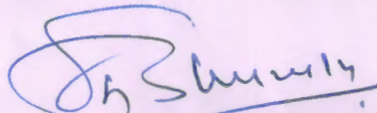
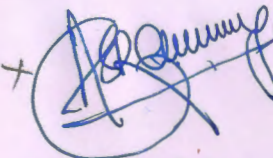

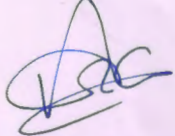


FORM A

Format of covering letter of the Annual Audit Report to be filed with the stock exchanges.

1. Name of the Company	Bhuwalka Steel Industries Limited
2. Annual Financial Statements for the year ended	31 st March 2014
3. Type of Audit observation	<ol style="list-style-type: none"> 1. Not regular in depositing undisputed statutory dues. 2. Default in repayment of loans and interest to Banks and FI. 3. Networth of the company is eroded by more than 50%
4. Frequency of observation	4. Appeared first time
<p>5 To be signed by-</p> <ul style="list-style-type: none"> • CEO/ Managing Director • Auditor of the Company • Audit Committee Chairman 	<div style="text-align: center;">  (SURESH KUMAR BHUWALKA) </div> <div style="text-align: center;">  (PROPRIETOR) (A.S. RAFIQ) </div> <div style="text-align: center;">  </div> <div style="text-align: center;">  (AJAY KUMAR BHUWALKA) </div>

ANNUAL REPORT

2013 - 2014



BHUWALKA STEEL INDUSTRIES LIMITED

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

BOARD OF DIRECTORS	:	Shri. Suresh Kumar Bhuwalka <i>Chairman and Managing Director</i> Shri. Ajay Kumar Bhuwalka Shri. Ankit Bhuwalka Shri. Munish Mohan <i>Nominee Director - IDBI Bank Ltd.</i>
AUDITORS	:	M/s. ASR Associates Chartered Accountants Bellary
BANKERS	:	Canara Bank IDBI Bank Ltd. Indian Overseas Bank
REGD. OFFICE	:	No.71, III Cross Residency Road Bangalore - 560 025
CIN NUMBER	:	L27209KA1981PTC004343
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 32nd Annual General Meeting of the Company will be held on Saturday, the 27th September, 2014, 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 2014, and the Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Shri. Ajay Kumar Bhuwalka, who retires by rotation and being eligible, offers himself for re-appointment.
3. 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:

4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, and such other laws, rules, regulations, guidelines or notifications as may be applicable, the report of the Board of Directors explaining the reasons of erosion of more than 50% of the peak net worth of the Company as per the audited financial accounts of the Company for the period ended 31st March, 2014 be and is hereby considered and approved.

RESOLVED FURTHER THAT the Company do report about this erosion to to the Board for Industrial and Financial Reconstruction (BIFR) as required under section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985.

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 23rd September, 2014 to 26th September, 2014 (both days inclusive).
4. Queries on accounts and Operations of the company, if any, may please be sent to the company at least 15 days in advance of the Meeting.
5. Members are requested to bring their copies of the Annual Report to the meeting.
6. Members/proxies should bring their attendance slip sent herewith duly filled in for recording the attendance at the meeting.
7. A statement containing the details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting is attached.
8. Members are requested to notify the Registrars and Transfer Agents of the Company, Integrated Enterprises (India) Ltd., No.30, Ramana Residency, 4th 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.
9. **In view of the Green Initiative, Members are also requested to inform the Registrars and Transfer Agents of the Company, Integrated Enterprises (India) Ltd., No.30, Ramana Residency, 4th cross, Sampige Road, Malleswaram, Bangalore 560 003 or the Company at its Registered Office their 'EMAIL IDS' to enable the Company to communicate and deliver the information/notices/documents etc. to all the shareholders electronically.**
10. Explanatory statement pursuant to section 102 of the Companies Act, 2013 for the special business is annexed hereto.

Registered Office:
No.71, III Cross
Residency Road
Bangalore - 560 025
Date :14th August,2014

By Order of the Board

(AJAY KUMAR BHUWALKA)
Director



Explanatory statement pursuant to Section 102

Item No.4

In terms of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, if the accumulated losses of an Industrial Company, as at the end of any financial year have resulted in erosion of fifty percent or more of its peak net worth during the immediately preceding four financial years, such Company falls under the category of potentially sick Industrial Company and therefore the fact is required to be reported to Board for Industrial and Financial Reconstruction (BIFR) within 60 days from the date of finalization of the audited accounts which is the date of this Annual General Meeting.

As per the audited accounts of the Company for the period ended 31.03.2014, the accumulated losses of the Company as at 31st March, 2014, have resulted in erosion of more than fifty percent of its peak net worth during the immediately preceding four financial years.

A report on such erosion and its causes is required to be submitted before the shareholders for their consideration. The said report is annexed herewith and is forming part of this notice and explanatory statement.

In view of above, your directors recommend approval of the shareholders. This Resolution is subject to approval of audited accounts for the financial period 2013-14 by the members of the Company in this Annual General Meeting

REPORT ON EROSION OF NET WORTH AND ITS CAUSES IN TERMS OF SECTION 23 OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT 1985.

In terms of requirements of Section 23 of Sick Industrial Companies (Special Provisions) Act, 1985, a report of board of directors on erosion of more than 50 % of peak net worth during the immediately preceding four financial years along with causes is being submitted herewith.

Under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985, Net worth of the Company for present as well as preceding four financial years is as follows:

Financial Year	Tangible Net worth (Rs. In Lacs)
2009-10	2,490.95
2010-11	2,819.60
2011-12	2,598.87
2012-13	2,648.66
2013-14	719.36

As per audited financial accounts of the Company for the period ended March 31, 2014, the accumulated losses stood at Rs.638.57 lacs which has resulted in erosion of more than 50% of Company's peak net worth during the immediately preceding four financial years.

CAUSES OF EROSION OF NET WORTH OF THE COMPANY:

Erosion in Net worth took place due to the following Reasons:-

1. Company could not produce at its plants beyond 10% of its installed capacities during most of the period of FY 2013-14, which resulted in negative operational profits. Further Trading activities of the company were also not able to contribute much in profits of the company.
2. Lower Production capacity utilization were results of mainly shortage of required net working capital in the business. Liquidity pressures were mounting on the company during financial year 13-14 and the company could not buy raw material at good prices in required quantities. Further realization from sale per unit was adversely impacted due to lack of demand during FY 2013-14 coupled with tough market competition.
3. Due to Negative operational profits, company could not recover High Interest cost and depreciation cost of the Fixed assets apart from other fixed costs of the company.
4. These all factors resulted in huge losses during 2013-14 and eroded its peak net worth by more than 50% during preceding four financial years i.e.

STEPS TAKEN/PROPOSED TO BE TAKEN BY THE COMPANY MANAGEMENT:

Company has taken following Steps to safeguard shareholder's and company's interest from further erosion of the net worth:-

1. Company has taken up discussion with potential vendors and large traders for undertaking job work at its plants which will require very nominal working capital from company. This will control operational losses of the company.

Annual Report 2013- 2014

2. Company has already entered agreement for sale of its investment at UAE venture which is excepted to be completed in FY 14-15. This will generate capital gains / profits for the company and will also augment required working capital for the company.
3. Company is taking all possible steps to reduce its cost at all level in order to control further losses.
4. Company is also in discussion with various equity and strategic partners for investment in the company which will reduce company's burden on debts and interest servicing cost. Further additional equity will reduce the gap of required working capital for the company.

Registered Office:
No.71, III Cross
Residency Road
Bangalore - 560 025
Date: 14th August,2014

By Order of the Board

(AJAY KUMAR BHUWALKA)
Director

Details of Directors seeking appointment / re-appointment at 32nd Annual General Meeting (In pursuance of Clause 49 of Listing Agreement)

Name of Director	Shri Ajay Bhuwalka
Date of Birth	08.02.1976
Qualification	B.Com
Expertise in specific	More than 19 years experience as industrialist in manufacturing.
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.
Chairman/ Member of the Committees of the Board of Directors of other Companies in which he is a Director	None

DIRECTORS' REPORT

TO THE MEMBERS OF BHUWALKA STEEL INDUSTRIES LIMITED:

Your Directors have pleasure in presenting before you the 32nd Annual Report of the Company together with Audited Statement of Accounts for the Six Months Period ended 31st March, 2014.

1. FINANCIAL RESULTS:

(Rs. in Lakhs)

Particulars	2013 – 14 (6 months)	2012 – 13 (18 months)
Total Income	16,838.80	85,405.18
Profit/(Loss) before Interest, Depreciation and Taxation	(10,69.70)	3809.25
Less: Interest	11,51.56	3,369.46
Less: Depreciation/Amortization	304.09	817.42
Profit/(Loss) Before Tax before Extraordinary item	(25,25.36)	(377.63)
Add: Profit from Extraordinary item	–	501.03
Profit/(Loss) Before Tax After Extraordinary item	(25,25.36)	123.40
Less: Income Tax for the year(including FBT and Deferred taxation)	596.05	(73.60)
Less: Income tax for earlier years	–	–
Profit After Tax	(19,29.31)	49.80
Add: Balance of profit brought forward From last year	592.03	542.23
Appropriations:		
Proposed Dividend with Dividend tax on Equity shares	–	–
Balance of Profit carried forward	(13,37.27)	592.03

2. OPERATIONS REVIEW:

The Company has adopted 6 Months Financial Period from 1st October 2013 to 31st March, 2014 as compared to previous financial year of 18 months i.e. 1st April 2012 to 30th September 2013. Total income from operations during the period of six months under review was Rs. 16,838.80 lakhs as compared to Rs. 85,405.18 lakhs in the previous year (18 months). During the period under review, the Company has suffered a loss after tax of Rs. 19,29.31 lakhs (after extra ordinary items) as against profit after tax of Rs. 49.80 lakhs in the previous accounting year. Main reason for losses were Lower capacity utilization of production capacities due to inadequate working capital during most of the period of reported FY, steep rise in interest costs and high depreciation cost.

Company is endeavoring hard to overcome the issues of poor demand in Infra and Real Estate by innovative marketing strategies and also focusing in optimizing its capacity utilization. However shortage of working capital is impacting the efforts negatively.

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 trying to dispose of its surplus Investments and Surplus properties in Fy 2014-15 in order to fund the gap of working capital requirements of the company.

3. DIVIDEND:

Your Directors express their inability to recommend any dividend in view of huge losses incurred by the Company.

4. SUBSIDIARY COMPANY:

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 31st March 2014, 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. As

Company has already taken up steps to sell its Investment in shares in Overseas Joint Venture at Bhuwalka Steel Industries, UAE (FZC), the same is shown under Investments and Consolidation of the same is not done while preparing Consolidated Financial Statements.

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 Period ended 31st March, 2014.

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 Ajay Kumar Bhuwalka retire by rotation at the forthcoming Annual General Meeting and being eligible, offer himself 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:

a) As reported by Statutory Auditor's in their Audit, there have been delays in servicing undisputed statutory liabilities during 2013-14 on time. Further certain payments have been delayed beyond 180 days. Amount of these delays have been detailed in point no. 8 and 9 of annexure of Paragraph 1 (CARO) of the Auditor's Report.

Management's Reply:- Company has been going through tough financial condition during FY 13-14 due to operational and cash losses. These situation occurred due to lower production level and bad demand scenario of Company's product during such period. Owing to cash losses and liquidity constraints, company could not mobilize funds for statutory dues and hence same were delayed unintentionally. Company has already taken measure to improve its position by utilization of current assets and these dues will be paid on highest priority.

b) In Reply of Point no.10 of the annexure of Paragraph 1 (CARO) of the Auditor's Report i.e. "The Company's accumulated losses at the end of the Financial Year were more than 50% of the net worth. The company has not incurred any cash losses in the immediately preceding Financial Year. The Company has incurred cash losses of Rs.2221 lacs in the current Financial Year. The Company has to comply with provisions of The Sick Industrial Companies Act, 1985 (SICA ACT) as applicable to the Company post this event."

Management's Reply: - Company has suffered losses due to low operational capacity utilization and shortage of working capital in the Company. Management has already taken initiatives to safeguard the company from further erosion of the net worth. Company is in process of getting additional working capital margin from sale of surplus assets of the company. These sales will get materialized in FY 14-15 which will augment additional working capital for the company. With this, company will be able to improve its production capacity utilization and also to check on losses.

The Company will comply with provisions of The Sick Industrial Companies Act, 1985 as far as it is applicable to the company.

c) As reported in point no. 11 of the annexure of Paragraph 1 (CARO) of the Auditor's Report i.e. "Based on our Audit procedures and as per the information and explanations given by the management, the company has defaulted in repayment of loans and interest to Banks and Financial Institutions. Unpaid overdue interest and installments to banks and institutions as at 31.03.2014 aggregates to Rs.1,172.13 lacs including devolved L.C. unfunded at that date".



Management's Reply: - As mentioned above to the reply of a) Company could not arrange funds for timely banking repayments due to cash losses and liquidity constraints and hence banking repayments were delayed unintentionally. Company has already taken measure to improve its position by utilization of current assets and sale of surplus assets. As a result of the same, these dues will be paid as earlier as possible. For further clarification on Auditor's observation, The Notes on accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any additional 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.

By Order of the Board

(AJAY KUMAR BHUWALKA)

Director

Place : Bangalore
Date : 14th August,2014

(ANKIT BHUWALKA)

Director

Management Discussion and Analysis

Industry Structure & Developments:

The Company's primary product, steel rolled product (Mainly TMT and Structural Steel), is catering to the demand of Real Estate construction, infrastructure, power, Telecom and engineering industries. There are large no. of re-rolling mills across the country who are largely local players apart from Primary Steel Producers like Tata Steel, JSW etc.

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. Company is also exploring Job work opportunities for better utilization of the capacities. Further to create a wide product base to cater other growing industries such as telecom and engineering, Company has already ready and modern facilities at Wada to achieve these objects. Company is exploring means to get additional working capital Finance by way of sale of surplus assets and also from equity investors so that company can achieve optimal capacity utilization.

