
ANNUAL REPORT

25th
2012 - 13



INDUCTO
STEELS LTD

INDUCTO STEELS LIMITED

Registered off.: 156, Maker Chamber VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021.

TWENTY FIFTH ANNUAL REPORT 2012 - 2013

BOARD OF DIRECTORS	Mr. Rajeev Reniwal Ms. Sweety Reniwal Mr. Prashant Agarwal Mr. Yogesh Thakkar Ms. Neela Shah Mr. Bhushanlal Behl
AUDITORS	P. D. Goplani & Associates Chartered Accountants Bhavnagar - 364 001.
BANKERS	Indian Overseas Bank, 30/32, Tamarind House, Tamarind Lane, Fort, Mumbai – 400 023.
REGISTERED/CORPORATE OFFICE	156, Maker Chamber VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021.
SHIP BREAKING YARD	Plot No.45, Ship Breaking Yard, Alang, District : Bhavnagar
FINANCIAL YEAR	2012 - 2013
ASSESSMENT YEAR	2013-2014
CONTENTS	Notice Director's Report Corporate Governance Report Auditors' Report Annual Report

Go Green Today

As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, enabling the Company to effect electronic delivery of documents. The above initiative will go a long way in conserving paper which is a natural resource as also result in substantial savings on printing and posting of annual reports and other documents of your Company sent to shareholders.

Members are requested to support this green initiative by updating their email address with the respective Depository Participants, in case of electronic shareholding; or registering their email addresses with the Company's Registrar and Transfer Agents, in case of physical shareholding. Join this cause and make the world a cleaner, greener and healthier place to live.

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Annual General Meeting

Date : Monday, 30th September, 2013

Time : 10.30 a.m.

Venue : 156, Maker Chamber VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021.

INDUCTO STEELS LIMITED

Registered off.: 156 Maker Chamber VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai
400021

NOTICE

Notice is hereby given that the 25TH ANNUAL GENERAL MEETING of the Members of INDUCTO STEELS LIMITED will be held on Monday, 30th September, 2013 at the Registered Office of the Company at 156 Maker Chambers VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai 400021 at 10.30 a.m. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2013 and Profit and Loss Account for the year ended on that date together with the Report of the Board of Directors and Auditors' thereon.
2. To declare Final dividend for the year 2012-2013 on Equity shares.
3. To appoint a director in place of Mr. Prashant Agarwal, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Mr. Yogesh Thakkar, who retires by rotation and being eligible offers himself for re-appointment.
5. To re-appoint M/s. P.D.Goplani & Associates, Chartered Accountants, Firm Registration No. 118023W, as Statutory Auditors of the Company and to fix their remuneration.

By Order of the Board

Place: Mumbai

Date : 06-05-2013

Sd/-
Rajeev Reniwal

Director

NOTES :

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIM AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective, should reach duly completed, stamped and must be deposited at the registered office of the Company not less than 48 hours before the meeting. Proxies submitted on behalf of the Companies, Societies, Partnership firm, etc must be supported by appropriate resolution/ authority, as applicable, issued on behalf of the nomination organization. Members attending the meeting are requested to bring with them the Attendance Slip attached to the Annual Report duly filled in and signed and handover the same at the entrance of the Office. Copies of the Annual Report will not be distributed at the Meeting.
- (b) Corporate Members intending to send their authorized representatives to attend the meeting are requested to send to the Company, a certified copy of the Board Resolution authorizing the representative to attend and vote on their behalf at the Meeting.
- (c) Explanatory Statement pursuant to the provisions of the Section 173 (2) of the Companies Act, 1956 is not required as there being no special business.
- (d) The Register of Members and the Share Transfer Books of the Company will be closed from 20th September, 2013 to 30th September, 2013 (both days inclusive).
- (e) If Dividend on Equity Shares, as recommended by the Directors, is approved at the Meeting, the payment of such dividend will be made on 5th October 2013 as under:
- To all Beneficial Owners in respect of the shares held in the electronic form, as per details furnished by the Depositories as on beginning of 20th September 2013.
 - To all members in respect of shares held in physical form, whose names are in the Company's Register of Member on 20th September 2013.
- (f) Details required under Clause 49 of the Listing Agreement entered with the Stock Exchanges in respect of Directors seeking appointment / re-appointment at the Annual General Meeting, are given in the relevant section of the Corporate Governance Report included in the Annual Report.
- (g) The Shareholders, who still continue to hold shares in physical form, are requested to dematerialise their shares at the earliest and avail of the various benefits of dealing in securities in electronic / dematerialized form. The shareholders have the option to hold Company's shares in demat form through the National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL) and to eliminate the risks associated with physical shares.
- (h) Members who have not encashed their dividend warrant for FY 2005-2006 onwards, are requested to make their claim to the Company / Registrar and Share Transfer Agent immediately. Members are requested to lodge Share Transfer documents and all other correspondence and queries relating to Share Transfer, Share Certificates, Change of Address etc., at the Office of Registrar & Share Transfer Agent. The relevant address of Registrar and Share Transfer Agent is as under:
- Contact Person: Mr. Shashikumar**
 Sharex Dynamic (India) Pvt. Ltd
 Unit-1, Luthra Ind. Premises, Safed Pool, Andheri Kurla Road, Andheri (E), Mumbai – 400 072.
 Ph: 022 - 28515606, 022 - 28515644 Fax: 022 - 28512885 Email : info@sharexindia.com
- (i) Members are hereby informed that in terms of the provisions of Section 205A of the Companies Act, 1956, dividend not encashed or claimed within seven years from the date of its transfer to the unpaid dividend account, will be transferred to Investor Education & Protection Fund established by the Central Government. In terms of the provisions of Section 205C of the Companies Act, 1956, no claim shall lie against the Company or said fund after the said transfer.
- (j) As per the provisions of the Companies Act, 1956, facility for making nomination available for the Members in respect of the shares held by them. Nomination forms can be obtained from the Company's Share Registrars and Transfer Agents by Members holding shares in physical form. Members holding shares in the electronic form may obtain Nomination forms from their respective Depository Participant.

DIRECTORS' REPORT

To,
The Members
Inducto Steels Limited

The Directors are pleased to present the 25th Annual Report of the Company together with the Audited Annual Accounts of the Company for the year ended 31st March, 2013.

Financial Results:

(Rs in Lacs)

	2012-13	2011-12
Sales/Revenue From Operation	14,348.46	9,286.77
Add: Other Income	1,408.07	1,030.07
Total Revenues	15,756.53	10,316.84
Profit before Finance Cost, Depreciation & Tax	939.36	680.87
Less: Finance Cost	97.34	39.98
Less: Depreciation	7.36	7.28
Profit before Tax	834.67	633.61
Less : Provision for Current Tax	279.23	205.75
: Provision for Deferred Tax	(1.60)	1.25
Profit after tax	557.04	426.62
Add: Balance brought forward from the previous year	1,249.38	1,012.83
Balance Available for Appropriation	1,806.42	1,439.45
Which the Directors have apportioned as under to:-		
a) Proposed Dividend on Ordinary Shares	140.60	120.52
b) Dividend Distribution Tax thereon	22.81	19.55
c) Transfer to General Reserve	21.01	50.00
Total apportioned	184.43	190.01
Balance to be carried forward	1,621.99	1,249.38
Earnings Per Share (Face Value Rs.10/-)		
-Basic and Diluted	13.87	10.62

Keeping in view the good market potential, the company carried out its Ship Breaking activities on a full scale during the year, moreover the company has resumed its trading activities in ferrous and non ferrous metals during the year and that is reflected in the increase in the Sales Performance of the company. During the year 2012-13, the company has scaled new heights in terms of Sales, Profits and Net worth. Turnover for the year was Rs. 143.48 Crores as against Rs. 92.87 Crores in the previous year. PAT for the year was at Rs. 5.57 Crores as against Rs. 4.27 Crores last year. In spite of heavy fluctuation in the prices of old ship in the international market and also heavy dollar exchange rate fluctuations, your company has been able to optimize the market situation and have achieved increase in Gross Revenues and Net profit Margins during the year. Your Directors are hopeful that there will be even more improvement in sales and profit margin in the coming year.

Dividend :

The Directors recommend a Dividend of 35% (Rs. 3.50 per share) on the Equity Share for the Financial Year ended March 31, 2013 for approval by the Members.

Prospects for the coming year :

During the financial year 2012-13, ship-breaking unit at Alang Ship Breaking Yard has shown sustained increase in performance in terms of Sales, moreover, the industry is still in its booming trend is expected to perform better in coming years also. During the year the company also resumed its business activities in Trading unit of the company has done tremendously well during the year and the trend is expected to continue in the coming years. The overall scenario of iron and steel is still very positive and it is hoped that the growth story of the unit shall be sustained in the coming years. Overall, since the prices of iron and Steel having been reasonably stabilized and the inventory levels of the company and its market position, both the segments of the company, viz. Ship Breaking and Trading, are expected to see major increase in terms of Gross Revenues and Net profit Margins in the coming year.

With the changed circumstances, the company is hopeful that in the coming period the company will continue its ship breaking activities and take it to the level of extended growth and will contribute more to the overall growth of the business of the company. The trading in Ferrous and Non Ferrous Metals, Scrap, Coal etc activities of the company are doing very well and are contributing considerably to the profitability of the company. However, the net profit margins of the company have not increase proportionate to the increase in sales achieved during the year because of various factors like rupee volatility as the majority of purchases in ship breaking and trading are imports, increase interest and finance costs etc. However, Your directors see a very positive and bright future prospects ahead for the company looking to the prevailing upward trend in the Iron and Steel sector in India and internationally.

The Company is hopeful that with the stabilizing the price for the old ship in the international market and also sale prices of companies products in the domestic market; the company will be able to improve the turnover and also the profitability in the coming year.

Conservation of Energy, Technology Absorption and Foreign Exchange Earning and outgo :

In accordance with the provisions of section 217 (1) (e) of the Companies Act, 1956, the required information relating to conservation of energy, technology absorption and foreign exchange earning and outgo is annexed (Annexure A) hereto which is forming part of this report.

Management Discussion and Analysis :

Provided in Annexure – B forming part of this report

Directors' Responsibility Statement :

Provided in Annexure – C forming part of this report

Corporate Governance :

Your Company has been practicing the principles of good Corporate Governance. In addition to basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity. The report on the Corporate Governance is attached (Annexure D) herewith.

Board of Directors :

In accordance with the provisions of the Companies Act, 1956, read with the Articles of Association of the Company, Mr. Prashant Agarwal and Mr. Yogesh Thakkar retires by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer them for re-appointment. Necessary resolutions are being placed before the shareholders for approval.

Auditor's Observation/qualification :

The observation/qualification of the auditors are based on the facts stated in the schedules of notes and members are requested to refer to the Note no. 1.1(m) forming part of Financial Statements, which are self explanatory and does not require any further clarification/reply.

Auditors :

M/s. P.D. Goplani & Associates, Chartered Accountants, the Statutory Auditors of the Company retires at the ensuing Annual General Meeting. The company has received confirmation and their eligibility and willingness to accept office from M/s. P.D. Goplani & Associates, Chartered Accountants, if re-appointed. They have given a certificate to the effect that the appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Your Directors recommend their appointment.

Members are requested to re-appoint M/s. P.D. Goplani & Associates, Chartered Accountants, as Statutory Auditors of the Company for the period commencing from ensuing Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.

Particulars of Employees :

Pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, your Company has no person in its employment drawing salary within the monetary ceiling prescribed under Section 217(2A) of the Companies Act, 1956.

Acknowledgement :

Your Directors wish to place on record their appreciation for the continued support from the Shareholders, Investors, Customers, Suppliers and Bankers. Your Directors place on record their appreciation of the consistent contribution made by employees at all levels through their hard work, dedication, solidarity, cooperation and acknowledge that their support has enabled the Company to achieve new heights of success.

For & on behalf of the Board of Directors

Sd/-

Place: Mumbai
Date : 06/05/2013

Rajeev Reniwal
Director

ANNEXURE - A

Information as per section 217 (1) (e) read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rule 1988 and forming part of the Director's Report for the period ended on 31st March, 2013.

A. Conservation of Energy :

The company has implemented various initiatives for the conservation of energy and all efforts are made to minimize energy costs. Company is engaged in Ship Breaking and trading in Iron and Steel. No significant power consumption is required in ship breaking industry as major portion in production process consist of non mechanical processes. However, industrial gases are used in ship dismantling activities and the company has taken various measures to control the consumption of fuel and energy.

