, inter alia, indicating the process and manner of e-voting is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes through electronic mode unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Notice of the 35th Annual General Meeting of the Company, inter alia, indicating the process and manner of e-voting is being sent through the permitted mode.



**PROCESS AND MANNER FOR E-VOTING:**

The instructions for e-voting are as under:

- A. In case of members receiving e-mail from RTA/NSDL (for Members whose e-mail ids are registered with the Company/Depositories):
- Open e-mail and open PDF file viz. "VSL-remote e-Voting.pdf" with your client ID or Folio No. as password containing your user ID and password for remote e-voting. Please note that the password is an initial password.
  - Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
  - Click on "Shareholders" Login
  - Put user ID and password as initial password noted in step (i) above. Click Login.
  - Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
  - Select "EVEN" (E-Voting Event Number) of "**Vallabh Steels Limited**" which is **102572**.
  - Now you are ready for remote e-voting as Cast Vote page opens.
  - Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - Upon confirmation, the message "Vote cast successfully" will be displayed.
  - Once you have voted on the resolution, you will not be allowed to modify your vote.
  - Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [jatinsingal@gmail.com](mailto:jatinsingal@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- B. **In case Members receiving the physical copy of Notice of 35th Annual General Meeting (for Members whose e-mail ids are not registered with the Company/Depositories or requesting physical copy):**
- Initial password is provided in the Attendance Slip.
  - Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above to cast vote.
  - In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
  - If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
  - You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
  - Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Saturday, 19th September, 2015, may also obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or RTA, MAS Services Limited. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
  - A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.**
  - A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM.

**General Instructions:**

- The e-voting period shall commence at 9.00 a.m. on Wednesday, 23rd September, 2015 and shall end at 5.00 p.m. on Friday, 25th September, 2015. During this period members of the Company, holding shares either in physical or in dematerialised form, as on the record date i.e. Saturday 19th September, 2015, may cast their vote electronically. The voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- The Company has appointed Mr. Jatin Singal, Practicing Company Secretary (M. No. ACS 32448, C.P.No. 11976) as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.



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4. The results shall be declared on or after the AGM of the Company. The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.vallabhgroup.com](http://www.vallabhgroup.com) and on the website of NSDL within two (2) days of the passing of the resolutions at the 35th AGM of the Company to be held on Saturday, 26th September, 2015.
5. The Ministry of Corporate Affairs ("MCA") has vide Circular Nos. 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011, respectively, taken a 'Green Initiative in Corporate Governance', by allowing paperless compliances through electronic mode, allowing to send documents such as Notice convening General Meetings, Audited Financial Statements, Directors' Report, Auditors' Report, etc. and any other Notice/Documents, henceforth in electronic form in lieu of the paper form.
6. Section 20 of the Companies Act, 2013 permits service of documents on members by a company through electronic mode. Accordingly, as a part of the Green Initiative in Corporate Governance', electronic copy of the Annual Report for FY 2014-15 is being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes unless any member has requested for a physical copy of the same. Further, in terms of SEBI Circular No. CIR/CFD/DIL/7/2011 dated 05.10.2011 and Clause 32 of the listing agreement, the physical copies of Abridged Annual Report is being sent through permitted mode to all other members who have not registered their email address(es). Members may also note that the Annual Report for FY 2014-15 will also be available on the Company's website [www.vallabhgroup.com](http://www.vallabhgroup.com) for download.
7. **Members are requested to please register your e-mail ID with your Depository Participant (DP), if you hold the Company's shares in electronic form, under intimation to the Registrar & Share Transfer Agents through your registered e-mail ID. However, if you hold the shares in physical form then you may register your e-mail ID with Registrar & Share Transfer Agents of the Company by sending a letter under your Registered Signature at the below mentioned address:**

**Mas Services Limited**

T-34, 2nd Floor, Okhla Industrial Area, Phase- II, New Delhi- 110020 Phone: 011-26387281-83,  
Fax : 011- 26387384, E-mail: [info@masserv.com](mailto:info@masserv.com)

**BY ORDER OF THE BOARD OF DIRECTORS**

**PLACE : LUDHIANA  
DATED : 14.08.2015**

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

**EXPLANATORY STATEMENT OF MATERIAL FACTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 CONCERNING ITEM NOS. 4 TO 10 OF SPECIAL BUSINESS:**

**ITEM NO. 4**

In view of the notification of the Companies Act, 2013 and rules thereunder in place of Companies Act, 1956, it is necessary to adopt new set of Articles of Association giving effect to the provisions and rules framed therein.

Various clauses in the existing Articles of Association necessitate amendment and/or alteration in order to reflect inter-se various provisions and rules framed therein. As per the provisions of Section 14 of the Companies Act, alteration in Articles of Association of the Company will required to be approved by the shareholders of the Company by way of Special Resolution and hence placed for seeking approval of shareholders. Copy of existing and amended Articles of Association of the company will be available for inspection by members during 11.00 a.m. to 2.00 p.m. at the registered office of the company during Monday to Saturday till the date of Annual General Meeting. Further the entire set of proposed Articles of Association is available on the website of the company i.e. [www.vallabhgroup.com](http://www.vallabhgroup.com).

None of the Directors, Key Managerial Personnel of the Company / their relatives are in any way concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 4 of the Notice. The Board recommends the Special Resolution set out at Item No. 4 of the Notice for your approval.





**ITEM NO. 5**

Section 188 of the Companies Act, 2013 read with rules 15 and 16 of Companies (Meetings of Board and its Powers) Rules, 2014 prescribe certain procedure for approval of related party transactions. The revised Clause 49 of the Listing Agreement which has come into operation with effect from October 1, 2014 has also prescribed seeking of shareholders' approval for material related party transactions. The proviso to section 188 also states that nothing in section 188(1) will apply to any transaction entered into by the company in its ordinary course of business and at arm's length basis. All the proposed transactions put up for approval are in ordinary course of business and at arm's length. Pursuant to the provisions of revised Clause 49 of the Equity Listing Agreement, the following contracts / arrangements / transactions are material in nature and require the approval of the unrelated shareholders of the Company by a special resolution. The related information as envisaged under Companies (Meetings of Board and its Powers) Rules, 2014 and amendments thereto and the Company's Related Party Transaction Policy are furnished hereunder:

Sr. No.	Name(s) of the related Party	Nature of Transactions as per section 188 of the Companies Act, 2013	Maximum amount of transactions (estimated amount Rs. in Crore)	Name of Director /KMP who is related and nature of their relationship	The nature, material terms, monetary value and particulars of the contract/ arrangement
1.	JSW Vallabh Tinplate Private Limited (JSW VTPL)	Sale Purchase Job Work	300* 200* 200*	Enterprises over which KMP and relatives of such Personnel exercise significant influence where Sh. Kapil Kumar Jain, Shareholder and relative of Sh. Rahul Jain, common director of JSW VTPL and VIL and Sh. Rahul Jain Director, Shareholder of both the companies mentioned here carry Shareholding interest may be deemed to be concerned/ interested in their capacity as Directors of the Company.	All Proposed transactions of sale, purchase and for availing or rendering job work or services are proposed to be carried out based on business requirements of the Company and shall be in ordinary course of business and at arm's length.
2.	Vardhman industries Ltd. (VIL)	Sale Purchase Job Work	200* 200* 100*		

(\*) Expected maximum annual value of transaction over the next two to three years.

Any other information relevant or important for the members to take a decision on the proposed resolution: None  
The above contracts / arrangements / transactions were approved by the Audit Committee at its meeting held on May 30, 2015 and recommended by the Board of Directors to the unrelated shareholders of the Company for their approval. As per Clause 49(VII)(E) of the Listing Agreement, all entities / persons that are directly / indirectly related parties of the Company shall abstain from voting on resolution(s) wherein approval of material Related Party Transactions is sought from the shareholders. Accordingly, all related parties of the Company, including, among others, related entities and the Promoter Directors and Key Managerial Personnel of the company will not vote on this resolution. None of the Directors or any of the Key Managerial Personnel except Promoter Directors of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 5 of the Notice. The Board recommends the Special Resolution set out at item no. 5 of the Notice for your approval.

**ITEM NO. 6**

Mr. Suresh Gupta aged about 50 years (date of birth 16.10.1965) has already been working as Chief Financial Officer (CFO) and was re-appointed as CFO of the Company with effect from April 1, 2015. Mr. Gupta is a Graduate in Commerce and a member of the Institute of Chartered Accountants of India. The Board is of the view that continuation of services of Mr. Gupta as a CFO will greatly benefit the operations of the Company. He has an experience of over 26 years in profession. He is also on Board of Directors of M/s. Vallabh Textiles Company Limited, M/s. Vallabh Steel East Limited and Checkmate Vallabh Geosynthetics Private Limited.

None of the Directors, except Mr. Suresh Gupta, the appointee, Key Managerial Personnel of the Company / their relatives are in any way concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No. 6 of the Notice. The Board recommends the Ordinary Resolution set out at item no. 6 of the Notice for your approval.

**ITEM NO. 7**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. Meenu & Associates, Cost Accountants as the Auditors to conduct the audit of the cost records of the Company across various segments, for the financial year ending March 31, 2016.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company.



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Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 7 of the Notice for appointment and ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2016.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

### ITEM NO. 8

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. RCS & Company, Company Secretaries as Secretarial Auditors to conduct the audit of the Company for the financial year 2015-16 pursuant to the provisions of Section 204 of the Act read with rule 9 of the Companies (Appointment and Remuneration personnel) Rules 2014 of the Companies Act. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 8 of the Notice for appointment of the Secretarial Auditors for the financial year ending March 31, 2016.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the Notice.

### ITEM NOS. 9 & 10

Mrs. Parveen Sharma was appointed as an Additional Director w.e.f. March 31, 2015 in accordance with the provisions of Section 161 of the Companies Act, 2013 and Article of Association of the Company. Pursuant to Section 161 of the Companies Act, 2013 the above director holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received request in writing from a member of the company along with requisite deposit proposing Mrs. Parveen Sharma candidature for appointment as Director of the Company in accordance with the provisions of Section 160 and all other applicable provisions of the Companies Act, 2013. Further she has given a declaration that she meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013. The Board feels that presence of Mrs. Parveen Sharma on the Board is desirable and would be beneficial to the company and hence recommend resolution No. 9 and 10 for adoption.

None of the Directors, except Mrs. Parveen Sharma, the appointee and Key Managerial Personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise, in the said resolution.

The Board recommends resolutions under Item Nos. 9 and 10 to be passed as ordinary resolutions.

### Brief Profile of Director(s) being appointed/ Re-appointed as set out in this notice in terms of clause 49 of the listing agreement relating to Corporate Governance:

Name of Director	Mrs. Parveen Sharma
Date of Birth	17-03-1975
Qualification	Graduate
Date of Appointment on the Board	31-03-2015
Relationship with Other Directors	None
Expertise in Specific Functional Area	Experience in Dealing with Human Resource Management
Directorship held in other public companies	Nil
Chairman/Member of the Committee of Directors of Other Company/ies in which She is a Director	Nil
Number of Shares held in the Company	Nil

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-

(KAPIL KUMAR JAIN)

CHAIRMAN & MANAGING DIRECTOR

PLACE : LUDHIANA

DATED: 14.08.2015



## VALLABH STEELS LIMITED

### DIRECTORS' REPORT

To

The Members,  
Vallabh Steels Limited

We have pleasure in presenting the 35th Annual Report of the Company alongwith the Audited Statement of Accounts for the year ended 31st March, 2015:

### FINANCIAL RESULTS:

	(₹ in Lacs)		
	Current Year		Previous year
Revenue from Operations and Other Income	13776.33		16959.54
Profit before Interest, Depreciation and Tax	547.08		637.03
Less :			
Financial Costs	423.20	302.36	
Provision for Depreciation	72.79	110.27	
Taxes : Current Tax	5.90	-	
MAT Credit Entitlement	(5.90)	-	
Deferred Tax/Earlier year tax adjustment	(176.51)	(35.11)	377.52
<b>Profit after Tax</b>	<b>227.60</b>		<b>259.51</b>
Add:			
Balance b/f from Previous Year	2965.04		2730.53
<b>Profit available for appropriations</b>	<b>3192.64</b>		<b>2990.04</b>
<b>Appropriations</b>			
Transferred to General Reserve	25.00		25.00
Surplus Carried to Balance Sheet	3167.64		2965.04
	<b>3192.64</b>		<b>2990.04</b>

### PERFORMANCE REVIEW:

During the year under review the Company has recorded a lower Income from operations & other income of Rs. 13776.33 as compared to Rs. 16959.54 lacs of previous year, which has been mainly on account of lower production due to sluggish demand and pertaining market conditions. As a result, the Company earned a lower net profit after tax of Rs.227.60 lacs as compared to Rs. 259.51 lacs in the previous year. The Company expects to show better financial performance during the current year as compared to that of the year under report.

### INDUSTRY AND ECONOMIC SCENARIO:

India's steel industry is passing through one of the most challenging phases. It has been impacted by sluggish domestic demand, Iron ore supply constraints coupled with strong domestic Iron ore prices, dumping of steel into India by steel-surplus countries, primarily China, Russia, Japan and Korea and uncompetitive Steel export due to stable rupee. The Indian economy, supported by lower oil prices, improved FDI inflows and pro-growth economic reforms, saw a moderate improvement in growth momentum during financial year 2014-15; some of the key macroeconomic Indicators also strengthened over the year. The Indian economic growth improved to 7.3% in financial year 2014-15 as compared to 6.9% in financial year 2013-14. However, the Indian economy will need some time to recover and show positive results on ground. The new government is focusing on implementing reforms to spur investments and re-energise the economy for Infrastructure development and Industrial growth, which will accelerate steel demand in line with economic growth.



## VALLABH STEELS LIMITED

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### **EXPORTS:**

We are pleased to inform you that during the year under review, the Company continued to export its products to African Countries. Due to wide fluctuation in prices and stiff competition the company registered lower exports at Rs. 127.63 lacs as compared to Rs. 998.08 lacs in the previous year.

