



**22nd Annual Report
2001-2002**



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. Ashok Jain	Director

AUDITORS

M/s Raj Gupta & Co.
Chartered Accountants
Miller Ganj, Ludhiana-141 003

BANKERS

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

REGISTERED OFFICE

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

WORKS

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

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VALLABH STEELS LIMITED

NOTICE

Notice is hereby given that the 22nd 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 Friday, 27th September, 2002 at 10.00 A. M. to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002, Profit and Loss Account for the year ended on that date together with the Report of 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 Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting 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 :

"RESOLVED THAT Mr. Ashok Jain who was appointed as an Additional Director under section 260 of the Companies Act, 1956 and who holds office till the conclusion of this Annual General Meeting, be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act 1956 (including any statutory modification or enactment thereof for the time being in force), the approval of the members of the company be and is hereby given to the re-appointment of Mr. Rahul Jain as a Whole Time Director of the Company for a further period of 5 years w.e.f 1.4.2002 on the remuneration and perquisites as detailed below :-

Remuneration :

Salary : Upto maximum Rs. 30,000/- per month

Perquisites :

The perquisites shall be allowed in addition to salary. However, such perquisites shall be restricted to an amount equal to one year's salary during each year as per details given below :-

- i) **Housing :**
Free furnished accommodation or house rent allowance equal to 50% of the basic salary. Free furnishing shall also be provided by the company alongwith other amenities. The said facility shall, however, be subject to the policy framed by the company in this respect. The expenditure incurred by the company on the gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962.
- ii) **Medical Reimbursement :**
Expenses incurred for self and the family (including Mediclaim Insurance Premium) subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
- iii) **Leave :**
Leave with full pay or encashment thereof as per the Rules of the Company.
- iv) **Leave Travel Concession :**
For self and family, once in a year incurred in accordance with Rules specified by the company.
- v) **Club fees :**
Fees of clubs subject to a maximum of two clubs, excluding admission or life membership fees.
- vi) **Personal Accident Insurance :**
Premium not to exceed Rs. 5,000/- per annum.
- vii) **Provident Fund :**
Contribution to Provident fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.



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viii) Gratuity :

Gratuity payable shall not exceed half a month's salary for each completed year of service. This will, however, be subject to ceiling prescribed by the Central Government from time to time.

ix) Car :

Provision of car alongwith driver for use for company's business and telephone at residence will not be considered as perquisites, personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the appointee.

Explanation :

"Family" means the spouse, the dependent children and dependent parents of the appointee.

Minimum Remuneration :

Further in the event of losses or inadequacy of profits in any financial year, the aforesaid remuneration proposed to be paid to the appointee shall be paid to him as minimum remuneration also."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter and vary the terms and conditions of the aforesaid re-appointment and/or agreement in such form and manner or with such modifications as the Board may deem fit in this regard."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such deeds, acts or things and to execute all such documents, instruments, agreements or writings as may be required to give effect to the above resolution."

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

"Resolved that pursuant to the provisions of section 31 and other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association of the company be and are hereby altered as under :"

(I) After the existing Article 14(b) of Articles of Association of the company the following new article 14A be inserted alongwith margin heads :

DEMATERIALISATION OF SECURITIES

14A. For the purpose of this Article, unless the context other wise requires :

a. Definitions :

- Beneficial Owner** : 'Beneficial Owner' means the beneficial owner as defined in clause (a) of sub section (1) of Section 2 of the Depositories Act, 1996.
- Bye-laws** : 'Bye-laws' means bye-laws made by a Depository under Section 26 of the Depositories Act, 1996 ;
- Depositories Act** : 'Depository Act' means the Depositories Act, 1996 and any statutory modification or re-enactment thereof for the time being in force;
- Depository** : 'Depository' means a Company formed and registered under the Companies Act, 1956 (1 of 1956) ('the Act') and which has been granted a certificate or registration under sub section (1A) of Section 2 of the Securities and Exchange Board of India Act, 1992 (15 of 1992); .
- Record** : 'Record' includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI ;
- Regulations** : 'Regulations' means the regulations made by SEBI ;
- SEBI** : 'SEBI' means the Securities and Exchange Board of India ;
- Security** : 'Security' means such security as may be specified by SEBI from time to time;
- Shareholder or Member.** : 'Shareholder' or 'Member' means the duly registered holder, from time to time of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and also every person holding Equity Shares and/or preference shares of the company as also one whose name is entered as a beneficial owner of the shares in the records of a Depository ;

b. Dematerialisation of Securities. :

