



# VALLABH STEELS LIMITED

(Govt. of India Recognised One Star Export House)  
Regd. & Administrative Office : G. T. Road, Sahnewal, Ludhiana - 141 120 (INDIA)  
Phones : +91-161-2511412, 2511413, Fax : +91-161-2511414  
E-mail : vardhman@vallabhgroup.com CIN : L27109PB1980PLC004327

VSL: BSE: 2017-18

September 28, 2017

BSE Limited,  
27th Floor,  
P.J. Towers,  
Dalal Street,  
Mumbai- 400 001

Dear Sir,

**Sub: Annual Report 2016-17 of Vallabh Steels Limited ('the Company')**

With reference to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Annual Report of the Company for the financial year 2016-17 which have been approved by the shareholders in the 37th Annual General Meeting held today.

Request you to take the above on record.

Thanking you,

Yours faithfully,  
For Vallabh Steels Limited

Director

Encl: As above

ISO 9001



DNV

Registered Firm

Delhi Office : Flat No. 1309, 13th Floor, Vikram Tower, Rajendra Place, New Delhi-110008 (India)  
Phones : +91-11-25743060, Fax : +91-11-25742403  
www.vallabhgroup.com



37th Annual Report  
2016-17

**VALLABH STEELS LIMITED**



## VALLABH STEELS LIMITED

### BOARD OF DIRECTORS

Mr. Kapil Kumar Jain	Chairman & Managing Director
Mr. Vijay Kumar Sharma	Independent Director
Mr. Suman Jain	Independent Director
Mrs. Sunita Maggu	Independent Director

### CHIEF FINANCIAL OFFICER

Mr. Suresh Gupta

### COMPANY SECRETARY

Ms. Pallavi Khurana

### 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  
Website : www.vallabhgroup.com

### WORKS

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

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## NOTICE

Notice is hereby given that the 37th 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 Thursday, the 28th September, 2017 at 10.00 A.M. to transact the following business:-

### AS ORDINARY BUSINESS

**1. Adoption of Financial Statements:**

To receive, consider and adopt the audited Balance Sheet as at 31st March, 2017, the Audited Financial Statements of the Company for the financial year ended on that date and the Reports of Auditors and Directors thereon.

**2. Appointment of Mr. Kapil Kumar Jain as a director liable to retire by rotation:**

To appoint a Director in place of Mr. Kapil Kumar Jain (DIN: 00755228), who retires by rotation and, being eligible, offers himself for re-appointment.

**3. Appointment of Auditors:**

To appoint Statutory Auditors and to fix their remuneration and in this regard to pass with or without modification(s), if any, 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 read with Companies (Audit & Auditors) Rules 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company hereby appoints M/s. K R Aggarwal & Associates (Firm Registration No. 030088N), Chartered Accountants as the Statutory Auditors of the Company to hold office for a term of 5 (five) consecutive years from the conclusion of this Annual General Meeting till the conclusion of the 42nd Annual General Meeting of the Company, at such remuneration as may be decided by the Board of Directors in consultation with the Auditors plus taxes and actual out of pocket expenses incurred by them in connection with aforesaid audit."

### AS SPECIAL BUSINESS

**4. Approval of remuneration of Cost Auditor:**

**To approve and to ratify the remuneration of cost auditor and in this regard to consider and if thought fit, to pass with or without modifications, if any, the following resolution as an Ordinary Resolution:**

"**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), payment of remuneration to M/s. Meenu & Associates, Cost Accountants (having Firm Registration No. 100729), 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, 2018, of Rs. 30,000/- (Rupees Thirty Thousand Only) plus taxes and reimbursement of actual out of pocket expenses in connection with the aforesaid audit be and is hereby approved."

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

**5. Appointment of Secretarial Auditor:**

**To approve the appointment of the Secretarial Auditor for the financial year ending March 31, 2018 and in this regard to consider and if thought fit, to pass with or without modification(s), if any, the following resolution as an Ordinary Resolution:**

"**Resolved That** pursuant to the provisions of Section 204 of the Companies Act, 2013 read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, 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 2017-18 on such remuneration as may be mutually decided by the Board and the Secretarial Auditors plus taxes and actual out of pocket expenses incurred by them in connection with aforesaid audit."

"**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."



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

"Resolved That Mr. Vijay Kumar Sharma (having DIN 01007456), who was appointed as an Additional Director with effect from September 30, 2016 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 his candidature for the office of a director, be and is hereby appointed as a director of the Company."

7. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution for appointment of Mr. Vijay Kumar 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, Mr. Vijay Kumar Sharma (having DIN 01007456), Director of the Company, 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 his appointment and that he shall not be liable to retire by rotation."

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

"Resolved That Mrs. Sunita Maggu (having DIN 07556766), who was appointed as an Additional Director with effect from September 30, 2016 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."

9. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution for appointment of Mrs. Sunita Maggu 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. Sunita Maggu (having DIN 07556766), Director of the Company, 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."

10. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution for regularization of Mr. Suman Jain as Director of the Company:**

"Resolved That Mr. Suman Jain (having DIN 07841463), who was appointed as an Additional Director with effect from June 06, 2017 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 his candidature for the office of a director, be and is hereby appointed as a director of the Company."

11. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution for appointment of Mr. Suman Jain 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, Mr. Suman Jain (having DIN 07841463), Director of the Company, 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 his appointment and that he shall not be liable to retire by rotation."

**BY ORDER OF THE BOARD OF DIRECTORS**

PLACE : LUDHIANA  
DATED: 25.08.2017

Sd/-  
(KAPIL KUMAR JAIN)  
CHAIRMAN & MANAGING DIRECTOR  
DIN: 00755228



### NOTES:

1. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, which sets out details relating to Special Business at the meeting is annexed herewith and forms part of this notice.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. PROXY FORM, IN ORDER TO BE EFFECTIVE, DULY COMPLETED, STAMPED AND SIGNED, MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.**  
**A PERSON CAN ACT AS A PROXY ON BEHALF OF THE MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**
3. Corporate Members intending to send their authorized representative(s) to attend the Annual General Meeting, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of the Board Resolution together with the respective specimen signature(s) of those representative(s) authorized under the said resolution to attend and vote on their behalf at the Meeting.
4. The Register of Members and Share Transfer Books of the company will remain closed from Friday, the 22nd September, 2017 to Thursday, the 28th September, 2017 (both days inclusive) on account of Annual General Meeting.
5. Members, Proxies and Authorised representatives are requested to bring to the meeting, the attendance slips enclosed herewith duly completed and signed mentioning therein details of their DP Id and Client ID/Folio No. (as the case may be).
6. 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).
7. Pursuant to the provisions of Section 205A (5) and 205C of the Companies Act, 1956, no amount is pending or lying unpaid or unclaimed for a period of 7 (Seven) years to be transferred to the Investor Education and Protection Fund (IEPF) constituted by Central Government.
8. 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.
9. A brief resume of Directors to be re-appointed, nature of their expertise in specific functional areas, disclosure of relationship between directors inter-se, names of Companies in which the person holds the directorship and the membership of Committees of the board and shareholding of non-executive directors as stipulated under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are given in the explanatory statement and annexure to this notice.
10. Copy of the Annual Report including notice of the 37th Annual General Meeting (AGM) 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 Participants(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 same is being sent through the permitted mode.
11. Members are requested to bring their copy of Annual Report along with them to the AGM.
12. The Registers maintained under Section 170, 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
13. The facility for voting through ballot or polling paper will also be available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting will be able to exercise their right at the meeting. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.



14. Members may also note that the Notice of the 37th AGM and the Annual Report for the financial year 2016-17 is also available on the Company's website at [www.vallabhgroup.com](http://www.vallabhgroup.com).
15. 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).

### **VOTING THROUGH ELECTRONIC MEANS:**

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to the members facility to exercise their right to vote on resolutions proposed to be considered at the 37th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting service. The facility of casting of votes by the members using an electronic voting system will be provided by National Securities Depository Limited (NSDL).

### **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):**

- i. 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.
- ii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
- iii. Click on "Shareholders" Login.
- iv. Put User Id and password as initial password noted in step (i) above. Click Login.
- v. 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.
- vi. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- vii. Select "EVEN" of "Vallabh Steels Limited" which is 107246 .
- viii. Now you are ready for remote e-voting as Cast Vote page opens.
- ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- x. Upon confirmation, the message "Vote cast successfully" will be displayed.
- xi. Once you have voted on the resolution, you will not be allowed to modify your vote.
- xii. 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 37th Annual General Meeting (for Members whose e-mail ids are not registered with the Company/Depositories or requesting physical copy):**

- a. Initial password is provided in the attendance slip.
- b. Please follow all steps from Sl. No. (ii) to Sl. No. (xii) of 'A' above to cast vote.
- c. 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.
- d. 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.
- e. 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).



## VALLABH STEELS LIMITED

- f. Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e. Thursday, 21st September, 2017, 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.

- g. 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.

### C. General Instructions:

- i) The e-voting period shall commence at 9.00 a.m. on Monday, 25th September, 2017 and shall end at 5.00 p.m. on Wednesday, 27th September, 2017. During this period members of the Company, holding shares either in physical or in dematerialised form, as on the record date i.e. Thursday, 21st September, 2017, may cast their vote electronically. The e-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.
- ii) The Company has appointed Mr. Jatin Singal, Practicing Company Secretary (Membership No. ACS – 32448 & C.P. No. 11976) to act as the Scrutinizer to scrutinize the voting at AGM and for e-voting process in a fair and transparent manner.
- iii) The Scrutinizer shall after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- iv) The results declared alongwith the report of Scrutinizer shall be placed on the website of the Company at [www.vallabhgroup.com](http://www.vallabhgroup.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him and the same shall be communicated to Stock Exchange.
- v) Members are requested to support the "Green Initiative" by registering their E-mail address with the Company, if not already registered. Those members who have changed their E-mail ID are requested to register their new E-mail ID with the Depository Participant where shares are held in Demat mode and in case the shares are held in physical form, you may register the E-mail ID with the Registrar & Share Transfer Agent 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 : 25.08.2017**

**Sd/-  
(KAPIL KUMAR JAIN)  
CHAIRMAN & MANAGING DIRECTOR  
DIN: 00755228**





**ANNEXURE**

**EXPLANATORY STATEMENT OF MATERIAL FACTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 CONCERNING ITEM NOS. 4 to 11 OF SPECIAL BUSINESS (AS PART OF NOTICE):**

**FOR ITEM NO. 4**

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 for the financial year ending March 31, 2018.

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.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2018.

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. 4 of the Notice.

**FOR ITEM NO. 5**

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 2017-18 pursuant to the provisions of Section 204 of the Act read with rule 9 of the Companies (Appointment and Remuneration personnel) Rules, 2014. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for appointment of the Secretarial Auditors for the financial year ending March 31, 2018.

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. 5 of the Notice.

**FOR ITEM NO. 6 & 7**

Mr. Vijay Kumar Sharma was appointed as an Additional Director w.e.f. September 30, 2016 in accordance with the provisions of Section 161 of the Companies Act, 2013 and Articles 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 candidature of Mr. Vijay Kumar Sharma 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 he has given a declaration that he meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013. In the opinion of the Board, Mr. Vijay Kumar Sharma fulfils the conditions as specified in the Act & Rules made thereunder for appointment as Independent Director and he is independent of the management. The Board recommends resolutions under Item Nos. 6 and 7 to be passed as ordinary resolutions.

None of the Directors, except Mr. Vijay Kumar 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.

**FOR ITEM NO. 8 & 9**

Mrs. Sunita Maggu was appointed as an Additional Director w.e.f. September 30, 2016 in accordance with the provisions of Section 161 of the Companies Act, 2013 and Articles 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 candidature of Mrs. Sunita Maggu 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. In the opinion of the Board, Mrs. Sunita Maggu fulfils the conditions as specified in the Act & Rules made thereunder for appointment as Independent Director and she is independent of the management. The Board recommends resolutions under Item Nos. 8 and 9 to be passed as ordinary resolutions.

None of the Directors, except Mrs. Sunita Maggu, 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.

**FOR ITEM NO. 10 & 11**

Mr. Suman Jain was appointed as an Additional Director w.e.f. June 06, 2017 in accordance with the provisions of Section 161 of the Companies Act, 2013 and Articles 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 candidature of Mr. Suman Jain 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 he has given a declaration that he meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013. In the opinion of the Board, Mr. Suman Jain fulfils the conditions as specified in the Act & Rules made thereunder for appointment as Independent Director and he is independent of the management. The Board recommends resolutions under Item Nos. 10 and 11 to be passed as ordinary resolutions.

None of the Directors, except Mr. Suman Jain, 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.