Opportunities, Threats and Concerns:

Deep economic recession coupled with global meltdown has affected all the commodities market across the globe during last 4 to 5 years and steel was one of the worst affected commodity. There is no major surge in demand in current year, however there is growth opportunities in Infra sector based on expected Central Government's announcement of Infra projects. Further there are also expectations of export of company's product. . 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 newly elected central government may work as stimulus for the industries at large. Major Job work contracts with various large vendor will also help company for utilizing its capacities.

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.

Accumulated losses, erosion in net working Capital, Price volatility, low demand, Capacity utilization and higher cost of borrowing remain serious concerns 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:

Erosion in Working capital and liquidity issues are major concerns for the company. It is impacting company's ability to produce at optimal level and generate profits. Further the cost of power (including fuel) and its availability is also one of the 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 by looking at alternative and cheaper source of finance and cost reduction exercise across the company.

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:

	ROLLED PRODUCTS	
	Current Year 2013-14*	Previous Period 2012-13**
1. ELECTRICITY:		
a) Purchased		
Units	1,368,243	11,071,085
Total Amount(Rs.)	12,906,662	80,628,114
Rate/Unit(Rs.)	9.43	7.28
b) Own Generation	NIL	NIL
2. FURNACE OIL:		
Quantity (Ltrs)	-	849,652
Total Amount (Rs.)	-	32,437,564
Average Rate (Rs.)	-	38.18
3. COAL & OTHERS:		
Quantity (Tonnage)	1,461	10,981
Total Amount (Rs.)	9,285,672	82,483,259
Average Rate (Rs.)	6,354	7,512
B. CONSUMPTION PER UNIT OF PRODUCTION:		
Production (MTs)	6,359	91,388
Electricity(Units)	215	121
Furnace Oil (Ltrs.)	-	9
Coal & Others (Kgs)	230	120

*Power and Fuel Consumption for the period of 6 months from 1-October-2013 to 31-March-2014

**Power and Fuel Consumption for the period of 18 months from 1-April-2012 to 30-Sep-2013

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 4 Directors of which One is Executive, Two Non Executive, and one Nominee Director.

Sri. Suresh Kumar Bhuwalka, Chairman	- Executive (Managing Director)
Sri. Ajay Kumar Bhuwalka	- Non-Executive
Sri. Ankit Bhuwalka	- Non-Executive
Sri. Munish Mohan (w.e.f 08.05.2014)	- Nominee Director of IDBI Bank Ltd.,
Sri. Roop Sing Chawhan (Resigned w.e.f 21.11.2013)	- Non Executive & Independent
Sri. K.C.Kondaiah (Resigned w.e.f 08.05.2014)	- Non Executive & Independent
Smt. Visalakshi Vasanthan (Resigned w.e.f 08.05.2014)	- Nominee Director of IDBI Bank Ltd.,
3. Details of attendance at Board Meetings and last AGM and details of memberships in other Boards & Board Committees:
The Board met 4 times during the year – on 21st November 2013, 14th February 2014, 8th May 2014 and 30th May 2014.

Name of the Directors	No. of Board Meetings Attended	Whether attended last AGM	Directorship in other Boards	Committee	
				Membership	Chairmanship
Suresh Kumar Bhuwalka	1	Yes	7	–	–
Ajay Kumar Bhuwalka	4	Yes	6	–	–
Ankit Bhuwalka	1	No	6	–	–
Munish Mohan	1	No	1	–	–
K.C. Kondaiah*	2	No	1	–	–
Roop Sing Chawhan**	0	No	1	–	–
Visalakshi Vasanthan***	2	No	Nil	–	–

* Sri. K.C.Kondaiah Non- Executive Independent Director Resigned w.e.f 08.05.2014

** Sri. Roop Sing Chawhan Non- Executive Independent Director Resigned w.e.f 21.11.2013

*** Smt. Visalakshi Vasanthan - Nominee Director of IDBI Bank Ltd., (Resigned w.e.f 08.05.2014)

4. **Audit Committee :** 1. (As on the date of this Report)

a) Sri. Suresh Kumar Bhuwalka (included on 21.11.2013)	- Executive
b) Sri Ajay Kumar Bhuwalka	- Non Executive
c) Sri. Ankit Bhuwalka (included on 08.05.2014)	- Non Executive
d) Sri. K.C. Kondaiah (Resigned w.e.f 08.05.2014)	- Non Executive & Independent

The Committee met 4 times during the year on 21.11.2013, 6.02-2014, 08.05.2014 and 30.05.2014

Name of the Members	Category	Attended	% of total	Whether attended last AGM
Sri. Suresh Kumar Bhuwalka	Executive	2	50	Yes
Sri. Ajay Kumar Bhuwalka	NEC	4	100	Yes
Sri. Ankit Bhuwalka	NEC	1	25	No
Sri. K.C.Kondaiah	NEC & Ind	2	50	No

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 Ajay Kumar Bhuwalka | - Non-Executive Director |
| b) Sri Ankit Bhuwalka | - Non-Executive Director |
| c) Sri. Desmond Rozario | - Manager Compliance |

This committee facilitates prompt and effective redressal of shareholders' complaints and to look into their grievances. As on 31.03.2014, 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 2013-14 are given in Note 23(2) of Notes to Accounts.

Sitting fee is paid to Nominee Director and In-dependent 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

Compliance Manager – Desmond Rozario

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.

9. General Body Meetings:

Location, Date and Time where last three Annual General Meetings:

YEAR	DATE	TIME	VENUE
2010 – 2011 29 th AGM	26.09.2011	12.30 P.M.	Hotel Woodlands No.5, Rajaram Mohanroy Road Bangalore – 560 025
2011 – 2012 30 th AGM	26.09.2012	12.30 P.M.	Hotel Woodlands No.5, Rajaram Mohanroy Road Bangalore – 560 025
2012 – 2013 31 st AGM	28.12.2013	12.30 P.M.	Hotel Woodlands No.5, Rajaram Mohan Roy 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.

13. General Shareholder's Information:

Annual General Meeting : Saturday, 27th September, 2014 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 14.08.2014 :
ii Unaudited Results – II Qtr : on or before 14.11.2014
iii Unaudited Results – III Qtr : on or before 14.02.2015
iv Annual Accounts 2015 : on or before 30.05.2015

Book Closure : 23.09.2014 to 26.09.2014

• **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)
October, 2013	12.90	11.00	15951
November, 2013	12.60	10.83	650
December, 2013	13.00	10.25	21113
January, 2014	11.84	9.60	32180
February, 2014	10.65	9.00	10941
March, 2014	9.03	8.20	4814
April, 2014	9.95	8.05	3759
May, 2014	11.20	7.98	21411

• **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.



**BHUWALKA
STEEL INDUSTRIES LIMITED**

• **Distribution of Shareholdings as on 31st March, 2014.**

No. Of Shares held	Folios Number	%	Shares Number	%
1 - 500	4415	87.95	8078160	7.79
501 – 1000	304	6.06	2437200	2.35
1001 – 2000	167	3.33	2738990	2.64
2001 – 3000	37	0.74	966670	0.93
3001 – 4000	34	0.68	1236250	1.19
4001 – 5000	8	0.16	370000	0.36
5001 – 10000	23	0.46	1624120	1.57
10001 & ABOVE	32	0.64	86293590	83.18
Total	5020	100.00	103744980	100.00

• **Pattern of Share Holding as on 31st March, 2014.**

Sl.No.	Category	No.ofShares	% of ShareHolding
1.	Promoters and promoters' group	7360000	70.94
2.	Mutual Funds	500	0.00
3.	Financial Institution/Banks	5300	0.06
3.	Private Corporate Bodies	289617	2.79
4.	Indian Public	2690525	25.94
5.	Clearing Member	9404	0.09
5.	NRI/Foreign Institutional Investors	19152	0.18
	Total	10374498	100.00

• **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
Manager Compliance
Bhuwaka Steel Industries Ltd.
'Bhuwaka 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 : 14th August, 2014

(Ajay Kumar Bhuwaka)
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 31st March, 2014, 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 31st, 2014, 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 : 14th August, 2014

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



INDEPENDENT AUDITOR'S REPORT

**To The Members of
M/S. BHUWALKA STEEL INDUSTRIES LIMITED**

We have audited the accompanying financial statements of **BHUWALKA STEEL INDUSTRIES LIMITED** which comprise the Balance Sheet as at **31st March 2014**, and the Statement of Profit and Loss and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

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

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

for ASR Associates
Chartered Accountants

(CA A. S. Rafiq)

Proprietor
Membership No.204646
FRN No. 8877S

Place : Bangalore
Date : 25th July, 2014

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 PERIOD ENDED 31ST MARCH 2014.

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. Based on information, explanations and necessary documents pertaining to inventory like excise inventory registers, physical verification report conducted by bank stock auditor and concurrent auditor, physical verification report conducted by management and other supporting documents provided to us, we report that 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 not granted interest free unsecured loans and advances, to any company, covered in the register maintained under section 301 of the Companies Act, 1956.
b) 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.2,757.66 Lacs and the term and conditions whereof is 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 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. (a) According to the records of the Company, the Company is not regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Customs Duty, Excise Duty, cess and some other statutory dues applicable to it with the appropriate authorities. We have observed delays in making payments of these liabilities on specified due dates as per relevant taxation law. "The details of over due statutory liabilities as on 31st March, 2014 are given below as observed during our audit".



**BHUWALKA
STEEL INDUSTRIES LIMITED**

SI.No	Particulars	Amount (Rs.)
1	EPF	17,26,631
2	ESIC	4,86,247
	TDS	
	a) TDS Contract	6,50,476
	b) TDS Contract	5,32,316
	c) TDS on Rent	2,55,239
	d) TDS on Professional & Consultancy.	8,37,328
	e) TDS on Interest	14,51,601
	f) TDS on Commission and Brokerage	3,121
	g) TCS on Scrap	44,243
3	Service Tax payable on GTA and others	19,99,891
4	Central Excise	3,53,159
5	VAT	16,48,551
6	Professional Tax	1,55,050
	Total	1,01,43,853

(b) 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 and for a period of more than six months from the date they became payable.

Nature of dues	Period pertaining to	Amount Rs.	Due date	Date of payment	Nos. of days delayed
TDS	April-13	26,373	07/05/2013	Pending	328
TDS	May-13	79,097	07/06/2013	Pending	297
TDS	June-13	110,236	07/07/2013	Pending	267
TDS	July-13	85,105	07/08/2013	Pending	236
TDS	Aug-13	79,024	07/09/2013	Pending	205
TDS	Sept-13	90,031	07/10/2013	Pending	175
Service Tax	April-13	149,328	05/05/2013	Pending	330
Service Tax	May-13	174,512	05/06/2013	Pending	299
Service Tax	June-13	181,868	05/07/2013	Pending	269
Service Tax	July-13	165,961	05/08/2013	Pending	238
Service Tax	Aug-13	170,456	05/09/2013	Pending	207

(c) 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	Commissioner of Central Excise (Appeals) CESTAT, High Court, Supreme Court	894.45
2	Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals), ITAT	24.36

Annual Report 2013- 2014

10. The Company's accumulated losses at the end of the Financial Year were more than 50% of the networth. The company has not incurred any cash losses in the immediately preceding Financial Year. The Company has incurred cash losses of Rs.2221 lacs in the current Financial Year. The Company has to comply with provisions of The Sick Industrial Companies Act, 1985 (SICA ACT) as applicable to the company post this event.
11. Based on our Audit procedures and as per the information and explanations given by the management, the company has defaulted in repayment of loans and interest to Banks and Financial Institutions. Unpaid overdues interest and installments to banks and institutions as at 31.03.2014 aggregates to Rs.1,172.13 lacs including devolved L.C. unfunded at that date.
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. The company has not raised any fresh term loan during the financial year.
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)

Proprietor

Membership No.204646

FRN No. 8877S

Place : Bangalore
Date : 25th July, 2014



**BHUWALKA
STEEL INDUSTRIES LIMITED**

BALANCE SHEET AS AT 31ST MARCH, 2014

PARTICULARS	Note No.	AS AT 31.03.2014 Rs.	AS AT 30.09.2013 Rs.
A EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	1	115,753,018	115,753,018
(b) Reserves and surplus	2	(63,857,345)	129,073,152
(c) Money received against share warrants		20,040,000	20,040,000
Sub-total - Shareholder's funds		71,935,673	264,866,170
2 Non-current liabilities			
(a) Long-term borrowings	3	717,544,196	739,421,876
(b) Deferred tax liabilities (net)	21	-	59,605,139
(c) Other long-term liabilities		-	-
(d) Long-term provisions		-	-
Sub-total - Non-current liabilities		717,544,196	799,027,015
3 Current liabilities			
(a) Short-term borrowings	4	1,206,433,874	1,376,532,751
(b) Trade payables	5	619,175,259	355,577,107
(c) Other current liabilities	6	224,145,600	120,670,715
(d) Short-term provisions	7	4,815,629	4,815,629
Sub-total - Current liabilities		2,054,570,361	1,857,596,202
TOTAL		2,844,050,231	2,921,489,387
B ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	8	644,144,734	676,497,639
(ii) Intangible assets			
(iii) Capital work-in-progress		2,216,953	-
(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	15,294,697	15,294,696
(e) Other non-current assets			
Sub-total - Non-current assets		799,855,628	829,991,579
2 Current assets			
(a) Inventories	11	990,288,736	1,295,708,436
(b) Trade receivables	12	782,283,456	554,786,659
(c) Cash and cash equivalents	13	88,152,220	50,383,512
(d) Short-term loans and advances	14	183,470,191	190,619,201
(e) Other current assets		-	-
Sub-total - Current assets		2,044,194,603	2,091,497,808
TOTAL		2,844,050,231	2,921,489,387
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 and Managing Director