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any;



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- c. **Option for Investors.** : Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act and the company shall, in the manner and within the time prescribed issue to the beneficial owner the required certificates of securities.
- Whereas person opts to hold his security with a Depository the Company shall intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.
- d. **Securities in Depositories to be in fungible form.** : All Securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187A, 187B and 187C of the Act Shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners :
- e. **Rights of Depositories and Beneficial Owners.** : i. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner ;
- ii. Save as otherwise provided in (i) above, the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it ;
- iii. Every person holding securities of the company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.
- f. **Depository to furnish information.** : Notwithstanding anything to the contrary in the Act or these Articles, where the securities are in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies and discs.
- g. **Option to opt out in respect of any security.** : If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository shall on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly;
- The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfilment of such conditions and on payment of such fee as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.
- h. **Section 83 and 108 of the Act not to apply.** : Notwithstanding anything to the contrary contained in the Articles,
- i. Section 83 of the Act shall not apply to the shares with a Depository.
- ii. Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.
- i. **Register and Index of Beneficial Owners.** : The Register and Index of Beneficial Owners, maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members and Security holders, as the case may be for the purposes of these Articles.
- j. **Intimation to Depository.** : Notwithstanding anything contained in the Act or these Articles, where securities are dealt with a Depository, the company shall intimate the details of allotment of securities hereof to the Depository immediately on allotment of such securities.
- k. **Stamp duty on securities held in dematerialised form.** : No stamp duty would be payable on shares and securities held in dematerialised form in any medium as may be permitted by law including any form of electronic medium.



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| <p>l. Applicability : of the Depositories Act.</p> | <p>In case of transfer of shares, debentures and other marketable securities, where the company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.</p> |
| <p>m. Company to : recognise the rights of Registered Holders as also the Beneficial Owners in the records of the Depository.</p> | <p>Save as herein otherwise provided, the company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share as also the Beneficial Owner of the shares in records of the Depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the company and accordingly the company shall not except as ordered by a court of competent jurisdiction or as by law required, be bound to recognise any benami trust or equity or equitable contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.</p> |

"RESOLVED FURTHER THAT the actions already taken by the Board of Directors in this regard be and are hereby approved, ratified & confirmed."

(II) After existing article 50 the following new article 50A be inserted alongwith margin heads :

NOMINATION FACILITY

- 50A i)** Every holder of shares in or holder of debentures of the company may, at any time, nominate, in the prescribed manner, a person to whom his shares in or debentures of the company shall vest in the event of his death.
- ii)** Where the shares in or debentures of the company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the company shall vest in the event of death of all the joint holders.
- iii)** Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, or debentures of the company, the nominee shall, on the death of the shareholder or holder of debentures of the company or as the case may be on the death of the joint holder becomes entitled to all the rights in the shares or debentures of the company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
- iv)** Where the nominee is a minor, it shall be lawful for the holder of the shares or holder of the debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in or debentures of the company, in the event of his death, during the minority.

BY ORDER OF THE BOARD OF DIRECTORS

PLACE : LUDHIANA
DATED : 3.8.2002

Sd/-
(KAPIL JAIN)
CHAIRMAN

NOTES :

- A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on poll instead of himself/herself and the proxy need not be a member of the company. Proxy Form, in order to be effective must be delivered at the Registered Office of the company at least 48 hours before the scheduled time of the meeting . The blank Proxy Form is enclosed.**
- The Register of Members and Share Transfer Books of the company will remain closed from Tuesday, the 24th September, 2002 to Friday, the 27th September, 2002 (both days inclusive).
- The Members are requested to notify the change in their address, if any, to the company immediately.
- 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.
- Members are requested to bring their copy of Annual Report alongwith them to the Annual General Meeting.