### **SHARE CAPITAL:**

There was no change in the Company's share capital during the year under review. The Company's paid up equity share capital remained at Rs. 4,95,00,000 comprising of 49,50,000 equity shares of Rs. 10/- each.

### **DIVIDEND AND RESERVES:**

With a view to conserve resources for Company's future requirements, your directors do not recommend any dividend for the year under consideration. During the year under review, Rs. 25 Lacs has been transferred to General Reserves.

### **LISTING OF SHARES:**

The Equity Shares of the Company are listed at BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai. The company has duly paid the listing fee to BSE Limited, Mumbai upto the Financial Year 2015-16.

### **FIXED DEPOSITS:**

During the year, your Company has not accepted any fixed deposits within the meaning of Section 73 of the Companies Act, 2013 and the Rules made thereunder. As such the required information is not applicable to be mentioned.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL(KMP):**

During the year under review, the Company appointed Mrs. Parveen Sharma (having DIN No. 06388464) as Independent Director of the Company with effect from March 31, 2015 for a period of five consecutive years. The Company has received declaration of independence from her that she meets the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Sh. Rahul Jain Director of the company retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

During the year under review, Sh. Mohan Lal, Sh. Mohinder Kumar Jain and Sh. Mohinder Pal Gupta resigned as Director of the company. The Board has placed on record its sincerest thanks and gratitude for the invaluable contribution for the services rendered by them during their tenure as a Director of the company.

As on date of this report Sh. Kapil Kumar Jain, Chairman and Managing Director and Sh. Suresh Gupta, Chief Financial Officer of the Company are Key Managerial Personnel of the Company.

### **BOARD EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Appointment & Remuneration Committees. The Details of the same are given in the Report on Corporate Governance annexed hereto.

### **REMUNERATION POLICY:**

The Board has on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.



### **MEETINGS:**

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year 9 (Nine) Board Meetings and 4 (Four) Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the stipulated period prescribed under the Companies Act, 2013.

### **CORPORATE GOVERNANCE:**

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. 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.

### **VIGIL MECHANISM / WHISTLE BLOWER POLICY:**

The Company has a vigil mechanism named Fraud and Risk Management Policy to deal with instance of fraud and mismanagement, if any. In staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the respected companies in India, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility. The Company has a Fraud Risk and Management Policy to deal with instances of fraud and mismanagement, if any. The FRM Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern. A high level Committee has been constituted which looks into the complaints raised. The Committee reports to the Audit Committee and the Board.

### **EXTRACT OF ANNUAL RETURN:**

The extract of Annual Return, in format MGT-9, for the Financial Year 2014-15 has been enclosed as Annexure-II with this report.

### **SUBSIDIARY COMPANIES:**

The Company does not have any Subsidiary.

### **STATUTORY 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 Section 139(1) of the Companies Act, 2013.

### **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.

### **AUDIT COMMITTEE:**

The committee re-constituted by the Board of Directors in their meeting held on March 31, 2015. Presently the constituent members of the Audit Committee are Mrs. Parveen Sharma (Chairman), Mr. Rahul Jain and Mr. Jawahar Jain. The primary objective of the Committee is to monitor and provide effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The statutory auditors and internal auditors are the permanent invitees to the audit committee meetings. The Committee met 4 (four) times during the year under review, the details of which are given in the Corporate Governance Report that forms part of this Annual Report.



### **COST AUDITORS:**

As per Section 148 of the Companies Act, 2013, the Company is required to have the audit of its cost records conducted by a Cost Accountant in practice. In this connection, the Board of Directors of the Company approved the appointment of M/s. Meenu & Associates, Cost Accountants, Ludhiana (Firm Registration No.100729 ) as the Cost Auditors of the Company for the year ending 31 March, 2016, on a remuneration of Rs.55,000 plus service tax as applicable and reimbursement of out of pocket expenses. The remuneration is subject to the ratification of the Members in terms of Section 148 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and is accordingly placed for your ratification.

M/s. Meenu & Associates were also the cost auditors of the company for the financial year 2014-15. The Cost audit report for the financial year 2014-15 will be filed by the company with the Ministry of Corporate Affairs (MCA) in the stipulated time as per the provisions of the Companies Act, 2013.

### **SECRETARIAL AUDITORS:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. RCS & Company, Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit carried out is annexed herewith as Annexure "III". The report does not contain any qualification however as regards appointment of Company Secretary, the Board states that it has interviewed various candidates but could not find a suitable person for this job and the company is in process of appointment of a Company Secretary.

The Board at its meeting held on August 14, 2015 has reappointed M/s. RCS & Company, Practicing Company Secretaries, as Secretarial Auditor, for conducting Secretarial Audit of the Company for financial year 2015-16.

### **INTERNAL FINANCIAL CONTROL SYSTEM AND ITS ADEQUACY:**

The Company continues to engage M/s. Gupta Sanjeev & Co., Chartered Accountants, (FRN: 005365N) as its Internal Auditors. During the year, the Company continued to implement their suggestions and recommendations to improve the control environment. Their scope of work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. Internal Auditors findings are discussed with the process owners and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations. The Audit Committee of the Board of Directors review the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them from time to time.

### **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.

### **PARTICULARS OF EMPLOYEES:**

The Company has not employed any individual whose remuneration falls within the purview of the limits prescribed under the provisions of Section 197 of The Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The information required pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company in this regard.



## **RELATED PARTY TRANSACTIONS:**

All the related party transactions that were entered during the financial year were on arm's length basis and were in the ordinary course of business. There have been no materially significant related party transactions between the Company and the Key Managerial Personnel or other designated Persons, Promoters, Directors, the management or the relatives except for those disclosed in the financial statements which may have potential conflict with the interest of the company at large.

Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188(1) along with the justification for entering into such contract or arrangement in Form AOC-2 does not form part of the report. None of the Independent Directors has any pecuniary relationships or transactions vis-à-vis the Company.

## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

The Company has neither given/provided any Loans, Guarantees; nor it made any Investments covered under the provisions of Section 186 of the Companies Act, 2013.

## **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

During the year under review, there are not any significant and material orders passed by the Regulators or Courts to the Company.

## **GENERAL:**

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.

During the year, there were no women employee worked in your company, hence provision to frame Policy under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 was not applicable to your company.

## **PREVENTION OF INSIDER TRADING:**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All Board Directors and the designated employees have confirmed compliance with the Code.

## **MANAGEMENT DISCUSSION AND ANALYSIS:**

The Management's Discussion and Analysis of operations for the year under review, as stipulated under clause 49 of the listing agreement with the stock exchanges, is provided in Annexure-'I' forms part of this Annual Report.

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

Information in accordance with the provisions of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given hereunder:



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### i. CONSERVATION OF ENERGY:

- Energy Conservation measure taken: The Company ensures that the manufacturing operations are conducted in the manner whereby optimum utilization and savings of energy is achieved.
- Additional investments and proposals, if any, being implemented for reduction of consumption of energy: No specific investment has been made.
- Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production: Impact of measures taken not quantitative and as such can not be stated accurately.
- Total Energy consumption per unit of production as per form 'A' to the Rules in respect of industries specified in schedule hereto:

<b>A. POWER &amp; FUEL CONSUMPTION</b>	<b>Current Year</b>	<b>Previous Year</b>
<b>a) Electricity</b>		
Rolling Mill, Tube Mill, Cold Rolled Mill		
Total Amount	<b>48,56,381</b>	54,26,289
Purchased Units	<b>3,42,89,428</b>	4,14,60,555
Rate/Unit (₹)	<b>7.06</b>	7.64
<b>b) Own Generation</b>		
Through Diesel Generator Units	<b>46,635</b>	47,610
Unit per litre of diesel oil	<b>3.12</b>	3.40
Cost/Unit (₹)	<b>17.33</b>	14.94
<b>c) Furnace Oil</b>		
Quantity (Ltrs.)	<b>1,57,844</b>	4,36,018
Total Cost (₹)	<b>63,64,629</b>	2,03,23,338
Average Rate (₹)	<b>40.32</b>	46.61
<b>B. CONSUMPTION PER UNIT OF PRODUCTION,</b>		
Rolling Mill, Tube Mill, Cold Rolled Mill Electricity (₹) MT	<b>1,753</b>	1,743

### 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 EARNINGS AND OUTGO:

- Activities relating to export, initiatives for export of its products i.e. Steel Pipes. As a result, the company has made export to African Countries 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.

	(Amt. in Rupees)	
	<b>2014-15</b>	2013-14
<b>b) Total Foreign Exchange used and earned</b>		
Foreign Exchange Used (CIF Value of Imports)	<b>2,01,858</b>	2,81,093
Foreign Earnings (FOB value of Exports)	<b>1,27,63,130</b>	9,98,08,491

### DIRECTORS' RESPONSIBILITY STATEMENT:

To the best of knowledge and belief and according to the information and explanations obtained by them, your directors make the following statements in terms of Section 134 (3)(c) of the Companies Act, 2013:

- that in the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- that they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and the profit or loss of the Company for the year ended on that date;





## VALLABH STEELS LIMITED

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- iii. that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that they had prepared the annual accounts for the financial year ended on 31<sup>st</sup> March, 2015;
- v. that the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- vi. that the directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES:**

Corporate Social Responsibility was not applicable to the Company for the financial year under review. The Philosophy of the company works with objectives of contributing to the sustainable development of the society and to create a greener and cleaner environmental around us.

The Corporate Social Responsibility (CSR) activities of Vallabh Steels Limited reflect its philosophy of enhancing value to the society and the environment around us.

The CSR activities done by the Company are identified after conducting a proper market research to identify the social and environment needs which are need of the hour.

### **TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND:**

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

### **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, 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**

**PLACE : LUDHIANA  
DATED : 14.08.2015**

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



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

**CORPORATE GOVERNANCE REPORT**

**(I) MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**(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."

In 2014, India retained its position as the 4th largest steel producing country in the world, behind China, Japan and the USA. The crude steel production grew by 2.3% to 83.2 million tonnes, while steel demand grew by 2.2% to 75.3 million tonnes. The Indian Steel Industry has witnessed divergent trends in various segments in the financial year 2014-15. During the year, the Industry in general and Iron and Steel Industry in particular has been adversely affected by the increase in input costs which has increased the cost of production per unit. Financial Year 2014-15 has been a year of achievements despite the severe impact of externalities. The Company was severely impacted by the raw material (RM) crisis. As a consequence the Company's performance in terms of production, turnover and profitability has been adversely affected.

The country's steel demand is projected to grow at a healthy rate of around 6-7% during financial year 2015-16, supported by gradual economic recovery. The government's growth-oriented reforms have helped enhance the confidence of businesses and potential investors, which will strengthen steel demand, going forward. The management of the Company is further making all out efforts to improve the working of the Company in future.

**(b) Company's Performance:**

The total revenue of the Company has declined to Rs.13776.33 lacs as compared to Rs.16959.54 lacs in the previous year. The net profit after taxes is placed at Rs.227.60 lacs as compared to Rs. 259.51 lacs in the previous year.

**(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 future requirements.

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

The Indian economy is on a path of gradual recovery. The government has undertaken several steps to unplug the bottlenecks and to revive the business confidence. The Indian economy stands to benefit from the correction in global crude oil prices, will have positive impact on the macro economy in form of lower inflation, reduced current account deficit, healthier fiscal accounts, increased consumption and a stable INR. Indian economy is among a few economies globally for which economic growth forecast has been raised by the IMF. The IMF has raised its India GDP growth estimates for financial year 2015-16 to 7.5%. In 2015-16, steel demand is expected to grow by 6% to 7%. However, a much sharper than expected increase in inflation and higher than budgeted fiscal consolidation are the key downside risks to the outlook, highlights World Steel Association.

Global economic growth indicators are moderately positive, but the volatility in energy prices, The IMF forecasts world economy to expand at 3.5% this year and 3.8% in 2016, terming global growth prospects as moderate and uneven in its latest April 2015 World Economic Outlook. The growth in advanced economies, aided by fall in oil prices, is projected to strengthen, for the third year in a row, to 2.4% in current year 2015 compared to 1.8% in current year 2014. The growth in emerging markets and developing economies, on the other hand, is expected to weaken to 4.3% in current year 2015 compared to 4.6% in the previous year.

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. Underdeveloped infrastructure curtailing growth prospects.



3. The supply and demand imbalance due to new capacities coming on stream while the demand remains subdued which may have negative impact on the plant utilization and steel prices.
4. Subdued growth of the manufacturing sector impacting demand.
5. Quantitative restrictions and/or additional tariffs of exports from India by importing countries.
6. Unpredictable and sharp cyclical movements in the raw material and other input prices.
7. 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. It is expected that better trends will emerge and may improve also 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 notwithstanding minor declines. As such current conditions may pave a way for improved performance in future.
  2. Well established customers base for the last over 34 years.
  3. 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.
  4. Your Company has strategic advantage as its units are located in the industry friendly areas 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) Business Risk Management:**

Pursuant to the requirement of Clause 49 of the Listing Agreement, the Company has constituted a Business Risk Management Committee. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report. The Company has a robust Business Risk Management (BRM) framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting.

The key business risks identified by the Company and its mitigation plans are as under:

**i. Risk related to Personnel:-**

Our business is increasingly dependent on the skills and competencies of our employees and management team. The general war for talent in our growing economy has created a substantial risk related to the retention of key personnel both in manufacturing and managerial levels. This risk is mitigated through effective HR policies relating to recruitment and retention and a proactive remuneration and rewards policy that is periodically reviewed at the highest management level. With excellent performance track as well as best HR practices we are able to attract and retain people for growth of our business.