(Ajay Kumar Bhuwalka)
Director

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 : 25th July, 2014

Annual Report 2013- 2014

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2014

PARTICULARS	Note No.	For the Period ended	For the Period ended
		31.03.2014 (6 Months) Rs.	30.09.2013 (18 Months) Rs.
A CONTINUING OPERATIONS			
1 Revenue from operations (gross)	15	1,732,317,500	9,016,538,253
Less: Excise duty	15	<u>50,533,262</u>	<u>489,225,049</u>
Revenue from operations (net)		1,681,784,238	8,527,313,204
2 Other income	16	<u>2,096,105</u>	<u>13,204,859</u>
3 Total revenue (1+2)		<u>1,683,880,342</u>	<u>8,540,518,063</u>
4 Expenses			
(a) Cost of materials consumed	17.a	429,874,150	3,222,864,639
(b) Purchases of stock-in-trade	17.b	1,303,609,209	4,463,043,335
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	17.c	<u>(30,425,535)</u>	<u>(9,578,534)</u>
(d) Employee benefits expense	18	37,195,806	154,243,217
(e) Finance costs	19	115,156,073	336,946,397
(f) Depreciation and amortisation expense	8.a	30,409,434	81,741,780
(g) Other expenses	20	<u>50,596,840</u>	<u>329,020,390</u>
Total expenses		<u>1,936,415,979</u>	<u>8,578,281,224</u>
5 Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		<u>(252,535,636)</u>	<u>(37,763,161)</u>
6 Exceptional items		-	-
7 Profit / (Loss) before extraordinary items and tax (5 ± 6)		<u>(252,535,636)</u>	<u>(37,763,161)</u>
8 Extraordinary items		-	50,103,636
9 Profit / (Loss) before tax (7 ± 8)		<u>(252,535,636)</u>	<u>12,340,475</u>
10 Tax expense:			
(a) Current tax expense for current year		-	-
(b) Current tax expense relating to prior years		-	-
(c) Net current tax expense		-	(1,965,816)
(d) Deferred tax Assets/(Liabilities)	21. a	59,605,139	(5,394,996)
11 Profit / (Loss) from continuing operations (9 -10)		<u>(192,930,497)</u>	<u>4,979,663</u>
B DISCONTINUING OPERATIONS			
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 Profit / (Loss) from discontinuing operations (12.i ± 12.ii ± 12.iii)		-	-
14 Profit / (Loss) for the year (11 ± 13)		<u>(192,930,497)</u>	<u>4,979,663</u>
15.i Earnings per share (of 10/- each):	22		
(a) Basic		(18.60)	0.48
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 and Managing Director

(Ajay Kumar Bhuwalka)
Director

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 : 25th July, 2014

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

Particulars	As at 31st March 2014		As at 30th Sept. 2013	
	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
		250,000,000		250,000,000
(b) Issued				
Equity shares of Rs. 10 each with voting rights	10,374,498	103,744,980	10,374,498	103,744,980
(c) Subscribed and fully paid up				
Equity shares of Rs. 10 each with voting rights	10,374,498	103,744,980	10,374,498	103,744,980
(d) Forfeited Shares		12,008,038		12,008,038
Total		115,753,018		115,753,018

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 31st March, 2014				
- Number of shares	10,374,498	—	—	10,374,498
- Amount Rs.	103,744,980	—	—	103,744,980
Year ended 30th Sept, 2013				
- Number of shares	10,374,498	—	—	10,374,498
- Amount Rs.	103,744,980	—	—	103,744,980

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

Class of shares / Name of shareholder	As at 31st March 2014		As at 30th Sept. 2013	
	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	6,058,500	58.40
Ajay Kumar Bhuwalka	752,600	7.25	752,600	7.25

(iii) Details of forfeited shares

Class of shares	As at 31st March 2014		As at 30th Sept, 2013	
	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.

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Notes forming part of the financial statements

PARTICULARS	AS AT 31st Mar. 2014 Rs.	AS AT 30th Sep. 2013 Rs.
Note 2 : Reserves and surplus		
(a) Capital Reserve		
Opening balance	28,45,500	28,45,500
Add: Additions during the year		
Less: Utilised / transferred during the year		
Closing balance	<u>28,45,500</u>	<u>28,45,500</u>
(b) Capital redemption reserve		
Opening balance	-	-
Add: Additions during the year	-	-
Less: Utilised during the year for Issuing bonus shares	-	-
Closing balance	<u>-</u>	<u>-</u>
(c) Securities premium account		
Opening balance	-	-
Add : Premium on shares issued during the year		
Less : Utilised during the year for:		
Issuing bonus shares	-	-
Closing balance	<u>-</u>	<u>-</u>
(d) General reserve		
Opening balance	6,70,24,809	6,70,24,809
Add: Transferred from surplus in Statement of Profit and Loss		
Less: Utilised / transferred during the year for:		
Issuing bonus shares	-	-
Others		
Closing Balance	<u>6,70,24,809</u>	<u>6,70,24,809</u>
Total	<u>6,98,70,309</u>	<u>6,98,70,309</u>
(e) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	5,92,02,843	5,42,23,180
Add: Profit / (Loss) for the year	(19,29,30,497)	49,79,663
Amounts transferred from:		
Less: Interim dividend		
Closing balance	<u>(13,37,27,654)</u>	<u>5,92,02,843</u>
Total	<u>(6,38,57,345)</u>	<u>12,90,73,152</u>
Note 3: Long-term borrowings		
(a) Term loans From Banks (Refer Note (i) below)		
Secured	31,17,78,346	33,36,56,026
Unsecured	-	-
(b) Term loans from others (Refer Note (i) below)		
Secured	-	-
Unsecured	13,00,00,000	13,00,00,000
(c) Loans and advances from related parties (Refer Note (i) below)		
Secured		
Unsecured	27,57,65,850	27,57,65,850
(d) Deferred Payment Liabilities (Refer Note (i) below)		
Secured	-	-
Unsecured	-	-
Total	<u>71,75,44,196</u>	<u>73,94,21,876</u>

Notes forming part of the financial statements
Note 3: Long-term borrowings (Contd.)

(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 31st March 2014		As at 30th Sept. 2013	
		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, and repayable over a period from ranging 6-8 years as per sanction letter.	–		–	
Term loan		66,00,000		76,00,000	
Funded Interest term loan Working capital term loan		7,96,00,000		8,40,00,000	
Canara Bank	Secured by exclusive charge by way of equitable mortgage of Corporate office and repayable in 60 monthly installment commencing from April 2013	–		–	
Term loan		1,52,00,000		1,74,00,000	
Funded Interest term loan Working capital term loan		18,55,00,000		19,59,00,000	
Indian Overseas Bank Indian Overseas Bank term loan Indian Overseas Bank Woking capital term loan IOB Funded Interest Term loan CC IOB Funded Interest Term loan WCTL Total - Term loans from banks	Secured by an exclusive charge by way of hypothecation of Vehicles purchased out of this loan.	–		–	
		1,80,00,000		2,10,00,000	
		56,88,000		66,36,000	
		11,90,346		11,20,026	
		31,17,78,346		33,36,56,026	
Term loans from other parties:					
Kotak Mahindra Primus Ltd.	Secured by an exclusive charge by way of hypothecation of Vehicles purchased out of this loan.	–		–	
Total - From Other Parties		13,00,00,000		13,00,00,000	
Total - Term loans from other parties		–	13,00,00,000	–	13,00,00,000
c) Loans and advances from related parties:					
From Directors	Unsecured		27,57,65,850		27,57,65,850
From Other related parties	Unsecured		–		–
Total - Loans and advances from related parties		–	27,57,65,850	–	27,57,65,850
Total		31,17,78,346	40,57,65,850	33,36,56,026	40,57,65,850

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Notes forming part of the financial statements

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

PARTICULARS	AS AT 31st March 2014 Rs.	AS AT 30th Sept. 2013 Rs.
Term loans from banks	31,17,78,346	33,36,56,026
Term loans from other parties	-	-
Deferred payment liabilities	-	-
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 31st March 2014		As at 30th Sept. 2013	
	Period of default		Period of default	
Term loans from banks				
Principal	December 2013 to March-2014	59,96,720	August and Sept. 2013	9,00,000
Interest	December 2013 to March-2014	45,27,801	August and Sept. 2013	32,69,941
Term loans from other parties				
Principal	-	-		
Interest				
Deferred payment liabilities				
Principal	-		-	-
Interest	-		-	-
Other loans and advances				
Principal	-		-	-
Interest	-		-	-

Note : Term Loan from Banks represents the working capital term loan and funded interest term loan granted by the banks as per CDR Scheme and Master Restructuring Agreement (MRA) entered by the Company with consortium of banks led by Canara Bank. Defaults are on account of delay in servicing interest and repayment. IDBI and IOB has classified account as NPA.

Note 4 : Short-term borrowings

PARTICULARS	AS AT 31st March 2014 Rs.	AS AT 30th Sep. 2013 Rs.
(a) Loans repayable		
i) From banks (Refer Note (i) below)		
Secured		
For Steel Division	1,01,74,52,226	1,18,41,98,784
For Jewellery Division	9,50,76,802	8,51,26,126
Unsecured	71,62,001	77,62,001
	<u>1,11,96,91,030</u>	<u>1,27,70,86,912</u>
ii) From Other Parties (Refer Note (i) below)		
Secured		
Unsecured	8,67,42,844	9,94,45,839
	<u>8,67,42,844</u>	<u>9,94,45,839</u>
Total	<u>1,20,64,33,874</u>	<u>1,37,65,32,751</u>

Notes forming part of the financial statements

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

Particulars	Nature of security	AS AT 31st March 2014 Rs.	AS AT 30th Sept. 2013 Rs.
Loans repayable on demand from banks:			
CANARA BANK - OCC	Hypothecation of Book debts and Inventories of Steel Division	65,44,04,791	90,42,83,083
IDBI BANK- OCC		36,30,47,435	27,99,15,701
Indian Overseas Bank- OCC	Hypothecation of Book debts and Inventories of Jewellery Division	9,50,76,802	8,51,26,126
American Express Bank	Unsecured	71,62,001	77,62,001
Other loans and advances: Factoring Facilities with SBI Global Factors Ltd.	Assignment of Specific Receivables, Personal Gurantees of Directors	8,67,42,844	9,94,45,839

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

PARTICULARS	AS AT 31st March 2014 Rs.	AS AT 30th Sept. 2013 Rs.
Loans repayable on demand from banks	1,11,25,29,029	1,26,93,24,911
Loans repayable on demand from other parties	8,67,42,844	9,94,45,839
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 2014	
	Period of Default	Amount
Loans repayable on demand from banks		
Principal	Dec 2013	—
Interest	to	1,29,02,488
LC Devolvement	March 2014	8,61,47,435
Others		97,08,090
Loans repayable on demand from other parties		
Principal		—
Interest		—
Total		10,87,58,013

Note : Defaults are on account of delay in servicing interest and LC devolment and other payments. IDBI and IOB has classified account as NPA.

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Notes forming part of the financial statements

Note 5: Trade payables

PARTICULARS	AS AT 31st March 2014 Rs.	AS AT 30th Sept. 2013 Rs.
Trade payables:		
Acceptances (Letter of Credit Backed)	41,53,10,121	11,74,46,694
Other than Acceptances	20,38,65,138	23,81,30,413
Total	<u>61,91,75,259</u>	<u>35,55,77,107</u>

Note 6: Other Current Liabilities

(a) Current maturities of long-term debt	5,05,00,646	3,25,05,832
(b) Interest accrued but not due on borrowings	57,54,159	19,45,300
(c) Interest accrued and due on borrowings	24,58,171	32,69,941
(d) Unpaid dividends	8,15,075	10,81,742
(e) Other payables		
(i) Statutory Liabilities (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, and Provision for excise duty on closing stock)	6,72,69,346	6,56,61,626
(ii) Advances from customers	-	-
(iii) Outstanding Liabilities & Other Liabilities	9,73,48,204	1,62,06,275
Total	<u>22,41,45,600</u>	<u>12,06,70,715</u>

Note (i): Current maturities of long-term debt in Note 3 above

(a) Term loans From banks		
Secured	5,04,08,720	3,22,80,307
Unsecured	-	-
From other parties		
Secured	-	-
Unsecured	-	-
(b) Deferred payment liabilities		
Secured	-	-
Unsecured	91,926	2,25,525
Total	<u>5,05,00,646</u>	<u>3,25,05,832</u>

Note 7: Other current liabilities

(a) Provision for employee benefits:		
(i) Provision for bonus	-	-
(ii) Provision for compensated absences	-	-
(iii) Provision for gratuity (net)	22,36,793	22,36,793
	22,36,793	22,36,793
(b) Provision - Others:		
(i) Provision for tax	25,78,836	25,78,836
	25,78,836	25,78,836
Total	<u>48,15,629</u>	<u>48,15,629</u>

