

# **FORTY FIRST ANNUAL REPORT 2013-2014**



**VIDARBHA IRON & STEEL CORPORATION LIMITED**



**Board of Directors:**

**ANURAG SARAF**

Managing Director

**M.D. Saraf**

**Manoj Saraf**

**Vinod Saraf**

**Rohit Saraf**

**Ashim Saraf**

**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

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## NOTICE TO MEMBERS

Notice is hereby given that the 41<sup>st</sup> 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 Monday the 29<sup>th</sup> September, 2014 at 11.00 A.M. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2014 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 re-appoint a Director in the place of Shri Murlidhar Saraf (DIN: 00011966), who retires from office by rotation and being eligible offers himself for re-appointment.
3. To re-appoint a Director in the place of Shri Vinod Saraf (DIN: 00012034), who retires from office by rotation and being eligible offers himself for re-appointment.
4. To consider and, if thought fit, to pass the following resolution which will be proposed as an **Ordinary Resolution**:

**“RESOLVED THAT** in accordance with the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactments therefore for the time being in force), M/s Salve And Company, Chartered Accountants, (Regn. No. 109003W), be and they are hereby appointed Auditors of the Company, to hold office from the conclusion of this Annual General Meeting (i.e. 41<sup>st</sup> AGM) till the conclusion of the 44<sup>th</sup> Annual General Meeting of the Company i.e. for a period of 3 years, at such remuneration plus service tax as applicable and reimbursement of expenses incurred by them incidental to their functions, as shall be fixed by the Board of Directors of the Company. The appointment of the Auditors shall be subject to ratification by members in every subsequent Annual General Meeting till the conclusion of the 44<sup>th</sup> Annual General Meeting.”

### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:  
**“RESOLVED THAT** in supersession of the Ordinary Resolution passed under Section 293(1) (d) of the Companies Act, 1956 at the 39<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September, 2012 and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment

thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of 50 Crores (Rupees Fifty Crores) or the aggregate of the paid up capital and free reserve of the Company, whichever is higher, and the Board be and is hereby authorized to decide all terms and conditions in relation to such borrowing, at their absolute discretion and to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required..”

6. To consider and, if thought fit, to accord assent / dissent to the following resolution as a **Special Resolution** through Postal Ballot process under the provision of Section 110 of the Companies Act, 2013:

**“RESOLVED THAT** in supersession of the earlier resolution passed under Section 293(1)(a) of the Companies Act, 1956 by the members of the Company through postal ballot on 31<sup>st</sup> August 2013, and pursuant to Section 180(1)(a) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to create mortgages/charges/hypothecation on all or any of the immovable and movable properties of the Company, present and future, of the whole or substantially the whole of the undertaking of the Company, ranking pari-passu with or second or subservient or subordinate to the mortgages/charges/hypothecation already created or to be created in future by the Company for securing any loans and/or any financial assistance to be obtained from following Banks known as Consortium bank:-

- 1) Bank of India, Vishakhapatnam
- 2) Central Bank of India, Vishakhapatnam,
- 3) Syndicate Bank, Vishakhapatnam,
- 4) Indian Overseas Bank, Vishakhapatnam,
- 5) State Bank of India, Vishakhapatnam
- 6) State Bank of Bikaner & Jaipur, Mumbai

by Facor Steels Limited for meeting the working capital requirements on such terms and conditions and at such times

and in such form and manner as the Board of Directors may deem fit, so that the total outstanding amount at any time so secured shall not exceed the aggregate of the amounts of ₹175 Crores (Rupees One Hundred and Seventy Five Crores).

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to prepare, finalise, approve and execute on behalf of the Company with the lenders, banks, machinery suppliers, financial institutions, the documents deeds, agreements, declarations, undertakings and writings as may be necessary and are expedient for giving effect to the foregoing resolution.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to vary and/or alter the terms and conditions of the security created/to be created as aforesaid in consultation with the Lenders and other Mortgagees as they may deem fit."

**BY ORDER OF THE BOARD OF DIRECTORS**

**Place: Nagpur**

**Dated: 12<sup>th</sup> August, 2014**

**ANURAG SARAF**  
**Managing Director**

#### 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 a 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 Thursday 25<sup>th</sup> September, 2014 to Monday 29<sup>th</sup> September, 2014 (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. 6 of the Notice, Members are requested to vote only by Postal Ballot in terms of Section 110 of the Companies Act, 2013. 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 102 of the Companies Act, 1956 the Explanatory Statement sets out all material facts relating to Item No. 5 to 6 of the Notice

#### Item No. 5

Under the erstwhile section 293(1)(d) of the Companies Act, 1956 the Board of Director of a Company could, with the consent of the shareholders obtained by an Ordinary Resolution, borrow monies, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business in excess of the aggregate of paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose.

Under the provision of the Section 180(1)(c) of the Companies Act, 2013 which were made effective from September 12, 2013, the above powers can be exercised by the Board only with the consent of the shareholders obtained by way of a Special Resolution. Further, as per the Circular dated March 25, 2014 issued by the Ministry of Corporate Affairs, the Ordinary Resolution earlier passed under Section 293 (1) (d) of the Companies Act, 1956 will remained valid for a period of one year from the date of notification of Section 180 of the Act, i.e. up to September 11, 2014. As such it is necessary to obtain fresh approval of the shareholders by means of a Special Resolution, to enable the Board of Directors of the Company to borrow moneys, apart from temporary loans obtained from the Company's Bankers in the ordinary course business, in access of the paid-up capital and free reserves of the Company.

