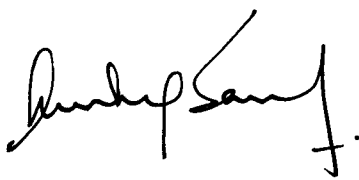





CIN:L27100MH1972PLC016134

VIDARBHA IRON & STEEL CORPORATION LIMITED**FORM A****FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED
WITH THE STOCK EXCHANGES**

1.	Name of the Company:	VIDARBHA IRON & STEEL CORPN. LIMITED
2.	Annual financial statements for the year ended	31 st March, 2014
3.	Type of Audit observation	<u>Un-qualified / Matter of Emphasis :</u> The accumulated losses at the end of the financial year are more than 50% of its net worth and company has not incurred cash losses during the current and also in the immediate preceding financial year.
4.	Frequency of observation	Erosion of net worth more than 50% is also reported in previous financial year. However there were no cash losses in previous financial year
5.	To be signed by-	
	<ul style="list-style-type: none">CEO/ Managing Director Anurag M. Saraf, Managing Director	
	<ul style="list-style-type: none">Auditor of the Company Salve & Co. K.P. Sahasrabudhe Partner	

**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 41st 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 29th 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 31st 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. 41st AGM) till the conclusion of the 44th 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 44th 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 39th Annual General Meeting held on 29th 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 31st 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: 12th 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 25th September, 2014 to Monday 29th 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 excess of the paid-up capital and free reserves of the Company.

The shareholders of the company, in its 39th Annual General Meeting held on 29th 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 31st 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 : 12th August, 2014

ANURAG SARAF

Managing Director

DIRECTORS' REPORT TO THE MEMBERS

Your Directors are pleased to present the 41st Annual Report together with the Audited Statement of Accounts of the Company for the period ended 31st 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	24,36,646	8,26,58,999
Profit Before Financial Expenses, Depreciation & Tax	7,90,318	33,91,660
Less: Financial Cost	8,457	5,00,086
Profit Before Depreciation And Tax	7,81,861	28,91,574
Less: Depreciation	4,38,448	4,63,273
Profit before Exceptional and Extra-Ordinary items and Tax	3,43,413	24,28,301
Exceptional Items	—	—
Profit before Extra-Ordinary items and Tax	3,43,413	24,28,301
Extra-Ordinary items	—	—
Profit Before Tax	3,43,413	24,28,301
Less : Provision for Taxes		
Current Tax	1,72,510	4,93,196
Deferred Tax	(69,714)	(84,455)
NET PROFIT AFTER TAX	2,40,617	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:-

- 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, 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 : 12th 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 31st 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 30th May 2013, 23rd July 2013, 31st October 2013 and 10th 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 31st March, 2013 was held on 31st 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,

- 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.
14. The Board of Directors of the company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
 15. 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.
 16. The company has not appointed any sole selling agents during the financial year.
 17. 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.
 18. 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.
 19. The company has not issued any shares, debentures or other securities during the financial year.
 20. The company has not bought back any shares during the financial year.
 21. There was no redemption of preference shares or debentures during the financial year.
 22. 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.
 23. The company has not invited/ accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
 24. The amount borrowed by the company from banks during the financial year ending 31st March, 2014 is within the borrowing limits of the company and that necessary resolutions as per section 293(1)(d) of the Act have been passed in duly convened annual general meeting.
 25. The company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
 26. 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.
 27. The company has not altered the provisions of the Memorandum with respect to objects of the company during the year under scrutiny.
 28. The company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
 29. The company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.
 30. The company has not altered its Articles of Association during the financial year.
 31. There was/were no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment imposed on the company during the financial year, for offences under the Act.
 32. The company has not received any money as security from its employees during the financial year.
 33. The company has not constituted its own provident fund for its employees, therefore section 418 is not applicable.