Notes forming part of the financial statements
NOTE 8

I) FIXED ASSETS

PARTICULARS	As at 01.10.2013		Additions during the year		Sales/Adj./Amortization during the year		As at 31.03.2014		As at 01.10.2013		For the year		Depreciation Withdrawn		As at 31.03.2014		As at 31.03.2014		As at 30.09.2013	
	As at 01.10.2013	As at 31.03.2014	As at 01.10.2013	As at 31.03.2014	As at 01.10.2013	As at 31.03.2014	As at 01.10.2013	As at 31.03.2014	As at 01.10.2013	As at 31.03.2014	As at 01.10.2013	As at 31.03.2014	As at 01.10.2013	As at 31.03.2014	As at 01.10.2013	As at 31.03.2014	As at 01.10.2013	As at 31.03.2014	As at 01.10.2013	As at 31.03.2014
LAND	1,35,48,882	1,35,03,234	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BUILDINGS	20,27,69,603	20,08,23,910	19,45,693	6,00,44,923	30,81,473	6,31,26,396	13,76,97,514	14,27,24,682	14,27,24,682	14,27,24,682	13,76,97,514	14,27,24,682	14,27,24,682	14,27,24,682	14,27,24,682	14,27,24,682	14,27,24,682	14,27,24,682	14,27,24,682	14,27,24,682
PLANT & MACHINERIES	84,85,05,172	84,85,05,172	-	84,85,05,172	36,09,08,502	2,36,31,477	46,39,65,193	48,75,96,669	48,75,96,669	48,75,96,669	46,39,65,193	48,75,96,669	48,75,96,669	48,75,96,669	48,75,96,669	48,75,96,669	48,75,96,669	48,75,96,669	48,75,96,669	48,75,96,669
ELECTRICAL INSTALLATIONS	6,14,53,788	6,14,53,788	-	4,72,71,901	15,89,768	4,88,61,670	1,25,92,118	1,41,81,887	1,41,81,887	1,41,81,887	1,25,92,118	1,41,81,887	1,41,81,887	1,41,81,887	1,41,81,887	1,41,81,887	1,41,81,887	1,41,81,887	1,41,81,887	1,41,81,887
WEIGHING MACHINES	13,43,398	13,43,398	-	5,72,917	35,369	6,08,286	7,35,112	7,70,481	7,70,481	7,70,481	6,08,286	7,35,112	7,70,481	7,70,481	7,70,481	7,70,481	7,70,481	7,70,481	7,70,481	7,70,481
FURNITURE & FIXTURES	1,51,72,093	1,51,72,093	-	94,78,484	3,13,332	97,91,816	53,80,277	56,93,609	56,93,609	56,93,609	97,91,816	53,80,277	56,93,609	56,93,609	56,93,609	56,93,609	56,93,609	56,93,609	56,93,609	56,93,609
OFFICE EQUIPMENTS	1,69,76,060	1,70,23,931	47,871	1,31,36,357	4,93,528	1,36,29,886	33,94,046	38,39,702	38,39,702	38,39,702	1,36,29,886	33,94,046	38,39,702	38,39,702	38,39,702	38,39,702	38,39,702	38,39,702	38,39,702	38,39,702
VEHICLES	2,55,26,000	2,55,26,000	-	1,73,84,273	12,64,487	1,86,48,760	68,77,240	81,41,727	81,41,727	81,41,727	1,86,48,760	68,77,240	81,41,727	81,41,727	81,41,727	81,41,727	81,41,727	81,41,727	81,41,727	81,41,727
TOTAL	1,18,52,94,996	1,18,33,51,526	47,871	50,87,97,357	3,04,09,434	53,92,06,791	64,41,44,734	67,64,97,639	67,64,97,639	67,64,97,639	53,92,06,791	64,41,44,734	67,64,97,639	67,64,97,639	67,64,97,639	67,64,97,639	67,64,97,639	67,64,97,639	67,64,97,639	67,64,97,639
PREVIOUS YEAR	1,20,41,23,488	1,18,52,94,996	2,13,57,271	43,48,71,642	8,17,41,780	78,16,065	50,87,97,357	67,64,97,639	67,64,97,639	67,64,97,639	78,16,065	50,87,97,357	67,64,97,639	67,64,97,639	67,64,97,639	67,64,97,639	67,64,97,639	67,64,97,639	67,64,97,639	67,64,97,639

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

PARTICULARS

For the Period Ended 31st March 2014
Rs.
For the year Ended 30th Sept. 2013
Rs.

Depreciation and amortisation for the year on tangible assets
30,409,434
8,17,41,780

Depreciation and amortisation for the year on intangible assets
-
-

Less: Utilised from revaluation reserve on intangible assets
-
-

Depreciation and amortisation relating to discontinued operations
-
-

Depreciation and amortisation relating to continuing operations
30,409,434
8,17,41,780



Notes forming part of the financial statements

Note 9 : Non-current investments

Particulars	As at 31st March 2014			As at 30th Sept. 2013		
	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 Benaka Sponge Iron Pvt. Ltd. Equity of Rs.100/- Each 299900 equity shares (As at 30th Sept. 2013: 299,900)		10,01,66,600	10,01,66,600		10,01,66,600	10,01,66,600
(ii) of joint venture companies Bhuwalka Steel Industries FZC Equity shares 10,350,000 (As at 30th Sept. 2013: 10,350,000)		3,80,12,644	3,80,12,644		3,80,12,644	3,80,12,644
Total - Trade (A)		13,81,79,244	13,81,79,244		13,81,79,244	13,81,79,244
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
Total (A+ B)			13,81,99,244			13,81,99,244

Notes forming part of the financial statements

PARTICULARS	AS AT 31st March 2014 Rs.	AS AT 30th Sept. 2013 Rs.
Note 10: Long-term loans and advances		
(a) Security deposits		
Secured, considered good		
Unsecured, considered good	15,005,164	15,005,163
Doubtful	289,533	289,533
Less: Provision for doubtful deposits	—	—
Total	15,294,697	15,294,696
Note 11: Inventories		
(Inventories have been valued at lower of cost and net realisable value)		
(a) Raw materials	324,160,428	659,989,136
Goods-in-transit		
(b) Work-in-progress		
Goods-in-transit		
(c) Finished goods		
(other than those acquired for trading)	404,802,812	411,781,598
Goods-in-transit		
(d) Stock-in-trade (acquired for trading)		
Steel Division	139,857,890	79,808,389
Jewellery Division	111,271,033	133,204,274
Goods-in-transit		
(e) Misroll	7,829,981	7,917,119
Goods-in-transit		
(f) Scrap	2,366,593	3,007,919
Goods-in-transit		
Total	990,288,736	1,295,708,436
Note 12: Trade receivables		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	707,724,563	222,373,117
Unsecured, considered good		
Doubtful	2,564,803	2,564,803
	710,289,366	224,937,919
Less: Provision for doubtful trade receivables	— 2,564,803	— 2,564,803
	707,724,563	222,373,117
Other Trade receivables		
Secured, considered good	74,558,893	332,413,542
Unsecured, considered good		
Doubtful		
	74,558,893	332,413,542
Less: Provision for doubtful trade receivables	—	—
	74,558,893	332,413,542
Total	782,283,456	554,786,659

Notes forming part of the financial statements

PARTICULARS	AS AT 31st March 2014 Rs.	AS AT 30th Sept. 2013 Rs.
Note 13: Cash and cash equivalents		
(a) Cash on hand	5,301,360	5,626,107
(b) Balances with banks		
(i) In current accounts	33,828,185	1,135,001
(ii) In earmarked accounts		
- Unpaid dividend accounts	815,075	1,081,742
- Balances held as margin money or security against borrowings, guarantees and other commitments	48,207,601	42,540,663
Total	88,152,220	50,383,512
Note 14: Short-term loans and advances		
(a) Loans and advances to related parties		
Secured, considered good	-	-
Unsecured, considered good		
Doubtful		
Less: Provision for doubtful loans and advances	-	-
	-	-
(b) Loans and advances to employees		
Secured, considered good	663,514	854,514
Unsecured, considered good		
Doubtful		
Less: Provision for doubtful loans and advances	-	-
	663,514	854,514
(c) Prepaid expenses - Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.)	435,676	410,888
(d) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	58,491,637	58,488,888
(ii) VAT credit and refund receivable	35,676,430	43,969,086
(iii) Service Tax credit receivable	4,957,593	3,437,089
(iv) Advance Income tax/TDS	3,919,068	3,515,997
(v) MAT Receivables	1,580,731	1,580,731
(v) Service Tax paid under protest	449,474	449,474
(vi) Sales tax paid under protest	4,615,065	4,615,065
(vii) I.T. Under Protest	1,271,900	1,271,900
(viii) Excise Duty Under Protest	25,454,770	25,454,770
(ix) Others	10,368	10,372
	136,427,037	142,793,373
(e) Others (specify nature)		
Secured, considered good	-	-
Unsecured, considered good	46,364,294	46,980,751
Doubtful		
Less: Provision for other doubtful loans and advances	420,324	420,324
	45,943,970	46,560,427
Total	183,470,191	190,619,201

Notes forming part of the financial statements

PARTICULARS	For the period Ended 31st March 2014 Rs. (6 Months)	For the period Ended 30th Sept. 2013 Rs. (18 Months)
Note 15: Revenue from operations		
(a) Sale of products	1,729,111,871	9,001,597,193
(b) Other operating revenues	<u>3,205,6291</u>	<u>14,941,060</u>
Less:	1,732,317,500	9,016,538,253
(c) Excise duty	<u>50,533,262</u>	<u>489,225,049</u>
	<u>1,681,784,238</u>	<u>8,527,313,204</u>
(i) Sale of products comprises		
Manufactured goods		
Finished Goods	250,758,497	3,588,659,461
Misroll	3,379,754	33,523,754
M.S. Scrap	9,682,660	68,010,834
Jewellery	58,809,810	276,061,229
Others Sales/Reciepts	199,616,149	682,263,853
Total - Sale of manufactured goods	<u>522,246,870</u>	<u>4,648,519,131</u>
Traded goods		
Finished Goods	1,206,865,001	4,340,891,686
Others		
Total - Sale of traded goods	<u>1,206,865,001</u>	<u>4,340,891,686</u>
Total - Sale of products	<u>1,729,111,871</u>	<u>8,989,410,817</u>
(ii) Sale of services comprises		
Conversion Charges Received	-	12,186,376
Others	-	-
Total - Sale of services	<u>-</u>	<u>12,186,376</u>
(iii) Other operating revenues comprise:		
Transportation Charges received	3,205,629	14,941,060
Profit on sale of Import License	-	-
Total - Other operating revenues	<u>3,205,629</u>	<u>14,941,060</u>
Note 16: Other income		
(a) Interest income	2,080,967	7,383,830
(b) Other non-operating income (net of expenses directly attributable to such income)	<u>15,137</u>	<u>5,821,029</u>
Total	<u>2,096,105</u>	<u>13,204,859</u>
Interest income comprises:		
Interest from banks on: deposits	2,080,967	7,383,830
Other interest		
Total - Interest income	<u>2,080,967</u>	<u>7,383,8230</u>
(ii) Other non-operating income comprises:		
Profit on sale of fixed assets	-	148,565
Miscellaneous income	15,137	5,672,464
Total - Other non-operating income	<u>15,137</u>	<u>5,821,029</u>

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Notes forming part of the financial statements

Note 17.a: Cost of materials consumed

PARTICULARS

	For the period Ended 31st March 2014 Rs. (6 Months)	For the period Ended 30th Sept. 2013 Rs. (18 Months)
Opening stock	638,080,459	357,084,948
Add: Purchases	94,045,442	3,503,860,150
	<u>732,125,9002</u>	<u>3,860,945,098</u>
Less: Closing stock	302,251,7502	638,080,459
Cost of material consumed	<u>429,874,1502</u>	<u>3,222,864,639</u>
Material consumed comprises:		
Raw material	426,647,349	3,180,989,452
Store and spares	3,226,802	41,875,187
Total	<u>429,874,150</u>	<u>3,222,864,639</u>

Note 17.b: Purchase of traded goods

Traded goods	1,303,609,209	4,463,043,335
Total	<u>1,303,609,209</u>	<u>4,463,043,335</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	655,931,734	624,794,262
Misroll	7,829,981	7,917,119
M.S. Scrap	2,366,593	3,007,919
Work-in-progress	-	-
	<u>666,128,308</u>	<u>635,719,299</u>

Inventories at the beginning of the year:

Finished goods	624,794,2621	608,340,846
Misroll	7,917,1190	8,757,465
M.S. Scrap	3,007,919	11,361,683
Work-in-progress	-	-
	<u>635,719,299</u>	<u>628,459,994</u>

Net (Increase) / decrease in Stock	(30,409,009)	(7,259,305)
Increase / (decrease) of excise duty on inventory	(16,526)	(2,319,229)
Net (Increase) / decrease in Stock net of Excise duty	<u>(30,425,535)</u>	<u>(9,578,534)</u>

Note 18: Employee benefits expense

Salaries and wages	23,966,790	85,071,487
Subcontracting	11,157,156	61,588,437
Contributions to provident and other funds	833,030	3,820,366
Staff welfare expenses	1,238,830	3,762,927
Total	<u>37,195,806</u>	<u>154,243,217</u>

Note 19: Finance costs

Interest expense on:

(i) Borrowings from Banks	79,152,762	212,211,994
(ii) Trade payables		
(iii) Others	36,003,311	124,734,403
- Interest on LC, Bill Discounting Charges and on other borrowing		
Total	<u>115,156,073</u>	<u>336,946,3971</u>

Notes forming part of the financial statements

PARTICULARS	For the period ended 31st March 2014 Rs. (6 Months)	For the period ended 30th Sept. 2013 Rs. (18 Months)
Note 20: Other expenses		
Power and fuel-factory	20,710,830	196,809,603
Electricity charges	601,822	1,662,805
Water charges	476,907	3,963,784
Rent including lease rentals	2,811,900	8,156,886
Repairs and maintenance - Buildings	48,956	1,780,827
Repairs and maintenance - Machinery	333,359	4,191,731
Repairs and maintenance - Vehicle & others	2,599,950	15,045,326
Bank Charges	6,376,826	30,133,348
Insurance	236,004	1,320,618
Rates and taxes	227,634	4,350,591
Communication	1,339,177	3,734,569
Travelling and conveyance	4,277,073	9,301,758
Printing and stationery	265,624	1,133,910
Freight and forwarding	364,795	14,563,347
Sales Expenses	747,631	8,906,221
Legal and professional	6,866,606	12,624,662
Payments to auditors	200,000	450,000
Bad trade and other receivables, loans and advances written off	346	567,895
Miscellaneous expenses	2,089,818	10,322,509
Loss on fixed assets sold / scrapped / written off	21,582	-
Total	50,596,840	329,020,390
Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - Statutory audit	200,000	450,000
Reimbursement of expenses	-	-
Total	200,000	450,000

Notes forming part of the financial statements

PARTICULARS	AS AT 31st March 2014 Rs.	AS AT 30th Sept. 2013 Rs.
Note 21: Deferred Tax Liability		
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	-	116,305,440
Tax effect of items constituting deferred tax liability	-	116,305,440
<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	-	(44,208,019)
Brought forward business losses	-	(12,492,281)
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	-	(56,700,301)
Net deferred tax (liability) / asset#	-	59,605,139

#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 the fixed assets under Income Tax and also Company has recognised deferred tax asset on unabsorbed depreciation and brought forward business losses based on the Management's estimates of the future profits considering the non-cancellable customer orders received by the Company. The Company has decided to recognise incremental deferred tax asset only to the extent of accumulated deferred tax liabilities, hence entire DTL of previous year has been reversed and no additional deferred tax asset has been shown on the basis of prudent estimate.

