

# **ANNUAL REPORT 2011 - 2012**



**BHUWALKA STEEL INDUSTRIES LIMITED**

"Bhuwalka Centre", No.71, III Cross, Residency Road, Bangalore- 560 025.

- BOARD OF DIRECTORS** : **Shri. Suresh Kumar Bhuwalka**  
*Chairman and Managing Director*  
**Shri. Ajay Kumar Bhuwalka**  
**Shri. Ankit Bhuwalka**  
**Shri. K.C. Kondaiah**  
**Shri. Roop Sing Chawhan**  
**Smt. Visalakshi Vasanthan**  
*Nominee Director - IDBI Bank Ltd.*
- COMPANY SECRETARY** : **Ashish Kumar A. Parmar**
- AUDITORS** : **M/s. ASR Associates**  
Chartered Accountants  
Bellary
- BANKERS** : **Canara Bank**  
**IDBI Bank Ltd.**
- REGD. OFFICE** : No.71, III Cross  
Residency Road  
Bangalore - 560 025
- FACTORIES** : 1) at 10th Mile  
Old Madras Road,  
Bangalore - 560 049.
- 2) 204, Mauji Khupri  
Taluka Wada, District Thane  
Mumbai - 421 312.
- SHARE TRANSFER AGENTS** : **Integrated Enterprises (India) Ltd.**  
No. 30, Ramana Residency  
Ground Floor, 4th Cross  
Sampige Road, Malleswaram  
Bangalore - 560 003.

**NOTICE**

Notice is hereby given that the 30<sup>th</sup> Annual General Meeting of the Company will be held on Wednesday, the 26<sup>th</sup> September, 2012, at 12.30 P.M. at Hotel Woodlands, No. 5, Raja Ram Mohan Roy Road, Bangalore- 560 025 to transact the following business.

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Statements of Accounts of the Company for the year ended 31st March 2012, and the Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Shri. Ankit Bhuwalka, who retires by rotation and being eligible, offers himself for re-appointment
3. To appoint a Director in place of Shri. Roop Sing Chawhan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next annual General Meeting and to authorize the Board to fix their remuneration.

**Special Business:**

5. To Consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to provisions of sections 269,317, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the approval of the members of the Company be and is hereby accorded to the reappointment of Sri. Suresh Kumar Bhuwalka, as Managing Director of the Company for a period of 5 years w.e.f 01.04.2012.

**NOTES:**

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company.
2. The instrument appointing a Proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting.
3. The Register of Members and Share Transfer Book of the Company will remain closed from 20<sup>th</sup> September, 2012 to 26<sup>th</sup> September, 2012 (both days inclusive).
4. Members are requested to bring their copies of the Annual Report to the meeting.
5. Members/proxies should bring their attendance slip sent herewith duly filled in for recording the attendance at the meeting.
6. A statement containing the details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting is attached.
7. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the special business to be transacted at the Annual General Meeting is annexed.
8. Members are requested to notify the Registrars and Transfer Agents of the Company, Integrated Enterprises (India) Ltd., No.30, Ramana Residency, 4<sup>th</sup> cross, Sampige Road, Malleswaram, Bangalore 560 003 or the company at its Registered Office of any change in address quoting their Folio Number/s, in respect of shares held in electronic form, instructions regarding change in address be furnished to members' Depository Participant only.

Registered Office:  
No.71, III Cross  
Residency Road  
Bangalore - 560 025  
Date: 12<sup>th</sup> August, 2012

By Order of the Board

**(SURESH KUMAR BHUWALKA)**  
*Chairman and Managing Director*

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**Item No.5:**

Shareholders by resolution at the annual general meeting held on 29-09-2007 had reappointed Sri Suresh Kumar Bhuwalka as Managing Director of the Company for a period of 5 years wef 01-04-2007 on a remuneration of Rs.1,00,000/- per month and other benefits and perquisites as per company rules.

Now it is proposed to reappoint him as the Managing Director for next five years commencing from 01-04-2012 without any change in remuneration.

Hence the Resolution is proposed. Your directors seek your approval to the above resolution.

None of the Directors except Sri Suresh Kumar Bhuwalka, Sri Ajay Kumar Bhuwalka and Sri Ankit Bhuwalka is concerned or interested in the above resolution.

Registered Office:  
No.71, III Cross  
Residency Road  
Bangalore - 560 025  
Date: 12<sup>th</sup> August, 2012

By Order of the Board

**(SURESH KUMAR BHUWALKA)**  
*Chairman and Managing Director*

---

***Annual Report 2011- 2012***

**Details of Directors seeking appointment / re-appointment at 30<sup>th</sup> Annual General Meeting (In pursuance of Clause 49 of Listing Agreement)**

Name of Director	Shri. Ankit Bhuwalka	Shri. Roop Sing Chawhan
Date of Birth	02.09.1981	10.08.1948
Qualification	B.Com	M.Com
Expertise in specific functional area	More than 10 years experience as Industrialist in Manufacturing.	Served for more than 14 years as Former Executive Director of KSIIDC Limited
List of other Companies in which Directorship held	Nava Karnataka Steels Pvt. Ltd., Benaka Sponge Iron Pvt. Ltd., Mahesh Sponge Iron & Power Ltd., Sri Durga Trade Links Pvt.Ltd. Bhuwalka Metal Industries Pvt. Ltd., Bhuwalka Jewellers Ltd.	Benaka Sponge Iron Pvt. Ltd.,
Chairman/ Member of the Committees of the Board of Directors of other Companies in which he is a Director	None	None



**DIRECTORS' REPORT**

**TO THE MEMBERS OF  
BHUWALKA STEEL INDUSTRIES LIMITED:**

Your Directors have pleasure in presenting before you the 30<sup>th</sup> Annual Report of the Company together with Audited Statement of Accounts for the year ended 31st March 2012.

**1. FINANCIAL RESULTS:**

(Rs.in Lakhs)

	2011 - 12	2010 - 11
Total Income	63,996.75	52,870.81
Profit before Interest, Depreciation and Taxation	2,654.73	2,697.80
Less: - Interest	2,403.42	1,872.52
Less:- Depreciation/Amortization	597.68	306.70
Profit Before Tax	(346.37)	518.57
Less:- Income Tax for the year(including FBT and Deferred taxation)	125.66	187.37
Less:- Income tax for earlier years	—	2.54
Profit After Tax	(220.73)	328.65
Add: Balance of profit brought forward		
From last year	762.96	434.31
Appropriations:		
Proposed Dividend with Dividend taxon Equity shares	—	—
Transfer- Capital Redemption Reserve	—	—
Transfer to General Reserve	—	—
<b>Balance of Profit carried forward</b>	<b>542.23</b>	<b>762.96</b>

**2. OPERATIONS REVIEW:**

Total income from operations during the year under review was Rs. 63,996.75 lakhs as compared to Rs. 52,870.81 lakhs in the previous year signifying a rise by 21% in top line. During the year under review, the Company has incurred losses after tax of 2.20 Crores as against a profit after tax of Rs.3.28 Crores in the previous accounting year. Main reason for losses are poor capacity utilization of production capacities due to inadequate working capital, steep rise in interest costs and high depreciation cost.

Company has implemented expansion plan at its unit at Wada which is yet to be operative in full capacity due to inadequate working capital. Company has applied for restructuring of its bank borrowings under CDR which is under progress with CDR cell and bank lenders viz. Canara Bank and IDBI Bank for their approval.

In order to improve financial performance and profitability, Company is endeavoring to raise long term funding resources through equity, concentrating in improving productivity, efforts for optimum capacity utilization of the Wada plant and an overall cost reduction exercise. Further company is also planning to sale its surplus assets at Hoskote, Kanchipuram and Bangalore in order to improve long term fund positions of the company. Post sale of these assets, company's main operations will be concentrated only at its WADA facilities at Maharashtra.

Company's products are continued to be well accepted by the market. Company has been regularly participating in tenders floated by govt. undertakings and has begged good orders as well during last quarter of FY 2011-12. Further there is good local demand of products in Maharashtra as well as Karnataka. Company is expecting to turnaround based on pending approval of required additional working capital under CDR and long terms funds from sale of its surplus assets.

**3. DIVIDEND**

In view of loss, no dividend has been recommended by the directors

**4. SUBSIDIARY COMPANY**

Company currently has only one wholly owned Subsidiary, M/s Benaka Sponge Iron Private Limited. Subsidiary Company is into manufacturing of Sponge Iron products from Iron ore and pallets. Due to ban of iron ore mining in Bellary, raw material availability became difficult to sponge iron units in Bellary. Owing to this fact, M/s Benaka Sponge Iron Private Limited has incurred losses during FY 2011-12 due to poor capacity utilization of the facility.

As required under section 212 of the Companies Act. 1956, the audited statements of accounts along with the report of the Board of Directors of M/s Benaka Sponge Iron Private Limited together with the Auditor's report as at and for the year 31<sup>st</sup> March 2012, are appended. While preparing consolidated financials of the company, Financials of M/s Benaka Sponge Iron Private Limited has been consolidated as per Accounting Standard- 21 of ICAI.

**5. CONSERVATION OF ENERGY:**

Total energy consumption and energy consumed per unit of production as per Form 'A' is annexed - forming part of this Report.

**6. TECHNOLOGY ABSORPTION:**

The Company is keeping abreast of the latest developments in product technology, manufacturing process and methods and using indigenous technology.

**7. FOREIGN EXCHANGE EARNINGS AND OUTGOINGS:**

Foreign Exchange Earnings and Expenditure are given under Point 8 (F) and 8 (G) of Note '23' forming part of the Accounts for the year ended 31st March 2012.

**8. PERSONNEL:**

Industrial Relations remained cordial through out the year.

There are no employees of the categories specified under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended. Hence, this information is not given.

**9. DIRECTORS:**

Sri Ankit Bhuwalka and Sri. Roop Sing Chawhan retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

**10. AUDITORS:**

The Auditors, M/s. ASR Associates, Chartered Accountants, Bellary, retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

**11. AUDITORS' REPORT:**

The Notes on accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments under section 217(3) of the Companies Act, 1956.

**12. DIRECTORS' RESPONSIBILITY STATEMENT AS PER SECTION 217 (2AA):**

Your Directors hereby confirm:

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- b) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for the year;
- c) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, to safeguard the assets of the Company and for preventing and detecting fraud and other irregularities;

- d) that the directors had prepared the annual accounts on a 'going concern' basis.

**13. REPORT ON CORPORATE GOVERNANCE:**

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, the following form part of this Annual Report:

- a) Management Discussion and Analysis;
- b) Report on Corporate Governance;
- c) Auditors' Certificate regarding compliance of conditions of Corporate Governance

**14. ACKNOWLEDGEMENTS:**

Your Directors wish to place on record their appreciation for the continued support, encouragement and co-operation extended by all the stakeholders namely; Financial Institutions, Bankers, shareholders, customers and suppliers. Your Directors also place on record their appreciation for the contributions made by the employees of the Company at all levels.

FOR AND ON BEHALF OF THE BOARD  
**(SURESH KUMAR BHUWALKA)**  
*Chairman and Managing Director*

**(AJAY KUMAR BHUWALKA)**  
*Director*

Place : Bangalore  
Date : 1st August, 2012

## **Management Discussion and Analysis**

### **Industry Structure & Developments:**

The Company's primary product, steel rolled product, is catering to the demand of construction, infrastructure, power, Telecom and engineering industries. There are large no of re-rolling mills across the countries who are largely local players.

During the year under review, the steel prices continued to be volatile and the prices of rolled products were market driven. For improving margins, Company has taken serious steps for reduction in the cost of production and overheads. Company is concentrating to optimize its capacity utilization so as to achieve economies of scale. Further to create a wide product base to cater other growing industries such as telecom and engineering, Company has implemented modernization and expansion at its facilities at Wada. Modernization will also help company in improving productivity.

### **Opportunities, Threats and Concerns:**

Deep economic recession coupled with global meltdown has affected all the commodities market across the globe during last 3 years and steel was one of the worst affected commodity. There is surge in demand in current year, however the momentum is slow. In an emerging economy like India, there will be good opportunity for growth though may be lower than earlier targets and renewed emphasis on infrastructure by the existing government may work as stimulus for the industries at large.

In latest Global Investor Meet (GIM) held at Bangalore, State and Central Government have shown their willingness to support metal and infrastructure industry and a lot of investment is planned by investors in Karnataka itself, which is a promising opportunity for company's product.

Competition from un-organized sector is still a threat to the Company. However, renowned builders and infrastructure companies are keen to source their requirement from organized company like yours. Moreover, Company's better-structured product portfolio will enable it to penetrate into new markets and to meet the requirements of existing customers.

Price volatility and higher cost of borrowing remains serious concern of the Company. Company has already initiated necessary steps to mitigate this risk.

### **Outlook:**

The year ahead looks promising as there is growth envisaged in demand in various industries to whom company's products are catered to. Company is catering to requirements of Housing, Power, Telecommunication and Engineering Sectors. Large integrated plant mainly focuses on flat products and long products are generally the domains of secondary steel makers like us. A growth rate higher than the global industry average has been envisaged in the national steel policy. The long-term goal of the country is to become self reliant and globally competitive in steel sector.

### **Risks and concerns:**

The cost of power (including fuel) and its availability is major concern. High power tariffs and volatility in input prices may adversely affect the profitability of the Company. However, it is not significant considering the level of operations of the Company and normal correlation in the price of raw material and finished goods. High volatility in commodity prices remain serious concern. Company is also exposed to financial risks like exchange fluctuation and interest rate variations. Management has already identified these risks and taking necessary steps to mitigate the risks such as exploring the possibilities to having captive power plant to become self sufficient, linkage to coal and iron ore mines for uninterrupted production and to reduce cost of borrowing by various means.

### **Internal control systems and their adequacy:**

The Company's internal control systems and procedures are adequate and commensurate with the size and nature of Company's operations. Company has sufficient procedures that form part of internal control system which provide for check and balances. In current year, Company has engaged industry and finance experts to further strengthen its internal control and audit system for reduction of various costs and overheads.

### **Cautionary Statement:**

This report contains forward-looking statements, which are based on certain assumptions and future events. It cannot be guaranteed that these are accurate or realized in future. Company's actual results may materially differ from those projected in forward looking statements. The reader should bear this in mind. Further, Company undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



**FORM "A"**  
**ANNEXURE TO DIRECTOR'S REPORT**  
**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO**  
**CONSERVATION OF ENERGY**

**A. POWER AND FUEL CONSUMPTION:**

	<b>ROLLED PRODUCTS</b>	
	<b>Current Year 2012</b>	<b>Previous Period 2011</b>
<b>1. ELECTRICITY:</b>		
<b>a) PURCHASED</b>		
Units	<b>10,018,507</b>	15,690,212
Total Amount (Rs.)	<b>65,947,063</b>	91,615,058
Rate / Unit (Rs.)	<b>6.58</b>	5.84
<b>b) OWN GENERATION:</b>		
Units through Diesel Generator	<b>NIL</b>	NIL
Units per liter of Diesel Oil	<b>NIL</b>	NIL
Cost / Unit (Rs.)	<b>NIL</b>	NIL
<b>2. FURNACE OIL:</b>		
Quantity (Ltrs)	<b>1,855,654</b>	4,084,765
Total Amount (Rs.)	<b>63,862,422</b>	102,534,986
Average Rate (Rs.)	<b>34.42</b>	25.10
<b>3. COAL &amp; OTHERS:</b>		
Quantity (Tonnage)	<b>10,269</b>	11,091
Total Amount (Rs.)	<b>84,302,790</b>	67,621,447
Rate / Unit (Rs.)	<b>8,209</b>	6,097
<b>B. CONSUMPTION PER UNIT OF PRODUCTION:</b>		
<b>Products (with details)</b>		
Production (MTs)	<b>97,669</b>	154,449
Electricity (Units)	<b>103</b>	102
Furnace Oil (Ltrs.)	<b>19</b>	26
Coal & Others (Kgs)	<b>105</b>	72

## CORPORATE GOVERNANCE

1. The philosophy of the Company on corporate governance envisages the attainment of the highest level of transparency, accountability, trusteeship, integrity and equity in all areas of its operations. Company is committed to good corporate governance. The fundamental objective of the Company is enhancement of shareholder value, whilst taking into account the interest of all other stakeholders for wealth creation.
2. **Board of Directors:**  
The Board of Directors as on the date of this Report is comprised of 6 Directors of which One is Executive, Two Non Executive, Two are Non Executive Independent and one Nominee Director.  

Sri. Suresh Kumar Bhuwalka, Chairman	- Executive (Managing Director)
Sri. Ajay Kumar Bhuwalka	- Non-Executive
Sri. Ankit Bhuwalka	- Non-Executive
Sri. K.C. Kondaiah	- Non Executive & Independent
Sri. Roop Sing Chawhan	- Non Executive & Independent
Smt. Visalakshi Vasanthan	- Nominee Director of IDBI Bank
3. Details of attendance at Board Meetings and last AGM and details of memberships in other Boards & Board Committees:  
**The Board met 6 times during the year – on 30<sup>th</sup> May 2011, 23<sup>rd</sup> July 2011, 12<sup>th</sup> August 2011, 12<sup>th</sup> November 2011, 8<sup>th</sup> December 2011 and 14<sup>th</sup> February 2012.**

Name of the Directors	No. of Board Meetings Attended	Whether attended last AGM	Directorship in other Boards	Committee	
				Membership	Chairmanship
Suresh Kumar Bhuwalka	3	Yes	6	–	–
Ajay Kumar Bhuwalka	6	Yes	6	–	–
Ankit Bhuwalka	Nil	Yes	5	–	–
K.C. Kondaiah	2	Yes	1	–	–
Roop Sing Chawhan	5	Yes	1	–	–
Visalakshi Vasanthan	3	No	Nil	–	–

**4. Audit Committee :** (As on the date of this Report)

- |                              |                               |
|------------------------------|-------------------------------|
| a) Sri. Roop Sing Chawhan    | - Non Executive & Independent |
| b) Sri Suresh Kumar Bhuwalka | - Executive                   |
| c) Sri. K.C. Kondaiah        | - Non Executive & Independent |

The Committee met 4 times during the year on 30.05.2011, 12.08.2011, 12.11.2011, and 14.02.2012

Name of the Members	Category	Attended	% of total	Whether attended last AGM
Roop Sing Chawhan	NED & Ind	4	100	Yes
Suresh Kumar Bhuwalka	Executive	3	75	Yes
K.C.Kondaiah	NEC & Ind	2	50	Yes

The Statutory and Internal Auditors were present as invitee in the meeting.

The scope of reference to the committee includes:

- Review of audit with Statutory Auditors and Internal Audit team.
- Limited Review of accounts with Statutory Auditors
- Review of annual financial statements with Auditors and management before submission to the Board.

**5. Share holders' / Investors' Grievance Committee:**

- |                              |                                  |
|------------------------------|----------------------------------|
| a) Sri Roop Sing Chawhan     | - Non-executive and Independent  |
| b) Sri Suresh Kumar Bhuwalka | - Chairman and Managing Director |
| c) Sri K.C.Kondaiah          | - Non-executive and independent  |

## ***Annual Report 2011- 2012***

This committee facilitates prompt and effective redressal of shareholders' complaints and to look into their grievances. As on 31.03.2012, there were no complaints remaining unresolved.

### **6. Remuneration to Directors:**

The Board is yet to constitute a remuneration committee to review and propose the remuneration for Whole time Directors and Managing Director.

The details of remuneration of the managerial personnel for the year 2011-12 are given in No. 2 of Note 23 - Notes to Accounts.

Sitting fee is paid to non-executive directors for attending Board Meetings, Audit committee meetings and other committee meetings. No other remuneration is paid to Non-executive directors.

### **7. Share Transfer Committee:**

The Share transfer committee consisting of

1. Sri. Suresh Kumar Bhuwalka – Chairman
2. Sri. Ajay Kumar Bhuwalka

Secretary – Ashish Kumar A Parmar, Company Secretary

Requests for dematerialization are generally confirmed on a weekly basis.

### **8. Directors:**

Particulars about Directors who are retiring and are eligible for re-appointment and for those who are proposed to be appointed have been given in the notice convening the Annual General Meeting and Explanatory Statement.

### **9. General Body Meetings:**

Location, Date and Time where last three Annual General Meetings (AGM) were held:

<b>YEAR</b>	<b>DATE</b>	<b>TIME</b>	<b>VENUE</b>
2008-2009 27 <sup>th</sup> AGM	30.09.2009	12.30 P.M	Hotel Woodlands No.5, Rajaram Mohanroy Road Bangalore – 560 025
2009-2010 28 <sup>th</sup> AGM	28.09.2010	12.30 P.M.	Hotel Woodlands No.5, Rajaram Mohanroy Road Bangalore – 560 025
2010 – 2011 29 <sup>th</sup> AGM	26.09.2011	12.30 P.M.	Hotel Woodlands No.5, Rajaram Mohanroy Road Bangalore – 560 025

### **10. Insider Trading:**

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the company has adopted a code of conduct for prevention of insider trading and required disclosure practices.

### **11. Disclosures:**

Disclosure of related party transactions as per Accounting Standard 18 has been made in Note 23 of the balance sheet under notes forming parts of the Accounts.

### **12. Means of Communication**

The quarterly results are published in the Financial Express and "sanjevani" (Kannada). During the year, no presentations were made to Financial Analysts / Institutional Investors.

