



**29th
ANNUAL REPORT
2001-2002**

**VIDARBHA IRON & STEEL
CORPORATION LIMITED**

VIDARBHA IRON & STEEL CORPN. LTD.

Board of Directors :

D. M. NETERWALA

M. K. DELIWALA

S. C. BHANDARI

M. D. SARAF Managing Director

Auditors :

SALVE AND COMPANY

Solicitors :

BHAISHANKER KANGA AND GIRDHARLAL

Bankers :

BANK OF INDIA

STATE BANK OF PATIALA

Share Department :

PLOT NO. 46 - A & B, MIDC INDUSTRIAL ESTATE,
NAGPUR - 440 028

Registered Office & Steel Works :

PLOT NO. 46 - A & B, MIDC INDUSTRIAL ESTATE,
NAGPUR - 440 028

Computer Works :

PINSEL COMPUTER PRODUCTS

A 45 TO 50, SECTOR NO. 16

ELECTRONICS NAGAR,

NOIDA DIST, GHAZIABAD (U.P.)

VIDARBHA IRON & STEEL CORPN. LTD.**NOTICE :**

NOTICE is hereby given that the 29th Annual General Meeting of Vidarbha Iron & Steel Corporation Ltd., will be held at the Registered Office of the Company at 46A & B, MIDC Industrial Estate, Nagpur 440 028 on Monday, the 30th September, 2002, at 10.30 A.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt Balance Sheet as at 31st March, 2002 and Profit & Loss Account for the year ended 31st March, 2002 with the report of Auditors and Directors.
2. To appoint a Director in the place of Shri D.M. Neterwala, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint retiring Auditors M/s. Salve & Co., Chartered Accountants, Nagpur who are eligible for re-appointment as Auditors of the Company from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.
4. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution :-
 "Resolved that pursuant to the Section 16, Section 94 and all other applicable provisions of the Companies act, 1956 and in terms of the provisions of Article 10 of the Articles of Association of the Company that Clause V of the Memorandum of Association of the Company be and is hereby altered by reclassifying the unissued 20000 14% Cumulative Redeemable Preference Shares of Rs. 100/- each in the Share Capital of the Company into 2,00,000 Equity Shares of Rs. 10/- each and the said Equity Shares shall rank pari passu in all respects with the existing Equity Shares of the Company and consequently the para 1 of the existing Clause V of the Memorandum of Association of the Company relating to Share Capital be and is hereby deleted and the same shall be substituted as under."
 V. "The Authorised Share Capital of the Company is Rs. 250,00,000 (Rupees Two Crores Fifty lacs only) divided into 25,00,000 (Twenty Five lacs) Equity Shares of Rs. 10/- (Rupees ten only) each with power to increase or reduce such capital from time to time. In accordance with regulations of the Company and the legislative provisions for the time being in force in this behalf and to attach thereto respectively any preferential qualified or special rights, privileges and conditions. If and whenever the Capital of the Company is divided into shares of different classes, the rights of any such class may be varied, modified, effected, extended, abrogated or surrendered as provided in the Articles of Association of the Company and the legislative provisions for the time being in force."
 "Resolved further that the Board of Directors be and are hereby authorized to take all necessary steps to give effect to the foregoing resolution and make the necessary amendment in the Memorandum and Articles of Association of the Company".

Registered Office :
 46A&B, MIDC Industrial Estate,
 Nagpur 440 028
 Dated : 28th August, 2002

BY ORDER OF THE BOARD OF DIRECTORS

M. D. SARAF
 MANAGING DIRECTOR

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Register of Members and Share Transfer Books will remain closed from 24th September, 2002 to 30th September, 2002 both days inclusive.
3. Members are requested to intimate immediately any change in their address at our Registered Office : 46A&B, MIDC Industrial Estate, Nagpur 440 028.

VIDARBHA IRON & STEEL CORPORATION LTD**DIRECTORS' REPORT TO THE MEMBERS :**

Your Directors are presenting the 29th Annual Report together with Audited Statement of Accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS :

	Year ended 31 st March, 2002 (Rs. In lacs)	Year ended 31 st March, 2001 (Rs. in lacs)
Gross Profit / (Loss) before depreciation	(400.52)	(295.28)
Less : Depreciation for the current year	<u>47.55</u>	<u>47.30</u>
Net Profit / (Loss) for the year after depreciation	(448.07)	(342.58)
Add : Debit for earlier year (interest on unsecured Loan not provided last year)	<u>—</u>	<u>(329.43)</u>
	(448.07)	(672.01)
Loss Brought forward from previous year	<u>(1618.64)</u>	<u>(946.63)</u>
Loss carried to Balance Sheet	(2066.71)	(1618.64)

In view of the accumulated losses incurred by Ferro Alloys Corporation Ltd., (FACOR) on operation of our Steel Plant at Nagpur, no provision for our share in profit has been made.

