

VIDARBHA IRON & STEEL CORPORATION LIMITED
Notes on Financial Statements for the Year ended 31st March, 2018

23. CONTINGENT LIABILITIES AND COMMENTS

Contingent Liabilities not provided for in respect of claims / disputed liabilities not acknowledged as debts:

Service Tax Rs.511.13 lakhs (Previous year NIL)

23.1 The claim under Corporate Guarantees for Rs.141.95 crores given by the Company for Facor Steels Ltd. has been invoked to the Extent of Rs.33.82 crores which liability the Company is contesting.

23.2 All the Fixed Assets including leasehold land has been mortgaged in favour of Consortium Banks of Facor Steels Ltd. against the credit facilities extended to them. The Company has received a notice from Bank of India, Visakhapatnam under Section 13(4) of the SARFAESI Act as Guarantor. Bank of India has also published a notice in the local newspaper taking symbolic possession of the assets of company on 10.10.2015. As per the legal opinion obtained by the company, the notice issued under Section 13(4) of the SARFAESI Act by BOI is in violation of the said Act and the company had taken appropriate measures to protect its interest.

23.3 The Company has filed an application dated November 26, 2017 under section 10 of the Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal. The application was admitted on March 12, 2018 and the resolution process has commenced on June 6, 2018 by the Interim Resolution Professional.

23.4 The Bombay Stock Exchange vide order by the delisting Committee dated July 3, 2018 has delisted the shares of the company due to non compliance of Listing Regulatory requirement. The Company has filed an appeal before the Securitization Appeal the Tribunal (SAT) and SAT vide its order dated August 1, 2018 has directed to Company to make representation and the Bombay Stock Exchange to give Personal hearing on September 4, 2018 and then pass the final order within eight weeks after receiving representation.

24. RELATED PARTY DISCLOSURE :

I. List of related parties:-

A. Name and nature of relationship with the related party where control exists:

Facor Steels Limited (FSL)- Associates

B. Enterprise, over which key management personnel and their relatives exercise significant influence, with whom transactions have taken place during the year :

GDP Holdings Pvt.Ltd.

C. Key Management Personnel :

Anurag M. Saraf	Managing Director
Vinod saraf	Director

II. Transactions with Related Parties during the year ended 31-03-2017 in the ordinary course of business.

Particulars	(Rs. in lacs)					
	With Associate Company		With Key Management Personnel		With Enterprise where Significant influence exists	
	<u>2017-18</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2016-17</u>
i) Lease Rent received / (paid)	-	-			-	-
ii) Balances outstanding at the year end						
a) Sundry Creditors :	-	-			(0.23)	(0.23)

25. Previous Year's figures have been re-grouped wherever necessary.

As per our report of even date attached

For M/s Abhijit Kelkar & Co.
Chartered Accountants
Registration No.121920W

For and on Behalf of the Board

Anurag Saraf
Managing Director

CA Niranjan B. Laturkar
Partner
Membership No. 126406
Nagpur,

Sunil G. Nanal
Resolution Professional

Vinod Saraf
Director

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	As at 31st March, 2018	As at 31st March, 2017
13. SHORT TERM LOANS AND ADVANCES		
(Unsecured and Considered Good)		
Others	15,55,156	19,69,852
14. LEAVE & LICENSE MONEY :		
Leave & License Money	0	0
15. OTHER INCOME		
Interest on Deposits	0	84,484
16. EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages and Bonus	0	0
Contribution to Provident and Other Funds	0	0
Welfare Expenses	0	0
TOTAL	0	0
17. FINANCE COSTS		
Interest	0	0
18. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation	3,08,114	3,42,290
19. OFFICE ESTABLISHMENT & OTHER EXPENSES		
Freight, Shipment and Sales Expenses	0	0
Loss on sale of Assets	0	0
Travelling Expenses	0	0
Advertisement Expenses	0	10,434
Rates and Taxes	0	2,500
Payments to Auditors		80,000
Miscellaneous Expenses	0	0
excess provision written back	-9,46,256	
Office Establishment Expenses	10,28,843	9,36,488
TOTAL	82,587	10,29,422
19.1 PAYMENTS TO AUDITORS		
Audit Fees		20,000
Reimbursement of Expenses		5,000
TOTAL		25,000
20. EARNINGS PER SHARE BASIC AND DILUTED		
(i) Net Profit/(Loss) after Tax	(3,90,701)	(12,87,228)
(ii) Number of equity shares	10,00,000	10,00,000
(iii) Earnings per Share: (Rs. per share)	-0.39	(1.29)
21. EXPENDITURE IN FOREIGN CURRENCY	Nil	Nil Nil

22(a) No provision for current income tax is considered necessary in view of brought forward business loss and unabsorbed depreciation.
In view of current year book loss , no provision for minimum alternate tax is required.

22(b) In view of accumulated losses and no reasonable certainty of future income to recover Deferred tax Assets , no provision for deferred Tax Assets has been considered necessary