



INDIA STEEL

WORKS LTD

Inner Vision. Global Action.



|  |  |                      |
|--|--|----------------------|
| <b>BOARD OF DIRECTORS</b>                        | Mr. Ashwinkumar H. Gupta   | Chairman             |
|  | Mr. Sudhirkumar H. Gupta   | Managing Director    |
|  | Mr. Varun S. Gupta   | Executive Director   |
|  | Mr. Mahesh Sheregar  | Director             |
|  | Mr. S. P. Khosla   | Independent Director |
|  | Mr. Neeraj Agarwala  | Independent Director |
|  | Mr. Bimal Desai  | Independent Director |
|  | Mrs. Shruti Kumar  | ARCIL – Nominee      |
| <b>COMPANY SECRETARY</b>                         | Mr. Dilip Maharana   |                      |
| <b>STATUTORY AUDITORS</b>                        | Thanawala & Company  |                      |
| <b>REGISTERED OFFICE</b>                         | India Steel Works Complex, Zenith Compound,<br>Khopoli, Raigad-410203          |                      |
| <b>WORKS</b>                                     | Khopoli: Zenith Compound, Raigad-410203.<br>C-63,TTC, MIDC, Turbhe, Pin-400705 |                      |
| <b>REGISTRARS &amp;<br/>SHARETRANSFER AGENTS</b> | Link Intime India Private Limited  |                      |

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**NOTICE**

**NOTICE** is hereby given that the **Twenty-Fifth Annual General Meeting** of **INDIA STEEL WORKS LIMITED** will be held on Friday, 3rd August, 2012 at 12.30 p.m. at the Registered office of the Company at India Steel Works Complex, Zenith Compound, Khopoli, Raigad-410203, to transact the following business:-

**ORDINARY BUSINESS:**

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012, the Statement of Profit & Loss for the year ended on that date, together with the Reports of the Board of Directors and the Auditors' thereon.
- 2) To appoint a Director in place of Mr. Bimal Desai who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. Neeraj Agarwala who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint M/s. Thanawala & Co., Chartered Accountants, Mumbai, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration.

**SPECIAL BUSINESS:**

- 5) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956, ("the Act") read with Schedule XIII of the Companies Act, 1956 or any amendment or modification or re-enactment thereof and subject to such approvals as may be necessary in this regard and subject to such conditions as may be imposed by any authority while granting such consents, approvals and permissions and as are agreed to by the Board of Directors (hereinafter referred to as the Board, which term shall be deemed to include any committee thereof and any person authorized by the Board in this behalf) the consent of the Members be and is hereby accorded to the re-appointment of Shri Ashwinkumar H.Gupta, Executive Chairman of the Company, as Whole time Director of the Company for a period of 3 years with effect from 1st November, 2011 on the terms and conditions same as earlier as set out below :

Remuneration and Perquisite:

- A) Salary: ₹ 0.60 lac p.m. in the scale of ₹ 0.60 - 0.05 - 0.75 lac.
- B) Perquisites: in addition to salary the Whole Time Director shall also entitled to following perquisites and allowances
  - a) Accommodation  
Furnished or otherwise shall be provided by the Company the expenditure on which shall be subject to a limit of sixty percent of the salary over and above ten percent payable by him or House rent Allowances in lieu thereof subject to a limit of sixty percent of annual salary
  - b) Medical Reimbursement: for self & family in accordance with rules of the Company
  - c) Leave travel Assistance : for self & family in accordance with rules of the Company
  - d) Leave: Leave on full pay as per the rules of the Company
  - e) Provident fund / Gratuity /Pensions: as per rules of the Company
  - f) Insurance: Personal Accident Insurance of an amount, the total Annual Premium of which does not to be exceeded ₹ 0.04 lac per annum.
  - g) Car: free use of Company's car including maintenance and operations together with Driver for official purpose.
  - h) Telephone: Free telephone facility at Residence.
  - i) Entertainment: reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.
  - j) Other perquisites: Travelling and halting Allowances on actual basis.

The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limits prescribed from time to time under section 198, 309, 310 and all other applicable provisions of the Act read with schedule XIII to the said Act or any statutory modifications or re-enactment thereof for the time being in force, or otherwise as may be permissible at law. So long as Mr. Ashwin Kumar Gupta functions as the Whole Time Director of the Company, he shall be subject to retirement by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized, in the event of any statutory amendment or modification or relaxation by the central government in schedule XIII to the Companies Act 1956, to vary or increase the remuneration including salary, perquisites, allowances etc., within such prescribed limits or ceiling and the agreement between the Company and Mr. Ashwinkumar H. Gupta be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the Company in General Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and thing as may be deemed necessary to give effect to the above resolution."



- 6) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956, ("the Act") read with Schedule XIII of the Companies Act, 1956 or any amendment or modification or re-enactment thereof and subject to such approvals as may be necessary in this regard and subject to such conditions as may be imposed by any authority while granting such consents, approvals and permissions and as are agreed to by the Board of Directors (hereinafter referred to as the Board, which term shall be deemed to include any committee thereof and any person authorized by the Board in this behalf) the consent of the Members be and is hereby accorded to the re-appointment of Shri Varun S. Gupta as an Executive Director of the Company on the terms and conditions same as earlier as set out below :

Period:

Three years with effect from 1st July, 2012 with liberty to either party to terminate the appointment by three months notice in writing to the other.

Remuneration and Perquisite:

- A) Salary: ₹ 0.30 - 0.50 lac p.m with authority to the Board of Directors to approve annual or other income from time to time exceeding 30% per annum of the immediately drawn salary
- B) Perquisites: in addition to salary the Mr. Varun S. Gupta shall also entitled to following perquisites and allowances in accordance with the rules of the Company, with authority to the Board of Directors to approve annual or other increments from time to time not exceeding 100% p.a of the immediately drawn salaries, currently as follows:
- a) House rent Allowance: ₹ 0.05-0.075 lac p.m..  
House rent Allowance shall be subject to a limit of sixty percent of the Annual salary.
  - b) Travelling Allowance: ₹ 0.03-0.06 lac P. m
  - c) Medical Reimbursement: ₹ 0.02 lac p.m for self & family in accordance with rules of the Company
  - d) Special Allowances: ₹ 0.03- 0.06 lac p.m
  - e) Leave: Leave on full pay as per the Rules of the Company.
  - f) Insurance: Personal Accident Insurance of an amount, the total Annual Premium of which does not to be exceeded ₹ 0.06 lac per annum.
  - g) Provident fund / Gratuity / Pension : As per rules of the Company
  - h) Entertainment: reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.
  - i) Other perquisites: Travelling and halting Allowances on actual basis

The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limits prescribed from time to time under section 198, 309, 310 and all other applicable provisions of the Act read with schedule XIII to the said Act or any statutory modifications or re-enactment thereof for the time being in force, or otherwise as may be permissible at law. So long as Shri Varun S. Gupta functions as the Whole Time Director of the Company, he shall be subject to retirement by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized, in the event of any statutory amendment or modification or relaxation by the central government in schedule XIII to the Companies Act 1956, to vary or increase the remuneration including salary, perquisites, allowances etc., within such prescribed limits or ceiling and the agreement between the Company and Shri Varun S. Gupta be suitably amended to give effect to such modification , relaxation or variation without any further reference to the members of the Company in General Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and thing as may be deemed necessary to give effect to the above resolution."

**By order of the Board of Directors**

Place: Mumbai  
Date: 29<sup>th</sup> May, 2012  
Regd. Office: India Steel Works Complex,  
Zenith Compound, Khopoli,  
Raigad-410203.

**Dilip Maharana**  
**Company Secretary**

**NOTES :**

- (a) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF SUCH MEMBER, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.THE PROXY IN ORDER TO BE EFFECTIVE ,MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING.**
- (b) Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Meeting.
- (c) The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 27th July, 2012 to Friday, 3rd August,2012 (both days inclusive).
- (d) Members are requested to bring their attendance slip duly filled in and signed for attending the meeting.
- (e) in case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- (f) Shareholders desirous of making nominations in respect of shares held by them in physical form are requested to send their requests in Form 2B to the Registrar and Transfer Agents, Link Intime (India) Private Limited, C-13, Panalal Silk Mills Compound, LBS Marg, Bhandup (West ), Mumbai 400 078. Members holding shares in demat form may contact their respective Depository Participants for recording of nomination.
- g) Shareholders are requested to immediately notify the REGISTRAR & SHARE TRANSFER AGENT or the DEPOSITORY PARTICIPANTS (incase of shares which have been dematerialized) of any change in their address.
- (h) Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to REGISTRARS & SHARE TRANSFER AGENTS for consolidation in one folio.
- (i) The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, your Company plans to send documents required to be send to its members under section 219 of the Companies Act,1956 viz. : the Annual Report and other documents such as Notices of General Meetings, Postal Ballot Notices etc. by e-mail to its members. For supporting this green initiative, if you hold the shares in :
- **Electronic form:**  
Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants.
- **Physical form:**  
Members who hold shares in physical form are requested to furnish the e-mail address under a letter duly signed by you as the first named /sole shareholder as per the specimen signature registered with the Company giving details of your name and ledger folio number. Kindly note that if you desire, a physical copy of the Annual Report and other communication / documents will be sent to you free of cost, as per the current practices. Such documents will also be displayed on the Company's website

**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 5**

**Shri Ashwinkumar H. Gupta**, aged about 62 years, is B. Tech from the Bombay University and has been associated with the Company since incorporation as the Managing Director and is actively involved in the business policy decisions of the Company. Presently he is the executive Chairman of the Company and holds 4867600 Equity Shares of the Company. He is member of share holder committee of the company.

Members' approval is required for the re-appointment of Shri Ashwinkumar H. Gupta, Executive chairman as Whole-time Director of the Company w. e. f. 1st November, 2011 and payment of remuneration as set out in the accompanying resolution.

The Board recommends the resolution set out at item no.5 of the notice for your approval.

None of the Directors, except Mr. AshwinKumar H. Gupta, Mr. SudhirKumar H. Gupta, Mr. Varun S. Gupta, are in any way, concerned or interested in the resolution set out at item no. 5 of the Notice.

If during the currency of tenure of the Whole time Director the Company has no profits or its profits are inadequate in any financial year the Whole Time Director shall be entitled to aforesaid revised remuneration as minimum remuneration or as may be approved by the Central Government.

The contents of this explanatory note may be treated as the memorandum of abstract of the terms of re-appointment, as stipulated under Section 302 of the Companies Act, 1956.

**ITEM NO. 6**

**Mr. Varun S. Gupta**, aged about 27 years, is a graduate in Business administration from the Bond University, Gold Coast, Australia. He started his career as a sales representative in Australia and later joined the Company in 2007 as a Management Trainee. At the 21st Annual General Meeting of the Company held on December29, 2008 was appointed as Management Executive pursuant to the Provisions of Sec314(1) of the Companies Act,1956.On 17 December, 2009 he was appointed as an Additional Director by the Board



to hold the office up to next Annual General Meeting. However, at the Extra Ordinary General Meeting of the Company, he was appointed as Executive Director w.e.f 1.07.2010 for a period of 3 years, ended on 30th June, 2012 instead of 30th June, 2013.

He holds 200000 equity shares in the Company.

Members' approval is required for the re-appointment of Shri Varun S. Gupta as an Executive Director of the Company w. e. f. 1st July, 2012 and payment of remuneration as set out in the accompanying resolution.

The Board considering the experience and contributions made by Mr. Varun S. Gupta in the best and overall interest of the Company recommends the resolution set out at item no. 6 of the notice for your approval.

None of the Directors, except Mr. Varun S. Gupta, Mr. AshwinKumar H. Gupta, Mr. SudhirKumar H. Gupta are in any way, concerned or interested in the resolution set out at item no. 6 of the Notice.

If during the currency of tenure of the Whole time Director the Company has no profits or its profits are inadequate in any financial year the Whole Time Director shall be entitled to aforesaid revised remuneration as minimum remuneration or as may be approved by the Central Government.

The contents of this explanatory note may be treated as the memorandum of abstract of the terms of re-appointment, as stipulated under Section 302 of the Companies Act, 1956.

**INFORMATION AS REQUIRED UNDER THE LISTING AGREEMENT IN RESPECT OF DIRECTORS BEING RE-APPOINTED:****Brief Profile of Mr. Bimal Desai:**

**Mr. Bimal Desai**, aged 48 is a commerce and law graduate with double post graduate in Management- Finance & marketing. He started his career in Essar Group with project marketing and has been in business with major interests in investments, trading etc. He has vast and rich experience in the commodity markets especially in steel. His Directorship in other Companies are:

Titanic Bulkers Pvt. Limited, Magnus Buildcon Projects Pvt. Limited, Titan Steels Pvt.Limited.

He is the Audit committee member of the Company. He does not hold any shares in the Company. Considering the expertise and experience of Mr.Bimal Desai, the Board recommends his re-appointment as a Director liable to retire by rotation. none of the Directors are concerned or interested in the Resolution.

**Brief Profile of Mr. Neeraj Agarwala:**

**Mr. Neeraj Agarwala**, aged 38 is a Chartered Accountant by profession. He is a senior tax consultant with erstwhile Arthur Andersen,India., now a part of the Ernst & Young Group. He resigned in August 2002 and started his own practice. Mr.Neeraj Agarwala has vast experience in the field of International & domestic taxation, foreign investment, foreign exchange control regulations, company & other allied laws. He holds Directorship in the following Companies: Manmohak Properties Pvt.Limited, High Street Properties Pvt.Limited, Vishaka Imports Pvt.Limited, Emgee Property Management Pvt.Limited, Emgee Event Management Pvt.Limited, Emgee Holidays Pvt.Limited, Emgee Corporation Pvt.Limited, Emgee Properties Pvt.Limited.

He is the Audit committee member of the Company. He does not hold any shares in the Company.

Considering the expertise and experience of Mr. Neeraj Agarwala, the Board recommends his re-appointment as a Director liable to retire by rotation. None of the Directors are concerned or interested in the Resolution.

**Brief Profile of Mr. Ashwinkumar H. Gupta**

**Mr. Ashwinkumar H. Gupta**, aged about 62 years, is B. Tech from the Bombay University and has been associated with the Company since incorporation as the Managing Director and is actively involved in the business policy decisions of the Company. Presently he is the executive Chairman of the Company and holds 4867600 Equity Shares of the Company. He is member of share holder committee of the company. He has no Directorship in other public limited Companies in India.

**Brief Profile of Mr. Varun S. Gupta**

**Mr. Varun S. Gupta**, aged about 27 years, is a graduate in Business administration from the Bond University, Gold Coast, Australia. He started his career as a sales representative in Australia and later joined the Company in 2007 as a Management Trainee. At the 21st Annual General Meeting of the Company held on December 29, 2008 was appointed as Management Executive pursuant to the Provisions of Sec314(1) of the Companies Act,1956.On 17 December, 2009 he was appointed as an Additional Director by the Board to hold the office up to next Annual General Meeting. However, at the Extra Ordinary General Meeting of the Company, he was appointed as Executive Director w.e.f 1.07.2010 for a period of 3 years ended on 30th June, 2012 instead of 30th June, 2013.

He holds 200000 equity shares in the Company. He has no Directorship in other public limited Companies in India.

**By order of the Board of Directors**

Place : Mumbai

Date : May 29, 2012

Regd. Office :

India Steel Works Complex,

Zenith Compound, Khopoli, Raigad-410203.

**Dilip Maharana**  
**Company Secretary**

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors are pleased to present their 25th Annual Report and the Audited Statement of Accounts along with the Report of the Auditors for the financial year ended 31st March, 2012.

