



34th Annual Report
2013-2014

VALLABH STEELS LIMITED



VALLABH STEELS LIMITED

BOARD OF DIRECTORS

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

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.

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)

CONTENTS	Page Nos.
Directors' Report	1-13
Auditors' Report	14-15
Balance Sheet	16
Statement of Profit and Loss	17
Cash Flow Statement	18
Notes on Financial Statements	19-28



VALLABH STEELS LIMITED

DIRECTORS' REPORT

To

The Members,
Vallabh Steels Limited

We have pleasure in presenting the 34th Annual Report of the Company alongwith the Audited Statement of Accounts for the year ended 31st March, 2014:

FINANCIAL RESULTS

	(₹ in Lacs)		
	Current Year		Previous year
Revenue from Operations and Other Income	16959.54		20129.48
Profit before Interest, Depreciation and Tax	637.03		568.32
Less :			
Financial Costs	302.36	355.80	
Provision for Depreciation	110.27	136.15	
Taxes : Current Tax	-	12.19	
Deferred Tax/Earlier year tax adjustment	(35.11)	377.52	(78.99)
Profit after Tax	259.51		425.15
Add:			143.17
Balance b/f from Previous Year	2730.53		2612.37
Profit available for appropriations	2990.04		2755.54
Appropriations			
Transferred to General Reserve	25.00		25.00
Surplus Carried to Balance Sheet	2965.04		2730.54
	2990.04		2755.54

OPERATIONS

During the year under review the Company has recorded a lower Income from operations which is placed at Rs. 16959.54 lacs as compared to Rs. 20129.48 lacs of previous year thus representing a decline of about 16.27 % which is attributed to lower production resulting in lower sales. However the net profit after tax is Rs.259.51 lacs from Rs.143.17 lacs recording a jump of about 81.26 %. This has been made possible due to optimum utilisation of resources which has resulted in cost control.

EXPORTS

We are pleased to inform you that during the year under review, the Company continued to export its products to African Countries.

Despite wide fluctuation in prices and stiff competition the company registered higher exports at Rs. 998.08 lacs as compared to Rs. 871.07 lacs in the previous year recording a jump of about 15%.

DIVIDEND

With a view to conserve resources for Company's immediate requirements, your directors do not recommend any dividend for the year under consideration.



VALLABH STEELS LIMITED

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 2014-15.

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.

DIRECTORS

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

Further reappointment of Mr. Mohan Lal, Mr. Mohinder Pal Gupta, and Mr. Jawahar Jain as independent directors as per Sections 149, 150 & 152 of the Companies Act, 2013 for a period of 5 years upto the conclusion of the 39th Annual General Meeting of the Company in the calendar year 2019 for each director is proposed to be made.

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.

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

Presently the constituent members of the Audit Committee are Mr. Mohinder Pal Gupta, Mr. Mohan Lal and Mr. Jawahar Jain. Mr. Mohinder Pal Gupta is the Chairman of the said Committee. The statutory auditors and internal auditors are the permanent invitees to the audit committee meetings. The Committee met four times during the year under review.

COST AUDITORS

The Board of Directors has appointed M/s. Meenu & Associates, Cost Accountants, Ludhiana as the Cost Auditors of the Company under Section 148 of the Companies Act, 2013 for which application to the Central Government has already been made seeking approval for appointment of Cost Auditors to conduct audit in respect of all the Units of the Company for the financial year 2014-15.

The Cost Audit Report for the financial year 2013-14 will be filed with the Central Government as per provisions of the Companies Act, 1956.



VALLABH STEELS LIMITED

SECRETARIAL AUDITORS

M/s RCS & Company, the Secretarial Auditors of the Company retire at the ensuing Annual General Meeting. The appointment of the Secretarial Auditors is to be approved by the members at the ensuing Annual General Meeting to verify the Secretarial records and to provide Secretarial Audit Report for the financial year 2014-15. The Board recommends to appoint M/s RCS & Company, the Secretarial Auditors and to fix their remuneration.

Further, the Secretarial Compliance Certificate for financial year 2013-14 received from M/s RCS & Company, Practicing Company Secretaries is annexed and forms part of this report as Annexure-II.

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

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

PERSONNEL AND INDUSTRIAL RELATIONS

The Management - Employees relations remained cordial throughout the year. The results achieved during the year have been possible only with the dedication and hard work at all levels of workers, staff and executives of the Company.

Statement pursuant to Section 217(2A) of the Companies Act, 1956 and the companies (Particulars of Employees) rules, 1975 as amended :

None of the employees of the Company is receipt of remuneration in excess of Rs.60.00 lacs per annum or Rs.5.00 lacs per month during the year under review and as such the information under this head is NIL.

DIRECTORS' RESPONSIBILITY STATEMENT

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

CORPORATE SOCIAL OBJECTIVES

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

Our Philosophy works with objectives of contributing to the sustainable development of the society and to create a greener and cleaner environmental 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.

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 : 14.08.2014

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."

The Indian Steel Industry has witnessed divergent trends in various segments in the financial year 2013-14. 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. As a consequence the Company's performance in terms of production, turnover and profitability has been adversely affected.

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 revenue from operations of the Company has declined by about 16.27 % to Rs.16959.54 lacs as compared to Rs.20129.48 lacs in the previous year. The net profit after taxes is placed at Rs.259.51 lacs as compared to Rs. 143.17 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 immediate requirements.

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

The downtrend in the Indian Economy is expected to stabilize and revert to a modest growth of 5.5% to 6%, the growth mainly driven by the revival of the developed economies. Due to the expected political stability and revival of increased investments, the industrial segment is set to grow. There is a time lag of about a year for the Iron & Steel industry to follow suit.

Though the Iron & Steel industry as a whole continues to witness erratic trends; the diversified product mix and cost control measures are expected to maintain the turnover and profitability of the Company in current year. The growth of steel industry will also depend upon new Government's spending in various sectors of the economy such as infrastructure and construction etc.

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

1. Any adverse conditions of user sector to which it caters, thus adversely affecting the demand.
2. Quantitative restrictions and/or additional tariffs of exports from India by importing countries.
3. Unpredictable and sharp cyclical movements in the raw material and other input prices.
4. 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 33 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) Internal Control System and their Adequacy :

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

In addition, the company has engaged M/s Gupta Sanjeev & Co., Chartered Accountants as external independent agency to conduct internal audit of the affairs of your company who submit periodical reports for the management to take corrective action required, if any.