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

PARTICULARS	Amount in Rs.
Computation Of Deferred Tax Liability	
<i>Less:</i>	
WDV as per books of Accounts as on 31.03.2014	644,069,453
WDV as per Income Tax as on 31.03.2014	289,256,942
Business Loss & Unabsorbed Depreciation as per Income Tax	448,943,353
Net temporary Difference Between IT and Books of Accounts	(94,130,842)
Income Tax Thereon @ 30%	(28,239,253)
Surcharge @ 5%	(1,411,963)
Education Cess @ 3%	(889,536)
Total Deferred Tax Liability as on 31/03/2014 - Provision required to be made	(30,540,752)
Deferred Tax Liability as on 30/09/2013	59,605,139
Deferred tax Asset as on 31.03.2014	(30,540,472)
Deferred tax Liability Reversed From Profit and loss A/c (to the extent of last years balance)	(59,605,139)

Notes forming part of the financial statements

PARTICULARS	For the period ended	For the period ended
	31st March 2014	30th Sept. 2013
	Rs.	Rs.
	(6 Months)	(18 Months)
Note 22: Earnings per share		
Earnings per share		
Basic		
Net profit / (loss) for the year from continuing operations after considering extraordinary items	(192,930,497)	4,979,663
Number of equity shares	10,374,498	10,374,498
Earnings per share from continuing operations - Basic	(18.60)	0.48

Note 23: FORMING PART OF THE ACCOUNTS FOR THE SIX MONTHS PERIOD ENDED 31ST MARCH, 2014

01. Contingent Liabilities not provided for:-

Rs. in lakhs

Particulars	FY 2013-14	FY 2012-13
I) Letter of Credits/ Bank Guarantees	129.86	157.59
II) Corporate Guarantees given to Banks and Financial Institutions on behalf of Group Companies(Liabilities as on 31.03.2014):	4339.96*	4616.11
III) Other statutory liabilities disputed by the company :	918.81	903.90
IV) Claims against the Company not Acknowledged as debt :	34.61	34.61

 *(27.074 Million AED Converted @ 16.03 rate prevailing on 31st March 2014)

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

Particulars	31.03.2014	30.09.2013
	(6 Months)	(18 Months)
Salary & Allowances	6,00,000	18,00,000
Contribution to Provident Fund and Other Funds	Nil	8,580
Value of Perquisites & benefits (as per Income-Tax Rules)	Nil	2,25,054
Total	6,00,000	20,33,634

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.
- The company has prepared six months financials for the financial year 2013-14 period from 01st October 2013 to 31st March 2014. In previous financial year 2012-13 the company has taken permission from ROC to extend the financial year for 18 months period from 1st April 2012 to 30th September 2013. Accordingly financial year was closed on 30th September 2013.

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 Missrolls 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.

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.

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.



**BHUWALKA
STEEL INDUSTRIES LIMITED**

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
Bhuwalka Steel Industries FZC	Parties where Control Exists
Balchand Suresh Kumar	Parties where Control Exists
Bhuwalka Jewellers Ltd.	Parties where Control Exists
Bhuwalka Metal Industries Pvt. Ltd.	Parties where Control Exists
Shri Durga Trade Links Private Ltd.,	Parties where Control Exists
Nava Karnataka Steels Private Ltd.	Parties where Control Exists
Mahesh Sponge Iron and Power Ltd.,	Parties where Control Exists
Suresh Kumar Bhuwalka	Key Management Personnel- Managing Director
Ajay Kumar Bhuwalka	Key Management Personnel- Director
Ankit Bhuwalka	Key Management Personnel- Director

B) Transactions carried out with related parties referred above in ordinary course of business for the 6 months period ended 30th September 2013.

(Rs. in Lakhs)

Nature of Transactions	Subsidiary	Key Management Personnel	Parties where Control Exists
Purchases	Nil (20.29)	– –	3131.78 (6846.70)
Sales	Nil (115.23)	– –	11135.73 (44201.13)
Expenses	– –	6.00 (20.33)	Nil (179.57)
Income	Nil (Nil)	– –	– –
Outstanding – Debit	Nil (Nil)	– –	25.37 (14.37)
Credit	Nil (Nil)	2757.66 (2757.66)	– –

xiv) **Accounting Standard 19- Leases**

Accounting Standard 19 is applicable only in the case of lease transactions entered into on or after 1st April, 2001. The Company has taken office & residential properties for its employees under cancelable operating lease agreement after 1st 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. 28.12 Lacs (Previous Year Rs. 81.57Lacs).

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.

Annual Report 2013- 2014

Earnings per share have been computed as under:

Particulars	31.03.2014 (6 Months)	30.09.2013 (18 Months)
Profit/(Loss) after Taxation after considering extra ordinary items	(19,29,30,497)	49,79,663
Profit /(Loss) after Taxation before considering extra ordinary items	(19,29,30,497)	(45123974)
Profit/(Loss) attributable to Equity Shareholders after considering extra ordinary items	(19,29,30,497)	49,79,663
Profit attributable to Equity Shareholders before considering extra ordinary items	(19,29,30,497)	(45784343)
Weighted average number of shares	10374498	10374498
Earnings per share (Rs.per equity share of Rs.10/- each) basic and diluted (including extra ordinary items)	(18.60)	0.48
Earnings per share (Rs.per equity share of Rs.10/- each) basic and diluted (before extra ordinary items)	(18.60)	(4.35)

xvi) **TAXATION**

During the year company has made provision for tax amounting 19.66/-lacs 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 realized against future taxable profits.

The Company has reversed deferred tax liability amounting to Rs.5,96,05,139/- (Previous year deferred tax liability has provided for Rs. 53,94,996/-) 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. 25,36,636/- (Rs. 14,37,328/-) 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
Bhuwalka Steel Industries FZC	16,11,812	5,15,566
Bhuwalka Jewellers Ltd.,	Nil	Nil
Balchand Suresh kumar	9,05,986	9,05,986
Mahesh Sponge Iron and Power Ltd.,	18,838	15,776

05. Sale of raw material has been regrouped under Sales and Other Operational Income in Current Financial year as well as for previous year.

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*	6,359	8,013	41,17,81,598	7,864	40,48,02,811
Rolled Products	MT	(234,000)	(234,000)	(91338)**	(7,226)	(31,69,66,177)	(8,013)	(41,17,81,598)

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

** It includes total 2,389 MT on conversion for others (PY 9,682 MT)

B. Trade Purchase

Particulars	Current Year		Previous Year	
	MT	Rs.	MT	Rs.
Mild Steel Rolled Products	29,202	1,26,94,96,385	95,988	4,23,37,26,577
Other Items-Jewellery		3,41,12,824		22,93,16,758

C. Sale of Finished Goods and Others

Particulars	Current Year		Previous Year	
	MT	Rs.	MT	Rs.
Mild Steel Rolled Products	6,508	25,02,85,816	88,210	3,583,648,464
Other Items		25,88,98,640		96,33,36,078
Mild Steel- Misroll	115	33,79,754	1,107	3,35,23,754
Mild Steel- Scrap	149	96,82,660	2,393	6,80,10,834

D. Consumption

Particulars	Current Year		Previous Year	
	MT	Rs.	MT	Rs.
i) Raw Materials				
a) Imported				
b) Indigenous	100	42,66,47,349	100	3,180,989,452
c) Total	100	42,66,47,349	100	3,180,989,452
ii) Stores & Spares				
a) Imported				
b) Indigenous	100	32,26,801	100	41,875,187
c) Total	100	32,26,801	100	41,875,187

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F. Earning in Foreign Currency

Particulars	Current Year	Previous Year
Export – C.I.F. value of Exports	4,35,598	46,00,812

G. Expenditure in Foreign Currency

Particulars	Current Year	Previous Year
a) Traveling expense	NIL	NIL
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

For and on behalf of the Board
(Suresh Kumar Bhuwalka)
Chairman and 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 : 25th July, 2014

Membership No.204646
FRN No. 8877S

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2014

	Current Year	Previous Year
	2013-14	2012-13
	(6 Months)	(18 Months)
	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit / (Loss) before tax and extraordinary items	(252,535,636)	12,340,475
Adjustments for:		
Depreciation	30,409,434	81,741,780
Profit/loss from sale of Fixed Assets		(50,252,202)
Profit on sale of Investment	-	-
Rent Received	-	-
Interest Charged to Profit & Loss A/c	115,156,073	336,946,397
Provision for Doubtful Debts/Advances Written back	-	-
Dividend Income	-	-
Operating Cash Profit before working capital changes	(106,970,129)	380,776,450
Adjustments for:		
Trade and Other Receivables	(220,347,788)	(107,178,292)
Inventories	305,419,700	(288,648,449)
Trade Payables and other Liabilities	368,084,341	(625,582,801)
CASH FLOW FROM OPERATIONS	346,186,124	(640,633,091)
Direct Taxes Paid/(refund)	-	-
Sales Tax Deferrment	2,149,107	2,149,107
Net Cash from Operating Activities	344,037,017	(642,782,198)
CASH FLOW FROM INVESTING ACTIVITIES:		
(Increase)/decrease in Fixed Assets(Net)	(273,483)	61,264,628
(Increase)/Decrease in Investments	-	-
Profit on sale of Investment	-	-
Rent Received	-	-
Dividend Income	-	-
Profit on Sale of Undertaking	-	-
Long-term loans and advances	-	-
Net cash used in Investing Activities	(273,483)	61,264,628
CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/(Decrease) in Borrowings	(190,838,754)	877,224,364
Interest Paid	(115,156,073)	(336,946,397)
Net cash used in Financing Activities	(305,994,827)	540,277,967
Net Increase/(Decrease) in Cash and Cash		
Equivalents (A+B+C)	37,768,707	(41,239,603)
Opening Balance of Cash & Cash Equivalents	50,383,512	91,623,115
Closing Balance of Cash & Cash Equivalents	88,152,220	50,383,512

Note : Balance of cash and cash equivalents include Rs.8,15,075 /- (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
(Suresh Kumar Bhuwalka) <i>Chairman and Managing Director</i>	(Ajay Kumar Bhuwalka) <i>Director</i>
	for ASR Associates <i>Chartered Accountants</i>

Place : Bangalore
Date : 25th July, 2014

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

We have examined the attached Cash Flow Statement of Bhuwalka Steel Industries Limited for the Period ended 31st March, 2014. 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.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

CIN No. State Code

Balance Sheet Date 31 03 2014
 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 %

<p align="center">For and on behalf of the Board</p> <p>(Suresh Kumar Bhuwalka) <i>Chairman and Managing Director</i></p>	<p align="center">(Ajay Kumar Bhuwalka) <i>Director</i></p>	<p align="center">As per Report of even date for ASR Associates <i>Chartered Accountants</i> (CA A. S. Rafiq) <i>Proprietor</i> Membership No.204646 FRN No. 8877S</p>
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Place : Bangalore
 Date : 25th July, 2014

**CONSOLIDATED
FINANCIAL STATEMENTS**

AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors
BHUWALKA STEEL INDUSTRIES LIMITED

We have audited the attached Consolidated balance sheet of M/s. **BHUWALKA STEEL INDUSTRIES LIMITED** and its subsidiary company M/s Benaka Sponge Iron Private Limited as at **31st March 2014** and the Consolidated Profit and Loss account and Consolidated Cash flow statement for the period 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 groups accounting policies as described 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 Bhuwalka Steel Industries FZC is not considered for consolidation due to dispose of holding shares in near future (refer Note 1 (b) of Note 23 of consolidated financial statement). We conducted our audit in accordance with the auditing standards generally accepted in India. These standard required require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement are prepared in all material respects, in accordance with identified financial reporting framework and we are free of material misstatement. 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 Standards (AS) 21, Consolidated Financial Statement 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 2014; and
- b) The Consolidated Profit and Loss account give a true and fair view of the consolidated results of the company and its subsidiary for the period then ended.
- c) In the case of the consolidated cash flow statement, of the cash flows of the company and its subsidiary for the period ended on that date.

Place : Bangalore
Date : 14th August 2014

for ASR Associates
Chartered Accountants

(CA A. S. Rafiq)
Proprietor

Membership No.204646
FRN No. 8877S

**BHUWALKA STEEL INDUSTRIES LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014**

PARTICULARS	Note No.	AS AT	AS AT
		31st March 2014 Rs.	30th Sep. 2013 Rs.
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	115,753,018	115,753,018
(b) Reserves and surplus	2	(58,198,403)	170,200,945
(c) Money received against share warrants		20,040,000	20,040,000
Sub-total - Shareholder's funds		<u>77,594,615</u>	<u>305,993,963</u>
Minority Shareholder Interest		-	28,255
2 Non-current liabilities			
(a) Long-term borrowings	3	737,254,159	778,841,819
(b) Deferred tax liabilities (net)		-	85,255,790
(c) Other long-term liabilities		-	-
(d) Long-term provisions		-	-
Sub-total - Non-current liabilities		<u>737,254,159</u>	<u>864,097,609</u>
3 Current liabilities			
(a) Short-term borrowings	4	1,390,678,251	1,558,142,598
(b) Trade payables	5	899,644,991	443,473,524
(c) Other current liabilities	6	257,070,594	145,616,316
(d) Short-term provisions	7	4,929,994	4,929,994
Sub-total - Current liabilities		<u>2,552,323,830</u>	<u>2,152,162,432</u>
TOTAL		<u>3,367,172,604</u>	<u>3,322,282,260</u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	8	819,355,702	866,909,283
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		3,246,959	1,030,006
(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	15,294,697	15,294,697
(e) Other non-current assets	10A	0	28,800
Sub-total - Non-current assets		<u>875,947,344</u>	<u>921,312,772</u>
Goodwill on Consolidation		12,852,613	12,852,613
2 Current assets			
(a) Current investments	16	-	-
(b) Inventories	11	1,267,330,305	1,533,024,093
(c) Trade receivables	12	926,318,588	599,277,782
(d) Cash and cash equivalents	13	90,531,988	54,544,209
(e) Short-term loans and advances	14	194,191,765	201,270,790
(f) Other current assets		-	-
Sub-total - Current assets		<u>2,478,372,646</u>	<u>2,388,116,874</u>
TOTAL		<u>3,367,172,604</u>	<u>3,322,282,260</u>
See accompanying notes forming part of the financial statements	23		

In terms of our report attached

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

For and on behalf of the Board
(Ankit Bhuwalka)
Director

As per Report of even date
for **ASR Associates**
Chartered Accountants
(CA A. S. Rafiq)