**FINANCIAL HIGHLIGHTS**

| Particulars   | ₹ in Lacs               |                         |
|---|-------------------------|-------------------------|
|   | Year ended<br>31.3.2012 | Year ended<br>31.3.2011 |
| Sales/Income including Job work operations                | 60137.14                | 29960.11                |
| <b>EBIDTA</b>   | <b>2079.10</b>          | 513.66                  |
| Finance Costs   | (1476.88)               | (771.59)                |
| Provision for Depreciation                                | (1383.26)               | (1371.28)               |
| <b>Profit / (Loss) before tax &amp; exceptional items</b> | <b>(781.04)</b>         | (1629.21)               |
| Current tax   | (1.89)                  | (19.41)                 |
| Brought forward profit/ (loss) from last year             | (16685.04)              | (15327.40)              |
| Exceptional Items   | (69.67)                 | 290.99                  |
| <b>Balance carried forward to Balance Sheet</b>           | <b>(17398.30)</b>       | (16685.04)              |

**OPERATIONS**

During the year under review, company's proposal to consolidate all the manufacturing facilities at Khopoli including shifting of the Bright Bar Division from Turbhe to Khopoli are under considerable progress.

The rationalisation measures taken by the Company are long term, where in operation should gradually be strengthened further in the current year. Visible progress is evident from the sales turnover achieved. Your company has this year too maintained the sales growth rate of more than 100% and achieved Sales Turnover of ₹ 60137.14 lakhs as against the Sales Turnover of ₹ 29960.11 lakhs for the year 2010-11. The profitability of the company has improved and the net loss has been reduced from ₹ 1629.21 Lacs as of 31.03.2011 to ₹ 781.04 Lacs as of 31.03.2012.

**DIVIDEND**

Taking into account the accumulated losses, the Directors regret their inability to declare any dividend on Preference Shares as well as on Equity Shares of the Company.

**EXPORTS**

During the year, the Company has initiated customer meets world over and has participated in leading international Trade fair for marketing Stainless steel wires and bars. Exports of the Company during the year under review accounted only to ₹ 1.19Lacs (previous year ₹ 288.82 Lacs).

**FINANCIALS**

As of 31.03.2011 the company has secured debts of ₹ 6298.20 lacs under the Corporate Debt Restructuring Scheme approved by CDR and accepted by the various lenders. During the period under review the has paid substantially and reduced the CDR Secured Debts to ₹ 884.89 lacs. The Company has paid full and final dues of Oriental Bank of Commerce Ltd, Punjab and Sindh Bank Ltd and International Asset Reconstruction Company Ltd. New India Assurance Company Limited and General Insurance Company Limited have assigned their debt to Kotak Mahindra Bank Limited. The Company has also issued and allotted 0.01% Cumulative Redeemable Preference shares of ₹ 10/- each to New India Assurance Company Limited as per the CDR scheme. The company has paid the principle outstanding of the Asset Reconstruction Company of India Ltd.

During the year under review, the Hon' High Court Bombay had passed an ex-parte order in the Company petition filed by one of the creditors of the Company for ₹ 3.47 lacs, due to non appearance of the Lawyer appointed by the Company. The Company had filed an application and contested for disposal of the Company Petition as withdrawn and set-aside of the said order. The Company application was allowed, heard from time to time & finally disposed off as withdrawn on 10th April,2012. Simultaneously, the Company petition pending before the Hon' High Court since long has been disposed off as withdrawn upon payment of ₹ 350 Lacs to Commerzbank.

**INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956**

Information relating to conservation of energy and technology absorption as required under section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules,1988, is given in Annexure and forms part of this report.

**FIXED DEPOSITS**

The Company has not accepted any Fixed Deposits from the public.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm :

- (i) that in the preparation of the annual accounts for the year ended 31st March 2012, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (ii) that appropriate accounting policies have been selected and have been applied consistently, they have 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 as at 31st March 2012 and of the loss of the Company for that period;
- (iii) that proper and sufficient care has been taken 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; and
- (iv) that the annual accounts have been prepared on a going concern basis.

**DIRECTORS**

During the year under review, Mr. Bimal Desai and Mr. Neeraj Agarwala will retire by rotation at the ensuing Annual General Meeting, and being eligible, offers themselves for re-appointment. Mr. Mahesh Kedia & Mr. Gaurav Chhabria are appointed as alternate Director to Mr. Bimal Desai & Mr. S. P. Khosla effective 29th May, 2012.

**MANAGEMENT DISCUSSION AND ANALYSIS**

A detailed section on the Management Discussion and Analysis forms part of this Report.

**CORPORATE GOVERNANCE**

The Company has implemented the provisions of Clause 49 of the Listing Agreement relating to the Corporate Governance requirements. A Report on Corporate Governance, the Report of Auditors Certificates thereof and Management Discussion and Analysis are given as annexure to this report.

**EMPLOYEES' STOCK OPTION SCHEME**

Members' approval was obtained at the Extra-ordinary General Meeting held on June 5, 2006 for introduction of Employees Stock Option Scheme, formulated in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the SEBI Guidelines'). The Remuneration Committee was to administer and monitor the Scheme. Initially, 30,00,000 equity shares were issued for this Scheme. As no options were granted, your Board of Directors, have cancelled the shares so issued under the Scheme during the year under review. Hence, no disclosures as stipulated under the SEBI Guidelines, as at March 31, 2012, are applicable.

**AUDITORS**

Messrs Thanawala & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and they being eligible, offer themselves for re-appointment as Auditors of the Company.

M/s. Vishesh N. Patani, Cost Accountants, Mumbai have furnished a Certificate of their eligibility for re-appointment Under Section 224(1-B) of the Companies Act, 1956, Certificate for independence and arm length relationship with the Company and are not disqualified for such appointment. The said cost accountants have been re-appointed by the Board of Directors of the Company on the recommendations of the Audit Committee, as the Cost Auditors of the Company for the financial year 2012-2013, subject to the approval of the Central Government.

**AUDITORS' QUALIFICATIONS**

Interest free Funds available with the Company from the related parties are in excess of the loans & advances given by the Company to the related parties.

The Company is in the process of getting the Details of trade creditors to identify the micro, small and medium enterprises as per The Micro, Small and Medium Enterprises Development Act, 2006 so as to quantify the amount of overdue interest payable to them, if any.

**INDUSTRIAL RELATIONS**

The Industrial relations have been cordial and peaceful during the year under review. The Directors wish to place on record their appreciation of the devoted and dedicative services rendered by employees at all levels and look forward to their continued support and co-operation in the days to come.

**ACKNOWLEDGEMENTS**

The Directors express their appreciation for cooperation and encouragement received from all the Business Associates, Dealers, CDR Cell, Financial Institutions, Bankers, Insurers and Shareholders during the year under review.

**By order of the Board of Directors**

Place: Mumbai

Date: May 29, 2012

**Ashwinkumar H. Gupta**  
**CHAIRMAN**





## ANNEXURE TO DIRECTORS' REPORT

## FORM A

## Form for Disclosure of Particulars with respect to Conservation of Energy, Power and Fuel Consumption

## A. Conservation of Energy :

| Form for Disclosure of Particulars with respect to Conservation of Energy, Power and Fuel Consumption |         |         |
|---|---------|---------|
| POWER & FUEL CONSUMPTION:   | 2011-12 | 2010-11 |
| a. Electricity:   |         |         |
| Purchase Units ( '000 kwh)  | 46652   | 41567   |
| Total Amount ( '00,000 ₹ )  | 3340.89 | 2652.62 |
| Average Rate/Unit ( ₹ /Kwh)   | 7.16    | 6.38    |
| b. Furnance Oil / CBFS/Disel:   |         |         |
| Quantity (Kilo litres)  | 5000    | 5602    |
| Total Amount (in '00,000 ₹ )  | 1742.57 | 1369.58 |
| Average Rate ( ₹ /Litre)  | 34.85   | 24.45   |
| c. Others   |         |         |
| LDO:  |         |         |
| Total Amount (in '00,000 ₹ )  | -       | 20.67   |
| Gases:  |         |         |
| Total Amount (in '00,000 ₹ )  | 436.88  | 265.98  |

## II. CONSUMPTION PER UNIT OF PRODUCTION

| Sr.No | Products                 | 2011-12 | 2010-11 |
|-------|--------------------------|---------|---------|
| 1     | Steel Billets            |         |         |
|       | Electricity              | 689     | 758     |
|       | Furnace Oil              | 14      | 12      |
| 2     | Hot Rolled/Bars/rods     |         |         |
|       | Electricity              | 210     | 184     |
|       | Furnace Oil              | 55      | 54      |
| 3     | Cold Finished Bars/wires |         |         |
|       | Electricity              | 126     | 131     |
|       | Furnace Oil              | 55      | 54      |

- B. Technology Absorption: In-house expertise has been used to successfully develop various grades of special steels meeting international standards of quality.
- C. Environmental Protection Etc. : The fume-extraction system of the AOD converter has been upgraded to reduce consequent Air Pollution. Continuous plantation of trees is carried out.
- D. Quality System: To continue in pursuit of quality, Steel and Rolling Mill Division of your Company at Khopoli has been accredited with "TUV CERT" by RWTUV for compliance in accordance with AD-Merkblatt W O / TRD 100 manufacturing process. The Khopoli Plant as well as Purchase and Marketing Departments of your Company remains ISO 9002 certified by RWTUV.
- E. Foreign Exchange Earnings & Outgo: During the year under report, the Company did earned foreign exchange equivalent to ₹ 1.19Lacs on exports made on FOB basis and the foreign exchange outgo was equivalent to ₹ 5164.91 Lacs.

**REPORT ON CORPORATE GOVERNANCE****Company's Philosophy on Code of Governance**

Corporate Governance at INDIA STEEL WORKS LIMITED is demonstrated by fair business and corporate practices with all its stakeholders. Integrity and transparent dealings is the basic norm of Corporate Governance practised here.

**Board of Directors**

During financial year 2011-12, the Board consists of Eight Directors comprising of three executive directors, one non-executive director, and four independent directors include one nominee-director. During the Financial year five Meetings were held on 26th April, 2011, 10th August, 2011, 5th September, 2011, 10th November, 2011, 10th February, 2012.

The composition of the Board, attendance at Board Meetings held during the year and at the last Annual General Meeting, number of Directorship in other companies and committees of which the Director is a Member/ Chairman are given below:

| Name of the Director   | Category/ Interse relationship                               | Financial Year 2011-12 attendance in |     | No of other Directorship in other Indian Public Ltd., Companies | No of Chairmanship/ Membership in other Indian Public Limited Companies |
|------------------------|--|--------------------------------------|-----|---|---|
|                        |  | Board Meetings                       | AGM |   |   |
| Mr.Ashwinkumar H.Gupta | Executive Chairman, Promoter<br>Brother of Managing Director | 5                                    | Y   | Nil   | Nil   |
| Mr.Sudhirkumar H.Gupta | Managing Director, Promoter<br>Brother of Excutive Chaiman   | 5                                    | Y   | Nil   | Nil   |
| Mr.Varun S.Gupta       | Executive Director, Promoter<br>Son of Managing Director     | 5                                    | Y   | Nil   | Nil   |
| Mr.S.P.Khosla          | Independent Director   | 5                                    |     | Nil   | Nil   |
| Mr.Bimal Desai         | Independent Director   | 5                                    | Y   | Nil   | Nil   |
| Mr.Neeraj Agarwala     | Independent Director   | 2                                    |     | Nil   | Nil   |
| Ms.Shrutikumar*        | NomineeDirector  | 4                                    |     | Nil   | Nil   |
| Mr.Mahesh Sheregar     | Non-Executive Director                                       | Nil                                  |     | Nil   | Nil   |

\* Nominee of Assets Reconstruction Company (India) Limited, CDR Lender of the Company.

**Audit Committee**• *Composition:*

During the financial year, the Audit Committee of Directors comprised of three Non-Executive Independent Directors and one Executive Director viz., Mr. S. P. Khosla – Chairman, Mr. Bimal Desai, Mr. Neeraj Agarwala and Mr. Sudhirkumar H. Gupta, members.

• *Brief description of terms of reference:*

The terms of reference of this committee are wide and cover the matters specified for Audit Committees under Clause 49 of the Listing Agreement as well as under Section 292A of the Companies Act, 1956.

• *Meetings and attendance during the year:*

During the year, five Audit Committee Meetings were held on 26th April, 2011, 10th August, 2011, 5th September, 2011, 10th November, 2011, 10th February, 2012.

The Composition of Audit Committee and the attendance at the meetings as given hereunder:

| Name of the Director   | Status                         | No.of meetings attended |
|------------------------|--------------------------------|-------------------------|
| Mr.S.P.Khosla          | Chairman, Independent Director | 5                       |
| Mr.Bimal Desai         | Member, Independent Director   | 5                       |
| Mr.Neeraj Agarwala     | Member, Independent Director   | 2                       |
| Mr.Sudhirkumar H.Gupta | Managing Director, Promoter    | 5                       |

**Remuneration of Directors:**• *Composition:*

Remuneration Committee of the Company consists of all the Non-Executive Independent Directors viz., Mr. S. P.Khosla as Chairman, Mr. Bimal Desai and Mr. Neeraj Agarwala as Members. One meeting of the Remuneration Committee was held during the year.



• Remuneration policy:

The remuneration policy is directed towards rewarding performance based on review of achievements on a periodical basis. The details of remuneration paid to Executive Chairman, Managing Director and Director (Executive) and Sitting Fees paid to Non-executive Directors during the year under review are given hereunder:

| Name of the Director           | Salary & Perquisites<br>₹ in Lacs | Contribution to PF | Commission | Sitting Fees<br>₹ in Lacs |
|--------------------------------|-----------------------------------|--------------------|------------|---------------------------|
| Mr.Ashwinkumar H.Gupta         | 8.52                              | Nil                | Nil        | NA                        |
| Mr.Sudhirkumar H.Gupta         | 8.38                              | Nil                | Nil        | NA                        |
| Mr.Varun S.Gupta               | 5.16                              | Nil                | Nil        | NA                        |
| Mr.Mahesh Sheregar             | NA                                | NA                 | NA         | Nil                       |
| Mr.S.P.Khosla                  | NA                                | NA                 | NA         | 0.28                      |
| Mr.Bimal Desai                 | NA                                | NA                 | NA         | 0.22                      |
| Mr.Neeraj Agarwala             | NA                                | NA                 | NA         | 0.08                      |
| Ms.Shrutikumar (Arcil Nominee) | NA                                | NA                 | NA         | 0.10                      |

**Shareholders Committee**

The Shareholders' Committee comprised of two Directors viz., Mr. S.P. Khosla Chairman and Mr. Ashwinkumar H. Gupta, Member. During the year, four meetings of the Shareholders' Committee were held. The Committee interalia covers reviewing status of approval of transfer / transmission of shares, issue of duplicate share certificates, review / redressal of investor grievances. The Board has authorised the share transfer agents of the Company to approve share transfers up to 2500 shares.

During the year under review, there were 22 complaints received from investors out of which 21 complaints were replied / resolved to the satisfaction of the investors and 1 complaint was pending at the end of the year was replied / resolved to the satisfaction of the investor later. There were 18 requests for transfer of 3,03,000 equity shares, received and processed during the year.

**Code of Conduct:**

Your Company has adopted a Code of Conduct for all the employees including the Board Members and Senior Management Personnel of the Company in accordance with the requirement under Listing Agreement. The Senior Management Personnel have affirmed their compliance with the said Code of Conduct for the financial year ended 31st March, 2012. The declaration to this effect signed by the Managing Director & CEO of the Company forms part of the report.

**Certification:**

A certificate from the managing director on the financial statements of the Company in terms of clause 49 of the listing agreement was placed before board, who took note of the same.