**BY ORDER OF THE BOARD OF DIRECTORS**

Sd/-

(KAPIL KUMAR JAIN)

**CHAIRMAN & MANAGING DIRECTOR**

DIN: 00755228

**PLACE : LUDHIANA**

**DATED : 25.08.2017**

**ANNEXURE TO THE NOTICE****DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING**

[Pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of the Secretarial Standard]

Name of Director	Mr. Kapil Kumar Jain	Mr. Vijay Kumar Sharma	Mrs. Sunita Maggu	Mr. Suman Jain
Date of Birth and Age	12.08.1950, 67 Years	15.11.1962, 54 Years	21.03.1977, 40 Years	12.03.1960, 57 Years
Qualification and Experience	Graduate, 44 years	Graduate, 28 years	Graduate, 12 years	Graduate, 34 years
Date of Appointment on the Board	15.03.1992	30.09.2016	30.09.2016	06.06.2017
Relationship with Other directors, Manager, and other Key Managerial Personnel of the Company	Not related to any Director/ Key Managerial Personnel	Not related to any Director/ Key Managerial Personnel	Not related to any Director/ Key Managerial Personnel	Not related to any Director/ Key Managerial Personnel
Expertise in Specific Functional Area	Mr. Kapil Kumar Jain has vast experience in Business Management.	Mr. Vijay Kumar Sharma has expertise in Technical Area.	Mrs. Sunita Maggu has experience in dealing with Human Resource Management.	Mr. Suman Jain has experience in general & commercial laws.
Names of other Public entities in which the person holds the directorship	Vallabh Textiles Company Ltd.	None	None	None
Names of other public entities in which the person holds membership/ Chairmanship of the Committees of the Board	None	None	None	None
Shareholding in the Company as on March 31st, 2017	2,32,000 shares	None	None	None
Number of the Meetings of the Board attended during the year	10/10 meetings attended	4/4 meetings attended*	4/4 meetings attended*	N.A **

Note: \* Appointment of Mr. Vijay Kumar Sharma & Mrs. Sunita Maggu w.e.f 30.09.2016.

\*\* Mr. Suman Jain has been appointed on 06.06.2017, No Board Meeting attended by him during the year 2016-17.



# VALLABH STEELS LIMITED

## DIRECTORS' REPORT

To

The Members,

Vallabh Steels Limited

We have pleasure in presenting the 37th Annual Report of the Company alongwith the Audited Statement of Accounts for the year ended 31st March, 2017:

### FINANCIAL RESULTS:

	(Amt. ₹ in Lakhs)	
	Current Year	Previous year
<b>Revenue from Operations and Other Income</b>	<b>11,998.02</b>	14,191.95
Profit before Interest, Depreciation and Tax	<b>836.41</b>	646.68
Less :		
Financial Costs	<b>473.67</b>	410.53
Provision for Depreciation	<b>305.09</b>	63.32
Taxes : Current Tax	<b>9.79</b>	33.80
MAT Credit Entitlement	<b>(9.79)</b>	(33.80)
Deferred Tax/Earlier year tax adjustment	<b>(15.64)</b>	36.44
<b>Profit after Tax</b>	<b>73.29</b>	510.29
		<u>136.39</u>

### PERFORMANCE REVIEW:

During the year under review, your Company has achieved a total revenue of Rs. 11998.02 lakhs as compared to Rs. 14191.95 lakhs of previous year. The net profit is placed at Rs. 73.29 lakhs as against Rs. 136.39 lakhs of previous year. The decline in total revenue and net profits is attributed to excess global steel capacity resulting in lower demand. However, despite all these negative factors the Company has been able to register a higher profit before interest, depreciation and tax of Rs. 836.41 lakhs as compared to Rs. 646.68 lakhs of the previous year.

The management of the Company is seized of the matter and taking all out effective steps to face the various challenges due to slower economic growth and excess capacity constraints. With the thrust of the Central/State Governments on infrastructure development, it is hoped that steel industry is likely to fare well. Your company expects to register better performance in terms of profits and profitability.

### INDUSTRY AND ECONOMIC SCENARIO:

India is the third largest steel producer in the world after China and Japan. In the year 2016, India produced higher finished steel. Driven by rising infrastructure development and growing demand for automotives, steel consumption is expected to grow in future. The Government of India has allowed 100 percent Foreign Direct Investment (FDI) in the steel sector under automatic route. Due to adverse Global conditions, there has been a large inflow of imports. This has also manifested in a series of price cuts for the domestic steel industry during the year, leading to a squeeze on margins earned by steel producers.

India's prospects are brightening due to low oil prices, the reform momentum and policies to increase infrastructure manufacturing output. India's steel demand is likely to increase in the years to come. Going forward, implementation of policy measures already announced, structural reforms and government investment in infrastructure will be critical to India's economy.

### EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

There are no material changes or commitments or events affecting the financial position of the Company which have occurred after March 31, 2017 till the date of this report.

### CHANGE IN THE NATURE OF BUSINESS, IF ANY:

During the year under review, there are no changes in the nature of the business of the Company.

### SHARE CAPITAL:

The Company's paid up equity share capital as at March 31, 2017 stood at Rs. 4,95,00,000/- comprising of 49,50,000 equity shares of Rs. 10/- each. During the year under review, the Company has not issued any fresh shares.

### EXPORTS:

Adverse Global conditions manifested in a sharp contraction of steel and iron exports and despite all efforts made by the management for exports of its products, the company could not register any exports.

### DIVIDEND AND RESERVES:

With a view to conserve resources for Company's future requirements, your directors have not recommended any dividend for the year under consideration. During the year under review, a sum of Rs. 25 lakhs 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 2017-18.

### PUBLIC DEPOSITS:

Your Company has not accepted any deposits from the Public during the year within the ambit of Section 73 of the Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014.

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

In accordance with the provisions of Section 152 of the Companies Act, 2013 (Act) and the Company's Articles of Association, Sh. Kapil Kumar Jain, Chairman and Managing Director of the Company (having DIN No. 00755228), retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible offers himself for re-appointment. The Board of Directors recommends his re-appointment.

During the year under review, the Company appointed Mr. Vijay Kumar Sharma (having DIN No. 01007456) and Mrs. Sunita Maggu (having DIN NO. 07556766) as additional Directors of the Company with effect from September 30, 2016. Their appointments are proposed to be co-firmed in the ensuing Annual General Meeting. The details of Directors seeking re-appointment as required under regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are given in the notice of ensuing Annual General Meeting which is being sent to the shareholders along with Annual Report.



## VALLABH STEELS LIMITED

The Company has received declaration of independence from all the Independent Directors of the Company that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, Sh. Rahul Jain and Mrs. Parveen Sharma resigned as Directors of the Company. The Board has placed on record its sincerest thanks and gratitude for the invaluable services rendered by them during their tenure as Directors of the company.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company are Mr. Kapil Kumar Jain, Managing Director, Mr. Suresh Gupta, Chief Financial Officer and Ms. Pallavi Khurana, Company Secretary.

### **INTERNAL FINANCIAL CONTROLS:**

Your Company has an adequate system of internal control in place which has been designed to provide a reasonable assurance with regard to maintenance of proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, compliance with regulations and for ensuring reliability of financial reporting as detailed in Management Discussions and Analysis.

### **POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS:**

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178 of the Companies Act, 2013 has been disclosed in the Corporate Governance Report, which forms part of this report.

### **MEETINGS:**

A draft calendar of Meetings is prepared and circulated in advance to the Directors. During the year 10 (Ten) Board Meetings and 5 (Five) 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.

### **MANAGEMENT DISCUSSION AND ANALYSIS:**

Your Directors are pleased to present the Management's Discussion and Analysis of operations for the year ended March 31, 2017 attached as **Annexure-I** and forms part of this Annual Report.

### **CORPORATE GOVERNANCE:**

Your Company is committed to maintain highest standards of Corporate Governance and adheres to the corporate governance requirements as set out by Securities and Exchange Board of India ('SEBI'). Pursuant to the provision of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a detailed report on Corporate Governance is attached as **Annexure-II** forms part of this Annual Report. The Company is in compliance with the various requirements and disclosures that have to be made in this regard. A certificate from the Auditors confirming compliance of the conditions of Corporate Governance as stipulated under the Listing Regulations is attached and forms part of this Annual Report.

### **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's responsibility. The Company has established a Whistle Blower Policy and the same has been uploaded on the Company's website [www.vallabgroup.com](http://www.vallabgroup.com). The said policy has also been made available at the offices / manufacturing units to enable the employees to report their concerns, if any, directly to the chairman of the Board and to the Chairman of the Audit Committee. The new employees are also given details of Whistle Blower Policy at the time of joining the Company. There were no occasions during the year under review where any concerns were reported under the said policy.

### **SUBSIDIARY/ ASSOCIATE COMPANIES:**

The Company does not have any Subsidiary/ Associate Companies.

### **RELATED PARTY TRANSACTIONS:**

There were no such contracts or arrangements of transactions entered into during the year ended March 31, 2017 as stated in Form AOC-2 attached as **Annexure-III** which forms integral part of this report. None of the Independent Directors has any pecuniary relationships or transactions vis-à-vis the Company.

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.

All the related Party Transactions are placed before the Audit Committee and also to the Board for approval. Prior Omnibus approval was obtained for transactions and a statement giving details of all related party transactions are placed before the Audit Committee and the Board for review and approval on a quarterly basis. The Policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company i.e. [www.vallabgroup.com](http://www.vallabgroup.com).

### **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 AND RELATED DISCLOSURES:**

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) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed hereto marked as **Annexure-IV** and forms part of this report.

### **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.

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

Pursuant to the provisions of Section 92(3) of the Act, the details forming part of the extract of the Annual Return in form MGT-9, for the Financial Year 2016-17 is annexed herewith as **Annexure-V**.

### **AUDITORS & THEIR REPORTS:**

#### **a) STATUTORY AUDITORS:**

Pursuant to section 139 of the Companies Act, 2013 M/s. Raj Gupta & Co., Chartered Accountants would complete their term as Statutory Auditors as permitted under the Companies Act, 2013 read with relevant Rules thereof at the conclusion of the ensuing 37th Annual General Meeting of the company.



Considering the recommendation of the Audit Committee, the Board in its meeting held on 25/08/2017, has recommended the appointment of M/s. K R Aggarwal & Associates, Chartered Accountants (Firm Reg. No. 030088N) as Statutory Auditors for a period of five consecutive years commencing from the conclusion of the 37th Annual General Meeting, subject to the approval of shareholders of the Company at the ensuing Annual General Meeting.

M/s. K R Aggarwal & Associates, Chartered Accountants, have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed there under for appointment as Auditors of the Company.

As required under Regulation 33(1)(d) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

**Audit 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. There is no Audit Qualification for the year under review. The Statutory Auditors have not reported any incidence of fraud to the Audit Committee of the Company during the year under review.

**b) COST AUDITORS:**

As per the requirement of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been getting audit of cost records of the Company every year. The Board of Directors, on recommendation of Audit Committee, has 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, 2018, on a remuneration of Rs. 30,000/- (Rs. Thirty Thousand) plus taxes 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 in the notice calling the 37th Annual General Meeting.

**Audit Report:** M/s. Meenu & Associates have also been the Cost Auditors of the Company for the financial year 2016-17. The Cost Audit Report for the financial year 2016-17 will be filed by the company with the Ministry of Corporate Affairs (MCA) with in the stipulated time as per the provisions of the Companies Act, 2013.

**c) SECRETARIAL AUDITORS:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. RCS & Company, Company Secretaries in Practice (C.P. No. 3154) to undertake the Secretarial Audit of the Company for the financial year 2017-18.

**Audit Report:** M/s. RCS & Company have also been the Secretarial Auditors of the Company for the financial year 2016-17. The Report of the Secretarial Audit carried out in the financial year 2016-17 is annexed to this Report as **Annexure-VI**. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

**RISK MANAGEMENT COMMITTEE:**

The Risk Management Committee of the Company is constituted under the chairmanship of Mr. Kapil Kumar Jain and other members being Mr. Vijay Kumar Sharma and Mr. Jawahar Jain. No meeting of Committee was held during the financial year 2016-2017.

**Risk Management Policy:**

The Risk Management Policy is formulated and implemented by the Company. The Policy helps to identify the various elements of risks faced by the Company, which in opinion of the Board threatens the existence of the Company. The Risk Management Policy as approved by the Board is uploaded on the Company's website at the web link [www.vallabhgroup.com](http://www.vallabhgroup.com).

**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.

**DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:**

There have not been any significant material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

**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.

Further the Company does not have a scheme for purchase of its own shares by employees or by trustees for the benefit of employees.

