



**19th Annual Report
1998-99**

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VALLABH STEELS LIMITED



VALLABH STEELS LIMITED

BOARD OF DIRECTORS

Mr. Kapil Jain	Chairman
Mr. Rahul Jain	Whole Time Director
Mr. M. K. Jain	Director
Mr. Mohan Lal	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-141003

REGISTERED OFFICE

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

WORKS

- (i) G.T. Road, Pawa, Sahnewal,
Ludhiana-141120
- (ii) G.T. Road, Nandpur, Sahnewal,
Ludhiana-141120

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VALLABH STEELS LIMITED

NOTICE

Notice is hereby given that the 19th 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 (Sahnewal), Ludhiana on Tuesday, 28th September, 1999 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, 1999 and the Audited Statements of Accounts for the year ended 31st March, 1999 and the Report of the Auditors and Directors thereon.
2. To declare dividend on Preference Shares.
3. a) To appoint a Director in place of Mr. Kapil Jain who retires by rotation and being eligible, offers himself for re-appointment.
- b) To appoint a Director in place of Mr. M. K. Jain who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

"RESLOVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 and/or any other law for the time being in force the consent of the Members be and hereby accorded to give any guarantee to Industrial Development Bank of India (IDBI) in connection with a Term Loan of Rs. 10.00 Crores made/sanctioned by IDBI to Vardhman Industries Limited which includes the guarantee already executed in favour of IDBI."

**BY ORDER OF THE BOARD
OF DIRECTORS**

**PLACE : LUDHIANA
DATED : 31ST JULY, 1999**

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



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 Thursday, the 23rd September, 1999 to Tuesday, the 28th September, 1999 (both days inclusive).
3. The Members are requested to notify the change in their 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 keep 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. 5

A group company, Vardhman Industries Limited (VIL) is setting up a Galvanised Plain/Galvanised Corrugated Sheet Project at G. T. Road, Village Bapror, Tehsil Rajpura, (Punjab). To meet the financial needs of VIL, the company has given a guarantee against the Term Loan made/sanctioned by IDBI.

Since under Section 372A of the Companies Act, 1956, approval of the Members is required for giving any guarantee in connection with a loan made by any other person to any body corporate, in excess of 60% of its paid-up capital and free reserves or 100% of its free reserves, whichever is higher. The Board recommends the resolution for your consideration and approval.

MEMORANDUM OF INTEREST

None of the Directors except Sh. Kapil Jain, Sh. Rahul Jain and Sh. S. K. Soni, who are also Directors in VIL, is interested in this resolution.

**BY ORDER OF THE BOARD
OF DIRECTORS**

**PLACE : LUDHIANA
DATED : 31ST JULY, 1999**

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



VALLABH STEELS LIMITED

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the 19th Annual Report of the Company alongwith the Audited Statements of Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

(Rupees In Lacs)

	Current Year	Previous Year
Operating Income	14473.76	10754.94
Profit before Interest, Depreciation and Tax	632.45	516.89
Less :		
Financial Expenses	197.26	188.52
Provision for Depreciation	171.91	174.24
Provision for Taxation	30.00	16.20
Profit after Tax	233.28	137.93
Balance brought forward	239.48	151.79
Profit available for appropriations	472.76	289.72
APPROPRIATIONS :		
Proposed Dividend on Preference Shares	0.22	0.22
Tax adjustment of earlier years	0.86	---
Tax on proposed dividend	0.02	0.02
Transfer to General Reserve	70.00	50.00
Surplus carried to Balance Sheet	401.66	239.48
	472.76	289.72

OPERATIONS

During the year, the company has achieved operating income of Rs. 14473.76 Lacs registering 34.58% increase over the previous year Income of Rs. 10754.94 Lacs. This resulted in a gross profit of Rs. 632.45 Lacs as compared to Rs. 516.89 Lacs of previous year and profit after tax of Rs. 233.28 Lacs as against Rs. 137.93 Lacs of previous year registering an increase of 69.13%.

DIVIDEND

No dividend is recommended for the year under consideration as the funds are required for the modernisation of Cold Rolled Mill. However dividend at the fixed rate of 11% is recommended for payment on preference share capital.

EXPANSION

During the year under review, your company has planned to modernise its Cold Rolling Mill Plant and PSIDC has sanctioned a Term Loan of Rs. 200.00 Lacs for this project. This will substantially increase the production and profitability of the company.

LISTING OF SECURITIES

The Equity Shares of the Company are listed at The Delhi Stock Exchange Association Limited, 3 & 4/4B, Asaf Ali Road, New Delhi, The Ludhiana Stock Exchange Association Limited, Feroze Gandhi Market, Ludhiana, The Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai and The Calcutta Stock Exchange Association Limited, 7, Lyons Range, Calcutta. Further the company has duly paid the listing fee to all the aforesaid Stock Exchanges upto the financial year 1999-2000.



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.

Y2K COMPLIANCE

The Company has achieved year 2000 (Y2K) compliance for all its critical internal operations. The compliance work have been completed in Hardware and Software relating to Administration, Finance and Commercial Departments. The issue is being taken up by the available in house expertise. Most of the Softwares have been developed by our EDP department. No major expenditure has been incurred by the Company.

DIRECTORS

Mr. Kapil Jain and Mr. M. K. Jain Directors retire by rotation and being eligible offer themselves for re-appointment.

AUDITORS

M/s Raj Gupta & Co., Chartered Accountants, Auditors of the Company, retire at the conclusion of this Annual General Meeting and are eligible for re-appointment. They have furnished a certificate to the effect that 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.

COST AUDITORS

The Board of Directors has appointed M/s Verma, Verma & Associates, Cost Accountants as the Cost Auditors of the Company under section 233B of the Companies Act, 1956 for which approval of the Central Government has been taken to conduct audit for the year 1998-99.

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 as required to be shown under the provisions of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

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, Financial Institutions, 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**

**PLACE : LUDHIANA
DATED : 31ST JULY, 1999**

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



VALLABH STEELS LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

STATEMENT PURSUANT TO SECTION 217 (I) (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 31.3.1999.

I. CONSERVATION OF ENERGY

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

A. POWER & FUEL CONSUMPTION

	Current Year	Previous Year
a) Electricity		
Furnace, Rolling, Tube Mill Divisions & Cold Rolled Mill.		
Purchase Units	1,38,64,061	1,58,79,978
Total Amount (Rs.)	4,00,59,547	4,02,01,717
Rate/Unit (Rs.)	2.89	2.53
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.)	---	---

c) Coal (Steam)

Quantity (Tonnes)	5,230	8,875
Total Cost (Rs.)	20,244	33,160
Average Rate (Rs.)	3,870	3,736

d) Furnace Oil

Quantity (Ltrs.)	23,25,947	19,48,674
Total Cost (Rs.)	1,69,18,404	1,45,89,868
Average Rate (Rs.)	7.27	7.49

e) Other/Internal Generation

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

B. CONSUMPTION PER UNIT OF PRODUCTION

Products	UNIT
Furnace, Rolling, Tube Mill & Cold Rolled Strips Divisions	
Electricity (Rs.)	MT 588 684

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.)	1,26,750	73,330
Earned (Rs.)	---	---

ON BEHALF OF THE
BOARD OF DIRECTORS

PLACE : LUDHIANA
DATED : 31ST JULY, 1999

Sd/-
(KAPIL JAIN)
CHAIRMAN