



**39th  
ANNUAL REPORT  
2011-2012**

**VIDARBHA IRON & STEEL  
CORPORATION LIMITED**

## **VIDARBHA IRON & STEEL CORPORATION LIMITED**

### **Board of Directors:**

**M.D. SARAF**

Managing Director

**MANOJ SARAF**

**VINOD SARAF**

**ROHIT SARAF**

**ASHIM SARAF**

**ANURAG SARAF**

**MAHESH SARAF**

**S.C. BHANDARI**

### **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

### NOTICE TO MEMBERS

Notice is hereby given that the 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, Hingna Road, Nagpur – 440028 on Saturday the 29th September, 2012 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, 2012 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 Director in the place of Shri Ashim Saraf, who retires from office by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Director in the place of Shri Mahesh Saraf, who retires from office by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Director in the place of Shri Anurag Saraf, who retires from office by rotation and, being eligible, offers himself for re-appointment.
5. To appoint auditor and authorise the Board of Directors to fix his remuneration.

### SPECIAL BUSINESS:

6. To re-appoint Practicing Company Secretary for issue of Compliance Certificate and to fix their remuneration.
7. To consider and if thought fit to pass with or without modification(s) the following resolution as **Ordinary Resolution**:

“RESOLVED THAT the Board of Directors of the Company be and is hereby authorised, pursuant to the provisions of section 293 (1) (d) of the Companies Act, 1956, to borrow money, from time to time, at its discretion either from the Company's bank or any other bank, financial institution or any other lending institution or persons on such terms and conditions as may be considered suitable by the Board of Directors up to a limit not exceeding in the aggregate Rs. 50 Crores notwithstanding that the money to be borrowed together with the money already borrowed by the Company, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, will exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose”.

8. To consider and if thought fit to pass with or without modification(s) the following resolution as **Ordinary Resolution: (To be voted only by Postal Ballot)**

“RESOLVED THAT the Company do hereby accord its consent under section 293(1)(a) of the Companies Act, 1956, to mortgaging and / or charging by the Board of Directors of the Company all or any of the movable or immovable properties both present and future or the whole or substantially the whole of the undertaking or the undertakings of the Company for securing any loan obtained or as may be obtained from any financial institution or person or persons together with interest, costs, charges, expenses and any other money payable by the Company.”

9. To consider and, if thought fit, to pass the following resolution which will be proposed as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of section 269 and other relevant and applicable provisions of the Companies Act, 1956 Shri M.D Saraf be and hereby re-appointed as Managing Director of the

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Company for a further period of 5 years with effect from 15th December, 2012 on terms and conditions specified in 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 initialed by Chairman of this Meeting, for the 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 are hereby authorized to execute the agreement on behalf of the Company under its common seal on the same terms and conditions or with such modification (not being modification more advantageous to Managing Director ) and agreed to by the Board and the Managing Director”

**By order of the Board of Director**

**Place: Nagpur**

**Dated: 29th August, 2012**

**M.D. SARAF**  
**Managing Director**

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### **Notes**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be member of the company. The proxies in order to be effective must be received by the company not less than 48 hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 24th September 2012 to 29th September, 2012 (both days inclusive).
3. All requests received from Members for change of address will be entertained only when shareholders' signatures on the letter intimating change of address tally with the specimen signatures recorded with the Company. While notifying change in address please ensure that the address is complete and the pin code number is clearly mentioned. Incorrect / incomplete address may lead to non-delivery of documents /communications sent to you from the Company.
4. 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.
5. 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.
6. **With respect to resolutions at Item No. 8 of the Notice, Members are requested to vote only by Postal Ballot in terms of Section 192-A of the Companies Act, 1956. A Postal Ballot Form and stamped postage envelope are enclosed. Votes cast otherwise than in the said Postal Ballot Form will be rejected. Please read the instructions in the Postal Ballot Form carefully.**

**Depending upon the result of the Postal Ballot the said resolutions will be confirmed / declared to have been passed on the date of the Annual General Meeting.**

### **EXPLANATORY STATEMENT:**

In terms of Section 173(2) of the Companies Act, 1956 the Explanatory Statement sets out all material facts relating to Item No. 6 to 9 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.

**ITEM NO. 7**

The sanction of the shareholders is sought to permit the Board to borrow money in excess of the Company's capital and free reserves. This is permissible under section 293 (1) (d) of the Companies act, 1956, if the shareholders approve. With the Company's plans for exploring new opportunities for business, your Board thinks it necessary to acquire this power and commends passing of this resolution.

None of the Directors of the Company is concerned or interested in the above resolution.

**ITEM NO. 8**

Your company proposes to explore new opportunities for business, which will require financial assistance and sanction of loans from the banks / financial institutions. As a security for the loans to be sanctioned by banks / financial institutions with whom the Company is negotiating for financial assistance to explore new business opportunities, the Company would be required to give mortgage of all movable and immovable properties of the Company present and future.