The Company has a zero-tolerance approach towards sexual- harassment at workplace. During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires conduct of operations in such a manner so as to ensure safety to all concerned compliances of environmental regulations and preservations of natural resources.

**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 and such no funds were required to be transferred to Investor Education and Protection Fund (IEPF).

**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:

**i. CONSERVATION OF ENERGY:**

- a) 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.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: No specific investment has been made.
- c) 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 is not quantitative and as such can not be stated accurately.



## VALLABH STEELS LIMITED

d) 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>2016-17</b>	<b>2015-16</b>
<b>a) Electricity - Purchased</b>			
Tube Mill, Cold Rolled Mill			
Purchased Units		<b>58,46,958</b>	51,15,192
Total Amount		<b>4,19,37,252</b>	3,83,52,383
Rate / Unit (Rs.)		<b>7.17</b>	7.50
<b>b) Electricity - Own Generation</b>			
Through Diesel Generator			
Unit per liter of diesel oil		<b>42,053</b>	35,610
Cost/Unit (Rs.)		<b>3.15</b>	3.10
		<b>17.50</b>	15.63
<b>c) Furnace Oil</b>			
Quantity (Ltrs.)			
Total Cost		<b>2,29,862</b>	1,59,403
Average Rate (Rs.)		<b>44,77,200</b>	30,95,454
		<b>19.48</b>	19.42
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>			
Tube Mill, Cold Rolled Mill Electricity Per MT		<b>1,643</b>	1,392

**ii. R & D AND TECHNOLOGY ABSORPTION:**

Your Company has always been making best efforts towards technology absorption, adaptation and innovation to improve the quality of its products being manufactured at its various units and to reduce the cost of production. During the year under review, the Company has not procured imported technology.

**iii. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

**a) Activities relating to export initiatives for export of its products:**

During the year under review, the sharp contraction in crude oil prices and weak global demand of steel caused disappointment in exports. Besides the efforts made in the international market, the export earnings for the year 2016-17 was nil. However with the improvements in the 2017-18, the Company is hopeful to recover its position in the international markets.

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

	(Amt. in Rupees)	
	<b>2016-17</b>	<b>2015-16</b>
Foreign Exchange Used (CIF Value of Imports)	----	40,68,967
Foreign Earnings (FOB value of Exports)	----	----

**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) and Section 134 (5) of the Companies Act, 2013:

- That in the preparation of the annual accounts for the year ended March 31, 2017, 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, 2017 and the profit or loss of the Company for the year ended on that date;
- 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;
- That they had prepared the annual accounts for the financial year ended on 31st March, 2017 on a going concern basis;
- 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
- 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.

**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 : 25.08.2017**

**Sd/-  
(KAPIL KUMAR JAIN)  
CHAIRMAN & MANAGING DIRECTOR  
DIN: 00755228**



## ANNEXURE - I TO THE DIRECTORS' REPORT MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### (a) Industry Structure and Development:

The management of Vallabh Steels Limited presents its analysis report covering performance and outlook of the Company. The Indian Steel Industry remains one of the most competitive steel industries in the world. However, there is a need to create a fair level playing field amidst supply glut caused by surplus capacities in steel surplus countries. India has emerged as one of the brightest spots in the world grappling with economic turbulence and fragile growth. It is expected that in the financial year 2017-18 growth rate is estimated around 7% driven by the fundamentals of strong consumption and the government's push for streamlining the business processes. Focus on infrastructure creation, extensive urbanization/ Smart Cities, make in India, startups and promoting affordable housing policy initiatives by the Government of India augers well for the pick up in Steel demand in India considerably.

Besides the strong adverse impact of global economic meltdown, the Indian economy also faced major headwinds during the year in the form of: a) slow agricultural growth due to the two consecutive years of below average monsoons, b) disappointing manufacturing output owing to weak demand and low commodity prices, c) sharp contraction in exports due to weak global demand and d) growing NPA's and stressed assets. In the recent years the steel industry in India has faced lot of volatility mainly on account of fall in demand and outcome of crises in global economy.

The domestic steel industry was forced to take a series of price cuts - leading to a severe margin squeeze for the Indian steel companies. Steel demand in India is expected to grow this year on the back of low oil prices, reform momentum in India that remains better than in many countries. The construction industry is expected to rise further due to government's stimulus plan. The automotive sector is doing well. Hence, it is expected that domestic steel demand is going to recover soon and for the long time as well.

The consumption demand is expected to benefit from the recently announced Pay Commission award, continued low commodity prices, recent interest rate cuts and measures announced in the Union Budget of financial year 2017-18 to transform the rural sector. The consumer confidence remains upbeat, while the corporate sector's expectations of business conditions also remain positive. Overall, the Indian economy is poised to realize the benefits of higher government spending, policy initiatives, rural demand and continuing reforms and thrust on infrastructure development.

### (b) Company's Performance:

#### i) Product Portfolio:

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."

#### ii) Highlights: The highlights of the financial year 2016-17 have been as under:

- The Company recorded a total revenue of Rs. 11,998.02 Lakhs as compared to Rs. 14,191.95 Lakhs in the previous year.
- Various measures launched during the year to improve the quality of cut ends in final products.
- The Company has been able to meet its raw material requirement without compromising on quality and production schedules.

### (c) Outlook: Opportunity, Threats, Risks & Concerns:

The basic aim of the Company is to become capable to produce Iron and Steel products as per market requirements and thus be able to manage market trends to its advantage. Opportunities abound in growing economies and opening up of economy in India has created opportunities for Indian enterprise to move beyond national boundaries as well to create productive assets.

The Company is engaged in steel and steel related products activity. The outlook for the industry looks reasonable since India has good iron ore deposits, skilled manpower and likely rise in demand for steel. In spite of downturn in the Global Steel demand, Indian Steel demand could survive showing an upward trend, setting a road ahead for the growth of the domestic steel industry in the years to come.



Competition in Steel industry is escalating and technological changes will spur or drag the forward march of individual units in steel industry. Supply side could also be an issue in next few years because of increase in production capacity by steel industry in India and expression of interest by foreign companies to set up new steel making units. The Company's thrust on improving productivity and reducing cost of production will, in such a scenario, help in forging ahead in globally competitive environment. Global economic uncertainties have affected India's economy. Key risks synonymous to industry include the global recessionary trend, economic slow-down, increase in financial charges, non-availability of raw materials, such as iron-ore, coal and labour etc., coupled with market fluctuations. The Company does not apprehend any inherent risk in the long run. However following factors 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 36 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.

**(d) Environment Safety:**

During the year the company continued with the implementation of occupational health and safety, quality and environmental protection measures and these are ongoing process at the company's manufacturing facilities. Other factors for the environmental safety which the company has followed include conservation of resources through waste reduction, training of employees and adoption of cleaner technologies.

**(e) Risks and Concerns:**

A Risk Management Policy (Policy) has been adopted by the Company which aims to detail the objectives and principles of risk management along with an overview of the process and related roles and responsibilities. The Policy lays down Company's approach towards risk mitigation, its risk management objectives and defines the risk management framework of the organization.

In order to ensure that the management controls risk in adherence to the policy the Audit Committee as well as the Board of Directors of the Company periodically review the risk assessment and risk minimization procedure.





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 Plant & Machinery and other infrastructure of the Company. These include:

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

The company has also taken steps to strengthen IT security system as well as physical security system at all its 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 Companies Act, 2013, Factories Act, 1948 and Income Tax Act, 1961 etc. are followed in letter & spirit.

**(f) Internal Financial Control System and its adequacy:**

Your Company has a robust internal control system, which is constantly assessed and strengthened with new/ revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The internal audit is entrusted to M/s. Gupta Sanjeev & Co., Chartered Accountants, (FRN: 005365N). The main thrust of internal audit is to test and review controls of various departments and areas. The reviews and findings by the Internal Auditors 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.

Audit plays a key role in providing assurance to the Board of Directors. Significant audit observations and corrective actions taken by the management are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee.

The Company has modified the scope and coverage for audits with a focus on the Internal Control on Financial Reporting (ICFR) framework. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggest improvements to strengthen the same. The Company has an effective Management information system, which is an integral part of the control mechanism.

**(g) Cautionary statement:**

Certain statements in this report 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.



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

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2017 in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

### I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

Governance Philosophy of Vallabh Steels Limited ("The Company") is based on trusteeship, transparency, accountability and equity. As a corporate citizen, our business fosters a culture of ethical behavior and disclosures aimed at building trust of our stakeholders. The Company's Code of Business Conduct and Ethics, internal code of conduct for regulating, monitoring and reporting of trades by Insiders are the regulatory compliances duly updated by the Company from time to time.

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.

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.

The Company's governance framework is based on the following Principles:

- Appropriate composition and size of the Board with each member bringing in expertise in his respective domain;
- Availability of information to the members of the Board and Committees to enable them to discharge their fiduciary duties;
- Timely and accurate disclosures to Stakeholders from time to time;
- Systems and processes in place for internal control; and
- Adherence of business conduct by the Board, Senior Management and its employees.

Your Company confirms the compliance of Corporate Governance as contained in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR Regulations)") as amended.

### II. BOARD OF DIRECTORS:

#### a) Board Composition and category of Directors, Attendance of Directors at Board Meetings and at Last Annual General Meeting (AGM) and Number of other Directorships and Chairmanships / Memberships of Committees of each director in various Companies, Shareholding in the Company thereto:

- i) The Company has an appropriate combination of Executive and Non-Executive Directors including Independent Directors to maintain independence of the Board. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Companies Act, 2013. Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Companies Act, 2013. The Directors have expertise in the fields of industry, operations, finance, legal and management. The Board provides strategic guidance and independent views to the Company's management while discharging its fiduciary responsibilities.
- ii) None of the Directors on the Board holds directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he/she is a director. Necessary disclosures regarding Committee positions in other companies as on March 31, 2017 have been made by the Directors.
- iii) Structure of Board of Directors during the financial year 2016-17, attendance of each director at Board meetings and Annual General Meeting (AGM) held during the said year, number of other directorships and chairmanships / memberships of committees of each director in various companies, shareholding of the Non-Executive Directors in the Company as per the requirements of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in the following table:



## VALLABH STEELS LIMITED

Name of Director	Category	Number of Board meetings during 2016-17		Whether attended last AGM held on 29.09.2016	Number of Directorship in other Indian Companies as on 31.03.2017		Committee Membership and Chairmanship in other Indian Public companies*		No. of equity shares
		Held	Attended		Private	Public	Chairman	Member	
Mr. Kapil Kumar Jain** Chairman & Managing Director DIN: 00755228	Executive Director	10	10	Yes	1	1	--	--	2,32,000
Mr. Rahul Jain**# DIN: 00755312	Non-Executive Director	6	6	Yes	2	1	--	--	2,80,000
Mr. Jawahar Jain DIN: 00761183	Non-Executive Independent Director	10	8	Yes	--	--	--	--	--
Mrs. Parveen Sharma# DIN: 06388464	Non-Executive Independent Director	6	5	Yes	--	--	--	--	--
Mr. Vijay Kumar Sharma# DIN:01007456	Non-Executive Independent Director	4	4	N.A.	--	--	--	--	--
Mrs. Sunita Maggu# DIN: 07556766	Non-Executive Independent Director	4	4	N.A.	--	--	--	--	--

**Note:**

1. \* Only two Committees, namely Audit Committee and Stakeholders' Relationship Committee have been considered as per Regulation 26(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. \*\* Mr. Kapil Kumar Jain is father of Mr. Rahul Jain.
3. # During the year Mr. Rahul Jain & Mrs. Parveen Sharma have resigned and Mr. Vijay Kumar Sharma & Mrs. Sunita Maggu have been appointed w.e.f 30.09.2016.

**b) Board Meetings:-**

- i) 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 the SEBI Listing Regulations read with Companies Act, 2013 to the Board and Board Committees to the extent it is applicable and relevant.
- ii) During the financial year 2016-17, the Board of Directors had 10 (Ten) meetings. These were held on 30.05.2016, 20.07.2016, 10.08.2016, 26.08.2016, 24.09.2016, 30.09.2016, 14.11.2016, 31.12.2016, 14.02.2017 and 31.03.2017. The interval between two meetings was within the maximum period mentioned under Section 173 of the Companies Act, 2013 and the SEBI Listing Regulations.
- iii) During the year 2016-17, information as mentioned in Schedule II of Part A of the SEBI Listing Regulations, as applicable has been placed before the Board for its consideration.
- iv) As stipulated in the Code of Conduct for Independent Directors under the Companies Act, 2013 and in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the year 2016-17, a separate meeting of the Independent Directors was held on March 31, 2017 with the presence of all independent directors. The Independent Directors, inter-alia, evaluated and reviewed the performance of non-independent Directors, Chairman of the Company and Board as a whole and also the quality, quantity and timeliness of flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties.
- v) The Board periodically reviews the compliance reports of all laws applicable to the company.
- vi) The Company has familiarization programme for Independent Directors with regard to their roles, rights, responsibilities in the Company nature of the industry in which the Company operates, the business model of the Company etc. The details of familiarisation programme imparted to the Independent Directors during the year are available on the Company's website at [www.vallabhgroup.com](http://www.vallabhgroup.com).
- vii) All Independent Directors are Non-Executive. As on March 31st, 2017, none of the Non-Executive Directors of the Company held shares of the Company. The Company has not issued any convertible instruments.