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

(f) Risk Management :

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

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



(g) Cautionary statement :

Statement in this Directors' Report & Management Discussion and Analysis describing Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factor that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

(2) COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE :

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

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

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

(3) BOARD OF DIRECTORS :

(a) Board Meetings :

During the financial year 2013-14, seven Board meetings were held on 13.05.2013, 30.05.2013, 14.08.2013, 14.11.2013, 14.02.2014, 24.03.2014 and 31.03.2014.

(b) Composition :

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

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

(c) Information of Directors being re-appointed :

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

- Mr. Rahul Jain, aged about 40 years (date of birth 04.10.1974) is a commerce graduate and has an experience of 18 years in Business and Industry and is the Director of the Company since 1st April, 1997. In between he has been a Whole Time Director of the Company for over 12 years and presently is the Managing Director of Vardhman Industries Limited and Vallabh Tinplate Private Limited. He is also a Director on the Boards of Vallabh Textiles Company Limited and Vallabh Steel East Limited and as such has good Board level experience in Steel and Textile Industry.
- Mr. Mohinder Pal Gupta aged about 71 years (date of birth 18.04.1943) is a graduate and a retired Banker having an overall experience of about 48 years and is presently working as a freelance consultant in the field of finance and banking. He is not holding directorship in any other company.
- Mr. Mohan Lal, aged about 91 years (date of birth 18.04.1923) is Law Graduate and has an experience of over 62 years as a Practicing Advocate and has been a director of the Company since 01.06.1992. He is also a director on the Board of M/s Bhushan Steel Limited and Jaidka Industries Limited.
- Mr. Jawahar Jain aged about 64 years (date of birth 02.01.1950) is a seasoned business man having experience in general administration and purchase related activities and has been a director on the Board since 31.03.2003. He is not holding directorship in any other company.

**(d) Audit Committee :**

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

The terms of reference of the Audit Committee include the following:

- Reviewing the Company's financial policies and results.
- Overseeing the Company's financial reporting process and the disclosure of financial information to ensure that the financial statements are correct, sufficient and credible.
- Reviewing the adequacy of internal audit function and discussing the finding of internal Auditors.
- Management Discussions and analysis of financial condition & result of operations.
- Review of related party transactions.
- Interaction with statutory Auditors.

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

The Statutory Auditors i.e. Raj Gupta & Co., Chartered Accountants and Gupta Sanjeev & Co., Chartered Accountants, the Internal Auditors are permanent invitees to this committee. The terms of reference of the Audit Committee are as contained in Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956.

During the year 2013-14, the Audit Committee met four (4) times on 30.05.2013, 14.08.2013, 14.11.2013 and 14.02.2014. All the members of the Committee attended all the meetings alongwith Statutory Auditors and Internal Auditors as invitees.

(e) Remuneration Committee :

The Company has constituted Remuneration Committee in line with Schedule XIII of the Companies Act, 1956 and clause 49 of the Listing Agreement. The remuneration committee comprises of three members namely Mr. Mohinder Pal Gupta, Mr. Jawahar Jain and Mr. Mohan Lal with Mr. Mohinder Pal Gupta as its Chairman.

All these members are non-executive independent Directors of the Company. No meeting of Remuneration Committee was held during the financial year 2013-14.

(4) DIRECTORS' REMUNERATION :

The company has paid remuneration to the Chairman & Managing Director as approved by the members of the company in the general body meeting. The details of remuneration paid to the Managing Director during the year 2013-14 are given below:

(Amount in ₹)

NAME	DESIGNATION	SALARY	PERKS	TOTAL
Mr. Kapil Kumar Jain	Chairman & Managing Director	27,00,000/-	8,63,130/-	35,63,130/-

The above appointment is on contractual basis.

Non-executive independent directors have not been paid any remuneration during 2013-14.

(5) SHAREHOLDERS GRIEVANCE COMMITTEE :

The company has constituted Shareholders Grievance Committee under the chairmanship of Mr. Mohinder Pal Gupta and other members being Mr. Kapil Kumar Jain and Mr. Jawahar Jain. The compliance officer of this committee is Mr. Suresh Gupta. The quorum for the meeting is two directors and the committee meets frequently to dispose of investors' complaints/requests as well as for transfer etc. of shares. During the year 2013-14 the committee met 3 times.

During the year 2013-14, the company received very few complaints/requests comprising of non-receipt of annual report, demat queries/requests and requests for transfers and demat etc. & all the complaints were duly resolved and requests duly complied with, within a period of about 15 days from the date(s) of receipt thereof. There was no pendency in respect of complaints/share received for transfers/dematerialisation.

(6) COMPLIANCE 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. Mohinder Kumar Jain and Mr. Rahul Jain, the non-executive director of the company are elder brother and son of Mr. Kapil Kumar Jain, Chairman & Managing Director of the Company. Mr. Mohinder Kumar Jain is the uncle of Mr. Rahul Jain.

(7) STATUS OF COMPLIANCE WITH MANDATORY REQUIREMENTS

- 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, 2014.
- Through out the year management of the Company wasn't denied to any person to access the audit committee with regard to any governance issue, though the Company has not formed whistle blower policy in place.



VALLABH STEELS LIMITED

(8) (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
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
31st AGM	Thursday, 29.09.2011, 10.00 AM	G.T. Road, Vill. Pawa, Sahnewal, Ludhiana.	1

(b) EXTRA ORDINARY GENERAL MEETING :

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

(c) RESOLUTION PASSED DURING THE FINANCIAL YEAR 2013-14 BY POSTAL BALLOT:

No resolution was passed by Postal Ballot during the financial year 2013-14.

(9) CODE OF CONDUCT

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

(10) DISCLOSURES

During the period under review, there was no material significant transaction with the promoters, directors, management and their relatives etc. that may have potential conflict with the interest of the company at large. There has not been any non-compliance by the company in respect of which penalties or strictures have been imposed by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years. The company has not issued any GDRs/ADRs/Warrants and there are no warrants or convertible instruments pending as on 31.03.2014.

(11) 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 web-site viz. www.vallabhgroup.com.

(12) GENERAL INFORMATION FOR SHAREHOLDERS :

(i) 34th Annual General Meeting :

Date and Time : Saturday, the 27th September, 2014 10.00 AM.
Venue : At Registered Office of the Company i.e. at G.T. Road, Village Pawa, Sahnewal, Ludhiana.