**ii. Risk related to Safety:-**

The company has taken adequate insurance covers to indemnify the risks associated with the safety of personnel, building, stock and other infrastructure of the Company. These include:

- i) Fire Insurance Policies
- ii) Various Breakdown Policies

The company has also taken steps to strengthen IT security system as well as physical security system at all our locations

**iii. Compliance Related Risks:-**

The Company is committed to being a responsible corporate citizen and respects the laws and regulations of the country. All the compliances under various laws applicable to the Company, including under Companies Act, 2013, Factories Act, 1948 and Income Tax Act 1961 etc., are followed in letter & spirit.



**(f) Cautionary statement:**

Certain statements in this release concerning our future growth prospects are forward looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition within Steel Industry including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, our ability to successfully complete and integrate potential acquisitions, the success of the companies in which the company has made strategic investments, withdrawal of governmental incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, general economic conditions affecting our industry. The Company does not undertake to update any forward looking statements that may be made from time to time by or on behalf of the Company.

**(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 :**

**Size & Composition of Board:**

As on March 31, 2015, the Board of the Company had five directors out of which three are independent directors and one non-executive director. The Chairman of the Board is an Executive director. The Board is in conformity with clause 49 of listing agreement and the composition as on 31.03.2015 was as under:

Category	No. of Director
Executive Director	1
Non Executive and Independent Directors (Including one Woman Independent Director)	4
<b>Total</b>	<b>5</b>

As required under Section 149(3) of the Companies Act, 2013, Mrs. Parveen Sharma, a woman Director appointed as Independent Director on the Board.

None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees (as per Clause 49(I)(C)(ii)) across all the companies in which he is a Director. All the Directors have made the requisite disclosures regarding Committee positions held by them in other companies. The detail of the Composition of the Board, number of directorship and committee position held by each of the directors are given here under:

Sr. No.	Name of Director	Category	Total No. of Directorships held in Public Ltd. Companies as on 31.03.2015	No. of board Committee in which Chairman/ Member (including vallabh Steels Ltd.) as on 31.03.2015	
				Chairman	Member
1.	Mr. Kapil Kumar Jain	Chairman & Managing Director	4	2	2
2.	Mr. Rahul Jain	Non-Executive Director	5	—	4
3.	Mr. Mohinder Pal Gupta*	Non Executive Independent Director	1	—	—
4.	Mr. Jawahar Jain	Non Executive Independent Director	1	2	2
5.	Mrs. Parveen Sharma**	Non Executive Independent Director	1	1	2

(\*) Resigned on 18.07.2015 from the directorship of the Board.

(\*\*) Joined Directorship with effect from 31.03.2015.



**b. Board Meetings:-**

The Board meets at regular intervals to discuss and decide on business strategies / policies and review the financial performance of the Company. The Board meetings are pre-scheduled and a tentative annual calendar of the Board is circulated to the Directors well in advance to facilitate the Directors to plan their schedules. The notice of each Board meeting is given to each director. The Company provides information as set out in Clause 49 of the Listing Agreement to the Board and Board Committees to the extent it is applicable and relevant. The Agenda along with the relevant notes and other material information are sent in advance separately to each director and in exceptional cases tabled at the meeting. This ensures timely and informed decisions by the Board.

During the financial year 2014-15, the Board of Directors had 9(Nine) meetings. These were held on 30.05.2014, 21.07.2014, 12.08.2014, 14.08.2014, 14.11.2014, 01.12.2014, 28.01.2015, 14.02.2015 and 31.03.2015. The interval between two meetings was well within the maximum period mentioned under Section 173 of the Companies Act, 2013 and the Listing Agreement. The attendance record of the directors at Board Meetings during the year ended March 31, 2015 and at the last annual general meeting is as under:

Sr. No.	Name of Director	Category	No. of Board Meetings Attended	Attendance at Last AGM held on 27.09.2014
1.	Mr. Kapil Kumar Jain	Chairman & Managing Director	9 out of 9	Present
2.	Mr. Rahul Jain	Director	9 out of 9	Present
3.	Mr. Jawahar Jain	Director	9 out of 9	Present
4.	Mr. Mohinder Kumar Jain (resigned on 01.12.2014)	Director	6 out of 6	Absent
5.	Mr. Mohan Lal (resigned on 01.12.2014)	Director	4 out of 6	Absent
6.	Mrs. Parveen Sharma (w.e.f. 31.03.2015)	Director	1 out of 1	N.A.
7.	Mr. Mohinder Pal Gupta (resigned on 18.07.2015)	Director	7 out of 9	Present

**c. Directors Profile:-**

A brief resume of all the directors is furnished below:

Sr. No.	Name of the Director	Profile
1.	Mr. Kapil Kumar Jain	Mr. Kapil Kumar Jain, Chairman & Managing Director aged about 65 years (date of birth 12.08.1950) is graduate and has a vast experience of 42 years in managing the overall affairs of the company related to Policy Planning, Management, Administration and implementation etc.
2.	Mr. Rahul Jain	Mr. Rahul Jain, Non-executive Director, aged about 41 years (date of birth 04.10.1974) is a commerce graduate and has an experience of 19 years in Business and Industry. He is a business man having vast experience of Steel Industry.
3.	Mr. Jawahar Jain	Mr. Jawahar Jain, Non-executive Independent Director aged about 65 years (date of birth 02.01.1950) and has been a director on the Board since 31.03.2003.
4.	Mrs. Parveen Sharma	Mrs. Parveen Sharma is Woman Independent Director on the Board of the Company. She is a graduate and has a wide experience and expertise to deal with Human Resource matters.

**(4) COMMITTEES OF THE BOARD:**

**(A) Audit Committee:-**

**Composition:-**

The Audit Committee of the Board of Directors ("the Audit Committee") is entrusted with the responsibility to supervise the company's internal controls and financial reporting process. During the financial year 2014-15, the audit committee has been re-constituted on 31st March, 2015 as per Section 177 of the Companies Act, 2013



and Clause 49 of the Listing Agreement. All members of the Audit Committee are financially literate and bring in expertise in the field of Finance, Taxation, Economics and Risk. The re-constituted Audit Committee of the company is comprised of Mrs. Parveen Sharma (Chairman), Mr. Jawahar Jain and Mr. Rahul Jain alongwith Statutory Auditors, M/s. Raj Gupta & Co., Chartered Accountants and Internal Auditors, M/s. Gupta Sanjeev & Co., Chartered Accountants as invitees.

**Meetings and Attendance:-**

The Audit Committee met 4 (four) times during the financial year ended on March 31, 2015. The Company is in full compliance with the provisions of Clause 49 of the Listing Agreement. The Committee met on 30.05.2014, 14.08.2014, 14.11.2014 and 14.02.2015. The attendance record of the directors at Board Meetings during the year ended March 31, 2015 is as under:

Sr. No.	Name of Director Attended	Position	Category	No. of Meetings
1.	Mrs. Parveen Sharma**	Chairman	Independent Non Executive Director	N.A.
2.	Mr. Rahul Jain*	Member	Non- Executive Director	1 out of 1
3.	Mr. Jawahar Jain	Member	Independent Non Executive Director	4 out of 4
4.	Mr. Mohinder Pal Gupta**	Chairman	Independent Non Executive Director	4 out of 4
5.	Mr. Mohan Lal*	Member	Independent Non Executive Director	3 out of 3

(\*) Mr. Rahul Jain was appointed as member of the Committee in place of Mr. Mohan Lal with effect from 01.12.2014.

(\*\*)Mrs. Parveen Sharma was appointed as Chairman of the Committee in place of Mr. Mohinder Pal Gupta with effect from 31.03.2015

The Audit Committee inter-alia performs the functions of approving Annual Internal Audit Plan, reviews of financial reporting system, internal control systems, discussion on quarterly, half-yearly and annual financial results, interaction with Statutory and Internal Auditors, recommendation for appointment of Statutory and Cost auditors and their remuneration, recommendation for appointment of and remuneration of Internal Auditors, Review of Internal Audit reports, significant related party transactions. The Board has framed the Audit Committee Charter for the purpose of effective compliance of provisions of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. 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.

**(B) REMUNERATION AND NOMINATION COMMITTEE:****Composition:-**

In compliance with Section 178 of the Companies Act, 2013, the Board has re-constituted the "Remuneration Committee" and named it as "Nomination and Remuneration Committee" comprising of the following members:

1. Mr. Jawahar Jain, Chairman
2. Mr. Rahul Jain, Member
3. Mrs. Parveen Sharma, Member

The committee consists of non-executive and independent directors of the Company. One meeting of Remuneration and Nomination Committee was held on 14.08.2014 during the financial year 2014-2015. The objectives of constituting of Remuneration and Nomination Committee are as follow:

1. The Remuneration and Nomination Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
2. The Remuneration and Nomination Committee shall, while formulating the above policy shall ensure that
  - (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
  - (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - (c) Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

**(C) STAKEHOLDERS' RELATIONSHIP COMMITTEE:****Composition and Attendance:-**

In compliance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement, the Board has renamed the existing "Shareholders'/Investors' Grievance Committee" as the "Shareholders Stakeholders' Relationship Committee".



This Committee is re-constituted under the chairmanship of Mr. Jawahar Jain and other members being Mr. Kapil Kumar Jain and Mrs. Parveen Sharma. The compliance officer of this committee is Mr. Suresh Gupta. The objective of the Committee is to focus on the shareholders Grievance and to strengthen the investor relations on a periodical basis. The quorum for the meeting is two directors and the committee meets frequently to dispose off/attain investors' complaints/requests as well as for transfer etc. of shares. During the year ended 31<sup>st</sup> March, 2015, the company has received very few complaints/requests comprising of non-receipt of annual report, demat queries /requests and request for transfer/transmission/transposition and dematerialisation etc., which were successfully resolved. 4 (Four) meetings of Stakeholders relationship committee were held on 02.06.2014, 15.09.2014, 02.02.2015 and 09.03.2015.

#### **(D) RISK MANAGEMENT COMMITTEE:**

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities.

This Committee is constituted under the chairmanship of Mr. Kapil Kumar Jain and other members being Mr. Rahul Jain, Mr. Jawahar Jain. During the financial year 2014-2015, 1(One) meeting was held on 14.02.2015 with presence of all the members. The objectives and scope of the Risk Management Committee broadly comprises:

- Oversight of risk management performed by the executive management;
- Reviewing the Business Risk Management policy and framework in line with local legal requirements and SEBI Guidelines;
- Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle;
- Defining framework for identification, assessment, monitoring, mitigation and reporting of risks; and
- Within its overall scope as aforesaid, the Committee shall review risks trends, exposure, potential impact analysis and mitigation plan.

#### **(E) INDEPENDENT DIRECTORS' MEETING:**

During the year under review, the Independent Directors met on March 31, 2015, inter alia, to discuss:

- Evaluation of performance of Independent Directors and the Board of Directors as a whole;
- Evaluation of performance of Chairman of the Company, taking into account the views of the Executive and Non Executive Directors; and
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

#### **5. POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION:**

The Remuneration and Nomination Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and Managing Director and their remuneration. This Policy is accordingly derived from the said Charter.

##### **a) Criteria of selection of Non Executive Directors:-**

- a. The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.
- b. In case of appointment of Independent Directors, the Remuneration and Nomination Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- c. The Remuneration and Nomination Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- d. The Remuneration and Nomination Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director:-
  - i. Qualification, expertise and experience of the Directors in their respective fields.
  - ii. Personal, Professional or business standing.
  - iii. Diversity of the Board.
- e. In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

##### **b) Criteria for selection/appointment of Managing Director:-**

For the purpose of selection of the MD, the Remuneration and Nomination Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board. The Committee



will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

**c) Remuneration for Managing Director:-**

- i. At the time of appointment or re-appointment, the Managing Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the Remuneration and Nomination Committee and the Board of Directors) and the Managing Director within the overall limits prescribed under the Companies Act, 2013.
- ii. The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- iii. In determining the remuneration (including the fixed increment and performance bonus) the Remuneration and Nomination Committee shall ensure / consider the following:
  - a) the relationship of remuneration and performance benchmarks is clear;
  - b) balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
  - c) responsibility required to be shouldered by the Managing Director, the industry benchmarks and the current trends; and
  - d) the Company's performance vis-à-vis the annual budget achievement and individual performance.

**d) Remuneration Policy for the Senior Management Employees:-**

In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members) the Remuneration and Nomination Committee shall ensure consider the following:

- i. the relationship of remuneration and performance benchmark is clear;
- ii. the balance between fixed and incentive pay reflecting short and long term performance objective appropriate to the working of the Company and its goals; and
- iii. the remuneration including annual increment is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance.

**6. PERFORMANCE EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Remuneration and Nomination Committees.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

**7. TERMS OF APPOINTMENT & REMUNERATION OF MANAGING DIRECTOR:**

The company pays remuneration to the Managing Director as approved by the members of the company in the general body meeting. The detail of remuneration paid to him during the year 2014-15 is given below:

(Amount in ₹)

NAME	DESIGNATION	SALARY	PERKS	TOTAL
Mr. Kapil Kumar Jain	Chairman & Managing Director	27,00,000/-	8,44,589/-	35,44,589/-

The above appointment is on contractual basis. Non-executive and independent directors have not been paid any remuneration during 2014-15.

Details of remuneration paid to the directors are given in form MGT-9 in Annexure-II.

**8. DISCLOSURES:**

**A. Related Party Transactions:-**

All transactions entered into with related parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the year were on an arm's length price basis and in the ordinary course of business. During the Financial Year 2014-15, the Company did not have any material pecuniary relationship or transactions with Independent and Non executive Directors.





In the preparation of financial statements, the Company has followed the Accounting Standards. The significant accounting policies which are applied have been set out in the Notes to Financial Statements. The Board has received disclosures from Promoters, Directors relating to material, financial and commercial transactions where they and/or their relatives have personal interest. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large.