The details pursuant to clause 54 of the listing agreement with stock exchanges are available in the company's website [www.bhuwalkagroup.com](http://www.bhuwalkagroup.com)



## BHUWALKA STEEL INDUSTRIES LIMITED

### 13. General Shareholder's Information:

**Annual General Meeting** : Wednesday, 26th September, 2012 at 12.30 pm  
Woodlands Hotel  
No.5 Rajaram Mohanroy Road  
Bangalore – 560 025

• **Financial Calendar of Board Meetings (tentative) for approval of**

- i. Unaudited Results – I Qtr : on or before 14.08.2012
- ii. Unaudited Results – II Qtr : on or before 14.11.2012
- iii. Unaudited Results – III Qtr : on or before 14.02.2013
- iv. Annual Accounts – 2012 - 13 : on or before 30.05.2013

**Book Closure** : 20.09.2012 to 26.09.2012

- **Listing on Stock Exchanges** : Bangalore , Mumbai
- **Stock Code** : The Mumbai Stock Exchange 513333  
Bangalore Stock Exchange BHUWALKSTL

**Listing Fee** : Annual Listing fees are being paid to each of the said Stock exchanges as and when they fall due for payment

• **Share Price Data:**

There has been no active trading on Bangalore Stock Exchange and Data of Mumbai Stock Exchange is furnished below:-

Month	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
April, 2011	50.00	34.85	37,263
May, 2011	47.90	38.40	14,274
June, 2011	55.65	43.70	88,187
July, 2011	62.00	26.00	1,35,868
August, 2011	28.55	19.20	76,646
September, 2011	27.85	20.20	63,857
October, 2011	25.65	20.70	15,682
November, 2011	25.05	18.45	44,974
December, 2011	24.00	15.00	35,464
January, 2012	21.95	15.80	24,875
February, 2012	23.95	17.80	15,184
March, 2012	22.50	18.35	16,449

• **Registrar & Transfer Agents :**

The Share Transfer work is being done by M/s. Integrated Enterprises (India) Ltd., Regd. Office, 30, Ramana Residency 4th Cross, Sampige Road, Malleswaram, Bangalore – 560 003 for both Physical and Electronic Form till date in compliance with SEBI requirements.

• **Share Transfer System :**

- The power to approve transfer of shares had been delegated by the Board to the Share Transfer committee. Share transfers are processed within 30 days from the date of receipt.

## Annual Report 2011- 2012

- **Distribution of Shareholdings as on 31st March, 2012.**

No. Of Shares held	Folios Number	%	Shares Number	%
1 – 500	4474	87.54	835164	8.05
501 – 1000	326	6.38	262868	2.53
1001 – 2000	168	3.29	276010	2.66
2001 – 3000	42	0.82	108542	1.05
3001 – 4000	33	0.65	121825	1.17
4001 – 5000	10	0.20	46110	0.44
5001 – 10000	27	0.53	190522	1.84
10001 & ABOVE	31	0.61	8533457	82.25
<b>Total</b>	<b>5111</b>	<b>100.00</b>	<b>10374498</b>	<b>100.00</b>

- **Pattern of Share Holding as on 31<sup>st</sup> March, 2012**

Sl.No.	Category	No.ofShares	% of ShareHolding
1.	Promoters and promoters' group	7360000	70.94
2.	Mutual Funds	200	0.00
3.	Financial Institution/Banks	5600	0.06
3.	Private Corporate Bodies	363815	3.51
4.	Indian Public	2609431	25.15
5.	Clearing Member	14324	0.14
5.	NRI/Foreign Institutional Investors	21128	0.20
<b>Total</b>		<b>10374498</b>	<b>100.00</b>

- **Dematerialization of Shares :**

The Company has entered into necessary agreements with NSDL & CDSL for dematerialization of shares held by investors.

As on date, more than 90% of share capital is in electronic form.

The ISIN Number allotted to the Company is ISIN INE069C01013.

- **Plant Locations: Given on the first page of the Annual report**

- **Address for correspondence:**

All correspondence regarding shares should be addressed to R & T Agent or Company at:

**To the Company:**  
Mr. Desmond Rozario  
Compliance Officer  
Bhuwarka Steel Industries Ltd.  
'Bhuwarka Centre' No.71, III Cross  
Residency Road, Bangalore –560 025

**To the Registrar & Transfer Agent:**  
Mr. S. Vijay Gopal  
Assistant Vice President  
M/s. Integrated Enterprises (India) Ltd.,  
30, Ramana Residency, 4th Cross  
Sampige Road, Malleswaram  
Bangalore – 560 003

• **Non-mandatory Clauses:**

The Company has not adopted any of the non-mandatory requirements as mentioned in Clause 49 of the Listing Agreement.

for and on Behalf of the Board

Place : Bangalore  
Date : August 1, 2012

(Suresh Kumar Bhuwalka)  
*Chairman & Managing Director.*

---

**AUDITORS' CERTIFICATE**

**TO THE MEMBERS OF BHUWALKA STEEL INDUSTRIES LIMITED**

We have examined the compliance of conditions of corporate governance by Bhuwalka Steel Industries Limited, for the year ended on 31<sup>st</sup> March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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 the above mentioned Listing Agreement.

We state that in respect of investors' grievances received during the year ended March 31, 2012, no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

**for ASR Associates**  
*Chartered Accountants*

Place : Bangalore  
Date : 1st August, 2012

**(CA A. S. Rafiq)**  
*Partner*  
Membership No.204646  
FRN No. 8877S

---

**AUDITOR'S REPORT**

**The Members of**

**M/S. BHUWALKA STEEL INDUSTRIES LIMITED**

We have audited the attached balance sheet of M/S. BHUWALKA STEEL INDUSTRIES LIMITED as at 31<sup>st</sup> March 2012 and also the profit and loss account and cash flow statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management; our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

**We report as follows**

1. As required by the Companies (Auditor's Report) Order, 2003, as amended, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks and verification of the books of account as we considered necessary and to the best of our knowledge and according to the information and explanations given to us during the course of our audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in Paragraph 1 above,
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss account and cash flow statement dealt with by this report are in agreement with the books of account;

- d) In our opinion, the Balance Sheet, Profit & Loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956,
- e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2012 from being appointed as a director in terms of Clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the company's accounting policies, give the information required by the Companies Act, 1956, in the manner so required read with other notes in Note 23 give a true and fair view in conformity with the accounting principles generally accepted in India,
  - i) In the case of the balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March 2012;
  - ii) In the case of the profit and loss account, of the loss of the company for the year ended on that date; and
  - iii) In the case of Cash Flow Statement, of the cash flow of the company for the year ended on that date.

**for ASR Associates**  
*Chartered Accountants*

**(CA A. S. Rafiq )**

*Partner*  
Membership No.204646  
FRN No. 8877S

Place : Bangalore  
Date : 1st August, 2012



**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE REPORT OF EVEN DATE OF THE AUDITOR'S TO THE MEMBERS OF BHUWALKA STEEL INDUSTRIES LIMITED, BANGALORE, ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012.**

1. The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. The Company has drawn up a program of physical verification of fixed assets at reasonable intervals, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Fixed assets were physically verified by the management during the year and no material discrepancies were noticed on such verification.
2. The management has conducted physical verification of inventory at reasonable intervals. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3. a) As informed to us, the Company has granted interest free unsecured loans and advances, to one company, covered in the register maintained under section 301 of the Companies Act, 1956. The maximum Amount involved during the year was 1.55 lacs and year end balance was 1.55 lacs.  
b) In our opinion and as per the information and explanation given to us the term & conditions, on which loan have been granted, are prima facie not prejudicial to the interest of the company.  
c) The loan was repayable on demand and no stipulation has been made for the repayment of loans taken by the company covered in the register maintained under section 301 of companies Act 1956, we are unable to comment on regularity of repayment of loans and interest on loan granted by Company.  
d) As informed to us, the company has taken interest free unsecured loan from directors covered in the registered maintained under section 301 of the Companies Act, 1956 amounting to Rs. 1137.99/- Lacs and the term and conditions whereof is not prejudicial to the interest of the company.  
e) The loan was repayable on demand and no stipulation has been made for the repayment of loans taken by the company covered in the register maintained under section 301 of companies Act 1956, we are unable to comment on regularity of repayment of loans and interest on loan taken by Company.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls system.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the companies Act have been entered in the register required to be maintained under section 301. In respect of transactions made in pursuance of such contracts or arrangements, with parties with whom transactions exceeding value of Rupees five lakhs have been entered into during the financial year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the same.
9. According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Customs Duty, Excise Duty, cess and other statutory dues applicable to it with the appropriate authorities.

According to the information and explanations given to us, except mentioned in table below, no undisputed amounts payable in respect of statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues, applicable to it, were outstanding at the year end for a period of more than six months from the date they became payable.



## Annual Report 2011- 2012

Nature of Dues	Period pertaining to	Amount Rs.	Due date	Date of payment	Nos. of days delayed
TDS	July 2011	1,46,734	07.08.2011	03.05.2012	270
TDS	August 2011	50,080	07.09.2011	03.05.2012	239
TDS	September 2011	1,38,917	07.10.2011	03.05.2012	209
Service tax	October 2011	81,115	05.11.2011	06.06.2012	214
Service Tax	November 2011	1,16,349	05.12.2011	06.06.2012	184

Based on information and explanations given to us, such disputed statutory dues that have not been deposited on account of matters pending before appropriate appellate authorities are as under :-

Sr. No.	Name of the Statute	Nature of Dues	Forum where dispute is pending	Amount (Rs.in lakhs)
1	Central Excise Act, 1944	Excise Duty and service tax	CESTAT	909.23
2	Income Tax Act 1961	Income Tax	Commissioner of Income Tax (Appeal)	71.45

10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the immediately preceding financial year.

The Company has not incurred cash losses in the current financial year.

11. As per information furnished by the management, the company has been paying due principal installments, interest dues to banks and financial institutions. However delays have been observed on due dates. Defaults with respect to short term and long term loans have been detailed in Note no. 3(iii) and 4 (iii) of the notes forming part of the financial statements.
12. According to the information and explanations given 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.
13. The company is not a chit fund or a nidhi/mutual benefit fund/society and hence clause 4 (xiii) of Companies (Auditor's Report) Order 2003 is not applicable to the company.
14. In our opinion, the Company is not a dealer or a trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the terms and conditions of the guarantee given by the company for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.
16. The term loans raised by the company were applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been used for long-term investment.
18. During the year, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The company has not issued debentures and therefore the question of creation of securities in respect of debentures does not arise.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**for ASR Associates**  
Chartered Accountants

**(CA A. S. Rafiq)**  
Partner

Membership No.204646  
FRN No. 8877S

Place : Bangalore  
Date : 1st August, 2012



**BHUWALKA  
STEEL INDUSTRIES LIMITED**

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

PARTICULARS	Note No.	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
<b>A EQUITY AND LIABILITIES</b>			
<b>1 SHAREHOLDERS' FUNDS</b>			
a) Share capital	1	115,753,018	63,880,528
(b) Reserves and surplus	2	124,093,489	198,039,056
(c) Money received against share warrants		20,040,000	20,040,000
Sub-total - Shareholder's funds		<u>259,886,507</u>	<u>281,959,584</u>
<b>2 NON-CURRENT LIABILITIES</b>			
(a) Long-term borrowings	3	315,471,454	427,063,564
(b) Deferred tax liabilities (net)	21	54,210,143	66,774,121
Sub-total - Non-current liabilities		<u>369,681,597</u>	<u>493,837,685</u>
<b>3 CURRENT LIABILITIES</b>			
(a) Short-term borrowings	4	936,047,570	881,612,390
(b) Trade payables	5	961,648,427	648,239,009
(c) Other current liabilities	6	119,491,510	270,898,250
(d) Short-term provisions	7	2,849,813	2,849,813
Sub-total - Current liabilities		<u>2,020,037,320</u>	<u>1,803,599,462</u>
<b>TOTAL</b>		<u>2,649,605,424</u>	<u>2,579,396,731</u>
<b>B ASSETS</b>			
<b>1 NON-CURRENT ASSETS</b>			
(a) Fixed assets			
(i) Tangible assets	8	769,251,846	763,621,911
(ii) Intangible assets			
(iii) Capital work-in-progress		-	49,946,645
(iv) Intangible assets under development			
(v) Fixed assets held for sale			
(b) Non-current investments	9	138,199,244	138,199,244
(c) Deferred tax assets (net)			
(d) Long-term loans and advances	10	16,549,038	16,284,218
Sub-total - Non-current assets		<u>924,000,128</u>	<u>968,052,018</u>
<b>2 CURRENT ASSETS</b>			
(a) Current investments	16	-	-
(b) Inventories	11	1,007,059,988	1,016,545,661
(c) Trade receivables	12	508,513,141	186,505,440
(d) Cash and cash equivalents	13	91,623,115	87,399,132
(e) Short-term loans and advances	14	118,409,052	320,894,480
(f) Other current assets		-	-
Sub-total - Current assets		<u>1,725,605,296</u>	<u>1,611,344,713</u>
<b>TOTAL</b>		<u>2,649,605,424</u>	<u>2,579,396,731</u>
<b>See accompanying notes forming part of the financial statements</b>	23		

In terms of our report attached

For and on behalf of the Board

**(Suresh Kumar Bhuwalka)**  
*Chairman & Managing Director*

**(Ajay Kumar Bhuwalka)**  
*Director*

**(Ashish Kumar A. Parmar)**  
*Company Secretary*

As per Report of even date

**for ASR Associates**  
*Chartered Accountants*

**(CA A. S. Rafiq )**  
*Proprietor*  
Membership No.204646  
FRN No. 8877S

Place : Bangalore  
Date : 1st August, 2012

**Annual Report 2011- 2012**

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012**

PARTICULARS	Note No.	For the Year ended 31.03.2012	For the Year ended 31.03.2011
<b>A CONTINUING OPERATIONS</b>			
1 Revenue from operations (gross)	15	6,753,328,069	5,733,856,429
Less: Excise duty	15	366,308,604	455,728,773
Revenue from operations (net)		<u>6,387,019,466</u>	<u>5,278,127,656</u>
2 Other income	16	12,656,029	8,953,551
<b>3 Total revenue (1+2)</b>		<u>6,399,675,495</u>	<u>5,287,081,207</u>
<b>4 Expenses</b>			
(a) Cost of materials consumed	17.a	3,197,999,745	4,153,424,680
(b) Purchases of stock-in-trade	17.b	2,626,936,237	573,620,416
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	17.c	(114,818,774)	(168,895,694)
(d) Employee benefits expense	18	123,832,763	98,748,999
(e) Finance costs	19	240,342,071	187,252,672
(f) Depreciation and amortisation expense	8.b	59,768,214	30,670,443
(g) Other expenses	20	300,252,296	360,403,047
<b>Total expenses</b>		<u>6,434,312,550</u>	<u>5,235,224,565</u>
<b>5 Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)</b>		<b>(34,637,056)</b>	51,856,642
6 Exceptional items		-	-
<b>7 Profit / (Loss) before extraordinary items and tax (5 ± 6)</b>		<b>(34,637,056)</b>	51,856,642
8 Extraordinary items		-	-
<b>9 Profit / (Loss) before tax (7 ± 8)</b>		<b>(34,637,056)</b>	51,856,642
<b>10 Tax expense:</b>			
(a) Current tax expense for current year			261,613
(c) Current tax expense relating to prior years			-
(c) Net current tax expense			-
(d) Deferred tax (Assets)/Liabilities	21. a	12,563,978	18,729,976
<b>11 Profit / (Loss) from continuing operations (9 ± 10)</b>		<b>(22,073,078)</b>	32,865,053
<b>B DISCONTINUING OPERATIONS</b>			
12.i Profit / (Loss) from discontinuing operations (before tax)		-	-
12.ii Gain / (Loss) on disposal of assets / settlement of liabilities attributable to the discontinuing operations		-	-
12.iii Add / (Less): Tax expense of discontinuing operations		-	-
<b>13 Profit / (Loss) from discontinuing operations (12.i ± 12.ii ± 12.iii)</b>		<b>-</b>	<b>-</b>
<b>14 Profit / (Loss) for the year (11 ± 13)</b>		<b>(22,073,078)</b>	32,865,053
<b>15.i Earnings per share (of 10/- each):</b>	22		
(a) Basic		(2.13)	6.34

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board

**(Suresh Kumar Bhuwalka)**  
Chairman & Managing Director

**(Ajay Kumar Bhuwalka)**  
Director

**(Ashish Kumar A. Parmar)**  
Company Secretary

As per Report of even date

**for ASR Associates**  
Chartered Accountants

**(CA A. S. Rafiq )**  
Proprietor

Place : Bangalore

Date : 1st August, 2012

Membership No.204646  
FRN No. 8877S

**Notes forming part of the financial statements**
**Note 1: Share Capital**

Particulars	As at 31.03.2012		As at 31.03.2011	
	Number of shares	Amounts in Rs.	Number of shares	Amounts in Rs.
(a) Authorised				
Equity shares of Rs. 10/- each with voting rights	15,000,000	150,000,000	15,000,000	150,000,000
Equity shares of Rs. 10/- each Unclassified Shares	5,000,000	50,000,000	5,000,000	50,000,000
Preference shares of Rs. 100/- each	500,000	50,000,000	500,000	50,000,000
		<b>250,000,000</b>		<b>250,000,000</b>
(b) Issued				
Equity shares of Rs. 10 each with voting rights	10,374,498	103,744,980	5,187,249	51,872,490
(c) Subscribed and fully paid up				
Equity shares of Rs. 10 each with voting rights	10,374,498	103,744,980	5,187,249	51,872,490
(d) Forfeited Shares		12,008,038		12,008,038
<b>Total</b>		<b>115,753,018</b>		<b>63,880,528</b>

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

Particulars	Opening Balance	Fresh issue	Bonus Shares Issuance	Closing Balance
Equity shares with voting rights				
Year ended 31 March, 2012				
- Number of shares	5,187,249	—	5,187,249	10,374,498
- Amount Rs.	51,872,490	—	51,872,490	103,744,980
Year ended 31 March, 2011				
- Number of shares	5,187,249	—	—	5,187,249
- Amount Rs.	51,872,490	—	—	51,872,490

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

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding in that class Shares	Number of shares held	% holding in that class Shares
Equity shares with voting rights				
Suresh Kumar Bhuwalka	6,058,500	58.40	3,029,250	58.40
Ajay Kumar Bhuwalka	752,600	7.25	376,300	7.25

(iii) Details of forfeited shares

Class of shares	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	Amount Originally paid up	Number of shares	Amount Originally paid up
Equity shares with voting rights		12,008,038		12,008,038

- iv) 55,07,249 Equity Shares of Rs. 10/- each fully paid-up, issued as Bonus Shares on Capitalisation of Capital redemption reserve, Securities premium, General Reserve. Out of which total 5187249 fully paid up shares were allotted as bonus shares in FY 2011-12.
- v) 21,75,000 Equity Shares of Rs.10/- each allotted otherwise than on payment of cash to the Shareholders of erstwhile M/s. Tikmani Steel Co. Ltd & M/s. A.A. Alloys Ltd. as per the Scheme of Amalgamation approved by the Karnataka High Court.
- vi) Company has allotted 2,000,000 warrants during March 2008 with an option to acquire 1 equity share at the option of warrant holder at a price of Rs. 100.20 per equity share by way of preferential issue as per SEBI Guidelines. The warrant-holders have paid 10% of the total issue price before the allotment in terms of SEBI Guidelines which is liable to be forfeited if option to apply for equity shares is not exercised on or before due date. The option attached with Warrants may be exercised within a period of 18 months from the date of allotment, i.e., 11th March, 2008. Since Warrant holders have not exercised the option, the Warrants have been forfeited during FY 2009-10.

**Annual Report 2011- 2012**

**Notes forming part of the financial statements**

<b>PARTICULARS</b>	<b>AS AT 31.03.2012 Rs.</b>	<b>AS AT 31.03.2011 Rs.</b>
<b>Note 2 : Reserves and surplus</b>		
(a) Capital Reserve		
Opening balance	2,845,500	2,845,500
Add: Additions during the year	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	<u>2,845,500</u>	<u>2,845,500</u>
(b) Capital redemption reserve		
Opening balance	2,800,000	2,800,000
Add: Additions during the year	-	-
Less: Utilised during the year for Issuing bonus shares	2,800,000	
Closing balance	<u>-</u>	<u>2,800,000</u>
(c) Securities premium account		
Opening balance	48,522,110	48,522,110
Add: Premium on shares issued during the year		
Less : Utilised during the year for:		
Issuing bonus shares	48,522,110	
Closing balance	<u>-</u>	<u>48,522,110</u>
(d) General reserve		
Opening balance	67,575,189	67,575,189
Add: Transferred from surplus in Statement of Profit and Loss		
Less: Utilised / transferred during the year for:		
Issuing bonus shares	550,380	
Others		
Closing Balance	<u>67,024,809</u>	<u>67,575,189</u>
(e) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	76,296,257	43,431,204
Add: Profit / (Loss) for the year	(22,073,078)	32,865,053
Amounts transferred from:		
Less: Interim dividend	-	-
Closing balance	<u>54,223,180</u>	<u>76,296,257</u>
<b>Total</b>	<u><b>124,093,489</b></u>	<u><b>198,039,056</b></u>
<b>Note 3: Long-term borrowings</b>		
(a) Term loans From Banks (Refer Note (i) below)		
Secured	45,083,110	116,542,649
Unsecured	-	-
(b) Term loans from others		
Secured	81,790	4,093,130
Unsecured	155,369,524	155,295,282
(c) Loans and advances from related parties		
Secured		
Unsecured	113,799,227	148,757,871
(d) Deferred Payment Liabilities		
Secured	1,137,803	2,374,632
Unsecured	-	-
<b>Total</b>	<u><b>315,471,454</b></u>	<u><b>427,063,564</b></u>

**Notes forming part of the financial statements**

(i) Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

Particulars	Terms of repayment and security	As at 31 March, 2012		As at 31 March, 2011	
		Secured	Unsecured	Secured	Unsecured
(a) Term loans from banks:					
IDBI Bank	These loans are secured by way of first charge (Pari passu with both the banks) over all the Fixed assets of the Company except properties/ assets exclusively charged to other banks and institutions mentioned below.	30,083,110		70,179,110	
Canara Bank		15,000,000		29,381,096	
Indian Overseas Bank	Secured by exclusive charge by way of equitable mortgage of Corporate office.	–		16,982,443	
Total - Term loans from banks		45,083,110		116,542,649	
(b) Term loans from other parties:					
Tata Capital Ltd	Secured by hypothecation of exclusive charge on Coal gassifier purchased under the said loan.	–		3,341,693	
Kotak Mahindra Primus Ltd.	Secured by an exclusive charge by way of hypothecation of Vehicles purchased out of this loan.	81,790		751,437	
Total - From Other Parties	Unsecured		155,369,524		155,295,282
Total - Term loans from other parties		81,790	155,369,524	4,093,130	155,295,282
c) Loans and advances from related parties:					
From Directors	Unsecured		113,799,227		114,000,000
From Other related parties	Unsecured		–		34,757,871
Total-Loans and advances from related parties			113,799,227		148,757,871
d) Deferred Payment Liabilities	Statutory Liability for Kanchipuram Unit of the Company				
Secured (Sales Tax Deferment)			1,137,803	2,374,632	
			1,137,803	2,374,632	–
Total ( a+b+c+d)		46,302,703	270,306,554	123,010,411	304,053,153

**Annual Report 2011- 2012**

**Notes forming part of the financial statements**

(ii) Details of long-term borrowings guaranteed by some of the directors or others:

PARTICULARS	AS AT	AS AT
	31.03.2012	31.03.2011
	Rs.	Rs.
Term loans from banks	45,164,900	120,635,779
Term loans from other parties	-	-
Deferred payment liabilities	1,137,803	2,374,632
Other loans and advances	-	-

(iii) The Company has defaulted in repayment of loans and interest in respect of the following:

Amount in Rs.