(ii) Financial Calender 2014-15

First Quarter Results : By middle of August, 2014
Second Quarter Results : By middle of November, 2014
Third Quarter Results : By middle of February, 2015
Fourth Quarter Results : By middle of May, 2015
Annual Results 2014-15 : In the month of May, 2015

(iii) Date of Book Closure : Monday, the 22nd September, 2014 to Saturday, the 27th September, 2014 (both days inclusive).

(iv) Dividend Payment Date : No dividend on equity shares has been recommended for the year 2013-14. Hence not applicable.

(v) Listing : The company's shares are listed on the BSE Limited at Mumbai.

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

(vii) Stock Market Data :

The month wise highest & lowest closing prices vis-a-vis BSE sensx during the financial year 2013-14 are given as follows:

Financial Year 2013-14	Closing Share Prices of the Company at BSE		BSE Sensx	
	High (₹)	Low (₹)	Highest	Lowest
April, 2013	15.80	13.65	19622.68	18144.22
May, 2013	-	-	20443.62	19451.26
June, 2013	14.36	13.69	19860.19	18467.16
July, 2013	17.20	13.65	20351.06	19126.82
August, 2013	18.80	16.35	19569.20	17448.71
September, 2013	20.00	14.10	20739.69	18166.17
October, 2013	14.70	12.71	21205.44	19264.72
November, 2013	16.20	13.35	21321.53	20137.67
December, 2013	15.95	12.50	21483.74	20568.70
January, 2014	19.28	13.76	21409.66	20343.78
February, 2014	19.75	15.50	21140.51	19963.12
March, 2014	19.80	14.05	22467.21	20920.98



VALLABH STEELS LIMITED

(viii) 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. 4418693 equity shares comprising of 89.27% of the total equity shares of the company are in dematerialised form as on 31.03.2014.

Out of a total of 3417 shareholders 1410 shareholders representing 41.26% have got their shares dematerialised as on 31.03.2014.

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.

(ix) Distribution of Shareholding as on 31.03.2014:

Shareholding	Shareholders		Shareholding	
	Number	% to Total	Number	% to Total
Up to 500	3208	93.88	410070	8.28
501 to 1000	93	2.72	74979	1.51
1001 to 2000	44	1.29	67661	1.37
2001 to 3000	15	0.44	41789	0.84
3001 to 4000	7	0.21	26639	0.54
4001 to 5000	4	0.12	17128	0.35
5001 to 10000	12	0.35	81191	1.64
10001 and above	34	0.99	4230543	85.47
Total	3417	100.00	4950000	100.00

(x) Shareholding Pattern as on 31.03.2014.

Category	Number of Shares	% to Total Shares
Promoters	3337900	67.43
Private Corporate Bodies	63014	1.27
Indian Public	1534355	31.00
NRIs	14731	0.30
Total	4950000	100.00

(xi) Registrar for Demat and Share Transfer:

Mas Services Limited

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

Phone No. : 011-26387281-83, Fax No. : 011-26387384, E-Mail : info@masserv.com

(xii) Investors Correspondence:

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

OR

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

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

Phone No. : 011-26387281-83, Fax No. : 011-26387384, E-Mail : info@masserv.com

(xiii) 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

(13) 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.



VALLABH STEELS LIMITED

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, 2014.

FOR VALLABH STEELS LIMITED

**PLACE : LUDHIANA
DATE : 14.08.2014**

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

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 31.03.2014 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 : 14.08.2014**

**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 Vallabh Steels Limited for the year ended on 31st March, 2014, 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 : 14.08.2014**

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



ANNEXURE - II TO THE DIRECTORS' REPORT

COMPLIANCE CERTIFICATE

CIN No. L27109PB1980PLC004327

Authorised Share Capital :Rs. 500 lacs

To

The Members
Vallabh Steels Limited
Ludhiana

We have examined the registers, records, books and papers of Vallabh Steels Limited a company registered under the Companies Act, 1956 and having its Regd. Office at G T Road, Pawa, Sahnewal, Ludhiana - 141120 as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2014. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure "B" to this certificate, with the Registrar of Companies, within the time prescribed under the Act and rules made thereunder and such other extended time as was permitted.
3. The Company, being a Public Limited Company, our comments are not required.
4. The Board of Directors duly met seven (7) times on 13.05.2013, 30.05.2013, 14.08.2013, 14.11.2013, 14.02.2014, 24.03.2014, and 31.03.2014 in respect of which proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company closed its register of Members, from 13.09.2013 to 18.09.2013 and necessary compliance of Section 154 of the Act has been made.
6. The 33rd Annual General Meeting for the financial year ended on 31.03.2013 was held on 18.09.2013 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-ordinary General Meeting(s) was held during the financial year.
8. The Company has not advanced any loans to the Directors or persons or firms or companies referred to under Section 295 of the Companies Act, 1956.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made entries about firms/companies in which directors are interested in the register under Section 301(3) of the Act.
11. The Company was not required to obtain any approvals of Board of Directors and members pursuant to the provisions of Section 314 of the Act during this year.
12. The Company has not issued any duplicate share certificates during the year.
13. During the year the Company has:
 - (i) not issued/allotted any fresh shares. However it has registered transfer of shares and as such delivered the certificates after registration of transfer of securities as per provisions of the Companies Act, 1956 through its Registrar & Share Transfer Agents.
 - (ii) the Company has not deposited any amount in a separate Bank Account as no dividend was declared/paid during the financial year.
 - (iii) the Company was not required to post warrants to the members of the Company as no dividend was declared/ paid during the financial year.
 - (iv) no unpaid/unclaimed dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon for a period of seven years which is required to be transferred to Investor Education and Protection Fund.
 - (v) duly complied with the requirements of Section 217 of the Act.



VALLABH STEELS LIMITED

14. The Board of Directors of the Company is duly constituted and the appointment(s) of Directors have been duly made.
15. The Company has not appointed any Managing Director during this financial year.
16. The Company has not appointed any sole selling agent during this financial year.
17. The Company was not required to obtain approvals of the Central Government, Registrar or such other authorities as may be prescribed under the various applicable provisions of the Act.
18. The Directors have disclosed their interest in other firms, companies to the Board of Directors pursuant to the provisions of the Act and rules made thereunder.
19. The Company has not issued any Securities during this financial year.
20. The Company has not bought back any shares during this financial year.
21. During this financial year, the Company has not redeemed any Preference Shares.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the meaning of Section 58A of the Act during this financial year.
24. The amount borrowed by the Company from public, financial institutions, banks etc during the financial year ending 31.03.2014 is within the borrowing limits of the company and necessary resolution under Section 293(1)(d) of the Companies Act, 1956 and has already been duly passed in a general meeting.
25. The Company has not made Loans or advances or provided securities to other bodies corporate during the financial year ended 31.03.2014 as prescribed under Section 372A of Companies Act, 1956 except in the ordinary course of business.
26. The Company has not altered provisions of its Memorandum of Association with respect to situation of Company's registered office from one State to another during this financial year.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during this financial year.
28. The Company has not altered provisions of Memorandum of Association with respect to name of the Company during this financial year.
29. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during this financial year.
30. The Company has not carried out any alteration in its Articles of Association during the financial year ended 31.03.2014.
31. There was no prosecution initiated against or Show Cause Notice received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during this financial year.
33. The Company has not constituted any Provident Fund Trust and as such provisions of Section 418 of the Act are not applicable to the company.