**B. Compliances by the Company:-**

- a) During the last three years, no penalties or strictures have been imposed on the Company by the Stock Exchange or SEBI or any other statutory authorities on matters related to capital markets.
- b) Company has not denied any personnel, access to Audit Committee for informing unethical or improper practice.
- c) Company has complied with all the mandatory requirements of corporate governance.
- d) The Company has Complied with mandatory requirements of clause 49 of the Listing Agreement with the Stock Exchange and applicable and in force till on March 31, 2015.
- e) During the period under review, there was no material significant transaction with the promoters, directors, management, their relatives etc. that may have potential conflict with the interest of the company at large.
- f) The company has not issued any GDRs/ADRs/Warrants and there are no warrants or convertible instruments pending as on 31.03.2015.

**C. Compliances with capital market regulators:-**

The Company has complied with the requirements of Regulatory Authorities on capital markets including the requirements under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended and currently the company is placed under group "B" by BSE.

As per circular No. SEBI/CFD/DIL/CG/1/2008/08/04 dated April 08, 2008 issued by SEBI and amended clause 49 of listing agreement company make following disclosure:

Mr. Kapil Kumar Jain, Chairman and Managing Director is father of Mr. Rahul Jain, the non-executive Director of the company.

**9 CODE OF CONDUCT:**

The Company had adopted the Code of Conduct for all the Board members and senior management personnel. Further all the Board members and senior management personnel (as per Clause 49 of the listing Agreement) have affirmed the compliance with the respective Code of Conduct. A declaration to this effect signed by the Managing Director and Chairman forms part of this report.

**10. 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 and returns with the statutory bodies like Stock Exchange and the Registrar of Companies.

The financial results and shareholding pattern of the company are also available at the Company's website viz. [www.vallabhgroup.com](http://www.vallabhgroup.com).

**11. VIGIL MECHANISM / WHISTLE BLOWER POLICY:**

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the company has formulated the Whistle Blower policy for the vigil mechanism for Directors and employees to report the management about unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguard against the victimization of employees and Directors who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in exceptional cases. None of the personnel of the company has been denied access to the audit committee.

**12. PREVENTION OF INSIDER TRADING:**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Compliance Officer is responsible for implementation of the Code.

All Board Directors and the designated employees have confirmed compliance with the Code.



## VALLABH STEELS LIMITED

### 13. GENERAL INFORMATION FOR SHAREHOLDER

#### (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 PASSED
34th AGM	Saturday, 27.09.2014, 10.00 AM	G.T. Road, Vill. Pawa, Sahnewal, Ludhiana.	2
33rd AGM	Wednesday 18.09.2013, 10.00 AM	G.T. Road, Vill. Pawa, Sahnewal, Ludhiana.	Nil
32nd AGM	Saturday 29.09.2012, 10.00 AM	G.T. Road, Vill. Pawa, Sahnewal, Ludhiana.	Nil

#### (b) EXTRA ORDINARY GENERAL MEETING :

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

#### (c) RESOLUTION PASSED DURING THE FINANCIAL YEAR 2014-15 BY POSTAL BALLOT:

2(Two) resolutions under Sections 180(1) (a) and 186 under the Companies Act, 2013 were passed by Postal Ballot during the financial year 2014-15.

#### (d) 35th Annual General Meeting :

**Date and Time** : Saturday, the 26th September, 2015 10.00 AM.  
**Venue** : At Registered Office of the Company i.e. at G.T. Road, Village Pawa, Sahnewal, Ludhiana.

#### (e) Financial Calender 2015-16

**First Quarter Results** : By middle of August, 2015  
**Second Quarter Results** : By middle of November, 2015  
**Third Quarter Results** : By middle of February, 2016  
**Fourth Quarter and Annual Results 2015-16** : In the month of May, 2016

#### (f) Date of Book Closure :

Monday, the 21st September, 2015 to Saturday to the 26th September, 2015 (both days inclusive).

#### (g) Dividend Payment Date :

No dividend on equity shares has been recommended for the year 2014-15. Hence not applicable.

#### (h) Listing :

The company's shares are listed on the BSE Limited at Mumbai.

#### (i) Stock Code :

**Stock Exchange Code**  
Mumbai 513397

#### (j) Stock Market Data :

The month wise highest & lowest closing prices vis-a-vis BSE sensex during the financial year 2014-15 are given as follows:

Financial Year 2013-14	Closing Share Prices of the Company at BSE		BSE Sensex	
	High (₹)	Low (₹)	Highest	Lowest
April, 2014	18.65	14.75	22939.31	22197.51
May, 2014	20.83	12.80	25375.63	22277.04
June, 2014	21.30	15.85	25725.12	24270.20
July, 2014	23.05	15.75	26300.17	24892.00
August, 2014	21.00	15.20	26674.38	25232.82
September, 2014	21.70	16.05	27354.99	26220.49
October, 2014	23.35	17.50	27894.32	25910.77
November, 2014	24.15	17.85	28822.37	27739.56
December, 2014	23.00	17.45	28809.64	26469.42
January, 2015	22.00	15.55	29844.16	26776.12
February, 2015	22.90	16.45	29560.32	28044.49
March, 2015	22.20	15.15	30024.74	27248.45

#### (k) Dematerialisation of Shares, Registrar & Transfer Agents & 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 Registrar and Share Transfer Agents (RTA) being a Common Agency for Physical and Electronic modes. The dematerialised shares are directly transferred to the beneficiaries through the depositories. 4422393 equity shares comprising of 89.34% of the total equity shares of the company are in dematerialised form as on 31.03.2015. Out of a total of 3334 shareholders 1357 shareholders representing 40.70% have got their shares dematerialised as on 31.03.2015. The process of transfer/transmission/transposition etc. of equity shares in physical form including dispatch of the share certificates is completed by RTA within a period of 15 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.



## VALLABH STEELS LIMITED

(l) **Distribution of Shareholding as on 31.03.2015:**

Shareholding	Shareholders		Shareholding	
	Number	% to Total	Number	% to Total
Up to 500	3131	93.91	399169	8.06
501 to 1000	82	2.46	66489	1.34
1001 to 2000	45	1.35	67547	1.37
2001 to 3000	17	0.51	45504	0.92
3001 to 4000	7	0.21	25937	0.52
4001 to 5000	6	0.18	25328	0.52
5001 to 10000	11	0.33	71730	1.45
10001 and above	35	1.05	4248296	85.82
Total	3334	100.00	4950000	100.00

(m) **Shareholding Pattern as on 31.03.2015:**

Category	Number of Shares	% to Total Shares
Promoters	3337900	67.43
Private Corporate Bodies	51784	1.04
Indian Public	1545647	31.23
NRIs	14669	0.30
Total	4950000	100.00

(n) **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 : info@masserv.com

(o) **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 : info@masserv.com

(p) **Plant Locations of the company:**

(i) G.T. Road, Village Pawa, Sahnewal, Ludhiana-141 120, Punjab, India.  
Phone No. : 0161-2511412, 2511413

(ii) G.T. Road, Village Nandpur, Sahnewal, Ludhiana-141 120, Punjab, India.  
Phone No. : 0161-2844499

(14) **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, 2015.

**FOR VALLABH STEELS LIMITED**

**PLACE : LUDHIANA**  
**DATE : 14.08.2015**

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



## VALLABH STEELS LIMITED

### CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY

We, Kapil Kumar Jain, in my capacity as Chairman & Managing Director and Suresh Gupta, Chief Financial Officer, of Vallabh Steels Limited to the best of our knowledge and belief, certify that:

1. We have reviewed the financial statements and Cash Flow Statement for the year ended on 31.03.2015 and based on our knowledge and belief, we state that:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
3. We are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, wherever applicable:
  - a) That there were no deficiencies in the design or operation of internal controls which came to our notice;
  - b) That there were no significant changes in internal control over financial reporting during the year;
  - c) Significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements;
  - d) That there were no instances of significant fraud of which we are aware that involve therein the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Ludhiana  
Date : 14.08.2015

Sd/-  
(KAPIL KUMAR JAIN)  
Chairman & Managing Director

Sd/-  
(SURESH GUPTA)  
Chief Financial Officer

### 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 M/s. Vallabh Steels Limited for the year ended on 31st March, 2015, 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  
FRN- 000203N

PLACE : LUDHIANA  
DATE : 14.08.2015

Sd/-  
(R.K. GUPTA)  
PARTNER  
M. No. 017039



# VALLABH STEELS LIMITED

## ANNEXURE- II TO THE DIRECTORS' REPORT FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

#### i. REGISTRATION & OTHER DETAILS:

1.	CIN	L27109PB1980PLC004327
2.	Registration Date	25-11-1980
3.	Name of the Company	Vallabh Steels Limited
4.	Category/Sub-category of the Company	Public Company / Limited by shares
5.	Address of the Registered office & contact details	G.T. Road, Village Pawa, Sahnewal, Ludhiana-141 120 Tel No. :+0161-2511412-13
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Mas Services Limited T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020 Tel No. :+011-26387281-83

#### ii. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated):

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Galvanized Steel pipes	27204	25.71
2.	Cold rolled Steel Strips & Coils	27164	74.29

#### iii. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

No. of Companies for which information is being filled	Nil
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#### iv. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

##### A. Category-wise Share Holding:-

Category of Share holder	No. of Shares held at the beginning of Year (As on 01-04-2014)				No. of Shares held at the end of the Year (As on 31-03-2015)				% Change During the year
	Demat	Physical	Total	% of total Share	Demat	Physical	Total	% of Total Share	
A. Promoters (1) Indian									
a) Individual/ HUF	1768000	0	1768000	35.72	1768000	0	1768000	35.72	0.0
b) Central Govt.	0	0	0	0	0	0	0	0	0.0
c) State Govt.(s)	0	0	0	0	0	0	0	0	0.00
d) Bodies Corp.	1569900	0	1569900	31.72	1569900	0	1569900	31.72	0.0
e) Banks/ FI	0	0	0	0	0	0	0	0	0.00
f) Any other	0	0	0	0	0	0	0	0	0.00
Total shareholding of Promoter (A)	3337900	0	3337900	67.43	3337900	0	3337900	67.43	0.0
B. Public Share holding									
I. Institutions	0	0	0	0	0	0	0	0	0.00
a) Mutual Funds	0	0	0	0	0	0	0	0	0.00
b) Banks/ FI	0	0	0	0	0	0	0	0	0.00
c) Central Govt.	0	0	0	0	0	0	0	0	0.00
d) State Govt.(s)	0	0	0	0	0	0	0	0	0.00
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
f) Insurance Companies	0	0	0	0	0	0	0	0	0.00
g) FIs	0	0	0	0	0	0	0	0	0.00



# VALLABH STEELS LIMITED

h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
i) Others (specify)	0	0	0	0	0	0	0	0	0.00
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0.00
<b>2. Non-Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian	52842	3100	55942	1.13	43260	3000	46260	0.93	-0.2
ii) Overseas	0	0	0	0	0	0	0	0	0.00
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	394191	276107	670298	13.54	391345	272507	663852	13.41	-0.13
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	611957	252100	864057	17.46	629695	252100	881795	17.81	0.35
c) Others (specify)	0	0	0	0	0	0	0	0	0.00
<b>Non Resident Indians Overseas Corporate Bodies</b>									
	14731	0	14731	0.30	14669	0	14669	0.30	0.00
Foreign Nationals	0	0	0	0	0	0	0	0	0.00
Clearing Members	7072	0	7072	0.14	5524	0	5524	0.12	-0.02
Trusts	0	0	0	0	0	0	0	0	0.00
Foreign Bodies - D R	0	0	0	0	0	0	0	0	0.00
Sub-total (B)(2):-	1080793	531307	1612100	32.57	1084493	527607	1612100	32.57	0.00
Total Public Shareholding (B)=(B)(1)+ (B)(2)	1080793	531307	1612100	32.57	1080793	540307	1612100	32.57	0.00
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
	0	0	0	0	0	0	0	0	0.00
Grand Total (A+B+C)	4418693	531307	4950000	100.00	4422393	527607	4950000	100.00	0.00

## B) Shareholding of Promoters:-

Sr. No.	Shareholders' Name	Shareholding at the beginning of the Year			Shareholding at the end of the year			% Change in Share holding during the year
		No. of shares	% of total Shares of the Company	% of Share Pledged/encumbered to the shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total share	
1.	Vardhman Industries Ltd.	295000	5.96	0.00	295000	5.96	0.00	0.00
2.	Hind Leasing & Finance Ltd.	547400	11.06	0.00	547400	11.06	0.00	0.00
3.	Adhinath Investments Pvt. Ltd.	316000	6.38	0.00	316000	6.38	0.00	0.00
4.	Associated Leasing Ltd.	411500	8.31	0.00	411500	8.31	0.00	0.00
5.	Kapil Kumar & Sons (HUF)	230500	4.66	0.00	230500	4.66	0.00	0.00
6.	Rahul Jain & Sons (HUF)	150000	3.03	0.00	150000	3.03	0.00	0.00
7.	Vikram Jain & Sons (HUF)	92700	1.87	0.00	92700	1.87	0.00	0.00
8.	Kapil Kumar Jain	232000	4.69	0.00	232000	4.69	0.00	0.00
9.	Rahul Jain	280000	5.66	0.00	280000	5.66	0.00	0.00
10.	Vikram Jain	300200	6.06	0.00	300200	6.06	0.00	0.00
11.	Lata Jain	208000	4.20	0.00	208000	4.20	0.00	0.00
12.	Megha Jain	200000	4.04	0.00	200000	4.04	0.00	0.00
13.	Zarqa Jain	74600	1.51	0.00	74600	1.51	0.00	0.00
Total		3337900	67.43	0.00	3337900	67.43	0.00	0.00

