



**35th
ANNUAL REPORT
2007-2008**

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**VIDARBHA IRON & STEEL
CORPORATION LIMITED**

VIDARBHA IRON & STEEL CORPN. LTD.

Board of Directors:

M.D.SARAF Managing Director

MANOJ SARAF

VINOD SARAF

ROHIT SARAF

ASHIM SARAF

R.V.DALVI

MAHESH SARAF

Auditors:

SALVE AND COMPANY

Solicitors:

BHAISHANKER KANGA AND GIRDHARLAL

Bankers:

BANK OF INDIA

Share Department:

**PLOT NO. 46-A & B, MIDC INDUSTRIAL ESTATE,
NAGPUR - 440028**

Registered Office & Steel Works :

**PLOT NO. 46-A & B, MIDC INDUSTRIAL ESTATE,
NAGPUR - 440028**

VIDARBHA IRON & STEEL CORPN. LTD.**NOTICE TO MEMBERS**

Notice is hereby given that the 35th Annual General Meeting of members of Vidarbha Iron & Steel Corporation Limited will be held at the Registered Office of the Company at 46 A & B, MIDC Industrial Estate, Nagpur 440028 on 29th August, 2008 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2008 and Profit & Loss Account for the period ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint Directors in the place of Shri R. V. Dalvi, who retires from office by rotation and being eligible offers himself for re-appointment.
3. To appoint Directors in the place of Shri Rohit Saraf, who retires from office by rotation and being eligible offers himself for re-appointment.
4. To re-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:

5. To consider, and if thought fit, to pass the following resolution which will be proposed as a Special Resolution.
 "RESOLVED that pursuant to provision of Section 269 and other relevant and applicable provisions of the Companies Act, 1956 (the "Act") Shri M. D. Saraf be and is hereby re-appointed as the Managing Director of the Company for a further period of 5 years with effect from 15th December, 2007 on terms and conditions specified in the draft agreement 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 initialed by Chairman of this meeting, for purpose of identification) setting out the terms of the re-appointment of the later as Managing Director of the Company and the Director authorized by the Board of Directors be and is hereby authorized 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."
6. To re-appoint Practicing Company Secretary for issue of compliance Certificate and to fix the remuneration.

BY ORDER OF THE BOARD OF DIRECTOR

Dated: 5th July, 2008

Place: Nagpur

M. D. Saraf
Managing Director

Notes:

1. The relevant explanatory statement pursuant to section 173 of the Companies Act, 1956 in respect of item no. 5 & 6 of the Notice is annexed hereto.
2. A member entitled to attend and vote is entitled to appoint a proxy and a proxy need not be the member of the company.
3. Register of Members and Share-Transfer Book will remain closed from 23rd August, 2008 to 29th August, 2008, both days inclusive.
4. Members are requested to intimate immediately any change in their address at the Company's Registered Office: 46A&B, MIDC Industrial Estate, Nagpur 440028.
5. Members are requested to quote Folio Numbers in all correspondence. Members holding shares in identical order of names in more than one folio are requested to write to Company to consolidate their holding in one folio.
6. Shareholders intending to require information about accounts to be explained at the meeting are requested to furnish the queries to the Company at least 10 (ten) days in advance of the Annual General Meeting.

VIDARBHA IRON & STEEL CORPN. LTD.**EXPLANATORY STATEMENT:****Item No. 5.**

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 14/12/2007. The Board of Directors have re-appointed Shri M. D. Saraf as Managing Director for a further term of 5 years effective from 15/12/2007 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.

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. He has utilized the rich experience gained 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 15/12/2007. He shall not be subject to retirement by rotation.
- ii) Remuneration Shri M. D. Saraf has voluntarily agreed not to take any remuneration for 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.

None of the Directors except Shri M. D. Saraf is concerned or interested in the Resolution at item no. 5 of the Notice.

Item No. 6

The Companies (Amendment) Act, 2000 has inserted a proviso to sub-section (1) of Section 383A of the Companies Act, 1956 which provide that every company not required to employ a Whole Time Company Secretary under Section 383A(1) and having a paid up capital of Rs. 10 Lacs and more shall file with the Registrar a Certificate from a secretary in whole time practice. In order to obtain such certificate it is necessary to appoint a company secretary in whole time practice.

No Director is in any way concerned or interested in the Resolution at item no. 6 of the Notice.

BY ORDER OF THE BOARD OF DIRECTORS

Dated: 5th July, 2008

Place : Nagpur

M. D. Saraf
Managing Director

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DIRECTORS' REPORT TO THE MEMBERS:

Your Directors have pleasure in presenting the 35th Annual Report of the Company together with Audited Accounts for the year ended 31st March, 2008.

1. FINANCIAL RESULTS:

| | Year ended 31 st March, 2008 (Rupees) | Year ended 31 st March, 2007 (Rupees) |
|--|--|--|
| Leave and License Money | 21,00,000 | 21,00,000 |
| Other Income | 66,54,967 | 25,30,831 |
| Profit before Interest, Tax and Depreciation | 82,85,164 | 1,85,53,068 |
| Less: Depreciation | 12,13,167 | 17,70,516 |
| Profit before Interest & Tax | 70,71,997 | 1,67,82,552 |
| Less: Interest | 1,28,207 | 1,36,212 |
| Profit before Tax | 69,43,790 | 1,66,46,340 |
| Less: Provision for Fringe Benefit Tax | 70,828 | 96,204 |
| Profit After Tax | 68,72,962 | 1,65,50,136 |
| Add: Loss brought forward from last year | (6,09,98,337) | (7,75,59,146) |
| Balance carried forward | (5,41,25,375) | (6,10,09,010) |

2. PERFORMANCE:

The Company has stable income from leasing. During the Year the Company has a profit after tax of Rs. 68,72,962/-. After adjusting the brought forward losses, the losses carried forward to the next year comes to Rs. 5,41,25,375/-.