The shareholders of the company, in its 39<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September, 2012 had accorded their consent by passing ordinary resolution to the Board of Directors for the borrowing up to ₹ 50 Crores or the aggregate of the paid up capital and free reserve of the Company, whichever is higher. Approval for the same borrowing limits is now being recommended at item no. 5 of the notice by way of special resolution for consideration of the shareholders.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the passing of the Resolutions at Item No. 5 of the Notice.

**Item No. 6**

In view of business exigency and to meet the working capital needs of Facor Steels Limited, your company under the provisions of Section 293(1)(a) of the Companies Act, 1956, through the process of postal ballot, results of which were declared on 31<sup>st</sup> August, 2013, had taken approval of the members for mortgaging/hypothecating its immovable and movable properties in favour of Consortium Banks, which had sanctioned additional credit limit facility to Facor Steels Ltd. under Corporate Debt Restructuring (CDR) Mechanism.

Sec 180(1)(a) of the Companies Act, 2013, provides inter-alia, that the Board of Directors of a public Company shall not, without the consent of shareholders in General Meeting, mortgage/hypothecate/create charge on the movable and immovable properties of the company.

As per the provisions of Rule 22(16) (i) of the Companies (Management And Administration) Rules, 2014, the special resolution to be passed

under Section 180(1)(a) of the Companies Act, 2013 can be passed only through postal ballot process.

The Board of Directors of the Company accordingly recommends the resolutions as set out at item no. 6 of this notice for approval of the members, by exercising the vote through the Postal Ballot process.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, except Mr. M. D. Saraf, Mr. Vinod Saraf and Mr. Anurag Saraf, who are also directors in Facor Steels Ltd. be deemed to be concerned or interested in the passing of the Resolutions at Item No. 6 of the Notice.

**BY ORDER OF THE BOARD OF DIRECTORS**

**Place : Nagpur**

**Dated : 12<sup>th</sup> August, 2014**

**ANURAG SARAF**

**Managing Director**

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors are pleased to present the 41<sup>st</sup> Annual Report together with the Audited Statement of Accounts of the Company for the period ended 31<sup>st</sup> March, 2014.

### 1. Financial Results:

During the year under review the activities of the company were substantially reduced due to prevailing uncertainty in the market. The Company in the year under review has achieved a Net Profit of ₹ 2,40,617 as compared to ₹ 20,19,560 during the previous year. The performance of the Company is expected to improve during the current year. The financial results are summarized below:

PARTICULARS	Amount as on 31st March, 2014	Amount as on 31st March, 2013
Sales and Other Income	<b>24,36,646</b>	8,26,58,999
Profit Before Financial Expenses, Depreciation & Tax	<b>7,90,318</b>	33,91,660
Less: Financial Cost	<b>8,457</b>	5,00,086
Profit Before Depreciation And Tax	<b>7,81,861</b>	28,91,574
Less: Depreciation	<b>4,38,448</b>	4,63,273
Profit before Exceptional and Extra-Ordinary items and Tax	<b>3,43,413</b>	24,28,301
Exceptional Items	—	—
Profit before Extra-Ordinary items and Tax	<b>3,43,413</b>	24,28,301
Extra-Ordinary items	—	—
Profit Before Tax	<b>3,43,413</b>	24,28,301
Less : Provision for Taxes		
Current Tax	<b>1,72,510</b>	4,93,196
Deferred Tax	<b>(69,714)</b>	(84,455)
NET PROFIT AFTER TAX	<b>2,40,617</b>	20,19,560

### 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 Murlidhar Saraf and Shri Vinod 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.

### 7. Directors' Responsibility Statement:

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

- that in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation
- 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;
- 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;
- 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 31<sup>st</sup> March, 2014, 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. Acknowledgements:**

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**

**ANURAG SARAF**  
Managing Director

**M.D. SARAF**  
Director

**Place : Nagpur**

**Dated : 12<sup>th</sup> August, 2014**

**COMPLIANCE CERTIFICATE**

To,  
The Members,  
Vidarbha Iron and Steel Corporation Limited,  
46, A&B, MIDC Industrial Estate  
Nagpur.

I have examined the registers, records, books and papers of Vidarbha Iron and Steel Corporation Limited, (CIN. L27100MH1972PLC016134) 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 31<sup>st</sup> March 2014. 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 four times respectively on 30<sup>th</sup> May 2013, 23<sup>rd</sup> July 2013, 31<sup>st</sup> October 2013 and 10<sup>th</sup> February 2014 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 September

25, 2014 to September 29, 2014 (Both Days Inclusive) and necessary compliance of section 154 of the Act has been made.

6. The Annual General Meeting for the financial year ended on 31<sup>st</sup> March, 2013 was held on 31<sup>st</sup> August, 2013 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.
7. No Extra-ordinary General Meeting was held during the financial year.
8. 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.
9. The company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The company has made necessary entries in the register maintained under section 301 of the Act.
11. 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.
12. The company has not issued any duplicate certificates during the financial year.
13. The company has:
  - (i) No allotment 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,