## C) Change in Promoters' Shareholding (please specify, if there is no change):- Not Applicable



## VALLABH STEELS LIMITED

### D) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):-

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date	Increase/ (Decrease) in Share holding	Reason	Cumulative Shareholding during the year	
		No. of Share	% of total of the company				No. of shares	% of total shares of Company
1.	Shweta Jain	253000	5.11	-	-	-	253000	5.11
2.	Snehalatha Singhi	75188	1.52	-	-	-	75188	1.52
3.	S K Vig	70500	1.42	-	-	-	70500	1.42
4.	Ashok Jain	70000	1.41	-	-	-	70000	1.41
5.	Manoj Mittal	51091	1.03	24.10.2014 14.11.2014	01 1361	Purchase Purchase	52453	1.06
6.	Puja Jain	49000	0.99	-	-	-	49000	0.99
7.	Arvind Kumar J Sancheti	36874	0.74	18.04.2014	6047	Purchase	42923	0.87
8.	Arvind Kumar Sancheti	40991	0.83	-	-	-	40991	0.83
9.	Ramesh Jain	32200	0.65	-	-	-	32200	0.65
10.	Raksha Jain	31000	0.63	-	-	-	31000	0.63

### E) Shareholding of Directors and Key Managerial Personnel:-

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>Kapil Kumar Jain</b> At the beginning of the year Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): At the end of the year	232000	4.69	232000	4.69
2.	<b>Rahul Jain</b> At the beginning of the year Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): At the end of the year	280000	5.66	280000	5.66

### V) INDEBTEDNESS: Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amount in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	38,35,92,853	5,05,07,176	-	43,41,00,029
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>38,35,92,853</b>	<b>5,05,07,176</b>	<b>-</b>	<b>43,41,00,029</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	10,21,36,544	-	-	10,21,36,544
* Reduction	-	2,94,63,190	-	2,94,63,190
<b>Net Change</b>	<b>10,21,36,544</b>	<b>2,94,63,190</b>	<b>-</b>	<b>7,26,73,354</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	48,57,29,397	2,10,43,986	-	50,67,73,383
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>48,57,29,397</b>	<b>2,10,43,986</b>	<b>-</b>	<b>50,67,73,383</b>



## VALLABH STEELS LIMITED

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

#### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD & Chairman (Amt. in Rs. per annum)
		Mr. Kapil Kumar Jain
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	27,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	8,44,589
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	
	- as % of profit	-
	- others, specify	-
5.	Others, please specify	-
	Total	35,44,589
	Ceiling as per the Act	Rs. 36.00 Lacs as approved by the members of the company in case of inadequate profits.

#### B. REMUNERATION TO OTHER DIRECTORS:

The Company has not paid any remuneration to any other director during the year 2014-15.

#### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sr. No.	Particulars of Remuneration	Mr. Suresh Gupta(Chief Financial Officer)
		(Amt. in Rs. per annum)
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7,10,268
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	
	- as % of profit	-
	- others, specify	-
5.	Others, please specify	-
	Total	7,10,268

#### VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

During the year 2014-15, the company has not been found guilty for any offence hence was not liable for any penalty, punishment under all Acts applicable to it.

BY ORDER OF THE BOARD OF DIRECTORS

PLACE : LUDHIANA  
DATED : 14.08.2015

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





## VALLABH STEELS LIMITED

### ANNEXURE- III TO THE DIRECTORS' REPORT SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members,  
**VALLABH STEELS LIMITED,**  
CIN: L27109PB1980PLC004327  
G.T. Road, Village Pawa,  
Sahnewal,  
Ludhiana-141120

We have conducted a secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **M/s. VALLABH STEELS LIMITED** (*hereinafter called "the Company"*). The secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts /statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2015, complied with the statutory provisions listed hereunder and also has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with our letter of even date annexed to this report.

- I. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2015 according to the applicable provisions of:
  - i. The Companies Act, 1956 and the rules made thereunder;
  - ii. The Companies Act, 2013 (*the Act*) and the rules made thereunder;
  - iii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - iv. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
  - v. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - vi. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
    - c) The Securities and Exchange Board of India (Registrars to an issue and share transfer agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client; and
    - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
  - vii. The Listing Agreements entered into by the Company with:- BSE Limited.
  - viii. All relevant laws applicable to the company as provided by the Management is hereunder:
    - a. Factories Act, 1948
    - b. Payment of Wages Act, 1936 and rules made thereunder
    - c. The Minimum Wages Act, 1948 and rules made thereunder
    - d. Employees' State Insurance Act, 1948, and rules made thereunder
    - e. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and rules made thereunder
    - f. The Payment of Bonus Act, 1965, and rules made thereunder
    - g. Payment of Gratuity Act, 1972, and rules made thereunder
    - h. Industrial Disputes Act, 1947
    - i. The Workmen's Compensation Act, 1923
    - j. Air (Prevention & Control of Pollution) Act, 1981
    - k. Water (Prevention & Control of Pollution) Act, 1974
    - l. Hazardous Waste (Management & Handling) Rules, 1989
    - m. Manufacture, Storage and Import of Hazardous Chemical Rules, 1989
    - n. Income Tax Act, 1961



## VALLABH STEELS LIMITED

- o. Central Sales Tax Act, 1956
    - p. Octroi / Entry Tax
    - q. Electricity Payments (Indian Electricity Act, 2013)
    - r. Central Excise Act, 1944
    - s. Customs Act, 1962
    - t. Shop and Establishment Act
2. We are informed that, for the financial year ended on 31st March 2015, the Company was not required to maintain books, papers, minute books, forms and returns filed or other records according to the provisions of the following Regulations and Guidelines prescribed under SEBI Act:
  - a. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - b. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - c. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ; and
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
3. We have not examined compliance with the Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India as they become applicable only from 1st July 2015.
4. During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations and Agreements mentioned under paragraph 1 above.
5. We further report that :
  - i. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non Executive Directors and Independent Directors. The Board also has a Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
  - ii. Adequate notice is given to all directors to schedule the Board Meetings. Notices of Board Meetings were sent at least seven days in advance. Agenda and detailed notes on agenda were sent less than seven days before the meeting as there was no statutory requirement under the Act for the same.
  - iii. A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings before majority decision is carried through. We are informed that there were no dissenting members' views on any of the matters during the year that were required to be captured and recorded as part of the minutes.
  - iv. There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. In compliance of section 203 of the Companies Act, 2013, the company has appointed Managing Director and Chief Financial Officer. However the appointment of Company Secretary is under process.
  - v. The details of specific events / actions during the audit period which had a major bearing on the Company's affairs pursuant to the above referred laws, rules, regulations, guidelines and standards are given below:
    - a. The members of the Company passed a special resolution under section 180(1)(a) of the Act through a postal ballot process, empowering the Board of Directors to sell / dispose off / create charge on any of the undertakings / assets of the Company, to secure borrowings, upto the Board's borrowing limit.
    - b. The members of the Company passed a special resolution under section 180(1)(c) of the Act empowering the Board of Directors to borrow moneys provided that the amounts borrowed and outstanding at any point of time does not exceed Rs. 100 crores apart from temporary loans from the Company's bankers in the ordinary course of business.
    - c. The members of the company passed a special resolution under section 186 of the Act through a postal ballot process empowering the Board of Directors to give loans to any associate/subsidiary company (ies) and/or to acquire by way of subscription, purchase or otherwise the securities of an associate/subsidiary company (ies) upto an aggregate amount not exceeding Rs. 400 crores.
  - vi. We further report that during the audit period there were no specific events/actions such as Public Issue of Securities, buy back, merger, amalgamation, foreign technical collaborations etc. or any other major decisions in pursuance of section 180 of the Companies Act, 2013 which require compliance of applicable provisions thereof.

For **RCS & COMPANY**  
Company Secretaries

Sd/-

**(R.C. SINGAL)**

Proprietor

FCS No. 903

C.P. No. 3154

Date: 14th August, 2015

Place: Ludhiana



## VALLABH STEELS LIMITED

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To

The Members,  
**VALLABH STEELS LIMITED,**  
CIN: L27109PB1980PLC004327  
G.T. Road, Village Pawa,  
Sahnawal,  
Ludhiana-141120

**Our Secretarial Audit Report of even date is to be read along with this letter.**

- 1) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to make a report based on the secretarial records produced for our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our report.
- 3) We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- 4) Compliance with the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures followed by the company.
- 5) While forming an opinion on compliance and issuing the secretarial audit report, we have also taken into consideration the compliance related actions taken by the Company after 31st March 2015 but before issue of the report.
- 6) We have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
- 7) We have considered actions carried out by the Company based on independent legal / professional opinion as being in compliance with law, wherever there was scope for multiple interpretations, especially since the financial year ended 31st March 2015 was the first full financial year in which the Companies Act, 2013 has become operational and also on account of the listing agreement with the stock exchanges undergoing major amendments from 1st October 2014.
- 8) Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: 14th August, 2015  
Place: Ludhiana

For **RCS & COMPANY**  
Company Secretaries  
Sd/-  
**(R.C. SINGAL)**  
Proprietor  
FCS No. 903  
C.P. No. 3154



**AUDITORS' REPORT**

To

The Members of

**VALLABH STEELS LIMITED,**

**Report on the Financial Statements**

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

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

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

**Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.



## VALLABH STEELS LIMITED

2. As required by section 227(3) of the Act, 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 purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;
  - e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act; and
  - f) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
    - i. The Company has pending litigations but they do not have major impact on its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
    - iii. There has not been any occasion in case where the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise

**For RAJ GUPTA & CO.  
CHARTERED ACCOUNTANTS  
FRN- 000203N**

**Place : Ludhiana  
Dated : 30.05.2015**

**Sd/-  
(R. K. GUPTA)  
PARTNER  
M. No. 017039**

### **ANNEXURE TO THE AUDITORS' REPORT**

Referred to in Paragraph I under the heading "Report on Other Legal and Regulatory Requirements."

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

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets ;  
b) As explained to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification;
2. In respect of its inventories:-
  - a) According to information and explanations given to us, the inventories have been physical verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) The company has maintained proper records of inventory. As explained to us, the discrepancies noticed on physical verification were not material. However, the discrepancies noticed have been properly dealt with in the books of account.
3. The company has not granted any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 189 of the Act.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control



## VALLABH STEELS LIMITED

- system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, no major weakness has not been noticed or reported.
5. The Company has not accepted deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.
  6. We have broadly reviewed the records maintained by the company pursuant to the rules prescribed by the central government for maintenance of cost records under sub-section (l) of section 148 of the act and are of the opinion that prima facie, the prescribed accounts have been prepared and maintained. However we have not made the detailed examination of records.
  7. (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India;  
(b) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes; and  
(c) There has not been any occasion in case where the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of reporting delay in transferring such sums does not arise.  
As at 31st March, 2015, the Company has been registered for more than 5 years; hence, clause 4(x) of the Order is applicable to it.  
The company does not have accumulated losses at the end of the financial year. The company has not incurred cash losses during the current financial year covered by our audit and in the immediately preceding financial year.
  8. According to the records of the company examined by us and as per the information and explanations given to us, the company has availed loans from banks, terms and conditions of which are not prejudicial to the interests of the company and the company has not issued debentures during the year.
  9. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions or banks.
  10. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from a bank or financial institution during the year.
  11. During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.

**For RAJ GUPTA & CO.  
CHARTERED ACCOUNTANTS  
FRN- 000203N**

**Place : Ludhiana  
Dated : 30.05.2015**

**Sd/-  
(R. K. GUPTA)  
PARTNER  
M. No. 017039**



# VALLABH STEELS LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2015

PARTICULARS	NOTE	AS AT 31.03.2015 ₹	AS AT 31.03.2014 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	1	4,95,00,000	4,95,00,000
(b) Reserves and Surplus	2	37,50,39,060	40,47,60,132
<b>Non-Current Liabilities</b>			
(a) Long-term Borrowings	3	9,14,45,998	5,05,07,176
(b) Deferred tax Liabilities (Net)	4	76,67,616	2,53,18,647
(c) Other Long term Liabilities	5	7,76,440	4,61,573
(d) Long term Provisions	6	27,25,188	38,20,920
<b>Current Liabilities</b>			
(a) Short-term Borrowings	7	41,53,27,385	38,35,92,853
(b) Trade Payables	8	11,18,11,785	32,42,61,308
(c) Other Current Liabilities	9	86,16,007	1,55,76,525
(d) Short-term Provisions	10	11,74,343	7,62,377
<b>Total</b>		<b>106,40,83,822</b>	<b>1,25,85,61,511</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
(a) Fixed Assets	11		
- Tangible Assets		8,76,08,522	14,84,99,398
- Capital Work-in-Progress		7,93,61,125	-
(b) Non-current Investments	12	5,20,43,000	4,85,47,000
(c) Long term Loans and Advances	13	3,69,818	3,25,743
(d) Other Non-current Assets	14	24,86,935	-
<b>Current Assets</b>			
(a) Inventories	15	14,58,90,982	18,65,39,885
(b) Trade Receivables	16	54,83,23,357	76,77,67,361
(c) Cash and Cash Equivalents	17	6,77,76,460	2,93,30,394
(d) Short-term Loans and Advances	18	4,72,99,194	4,60,27,543
(e) Other Current Assets	19	3,29,24,429	3,15,24,187
<b>Total</b>		<b>106,40,83,822</b>	<b>1,25,85,61,511</b>
Significant Accounting Policies	34		
Notes on Financial Statements	I to 34		