Proprietor

Place : Bangalore

Date : 14th August 2014

Membership No.204646
FRN No. 8877S

Annual Report 2013- 2014

**BHUWALKA STEEL INDUSTRIES LIMITED
CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2014**

PARTICULARS	Note No.	For the Period ended 31st March 2014 Rs.	For the Year ended 30th Sep. 2013 Rs.
A CONTINUING OPERATIONS			
1 Revenue from operations (gross)	15	2,152,716,323	9,423,941,524
Less: Excise duty	15	60,510,209	513,684,372
Revenue from operations (net)		2,092,206,114	8,910,257,153
2 Other income	16	2,422,973	14,237,456
3 Total revenue (1+2)		<u>2,094,629,087</u>	<u>8,924,494,609</u>
4 Expenses			
(a) Cost of materials consumed	17.a	580,531,552	3,345,645,275
(b) Purchases of stock-in-trade	17.b	1,617,573,598	4,605,211,606
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	17.c	(103,140,025)	7,046,614
(d) Employee benefits expense	18	57,705,598	176,428,147
(e) Finance costs	19	152,988,540	376,935,036
(f) Depreciation and amortisation expense	8.b	45,660,211	96,990,377
(g) Other expenses	20	76,993,005	353,116,938
Total expenses		<u>2,428,312,480</u>	<u>8,961,373,994</u>
5 Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		(333,683,393)	(36,879,385)
6 Exceptional items		-	-
7 Profit / (Loss) before extraordinary items and tax (5 + 6)		(333,683,393)	(36,879,385)
8 Extraordinary items			50,103,636
9 Profit / (Loss) before tax (7 + 8)		(33,363,4016)	13,224,251
10 Tax expense:			
(a) Current tax expense for current year		-	(1,965,816)
(b) Current tax expense relating to prior years		-	(222,772)
(c) Net current tax expense		-	
(d) Deferred tax (Assets)/Liabilities		85,255,790	(5,770,525)
11 Profit / (Loss) from continuing operations (9 +10)		(248,427,603)	5,265,138
B DISCONTINUING OPERATIONS			
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 Profit / (Loss) from discontinuing operations (12.i + 12.ii + 12.iii)		-	-
14 Profit / (Loss) for the year (11 + 13)		(248,427,603)	5,265,138
15.i Earnings per share (of 10/- each):	22		
(a) Basic		(23.95)	0.51
See accompanying notes forming part of the financial statements	23		

In terms of our report attached

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

(Ankit Bhuwalka)
Director

As per Report of even date
for ASR Associates
Chartered Accountants
(CA A. S. Rafiq)

Place : Bangalore
Date : 14th August 2014

Proprietor
Membership No.204646
FRN No. 8877S

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

Particulars	As at 31.03.2014		As at 30.09.2013	
	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
		250,000,000		250,000,000
(b) Issued				
Equity shares of Rs. 10 each with voting rights	10,374,498	103,744,980	10,374,498	103,744,980
(c) Subscribed and fully paid up				
Equity shares of Rs. 10 each with voting rights	10,374,498	103,744,980	10,374,498	103,744,980
(d) Forfeited Shares		12,008,038		12,008,038
Total		115,753,018		115,753,018

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				
Period ended 30th September, 2014				
- Number of shares	10,374,498	-	-	10,374,498
- Amount Rs.	103,744,980	-	-	103,744,980
Year ended 30 sep, 2013				
- Number of shares	10,374,498	-	-	10,374,498
- Amount Rs.	103,744,980	-	-	103,744,980

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

Class of shares / Name of shareholder	As at 31 March, 2014		As at 30 Sep. 2013	
	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	6,058,500	58.40
Ajay Kumar Bhuwalka	752,600	7.25	752,600	7.25

(iii) Details of forfeited shares

Class of shares	As at 31 March, 2014		As at 30 Sep. 2013	
	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) 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.

Notes forming part of the financial statements

PARTICULARS	AS AT 31st Mar 2014 Rs.	AS AT 30th Sep 2013 Rs.
Note 2 : Reserves and surplus		
(a) Capital Reserve		
Opening balance	2,845,500	2,845,500
Add: Additions during the year	—	—
Closing balance	<u>2,845,500</u>	<u>2,845,500</u>
(b) Capital redemption reserve		
Opening balance	—	—
Add: Additions during the year	—	—
Less: Utilised during the year for Issuing bonus shares	—	—
Closing balance	<u>—</u>	<u>—</u>
(c) Securities premium account		
Opening balance	—	—
Add : Premium on shares issued during the year	—	—
Less : Utilised during the year for:		
Issuing bonus shares	—	—
Closing balance	<u>—</u>	<u>—</u>
(d) General reserve		
Opening balance	67,024,809	67,024,809
Add: Transferred from surplus in Statement of Profit and Loss	—	—
Less: Utilised / transferred during the year for:		
Issuing bonus shares	—	—
Others	—	—
Closing Balance	<u>67,024,809</u>	<u>67,024,809</u>
(d) Revaluation reserve		
Opening balance	43,590,007	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>43,590,007</u>	<u>43,590,007</u>
(d) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	56,740,628	51,475,585
Add: Profit / (Loss) for the year	(248,427,603)	5,265,138
Amounts transferred from:		
Less: Minority Shareholder Interest	(20,028,255)	95
Less: Interim dividend	—	—
Closing balance	<u>(171,658,720)</u>	<u>56,740,628</u>
Total	<u>(58,198,403)</u>	<u>170,200,945</u>



**BHUWALKA
STEEL INDUSTRIES LIMITED**

Notes forming part of the financial statements

PARTICULARS	AS AT 31st Mar 2014 Rs.	AS AT 30th Sep 2013 Rs.
Note 3: Long-term borrowings		
(a) Term loans From Banks		
Secured	331,488,309	373,075,969
Unsecured	—	—
(b) Term loans from others		
Secured	—	—
Unsecured	130,000,000	130,000,000
(c) Loans and advances from related parties		
Secured	—	—
Unsecured	275,765,850	275,765,850
(d) Deferred Payment Liabilities		
Secured	—	—
Unsecured	—	—
Total	<u>737,254,159</u>	<u>778,841,819</u>
Note 4: Short-term borrowings		
(a) Loans repayable		
i) From banks		
Secured	1,287,529,029	1,442,368,104
Unsecured	7,162,001	7,762,001
ii) From Other Parties		
Secured	—	—
Unsecured	95,987,221	108,012,493
Total	<u>1,390,678,251</u>	<u>1,558,142,598</u>
Note 5: Trade payables		
Trade payables:		
Acceptances (Letter of Credit Backed)	415,310,121	117,446,694
Other than Acceptances	484,334,870	326,026,830
Total	<u>899,644,991</u>	<u>443,473,524</u>
Note 6 Other Current Liabilities		
(a) Current maturities of long-term debt	70,210,622	52,215,804
(b) Interest accrued but not due on borrowings	8,186,997	1,945,300
(c) Interest accrued and due on borrowings	3,103,127	3,269,941
(d) Unpaid dividends	815,075	1,081,742
(e) Other payables		
i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	71,950,708	66,796,849
(ii) Advances from customers	3,551,756	2,263,948
(iii) Outstanding Liabilities	99,252,310	18,042,733
(iv) Inter Company Balances	—	—
Total	<u>257,070,594</u>	<u>145,616,316</u>
Note 7: Short Term Provision		
(a) Provision for employee benefits:		
(i) Provision for bonus	—	—
(ii) Provision for compensated absences	—	—
(iii) Provision for gratuity (net)	2,351,158	2,351,158
	<u>2,351,158</u>	<u>2,351,158</u>
(b) Provision - Others:		
(i) Provision for tax	2,578,836	2,578,836
	<u>2,578,836</u>	<u>2,578,836</u>
Total	<u>4,929,994</u>	<u>4,929,994</u>

NOTE 8

I) FIXED ASSETS

PARTICULARS	GROSS BLOCK				Accumulated depreciation and impairment				NET BLOCK	
	As at 01.10.2013	Additions	Disposals	Balance As at 31.03.2014	Balance As at 01.10.2013	Eliminated on disposal of assets	Balance As at 31.03.2014	Balance As at 31.03.2014	Balance As at 01.10.2013	
(a) Land - Freehold	59,496,538	-	45,648	59,450,890	-	-	-	59,450,890	59,496,538	
(b) Buildings	222,519,934	-	1,945,693	220,574,241	65,173,106	3,741,134	68,914,240	151,660,001	157,346,827	
(c) Plant and Equipment	1,038,232,860	-	-	1,038,232,860	457,989,027	33,649,098	491,638,125	546,594,735	580,243,833	
(d) Furniture and Fixtures	16,514,052	-	-	16,514,052	9,967,991	398,278	10,366,269	6,147,783	6,546,061	
(e) Vehicles	48,897,012	-	-	48,897,012	32,087,458	3,907,748	35,995,206	12,901,806	16,809,554	
(f) Office equipment	18,076,474	97,971	-	18,174,445	13,516,262	547,978	14,064,240	4,110,205	4,560,212	
(g) Weighing Machines	1,343,398	-	-	1,343,398	572,917	35,369	608,286	735,112	770,481	
(h) Electric Installation	61,453,789	-	-	61,453,789	47,271,901	1,589,768	48,861,669	12,592,120	14,181,888	
(i) Pollution Equipment	33,917,372	-	-	33,917,372	6,963,483	1,790,837	8,754,320	25,163,052	26,953,889	
(j) Office Equipment Computers	907,846	-	-	907,846	907,845	907,845	1	1	-	
Total	1,501,359,275	97,971	1,991,341	1,499,465,905	634,449,991	45,660,211	680,110,202	619,355,702	866,909,283	
Previous year	152,076,111	21,357,271	40,759,107	1,501,359,275	545,275,680	96,990,377	634,449,992	866,909,283		

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

Particulars	For the year ended 31st March, 2014	For the year ended 30th Sep. 2013
Depreciation and amortisation for the year on tangible assets as per Note 12 A	45,660,211	96,990,377
Depreciation and amortisation for the year on intangible assets as per Note 12 B		
Less: Utilised from revaluation reserve		
Depreciation and amortisation relating to discontinuing operations (Refer Note 30.11)		
Depreciation and amortisation relating to continuing operations	45,660,211	96,990,377

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

Particulars	As at 31st March 2014			As at 30th Sep. 2013		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Investments (At cost):						
A. Trade						
(i) Investment in equity instruments (give details separately for fully / partly paid up instruments)						
(ii) of joint venture companies (Lootah Bhuwalka Bhuwalka Steel Industries FZC Equity shares 10,350,000 (As at 31 March, 2012: 10,350,000)		38,012,644	38,012,644	38,012,644	38,012,644	38,012,644
Total - Trade (A)		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
Total (A+ B)			38,049,987		38,049,987	38,049,987

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Notes forming part of the financial statements

PARTICULARS	AS AT 31st Mar 2014 Rs.	AS AT 30th Sep 2013 Rs.
Note 10: Long-term loans and advances		
a) Secured, considered good	–	–
Unsecured, considered good	15,005,164	15,005,164
Doubtful	289,533	289,533
Less: Provision for doubtful deposits	–	–
Total	15,294,697	15,294,697
Note 10A: Long-term loans and advances		
a) Deferred Revenue Expenditure (to the extent of written-off or adjusted)	–	28,800
Total	–	28,800
Note 11: Inventories		
(Inventories have been valued at lower of cost and net realisable value)		
(a) Raw materials	439,374,250	808,572,800
Goods-in-transit		
(b) Work-in-progress		
Goods-in-transit		
(c) Finished goods (other than those acquired for trading)	557,456,295	493,839,591
Goods-in-transit		
(d) Stock-in-trade (acquired for trading)		
Steel Division	141,976,890	79,808,389
Jewellery Division	111,271,033	133,204,274
Goods-in-transit		
(d) Misroll	7,829,981	7,917,119
Goods-in-transit		
(e) Scrap	2,366,593	3,007,919
Goods-in-transit		
(f) Stores And Spares	7,055,264	6,674,000
Total	1,267,330,305	1,533,024,093
Note 12 Trade receivables		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	803,497,597	223,911,329
Unsecured, considered good		
Doubtful	2,564,803	2,564,803
	806,062,400	226,476,132
Less: Provision for doubtful trade receivables	2,564,803	2,564,803
	803,497,597	223,911,329
Other Trade receivables		
Secured, considered good	122,820,991	332,413,542
Unsecured, considered good		42,952,911
Doubtful		
	122,820,991	375,366,453
Less: Provision for doubtful trade receivables	–	–
	122,820,991	375,366,453
Total	926,318,588	599,277,782

Notes forming part of the financial statements

PARTICULARS	AS AT 31st Mar 2014 Rs.	AS AT 30th Sep 2013 Rs.
Note 13: Cash and cash equivalents		
(a) Cash on hand	5,737,409	6,987,272
(b) Balances with banks		
(i) In current accounts	34,382,640	1,169,424
(ii) In earmarked accounts		
- Unpaid dividend accounts	815,075	1,081,742
- Balances held as margin money or security against borrowings, guarantees and other commitments	49,596,865	45,305,772
Total	90,531,988	54,544,209
Note 14: Short-term loans and advances		
(a) Loans and advances to related parties		
Secured, considered good	-	-
Unsecured, considered good		
Doubtful		
Less: Provision for doubtful loans and advances	-	-
(b) Loans and advances to employees		
Secured, considered good	814,647	972,684
Unsecured, considered good		
Doubtful		
Less: Provision for doubtful loans and advances	-	-
(c) Prepaid expenses - Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.)	4,35,676	410,888
(d) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	58,728,659	59,307,719
(ii) VAT credit receivable	36,750,264	45,758,034
(iii) Service Tax credit receivable	7,200,146	3,438,511
iv) Advance Income tax/TDS	9,126,527	10,301,097
v) Mat Receivables	1,580,731	-
vi) Service Tax paid under protest	449,474	449,474
vii) Sales tax paid under protest	4,615,065	4,615,065
viii) I.T. Under Protest	1,271,900	1,271,900
ix) Excise Duty Under Protest	25,454,770	25,454,770
x) Others	10,368	10,372
	145,187,905	150,606,943
(e) Others (specify nature)		
Secured, considered good	-	-
Unsecured, considered good	48,173,860	49,700,599
Doubtful		
Less: Provision for other doubtful loans and advances	4,20,324	420,324
	47,753,536	49,280,275
Total	194,191,765	201,270,790