**For RCS & COMPANY
Company Secretaries**

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

**PLACE : LUDHIANA
DATE : 14.08.2014**



VALLABH STEELS LIMITED

ANNEXURE - 'A'

REGISTERS AS MAINTAINED BY VALLABH STEELS LIMITED, LUDHIANA

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

* Through Registrar and Share Transfer Agents.

**For RCS & COMPANY
Company Secretaries**

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

PLACE : LUDHIANA

DATE : 14.08.2014

ANNEXURE - 'B'

FORMS AND RETURNS AS FILED BY VALLABH STEELS LIMITED WITH REGISTRAR, REGIONAL DIRECTOR, CENTRAL GOVERNMENT OR OTHER AUTHORITIES DURING THE FINANCIAL YEAR ENDED 31 ST MARCH, 2014.

Sr. No.	Particulars	Remarks
1.	B/S as on 31.03.2013 and P& L A/C for the year ending on 31.03.2013 filed u/s 220 with form 23 AC and 23 ACA.	Filed in time
2.	Form No. 66 filed on 03.10.2013 for Compliance Certificate	Filed in time
3.	Annual Return made as on 18.09.2013 filed on 16.11.2013	Filed in time
4.	Form No. 17 filed on 25.03.2014 for satisfaction of charge	Filed in time
5.	Form No. 23C filed on 04.06.2013 for appointment of cost auditor	Filed in time
6.	Form No. I filed for cost audit Report	Filed in time

**For RCS & COMPANY
Company Secretaries**

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

PLACE : LUDHIANA

DATE : 14.08.2014



ANNEXURE-III TO THE DIRECTORS' REPORT

STATEMENT PURSUANT TO SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31.3.2014.

I. CONSERVATION OF ENERGY

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

A. POWER & FUEL CONSUMPTION

	Current Year	Previous Year
a) Electricity		
Rolling Mill, Tube Mill, Cold Rolled Mill		
Purchased Units	54,26,289	67,02,402
Total Amount (₹)	4,14,60,555	4,66,35,841
Rate/Unit (₹)	7.64	6.96
b) Own Generation		
i) Through Diesel Generator		
Units	47,610	94,870
Unit per litre of diesel oil	3.40	3.40
Cost/Unit (₹)	14.94	12.73
ii) Through Steam/turbine Generator		
Units	-	-
Unit per litre of fuel/Gas/Oil	-	-
Cost/Unit (₹)	-	-
c) Coal (Steam)		
Quantity (Tonnes)	-	469,502
Total Cost (₹)	-	56,07,732
Average Rate (₹)	-	11,944
d) Furnace Oil		
Quantity (Ltrs.)	4,36,018	4,73,803
Total Cost (₹)	2,03,23,338	2,06,73,938
Average Rate (₹)	46.61	43.63
e) Other/Internal Generation		
Quantity	-	-
Total Cost (₹)	-	-
Average Rate (₹)	-	-
B. CONSUMPTION PER UNIT OF PRODUCTION		
Products of UNIT		
Rolling Mill, Tube Mill, Cold Rolled Mill		
Electricity (₹)	MT 1743	1562

II. TECHNOLOGY ABSORPTION

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

III. FOREIGN EXCHANGE EARNING AND OUTGO

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

The management has taken number of initiatives for export of its products i.e. Steel Pipes. As a result the company has made exports to 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.

b) Total Foreign Exchange used and earned

	Current Year	Previous Year
Used (₹)	2,81,093	-
(CIF Value of Import & Expenditure in foreign currency)		
Earned (₹)	9,98,08,491	8,71,07,300
(FOB value of Exports)		

**ANNEXURE-IV TO THE DIRECTORS' REPORT
Directors' Responsibility Statement**

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

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

**BY ORDER OF THE BOARD
OF DIRECTORS**

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

PLACE : LUDHIANA
DATED : 14.08.2014



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, 2014, 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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- 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 4 and 5 of the Order.
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 Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013.
 - e) on the basis of written representations received from directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

Place : Ludhiana
Dated : 30.05.2014

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."

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) As explained to us, most of the fixed assets have been physically verified by the management during the year in a phased manner, which in our opinion is reasonable having regard to the size of the company. No material discrepancies were noticed on such verification.



VALLABH STEELS LIMITED

- c) The fixed assets disposed off during the year did not constitute a substantial part of the total fixed assets and therefore do not affect the going concern assumption.
2. a) As explained to us, the inventories were physically verified by the management at the end of the year.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion and according to information and explanations given to us, the Company has maintained proper records of its inventories and the discrepancies noticed on physical verification between physical stock and book records were not material and have been adequately dealt with in the books of account.
3. a) According to the information and explanations given to us and the records of the company examined by us, the company has granted loans to parties listed in the register maintained under section 301 of the Companies Act, 1956. According to the information and explanations given to us, the terms and conditions of the loans are not prima facie prejudicial to the interests of the company. The receipt of the principal amount and the interest, wherever applicable, are regular.
- b) The company has taken loans from some parties listed in the register maintained under section 301 of the Companies Act, 1956. In our opinion, the terms and conditions of the loans are not prima facie prejudicial to the interests of the company.
4. In our opinion, based on our observations and the information and explanations given to us, the company has in place an adequate internal control system commensurate with its size and the nature of its business, with regard to purchases of inventory, fixed assets and the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
5. a) Based on the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the registered required to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us, the transactions exceeding Rupees five lacs made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from public during the year.
7. In our opinion, the internal audit system prevalent in the Company is commensurate with the size of the Company and the nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
9. a) Undisputed statutory dues including provident fund, Investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess have generally been deposited by the company in time with the appropriate authorities. Based on our examination of the records of the company and information and explanations given to us, there were no arrears of undisputed statutory dues due as on 31st March 2014 that remained payable for more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no disputed dues outstanding in the books of account for income tax/sales tax/wealth tax/service tax/custom duty / excise duty / cess.
10. The Company does not have accumulated losses at the end of the year. The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or banks or debenture holders.
12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause (xii) of the order are not applicable to the company.
13. The company is not a Chit Fund or a nidhi, mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the order are not applicable to the company.
14. Based on the information and explanations given to us and the records of the company examined by us, the company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause (xiv) of the order are not applicable to the company.
15. Based on our examination of the records of the company and information and explanations given to us, we report that the company has not given guarantee for loans taken by others from banks.
16. In our opinion and according to the information and explanations given to us and on an overall examination, the term loans have been applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and the financial statements of the company examined by us, funds raised on short-term basis have not been used for long-term investment.
18. According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year. As such, the provisions of paragraph (xix) are not applicable to the company.
20. The company has not raised any money by way of public issue during the year. Accordingly the provisions of clause 4(xx) of the order are not applicable to the company.
21. According to the information and explanations given to us, and to the best of our knowledge and belief, no fraud on or by the company has been noticed or reported by the company during the year.