**General Body Meetings**

• Location and time, where last three AGMs held:

| Financial Year | Date       | Location   | Time      |
|----------------|------------|--|-----------|
| 2010-11        | 30.09.2011 | India Steel Works Complex, Zenith Compound, Khopoli, Raigad-410203 | 12.30 p.m |
| 2009-10        | 30.09.2010 | Chanakya, Abbott Hotel, Sector 2, Vashi, Navi Mumbai-400703.       | 10.00 a.m |
| 2008-09        | 26.09.2009 | Ebony-2, Tunga Reganza, Vashi, Navi Mumbai-400703                  | 3.30 p.m  |

• Special resolutions:

- (I) At the 22<sup>nd</sup> Annual General Meeting held on September 26, 2009 no special resolutions were passed.
- (II) At the 23<sup>rd</sup> Annual General Meeting held on September 30, 2010, a special resolution was passed to alter Articles of Association of the Company for appointment of Nominee Director.
- (III) At the Extra-Ordinary General Meeting held on July 17, 2010, three special resolutions were passed for the following:
  - (1) To increase in authorised share capital of the Company from ₹ 88 Crores to ₹ 93 Crores.
  - (2) To approve and authorise the Board to issue and allot equity shares on preferential basis to the strategic investors. CDR Lenders of the Company.
  - (3) To approve and authorise the Board to issue and allot preference shares to the CDR Lenders of the Company.
- (IV) At the 24<sup>th</sup> Annual General Meeting held on September 30, 2011 no special resolutions were passed.



(V) Ordinary / Special Resolution(s) passed through Postal Ballot during 2010-11.

Pursuant to Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001, the approval of the shareholders was sought by postal ballot pursuant to notice dated 13.11.2010 dispatched on 27th November, 2010, for the special/ordinary resolutions with respect to following business:

**Item No. Brief Description of Resolutions**

|   |   |
|---|---|
| 1 | Ordinary Resolution under the provisions of Section 293(1)(a) of the Companies Act, 1956 for sale of Leasehold Land alongwith Factory Buildings situated at C-63,MIDC Estate,TTC Area, Turbhe,Navi Mumbai-400705. |
| 2 | Ordinary Resolution under the provisions of Section 293(1)(a) of the Companies Act, 1956 for sale of surplus land situated at Khopoli.  |
| 3 | Special Resolution under provisions of Section 146(2) of the Companies Act, 1956, for shifting of Registeredoffice from C-63,MIDC Estate,TTC Area, Turbhe,Navi Mumbai-400705 to Khopoli.                          |

The Scrutiniser CS Shridhar S Kulkarni, Company Secretary had conducted the procedure & submitted his report on the postal ballot on 30th December, 2010 and the following results were announced by Mr. Ashwin H. Gupta, Chairman of the Company at the registered office of the Company on 31st December, 2010.

|                                  | Resolution no.1            |               | Resolution no. 2           |               | Resolution no. 3           |               |
|----------------------------------|----------------------------|---------------|----------------------------|---------------|----------------------------|---------------|
|                                  | No. of postal ballot forms | No. of shares | No. of postal ballot forms | No. of shares | No. of postal ballot forms | No. of shares |
| Total postal ballots Received    | 235                        | 109807246     | 235                        | 109807246     | 235                        | 109807246     |
| Number of Invalid Postal Ballots | 11                         | 9,204         | 10                         | 4,344         | 11                         | 8,804         |
| Number of valid postal ballots   | 224                        | 109798042     | 225                        | 109802902     | 224                        | 109798442     |
| Votes in favor of the resolution | 199                        | 109759812     | 199                        | 109763572     | 202                        | 109778362     |
| Votes against the resolution     | 25                         | 38,230        | 26                         | 39,330        | 22                         | 20,080        |

The proposed resolutions are carried with requisite majority and passed as Special / Ordinary Resolutions.

**Disclosures**

- Disclosure on materially significant related party transactions that may have potential conflict with the interests of the Company at large:
  - All related party transactions have been disclosed in the Notes to Accounts of the Annual Report.
- Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any other statutory authority on any matter related to capital markets, during the last three years.
  - As per clause 41 of the Listing Agreement, there have been some delays in taking on record and publication of financial results for the quarters ending June 2009, September 2009 and March 2010.
  - As per clause 41 of the Listing Agreement, there have been delays in taking on record and publication of financial results for the quarters ending June 2008 and September 2008. The Company has been unable to take on record and publish the financial results for the quarter ended December 2008 and March 2009 due to a natural calamity.

**Means of Communication:**

The Company has published its quarterly results in "Business Standard" (English) and "Mumbai Lakswdeep" (Regional). The results of the Company are displayed on [www.bseindia.com](http://www.bseindia.com).

**General Shareholders Information:**

**A. Annual General Meeting :**

Date : Friday, 3rd August, 2012.

Time : 12.30 p.m.

Venue: India Steel Works Complex, Zenith Compound, Khopoli, Raigad-410203

**B. Date of Book Closure and Dividend Payment:**

- Date of Book closure Friday, 27th July, 2012 to Friday, 3rd August, 2012 (Both days inclusive).
- Dividend Payment Date: No dividend has been recommended by the Board of Directors

**C. Company Identification Number (CIN): L29100MH1987PLC043186**

**D. Stock Exchange Listing:** The Stock Exchange, Mumbai

**E. Stock Code:**

1. ISIN : INE072A01029  
 2. The Stock Exchange, Mumbai 513361

**F. Stock Price Data :**

(in ₹)

| Months | High | Low  |
|--------|------|------|
| 11-Apr | 5.99 | 4.31 |
| 11-May | 5.69 | 4.41 |
| 11-Jun | 5.70 | 4.58 |
| 11-Jul | 5.50 | 4.06 |
| 11-Aug | 5.44 | 4.94 |
| 11-Sep | 6.18 | 4.98 |
| 11-Oct | 6.21 | 5.00 |
| 11-Nov | 6.42 | 4.66 |
| 11-Dec | 6.54 | 5.28 |
| 12-Jan | 6.25 | 5.00 |
| 12-Feb | 5.80 | 4.80 |
| 12-Mar | 5.60 | 4.70 |

**G. Registrar & Share Transfer Agents**

Members are requested to correspond with the Company's Registrar & Transfer Agent:

**LINK INTIME INDIA PVT LIMITED**

C-13, Pannalal Silk Mills Compound,  
 L. B. S. Marg, Bhandup( West),  
 Mumbai 400 078.

Phone: 022 25946970,

Fax : 022 25946969

Email ID : rnt.helpdesk@linkintime.co.in

Website : www.linkintime.co.in

**H. Compliance Officer****Dilip Maharana, Company Secretary**

Indiabulls Finance Centre, 1101, 11th floor , Tower- 2,  
 Senapati Bapat Marg, Elphinstone (W), Lower Parel, Mumbai - ,400 013.  
 Tel No. +912249102007, Fax No.+912249102099,  
 Email : cosec@indiasteel.in

**I. Share Transfer System**

Share Transfers in physical form can be lodged with Link Intime India Private Ltd.. Transfers upto 2500 Equity Shares are processed and approved on weekly basis by Intime. Transfers above 2500 Equity Shares are processed by Link Intime India Private Ltd and approved by Share Transfer Committee.

**J. Distribution of shareholding as on 31st March, 2012.**

| Distribution of Shareholding | No.of Shares     | % of Shares | No.of Shareholders | % of Shareholders |
|------------------------------|------------------|-------------|--------------------|-------------------|
| 1-500                        | 2016083          | 0.8613      | 9602               | 80.85             |
| 501-1000                     | 913072           | 0.3901      | 1025               | 5.63              |
| 1001-2000                    | 799241           | 0.3414      | 493                | 4.15              |
| 2001-3000                    | 543432           | 0.2322      | 206                | 1.73              |
| 3001-4000                    | 295796           | 0.1264      | 81                 | 0.68              |
| 4001-5000                    | 630853           | 0.2695      | 130                | 1.09              |
| 5001-10000                   | 1142492          | 0.4881      | 156                | 1.31              |
| 10001 & above.               | 227739956        | 97.2911     | 183                | 1.54              |
| <b>Total</b>                 | <b>234080925</b> | <b>100</b>  | <b>11876</b>       | <b>100</b>        |



**K. Shareholding Pattern:**

| Category code | Category of shareholder  | Number of shareholders | Total number of shares | Number of shares held in dematerialized form | Total shareholding as a percentage of total number of shares |                            |
|---------------|--|------------------------|------------------------|--|--|----------------------------|
|               |  |                        |                        |  | As a percentage of (A+B)[1]                                  | As a percentage of (A+B+C) |
| <b>(A)</b>    | <b>Shareholding of Promoter and Promoter Group[2]</b>                            |                        |                        |  |  |                            |
| -1            | Indian   |                        |                        |  |  |                            |
| (a)           | Individuals/ Hindu Undivided Family  | 8                      | 11169510               | 11169510                                     | 4.77   | 4.77                       |
| (b)           | Central Government/ State Government(s)  |                        |                        |  |  |                            |
| (c)           | Bodies Corporate   | 10                     | 100322650              | 99622650                                     | 42.86  | 42.86                      |
| (d)           | Financial Institutions/ Banks  |                        |                        |  |  |                            |
| (e)           | Any Other (specify)  |                        |                        |  |  |                            |
|               | P A C  |                        |                        |  |  |                            |
|               | <b>Sub-Total (A)(1)</b>  | <b>18</b>              | <b>111492160</b>       | <b>110792160</b>                             | <b>47.63</b>   | <b>47.63</b>               |
| -2            | Foreign  |                        |                        |  |  |                            |
| (a)           | Individuals (Non-Resident Individuals/ Foreign Individuals)                      |                        |                        |  |  |                            |
| (b)           | Bodies Corporate   |                        |                        |  |  |                            |
| (c)           | Institutions   |                        |                        |  |  |                            |
| (d)           | Any Other (specify)  |                        |                        |  |  |                            |
|               | Sub-Total (A)(2)   | 0                      | 0                      | 0  | 0.00   | 0.00                       |
|               | <b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>      | <b>18</b>              | <b>111492160</b>       | <b>110792160</b>                             | <b>47.63</b>   | <b>47.63</b>               |
| <b>(B)</b>    | <b>Public shareholding[3]</b>  |                        |                        |  |  |                            |
| <b>1</b>      | <b>Institutions</b>  |                        |                        |  |  |                            |
| (a)           | Mutual Funds/ UTI  | 3                      | 3600                   | 0  | 0  | 0                          |
| (b)           | Financial Institutions/ Banks  | 5                      | 2812475                | 2812075                                      | 1.2  | 1.2                        |
| (c)           | Central Government/ State Government(s)  |                        |                        |  |  |                            |
| (d)           | Venture Capital Funds  |                        |                        |  |  |                            |
| (e)           | Insurance Companies  |                        |                        |  |  |                            |
| (f)           | Foreign Institutional Investors  | 2                      | 14334300               | 14334300                                     | 6.12   | 6.12                       |
| (g)           | Foreign financial Institutions   | 4                      | 14900                  | 0  | 0.01   | 0.01                       |
| (h)           | Foreign Mutual Fund  | 1                      | 14334300               | 14334300                                     | 6.12   | 6.12                       |
| (I)           | Any Other (Trust)  |                        |                        |  |  |                            |
|               | <b>Sub-Total (B)(1)</b>  | <b>15</b>              | <b>31499575</b>        | <b>31480675</b>                              | <b>13.46</b>   | <b>13.46</b>               |
| <b>2</b>      | <b>Non-institutions</b>  |                        |                        |  |  | 0                          |
| (a)           | Bodies Corporate   | 215                    | 39788540               | 39766590                                     | 17   | 17                         |
| (b)           | Individuals  |                        |                        |  |  |                            |
|               | i. Individual shareholders holding nominal share capital up to ₹ 1 lakh.         | 11439                  | 9100857                | 7986502                                      | 3.89   | 3.89                       |
|               | ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh. | 12                     | 14251450               | 14251450                                     | 6.09   | 6.09                       |
| (c)           | Any Other (specify)  |                        |                        |  |  |                            |
|               | 1. N R I   | 40                     | 74311                  | 51161  | 0.03   | 0.03                       |
|               | 2. N R N   | 11                     | 304260                 | 304260                                       | 0.13   | 0.13                       |
|               | 3. Clearing members  | 14                     | 13375                  | 13375  | 0.01   | 0.01                       |
|               | 4. Market Maker  | 9                      | 27095                  | 27095  | 0.01   | 0.01                       |
|               | 5. Foreign Company   | 2                      | 27260000               | 27260000                                     | 11.65  | 11.65                      |
|               | 5. HUF   | 101                    | 269302                 | 269302                                       | 0.12   | 0.12                       |
|               | Sub-Total (B)(2)   | 11843                  | 91089190               | 89929735                                     | 38.91  | 38.91                      |
|               | Total Public Shareholding (B)= (B)(1)+(B)(2)                                     | 11858                  | 122588765              | 121410410                                    | 52.37  | 52.37                      |
|               | TOTAL (A)+(B)  | 11876                  | 234080925              | 232202570                                    | 100  | 100                        |
|               | <b>GRAND TOTAL (A)+(B)+(C)</b>   | <b>11876</b>           | <b>234080925</b>       | <b>232202570</b>                             | <b>100</b>   | <b>100</b>                 |

**L. Dematerialization of shares and liquidity**

The Company has arrangements with National Securities Depository Ltd. (NSDL) as well as the Central Depository Services (India) Ltd. (CDSL) for a demat facility. 99.20% of the Company's Listed Equity Share Capital was dematerialized as on 31.03.2012. The Company's shares are traded on the Stock Exchange, Mumbai.

**M. Unclaimed shares:**

In accordance with Listing Agreement, the Company has identified 320 folios comprising of 46350 shares of face value of ₹ 1/- each, which are unclaimed as on 31st March, 2012. The Company is in the process of sending reminders to the concerned shareholders in accordance with the Listing Agreement.

**N. Plant Locations****Bright Bar Division**

C-63, MIDC Estate, TTC Area, Turbhe, Navi Mumbai 400 705.  
Tel No. 2768 6446,  
Fax No. 27633888

**Special Steel and Rolling Mill Division**

Zenith Compound, Khopoli, Dist. Raigad, Maharashtra 410 203  
Tel No. 952192 265812,  
Fax No. 952192 264061

**O. Address for correspondence****INDIA STEEL WORKS LIMITED**

Indiabulls Finance Centre, 1101, 11th floor,  
Tower- 2, Senapati Bapat Marg,  
Elphinstone (W), Lower Parel, Mumbai - ,400 013.

Tel No. +912249102000,  
Fax No.+912249102099  
Email : cosec@indiasteel.in,  
Website : www.indiasteel.in

**CERTIFICATE OF COMPLIANCE WITH CODE OF CONDUCT**

As provided under clause 49 of the Listing Agreement relating to corporate Governance with Stock Exchanges, all the Board members and senior management personnel of the Company have affirmed compliance with the Company's Code of Conduct for the financial year 2011-12.

For India Steel Works Limited

Dated: 29th May, 2012  
Place- Mumbai

Sudhirkumar H. Gupta  
Managing Director

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Shareholders of India Steel Works Ltd.

We have reviewed the records concerning the Company's Compliance with Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges of India for the financial year beginning April 1, 2011 and ending on March 31, 2012.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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 review and the information and explanations given to us by the Company.

Based on such review, in our opinion, the Company has complied with Clause 49 of the Listing Agreement of the Stock Exchanges of India.

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

For **Thanawala & Company,**  
**Chartered Accountants**  
**Firm Reg.No.110948W**

Place: Mumbai  
Dated: 29th May, 2012

**V K Thanawala**  
**Proprietor**  
**Membership no. 1563**



## MANAGEMENT DISCUSSION AND ANALYSIS

### **THE STEEL INDUSTRY**

The Indian Steel Industry plays a significant role in the country's economic growth. The industry continues to remain in growth mode and can well be termed the backbone of modern society considering steel's varied uses in the traditional sectors such as infrastructure & constructions, automobile, transportation and industrial application. With the Government's pro-active incentive plans to boost economic growth by injecting funds in various industries such as construction, infrastructure, automobile and power will drive the steel industry in future. Moreover, steel variant stainless steel is finding innovative applications in construction of Air Ports, Sport Stadium Art Sculptures due to its corrosion resistive property.

### **OUTLOOK**

Steel consumption in India is expected to grow significantly in the coming years as per capita finished steel consumption is far less than its regional counterparts. Our forecast is optimistic mixed with caution. The company is poised for forging excellent business partnerships. Long term marketing / technical alliances are also expected in the current year. The company shall be able to optimise its capacity utilisation and cater to markets, thus created. The company's endeavour is to take advantage of growth opportunities and achieve the success by enhancing the stake holders values.