**III. 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. It is constituted in line with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements), 2015. The Company Secretary acts as the Secretary of the Committee. All members of the Audit Committee are financially literate and bring in expertise in the field of Finance, Taxation, Economics and Risk Management. The re-constituted Audit Committee comprises of the following directors:

Sr. No.	Name of Director	Nature of Directorship	Designation in Committee
1.	Mr. Vijay Kumar Sharma	Non-Executive, Independent Director	Chairman
2.	Mr. Jawahar Jain	Non-Executive, Independent Director	Member
3.	Mrs. Sunita Maggu	Non-Executive, Independent Director	Member

All these members are non-executive directors of the Company.

**Terms of reference:**

The terms of reference of the Audit Committee are broadly are as under:

1. Oversight of the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendations for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing with the management, the annual financial statements and auditors’ report thereon before submission to the board for approval, with particular reference to:
  - i. Matters required to be included in the Director’s Responsibility Statement to be included in the Board’s report in terms of clause (c) of sub-section 3 of section 134 of the Act.
  - ii. Changes, if any, in accounting policies and practices and reasons for the same.
  - iii. Major accounting entries involving estimates based on exercise of judgement by management.
  - iv. Significant adjustments made in the financial statements arising out of audit findings.
  - v. Compliance with listing and other legal requirements relating to financial statements.
  - vi. Disclosure of any related party transactions.
  - vii. Qualification in the draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the board for approval.
6. Approval or any subsequent modification of transactions of the Company with related parties.
7. Scrutiny of inter-corporate loans and investments.
8. Examination of the financial statement and the auditors’ report thereon.
9. Valuation of undertakings or assets of the company, wherever it is necessary.
10. Evaluation of internal financial controls and risk management systems.
11. Establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed.
12. To call for the comments of the auditors about internal control systems, the scope of audit including the observations of the auditors and review of financial statement before their submission to the board and may also discuss their submission to the board and may also discuss any related issues with the internal and statutory auditors and the management of the company.
13. To review the information required as per SEBI Listing Regulations.

**Meetings and Attendance:**

The Audit Committee met five times during the financial year ended on March 31, 2017. The Committee met on 30.05.2016, 10.08.2016, 26.08.2016, 14.11.2016 and 14.02.2017. The attendance record of the directors at Audit Committee Meetings during the year ended March 31, 2017 is as under:

Sr. No.	Name of Director	Position	Category	No. of Meetings Attended
1.	Mrs. Parveen Sharma*	Chairman	Non- Executive, Independent Director	3 out of 3
2.	Mr. Vijay Kumar Sharma*	Chairman	Non- Executive, Independent Director	2 out of 2
3.	Mr. Rahul Jain*	Member	Non- Executive, Promoter Director	3 out of 3
4.	Mr. Jawahar Jain	Member	Non- Executive, Independent Director	5 out of 5
5.	Mrs. Sunita Maggu*	Member	Non- Executive, Independent Director	2 out of 2

Note: \* During the year Mr. Rahul Jain & Mrs. Parveen Sharma have resigned and Mr. Vijay Kumar Sharma & Mrs. Sunita Maggu have been appointed w.e.f 30.09.2016.

**Role of the Audit Committee:**

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 Listing Regulations. 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) NOMINATION AND REMUNERATION COMMITTEE:****Composition:-**

The composition of the Committee meets with the criteria mentioned under Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee comprises of the following directors of the Company:

Sr. No.	Name of Director	Nature of Directorship	Designation in Committee
1.	Mr. Vijay Kumar Sharma	Non-Executive, Independent Director	Chairman
2.	Mr. Jawahar Jain	Non-Executive, Independent Director	Member
3.	Mrs. Sunita Maggu	Non-Executive, Independent Director	Member

**Meeting Details:**

During the year 2016-17, No meeting of the committee was held.

**Terms of Reference:**

The broad terms of reference of nomination and remuneration committee are as under:

1. To identify the persons who are qualified to become Directors and members of Senior Management and to recommend to the Board, to set up and composition of the Board and its committees, including the formulation of the criteria for determining qualifications, positive attributes and independence of a director.
2. Devise a policy on Board diversity.
3. Recommend to the Board appointment of Key Managerial Personnel ('KMP' as defined by the Act) and executive team members of the Company.
4. To formulate a criteria of evaluation of performance of independent directors and the Board of Directors.
5. To recommend/ review remuneration of the Managing Director and Whole time Director based on their performance and defined assessment criteria.
6. To decide whether to extend or continue the term of appointment of independent director, on the basis of the report of performance evaluation of independent directors.
7. To perform such other functions as may be necessary or appropriate for the performance of its duties.
8. To carry out any other function as is mandated by the Board from time to time and/ or enforced by any statutory notification, amendment or modification, as may be applicable

**Remuneration Policy:**

The Remuneration Policy of the Company is designed to attract, motivate and retain manpower. The Board has on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and to determine their remuneration. The Policy provides guidelines to the Committee relating to appointment, removal and remuneration. It provides criteria for determining qualifications, positive attributes and independence of a director. This policy applies to directors, senior management including its Key Managerial Personnel (KMP) and other employees of the Company. The remuneration of the Managing Director, Executive Directors, Key Managerial Personnel (KMP) and other employees of the Company is based on the performance evaluation. The Company pays remuneration by way of Salary, perquisites to its Managing Director. The detailed policy is as follows:

**A) Criteria of selection of Non-Executive and Independent/Non-Independent 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 Nomination and Remuneration 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 Nomination and Remuneration 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) Considering the requirement of skilled persons on the Board, eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee for appointment as Independent Directors on the Board.
- e) The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such person(s) in accordance with the Company's Policy for Selection of Directors and determining Directors' independence. The Board considers the Committee's recommendation, and takes appropriate decision. Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under law.
- f) The Nomination and Remuneration Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as a Director:-
  - i. Qualification, expertise and experience of the Directors in their respective fields;
  - ii. Personal, Professional or business standing; and
  - iii. Diversity of the Board.

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 Nomination and Remuneration 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, Managing Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination and Remuneration 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 Nomination and Remuneration 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;
  - d. the Company's performance vis-à-vis the annual budget achievement and individual performance.

**iv. Details of Remuneration:**

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 2016-17 is given below:

(Amount in Rs.)

Name	Designation	Salary	Perks	Total
Mr. Kapil Kumar Jain	Chairman & Managing Director	15,00,000/-	9,43,410/-	24,43,410/-

The above appointment is on contractual basis. Non-executive and independent directors have not been paid any remuneration during 2016-17.

**D) Remuneration Policy for the Senior Management Employees:**

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

- a. the relationship of remuneration and performance benchmark is clear;
- b. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- c. 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.

**E) Performance Evaluation of Board:**

During the financial year, formal annual evaluation of the Board, its committees and individual directors was carried out pursuant to the Board performance Evaluation Policy of the Company.

The performance of individual directors (including independent directors) was evaluated by the Board and Nomination & Remuneration committee (excluding the Director being evaluated) after seeking inputs from all directors on the basis of the criteria mentioned hereunder:

The framework of performance evaluation of the Independent Directors capture the following points:

- a. Key-attributes of the independent directors that justify his/her extension/ continuation on the Board of the Company;
- b. Participation of the Directors in the Board proceedings and his/her effectiveness;
- c. The assessment to determine the key attributes of the Directors should cover the following:

A separate meeting of Independent directors was also held to evaluate and review the performance of Managing Director, performance of the Board as a whole and performance of the Chairperson of the Company, taking into account the views of Executive and Non-Executive Directors.



## VALLABH STEELS LIMITED

### (C) STAKEHOLDERS' RELATIONSHIP COMMITTEE:

#### Composition and Attendance:-

The Stakeholders' relationship committee is constituted in line with the provisions of Section 178 and Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015. The Company Secretary is the compliance officer of this committee. The objective of the Committee is to focus on the shareholders Grievance and to strengthen the investor relations on a periodical basis. The committee comprises of the following directors:

Sr. No.	Name of Director	Nature of Directorship	Designation in Committee
1.	Mr. Vijay Kumar Sharma	Non-Executive, Independent Director	Chairman
2.	Mr. Kapil Kumar Jain	Executive, Non-Independent Director	Member
3.	Mr. Jawahar Jain	Non-Executive, Independent Director	Member

#### Terms of reference:

The broad terms of reference of the stakeholders' relationship committee are as under:

- To Consider and resolve the grievances of security holders of the Company including redressal of investor complaints such as transfer or credit of securities, non-receipt of dividend / notice/ annual reports etc. and all the securities holders' related matters.
- To Consider and approve issue of share certificates (including issue of renewed or duplicate share certificates), transfer and transmission of securities etc.

#### Meetings and Attendance:

Five meetings of the stakeholders' relationship committee were held during the year on 30.05.2016, 08.08.2016, 21.11.2016, 13.02.2017 and 27.02.2017. The detail of directors who attended these meetings is given as under:

Sr. No.	Name of Director	Position	Category	No. of Meetings Attended
1.	Mr. Vijay Kumar Sharma*	Chairman	Non-Executive, Independent Director	3 out of 3
2.	Mr. Kapil Kumar Jain	Member	Executive, Non-Independent Director	5 out of 5
3.	Mr. Jawahar Jain	Member	Non-Executive, Independent Director	5 out of 5
4.	Mrs. Parveen Sharma*	Member	Non-Executive, Independent Director	2 out of 2

Note: \* During the year Mr. Vijay Kumar Sharma has been appointed and Mrs. Parveen Sharma has resigned w.e.f 30.09.2016.

#### Name, Designation & Address of Compliance Officer:

Ms. Pallavi Khurana  
Company Secretary & Compliance Officer  
Vallabh Steels Limited  
Address: G.T. Road, Village Pawa,  
Sahnewal, Ludhiana-141120, Punjab (India)  
Telephone: +91-161-2511412-13  
Fax: +91-161-2511414

#### Details of investor complaints received and redressed during the year 2016-17 are as follows:

Opening Balance	Received during the year	Resolved during the Year	Closing Balance
Nil			Nil

### IV. GENERAL BODY MEETINGS:

#### a) Annual General Meeting ("AGM"):

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

Meeting	Day, Date & Time of Meeting	Venue	No. of Special Resolutions Passed
36 <sup>th</sup> AGM, 2015-16	Thursday, 29.09.2016, 10:00 A.M.	G.T. Road, Village Pawa, Sahnewal, Ludhiana - 141120, Punjab (India)	Nil
35 <sup>th</sup> AGM, 2014-15	Saturday, 26.09.2015, 10:00 A.M.		Two
34 <sup>th</sup> AGM, 2013-14	Saturday, 27.09.2014, 10:00 A.M.		Two



- b) **Extra Ordinary General Meeting (“EGM”):**  
No Extra-Ordinary General Meeting was held during the financial year 2016-17.
- c) **Postal Ballot:**  
No special resolution was passed through Postal ballot during the financial year ended 31st March, 2017. There is no immediate proposal for passing any resolution through postal ballot.  
None of the businesses proposed to be transacted at the ensuing Annual General Meeting requires passing a resolution through postal ballot .
- V. OTHER DISCLOSURES:**
- (i) **Disclosure on materially significant related party transactions that may have potential conflict with the interests of listed entity at large:**  
All transactions entered into with related parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI Listing Regulations during the financial year were on an arm's length price basis and in the ordinary course of business. These have been approved by the audit committee, Board of directors and members of the company. During the Financial Year 2016-17, the Company did not have any material pecuniary relationship or transactions with Independent and Non-executive Directors. The Board has approved a policy for related party transactions which has been uploaded on the Company's website at [www.vallabhgroup.com](http://www.vallabhgroup.com).
- (ii) **Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange or the Board or any statutory authority, on any matter related to capital markets, during the last three years: Nil**
- (iii) **Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the audit committee:**  
The Company has established the necessary vigil mechanism as defined under regulation 22 of the SEBI Listing Regulations for directors and employees to report concerns about unethical behaviour. 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. The said policy has also been placed on the website of the company at [www.vallabhgroup.com](http://www.vallabhgroup.com).
- (iv) **Details of Compliance with mandatory requirements and adoption of the non-mandatory requirement of this clause:**  
The Company has complied with all mandatory requirements of corporate governance and duly fulfilled the following discretionary requirements as prescribed in Schedule II Part E of the SEBI Listing Regulations:  
i) The auditors' report on statutory financial statements of the company are unqualified.
- (v) **Web link where policy for determining material subsidiaries is disclosed:**  
During the financial year 2016-17, the said clause was not applicable.
- (vi) **Web link where policy on dealing with related party transactions:**  
The said policy is available on the website of the company at [www.vallabhgroup.com](http://www.vallabhgroup.com).
- (vii) **Disclosure of Commodity Price Risks and Commodity Hedging Activities:** Not applicable
- VI. SUBSIDIARY/ASSOCIATE COMPANIES:**  
The Company does not have any Subsidiary/Associate Company.
- VII. MEANS OF COMMUNICATION:**  
All important information relating to Company's financial performance, shareholding pattern, quarterly results, audited annual results, annual report etc. regularly posted on the Company's website at [www.vallabhgroup.com](http://www.vallabhgroup.com) and have also been submitted to Stock Exchange to enable them to put them on their website and communicate to their members. The approved financial results are forthwith sent to the Stock Exchange and are published in National English and Vernacular Newspapers.