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

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

Place : Ludhiana
Dated : 30.05.2014



VALLABH STEELS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2014

PARTICULARS	NOTE	AS AT 31.03.2014 ₹	AS AT 31.03.2013 ₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	1	4,95,00,000	4,95,00,000
(b) Reserves and Surplus	2	40,47,60,132	37,88,09,423
Non-Current Liabilities			
(a) Long-term Borrowings	3	5,05,07,176	5,43,37,349
(b) Deferred tax Liabilities (Net)	4	2,53,18,647	2,88,29,475
(c) Other Long term Liabilities	5	4,61,573	23,51,524
(d) Long term Provisions	6	38,20,920	40,35,354
Current Liabilities			
(a) Short-term Borrowings	7	38,35,92,853	38,87,47,341
(b) Trade Payables	8	32,42,61,308	31,74,00,784
(c) Other Current Liabilities	9	1,55,76,525	89,30,887
(d) Short-term Provisions	10	7,62,377	12,93,261
Total		1,25,85,61,511	1,23,42,35,398
ASSETS			
Non-current Assets			
(a) Fixed Assets	11		
- Tangible Assets		14,84,99,398	16,04,56,819
(b) Non-current Investments	12	4,85,47,000	4,85,47,000
(c) Long term Loans and Advances	13	3,25,743	30,61,082
(d) Other Non-current Assets	14	-	17,79,563
Current Assets			
(a) Inventories	15	18,65,39,885	23,73,59,633
(b) Trade Receivables	16	76,77,67,361	60,35,10,887
(c) Cash and Cash Equivalents	17	2,93,30,394	2,70,46,140
(d) Short-term Loans and Advances	18	4,60,27,543	12,27,53,398
(e) Other Current Assets	19	3,15,24,187	2,97,20,876
Total		1,25,85,61,511	1,23,42,35,398
Significant Accounting Policies	33		
Notes on Financial Statements	I to 33		

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 : 30.05.2014

Sd/-

(Kapil Kumar Jain)

Chairman & Managing Director

Sd/-

(Rahul Jain)

Director

Sd/-

(Mohinder Kumar Jain)

Director



VALLABH STEELS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

PARTICULARS	NOTE	FOR THE YEAR ENDED 31.03.2014 ₹	FOR THE YEAR ENDED 31.03.2013 ₹
INCOME			
Gross Sales & Operating Income		1,88,85,01,430	2,24,92,60,377
Less : Excise Duty		19,25,47,288	23,69,78,977
Net Revenue from Operations		1,69,59,54,142	2,01,22,81,400
Other Income	20	-	6,66,600
Total Revenue		1,69,59,54,142	2,01,29,48,000
EXPENDITURE			
Cost of Materials Consumed	21	1,48,81,94,629	1,78,25,65,711
Changes in inventories of Finished Goods and Work-in-Progress	22	3,33,10,786	3,64,70,686
Employee Benefit Expense	23	2,96,02,773	3,55,03,852
Financial Costs	24	3,02,35,514	3,55,80,452
Depreciation and Amortization Expense	11	1,10,27,496	1,36,15,132
Other Expenses	25	8,11,43,063	10,15,75,614
Total Expenses		1,67,35,14,261	2,00,53,11,447
PROFIT BEFORE TAX		2,24,39,881	76,36,553
Tax Expense:			
- Current Tax		-	12,18,783
- Deferred Tax		(35,10,828)	(14,99,179)
- Income Tax adjustment for earlier year		-	(64,00,000)
PROFIT AFTER TAX		2,59,50,709	1,43,16,949
Basic & Diluted Earning per share	26	5.24	2.89
Significant Accounting Policies	33		
Notes on Financial Statements	1 to 33		

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 : 30.05.2014

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

Sd/-
(Rahul Jain)
Director

Sd/-
(Mohinder Kumar Jain)
Director

For and on behalf of the Board



VALLABH STEELS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

PARTICULARS	CURRENT YEAR 2013-14 ₹	PREVIOUS YEAR 2012-13 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax	2,24,39,881	76,36,553
Adjustment for:		
Profit on sale of fixed Assets	(6,27,45,704)	-
Sundry Amounts Written Off	(9,59,714)	-
Depreciation	1,10,27,496	1,36,15,132
Financial Costs	3,02,35,514	6,90,28,111
Dividend	-	(6,66,600)
Operating Profit before Working Capital changes	(2,527)	8,96,13,196
Adjustment for		
Trade and other Receivables	(8,39,33,318)	(13,06,09,730)
Inventories	5,08,19,748	14,27,73,753
Trade and Other Payables	1,37,20,558	(9,16,92,925)
Cash Flow from operations	(1,93,95,539)	1,00,84,295
Direct Taxes Paid	(26,65,273)	51,81,217
Net Cash Flow from Operating Activities	(2,20,60,812)	1,52,65,512
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(32,46,895)	(76,86,362)
Sale of Fixed Assets	6,69,22,525	2,94,700
Dividend	-	6,66,600
Net cash from (used in) Investing Activities	6,36,75,630	(67,25,062)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Financial Costs	(3,02,35,514)	(6,90,28,111)
Movement in Working Capital Borrowings	(51,54,488)	9,03,59,067
Movement of Long Term Borrowings	(39,40,561)	(2,12,75,876)
Net Cash Flow from Financing Activities	(3,93,30,563)	55,080
Net Change in Cash & Cash Equivalents (A+B+C)	22,84,255	85,95,530
Cash & Cash Equivalents at the beginning of the year	2,70,46,140	1,84,50,610
Cash & Cash Equivalents at the end of the year	2,93,30,394	2,70,46,140

As per our separate report of even date

FOR RAJ GUPTA & CO.