3. DIVIDENDS:

Due to brought forward losses of the Company, your Directors are unable to declare any dividend during the year.

4. FIXED DEPOSIT:

The Company has not accepted any Fixed Deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under during the period under review.

5. DIRECTORS:

Shri R.V.Dalvi and Shri Rohit Saraf, Directors of the Company retires by rotation and being eligible, offer themselves for reappointment.

6. DIRECTORS RESPONSIBILITY STATEMENT:

Your Directors report that:

In the preparation of the annual accounts, the applicable accounting standards had been followed and that there were no material departures.

The accounting policies selected by them have been applied consistently, judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the Company as at 31st March, 2008.

They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

The annual accounts have been prepared on going concern basis

7. AUDITORS:

Members are requested to appoint Auditors and to fix their remuneration. M/s Salve & Co., Chartered Accountants, auditor of the Company hold office till the conclusion of the ensuing General Meeting and are eligible for re-appointment. The Company has received a letter from M/s Salve and Co., Chartered Accountant to the effect that their appointment as Auditor, if made, would be within the limits u/s 224 (1-B) of the Companies Act, 1956.

VIDARBHA IRON & STEEL CORPN. LTD.**8. AUDITOR'S REPORT:**

With reference to the comments made by the Auditor in their 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.

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Details of Conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is not applicable to the Company.

10. COMPLIANCE CERTIFICATE:

In accordance with the requirements of Section 383A of the Companies Act, 1956, Certificate from Practicing Company Secretary certifying regarding compliance with the legal requirements, in respect of the Company for the year ended 31st March, 2008, is enclosed and marked as Annexure 1.

11. PARTICULARS OF THE EMPLOYEES:

During the year under review, none of the employees of the company have received remuneration in excess of limits specified in Section 217(2A) of the Companies Act.

12. ACKNOWLEDGEMENT:

Your Directors express their thanks and record appreciation for the co-operation they have received from various Government authorities, financial institutions, bankers, suppliers and customers of the company. The Directors also appreciate and value the contributions made by every employee and member of company.

On Behalf of Board of Directors,

Place : Nagpur
Date : 5th July, 2008

M.D.SARAF
MANAGING DIRECTOR

R.V.DALVI
DIRECTOR

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COMPLIANCE CERTIFICATE

To,
The Members,
 Vidarbha Iron and Steel Corporation Limited,
 Plot No. 46 (A & B) MIDC Industrial Estate,
 Nagpur

I have examined the registers, records, books and papers of Vidarbha Iron & Steel Corporation Limited, (CIN: U27100MH1972PLC016134) as required to be maintained under the Companies Act, 1956 and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2008. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

- 1) The company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rule made thereunder and all entries therein have been duly recorded.
- 2) The company has filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
- 3) The company, being a public limited company, comments are not required.
- 4) The Board of Directors duly met five times respectively on 30th April 2007, 26th July 2007, 25th August 2007, 29th October 2007 and 30th January 2008 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
- 5) The company closed its Register of Members from 20.09.2007 to 25.09.2007 and necessary compliance of section 154 of the Act has been made. The Annual General Meeting for the financial year ended on 31st March, 2007 was held on 25th September 2007 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- 6) No Extra-ordinary General Meeting was held during the financial year.
- 7) The company has not advanced any loans to its director or persons of firms or companies referred to under to section 295 of the Act.
- 8) The company has not entered into any contracts falling within the purview of section 297 of the Act.
- 9) The company has made necessary entries in the register maintained under section 301 of the Act.
- 10) As there was no appointment of any Director or Relative of Director, in any place of profit in the Company during the year, section 314 is not applicable.
- 11) The company has not issued any duplicate certificates during the financial year.
- 12) The company has:
 - i) no allotment/ transfer/ transmission of securities during the financial year.
 - ii) not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - iii) not required to post warrants to any member of the company as no dividend was declared during the financial year.
 - iv) not transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund as there were no such funds.
 - v) generally complied with the requirements of section 217 of the Act.
- 13) The Board of Directors of the company is duly constituted and the appointment of directors, additional directors, alternate directors and directors to fill casual vacancies have been duly made.
- 14) The appointment of Managing Director/ Whole-time Director/ Manager has been made in compliance with the provisions of section 269 read with Schedule XIII to the Act.
- 15) The company has not appointed any sole selling agents during the financial year.
- 16) The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
- 17) The directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
- 18) The company has not issued any shares, debentures or other securities during the financial year.
- 19) The company has not bought back any shares during the financial year.
- 20) There was no redemption of preference shares or debentures during the financial year.
- 21) There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights share and bonus shares pending registration of transfer of shares.
- 22) The company has not invited/ accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
- 23) The company has not made any borrowings during the financial year ended 31st March, 2008.
- 24) The company has made advances of Rs. 25,00,000 for purchase of immovable property and consequently entries have been made in the register kept for the purpose.
- 25) The company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.