For N. V. Jain & Associates
Company Secretaries

Nilesh Jain
(Proprietor)
C.P No. 3069

Place : Nagpur
Date : 12th August, 2014

ANNEXURES TO COMPLIANCE CERTIFICATE

ANNEXURE A

Statutory Registers as maintained by the company

1. Register of charges under Sec. 143.
2. Register of Members u/s 150 of the Act.
3. Minutes Book of Board meetings u/s 193 of the Act.
4. Minutes Book of General Meetings u/s 193 of the Act.
5. Books of Accounts u/s 209 of the Act.
6. Register of contracts u/s 301 of the Act.
7. Register of Disclosure of interest u/s 301 of the Act.
8. Register of particulars of Directors etc. u/s 303 of the Act.
9. Register of Director's Shareholding u/s 307 of the Act.

ANNEXURE B

Forms and returns as filed by the Company with the Registrar of Companies during the financial year ended 31st March, 2013

Sr. No.	Form No. Return	Filed under Section	For	Date of filing	Whether file within prescribed time. Yes / No	If delay in filing, whether requisite additional fee paid. Yes / No.	Remarks
1.	Form 66	383A	Compliance Certificate for the year ended 31/03/2013	28/09/2013	Yes	–	Q11843844
2.	Form 23 AC & ACA	220	Balance Sheet as on 31/03/2013	30/09/2013	Yes	–	Q11936788
3.	Form 20B	159	For AGM held on 31/08/2013	30/10/2013	Yes	–	Q17342619
4.	Form 23	192	Registration of Resolution	06/09/2013	Yes	–	B83744433
5.	Form 23	192	Registration of Resolution	08/04/2013	Yes	–	B71725188

For **N. V. Jain & Associates**
Company Secretaries

Place : Nagpur
Date : 12th August, 2014

Nilesh Jain
(Proprietor)
C.P No. 3069

AUDITOR'S CERTIFICATE

To the Members of
VIDARBHA IRON & STEEL CORPORATION LIMITED

We have examined the compliance of conditions of Corporate Governance by Vidarbha Iron & Steel Corporation Limited, for the year ended on 31st March, 2014, as stipulated in Clause 49 of the Listing agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been in the manner described in the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us for the review by the Company.

Based on such a review, we certify that the Company has complied, in all material respects, with the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreements.

On the basis of the records maintained by the Company and furnished to us and the information and explanations given to us by the Company, we state that there were no investor grievances pending against the Company for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the management has conducted the affairs of the Company.



For SALVE & CO.
Chartered Accountants
Registration No. 109003W

(C.A K.P.SAHASRABUDHE)
(Partner)
(Membership No.7021)

Place: Nagpur
Date : 30th May,2014

FORM NO. A

FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH THE STOCK EXCHANGES

1.	Name Of The Company	VIDARBHA IRON & STEEL CORPORATION LIMITED
2.	Annual financial statements for the year ended	31st March, 2014
3.	Type of Audit observation	Un-qualified / Matter of Emphasis: The accumulated losses at the end of the financial year are more than 50% of its net worth and company has not incurred cash losses during the current and also in the immediate proceeding financial year.
4.	Frequency of observation	Erosion of net worth more than 50% is also reported in previous financial year. However there were no cash losses in previous financial year.
5.	To be signed by	
	<ul style="list-style-type: none"> CEO/Managing Director Anburag M. Saraf Managing Director 	
	<ul style="list-style-type: none"> Auditor of the Company Salve & Co. K.P. Sahasrabudhe Partner 	

INDEPENDENT AUDITOR'S REPORT

To the Members of
VIDARBHA IRON & STEEL CORPORATION LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Vidarbha Iron & Steel Corporation Limited ('the Company'), which comprise the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and
 - e. on the basis of written representations received from the directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For SALVE & CO.
Chartered Accountants
Registration No. 109003W
(C.A K.P.SAHASRABUDHE)
(Partner)
(Membership No.7021)

Place : Nagpur
Date : 30th May,2014

ANNEXURES TO AUDITORS' REPORT:

The Annexure referred to in our report to the members of Vidarbha Iron & Steel Corporation Limited ('the Company') for the year ended 31st March, 2014.

