



36th Annual Report
2015-16

VALLABH STEELS LIMITED



VALLABH STEELS LIMITED

BOARD OF DIRECTORS

Mr. Kapil Kumar Jain	Chairman & Managing Director
Mr. Rahul Jain	Director
Mr. Jawahar Jain	Director
Mrs. Parveen Sharma	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	Oriental Bank of Commerce
Large Corporate Branch	Overseas Branch
Bhagwati Tower, R.K. Road, Ludhiana-141 003	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

WORKS

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

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VALLABH STEELS LIMITED

NOTICE

Notice is hereby given that the 36th 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 29th September, 2016 at 10.00 A.M. to transact the following business:-

AS ORDINARY BUSINESS

1. Adoption of Financial Statements:

To consider and adopt the Audited Financial Statements of the Company including Balance-Sheet as at 31st March, 2016, Profit and Loss Statement and Cash Flow Statement for the year ended on that date, Reports of the Board and Auditors of the Company 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. Ratification of the Appointment of Auditors:

To ratify the appointment of 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 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company hereby ratifies the appointment of M/s. Raj Gupta & Co. (Firm Registration No.000203N), Chartered Accountants as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 37th Annual General Meeting of the Company for the financial year 2016-17, at a 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 of 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, 2017, at a remuneration of Rs. 40,000/- (Rupees Forty 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:

Appointment of Secretarial Auditor for the financial year ending March 31, 2017 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 and rule 9 of the Companies (Appointment and Remuneration personnel) Rules 2014 of the Companies Act, 2013, 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 2016-17 on such remuneration as may be mutually decided by the Board and the Secretarial Auditors.”



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“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.”

BY ORDER OF THE BOARD OF DIRECTORS

**PLACE : LUDHIANA
DATED: 26.08.2016**

**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.
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 23rd September, 2016 to Thursday, the 29th September, 2016 (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 annexure to this notice.
10. Copy of the Annual Report including notice of the 36th 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



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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 36th AGM and the Annual Report for the financial year 2015-16 will also be available on the Company's website at 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 the Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 (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 36th 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 **104900**.
- 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 with a copy marked to evoting@nsdl.co.in.



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B. In case Members receiving the physical copy of Notice of 36th 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 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).
- 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, 22nd September, 2016, may also obtain the login ID and password by sending a request at 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 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, 26th September, 2016 and shall end at 5.00 p.m. on Wednesday, 28th September, 2016. During this period members of the Company, holding shares either in physical or in dematerialised form, as on the record date i.e. Thursday, 22nd September, 2016, 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 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

BY ORDER OF THE BOARD OF DIRECTORS

PLACE : LUDHIANA

DATED : 26.08.2016

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



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EXPLANATORY STATEMENT OF MATERIAL FACTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 CONCERNING ITEM NOS. 4 AND 5 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, 2017.

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, 2017.

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 2016-17 pursuant to the provisions of Section 204 of the Act read with rule 9 of the Companies (Appointment and Remuneration personnel) Rules, 2014 of the Companies Act. 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, 2017.

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.

BY ORDER OF THE BOARD OF DIRECTORS

PLACE : LUDHIANA
DATED : 26.08.2016

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

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
Date of Birth and Age	12-08-1950, 66 years
Qualification and Experience	Graduate, 43 years
Date of Appointment on the Board	15.03.1992
Relationship with Other directors, Manager and other Key Managerial Personnel of the Company	Mr. Kapil Kumar Jain is father of Mr. Rahul Jain. However he is not inter-se related to any other Director or Key Managerial Personnel of the Company. The Company does not have a Manager.
Expertise in Specific Functional Area	Mr. Kapil Kumar Jain has vast experience in Business Management.
Names of other Public entities in which the person holds the directorship	<ul style="list-style-type: none"> Vardhman Industries Limited Vallabh Textiles Company Ltd.
Names of other Public entities in which the person holds Membership/Chairmanship of the Committees of the Board;	<ul style="list-style-type: none"> Member of Stakeholders' Relationship Committee of Vardhman Industries Limited. Chairman of Committee : None
Shareholding in the Company as on March 31st, 2016	2,32,000 Shares
Number of the Meetings of the Board attended during the year	11/11 meetings attended