B. Technology Absorption :

1. Specific area in which R&D carried out by the company :

Company is engaged in Ship Breaking and trading in Iron and Steel. Therefore, no significant consideration is required in R & D.

2. No Research & Development work has been carried out by the Company and therefore, there is no expenditure under this head. However, plan of action for Research & Development is being worked out.

3. Company has not imported any technology for its plant.

C. Foreign Exchange Earnings and Outgo :

Members are requested to refer the notes to the Financial Statements for the year under report.

For & on behalf of the Board of Directors

Sd/-

Place: Mumbai
Date : 06/05/2013

Rajeev Reniwal
Director

ANNEXURE – B: Management Discussion and Analysis

a) Overview :

The company is now a diversified company with the continuation of its ship breaking activities into full swing and further going into trading of ferrous and non ferrous metals, coal etc.

During the Year 2012-13, witnessed frequent fluctuation in the prices of old ship in the international market and also heavy dollar exchange rate fluctuations. This has adversely affected the profit margins of the company. However, the prices in Iron and steel industry are gradually getting stabilized, but the company has trade liabilities in foreign currency and depreciation in value of Indian Rupee vis-à-vis US Dollar remains a concerning area for the company even in the current year. The management is exercising caution in purchase of ships for breaking to optimize the profit margin and minimize the possibilities of losses, if so happens.

Whenever, there is no immediate payment liability against old ship purchased for breaking, the surplus funds available with the Company are given as loan on short term basis and also invested in the market for earning interest/short term capital gain. The Company is hopeful that the Company can earn reasonable return on this loans/investment.

Surplus funds are also invested in new avenues of earnings in the form of partnership with other entities like in Real Estate and Redeveloping firms. At present the Company has partnership with M/s Calvin Divine Enterprises with 20% share. The management is hopeful that the Company can earn reasonable return on this investment.

b) Segmental Review :

During the financial year 2012-13, ship-breaking industry at Alang Ship Breaking Yard seen a substantial growth and the trend is expected to continue in coming years also. However, fluctuating and volatile prices of old Ships, Iron and Steel products coupled with depreciation in value of Indian Rupee vis-à-vis US Dollar during the year, the net profit margins of this segment has been affected despite substantial increase in sales. The resumed Trading unit of the company has done tremendously well during the year.

i) Ship breaking :

As has been stated in the out-look, due to boom in the availability of old ships in the international market, the company's ship breaking unit at Alang Ship Breaking Yard, Bhavnagar was fully operational throughout the year. During the year company has also attained 15% growth in terms of sales turnover and has achieved sales turnover of Rs. 10,696.80 lacs as against 9,286.77 lacs last year. During the financial year 2012-13, ship-breaking unit seen a substantial growth and the trend is expected to continue in coming years also. However, fluctuating and volatile prices of old Ships, Iron and Steel products during the year and also major depreciation in value of Indian Rupee vis-à-vis US Dollar , the net profit margins of this segment has been affected despite substantial increase in sales. Though the year under review saw fluctuation in the international market of old ships coming for breaking, the management was very cautious and purchased ships at proper time and built a good level of inventories to earn better profits in coming years. Now the market has stabilized and taking into

account the inventory level of the company as at the year end, it is hoped that the turnover and the profitability will see a an increase in the current financial year.

ii) Trading

The Trading segment has also attained of sales turnover at Rs. 3,651.66 lacs Current Year. The segment has achieved net profit of Rs. 487.77 lacs Current year. The management is of the view that the iron and steel sector is doing well and with the expected boost in the economy the requirement of steel is slated to increase and the unit will also move further towards its sustained path of growth.

Segment Results :

Particulars	Trading Unit	Ship-Breaking	Total
a) External Sales/Revenue	3,651.66	10,696.80	14,348.46
Inter segment Sales/Revenue	-	318.76	-
Total Revenue	3,651.66	11,015.56	14,348.46
b) Segment Results Before Interest and Taxes	1,138.09	431.45	1569.54
c) Segment results as a % of total	72.51%	27.49%	100%
d) Segment Assets	10,365.95	1,380.62	11,746.57
e) Segment Liabilities	5,116.67	3,439.55	8,556.22

* Total Gross Revenue is after elimination of inter segment revenues of Rs.318.76 lacs.

c) Review of operation

As has been stated in the out-look, due to continuous availability of old ships in the international market, the company's ship breaking unit at Alang Ship Breaking Yard, Bhavnagar is fully operational through out the year and sales turnover in ship breaking activities has seen a substantial increase. Now the market has stabilized and taking into account the market standing of the company in Ship Breaking Market, it is hoped that the turnover and the profitability will see a considerable increase in the current financial year.

The trading unit will also continue to perform well keeping in the view that the iron and steel sector is doing well and with the expected boost in the economy the requirement of steel and other metals is slated to increase and the unit will also move further towards its sustained path of growth.

d) Financial Review and analysis :

Performance	2012-13	2011-12
Gross Turnover	14,348.46	9,286.77
Net Turnover	14,348.46	9,286.77
Other income	1,408.07	1,030.07
Total Expenditure	14,817.17	9,635.96
Operating Profit (PBIDT)	939.36	680.87
Interest	97.34	39.98

Gross Profit (PBDT)	842.02	640.89
Depreciation	7.36	7.28
Profit before tax	834.67	633.61
Provision for current Tax	279.23	205.75
Deferred tax	(1.60)	1.24
Net Profit after Tax	557.04	426.62

e) **Cash Flow Analysis :**

	2012-13	2011-12
- Profit after Tax but before Depreciation	562.80	435.15
- (Increase)/Decrease in Net Working Capital	(1691.69)	747.30
- Net Cash Flow from Operating Activities	(1128.89)	1182.45
- Payment for Acquisition of Assets (Net)	2.67	(1.67)
- Cash Outflow from Financing Activities	1156.13	(1171.53)
- Net Cash Inform/(Outflow)	29.91	9.25

f) **Risk Management**

The Company is exposed to the risk from the market fluctuations of foreign exchange as well as the fluctuation in the price of iron and steel. The Company's raw material is old ship, which is purchased from the international market on credit ranging upto 180 days to 360 days. The Company is adopting policy of full hedging or covering the foreign exchange requirement, the Company is regularly monitoring the foreign exchange movement and suitable remedial measures are taken as and when felt necessary.

Though the company is employing such measures, the company is still exposed to the risk of any heavy foreign exchange fluctuation.

Likewise the company's finished products are mainly re-rollable scrap generated from ship breaking and the price of the same is linked to the market rate for iron and steel. Any up and down in the price of the iron and steel will affect the profitability of the company. However taking into account, the price fluctuations already affected during the year 2012-13, further major down / up ward trend in the price of iron and steel is not expected.

In addition to the above, the company is also exposed to the risk of fluctuation in the real estate and construction and Redeveloping market as the company has invested some of its surplus funds in partnership firm engaged in such business. However the Directors considering their past experience, is confident that the company will not face any major set back in this area.

ANNEXURE – C : Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed:

- a) The financial statements have been prepared in conformity, in all material respects, with the Generally Accepted Accounting Principles in India and the Accounting Standards prescribed by the Institute of Chartered Accountants of India in a consistent manner and supported by reasonable and prudent judgments and estimates. The Directors believe that the financial statements reflect true and fair view of the financial position as on 31.3.2013 and of the results of operations for the year ended 31.3.2013.

The financial statements have been audited by M/s. P D Goplani & Associates, in accordance with generally accepted auditing standards, which include an assessment of the systems of internal controls and tests of transactions to the extent considered necessary by them to support their opinion.

- b) That the Directors had selected such Accounting policies and applied them and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
- c) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records as required by virtue of statutes.

Directors have overall responsibility for the Company's internal control system, which is designed to provide a reasonable assurance for safeguarding of assets, reliability of financial records and for preventing and detecting fraud and other irregularities.

- d) In the opinion of the Directors, the Company will be in a position to carry on its existing commercial ship breaking business and accordingly it is considered appropriate to prepare the financial statements on the basis of going concern.
- e) The system of internal control is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness of the system of internal control and quality of performance in carrying out assigned responsibilities. Internal Audit Department interacts with all levels of management and the Statutory Auditors, and reports significant issues to the Audit Committee of the Board.

Proper systems are in place to ensure compliance of all laws applicable to the Company.

ANNEXURE – D : Report on Corporate Governance

1. Company's philosophy on Code of Corporate Governance

Effective corporate governance practices constitute the strong foundations on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and society at large.

Your Company recognizes that strong corporate governance is indispensable to resilient and vibrant capital markets and is, therefore, an important instrument of investor protection. It, therefore, continues to remain committed to a corporate culture of conscience, integrity, fairness, transparency, accountability and responsibility for efficient and ethical conduct of its business.

We at Inducto Steels Limited, consider it our inherent responsibility to disclose timely and accurate information regarding our financials and performance, as well as the leadership and governance of the Company.

The Board of Directors is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interests of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance. It is well recognized that an effective Board of Directors is a pre-requisite for strong and effective corporate governance. Our Board exercises its fiduciary responsibilities in the widest sense of term.

2. Board of Directors ('Board') :

Composition of the Board

The Board consists of Six (6) members. Mr. Rajeev Reniwal and Mrs. Sweety Reniwal are the Promoters and Non-executive Directors and the other three Directors of the Company are Independent. Mr. Rajeev Reniwal is the Chairman of the Board. The composition of the Board of Directors of the Company is in accordance with the provisions of Clause 49 of the Listing Agreement as amended up till date.

Membership, Attendance & Other Directorships :

Membership and Attendance of each Director at the Board of Directors' Meetings and the last Annual General Meeting and the number of other Directorship and Chairmanship/ Membership of Board Committees (as on 31st March 2013):

INDUCTO STEELS LTD.

Name of Directors	Category of Directorship	*No. of other Directorships		No. of Committee Memberships##	
		Public	Private	Public	Private
Mr. Rajeev Reniwal	Promoter, Chairman & Director	Nil	4	Nil	Nil
Mrs. Sweety Reniwal	Promoter & Non Executive Director	Nil	5	Nil	Nil
Mr. Prashant Agarwal	Non - Executive Director	1	4	Nil	Nil
Mr. Yogesh Thakkar	Non-Executive Independent Director	Nil	Nil	Nil	Nil
Mrs. Neela Shah	Non-Executive. Independent Director	Nil	Nil	Nil	Nil
Mr. Bhushanlal Behl	Non-Executive Independent Director	Nil	Nil	Nil	Nil

* Excludes Alternate Directorships, Directorships in Section 25 Companies and Foreign Companies.

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, membership/ chairmanship of only the Audit Committee, Shareholders'/Investors Grievance Committee of the Public Limited Companies has been considered.

There are no nominees or Institutional Directors in the company. None of Directors have pecuniary or Business relationship with the company other than as mentioned in the elsewhere in the Annual Report. No Director of the Company is either member in more than ten committees and/or Chairman of more than five committees across all companies in which he is Director.

Board Meetings :

The Meetings of the Board of Directors are scheduled well in advance and generally held at the Company's Registered/Corporate Office in Mumbai.

During the financial year ended March 31, 2013, there were in total 16 (Sixteen) Board Meetings which were held on 20.04.12, 14.05.12, 20.05.12, 24.05.12, 01.08.12, 13.08.12, 14.08.12, 16.08.12, 18.08.12, 21.08.12, 10.09.12, 10.11.12, 15.12.12, 13.02.13, 14.02.13 and 31.03.13 and the time gap between the two meetings was not more than 4 months. All the information required to be furnished to the Board were made available to them along with detailed Agenda notes.

Name of Director	Relationship with other Directors	No. of Board meetings		Attended Last AGM
		Held	Attended	
Mr. Rajeev Reniwal	Husband of Mrs Sweety Reniwal	16	16	Yes
Mrs. Sweety Reniwal	Wife of Mr. Rajeev Reniwal	16	16	Yes
Mr. Prashant Agarwal	Brother in law of Mr Rajeev Reniwal	16	16	No
Mr. Yogesh Thakkar	# #	16	8	No
Mrs. Neela Shah	# #	16	8	No
Mr. Bhushanlal Behl	# #	16	8	No

There is no relationship among any of the Directors.

The Board has granted leave of absence to the Directors who were absent at the respective Board Meeting/s at their request.

Code of Conduct :

The Board has formulated a code of conduct for the Board members and senior management of the company. All Board members and senior management personnel as on 31st March 2013 have affirmed their compliance with the code and the declaration to this effect given by the Chairman is annexed hereto.