We report that:

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) All the fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
- c) The Company has not disposed off any major part of fixed assets during the year.
- ii) a) Since there is no inventory this clause is not applicable.
- iii) (a) The Company has not granted any loans, secured or unsecured, to the Companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, and therefore Clauses (iii) (b), (iii) (c) and (iii) (d) of the said Order are not applicable.
- (e) The Company has not taken any loan secured and unsecured from any party covered in the register maintained under section 301 of the Companies Act, 1956.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v) There were no contracts or arrangements referred to in section 301 of the Act that needed to be entered in the Register required to be maintained under that section and therefore Clause 4 (v) (b) of the said order is not applicable.
- vi) The Company has not accepted any fixed deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies (Acceptance of Deposit) Rules 1975.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) Maintain of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956
- ix) (a) 1) According to the records examined by us, the Company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess, with the appropriate authorities. No amounts are outstanding for transfer to the Investors Education and Protection Fund under Section 205C of the Companies Act, 1956.
- 2) According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March, 2014 for a period of more than 6 months from the date they became payable.
- (b) On the basis of our examination of the documents and records, there are no dues of Sales Tax, Income Tax, Wealth Tax, Service Tax, Excise Duty, Customs Duty and Cess which have not been deposited on account of any dispute, except in the case of service tax, where appeal is pending before CESTAT against demand of Rs.637.60 lacs for the period from May-2003 to September-2011.
- x) The company's accumulated losses at the end of the financial year are more than 50% of its net worth and it has not incurred any cash losses during the financial year and in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company and, therefore, Clauses 4(xiii)(a), (xiii) (b), (xiii) (c) and (xiii) (d) of the said Order are not applicable.

- xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments.
- xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions, the terms and conditions whereof are prejudicial to the interest of the Company.
- xvi) The Company has not raised any term loan during the year.
- xvii) On the basis of an overall examination of the Balance Sheet of the Company, in our opinion, the funds raised on short term basis have not been used for long term investment.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
- xix) During the year covered by our audit report, the Company has not issued any secured debentures.
- xx) The Company has not raised any money by public issues during the year.
- xxi) According to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

**For SALVE & CO.
Chartered Accountants
Registration No. 109003W**

**Place : Nagpur
Date : 30th May,2014**

**(C.A K.P.SAHASRABUDHE)
(Partner)
(Membership No.7021)**

BALANCE SHEET AS AT 31ST MARCH, 2014

	Note No.	31st March, 2014		31st March, 2013
		₹	₹	₹
I. EQUITY AND LIABILITIES :				
1. SHAREHOLDERS FUNDS :				
Share Capital	2	98,73,750		98,73,750
Reserve & Surplus	3	(70,87,035)		(73,27,652)
			27,86,715	25,46,098
2. NON-CURRENT LIABILITIES				
Long Term Borrowings	4	3,95,488		-
Deffered Tax Liability (Depreciation)	5	59,43,399		60,13,113
			63,38,887	60,13,113
3. CURRENT LIABILITIES				
Trade payables	6	22,81,606		18,58,636
Other Current Liabilities	7	1,08,80,225		1,25,97,047
Short-term provisions	8	10,50,389		8,77,879
			1,42,12,220	1,53,33,562
TOTAL			2,33,37,822	2,38,92,773
II. ASSETS :				
1. NON-CURRENT ASSETS:				
Fixed Assets				
Tangible Asset	9	1,52,79,509		1,50,71,517
Non Current Investments	10	45,360		45,360
Long Term Loans and Advances	11	4,50,071		4,50,071
			1,57,74,940	1,55,66,948
2. CURRENT ASSETS :				
Cash & Cash Equivalents	12	48,50,581		60,95,829
Short Term Loans and Advances	13	27,12,301		22,29,996
			75,62,882	83,25,825
TOTAL			2,33,37,822	2,38,92,773
III. SIGNIFICANT ACCOUNTING				
POLICIES & NOTES ON FINANCIAL STATEMENTS	1 to 28			

As per our report of even date attached,

For SALVE & CO.