**VIII. GENERAL SHAREHOLDERS INFORMATION:**

- (i) **37th Annual General Meeting:**  
 Date : September 28th, 2017  
 Time : 10:00 A.M.  
 Venue : G.T. Road, Village Pawa, Sahnewal, Ludhiana- 141 120 (Punjab)
- (ii) **Financial Calendar:**  
 Financial Year : April 1st, 2017 to March 31st, 2018  
 First Quarter Results : 11th September, 2017  
 Second Quarter Results : By middle of November, 2017  
 Third Quarter Results : By middle of February, 2018  
 Fourth Quarter and audited Annual Results 2017-18 : In the month of May, 2018
- (iii) **Date of Book Closure** : From Friday, 22nd September, 2017 to Thursday, the 28th September, 2017 (both days inclusive)
- (iv) **Dividend Payment Date** : No dividend has been recommended for the financial year 2016-17
- (v) **Listing on Stock Exchange** : Equity Shares  
 BSE Limited ("BSE")  
 25<sup>th</sup> Floor, P. J. Towers, Dalal Street Mumbai-400 001
- (vi) **Stock Code** : 513397
- (vii) **Corporate Identity Number** : L27109PB1980PLC004327
- (viii) **Listing Fee** : Annual Listing Fee for the year 2017-18 has been paid to BSE within due date.

(ix) **Stock Market Data:-**  
 The month wise highest & lowest closing prices vis-à-vis. BSE Sensex during the financial year 2016-17 are given as follows:

Financial Year 2016-17	Share prices (In Rs.)		BSE Sensex	
	High	Low	Highest	Lowest
April, 2016	40.00	34.25	26100.54	24523.20
May, 2016	41.65	33.65	26837.20	25057.93
June, 2016	38.10	29.80	27105.41	25911.33
July, 2016	37.45	31.50	28240.20	27034.14
August, 2016	30.25	27.50	28532.25	27627.97
September, 2016	35.10	24.85	29077.28	27716.78
October, 2016	37.50	28.80	28477.65	27488.30
November, 2016	36.90	30.40	28029.80	25717.93
December, 2016	34.25	28.65	26803.76	25753.74
January, 2017	36.90	31.30	27980.39	26447.06
February, 2017	35.85	30.20	29065.31	27590.10
March, 2017	35.50	29.10	29824.62	28716.21



## VALLABH STEELS LIMITED

(x) **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 457E01016.

M/s Mas Services Limited, having its office at T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi- 110020 is Registrar and Share Transfer Agents (RTA) which is a Common Agency for Physical and Electronic modes.

The dematerialised shares are directly transferred to the beneficiaries through the depositories. 44,59,893 equity shares comprising of 90.10% of the total equity shares of the company are in dematerialised form as on 31.03.2017. Out of a total of 3,227 shareholders 1,293 shareholders representing 40.07% have got their shares dematerialised as on 31.03.2017.

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 from the date of receipt thereof if the documents are in order in all respects. The Stakeholders' Relationship Committee specifically looks into the redressal of shareholders complaints like transfer of equity shares and related matters.

(xi) **Distribution of Equity Shareholding as on 31.03.2017:**

Shareholding	Shareholders		Shareholding	
	Number	% to Total	Number	% to Total
Up to 500	3,033	93.99	3,80,679	7.69
501 to 1000	65	2.01	53,659	1.08
1001 to 2000	44	1.36	66,840	1.35
2001 to 3000	18	0.56	48,367	0.98
3001 to 4000	9	0.28	32,467	0.66
4001 to 5000	11	0.34	49,812	1.00
5001 to 10000	13	0.40	96,530	1.95
10001 and above	34	1.06	42,21,646	85.29
Total	3,227	100.00	49,50,000	100.00

(xii) **Shareholding Pattern as on 31.03.2017 :**

Category	Number of Equity Shares	% to Total Shares
Promoters	33,37,900	67.43
Corporate Bodies	53,814	1.09
Indian Public	15,48,756	31.29
NRIs	9,530	0.19
Total	49,50,000	100.00

(xiii) **Registrar for Demat and Shares 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

(xiv) **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 Vallabh Steels Limited G.T. Road, Village Pawa, Sahnewal, Ludhiana-141 120. (Phone No.: 0161-2511412) Designated e-mail address for investor services: fin.ho@vallabhgroup.com, Website: www.vallabhgroup.com

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

(xv) **Plant Location of the Company:**

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

G.T. Road, Village Nandpur, Sahnewal, Ludhiana-141 120, Punjab, India. Phone No.: 0161-2845299



## VALLABH STEELS LIMITED

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### **IX. COMPLIANCES UNDER ERSTWHILE LISTING AGREEMENT AND SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:**

The Company has complied with the provisions of the erstwhile Listing Agreement. Information, Certificates and returns as required under erstwhile Listing Agreement are sent to the Stock exchange within the prescribed time.

The Company has complied with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **X. RECONCILIATION OF SHARE CAPITAL AUDIT:**

As stipulated by SEBI Listing (Obligations and Disclosure Requirements) Regulations, 2015, the Statutory Auditors of the company carried 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.

### **XI. CODE OF CONDUCT:**

The members of the board and senior management personnel have affirmed the compliance with code applicable to them during the year 31st March, 2017. The annual report of the Company contains a certificate by the CFO and Managing Director in terms of SEBI Listing Regulations on the compliance declarations received from independent directors, non-executive directors and senior management.

### **XII. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING:**

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, 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.

### **XIII. COMPLIANCE CERTIFICATE OF THE AUDITORS:**

The Statutory Auditors have certified that the Company has complied with the conditions of the Corporate Governance as stipulated in Listing Regulations, 2015 and the same is annexed to the Report.

### **DECLARATION:**

As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, 2017.

**FOR VALLABH STEELS LIMITED**

**PLACE : LUDHIANA  
DATE : 25.08.2017**

**Sd/-  
(KAPIL KUMAR JAIN)  
CHAIRMAN & MANAGING DIRECTOR  
DIN: 00755228**



## VALLABH STEELS LIMITED

### **CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY** [Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

We, the undersigned, in our respective capacities of Managing Director and Chief Financial Officer of Vallabh Steels Limited ("the Company") 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 31.03.2017 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 violation of the Company's code of conduct;
3. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting of the Company 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.

**By Order of the Board of Directors**

Place: Ludhiana  
Dated: 25.08.2017

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

Sd/-  
(Suresh Gupta)  
Chief Financial Officer

### **AUDITORS' CERTIFICATE**

(Regarding 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, 2017, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and Para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance and conditions of 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 SEBI Listing Regulations, 2015.

We further state that such compliance is neither an assurance as to the further 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  
Dated : 25.08.2017

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

**ANNEXURE- III TO THE DIRECTORS' REPORT****Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. **Details of contracts or arrangements or transactions not at arm's length basis:**  
There were no such contracts or arrangements or transactions entered into during the year ended March 31, 2017.
2. **Details of material contracts or arrangements or transactions at arm's length basis:**  
There were no such contracts or arrangements or transactions entered into during the year ended March 31, 2017.

**ANNEXURE- IV TO THE DIRECTORS' REPORT****DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

- i) **The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2016-17, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:**

Sr. No.	Name of Director/ KMP and Designation	Remuneration of Director / KMP for FY 2016-17 (Amt. in Rs.)	% increase in Remuneration in the FY 2016-17	Ratio of Remuneration of each Director/ to median remuneration of employees	Comparison of remuneration of the KMP against the Performance of the Company
1.	Mr. Kapil Kumar Jain Managing Director and Chairman	24,43,410	3.72	21.73	Profit before tax decreased by 66.64%
2.	Mr. Jawahar Jain Non-Executive Independent Director	Nil	Nil	—	N.A.
3.	Mr. Vijay Kumar Sharma Non-Executive Independent Director	Nil	Nil	—	N.A.
4.	Mrs. Sunita Maggu Non-Executive Independent Director	Nil	Nil	—	N.A.
5.	Mr. Suresh Gupta Chief Financial Officer	8,37,000	7.39	N.A.	Profit before tax decreased by 66.64%
6.	Ms. Pallavi Khurana Company Secretary	2,84,663	----	N.A.	N.A.
7.	Mr. Rahul Jain* Non-Executive Director	Nil	Nil	—	N.A.
8.	Mrs. Parveen Sharma* Non-Executive Independent Director	Nil	Nil	—	N.A.

\* Resigned on 30.09.2016

- ii) The median remuneration of employees of the Company during the financial year was Rs. 1,13,636/-.
- iii) In the financial year, there was an increase of 4.84% in the median remuneration of the employees.
- iv) There were 143 permanent employees on the rolls of the Company as on 31st March, 2017.



- v) **Relationship between average increase in remuneration and company performance:**  
The Profit before Tax for the financial year ended March 31st, 2017 decreased by 66.64 % whereas the increase in median remuneration was 4.84%. The average increase in median remuneration was in line with the basic inflation given to the employees.
- vi) **Comparison of the Remuneration of the Key Managerial Personnel(s) against the performance of the Company:**  
The total remuneration of Key Managerial personnel increased by 12.64% from Rs. 31.35 lakhs to Rs. 35.65 lakhs in 2016-17 whereas the profits before tax decreased by 66.64% from Rs. 172.83 lakhs (2015-16) to Rs. 57.65 lakhs (2016-17).
- vii) **Variations in the market capitalization of the Company, Price-Earnings Ratio at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company , the variations in the net worth of the company as at the close of the current financial year and previous financial year :**

Particulars	As on 31.03.2017	As on 31.03.2016	% increase/ (decrease)
Share price (Rs.)	33.20	36.70	(9.54)
Market Capitalization (Rs. Lakhs):	1643	1817	(9.54)
Price-Earning Ratio	22.43	13.30	68.65
Net Worth (Rs. Lakhs):	4455	4382	1.67

The Company's shares are listed on BSE Limited.

- viii) **Average percentage increase made in the salary of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**  
Average Salary increase of non-managerial employees is 8% whereas there is no increase in the managerial remuneration of managerial employees.
- ix) **The ratio of the highest paid director to that of the employee who are not directors but receive remuneration in excess of the highest paid director during the year :**  
The Managing Director is the highest paid director. No employee received remuneration higher than the Managing Director during the year under review.
- x) **Affirmation that the remuneration is as per the remuneration policy of the Company:**  
Remuneration paid during the year ended 31.03.2017 is as per the Remuneration Policy of the Company.