PINSEL COMPUTER PRODUCTS DIVISION :

During the year production at Pinsel Computer Products Division was Nil, due to the fact that the Factory is closed and is under the possession of Trade Tax Department, Noida. Regarding the Land and Building and other Assets at Pinsel, Noida, the Note Number 4 of Schedule 'D', forming part of the Balance Sheet is self-explanatory.

CONSERVATION OF ENERGY : Not applicable

TECHNOLOGY ABSORPTION : Not applicable

FOREIGN EXCHANGE EARNINGS AND OUTGO :

1. Foreign Exchange Earnings : Nil
2. Foreign Exchange Outgo : Nil

INSURANCE : The Assets of the Company are adequately insured.

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DIRECTORS:

Shri D. M. Neterwala retires by rotation and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 217 (2AA) of Companies Act, 1956, your Directors state as under:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations,
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period,
- iii) that the Directors have taken proper and sufficient care for the 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 fraud and other irregularities,
- iv) that the Directors have prepared the annual accounts on a going concern basis.

AUDITORS:

Members are requested to appoint Auditors and to fix their remuneration. The retiring Auditors M/s. Salve and Company, being eligible offer themselves for re-appointment. They have further furnished certificate to the effect that their re-appointment if made, would be in accordance with Sub-section (1-B) of Section 224 of the Companies Act, 1956.

AUDITOR'S REPORT:

With reference to the comments made by the Auditors in his Report, the Directors wish to state that the relevant notes forming part of the Company's Accounts are self-explanatory and hence do not require any further explanation.

INDUSTRIAL RELATIONS:

Relations with the employees continued to be cordial.

PARTICULARS OF THE EMPLOYEES:

None of the employees are covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

DEMATERIALISATION:

As per the Directives of SEBI/Stock Exchange, we appointed M/s. IIT Corporate Services, Mumbai to establish the connectivity. However, we have been informed by M/s. National Security Depository Ltd, Mumbai that approval for the company has been deferred because the paid up Share Capital is below 1 Crore and the dividend not paid. We have informed this to Stock Exchange, Mumbai.

ACKNOWLEDGEMENT:

The Directors wish to thank for the co-operation extended by the Financial Institutions and Bankers. Your Directors also appreciate the dedicated and sincere services of the employees.

ON BEHALF OF THE BOARD OF DIRECTORS

M. D. SARAF
MANAGING DIRECTOR

Mumbai, 28th August, 2002

VIDARBHA IRON & STEEL CORPN. LTD.**REPORT OF THE AUDITORS' TO THE MEMBERS**

We have audited the attached Balance Sheet of "M/s. VIDARBHA IRON AND STEEL CORPORATION LTD, NAGPUR" as at 31st March, 2002 and also the annexed Profit and Loss Account of the company for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government in terms of Section 227 (4A) of the Companies act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in Annexure referred to above, we report that :
 - i. We have obtained all the information and explanation which, to the best of our knowledge, were necessary for the purpose of our Audit,
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books of the Company.
 - iii. The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account of the Company.
 - iv. In our opinion, subject to **Note No. 3 & 6 of Schedule K**, the Balance Sheet and Profit and Loss Account comply with the Accounting Standards referred to in Sub-Section 3(C) of Section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations from the Directors, none of the Directors is disqualified as on 31st March, 2002 from being appointed as a Director under Section 274 (1) (g) of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the accounts, together with the notes thereon, particularly **note no. 4 of schedule 'D' and note 2 & 3 of Schedule 'K'** give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - (a) In the case of the Balance Sheet, the statement of affairs of the Company as at 31st March, 2002; and
 - (b) In the case of the Profit and Loss Account, of the Loss for the year ended on that date.

FOR SALVE & COMPANY
Chartered Accountants

NAGPUR,
Date : 28th August, 2002

K. P. SAHASRABUDHE
Proprietor

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITOR'S REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2002 OF VIDARBHA IRON & STEEL CORPORATION LIMITED

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that :

- i. The Company is maintaining proper records showing full particulars, including quantitative details and situations of Fixed Assets. These assets were physically verified by the Management at reasonable intervals during the year and no material discrepancies were noticed on such verification. Since the Pinsel Factory at Noida is locked and is in possession of Trade Tax Department Noida, records relating to fixed assets in respect of the same could not be brought upto date and verified. Similarly, Management could not physically verify the assets located at the Pinsel Factory at Noida.
- ii. None of the fixed assets have been revalued during the year.
- iii. The Stocks of finished goods, stores, spare parts and raw materials have not been physically verified by the Management since the factory at Noida is in possession of Trade Tax Department, Noida.
- iv. In view of reply to item (iii) above, no comments are offered as regards the procedures of physical verification of stocks followed by the Management whether are reasonable and adequate in relation to the size of the company and the nature of its business.
- v. In view of reply to item (iii) above, no comments are offered as regards discrepancies noticed on physical verification of stocks as compared to book records.
- vi. On the basis of the certificate given by the management, we are of the opinion that the valuation of stocks is fair and proper in