



30th
ANNUAL REPORT
2002-2003

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**VIDARBHA IRON & STEEL
CORPORATION LIMITED**

VIDARBHA IRON & STEEL CORPN. LTD.

Board of Directors :

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 30th Annual General Meeting of Vidarbha Iron and Steel Corporation Ltd., will be held at the Registered Office of the Company at 46 A&B, MIDC Industrial Estate, Nagpur 440 028 on Tuesday, the 30th September, 2003 at 10:30 a.m to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt Balance Sheet as at 31st March, 2003 and Profit and Loss Account for the year ended 31st March, 2003 with the report of Auditors and Directors.
2. To appoint a Director in the place of Shri M.K. Deliwala, 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.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution:-

"RESOLVED THAT subject to the approval under Section 269 and other relevant and applicable provisions of the Companies Act, 1956 Shri M.D. Saraf be and is hereby reappointed as the Managing Director of the Company for a further period of 5 years with effect from 15th December, 2002 on terms and conditions specified in the draft agreement supposed to be entered into between Company on one part and the said Shri M.D. Saraf on the other part (and draft of which is placed before this meeting and initialled by Chairman of this meeting, for purpose of identification) setting out the terms of the reappointment of the later as Managing Director of the Company and the Director authorised by the Board of Directors be and are hereby authorised to execute the agreement on behalf of the Company under its common Seal on the same terms and conditions or with such modifications (not being modifications more advantageous to Managing Director) and agreed to by the Board and the Managing Director"

Registered Office:
46 A& B, MIDC Industrial Estate,
Nagpur - 440 028
Dated 29th August, 2003.

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 Book will remain closed from 24th September, 2003 to 30th September, 2003 both days inclusive.
3. Members are requested to intimate immediately any change in their address at our Registered Office: 46 A&B, MIDC Industrial Estate, Nagpur 440 028.

VIDARBHA IRON & STEEL CORPN. LTD.**ANNEXURE TO THE NOTICE**

Explanatory Statement pursuant to section 173 of the Companies Act, 1956 for item No.4:

1. Shri M.D. Saraf was re-appointed as Managing Director of the Company for a term of 5 years with effect from 15/12/1997 by the Shareholders in General Meeting. The term of Shri M. D. Saraf, as Managing Director expired on 14/12/2002. The Board of Directors have re-appointed Shri M.D. Saraf as Managing Director for a further term of 5 years effective from 15/12/2002 on the terms and conditions contained in the subsisting agreement and which are also incorporated in the said agreement between the Company and the said Shri M.D. Saraf.
2. Shri M.D. Saraf is one of the Promoters of the Company and also one of its first Directors. By virtue of his association in past and his day to day association with this Company from the very inception itself, he has acquired substantial business acumen and considerable administrative experience. The rich experience gained by him has been utilised by him in managing the Company. In view of the above, his re-appointment is considered to be in the best interest of the Company.

The terms and conditions of his re-appointment are set out as below:

- i) Term - 5 years with effect from 15/12/2002. He shall not be subject to retirement by rotation.
- ii) Remuneration - Shri M.D. Saraf has voluntarily agreed not to take any remuneration for the above term.
- iii) The Managing Director subject to the superintendence, control and direction of the Board of Directors of the Company shall have the general conduct and management of the business and affairs of the Company except in the matters which may be specifically required to be done by the Board either by the Companies Act, 1956, or by the Articles of Association of the Company. The Managing Director shall also exercise and perform such power and duties as the Board of Directors of the Company from time to time determine and shall also do and perform all other rights and things which in the ordinary course of business he may consider necessary or proper or in the interest of the Company.
- iv) The Managing Director shall unless prevented by ill-health or accident throughout the said term, devote his time, attention and ability to the business of the Company and in all respects conform to and comply with the directions and regulations given by the Board of Directors and shall well and faithfully serve the Company and use his best endeavour to promote the interest of the Company.
- v) The Managing Director shall not during his continuance in the employment become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company in future without prior approval of the Central Government.

A copy of the draft agreement supposed to be entered into with Shri M.D. Saraf setting out more particularly the terms and conditions of his re-appointment as the Managing Director of the Company is open for inspection Of the Members at the Registered Office of the Company during normal business hours on all working days.

Shri M. D. Saraf. is deemed to be interested in his own reappointment. None of the Directors are in any way interested or concerned in the reappointment of Shri M.D. Saraf as Managing Director.

Registered Office
46 A&B, MIDC Industrial Estate.
Nagpur 440 028
Dated: 29th August, 2003

By Order of the Board of Directors

M. D. SARAF
MANAGING DIRECTOR

30TH ANNUAL REPORT 2002-2003

DIRECTORS REPORT TO THE MEMBERS

Your Directors are presenting the 30th Annual Report together with Audited Statement of Accounts for the year ended 31 st March, 2003.

FINANCIAL RESULTS:

	Year ended 31st March, 2003 (Rs in Lacs)	Year ended 31st March, 2002 (Rs in Lacs)
Gross Profit / (Loss) before depreciation	(1820.83)	(400.52)
Less: Depreciation for the current year	<u>82.62</u>	<u>47.55</u>
Net Profit / (Loss) for the year after Depreciation	(1903.45)	(448.07)
Loss : brought forward from previous year	<u>(2066.71)</u>	<u>(1618.64)</u>
	3970.16	2066.71
Less : Effect of one time settlement with Financial Institutions	2295.04	----
Less : Adjustment as a result of AS22	<u>835.32</u>	<u>----</u>
Profit / (Loss) carried to Balance sheet	(839.80)	(2066.71)

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. The agreement of Lease between the Company and FACOR has been revised as per mutual understanding as detailed in the note Numbers 9 of Schedule "L".

PINSEL COMPUTER PRODUCTS DIVISION

As reported last year, there was no production in the Pinsel Computer Products Division during the current year also. Further due to passage of considerably long period, it is considered that fixed assets like Plant and Machinery, Furniture, Fixtures, Equipments, Vehicles etc and current assets being inventory, work in progress, raw materials, sundry debtors, advances recoverable and deposits etc for this Division are not realizable and hence the same have been suitably written off in the accounts for the year.

SETTLEMENT OF LOANS OF FINANCIAL INSTITUTIONS

The Company has arrived at a One Time Settlement (OTS) with ICICI Bank Ltd, Industrial Finance Corporation of India (IFCI) in respect of their outstanding including interest, compounding interest and other charges etc. After payment of settled amount a sum of Rs. 2439.24 lacs comprising of principal amount of Rs. 144.20 Lacs and interest of Rs. 2295.04 lacs remaining outstanding in the books of accounts of the Company has been written off / credited to the Profit & Loss Account.

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.

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

Shri M.K. Deliwala 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 account 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.

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.

ON BEHALF OF THE BOARD OF DIRECTORS

M. D. SARAF
MANAGING DIRECTOR

Nagpur, 29th August, 2003