# VALLABH STEELS LIMITED

## ANNEXURE- V TO THE DIRECTORS' REPORT FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2017

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	23.64
2.	Cold rolled Steel Strips & Coils	27164	76.36

### 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 the Year (As on 01-04-2016)				No. of Shares held at the end of the Year (As on 31-03-2017)				% Change During the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoters (1) Indian									
a) Individual/ HUF	1768000	0	1768000	35.72	1768000	0	1768000	35.72	0.00
b) Central Govt.	0	0	0	0	0	0	0	0	0.00
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	0.00
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	0.00
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	76781	1600	78381	1.58	42611	1600	44211	0.89	-0.69
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	413043	269407	682450	13.79	420472	266407	686879	13.88	0.09
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	613522	221600	835122	16.87	639777	222100	861877	17.41	0.54
<b>c) Others (specify)</b>									
Non Resident Indians	9430	0	9430	0.19	9530	0	9530	0.20	0.01
Overseas Corporate Bodies	0	0	0	0	0	0	0	0.00	0.00
Foreign Nationals	0	0	0	0	0	0	0	0	0.00
Clearing Members	6717	0	6717	0.14	9603	0	9603	0.19	0.05
Trusts	0	0	0	0	0	0	0	0	0.00
Foreign Bodies	0	0	0	0	0	0	0	0	0.00
Sub-total (B)(2):-	1119493	492607	1612100	32.57	1121993	490107	1612100	32.57	0.00
Total Public Shareholding (B)=(B)(1)+ (B)(2)	1119493	492607	1612100	32.57	1121993	490107	1612100	32.57	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0.00
Grand Total (A+B+C)	4457393	492607	4950000	100.00	4459893	490107	4950000	100.00	0.00

### B) Shareholding of Promoters:-

Sr. No.	Shareholders' Name	Shareholding at the beginning of the Year (as on 01.04.2016)			Shareholding at the end of the year (as on 31.03.2017)			% Change in Share holding during the year
		No. of shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
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 Shares	% of total Shares of the company				No. of shares	% of total shares of the Company
1.	Shweta Amit Bhosale	253000	5.11	-	-	-	253000	5.11
2.	Subramanian P	67066	1.35	08.04.2016	774	Purchase		
				29.04.2016	450	Purchase		
				29.07.2016	1128	Purchase		
				22.09.2016	360	Purchase		
				29.09.2016	222	Purchase		
				07.10.2016	200	Purchase		
				14.10.2016	35710	Purchase		
				21.10.2016	1800	Purchase		
				28.10.2016	1290	Purchase		
				04.11.2016	1000	Purchase		
				18.11.2016	3400	Purchase		
				25.11.2016	1000	Purchase		
				02.12.2016	2000	Purchase		
				16.12.2016	400	Purchase		
				23.12.2016	900	Purchase		
				30.12.2016	800	Purchase		
				20.01.2017	500	Purchase		
				27.01.2017	1000	Purchase		
				03.02.2017	300	Purchase		
				03.03.2017	100	Purchase		
				24.03.2017	1800	Purchase		
				31.03.2017	1000	Purchase	123200	2.49
3.	Ashok Jain	69500	1.40	31.03.2017	500	Purchase	70000	1.41
4.	Snehalatha Singhi	69553	1.41	-	-	-	69553	1.41
5.	S K Vig	40500	0.82	-	-	-	40500	0.82
6.	Arvind Kumar J Sancheti	42923	0.87	24.06.2016	(5402)	Sold	37521	0.76
7.	Arvind Kumar Sancheti	40991	0.83	06.05.2016	(3720)	Sold	37271	0.75
8.	Surinder Kumar	32400	0.65	-	-	-	32400	0.65
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	232000	4.69		
	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



## VALLABH STEELS LIMITED

### 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	46,39,39,763	1,92,43,547	—	48,31,83,310
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
<b>Total (i+ii+iii)</b>	<b>46,39,39,763</b>	<b>1,92,43,547</b>	<b>—</b>	<b>48,31,83,310</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	—	1,10,66,354	—	1,10,66,354
* Reduction	4,50,03,709	—	—	(4,50,03,709)
Net Change	<b>(4,50,03,709)</b>	<b>1,10,66,354</b>	<b>—</b>	<b>(3,39,37,355)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	41,89,36,054	3,03,09,901	—	44,92,45,955
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
<b>Total (i+ii+iii)</b>	<b>41,89,36,054</b>	<b>3,03,09,901</b>	<b>—</b>	<b>44,92,45,955</b>

### 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 Managing Director (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	15,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	9,43,410
	(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	-
	<b>Total</b>	<b>24,43,410</b>
	Ceiling as per the Act	Rs. 36,00,000



## VALLABH STEELS LIMITED

### B. REMUNERATION TO OTHER DIRECTORS:

The Company has not paid any remuneration to any other director during the year 2016-17.

### 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)	Ms. Pallavi Khurana (Company Secretary) (Amt. in Rs. per annum)
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (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	8,37,000 - -	2,84,663 - -
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit - others, specify	- -	- -
5.	Others, please specify	-	-
	<b>Total</b>	<b>8,37,000</b>	<b>2,84,663</b>

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

During the year 2016-17, the company has not been found guilty for any offence. Hence it was not liable for any penalty, punishment under all Acts applicable to it.

BY ORDER OF THE BOARD OF DIRECTORS

PLACE : LUDHIANA  
DATED : 25.08.2017

Sd/-  
(KAPIL KUMAR JAIN)  
CHAIRMAN & MANAGING DIRECTOR  
DIN: 00755228



## VALLABH STEELS LIMITED

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

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[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,  
Sahnawal,  
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, the explanations and clarifications given to us and the representations made by the management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2017, 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 2017 according to the applicable provisions of:
  - i. The Companies Act, 2013 (the Act) and the rules made thereunder.
  - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - iii. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
  - iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent applicable to Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - v. 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 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - 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
  - vi. The Listing Agreements entered into by the Company with:- BSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - vii. 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 payment of Bonus (Amendment Act, 2015) 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. The Contract Labour (Regulation & Abolition ) Act, 1970
    - k. The Maternity Benefits Act, 1961 as amended.



## VALLABH STEELS LIMITED

- I. The Child Labour Prohibition and Regulation Act, 1986
  - m. The Apprentices Act, 1961
  - n. Environment (Protection ) Act, 1986
  - o. Air (Prevention & Control of Pollution) Act, 1981
  - p. Water (Prevention & Control of Pollution) Act, 1974
  - q. Hazardous Waste (Management & Handling) Rules, 1989
  - r. Manufacture, Storage and Import of Hazardous Chemical Rules, 1989
  - s. Income Tax Act, 1961
  - t. Central Sales Tax Act, 1956
  - u. Octroi / Entry Tax
  - v. Electricity Payments (Indian Electricity Act, 2013)
  - w. Central Excise Act, 1944
  - x. Customs Act, 1962
2. We are informed that, for the financial year ended on 31st March 2017, 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 (Share Based Employee Benefits) Regulations, 2014
3. We have also checked/examined compliance with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
4. During the period under review the Company has substantially complied with the provisions of the Acts, Rules, Regulations, Standards 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 was 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. Decisions at the Board meetings were taken unanimously.
  - v. 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.
  - 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

Date: 25.08.2017  
Place: Ludhiana

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

Note: This report is to be read with our letter of even date which is annexed as annexure 'A' and forms an integral part of this report.



## VALLABH STEELS LIMITED

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### ANNEXURE- 'A'

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 express our opinion on these secretarial records based on 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 opinion.
- 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 on test basis.
- 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 2017 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) The 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.

For **RCS & COMPANY**  
Company Secretaries

Date: 25.08.2017  
Place: Ludhiana

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



## **INDEPENDENT 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, 2017, 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 there under. 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, 2017;
- 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" statement on the matters Specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the act, we report that:
  - a) We have sought and 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, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure "B"; and
- g) 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 does not have any pending litigations which would impact 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 an occasion in case of 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.
  - iv. The company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Refer Note 27 to the financial statements. However, we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are accurate as produced to us by the Management.

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

**Place : Ludhiana**  
**Dated : 19.05.2017**

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

#### **ANNEXURE 'A' TO THE INDEPENDENT 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:

- i. In respect of fixed assets:
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) According to the information and explanation given to us, the company has a regular program of physical verification of its fixed assets by which all fixed assets are verified. However, no such report of physical verification of fixed assets done by the company has been provided to us.
  - c) According to information and explanation given to us, all the title deeds of immovable properties are held in the name of the company.
- ii. In respect of 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





- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, there is adequate internal control 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.
- v. In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from the public covered under Section 73 to 76 of the Companies Act, 2013. Therefore, the provision of clause (v) of paragraph 3 of the order is not applicable to it.
- vi. 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.
- vii. (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, 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 Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Custom Duty, Excise Duty etc which have not been deposited on account of any disputes.  
(c) There has not been an occasion in case of 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.
- viii. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to a banks and financial institution and also has not issued debentures during the year. The Company has not taken any loans or borrowings from Government.
- ix. 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.
- x. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- xi. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xii. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xiv. 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.

**ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT**  
(Referred to in our report of even date)

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of VALLABH STEELS LIMITED as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's



policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with Authorizations of management and directors of the company; and
- (3) provide reasonable Assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

**Place : Ludhiana  
Dated : 19.05.2017**



# VALLABH STEELS LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2017

PARTICULARS	NOTE	AS AT 31.03.2017 ₹	AS AT 31.03.2016 ₹
<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	39,60,06,661	38,86,77,814
<b>Non-Current Liabilities</b>			
(a) Long-term Borrowings	3	9,18,46,691	8,64,08,264
(b) Deferred tax Liabilities (Net)	4	97,47,932	1,13,11,637
(c) Other Long term Liabilities	5	50,60,930	1,49,92,508
(d) Long term Provisions	6	26,41,222	18,98,681
<b>Current Liabilities</b>			
(a) Short-term Borrowings	7	35,73,99,264	39,67,75,046
(b) Trade Payables	8	13,27,69,707	20,63,65,541
(c) Other Current Liabilities	9	1,86,92,241	1,50,62,977
(d) Short-term Provisions	10	19,92,067	42,93,320
<b>Total</b>		<b>1,06,56,56,715</b>	<b>1,17,52,85,788</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
(a) Fixed Assets	11		
(i) Tangible Assets		21,23,37,105	23,03,02,163
(ii) Capital Work-in-Progress		-	1,17,91,066
(b) Non-current Investments	12	5,20,23,800	5,20,23,800
(c) Long term Loans and Advances	13	28,55,246	28,55,757
<b>Current Assets</b>			
(a) Inventories	14	14,26,34,549	14,34,13,507
(b) Trade Receivables	15	47,54,85,535	64,31,65,339
(c) Cash and Cash Equivalents	16	12,30,32,316	2,26,38,435
(d) Short-term Loans and Advances	17	3,07,96,032	3,19,68,828
(e) Other Current Assets	18	2,64,92,132	3,71,26,893
<b>Total</b>		<b>1,06,56,56,715</b>	<b>1,17,52,85,788</b>
Notes on Financial Statements	I to 31		
Significant Accounting Policies	32		

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 : 19.05.2017

Sd/-

**(Kapil Kumar Jain)**

Chairman & Managing

Director

Sd/-

**(Vijay Kumar Sharma)**

Director

Sd/-

**(Suresh Gupta)**

Chief Financial Officer

Sd/-

**(Pallavi Khurana)**

Company Secretary



## VALLABH STEELS LIMITED

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

PARTICULARS	NOTE	FOR THE YEAR ENDED 31.03.2017 ₹	FOR THE YEAR ENDED 31.03.2016 ₹
<b>INCOME</b>			
Net Revenue from Operations	19	<b>1,19,98,02,466</b>	1,41,91,95,326
<b>Total Revenue</b>		<b>1,19,98,02,466</b>	1,41,91,95,326
<b>EXPENSES</b>			
Cost of Materials Consumed	20	<b>99,45,90,000</b>	1,25,22,50,635
Changes in inventories of Work-in-Progress and Finished Goods	21	<b>3,37,48,545</b>	1,96,58,191
Employee Benefit Expense	22	<b>2,15,37,053</b>	1,97,09,472
Finance Costs	23	<b>4,73,66,568</b>	4,10,53,236
Depreciation and Amortization Expense	11	<b>3,05,08,781</b>	63,32,434
Other Expenses	24	<b>6,62,86,379</b>	6,29,08,582
<b>Total Expenses</b>		<b>1,19,40,37,326</b>	1,40,19,12,550
<b>PROFIT BEFORE TAX</b>		<b>57,65,140</b>	1,72,82,776
<b>Less: Tax Expense:</b>			
Current Tax		<b>9,79,494</b>	33,80,142
Less: MAT Credit Entitlement		<b>(9,79,494)</b>	(33,80,142)
Deferred Tax		<b>(15,63,707)</b>	36,44,022
<b>PROFIT FOR THE YEAR</b>		<b>73,28,847</b>	1,36,38,754
Basic and Diluted Earning per share	25	<b>1.48</b>	2.76
Notes on Financial Statements	I to 31		
Significant Accounting Policies	32		