Chartered Accountants

Registration No.109003W

CA K.P.SAHASRABUDHE

Partner

Membership No. 7021

Nagpur, 30th May, 2014

For and on behalf of the Board

M.D. SARAF

Director

ANURAG SARAF

Managing Director

Nagpur, 30th May, 2014

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

	Note No.	YEAR ENDED 31st March, 2014		YEAR ENDED 31st March, 2013
		₹	₹	₹
INCOME :				
Revenue from Operations	14	-		7,85,15,741
Leave & Licence Money	15	21,00,000		21,00,000
Other Income	16	3,36,646		20,43,258
TOTAL REVENUE			24,36,646	8,26,58,999
EXPENDITURE :				
Purchase of Stock in Trade	17	-		7,76,43,818
Employees Benefits Expenses	18	5,22,817		3,20,288
Finance Costs	19	8,457		5,00,086
Depreciation Expense	20	4,38,448		4,63,273
Office Establishment & Other Expenses	21	11,23,511		13,03,233
TOTAL EXPENSES			20,93,233	8,02,30,698
PROFIT / (LOSS) BEFORE TAX			3,43,413	24,28,301
Provision for Taxes				
Current Tax		1,72,510		4,93,196
Deferred Tax		(69,714)		(84,455)
TOTAL TAXES			1,02,796	4,08,741
PROFIT / (LOSS) FOR THE YEAR			2,40,617	20,19,560
Earnings per equity share of face value of Re 10/- each				
Basic and Diluted (in ₹)	22		0.24	2.02
SIGNIFICANT ACCOUNTING				
POLICIES & NOTES ON FINACIAL STATEMENTS	1 to 28			

As per our report of even date attached,
For SALVE & CO.
Chartered Accountants
Registration No.109003W

CA K.P.SAHASRABUDHE
Partner
Membership No. 7021
Nagpur, 30th May, 2014

For and on behalf of the Board

M.D. SARAF
Director

ANURAG SARAF
Managing Director

Nagpur, 30th May, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH,2014 PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

	2013-14		2012-13	
	₹	₹	₹	₹
A Cash Flow from operating Activities				
Net Profit /(Loss) before tax and Extraordinary items		3,43,413		24,28,301
Adjustments for :				
Depreciation	4,38,448		4,63,273	
Interest Income	(3,36,646)		(8,33,126)	
Finance Cost	8,457		5,00,086	
(Profit)/Loss on Sale of Fixed Assets	-		(10,97,284)	
		<u>1,10,259</u>		<u>(9,67,051)</u>
Operating Profit before Working Capital Changes		4,53,672		14,61,250
Adjustment for :				
Trade and Other Receivables	(4,21,172)		4,39,37,630	
Trade Payables	(8,98,364)		(4,73,73,670)	
		<u>(13,19,536)</u>		<u>(34,36,040)</u>
Cash generated from operations		(8,65,864)		(19,74,790)
Direct Tax		(2,66,621)		(4,86,838)
Net Cash from operating activities		(11,32,485)		(24,61,628)
B. Cash Flow from Investing activities				
Purchase of Fixed Assets	(6,46,440)		-	
Purchase of Investments	-		-	
Sale of Fixed asset & Investment	-		15,00,756	
Interest Income	3,36,646		8,33,126	
		<u>(3,09,794)</u>		<u>23,33,882</u>
Net Cash used in Investing Activities				
C. Cash Flow from Financing Activities				
Finance Cost Paid	(8,457)		(5,00,086)	
Net Cash used in Financing Activities		(8,457)		(5,00,086)
Net increase in cash and cash equivalents		(14,50,736)		(6,27,832)
Cash and Cash Equivalents (Opening Balance)		17,14,845		23,42,677
Less :Cash and Cash Equivalents (Closing Balance)		2,64,109		17,14,845
Net increase/(Decrease) in cash and cash equivalents		(14,50,736)		(6,27,832)

As per our report of even date attached,

For SALVE & CO.