As per our separate report of even date

For and on behalf of the Board

**FOR RAJ GUPTA & CO.**

Chartered Accountants

FRN- 000203N

Sd/-

**(R. K. Gupta)**

Partner

M. No. 017039

Place : Ludhiana

Dated : 30.05.2015

Sd/-

**(Kapil Kumar Jain)**

Chairman & Managing Director

Sd/-

**(Rahul Jain)**

Director

Sd/-

**(Suresh Gupta)**

Chief Financial Officer



## VALLABH STEELS LIMITED

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

PARTICULARS	NOTE	FOR THE YEAR ENDED 31.03.2015 ₹	FOR THE YEAR ENDED 31.03.2014 ₹
<b>INCOME</b>			
Net Revenue from Operations	20	<b>137,69,66,719</b>	1,69,59,54,142
Other Income	21	<b>6,66,600</b>	-
<b>Total Revenue</b>		<b>137,76,33,319</b>	1,69,59,54,142
<b>EXPENDITURE</b>			
Cost of Materials Consumed	22	<b>120,87,18,230</b>	1,48,81,94,629
Changes in inventories of Finished Goods and Work-in-Progress	23	<b>2,42,12,241</b>	3,33,10,786
Employee Benefit Expense	24	<b>2,36,48,695</b>	2,96,02,773
Financial Costs	25	<b>4,23,20,183</b>	3,02,35,514
Depreciation and Amortization Expense	11	<b>72,79,383</b>	1,10,27,496
Other Expenses	26	<b>6,63,45,882</b>	8,11,43,063
<b>Total Expenses</b>		<b>137,25,24,614</b>	1,67,35,14,261
		<b>51,08,706</b>	2,24,39,881
<b>PROFIT BEFORE TAX</b>			
<b>Less:- Tax Expense:</b>			
Current Tax		<b>5,90,376</b>	-
MAT Credit Entitlement		<b>(5,90,376)</b>	-
Deferred Tax		<b>(1,76,51,031)</b>	(35,10,828)
<b>PROFIT AFTER TAX</b>		<b>2,27,59,737</b>	2,59,50,709
Basic & Diluted Earning per share	27	<b>4.60</b>	5.24
Significant Accounting Policies	34		
Notes on Financial Statements	1 to 34		

As per our separate report of even date

For and on behalf of the Board

**FOR RAJ GUPTA & CO.**

Chartered Accountants  
FRN- 000203N

Sd/-  
**(R. K. Gupta)**  
Partner  
M. No. 017039  
Place : Ludhiana  
Dated : 30.05.2015

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

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

Sd/-  
**(Suresh Gupta)**  
Chief Financial Officer





## VALLABH STEELS LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

PARTICULARS	CURRENT YEAR 2014-15 ₹	PREVIOUS YEAR 2013-14 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Net Profit before Tax</b>	<b>51,08,706</b>	2,24,39,881
<b>Adjustment for:</b>		
Profit on sale of fixed Assets	(9,07,240)	(6,27,45,704)
Sundry Amounts Written Off	-	(9,59,714)
Depreciation	<b>72,79,383</b>	1,10,27,496
Financial Costs	<b>4,23,20,183</b>	3,02,35,514
Dividend	(6,66,600)	-
<b>Operating Profit before Working Capital changes</b>	<b>5,31,34,431</b>	(2,527)
<b>Adjustment for</b>		
Trade and other Receivables	<b>21,60,12,347</b>	(8,39,33,318)
Inventories	<b>4,06,48,903</b>	5,08,19,748
Trade and Other Payables	(21,97,78,940)	1,37,20,558
Cash Flow from operations	<b>8,97,01,873</b>	(1,93,95,539)
Direct Taxes Paid	(17,71,245)	(26,65,273)
<b>Net Cash Flow from Operating Activities</b>	<b>8,79,30,629</b>	(2,20,60,812)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(8,02,63,551)	(32,46,895)
Sale of Fixed Assets	<b>29,40,350</b>	6,69,22,525
Purchase of Investment	(34,96,000)	-
Dividend Received	<b>6,66,600</b>	-
<b>Net Cash Flow from Investing Activities</b>	<b>(8,01,52,601)</b>	6,36,75,630
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Financial Costs	(4,23,20,183)	(3,02,35,514)
Movement in Working Capital Borrowings	<b>3,17,34,532</b>	(51,54,488)
Movement of Long Term Borrowings	<b>4,09,38,822</b>	(39,40,561)
<b>Net Cash Flow from Financing Activities</b>	<b>3,06,68,038</b>	(3,93,30,563)
Net Change in Cash & Cash Equivalents (A+B+C)	<b>3,84,46,066</b>	22,84,255
Cash & Cash Equivalents at the beginning of the year	<b>2,93,30,394</b>	2,70,46,140
Cash & Cash Equivalents at the end of the year	<b>6,77,76,460</b>	2,93,30,394

Note: The above Cash Flow Statement has been prepared in accordance with the "Indirect Method" as set out in the Accounting Standard-3 on "Cash Flow Statement" prescribed under Companies (Accounting Standard) Rules, 2006.

As per our separate report of even date

For and on behalf of the Board

**FOR RAJ GUPTA & CO.**  
Chartered Accountants  
FRN- 000203N

Sd/-  
**(R. K. Gupta)**  
Partner  
M. No. 017039  
Place : Ludhiana  
Dated : 30.05.2015

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

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

Sd/-  
**(Suresh Gupta)**  
Chief Financial Officer



# VALLABH STEELS LIMITED

## NOTES ON FINANCIAL STATEMENTS

AS AT 31.03.2015  
₹

AS AT 31.03.2014  
₹

### Note : 1 SHARE CAPITAL

#### SHARE CAPITAL

##### AUTHORIZED SHARE CAPITAL:

4950000 Equity Shares of ₹10/- each	<b>4,95,00,000</b>	4,95,00,000
5000 11% Redeemable Cumulative Preference Shares of ₹100/- each	<b>5,00,000</b>	5,00,000
<b>Total</b>	<b>5,00,00,000</b>	5,00,00,000

##### ISSUED, SUBSCRIBED & PAID UP CAPITAL:

4950000 Equity Shares of ₹10/- each fully paid up	<b>4,95,00,000</b>	4,95,00,000
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#### 1.1 The detail of shareholders holding more than 5% shares

Name of the Shareholder	As at 31.03.2015		As at 31.03.2014	
	No. of shares	% of Holding	No. of shares	% of Holding
Mr. Rahul Jain	<b>2,80,000</b>	<b>5.66</b>	2,80,000	5.66
Mr. Vikram Jain	<b>3,00,200</b>	<b>6.06</b>	3,00,200	6.06
Mrs. Shweta Jain	<b>2,53,000</b>	<b>5.11</b>	2,53,000	5.11
M/s Vardhman Industries Ltd	<b>2,95,000</b>	<b>5.96</b>	2,95,000	5.96
M/s Adhinath Investments P Ltd	<b>3,16,000</b>	<b>6.38</b>	3,16,000	6.38
M/s Hind Leasing & Finance Ltd	<b>5,47,400</b>	<b>11.06</b>	5,47,400	11.06
M/s Associated Leasing Ltd	<b>4,11,500</b>	<b>8.31</b>	4,11,500	8.31

#### 1.2 The reconciliation of number of shares outstanding is set out below:

Shares outstanding at the beginning of the year	<b>49,50,000</b>	49,50,000
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	<b>49,50,000</b>	49,50,000

#### 1.3 Terms/Rights attached to Equity Shares:

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share.

### Note : 2 RESERVES & SURPLUS

Securities Premium	(A)	<b>1,75,61,000</b>	1,75,61,000
<b>General Reserve</b>			
As at Commencement of the Year		<b>9,06,94,736</b>	8,81,94,736
Add : Transferred from Statement of Profit & Loss		<b>25,00,000</b>	25,00,000
Less: Adjustment relating to fixed assets		<b>5,24,80,809</b>	-
<b>(Refer Note No. 32)</b>			
	(B)	<b>4,07,13,927</b>	9,06,94,736
<b>Statement of Profit and Loss</b>			
As at Commencement of the Year		<b>29,65,04,396</b>	27,30,53,687
Add : Profit for the year		<b>2,27,59,737</b>	2,59,50,709
Less : Transfer to General Reserve		<b>25,00,000</b>	25,00,000
	(C)	<b>31,67,64,133</b>	29,65,04,396
<b>Total (A+B+C)</b>		<b>37,50,39,060</b>	40,47,60,132



## VALLABH STEELS LIMITED

NOTES ON FINANCIAL STATEMENTS	AS AT 31.03.2015 ₹	AS AT 31.03.2014 ₹
<b>Note : 3 LONG-TERM BORROWINGS</b>		
<b>Secured Loans</b>		
OBC Term Loan	<b>7,04,02,012</b>	-
	<b>7,04,02,012</b>	-
<b>Unsecured Loans</b>		
From Directors (s)	<b>1,52,715</b>	9,16,835
From Corporation bank	<b>2,08,91,271</b>	4,95,90,341
<b>Total</b>	<b>9,14,45,998</b>	5,05,07,176
<b>3.1</b> Term loan of OBC is secured by first charge on the block of asset of company & second charge on entire current assets & personally guaranteed by two directors of the company. Terms of Repayment:- Loan will be repaid by FY 2021-22 in 24 Qtrly installments. Beginning from FY 2016-17		
<b>Note : 4 DEFERRED TAX LIABILITY (NET)</b>		
<b>Deferred Tax Liability</b>		
Relating to Fixed Assets	<b>76,67,616</b>	2,53,18,647
<b>Deferred Tax Assets</b>		
Relating to disallowances u/s 43B of Income Tax Act	-	-
<b>Total</b>	<b>76,67,616</b>	2,53,18,647
<b>Note : 5 OTHER LONG TERM LIABILITIES</b>		
Security	<b>4,61,573</b>	4,61,573
Security from Employees	<b>3,14,867</b>	-
<b>Total</b>	<b>7,76,440</b>	4,61,573
<b>Note : 6 LONG TERM PROVISIONS</b>		
Gratuity	<b>27,25,188</b>	38,20,920
<b>Total</b>	<b>27,25,188</b>	38,20,920
<b>Note : 7 SHORT TERM BORROWINGS</b>		
<b>Secured Loans</b>		
Working Capital Loans from Punjab National Bank	<b>41,53,27,385</b>	36,86,42,556
Working Capital Loans from State Bank of India	-	1,49,50,297
<b>Total</b>	<b>41,53,27,385</b>	38,35,92,853
<b>7.1</b> Working Capital Loans from Punjab National Bank are secured by hypothecation of entire present and future tangible current assets of the company and personally guaranteed by three directors of the company. It is further secured by charge on Fixed Assets of the company.		



# VALLABH STEELS LIMITED

## NOTES ON FINANCIAL STATEMENTS

AS AT 31.03.2015

AS AT 31.03.2014

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### Note : 8 TRADE PAYABLES

Sundry Creditors against Raw Material & Services	<b>4,77,03,157</b>	11,57,84,830
Bills Payable	<b>6,41,08,628</b>	20,84,76,478
<b>Total</b>	<b>11,18,11,785</b>	<b>32,42,61,308</b>

8.1 Based on the information available with the company regarding the coverage of its suppliers under the Micro, Small and Medium Enterprises Development Act 2006, no amount was overdue to any party covered under the said Act.

8.2 Balances of creditors are subject to the confirmation and reconciliation.

### Note : 9 OTHER CURRENT LIABILITIES

Duties & Taxes payable	<b>1,45,125</b>	2,24,541
Other Current Liabilities	<b>42,09,624</b>	59,25,985
Cheques issued but not presented for payment	<b>13,51,863</b>	66,69,975
Advance Received from Customers	<b>29,09,394</b>	27,56,024
<b>Total</b>	<b>86,16,006</b>	<b>1,55,76,525</b>

### Note : 10 SHORT-TERM PROVISIONS

Provision for contribution to PF,ESI, LWW etc	<b>5,83,967</b>	7,62,377
Provision for Income Tax	<b>5,90,376</b>	-
<b>Total</b>	<b>11,74,343</b>	<b>7,62,377</b>

### Note : 11 FIXED ASSETS

Tangible Assets	<b>51,69,13,617</b>	51,80,44,301
Capital Work-in-Progress	<b>7,93,61,125</b>	-
Accumulated Depreciation Provision on Tangible Assets	<b>(42,93,05,095)</b>	<b>(36,95,44,903)</b>
<b>Total</b>	<b>16,69,69,647</b>	<b>14,84,99,398</b>

11.1 Pursuant to the Enactment (From Qtrly Results).

11.2 Capital work in Progress includes project development expenditure cost of construction materials, machinery, interest & other expenses.