### **OPPORTUNITIES & THREATS**

#### *Opportunities:*

- Re-instated integrated facility accredited with quality and ISO certifications.
- All downstream and upstream product lines balanced and consolidated.
- Acceptance of the Company products in quality-conscious markets.
- **Export potential in traditionally overlooked markets.**
- **Repayment of rescheduled debts approved by CDR Lenders.**

#### *Threats:*

- Volatile economic scenario.
- Fluctuating price of raw materials.
- Sharp increase in electricity and other fuel costs.
- Paucity of working capital finance.

### **RISKS AND CONCERNS**

The Company is exposed to normal Industry risk factors. Progress will be slow and surrounded by uncertainties; however, the risks are now much more balanced than before. In order to optimize capacity utilisation, working capital concerns are addressed to avoid adverse effect on the cost of production. With the increasing Government concerns on environment protection and general awareness thereon, environment protection has to be a core focus area.

### **INTERNAL CONTROLS**

The internal controls of the Company have been redesigned and tested to suit the changing needs of the Company with the object of effective rationalisation and securing the safety of its assets. A tailor-made Enterprise Resources' Programme has been successfully implemented to tighten controls and increase efficiencies. Employees at grass root levels are continuously being trained to ensure success of the programme. An independent Internal Auditor is in place to check, audit and monitor the process as per the Internal Audit Plan approved by the Audit Committee of the Company.

### **MATERIAL DEVELOPMENT IN HUMAN RESOURCES**

In the year under review, the overall industrial relations have been cordial and conducive to work. The Company recognizes the value and contribution of its employees, and earnestly endeavours to create a responsive organisation with emphasis on performance with responsibility and accountability. Continuous appraisal of the competencies of the personnel in line with job requirements is carried out to facilitate higher levels of output and productivity.

### **DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The consolidation of the Khopoli plant after a complete re-instatement has improved operational performance of the Plant. As operations accelerate, financial performance of the Company is expected to improve further in the current financial year.

### **DISCLAIMER**

This discussion and analysis have been provided with a view to enable shareholders with a better understanding of the performance of the Company. In certain areas the discussion may cover strategic decision and management expectations from the same. Such forecasts should not be construed as a guarantee of performance and actual results may differ significantly depending upon the operating conditions and external environment.



**AUDITOR'S REPORT**

To,

The Shareholders of

**INDIA STEEL WORKS LIMITED**

1. We have audited the attached Balance Sheet of **M/s INDIA STEEL WORKS LIMITED** (Formerly known as **ISIBARS LIMITED**), as at 31st March, 2012 and also the statement of Profit & Loss Account for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies [ Auditors Report ] Order, 2003 as amended by companies (Auditors' Report) (Amendment) Order 2004, (together the 'Order'), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ['the Act'], and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above :-
  - a. We have obtained all the information and explanations which are to the best of our knowledge and belief were necessary for the purposes 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 these books;
  - c. The company's Balance Sheet, Statement of Profit and Loss and Cash flow statement dealt with by this report are in agreement with the books of accounts.
  - d. In our opinion, the Balance Sheet, Statement of Profit & Loss and cash flow statement dealt with by this report, comply with the accounting standards referred to in sub-section (3C) of section 211 of the companies act, 1956.
  - e. On the basis of declarations made by the Directors as on 31st March 2012, none of the directors are, as at 31st March 2012 prima facie disqualified from being appointed as a Director under clause (g) of sub-section (l) of section 274 of the companies Act, 1956.
  - f. In our opinion and to the best of our information and according to the explanations given to us, the said account, subject to points mentioned in above, read together significant accounting policies and other notes there on, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view.
    - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012; and
    - ii. in the case of the Statement of Profit & Loss , of the **LOSS** for the year ended on that date.
    - iii. in the case of the cash flow statement, of the cash flows of the company for the year ended on that date.

For and on behalf of –  
**THANAWALA & COMPANY**  
Chartered Accountants  
Firm REg. No 110948W

Place : Mumbai  
Dated : 29/05/2012

[ V.K. Thanawala ]  
Proprietor  
Membership No. 15632

**ANNEXURE TO THE AUDITORS' REPORT**

Referred to in paragraph 3 of Auditors' Report of even date to the members of  
**INDIA STEEL WORKS LTD** on the financial statements for the year ended 31st March 2012.

1.
  - a. The Company has maintained records of fixed assets upto 31st March 2001, however quantitative details in respect of assets added afterwards are under compilation.
  - b. The Company has a regular programme of physical verification of its fixed assets which in our opinion is reasonable having regard to the size of the company and the nature of its assets. In accordance with this programme, certain fixed assets were physically verified by management during the year.
  - c. During the year, in our opinion, substantial part of the fixed assets has not been disposed off by the Company.
2.
  - a. The inventories (excluding stock with third parties and materials in transit) have been physically verified by the management during the year, at reasonable intervals;
  - b. The procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - c. The Company has maintained proper records of inventories and discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of accounts.
3.
  - a. The Company has granted unsecured loans to parties covered under section 301 of the Act. The loans have been advanced to 7 parties **amounting to ₹ 91.72 Lacs.**
  - b. **The Loans advanced by the Company are interest free loans and as such are prejudicial to the interest of the Company;**
  - c. There is no prescribed stipulation for repayment of principal and interest;
  - d. The Company has taken interest free loans from 13 parties covered in the register maintained under Section 301 of the Companies Act, 1956. The total amount of such loans received and outstanding as of 31st March 2012 was ₹ 4160.57 Lacs-.
  - e. The Company has taken interest free loans as such the terms and conditions on which these loans are taken are not prejudicial to the interest of the Company.
  - f. There is no predetermined schedule of repayment of principal;
4. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and for the sale of goods.
5.
  - a. On the basis of the audit procedures performed by us and according to the information and explanations given to us on our enquiries on this behalf and the records produced to us for our verification, the transactions required to be entered into the register in pursuance of section 301 of the Companies Act, 1956 have been so entered.
  - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts/arrangements entered in the Register maintained under Section 301 of the Companies Act 1956 & exceeding the value of Rs 5 Lakhs in respect of some of the items purchased and Labour charges paid are of special nature and suitable alternative sources do not exist for obtaining comparable quotations. There is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventories and fixed assets and for the sale of goods and services and we have not observed any continuing failure to correct major weaknesses in such internal control system.
6. The Company has not accepted any deposit from the public and consequently the provision of Section 58A and 58AA of the Companies Act, 1956 and the Companies [Acceptance of Deposits] Rules, 1975 are not applicable.
7. In our opinion the company has an internal audit system commensurate with the size and nature of its business
8. We have broadly reviewed the Books of Accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956, and are of opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate.
9.
  - a. The Company has been generally regular in depositing undisputed dues of Provident Fund, Employees State Insurance, Income Tax, Profession Tax, except Property Tax of ₹ 63.45 Lacs, Cess of ₹ 7.75 Lacs & VAT payable of ₹ 76.07 Lacs outstanding for more than six months, as at 31st March 2012.
  - b. Details of dues of Sales Tax, Excise Duty & Service Tax which have not been deposited as on 31st March 2012 on account of



disputes are given below

| Nature of Dues | Amount in ₹ Lacs | Period for which dispute relates | Forum where dispute is pending |
|----------------|------------------|----------------------------------|--------------------------------|
| Sales Tax      | 11.24            | FY 2002-03                       | Asstt Comm of Sales Tax        |
| Excise Duty    | 33.53            | FY 2005-06                       | ESTAT                          |
| Excise Duty    | 5.94             | FY 2007-08                       | Comm of Central Excise         |
| Excise Duty    | 4.30             | FY 2004-05                       | Comm of Central Excise         |
| Excise Duty    | 40.98            | FY 2003-04                       | CEGAT                          |
| Excise Duty    | 38.00            | FY 2005-06                       | Comm of Central Excise         |
| Service Tax    | 1.91             | FY 2008-09                       | Comm of Central Excise         |

10. The accumulated losses of the Company exceeded fifty percent of its net worth at the end of the financial year. The Company has not incurred cash loss during the financial year under review and in the year immediately preceding the financial year.
11. In our opinion and according to the information and explanations given to us, the company had delayed in repayment of dues to financial institutions during the financial year, but as on 31st March 2012 there is no overdue.
12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
13. The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund / Societies are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures or other investments and hence the requirements of Para 4(xiv) are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
16. In our opinion and according to the information and explanations given to us, the Company has not raised any term loan during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet and cash flow statement of the company, we report that no funds raised on short-term basis have been used for long-term investment.
18. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
19. The Company has not raised any monies by way of public issue during the year.
20. On the basis of our examination and according to the information and explanations given to us, no fraud, on or by the company, has been noticed or reported during the year.

For and on behalf of –  
THANAWALA & COMPANY  
Chartered Accountants  
Firm Reg. No. 110948W

Place : Mumbai,  
Dated : 29/05/2012

[ V.K. Thanawala ]  
Proprietor  
Membership No. 15632



**BALANCE SHEET AS AT 31 MARCH, 2012**

| PARTICULARS |  | Note No. | As at 31 March, 2012<br>Amt ₹ In Lac | As at 31 March, 2011<br>Amt ₹ In Lac |
|-------------|--|----------|--------------------------------------|--------------------------------------|
| A           | <b>EQUITY AND LIABILITIES</b>                                  |          |                                      |                                      |
| 1           | <b>Shareholders' funds</b>                                     |          |                                      |                                      |
|             | (a) Share capital  | 1        | 8527.20                              | 8,524.51                             |
|             | (b) Reserves and surplus                                       | 2        | (1730.12)                            | (1016.86)                            |
|             | (c) Money received against share warrants                      |          | -                                    | -                                    |
|             |  |          | 6797.08                              | 7507.65                              |
| 2           | <b>Share application money pending allotment</b>               |          | -                                    | -                                    |
| 3           | <b>Non-current liabilities</b>                                 |          |                                      |                                      |
|             | (a) Long-term borrowings                                       | 3A       | 12844.73                             | 13208.28                             |
|             | (b) Deferred tax liabilities (net)                             | 3B       | -                                    | -                                    |
|             | (c) Other long-term liabilities                                | 4        | 844.31                               | 873.32                               |
|             | (d) Long-term provisions                                       | 5        | 288.34                               | 277.09                               |
|             |  |          | 13977.38                             | 14358.69                             |
| 4           | <b>Current liabilities</b>                                     |          |                                      |                                      |
|             | (a) Short-term borrowings                                      | 6        | -                                    | -                                    |
|             | (b) Trade payables   | 7        | 9079.02                              | 13359.68                             |
|             | (c) Other current liabilities                                  | 8        | 1281.34                              | 602.96                               |
|             | (d) Short-term provisions                                      | 9        | 1126.88                              | 507.76                               |
|             |  |          | 11487.24                             | 14470.40                             |
|             | <b>TOTAL</b>   |          | 32261.70                             | 36336.74                             |
| B           | <b>ASSETS</b>  |          |                                      |                                      |
| 1           | <b>Non-current assets</b>                                      |          |                                      |                                      |
|             | (a) Fixed assets   |          |                                      |                                      |
|             | (i) Tangible assets  | 10A      | 15212.18                             | 16451.41                             |
|             | (ii) Intangible assets   |          | -                                    | -                                    |
|             | (iii) Capital work-in-progress                                 | 10B      | 641.10                               | 11.49                                |
|             | (iv) Intangible assets under development                       |          | -                                    | -                                    |
|             | (v) Fixed assets held for sale                                 |          | -                                    | -                                    |
|             |  |          | 15853.28                             | 16462.91                             |
|             | (b) Non-current investments                                    | 11       | 214.60                               | 3.81                                 |
|             | (c) Deferred tax assets (net)                                  |          | -                                    | -                                    |
|             | (d) Long-term loans and advances                               | 12       | 405.46                               | 405.11                               |
|             | (e) Other non-current assets                                   | 13       | 125.14                               | 227.34                               |
|             |  |          | 16598.48                             | 17099.17                             |
| 2           | <b>Current assets</b>  |          |                                      |                                      |
|             | (a) Current investments  |          |                                      |                                      |
|             | (b) Inventories  | 14       | 6694.54                              | 9106.08                              |
|             | (c) Trade receivables  | 15       | 2982.15                              | 4438.14                              |
|             | (d) Cash and cash equivalents                                  | 16       | 619.36                               | 633.64                               |
|             | (e) Short-term loans and advances                              | 17       | 2617.80                              | 2512.84                              |
|             | (f) Other current assets                                       | 18       | 2749.37                              | 2546.87                              |
|             |  |          | 15663.22                             | 19237.57                             |
|             | <b>TOTAL</b>   |          | 32261.70                             | 36336.74                             |
|             | Significant Accounting Policies, Notes on Financial Statements | 1-31     |                                      |                                      |

As Per Our Report Of Even Date Attached  
For Thanawala & Company  
Chartered Accountants  
Firm Registration No. 110948w

For And On Behalf Of The Board

Vijay K Thanawala  
Proprietor  
M. No. 015632

Ashwinkumar H. Gupta  
Chairman

Sudhirkumar H. Gupta  
Managing Director

Varun S. Gupta  
Executive Director

Place : Mumbai  
Date : 29th May 2012

Dilip Maharana  
Company Secretary



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2012**

| Particulars          |  | Note No. | For the year ended<br>31 March, 2012<br>Amt ₹ In Lac | For the year ended<br>31 March, 2011<br>Amt ₹ In Lac |
|----------------------|--|----------|--|--|
| <b>INCOME</b>        |  |          |  |  |
| 1                    | Revenue from operations (gross)  | 19       | 60137.14   | 29960.11   |
|                      | Less: Excise duty  |          | -  | -  |
|                      | Revenue from operations (net)  |          | 60137.14   | 29960.11   |
| 2                    | Other income   | 20       | 32.27  | 13.90  |
| <b>3</b>             | <b>Total revenue (1+2)</b>   |          | <b>60169.41</b>                                      | <b>29974.01</b>                                      |
| <b>4 EXPENDITURE</b> |  |          |  |  |
|                      | (a) Cost of materials consumed   | 21A      | 47026.29   | 22452.74   |
|                      | (b) Purchases of stock-in-trade  | 21B      | 1207.00  | 1740.54  |
|                      | (b) Changes in inventories of finished goods, work-in-progress and stock-in-trade  | 21C      | 898.34   | -2233.07   |
|                      | (c) Employee benefits expense  | 22       | 1165.53  | 951.94   |
|                      | (d) Finance costs  | 23       | 1476.87  | 771.59   |
|                      | (e) Depreciation and amortisation expense  |          | 1383.26  | 1371.29  |
|                      | (f) Other expenses   | 24       | 7793.16  | 6548.21  |
|                      | <b>Total expenses</b>  |          | <b>60950.45</b>                                      | <b>31603.23</b>                                      |
| <b>5</b>             | <b>Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)</b>  |          | <b>-781.04</b>                                       | <b>-1629.22</b>                                      |
| 6                    | Exceptional items  | 25       | 69.67  | 290.99   |
| 7                    | Profit / (Loss) before extraordinary items and tax (5 + 6)                         |          | -711.37  | -1338.23   |
| 8                    | Extraordinary items  |          | -  | -  |
| 9                    | Profit / (Loss) before tax (7 + 8)   |          | -711.37  | -1338.23   |
| 10                   | Tax expense:   |          |  |  |
|                      | (a) Current tax expense for current year   |          | -1.20  | -19.41   |
|                      | (b) (Less): MAT credit (where applicable)  |          | -  | -  |
|                      | (c) Current tax expense relating to prior years                                    |          | -0.69  | -  |
|                      | (d) Net current tax expense  |          | -1.89  | -19.41   |
|                      | (e) Deferred tax   |          | -  | -  |
|                      |  |          | -1.89  | -19.41   |
| 11                   | Profit / (Loss) after tax (9 + 10)   |          | -713.26  | -1357.64   |
|                      | Earnings per equity shares of face value of Re 1/-each<br>Basic and Diluted (in ₹) | 26       | -0.30  | -0.58  |
|                      | Significant Accounting Policies, Notes on Financial Statements                     | 1-31     |  |  |