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 : 19.05.2017

Sd/-

**(Kapil Kumar Jain)**

Chairman & Managing

Director

Sd/-

**(Vijay Kumar Sharma)**

Director

Sd/-

**(Suresh Gupta)**

Chief Financial Officer

Sd/-

**(Pallavi Khurana)**

Company Secretary



## VALLABH STEELS LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

PARTICULARS	CURRENT YEAR 2016-17 ₹	PREVIOUS YEAR 2015-16 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before Tax	57,65,140	1,72,82,777
<b>Adjustment for:</b>		
Profit on sale of Fixed Assets	-	(2,292)
Loss on sale of Investment	-	14,677
Sundry Amounts Written Off	-	(15,777)
Depreciation	3,05,08,781	63,32,434
Financial Costs	4,73,66,568	4,10,53,235
<b>Operating Profit before Working Capital Changes</b>	<b>8,36,40,489</b>	<b>6,46,65,054</b>
<b>Adjustment for:</b>		
Trade and Other Receivables	17,85,12,782	(8,22,81,139)
Inventories	7,78,958	24,77,475
Trade and Other Payables	(7,22,67,822)	10,38,49,551
<b>Cash Generated from operations</b>	<b>19,06,64,406</b>	<b>8,87,10,941</b>
Direct Taxes Paid	9,75,090	(14,31,944)
<b>Net Cash from Operating Activities</b>	<b>19,16,39,496</b>	<b>8,72,78,997</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(7,79,145)	(8,16,63,732)
Sale of Fixed Assets	26,490	2,25,784
Sale of Investment	-	4,523
<b>Net Cash from / (used in) Investing Activities</b>	<b>(7,52,655)</b>	<b>(8,14,33,425)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Financial Costs	(4,73,66,568)	(4,10,53,235)
Movement in Working Capital Borrowings	(3,93,75,782)	(1,85,52,339)
Movement of Long Term Borrowings	(37,50,611)	86,21,979
<b>Net Cash from / (used in) Financing Activities</b>	<b>(9,04,92,960)</b>	<b>(5,09,83,596)</b>
<b>Net Change in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>10,03,93,881</b>	<b>(4,51,38,025)</b>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>2,26,38,435</b>	<b>6,77,76,460</b>
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>12,30,32,316</b>	<b>2,26,38,435</b>

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 : 19.05.2017

For and on behalf of the Board

Sd/-

**(Kapil Kumar Jain)**  
Chairman & Managing  
Director

Sd/-

**(Vijay Kumar Sharma)**  
Director

Sd/-

**(Suresh Gupta)**  
Chief Financial Officer

Sd/-

**(Pallavi Khurana)**  
Company Secretary



# VALLABH STEELS LIMITED

## NOTES ON FINANCIAL STATEMENTS

AS AT 31.03.2017  
₹

AS AT 31.03.2016  
₹

### 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 31.03.2017		As at 31.03.2016	
	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 Amit Bhosale	<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>4,32,13,927</b>	4,07,13,927
Add : Transferred from Statement of Profit & Loss		<b>25,00,000</b>	25,00,000
	(B)	<b>4,57,13,927</b>	4,32,13,927
<b>Statement of Profit and Loss</b>			
As at Commencement of the Year		<b>32,79,02,887</b>	31,67,64,133
Add : Transferred from Statement of Profit & Loss		<b>73,28,847</b>	1,36,38,754
Less: Transfer to General Reserve		<b>25,00,000</b>	25,00,000
	(C)	<b>33,27,31,734</b>	32,79,02,887
<b>Total (A+B+C)</b>		<b>39,60,06,661</b>	38,86,77,814



## VALLABH STEELS LIMITED

NOTES ON FINANCIAL STATEMENTS	AS AT 31.03.2017	AS AT 31.03.2016
	₹	₹

### Note : 3 LONG-TERM BORROWINGS

#### A) Secured Loans

OBC Term Loan	6,78,36,790	7,06,64,717
Less: Installments due within 12 months	63,00,000	35,00,000
<b>Total (A)</b>	<b>6,15,36,790</b>	<b>6,71,64,717</b>

#### B) Unsecured Loans

From Directors & Relatives	95,000	1,15,845
From Others	3,02,14,901	1,91,27,702
<b>Total (B)</b>	<b>3,03,09,901</b>	<b>1,92,43,547</b>
<b>Total (A+B)</b>	<b>9,18,46,691</b>	<b>8,64,08,264</b>

- 3.1 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 a director of the company.  
Terms of Repayment:-  
Loan will be repaid by March, 2022 in 24 Quarterly installments, beginning from March, 2016.

### Note : 4 DEFERRED TAX LIABILITY (NET)

#### Deferred Tax Liability

Relating to Fixed Assets	97,47,932	1,13,11,637
<b>Total</b>	<b>97,47,932</b>	<b>1,13,11,637</b>

### Note : 5 OTHER LONG TERM LIABILITIES

Security	4,61,573	4,61,573
Deferred Credits	45,99,357	1,45,30,935
<b>Total</b>	<b>50,60,930</b>	<b>1,49,92,508</b>

### Note : 6 LONG TERM PROVISIONS

Gratuity	26,41,222	18,98,681
<b>Total</b>	<b>26,41,222</b>	<b>18,98,681</b>

### Note : 7 SHORT TERM BORROWINGS

#### Secured Loans

Working Capital Loans from Punjab National Bank	35,73,99,264	39,67,75,046
<b>Total</b>	<b>35,73,99,264</b>	<b>39,67,75,046</b>

- 7.1 Working Capital Loans are secured by hypothecation of entire present and future tangible current assets of the company and personally guaranteed by a director of the company. It is further secured by second charge on block of assets of the company.



# VALLABH STEELS LIMITED

## NOTES ON FINANCIAL STATEMENTS

AS AT 31.03.2017  
₹

AS AT 31.03.2016  
₹

### Note : 8 TRADE PAYABLES

Sundry Creditors against Raw Material & Services	<b>12,28,69,707</b>	13,27,90,541
Bills Payable	<b>99,00,000</b>	7,35,75,000
<b>Total</b>	<b><u>13,27,69,707</u></b>	<u>20,63,65,541</u>

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 due to any party covered under the said Act.

8.2 Balances of creditors are subject to confirmation and reconciliation.

### Note: 9 OTHER CURRENT LIABILITIES

Current Maturity of Long Term Debt	<b>63,00,000</b>	35,00,000
Current Liability of Gratuity	<b>4,74,613</b>	2,70,152
Duties & Taxes Payable	<b>1,81,830</b>	1,94,932
Other Current Liabilities	<b>69,60,019</b>	56,66,529
Cheques issued but not presented for Payment	<b>32,46,867</b>	27,34,746
Advance Received from Customers	<b>15,28,912</b>	26,96,618
<b>Total</b>	<b><u>1,86,92,241</u></b>	<u>1,50,62,977</u>

### Note : 10 SHORT-TERM PROVISIONS

Provision for contribution to PF,ESI, LWW etc	<b>10,12,573</b>	9,13,178
Provision for Income Tax	<b>9,79,494</b>	33,80,142
<b>Total</b>	<b><u>19,92,067</u></b>	<u>42,93,320</u>

### Note : 11 FIXED ASSETS

Tangible Assets	<b>67,62,07,943</b>	66,36,65,304
Capital Work-in-Progress	-	1,17,91,066
Accumulated Depreciation Provision on Tangible Assets	<b>(46,38,70,838)</b>	(43,33,63,141)
<b>Total</b>	<b><u>21,23,37,105</u></b>	<u>24,20,93,229</u>

11.1 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 01.04.2016	Additions	Sales	As At 31.3.2017	As At 01.04.2016	For the Period	Written Down	As At 31.3.2017	As At 31.3.2016
Land	4,39,94,137	-	-	4,39,94,137	-	-	-	4,39,94,137	4,39,94,137
Building	4,98,14,356	2,94,573	27,573	5,00,81,356	2,91,79,643	19,74,254	1,083	3,11,52,814	1,89,28,542
Plant & Machinery	56,13,72,445	1,22,75,640	-	57,36,48,085	39,62,52,401	2,84,49,358	-	42,47,01,759	14,89,46,326
Furniture & Fixture	31,38,054	-	-	31,38,054	27,88,795	67,192	-	28,55,987	2,82,067
Vehicles	53,46,312	-	-	53,46,312	51,42,302	17,977	-	51,60,279	1,86,033
Total	66,36,65,304	1,25,70,213	27,573	67,62,07,944	43,33,63,141	3,05,08,781	1,083	46,38,70,839	21,23,37,105
Capital Work in Progress	1,17,91,066	4,44,401	1,22,35,467	-	-	-	-	-	1,17,91,066
Grand Total	67,54,56,370	1,30,14,614	1,22,63,040	67,62,07,944	43,33,63,141	3,05,08,781	1,083	46,38,70,839	24,20,93,229
Previous Year	59,62,74,742	22,92,45,388	15,00,63,760	67,54,56,370	42,93,05,095	63,32,434	22,74,388	43,33,63,141	16,69,69,647





# VALLABH STEELS LIMITED

NOTES ON FINANCIAL STATEMENTS	AS AT 31.03.2017 ₹	AS AT 31.03.2016 ₹
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## 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
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#### Unquoted fully paid equity shares:

46,49,600 Equity Shares of ₹10/- each of Vallabh Textiles Company Limited	<b>4,64,96,000</b>	4,64,96,000
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26,000 Equity Shares of ₹10/- each of Associated Leasing Limited	<b>2,60,000</b>	2,60,000
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### Other Investments

#### Quoted fully paid up equity shares:

67,200 Equity Shares of ₹ 5/- each of DMC Education Limited	<b>2,68,800</b>	2,68,800
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<b>Total</b>	<b>5,20,23,800</b>	5,20,23,800
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12.1 Market Value of quoted investment	<b>2,15,78,220</b>	1,85,85,240
Aggregate Value of quoted investment	<b>52,67,800</b>	52,67,800
Aggregate Value of unquoted investment	<b>4,67,56,000</b>	4,67,56,000

Note: The market value of quoted investments is based on the price prevailing in the market as on 31st March, 2017.

## Note : 13 LONG-TERM LOANS & ADVANCES

Security Deposit	<b>3,68,311</b>	3,68,822
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Other Long Term Advances	<b>24,86,935</b>	24,86,935
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<b>Total</b>	<b>28,55,246</b>	28,55,757
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## Note : 14 INVENTORIES

Raw Materials	<b>3,29,36,603</b>	1,96,80,562
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Work in Progress	<b>1,25,70,681</b>	4,47,48,760
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Finished Goods	<b>2,27,54,344</b>	2,43,24,810
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Stores & spares	<b>7,43,72,921</b>	5,46,59,375
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<b>Total</b>	<b>14,26,34,549</b>	14,34,13,507
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## Note : 15 TRADE RECEIVABLES

Debtors outstanding for a period exceeding six months

- Considered Good	<b>40,74,950</b>	92,76,717
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- Considered Doubtful	-	-
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Other Debtors

- Considered Good	<b>47,14,10,585</b>	63,38,88,622
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<b>Total</b>	<b>47,54,85,535</b>	64,31,65,339
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15.1 Balances of debtors are subject to confirmation and reconciliation.

15.2 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. 19.43 Lacs.