## SCHEDULE OF FIXED ASSETS AND DEPRECIATION

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As At 01.04.2014	Additions	Sales	As At 31.3.2015	As At 01.04.2014	For the Period	Adjustment with General Reserve	Written Down	As At 31.3.2015	As At 31.3.2015	As At 31.3.2014
Land	4,56,94,447	3,32,800	20,33,110	4,39,94,137	-	-	-	-	-	4,39,94,137	4,56,94,447
Building	4,07,93,014	-	-	4,07,93,014	2,71,86,932	13,43,406	(5,68,822)	-	2,79,61,516	1,28,31,498	1,36,06,082
Plant & Machinery	42,06,35,371	5,69,626	-	42,12,04,997	33,31,96,432	55,86,241	5,24,93,393	-	39,12,76,066	2,99,28,931	8,74,38,937
Furniture & Fixtures	30,93,054	-	-	30,93,054	23,98,392	1,08,023	2,03,165	-	27,09,580	3,83,474	6,94,662
Vehicles	78,28,415	-	-	78,28,415	67,63,147	2,41,713	3,53,073	-	73,57,933	4,70,482	10,65,268
<b>Total</b>	<b>51,80,44,301</b>	<b>9,02,426</b>	<b>20,33,110</b>	<b>51,69,13,617</b>	<b>36,95,44,903</b>	<b>72,79,383</b>	<b>5,24,80,809</b>	<b>-</b>	<b>42,93,05,095</b>	<b>8,76,08,522</b>	<b>14,84,99,396</b>
Capital WIP	-	7,93,61,125	-	7,93,61,125	-	-	-	-	-	7,93,61,125	-
<b>Grand Total</b>	<b>51,80,44,301</b>	<b>8,02,63,551</b>	<b>20,33,110</b>	<b>59,62,74,742</b>	<b>36,95,44,903</b>	<b>72,79,383</b>	<b>5,24,80,809</b>	<b>-</b>	<b>42,93,05,095</b>	<b>16,69,69,647</b>	<b>14,84,99,396</b>
Previous Year	52,00,19,825	32,46,897	52,22,421	51,80,44,301	35,95,63,006	1,10,27,497	-	10,45,600	36,95,44,903	14,84,99,396	16,04,56,819

### Note : Adjustment with General Reserve:

Depreciation of Rs. 524.81 Lacs on account of assets where useful life is already exhausted on 1st April, 2014 has been adjusted against General Reserve pursuant to adoption of estimated useful life of fixed assets as Stipulated by schedule II of Companies Act, 2013 (refer Note No. 32)



## VALLABH STEELS LIMITED

NOTES ON FINANCIAL STATEMENTS	AS AT 31.03.2015	AS AT 31.03.2014
	₹	₹

### Note : 12 NON-CURRENT INVESTMENTS

#### Trade Investments

##### Quoted fully paid up equity shares:

6,66,600 Equity Shares of ₹10/- each of Vardhman Industries Limited	<b>49,99,000</b>	49,99,000
26,000 Equity Shares of ₹10/- each of Associated Leasing Limited	<b>2,60,000</b>	2,60,000

##### Unquoted fully paid equity shares:

46,49,600 (Previous year 43,00,000) Equity Shares of ₹10/- each of Vallabh Textiles Company Limited	<b>4,64,96,000</b>	4,30,00,000
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#### Other Investments

##### Quoted fully paid up equity shares:

72,000 Equity Shares of ₹5/- each of DMC Education Limited	<b>2,88,000</b>	2,88,000
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<b>Total</b>	<b>5,20,43,000</b>	4,85,47,000
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12.1 Market Value of quoted investment	<b>2,00,40,040</b>	1,56,30,190
Aggregate Value of quoted investment	<b>55,47,000</b>	55,47,000
Aggregate Value of unquoted investment	<b>4,64,96,000</b>	4,30,00,000

Note: The market value of quoted investments is based on the price prevailing in the market as on 31st March, 2015

### Note : 13 LONG-TERM LOANS & ADVANCES

Unsecured and considered good

Security Deposits	<b>3,69,818</b>	3,25,743
<b>Total</b>	<b>3,69,818</b>	3,25,743

### Note : 14 OTHER NON CURRENT ASSETS

Advances for Capital Goods

	<b>24,86,935</b>	-
<b>Total</b>	<b>24,86,935</b>	-

### Note : 15 INVENTORIES

Raw Materials	<b>83,16,622</b>	2,00,91,961
Work in Progress	<b>6,02,48,224</b>	7,93,04,300
Finished Goods	<b>2,84,83,537</b>	3,36,39,702
Stores, spares and packing material	<b>4,88,42,599</b>	5,27,00,938
Power & Fuels	-	8,02,984
<b>Total</b>	<b>14,58,90,982</b>	18,65,39,885



## VALLABH STEELS LIMITED

NOTES ON FINANCIAL STATEMENTS	AS AT 31.03.2015	AS AT 31.03.2014
	₹	₹

### Note : 16 TRADE RECEIVABLES

Debtors outstanding for a period exceeding six months		
- Considered Good	81,54,813	79,12,980
- Considered Doubtful	-	-
Other Debtors		
- Considered Good	54,01,68,544	75,98,54,381
<b>Total</b>	<b>54,83,23,357</b>	<b>76,77,67,361</b>

16.1 Balances of debtors are subject to confirmation and reconciliation.

16.2 Debtors outstanding for a period exceeding six months includes debtors against which company has filed Case in the court of law, which amounts to Rs. 25.43 Lacs

### Note : 17 CASH & CASH EQUIVALENTS

Cash in hand	1,17,52,546	44,69,391
Imprest	22,92,395	12,26,660
Balance with scheduled banks :		
- Current Accounts	4,63,36,898	48,069
- Fixed Deposit with Banks (Pledged with banks as margin money)	72,53,981	1,53,10,939
Cheques in hand	1,40,640	82,75,335
<b>Total</b>	<b>6,77,76,460</b>	<b>2,93,30,394</b>

### Note : 18 SHORT-TERM LOANS & ADVANCES (Unsecured & Considered Good)

(in cash or in kind or for value to be received)

Advances to Suppliers for Raw Materials & Services	2,90,65,734	1,59,45,938
Prepaid Expenses	10,72,621	15,55,099
Loan to Employees	6,58,641	7,51,416
Balance in PLA	-	16,590
Excise & Service Tax Receivable	94,75,963	1,92,30,310
Others	70,26,235	85,28,190
<b>Total</b>	<b>4,72,99,194</b>	<b>4,60,27,543</b>

### Note : 19 OTHER CURRENT ASSETS

Export Incentives Receivable	-	9,84,260
Income Tax	3,23,34,053	3,05,39,927
MAT Credit Entitlement	5,90,376	-
<b>Total</b>	<b>3,29,24,429</b>	<b>3,15,24,187</b>



# VALLABH STEELS LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2015 ₹	YEAR ENDING 31.03.2014 ₹
<b>Note : 20 REVENUE FROM OPERATIONS</b>		
Turnover & Operating Income	1,54,09,29,040	1,88,85,01,430
Less: Excise Duty	16,39,62,321	19,25,47,288
<b>Total</b>	<b>1,37,69,66,719</b>	<b>1,69,59,54,142</b>
<b>Note : 21 OTHERS INCOME</b>		
Dividend Income	6,66,600	-
<b>Total</b>	<b>6,66,600</b>	<b>-</b>
<b>Note : 22 COST OF MATERIALS CONSUMED</b>		
<b>A) Raw Materials consumed</b>		
Opening Stock	2,00,91,961	3,63,81,150
Purchases	1,13,54,79,454	1,45,89,40,104
	<b>1,15,55,71,415</b>	<b>1,49,53,21,254</b>
Less : Closing Stock	83,16,622	2,00,91,961
Raw Materials Consumed <b>Total (A)</b>	<b>1,14,72,54,793</b>	<b>1,47,52,29,293</b>
<b>B) Stores, Spares &amp; Packing Material Consumed</b>		
Opening Stock	5,27,00,938	5,28,17,493
Purchases	5,76,05,098	1,28,48,781
	<b>11,03,06,036</b>	<b>6,56,66,274</b>
Less: Closing Stock	4,88,42,599	5,27,00,938
Store Material Consumed <b>Total (B)</b>	<b>6,14,63,437</b>	<b>1,29,65,336</b>
Total cost of material consumed <b>Total (A+B)</b>	<b>1,20,87,18,230</b>	<b>1,48,81,94,629</b>

22.1 a) Raw Materials consumed	Year ended 31.03.2015		Year ended 31.03.2014	
	Value(₹)	%age	Value(₹)	%age
Indigenous	1,14,72,54,793	100.00	1,47,52,29,293	100.00
Imported	-	-	-	-
	<b>1,14,72,54,793</b>	<b>100.00</b>	<b>1,47,52,29,293</b>	<b>100.00</b>
<b>b) Stores, Spares &amp; Packing Material consumed</b>				
Indigenous	6,14,63,437	100.00	1,29,65,336	100.00
Imported	-	-	-	-
	<b>6,14,63,437</b>	<b>100.00</b>	<b>1,29,65,336</b>	<b>100.00</b>



## VALLABH STEELS LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2015 ₹	YEAR ENDING 31.03.2014 ₹
<b>Note : 23 CHANGES IN INVENTORIES OF WORK IN PROGRESS AND FINISHED GOODS</b>		
<b>Opening Stock :</b>		
Work in Progress	7,93,04,300	9,98,07,008
Finished Goods	3,36,39,702	4,64,47,780
<b>Total (A)</b>	<b>11,29,44,002</b>	<b>14,62,54,788</b>
<b>Closing Stock :</b>		
Work in Progress	6,02,48,224	7,93,04,300
Finished Goods	2,84,83,537	3,36,39,702
<b>Total (B)</b>	<b>8,87,31,761</b>	<b>11,29,44,002</b>
<b>(A-B)</b>	<b>2,42,12,241</b>	<b>3,33,10,786</b>
<b>Note : 24 EMPLOYEE BENEFIT EXPENSE</b>		
Salary, Wages, Allowances & other Benefits	2,13,08,836	2,61,42,382
PF, ESI & Welfare Fund Contribution	15,36,143	18,11,551
Staff Welfare Expenses	6,69,971	7,57,360
Gratuity & Ex-Gratia	1,33,745	8,91,480
<b>Total</b>	<b>2,36,48,695</b>	<b>2,96,02,773</b>
<b>24.1 Disclosures in terms of Accounting Standard 15 "Employee Benefits":</b>		
<b>Reconciliation of Opening and Closing Balances of Defined Benefit Obligation viz Gratuity</b>		
Liability at the beginning of the year	38,20,920	40,35,354
Liability provided during the year	(10,95,732)	(2,14,434)
Liability at the end of the year	27,25,188	38,20,920
<b>Expense recognized in Statement of Profit and Loss</b>		
Amount paid during the year	12,29,477	11,05,914
Amount debited to Statement to Profit and Loss	1,33,745	8,91,480
<b>Note : 25 FINANCIAL COSTS</b>		
Interest		
- Working Capital	3,51,15,374	2,76,86,016
- Others	52,09,634	16,032
Bank Charges and commission	19,95,175	25,33,466
<b>Total</b>	<b>4,23,20,183</b>	<b>3,02,35,514</b>
<b>Note : 26 OTHER EXPENSES</b>		
<b>A) Selling &amp; Distribution Expenses</b>		
Rebate and Discount	3,647	33,714
Brokerage & Commission	17,96,126	5,37,714
Other Selling Expenses	36,69,260	36,31,304
Advertisement	34,452	81,454
<b>Total (A)</b>	<b>55,03,485</b>	<b>42,84,186</b>





## VALLABH STEELS LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2015 ₹	YEAR ENDING 31.03.2014 ₹
<b>B) Operating, Administrative &amp; Other Expenses</b>		
Power & Fuel	4,81,52,536	6,17,83,893
Machinery Repairs & Maintenance	20,52,218	40,53,788
Other Manufacturing Expenses	18,77,340	22,22,904
Rent, Rates, Fees and Taxes	7,18,159	6,43,480
Insurance	5,72,430	3,94,734
Legal & Professional charges	6,06,294	4,16,597
Travelling and Conveyance		
- Directors	-	3,83,370
- Others	8,66,611	6,37,880
Audit Fee	62,500	62,500
Auditors Expenses	28,793	34,175
Postage & Telecommunication Expenses	97,058	5,97,130
Printing & Stationery	7,14,478	2,64,562
Repairs and Maintenance		
- Building	1,78,242	6,12,907
- Vehicles	6,31,427	6,58,936
- General	3,05,263	1,99,678
Charity & Donation	6,300	13,100
Other Miscellaneous Expenses	3,96,546	2,28,996
Electricity and Water Charges	5,71,459	5,99,870
Membership & Subscription	3,04,743	3,50,377
Directors' Remuneration	27,00,000	27,00,000
<b>Total (B)</b>	<b>6,08,42,397</b>	<b>7,68,58,877</b>
<b>Total (A+B)</b>	<b>6,63,45,882</b>	<b>8,11,43,063</b>
<b>Note : 27 EARNING PER SHARE</b>		
Profit after Tax (₹)	2,27,59,737	2,59,50,709
Weighted average number of ordinary shares	49,50,000	49,50,000
Weighted average number of diluted shares	49,50,000	49,50,000
Nominal Value of ordinary share (₹)	10	10
Basic Earning Per Share (₹)	4.60	5.24
Diluted Earning Per Share (₹)	4.60	5.24
<b>Note : 28 EARNINGS IN FOREIGN EXCHANGE</b>		
Export of Goods on FOB basis	1,27,63,130	9,98,08,491
<b>Note : 29 EXPENDITURE IN FOREIGN CURRENCY</b>		
<b>Value of import on CIF Basis</b>		
spares Parts & Components	-	77,058
Others	-	2,04,035
<b>Value of Foreign Currency Expenditure in Respect of</b>		
Membership & Subscription	2,01,858	-



# VALLABH STEELS LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2015	YEAR ENDING 31.03.2014
	₹	₹

**Note : 30 CONTINGENT LIABILITIES NOT PROVIDED FOR**

Letters of Credit	3,58,91,372	5,65,23,522
Bank Guarantee	2,70,000	28,25,000

**Note : 31 RELATED PARTY DISCLOSURES**

a) As per AS 18, the disclosures of related parties are given below:-

**Name of the Related Parties**

Vardhman Industries Limited  
JSW Vallabh Tinsplate Private Limited  
Kapil Kumar Jain, Chairman & Managing Director  
Rahul Jain, Director

**b) Transaction during the year with related parties**

**Enterprises over which KMP  
or there relatives are able  
to exercise significant influence  
or control**

	Nature of Transactions	Amount
Vardhman Industries Limited	Sale	96,12,17,835
	Purchase	72,32,93,249
JSW Vallabh Tinsplate Pvt. Ltd.	Sale	7,79,21,648
	Purchase	186,68,886

**Key Managerial Personnel**

Kapil Kumar Jain	Director Remuneration & other benefits	35,44,589
Suresh Gupta	Chief Financial Officer Remuneration	7,10,268

**Note : 32 ADJUSTMENT RELATING TO FIXED ASSETS**

Pursuant to the enactment of the Companies Act, 2013 the company has applied the estimated useful lives as specified in schedule II. Accordingly the unamortised carrying value is being depreciated/ amortised over the revised remaining useful lives. The written down value of fixed assets whose lives have expired as 1st April 2014 have been adjusted net of taxes in the profit and loss by 524.81 lacs.

**Note : 33 PRESENTATION OF FINANCIAL STATEMENTS**

Financial Statements and other presentational requirements are drawn in accordance with the Companies Act, 2013. Previous year's figures have been recasted/regrouped/ rearranged wherever considered necessary to make them comparable with current year's figures.