Details of Directors being appointed and re-appointed :

As per the Companies Act, 1956 and the Articles of Association of the Company, two third of the directors are liable to retire by rotation. One third of these retiring directors are required to retire every year by rotation and if eligible, these directors qualify for re-appointment and in accordance with Clause 49(G)(I) of the Listing Agreement as entered with the Bombay Stock Exchange Limited, following Directors are seeking re – appointment / appointment on the Board of the Company and brief resume of the said Directors is given as below:

a. Shri Prashant Agarwal

Shri Prashant Agarwal is a Commerce Graduate and is involved in the business of manufacturing, chemicals, construction, dying, hotels, fabric, yarn etc. He has a rich experience in various fields and industries which helps the company to diversify its activities to a large extent. He is on the Board of the following Companies:

Name of Company	Designation
Chemox Exports Imports Private Limited	Director
Forram Restaurant Private Limited	Director
Forram Property Limited	Director
Smarniya Trading Private Limited	Director
Chemox Investments Private Limited	Director

b. Mr. Yogesh Thakkar

Mr. Yogesh Thakkar is a Bachelor in Science. Though he being Bachelor in Science possesses rich experience in finance, accounts and other activities. He has been monitoring the industry since many years.

1. Board Committees :

I. Audit Committee :

Your Company has an independent Audit Committee. The composition, procedures, power, role and functions of the Audit Committee are in compliance with the requirements of Section 292A of the Companies Act, 1956 and also Clause 49 of the Listing Agreement. The Audit Committee of your Company comprises of an Independent Chairman and two independent Directors, Mr. Yogesh Thakkar as Chairman of the Committee, Mrs. Neela Shah and Mr. Bhushanlal Behl as Members of the Committee. Mr. Yogesh Thakkar is a Bachelor of Science, yet is financially literate to read and understand the Financial Statements.

Composition and attendance during the financial year ended 31st March 2013 :

The Committee met 10 (Ten) times during the year under review. The said meetings were held on 10/04/12, 19/04/12, 14/05/12, 24/05/12, 13/08/12, 16/08/12, 10/11/12, 12/02/13, 13/02/13 and 16/03/13 respectively.

Sr. No.	Name of Director	Designation	No. of meetings attended
1.	Mr. Yogesh Thakkar	Chairman	10
2.	Mrs. Neela Shah	Member	10
3.	Mr. Bhushanlal Behl	Member	10

Terms of Reference

The terms of reference of the Audit Committee, inter-alia, includes the following :

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
- Approval of payment to Statutory Auditors for any other services rendered by them.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including reporting structure coverage and frequency of internal audit.

- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Chairman of the Audit Committee attends the Annual General Meeting of the Company.

II. Shareholders' / Investor's Grievance & Share Transfer Committee :

The Board of Directors of the Company constituted Shareholders' / Investor's Grievance & Share Transfer Committee. The Committee comprises of Shri Prashant Agrawal as Chairman and Shri Bhushanlal Behl and Shri Yogesh Thakkar as members. The Company has appointed Sharex Dynamic (India) Private Limited to act as Registrar and Share Transfer Agent of the Company. The committee monitors redressal of investors' grievances on regular basis.

Composition and attendance during the financial year ended 31st March 2013 :

Pursuant to Clause 49 (VI) of the Listing Agreement, the Committee met 5 (Five) times during the financial year ended on 31st March, 2013 to review, to approve matters related to Shares, etc. namely 10/04/12, 13/07/12, 28/08/12, 10/10/12 and 17/01/13 respectively.

Sr. No.	Name of Director	Designation	No. of meetings attended
1.	Shri Prashant Agrawal	Chairman	5
2.	Shri Bhushanlal Behl	Member	5
3.	Shri Yogesh Thakkar	Member	5

The Company has appointed Mr. Shantisarup Reniwal as the Compliance Officer of the Company.

All valid requests for the share transfers received during the year have acted upon. There is no share transfer request pending as on 31st March, 2013.

The Company had not received any complaint from shareholders/investors during the year.

1. Cost Audit :

The Company has appointed M/s. Kewlani & Associates, Cost Accountants, Ahmedabad, as the Cost Auditors for conducting Cost Audit as per the Companies (Cost Accounting Records) Rules 2011.

2. Subsidiary Companies :

The Company does not have any Subsidiary Company.

3. Remuneration Committee :

The Company does not have a Remuneration Committee and no remuneration or commission is paid to any Directors.

4. CEO / CFO Certification :

The CEO and CFO certification of the financial statements and the cash flow statement for the year are enclosed separately at the end of this report.

5. Annual General Meetings :

Location and time where last three Annual General Meetings held:

Location	Date	Time
Registered	30.09.2010	12.00 Noon.
Office:302, Sylverton Building,102, Wode House Road, Colaba, Mumbai – 400005.	30.09.2011	12.00 Noon.
	28.09.2012	12.30 P.M.

Special resolutions passed at last three Annual General Meetings (AGM)

- a) 22nd AGM held on 30th September, 2010: NONE
- b) 23rd AGM held on 30th September, 2011: NONE
- c) 24th AGM held on 28th September, 2012 :
 - a. Increase in the Borrowing Limits.
 - b. For appointment of Managing Director and Payment of Remuneration to Mr. Rajeev Reniwal
 - c. For Payment of Remuneration to Other Non- Executive Directors

Extraordinary General Meetings :

No Extraordinary General Meeting were held during the past three years.

Postal Ballot :

The Postal Ballot Notice dated 21st August 2012 pursuant to Section 192A(2) of the Companies Act, 1956, for passing the following Resolutions by postal ballot, was finished dispatching to all the members of the Company on 31st August 2012.

The Board of Directors at its meeting held on 21st August 2012 had appointed Mr. Dilip Bharadiya, Proprietor of Dilip Bharadiya & Associates, Company Secretaries, as Scrutinizer to receive and scrutinize the completed ballot forms received from the Members and for conducting the Postal Ballot process in a fair and transparent manner.

The Postal Ballot Forms and the self-addressed business reply envelopes were also sent for use of Members. The shareholders were requested to return the postal ballot forms duly completed along with the assent (for) or dissent (against), so as to reach the scrutinizer on or before 1st October 2012.

After due scrutiny of all the postal ballot forms received by Mr. Dilip Bharadiya up to the close of working hours of 1st October, 2012 (being last date fixed for return of the Postal Ballot forms duly filled in by the Members), Mr. Dilip Bharadiya submitted his report as under :

Special Resolution: To make investments and provide loan, give securities, guarantee in excess of 60% of the aggregate of the paid-up share capital and free reserves and/or upto 100% of free reserves of the Company as per the limits prescribed under section 372A in the bodies corporate as they may in their absolute discretion deem beneficial and in the interest of the Company subject to the maximum aggregate amount not exceeding Rs. 200 Crores at any time together with the existing loans, securities, guarantees and investments

Particulars	No. of Postal Ballot Forms Received / Shareholders	No. of Votes / Shares	Percentage of Votes / Shares
Total Postal Ballots Received	27	25,34,220	100
Postal Ballots- Valid	21	25,34,220	100
- Assented to the Resolution	Na		
- Dissented to the Resolution	Na		
Postal Ballots- Invalid	6		
Result	Resolution was passed by Special majority		

The aforesaid Resolution of the Postal Ballot Notice was duly passed by the requisite majority.

9. Disclosures :

a) Related party transactions :

All the transactions with the related parties are at the prevalent market rate and details and quantum of such transactions are disclosed in the schedules of notes to the accounts and they are not in the conflict with interest of the Company at large.

b) Accounting Treatment ;

The accounts are prepared in line with the accounting standard followed and any treatment which is not in consonance with the generally accepted accounting standard and principles are separately stated in the schedules of notes with reasons and justifications for such treatment.

c) Risk Management :

The Board regularly review and discuss the risk perception of the company and executive management of the company is guided to control risk through means of a properly defined framework.

d) Remuneration of Directors :

The Company does not have practice of payment of any remuneration / fees etc. to Non Executive Director. However in the future if any payment is to be made to Non Executive Director, the same shall be paid having regard to prevalent practice in the industry & commensurate with their experience. Besides the above, there is no pecuniary relationship or transaction by the company with its Non Executive Director.

e) Management Discussion and Analysis Report :

In addition to the Directors Report, Management discussion and analysis forms part of the Annual Report.

f) Shareholders :

Whenever a new Director is appointed, brief resume, his experience and expertise, his directorship and membership of committees and Board and shareholding of Non Executive Directors etc are disclosed in the relevant section of the Corporate Governance Report included in the Annual Report.

g) Non compliance with any statutory provisions and penalties, strictures etc.:

Non compliance with any of the statutory provisions, if any are disclosed in the Directors report and wherever penalties, strictures are imposed, if any they are distinctively disclosed in the schedules of notes to the accounts.

h) Whistle Blower Policy :

Though there is no formal Whistle Blower Policy, the Company takes cognizance of the complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and wherever necessary, suitable corrective steps are taken. No employee of the Company has been denied access to the Audit Committee of the Board of Directors of the Company.

i) The Company is yet to adopt Non mandatory requirement as per Clause 49 of Listing Agreement as amended. The Company has adopted all mandatory requirements as are required to be adopted by the Company and to the extent applicable.

10. Means of Communication :

- The Unaudited Quarterly Financial Results of the Company to be submitted to the Bombay Stock Exchange Limited (BSE) are approved and taken on record by the Board of Directors of the Company within forty five days of the close of the respective quarter. The approved results are forthwith sent to BSE as prescribed in the Listing Agreement.
- The Company has its group web-site- www.hariyanagroup.com. The Company is sending the quarterly results and presentations to the stock exchanges on which the company is listed so as to put it on its web site. No presentations have been made to institutional investors or to the analysts.

11. Green Initiative :

Pursuant to Circular No. 17/2011 dated 21st April, 2011, Ministry of Corporate Affairs has undertaken a Green Initiative in Corporate Governance whereby the Shareholders desirous of receiving notices, documents and other communication from the Company through electronic mode, can register their email addresses with the Company.

Your Company encourages the shareholders to register their email addresses with the Company or its Registrar & Transfer Agents, Sharex Dynamic (India) Pvt Ltd, by sending a letter signed by the Shareholders on addresses given below and intimate changes in the email ids from time to time.

We request you to join us in this noble initiative and look forward to your consent to receive the Annual Report from now onwards in electronic form. Please complete a tear off portion appended as a separate sheet and return the same to our Registrar & Transfer Agent in the postage paid envelope enclosed herewith.

12. General Shareholders information :

a) 25th Annual General Meeting will be held at 10.30 a.m. on Monday 30th September, 2013 at the Registered Office of the Company.

b) Financial Year: 1st April to 31st March

For the financial year ending on 31st March, 2014 results will be announced tentatively :

First Quarter Results	: On or around 15 th August 2013
Second Quarter Results	: On or around 15 th November, 2013
Third Quarter Results	: On or around 15 th February 2014
Fourth Quarter Results	: On or around 15 th May 2014

c) Date of Book Closure: 20th September, 2013 to 30th September, 2013 (both days inclusive).

d) Dividend Payment Date: Dividend, if declared by the Company at the 25th Annual General Meeting to be held on the 30th September, 2013 will be paid on or after 5th of October, 2013 to those shareholders, whose names appear in the Register of Members of the Company on 20th September, 2013.

e) Listing on stock exchange :

Presently, Company's shares are listed on the Bombay Stock Exchange Limited and all applicable listing fees have been paid up till date. The stock exchange with respective stock code are as follows:

ISIN NO.	: INE146H01018
Name of Stock Exchange	: Bombay Stock Exchange Ltd., Mumbai
Code No.	: 532001

- d) **Market Price data, high, low during each month in the last financial year and performance in comparison to broad-based indices of BSE Sensex is as under.**

Month	Scrip Movement		No. of Shares
	High	Low	
	Price	Price	
April 2012	35.25	31.95	3122
May 2012	35.75	32.30	4486
June 2012	34.80	30.00	412
July 2012	35.80	28.60	6106
August 2012	37.50	30.05	13203
September 2012	42.40	31.20	12596
October 2012	36.00	31.00	5662
November 2012	36.95	31.80	72091
December 2012	36.15	31.95	11487
January 2013	38.40	32.45	13475
February 2013	36.85	32.40	13337
March 2013	37.25	30.25	3909