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6. Members may also note that the equity shares of the Company have been included in the list of securities for compulsory trading in dematerialisation form. Shareholders are therefore advised to dematerialise their shareholding to avoid inconvenience in future, you are requested to send your Dematerialisation Request Form (DRF) through your Depository Participant (DP).
7. Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of item nos. 5 to 7 is annexed hereto and forms part of the Notice.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEMS OF SPECIAL BUSINESS :

ITEM NO. 5

Mr. Ashok Jain was appointed as Additional Director of the Company on 1.5.2002 in terms of section 260 of the Companies Act, 1956. He holds office until this Annual General Meeting. Notice in writing has been received from a member of the Company in accordance with section 257 of the Companies Act, 1956 alongwith fee of Rs. 500/- signifying his intention to propose Mr. Ashok Jain as a candidate for the office of Director.

Memorandum of Interest

None of the Directors except Mr. Ashok Jain, the appointee is interested in this appointment. The resolution is recommended for adoption.

ITEM NO. 6

Mr. Rahul Jain was re - appointed as Whole Time Director of the Company for a period of five years with effect from 1st April, 2002 on the terms & conditions approved by the Board of Directors in the meeting held on 30th March, 2002 subject to the approval of the shareholders. The Board of Directors has also approved the reappointment and remuneration payable to him as contained in the resolution in item no.6 above. The Board recommends the resolution for your approval.

The above may be treated as an abstract of the term and conditions of the appointment of Mr. Rahul Jain pursuant to Section 302 of the Companies Act, 1956.

Memorandum of Interest

Mr. Rahul Jain Whole Time Director being the appointee and Mr. Kapil Kumar Jain being relative of Mr. Rahul Jain is interested in the resolution. None of the other directors is interested in this resolution.

ITEM NO. 7

The Securities and Exchange Board of India has decided to include the shares of the company in the list of Securities in which trading in dematerialised form has been made compulsory for all investors.

As a consequence to the above, and the changes made in the Companies Act, 1956 some of the provisions in the Articles of Association of the company would have to be modified particularly to facilitate the operations of the Depository system i.e. issue, holding and dealing of the company's securities in the Dematerialised form and related to nomination facilities by the investors. The relevant Articles as per details furnished in the resolution are, therefore, being amended.

Hence, a special resolution as required under section 31 of the Companies Act, 1956 is proposed for your consideration and approval.

Memorandum of Interest

None of the directors is, in any way, interested or concerned in the proposed resolution.

BY ORDER OF THE BOARD OF DIRECTORS

PLACE : LUDHIANA
DATED : 3.8.2002

Sd/-
(KAPIL JAIN)
CHAIRMAN



VALLABH STEELS LIMITED

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the 22nd Annual Report of the Company alongwith the Audited Statements of Accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS

	(Rupees in Lacs)	
	Current Year	Previous Year
Operating Income	18709.01	21900.05
Profit before Interest, Depreciation and Tax	592.28	800.16
Less :		
Financial Expenses	238.45	280.95
Provision for Depreciation	277.54	287.07
Taxes : Current Tax	23.30	66.00
Deferred Tax	4.90	---
Profit after Tax	48.09	166.14
Balance brought forward	650.23	557.98
Profit available for appropriations	698.32	724.12
APPROPRIATIONS :		
Proposed Dividend on Preference Shares	0.22	0.22
Tax adjustment of earlier years	0.82	(1.35)
Tax on proposed Dividend	---	0.02
Transfer to General Reserve	50.00	75.00
Surplus carried to Balance Sheet	647.28	650.23
	698.32	724.12

OPERATIONS

During the year, your company has achieved operating income of Rs. 18709.01 Lacs over the previous year income of Rs. 21900.05 Lacs. This resulted in a gross profit of Rs. 592.28 Lacs as compared to Rs. 800.16 Lacs of previous year and profit after tax of Rs. 48.09 Lacs as against Rs. 166.14 Lacs of previous year.

DIVIDEND

No dividend is recommended on Equity Share Capital for the year under consideration in order to conserve resources for future requirements. However dividend at the fixed rate of 11% is recommended for payment on Preference Share capital, subject to deduction of tax at source.

LISTING OF SHARES

The Equity Shares of the Company are listed at The Delhi Stock Exchange Association Limited, DSE House, 3/1 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 ending 31st March, 2003.