As Per Our Report Of Even Date Attached  
For Thanawala & Company  
Chartered Accountants  
Firm Registration No. 110948w

For And On Behalf Of The Board

Vijay K Thanawala  
Proprietor  
M. No. 015632

Ashwinkumar H. Gupta  
Chairman

Sudhirkumar H. Gupta  
Managing Director

Varun S. Gupta  
Executive Director

Place : Mumbai  
Date : 29th May 2012

Dilip Maharana  
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR**

| <b>Cash flow from Operations</b>                                    | <b>2011-12<br/>Amt ₹ In Lac</b> | <b>2010-11<br/>Amt ₹ In Lac</b> |
|---|---------------------------------|---------------------------------|
| Net Profit / (Loss) before Tax                                      | (713.26)                        | (1357.64)                       |
| Other Income from non-operating activity                            | (32.27)                         | (13.90)                         |
| Depreciation & Amortisations  | 1383.26                         | 1371.29                         |
| Finance Costs   | 1476.88                         | 771.59                          |
| Prior period expenses/write backs                                   | (71.79)                         | (295.09)                        |
| Voluntary Retirement Scheme   | -                               | (213.72)                        |
| Provision for Taxes   | 1.89                            | 19.41                           |
| Loss on Sale of Assets  | 0.63                            | 2.46                            |
| Provision for (increase)/diminution in value of investments         | 1.48                            | 1.64                            |
| Operating Profit / (Loss)   | 2046.83                         | 286.03                          |
| Decrease(Increase) in Sundry Debtors                                | 1455.99                         | (2848.79)                       |
| Decrease(Increase) in Incentives Receivable                         | -                               | (21.55)                         |
| Decrease(Increase) in Inventories                                   | 2411.54                         | (6206.37)                       |
| Decrease(Increase) in Loans & Advances                              | (205.60)                        | (689.91)                        |
| Increase(Decrease) in Sundry Creditors                              | (3000.92)                       | 8281.47                         |
| Net Cash generated from/ (used in) operations                       | 2707.83                         | (1199.12)                       |
| Taxes Paid  | (1.89)                          | (19.41)                         |
| Cash Flow before extra ordinary/exceptional Items                   | 2705.94                         | (1218.53)                       |
| Extra Ordinary /exceptional Items                                   | 71.79                           | 295.09                          |
| Cashflow after Extraordinary/Exceptional Items                      | 2777.73                         | (923.44)                        |
| <b>Cash flow from investing activities</b>                          |                                 |                                 |
| Purchase of Fixed Assets  | (775.52)                        | (193.79)                        |
| Sale of Fixed Assets  | 1.25                            | 0.90                            |
| (Purchase)/Sale of Investments                                      | (212.28)                        | 0.14                            |
| Dividend Received   | 0.25                            | 0.31                            |
| Net Cash used in investing activities                               | (986.30)                        | (192.43)                        |
| Cash flow from financial activities                                 |                                 |                                 |
| Increase (Decrease) in Cash received from issuance of share capital | 2.69                            | 2220.91                         |
| Share Issue Expenses  | -                               | (3.50)                          |
| Increase(Decrease) in Short Term Borrowings                         | -                               | 1192.20                         |
| Increase(Decrease) in Long Term Borrowings                          | (363.56)                        | (1118.35)                       |
| Interest Paid   | (1444.85)                       | (757.99)                        |
| Net Cash (used in)/ from financing activities                       | (1805.72)                       | 1533.26                         |
| Net increase in cash and cash equivalents                           | (14.29)                         | 417.39                          |
| Cash and cash equivalents as at the beginning of the year           | 633.64                          | 216.25                          |
| Cash and cash equivalents as at the end of the year                 | 619.36                          | 633.64                          |

As Per Our Report Of Even Date Attached  
For Thanawala & Company  
Chartered Accountants  
Firm Registration No. 110948w

For And On Behalf Of The Board

Vijay K Thanawala  
Proprietor  
M. No. 015632

Ashwinkumar H. Gupta  
Chairman

Sudhirkumar H. Gupta  
Managing Director

Varun S. Gupta  
Executive Director

Place : Mumbai  
Date : 29th May 2012

Dilip Maharana  
Company Secretary



## SIGNIFICANT ACCOUNTING POLICIES

### Company Overview

The Company was incorporated on April 15, 1987 as Khanna & Roy Heavy Engineering Private Limited, under the Companies Act, 1956. The name was changed to Isibars Private Limited on May 9, 1991. Further Isibars Private Limited changed to Isibars Limited on November 29, 1991. Fresh Certificate of Incorporation upon change of name from Isibars Limited to India Steel Works Limited was issued on October 22, 2007. The Company is involved in the business of steel.

### 1. Accounting Convention

The financial statements are prepared and presented under the historical cost convention as a going concern on accrual basis of accounting and to comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of Companies Act, 1956.

### 2. Use of Estimates

The preparation of financial statements requires estimates & assumptions to be made that affect the reported amount of assets & liabilities on the date of financial statements and the reported amount of revenues & expenses during the reporting period. Difference between the actual results & estimates are recognized in the period in which the results are known/materialized.

### 3. Fixed Assets & Depreciation

Fixed Assets are stated at cost of acquisition (including cost of borrowings) or construction, less accumulated depreciation and impairment loss. Cost of acquisition or construction is inclusive of all expenses, which are directly attributable to bringing the asset to working condition for the intended use, exclusive of cenvat credit on capital account. Finance costs incurred upto the date of commissioning of the assets are capitalised towards the relevant Fixed Assets.

Depreciation on fixed assets acquired upto 31st March, 1996, is provided on the "Written Down Value" basis and depreciation on additions to fixed assets on or after 1st April, 1996, is provided on "Straight Line" basis, at the rates specified in Schedule XIV to the Companies Act, 1956.

### 4. Impairment of Assets

Impairment loss is ascertained at each balance sheet date in respect of Cash Generating Units. An impairment loss is recognised when the carrying value of the fixed assets of the respective cash generating units exceeds its recoverable amount, which is the greater of the net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

### 5. Investments

Investments are carried at lower of cost or market value and provision is made to recognise any decrease in the carrying value, as applicable. Unquoted investments are accounted at cost.

### 6. Inventories

Inventories are valued at lower of cost and net realisable value. Cost includes expenses incurred upto the point of storage but excludes financing, general administration and marketing costs.

- a. Raw materials, stores and spares have been valued at cost arrived on weighted average basis at the year end.
- b. Fixed overheads are allocated for inclusion in the cost of conversion based on normal levels of production capacity. Conversion cost is apportioned to finished goods and goods in process based on estimated values and proportions arrived at by the cost sheet of the last month of the financial period in which production had taken place.
- c. The company considers the value of scrap stock on account of job work parties on accrual basis & has also provided the corresponding liability.

### 7. Foreign Currency Transaction

All transactions in foreign currency are recorded at the rate of exchange prevailing on dates when the relevant transactions take place. In case of payment/realisations against these transactions in the same accounting year the respective expense/income head is debited/credited. In case of transactions where payments/realisations take place in the subsequent years the exchange gains/losses are accounted under exchange rate difference.



**8. Revenue Recognition**

- a. Sales are stated exclusive of excise duty, VAT and net of returns, quality claims & discounts. Export sales are accounted at C.I.F. value.
- b. Export incentives are accounted on accrual basis under the Duty Entitlement Pass Book Scheme and Duty Drawback Scheme.
- c. Dividend income is recognized when the right to receive is established.
- d. Interest income is recognized on the basis of time.
- e. Revenues from sale of by products, scrap are included in turn over.

**9. Employee Benefits**

- a. Contributions to defined contribution schemes such as provident fund and family pension fund are charged to the Profit and Loss Account for the year.
- b. Provisions for the leave encashment & gratuity liabilities, which are not funded, have been determined using the Projected Unit Credit method and are based on the results of the Actuarial Valuation carried out as on 31st March 2008 in terms of the revised AS-15. Provision for current year has been made based on internal workings..

**10. Employee Separation Cost**

Compensation paid to employees under the Voluntary Retirement Scheme of the company is treated as deferred revenue expenditure & is amortized over a period of 3 years.

**11. Miscellaneous Expenditure**

Expenses relating to issue of shares are being amortized over a period of five years as per the provisions of Section 35D of the Income Tax Act, 1961. Deferred Revenue expenditure are being amortized over a period of three years.

**12. Contingent Liabilities**

Contingent Liabilities disclosed in the notes to accounts or provided for in the financial statements is based on the management perception.

**13. Dividend on Preference Shares**

Dividend on Cumulative Redeemable Preference Share is accounted in the year of payment.

**14. Prior Period Items**

Significant items of income and expenditure relating to prior-period accounting periods are accounted in the Profit and Loss Account under the head 'Prior Period Adjustment'.

**15. Derivative Contracts**

The Company enters into derivative contracts in the nature of commodity futures, which are "marked to market" and losses/gains are recognized in the Profit and Loss Account





**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012**

| <b>Note 1A Equity Share capital</b>  |                      |              |                      |              |
|--|----------------------|--------------|----------------------|--------------|
| Particulars  | As at 31 March, 2012 |              | As at 31 March, 2011 |              |
|  | Number of shares     | Amt ₹ In Lac | Number of shares     | Amt ₹ In Lac |
| (a) Authorised<br>Equity shares of ₹ 1/- each with voting rights                   | 28,00,00,000         | 2800.00      | 28,00,00,000         | 2800.00      |
| <b>TOTAL</b>   | 28,00,00,000         | 2800.00      | 28,00,00,000         | 2800.00      |
| (b) Issued<br>Equity shares of ₹ 1/- each with voting rights                       | 23,40,80,925         | 2340.81      | 23,70,80,925         | 2370.81      |
| <b>TOTAL</b>   | 23,40,80,925         | 2340.81      | 23,70,80,925         | 2370.81      |
| (c) Subscribed and fully paid up<br>Equity shares of ₹ 1/- each with voting rights | 23,40,80,925         | 2340.81      | 23,40,80,925         | 2340.81      |
| <b>TOTAL</b>   | <b>23,40,80,925</b>  | 2340.81      | <b>23,40,80,925</b>  | 2340.81      |

**1A(1)**  
 Of the above, 2,42,70,000 fully paid-up equity shares of ₹ 1/- each represent the shares which were reduced from a face Value of ₹ 10/- each to ₹ 1/- each pursuant to the Bombay High Court Order in the last 5 years  
 Of the above, 10,00,00,000 fully paid-up equity shares of ₹ 1/- each represent the shares which were allotted on a preferential basis to the promoters of the Company in the last 5 years  
 Of the above, 8,70,00,000 fully paid-up equity shares of ₹ 1/- each represent the shares which were allotted on a preferential basis to the Strategic Investors of the Company in the last 5 years  
 Of the above, 2,00,00,000 fully paid-up equity shares of ₹ 1/- each represent the shares which were allotted pursuant to the CDR Scheme without payments being received in cash, in the last 5 years.  
 Of the above, 28,10,925 fully paid-up equity shares of ₹ 1/- each represent the shares which were allotted pursuant to cash payment of Rs 1 Lac & balance against settlement of dues in the last 5 years  
 Out of the above, 23,70,80,925 issued equity shares, 30,00,000 equity shares of ₹ 1/- each issued against ESOS were cancelled during the year resulting in 23,40,80,925 issued equity shares as at the end of the year

**Note 1A(2) Equity Share capital**

**(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

| Particulars   | Opening Balance | Fresh issue | Closing Balance |
|---|-----------------|-------------|-----------------|
| Equity shares with voting rights<br>Year ended 31 March, 2012 |                 |             |                 |
| - Number of shares  | 23,40,80,925    | -           | 23,40,80,925    |
| - Amount  | 2340.81         | -           | 2340.81         |
| Year ended 31 March, 2011                                     |                 |             |                 |
| - Number of shares  | 20,42,70,000    | 29810925    | 23,40,80,925    |
| - Amount  | 2042.70         | 298.11      | 2340.81         |

**Note 1A(2) Equity Share capital**

**(ii) Details of shares held by each shareholder holding more than 5% shares:**

| Class of shares / Name of shareholder | As at 31 March, 2012  |                                   | As at 31 March, 2011  |                                   |
|---------------------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
|                                       | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Equity shares with voting rights      |                       |                                   |                       |                                   |
| Indiasteel International P.Ltd.       | 9,81,34,150           | 41.92%                            | 9,81,34,150           | 41.92%                            |
| TB Investments Ltd                    | 2,70,00,000           | 11.53%                            | 2,70,00,000           | 11.53%                            |
| Asset Reconstruction Co.India Ltd.    | 2,00,00,000           | 8.54%                             | 2,00,00,000           | 8.54%                             |
| Mavi Investment Ltd.                  | 1,43,34,300           | 6.12%                             | 1,43,34,300           | 6.12%                             |
| <b>TOTAL</b>                          | <b>15,94,68,450</b>   | <b>68.11%</b>                     | <b>15,94,68,450</b>   | <b>68.11%</b>                     |



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012**

**Note 1B Preference Share capital**

| Particulars  | As at 31 March, 2012 |                | As at 31 March, 2011 |                |
|--|----------------------|----------------|----------------------|----------------|
|  | Number of shares     | Am't ₹ In Lac  | Number of shares     | Am't ₹ In Lac  |
| (a) Authorised<br>Preference shares of ₹ 10/- each without voting rights                           | 6,45,00,000          | 6450.00        | 6,45,00,000          | 6450.00        |
| (b) Issued, Subscribed and fully paid up   |                      |                |                      |                |
| 14% Cumulative Redeemable Preference shares of ₹ 100/- each without voting rights                  | 20,00,000            | 200.00         | 20,00,000            | 200.00         |
| 0.01% Cumulative Redeemable Preference shares of ₹ 10/- each without voting rights                 | 5,16,72,910          | 5167.29        | 5,16,45,979          | 5164.60        |
| 0.01% Cumulative Redeemable Preference shares (Option Series) of ₹ 10/- each without voting rights | 81,90,974            | 819.10         | 81,90,974            | 819.10         |
| <b>TOTAL</b>   | <b>6,18,63,884</b>   | <b>6186.39</b> | <b>6,18,36,953</b>   | <b>6183.70</b> |

**Note :**  
 1) 14% Cumulative Redeemable Shares are redeemable in the year 2018.  
 2) 0.01% Cumulative Redeemable Shares are redeemable 25% in the year 2017, 25% in the year 2018, & 50% in the year 2019  
 3) 0.01% Cumulative Redeemable Shares ( Option Series) are redeemable 25% in the year 2017, 25% in the year 2018, & 50% in the year 2019  
 4) Dividend on above Preference Shares for current year not provided ₹ 28.60/- Lac & till date amounted to ₹ 439.24 Lacs

**Note 1B Preference Share capital**

**(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

| Particulars  | Opening Balance | Conversion | Closing Balance |
|--|-----------------|------------|-----------------|
| Preference shares without voting rights<br>Year ended 31 March, 2012 |                 |            |                 |
| - Number of shares   | 6,18,36,953     | 26,931     | 6,18,63,884     |
| - Amount   | 6183.69         | 2.69       | 6186.39         |
| Year ended 31 March, 2011  |                 |            |                 |
| - Number of shares   | 6,18,36,953     | -          | 6,18,36,953     |
| - Amount   | 6183.70         | -          | 6183.70         |

**Note 1B Preference Share capital**

**(ii) Details of shares held by each shareholder holding more than 5% shares:**

| Class of shares / Name of shareholder   | As at 31 March, 2012  |                                   | As at 31 March, 2011  |                                   |
|---|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
|   | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Preference shares without voting rights |                       |                                   |                       |                                   |
| IDBI Ltd.                               | 3,75,47,800           | 60.69%                            | 3,75,47,800           | 60.72%                            |
| Punjab & Sind Bank                      | 1,21,38,000           | 19.62%                            | 1,21,38,000           | 19.63%                            |
| Oriental Bank of Commerce               | 56,98,413             | 9.21%                             | 56,98,413             | 9.22%                             |
| <b>TOTAL</b>                            | <b>5,53,84,213</b>    | <b>89.53%</b>                     | <b>5,53,84,213</b>    | <b>89.56%</b>                     |