Notes forming part of the financial statements

PARTICULARS	For the Period Ended 31st Mar 2014 Rs.	For the year Ended 30th Sep 2013 Rs.
Note 15: Revenue from operations		
(a) Sale of products	2,149,510,694	9,409,000,464
(b) Other operating revenues	3,205,629	14,941,060
Less:	2,152,716,323	9,423,941,524
(c) Excise duty	60,510,209	513,684,372
	<u>2,092,206,114</u>	<u>8,910,257,153</u>
(i) Sale of products comprises		
Manufactured goods		
Finished Goods	351,335,309	3,840,044,088
Misroll	3,379,754	33,523,754
M.S. Scrap	9,682,660	68,010,834
Jewellery	58,809,810	276,061,229
Others Sales/Receipts	199,616,149	682,263,853
Total - Sale of manufactured goods	<u>622,823,682</u>	<u>4,899,903,757</u>
Traded goods		
Finished Goods	1,526,687,012	4,496,910,331
Others	—	—
Total - Sale of traded goods	<u>1,526,687,012</u>	<u>4,496,910,331</u>
Total - Sale of products	<u>2,149,510,694</u>	<u>9,396,814,088</u>
(ii) Sale of services comprises		
Conversion Charges Received	—	12,186,376
Others	—	—
Total - Sale of services	<u>—</u>	<u>12,186,376</u>
(iii) Other operating revenues comprise:		
Transportation Charges	3,205,629	14,941,060
Sundry Balance written back	—	—
Total - Other operating revenues	<u>3,205,629</u>	<u>14,941,060</u>
Note 16: Other income		
(a) Interest income	2,297,811	7,823,675
(b) Other non-operating income (net of expenses directly attributable to such income)	125,162	6,413,781
Total	<u>2,422,973</u>	<u>14,237,456</u>
(i) Interest income comprises:		
Interest from banks on: deposits	2,297,811	7,823,675
Other interest	—	—
Total - Interest income	<u>2,297,811</u>	<u>7,823,675</u>
(ii) Other non-operating income comprises:		
Profit on sale of fixed assets	—	148,565
Miscellaneous income	125,162	6,265,216
Total - Other non-operating income	<u>125,162</u>	<u>6,413,781</u>
(iii) Details of Prior period items (net)		
Prior period income	—	—
Prior period expenses	—	—
Total	<u>—</u>	<u>—</u>

Notes forming part of the financial statements

PARTICULARS	For the Period Ended 31st Mar 2014 Rs.	For the year Ended 30th Sep 2013 Rs.
Note 17.a: Cost of materials consumed		
Opening stock	793,338,123	465,794,969
Add: Purchases	211,714,266	3,673,188,429
	<u>1,005,052,388</u>	<u>4,138,983,398</u>
Less: Closing stock	424,520,836	793,338,123
Cost of material consumed	<u>580,531,552</u>	<u>3,345,645,275</u>
Material consumed comprises:		
Raw material	561,290,648	3,286,363,825
Store and spares	19,240,905	59,281,450
Total	<u>580,531,552</u>	<u>3,345,645,275</u>
Note 17.b: Purchase of traded goods		
Traded goods	1,617,573,598	4,605,211,606
Total	<u>1,617,573,598</u>	<u>4,605,211,606</u>
Note 17.c: Changes in inventories of finished goods, work-in-progress and stock-in-trade		
<u>Inventories at the end of the year:</u>		
Finished goods	793,166,367	684,497,276
Misroll	7,829,981	7,917,119
M.S. Scrap	2,366,593	3,007,919
Work-in-progress	17,537,850	22,354,979
	<u>820,900,791</u>	<u>717,777,292</u>
<u>Inventories at the beginning of the year:</u>		
Finished goods	684,497,276	633,848,839
Misroll	7,917,119	8,757,465
M.S. Scrap	3,007,919	11,361,683
Work-in-progress	22,354,979	73,175,149
	<u>717,777,292</u>	<u>727,143,136</u>
Net (Increase) / decrease in Stock	<u>(103,123,499)</u>	9,365,844
Increase / (decrease) of excise duty on inventory	<u>(16,526)</u>	<u>(2,319,229)</u>
Net (Increase) / decrease in Stock net of Excise duty	<u>(103,140,025)</u>	7,046,614
Note 18: Employee benefits expense		
Salaries and wages	43,738,296	106,366,458
Subcontracting	11,157,156	61,588,437
Contributions to provident and other funds	1,255,464	4,211,994
Staff welfare expenses	1,554,682	4,261,258
Total	<u>57,705,598</u>	<u>176,428,147</u>
Note 19: Finance costs		
Interest expense on:		
(i) Borrowings	116,985,229	252,200,633
(ii) Trade payables		
(iii) Others	36,003,311	124,734,403
- Interest on LC, Bill Discounting Charges and on other borrowing		
Total	<u>152,988,540</u>	<u>376,935,036</u>

Notes forming part of the financial statements

PARTICULARS	For the Period Ended 31st Mar 2014 Rs.	For the year Ended 30th Sep 2013 Rs.
Note 20: Other expenses		
Power and fuel	33,580,921	207,995,883
Electricity Charges	601,822	1,662,805
Water Charges	476,907	3,963,784
Rent including lease rentals	2,811,900	8,156,886
Repairs and maintenance - Buildings	133,645	1,840,437
Repairs and maintenance - Machinery	1,831,061	5,910,550
Repairs and maintenance - Vehicle	4,012,913	17,011,180
Bank Charges	6,649,507	31,855,960
Insurance	515,412	1,754,341
Rates and taxes	802,664	5,002,972
Communication	1,339,177	3,734,569
Travelling and conveyance	4,679,722	9,631,038
Printing and stationery	342,472	1,227,491
Freight and forwarding	364,795	14,563,347
Sales Expense	754,283	8,906,221
Sales discount	0	0
Legal and professional	7,940,470	13,561,009
Payments to auditors	350,000	600,000
Bad trade and other receivables, loans and advances written off	346	567,895
Loss on fixed assets sold / scrapped / written off	21,582	0
Miscellaneous expenses	2,625,958	10,843,181
Carriage Outward	410,167	682,835
Guest House Exp	592,497	654,863
Selling Expenses Others		561,414
Security Charges	2,217,652	2,353,184
Postage and Courier	6,406	26,133
Deferred Revenue Expenses Written Off	28,800	48,960
Crop Compensation Farmers	3,901,926	
Total	<u>76,993,005</u>	<u>353,116,938</u>
 (i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - Statutory audit	600,000	600,000
Reimbursement of expenses		
Total	<u>600,000</u>	<u>600,000</u>
 (ii) Details of Prior period items (net)		
Prior period expenses (give details)		
Prior period income (give details)		
Total		
 Note 21: Earnings per share		
Earnings per share		
Basic		
Net profit / (loss) for the year from continuing operations after considering extraordinary items	(248,427,603)	5,265,138
Number of equity shares	10,374,498	10,374,498
Earnings per share from continuing operations - Basic	(23.95)	0.51

Note 23 to the Consolidated Financial Statements for 6 months period ended 31st March, 2014.
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 59.97% of the equity is held by the Company.

The Company has set up a Joint Venture unit Bhuwalka Steel Industries FZC at Free Zone 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 FZE	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 Bhuwalka Steel Industries FZC is as under:-

(Amount in AED)

Name of companies and country of incorporation	% of share holding	Amount of interest based on accounts for the period ended 30th September, 2013				
		Assets	Liabilities	Income	Expenditure	Contingent liabilities
Bhuwalka Steel Industries FZC Sharjah UAE (Audited Figures)	49%	40,719,786	40,719,786	58,954,157	57,075,256	14,409,668
	49%	(2,75,40,853)	(2,75,40,853)	(4,36,05,283)	(4,29,02,204)	(15,70,013)

Note: Figures in brackets relate to the previous year

2. Contingent Liabilities not provided for (Amount Rs. in Lacs)

Particulars	FY 2013-14	FY 2012-13
I) Letter of Credits/ Bank Guarantees	129.86	157.59
II) Corporate Guarantees given to Banks and Financial Institutions on behalf of Group Companies(Liabilities as on 31.03.2012):	4339.96*	4616.11*
III) Other statutory liabilities disputed by the company :	918.81	903.90
IV) Claims against the Company not Acknowledged as debt :	34.61	34.61

*(27.074 Million AED Converted @ 16.03 rate prevailing on 31st March 2014)

3. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES:

- a) 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.
- b) Consolidated financial statements have been prepared using uniform accounting policies, in accordance with the generally accepted accounting policies.
- c) 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
Bhuwalka Steel Industries FZC	Jointly Controlled Entity
Balchand Suresh Kumar	Parties where Control Exists
Bhuwalka Jewellers Ltd.	Parties where Control Exists
Bhuwalka Metal Industries Pvt. Ltd.	Parties where Control Exists
Shri Durga Trade Links Private Limited	Parties where Control Exists
Nava Karnataka Steels Private Ltd.	Parties where Control Exists
Mahesh Sponge Iron and Power 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

B) Transactions carried out with related parties referred above in ordinary course of business for the 6 months period ended 31st March 2014.

(Rs. in Lakhs)

Nature of Transactions	Subsidiary	Key Management Personnel	Parties where Control Exists
Purchases	Nil 20.29	—	3131.78 (6846.70)
Sales	Nil (115.23)	— —	11135.73 (44201.13)
Expenses	— (—)	6.00 (20.33)	Nil 179.57
Income	NIL (NIL)	— —	— (—)
Outstanding – Debit	NIL (NIL)	— —	25.37 (14.37)
— Credit	Nil (Nil)	2757.66 (2757.66)	

Note: - Figures in bracket pertain to PY 2012-13.

7. 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
(Ajay Kumar Bhuwalka)
Director

(Ankit Bhuwalka)
Director

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 : 14th August 2014

Annual Report 2013- 2014

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2014

	2013-14 Rs.	2012-13 Rs.
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax and extraordinary items	(333,638,393)	13,224,251
Adjustments for:		
Depreciation	45,660,212	96,990,378
Deffered revenue expenditure	28,800	48,960
Profit/loss from sale of Fixed Assets	-	(50,252,202)
Profit on sale of Investment	-	-
Rent Received	-	-
Interest Charged to Profit & Loss A/c	152,988,540	376,935,036
Provision for Doubtful Debts/Advances Written back	222,772	-
Dividend Income	-	-
Operating Cash Profit before working capital changes	(134,783,070)	436,946,423
Adjustments for:		
Trade and Other Receivables	(319,961,783)	(54,955,340)
Inventories	265,693,788	(318,570,942)
Trade Payables and other Liabilities	568,637,050	(642,464,284)
CASH FLOW FROM OPERATIONS	379,585,985	(579,044,143)
Direct Taxes Paid/(refund)	222,772	222,772
Sales Tax Deferrment	2,149,107	2,149,107
Net Cash from Operating Activities	377,214,106	(581,416,022)
CASH FLOW FROM INVESTING ACTIVITIES:		
(Increase)/decrease in Fixed Assets(Net)	(323,583)	61,837,972
(Increase)/Decrease in Investments	-	-
Profit on sale of Investment	-	-
Rent Received	-	-
Dividend Income	-	-
Profit on Sale of Undertaking	-	-
Net cash used in Investing Activities	(323,583)	61,837,972
CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/(Decrease) in Borrowings	(210,914,204)	853,279,146
Interest Paid	(152,988,540)	(376,935,036)
Increase In Share Capital	20,000,000	
Net cash used in Financing Activities	(340,902,744)	476,344,110
Net Increase/(Decrease) in Cash and Cash		
Equivalents (A+B+C)	35,987,779	(43,233,940)
Opening Balance of Cash & Cash Equivalents	54,544,209	97,778,149
Closing Balance of Cash & Cash Equivalents	90,531,988	54,544,209

Note : Balance of cash and cash equivalents include Rs. 8,15,075/- (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
(Ajay Kumar Bhuwalka) <i>Director</i>	(Ankit Bhuwalka) <i>Director</i>	for ASR Associates <i>Chartered Accountants</i> (CA A. S. Rafiq) <i>Proprietor</i>
Place : Bangalore		Membership No.204646
Date : 14th August 2014		FRN No. 8877S

We have examined the attached Consolidated Cash Flow Statement of Bhuwalka Steel Industries Limited for the year ended 31st March, 2014. 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 st March, 2014
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	59.97%
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 31.03.2014	Rs.(55,497,106)
ii) For the previous financial years of the subsidiary Since it became Holding Company's subsidiary	Rs. 1,448,235
b) Dealt within the Holding Company's Accounts:	
i) For the Financial year ended 31.03.2014	Nil
ii) For the previous financial years of the subsidiary since it became the Holding Company's Subsidiary	Nil

(Ajay Kumar Bhuwalka)
Director

(Ankit Bhuwalka)
Director

Place : Bangalore
Date : 14th August, 2014

BENAKA SPONGE IRON PRIVATE LIMITED

A SUBSIDIARY COMPANY

BOARD OF DIRECTORS	:	Shri. Suresh Kumar Bhuwalka Shri. Ajay Kumar Bhuwalka Shri. Ankit Bhuwalka
REGISTERED OFFICE	:	No.71, III Cross Residency Road Bangalore - 560 025 CIN: U27102KA2003PTC032717
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.



BENAKA SPONGE IRON PRIVATE LIMITED

DIRECTORS' REPORT

TO THE MEMBERS OF

BENAKA SPONGE IRON PRIVATE LIMITED:

Your Directors have pleasure in presenting before you the 11th Annual Report of the Company together with Audited Statement of Accounts for the year ended 31st March 2014.

1. FINANCIAL RESULTS:

Are as per enclosed Balance Sheet and Profit and Loss Account

2. OPERATIONS:

Total income from operations during the year under review was Rs.4107.49 lakhs as compared to Rs.3975.28 lakhs in the previous year. The Company has suffered a loss after tax of Rs.554.97 lakhs as against profit after tax of Rs.2.85 lakhs in the previous accounting 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:

Foreign Exchange Earnings and Expenditure are given under Note no. 6 (E) and 6 (F) of Schedule '19' forming part of the Accounts for the year ended 31st March, 2013.