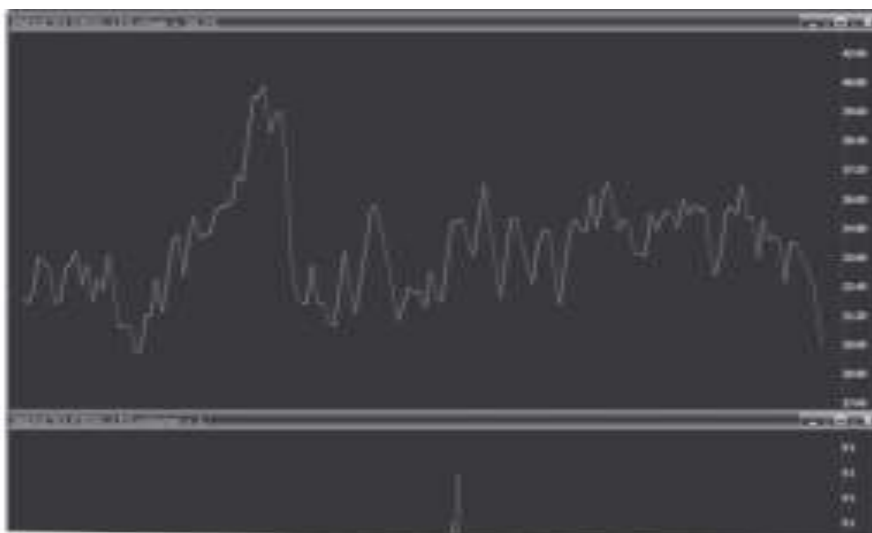
- g) **Registrar and Transfer Agents :**

<p>Contact Person: Mr. Shashikumar Sharex Dynamic (India) Pvt. Ltd Unit-1, Luthra Ind. Premises, Safed Pool, Andheri Kurla Road, Andheri (E), Mumbai – 400 072. Ph: 022 - 28515606, 022 - 28515644 Fax: 022 - 28512885 Email : info@sharexindia.com</p>

- h) **Share transfer systems :**

All the shares related work is being undertaken by our Registrar & Transfer Agent, **Sharex Dynamic (India) Private Limited**. An Investors / Shareholder's Grievance Committee consisting of three Directors has been constituted to approve Share Transfer, Transmission, Split, Consolidated, etc. of shares. The Compliance Officer of the Company has been delegated the power to approve Share Transfer, Transmission, Split, Consolidated, etc. of shares. The shares transfers are registered and returned within 30 days from the date of the receipt if relevant documents are complete in all respects. The investors / shareholders grievances are also taken-up by our Registrar & Transfer Agent.

- i) **Performance of the share price of the Company in comparison to the BSE Sensex :**



- j) **Distribution of shareholding :**

DISTRIBUTION SCHEDULE ON NUMBER OF SHARES/DEBS -As On :31-Mar-2013				
SHARES (OR DEBENTURES)	NUMBER OF HOLDERS	(%) OF HOLDERS	TOTAL SHARES (OR DEBS)	% OF SH/DB
UPTO TO 100	162	33.06	7553	0.19
101 TO 200	59	12.04	10636	0.26
201 TO 500	154	31.43	68123	1.70
501 TO 1000	47	9.59	38593	0.96
1001 TO 5000	38	7.76	81702	2.03
5001 TO 10000	5	1.02	31861	0.79
10001 TO 100000	17	3.47	940926	23.42
100001 TO ABOVE	8	1.63	2837860	70.64
** TOTAL **	490	100.00	4017254	100

- k) **Details of Shares held by Directors as on 31st March 2013 :**

Name of Directors	No. of Equity Shares Held
Rajeev Reniwal	237526
Sweety Reniwal	247745
Prashant Agrawal	Nil
Yogesh Thakkar	Nil
Neela Shah	Nil
Bhushanlal Behl	Nil

Statement Showing Shareholding Pattern as on 31-03-2013 :

Name of the Company : INDUCTO STEELS LIMITED								
Scrip Code : 532001				As on 31 st March 2013				
Category Code	Category of Shareholder	Number of Shareholders	Total Number of shares	Number of shares held in demeter-ialized form	Total shareholding as a percentage of of total number of shares		Shares pledged or otherwise encu-mbered	
					Asa% of (A+B) ¹	Asa% of (A+B+C)	No. of Shares	As a% of total No. of shares
(A)	Shareholding of Promoter and Promoter Group ²							
1	Indian							
a	Individual Huf	14	2524754	2517354	62.848	62.848	1500090	59.415
b	Central/State Gov	0	0	0	0.000	0.000	0	0.000
c	Bodies Corporates	0	0	0	0.000	0.000	0	0.000
d	Fins / Banks	0	0	0	0.000	0.000	0	0.000
e	Any Other specify	0	0	0	0.000	0.000	0	0.000
	Sub Total(A)(1)	14	2524754	2517354	62.848	62.848	1500090	59.415
2	Foreign							
a	Indv NRI/For Ind	0	0	0	0.000	0.000	0	0.000
b	Bodies Corporate	0	0	0	0.000	0.000	0	0.000
c	Institutions	0	0	0	0.000	0.000	0	0.000
d	Any Other Specify	0	0	0	0.000	0.000	0	0.000
	Sub Total(A)(2)	0	0	0	0	0	0	0
	Total Shareholding of Promoter and Promoter Group	14	2524754	2517354	62.848	62.848	1500090	59.415
	Total (A)= (A)(1)+(A)(2)							
(B)	Public shareholding							
1	Institutions							
a	Mutual Funds	0	0	0	0.000	0.000		
b	Fins / Banks	0	0	0	0.000	0.000		
c	Central/State Govt	0	0	0	0.000	0.000		
d	Venture Cap Fund	0	0	0	0.000	0.000		
e	Insurance Comp(s)	0	0	0	0.000	0.000		
f	Foreign Ins Invest	0	0	0	0.000	0.000		
g	Foreign Ven Cap In	0	0	0	0.000	0.000		
h	Any Other -Specify	0	0	0	0.000	0.000		
	Sub-Total (B)(1)	0	0	0	0.000	0.000		
B2	Non-institutions							
a	Bodies Corporates	25	17238	17238	0.429	0.429		
b	Individuals							
	i) upto Rs 1-Lac	425	210032	155632	5.228	5.228		
	ii) above Rs1-Lac	15	1263797	1263797	31.459	31.459		
c	Any Other -Clf-Mem	4	392	392	0.010	0.010		
	-OCB	0	0	0	0.000	0.000		
	-NRI	7	1041	1041	0.026	0.026		
	Sub-Total (B)(2)	476	1492500	1438100	37.152	37.152		
(B)	Total (B)= (B)(1)+(B)(2)	476	1492500	1438100	37.152	37.152		
	TOTAL (A)+(B)	490	4017254	3955454		100.000	1500090	37.341
(C)	Held by Custodians against Depository Receipts							
	PROMOTER & PRO GRP	0	0	0		0.000		
	PUBLIC	0	0	0		0.000		
	GRAND TOTAL (A)+(B)+(C)	490	4017254	3955454		100.000	1500090	37.341

l) Dematerialization of shares and liquidity :

As on 31st March, 2013, 98.46% of the total equity share capital of the Company is held in dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited. The market lot is one share as the trading in equity shares of the Company is permitted only in dematerialized form.

m) Outstanding GDRs / ADRs / Warrants / Convertible instruments and their impact on equity :

The Company does not have any outstanding GDRs / ADRs / warrants / convertible instruments as on 31st March 2013.

n) Address of Registered Office, Corporate Office and the places of situation of the factory/plant of the Company :

Registered & Corporate Office: 156 Maker Chambers VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021 Phone No.022-22043211 Fax No.022-22043215 Email: hsbl@vsnl.com	Factory / Plant : Plot No.45, Ship Breaking Yard Alang, District : Bhavnagar Gujarat-364001
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13. Compliance Certificate of the Auditors :

The Company has obtained a Certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement. The certificate is annexed to the report.

For & on behalf of the Board of Directors

Sd/-

Place: Mumbai
Date : 06/05/2013

Rajeev Reniwal
Director

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To

The Board of Directors
Inducto Steels Limited
156 Maker Chamber VI,
220, Jamnalal Bajaj Marg,
Nariman Point,
Mumbai 400021.

We hereby certify that for the financial year, ending 31st March 2013 on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading.
2. These statements together present a true and a fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal control systems of the Company and we have evaluated the effectiveness of the internal control system of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any of which we are aware and steps we have taken or propose to take to rectify these deficiencies.
5. We further certify that:
 - a. There have been no significant changes in internal control during the year;
 - b. There have been no significant changes in accounting policies during the year;
 - c. There have been no instances of significant fraud of which we are become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Sd/-

Rajeev Reniwal
Director

Place: Mumbai
Date: 06/05/2013

ANNEXURE TO CORPORATE GOVERNANCE REPORT

Declaration regarding affirmation of Code of Conduct

In terms of the requirements of the amended Clause 49 of the Listing Agreement, this is to confirm that all members of the Board and the Senior Management personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2013.

Sd/-

Rajeev Reniwal
Director

Place: Mumbai

Date: 06/05/2013

To
The Members of
Inducto Steels Limited
Mumbai

We have examined the compliance of conditions of Corporate Governance by Inducto Steels Limited (the Company) for the financial year ended on 31st March 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange. 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 to ensure compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended on March 31, 2013, no investor grievances are pending against the Company for more than one month as per records maintained by the Company and presented to the Investor Grievance / Share Transfer Committee.

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

For P.D. Goplani & Associates,
Chartered Accountants
(Firm Reg. No. 118023W)

Sd/-

Prem Goplani
Partner

Membership No.103765

Place: Bhavnagar

Date: 6th May 2013

P. D. GOPLANI & ASSOCIATES
Chartered Accountants

A-104/105, Leela Efcee,
Waghawadi Road, Bhavnagar -364001.

AUDITOR'S REPORT

To:

The Members

INDUCTO STEELS LIMITED

We have audited the accompanying financial statements of **INDUCTO STEELS LIMITED**, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, on that date annexed thereto (collectively referred to as financial statements) and a summary of significant accounting policies and other explanatory information.

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

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

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

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

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India: **AS-15 for non provision for gratuity and long terms employee benefits.**

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that :
- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet and Statement of Profit & Loss dealt with by this report, read with other notes in Note 1, forming part of the accounts, comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 except **AS-15 for non provision for gratuity and long terms employee benefits.**
- e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For P.D. Goplani & Associates,
Chartered Accountants
(Firm Reg. No. 118023W)

Sd/-

Prem Goplani
Partner

Membership No.103765

Place: Bhavnagar
Date: 6th May 2013

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date.

i)	a)	As informed by the management, Proper records of fixed assets showing the full particulars, including the quantitative details and situation of its fixed assets are under updation and compilation.
	b)	All the assets have not been physically verified by the management during the year, but there is a regular programme of physical verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
ii)	a)	The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
	b)	The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
	c)	The Company is maintaining proper records of the inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
iii)	a)	The company has taken loans from one company covered in the register maintained under section 301 of the Companies Act, 1956. Transaction with the company have been maintained on Current account basis and is payable on demand. The maximum amount involved during the year was Rs. 35.26 Crore and the year-end balance of loans taken from such parties was Rs. 13.45 Crore.
		The rate of interest and other terms and conditions of loans accepted by the company, secured or unsecured, are prima facie not prejudicial to the interest of the company.
		There is one company covered in the register maintained under section 301 of the Companies Act, 1956, to which the company has granted loans. Transaction with the company has been maintained on Current account basis and is receivable on demand. The maximum amount involved during the year was Rs. 73.69 Crore and the year-end balance of loans granted to such parties was Rs. Nil.
	b)	In our opinion, the rate of interest and other terms and conditions on which loans have been taken from/granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
	c)	The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest. The parties have repaid the principal amounts as stipulated and have been regular in the payment of interest.
iv)		In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
v)	a)	According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

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	b)	In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupee five Lakhs in respect of any party during the year have been made at a price which are reasonable having regard to prevailing market prices at the relevant time.			
vi)	the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 1975 apply.				
vii)	The Directors themselves conduct the affairs of the company. The company does not have a formal system of internal audit but there are adequate checks and controls at all levels.				
viii)	We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.				
ix)	a)	The Company is regular in depositing with appropriate authorities undisputed statutory dues including Income Tax, Sales Tax, Custom Duty, Cess and other material statutory dues applicable to it.			
	b)	According to the information and explanation given to us, no undisputed amounts payable in respect of wealth tax, sales tax, customs duty and cess were in arrears, as at 31 st March 2013 for a period of more than six months from the date they become payable.			
	c)	According to the information and explanations given to us, the company has not paid/ deposited Sales tax and central excise duty as detailed below on account of dispute.			
		Amount	Nature of payment	Nature of dispute	Pending with
		45,98,354	Central Excise	Capacity ascertainment	CEGAT
		96,000	Sales Tax	Non submission of Form-F (revision of assessment order 1993-94	Assistant Commissioner of Sales Tax
		17,63,750	Service Tax	Non payment of amount of service tax in the year	Appellate authorities 2005-06
		9,62,810	Income Tax	A.Y 2006-07	CIT (A)- Circles 38
		3,79,808	Income Tax	A.Y 2009-10	CIT (A)- Circles 38
		30,89,730	Income Tax	A.Y 2010-11	CIT (A)- Circles 38
x)	In our opinion, the company has no accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.				
xi)	In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to a financial institutions, banks or debenture holders.				