**(iii) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:**

| Particulars  | Aggregate number of shares |                      |
|--|----------------------------|----------------------|
|  | As at 31 March, 2012       | As at 31 March, 2011 |
| Preference shares without voting rights                                      |                            |                      |
| Fully paid up pursuant to contract(s) without payment being received in cash | 5,98,63,884                | 5,98,36,953          |
| <b>TOTAL</b>   | <b>5,98,63,884</b>         | <b>5,98,36,953</b>   |



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012**

| <b>Note 1C Unclassified Share capital</b> |                      |              |                      |              |
|---|----------------------|--------------|----------------------|--------------|
| Particulars                               | As at 31 March, 2012 |              | As at 31 March, 2011 |              |
|   | Number of shares     | Amt ₹ In Lac | Number of shares     | Amt ₹ In Lac |
| (a) Authorised<br>Unclassified shares     | -                    | 50           | -                    | 50           |
| <b>TOTAL</b>                              | <b>-</b>             | <b>50</b>    | <b>-</b>             | <b>50</b>    |

| <b>Note 2 Reserves and surplus</b>                      |                      |                  |                      |                  |
|---|----------------------|------------------|----------------------|------------------|
| Particulars   | As at 31 March, 2012 |                  | As at 31 March, 2011 |                  |
|   | Amt ₹ In Lac         |                  | Amt ₹ In Lac         |                  |
| (a) Capital reserve                                     |                      |                  |                      |                  |
| Opening balance   |                      | 4451.30          |                      | 4451.30          |
| Closing balance   |                      | 4451.30          |                      | 4451.30          |
| (b) Securities premium account                          |                      |                  |                      |                  |
| Opening balance   |                      | 8676.88          |                      | 6803.90          |
| Add : Received during the year                          |                      |                  |                      | 1872.98          |
| Closing balance   |                      | 8676.88          |                      | 8676.88          |
| (c) Preference Share Redemption Reserve                 |                      |                  |                      |                  |
| Opening balance   |                      | 500.00           |                      | 500.00           |
| Closing balance   |                      | 500.00           |                      | 500.00           |
| (d) General Reserve                                     |                      |                  |                      |                  |
| Opening balance   |                      | 2040.00          |                      | 2040.00          |
| Closing balance   |                      | 2040.00          |                      | 2040.00          |
| (e) Surplus / (Deficit) in Statement of Profit and Loss |                      |                  |                      |                  |
| Opening balance   |                      | (16685.04)       |                      | (15327.40)       |
| Add: Profit / (Loss) for the year                       |                      | (713.26)         |                      | (1357.64)        |
| Closing balance   |                      | (17398.30)       |                      | (16685.04)       |
| <b>Total (a)+(b)+( c)+(d)+(e)</b>                       |                      | <b>(1730.12)</b> |                      | <b>(1016.86)</b> |

| <b>Note 3A Long-term borrowings</b> |                      |                 |                      |                 |
|-------------------------------------|----------------------|-----------------|----------------------|-----------------|
| Particulars                         | As at 31 March, 2012 |                 | As at 31 March, 2011 |                 |
|                                     | Amt ₹ In Lac         |                 | Amt ₹ In Lac         |                 |
| (a) Term loans                      |                      |                 |                      |                 |
| (1) From banks                      |                      |                 |                      |                 |
| i) Secured *                        |                      | 884.89          |                      | 6298.20         |
| ii) Unsecured                       |                      | -               |                      | -               |
|                                     |                      | 884.89          |                      | 6298.20         |
| (2) From others                     |                      |                 |                      |                 |
| i) Unsecured                        |                      |                 |                      |                 |
| a) Others                           |                      | 7799.27         |                      | 6586.49         |
| b) From related parties **          |                      | 4160.57         |                      | 323.59          |
|                                     |                      | 11959.84        |                      | 6910.08         |
| (b) Deferred payment liabilities    |                      |                 |                      |                 |
| Secured                             |                      | -               |                      | -               |
| Unsecured                           |                      | -               |                      | -               |
| (c) Deposits                        |                      |                 |                      |                 |
| Secured                             |                      | -               |                      | -               |
| Unsecured                           |                      | -               |                      | -               |
| <b>TOTAL</b>                        |                      | <b>12844.73</b> |                      | <b>13208.28</b> |

\* Above debts are secured/to be secured by first mortgage & charges on all immovable and moveable properties, both present and future, subject to the prior charge in favour of bankers on specified movables, created/ to be created for securing the restructured debts ranking pari passu and personal guarantees of some of the promoter directors of the Company

\*\* The instalment falling due within 12 months after report date is Nil as terms of repayment are not pre determined



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012**

**Note 3 Long-term borrowings (contd.)**

| Particulars                               | As at 31 March, 2012<br>Amt ₹ In Lac |           | As at 31 March, 2011<br>Amt ₹ In Lac |           |
|---|--------------------------------------|-----------|--------------------------------------|-----------|
|   | Secured                              | Unsecured | Secured                              | Unsecured |
| <u>Term loans from banks/NBFC's:</u>      |                                      |           |                                      |           |
| Commerzbank Ltd.                          | 350.00                               | -         | 350.00                               | -         |
| Kotak Mahindra Bank Ltd.                  | 141.08                               | -         | -                                    | -         |
| Oriental Bank of Commerce                 | -                                    | -         | 231.20                               | -         |
| Punjab & Sind Bank Ltd                    | -                                    | -         | 297.00                               | -         |
| Asset Reconstruction Co. India Ltd.       | -                                    | -         | 4590.00                              | -         |
| International Asset Reconstruction Co Ltd | -                                    | -         | 291.67                               | -         |
| ICICI Bank Ltd.                           | -                                    | -         | (0.24)                               | -         |
| Sundaram Finance Ltd                      | 32.88                                | -         | -                                    | -         |
| Gen Insurance Co. Ltd                     | -                                    | -         | 61.13                                | -         |
| National Insurance Co. Ltd                | 155.89                               | -         | 155.88                               | -         |
| New India Assurance Co. Ltd               | -                                    | -         | 80.79                                | -         |
| Oriental Insurance Co. Ltd                | -                                    | -         | 35.73                                | -         |
| United India Insurance Ltd                | 205.04                               | -         | 205.04                               | -         |
| <b>TOTAL</b>                              | <b>884.89</b>                        | <b>-</b>  | <b>6298.20</b>                       | <b>-</b>  |
| Total - Deferred payment liabilities      | -                                    | -         | -                                    | -         |
| <b>TOTAL</b>                              | <b>-</b>                             | <b>-</b>  | <b>-</b>                             | <b>-</b>  |

**Note : Terms of Repayment & Security for Secured Loan.**

- 1) Commerzbank : As per the One Time Settlement a sum of ₹ 350 Lacs is to be paid to Commerzbank Singapore on receipt of permission from RBI for repatriation of the amount. The security is by way of first pari passu charge on the fixed & current assets of the company
- 2) Approval of National Insurance Co.Ltd. & United India Insurance Co.Ltd. is awaited as per the CDR proposal & payments will be made in accordance with the approvals.The security is by way of first pari passu charge on the fixed & current assets of the company
- 3) The term Loan from Kotak Mahindra Bank Ltd. on assignment of debts of New India Assurance Co.Ltd. & General Insurance Co.Ltd. are repayable in 36 monthly instalments of ₹ 5.11 Lac at an interest rate of 18%. The security is to be by way of first pari passu charge on the fixed & current assets of the company
- 4) Vehicle Loans from Sundaram Finance Ltd are repayable in 36 monthly instalments of ₹ 1.00 Lac at an interest rate of 16% & have been Secured by hypothecation of Vehicles owned by the company.
- 5) Full & Final Settlement letters from OBC, PSB, OIC Ltd have been received & the same are awaited from IARC & ARCIL.

**Note 3C Deferred Tax Liability**

| Particulars                       | As at 31 March, 2012<br>Amt ₹ | As at 31 March, 2011<br>Amt ₹ |
|-----------------------------------|-------------------------------|-------------------------------|
| Related to Fixed Assets           | -                             | -                             |
| Disallowance under Income Tax Act | -                             | -                             |
|                                   | -                             | -                             |

**Note**

In absence of certainty of sufficient future taxable income, net deferred tax liabilities /asset has not been recognised in accordance with Accounting Standard 22 issued by the Institute of Chartered Accountants of India.

**Note 4 Other long-term liabilities**

| Particulars                              | As at 31 March, 2012<br>Amt ₹ In Lac | As at 31 March, 2011<br>Amt ₹ In Lac |
|--|--------------------------------------|--------------------------------------|
| (a) Trade Payables: *                    |                                      |                                      |
| (i) Acceptances                          | -                                    | -                                    |
| (ii) Other than Acceptances              | -                                    | -                                    |
| (b) Others:                              |                                      |                                      |
| (i) Payables on purchase of fixed assets | 844.31                               | 873.32                               |
| (ii) Contractually reimbursable expenses | -                                    | -                                    |
| (iii) Trade / security deposits received | -                                    | -                                    |
| <b>TOTAL</b>                             | <b>844.31</b>                        | <b>873.32</b>                        |



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012**

| <b>Note 5 Long-term provisions</b>                       |  |  |
|--|--|--|
| <b>Particulars</b>                                       | <b>As at 31 March, 2012<br/>Amt ₹ In Lac</b> | <b>As at 31 March, 2011<br/>Amt ₹ In Lac</b> |
| (a) Provision for employee benefits:                     |  |  |
| (i) Provision for compensated absences                   | 71.67  | 63.59  |
| (ii) Provision for gratuity                              | 101.67                                       | 98.50  |
| (iii) Provision for post-employment medical benefits     |  |  |
|  | 173.34                                       | 162.09                                       |
| (b) Provision - Others:                                  |  |  |
| (i) Provision for premium payable on redemption of bonds | -  | -  |
| (ii) Provision for estimated losses on onerous contract  | -  | -  |
| (iii) Provision for other contingencies                  |  |  |
| (iv) Provision - Bad Debts                               | 115.00                                       | 115.00                                       |
|  | 115.00                                       | 115.00                                       |
| <b>TOTAL</b>   | <b>288.34</b>                                | <b>277.09</b>                                |

| <b>Note 6 Short-term borrowings</b> |  |  |
|-------------------------------------|--|--|
| <b>Particulars</b>                  | <b>As at 31 March, 2012<br/>Amt ₹ In Lac</b> | <b>As at 31 March, 2011<br/>Amt ₹ In Lac</b> |
| (a) Loans repayable on demand       |  |  |
| From banks                          | -  | -  |
| Secured                             | -  | -  |
| Unsecured                           | -  | -  |
| From other parties                  | -  | -  |
| (b) Deposits                        |  |  |
| Secured                             | -  | -  |
| Unsecured                           | -  | -  |
| (c) Deferred Payment Liability      |  |  |
| Secured                             | -  | -  |
| Unsecured                           | -  | -  |
| <b>TOTAL</b>                        | <b>-</b>                                     | <b>-</b>                                     |

| <b>Note 7 Trade payables</b>     |  |  |
|----------------------------------|--|--|
| <b>Particulars</b>               | <b>As at 31 March, 2012<br/>Amt ₹ In Lac</b> | <b>As at 31 March, 2011<br/>Amt ₹ In Lac</b> |
| (a) Trade payables:              |  |  |
| Micro Small & medium Enterprises | -  | -  |
| Others                           | 9079.02                                      | 13359.69                                     |
| <b>TOTAL</b>                     | <b>9079.02</b>                               | <b>13359.69</b>                              |

In the absence of complete information in respect of the status of each creditor, the Company is not in a position to identify the amounts payable to small scale and ancillary undertakings under the provisions of "Interest on the delayed payment to Small Scale and Ancillary undertaking Act, 1993". Accordingly, it is not possible to quantify the extent of overdue interest payable under the said Act.

Details relating to dues to micro, small and medium enterprises as per The Micro, Small and Medium Enterprises Development Act, 2006 are yet not identified by the management.



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012**

| <b>Note 8 Other current liabilities</b>                |  |  |
|--|--|--|
| <b>Particulars</b>                                     | <b>As at 31 March, 2012<br/>Amt ₹ In Lac</b> | <b>As at 31 March, 2011<br/>Amt ₹ In Lac</b> |
| (a) Unpaid dividends                                   | -  | -  |
| (b) Interest accrued & due on borrowings               | 93.06  | 81.89  |
| (c) Other payables                                     |  |  |
| (i) Statutory remittances:-                            |  |  |
| Vat/CST Payable  | 663.75                                       | 57.24  |
| Excise Payable   | -  | -  |
| Service Tax Payable                                    | -  | 11.20  |
| TDS Payable  | 80.31  | 82.17  |
| PF & ESIC Payable                                      | 3.53   | 3.30   |
| PT Payable   | 0.79   | 0.73   |
| MLWF Payable   | 2.26   | 1.93   |
| Property Tax/Cess Payable                              | 76.37  | 38.42  |
| (ii) Payables on purchase of fixed assets              | 291.53                                       | -  |
| (iii) Employee's Loan Repayment                        | 1.43   | 1.48   |
| (iv) Share Application Money received & due for refund | 14.07  | 14.07  |
| (v) Advance from Customers                             | 54.24  | 310.53                                       |
| <b>TOTAL</b>   | <b>1281.34</b>                               | <b>602.96</b>                                |

| <b>Note 9 Short-term provisions</b>              |  |  |
|--|--|--|
| <b>Particulars</b>                               | <b>As at 31 March, 2012<br/>Amt ₹ In Lac</b> | <b>As at 31 March, 2011<br/>Amt ₹ In Lac</b> |
| (a) Provision for employee benefits              |  |  |
| (i) Provision for bonus                          | 31.36  | 30.09  |
| (ii) Provision for Salary                        | 118.68                                       | 123.58                                       |
| (iii) Provision for Leave Encashment             | -  | -  |
|  | 150.04                                       | 153.67                                       |
| (b) Provision - Others:                          |  |  |
| (i) Provision for tax (net of advance tax)       | -  | -  |
| (ii) Provision for Electricity Expenses          | 476.59                                       | 194.55                                       |
| (iii) Provision for Purchase Bills Not Booked    | 426.43                                       | 137.36                                       |
| (iv) Provision for Expenses                      | 71.02  | 20.58  |
| (v) Provision for Professional Fees              | -  | -  |
| (vi) Provision for Telephone, Internet & Postage | -  | -  |
| (vii) Provision for Rent                         | -  | -  |
| (viii) Provision for Wealth Tax                  | 2.80   | 1.60   |
|  | 976.84                                       | 354.09                                       |
| <b>TOTAL</b>                                     | <b>1126.88</b>                               | <b>507.76</b>                                |