Chartered Accountants

Registration No.109003W

CA K.P.SAHASRABUDHE

Partner

Membership No. 7021

Nagpur, 30th May, 2014

For and on behalf of the Board

M.D. SARAF

Director

ANURAG SARAF

Managing Director

Nagpur, 30th May, 2014

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Corporate Information :

Vidarbha Iron & Steel Corporation Limited ("The Company") is a Public Limited Company incorporated in India under the Companies Act, 1956. The Company is listed at Bombay Stock Exchange . The Company, is engaged primarily in two businesses, Leasing of Plant & Machinery and Trading.

(b) Basis of Preparation of Financial Statements :

These accounts have been prepared under the historical cost convention on accrual basis of accounting in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956, as adopted consistently by the Company.

(c) Fixed Assets and Depreciation :

Fixed Assets are stated at cost of acquisition including any attributable cost for bringing the assets to its working condition for its intended use, less accumulated depreciation which is being provided on straight line method in the manner and at the rate specified in schedule XIV of Companies Act, 1956.

(d) Investments :

Investments are valued at cost.

(e) Classification of Assets and Liabilities as Current and Non-Current:

All assets and liabilities are classified as current or non current as per company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956.

(f) Revenue Recognition :

The Company is following accrual basis of accounting. Where there is no reasonable certainty regarding the amount or its collectability, recognition of revenue is postponed.

(g) Employee Benefits :

(i) Company's Contribution to Provident Fund is charged to Profit and Loss Account

(ii) No provision of Gratuity is considered necessary. Employees are entitled to accumulate their privilege leave within specified limits and can claim encashment thereof while in service or on retirement. This is not treated as specific retiral benefit and cost thereof shall be accounted for in the year in which the claims are settled.

(h) Provision for Current and Deferred Tax :

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred Tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is reasonable / virtual certainty that asset will be realised in future.

(i) Contingent Liabilities are not recognised but are disclosed in the notes.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

2. SHARE CAPITAL

	As at 31st March, 2014	(₹) As at 31st March, 2013
Authorised Share Capital:		
25,00,000 (Previous Year-25,00,000) Equity Shares of Re 10/- each	2,50,00,000	2,50,00,000
TOTAL	2,50,00,000	2,50,00,000
Issued, Subscribed and Paid up:		
10,00,000 (Previous Year - 10,00,000)Equity Shares of Re 10/- each fully paid-up	1,00,00,000	1,00,00,000
Less: Calls in arrears (due from others)	1,26,250	1,26,250
TOTAL	98,73,750	98,73,750

Note: 2625 Equity shares of Rs.10/- each were allotted as fully paid up pursuant to a contract, without payment being received in cash

2.1 Details of Shareholders holding more than 5% Equity shares :

Name of the Shareholder	As at 31st March,2014		As at 31st March, 2013	
	No. of Shares	% held	No. of Shares	% held
Rai Bahadur Shreeram And Company Pvt. Ltd.	91,450	9.15%	91,450	9.15%
Facor Alloys Ltd.	1,36,663	13.67%	1,36,663	13.67%

2.2 Reconciliation of Equity shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at	As at	As at	As at
	31/3/2014	31/3/2013	31/3/2014	31/3/2013
	No. of Shares	No. of Shares	Amount	Amount
Shares outstanding at the beginning of the year	10,00,000	10,00,000	98,73,750	98,73,750
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	10,00,000	10,00,000	98,73,750	98,73,750

2.3 Terms/rights attached to Equity Shares:

The Company has only one class of Equity Shares having par value of Re. 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of Equity Shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