PARTICULARS	As at 31 March, 2012		As at 31 March, 2011	
	Period of default		Period of default	
Term loans from banks				
Principal	February & March 2012	9,762,000		-
Interest	March 2012	1,488,000		-
Term loans from other parties				
Principal	From November 2011	1,493,510		-
Interest				-
Deferred payment liabilities				
Principal		-		-
Interest		-		-
Other loans and advances				
Principal		-		-
Interest		-		-

**Note 4 : Short-term borrowings**

PARTICULARS	AS AT	AS AT
	31.03.2012	31.03.2011
	Rs.	Rs.
(a) Loans repayable		
i) From banks		
Secured		
For Steel Division	684,690,230	674,762,239
For Jewellery Division	111,789,201	109,815,818
Unsecured	14,985,194	3,040,018
	<u>811,464,625</u>	<u>787,618,074</u>
ii) From Other Parties		
Secured		
Unsecured	124,582,945	93,994,315
	<u>124,582,945</u>	<u>93,994,315</u>
(b) Loans and advances from related parties		
Secured		
Unsecured	-	-
	<u>-</u>	<u>-</u>
<b>Total</b>	<u>936,047,570</u>	<u>881,612,390</u>



**BHUWALKA  
STEEL INDUSTRIES LIMITED**

**Notes forming part of the financial statements**

Notes:

(i) Details of security for the secured short-term borrowings:

Particulars	Nature of security	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
Loans repayable on demand from banks:			
CANARA BANK - OCC	Hypothecation of Book debts and Inventories of Steel Division	486,966,676	477,369,843
IDBI BANK- OCC		197,723,554	197,392,396
Indian Overseas Bank- OCC	Hypothecation of Book debts and Inventories of Jewellery Division	111,789,201	109,815,818
American Express Bank	Unsecured	14,985,194	—
Kotak Mahindra Bank	Unsecured	—	3,040,018
<b>Total - from banks</b>		<b>811,464,625</b>	<b>787,618,074</b>
Loans repayable on demand from Other parties	Unsecured	—	—
Other loans and advances:			
Factoring Facilities with SBI Global Factors Ltd.	Assignment of Specific Receivables, Personal Gurantees of Directors	124,582,945	93,994,315

(ii) Details of short-term borrowings guaranteed by some of the directors or others:

PARTICULARS	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
Loans repayable on demand from banks	796,479,431	787,618,074
Loans repayable on demand from other parties	124,582,945	93,994,315
Loans and advances from related parties	—	—
Deposits	—	—

(iii) The Company has defaulted in repayment of loans and interest in respect of the following:

PARTICULARS	AS AT 31st March 2012	
	Period of Default	Amount
Loans repayable on demand from banks		
Principal	—	—
Interest	1 Month	4,511,655
Loans repayable on demand from other parties		
Principal	2 Months	122,664,156
Interest	2 months	1,918,789
<b>Total</b>		<b>129,094,600</b>

**Note 5: Trade payables**

PARTICULARS	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
Trade payables:		
Acceptances (Letter of Credit Backed)	225,596,250	260,344,052
Other than Acceptances	736,052,177	387,894,957
<b>Total</b>	<b>961,648,427</b>	<b>648,239,009</b>



**Annual Report 2011- 2012**

**Notes forming part of the financial statements**

<b>PARTICULARS</b>	<b>AS AT 31.03.2012 Rs.</b>	<b>AS AT 31.03.2011 Rs.</b>
<b>Note 6: Other Current Liabilities</b>		
(a) Current maturities of long-term debt	66,074,520	80,686,609
(b) Interest accrued but not due on borrowings		
(c) Interest accrued and due on borrowings	8,415,223	5,192,626
(d) Unpaid dividends	1,081,742	1,081,742
(e) Other payables		
i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	26,690,091	2,378,725
(ii) Advances from customers	-	164,965,024
(iii) Outstanding Liabilities	17,229,934	16,593,525
Total	<u>119,491,510</u>	<u>270,898,250</u>
Note (i): Current maturities of long-term debt in Note 6 above		
(a) Term loans From banks		
Secured	60,826,350	78,436,942
Unsecured		
From other parties		
Secured	-	-
Unsecured	4,011,341	1,212,191
(b) Deferred payment liabilities		
Secured	-	-
Unsecured	1,236,829	1,037,476
<b>Total</b>	<u>66,074,520</u>	<u>80,686,609</u>
<b>Note 7: Other current liabilities</b>		
(a) Provision for employee benefits:		
(i) Provision for bonus	-	-
(ii) Provision for compensated absences	-	-
(iii) Provision for gratuity (net)	2,236,793	2,236,793
	<u>2,236,793</u>	<u>2,236,793</u>
(b) Provision - Others:		
(i) Provision for tax	613,020	613,020
	<u>613,020</u>	<u>613,020</u>
<b>Total</b>	<u>2,849,813</u>	<u>2,849,813</u>

Notes forming part of the financial statements

NOTE 8

I) FIXED ASSETS

PARTICULARS	GROSS BLOCK				Accumulated depreciation and impairment				NET BLOCK	
	As at 01.04.2011	Additions	Disposals	Balance As at 31.03.2012	Balance As at 01.04.2011	Depreciation Amortisation expense for the year	Eliminated on disposal of assets	Balance As at 31.03.2012	Balance As at 31.03.2012	Balance As at 31.03.2011
(a) Land Freehold	25,695,709			25,695,709					25,695,709	25,695,709
(b) Buildings	209,747,151	16,510,915		226,258,066	49,020,884	6,564,250		55,585,134	170,672,932	160,726,267
(c) Plant and Equipment	780,322,698	48,602,088		828,924,786	255,009,653	45,240,048		300,249,701	528,675,085	525,313,043
(d) Furniture and Fixtures	14,958,811	75,759		15,034,570	7,972,350	567,584		8,539,934	6,494,636	6,986,461
(e) Vehicles	27,165,386		483,457	26,681,929	12,035,021	2,710,635	483,457	14,262,199	12,419,730	15,130,365
(f) Office equipment	19,007,988	209,385		19,217,373	11,799,452	1,453,029		13,252,481	5,964,892	7,208,536
(g) Weighing Machines	1,343,398			1,343,398	396,360	70,063		466,423	876,975	947,038
(h) Electric Installation	60,967,657			60,967,657	39,353,165	3,162,605		42,515,770	18,451,887	21,614,492
Total	1,139,208,798	65,398,147	483,457	1,204,123,488	375,586,885	59,768,214	483,457	434,871,642	769,251,846	763,621,913
Previous year	757,232,341	383,856,810	1,880,354	1,139,208,797	346,084,095	30,670,443	1,167,653	375,586,885	763,621,911	411,148,246

Note 8 - ii) Depreciation and amortisation relating to continuing operations:

PARTICULARS	For the year Ended 31.03.2012 Rs.	For the year Ended 31.03.2011 Rs.
Depreciation and amortisation for the year on tangible assets	59,768,214	30,670,443
Depreciation and amortisation for the year on intangible assets		
Less: Utilised from revaluation reserve		
Depreciation and amortisation relating to discontinuing operations		
Depreciation and amortisation relating to continuing operations	59,768,214	30,670,443

**Notes forming part of the financial statements**

**Note 9 : Non-current investments**

Particulars	As at 31 March, 2012			As at 31 March, 2011		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Investments (At cost):						
A. Trade						
(a ) Investment in equity instruments (give details separately for fully / partly paid up instruments)						
(i) of subsidiaries enaka Sponge Iron Pvt. Ltd. Equity of Rs.100/- Each 299900 equity shares (As at 31 March, 2011: 299,900)		100,166,600	100,166,600		100,166,600	100,166,600
(ii) of joint venture companies (Lootah Bhuwalka Lootah Bhuwalka Steel Industries FZC Equity shares 10,350,000 (As at 31 March, 2011: 10,350,000)		38,012,644	38,012,644		38,012,644	38,012,644
<b>Total - Trade (A)</b>		<b>138,179,244</b>	<b>138,179,244</b>		<b>138,179,244</b>	<b>138,179,244</b>
B. Other investments						
(a) Investment in government or trust securities						
(i) government securities		20,000	20,000		20,000	20,000
(ii) trust securities						
Total - Trade (B)		20,000	20,000		20,000	20,000
<b>Total ( A+ B)</b>			<b>138,199,244</b>			<b>138,199,244</b>

**Notes forming part of the financial statements**

PARTICULARS	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
<b>Note 10: Long-term loans and advances</b>		
a) Security deposits		
Secured, considered good		
Unsecured, considered good	16,259,505	15,994,685
Doubtful	289,533	289,533
Less: Provision for doubtful deposits	—	—
<b>Total</b>	<b>16,549,038</b>	<b>16,284,218</b>
<b>Note 11: Inventories</b>		
(Inventories have been valued at lower of cost and net realisable value)		
(a) Raw materials	378,599,994	506,714,091
Goods-in-transit		
(b) Work-in-progress		1,834,927
Goods-in-transit		
(c) Finished goods (other than those acquired for trading)		
Goods-in-transit	316,966,177	314,698,196
(d) Stock-in-trade (acquired for trading)		
Steel Division	157,593,741	26,778,672
Jewellery Division	133,780,928	143,485,115
Goods-in-transit		
(e) Misroll	8,757,465	13,028,593
Goods-in-transit		
(f) Scrap	11,361,683	10,006,067
Goods-in-transit		
<b>Total</b>	<b>1,007,059,988</b>	<b>1,016,545,661</b>
<b>Note 12: Trade receivables</b>		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	119,482,587	27,102,436
Unsecured, considered good		
Doubtful	2,144,479	2,144,479
	<b>121,627,066</b>	<b>29,246,915</b>
Less: Provision for doubtful trade receivables	2,144,479	2,144,479
	<b>119,482,587</b>	<b>27,102,436</b>
Other Trade receivables		
Secured, considered good	389,030,554	159,403,004
Unsecured, considered good		
Doubtful		
	<b>389,030,554</b>	<b>159,403,004</b>
Less: Provision for doubtful trade receivables	—	—
	<b>389,030,554</b>	<b>159,403,004</b>
<b>Total</b>	<b>508,513,141</b>	<b>186,505,440</b>

**Notes forming part of the financial statements**

<b>PARTICULARS</b>	<b>AS AT 31.03.2012 Rs.</b>	<b>AS AT 31.03.2011 Rs.</b>
<b>Note 13: Cash and cash equivalents</b>		
(a) Cash on hand	7,148,075	10,594,085
(b) Balances with banks		
(i) In current accounts	9,486,310	839,851
(ii) In earmarked accounts		
- Unpaid dividend accounts	1,081,742	1,081,742
- Balances held as margin money or security against borrowings, guarantees and other commitments	73,906,989	74,883,454
<b>Total</b>	<b>91,623,115</b>	<b>87,399,132</b>
 <b>Note 14: Short-term loans and advances</b>		
(a) Loans and advances to related parties		
Secured, considered good	155,408	152,768,007
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
	<u>155,408</u>	<u>152,768,007</u>
(b) Loans and advances to employees		
Secured, considered good	1,127,364	1,052,022
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
	<u>1,127,364</u>	<u>1,052,022</u>
(c) Prepaid expenses - Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.)	1,814,894	4,967,996
(d) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	63,195,257	46,407,848
(ii) VAT credit receivable	17,903,619	24,222,574
(iii) Service Tax credit receivable	1,362,520	8,902,322
iv) Advance Income tax/TDS	1,441,898	2,641,349
v) Service Tax paid under protest	449,474	449,474
vi) Sales tax paid under protest	4,313,117	4,313,117
vii) I.T. Under Protest	1,271,900	1,271,900
viii) Excise Duty Under Protest	14,404,770	14,404,770
ix) Others	8,568	6,000
	<u>104,351,123</u>	<u>102,619,354</u>
(e) Others (specify nature)		
Secured, considered good	-	-
Unsecured, considered good	11,380,587	59,907,424
Doubtful		
Less: Provision for other doubtful loans and advances	420,324	420,323
	<u>10,960,264</u>	<u>59,487,101</u>
<b>Total</b>	<b>118,409,052</b>	<b>320,894,480</b>

**Notes forming part of the financial statements**

PARTICULARS	For the year Ended 31.03.2012 Rs.	For the year Ended 31.03.2011 Rs.
<b>Note 15: Revenue from operations</b>		
(a) Sale of products	6,753,328,069	5,732,106,732
(b) Other operating revenues	-	1,749,697
Less:	6,753,328,069	5,733,856,429
(c) Excise duty	<u>366,308,604</u>	<u>455,728,773</u>
	<u>6,387,019,466</u>	<u>5,278,127,656</u>
(i) Sale of products comprises		
<u>Manufactured goods</u>		
Finished Goods	3,473,717,158	4,692,329,881
Misroll	39,112,085	33,023,185
M.S. Scrap	71,977,851	107,228,922
Jewellery	147,713,836	383,028,874
Others Sales/Receipts	663,391,229	328,683,655
Total - Sale of manufactured goods	<u>4,395,912,158</u>	<u>5,544,294,517</u>
<u>Traded goods</u>		
Finished Goods	2,357,415,911	187,812,215
Others		1,749,697
<b>Total - Sale of traded goods</b>	<u>2,357,415,911</u>	<u>189,561,912</u>
<b>Total - Sale of products</b>	<u>6,753,328,069</u>	<u>5,732,106,732</u>
(ii) Sale of services comprises		
Conversion Charges Received		
Others	-	-
Total - Sale of services	-	-
(iii) Other operating revenues comprise:		
Excess Provision Written back	-	590,470
Profit on sale of Import License	-	802,058
Sundry Balance written back	-	357,169
<b>Total - Other operating revenues</b>	<u>-</u>	<u>1,749,697</u>
<b>Note 16: Other income</b>		
(a) Interest income	7,245,631	3,472,463
(b) Other non-operating income (net of expenses directly attributable to such income)	<u>5,410,398</u>	<u>5,481,088</u>
Total	<u>12,656,029</u>	<u>8,953,551</u>
Interest income comprises:		
Interest from banks on: deposits	7,245,631	3,472,463
Other interest		
<b>Total - Interest income</b>	<u>7,245,631</u>	<u>3,472,463</u>
(ii) Other non-operating income comprises:		
Profit on sale of fixed assets	184,379	114,628
Miscellaneous income	<u>5,226,01</u>	<u>5,366,460</u>
Total - Other non-operating income	<u>5,410,398</u>	<u>5,481,088</u>
(iii) Details of Prior period items (net)		
Prior period income	-	-
Prior period expenses	-	-
<b>Total</b>	<u>-</u>	<u>-</u>

**Notes forming part of the financial statements**

**Note 17.a: Cost of materials consumed**

<b>PARTICULARS</b>	<b>For the year Ended 31.03.2012 Rs.</b>	<b>For the year Ended 31.03.2011 Rs.</b>
Opening stock	506,714,091	447,938,362
Add: Purchases	3,069,885,648	4,212,200,409
	<u>3,576,599,739</u>	<u>4,660,138,771</u>
Less: Closing stock	378,599,994	506,714,091
Cost of material consumed	<u>3,197,999,745</u>	<u>4,153,424,680</u>
Material consumed comprises:		
Raw material	3,178,166,043	4,109,201,076
Store and spares	19,833,701	44,223,605
<b>Total</b>	<u>3,197,999,745</u>	<u>4,153,424,680</u>

**Note 17.b: Purchase of traded goods**

Traded goods	2,626,936,237	573,620,416
<b>Total</b>	<u>2,626,936,237</u>	<u>573,620,416</u>

**Note 17.c: Changes in inventories of finished goods, work-in-progress and stock-in-trade**

Inventories at the end of the year:

Finished goods	608,340,846	484,961,983
Misroll	8,757,465	13,028,593
M.S. Scrap	11,361,683	10,088,243
Work-in-progress	-	1,834,927
	<u>628,459,994</u>	<u>509,913,746</u>

Inventories at the beginning of the year:

Finished goods	484,961,983	299,095,777
Misroll	13,028,593	10,700,938
M.S. Scrap	10,088,243	4,283,702
Work-in-progress	1,834,927	14,685,977
	<u>509,913,746</u>	<u>328,766,393</u>

Net (Increase) / decrease in Stock	(118,546,248)	(181,147,353)
Increase / (decrease) of excise duty on inventory	3,727,474	12,251,659
Net (Increase) / decrease in Stock net of Excise duty	<u>(114,818,774)</u>	<u>(168,895,694)</u>

**Note 18: Employee benefits expense**

Salaries and wages	60,667,615	55,731,772
Subcontracting	57,215,466	36,803,750
Contributions to provident and other funds	3,430,047	3,434,504
Staff welfare expenses	2,519,635	2,778,973
<b>Total</b>	<u>123,832,763</u>	<u>98,748,999</u>

**Note 19: Finance costs**

Interest expense on:		
(i) Borrowings	168,536,686	114,509,663
(ii) Trade payables		
(iii) Others	71,805,385	72,743,009
- Interest on LC, Bill Discounting Charges and on other borrowing		
<b>Total</b>	<u>240,342,071</u>	<u>187,252,672</u>

**Notes forming part of the financial statements**

PARTICULARS	For the year Ended 31.03.2012 Rs.	For the year Ended 31.03.2011 Rs.
<b>Note 20: Other expenses</b>		
Consumption of packing materials	1,409	2,725
Power and fuel	214,423,371	262,711,549
Rent including lease rentals	3,917,600	3,674,375
Repairs and maintenance - Buildings	846,090	561,611
Repairs and maintenance - Machinery	2,206,434	2,713,820
Repairs and maintenance - Vehicle	12,445,098	4,910,657
Bank Charges	14,078,595	20,127,087
Insurance	876,277	689,764
Rates and taxes	3,077,378	3,389,137
Communication	2,117,582	2,209,746
Travelling and conveyance	4,319,347	2,461,637
Printing and stationery	916,144	813,817
Freight and forwarding	16,720,272	14,508,975
Sales commission	4,296,156	10,330,646
Sales discount	2,365,529	2,993,339
Legal and professional	6,324,371	5,301,253
Payments to auditors	250,000	250,000
Bad trade and other receivables, loans and advances written off	374,503	54,537
Loss on fixed assets sold / scrapped / written off	-	246,353
Miscellaneous expenses	10,696,140	22,452,018
<b>Total</b>	<b>300,252,296</b>	<b>360,403,047</b>
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - Statutory audit	250,000	250,000
Reimbursement of expenses		
<b>Total</b>	<b>250,000</b>	<b>250,000</b>
(ii) Details of Prior period items (net)		
Prior period expenses (give details)		
Prior period income (give details)		
<b>Total</b>		



**Notes forming part of the financial statements**

PARTICULARS	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
<b>Note 21: Deferred Tax Liability</b>		
Deferred tax liability / (asset)		
<u>Tax effect of items constituting deferred tax liability</u>		
On difference between book balance and tax balance of fixed assets	<b>113,864,072</b>	89,039,658
Tax effect of items constituting deferred tax liability	<b>113,864,072</b>	89,039,658
<u>Tax effect of items constituting deferred tax assets</u>		
Provision for compensated absences, gratuity and other employee benefits	-	-
Provision for doubtful debts / advances	-	-
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	-	-
On difference between book balance and tax balance of fixed assets		
Unabsorbed Depreciation carried forward	<b>(45,260,591)</b>	(9,874,010)
Brought forward business losses	<b>(14,393,338)</b>	(12,391,527)
On items included in Reserves and surplus pending amortisation into the Statement of Profit and Loss Others		
Tax effect of items constituting deferred tax assets	<b>(59,653,929)</b>	(22,265,537)
Net deferred tax (liability) / asset	<b>54,210,143</b>	66,774,121

The Company has recognised deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax and also the Company has recognised deferred tax asset on unabsorbed depreciation and brought forward business losses based on the Management's estimates of future profits considering the non-cancellable customer orders received by the Company.