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012**

Note No. 10.A : Fixed Assets

| Sr No | Tangible Asset                | Gross Block      |           |                       |                  | Depreciation     |              |                       | Impairment       |                  | Net Block        |                  | Amt ₹ in Lac |
|-------|-------------------------------|------------------|-----------|-----------------------|------------------|------------------|--------------|-----------------------|------------------|------------------|------------------|------------------|--------------|
|       |                               | As On 01.04.2011 | Additions | Transfers/ Deductions | As On 31.03.2012 | As On 01.04.2011 | For The Year | Transfers/ Deductions | As On 31.03.2012 | As On 31.03.2011 | As On 31.03.2012 | As On 31.03.2011 |              |
| 1     | Land                          | 140.75           | -         | -                     | 140.75           | -                | -            | -                     | -                | -                | 140.75           | 140.75           |              |
| 2     | Factory Buildings             | 2899.82          | -         | -                     | 2899.82          | 84.51            | -            | 208.38                | 208.38           | 208.38           | 1520.51          | 1605.01          |              |
| 3     | Office/Residential Buildings  | 131.87           | -         | -                     | 131.87           | 2.08             | -            | 3.99                  | 3.99             | 3.99             | 63.23            | 65.32            |              |
| 4     | Plant & Machinery             | 30377.15         | 21.05     | -                     | 30398.20         | 1259.99          | -            | 2264.74               | 2264.74          | 2264.74          | 13102.45         | 14341.38         |              |
| 5     | Data Processing Equipment     | 146.43           | 11.96     | -                     | 158.39           | 11.80            | -            | 4.01                  | 4.01             | 4.01             | 35.50            | 35.33            |              |
| 6     | Motor Vehicles                | 116.25           | 35.92     | 4.36                  | 147.81           | 8.16             | 2.48         | 1.24                  | 1.24             | 1.24             | 104.73           | 78.86            |              |
| 7     | Office Equipment & Appliances | 44.57            | 0.37      | -                     | 44.94            | 6.15             | -            | -                     | -                | -                | 33.66            | 39.45            |              |
| 8     | Furniture & Fixtures          | 180.50           | 76.62     | -                     | 257.12           | 10.57            | -            | 1.01                  | 1.01             | 1.01             | 211.35           | 145.31           |              |
|       | <b>Total</b>                  | 34037.34         | 145.92    | 4.36                  | 34178.90         | 1383.26          | 2.48         | 2483.37               | 2483.37          | 2483.37          | 15212.18         | 16451.41         |              |

  

| Sr No | Intangible Asset | Gross Block      |           |           | Depreciation     |              |           | Net Block        |                  |
|-------|------------------|------------------|-----------|-----------|------------------|--------------|-----------|------------------|------------------|
|       |                  | As On 01.04.2011 | Additions | Transfers | As On 31.03.2012 | For The Year | Transfers | As On 31.03.2012 | As On 31.03.2011 |
|       | <b>Total</b>     | -                | -         | -         | -                | -            | -         | -                | -                |

  

| Sr No | Work In Progress          | Gross Block      |           |           | Depreciation     |              |           | Net Block        |                  |
|-------|---------------------------|------------------|-----------|-----------|------------------|--------------|-----------|------------------|------------------|
|       |                           | As On 01.04.2011 | Additions | Transfers | As On 31.03.2012 | For The Year | Transfers | As On 31.03.2012 | As On 31.03.2011 |
| 1     | Buildings (Wip)           | -                | 512.48    | -         | 512.48           | -            | -         | 512.48           | -                |
| 2     | Plant & Mach. (Wip)       | -                | 128.61    | -         | 128.61           | -            | -         | 128.62           | -                |
| 3     | Furniture & Fixture (Wip) | 11.49            | 64.96     | 76.45     | -                | -            | -         | -                | 11.49            |
|       | <b>Total</b>              | 11.49            | 706.05    | 76.45     | 641.09           | -            | -         | 641.10           | 11.49            |

  

|                    |                 |               |              |                 |                 |                |             |                 |                |                |                 |                 |
|--------------------|-----------------|---------------|--------------|-----------------|-----------------|----------------|-------------|-----------------|----------------|----------------|-----------------|-----------------|
| <b>Grand Total</b> | <b>34048.83</b> | <b>851.97</b> | <b>80.81</b> | <b>34819.99</b> | <b>15102.56</b> | <b>1383.26</b> | <b>2.48</b> | <b>16483.34</b> | <b>2483.37</b> | <b>2483.37</b> | <b>15853.28</b> | <b>16462.90</b> |
|--------------------|-----------------|---------------|--------------|-----------------|-----------------|----------------|-------------|-----------------|----------------|----------------|-----------------|-----------------|

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012****Note 10.B Fixed assets**

| <b>B. Depreciation and amortisation relating to continuing operations:</b> |   |         |  |         |
|--|---|---------|--|---------|
| Particulars  | For the year ended<br>31 March, 2012<br>Amt ₹ In Lac          |         | For the year ended<br>31 March, 2011<br>Amt ₹ In Lac |         |
|  | Depreciation and amortisation for the year on tangible assets | 1383.26 |  | 1371.29 |
| Depreciation and amortisation for the year on intangible assets            | -   |         | -  |         |
| <b>Depreciation and amortisation relating to continuing operations</b>     | <b>1383.26</b>  |         | <b>1371.29</b>                                       |         |

**Note 11 Non-current investments**

| Particulars                          | As at 31 March, 2012   |                          |                       | As at 31 March, 2011   |                          |                       |
|--------------------------------------|------------------------|--------------------------|-----------------------|------------------------|--------------------------|-----------------------|
|                                      | Quoted<br>Amt ₹ In Lac | Unquoted<br>Amt ₹ In Lac | Total<br>Amt ₹ In Lac | Quoted<br>Amt ₹ In Lac | Unquoted<br>Amt ₹ In Lac | Total<br>Amt ₹ In Lac |
| Investments (At cost):               |                        |                          |                       |                        |                          |                       |
| A. Trade                             |                        |                          |                       |                        |                          |                       |
| (a) Investment in equity instruments |                        |                          |                       |                        |                          |                       |
| (i) Subsidiaries                     |                        |                          |                       |                        |                          |                       |
| (ii) Associates                      |                        |                          |                       |                        |                          |                       |
| <b>TOTAL</b>                         | -                      | -                        | -                     | -                      | -                        | -                     |
| (b) Investment in preference shares  |                        |                          |                       |                        |                          |                       |
| (i) Subsidiaries                     |                        |                          |                       |                        |                          |                       |
| <b>TOTAL</b>                         | -                      | -                        | -                     | -                      | -                        | -                     |
| <b>Total - Trade (A+B)</b>           | -                      | -                        | -                     | -                      | -                        | -                     |

| Particulars                          | As at 31 March, 2012   |                          |                       | As at 31 March, 2011   |                          |                       |
|--------------------------------------|------------------------|--------------------------|-----------------------|------------------------|--------------------------|-----------------------|
|                                      | Quoted<br>Amt ₹ In Lac | Unquoted<br>Amt ₹ In Lac | Total<br>Amt ₹ In Lac | Quoted<br>Amt ₹ In Lac | Unquoted<br>Amt ₹ In Lac | Total<br>Amt ₹ In Lac |
| B. Other investments                 |                        |                          |                       |                        |                          |                       |
| (a) Investment in equity instruments |                        |                          |                       |                        |                          |                       |
| (i) Other Entities                   | 2.32                   | 212.28                   | 214.60                | 3.81                   | -                        | 3.81                  |
| <b>Total - Other (B)</b>             | 2.32                   | 212.28                   | 214.60                | 3.81                   | -                        | 3.81                  |

**Note 12 Long-term loans and advances**

| Particulars  | As at 31 March, 2012<br>Amt ₹ In Lac | As at 31 March, 2011<br>Amt ₹ In Lac |
|--|--------------------------------------|--------------------------------------|
| (a) Advance income tax (TDS) Unsecured, considered good                | 218.53                               | 193.46                               |
| (b) MAT credit entitlement - Unsecured, considered good                |                                      |                                      |
| (c) Balances with government authorities<br>Unsecured, considered good |                                      |                                      |
| (i) CENVAT credit receivable   |                                      |                                      |
| (ii) VAT credit receivable   | 157.71                               | 157.71                               |
| (iii) Customs/Excise Duty/Service Tax/VAT paid under Protest           | 29.22                                | 53.94                                |
| <b>TOTAL</b>   | <b>405.46</b>                        | <b>405.11</b>                        |





**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012**

| <b>Note 13 Other non-current assets</b> |  |  |
|---|--|--|
| <b>Particulars</b>                      | <b>As at 31 March, 2012<br/>Amt ₹ In Lac</b> | <b>As at 31 March, 2011<br/>Amt ₹ In Lac</b> |
| (a) Unamortised expenses                |  |  |
| (i) Deferred Revenue Expenditure **     | 118.74                                       | 213.72                                       |
| (ii) Preliminary Expenses               | 6.40   | 13.62  |
| <b>TOTAL</b>                            | 125.14                                       | 227.34                                       |

\*\* Compensation paid to employees under the Voluntary Retirement Scheme of the company is treated as deferred revenue expenditure & is amortized over a period of 3 years.

| <b>Note 14 Inventories</b><br>(At lower of cost and net realisable value) |                             |                     |                             |                     |
|---|-----------------------------|---------------------|-----------------------------|---------------------|
| <b>Particulars</b>  | <b>As at 31 March, 2012</b> |                     | <b>As at 31 March, 2011</b> |                     |
|   | <b>Amt ₹ In Lac</b>         | <b>Amt ₹ In Lac</b> | <b>Amt ₹ In Lac</b>         | <b>Amt ₹ In Lac</b> |
|   | <b>Current</b>              | <b>Non current</b>  | <b>Current</b>              | <b>Non current</b>  |
| (a) (i) Raw materials (including Consumables/Stores/Tools )               | 3026.61                     | 223.64              | 4559.95                     | -                   |
| (a) (ii) Raw materials in Transit   | 1308.06                     |                     | 1511.57                     | -                   |
|   | 4334.67                     | 223.64              | 6071.52                     | -                   |
| (b) Work-in-progress  | 710.85                      | 8.14                | 2101.34                     | -                   |
| (c) Finished goods (other than for trading)                               | 1417.04                     | 0.20                | 933.22                      | -                   |
| (d) Stock-in-trade (for trading)  | -                           | -                   | -                           | -                   |
| <b>TOTAL</b>  | 6462.56                     | 231.98              | 9106.08                     | -                   |

| <b>Note 15 Trade receivables</b>   |  |  |
|--|--|--|
| <b>Particulars</b>   | <b>As at 31 March, 2012<br/>Amt ₹ In Lac</b> | <b>As at 31 March, 2011<br/>Amt ₹ In Lac</b> |
| Trade receivables outstanding - (exceeding six months from the date they were due for payment) |  |  |
| Secured, considered good   |  |  |
| Unsecured, considered good   | 235.25                                       | 208.80                                       |
| Doubtful   |  |  |
|  | 235.25                                       | 208.80                                       |
| Trade receivables outstanding - (Less than six months from the date they were due for payment) |  |  |
| Secured, considered good   |  |  |
| Unsecured, considered good   | 2746.90                                      | 4229.34                                      |
| Doubtful   |  |  |
|  | 2746.90                                      | 4229.34                                      |
| <b>TOTAL</b>   | 2982.15                                      | 4438.14                                      |

| <b>Note 16 Cash and cash equivalents</b>              |  |  |
|---|--|--|
| <b>Particulars</b>                                    | <b>As at 31 March, 2012<br/>Amt ₹ In Lac</b> | <b>As at 31 March, 2011<br/>Amt ₹ In Lac</b> |
| (a) Cash on hand                                      | 112.69                                       | 69.24  |
| (b) Cheques, drafts on hand                           |  |  |
| (c) Balances with banks                               |  |  |
| (i) In current accounts                               | 500.07                                       | 557.70                                       |
| (ii) In EEFC accounts                                 |  |  |
| (iii) In deposit accounts (Maturing within 12 months) | 6.60   | 6.70   |
| (iv) In earmarked accounts                            |  |  |
| - Unpaid dividend accounts                            |  |  |
| <b>TOTAL</b>  | 619.36                                       | 633.64                                       |

The above balances meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012**

| <b>Note 17 Short-term loans and advances</b>   |   |   |
|--|---|---|
| <b>Particulars</b>   | <b>As at 31 March, 2012<br/>Amt ₹ In Lac</b>                        | <b>As at 31 March, 2011<br/>Amt ₹ In Lac</b>                        |
| (a) Security deposits  |   |   |
| Secured, considered good   | 182.89  | 182.89  |
| Unsecured, considered good (Others)  | 431.13  | 331.65  |
| Unsecured, considered good (Related Parties)   | 52.00   | 52.00   |
|  | 666.02  | 566.54  |
| (b) Loans and advances to employees  |   |   |
| Secured, considered good   |   |   |
| Unsecured, considered good   | 48.50   | 49.86   |
| (Maximum Balance due from officers of the company ₹ 23.06 Lac)   | 48.50   | 49.86   |
| (c) Prepaid expenses - Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.) | 52.53   | 34.77   |
|  | 52.53   | 34.77   |
| (d) Balances with government authorities   |   |   |
| Unsecured, considered good   |   |   |
| (i) CENVAT credit receivable   | 1231.09   | 817.01  |
| (ii) Service Tax credit receivable   | 69.41   | 136.26  |
| (iii) Deposit for Sales Tax Appeal   | 7.50  | 7.50  |
| (iv) Excise Rebate Claim   | 5.94  | 8.92  |
|  | 1313.94   | 969.69  |
| (e) Inter-corporate Loans & Advances   |   |   |
| Secured, considered good   | -   | -   |
| Unsecured, considered good Others  | 445.09  | 613.85  |
| Unsecured, considered good Related Parties   | 91.72   | 278.13  |
| Doubtful   | -   | -   |
|  | 536.81  | 891.98  |
| <b>TOTAL</b>   | 2617.80   | 2512.84   |
| <b>Note 18 Other current assets</b>  |   |   |
| <b>Particulars</b>   | <b>For the year ended<br/>As at 31 March, 2012<br/>Amt ₹ In Lac</b> | <b>For the year ended<br/>As at 31 March, 2011<br/>Amt ₹ In Lac</b> |
| (a) Unamortised expenses   |   |   |
| (i) Share issue expenses (where applicable)  | -   | -   |
| (ii) Deferred Revenue Expenditure  | -   | -   |
| (iii) Preliminary Expenses   | -   | -   |
| (b) Accruals   |   |   |
| (i) Interest accrued on deposits   | 11.20   | -   |
| (ii) Interest accrued on investments   | -   | -   |
| (iii) Interest accrued on trade receivables  | -   | -   |
| (c) Others   |   |   |
| (i) Insurance Claim Receivable   | 2202.42   | 2102.24   |
| (ii) Advance to Suppliers  | 324.85  | 396.82  |
| (iii) Advance to Capex Suppliers   | 138.85  | -   |
| (iv) DEPB Receivable   | 23.52   | 23.52   |
| (v) Job Work Charges Accrued on FG   | 48.53   | 24.29   |
|  | -   | -   |
| <b>TOTAL</b>   | 2749.37   | 2546.87   |



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012**

**Note 19 Revenue from operations**

| Particulars                 | For the year ended<br>As at 31 March, 2012<br>Amt ₹ In Lac | For the year ended<br>As at 31 March, 2011<br>Amt ₹ In Lac |
|-----------------------------|--|--|
| (a) Sale of products        | 63428.46   | 28194.06   |
| (b) Sale of Scrap           | 76.51  | 132.82   |
| (c) Labour Charges Received | 2162.33  | 4075.84  |
| (d) Export Incentives       | -  | 20.24  |
|                             | 65667.30   | 32422.96   |
| Less : Excise Duty          | 5530.16  | 2462.85  |
| <b>TOTAL</b>                | <b>60137.14</b>  | <b>29960.11</b>  |

excluding Excise Duty & VAT

**Note 20 Other income**

| Particulars                               | For the year ended<br>As at 31 March, 2012<br>Amt ₹ In Lac | For the year ended<br>As at 31 March, 2011<br>Amt ₹ In Lac |
|---|--|--|
| Operating                                 |  |  |
| (a) Miscellaneous Income                  | 14.18  | 2.86   |
| (b) Interest income                       |  |  |
| Interest on Bank Deposits (TDS ₹0.08 Lac) | 0.77   |  |
| Other Interest Income (TDS ₹ 1.59 Lac)    | 17.07  | 10.73  |
| (b) Dividend income:                      |  |  |
| from current investments                  |  |  |
| others                                    | 0.25   | 0.31   |
| <b>TOTAL</b>                              | <b>32.27</b>   | <b>13.90</b>   |