	As at 31st March, 2014	(₹) As at 31st March, 2013
3. RESERVES AND SURPLUS		
Capital Reserve		
Balance as at the beginning and end of the year	4,02,57,044	4,02,57,044
Statement of Profit and Loss		
Balance as at the beginning of the year	(4,75,84,696)	(4,96,04,257)
Add: Profit / (Loss) for the year	2,40,617	20,19,560
Balance as at the end of the year	(4,73,44,079)	(4,75,84,696)
TOTAL	(70,87,035)	(73,27,652)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	As at 31st March, 2014	As at 31st March, 2013
4. LONG TERM BORROWINGS		
Defered Payment Liability	3,95,488	-
(Hire Purchase Creditor - HDFC Bank)	<u>3,95,488</u>	<u>-</u>
5. DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liability:		
(Difference between Book and Income Tax depreciation)	59,43,399	60,13,113
	<u>59,43,399</u>	<u>60,13,113</u>
6. TRADE PAYABLES		
Micro, Small and medium Enterprises	-	-
Others	22,81,606	18,58,636
TOTAL	<u>22,81,606</u>	<u>18,58,636</u>
6.1 There are no dues payable to small scale Industrial undertakings		
7. OTHER CURRENT LIABILITIES		
OTHER PAYABLES	1,08,80,225	1,25,97,047
Includes statutory dues, security deposits and advance from customers.		
8. SHORT TERM PROVISIONS		
For Employee Benefits	1,94,155	1,94,155
For Taxation (Net of Advance Tax)	8,56,234	6,83,724
TOTAL	<u>10,50,389</u>	<u>8,77,879</u>

9. FIXED ASSETS

Sr. No.	PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION				Net Value	
		As at 1.04.2013	Additions/ Transfers	Deductions/ Transfers	As at 31.03.2014	Upto 31.03.2013	For The Year	Deduction / Adjustments	Up to 31.03.2014	As at 31.03.2014	As at 31.03.2013
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
(A) TANGIBLE ASSETS:											
1	Leasehold Land	83,74,470	-	-	83,74,470	-	-	-	-	83,74,470	83,74,470
2	Building	1,28,15,132	-	-	1,28,15,132	73,84,494	3,14,898	-	76,99,392	51,15,740	54,30,638
3	Plant & Machinery	2,56,17,286	-	-	2,56,17,286	2,45,70,583	44,298	-	2,46,14,881	10,02,405	10,46,703
4	Furniture & fixtures	1,81,045	-	-	1,81,045	1,32,767	7,474	-	1,40,241	40,804	48,278
5	Equipments	4,37,103	-	-	4,37,103	3,44,429	10,104	-	3,54,533	82,570	92,674
6	Vehicles	5,95,153	6,46,440	-	12,41,593	5,16,399	61,674	-	5,78,073	6,63,520	78,754
	TOTAL	4,80,20,189	6,46,440	-	4,86,66,629	3,29,48,672	4,38,448	-	3,33,87,120	1,52,79,509	1,50,71,517
(B) INTANGIBLE ASSETS:											
	TOTAL	4,80,20,189	6,46,440	-	4,86,66,629	3,29,48,672	4,38,448	-	3,33,87,120	1,52,79,509	1,50,71,517
	PREVIOUS YEAR	4,85,29,429	-	5,09,240	4,80,20,189	3,25,91,922	4,63,273	1,06,524	3,29,48,672	1,50,71,517	1,59,37,506

NOTES:

- 9.1 Cost of Building include Rs.5,09,240 (Previous year Rs.5,09,240) for which final documents are yet to be executed
9.2 Depreciation on Fixed assets has been charged as per straight line method at the rates prescribed as per Schedule XIV of the Companies Act,1956.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	As at 31st March, 2014	(₹) As at 31st March, 2013
10. NON CURRENT INVESTMENTS		
Trade Investment (At Cost)		
I) 95000 Equity shares of Rs.10/-each of Sarankyo Electronics Ltd.,fully paid up face value Rs.950000/- (Unquoted) Ref. Note 1(d)	9,50,000	9,50,000
II) 18144 Equity Shares of Re.1/-each of Ferro Alloys Corpn. Ltd fully paid up (Quoted) Ref. Note 1 below	18,144	18,144
III) 18144 Equity Shares of Re.1/-each of FACOR Alloys Ltd fully paid up (Quoted) Ref. Note 1 below	18,144	18,144
IV) 9072 Equity Shares of Re.1/-each of FACOR Steels Ltd.fully paid up (Quoted) Ref. Note 1 below	9,072	9,072
	<u>9,95,360</u>	<u>9,95,360</u>
Less: Provision for diminution in value of Shares of Sarankyo Electronics Ltd	9,50,000	9,50,000
TOTAL	<u>45,360</u>	<u>45,360</u>
Notes:		
1. Value of Quoted Investment		
I) Market Value	1,17,664	1,24,922
II) Face Value	45,360	45,360
2. Agreegate face Value of unquoted Investments	-	-
11. LONG TERM LOANS AND ADVANCES		
Unsecured and Considered Good Security Deposits	4,50,071	4,50,826
12. CASH AND CASH EQUIVALENTS		
Cash in hand	26,632	8,683
With Scheduled Banks:		
In Current Accounts	2,37,477	17,06,162
In Fixed Deposit Accounts: With maturity more than 12 months	89,246	80,984
With Maturity Up to 3 Months	<u>44,97,226</u>	<u>43,00,000</u>
	<u>45,86,472</u>	<u>43,80,984</u>
TOTAL	<u>48,50,581</u>	<u>60,95,829</u>
13. SHORT TERM LOANS AND ADVANCES		
(Unsecured and Considered Good)		
Others	27,12,301	22,29,996

