



MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

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18th Annual Report
1997-98

VALLABH STEELS LIMITED

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VALLABH STEELS LIMITED

BOARD OF DIRECTORS

Mr. Kapil Jain	Chairman
Mr. M. K. Jain	Director
Mr. Mohan Lal	Director
Mr. Rahul Jain	Whole Time Director
Mr. S.K. Soni	Director

AUDITORS

M/s Raj Gupta & Co.
Miller Ganj,
Ludhiana-141003

BANKERS

Punjab National Bank,
International Banking Branch,
Industrial Area -'A'
Ludhiana-141 003

REGISTERED OFFICE

G.T. Road, Pawa, Sahnewal,
Ludhiana -141120

WORKS

G.T. Road, Pawa, Sahnewal,
Ludhiana-141120

G.T. Road, Nandpur, Sahnewal,
Ludhiana-141120

G. T. Road, Rajpura (Punjab)

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VALLABH STEELS LIMITED

NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of **VALLABH STEELS LIMITED** will be held at Registered office of the company situated at G.T. Road, Village Pawa (Sahnawal), Ludhiana on Monday, 28th September, 1998 at 11.00 A. M. to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1998 and the Audited Statements of Accounts for the year ended 31st March, 1998 and the Report of the Auditors and Directors thereon.
2. To declare dividend on Preference Shares.
3. To appoint a Director in place of Mr. Mohan Lal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S. K. Soni who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion to the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

6. TO CONSIDER AND, IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S) THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION :

"RESOLVED THAT the consent of the Company be and is hereby granted in terms of Section 293 (1) (a) and all other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors to mortgage and/or charge, in addition to the mortgages/charges created/to be created by the Company in such form and manner and with such ranking and at such time and on such terms as the Board may determine, all or any or the movable and/or immovable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default in favour of the Agents and Trustees/Lenders to securing the Securities (if they comprise debentures/secured premium notes/floating rate notes/bonds or other Secured debt instruments) together with interest, further interest thereon, compound interest in case of default, accumulated interest, remuneration of the Trustees, premium (if any) on redemption, all other costs, charges and expenses payable by the Company in terms of the Trust Deed/other documents to be finalised and executed between the Company and the Agents and Trustees/Lenders and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the Agents and Trustees/Lenders/Guarantors etc."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or Committee thereof be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilisation of the proceeds of issue of the Securities and further to do all such acts, deeds, matters and things and to finalise and execute all such deeds, documents and writings as may be necessary, desirable or expedient as it may deem fit."

7. TO CONSIDER AND, IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S) THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION :

"RESOLVED THAT pursuant to section 293(1) (d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time, as they may think fit, any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business), may exceed at any time, the aggregate of the paid up capital of the Company and its free reserves (that is to say reserves, not set apart for any specific purpose), by a sum not exceeding Rs. 20.00 Crores (Rs. Twenty Crores only) and that the Board of Directors of the Company be and is hereby authorised to arrange, accept, alter or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, creation of security (ies) or otherwise, as they may think fit."

BY ORDER OF THE BOARD
OF DIRECTORS

Sd/-
(KAPIL JAIN)
CHAIRMAN

PLACE : LUDHIANA
DATED : 30TH JULY, 1998



VALLABH STEELS LIMITED

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company. Proxy, in order to be effective must be delivered at the Registered Office of the company at least 48 hours before the time of the meeting .
2. The Register of Members and Share Transfer Books of the company will remain closed from Wednesday, the 23rd September, 1998 to Monday, the 28th September, 1998 (both days inclusive).
3. The members are requested to notify the change in the address if any, to the company immediately.
4. Members are requested to send their queries on the accounts if any, so as to reach the Registered Office of the Company at least seven days before the meeting to enable the company to have relevant information ready at the meeting.
5. Members are requested to bring their copy of Annual Report along with them to the Annual General Meeting.
6. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 for items of Special Business is annexed hereto and forms a part of this notice.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

FOR ITEM NO. 6

In the ordinary course of day to day business the company is required to borrow funds from time to time which may or may not be secured. Keeping in view the prevailing situations in the Financial/Capital Market in India or in Foreign Countries from time to time, the company may like to raise funds from Indian as well as overseas markets, from Banks, Financial Institutions, Foreign Banks or other person(s) by way of loans, redeemable non-convertible bonds, debentures, other instruments, GDRs or ECBs etc. whether secured or unsecured. In case of secured instruments the Board is required to have the consent of the shareholders as per section 293(1)(a) of the Companies Act, 1956 for charging/mortgaging the assets of the company for creation of securities against the said borrowings. As such the resolution is recommended for your consideration and approval.

None of the Directors of the company is interested in this resolution.

FOR ITEM NO. 7

In order to enable the Board of Directors to borrow funds for its day to day business, the total amount of which may exceed the equity capital and free reserves of the company, the approval of the shareholders is required under section 293(1)(d) of the Companies Act, 1956. Keeping in view the general economic scenario as well as the future plans of the company it is proposed to authorise the Board of Directors to borrow funds not exceeding Rs. 20.00 Crores (Rs. Twenty Crores only) from time to time from Banks, Financial Institutions, Foreign Banks or other person(s) on private placement basis or on any other basis. As such the resolution is put forth for your consideration and approval.

None of the Directors of the Company is interested in this resolution.