xii)	In our opinion and as per the information provided to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
xiii)	In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore the provision of clause 4 (xiii) of the Companies (Auditors Report) Order 2003 is not applicable to the Company.
xiv)	The Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of Clause 4(xiv) of the CARO are not applicable to the Company.
xv)	As per the information provided to us, the company has not given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the company.
xvi)	As per the information and explanation given to us the company has not raised any term loans during the year.
xvii)	According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long term investment. However the long-term funds have been used to finance short-term investment.
Xviii)	According to the information and explanations given to us, the company has not made any issue of shares or securities during the year.
xix)	According to the information and explanations given to us, during the period covered by our audit, the company has not issued any debentures.
xx)	According to the information and explanations given to us, during the period covered by our audit, the company has not raised any money by public issue.
xxi)	According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For P.D. Goplani & Associates,
Chartered Accountants
(Firm Reg. No. 118023W)

Sd/-

Prem Goplani
Partner
Membership No.103765

Place: Bhavnagar
Date: 6th May 2013

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of **Inducto Steels Limited**

We have audited the accompanying consolidated financial statements of **INDUCTO STEELS LIMITED** ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India: **subject to: Note 1(m): with regard to non-Provision for liability for gratuity**

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

- (b) in the case of the consolidated Statement of Profit and Loss , of the **profit** for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date

Other Matter

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (net) of Rs. 10,365.95 Lacs as at March 31, 2013, total revenues of Rs. 3,651.66 Lacs and net cash outflows amounting to Rs. 38.93 Lacs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

For P.D. Goplani & Associates,
Chartered Accountants
(Firm Reg. No. 118023W)

Sd/-

Prem Goplani
Partner

Membership No.103765

Place: Bhavnagar
Date: 6th May 2013

BALANCE SHEET AS ON 31st MARCH, 2013

PARTICULARS	Note no.	CURRENT YEAR 31/03/2013	PREVIOUS YEAR 31/03/2012
I EQUITY AND LIABILITIES			
1) Shareholders' Funds			
(a) SHARE CAPITAL	2.1	47,584,540	47,584,540
(b) RESERVES & SURPLUS	2.2	271,449,440	232,087,339
2 SHARE APPLICATION MONEY PENDING		—	—
3 NON-CURRENT LIABILITIES			
(a) TRADE PAYABLES	2.3	211,946	-
(b) DEFERRED TAX LIABILITIES (NET)	2.4	926,421	1,086,379
4 CURRENT LIABILITIES			
(a) SHORT TERM BORROWINGS	2.5	135,936,841	3,982,572
(b) TRADE PAYABLES	2.6	702,039,674	1,075,518,239
(c) OTHER CURRENT LIABILITIES	2.7	321,289	614,941
(d) SHORT-TERM PROVISIONS	2.8	16,186,354	14,006,859
Total		1,174,656,505	1,374,880,869
II. ASSETS			
NON-CURRENT ASSETS			
1 (a) FIXED ASSETS			
(i) Tangible assets	2.9	9,211,300	10,214,066
(ii) Capital work-in-progress			
(b) NON-CURRENT INVESTMENTS	2.10	11,000	1,147,883
(c) LONG-TERM LOANS & ADVANCES	2.11	72,033,797	1,760,117
2 CURRENT ASSETS			
(a) INVENTORIES	2.12	105,231,000	514,118,860
(b) TRADE RECEIVABLES	2.13	385,258,042	105,463,437
(c) CASH & CASH EQUIVALENTS	2.14	4,974,183	1,983,229
(d) SHORT-TERM LOAN & ADVANCES	2.15	597,558,462	736,905,989
(e) OTHER CURRENT ASSETS	2.16	378,721	3,287,288
Total		1,174,656,505	1,374,880,869

The accompanying Notes to Financial Statements

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For P. D. Goplani & Associates

Chartered Accountants
(Firm Reg. No. 118023W)

Sd/-

Prem Goplani

Partner

M. No. 103765

Place : Bhavnagar

Date : 06/05/2013

For and on behalf of the Board

INDUCTO STEELS LIMITED

Sd/-

Rajeev Reniwal
Director

Sd/-

Sweetey Reniwal
Director

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31st MARCH, 2013

PARTICULARS	Note no.	CURRENT YEAR 31/03/2013	PREVIOUS YEAR 31/03/2012
INCOME :			
a) REVENUE FROM OPERATIONS	2.17	1,434,845,975	928,676,884
b) OTHER INCOME	2.18	140,807,414	103,006,838
Total Revenue		1,575,653,389	1,031,683,722
EXPENSES :			
a) COST OF MATERIALS & COMPONENTS CONSUMED	2.19	817,276,345	790,719,676
b) PURCHASE OF STOCK-IN-TRADE	2.20	519,388,099	83,040,411
c) MANUFACTURING & OPERATING COSTS	2.21	24,024,241	14,480,230
d) EMPLOYEE BENEFITS EXPENSES	2.22	8,761,689	10,815,783
e) FINANCE COSTS	2.23	9,733,999	3,997,990
f) DEPRECIATION & AMORTIZATION EXPENSES	2.9	735,563	728,092
g) OTHER EXPENSES	2.24	112,266,705	64,540,174
Total Expenses		1,492,186,641	968,322,356
PROFIT/(LOSS) BEFORE TAXES		83,466,748	63,361,366
TAX EXPENSES :			
(1) Current Tax	2.25	27,925,559	20,574,701
(2) Deferred Tax		-159,958	124,848
(3) Taxes of earlier years		-2,290	-
PROFIT/(LOSS) FOR THE YEAR		55,703,437	42,661,817
EARNINGS PER EQUITY SHARES :			
[Nominal value per share Rs.10 : previous year Rs.10]			
(1) Basic		13.87	10.62
(2) Diluted		13.87	10.62
Weighted average number of shares outstanding		4017254	4017254

The accompanying notes are an integral part of the financial statements

For P. D. Goplani & Associates

Chartered Accountants
(Firm Reg. No. 118023W)

Sd/-

Prem Goplani

Partner

M. No. 103765

Place : Bhavnagar

Date : 06/05/2013

For and on behalf of the Board

INDUCTO STEELS LIMITED

Sd/-

Rajeev Reniwal
Director

Sd/-

Sweetey Reniwal
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

Particulars	CURRENT YEAR	PREVIOUS YEAR
A CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	83,466,748	63,361,366
- Adjustment for :		
Depreciation	735,563	728,092
Operating Profit before Working Capital Changes	84,202,311	64,089,458
- Adjustments for :		
Trade Receivable other receivable	(206,675,309)	(284,762,487)
Inventories	408,887,860	(371,789,635)
Trade Payable & Other current Liabilities	(371,380,776)	731,282,215
Cash Flow from operation	(84,965,914)	138,819,551
Income Tax Paid	27,923,269	20,574,701
Net Cash Inflow/(Outflow) from Operating Activities	(112,889,183)	118,244,850
B. CASH FLOW ARISING FROM INVESTING ACTIVITIES:		
- Purchase of Fixed Assets	(393,130)	(279,838)
- Sale of Fixed Assets	660,333	113,052
Net Cash Inflow / (Outflow) in the course of Investing Activities	267,203	(166,786)
C. Cash Flow arising from Financing Activities :		
- Proceeds from Long Tem Borrowings	-	(80,952)
- Proceeds from Short Term Borrowings	131,954,269	(103,065,736)
- Dividend Proposed	(16,341,336)	(14,006,859)
Net Cash (Outflow) in the course of Financing Activities	115,612,933	(117,153,547)
Net Increase/(Decrease) in Cash/Cash Equivalents (A+B+C)	2,990,953	924,517
Add: Balance at the beginning of the year	1,983,230	1,058,713
Cash and Cash Equivalents at the close of the year (Refer Note 2.14)	4,974,183	1,983,230

Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard - 3 'Cash Flow Statement' as notified under the Companies (Accounting standard) Rules, 2006.

As Per Our Separate Report Of Even Dated Attached

For P. D. Goplani & Associates
Chartered Accountants
(Firm Reg. No. 118023W)

Sd/-
Prem Goplani
Partner
M. No. 103765
Place : Bhavnagar
Date : 06/05/2013

For and on behalf of the Board
INDUCTO STEELS LIMITED

Sd/- Sd/-
Rajeev Reniwal Sweety Reniwal
Director Director

INDUCTO STEELS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

1 CORPORATE INFORMATION :

Inducto Steels Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares is listed on BSE (Bombay Stock Exchange) in India.

During the year, the Company was engaged in the ship breaking business and trading activities in ferrous and non ferrous metals, coal etc. However, as and when any surplus fund are available, the same is given on interest to other parties and also invested in the shares and securities to earn short term and long term capital gains.

1.1 BASIS OF PRESENTATION :

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

a) SIGNIFICANT ACCOUNTING POLICIES :

Accounts are prepared on historical cost & accrual concept basis and in accordance with the generally accepted accounting principles in India, the applicable mandatory Accounting standards as notified by the Companies (Accounting Standard) Rules, 2006 and relevant provisions of the Companies Act, 1956 of India.

b) USE OF ESTIMATES :

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c) TANGIBLE FIXED ASSETS :

Fixed Assets are stated at cost, less accumulated depreciation (other than 'Freehold Land' where no depreciation is charged) and impairment loss, if any. Cost comprises the purchase price, including duties and other non-refundable taxes or levies any directly attributable cost of bringing the asset to its working condition and indirect costs specifically attributable to construction of a project or to the acquisition of a fixed asset.

In the event of the same having been revalued, they are stated at the revalued figures. Expenditures relating to fixed assets is added to costs only when the same involved modification work whereby it increases the life of the assets. Fixed assets acquired from ships during the course of scrapping operation are capitalised at value estimated by the management.

d) DEPRECIATION ON TANGIBLE ASSETS :

- I Depreciation is provided on the straight line method, pro-rata basis to the period of use, so as to writtenoff the original cost of the asset over the remaining estimated useful life (as per technical evaluation by the Management at the time of acquisition) or at rates prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher, on the following basis :

Tangibale Fixed Assets	Method	Estimated useful Life
Factory Shed & Building	Straight line	Not Estimated
Other Buildings	Straight line	Not Estimated
Plant & Machinery	Straight line	3 to 10 Years
Furniture & Fixtures, Office Equipments, etc	Straight line	5 Years
Vehicle	Straight line	4 Years
Computers	Straight line	3 Years
Leasehold improvements	25% or the rate based on lease period, whichever is higher	

- II No depreciation is provided for assets sold during the year whereas pro-rata depreciation is provided on assets acquired during the year.

e) IMPAIRMENT OF ASSTES :

The Company assesses on each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The amount so reduced is treated as an impairment loss and is recognised in the Statement of Profit and Loss, except in case of revalued assets, where it is first adjusted against the related balance in fixed assets revaluation reserve.

If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is carried at the recoverable amount subject to a maximum of depreciated historical cost.

f) BORROWING COSTS :

Borrowing costs that are directly attributable to the acquisition, construction/ development of a qualifying asset are capitalized as a part of cost of such asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Costs in connection with borrowing of funds to the extent not directly related to the acquisition of fixed assets are amortised and charged to the Statement of Profit and Loss, over the tenure of the loan.

g) INVESTMENTS :

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Investment in Partnership Firm as M/s. Calvin Divine Enterprise, as trade investment which shown at their book value at cost.

h) VALUATION OF INVENTORIES :

The weight of the ship purchased is accounted in terms of LDT of the ship at the time of its construction. Ascertaining of weight of ship at the time of purchase is not possible due to its nature and size. There is loss of weight on account of corrosion and other factors during the usage of the ship and its voyage for about 20 to 25 years.

Inventory at the close of the year is ascertained by reducing the weight of the scrap sold together with the estimated wastage of the material.

Stores & Spares are written off at the time of purchase itself and no inventory is maintained.

The inventory is valued at cost.

i) RECOGNITION OF INCOME AND EXPENDITURE :

Revenue is recognised only when it can be reliably measured and it is reasonable to accept ultimate collection. Turnover include sale of goods, services, sales tax, service tax, excise duty and sales during trial run period, adjusted for discounts (net) , Value Added Tax and gain/loss corresponding hedge contracts.

Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

j) FOREIGN CURRENCY TRANSACTIONS :

Purchase in respect of materials are accounted for on actual payment basis if the same are made before the year end and/or at the rate of foreign exchange booking are made. In all other cases, the purchases and also the liability in respect of said foreign exchange are stated as converted at the exchnage rate prevalent at the last day of the financial year.

k) EXCISE DUTY & CENVAT :

Excise duty is chargeable on production but is payable on clearance of goods. Accordingly excise duty on the goods manufactured by the company is accounted for at the time of their clearance. Excise duty payable is adjusted against the Cenvat

credits, to the extent it is available and balance duty is paid and debited to Revenue.

l) PROVISION FOR TAXATION :

Tax expense comprises both current and deferred tax.

Current income-tax is recognised at the amount expected to be paid to the tax authorities, using the tax rates and tax laws, enacted or substantially enacted as at the balance sheet date. Income from shipping activities is assessed on the basis of deemed tonnage income of the Company.

Deferred income-tax is recognised on timing differences, between taxable income and accounting income which originate in one period and are capable of reversal in one or more subsequent periods only in respect of the nonshipping activities of the Company. The tax effect is calculated on the accumulated timing differences at the year end based on tax rates and laws, enacted or substantially enacted as of the balance sheet date. Deferred Tax Assets are recognised and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realised.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period.

m) RETIREMENT BENEFITS :

The management is of the opinion that since none of the employees of the company were in continuous service of more than five years, making provision of gratuity does not arise. The Management is also of the opinion that the payment of pension Act, is not applicable to the Company.

n) EARNING PER SHARE :

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

o) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS :

A provision is recognised when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the

amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The company does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent assets are neither recognised nor disclosed in the financial statements.

p) CASH & CASH EQUIVALENTS :

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, cash at bank and short-term fixed deposits with maturity period not more than three months.

q) MEASUREMENT OF EBITDA :

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/(loss) from current year operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.

1.2 NOTES FORMING PART OF THE ACCOUNTS

- a) During the year, the company was engaged ship breaking activities and in trading in metal scrap, coals, aluminium foil & other industrial inouts. However, as and when any surplus fund are available, the same is given on interest to other parties and also invested in the shares and securities to earn short term and long term capital gains.
- b) In the opinion of the Management, the realisable value of the fixed assets of the company are much higher than the carrying cost and therefore, no provision for impairment is required to be made.
- c) The company has no information as to whether any of its suppliers constitute micro, small and medium enterprises as per Micro, Small and Medium Enterprises Development Act, 2006 and therefore the amount due to such suppliers has not been identified.
- d) The major components of the Deferred Tax Assets/Liabilities, based on the tax effect of the timing differences, as at 31st March 2013, are as under.

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Particulars	March 31,2013	March 31,2012
Deferred Tax Liability on account of Depreciation	926,421	1,086,379
Deferred Tax Assets	-	-
Net deferred tax liability at the year end	926,421	1,086,379
Net deferred tax asects at the year end	-	-

- e) The company has taken lease right of the ship Breaking plot No. 45 Alang ship breaking yard. The consideration paid to GMB and party for which such plot has been taken over as treated as deferred revenue expenses and written off over the balance lease period.
- f) Income Tax assessment has been completed upto the year assessment year 2010-11. The Management has an opinion that no additional liability will arise in the case of pending assessment.
- g) Sales tax assessment has been completed upto the year 2007-08. The Company does not anticipate any liability on account of the pending sales tax assessment.
- h) In the opinion of the Board of Directors, Current Assets, Loans & Advances have a value of realisation at least equal to the amount at which they are stated in the Balance Sheet. Adequate provision have been made in the accounts for all the known liabilities.
- i) The Balance of Sundry Creditors, Sundry Debtors, Loans & Advances are unsecured, considered goods and subject to confirmation.
- j) Previous years figures have been regrouped/rearranged wherever necessary so as to make them comparable with current years figures.

(C) ADDITIONAL INFORMATION AS REQUIRED UNDER PART-IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

Balance Sheet Abstract and Company's General Business Profile:

1 Registration Details

Registration No. L27100MH1988PLC194523
 State Code 04
 Balance Sheet Date 31st March, 2013

2 Capital raised during the year

Rs.. '000's

Public Issue	N i l	Right Issue	N i l
Bonus Issue	N i l	Private Placement	N i l

INDUCTO STEELS LTD.

3	Position of mobilisation and deployment of funds			
	Total Liabilities	1,174,656	Total Assets	1,174,656
	Sources of Funds			
	Paid up Capital	47,585	Reserve & Surplus	271,449
	Secured Loans	1,389	Unsecured Loans	134,548
	Deferred Tax Liability	926	Current Liabilities	718,759
	Application of Funds			
	Net Fixed Assets	9,211	Investments	11
	Current assets	1,165,434	Misc Expenditure	Nil
4	Performance of Company			
	Turnover	1,575,653	Total Expenditure	1,492,187
	Profit/(Loss) before tax	83,467	Profit/(Loss) after tax	55,703
	Basics Earning per Share			13.87
	Diluted Earning per Share			13.87
	Dividend Rate			3.50
5	Generic Names of Principal Products, services of the Company.			
	Item Code No.		7204909	
	Product Description		SHIP BREAKING	

As Per Our Separate Report Of Even Date

For P. D. Goplani & Associates

Chartered Accountants
(Firm Reg. No. 118023W)

Sd/-

Prem Goplani

Partner

M. No. 103765

Place : Bhavnagar

Date : 06/05/2013

For and on behalf of the Board

INDUCTO STEELS LIMITED

Sd/-

Rajeev Reniwal
Director

Sd/-

Sweety Reniwal
Director

2.1 SHARE CAPITAL

A. SHARE CAPITAL

PARTICULAR	As at 31st March, 2013		As at 31st March, 2012	
	Number	Amount	Number	Amount
AUTHORISED SHARE CAPITAL				
Equity Shares of Rs. 10/- each	55,00,000	55,000,000	55,00,000	55,000,000
	55,00,000	55,000,000	55,00,000	55,000,000
ISSUED, SUBSCRIBED & FULLY PAID UP				
Equity Shares of Rs. 10/- each fully paid	4,017,254	40,172,540	4,017,254	40,172,540
Amount received on forfeited shares	741,200	7,412,000	741,200	7,412,000
	4,758,454	47,584,540	4,758,454	47,584,540

Note: The issued and paid-up capital includes :

- 2417856 equity shares allotted as fully paid up bonus shares in the year 1994-95 by capitalisation of revaluation reserve of Rs.1,38,65,528/-, capital subsidy of Rs.21,01,687/- and surplus in profit and loss accounts of Rs.82,11,344/-
- 499078 equity shares allotted to the shareholders of Inducto Technocastings Private Limited and Hariyana Industrial Gases Private Limited, which were merged with the company w.e.f. 01.04.2005

B. Reconciliation of the number of outstanding shares as at the beginning and at the end of the reporting period.

EQUITY SHARES OF	As at 31st March, 2013		As at 31st March, 2012	
	Number	Amount	Number	Amount
At the beginning of the year	4,017,254	40,172,540	4,017,254	40,172,540
Forfeited shares	741,200	7,412,000	741,200	7,412,000
Add: Issue of Bonus Shares during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	4,758,454	47,584,540	4,758,454	47,584,540

C. Terms/rights attached to equity shares

The Company has one class of equity shares having par value of ' 10/- each. Each shareholder of the equity shares is entitled to one vote per share entitled to receive dividend as declared from time to time. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2013, the amount of per share dividend recognized as distributions to equity share holders was Rs. 3.50 (31 March 2012: Rs. 3.00).

In the event of liquidation of the company, the holders of the Equity shares will be entitled to receive remaining assets of the company, after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

D. The details of shareholder holding more than 5% shares as at 31st March, 2013 and 31st March 2012 is set out below :

NAME OF SHAREHOLDER	As at 31 March 2013		As at 31 March 2012	
	No. of Shares	% of Holding	No. of Shares	% of Holding
1 Rajeev S Reniwal	237,526	5.91	237,526	5.91
2 Sweety R Reniwal	247,745	6.17	247,745	6.17
3 Rakesh Reniwal	1,483,388	36.93	1,483,388	36.93
4 Babita S Agarwal	203,100	5.06	203,100	5.06
5 Shardadevi Tekriwal	216,899	5.40	216,899	5.40

As per records of the company, including its register of shareholders/members and other declarations received from share holders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

2.2 RESERVES & SURPLUS

Particulars	As at	
	31st March, 2013	31st March, 2012
A CAPITAL RESERVES		
Balance as per the last Financial Statements		
Amalgamation Reserve	94,824,920	94,824,920
Capital Subsidy From State Government	1,684,975	1,684,975
Closing Balance (A)	96,509,895	96,509,895
B GENERAL RESERVES		
Balance as per the last Financial Statements	10,639,477	5,639,477
Add: Current Year Transfer	2,101,400	5,000,000
Less: Written Back in Current Year	-	-
Closing Balance (B)	12,740,877	10,639,477
C SURPLUS IN THE STATEMENT OF PROFIT & LOSS		
Balance as per the last Financial Statements	124,937,967	101,283,009
Net Profit/(Net Loss) For the current year	55,703,437	42,661,817
Less: APPROPRIATIONS		
Transfer to general reserve	2,101,400	5,000,000
Proposed final equity dividend (amount per share Rs.3.5 (31 March 12 Rs. 3.00))	14,060,389	12,051,762
Tax on proposed equity dividend	2,280,947	1,955,097
Total Appropriations (C)	18,442,736	19,006,859
Net Surplus in the Statement of Profit & Loss	162,198,668	124,937,967
Total Reserve & Surrplus (A+B+C)	271,449,440	232,087,339

2.3 TRADE PAYABLES

Particulars	As at	
	31st March, 2013	31st March, 2012
Long Term Liabilities		
Trade Payables	211,946	-
Total	211,946	-

Note :

- The company has no information as to whether any of its suppliers constitute micro, small and medium enterprises as per Micro, Small and Medium Enterprises Development Act, 2006 and therefore the amount due to such suppliers has not been identified.

2.4 DEFERRED TAX LIABILITIES

Particulars	As at	
	31st March, 2013	31st March, 2012
Deferred Tax Liabilities		
- Impact of difference between tax depreciation and depreciation charged for the financial reporting	926,421	1,086,379
Total	926,421	1,086,379

Deferred tax has been accounted in accordance with the requirement of accounting standard on "Taxes on Income" (AS-22) taking into account the present earning of the company, the anticipated earning etc. and are subject to adjustment on year to year.

2.5 SHORT TERM BORROWINGS

Particulars	As at	
	31st March, 2013	31st March, 2012
SECURED		
(a) LOANS REPAYABLE ON DEMAND		
I Cash Credit facility from Banks		
(Secured by the first parri passu charge on Immovable Assets)	(578,327)	2,242,855
II Overdraft from Bank		
(Secured)	1,966,860	1,739,717
(A)	1,388,533	3,982,572
UNSECURED		
(a) LOANS & ADVANCES		
From related parties	134,548,308	-
From other parties	-	-
(B)	134,548,308	-
Total (A+B)	135,936,841	3,982,572

Notes : Details of the secured Short-term borrowings:

Particulars	As at	
	31st March, 2013	31st March, 2012
From Banks		
Indian Overseas bank 2567 Bhavnagar	(578,327)	2,024,839
Indian Overseas bank 7983 Mumbai	-	218,016
Overdraft from banks (secured) IOB 8742	1,966,860	1,739,717
Total	1,388,533	3,982,572

Cash credit from Indian Overseas Bank is primarily secured against Stocks, Receivables and other current assets of the company and collaterally secured by Land Plots and Residential Properties of Director's Relatives. The same is also secured by personal guarantee of two directors and their two relatives. The cash credit is repayable on demand and carries interest @ 14 to 14.25% p.a.

Clean Overdraft from Indian Overseas Bank is collaterally secured by Land Plots and Residential Properties of Director's relatives. The same is also secured by personal guarantee of two directors and their two relatives. The overdraft is repayable on demand and carries interest @ 14.25% p.a.

There is no stipulation as to repayment of loans & advances from relatives hence question of overdue amount as at March 31, 2013 does not arise.

2.6 TRADE PAYABLES

Particulars	As at	
	31st March, 2013	31st March, 2012
Trade Payables (Including Acceptances)		
Ship Creditors against Letter of Credit	700,096,274	990,099,140
Other Creditors	1,943,400	85,419,099
Total	702,039,674	1,075,518,239

Note: Trade payables are recognised at their original invoiced amounts which represent their fair value on initial recognition. The trade payables are considered to be of short duration and are not discounted and the carrying values are assumed to approximate their fair values.