**Note 21.A Cost of materials consumed**

| Particulars                  | For the year ended<br>As at 31 March, 2012<br>Amt ₹ In Lac | For the year ended<br>As at 31 March, 2011<br>Amt ₹ In Lac |
|------------------------------|--|--|
| Opening stock                | 6071.52  | 2098.22  |
| Add: Purchases               | 45580.58   | 26406.86   |
| Less: Sales                  | -510.32  | -288.07  |
| Add: Transport Inwards       | 442.82   | 307.25   |
|                              | 51584.61   | 28524.26   |
| Less: Closing stock          | 4558.32  | 6071.52  |
| Cost of material consumed    | 47026.29   | 22452.74   |
| Refer Note No.27             |  |  |
| Material consumed comprises: |  |  |
| Scrap & Ferro Alloys         | 37135.34   | 19577.23   |
| Steel Billets                | 7476.13  | 1576.61  |
| Wire Rods/Coils              | -  | 88.87  |
| Other items                  | 2414.82  | 1210.02  |
| <b>TOTAL</b>                 | <b>47026.29</b>  | <b>22452.74</b>  |

**Note 21.B Purchase of traded goods**

| Particulars  | For the year ended<br>As at 31 March, 2012<br>Amt ₹ In Lac | For the year ended<br>As at 31 March, 2011<br>Amt ₹ In Lac |
|--------------|--|--|
| Traded goods |  |  |
| Other items  | 1207.00  | 1740.54  |
| <b>TOTAL</b> | <b>1207.00</b>   | <b>1740.54</b>   |



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012**

**Note 21.C Changes in inventories of finished goods, work-in-progress and stock-in-trade**

| Particulars                               | For the year ended<br>As at 31 March, 2012<br>Amt ₹ In Lac | For the year ended<br>As at 31 March, 2011<br>Amt ₹ In Lac |
|---|--|--|
| Inventories at the end of the year:       |  |  |
| Finished goods                            | 1417.23  | 933.22   |
| Work-in-progress                          | 718.99   | 2101.34  |
| Stock-in-trade                            | -  |  |
|   | 2136.22  | 3034.56  |
| Inventories at the beginning of the year: |  |  |
| Finished goods                            | 933.22   | 373.98   |
| Work-in-progress                          | 2101.34  | 427.50   |
| Stock-in-trade                            | -  |  |
|   | 3034.56  | 801.49   |
| <b>Net (increase) / decrease</b>          | 898.34   | (2233.07)  |

**Note 22 Employee benefits expense**

| Particulars                                | For the year ended<br>As at 31 March, 2012<br>Amt ₹ In Lac | For the year ended<br>As at 31 March, 2011<br>Amt ₹ In Lac |
|--|--|--|
| Salaries and wages                         | 1058.95  | 848.09   |
| Directors Remuneration                     | 22.06  | 22.06  |
| Contributions to provident and other funds | 21.94  | 23.90  |
| Contributions to Gratuity                  | 14.83  | 30.73  |
| Employee Insurance                         | 1.35   | -  |
| Staff welfare expenses                     | 35.02  | 26.95  |
| Leave Encashment                           | 11.38  | 0.21   |
| <b>TOTAL</b>                               | 1165.53  | 951.94   |

**Note 23 Finance costs**

| Particulars   | For the year ended<br>As at 31 March, 2012<br>Amt ₹ In Lac | For the year ended<br>As at 31 March, 2011<br>Amt ₹ In Lac |
|---|--|--|
| (a) Interest expense on:  |  |  |
| (i) Borrowings  | 931.65   | 730.89   |
| (ii) LC Charges   |  |  |
| (iii) Others  |  |  |
| - Interest on delayed / deferred payment of taxes   | 37.28  | 0.77   |
| - Vehicle Loans   | 5.24   | 1.74   |
| (b) Other borrowing costs   | -  | -  |
| (c) Net (gain) / loss on foreign currency transactions and translation (considered as finance cost) | 485.87   | 25.76  |
| (d) Bank Charges & Commission   | 16.83  | 12.43  |
| <b>TOTAL</b>  | 1476.87  | 771.59   |



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012**

| <b>Note 24 Other expenses</b>                 |   |   |
|---|---|---|
| <b>Particulars</b>                            | <b>For the year ended<br/>As at 31 March, 2012<br/>Amt ₹ In Lac</b> | <b>For the year ended<br/>As at 31 March, 2011<br/>Amt ₹ In Lac</b> |
| <b>A) Manufacturing Expenses</b>              |   |   |
| Labour Charges                                | 881.58  | 955.09  |
| Power and fuel                                | 5520.34   | 4370.10   |
| Lease Hire Charges                            | 46.20   | 26.23   |
| Water   | 5.22  | 3.82  |
| Repairs and maintenance - Buildings           | 0.11  | 4.31  |
| Repairs and maintenance - Machinery           | 129.81  | 27.32   |
| Repairs and maintenance - Others              | 13.09   | 8.55  |
|   | A) 6596.35  | 5395.42   |
| <b>B) Selling Expenses</b>                    |   |   |
| Packing Materials                             | 41.76   | 43.96   |
| Bad Debts                                     | 41.55   | -   |
| Transport Outward                             | 281.69  | 132.16  |
| Commission & Brokerage                        | 79.19   | 51.37   |
| Travelling Expenses                           | 54.61   | 27.55   |
| Sales Promotion                               | 21.95   | 20.50   |
| Other Selling Expenses                        | 2.23  | 2.93  |
|   | B) 522.98   | 278.47  |
| <b>C) General Administration Expenses</b>     |   |   |
| Communication Expenses                        | 24.65   | 22.14   |
| Printing & Stationery                         | 9.49  | 7.38  |
| Legal & Professional Fees                     | 307.47  | 211.77  |
| Service Charges                               | 1.70  | 0.63  |
| Insurance Charges                             | 37.02   | 34.65   |
| Auditors Remuneration                         | 8.25  | 6.95  |
| Directors Sitting Fees                        | 0.68  | 0.64  |
| Rent Rates & Taxes                            | 88.52   | 24.95   |
| Motor Vehicle Expenses                        | 32.62   | 31.57   |
| Service Tax                                   | 11.12   | 6.82  |
| Miscellaneous Expenses                        | 78.14   | 40.00   |
| Preliminary Expenses Written Off              | 7.22  | 7.22  |
| Prior Period Expenses Written Off             | 85.45   | 341.64  |
| Loss on Contract Cancellation of Ferro Alloys | -18.50  | 137.97  |
|   | C) 673.83   | 874.32  |
| <b>Total A+B+C</b>                            | 7793.16   | 6548.21   |

| <b>Note 24 Other expenses</b>   |   |   |
|---|---|---|
| Notes:  |   |   |
| <b>Particulars</b>  | <b>For the year ended<br/>As at 31 March, 2012<br/>Amt ₹ In Lac</b> | <b>For the year ended<br/>As at 31 March, 2011<br/>Amt ₹ In Lac</b> |
| (i) Payments to the auditors comprises (net of service tax input credit, where applicable): |   |   |
| As auditors - statutory audit   | 5.00  | 5.00  |
| For Other Services  | 1.25  | 1.95  |
| Reimbursement of expenses   | -   | -   |
| As auditors - Internal audit  | 2.00  | -   |
| <b>TOTAL</b>  | 8.25  | 6.95  |
| (ii) Details of Prior period items (net)  |   |   |
| Prior period expenses (Customs Duty)  | 19.38   | -   |
| Prior period expenses (Excise & Service Tax)  | 10.62   | 2.09  |
| Prior period expenses (VAT)   | 0.90  | 4.02  |
| Prior Period Quality Claim  | -   | 84.34   |
| Prior period purchase (change of accounting policy)   | -   | 146.78  |
| Prior period expenses (Others)  | 54.55   | 104.41  |
| <b>TOTAL</b>  | 85.45   | 341.64  |



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012**

**Note 25A Exceptional items**

| Particulars                               | For the year ended<br>As at 31 March, 2012<br>Amt ₹ In Lac | For the year ended<br>As at 31 March, 2011<br>Amt ₹ In Lac |
|---|--|--|
| Provision no longer required written back | 71.78  | 295.09   |
| Investment Written Off                    | -1.48  | -1.64  |
| Loss on Sale of Fixed Assets              | -0.63  | -2.46  |
| <b>TOTAL</b>                              | 69.67  | 290.99   |

**Note 25B Extraordinary items**

| Particulars  | For the year ended<br>As at 31 March, 2012<br>Amt ₹ In Lac | For the year ended<br>As at 31 March, 2011<br>Amt ₹ In Lac |
|--------------|--|--|
| <b>TOTAL</b> | -  | -  |
| <b>TOTAL</b> | -  | -  |

**Note 26. Earnings Per Share (EPS)**

| Particulars                                    | For the year ended<br>As at 31 March, 2012<br>Amt ₹ In Lac | For the year ended<br>As at 31 March, 2011<br>Amt ₹ In Lac |
|--|--|--|
| Profit/Loss after taxation ( Amount ₹ in Lac ) | (713.26)   | (1357.64)  |
| Number of Equity Shares                        | 234080,925   | 234080,925   |
| Earnings per Share - Basic & Diluted           | (0.30)   | (0.58)   |
| Face Value per Share                           | 1  | 1  |

**Note 27. Additional Information**

| Particulars  | 31st March 2012 |         | 31st March 2011 |         |
|--|-----------------|---------|-----------------|---------|
|  | Amount ₹ In Lac | %ge     | Amount ₹ In Lac | %ge     |
| a) Total Value of consumption imported & indigenous              |                 |         |                 |         |
| Imported   | 6507.20         | 13.84%  | 10888.02        | 48.49%  |
| Indigenous   | 40519.09        | 86.16%  | 11564.72        | 51.51%  |
| <b>TOTAL</b>   | 47026.29        | 100.00% | 22452.74        | 100.00% |
| b) Value of Imports calculated on CIF basis                      |                 |         |                 |         |
| i) Raw Materials & Consumables                                   | 5154.81         |         | 11936.47        |         |
| ii) Capital Goods  | 10.11           |         | -               |         |
| c) Expenditure in foreign currency                               |                 |         |                 |         |
| i) Travelling  | 12.83           |         | 3.27            |         |
| ii) Others   | 5.82            |         | 7.61            |         |
| d) Amount remitted in foreign currencies on account of Dividends | -               |         | -               |         |
| e) Earnings in Foreign Exchange                                  |                 |         |                 |         |
| i) Exports of Goods on FOB basis                                 | 1.20            |         | 288.82          |         |
| ii) Royalty, know-how, professional fees                         | -               |         | -               |         |
| iii) Interest & Dividends  | -               |         | -               |         |

**Note 28.** The Company is exclusively in the Steel Business Segment and as such there are no reportable segments as defined by AS-17 on segment reporting, as issued by the Institute of Chartered Accountants of India [ICAI].



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012**

**Note 29. Related Party Disclosures**

As per Accounting Standard 18, for the year ended 31st March 2012  
(as identified & certified by the management)

| Name of the Related Party   | Relationship   |                                 |                                 |
|---|--|---------------------------------|---------------------------------|
| Isinox Steels Limited<br>Indiasteel International P.Ltd.<br>Isiworld Steel (I) P.Ltd.<br>Isicom Traders P.Ltd.<br>Isistar Exports P.Ltd.<br>Isimetal (I) P.Ltd.<br>Yeotmal Land Development & Trading Co.P.Ltd.<br>Emgee Homes P.Ltd.<br>Gupta Housing P.Ltd.<br>Tifan Steel P.Ltd. | Associates   |                                 |                                 |
| Mr.Ashwin H. Gupta<br>Mr.Sudhir H Gupta<br>Mr.Varun S.Gupta   | Key Managerial Personnel   |                                 |                                 |
| India Steel Industries<br>Indiasteel International  | Enterprises over which Key Managerial Personnel are able to exercise significant influence |                                 |                                 |
| Nature of Transactions during the year ended with related parties   | Associates   | Key Managerial Personnel        | Others                          |
|   | 31st March 2012<br>Amt ₹ In Lac  | 31st March 2012<br>Amt ₹ In Lac | 31st March 2012<br>Amt ₹ In Lac |
| Lease Rentals   |  |                                 | 2.40                            |
| Labour Charges Paid   | 23.93  |                                 |                                 |
| Purchases   | 7128.53  |                                 |                                 |
| Sales   | 434.46   |                                 |                                 |
| Labour Charges Received   | 231.21   |                                 |                                 |
| Commission  | 20.56  |                                 |                                 |
| Directors Remuneration  |  | 22.06                           |                                 |
| Unsecured Loans   | 3849.85  | 03.52                           | 207.20                          |
| Loans & Advances  | 18.43  |                                 | 73.29                           |
| Sundry Creditors  | 1624.81  |                                 |                                 |

**Note 30. Contingent Liabilities & Commitments**

|  | 31st March 2012<br>Amount ₹ In Lac | 31st March 2011<br>Amount ₹ In Lac |
|--|------------------------------------|------------------------------------|
| A) Contingent Liabilities  |                                    |                                    |
| 1) Claims against the company/disputed liabilities not acknowledged as debts   | 127.75                             | 215.54                             |
| 2) Excise/Customs/Service Tax matters decided in the Company's favour in earlier years, in respect of which show cause notices have been received & contested: | 124.67                             | 141.02                             |
| 3) Sales Tax matter in respect of which show cause notices have been received & contested  | 11.24                              | 11.24                              |
| 4) Property Tax disputed   | 77.33                              | -                                  |
| 5) Preference Share Dividend   | 439.24                             | 410.64                             |
| B) Commitments   |                                    |                                    |
| 1) Estimated amount of contracts remaining to be executed on capital account and not provided for  | 500.00                             | 150.00                             |

**Note 31.** (a) Previous years figures have been regrouped /rearranged where ever necessary to correspond to current year figures.  
(b) Figures are rounded off to nearest rupees lacs.

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## INDIA STEEL WORKS LIMITED

**Registered office:** India Steel Works Complex, Zenith Compound, Khopoli, Raigad-410203, Maharashtra.

### ATTENDANCE SLIP

Please fill attendance slip and hand it over at the entrance of the meeting hall.

DP ID\*: \_\_\_\_\_ Folio No./Client ID\*: \_\_\_\_\_ No. of Shares held: \_\_\_\_\_

Name of shareholder : \_\_\_\_\_

Name of the Proxy: \_\_\_\_\_

I/We hereby record my/our presence at the 25<sup>TH</sup> ANNUAL GENERAL MEETING of the Company held on Friday, 3rd August, 2012 at 12.30 p.m. at India Steel Works Complex, Zenith Compound, Khopoli, Raigad-410203, Maharashtra

\*Applicable in case of shares held in demat form.

Signature of the Shareholder/Proxy

### PROXY FORM

## INDIA STEEL WORKS LIMITED

**Registered office:** India Steel Works Complex, Zenith Compound, Khopoli, Raigad-410203, Maharashtra.

DP ID\*: \_\_\_\_\_ Folio No./Client ID\*: \_\_\_\_\_ No. of Shares held: \_\_\_\_\_

I/We..... of ..... In the District of ..... being a member(s) of INDIA STEEL WORKS LIMITED hereby appoint Mr./Mrs..... of .....in the District of ..... or failing him/her, Mr./Mrs..... of .....in the District of ..... as my/ our proxy to vote for me /us and on my/our behalf at the 25th ANNUAL GENERAL MEETING of the Company to be held on Friday, 3rd August, 2012 at 12.30 p.m at India Steel Works Complex, Zenith Compound, Khopoli, Raigad-410203, Maharashtra

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

\*Applicable in case of shares held in demat form.

|                           |
|---------------------------|
| Re. 1<br>Revenue<br>Stamp |
|---------------------------|

Note : The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.





**BOOK-POST**

If undelivered Please Return to :



**Registered Office :** India Steel Works Complex, Zenith Compound, Khopoli,  
Raigad-410203, Maharashtra.  
Telephone : 02192 266005/ 02192 266007 Fax : 02192 264061 E Mail : [info@indiasteel.in](mailto:info@indiasteel.in)  
**Website :** <http://www.indiasteel.in>

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[cf\\_mum@crystalforms.com](mailto:cf_mum@crystalforms.com)