Chartered Accountants

FRN- 000203N

For and on behalf of the Board

Sd/-
(R. K. Gupta)

Partner

M. No. 017039

Place : Ludhiana

Dated : 30.05.2014

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

Sd/-
(Rahul Jain)
Director

Sd/-
(Mohinder Kumar Jain)
Director



VALLABH STEELS LIMITED

NOTES ON FINANCIAL STATEMENTS

AS AT 31.03.2014
₹

AS AT 31.03.2013
₹

Note : 1 SHARE CAPITAL

SHARE CAPITAL

AUTHORIZED SHARE CAPITAL:

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

ISSUED, SUBSCRIBED & PAID UP CAPITAL:

4950000 Equity Shares of ₹10/- each fully paid up	4,95,00,000	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 31.03.2014		As at 31.03.2013	
	No. of shares	% of Holding	No. of shares	% of Holding
Mr. Rahul Jain	2,80,000	5.66	2,80,000	5.66
Mr. Vikram Jain	3,00,200	6.06	3,00,200	6.06
Mrs. Shweta Jain	2,53,000	5.11	2,53,000	5.11
M/s Vardhman Industries Ltd	2,95,000	5.96	2,95,000	5.96
M/s Adhinath Investments P Ltd	3,16,000	6.38	3,16,000	6.38
M/s Hind Leasing & Finance Ltd	5,47,400	11.06	5,47,400	11.06
M/s Associated Leasing Ltd	4,11,500	8.31	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	49,50,000	49,50,000
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	49,50,000	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)	1,75,61,000	1,75,61,000
General Reserve			
As at Commencement of the Year		8,81,94,736	8,56,94,736
Add : Transferred from Statement of Profit & Loss		25,00,000	25,00,000
	(B)	9,06,94,736	8,81,94,736
Statement of Profit and Loss			
As at Commencement of the Year		27,30,53,687	26,12,36,738
Add : Profit for the year		2,59,50,709	1,43,16,949
Less : Transfer to General Reserve		25,00,000	25,00,000
	(C)	29,65,04,396	27,30,53,687
Total (A+B+C)		40,47,60,132	37,88,09,423



VALLABH STEELS LIMITED

NOTES ON FINANCIAL STATEMENTS	AS AT 31.03.2014	AS AT 31.03.2013
	₹	₹
Note : 3 LONG-TERM BORROWINGS		
Unsecured Loans		
From Directors (s)	9,16,835	44,19,177
From Corporation bank	4,95,90,341	4,99,18,172
Total	5,05,07,176	5,43,37,349
Note : 4 DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability		
Relating to Fixed Assets	2,53,18,647	2,92,27,742
Deferred Tax Assets		
Relating to disallowances u/s 43B of Income Tax Act	-	3,98,267
Total	2,53,18,647	2,88,29,475
Note : 5 OTHER LONG TERM LIABILITIES		
Deferred Credits	-	15,75,084
Security	4,61,573	4,61,573
Security against Car	-	3,14,867
Total	4,61,573	23,51,524
Note : 6 LONG TERM PROVISIONS		
Gratuity	38,20,920	40,35,354
Total	38,20,920	40,35,354
Note : 7 SHORT TERM BORROWINGS		
Secured Loans		
Working Capital Loans from Punjab National Bank	36,86,42,556	37,39,79,515
Working Capital Loans from State Bank of India	1,49,50,297	1,47,67,826
Total	38,35,92,853	38,87,47,341

7.1 Working Capital Loans from Punjab National Bank and State Bank of India 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 31.03.2014
₹

AS AT 31.03.2013
₹

Note : 8 TRADE PAYABLES

Sundry Creditors against Raw Material & Services	11,57,84,830	5,94,82,888
Bills Payable	20,84,76,478	25,79,17,896
Total	32,42,61,308	31,74,00,784

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.

Note : 9 OTHER CURRENT LIABILITIES

Current maturity of Long Term Debt	-	2,63,758
Duties & Taxes payable	2,24,541	8,30,324
Other Current Liabilities	59,25,985	50,34,773
Cheques issued but not presented for payment	66,69,975	-
Advance Received from Customers	27,56,024	28,02,032
Total	1,55,76,525	89,30,887

Note : 10 SHORT-TERM PROVISIONS

Provision for contribution to PF,ESI, LWW etc	7,62,377	12,93,261
Total	7,62,377	12,93,261

Note : 11 NON-CURRENT ASSETS

Fixed assets		
- Tangible Assets	51,80,44,301	52,00,19,825
Accumulated Depreciation	(36,95,44,903)	(35,95,63,006)
Total	14,84,99,398	16,04,56,819

SCHEDULE OF FIXED ASSETS AND DEPRECIATION

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01.04.2013	Additions	Sales/ Adjust- ments	As At 31.3.2014	As At 01.04.2013	For the Period	Adjust- ment/ Written Back	As At 31.3.2014	As At 31.3.2014	As At 31.3.2013
Land	4,97,27,868	-	40,33,421	4,56,94,447	-	-	-	4,56,94,447	4,97,27,868	
Building	4,07,93,014	-	-	4,07,93,014	2,56,82,768	15,04,164	-	2,71,86,932	1,36,06,082	1,51,10,246
Plant & Machinery	41,73,88,474	32,46,897	-	42,06,35,371	32,42,48,461	89,47,971	-	33,31,96,432	8,74,38,937	9,31,40,013
Furniture & Fixtures	30,93,054	-	-	30,93,054	22,44,871	1,53,521	-	23,98,392	6,94,662	8,48,183
Vehicles	90,17,415	-	11,89,000	78,28,415	73,86,906	4,21,841	10,45,600	67,63,147	10,65,268	16,30,509
Total	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
Previous Year	50,61,89,815	1,41,24,710	2,94,700	52,00,19,825	34,59,47,874	1,36,15,132	-	35,95,63,006	16,04,56,819	16,02,41,941