The company has no information as to whether any of its suppliers constitute micro, small and medium enterprises as per Micro, Small and Medium Enterprises Development Act, 2006 and therefore the amount due to such suppliers has not been identified.

2.7 OTHER CURRENT LIABILITIES

Particulars	As at	
	31st March, 2013	31st March, 2012
Statutory Dues	287,581	312,887
Current maturities of long-term borrowings	-	80,952
Other Payables	-	221,102
Expense payable	30,337	-
TDS Payable F.Y. 2012-13	3,371	-
Total	321,289	614,941

2.8 SHORT- TERM PROVISIONS

Particulars	As at	
	31st March, 2013	31st March, 2012
Others Provisions		
Proposed equity dividend	14,060,389	12,051,762
Provision for tax on proposed equity dividend	2,280,947	1,955,097
Provision For Income Tax (Net of advance Tax of Rs. 88764470)	(154,982)	-
Total	16,186,354	14,006,859

2.9 - TANGIBLE ASSETS

ASSETS	GROSS BLOCK					ACCUMULATED DEPRECIATION					NET BLOCK	
	AS ON 01.04.12	ADDITION DURING THE YEAR	DEDUCTIONS AS ON 31/03/2013	TOTAL 31/03/2013	AS ON 01/04/12	RATE of Dep.	DEP. FOR YEAR	DEDUCTIONS ADJUSTMENTS WRITE BACK	TOTAL 31.03.13	AS ON 31.03.2013	AS ON 31.03.2012	
Land	166,257	-	-	166,257	-	-	-	-	-	166,257	166,257	
Factory Shed & Building	3,272,838	-	-	3,272,838	1,580,413	3.34	109,313	-	1,689,726	1,583,112	1,692,425	
Bore-well	82,026	-	-	82,026	47,495	3.34	2,740	-	50,235	31,791	34,531	
Plant & Machinery	790,032	-	-	790,032	291,573	4.75	37,527	-	329,100	460,932	488,459	
Weigh Bridge	209,450	-	-	209,450	96,155	4.75	9,949	-	106,104	103,346	113,295	
Winch	651,380	-	-	651,380	309,699	4.75	30,941	-	340,640	310,740	341,681	
Wire Rope	286,520	363,630	-	650,150	14,737	4.75	30,646	-	45,383	604,767	2,71,783	
Crane	5,746,391	-	-	5,746,391	615,684	4.75	272,954	-	888,638	4,857,753	5,130,707	
Office Equipments	277,857	-	-	277,857	118,882	4.75	13,198	-	132,080	145,777	158,975	
Furniture & Fixtures	22,045	-	-	22,045	14,911	6.33	1,395	-	16,306	5,739	7,134	
Car	2,352,113	-	660,333	1,691,780	756,812	9.50	192,937	-	949,749	742,031	1,595,301	
Vehicle	192,262	-	-	192,262	37,795	9.50	18,265	-	56,060	136,202	154,467	
Metal Detector	51,111	-	-	51,111	2,060	16.21	8,262	-	10,322	40,789	49,051	
Computer	22,250	29,500	-	51,750	22,250	16.21	7,436	-	29,686	22,064	-	
T O T A L	14,122,532	393,130	660,333	13,855,329	3,908,466		735,563	-	4,644,029	9,211,300	10,214,066	
PREVIOUS YEAR	13,998,680	279,838	155,986	14,122,532	3,223,308		728,092	42,934	3,908,466	10,214,066	10,775,372	

2.10 NON CURRENT INVESTMENTS

Particulars	As at	
	31st March, 2013	31st March, 2012
TRADE INVESTMENTS		
(Valued at cost unless otherwise stated)		
Investment In Partnership Firm *	11,000	1,147,883
Total	11,000	1,147,883
Details of investments in partnership firm		
Investment in JAI MAA DURGA ASSOCIATES	Share of Capital	
Name of Partners		
JAI MAA DURGA ASSOCIATES	-	1,147,883
CALVIN DIVINE ENTERPRISE	11,000	-
Total	11,000	1,147,883

2.11 NON CURRENT LOANS & ADVANCES

Particulars	As at	
	31st March, 2013	31st March, 2012
SECURITY DEPOSITS		
(Secured & Unsecured considered goods, unless stated otherwise)		
Security Deposits	72,033,797	1,760,117
Total	72,033,797	1,760,117

2.12 INVENTORIES

Particulars	As at	
	31st March, 2013	31st March, 2012
Raw Material of Uncut Ship Stock	105,231,000	514,118,860
Total	105,231,000	514,118,860

Note : Inventories has been valued at lower of cost & net realisable value.

Valuation of Stock			
Uncut Ship Stock	Qty In M.T.	Rate	Value
Value Of Closing Stock of MV TAI GLORY	4229.202	24,882	105,231,000
Total	4229.202		105,231,000

2.13 TRADE RECEIVABLES

Particulars	As at	
	31st March, 2013	31st March, 2012
Trade receivables outstanding For a period less than six months from the date they are due for payment Considered good	385,196,922	105,402,317
(A)	385,196,922	105,402,317
Trade receivables outstanding For a period exceeding six months from the date they are due for payment Considered good	61,120	61,120
(B)	61,120	61,120
Total (A+B)	385,258,042	105,463,437

The trade receivables are considered to be of short duration and are not discounted and the carrying values are assumed to approximate their fair values.

2.14 CASH & BANK BALANCES

a) Cash & cash Equivalents		
Balances With Banks		
- On current accounts	3,890,059	108,250
- On unpaid dividend account	-	-
- Deposits with original maturity of less than three months	-	-
Cash on hand	1,084,124	1,874,979
Total	4,974,183	1,983,229

The details of balances as on balance sheet dates with banks are as follows:

- STATE BANK OF INDIA	33,496	41,251
- PUNJAB NATIONAL BANK	70,781	-
- PUNJAB NATIONAL BANK (MUMBAI)	3,751,238	13,954
- PUNJAB NATIONAL BANK, MUMBAI -ITCPL	11,875	12,075
- PUNJAB NATIONAL BANK,(BHAVNGAR-4540)	6,773	24,873
PUNJAB NATIONAL BANK - MUMBAI HIGPL	15,896	16,097
Total	3,890,059	108,250

2. 15 SHORT TERM LOANS & ADVANCES

Particulars	As at	
	31st March, 2013	31st March, 2012
UNSECURED-CONSIDER GOOD		
Loans & Advances To		
Related Parties	-	736,905,382
Others	597,558,462	607
Total	597,558,462	736,905,989

2. 16 OTHER CURRENT ASSETS

Deposits Deposits	98,034	-
Balance with Statutory/Government Authorities	142,476	530,589
Prepaid Expenses	138,211	11 8,981
Advance Income Taxes	-	2,637,718
Total	378,721	3,287,288

2. 17 REVENUE FROM OPERATIONS

Sale of Material Derived From Ship Breaking (Gross)	905,070,033	843,975,670
Traded Goods (High Seas Sales)	529,775,942	84,701,214
Total	1,434,845,975	928,676,884

2. 18 OTHER INCOME

INTEREST INCOME ON		
FROM OTHER PARTIES	124,455,842	57,794,890
ON LATE PAYMENT	13,186,487	-
SHARE OF PROFIT FROM PARTNERSHIP FIRM	3,049,389	-
PROFIT ON SALES OF ASSETS	-	211,948
OTHER NON OPERATING INCOME	115,696	45,000,000
Total	140,807,414	103,006,838

2. 19 COST OF RAW MATERIAL CONSUMED

Inventory at the Beiginning of the Year	514,118,860	142,329,225
Add: Ship Purchase for Recycling	408,388,485	1,162,509,311
	922,507,345	1,304,838,536
Inventory at the end of the Year	105,231,000	514,118,860
Cost of Raw Materials Consumed	817,276,345	790,719,676

2. 20 DETAILS OF PURCHASE OF TRADED GOODS

Particulars	As at	
	31st March, 2013	31st March, 2012
High Seas Purchase	51,93,88,099	83,040,411
Total	51,93,88,099	83,040,411

2. 21 MANUFACTURING UNIT

Particulars	As at	
	31st March, 2013	31st March, 2012
OXYGEN GAS EXPENSES	9,016,651	6,962,224
LPG PURCHASES	7,581,064	5,391,329
CONSUMABLE EXPENSES	1,214,989	1,114,903
PLOT RENT & DEVELOPMENT CHARGES	693,486	614,248
EXCISE EXPENSES	5,059,988	1,768
REPAIR & MAINTENANCE	100,767	52,634
POWER & FUEL EXPENSES	207,378	186,878
POLLUTION CONTROL EXPENSES	63,888	142,979
OTHER MANUFACTURING EXPENSES	86,030	13,267
Total	24,024,241	14,480,230

2. 22 EMPLOYEE BENEFIT EXPENSES

SALARIES & WAGES	7,071,816	8,803,327
BONUS EXPENSES	1,395,468	1,760,665
CONTRIBUTION TO PROVIDENT FUNDS	48,110	47,428
STAFF WELFARE EXPENSES	22,679	9,120
WORKMEN COMPENSATION	223,616	195,243
Total	8,761,689	10,815,783

2. 23 FINANCE COSTS

BANK PROCESSING CHARGES & COMMISSION	651,094	109,352
INTEREST PAID TO		
BORROWING FROM OTHER PARTIES	-	5,084
BORROWING FROM BANK	4,274,540	3,844,357
HDFC CAR LOAN	1,048	34,452
LATE PAYMENT OF SALES TAX / TDS	1,835	4,745
LC RETIREMENT CHARGES	4,805,482	-
Total	9,733,999	3,997,990

2. 24 OTHER EXPENSES

Particulars	As at	
	31st March, 2013	31st March, 2012
ADMINISTRATIVE EXPENSES		
ACCOUNTING CHARGES	120,000	60,000
ADVERTISMENT	29,172	3,465
APPEAL FEES	2,000	-
COMPUTER CHARGES	4,075	10,125
DONATION	58,896	3,530
FEES & SUBSCRIPTION	29,891	80,944
INSURANCE	16,721	31,682
LEGAL & PROFESSIONAL EXPENSES	497,073	920,707
LISTING FEES	30,336	29,781
LOSS ON SALES OF CAR	260,333	-
NET LOSS ON FOREIGN CURRENCY TRANSACTION	81,625,003	31,485,310
OFFICE RENT	-	150,000
OFFICE EXPENSES	16,033	16,835
PRIOR PERIOD ITEM	-	70,480
PAYMENT TO AUDITORS	87,079	56,180
PRINTING & STATIONERY	78,098	28,335
PROFESSIONAL TAX	2,000	2,000
POSTAGE & COURIER	12,979	-
SECURITY CHARGES	92,071	31,155
SERVICE TAX EXPENSE	24,676	58,274
TELEPHONE EXPENSES	48,035	74,823
TRAVELLING EXPENSES	559,464	600,143
VEHICLE RUNNING & MAINTENANCE	196,616	262,215
Sub Total	83,790,551	33,975,984
SELLING EXPENSES		
BUSINESS PROMOTION	65,755	50,775
BROKERAGE & COMMISSION EXPENSES	363,945	346,194
FREIGHT OUTWARD	-	30,500
SALES TAX EXPENSE	28,046,454	30,136,721
Sub Total	28,476,154	30,564,190
Total	112,266,705	64,540,174

*** PAYMENT TO AUDITOR**

Particulars	As at	
	31st March, 2013	31st March, 2012
ASAUDITOR:		
Audit Fees	64,045	37,079
Tax Audit Fees	9,551	7,865
Others	13,483	11,236
Total	87,079	56,180

2. 25 TAX EXPENSES

Current tax		
- Income taxes	27,925,559	20,574,701
Deferred taxes	(159,958)	124,848
Taxes of earlier years	(2,290)	-
Total	27,763,311	20,699,549

2. 26 INFORMATION ABOUT QUANTITATIVE & ITS VALUES**1 Particulars of Finished Goods**

(InLacs)

	Quantity MT		Value Rs.	
	31/03/13	31/03/12	31/03/13	31/03/12
a) Ship Breaking Division				
Opening Stock	Nil	Nil	Nil	Nil
Sales	28,391.752	26,157.380	9,050.70	8,439.76
Closing Stock	Nil	Nil	Nil	Nil
b) High Seas Sales				
Opening Stock	Nil	Nil	Nil	Nil
Trading Sales	41520.341	3491.740	5297.76	847.010
Closing Stock	Nil	Nil	Nil	Nil
2 Value of Imported and indigenous Raw Materials consumed				
Indigenous	41,520.34	3,491.74	5,193.88	830.40
Imported - Old Ships	30,833.798	29,109.600	8,172.76	7,907.20
	72,354.139	32,601.340	13,366.64	8,737.60
3 CIF Value of Imports				
Raw Material Ship Purchases	16,413.000	42,034.600	3,420.90	9,900.99
	16,413.000	42,034.600	3,420.90	9,900.99

2. 27 EARNING PER SHARES

The annualised earning per equity shares has been calculated as under.