**Notes forming part of the financial statements**
**Note 21. a: Computation of Deferred Tax Liability to be reversed**

<b>PARTICULARS</b>	<b>Amount in Rs.</b>
Computation Of Deferred Tax Liability	
<i>Less:</i>	
WDV as per books of Accounts as on 31.03.2012	769,251,844
WDV as per Income Tax as on 31.03.2012	426,468,455
Business Loss & Unabsorbed Depreciation as per Income Tax	179,585,848
Net temporary Difference Between IT and Books of Accounts	163,197,541
Income Tax Thereon @ 30%	48,959,262
Surcharge @ 7.5%	3,671,945
Education Cess @ 3%	1,578,936
Total Deferred Tax Liability as on 31/3/2012 - Provision required to be made	54,210,143
Deferred Tax Liability as on 31/03/2011	66,774,121
Deferred tax Liability to be written back from Profit and loss A/c	12,563,978

<b>PARTICULARS</b>	<b>AS AT 31.03.2012 Rs.</b>	<b>AS AT 31.03.2011 Rs.</b>
--------------------	-------------------------------------	-------------------------------------

**Note 22: Earnings per share**

Earnings per share

Basic

 Net profit / (loss) for the year from continuing operations  
after considering extraordinary items

**(22,073,078)**

32,865,053

Number of equity shares

**10,374,498**

5,187,249

Earnings per share from continuing operations - Basic

**(2.13)**

6.34

## Annual Report 2011- 2012

### Note 23: FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012

#### 01. Contingent Liabilities not provided for:-

Rs. in lakhs

Particulars	FY 2011-12	FY 2010-11
I) Letter of Credits/ Bank Guarantees	2596.72	2662.56
II) Corporate Guarantees given to Banks and Financial Institutions on behalf of Group Companies(Liabilities as on 31.03.2011):	3749.86	5054.00
III) Other statutory liabilities disputed by the company :	980.69	921.94
IV) Claims against the Company not Acknowledged as debt :	34.61	34.61

#### 02. Managerial Remuneration paid or payable to Whole time directors including Managing Director during the Year:-

Particulars	31.03.2012	31.03.2011
Salary & Allowances	4,80,000.00	4,80,000.00
Contribution to Provident Fund and Other Funds	9,360.00	9,360.00
Value of Perquisites & benefits ( as per Income-Tax Rules)	5,94,032.00	5,11,631.00
<b>Total</b>	<b>10,83,392.00</b>	<b>10,00,991.00</b>

### 03. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES:-

#### i) Principal Accounting Policies

The Financial statements have been prepared in accordance with applicable Accounting Standards in India. A summary of important accounting policies, which have been consistently followed, are set out below. The Financial Statements have also been prepared in accordance with relevant presentational requirement of the Companies Act, 1956.

#### ii) General:

- a) The accompanying financial statements have been prepared on the Historical Cost convention in accordance with the provisions of Companies Act, 1956 and generally accepted accounting principles prevailing in India.
- b) The Accounts have been prepared on accrual basis and in accordance with the going concern concept.

#### iii) Valuation of Inventories:

Raw materials, Finished goods, Work-in-progress and Stores & Spares are valued at lower of cost or net realisable value except Mis rolls and M.S. Scrap which are valued at net realisable value, in accordance with Accounting Standard 2 – valuation of inventories. The cost formula used for this purpose is First in First out (FIFO) method and includes direct cost incurred in bringing the items of inventory to their present location and condition.

#### iv) Cash Flow Statement:

The cash flow statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements.

#### v) Depreciation :

Depreciation has been provided on straight line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 on all the assets of the company. Depreciation on the additions made during the year has been provided proportionately for the period of use.

#### vi) Revenue Recognition:

The company recognises sale of goods as they are dispatched to customers and any significant uncertainty as to its ultimate realisation or collection does not exist. Sales comprise amounts invoiced for goods sold inclusive of excise duty but net of sales tax, returns and trade discounts.

#### vii) Fixed Assets

Fixed Assets are stated at their historical cost of acquisition or construction less accumulated depreciation. Cost includes all cost incurred to bring the asset to their present location and condition.

During the year Company has incurred Rs.154 Lacs (Previous year Rs. 171.87 Lacs) on the expansion of the plant at WADA unit. Total Capital work in progress as on 31-03-2012 is NIL (Previous Year Rs. 499.47 Lacs). Company has capitalized amount of Rs499.47 Lacs in FY 2011-12 related to Unit 4 at Wada from CWIP.

viii) **Foreign Currency Transactions:**

Foreign currency transactions are accounted for at the exchange rates prevailing at the transaction date. Monetary assets and liabilities outstanding at the year end denominated in Foreign Currency is translated at the year-end closing rates. Gains and/losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized in the profit and loss account. Exchange differences attributable to the acquisition of the fixed assets, if any, are adjusted to the cost of the respective assets.

ix) **Investments :**

Investments are classified into current and non current investments. Current investments are stated at the lower of cost and fair value. Non current investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of non current investments.

x) **Employee benefits:**

In accordance with Accounting Standard 15 (Revised) – “Employee Benefits”, the Company has:-

1. Accounted short term employee’s benefits on accrual basis:
2. Accounted contribution to Employees’ benefits contribution plan like Provident Fund and Pension Schemes in line with respective statutes and regulations in force on accrual basis and charged to Profit and Loss Account of the year.
3. *Accounted for gratuity, bonus and leave encashment on cash basis instead of accrual basis as per AS 15. As no quantification of provision liability has been done by company from approval actuary/valuer impact of the same on P&L is not ascertained.*

xi) **Borrowing cost:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets in accordance with Accounting Standard 16 on Borrowing Costs. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

During the year Interest is not capitalised. As asset had been put to used at the beginning of the financial year at Wada Unit4. (Previous year Rs. 142.25 Lacs has been Capitalised for Wada Unit 4).

xii) **Segment Information**

In terms of Accounting Standard 17, the Company has only one reportable segment viz. Steel. In case of geographical segment, although the company’s assets are multi-located, the same are not exposed to risks and returns which are materially different from one another. Further, all of them operate in the same economic environment and subject to similar profitability margins. Hence geographical segment reporting is not applicable.

xiii) **Related Party Disclosure**

Related party disclosures have been made in accordance with the accounting Standards on related party Disclosure (AS 18) issued by The Institute of Chartered Accountants of India.

**A)** Following are the name of related parties with whom the transactions were carried out by the company:

<b>Name of the Related Parties</b>	<b>Relationship</b>
Benaka Sponge Iron Pvt Ltd.	Subsidiary Company
Lootah Bhuwalka Steel Industries FZC	Parties where Control Exists
Balchandringd Suresh Kumar	Parties where Control Exists
Bhuwalka Ferrous Ltd.	Parties where Control Exists
Bhuwalka Metal Industries Pvt. Ltd.	Parties where Control Exists
Shri Durga Links Private Limited	Parties where Control Exists
Nava Karnataka Steels Private Ltd.	Parties where Control Exists
Sri Suresh Kumar Bhuwalka	Key Management Personnel- Managing Director
Ajay Bhuwalka	Key Management Personnel- Director
Ankit Bhuwalka	Key Management Personnel- Director

## Annual Report 2011- 2012

**B)** Transactions carried out with related parties referred above in ordinary course of business  
During FY 2011-12:-

Nature of Transactions	Subsidiary	Key Management Personnel	Parties where Control Exists
Purchases	2.31 -	-	13649.71 (1459.46)
Sales	51.10 (9.31)	- -	14997.33 (3489.63)
Expenses	- (-)	10.83 (10.01)	211.91 (-)
Income	Nil (Nil)	-	- (-)
Outstanding – Debit	Nil (Nil)	-	92.43 (186.78)
Credit	Nil (Nil)	1137.99 (1140.00)	- (271.99)

xiv) **Accounting Standard 19- Leases**

Accounting Standard 19 is applicable only in the case of lease transactions entered into on or after 1<sup>st</sup> April; 2001. The Company has taken office & residential properties for its employees under cancelable operating lease agreement after 1<sup>st</sup> April, 2001. The company intends to renew the agreements in the normal course of its business. These properties cannot be subleased to any other person.

Total lease rentals recognized in the Profit & Loss Account for the year with respect to the above is Rs. 39.17 Lacs (Previous Year Rs. 36.74 Lacs).

xv) **Accounting standard 20- Earning Per Share**

Basic earnings per share has been calculated by dividing profit for the year attributable to equity share holders by the weighted average number of equity shares outstanding during the year. The basic earnings per share and diluted earnings per share are the same as there is no change in capital structure in the company.

**Earnings per share have been computed as under:**

Particulars	31.03.2012	31.03.2011
Profit/(Loss) after Taxation after considering extra ordinary items	(22073078)	3,28,65,053
Profit /(Loss) after Taxation before considering extra ordinary items	(22073078)	3,31,26,666
Profit/(Loss) attributable to Equity Shareholders after considering extra ordinary items	(22073078)	3,28,65,053
Profit attributable to Equity Shareholders before considering extra ordinary items	(22073078)	3,31,26,666
Weighted average number of shares	10374498	51,87,249
Earnings per share (Rs.per equity share of Rs.10/- each) basic and diluted ( including extra ordinary items)	(2.13)	6.34
Earnings per share (Rs.per equity share of Rs.10/- each) basic and diluted ( before extra ordinary items)	(2.13)	6.39

xvi) **TAXATION**

Provision for current tax is not required as there is loss during the year and accumulated brought forward loss in accordance with Income Tax Act, 1961.

The deferred tax liability is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one accounting period and are capable of reversal in one or more subsequent periods. The deferred tax is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date.

Deferred tax assets are recognized on unabsorbed depreciation and carry forward of losses as there is virtual certainty that such deferred tax asset can be realised against future taxable profits.

The Company has reversed deferred tax liability amounting to Rs.1,25,63,978/- (Previous year deferred tax liability provided for Rs. 18729976/-) on account of timing difference. Refer Note 21.a for computation of deferred tax liability.

xvii). **Accounting Standard 26- Intangible Assets**

“Accounting Standard 26 – Intangible assets” requires an enterprise to recognize an intangible asset if future economic benefits are expected to arise from it. It also requires that such an asset should be stated after providing depreciation / amortization over the useful life of the asset. Presently, the reporting enterprise does not own any intangible assets.

xviii. **Accounting Standard 28- Impairment of Assets**

The Company has identified that there is no material impairment of assets and as such no provision is required as per AS-28 issued by the ICAI.

xix. **Accounting standard 29- Contingent Liabilities & Contingent assets**

In the opinion of the management, no provision is required against contingent liabilities referred in Note '23'.

04. Sundry debtors includes Rs. 90,88,025.34 (Rs. 1,84,98,035.34/-) and loans and advances includes Rs. 1,55,407.50/- (Previous year Rs. 1,80,046/-) due from the companies under the same management within the meaning of sub-section (1-B) of section 370 of the Companies Act. The particulars of the same are furnished hereunder:

Sundry Debtors	Current Year	Previous Year
Lootah Bhuwalka Steel Industries FZE	9,088,025.34	1,84,98,035.34
Nava Karnataka Steels Pvt. Ltd	–	–
<b>Loans &amp; Advances given</b>		
Bhuwalka Ferros Ltd.,	155,407.50	149,407.50
Bhuwalka 3Metal (P) Ltd	–	30,638.00

05. Sale of raw material has been regrouped under Sales and Other Operational Income in Current Financial year as well as for Previous year. Total sales of raw material is Rs.55,27,38,000 /- for FY 2011-12. (Previous Year Rs 28,55,91,792.)

06. Sundry Creditors under Current Liabilities in Note '5' include Rs. Nil (Rs.Nil) due to Small Scale undertakings. This amount has been determined to the extent such parties have been identified from available information.

07. **Other Disclosures**

The Company has prepared the annual accounts as per revised schedule VI of Companies Act 1956. Last year figures have been regrouped accordingly.

08. Additional information pursuant to paragraph 3 and 4 of the Part II of Schedule VI of the Companies Act, 1956.

**A. Production, opening Stock and Closing Stock of Finished Goods**

Particulars	Unit	Licensed Capacity	Installed Capacity	Actual Production	Opening Stock		Closing Stock	
					Quantity	Amount	Quantity	Amount
Mild Steel		*234,000	234,000	97,669	8,398	31,46,98,196	7,226	31,69,66,177
Rolled Products	MT	(234,000)	(234,000)	(154,449)**	(5,068)	(19,01,12,512)	(8,398)	(31,46,98,196)

**Note:** - \* Installed capacity is as certified by the management.

\*\* It includes total 9,682 MT on conversion for others (PY 9479.06 MT)

## Annual Report 2011- 2012

### B. Raw Material Consumed

Particulars	Current Year		Previous Year	
	MT	Rs.	MT	Rs.
Mild steel Billets/ingots/ blooms/Slabs/Misroll etc	104,464*	317,81,66,043	1,66,846	410,92,01,076

\* It Includes (Consumed for own Production 94,272MT and received for Job Work 10,192MT)

### C. Trade Purchase

Particulars	Current Year		Previous Year	
	MT	Rs.	MT	Rs.
Mild Steel Rolled Products	56,680	2,49,29,04,754	5,881	19,04,40,743
Other Items		13,40,31,482		38,31,79,673
M.S. Scrap	NIL	NIL	Nil	Nil

### D. Sale of Finished Goods and Others

Particulars	Current Year		Previous Year	
	MT	Rs.	MT	Rs.
Mild Steel Rolled Products	89,101	3,46,69,53,277	1,51,150	4,68,59,69,497
Other Items		82,96,21,570		90,58,85,127
Mild Steel- Misroll	941	2,73,59,461	1,490	3,30,23,185
Mild Steel- Scrap	4,499	7,19,77,851	4,494	10,72,28,922

### E. Consumption

Particulars	Current Year		Previous Year	
	MT	Rs.	MT	Rs.
a) Imported				
b) Indigenous	100	317,81,66,043	100	410,92,01,076
c) Total	100	317,81,66,043	100	410,92,01,076
ii) Stores & Spares				
a) Imported	Nil		Nil	Nil
b) Indigenous	100	198,33,701	100	4,42,23,604
c) Total	100	198,33,701	100	4,42,23,604

### F. Earning in Foreign Currency

**Export – C.I.F. value of Exports** 91,60,538 3,53,55,974

### G. Expenditure in Foreign Currency

**a) Traveling expense** NIL INR 27,748/-  
**b) CIF value of Imports** NIL NIL

09. The previous year's figures are regrouped/re-arranged wherever found necessary.

**NOTE: PREVIOUS YEAR'S FIGURES ARE SHOWN IN THE BRACKETS**

(Suresh Kumar Bhuwalka)  
Chairman & Managing Director

(Ajay Kumar Bhuwalka)  
Director

As per Report of even date  
for ASR Associates  
Chartered Accountants

Place : Bangalore  
Date : 1st August, 2012

(Ashish Kumar A. Parmar)  
Company Secretary

(CA A. S. Rafiq )  
Proprietor  
Membership No.204646  
FRN No. 8877S

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

	2011-12 Rs.	2010-11 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit / (Loss) before tax and extraordinary items	(34637056)	51856642
Adjustments for:		
Depreciation	59768214	30670443
Profit/loss from sale of Fixed Assets	(184379)	131725
Profit on sale of Investment	-	-
Rent Received	-	-
Interest Charged to Profit & Loss A/c	233096440	183780209
Provision for Doubtful Debts/Advances Written back	-	-
Dividend Income	-	-
<b>Operating Cash Profit before working capital changes</b>	<b>258043219</b>	<b>266439019</b>
Adjustments for:		
Trade and Other Receivables	(119787092)	266201949
Inventories	9485673	(239229326)
Trade Payables and other Liabilities	210491380	(92221319)
<b>B. CASH FLOW FROM OPERATIONS</b>	<b>358233180</b>	<b>201190323</b>
Direct Taxes Paid/(refund)	-	261613
Sales Tax Deferrment	1037476	1051172
<b>Net Cash from Operating Activities</b>	<b>357195704</b>	<b>199877538</b>
<b>C. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Increase in Fixed Assets(Net)	(15267123)	(38062699)
(Increase)/Decrease in Investments	-	-
Profit on sale of Investment	-	-
Rent Received	-	-
Dividend Income -	-	-
Profit on Sale of Undertaking	-	-
<b>Net cash used in Investing Activities</b>	<b>(15267123)</b>	<b>(38062699)</b>
<b>D. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Increase/(Decrease) in Borrowings	(104608157)	54935147
Interest Paid	(233096440)	(184087106)
<b>Net cash used in Financing Activities</b>	<b>(337704597)</b>	<b>(129151959)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>4223983</b>	<b>32662880</b>
<b>Opening Balance of Cash &amp; Cash Equivalents</b>	<b>87399132</b>	<b>54736252</b>
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>91623115</b>	<b>87399132</b>

**Note :** Balance of cash and cash equivalents include Rs. 10,81,741/- (10,81,741/-) held as balance in bank account of Unpaid Dividend which are not available for operational activities of the Company.

For and on behalf of the Board	As per Report of even date
<b>(Suresh Kumar Bhuwalka)</b> <i>Chairman &amp; Managing Director</i>	<b>(Ajay Kumar Bhuwalka)</b> <i>Director</i>
	<b>for ASR Associates</b> <i>Chartered Accountants</i>
	<b>(Ashish Kumar A. Parmar)</b> <i>Company Secretary</i>
Place : Bangalore	<b>(CA A. S. Rafiq )</b> <i>Proprietor</i>
Date : 1st August, 2012	Membership No.204646 FRN No. 8877s

We have examined the attached Cash Flow Statement of Bhuwalka Steel Industries Limited for the year ended 31st March,2012. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of listing agreement with the corresponding Profit & Loss account and Balance Sheet of the Company covered by our report



**Annual Report 2011- 2012**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. REGISTRATION DETAILS**

CIN No.  State Code        
Balance Sheet Date      31      03      2012  
Date      Month      Year

**II. CAPITAL RAISED DURING THE YEAR** (Amount in Rs. Thousand)

Public Issue        Rights Issue         
Bonus Issue        Private Placement

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS** (Amount in Rs. Thousand)

Total Liabilities        Total Assets

**SOURCES OF FUNDS**

Paid-up Capital        Reserves & Surplus         
Secured Loans        Unsecured Loans         
Share forfeited money        Deferred Tax liability

**APPLICATION OF FUNDS**

Net Fixed Assets        Investments         
Net Current Assets        Misc. Expenditure         
Accumulated Losses

**IV. PERFORMANCE OF COMPANY** (Amount in Rs.Thousand)

Turnover        Total Expenditure         
Profit before tax         Profit after tax          
Earning Per Share in(Rs.)        Dividend rate %

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY**

(As per monetary terms)

Item Code No.

(ITC Code)

7214

7216

Product Description

Bars

Angles, Shapes and Sections

In terms of our report attached

For and on behalf of the Board

**(Suresh Kumar Bhuwalka)**

**(Ajay Kumar Bhuwalka)**

As per Report of even date

**for ASR Associates**

*Chairman & Managing Director*

*Director*

*Chartered Accountants*

**(Ashish Kumar A. Parmar)**

**(CA A. S. Rafiq )**

*Company Secretary*

*Proprietor*

Place : Bangalore

Date : 1st August, 2012

Membership No.204646

FRN No. 8877S

**CONSOLIDATED  
FINANCIAL STATEMENTS**

**AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

To the Board of Directors  
Bhuwarka Steel Industries Limited

We have audited the attached consolidated balance sheet of M/S. BHUWALKA STEEL INDUSTRIES LIMITED and its subsidiary company Benaka Sponge Iron Pvt Ltd. as at 31st March 2012, the Profit and Loss account and the consolidated Cash Flow statement for the year then ended. These financial statements are the responsibility of the company's management and have been prepared pursuant clause 32 of the Listing Agreement with the Stock Exchanges in accordance with the group's accounting policies as described in note to the accompanying financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

The financial statement of Lootha Bhuwarka Steel Industries FZC is not considered for consolidation due to dispose of holding shares in near future (refer Note 1 (b) of Note 23 to consolidated financial statement). We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared in all material respects, in accordance with identified financial reporting framework and are free of material misstatements. An audit includes assessing the accounting principles used and significant estimates made by management, as evaluating the overall financial statement.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements and on the basis of the individual financial statements of the Company and its subsidiary included in the aforesaid consolidation.

On the basis of information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of the company and its aforesaid subsidiary, we are of the opinion that;

- a) The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the company and its subsidiary at 31st March 2012; and
- b) The consolidated Profit and Loss account gives a true and fair view of the consolidated results of the company and its subsidiary for the year then ended.
- c) In the case of the consolidated Cash Flow Statement, of the cash flows of the Company and its subsidiary for the year ended on that date.