Section 293 (1) (a) of the Companies Act, 1956, provides inter alia, that the Board of Directors of a public Company shall not, without the consent of such public company in General Meeting, sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company.

Resolution under Section 293 (1) (a) is required to be passed by means of Postal Ballot, in case of sale of whole or substantially the whole of an undertaking. Although the Resolution mentioned in item no. 8 above is required to be passed in respect of creation of mortgage by the Company of its immoveable and moveable properties in favour of the Banks/ financial insitutions, Shareholders' approval is, however, sought by way of abundant caution by way of Postal Ballot for the same. This Resolution, therefore, has to be passed through Postal Ballot and accordingly the same is commended for your acceptance.

**ITEM NO. 9**

Shri M. D. Saraf was re-appointed as Managing Director of the Company for a term of 5 years with effect from 15/12/2007 by the Shareholders in General Meeting. The term of Shri M. D. Saraf, as Managing Director is expiring on 14/12/2012. The Board of Directors have re-appointed Shri M.D. Saraf as Managing Director for a further term of 5 years effective from 15/12/2012 on the terms and conditions contained in the subsisting agreement and which are also incorporated in the said agreement between the Company and 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 gained by him has been utilized 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.

- a. Term – 5 years with effect from 15/12/2012. He shall not be subject to retirement by rotation.
- b. Remuneration – Shri M.D. Saraf has voluntarily agreed not to take any remuneration for the above

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term.

- c. The Managing Director subject to 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 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.
- d. 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 endeavor to promote the interest of the Company.
- e. 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 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 to the members at the registered office of the Company during normal business hours on all working days.

No other Director other than Shri. M. D. Saraf whose re-appointment is being proposed and Shri Anurag Saraf, who is son of Mr. M. D. Saraf, are in any way interested or concerned in the re-appointment of Shri M.D. Saraf as Managing Director.

**By order of the Board of Directors**

**Place: Nagpur**

**Dated: 29th August 2012**

**M.D. SARAF**

**Managing Director**

**DIRECTORS' REPORT TO THE MEMBERS :**

Your Directors are pleased to present the Annual Report together with the Audited Statement of Accounts of the Company for the period ended 31st March, 2012.

**1. Financial Results:**

In spite of stiff market conditions and growing competition your company has shown considerable resistance to the prevailing situation and managed to achieve positive results for the year under review. A brief view of the company's financial performance during the year has been given below:

<b>Particulars</b>	<b>Year ended 31.03.12 (Rupees)</b>	<b>Year ended 31.03.11 (Rupees)</b>
Income including sales	13,08,98,981	3,05,41,965
Profit/(Loss) before Depreciation, Interest and Tax	26,32,166	23,25,566
Less: Depreciation	5,15,109	6,98,575
Profit/(Loss) before Interest & Tax	21,17,057	16,26,991
Less: Interest	8,09,399	3,35,696
Profit/(Loss) before tax	13,07,658	12,91,295
Less: Provision for Tax	4,40,528	0
Less: Provision for Deferred Tax	(38,375)	(79,739)
Profit/(Loss) after tax	9,05,505	13,71,034
Profit/(Loss) brought forward from previous year	(5,05,09,762)	(5,18,80,796)
<b>Balance carried to Balance-sheet</b>	<b>(4,96,04,257)</b>	<b>(5,05,09,762)</b>

**2. Dividend:**

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

**3. Fixed Deposits:**

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

**4. Directors:**

Shri Ashim Saraf, Shri Mahesh Saraf and Shri Anurag Saraf Directors of the Company retires by rotation and being eligible, offers themselves for re-appointment.

**5. Auditor:**

Salve & Co., Chartered Accountant, auditor of the Company holds office till the conclusion of the ensuing Annual General Meeting and is eligible for re-appointment. The Company has received a letter from Salve & Co., Chartered Accountant to the effect that the appointment as auditor, if made, would be within the limits u/s 224 (1-B) of the Companies Act, 1956.

**6. Auditor's Report:**

With reference to the comments made by the Auditor 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.

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### **7. Directors' Responsibility Statement:**

Pursuant to the provisions of Section 217(2AA) of the 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 explanation
- ii) that the directors have selected such accounting policies and applied them consistently and made judgments 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 period and of the profit 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.

### **8. 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.

### **9. 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, 2012, is enclosed and marked as Annexure- 1.

### **10. Particulars of Employees:**

During the year under review there were no employees receiving remuneration of or in excess of limits prescribed as per the provisions of Section 217 (2A) read with the Companies (Particulars of Employees) Rules, 1975.

### **11. Acknowledgments:**

Your Directors express their thanks and record appreciation for the co-operation they received from various Government authorities, financial institutions, bankers, suppliers and customers of the company. The Directors also wish to place on record their sincere appreciation for the devoted services rendered by the employees at all levels of the Company and look forward to their continued co-operation.

**ON BEHALF OF THE BOARD OF DIRECTORS**

**Place : Nagpur**

**Dated: 29th August, 2012**

**M.D. SARAF**  
**Managing Director**

**VINOD SARAF**  
**Director**