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	As at 31st March, 2014	(₹) As at 31st March, 2013
14. REVENUE FROM OPERATIONS		
Sale of products	-	7,85,15,741
14.1 PARTICULARS OF SALE OF PRODUCTS		
Sponge Iron	-	1,15,91,584
Ferro Chrome	-	-
Scrap	-	6,39,69,522
Other	-	29,54,635
TOTAL	<u>-</u>	<u>7,85,15,741</u>
15. LEAVE & LICENSE MONEY :		
Leave & License Money	21,00,000	21,00,000
16. OTHER INCOME		
Interest on Deposits	3,36,646	8,33,126
Profit on Sale of Assets	-	10,97,284
Miscellaneous Income	-	1,12,848
TOTAL	<u>3,36,646</u>	<u>20,43,258</u>
17 PURCHASE OF STOCK IN TRADE		
Sponge Iron	-	1,13,27,256
Scrap	-	6,33,88,475
Other	-	29,28,087
TOTAL	<u>-</u>	<u>7,76,43,818</u>
17.1 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE		
Opening Stock	-	-
Purchases	-	7,76,43,818
Sales	-	7,76,43,818
Closing Stock	-	-

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
		(₹)
18. EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages and Bonus	4,76,917	2,60,709
Contribution to Provident and Other Funds	31,348	13,766
Welfare Expenses	14,552	45,813
TOTAL	5,22,817	3,20,288
19. FINANCE COSTS		
Interest	8,457	5,00,086
20. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation	4,38,448	4,63,273
21. OFFICE ESTABLISHMENT & OTHER EXPENSES		
Freight, Shipment and Sales Expenses	31,350	1,23,344
Repairs and Maintenance to Plant and Machinery	56,246	7,14,929
Travelling Expenses	15,360	20,025
Advertisement Expenses	1,99,096	1,95,723
Rates and Taxes	2,500	2,500
Payments to Auditors	26,969	26,968
Miscellaneous Expenses	47,876	955
Office Establishment Expenses	7,44,114	2,18,789
TOTAL	11,23,511	13,03,233
21.1 PAYMENTS TO AUDITORS		
Audit Fees	15,000	15,000
Tax Audit Fees	3,000	3,000
Reimbursement of Expenses	8,969	8,968
TOTAL	26,969	26,968
22. EARNINGS PER SHARE BASIC AND DILUTED		
(i) Net Profit/(Loss) after Tax	2,40,617	20,19,560
(ii) Number of equity shares	10,00,000	10,00,000
(iii) Earnings per Share: (₹ per share)	0.24	2.02
23. EXPENDITURE IN FOREIGN CURRENCY	Nil	Nil

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

24. Current Income Tax is provided on the basis of estimated tax liability computed as per applicable provisions of Income Tax Act, 1961.