**for ASR Associates**  
*Chartered Accountants*

**(CA A. S. Rafiq )**  
*Partner*

Membership No.204646  
FRN No. 8877S

Place : Bangalore  
Date : 1st August, 2012



**BHUWALKA  
STEEL INDUSTRIES LIMITED**

**BHUWALKA STEEL INDUSTRIES LIMITED  
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012**

PARTICULARS	Note NO.	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital 1		115,753,018	63,880,5280
(b) Reserves and surplus	2	164,935,901	299,915,299
(c) Money received against share warrants		20,040,000	20,040,000
Sub-total - Shareholder's funds		<u>300,728,91</u>	<u>383,835,827</u>
Minority Shareholder Interest		28,160	48,511
<b>2 Share application money pending allotment</b>		—	—
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	3	374,601,369	486,640,787
(b) Deferred tax liabilities (net)		79,485,265	92,092,423
(c) Other long-term liabilities		—	—
(d) Long-term provisions		—	—
Sub-total - Non-current liabilities		<u>454,086,634</u>	<u>578,733,210</u>
<b>4 Current liabilities</b>			
(a) Short-term borrowings	4	1,155,111,684	1,106,657,171
(b) Trade payables	5	1,024,770,485	731,547,702
(c) Other current liabilities	6	149,117,371	340,816,020
(d) Short-term provisions	7	6,720,739	7,006,877
Sub-total - Current liabilities		<u>2,335,720,279</u>	<u>2,186,027,770</u>
<b>TOTAL</b>		<u>3,090,553,992</u>	<u>3,148,645,318</u>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	8	975,485,432	985,193,719
(ii) Intangible assets		—	—
(iii) Capital work-in-progress		1,030,006	50,976,651
(iv) Intangible assets under development		—	—
(v) Fixed assets held for sale		—	—
(b) Non-current investments	9	38,049,987	38,049,987
(c) Deferred tax assets (net)		—	—
(d) Long-term loans and advances	10	16,549,038	16,284,218
(e) Other non-current assets	10A	77,760	86,400
Sub-total - Non-current assets		<u>1,031,192,224</u>	<u>1,090,590,975</u>
<b>Goodwill on Consolidation</b>		12,852,613	12,852,613
<b>2 Current assets</b>			
(a) Current investments	16	—	—
(b) Inventories	11	1,214,453,151	1,229,850,471
(c) Trade receivables	12	575,759,524	358,837,367
(d) Cash and cash equivalents	13	97,778,149	92,438,160
(e) Short-term loans and advances	14	158,528,331	364,075,732
(f) Other current assets		—	—
Sub-total - Current assets		<u>2,046,519,155</u>	<u>2,045,201,729</u>
<b>TOTAL</b>		<u>3,090,563,992</u>	<u>3,148,645,318</u>

See accompanying notes forming part of the financial statements 23

In terms of our report attached

For and on behalf of the Board  
(Suresh Kumar Bhuwalka)  
Chairman & Managing Director

(Ajay Kumar Bhuwalka)  
Director  
(Ashish Kumar A. Parmar)  
Company Secretary

As per Report of even date  
for ASR Associates  
Chartered Accountants  
(CA A. S. Rafiq )  
Proprietor  
Membership No.204646  
FRN No. 8877S

Place : Bangalore  
Date : 1st August, 2012

**Annual Report 2011- 2012**

**BHUWALKA STEEL INDUSTRIES LIMITED  
CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012**

PARTICULARS	Note No.	For the Year ended 31.03.2012	For the Year ended 31.03.2011
<b>A CONTINUING OPERATIONS</b>			
1 Revenue from operations (gross)	15	7,009,122,579	6,471,702,944
Less: Excise duty	15	<u>389,523,684</u>	<u>523,961,285</u>
Revenue from operations (net)		6,619,598,895	5,947,741,659
2 Other income	16	<u>13,095,740</u>	<u>9,617,031</u>
3 <b>Total revenue (1+2)</b>		<u>6,632,694,635</u>	<u>5,957,358,690</u>
<b>4 Expenses</b>			
(a) Cost of materials consumed	17.a	3,365,234,691	4,726,484,567
(b) Purchases of stock-in-trade	17.b	2,631,170,522	573,620,416
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	17.c	<u>(99,392,838)</u>	<u>(221,947,042)</u>
(d) Employee benefits expense	18	147,015,312	126,931,995
(e) Finance costs	19	282,559,400	222,294,149
(f) Depreciation and amortisation expense	8.b	75,072,427	45,355,943
(g) Other expenses	20	<u>321,574,512</u>	<u>402,887,939</u>
<b>Total expenses</b>		<u>6,723,234,026</u>	<u>5,875,627,967</u>
5 <b>Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)</b>		<u>(90,539,391)</u>	81,730,723
6 Exceptional items		-	-
7 <b>Profit / (Loss) before extraordinary items and tax (5 + 6)</b>		<u>(90,539,391)</u>	81,730,723
8 Extraordinary items		-	-
9 <b>Profit / (Loss) before tax (7 + 8)</b>		<u>(90,539,391)</u>	81,730,723
<b>10 Tax expense:</b>			
(a) Current tax expense for current year			
(c) Current tax expense relating to prior years		-	1,633,266
(c) Net current tax expense		<u>(5,195,027)</u>	-
(d) Deferred tax (Assets)/Liabilities		<u>12,607,158</u>	<u>(27,299,558)</u>
11 <b>Profit / (Loss) from continuing operations (9 +10)</b>		<u>(83,127,260)</u>	52,797,899
<b>B DISCONTINUING OPERATIONS</b>			
12.i Profit / (Loss) from discontinuing operations (before tax)		-	-
12.ii Gain / (Loss) on disposal of assets / settlement of liabilities attributable to the discontinuing operations		-	-
12.iii Add / (Less): Tax expense of discontinuing operations		-	-
13 <b>Profit / (Loss) from discontinuing operations (12.i + 12.ii + 12.iii)</b>		-	-
14 <b>Profit / (Loss) for the year (11 + 13)</b>		<u>(83,127,260)</u>	52,797,899
15.i <b>Earnings per share (of 10/- each):</b>	21		
(a) Basic		<u>(8.01)</u>	5.09
(b) Diluted			

**See accompanying notes forming part of the financial statements**

In terms of our report attached

For and on behalf of the Board  
**(Suresh Kumar Bhuwalka)**  
*Chairman & Managing Director*

**(Ajay Kumar Bhuwalka)**  
*Director*  
**(Ashish Kumar A. Parmar)**  
*Company Secretary*

As per Report of even date  
**for ASR Associates**  
*Chartered Accountants*  
**(CA A. S. Rafiq )**  
*Proprietor*  
Membership No.204646  
FRN No. 8877S

Place : Bangalore  
Date : 1st August, 2012

**Notes forming part of the financial statements**
**Note 1: Share Capital**

Particulars	As at 31.03.2012		As at 31.03.2011	
	Number of shares	Amounts in Rs.	Number of shares	Amounts in Rs.
(a) Authorised				
Equity shares of Rs. 10/- each with voting rights	15,000,000	150,000,000	15,000,000	150,000,000
Equity shares of Rs. 10/- each Unclassified Shares	5,000,000	50,000,000	5,000,000	50,000,000
Preference shares of Rs. 100/- each	500,000	50,000,000	500,000	50,000,000
	<b>2,500,000</b>	<b>250,000,000</b>	<b>20,500,000</b>	<b>250,000,000</b>
(b) Issued				
Equity shares of Rs. 10 each with voting rights	10,374,498	103,744,980	5,187,249	51,872,490
(c) Subscribed and fully paid up				
Equity shares of Rs. 10 each with voting rights	10,374,498	103,744,980	5,187,249	51,872,490
(d) Forfeited Shares		12,008,038		12,008,038
Total		<b>115,753,018</b>		<b>63,880,528</b>

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

Particulars	Opening Balance	Fresh issue	Bonus Shares Issuance	Closing Balance
Equity shares with voting rights				
Year ended 31 March, 2012				
- Number of shares	5,187,249	–	5,187,249	10,374,498
- Amount Rs.	51,872,490	–	51,872,490	103,744,980
Year ended 31 March, 2011				
- Number of shares	5,187,249	–	–	5,187,249
- Amount Rs.	51,872,490	–	–	51,872,490

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

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding in that class Shares	Number of shares held	% holding in that class Shares
Equity shares with voting rights				
Suresh Kumar Bhuwalka	6,058,500	58.40	3,029,250	58.40
Ajay Kumar Bhuwalka	752,600	7.25	376,300	7.25

(iii) Details of forfeited shares

Class of shares	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding in that class Shares	Number of shares held	% holding in that class Shares
Equity shares with voting rights	12,008,038		12,008,038	

iv) 55,07,249 Equity Shares of Rs. 10/- each fully paid-up, issued as Bonus Shares on Capitalisation of Capital redemption reserve, Securities premium, General Reserve. Out of which total 51,87,249 fully paid up shares were allotted as bonus shares in FY 2011-12.

v) 21,75,000 Equity Shares of Rs.10/- each allotted otherwise than on payment of cash to the Shareholders of erstwhile M/s. Tikmani Steel Co. Ltd & M/s. A.A. Alloys Ltd. as per the Scheme of Amalgamation approved by the Karnataka High Court.

vi) Company has allotted 2,000,000 warrants during March 2008 with an option to acquire 1 equity share at the option of warrant holder at a price of Rs. 100.20 per equity share by way of preferential issue as per SEBI Guidelines. The warrant-holders have paid 10% of the total issue price before the allotment in terms of SEBI Guidelines which is liable to be forfeited if option to apply for equity shares is not exercised on or before due date. The option attached with Warrants may be exercised within a period of 18 months from the date of allotment, i.e., 11th March, 2008. Since Warrant holders have not exercised the option, the Warrants have been forfeited during FY 2009-10.

**Notes forming part of the financial statements**

<b>PARTICULARS</b>	<b>AS AT 31.03.2012 Rs.</b>	<b>AS AT 31.03.2011 Rs.</b>
<b>Note 2 : Reserves and surplus</b>		
(a) Capital Reserve		
Opening balance	<b>2,845,500</b>	2,845,500
Add: Additions during the year	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	<u><b>2,845,500</b></u>	<u>2,845,500</u>
(b) Capital redemption reserve		
Opening balance	<b>2,800,000</b>	2,800,000
Add: Additions during the year	-	-
Less: Utilised during the year for Issuing bonus shares	<b>2,800,000</b>	-
Closing balance	<u>-</u>	<u>2,800,000</u>
(c) Securities premium account		
Opening balance	<b>48,522,110</b>	48,522,110
Add : Premium on shares issued during the year		
Less : Utilised during the year for: Issuing bonus shares	<b>48,522,110</b>	
Closing balance	<u>-</u>	<u>48,522,110</u>
(d) General reserve		
Opening balance	<b>67,575,189</b>	67,575,189
Add: Transferred from surplus in Statement of Profit and Loss		
Less: Utilised / transferred during the year for: Issuing bonus shares	<b>550,380</b>	-
Others	-	-
Closing Balance	<u><b>67,024,809</b></u>	<u>67,575,189</u>
(e) Revaluation reserve		
Opening balance	<b>43,590,007</b>	43,590,007
Add: Transferred from surplus in Statement of Profit and Loss		
Less: Utilised / transferred during the year for: Issuing bonus shares Others		
Closing Balance	<u><b>43,590,007</b></u>	<u>43,590,007</u>
(f) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	<b>134,582,493</b>	81,791,238
Add: Profit / (Loss) for the year	<b>(83,127,259)</b>	52,797,899
Amounts transferred from:		
Less: Minority Share holders interest	<b>20,351</b>	(6,644)
Less: Interim dividend	-	-
Closing balance	<u><b>51,475,585</b></u>	<u>134,582,493</u>
<b>Total</b>	<u><b>164,935,901</b></u>	<u>299,915,299</u>

**Notes forming part of the financial statements**

PARTICULARS	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
<b>Note 3: Long-term borrowings</b>		
(a) Term loans From Banks (Refer Note (i) below)		
Secured	104,213,025	175,672,564
Unsecured	—	—
(b) Term loans from others		
Secured	81,790	45,40,438
Unsecured	155,369,524	155,295,282
(b) Loans and advances from related parties		
Secured		
Unsecured	113,799,227	148,757,871
(c) Deferred Payment Liabilities		
Secured	1,137,803	2,374,632
Unsecured	—	—
<b>Total</b>	<b>374,601,369</b>	<b>486,640,787</b>
<b>Note 4: Short-term borrowings</b>		
(a) Loans Repayable		
i) From Banks		
Secured	970,238,798	963,197,067
Unsecured	14,985,194	3,040,018
	<b>985,223,992</b>	<b>966,237,085</b>
ii) From other parties		
Secured		
Unsecured	169,887,692	140,420,086
	<b>169,887,692</b>	<b>140,420,086</b>
(b) Loans and advances from related parties		
Secured		
Unsecured	—	—
<b>Total</b>	<b>1,155,111,684</b>	<b>1,106,657,17</b>
<b>Note 5: Trade payables</b>		
Trade payables:		
Acceptances (Letter of Credit Backed)	225,596,250	260,344,052
Other than Acceptances	799,174,235	471,203,650
<b>Total</b>	<b>1,024,770,485</b>	<b>731,547,702</b>
<b>Note 6 Other Current Liabilities</b>		
(a) Current maturities of long-term debt	68,231,836	122,135,189
(b) Interest accrued but not due on borrowings		
(c) Interest accrued and due on borrowings	11,775,116	74,23,234
(d) Unpaid dividends	1,081,742	1,081,742
(e) Other payables		
i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	31,882,117	12,024,657
(ii) Advances from customers	18,916,626	181,557,673
(iii) Outstanding Liabilities	17,229,934	16,593,525
<b>Total</b>	<b>149,117,371</b>	<b>340,816,020</b>



**Notes forming part of the financial statements**

<b>PARTICULARS</b>	<b>AS AT 31.03.2012 Rs.</b>	<b>AS AT 31.03.2011 Rs.</b>
<b>Note 7: Short Term Provision</b>		
(a) Provision for employee benefits:		
(i) Provision for bonus	<b>729,855</b>	147,512
(ii) Provision for compensated absences	—	—
(iii) Provision for gratuity (net)	<b>2,351,158</b>	2,351,158
	<b>3,081,013</b>	2,498,670
(b) Provision - Others:		
(i) Provision for tax	<b>3,026,706</b>	2,523,534
	<b>613,020</b>	1,984,673
<b>Total</b>	<b>3,639,726</b>	4,508,207
	<b>6,720,739</b>	7,006,877

**NOTE 8****I) FIXED ASSETS**

PARTICULARS	GROSS BLOCK				Accumulated depreciation and impairment				NET BLOCK	
	As at 01.04.2011	Additions	Disposals	Balance As at 31.03.2012	Balance As at 01.04.2011	Depreciation Amortisation expense for the year	Eliminated on disposal of assets	Balance As at 31.03.2012	Balance As at 31.03.2012	Balance As at 31.03.2011
(a) Land - Freehold	72,216,709			72,216,709					72,216,709	72,216,709
(b) Buildings	229,497,481	16,510,915		246,008,396	52,829,746	7,223,911		60,053,657	185,954,739	176,667,735
(c) Plant and Equipment	970,050,386	48,602,088		1,018,652,474	332,054,932	55,257,670		387,312,602	631,339,872	637,995,454
(d) Furniture and Fixtures	16,344,825	75,759	44,055	16,376,529	8,302,011	652,530	10,046	8,944,495	7,432,034	8,042,814
(e) Vehicles	50,536,398		483,457	50,052,941	21,451,685	5,353,896	483,457	26,322,124	23,730,817	29,084,713
(f) Office equipment	20,108,404	209,385		20,317,789	12,074,818	1,505,299		13,580,117	6,737,672	8,033,586
(g) Weighing Machines	1,343,398			1,343,398	396,360	70,063		466,423	876,975	947,038
(h) Electric Installation	60,967,657			60,967,657	39,353,165	3,162,605		42,515,770	18,451,887	21,614,492
(i) Pollution Equipment	33,917,372			33,917,372	3,381,809	1,790,837		5,172,646	28,744,726	30,535,563
(j) Office Equipment Computers	907,846			907,846	852,229	55,616		907,845	1	155,617
<b>Total</b>	<b>1,455,890,476</b>	<b>65,398,147</b>	<b>527,512</b>	<b>1,520,761,111</b>	<b>470,696,755</b>	<b>75,072,427</b>	<b>493,503</b>	<b>545,275,679</b>	<b>975,485,432</b>	<b>985,193,719</b>
<b>Pervious Year</b>	<b>1,003,578,727</b>	<b>454,192,102</b>	<b>1,880,354</b>	<b>1,455,890,475</b>	<b>426,508,465</b>	<b>45,355,943</b>	<b>1,167,653</b>	<b>470,696,755</b>	<b>985,193,719</b>	

**Note 8 - ii) Depreciation and amortisation relating to continuing operations:**

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Depreciation and amortisation for the year on tangible assets	<b>75,072,427</b>	45,355,943
Depreciation and amortisation for the year on intangible assets		
Less: Utilised from revaluation reserve		
Depreciation and amortisation relating to discontinuing operations		
Depreciation and amortisation relating to continuing operations	<b>75,072,427</b>	45,355,943

**Notes forming part of the financial statements**

**Note 9 : Non-current investments**

Particulars	As at 31 March, 2012			As at 31 March, 2011		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Investments (At cost):						
A. Trade						
(a)Investment in equity instruments (give details separately for fully / partly paid up instruments)						
(i) of joint venture companies (Lootah Bhuwalka Lootah Bhuwalka Steel Industries FZC Equity shares 10,350,000 (As at 31 March, 2011: 10,350,000)		38,012,644	38,012,644	38,012,644	38,012,644	38,012,644
<b>Total - Trade (A)</b>		38,012,644	38,012,644	38,012,644	38,012,644	38,012,644
B.Other investments						
(a) Investment in government or trust securities						
(i) government securities		37,343	37,343	37,343	37,343	37,343
(ii) trust securities						
Total - Trade (B)		37,343	37,343	37,343	37,343	37,343
<b>Total ( A+ B)</b>			<b>38,049,987</b>			<b>38,049,987</b>



**BHUWALKA  
STEEL INDUSTRIES LIMITED**

**Notes forming part of the financial statements**

PARTICULARS	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
<b>Note 10: Long-term loans and advances</b>		
a) Security deposits		
Secured, considered good		
Unsecured, considered good	16,259,505	15,994,685
Doubtful	289,533	289,533
Less: Provision for doubtful deposits	—	—
<b>Total</b>	<b>16,549,038</b>	<b>16,284,218</b>
<b>Note 10A: Long-term loans and advances</b>		
a) Deferred Revenue Expenditure (to the extent of written-off or adjusted)	77,760	86,400
<b>Total</b>	<b>77,760</b>	<b>86,400</b>
<b>Note 11: Inventories</b>		
(Inventories have been valued at lower of cost and net realisable value)		
(a) Raw materials	480,712,333	428,807,274
Goods-in-transit		
(b) Work-in-progress	—	1,834,927
Goods-in-transit		
(c) Finished goods	—	—
(other than those acquired for trading)	415,649,319	428,807,274
Goods-in-transit	—	—
(d) Stock-in-trade (acquired for trading)		
Steel Division	157,593,741	26,778,672
Jewellery Division	133,780,928	143,485,115
Goods-in-transit	—	—
(e) Misroll	8,757,465	13,028,593
Goods-in-transit		
(f) Scrap	11,361,683	10,006,067
Goods-in-transit		
(g) Stores and spares	6,597,682	10,229,425
<b>Total</b>	<b>1,214,453,151</b>	<b>1,229,850,471</b>
<b>Note 12 Trade receivables</b>		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	120,878,598	35,486,320
Unsecured, considered good		
Doubtful	2,144,479	2,144,479
	123,023,077	37,603,799
Less: Provision for doubtful trade receivables	2,144,479	2,144,479
	120,878,598	35,486,320
Other Trade receivables		
Secured, considered good	389,030,554	159,403,005
Unsecured, considered good	65,850,372	163,948,042
Doubtful		
	454,880,926	323,351,047
Less: Provision for doubtful trade receivables	—	—
	454,880,926	323,351,047
<b>Total</b>	<b>575,759,524</b>	<b>358,837,367</b>

**Notes forming part of the financial statements**

PARTICULARS	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
<b>Note 13: Cash and cash equivalents</b>		
(a) Cash on hand	10,624,938	11,866,736
(b) Balances with banks		
(i) In current accounts	9,535,807	2,086,696
(ii) In earmarked accounts		
- Unpaid dividend accounts	1,081,742	1,081,742
- Balances held as margin money or security against borrowings, guarantees and other commitments	76,535,662	77,402,986
<b>Total</b>	<b>97,778,149</b>	<b>92,438,160</b>
<b>Note 14: Short-term loans and advances</b>		
(a) Loans and advances to related parties		
Secured, considered good	155,408	152,768,007
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
	<b>155,408</b>	<b>152,768,007</b>
(b) Loans and advances to employees		
Secured, considered good	1,238,542	2144,061
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
	<b>1,238,542</b>	<b>2144,061</b>
(c) Prepaid expenses - Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.)	<b>1,814,894</b>	4,967,996
(d) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	64,089,844	46,407,848
(ii) VAT credit receivable	18,814,264	25,361,254
(iii) Service Tax credit receivable	3,226,106	8,902,322
iv) Advance Income tax/TDS	6,814,661	7,961,697
v) Service Tax paid under protest	449,474	449,474
vi) Sales tax paid under protest	4,313,117	4,313,117
vii) I.T. Under Protest	1,271,900	1,271,900
viii) Excise Duty Under Protest	14,404,770	14,404,770
ix) Others	8,568	6,000
	<b>113,392,704</b>	<b>109,078,382</b>
(e) Others (specify nature)		
Secured, considered good	-	-
Unsecured, considered good	42,347,107	95,537,609
Doubtful	-	-
Less: Provision for other doubtful loans and advances	420,324	420,323
	<b>41,926,784</b>	<b>95,117,286</b>
<b>Total (a+b+c+d+e)</b>	<b>158,528,332</b>	<b>364,075,732</b>