**BY ORDER OF THE BOARD
OF DIRECTORS**

**PLACE : LUDHIANA
DATED : 30TH JULY, 1998**

**Sd/-
(KAPIL JAIN)
CHAIRMAN**



VALLABH STEELS LIMITED

DIRECTORS ' REPORT

To

The Members,

Your Directors have pleasure in presenting the 18th Annual Report of the Company alongwith the Audited Statements of Accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS

(Rupees In Lacs)

	Current Year	Previous Year
Operating Income	10754.94	6255.13
Profit before Interest, Depreciation and Tax	516.89	325.94
Less :		
Interest	188.52	107.33
Provision for Depreciation	174.24	113.27
Provision for Taxation	16.20	13.60
Profit after Tax	137.93	91.74
Balance brought forward	151.79	143.04
	289.72	234.78
APPROPRIATIONS :		
Proposed Dividend	0.22	33.22
Tax on proposed dividend	0.02	3.32
Transfer to General Reserve	50.00	40.00
Tax adjustment of earlier year	---	6.45
Surplus carried to Balance Sheet	239.48	151.79
	289.72	234.78

OPERATIONS

Your company has achieved an operating income of Rs. 10754.94 lacs as compared to Rs. 6255.13 lacs during the last year representing an increase of over 71.94%. This resulted in a Gross Profit of Rs. 516.89 Lacs as compared to Rs. 325.94 lacs during the last year, which shows an Increase of 58.58%.

EXPANSION

During the year, your company has installed additional Tube Mill having installed capacity of 21600 TPA thereby increasing the total installed capacity from 21600 TPA to 43200 TPA. The commercial production of which has commenced in the month of January, 1998.

DIVIDEND

No dividend is recommended for the year under consideration as the funds are required to meet the enhanced Working Capital requirements of the Company due to installation of additional Tube Mill. However dividend at the fixed rate of 11% is recommended for payment on preference share capital.



VALLABH STEELS LIMITED

FIXED DEPOSITS

The Company has not accepted any fixed deposits within the meaning of section 58-A of the Companies Act, 1956 and the Rules made thereunder.

DIRECTORS

Mr. Mohan Lal and Mr. S. K. Soni retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

The necessary resolution for the appointment is placed before you for your approval.

AUDITORS

M/s Raj Gupta & Company, Chartered Accountants, Auditors of the Company, retire at the conclusion of this Annual General Meeting and are eligible for re-appointment. They have furnished a certificate to the effect that re-appointment, if made, will be in accordance with sub section (1B) of section 224 of the Companies Act, 1956.

As regards auditors observations, the relevant notes on the accounts, are self explanatory and therefore, do not call for any further comments.

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

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

PERSONNEL AND INDUSTRIAL RELATIONS

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

None of the employees of the company was in receipt of or was entitled to receive remuneration amounting in aggregate to Rs. 3,00,000/- or more if employed throughout the year or Rs. 25,000/- or more per month if employed for a part of the year. Therefore, the provisions of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

ACKNOWLEDGEMENT

The 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.

**ON BEHALF OF THE
BOARD OF DIRECTORS**

Sd/-
(KAPIL JAIN)
CHAIRMAN

PLACE : LUDHIANA
DATED : 30TH JULY, 1998



VALLABH STEELS LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

STATEMENT PURSUANT TO SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31.3.1998.

I. CONSERVATION OF ENERGY

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

c) Coal (Steam)

Quantity (Tonnes)	8.875	10.735
Cost (Rs.)	33,160	40,718
Average Rate (Rs.)	3,736	3,793

d) Furnace Oil

Quantity (Ltrs.)	19,48,674	18,31,430
Total Amount (Rs.)	1,45,89,868	1,28,88,289
Average Rate (Rs.)	7.49	7.04

e) Other/Internal Generation

Quantity	---	---
Total Cost (Rs.)	---	---
Average Rate (Rs.)	---	---

A. POWER & FUEL CONSUMPTION

	Current Year	Previous Year
a) Electricity		
Furnace, Rolling, Tube Mill Divisions & Cold Rolled Mill.		
Purchase Units	1,58,79,978	1,41,21,228
Total Amount (Rs.)	4,02,01,717	3,27,51,794
Rate/Unit (Rs.)	2.53	2.32

b) Own Generation

i) Through Diesel Generator

Units	---	---
Unit per litre of diesel oil	---	---
Cost/Unit (Rs.)	---	---

ii) Through Steam/turbine Generator

Units	---	---
Unit per litre of fuel/Gas/Oil	---	---
Cost/Unit (Rs.)	---	---

B. CONSUMPTION PER UNIT OF PRODUCTION

Products	UNIT
Furnace, Rolling, Tube Mill & Cold Rolled Strips Divisions	
Electricity (Rs.)	MT 684 658

II. FOREIGN EXCHANGE EARNING AND OUTGO

- a) Activities relating to exports, initiatives to increase exports development of new export markets for products and services & export plans --- ---
- b) Total Foreign Exchange used and earned
- | | | |
|--------------|--------|-----|
| Used (Rs.) | 73,330 | --- |
| Earned (Rs.) | --- | --- |

ON BEHALF OF THE
BOARD OF DIRECTORS

PLACE : LUDHIANA
DATED : 30TH JULY, 1998

Sd/-
(KAPIL JAIN)
CHAIRMAN