Particulars	As at	
	31st March, 2013	31st March, 2012
Profit after tax as per profit & Loss accounts	55,703,437	42,661,817
Add: Prior Period Adjustments	-	-
Less :Dividend on Preference Shares including dividend Tax	-	-
Net profit for calculation of Earning per shares	55,703,437	42,661,817
Weighted average No. of shares outstanding during the year	4,017,254	4,017,254
Weighted average No. of shares including to be issued	4,017,254	4,017,254
Basic Earning per shares	13.87	10.62
Dialuted earnings per share	13.87	10.62

2. 28 SEGMENT INFORMATION

The business of the company is divided into Two segment: Trading and Ship Recycling activities and separate set of books of accounts are maintained. The principal activities of these segments are as under.

Segment Principal Activities

Trading Activity	Trading in Ferrous and Non Ferrous metals, Coils, Sheets Coal,
Ship Breaking Activity	Dismantling / breaking of old and used ships

Segment Revenue, Segment Expenses and Segment Result include inter segment revenues / expenses between business segments. Those transfer are eliminated in total revenue/expense/ results.

Business Segments

Particulars	T rading	Ship-Breaking	Total
a) External Sales/Revenue	3,651.66	10,696.80	14,348.46
Inter segment Sales/Revenue	-	318.76	-
Total Revenue	3,651.66	11,015.56	14,348.46
b) Segment Results Before Interest and Taxes	1,138.09	431.45	1569.54
c) Segment results as a % of total	72.51%	27.49%	100%
d) Segment Assets	10,365.95	1,380.62	11,746.57
e) Segment Liabilities	5,116.67	3,439.55	8,556.22

* Total Gross Revenue is after elimination of inter segment revenues of Rs. 318.76 lacs.

2. 29 Related Party Transactions :**a) Key Management personnel**

- i) Sweety R Reniwal

b) Other related parties where there have been transactions:

Enterprises commonly controlled or influenced by major shareholder/directors/
relative of directors of the Company:

- i) Hariyana Ship Breakers Limited
- ii) Hariyana Ship Demolition Private Limited
- iii) Hariyana Air Product
- iv) Hariyana International Pvt Ltd.

The details of transaction with related parties

Nature of transactions	Key Management Personnel		Other related parties	
	31/03/13	31/03/12	31/03/13	31/03/12
INCOME				
SALES (NON EXCISES)				
Hariyana Air Product	-	-	-	64,050
	-	-	-	64,050
INTEREST INCOME				
Hariyana Ship Demolition Private Limited	-	-	16,168,546	55,787,223
	-	-	16,168,546	55,787,223
HIGH SEAS PURCHASES				
Hariyana Ship Demolition Private Limited	-	-	101,669,478	83,040,410
Hariyana International Pvt Ltd	-	-	107,949,824	-
	-	-	209,619,302	83,040,410
OXYGEN GAS PURCHASES				
Hariyana Air Product	-	-	-	5,330,661
	-	-	-	5,330,661
INTEREST PAID				
Hariyana Ship Breakers Limited	-	-	-	5,084
	-	-	-	5,084
LOAN GIVEN				
Hariyana Ship Breakers Limited	-	-	-	277,332
Hariyana Ship Demolition Private Limited	-	-	1,867,820,225	2,246,568,151
Hariyana Air Product	-	-	1,537,660	-
	-	-	1,869,357,885	2,246,845,483

Nature of transactions	Key Management Personnel		Other related parties	
	31/03/13	31/03/12	31/03/13	31/03/12
LOAN TAKEN				
Hariyana Ship Demolition Private Limited			2,744,638,204	2,080,792,742
	-	-	2,744,638,204	2,080,792,742
OUTSTANDING BALANCES AS ON MARCH 31, 2013				
The details of transaction with related parties				
SUNDRY CREDITORS				
Hariyana Air Product	-	-	-	1,537,660
Hariyana Ship Demolition Private Limited	-	-	-	83,040,411
	-	-	-	84,578,071
LOAN TAKEN				
Hariyana Ship Demolition Private Limited	-	-	134,548,308	-
	-	-	134,548,308	-
LOAN & ADVANCE RECEIVED				
Hariyana Ship Demolition Private Limited	-	-	-	73,59,05.382
	-	-	-	73,59,05.382

2. 30 CONTINGENT LIABILITIES

- (A) The Company was required to pay excise duty based on the capacity of the furnace during the year 1997-98 and the company was paying the duty as per the capacity determined by the department based on the documents available with the company. However subsequently the department has revised the capacity of the furnace and raised a demand of Rs.45,98,354/- on the company, which the company has disputed and the matter is pending before of the CEGAT. Pending decision on the appeal of the company, as directed by the CEGAT, paid an amount of Rs.10 Lacs. The company is hopeful that the matter will be decided in favour of the company, hence no provision for the demand has been made in the accounts and in case the decision is against the company, the same will be provided/accounted for in the year in which such a decision comes.
- (B) The Jt. Commissioner of Central Excise & Service Tax, Bhavnagar has raised a demand of Service Tax amounting to Rs. 17,63,750/- , penalty of an equal amount and interest applicable thereon in the case of matter pertaining to F Y 2005-06, vide their order dated November 30,2011. However, the company has disputed the demand and the matter is pending with appellate authorities. The company is hopeful that the matter will be decided in favour of the company , hence no provision for demand has been

made in the books of accounts for the year and in case the final decision goes against the company, the same will be provided/accounted in the year in which matter is finalised by the competent authorities.

- 2.31** The previous year figures have been reclassified /regrouped wherever considered necessary to confirm to this year's classification/grouping.
-

As Per Our Separate Report Of Even Date

For P. D. Goplani & Associates

Chartered Accountants
(Firm Reg. No. 118023W)

Sd/-

Prem Goplani

Partner

M. No. 103765

Place : Bhavnagar

Date : 06/05/2013

For and on behalf of the Board

INDUCTO STEELS LIMITED

Sd/-

Rajeev Reniwal
Director

Sd/-

Sweety Reniwal
Director

INDUCTO STEELS LIMITED

Regd. Office : 156 Maker Chamber VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai 400021.

ATTENDANCE SLIP

Please fill attendance slip and hand it over at the entrance of the Meeting Venue.

(Joint Shareholders may obtain additional Attendance Slip on request).

Folio No. _____ No. of Shares held _____

Name and Address of the Shareholders _____

I hereby record my presence at the 25th ANNUAL GENERAL MEETING of the Company held on Monday, the 30th day of September, 2013 at 10.30 a.m. at 156 Maker Chamber VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai 400021.

Signature of the Shareholder or Proxy*

* Strike out whichever is not applicable

INDUCTO STEELS LIMITED

Regd. Office : 156 Maker Chamber VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai 400021. .

PROXY FORM

Folio No. _____ No. of Shares held _____

I/We _____ of _____ being a member/members of INDUCTO STEELS LIMITED, hereby appoint _____ of _____ or failing him _____ of _____ as my/our proxy to vote me/us and on my/our behalf at the 25th ANNUAL GENERAL MEETING of the Company held on Monday, the 30th day of September, 2013 at 10.30 a.m. at 156 Maker Chamber VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai 400021. or at any adjournment thereof.

Affix One
Rupees
Revenue
Stamp

Date this _____ day of _____ 2013.

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.

GREEN INITIATIVE IN CORPORATE GOVERNANCE – ANNUAL REPORT IN ELECTRONIC FORM

Dear Shareholder,

In connection with the Green Initiative in Corporate Governance taken by the Ministry of Corporate Affairs(MCA), Govt. of India vide Circular No. 17/2011 dated 21st April, 2011 and Circular No. 18/2011 dated 29.04.2011 it had allowed paperless compliances by the companies.

It had permitted companies to issue Annual Report and other documents by email to the shareholders. The Listing Agreement with the Stock Exchanges, amended recently, now requires a company to send soft copies of the report and Accounts to the members who register their email addresses with the Company.

In its constant endeavor the company proposes to enhance sustainability to the environment and cutting down on consumption of paper, proposes to give an option to the shareholders to receive Annual Report in electronic Form at their email address registered with their respective Depository Participant (DP)accounts(in the records of the Depositories, viz. National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL). Shareholders holding shares in physical form will receive the Annual Report at their email address registered with/ provided to the Company's Registrar & Transfer Agents(RTA).

We request you to join us in this noble initiative and look forward to your consent to receive the Annual Report from now onwards in electronic form. Please complete a tear off portion appended below and return the same to our Registrar & Transfer Agent in the postage paid envelope enclosed herewith.

Please note that the Annual Report will also be available on the Company's website www.hariyanagroup.com under link Annual Report, for your ready reference. The shareholders of the Company are entitled to request and receive a printed copy of the Annual Report of the Company.

We are sure that you would appreciate the GREEN INITIATIVE taken by the Company and opt for receiving Annual Report in electronic Form.

Thanking You

For **INDUCTO STEELS LIMITED**

Sd/-

DIRECTOR

To,

Sharex Dynamic (India) Pvt Ltd
Unit-1, Luthra Ind. Premises, Safed Pool,
Andheri Kurla Road, Andheri (E),
Mumbai – 400 072

Re: Consent of shareholders to receive Annual Report in Electronic Form

Dear Sir,

I give my consent to receive the Annual Report in the electronic Form at my following e-mail address.

Name of the Shareholder _____

Folio No./ DP.ID & Client ID	
Email ID	
Phone Number	

Thanking You

Signature of the first named shareholder

Book Post

If undelivered, Please return to :

INDUCTO STEELS LTD.

156, Maker Chambers VI, Nariman Point, Mumbai 400 021.

Tel.: +91 22 2204 3211 | Fax : +91 22 2204 3215

Email : hsbl@vsnl.com | Website : www.hariyanagroup.com

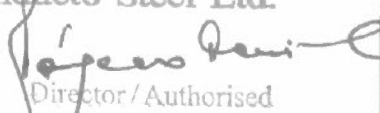



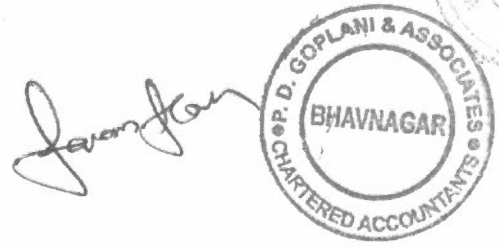
INDUCTO

STEEL LTD

FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the Company	Inducto Steel Limited - Standalone
2.	Annual financial statements for the year ended	31 st March 2013
3.	Type of Audit observation Un-qualified / Matter of Emphasis	NON PROVISION FOR GRAUITY AND LONG TERM EMPLOYEE BENEFITS
4.	Frequency of observation	Whether appeared first time...../ repetitive...../ since how long period N/A
5.	To be signed by- • CEO/Managing Director • CFO • Auditor of the company • Audit Committee Chairman	For Inducto Steel Ltd.  Director / Authorised 



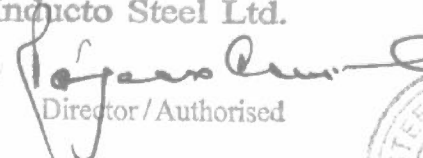


INDUCTO

STEEL LTD

FORM B

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the Company	Inducto Steel Limited - Consolidated
2.	Annual financial statements for the year ended	31 st March 2013
3.	Type of Audit observation Un-qualified / Matter of Emphasis	NON PROVISION FOR GRAUITY AND LONG TERM EMPLOYEE BENEFITS
4.	Frequency of observation	Whether appeared first time...../ <input checked="" type="checkbox"/> repetitive...../ since how long period
	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	May give gist of qualifications/headings (Refer page numbers in the annual report) and management's response NO MATERIAL OBSERVATION
	Additional comments from the board/audit committee chair:	This may relate to nature of the qualification including materiality, agreement/disagreement on the qualification, steps taken to resolve the qualification, etc. NIL
5.	To be signed by- <ul style="list-style-type: none"> • CEO/Managing Director • CFO • Auditor of the company • Audit Committee Chairman 	For Inducto Steel Ltd.  Director / Authorised 