**Notes forming part of the financial statements**

PARTICULARS	For the year Ended 31.03.2012 Rs.	For the year Ended 31.03.2011 Rs.
<b>Note 15: Revenue from operations</b>		
(a) Sale of products	7,009,122,579	6,469,953,247
(b) Other operating revenues	-	1,749,697
Less:	7,009,122,579	6471702944
(c) Excise duty	<u>389,523,684</u>	<u>523,961,285</u>
	<u>6,619,598,895</u>	<u>5,278,127,656</u>
(i) Sale of products comprises		
<u>Manufactured goods</u>		
Finished Goods	3,725,268,809	5,430,176,396
Misroll	39,112,085	33,023,185
M.S. Scrap	71,977,851	107,228,922
Jewellery	147,713,836	383,028,874
Others Sales/Reciepts	<u>663,391,229</u>	<u>328,683,655</u>
Total - Sale of manufactured goods	<u>4,647,463,810</u>	<u>6,282,141,032</u>
<u>Traded goods</u>		
Finished Goods	2,361,658,769	187,812,215
Others		
<b>Total - Sale of traded goods</b>	<u>2,361,658,769</u>	<u>187,812,215</u>
<b>Total - Sale of products</b>	<u>7,009,122,579</u>	<u>6,469,953,247</u>
(ii) Sale of services comprises		
Conversion Charges Received		
Others	-	-
Total - Sale of services	-	-
(iii) Other operating revenues comprise:		
Excess Provision Written back	-	590,470
Profit on sale of Import License	-	802,058
Sundry Balance written back	-	357,169
<b>Total - Other operating revenues</b>	<u>-</u>	<u>1,749,697</u>
<b>Note 16: Other income</b>		
(a) Interest income	7,454,673	3,835,994
(b) Other non-operating income (net of expenses directly attributable to such income)	<u>5,641,067</u>	<u>5,781,037</u>
Total	<u>13,095,740</u>	<u>9,617,031</u>
Interest income comprises:		
Interest from banks on:		
deposits	7,454,673	3,835,994
Other interest		
<b>Total - Interest income</b>	<u>7,454,673</u>	<u>3,835,994</u>
(ii) Other non-operating income comprises:		
Profit on sale of fixed assets	184,379	114,628
Miscellaneous income	<u>5,456,688</u>	<u>5,666,409</u>
Total - Other non-operating income	<u>5,641,067</u>	<u>5,781,037</u>
(iii) Details of Prior period items (net)		
Prior period income	-	-
Prior period expenses	-	-
<b>Total</b>	<u>-</u>	<u>-</u>

**Notes forming part of the financial statements**

<b>PARTICULARS</b>	<b>For the year Ended 31.03.2012 Rs.</b>	<b>For the year Ended 31.03.2011 Rs.</b>
<b>Note 17.a: Cost of materials consumed</b>		
Opening stock	605,909,823	556,897,922
Add: Purchases	3,246,634,883	4,775,496,468
	<b>3,852,544,706</b>	5,332,394,390
Less: Closing stock	487,310,015	605,909,823
Cost of material consumed	<b>3,365,234,691</b>	4,726,484,567
Material consumed comprises:		
Raw material	3,334,045,986	4,657,655,303
Store and spares	40,763,989	69,759,945
<b>Total</b>	<b>3,374,809,975</b>	4,727,415,248
<b>Note 17.b: Purchase of traded goods</b>		
Traded goods	2,631,170,522	573,620,416
<b>Total</b>	<b>2,631,170,522</b>	573,620,416
<b>Note 17.c: Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
<u>Inventories at the end of the year:</u>		
Finished goods	633,848,839	503,227,664
Misroll	8,757,465	13,028,593
M.S. Scrap	11,361,683	10,088,243
Work-in-progress	73,175,149	97,678,324
	<b>727,143,136</b>	624,022,824
<u>Inventories at the beginning of the year:</u>		
Finished goods	503,227,664	360,153,506
Misroll	13,028,593	10,700,938
M.S. Scrap	10,088,243	4,283,702
Work-in-progress	97,678,324	14,685,977
	<b>624,022,824</b>	389,824,123
Net (Increase) / decrease in Stock	<b>(103,120,312)</b>	(234,198,701)
Increase / (decrease) of excise duty on inventory	3,727,474	12,251,659
Net (Increase) / decrease in Stock net of Excise duty	<b>(99,392,838)</b>	(221,947,042)
<b>Note 18: Employee benefits expense</b>		
Salaries and wages	83,139,848	82,998,877
Subcontracting	57,215,466	36,803,750
Contributions to provident and other funds	3,768,049	3,717,335
Staff welfare expenses	2,891,949	3,412,033
<b>Total</b>	<b>147,015,312</b>	126,931,995
<b>Note 19: Finance costs</b>		
Interest expense on:		
(i) Borrowings	210,754,015	149,551,140
(ii) Trade payables		
(iii) Others	71,805,385	72,743,009
- Interest on LC, Bill Discounting Charges and on other borrowing		
<b>Total</b>	<b>282,559,400</b>	222,294,149

**Notes forming part of the financial statements**

PARTICULARS	For the year Ended 31.03.2012 Rs.	For the year Ended 31.03.2011 Rs.
<b>Note 20: Other expenses</b>		
Consumption of packing materials	1,409	2,725
Power and fuel	224,193,821	276,501,149
Rent including lease rentals	3,917,600	3,674,375
Repairs and maintenance - Buildings	910,405	698,531
Repairs and maintenance - Machinery	4,526,352	4,072,044
Repairs and maintenance - Vehicle	13,817,308	6,819,359
Bank Charges	15,026,238	20,570,410
Insurance	1,486,004	1,343,426
Rates and taxes	3,874,255	6,264,162
Communication	2,117,582	2,209,746
Travelling and conveyance	4,640,703	2,942,265
Printing and stationery	976,414	841,603
Freight and forwarding	16,720,272	14,508,975
Sales commission	,296,156	10,330,646
Sales discount	2,365,529	16,144,676
Legal and professional	7,596,584	7,174,253
Payments to auditors	400,000	400,000
Bad trade and other receivables, loans and advances written off	374,503	54,537
Loss on fixed assets sold / scrapped / written off	17,009	246,353
Miscellaneous expenses	11,246,542	23,899,315
Carriage Outward	180,908	197,979
Guest House Exp	692,187	643,529
Selling Expenses Others	304,703	1,679,777
Security Charges	1,881,690	1,558,587
Postage and Courier	1,698	80,717
Deferred Revenue Expenses Written Off	8,640	28,800
<b>Total</b>	<b>321,574,512</b>	<b>402,887,939</b>
 (i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - Statutory audit	<b>4,00,000</b>	4,00,000
Reimbursement of expenses		
<b>Total</b>	<b>4,00,000</b>	4,00,000
 (ii) Details of Prior period items (net)		
Prior period expenses (give details)		
Prior period income (give details)		
<b>Total</b>		
<b>Note 21: Earnings per share</b>		
Earnings per share		
Basic		
Net profit / (loss) for the year from continuing operations after considering extraordinary items	<b>(83,127,260)</b>	52,797,899
Number of equity shares	<b>10,374,498</b>	10,374,498
Earnings per share from continuing operations - Basic	<b>(8.01)</b>	5.09



**Note 22 to the Consolidated Financial Statements for the year ended 31st March, 2012.**

1. a) The Company and description of business.

Bhuwalka Steel Industries Limited was incorporated in 1981 and started commercial production in 1983. The Company has 3 manufacturing units situated at Wada, (Maharashtra), Hoskote (Karnataka) and Kanchipuram (Tamilnadu) for manufacture of Rolled Products including Angles, Structural, Flats etc. for domestic and export market out of which operations in one of the unit at Kanchipuram (T.N.) were suspended.

The Company has a subsidiary at Bellary, namely, Benaka Sponge Iron Pvt. Ltd., having sponge iron capacity of 200 TPD where 99.97% of the equity is held by the Company.

The Company has set up a Joint Venture unit Lootah Bhuwalka Steel Industries at Free Zone Establishment in Hamriyah Free Zone, Sharjah (UAE), for taking up business in ferrous and non-ferrous metal. Company has also set up a steel rolling mill in UAE recently. The Share holding pattern was held on Balance Sheet date is as under:-

Name of shareholders'	No. of shares	Value (AED)	%
1. Shree Ganesh International FZC	10,800	10,800,000	51%
2. M/s Bhuwalka Steel Industries LTD. (Indian Company)	10,350	10,350,000	49%
Total	21,150	21,150,000	100%

b) **Consolidation.**

The accompanying financial statements include the financial statement of Benaka Sponge Iron Pvt. Ltd. subsidiary of Bhuwalka Steel Industries Limited, The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under AS 21, issued by the Institute of Chartered Accountants of India (ICAI). The financial statements of the Company and its subsidiaries are consolidated on a line by line basis by adding together like items of assets, liabilities, income and expenses. Any excess of the cost to the parent company of its investment in a subsidiary and the parent company's portion of equity of that entity at the date, at which such investment is made, is described as capital Reserve or goodwill and recognized separately. All significant inter-company transactions, related unrealised profits / losses, and balances between the entities included in the consolidated financial statements have been eliminated.

Further, Company is holding share in joint venture intended to be disposed in near future, hence as per AS 27 the company has not applied the method of proportionate consolidation and figure related to the previous year restated accordingly in financial statement.

Disclosure requirement as per AS 27 for joint venture with Lootah Bhuwalka Steel Industries FZC is as under:-

Name of companies and country of incorporation	% of shareholding	Amount of interest based on accounts for the year ended 31 March, 2012				
		Assets	Liabilities	Income	Expenditure	Contingent liabilities
Lootha Bhuwalka Steel Industries FZC Sharjah UAE (Audited Figures)	49%	3,17,82,462	3,17,82,462	4,15,69,250	4,10,70,743	9,41,452
	(49%)	(2,22,76,578)	(2,22,76,529)	(89,08,772)	(68,84,841)	(2,18,081)

Note: Figures in brackets relate to the previous year.

**2. Contingent Liabilities not provided for**
**Rs. In Lakhs**

Particulars	FY 2011-12	FY 2010-11
I) Letter of Credits/ Bank Guarantees	2642.61	2712.46
II) Corporate Guarantees given to Banks and Financial Institutions on behalf of Group Companies(Liabilities as on 31.03.2012):	3749.86	5054.00
III) Other statutory liabilities disputed by the company :	980.69	921.94
IV) Claims against the Company not Acknowledged as debt :	34.61	34.613

**3. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES:**

- The consolidated financial statements have been prepared in accordance with the Accounting Standard 21 on "Consolidated Financial Statements and AS 27, 'Financial Reporting of Interest in Joint Venture' "issued by the Institute of Chartered Accountants of India.
- Consolidated financial statements have been prepared using uniform accounting policies, in accordance with the generally accepted accounting policies.
- These are set out in the "Significant Accounting Policies and Notes on Accounts" of the Company and its subsidiaries.

**4. Profit and Loss Account**

Profit & Loss on sale of raw material and excess/shortage on physical verification, if any, remain adjusted in the respective consumption accounts. Profit & Loss A/c has been consolidated on line to line basis for Subsidiary

**5. Related Party Disclosure**

Related party disclosures have been made in accordance with the accounting Standards on related party Disclosure (AS 18) issued by The Institute of Chartered Accountants of India.

**A) Following are the name of related parties with whom the transactions were carried out by the company:**

Name of the Related Parties	Relationship
Benaka Sponge Iron Pvt Ltd.	Subsidiary Company
Lootha Bhuwalka Steel Industries FZC	Jointly Controlled Entity
Balchand Suresh Kumar	Parties where Control Exists
Bhuwalka Ferrous Ltd.	Parties where Control Exists
Bhuwalka Metal Industries Pvt. Ltd.	Parties where Control Exists
Shri Durga Links Private Limited	Parties where Control Exists
Nava Karnataka Steels Private Ltd.	Parties where Control Exists
Sri Suresh Kumar Bhuwalka	Key Management Personnel- Managing Director
Sri Ajay Bhuwalka	Key Management Personnel- Director
Sri Ankit Bhuwalka	Key Management Personnel- Director

---

**Annual Report 2011- 2012**

---

**B)** Transactions carried out with related parties referred above in ordinary course of business during FY 2011-12 :-

(Rs. in Lakhs)

<b>Nature of Transactions</b>	<b>Subsidiary</b>	<b>Key Management Personnel</b>	<b>Parties where Control Exists</b>
Purchases	2.31 -	- -	13649.71 (1459.46)
Sales	51.10 (9.31)	- -	14997.33 (3489.63)
Expenses	- (-)	10.83 (10.01)	211.91 (-)
Income	NIL (NIL)	- -	- (-)
Outstanding – Debit	NIL (NIL)	- -	92.43 (186.78)
Credit		1137.99 (1140.00)	- (271.99)

Note: - Figures in bracket pertain to PY 2010-11.

6. The previous year's figures are regrouped/re-arranged wherever found necessary.

**NOTE: PREVIOUS YEAR'S FIGURES ARE SHOWN IN THE BRACKETS**

---

In terms of our report attached

For and on behalf of the Board  
**(Suresh Kumar Bhuwalka)**  
*Chairman & Managing Director*

**(Ajay Kumar Bhuwalka)**  
*Director*  
**(Ashish Kumar A. Parmar)**  
*Company Secretary*

As per Report of even date  
**for ASR Associates**  
*Chartered Accountants*  
**(CA A. S. Rafiq )**  
*Proprietor*  
Membership No.204646  
FRN No. 8877S

Place : Bangalore  
Date : 1st August, 2012

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

	2010-12 Rs.	2009-11 Rs.
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) before tax and extraordinary items	(90,539,391)	81,730,723
Adjustments for:		
Depreciation	75,072,427	45,355,943
Deferred revenue expenditure	8,640	28,800
Profit/loss from sale of Fixed Assets	(167,370)	131,725
Profit on sale of Investment	-	-
Rent Received	-	-
Interest Charged to Profit & Loss A/c	275,313,769	218,821,686
Provision for Doubtful Debts/Advances Written back	-	-
Dividend Income	-	-
<b>Operating Cash Profit before working capital changes</b>	259,688,075	346,068,877
Adjustments for:		
Trade and Other Receivables	(11,639,577)	170,004,861
Inventories	15,397,321	(282,094,530)
Trade Payables and other Liabilities	143,746,032	15,769,225
<b>CASH FLOW FROM OPERATIONS</b>	407,191,851	249,748,433
Direct Taxes Paid/(refund)	5,195,027	302,394
Sales Tax Deferrment	1,037,476	1,051,172
<b>Net Cash from Operating Activities</b>	400,959,348	248,394,867
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Increase in Fixed Assets(Net)	(15,250,122)	(42,928,428)
<b>Net cash used in Investing Activities</b>	(15,250,122)	(42,928,428)
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Increase/(Decrease) in Borrowings	(105,055,468)	44,794,287
Interest Paid	(275,313,769)	(219,128,583)
<b>Net cash used in Financing Activities</b>	(380,369,237)	(174,334,296)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	5,339,989	31,132,143
<b>Opening Balance of Cash &amp; Cash Equivalents</b>	<b>92,438,160</b>	61,306,017
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>97,778,149</b>	92,438,160

**Note :** Balance of cash and cash equivalents include Rs. 10,81,741/- (10,81,741/-) held as balance in bank account of Unpaid Dividend which are not available for operational activities of the Company.

For and on behalf of the Board	As per Report of even date
<b>(Suresh Kumar Bhuwalka)</b> <i>Chairman &amp; Managing Director</i>	<b>for ASR Associates</b> <i>Chartered Accountants</i>
<b>(Ajay Kumar Bhuwalka)</b> <i>Director</i>	<b>(CA A. S. Rafiq )</b> <i>Proprietor</i>
<b>(Ashish Kumar A. Parmar)</b> <i>Company Secretary</i>	Membership No.204646 FRN No. 8877S
Place : Bangalore	
Date : 1st August, 2012	

We have examined the attached Cash Flow Statement of Bhuwalka Steel Industries Limited for the year ended 31st March,2012. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of listing agreement with the corresponding Profit & Loss account and Balance Sheet of the Company covered by our report

**STATEMENT PURSUANT TO SECTION 212(3) OF THE COMPANIES ACTS, 1956**

1. Name of the Subsidiary	Benaka Sponge Iron Private Limited
2. Financial Year ended	31 <sup>st</sup> March, 2012
3. Extent of interest of the Holding Company in the capital of the Subsidiary as on the above datea) No. of sharesb)	2,99,900 nos of Rs. 100/- each
Extent of holding	99.97%
4. Net aggregate amount of Profit of the Subsidiary so far as it concerns the members of the Holding Company	
a) Not dealt within the Holding Company's Accounts:	
i) For the Financial year ended 31.03.2012	Rs. (6,10,35,866)/-
ii) For the previous financial years of the subsidiary Since it became Holding Company's subsidiary	Rs. 6,22,16,942/-
b) Dealt within the Holding Company's Accounts:	
i) For the Financial year ended 31.03.2012	Nil
ii) For the previous financial years of the subsidiary since it became the Holding Company's Subsidiary	Nil

**BENAKA SPONGE IRON PRIVATE LIMITED**

**A SUBSIDIARY COMPANY**

BOARD OF DIRECTORS	:	Shri. Suresh Kumar Bhuwalka Shri. Ajay Kumar Bhuwalka Shri. Ankit Bhuwalka Shri. Roop Sing Chawhan
REGISTERED OFFICE	:	No.71, III Cross Residency Road Bangalore - 560 025
FACTORY	:	138A/1, 138A/2 Tumti Road, Belagal Village, Bellary.
AUDITORS	:	M/s.ASR Associates <i>Chartered Accountants</i>
PRINCIPAL BANKERS	:	IDBI Bank Ltd. Bangalore.

## Annual Report 2011- 2012

### DIRECTORS' REPORT

#### TO THE MEMBERS OF BENAKA SPONGE IRON PRIVATE LIMITED:

Your Directors have pleasure in presenting before you the 9<sup>th</sup> Annual Report of the Company together with Audited Statement of Accounts for the year ended 31st March 2012.

#### 1. FINANCIAL RESULTS:

(Rs.in lakhs)

Particulars	2010 -12	2009 -11
Turnover	2383.60	6712.08
Profit before Depreciation, interest and tax	16.19	796.01
Less: Interest	(422.17)	350.41
Depreciation/Amortization	(153.04)	146.86
Income Tax for the year (including FBT and Deferred taxation)	.43	-99.41
IT/FBT for earlier year	(51.95)	0.00
Profit After Taxation	(610.54)	199.33
Add: Balance of profit brought forward from last year	1126.49	927.16
Balance of profit carried forward	515.95	1126.49

#### 2. OPERATIONS REVIEW:

Total income from operations during the year under review was Rs. 2383.60 lakhs as compared to Rs. 6712.08 lakhs in the previous year. The Company has incurred loss of Rs.610.54 compared to Rs.199.33 lakhs profit in the previous year.

#### 3. CONSERVATION OF ENERGY:

Total energy consumption and energy consumed per unit of production as per Form 'A' is given in Annexure A to this Report.

#### 4. TECHNOLOGY ABSORPTION:

The Company is keeping abreast of the latest developments in product technology, manufacturing process and methods and using indigenous technology.

#### 5. FOREIGN EXCHANGE EARNINGS AND OUTGOINGS: Nil

#### 6. PERSONNEL:

Industrial Relations remained cordial through out the year.

There were no employees of the categories specified under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975. as amended upto date.

#### 7. DIRECTORS :

Sri. Suresh Kumar Bhuwalka, Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

During the year under review Sri. Gajraj Sing Bansal resigned as Director from the Board of the company w.e.f 21st December, 2011 Sri. Ankit Bhuwalka was appointed as Director w.e.f. 2nd April, 2012.

#### 8. SECRETARIAL COMPLIANCE REPORT:

Company is not required to employ a whole time Company Secretary in terms of Section 383-A(1) of the Companies Act, 1956. Since the Company have a paid up share capital exceeding Rs.10.00 lacs a certificate from company secretary in whole-time practice, in prescribed form as to the compliance with all the provisions of the Companies Act, 1956 have been obtained.

#### 9. AUDITORS:

The retiring Auditors M/s. ASR Associates, Chartered Accountants, Bellary retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

#### 10. AUDITORS' REPORT:

The Notes on accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments under section 217(3) of the Companies Act,1956.

#### 11. DIRECTORS' RESPONSIBILITY STATEMENT AS PER SECTION 217(2AA):

Your Directors hereby confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for the year;
- that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, to safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the directors had prepared the annual accounts on a 'going concern' basis.

#### 12. ACKNOWLEDGEMENTS:

Your Directors wish to place on record their appreciation for the continued support, encouragement and co-operation extended by all the stakeholders namely: Bankers, shareholders, customers and suppliers.

Your Directors also place on record their appreciation for the contribution made by the employees of the company at all levels.

Place : Bangalore  
Date : 1st August, 2012

For and on behalf of Board  
(Suresh Kumar Bhuwalka) (Ajay Kumar Bhuwalka)  
Director Director

**FORM "A"**  
**ANNEXURE TO DIRECTOR'S REPORT**  
**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO**  
**CONSERVATION OF ENERGY**

**A. POWER AND FUEL CONSUMPTION:**

**SPONGE IRON PRODUCTION**

	<b>Current Year 2012</b>	Previous Period 2011
<b>1. ELECTRICITY:</b>		
<b>A) PURCHASED</b>		
Units	1,580,140	2,537,620
Total Amount(Rs)	9,746,760	13,908,402
Rate/Unit (Rs)	6.17	5.48
<b>B) OWN GENERATION</b>		
Units Generated Through Diesel Generator	191,101	438,044
Units per liter of Diesel Oil	0.32	0.32
Cost / Units	13.54	11.10
<b>2 COAL Consumption</b>		
Quantity( Tonnage)	27,266	55,966
Total Amount(Rs)	119,199,724	237,526,662
Rate/Unit(Rs)	4,372	4,244
<b>B CONSUMPTION PER UNIT OF PRODUCTION</b>		
Production ( MTs)	14,631	42,477
Electricity( units)	121	70
Coal & Others (MT)	1.86	1.32



**AUDITORS' REPORT**

To,  
The Members,  
M/s. Benaka Sponge Iron Pvt. Ltd.