VALLABH STEELS LIMITED

NOTES ON FINANCIAL STATEMENTS	AS AT 31.03.2014	AS AT 31.03.2013
	₹	₹

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	49,99,000	49,99,000
26,000 Equity Shares of ₹10/- each of Associated Leasing Limited	2,60,000	2,60,000

Unquoted fully paid equity shares:

43,00,000 Equity Shares of ₹10/- each of Vallabh Textiles Company Limited	4,30,00,000	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	2,88,000	2,88,000
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Total	4,85,47,000	4,85,47,000
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12.1 Market Value of quoted investment	1,56,30,190	2,42,99,170
Aggregate Value of quoted investment	55,47,000	55,47,000
Aggregate Value of unquoted investment	4,30,00,000	4,30,00,000

Note : 13 LONG-TERM LOANS & ADVANCES

Security Deposits	3,25,743	30,61,082
Total	3,25,743	30,61,082

Note : 14 OTHER NON CURRENT ASSETS

Advances for Capital Goods	-	17,79,563
Total	-	17,79,563

Note : 15 INVENTORIES

Raw Materials	2,00,91,961	3,49,47,435
Work in Progress	7,93,04,300	10,12,40,723
Finished Goods	3,36,39,702	4,64,47,780
Stores, spares and packing material	5,27,00,938	5,28,17,493
Power & Fuels	8,02,984	19,06,202
Total	18,65,39,885	23,73,59,633



VALLABH STEELS LIMITED

NOTES ON FINANCIAL STATEMENTS	AS AT 31.03.2014	AS AT 31.03.2013
	₹	₹

Note : 16 TRADE RECEIVABLES

Debtors outstanding for a period exceeding six months		
- Considered Good	79,12,980	75,58,119
- Considered Doubtful	-	-
Other Debtors		
- Considered Good	75,98,54,381	59,59,52,768
Total	76,77,67,361	60,35,10,887

16.1 Balances of debtors are subject to confirmation and reconciliation.

Note : 17 CASH & CASH EQUIVALENTS

Cash in hand	56,96,051	23,93,184
Balance with scheduled banks :		
- Current Accounts	48,069	1,78,121
- Fixed Deposit with Banks (Pledged with banks as margin money)	1,53,10,939	1,72,60,328
Cheques in hand	82,75,335	72,14,507
Total	2,93,30,394	2,70,46,140

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	1,59,45,938	6,71,12,771
Prepaid Expenses	15,55,099	48,49,149
Loan to Employees	7,51,416	7,67,537
Balance in PLA	16,590	16,590
Excise & Service Tax Receivable	1,92,30,310	3,53,08,081
Others	85,28,190	1,46,99,270
Total	4,60,27,543	12,27,53,398

Note : 19 OTHER CURRENT ASSETS

Export Incentives Receivable	9,84,260	18,46,222
Income Tax	3,05,39,927	2,78,74,654
Total	3,15,24,187	2,97,20,876



VALLABH STEELS LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2014 ₹	YEAR ENDING 31.03.2013 ₹
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Note : 20 OTHER INCOME

Dividend Income	-	6,66,600
Total	-	6,66,600

Note : 21 COST OF MATERIALS CONSUMED

A) Raw Materials consumed

Opening Stock	3,63,81,150	8,16,25,861
Purchases	1,45,89,40,104	1,62,94,26,874
	1,49,53,21,254	1,71,10,52,735
Less : Closing Stock	2,00,91,961	3,63,81,150
Raw Materials Consumed	Total (A)	1,47,52,29,293

B) Stores, Spares & Packing Material Consumed

Opening Stock	5,28,17,493	5,60,79,890
Purchases	1,28,48,781	10,46,31,729
	6,56,66,274	16,07,11,619
Less: Closing Stock	5,27,00,938	5,28,17,493
Store Material Consumed	Total (B)	1,29,65,336
Total cost of material consumed	Total (A+B)	1,48,81,94,629

21.1 a) Raw Materials consumed	Year ended 31.03.2014		Year ended 31.03.2013	
	Value(₹)	%age	Value(₹)	%age
Indigenous	1,47,52,29,293	100.00	1,67,46,71,585	100.00
Imported	-	-	-	-
	1,47,52,29,293	100.00	1,67,46,71,585	100.00
b) Stores, Spares & Packing Material consumed				
Indigenous	1,29,65,336	100.00	10,78,94,126	100.00
Imported	-	-	-	-
	1,29,65,336	100.00	10,78,94,126	100.00



VALLABH STEELS LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2014 ₹	YEAR ENDING 31.03.2013 ₹
Note : 22 CHANGES IN INVENTORIES OF WORK IN PROGRESS AND FINISHED GOODS		
Opening Stock :		
Work in Progress	9,98,07,008	12,93,86,463
Finished Goods	4,64,47,780	5,33,39,011
Total (A)	14,62,54,788	18,27,25,474
Closing Stock :		
Work in Progress	7,93,04,300	9,98,07,008
Finished Goods	3,36,39,702	4,64,47,780
Total (B)	11,29,44,002	14,62,54,788
(A-B)	3,33,10,786	3,64,70,686
Note : 23 EMPLOYEE BENEFIT EXPENSE		
Salary, Wages, Allowances & other Benefits	2,61,42,382	3,07,52,303
PF, ESI & Welfare Fund Contribution	18,11,551	27,08,624
Staff Welfare Expenses	7,57,360	5,48,804
Gratuity & Ex-Gratia	8,91,480	14,94,121
Total	2,96,02,773	3,55,03,852
23.1 Disclosures in terms of Accounting Standard 15 "Employee Benefits":		
Reconciliation of Opening and Closing Balances of Defined Benefit Obligation viz Gratuity		
Liability at the beginning of the year	40,35,354	35,45,400
Liability provided during the year	(2,14,434)	4,89,954
Liability at the end of the year	38,20,920	40,35,354
Expense recognized in Statement of Profit and Loss		
Amount paid during the year	11,05,914	10,04,167
Amount debited to Statement to Profit and Loss	8,91,480	14,94,121
Note : 24 FINANCIAL COSTS		
Interest on Working Capital	2,76,86,016	3,35,70,756
Interest to Others	16,032	1,02,754
Bank Charges and commission	25,33,466	19,06,942
Total	3,02,35,514	3,55,80,452
Note : 25 OTHER EXPENSES		
A) Selling & Distribution Expenses		
Rebate and Discount	33,714	70,548
Brokerage & Commission	5,37,714	12,06,325
Other Selling Expenses	36,31,304	43,45,168
Advertisement	81,454	36,249
Total (A)	42,84,186	56,58,290