**Note :34 SIGNIFICANT ACCOUNTING POLICIES**

**a) Accounting Convention**

The financial statements, other than the Cash Flow Statement, are prepared on accrual basis under the historical cost convention, treating the entity as a going concern and in accordance with the applicable accounting standards and relevant provisions of the Companies Act, 2013.

**b) Revenue Recognition**

- Revenue from domestic sale of goods is recognized at the point of passing of title of goods to the customer which generally coincides with delivery
- Sale value is inclusive of excise duty paid at the time of clearance of goods but exclusive of sales tax
- Export sales are accounted for on the basis of the "Let Export" date.
- Revenue in respect of export incentives is recognized when such incentives accrue upon export of goods

**c) Fixed Assets**

Fixed Assets are stated at cost, net of taxes and duties subsequently recoverable from government authorities less accumulated depreciation and impairment loss, if any. Government grants relating to specific fixed assets are treated as deferred income, which is recognized in the Statement of Profit and Loss on a systematic basis over the useful life of the asset.

All costs attributable to bringing the asset to its working condition for its intended use, including financing costs till commencement of commercial production and charges on foreign exchange contracts and adjustments arising out of exchange rate variations attributable to the fixed assets are capitalized.

**d) Depreciation**

Pursuant to the enactment of the Companies Act 2013, the Company has applied the estimated useful lives as specified in schedule II. Accordingly the unamortized carrying value is being depreciated over the revised/remaining useful lives. The written down value of fixed assets whose lives have expired as at 1st April, 2014 have been adjusted net of taxes in the profit and loss by Rs 524.81 lacs.

**e) Inventories**

Inventories are valued at cost or net realizable value, whichever is lower.



## VALLABH STEELS LIMITED

Raw Material and stores are valued at cost determined on a weighted average basis. Work in process is valued at cost plus an appropriate share of overheads depending upon the stage of completion.

Finished Goods are valued taking into account the raw material cost, conversion cost and the overheads incurred to bring the goods to their present location and condition plus excise duty wherever applicable.

**f) Foreign Exchange Transactions**

Foreign Currency transactions are accounted for at exchange rate prevailing on the date of transaction. Premium on forward cover contracts in respect of import of raw materials is charged to the Statement of Profit and Loss over the period of contract. Amounts payable and receivable in foreign currency at the Balance Sheet date, not covered by forward contracts, are restated at the applicable exchange rate prevailing on the date of the Balance Sheet. All exchange differences, if any, arising on revenue transactions are charged/credited to the Statement of Profit and Loss.

**g) Taxation**

Provision for current tax is made in accordance with the provisions of the Income Tax law applicable for the relevant year. Deferred tax asset/liability is created in accordance with the requirements of Accounting Standard 22 "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India. Deferred Tax Asset is created only to the extent there is virtual certainty that future taxable income will be available against which such deferred tax asset can be realized.

In terms of the Guidance Note on "Accounting for Credit available in respect of Minimum Alternate Tax (MAT) under the Income Tax Act, 1961" issued by the Institute of Chartered Accountants of India, MAT credit is recognized as an asset only to the extent there is a convincing evidence that the company will be paying regular income tax during the specified period.

**h) Employee Benefits**

**i) Short-term Employee Benefits**

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

**ii) Post-employment benefits**

**Defined Benefit Plans**

**- Gratuity**

The employee gratuity scheme is a defined benefit plan. Liability for the gratuity fund is accounted for on the basis of an actuarial valuation. The present value of defined benefit obligation as at the end of the year is determined using the Projected Unit Credit method i.e. each period of service rendered by the employee is considered to give rise to an additional unit of benefit entitlement, gradually building up the final obligation.

**- Leave with Wages**

The liability on account of compensated absences i.e. leave with wages is accounted for on the basis of unutilized leave standing to the credit of the employee at the close of the year.

**Defined contribution Plans**

Contributions to the employees' provident fund, which is a defined contribution plan, are made in accordance with the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Such contributions are recognized as expense in the statement of Profit & Loss in the period in which the employee has rendered the services.

**i) Provisions and Contingencies:**

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

**j. Investments**

Long term investments are carried at cost less provisions, if any, for permanent diminution in value.

**k. Cash Flow Statement**

The company has prepared cash flow statement using the indirect method in compliance of accounting standard- 3, 'Cash Flow Statement' issued by the ICAI.

As per our separate report of even date

**FOR RAJ GUPTA & CO.**  
Chartered Accountants  
FRN- 000203N

Sd/-  
**(R. K. Gupta)**  
Partner  
M. No. 017039  
Place : Ludhiana  
Dated : 30.05.2015

For and on behalf of the Board

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

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

Sd/-  
**(Suresh Gupta)**  
Chief Financial Officer



# VALLABH STEELS LIMITED

Regd. Off.: G.T. Road, Village Pawa, Sahnewal, Ludhiana-141 120(Punjab), India,  
 CIN: L27109PB1980PLC004327 Tel.:+91-2511412-2511413, Fax: +91-0161-2511414,  
 E-mail: fin.ho@vallabhgroup.com website: [www.vallabhgroup.com](http://www.vallabhgroup.com)

## PROXY FORM

Name of the member(s): \_\_\_\_\_ Registered Address: \_\_\_\_\_  
 D.P. ID\*: \_\_\_\_\_ Folio No. : \_\_\_\_\_  
 Client ID\*: \_\_\_\_\_ No. of Share(s) held: \_\_\_\_\_  
 I/We, being the member/members of **VALLABH STEELS LIMITED**, hereby appoint:

1. Name \_\_\_\_\_ 2.Name \_\_\_\_\_ 3. Name \_\_\_\_\_  
 Address \_\_\_\_\_ Address \_\_\_\_\_ Address \_\_\_\_\_  
 E-mail id \_\_\_\_\_ E-mail id \_\_\_\_\_ E-mail id \_\_\_\_\_  
 Signature \_\_\_\_\_ or failing him/her Signature \_\_\_\_\_ or failing him/her Signature \_\_\_\_\_

as my/our proxy to attend and vote for me/us on my/our behalf at the 35th Annual General Meeting of the Company to be held on Saturday, the 26th September, 2015 at 10.00 A.M. and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolution	I/We assent to the Resolution	I/We dissent to the Resolution
		For	Against
1.	Adoption of the Audited Financial Statements of the Company for the financial year ended 31st March, 2015 and the Reports of the Board of Directors and Auditors thereon.		
2.	Re-appointment of Mr. Rahul Jain (DIN: 00755312) as a Director.		
3.	Appointment of Statutory Auditors to hold office from the conclusion of the 35th Annual General Meeting('AGM') until the conclusion of the 39th AGM of the Company and to fix their remuneration subject to ratification by members at every AGMs to be held after this meeting.		
4.	Adoption of new set of Articles of Association.		
5.	Approval of Related party transactions.		
6.	Re-appointment of Mr. Suresh Gupta as Chief Financial Officer of the Company.		
7.	Ratification of Remuneration payable to M/s. Meenu & Associates, Cost Auditors of the Company for the financial year 2015-16.		
8.	Appointment of M/s. RCS & Company, Company Secretaries as the Secretarial Auditor of the Company for the financial year 2015-16.		
9.	Regularization of Mrs. Parveen Sharma (DIN: 06388464) as a Director.		
10.	Appointment of Mrs. Parveen Sharma as an Independent Director.		

Signed this \_\_\_ day of \_\_\_\_\_ 2015. Signature \_\_\_\_\_  
 \* Applicable for investors holding shares in electronic form.

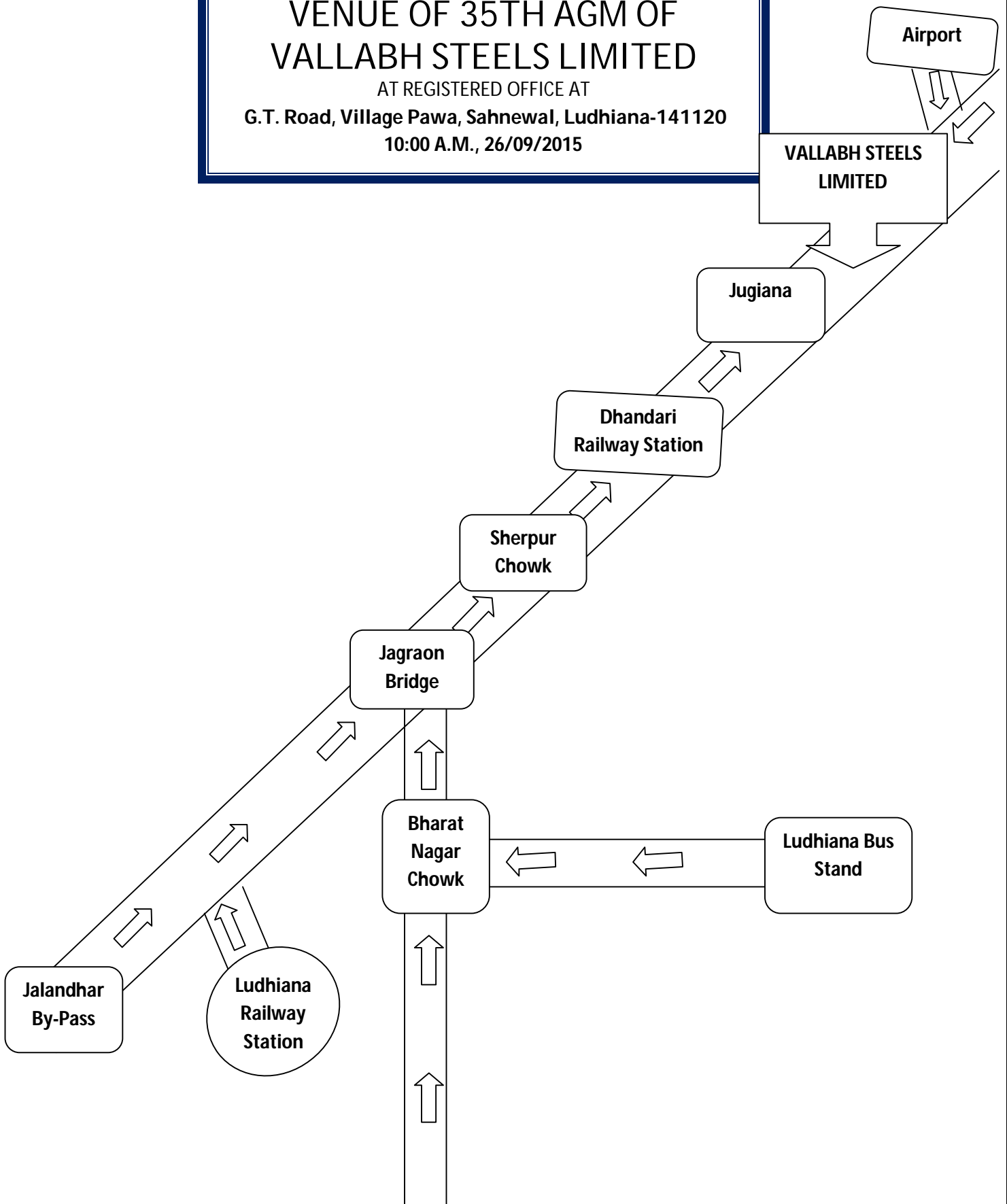
Affix Revenue Stamp
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### Notes :

- (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.

# VENUE OF 35TH AGM OF VALLABH STEELS LIMITED

AT REGISTERED OFFICE AT  
G.T. Road, Village Pawa, Sahnewal, Ludhiana-141120  
10:00 A.M., 26/09/2015





# VALLABH STEELS LIMITED

Regd. Off.: G.T. Road, Village Pawa, Sahnewal, Ludhiana-141 120(Punjab), India,  
CIN: L27109PB1980PLC004327 Tel.:+91-2511412-2511413, Fax: +91-0161-2511414,  
E-mail: fin.ho@vallabhgroup.com website: [www.vallabhgroup.com](http://www.vallabhgroup.com)

## ATTENDANCE SLIP

I/We hereby record my/our presence at the 35<sup>th</sup> Annual General Meeting held on Saturday, the 26<sup>th</sup> day of September, 2015 at 10.00 a.m. at Registered Office of the Company at G. T. Road, Village Pawa, Sahnewal, Ludhiana.

Name of the member(s): \_\_\_\_\_ Registered Address: \_\_\_\_\_  
D.P. ID\*: \_\_\_\_\_ Folio No. : \_\_\_\_\_  
Client ID\*: \_\_\_\_\_ No. of Share(s) held: \_\_\_\_\_

Sr. No.	Resolution	I/We assent to the Resolution	I/We dissent to the Resolution
		For	Against
1.	Adoption of the Audited Financial Statements of the Company for the financial year ended 31st March, 2015 and the Reports of the Board of Directors and Auditors thereon.		
2.	Re-appointment of Mr. Rahul Jain (DIN: 00755312) as a Director.		
3.	Appointment of Statutory Auditors to hold office from the conclusion of the 35th Annual General Meeting('AGM') until the conclusion of the 39th AGM of the Company and to fix their remuneration subject to ratification by members at every by members at every AGMs to be held after this meeting.		
4.	Adoption of new set of Articles of Association.		
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6.	Re-appointment of Mr. Suresh Gupta as Chief Financial Officer of the Company.		
7.	Ratification of Remuneration payable to M/s. Meenu & Associates, Cost Auditors of the Company for the financial year 2015-16.		
8.	Appointment of M/s. RCS & Company, Company Secretaries as the Secretarial Auditor of the Company for the financial year 2015-16.		
9.	Regularization of Mrs. Parveen Sharma (DIN: 06388464) as a Director.		
10.	Appointment of Mrs. Parveen Sharma as an Independent Director.		

(SIGNATURE OF SHAREHOLDER/PROXYHOLDER)\_\_\_\_\_

\*Applicable for investors holding shares in electronic form.

Notes:

- (i) Members/Proxy holders are requested to produce the attendance slip duly signed for admission to the meeting hall.
- (ii) Members are also requested to bring their copy of Annual Report.