1. We have audited the attached Balance Sheet of M/s Benaka Sponge Iron Pvt., Ltd., as at 31<sup>st</sup> March 2012 and the Profit & Loss Account for the period ended as on that date, annexed there to. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our Audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) order 2003 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said order.

Further to our comments in the Annexure referred above, we report that:

1. 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.
2. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appear from our examination of those books.
3. The Balance Sheet, Profit & Loss Account dealt with by this report are in agreement with the books of accounts,
4. In our opinion, the Balance Sheet, Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in sub section 3 (C ) of section 211 of the Companies Act 1956.
5. On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2012 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31<sup>st</sup> March 2012 from being appointed as a Directors in terms of clause (g) of sub section 274 of the Companies Act 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the notes in Schedule give the information required by the Companies Act 1956 (as amended) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a. In the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2012 and
  - b. In the case of Profit and Loss Account, of the profit for the period ended on that date

for **ASR ASSOCIATES**  
Chartered Accountants

**(CA. A.S. RAFIQ)**  
Proprietor

M.No. 204646

FRN No. : 008877S

Place: Bangalore  
Date : 1st August, 2012

**THE ANNEXURE REFERRED TO IN PARAGRAPH-3 OF OUR REPORT TO THE MEMBERS OF M/S BENAKA SPONGE IRON PVT LTD, BANGALORE FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2012.**

**WE REPORT THAT:**

**I FIXED ASSETS:**

- a) The Company has maintained proper records showing full particulars and situation of Fixed Assets.
  - b) The Company has carried out physical verification of Fixed Assets during the period. No material discrepancies were noticed on such verification.
  - c) During the period, the Company has not disposed off any Fixed Assets.
  - d) During the period the Company has not disposed off any Fixed assets.
- II a) The inventory has been physically verified during the period 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 the business.
    - c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
  - III The Company has neither granted nor taken any loans, secured or unsecured to/ from companies, firms or other parties register maintained under section 301 of the Act.
  - 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 purchase of inventory, fixed assets



**BENAKA SPONGE  
IRON PRIVATE LIMITED**

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 According to the information and explanations given to us, we are of the opinion that there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act 1956.
- VI The Company has not accepted any deposits from the public.
- VII In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- VIII We have broadly reviewed the books of accounts relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act 1956 and we are of the opinion that prima facie the prescribed accounts and records have been maintained.
- IX According to the information and explanations given to us, there are no dues as at the last day of financial period of more than 6 months in respect of Sales Tax, Income Tax, Excise Duty, Cess, which are disputed, and a forum where the dispute is pending except as detailed below

**Details of delay in statutory over six months during financial year 2011-2012.**

Nature of Dues	Period pertaining to	Amount Rs.	Due date	Date of payment	Nos. of days delayed
TDS	April - 2011	31,229	07.05.2011	03.05.2012	389
TDS	May - 2011	41,291	07.06.2011	03.05.2012	358
TDS	June - 2011	65,346	07.07.2011	03.05.2012	328
TDS	July - 2011	57,577	07.08.2011	02.06.2012	300
TDS	August - 2011	59,898	07.09.2011	02.06.2012	269
TDS	September - 2011	26,277	07.10.2011	02.06.2012	239
TDS	October - 2011	41,304	07.11.2011	04.06.2012	210
TDS	November - 2011	43,525	07.12.2011	22.05.2012	182
Excise Duty	June - 2011	2,650,894	06.07.2011	22.05.2012	321
Excise Duty	July - 2011	1,068,511	06.08.2011	22.05.2012	290
Service tax	April - 2011	22,267	06.05.2011	23.12.2011	231
Service Tax	May - 2011	1,50,886	06.06.2011	23.12.2011	200

- X The Company does not have any accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- XI In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions and banks.
- XII According to the information and explanation given to us, the Company has not granted 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 funds/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- XIV In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- XV The Company has not given any guarantee for loans taken by others.
- XVI Based on the information and explanations given to us by the management the term loans have been applied for the purpose for which they were obtained.
- XVII On the basis of our overall examination of the Cash Flow Statements, the funds raised on short-term basis have not been used for long term investment.
- XVIII During the year under Audit, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- XIX According to the information and explanations given to us, during the period the company has not issued any debentures.
- XX The Company has not raised any money by way of Public Issue during the year.
- XXI Based upon the audit procedures performed and on the basis of information and explanations provided by the management, we report that no fraud, on or by the Company has been noticed or reported during the year.

for **ASR ASSOCIATES**  
Chartered Accountants  
**(CA. A.S. RAFIQ)**  
Proprietor  
M.No. 204646  
FRN : 008877S

Place: Bangalore  
Date : 1st August 2012

**Annual Report 2011- 2012**

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

(Amount in Indian Rupees)

PARTICULARS	Note NO.	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	1	30,000,000	30,000,000
(b) Reserves and surplus	2	98,184,558	159,238,740
(c) Money received against share warrants			
Sub-total - Shareholder's funds		<u>128,184,558</u>	<u>189,238,740</u>
<b>2 Share application money pending allotment</b>			
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	3	59,129,915	59,577,223
(b) Deferred tax liabilities (net)	21	25,275,122	25,318,302
(c) Other long-term liabilities			
(d) Long-term provisions			
Sub-total - Non-current liabilities		<u>84,405,037</u>	<u>84,895,525</u>
<b>4 Current liabilities</b>			
(a) Short-term borrowings	4	219,064,114	225,044,781
(b) Trade payables	5	63,122,058	83,308,693
(c) Other current liabilities	6	29,625,861	69,917,769
(d) Short-term provisions	7	3,870,926	4,157,064
Sub-total - Current liabilities		<u>315,682,959</u>	<u>382,428,307</u>
<b>TOTAL</b>		<u>528,272,554</u>	<u>656,562,572</u>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	8	206,233,585	221,571,808
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		1,030,006	1,030,006
(iv) Intangible assets under development		-	-
(v) Fixed assets held for sale		-	-
(b) Non-current investments	9	17,343	17,343
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances		-	-
(e) Other non-current assets	10	77,760	86,400
Sub-total - Non-current assets		<u>207,358,694</u>	<u>222,705,557</u>
<b>2 Current assets</b>			
(a) Current investments		-	-
(b) Inventories	11	207,393,163	213,304,811
(c) Trade receivables	12	67,246,383	172,331,925
(d) Cash and cash equivalents	13	6,155,034	5,039,028
(e) Short-term loans and advances	14	40,119,279	43,181,252
(f) Other current assets			
Sub-total - Current assets		<u>320,913,859</u>	<u>433,857,016</u>
<b>TOTAL</b>		<u>528,272,554</u>	<u>656,562,572</u>
<b>See accompanying notes forming part of the financial statements</b>	23		

In terms of our report attached

For and on behalf of the Board

**(Suresh Kumar Bhuwalka)**  
Chairman & Managing Director

**(Ajay Kumar Bhuwalka)**  
Director

As per Report of even date

**for ASR Associates**  
Chartered Accountants

**(CA A. S. Rafiq )**

Proprietor

Place : Bangalore

Date : 1st August, 2012

Membership No.8877S

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012**

PARTICULARS	Note No.	For the Year ended 31.03.2012	For the Year ended 31.03.2011
<b>IA CONTINUING OPERATIONS</b>			
1 Revenue from operations (gross)	15	<b>261,135,509</b>	738,777,395
Less: Excise duty		<b>23,215,080</b>	68,232,512
Revenue from operations (net)		<b>237,920,429</b>	670,544,883
2 Other income	16	<b>439,711</b>	663,480
<b>3 Total revenue (1+2)</b>		<b>238,360,140</b>	671,208,363
<b>4 Expenses</b>			
(a) Cost of materials consumed	17.a	<b>172,575,946</b>	573,990,767
(b) Purchases of stock-in-trade	17.b	<b>4,234,285</b>	-
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	17.c	<b>15,425,936</b>	(53,051,349)
(d) Employee benefits expense	18	<b>23,182,549</b>	28,182,996
(e) Finance costs	19	<b>42,217,329</b>	35,041,477
(f) Depreciation and amortisation expense	8.b	<b>15,304,213</b>	14,685,500
(g) Other expenses	20	<b>21,322,216</b>	42,484,892
<b>Total expenses</b>		<b>294,262,475</b>	641,334,283
<b>5 Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)</b>		<b>(55,902,335)</b>	29,874,081
6 Exceptional items		-	-
<b>7 Profit / (Loss) before extraordinary items and tax (5 ± 6)</b>		<b>(55,902,335)</b>	29,874,081
8 Extraordinary items		-	-
<b>9 Profit / (Loss) before tax (7 ± 8)</b>		<b>(55,902,335)</b>	29,874,081
<b>10 Tax expense:</b>			
(a) Current tax expense for current year		-	(1,371,653)
(c) Current tax expense relating to prior years		<b>(5,195,027)</b>	-
(c) Net current tax expense		-	-
(d) Deferred tax (Assets)/Liabilities	21. a	<b>43,180</b>	(8,569,582)
<b>11 Profit / (Loss) from continuing operations (9 ± 10)</b>		<b>(61,054,182)</b>	19,932,846
<b>B DISCONTINUING OPERATIONS</b>			
12.i Profit / (Loss) from discontinuing operations (before tax)		-	-
12.ii Gain / (Loss) on disposal of assets / settlement of liabilities attributable to the discontinuing operations		-	-
12.iii Add / (Less): Tax expense of discontinuing operations		-	-
<b>13 Profit / (Loss) from discontinuing operations (12.i ± 12.ii ± 12.iii)</b>		-	-
<b>14 Profit / (Loss) for the year (11 ± 13)</b>		<b>(61,054,182)</b>	19,932,846
<b>15.i Earnings per share (of 10/- each):</b>	22	<b>(203.51)</b>	66.44
(a) Basic			
<b>See accompanying notes forming part of the financial statements</b>			

In terms of our report attached

For and on behalf of the Board

**(Suresh Kumar Bhuwalka)**  
Chairman & Managing Director

**(Ajay Kumar Bhuwalka)**  
Director

As per Report of even date

**for ASR Associates**  
Chartered Accountants

**(CA A. S. Rafiq )**

Proprietor

Place : Bangalore

Date : 1st August, 2012

Membership No.204646

FRN No. 8877S

## Annual Report 2011- 2012

### SCHEDULES ANNEXED TO & FORMING PART OF AUDITED ACCOUNTS AS AT 31st MARCH, 2012

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	Amount Rs.	Number of shares	Amount Rs.
<b>Note - 1 SHARE CAPITAL</b>				
(a) Authorised Equity shares of Rs. 100/- each with voting rights	350,000	35,000,000	350,000	35,000,000
(b) Issued Equity shares of Rs. 100/- each with voting rights	300,000	30,000,000	300,000	30,000,000
(c) Subscribed and fully paid up Equity shares of Rs. 100/- each with voting rights	300,000	30,000,000	300,000	30,000,000
<b>Total</b>	<b>300,000</b>	<b>30,000,000</b>	<b>300,000</b>	<b>30,000,000</b>

**Notes:**

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

Particulars	Opening Balance	Fresh issue	Bonus Shares Issuance	Closing Balance
Equity shares with voting rights Year ended 31 March, 2012				
– Number of shares	300,000	–	–	300,000
– Amount Rs.	30,000,000	–	–	30,000,000
Year ended 31 March, 2011				
– Number of shares	300,000	–	–	300,000
– Amount Rs.	30,000,000	–	–	30,000,000

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

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights Bhuwalka Steel Industries Limited	299,900	100	299,900	100

**Note 2: Reserves and surplus**

Particulars	As at March, 2012	As at March, 2011
(a) Revaluation Reserve		
Opening balance	43,590,007	43,590,007
Add: Additions during the year	–	–
Less: Utilised / transferred during the year	–	–
Closing balance	<u>43,590,007</u>	<u>43,590,007</u>
(b) General reserve		
Opening balance	3,000,000	3,000,000
Add: Transferred from surplus in Statement of Profit and Loss	–	–
Less: Utilised / transferred during the year for:	–	–
Issuing bonus shares	–	–
Others	–	–
Closing Balance	<u>3,000,000</u>	<u>3,000,000</u>
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	112,648,733	92,715,887
Add: Profit / (Loss) for the year	(61,054,182)	19,932,846
Amounts transferred from:		
Less: Interim dividend	–	–
Closing balance	<u>51,594,551</u>	<u>112,648,733</u>
<b>Total (a+b+c)</b>	<u><b>98,184,558</b></u>	<u><b>1,59,238,740</b></u>

**Notes forming part of the financial statements**

Particulars	As at March, 2012	As at March, 2011
<b>Note 3: Long-term borrowings</b>		
(a) Term loans From Banks		
Secured	59,129,915	59,129,915
Unsecured		
(b) Term loans from others		
Secured	-	447,308
Unsecured		
(c) Loans and advances from related parties		
Secured	-	-
Unsecured		
<b>Total</b>	<b>59,129,915</b>	<b>59,577,223</b>

(i) Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

Particulars	Terms of repayment and security	As at 31 March, 2012		As at 31 March, 2011	
		Secured	Unsecured	Secured	Unsecured
Term loans from banks:					
IDBI Bank (This Loan is restructured and repayment is rescheduled)	These loans are secured by way of Company's Fixed Assets	25,829,915		25,829,915	
IDBI Bank (This Loan is restructured and repayment is rescheduled)	These Loans are secured by Hypothecation of by products and specific charge of third party collateral.	33,300,000		33,300,000	
Total - Term loans from banks		59,129,915		59,129,915	
b) Term loans from other parties: Reliance Capital	Secured by hypothecation of exclusive charge on commercial Vehicle	-		447,308	
Total - From Other Parties	Unsecured	-		-	
Total - Term loans from other parties		-	-	447,308	-
c) Loans and advances from related parties:					
From Directors	Unsecured	-	-	-	-
From Other related parties	Unsecured	-	-	-	-
Total-Loans and advances from related parties					
Total		59,129,915	-	59,577,223	-

**Notes forming part of the financial statements**

(ii) Details of long-term borrowings guaranteed by some of the directors or others:

Term loans from banks	59,129,915	59,577,223
Term loans from other parties	-	-
Other loans and advances	-	-

(iii) The Company has defaulted in repayment of loans and interest in respect of the following:

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Period of default	Amount	Period of default	Amount
Term loans from banks	2 months	1,710,008.00	-	-
Principal				
Interest				
Term loans from other parties				
Principal				
Interest				
Other loans and advances				
Principal				
Interest				

Particulars	As at March, 2012	As at March, 2011
<b>Note 4: Short-term borrowings</b>		
(a) Loans repayable		
i) From banks		
Secured	173,759,367	178,619,010
Unsecured	-	-
	<u>173,759,367</u>	<u>178,619,010</u>
ii) From Other Parties		
Secured	-	-
Unsecured	45,304,747	46,425,771
	<u>45,304,747</u>	<u>46,425,771</u>
(b) Loans and advances from related parties		
Secured	-	-
Unsecured	-	-
	<u>-</u>	<u>-</u>
	<u>219,064,114</u>	<u>225,044,781</u>

Notes:

(i) Details of security for the secured short-term borrowings:

Particulars	Nature of security	As at 31 March, 2012	As at 31 March, 2011
Loans repayable on demand from banks: IDBI BANK- OCC	(Secured by hypothecation of inventories and book debts and pari passu second charge on the immovable assets of the company)	173,759,367	178,619,010
Total - from banks		173,759,367	178,619,010
Loans repayable on demand from Other parties:		-	-
Total - from other parties		-	-

(ii) Details of short-term borrowings guaranteed by some of the directors or others:		
Loans repayable on demand from banks	173,759,367	178,619,010
Loans repayable on demand from other parties	-	-
Loans and advances from related parties		
Deposits		

**Note 5: Trade payables**

Trade payables:		
Acceptances	-	-
Other than Acceptances	63,122,058	83,308,693
<b>Total</b>	<u>63,122,058</u>	<u>83,308,693</u>



**Notes forming part of the financial statements**

Particulars	As at March, 2012	As at March, 2011
<b>Note 6: Other Current Liabilities</b>		
(a) Current maturities of long-term debt	2,157,316	41,448,580
(b) Interest accrued but not due on borrowings	-	-
(c) Interest accrued and due on borrowings	3,359,893	2,230,608
(d) Unpaid dividends	-	-
(e) Other payables	-	-
i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	5,192,026	9,645,932
(ii) Advances from customers	18,916,626	16,592,649
(iii) Outstanding Liabilities	-	-
<b>Total</b>	<b>29,625,861</b>	<b>69,917,769</b>
Note (i): Current maturities of long-term debt in Note 3 above		
(a) Term loans From banks - Secured	1,710,008	38,945,812
Unsecured		
From other parties - Secured	447,308	2,502,768
Unsecured		
(b) Deferred payment liabilities		
Secured	-	-
Unsecured	-	-
<b>Total</b>	<b>2,157,316</b>	<b>41,448,580</b>
<b>Note 7: Short Term Provisions</b>		
(a) Provision for employee benefits:		
(i) Provision for bonus	729,855	147,512
(ii) Provision for compensated absences	-	-
(iii) Provision for gratuity (net)	114,365	114,365
(b) Provision - Others:	3,026,706	2,523,534
(i) Provision for tax	-	1,371,653
<b>Total</b>	<b>3,870,926</b>	<b>4,157,064</b>



**Notes forming part of the financial statements**

**NOTE 8**

**I) FIXED ASSETS**

PARTICULARS	GROSS BLOCK				Accumulated depreciation and impairment				NET BLOCK	
	As at 01.04.2011	Additions	Disposals	Balance As at 31.03.2012	Balance As at 01.04.2011	Depreciation Amortisation expenditure for the year	Eliminated on disposal of assets	Balance As at 31.03.2012	Balance As at 31.03.2012	Balance As at 31.03.2011
1 Land	46,521,000	–	–	46,521,000	–	–			46,521,000	46,521,000
2 Building	19,750,330	–	–	19,750,330	3,808,862	659,661		4,468,523	15,281,807	15,941,468
3 Plant & Machinery	189,727,688	–	–	189,727,688	77,045,279	10,017,622		87,062,901	102,664,787	112,682,409
4 Pollutions Equipment	33,917,372	–	–	33,917,372	381,809	1,790,837		5,172,646	28,744,726	30,535,563
5 Vehicles	23,371,012	–	–	23,371,012	9,416,664	2,643,261		12,059,925	11,311,087	13,954,348
6 Furniture's & Fixtures	1,386,014	–	44,055	1,341,959	329,661	84,946	10,046	404,561	937,398	1,056,353
7 Office Equipment's - Computers	907,846	–	–	907,846	852,229	55,616		907,845	1	55,617
8 Office Equipment's	1,100,416	–	–	1,100,416	275,366	52,270		327,636	772,780	825,050
<b>TOTAL</b>	<b>316,681,678</b>	<b>–</b>	<b>44,055</b>	<b>316,637,623</b>	<b>95,109,870</b>	<b>15,304,213</b>	<b>10,046</b>	<b>110,404,038</b>	<b>206,233,585</b>	<b>221,571,808</b>
Previous Year	<b>246,346,386</b>	<b>70,335,292</b>	<b>–</b>	<b>316,681,678</b>	<b>80,424,370</b>	<b>14,685,500</b>	<b>–</b>	<b>95,109,870</b>	<b>221,571,808</b>	

**Note 8 - ii) Depreciation and amortisation relating to continuing operations:**

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Depreciation and amortisation for the year on tangible assets	<b>15,034,213</b>	14,685,500
Depreciation and amortisation for the year on intangible assets	–	–
Less: Utilised from revaluation reserve	–	–
Depreciation and amortisation relating to discontinuing operations	–	–
Depreciation and amortisation relating to continuing operations	<b>15,034,213</b>	14,685,500

**Notes forming part of the financial statements**
**Note 9 : Non-current investments**

Particulars	As at 31 March, 2012			As at 31 March, 2011		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Investments (At cost):						
A. Trade						
(a) Investment in equity instruments (give details separately for fully / partly paid up instruments)						
i) of subsidiaries	-	-	-	-	-	-
(ii) of joint venture companies	-	-	-	-	-	-
<b>Total - Trade (A)</b>	-	-	-	-	-	-
B. Other investments						
(i) government securities	-	17,343	-	-	17,343	-
(ii) trust securities	-	-	-	-	-	-
Total - Trade (B)		17,343			17,343	
<b>Total ( A+ B)</b>		17,343			17,343	