VALLABH STEELS LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2014 ₹	YEAR ENDING 31.03.2013 ₹
B) Operating, Administrative & Other Expenses		
Power & Fuel	6,17,83,893	7,41,24,601
Machinery Repairs & Maintenance	40,53,788	72,44,579
Other Manufacturing Expenses	22,22,904	46,23,826
Rent, Rates, Fees and Taxes	6,43,480	17,08,648
Insurance	3,94,734	4,55,653
Legal & Professional charges	4,16,597	5,88,876
Travelling and Conveyance		
- Directors	3,83,370	13,963
- Others	6,37,880	6,47,485
Audit Fee	62,500	62,500
Auditors Expenses	34,175	36,062
Postage & Telecommunication Expenses	5,97,130	6,35,674
Printing & Stationery	2,64,562	3,01,603
Repairs and Maintenance		
- Building	6,12,907	6,48,965
- Vehicles	6,58,936	7,27,514
- General	1,99,678	2,40,589
Charity & Donation	13,100	4,000
Other Miscellaneous Expenses	2,28,996	4,85,621
Electricity and Water Charges	5,99,870	4,90,545
Membership & Subscription	3,50,377	1,76,620
Directors' Remuneration	27,00,000	27,00,000
Total (B)	7,68,58,877	9,59,17,324
Total (A+B)	8,11,43,063	10,15,75,614
Note : 26 EARNING PER SHARE		
Profit after Tax (₹)	2,59,50,709	1,43,16,949
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 (₹)	5.24	2.89
Diluted Earning Per Share (₹)	5.24	2.89
Note : 27 EARNINGS IN FOREIGN EXCHANGE		
Export of Goods on FOB basis	9,98,08,491	8,71,07,300
Note : 28 EXPENDITURE IN FOREIGN CURRENCY		
Value of import on CIF Basis		
spares Parts & Components	77,058	-
Others	2,04,035	-
Note : 29 REMUNERATION TO KEY MANAGEMENT PERSONNEL		
Mr. Kapil Kumar Jain	35,63,130	34,42,555



VALLABH STEELS LIMITED

NOTES ON FINANCIAL STATEMENTS

YEAR ENDING

31.03.2014

₹

YEAR ENDING

31.03.2013

₹

Note : 30 SEGMENT REPORTING

The company operates in only one segment viz Iron and Steel

Note : 31 CONTINGENT LIABILITIES NOT PROVIDED FOR

Letters of Credit	20,84,76,478	25,79,17,896
Bank Guarantee	28,25,000	28,25,000

Note : 32 PRESENTATION OF FINANCIAL STATEMENTS

Financial Statements are drawn in accordance with Schedule VI and other presentational requirements of the Companies Act, 1956. Previous year's figures have been recasted/ regrouped/ rearranged wherever considered necessary to make them comparable with current year's figures.

Note : 33 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 referred to in Section 211 (3C) of the Companies Act, 1956.

b) Use of Estimates

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

c) Fixed Assets

Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. The cost comprises purchase price/construction cost and any directly attributable cost of bringing the asset to its working condition for its intended use. The borrowing costs in respect of qualifying assets incurred till the asset is ready for its intended use are capitalized.

d) Depreciation

Depreciation on Fixed Assets is charged on the Written Down Value method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.

e) Impairment of Assets

At each Balance Sheet date, an assessment is made whether any indication exists that an asset has been impaired in terms of Accounting Standard 28 issued by the Institute of Chartered Accountants of India (ICAI). If such an indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of account and charged to the Statement of Profit & Loss. The impairment loss recognized in prior accounting periods is reversed if there is a change in the estimate of recoverable amount of an asset.

f) Revenue Recognition

- Revenue from sale of goods is recognized at the point of passing of title of the 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.

g) Inventories

Inventories are valued at cost or net realizable value, whichever is lower after providing obsolescence, if any. The cost in respect of various items of inventories is determined as under:

- In case of Raw Materials, Stores and Spares, at weighted average cost;
- In case of Work in Process, at the raw material cost plus conversion cost depending upon the stage of completion of goods;
- In case of Finished Goods at the raw material cost, conversion cost and other overheads incurred to bring the goods to their present location and condition plus excise duty wherever applicable;



h) Investments

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

i) Foreign Exchange Transactions

Transactions in foreign currency are recorded at the exchange rates prevalent at the time of transaction. Foreign Currency assets and liabilities are stated at the exchange rates prevailing at the date of Balance Sheet or at forward contract rates, wherever so covered. Realized gains or losses on foreign exchange transactions, other than those relating to fixed assets, are recognized in the Statement of Profit and Loss. The difference in foreign exchange rates in the case of fixed assets is adjusted to the cost of fixed assets.

j) Accounting for Taxes on Income

Provision for current tax is made on the basis of aggregate amount of income tax actually payable for the year on the estimated taxable income computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax resulting from the timing differences between Book Profit and Tax Profit is accounted for at the enacted rate of tax to the extent that the timing differences are expected to reverse in future. Deferred Tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets in respect of unabsorbed depreciation and carried forward losses are recognized only to the extent there is a virtual certainty that future taxable income will be available to realize these assets.

k) Cash Flow Statement

The company has prepared the Cash Flow Statement using the Indirect Method in compliance of Accounting Standard 3 "Cash Flow Statement" issued by The Institute of Chartered Accountants of India.

l) Employee Benefits

i) Short-term Employee Benefits

Short-term employee benefits are recognized as an expense in the Statement of Profit & Loss in the year in which the related services are rendered by the employees.

ii) Retirement Benefits

Defined Contribution Plans

Contributions to the employees' provident fund are made in accordance with the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Such contributions are charged to the Statement of Profit & Loss of the year in which the related services are rendered by the employees.

Defined Benefit Plans

- Gratuity

Liability in respect of Gratuity 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

Liability in respect of leave with wages is accounted for by making provision on actual basis on the unutilized leaves standing credit to the employee.

m) Contingent Liabilities

No provision is made for liabilities that are contingent in nature, unless it is probable that future events will confirm that an asset has been impaired or a liability incurred as at the Balance Sheet date and a reasonable estimate of the resulting loss can be made. However, all known, material contingent liabilities are disclosed by way of separate notes.

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 : 30.05.2014

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

Sd/-
(Rahul Jain)
Director

Sd/-
(Mohinder Kumar Jain)
Director



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
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, 2014
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

(Mohinder Pal Gupta)
Chairman of the Audit Committee

Date: 30.05.2014
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