25. Details on Segment Reporting:

(₹ in lacs)

	Leasing		Trading		Consolidated	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
1 REVENUE						
Lease Money	21.00	21.00	-	-	21.00	21.00
Sales	-	-	-	785.16	-	785.16
Total Revenue	21.00	21.00	-	785.16	21.00	806.16
2 RESULT						
Segment Result before Interest and Tax	0.15	12.23	-	8.72	0.15	20.95
Unallocated Expenses	-	-	-	-	-	-
Interest Expenses	0.08	(5.00)	-	-	0.08	(5.00)
Interest Income	3.36	5.01	-	3.32	3.36	8.33
Income tax	1.72	-	-	4.93	1.72	4.93
Deferred Tax	(0.70)	(0.84)	-	-	(0.70)	(0.84)
Net Profit	2.41	13.08	-	7.11	2.41	20.19
3 OTHER INFORMATION						
Segment Assets	232.93	238.48	-	-	232.93	238.48
Unallocated Assets	0.45	0.45	-	-	0.45	0.45
Total Assets	233.38	238.93	-	-	233.38	238.93
Segment Liabilities	140.75	148.00	5.34	5.34	146.09	153.34
Unallocated Liabilities	59.43	60.13	-	-	59.43	60.13
Total Liabilities	200.18	208.13	5.34	5.34	205.52	213.47
Capital Expenditure	6.46	-	-	-	6.46	-
Depreciation	4.38	4.63	-	-	4.38	4.63
Non Cash Expenditure other than depreciation	-	-	-	-	-	-

26. CONTINGENT LIABILITIES AND COMMENTS

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

Service Tax Rs.637.60 Lacs (Previous year Rs.637.60 Lacs)

26.2 Corporate guarantees in favour of Consortium Banks in respect of their outstanding with Facor Steels Ltd. Due to the nature of the liability, its financial impact is not ascertainable.

26.3 All the fixed assets including leasehold land in Note 9 has been mortgaged in favour of Consortium Banks of Facor Steels Ltd. against the credit facilities extended to Facor Steels Ltd.

VIDARBHA IRON AND STEEL CORPORATION LIMITED

CIN L27100MH1972PLC016134

Regd. Office & Works: 46 (A&B), MIDC Industrial Estate, Hingna Road, Nagpur -440028, India

Phones: +91-7104-235701, Fax: +91-7104-235709, E-Mail: visco@facorsteel.com

PROXY FORM

Name of the member(s) : _____
Registered Address : _____
E-mail Id : _____
Folio No./ DP ID-Client ID No. : _____

I/ We, being the member(s) of _____ shares of the above named Company, hereby appoint:

(1) Name: _____ Address: _____

E-mail Id: _____ Signature: _____ or failing him;

(2) Name: _____ Address: _____

E-mail Id: _____ Signature: _____ or failing him;

(3) Name: _____ Address: _____

E-mail Id: _____ Signature: _____

as my/ our Proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the Forty First Annual General Meeting of the Company, to be held on Monday, the 29th September, 2014 at 11.00 a.m. at 46 A & B, MIDC, Industrial Estate, Hingna Road, Nagpur- 440 028 and at any adjournment thereof in respect of the following resolutions:

Resolution No.	Resolutions
Ordinary Business	
1.	Adoption of Financial Statements, Directors' and Auditors' Report for the year ended 31st March, 2014
2.	Re-appointment of Shri Murlidhar Saraf, who retires by rotation
3.	Re-appointment of Shri Vinod Saraf, who retires by rotation
4.	Appoint Auditors and fix their remuneration
Special Business	
5.	To approve borrowing limits of the Company
6.	Creation of Charge on the assets of the Company

Signed this _____ day of _____ 2014

Signature of Shareholder: _____

Signature of Proxy holder: _____

Affix
Revenue
Stamp

NOTE:

1. This form of Proxy, in order to be effective, should be deposited duly completed at the Registered Office of the Company, at 46 A & B, MIDC, Industrial Estate, Hingna Road, Nagpur- 440 028 not less than FORTY-EIGHT (48) HOURS before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Forty first Annual General Meeting.

VIDARBHA IRON & STEEL CORPORATION LIMITED

46 A & B, MIDC Industrial Estate,
Hingna Road,
Nagpur – 440028 (Maharashtra)