**Notes forming part of the financial statements**

Particulars	As at 31 March 2012	As at 31 March, 2011
<b>Note 10 : Other non-current assets</b>		
(a) Deferred Revenue Expenditure (To the extent not written-off or adjusted)	77,760	86,400
<b>Total</b>	<u>77,760</u>	<u>86,400</u>
<b>Note 11: Inventories</b>		
(Inventories have been valued at lower of cost and net realisable value)		
(a) Raw materials	102,112,339	88,966,307
Goods-in-transit		
(b) Finished goods (other than those acquired for trading)	98,683,142	114,109,078
Goods-in-transit		
(C) STORES AND SPARES	6,597,682	10,229,425
Goods-in-transit		
<b>Total</b>	<u>207,393,163</u>	<u>213,304,811</u>
<b>Note 12: Trade receivables</b>		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good		
Unsecured, considered good	1,396,011	8,383,883
Doubtful	<u>1,396,011</u>	<u>8,383,883</u>
<i>Less: Provision for doubtful trade receivables</i>		
Other Trade receivables		
Secured, considered good		
Unsecured, considered good	65,850,372	163,948,042
Doubtful	<u>65,850,372</u>	<u>163,948,042</u>
<i>Less: Provision for doubtful trade receivables</i>		
<b>Total</b>	<u>67,246,383</u>	<u>172,331,925</u>
<b>Note 13 : Cash and cash equivalents</b>		
(a) Cash on hand	3,476,863	1,272,650
(b) Balances with banks		
(i) In current accounts	49,497	1,246,845
(ii) In earmarked accounts		
- Unpaid dividend accounts		
- Balances held as margin money or security against borrowings, guarantees and other commitments	2,628,674	2,519,533
<b>Total</b>	<u>6,155,034</u>	<u>5,039,028</u>
<b>Note 14: Short-term loans and advances</b>		
(a) Loans and advances to related parties		
Secured, considered good	-	-
Unsecured, considered good	-	-
Doubtful	-	-
<i>Less: Provision for doubtful loans and advances</i>	-	-
(b) Loans and advances to employees		
Secured, considered good		
Unsecured, considered good	111,178	1,092,039
Doubtful		
<i>Less: Provision for doubtful loans and advances</i>		
(c) Prepaid expenses - Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.)	-	-
(d) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	894,587	-
(ii) VAT credit receivable	910,645	1,138,680
(iii) Service Tax credit receivable	1,863,586	-
iv) Advance Income tax/TDS	5,372,763	5,320,348
ix) Others	9,041,581	6,459,028
(e) Others (specify nature)		
Secured, considered good	-	-
Unsecured, considered good	30,966,520	35,630,185
Doubtful	-	-
<i>Less: Provision for other doubtful loans and advances</i>		
<b>Total (a+b+c+d+e)</b>	<u>40,119,279</u>	<u>43,181,252</u>

**Notes forming part of the financial statements**
**Note 15: Revenue from operations**

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
(a) Sale of products	261,135,509	738,777,395
(b) Other operating revenues	—	—
Less:	261,135,509	738,777,395
(c) Excise duty	23,215,080	68,232,512
	<u>237,920,429</u>	<u>670,544,883</u>
(i) Sale of products comprises		
Manufactured goods		
Finished Goods	256,892,651	738,777,395
Others Sales/Receipts	—	—
Total - Sale of manufactured goods	<u>256,892,651</u>	<u>738,777,395</u>
Traded goods		
Finished Goods	4,242,858	—
Others	—	—
Total - Sale of traded goods	<u>4,242,858</u>	<u>—</u>
Total - Sale of products	<u>261,135,509</u>	<u>738,777,395</u>

**Note 16: Other income**

Interest income	209,042	363,531
Other non-operating income (net of expenses directly attributable to such income)	230,669	299,949
<b>Total</b>	<u>439,711</u>	<u>663,480</u>
Interest income comprises:		
Interest from banks on:		
deposits	209,042	363,531
Other interest	—	—
<b>Total - Interest income</b>	<u>209,042</u>	<u>363,531</u>
Other non-operating income comprises:		
Profit on sale of fixed assets	—	—
Miscellaneous income	230,669	299,949
<b>Total - Other non-operating income</b>	<u>230,669</u>	<u>299,949</u>

**Note 17.a: Cost of materials consumed**

Opening stock	99,195,732	108,959,560
Add: Purchases	182,090,235	564,226,939
Less: Closing stock	108,710,021	99,195,732
Cost of material consumed	<u>172,575,946</u>	<u>573,990,767</u>
Material consumed comprises:		
Raw material	155,879,943	548,454,427
Store and spares	20,930,288	25,536,340
<b>Total</b>	<u>176,810,231</u>	<u>573,990,767</u>

**Note 17.b: Purchase of traded goods**

Traded goods	4,234,285	—
<b>Total</b>	<u>4,234,285</u>	<u>—</u>

**Note 17.c: Changes in inventories of finished goods, work-in-progress and stock-in-trade**

Inventories at the end of the year:		
Finished goods	25,507,993	18,265,681
Work-in-progress	73,175,149	95,843,397
	<u>98,683,142</u>	<u>114,109,078</u>
Inventories at the beginning of the year:		
Finished goods	18,265,681	61,057,729
Work-in-progress	95,843,397	—
	<u>114,109,078</u>	<u>61,057,729</u>
Net (increase) / decrease	15,425,936	(53,051,349)

**Note 18: Employee benefits expense**

Salaries and wages	22,472,233	27,267,105
Contributions to provident and other funds	338,002	282,831
Staff welfare expenses	372,314	633,060
<b>Total</b>	<u>23,182,549</u>	<u>28,182,996</u>

**Note 19 Finance costs**

Interest expense on:		
(i) Borrowings	42,217,329	35,041,477
(ii) Trade payables	—	—
(iii) Others	—	—
- Interest on LC, Bill Discounting Charges and on other borrowing	—	—
<b>Total</b>	<u>42,217,329</u>	<u>35,041,477</u>

## Annual Report 2011- 2012

### Notes forming part of the financial statements

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
<b>Note 20: Other expenses</b>		
Carriage outwards	180,908	197,979
Power and fuel	9,770,450	13,789,600
Repairs and maintenance - Buildings	64,315	136,920
Repairs and maintenance - Machinery	2,319,918	1,358,224
Repairs and maintenance - Vehicle	1,372,210	1,908,702
Bank Charges	947,643	443,323
Insurance	609,727	653,662
Rates and taxes	796,877	2,875,025
Guest house expenses	692,187	643,529
Travelling and conveyance	321,356	480,628
Printing and stationery	60,270	27,786
Postage & Courier	1,698	80,717
Selling Expenses	304,703	1,679,777
Sales discount	-	13,151,337
Legal and professional	1,272,213	1,872,999
Payments to auditors	150,000	150,000
Security Charges	1,881,690	1,558,587
Loss on fixed assets sold / scrapped / written off	17,009	-
Deferred Revenue Expenses Written-off	8,640	28,800
Miscellaneous expenses	550,402	1,447,297
<b>Total</b>	<b>21,322,216</b>	<b>42,484,892</b>
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	150,000	150,000
Total	150,000	150,000
(ii) Details of Prior period items (net)	-	-
Prior period expenses (give details)	-	-
Prior period income (give details)	-	-
<b>Total</b>	<b>150,000</b>	<b>150,000</b>

#### Note 21: Deferred Tax Liability

Particulars	As at 31 March, 2012
Deferred tax liability / (asset)	
Tax effect of items constituting deferred tax liability	
On difference between book balance and tax balance of fixed assets	29,269,725
Tax effect of items constituting deferred tax liability	
Tax effect of items constituting deferred tax assets	
Provision for doubtful debts / advances	
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	
Unabsorbed Depreciation carried forward	3,994,603
Brought forward business losses	
On items included in Reserves and surplus pending amortisation into the Statement of Profit and Loss	
Others	
Tax effect of items constituting deferred tax assets	
Net deferred tax liability / (asset)	25,275,122

#### Note 21.a: Computation of Deferred Tax Liability to be reversed

Computation Of Deferred Tax Liability	
Less:	
WDV as per books of Accounts as on 31.03.2012	206,233,585
WDV as per Income Tax as on 31.03.2012	118,118,208
Business Loss & Unabsorbed Depreciation as per Income Tax	12,025,599
Net temporary Difference Between IT and Books of Accounts	76,089,778
Income Tax Thereon @ 30%	22,826,933
Surcharge @ 7.5%	1,712,020
Education Cess @ 3%	736,169
Total Deferred Tax Liability as on 31/3/2012 - Provision required to be made	25,275,122
Deferred Tax Liability as on 31/03/2011	25,318,302
Deferred tax Liability to be written -back from Profit and loss A/c	43,180

#### Note 22: Earnings per share

Earnings per share		
Basic		
Net profit / (loss) for the year from continuing operations after considering extraordinary items	(61,054,182)	19,932,846
Number of equity shares	300,000	300,000
Earnings per share from continuing operations - Basic	(203.51)	66.44



**BENAKA SPONGE  
IRON PRIVATE LIMITED**

**Note 23: FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012:-**

**01. Contingent Liabilities not provided for:-**

Particulars	Rs. In Lakhs	
	FY 2011-12	FY 2010-11
I) Letter of Credits/ Bank Guarantees	45.89	49.90
II) Corporate Guarantees given to Banks and Financial Institutions on behalf of Group Companies (Liabilities as on 31.03.2012):	0	0
III) Other statutory liabilities disputed by the company :	0	0
IV) Claims against the Company not Acknowledged as debt :	0	0

**02. Managerial Remuneration paid or payable to Whole time directors including Managing Director during the Year:-**

Particulars	31.03.2012	31.03.2011
Salary & Allowances	9,34,000	7,00,000
Contribution to Provident Fund and Other Funds	Nil	Nil
Value of Perquisites & benefits ( as per Income-Tax Rules)	Nil	Nil
<b>Total</b>	<b>9,34,000</b>	<b>7,00,000</b>

**03. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES:-**

i) **Principal Accounting Policies**

The Financial statements have been prepared in accordance with applicable Accounting Standards in India. A summary of important accounting policies, which have been consistently followed, are set out below. The Financial Statements have also been prepared in accordance with relevant presentational requirement of the Companies Act, 1956.

ii) **General:**

- The accompanying financial statements have been prepared on the Historical Cost convention in accordance with the provisions of Companies Act, 1956 and generally accepted accounting principles prevailing in India.
- The Accounts have been prepared on accrual basis and in accordance with the going concern concept.

iii) **Valuation of Inventories:**

Raw materials, Finished goods, Work-in-progress and Stores & Spares are valued at lower of cost or net realisable value, in accordance with Accounting Standard 2 – valuation of inventories. The cost formula used for this purpose is First in First out (FIFO) method and includes direct cost incurred in bringing the items of inventory to their present location and condition.

iv) **Cash Flow Statement:**

The cash flow statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements.

v) **Depreciation :**

Depreciation has been provided on straight line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 on all the assets of the company. Depreciation on the additions made during the year has been provided proportionately for the period of use.

vi) **Revenue Recognition:**

The company recognises sale of goods as they are dispatched to customers and any significant uncertainty as to its ultimate realisation or collection does not exist. Sales comprise amounts invoiced for goods sold inclusive of excise duty but net of sales tax, returns and trade discounts.

vii) **Fixed Assets**

Fixed Assets are stated at their historical cost of acquisition or construction less accumulated depreciation except land. Cost includes all cost incurred to bring the asset to their present location and condition.

viii) **Foreign Currency Transactions:**

Foreign currency transactions are accounted for at the exchange rates prevailing at the transaction date. Monetary assets and liabilities outstanding at the year end denominated in Foreign Currency is translated at the year-end closing rates. Gains and/losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized in the profit and loss account. Exchange differences attributable to the acquisition of the fixed assets, if any, are adjusted to the cost of the respective assets.

ix) **Investments:-**

Investments are classified into current and non current investments. Current investments are stated at the lower of cost and fair value. Non current investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of non current investments.

x) **Employee benefits:**

In accordance with Accounting Standard 15 (Revised) – “Employee Benefits”, the Company has:-

- Accounted short term employee's benefits on accrual basis:
- Accounted contribution to Employees' benefits contribution plan like Provident Fund and Pension Schemes in line with respective statutes and regulations in force on accrual basis and charged to Profit and Loss Account of the year.
- Accounted for gratuity, bonus and leave encashment on cash basis instead of accrual basis as per AS 15. As no quantification of provision liability has been done by company from approval actuary/valuer, impact of the same on P&L is not ascertained.

- xi) **Borrowing cost:**  
Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets in accordance with Accounting Standard 16 on Borrowing Costs. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.
- xii) **Segment Information**  
In terms of Accounting Standard 17, the Company has only one reportable segment viz. sponge Iron. Hence business segment reporting is not applicable.
- xiii) **Related Party Disclosure**  
Related party disclosures have been made in accordance with the accounting Standards on related party Disclosure (AS 18) issued by The Institute of Chartered Accountants of India.

A) Following are the name of related parties with whom the transactions were carried out by the company:

Name of the Related Parties	Relationship
Bhuwalka Steel Industries Ltd.	Holding Company
Suresh Kumar Bhuwalka	Key Management Personnel
Ajay Kumar Bhuwalka	Key Management Personnel
Ankit Bhuwalka	Key Management Personnel

B) Transactions carried out with related parties referred above in ordinary course of business During FY 2011-12:-

Nature of Transactions	(Rs. in Lakhs)	
	Holding	Key Management Personnel
Purchases	51.10 (8.87)	– –
Sales	NIL	–
Expenses	–	–
Income	–	–
Outstanding – Debit	NIL	–
Credit	NIL	–

- xiv) **Accounting Standard 19- Leases**  
Accounting Standard 19 is applicable only in the case of lease transactions entered into on or after 1<sup>st</sup> April; 2001. The Company has land on lease which has been registered in name of the company
- xv) **Accounting standard 20- Earning Per Share**  
Basic earnings per share has been calculated by dividing profit for the year attributable to equity share holders by the weighted average number of equity shares outstanding during the year. The basic earnings per share and diluted earnings per share are the same as there is no change in capital structure in the company.
- xvi) **TAXATION**  
Provision for current tax is nil during the year. The deferred tax liability is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one accounting period and are capable of reversal in one or more subsequent periods. The deferred tax is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date.  
The company has reversed deferred tax liability amounting to Rs 43,180
- xvii) **Accounting Standard 26- Intangible Assets**  
"Accounting Standard 26 – Intangible assets" requires an enterprise to recognize an intangible asset if future economic benefits are expected to arise from it. It also requires that such an asset should be stated after providing depreciation / amortization over the useful life of the asset. Presently, the reporting enterprise does not own any intangible assets.
- xviii) **Accounting Standard 28- Impairment of Assets**  
The Company has identified that there is no material impairment of assets and as such no provision is required as per AS-28 issued by the ICAI.
- xix) **Accounting standard 29- Contingent Liabilities & Contingent assets**  
In the opinion of the management, no provision is required against contingent liabilities referred in Para 2 of Schedule '18'.

04. Additional information pursuant to paragraph 3 and 4 of the Part II of Schedule VI of the Companies Act, 1956.

**A. Production, opening Stock and Closing Stock of Finished Goods**

Particulars	Unit	Licensed Capacity	Installed Capacity	Actual Production	Opening Stock		Closing Stock	
					Quantity	Amount	Quantity	Amount
Sponge	MT	N.A	60000*	14631	1155	182,65,681	1558	25,507,933
Iron			(60000)	(42477)	(3001)	(442,70,281)	(1155)	(182,65,681)

\* As certified by management (pervious year's are shown in the brackets)

**B. Raw Material Consumed**

Particulars	Current Year		Previous Year	
	MT	Rs.	MT	Rs.
A) Iron ore/pellets/coal	64601.60	15,58,79,943	152977.04	54,84,54,427

**C. Trade Purchase**

Particulars	Current Year		Previous Year	
	MT	Rs.	MT	Rs.
Sponge iron	NIL	NIL	Nil	Nil
Other Items	90MT	4,234,285	Nil	Nil

**D. Sale of Finished Goods and Others**

Particulars	Current Year		Previous Year	
	MT	Rs.	MT	Rs.
Sponge iron	14474	22,18,27,421	43954.66	65,58,86,568
Traded goods - MS Steel	90	4,242,858	Nil	Nil
Other Items		118,50,150		14,658,315

**E. Consumption**

Particulars	Current Year		Previous Year	
	MT	Rs.	MT	Rs.
a) Imported	Nil			
b) Indigenous	100	15,58,79,943	100	54,84,54,427
c) Total	100	15,58,79,943	100	54,84,54,427
ii) Stores & Spares				
a) Imported	Nil	Nil	Nil	Nil
b) Indigenous	100	2,09,30,288	100	25,536,340
c) Total	100	2,09,30,288	100	25,536,340

**F. Earning in Foreign Currency - NIL**
**G. Expenditure in Foreign Currency - NIL**
**09.** The previous year's figures are regrouped/re-arranged wherever found necessary.

**NOTE: PREVIOUS YEAR'S FIGURES ARE SHOWN IN THE BRACKETS**

For and on behalf of the Board  
**(Suresh Kumar Bhuwalka)**  
*Chairman & Managing Director*

**(Ajay Kumar Bhuwalka)**  
*Director*

As per Report of even date  
**for ASR Associates**  
*Chartered Accountants*

**(CA A. S. Rafiq )**  
*Proprietor*

Place : Bangalore  
Date : 1st August, 2012

Membership No.8877S



## Annual Report 2011- 2012

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	2011-12 Rs.	2010-11 Rs.
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax and extraordinary items	(55,902,335)	29,874,081
Adjustments for:		
Deferred Revenue Expenses written off/adjusted	8,640	28,800
Depreciation	15,304,213	14,685,500
Profit on sale of Investment	-	-
Rent Received	-	-
Interest expense	42,217,329	35,041,477
Loss on Sale of Fixed Assets provision	17,009	-
Provision for Doubtful Debts/Advances Written back	-	-
Dividend Income	-	-
Operating Cash Profit before working capital changes	1,644,856	79,629,858
Adjustments for:		
Trade Receivables and short term advances	108,147,515	(96,197,088)
Inventories	5,911,648	(42,865,204)
Trade Payables and other Liabilities	(66,745,348)	107,990,544
<b>CASH FLOW FROM OPERATIONS</b>	<b>48,958,671</b>	<b>48,558,110</b>
Direct Taxes (Paid)/refund	(5,195,027)	(40,781)
<b>Net Cash from Operating Activities</b>	<b>43,763,644</b>	<b>48,517,329</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Increase/Decrease in Fixed Assets(Net)	17,001	(4,865,729)
(Increase)/Decrease in Investments	-	-
<b>Net cash used in Investing Activities</b>	<b>17,001</b>	<b>(4,865,729)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Increase/(Decrease) in Borrowings	(447,308)	-
Increase/(Decrease) in Unsecured Loans	-	(10,140,860)
Preference Dividend & Tax on Dividend paid	-	-
Interest paid	(42,217,329)	(35,041,477)
<b>Net cash from Financing Activities</b>	<b>(42,664,637)</b>	<b>(45,182,337)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>1,116,006</b>	<b>(1,530,737)</b>
<b>Opening Balance of Cash &amp; Cash Equivalents</b>	<b>5,039,028</b>	<b>6,569,765</b>
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>6,155,034</b>	<b>5,039,028</b>

In terms of our report attached

For and on behalf of the Board

**(Suresh Kumar Bhuwalka)**  
Chairman & Managing Director

**(Ajay Kumar Bhuwalka)**  
Director

As per Report of even date

**for ASR Associates**  
Chartered Accountants

**(CA A. S. Rafiq )**  
Proprietor

Place : Bangalore  
Date : 1st August, 2012

Membership No.204646  
FRN No. 8877S



# BHUWALKA STEEL INDUSTRIES LIMITED

Registered Office: No.71, III Cross, Residency Road, Bangalore: 560 025

## PROXY FORM

D.P ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_

Regd. Folio No. \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ being a Member

Members of BHUWALKA STEEL INDUSTRIES LIMITED, hereby appoint \_\_\_\_\_ of \_\_\_\_\_

or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us

on my/our behalf at the 30th ANNUAL GENERAL MEETING of the Company to be held on Wednesday, the 26<sup>th</sup> September, 2012, at 12.30 P.M. at Hotel Woodlands, No. 5, Raja Ram Mohan Roy Road, Bangalore- 560 025. and at any adjournment(s) thereof.

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

Affix  
Revenue  
Stamp

Signature \_\_\_\_\_

Note : This form, 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 meeting.

# BHUWALKA STEEL INDUSTRIES LIMITED

Registered Office No. 71, III Cross, Residency Road, Bangalore - 560 025

## ATTENDANCE SLIP

**30th ANNUAL GENERAL MEETING - 26TH SEPTEMBER, 2012**

D.P ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_

Regd. Folio No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

I Certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the 30th ANNUAL GENERAL MEETING of the Company, at the Hotel Woodlands, No.5, Raja Rammohan Roy Road, Bangalore- 560 0025 on Wednesday, the 26<sup>th</sup> September, 2012.

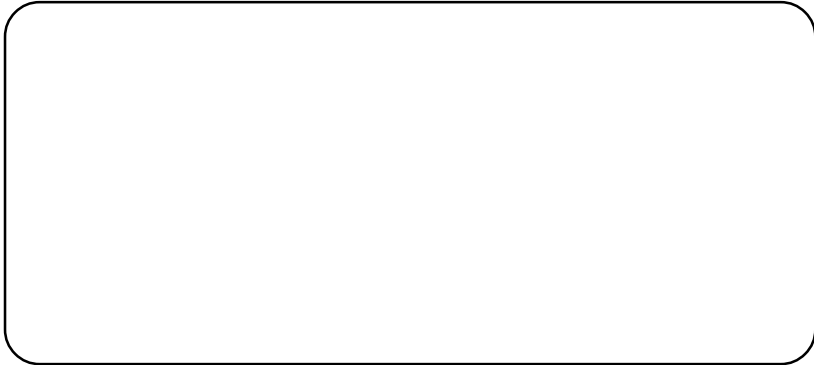
Member's/Proxy's name in  
BLOCK Letters

Signature of Member/Proxy

Note: Please fill in this attendance slip and hand it over at the ENTRANCE OF THE MEETING HALL.  
MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF THE ANNUAL REPORT TO THE MEETING

**BOOK - POST**

To,



*If Undelivered Please Return to:*

**BHUWALKA STEEL INDUSTRIES LIMITED**  
"Bhuwalka Centre", No.71, III Cross  
Residency Road, Bangalore - 560 025