## VALLABH STEELS LIMITED

NOTES ON FINANCIAL STATEMENTS	AS AT 31.03.2017 ₹	AS AT 31.03.2016 ₹
<b>Note : 16 CASH &amp; CASH EQUIVALENTS</b>		
Cash in Hand	28,40,312	20,30,575
Imprest	18,23,844	20,00,119
Balance with Scheduled Banks :		
In Current Accounts	24,71,949	57,475
Cheques in hand	1,63,89,261	1,09,59,252
Fixed Deposit with Banks (Out of which Rs. 5,06,950 pledged with banks as Margin Money)	9,95,06,950	75,91,014
<b>Total</b>	<b>12,30,32,316</b>	<b>2,26,38,435</b>
<b>Note : 17 SHORT-TERM LOANS &amp; ADVANCES (Unsecured &amp; Considered Good)</b>		
(in cash or in kind or for value to be received)		
Advances to Suppliers for Raw Materials & Services	2,21,06,399	1,31,46,844
Prepaid Expenses	3,89,413	61,51,019
Loan to Employees	3,95,050	4,45,640
Excise & Service Tax Receivable	53,38,992	56,32,437
Others	25,66,178	65,92,888
<b>Total</b>	<b>3,07,96,032</b>	<b>3,19,68,828</b>
<b>Note : 18 OTHER CURRENT ASSETS</b>		
Advance Income Tax (AY 2017-2018)	9,75,090	-
Advance Income Tax (AY 2016-2017)	11,36,612	11,36,612
Advance Income Tax (Previous Years)	1,94,30,418	3,20,19,763
MAT Credit Entitlement	49,50,012	39,70,518
<b>Total</b>	<b>2,64,92,132</b>	<b>3,71,26,893</b>



## VALLABH STEELS LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2017	YEAR ENDING 31.03.2016
	₹	₹

### Note : 19 REVENUE FROM OPERATIONS

Turnover & Operating Income	1,35,29,16,640	1,59,43,56,005
Less: Excise Duty	15,31,14,174	17,51,60,679
<b>Total</b>	<b>1,19,98,02,466</b>	<b>1,41,91,95,326</b>

### Note : 20 COST OF MATERIALS CONSUMED

#### A) Raw Materials consumed

Opening Stock	1,96,80,562	83,16,622
Purchases	94,40,30,548	1,20,91,14,086
	<b>96,37,11,110</b>	<b>1,21,74,30,708</b>
Less : Closing Stock	3,29,36,603	1,96,80,562
Raw Materials Consumed <b>Total (A)</b>	<b>93,07,74,507</b>	<b>1,19,77,50,146</b>

#### B) Stores, Spares & Packing Material Consumed

Opening Stock	5,46,59,375	4,88,42,599
Purchases	8,35,29,040	6,03,17,265
	<b>13,81,88,415</b>	<b>10,91,59,864</b>
Less: Closing Stock	7,43,72,922	5,46,59,375
Store Material Consumed <b>Total (B)</b>	<b>6,38,15,493</b>	<b>5,45,00,489</b>
Total cost of material consumed <b>Total (A+B)</b>	<b>99,45,90,000</b>	<b>1,25,22,50,635</b>

20.1 a) Raw Materials consumed	Year ended 31.03.2017		Year ended 31.03.2016	
	Value(₹)	%age	Value(₹)	%age
Indigenous	93,07,74,507	100.00	1,19,77,50,146	100.00
Imported	-	-	-	-
	<b>93,07,74,507</b>	<b>100.00</b>	<b>1,19,77,50,146</b>	<b>100.00</b>
<b>b) Stores, Spares consumed</b>				
Indigenous	6,38,15,493	100.00	5,45,00,489	100.00
Imported	-	-	-	-
	<b>6,38,15,493</b>	<b>100.00</b>	<b>5,45,00,489</b>	<b>100.00</b>



# VALLABH STEELS LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2017 ₹	YEARENDING 31.03.2016 ₹
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## Note : 21 CHANGES IN INVENTORIES OF WORK IN PROGRESS AND FINISHED GOODS

### Opening Stock :

Work in Progress	4,47,48,760	6,02,48,224
Finished Goods	2,43,24,810	2,84,83,537
<b>Total (A)</b>	<b>6,90,73,570</b>	<b>8,87,31,761</b>

### Closing Stock :

Work in Progress	1,25,70,681	4,47,48,760
Finished Goods	2,27,54,344	2,43,24,810
<b>Total (B)</b>	<b>3,53,25,025</b>	<b>6,90,73,570</b>
<b>(A-B)</b>	<b>3,37,48,545</b>	<b>1,96,58,191</b>

## Note : 22 EMPLOYEE BENEFIT EXPENSE

Salary, Wages, Allowances & other Benefits	1,76,51,316	1,72,63,763
PF, ESI & Welfare Fund Contribution	22,18,463	15,82,991
Staff Welfare Expenses	6,20,188	8,62,718
Gratuity & Ex-Gratia	10,47,086	-
<b>Total</b>	<b>2,15,37,053</b>	<b>1,97,09,472</b>

### 22.1 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	21,68,833	27,25,188
Liability provided during the year	9,47,002	(5,56,355)
Liability at the end of the year	31,15,835	21,68,833

#### Expense recognized in Statement of Profit and Loss

Amount paid during the year	1,00,084	5,56,355
Amount debited to Statement to Profit and Loss	10,47,086	-

## Note : 23 FINANCIAL COSTS

Interest		
- On Term Loan	76,14,394	71,31,938
- On Working Capital	3,53,49,993	3,13,14,987
- Others	29,79,745	16,05,480
Bank Charges and commission	14,22,436	10,00,831
<b>Total</b>	<b>4,73,66,568</b>	<b>4,10,53,236</b>

\* Interest expenses is net of interest income.

## Note : 24 OTHER EXPENSES

### A) Selling & Distribution Expenses

Brokerage & Commission	2,54,962	3,60,198
Other Selling Expenses	55,86,199	48,05,815
Advertisement	26,875	25,603
<b>Total (A)</b>	<b>58,68,036</b>	<b>51,91,616</b>



## VALLABH STEELS LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2017 ₹	YEARENDING 31.03.2016 ₹
<b>B) Operating, Administrative &amp; Other Expenses</b>		
Power & Fuel	5,03,51,545	4,60,48,479
Machinery Repairs & Maintenance	15,22,684	20,79,867
Other Manufacturing Expenses	15,11,650	17,03,723
Rent, Rates, Fees and Taxes	6,56,546	7,97,413
Insurance	4,46,682	3,99,081
Legal & Professional charges	7,09,478	9,63,759
Travelling and Conveyance		
- Others	5,13,613	5,49,583
Audit Fee	2,02,000	1,84,050
Auditors Expenses	20,344	1,76,689
Postage & Telecommunication Expenses	4,99,813	4,69,255
Printing & Stationery	2,28,729	2,99,196
Repairs and Maintenance		
- Building	2,82,231	4,56,176
- Vehicles	3,34,184	3,80,602
- General	6,68,034	5,98,593
Charity & Donation	6,801	6,900
Other Miscellaneous Expenses	2,83,376	3,29,064
Loss on Sale of Investment	-	14,707
Electricity and Water Charges	6,59,610	5,77,960
Membership & Subscription	21,023	1,81,869
Directors' Remuneration	15,00,000	15,00,000
<b>Total (B)</b>	<b>6,04,18,343</b>	<b>5,77,16,966</b>
<b>Total (A+B)</b>	<b>6,62,86,379</b>	<b>6,29,08,582</b>
<b>Note : 25 EARNING PER SHARE</b>		
Profit after Tax (₹)	73,28,847	1,36,38,754
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 (₹)	1.48	2.76
Diluted Earning Per Share (₹)	1.48	2.76
<b>Note : 26 EXPENDITURE IN FOREIGN CURRENCY</b>		
<b>Value of import on CIF Basis in Respect of</b>		
Capital Goods	-	40,68,967



## VALLABH STEELS LIMITED

### NOTES ON FINANCIAL STATEMENTS

YEAR ENDING

31.03.2017

₹

YEARENDING

31.03.2016

₹

### Note : 27 DETAILS OF SPECIFIED BANK NOTES (SBN) HELD AND TRANSACTED DURING THE PERIOD 08.11.2016 TO 30.12.2016

Particulars	SBN (in Rs.)	Other Denomination Notes (in Rs.)	Total (in Rs.)
Closing Cash in Hand as on 08.11.2016	21,27,500	14,24,509	35,52,009
Add : Permitted Receipts	-	6,56,000	6,56,000
Less : Permitted Payments	-	1,76,589	1,76,589
Less : Amount Deposited in Bank	21,27,500	-	21,27,500
Closing Cash in Hand as on 30.12.2016	-	19,03,920	19,03,920

\* Further we confirm that we have complied with all relevant guidelines/notifications issued by RBI from time to time in respect of holding and dealing with SBN, and that company had proper controls, system and procedures in place for such compliances.

\* However, we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

### Note : 28 RELATED PARTY DISCLOSURES

Transactions with Key Management Personnel and their relatives during the year:

Name of the party	Nature of Relationship	Nature of Transactions	Current Year (Amt. in Rs.)
Mr. Kapil Kumar Jain	KMP (MD)	Remuneration	24,43,410
Mr. Suresh Gupta	KMP (CFO)	Remuneration	8,37,000
Ms. Pallavi Khurana	KMP (CS)	Remuneration	2,84,663

### Note: 29 SEGMENT REPORTING

The Company Operates in only one segment viz Iron and steel.

### Note : 30 CONTINGENT LIABILITIES NOT PROVIDED FOR

Letters of Credit	7,01,00,000	2,64,25,000
Bank Guarantee	-	2,70,000

**Note : 31** Provision for doubtful debts should be created in respect of debtors against which company has filed case in the court of law amounting Rs.19.43 lakhs.

### Note : 32 SIGNIFICANT ACCOUNTING POLICIES

#### a) Accounting Convention

The financial statements, other than the Cash Flow Statement, are prepared 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 time of dispatch of goods from the factory. Sales are exclusive of VAT and CST. Export sales are booked on the basis of the date of Bill of Lading.

#### 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 on written down value method.
- e) Inventories**  
Inventories are valued at cost or net realizable value, whichever is lower. 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.
- 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**  
The employee gratuity scheme is a defined benefit plan. 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. 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 recognized as expense 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.

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 : 19.05.2017

Sd/-

**(Kapil Kumar Jain)**

Chairman & Managing

Director

Sd/-

**(Vijay Kumar Sharma)**

Director

Sd/-

**(Suresh Gupta)**

Chief Financial Officer

Sd/-

**(Pallavi Khurana)**

Company Secretary

### ATTENDANCE SLIP

I/We hereby record my/our presence at the 37th Annual General Meeting held on Thursday, the 28<sup>th</sup> day of September, 2017 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**
<b>Ordinary Business:</b>			
1.	To receive, consider and adopt Audited Financial Statements, Reports of the Board of Directors and Auditors for the financial year ended 31st March, 2017.		
2.	To appoint a Director in place of Mr. Kapil Kumar Jain, who retires from the office by rotation and being eligible, offers himself for re-appointment as Director of the Company.		
3.	To appoint M/s. K R Aggarwal & Associates, Chartered Accountants, (FRN:030088N) as the Statutory Auditors and to fix their remuneration.		
<b>Special Business:</b>			
4.	To consider and ratify the Remuneration of Cost Auditors of the Company for the financial year ending 31st March, 2018.		
5.	To consider and approve the appointment of the Secretarial Auditors of the Company for the financial year 2017-18.		
6.	To consider and approve regularization of Mr. Vijay Kumar Sharma as Director of the Company:		
7.	To consider and approve appointment of Mr. Vijay Kumar Sharma as an Independent Director:		
8.	To consider and approve regularization of Mrs. Sunita Maggu as Director of the Company:		
9.	To consider and approve appointment of Mrs. Sunita Maggu as an Independent Director:		
10.	To consider and approve regularization of Mr. Suman Jain as Director of the Company:		
11.	To consider and approve appointment of Mr. Suman Jain as an Independent Director:		

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

Notes:

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

\*Applicable for investors holding shares in electronic form.

\*\* Please tick anyone.





# VALLABH STEELS LIMITED

Regd. Off.: G.T. Road, Village Pawa, Sahnewal, Ludhiana-141 120(Punjab), India,  
CIN: L27109PB1980PLC004327 Tel.:+91-161-2511412-2511413, Fax: +91-161-2511414,  
E-mail: fin.ho@vallabhgroup.com, website: [www.vallabhgroup.com](http://www.vallabhgroup.com)

## Form No. MGT-11 PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules 2014)

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 37th Annual General Meeting of the Company to be held on Thursday, the September 28th, 2017 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**
<b>Ordinary Business:</b>			
1.	To receive, consider and adopt Audited Financial Statements, Reports of the Board of Directors and Auditors for the financial year ended 31st March, 2017.		
2.	To appoint a Director in place of Mr. Kapil Kumar Jain, who retires from the office by rotation and being eligible, offers himself for re-appointment as Director of the Company.		
3.	To appoint M/s. K R Aggarwal & Associates, Chartered Accountants, (FRN: 030088N) as the Statutory Auditors and to fix their remuneration.		
<b>Special Business:</b>			
4.	To consider and ratify the Remuneration of Cost Auditors of the Company for the financial year ending 31st March, 2018.		
5.	To consider and approve the appointment of the Secretarial Auditors of the Company for the financial year 2017-18.		
6.	To consider and approve regularization of Mr. Vijay Kumar Sharma as Director of the Company:		
7.	To consider and approve appointment of Mr. Vijay Kumar Sharma as an Independent Director:		
8.	To consider and approve regularization of Mrs. Sunita Maggu as Director of the Company:		
9.	To consider and approve appointment of Mrs. Sunita Maggu as an Independent Director:		
10.	To consider and approve regularization of Mr. Suman Jain as Director of the Company:		
11.	To consider and approve appointment of Mr. Suman Jain as an Independent Director:		

Affix  
Revenue  
Stamp

Signed this \_\_\_\_\_ day of September, 2017. Signature \_\_\_\_\_

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.

\*Applicable for investors holding shares in electronic form. \*\* Please tick anyone.

# VENUE OF 37TH AGM OF VALLABH STEELS LIMITED

AT REGISTERED OFFICE AT  
G.T. Road, Village Pawa, Sahnewal, Ludhiana-141120  
10:00 A.M., 28/09/2017