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DIRECTORS' REPORT

To

The Members,

Vallabh Steels Limited

We have pleasure in presenting the 36th Annual Report of the Company alongwith the Audited Statement of Accounts for the year ended 31st March, 2016:

FINANCIAL RESULTS:

	(Amt. ₹ in Lacs)	
	Current Year	Previous year
Revenue from Operations and Other Income	14191.95	13776.33
Profit before Interest, Depreciation and Tax	646.68	547.08
Less :		
Financial Costs	410.53	423.20
Provision for Depreciation	63.32	72.79
Taxes : Current Tax	33.80	5.90
MAT Credit Entitlement	(33.80)	(5.90)
Deferred Tax/Earlier year tax adjustment	36.44	510.29
Profit after Tax	136.39	319.48
Add:		227.60
Balance b/f from Previous Year	3167.64	2965.04
Profit available for appropriations	3304.03	3192.64
Appropriations		
Transferred to General Reserve	25.00	25.00
Surplus Carried to Balance Sheet	3279.03	3167.64
	3304.03	3192.64

PERFORMANCE REVIEW:

During the year under review, your Company has achieved a total revenue and net profit of Rs. 14191.95 lacs and Rs. 136.39 lacs respectively as against total revenue and net profit of Rs. 13776.33 lacs and Rs. 227.60 lacs respectively in the previous year. The financial year 2015-16 was marked by excess steel capacity globally, falling demand and steep drop in prices in Indian Steel industry. Despite these challenging conditions, the operations resulted in a higher profit before interest, depreciation and tax of Rs. 646.68 lacs as compared to Rs. 547.08 lacs of the last year.

Even as the economy has started on the progress path, this has yet to show a positive impact on the market demand revivals and improved corporate earnings. The Company continued to face numerous challenges due to slow economy growth with debottlenecking of capacity constraints. However the Company expects to show better financial performance during the current year as compared to that of the year under report.

INDUSTRY AND ECONOMIC SCENARIO:

India is the largest steel producer in the world. In 2015-16, India produced 91.46 Million Tonnes (MT) of finished steel. Driven by rising infrastructure development and growing demand for automobiles, steel consumption is expected to reach 104 MT by 2017. 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 will increase by 5.4 percent in both 2016 and 2017 reaching 88.3 MTs in 2017. 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, 2016 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, 2016 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 shares.



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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's exports was nil during the year under review.

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, Rs. 25 lacs 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 2016-17.

DEPOSITS:

Your Company has not accepted any deposits from the Public during the year and, as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance-Sheet.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

Pursuant to 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 Board of Directors on recommendation of Nomination and Remuneration Committee appointed Ms. Pallavi Khurana as Company Secretary of the Company w.e.f. 21.03.2016.

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.

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 11 (Eleven) 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, 2016 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 adhere 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 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 also 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 responsibility.

The Company has established a Whistle Blower Policy and the same has been uploaded in the Company's website www.vallabhgroup.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



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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:

All the related party transactions that were entered into during the financial year were on arm's length basis, in the ordinary course of business and are in compliance with the provisions of the Companies Act, 2013 and the Listing Agreement/ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188(1) along with the justification for entering into such contract or arrangement in Form AOC-2 attached as **Annexure III** and 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.vallabhgroup.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 2015-16 is annexed herewith as **Annexure-V**.

AUDITORS & THEIR REPORTS:

a) STATUTORY AUDITORS:

M/s. Raj Gupta & Co., Chartered Accountants, (Registration Number: 000203N), the Statutory Auditors of the Company were appointed for four years upto the year 2019 in the 35th Annual General Meeting held on 26.09.2015. Their re-appointment is recommended for ratification by the members in the forthcoming Annual General Meeting for the financial year 2016-17 as per the provisions of Section 139 of the Companies Act, 2013 (Act) read with Companies (Audit & Auditors) Rules, 2014. As required under the provisions of Section 139 of the Companies Act, 2013, they have furnished a certificate to the effect that their re-appointment, if ratified, will be in conformity with the limits specified in the said Section.

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.

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, 2017, on a remuneration of Rs. 40,000/- (Rs. Forty Thousand) plus service tax 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 36th Annual General Meeting.