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. Ankit Bhuwalka, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

8. 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.

9. AUDITORS' REPORT:

- a) As reported by Statutory Auditor's in their Audit, there have been delays in servicing undisputed statutory liabilities during 2013-14 on time. Further certain payments have been delayed beyond 180 days. Amount of these delays have been detailed in point no. 8 and 9 of annexure of Paragraph 1 (CARO) of the Auditor's Report.

Management's Reply:- Company has been going through tough financial condition during FY 13-14 due to operational and cash losses. This situation occurred due to lower production level and bad demand scenario of Company's product during such period. Owing to cash losses and liquidity constraints, company could not mobilize funds for statutory dues and hence same were delayed unintentionally. Company has already taken measure to improve its position by utilization of current assets and these dues will be paid on highest priority.

- b) In Reply of Point no. 10 of the annexure of Paragraph 1 (CARO) of the Auditor's Report i.e. "The Company's accumulated losses at the end of the Financial Year were more than 50% of the net worth. The company has not incurred any cash losses in the immediately preceding Financial Year. The Company has incurred cash losses of Rs.659 lacs in the current Financial Year. The Company has to comply with provisions of The Sick Industrial Companies Act, 1985 (SICA ACT) as applicable to the Company post this event."

Management's Reply: - Company has suffered losses due to low operational capacity utilization and shortage of working capital in the Company. Management has already taken initiatives to safeguard the company from further erosion of the net worth. Company is in process of getting job work contract signed for the company. With this, company will be able to improve its production capacity utilization and also to check on losses. Company is also exploring further equity from various sources

10. 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 safeguarding 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.

11. 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.
For and on behalf of Board

Place : Bangalore
Date : 14th August, 2014

(AJAY KUMAR BHUWALKA)
Director

(ANKIT BHUWALKA)
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

	Current Year 2014	Previous Period 2013
01 ELECTRICITY:		
a) Purchased		
Units	2017480	1722890
Total Amount(Rs.)	128,37,558	108,77,878
Rate/Unit(Rs.)	6.36	6.31
b) Own Generation		
Units Generated through Diesel Generator	182994	264905
Units per liter of Diesel Oil	0.32	0.32
Cost/Unit	18.09	16.07
2 COAL Consumption		
Quantity (Tonnage)	18,871	21,111
Total Amount (Rs.)	919,77,866	799,42,829
Rate/Unit (Rs.)	4,874	3,787
B. CONSUMPTION PER UNIT OF PRODUCTION:		
Production (MTs)	9,969	13,435
Electricity(Units)	202	128
Coal (MTs)	1.89	1.57

INDEPENDENT AUDITORS' REPORT

To,

The Members,

M/s. Benaka Sponge Iron Pvt. Ltd.

We have audited the accompanying financial statements of **BENAKA SPONGE IRON PRIVATE LIMITED** which comprise the Balance Sheet as at **31st March 2014**, and the Statement of Profit and Loss and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

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

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

Place: Bangalore,
Date: 13th August, 2014

for **ASR ASSOCIATES**
Chartered Accountants

(C.A. A.S. RAFIQ)
Proprietor
M.No.204646
F.R.N:008877S

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE REPORT OF EVEN DATE OF THE AUDITOR'S TO THE MEMBERS OF BENAKA SPONGE IRON PRIVATE LIMITED, BANGALORE, ON THE ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH 2014.

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. Based on information, explanations and necessary documents pertaining to inventory like excise inventory registers, physical verification report conducted by bank stock auditor and concurrent auditor, physical verification report conducted by management and other supporting documents provided to us, we report that 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 not granted interest free unsecured loans and advances, to any company, covered in the register maintained under section 301 of the Companies Act, 1956.
b) As informed to us, the company has not taken any interest free unsecured loan from directors covered in the registered maintained under section 301 of the Companies Act, 1956.
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 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. (a) According to the records of the Company, the Company is not regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Customs Duty, Excise Duty, cess and some other statutory dues applicable to it with the appropriate authorities. We have observed delays in making payments of these liabilities on specified due dates as per relevant taxation law. Details of overdue statutory liabilities as on 31st March 2014 are given as observed during our audit:-



**BENAKA SPONGE
IRON PRIVATE LIMITED**

Sl.No	Particulars	Amount (Rs.)
1	EPF	2,33,147
2	TDS	
	a) TDS Contract	1,56,897
	b) TDS Equipments	50,738
	c) TDS on Professional & Consultancy.	73,146
	d) TDS on Interest	2,98,748
	e) TDS on Commission and Brokerage	665
	f) TDS on Salary	186,800
3	Service Tax payable on GTA and others	18,22,365
4	Central Excise	18,48,456
5	Professional Tax	10,400
	Total	46,81,362

(b) 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 and for a period of more than six months from the date they became payable.

Nature of dues	Period pertaining to	Amount Rs.	Due date	Date of payment	Nos. of days delayed
TDS	March-13	1,51,103	07/04/2013	Pending	358
TDS	April-13	19,282	07/05/2013	Pending	328
TDS	May-13	28,852	07/06/2013	Pending	297
TDS	June-13	31,041	07/07/2013	Pending	267
TDS	July-13	27,246	07/08/2013	Pending	236
TDS	Aug-13	29,420	07/09/2013	Pending	205
Service Tax	March-13	555,196	31/03/2013	Pending	365
Service Tax	April-13	48,349	05/05/2013	Pending	330
Service Tax	May-13	59,202	05/06/2013	Pending	299
Service Tax	June-13	134,128	05/07/2013	Pending	269
Service Tax	July-13	53,673	05/08/2013	Pending	238
Service Tax	Aug-13	92,741	05/09/2013	Pending	207

c) Based on information and explanations given to us, no such disputed statutory dues that have not been deposited on account of matters pending before appropriate appellate authorities.

10. The Company's accumulated losses at the end of the Financial Year were more than 50% of the networth. The company has not incurred any cash losses in the immediately preceding Financial Year. The Company has incurred cash losses of Rs.659 lacs in the current Financial Year. The Company has to comply with provisions of The Sick Industrial Companies Act, 1985 (SICA ACT) as applicable to the Company post this event.
11. Based on our Audit procedures and as per the information and explanations given by the management, the company has not defaulted in repayment of loans and interest to Banks and Financial Institutions as on date of balance sheet except some delays on servicing principal and interest on due dates.
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.

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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. The company has not raised any fresh term loan during the financial year.
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 made preferential allotment of 2,00,000 fully paid-up equity shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. As explained by the management and based on our findings, the price at which shares have been issued is not prejudicial to the interest of the Company.
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.

Place: Bangalore,
Date: 13th August, 2014

for **ASR ASSOCIATES**
Chartered Accountants

(C. A. A. S. RAFIQ)
Proprietor
M.No.204646
F.R.N:008877S



**BENAKA SPONGE
IRON PRIVATE LIMITED**

BALANCE SHEET AS AT 31ST MARCH, 2014

(Amount in Indian Rupees)

PARTICULARS	Note No.	AS AT 31.03.2014 Rs.	AS AT 31.03.2013 Rs.
EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	50,000,000	30,000,000
(b) Reserves and surplus	2	42,972,927	98,470,033
(c) Money received against share warrants			
Sub-total - Shareholder's funds		<u>92,972,927</u>	<u>128,470,033</u>
2 Share application money pending allotment			
3 Non-current liabilities			
(a) Long-term borrowings	3	19,709,963	39,419,943
(b) Deferred tax liabilities (net)	21	-	25,650,651
(c) Other long-term liabilities			
(d) Long-term provisions			
Sub-total - Non-current liabilities		<u>19,709,963</u>	<u>65,070,594</u>
4 Current liabilities			
(a) Short-term borrowings	4	184,244,377	181,609,847
(b) Trade payables	5	280,469,732	87,896,417
(c) Other current liabilities	6	32,924,994	24,945,601
(d) Short-term provisions	7	114,365	114,365
Sub-total - Current liabilities		<u>497,753,468</u>	<u>294,566,230</u>
TOTAL		610,436,359	488,106,857
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	8	175,210,967	190,411,644
(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	-	28,800
Sub-total - Non-current assets		<u>176,258,316</u>	<u>191,487,793</u>
2 Current assets			
(a) Current investments		-	-
(b) Inventories	11	277,041,569	237,315,657
(c) Trade receivables	12	144,035,132	44,491,124
(d) Cash and cash equivalents	13	2,379,769	4,160,697
(e) Short-term loans and advances	14	10,721,573	10,651,586
(f) Other current assets			
Sub-total - Current assets		<u>434,178,043</u>	<u>296,619,064</u>
TOTAL		610,436,359	488,106,857
See accompanying notes forming part of the financial statements	23		

In terms of our report attached

For and on behalf of the Board

(Ajay Kumar Bhuwalka)
Managing Director

(Ankit Bhuwalka)
Director

As per Report of even date

for ASR Associates
Chartered Accountants
(CA A. S. Rafiq)

Place : Bangalore
Date : 13th August, 2014

Proprietor
Membership No.204646
FRN No. 8877S

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

PARTICULARS	Note No.	For the Year ended 31.03.2014 Rs.	For the Year ended 31.03.2013 Rs.
A CONTINUING OPERATIONS			
1 Revenue from operations (gross)	15	420,398,823	420,954,906
Less: Excise duty		9,976,947	24,459,323
Revenue from operations (net)		<u>410,421,876</u>	<u>396,495,583</u>
2 Other income	16	326,869	1,032,598
3 Total revenue (1+2)		<u>410,748,745</u>	<u>397,528,181</u>
4 Expenses			
(a) Cost of materials consumed	17.a	150,657,402	122,780,636
(b) Purchases of stock-in-trade	17.b	313,964,389	155,719,906
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	17.c	(72,714,490)	16,625,149
(d) Employee benefits expense	18	20,509,792	22,184,930
(e) Finance costs	19	37,832,467	39,988,639
(f) Depreciation and amortisation expense	8.b	15,250,777	15,248,596
(g) Other expenses	20	26,396,165	24,096,548
Total expenses		<u>491,896,502</u>	<u>396,644,405</u>
5 Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		(81,147,757)	883,776
6 Exceptional items		-	-
7 Profit / (Loss) before extraordinary items and tax (5 ± 6)		(81,147,757)	883,776
8 Extraordinary items		-	-
9 Profit / (Loss) before tax (7 ± 8)		(81,147,757)	883,776
10 Tax expense:			
(a) Current tax expense for current year		-	(222,772)
(c) Current tax expense relating to prior years		-	-
(c) Net current tax expense		-	-
(d) Deferred tax Assets/(Liabilities)	21. a	25,650,651	(375,529)
11 Profit / (Loss) from continuing operations (9 ±10)		(55,497,106)	285,475
B DISCONTINUING OPERATIONS			
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 Profit / (Loss) from discontinuing operations (12.i ± 12.ii ± 12.iii)		-	-
14 Profit / (Loss) for the year (11 ± 13)		(55,497,106)	285,475
15.i Earnings per share (of 10/- each):	22	(110.99)	0.95
(a) Basic			
See accompanying notes forming part of the financial statements	23		

In terms of our report attached

For and on behalf of the Board

(Ajay Kumar Bhuwalka)
Managing Director

(Ankit Bhuwalka)
Director

As per Report of even date

for ASR Associates
Chartered Accountants
(CA A. S. Rafiq)

Place : Bangalore
Date : 13th August, 2014

Proprietor
Membership No.204646
FRN No. 8877S

SCHEDULES ANNEXED TO & FORMING PART OF AUDITED ACCOUNTS AS AT 31st MARCH, 2014

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares	Amount Rs.	Number of shares	Amount Rs.
Note - 1 SHARE CAPITAL				
(a) Authorised Equity shares of Rs. 100/- each with voting rights	650,000	65,000,000	350,000	35,000,000
(b) Issued Equity shares of Rs. 100/- each with voting rights	500,000	50,000,000	300,000	30,000,000
(c) Subscribed and fully paid up Equity shares of Rs. 100/- each with voting rights	500,000	50,000,000	300,000	30,000,000
Total	500,000	50,000,000	300,000	30,000,000

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, 2013				
– Number of shares	300,000	200,000	–	300,000
– Amount Rs.	30,000,000	20,000,000	–	30,000,000
Year ended 31 March, 2012				
– 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, 2014		As at 31 March, 2013	
	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	59.98	299,900	99.97
Bhuwalka Metal Industries Private Limited	200,000	40.00		

Note 2: Reserves and surplus

Particulars	As at March, 2014	As at March, 2013
(a) Revaluation Reserve		
Opening balance	43,590,007	43,590,007
Add: Additions during the year		
Less: Utilised / transferred during the year		
Closing balance	43,590,007	43,590,007
(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	3,000,000	3,000,000
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	51,880,026	51,594,551
Add: Profit / (Loss) for the year	(55,497,106)	285,475
Amounts transferred from:		
Less: Interim dividend		
Closing balance	(3,617,080)	51,880,026
Total	42,972,927	98,470,033

Notes forming part of the financial statements

Particulars	As at March, 2014	As at March, 2013
Note 3: Long-term borrowings		
(a) Term loans From Banks		
Secured	19,709,963	39,419,943
Unsecured		
(b) Term loans from others		
Secured	-	-
Unsecured		
(b) Loans and advances from related parties		
Secured	-	-
Unsecured		
Total	<u>19,709,963</u>	<u>39,419,943</u>

(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, 2014		As at 31 March, 2013	
		Secured	Unsecured	Secured	Unsecured
Term loans from banks:					
IDBI Bank (This Loan is restructured and repayment is rescheduled)	These loans are secured by way Company's Fixed Assets	8,512,619		17,219,943	
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 colletral	11,197,344		22,200,000	
Total - Term loans from banks		19,709,963		39,419,943	
Total		19,709,963		39,419,943	

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

Particulars	As at 31 March, 2014	As at 31 March, 2013
Term loans from banks	19,709,963	39,419,943
Term loans from other parties	-	-
Other loans and advances	-	-

Note 4: Short-term borrowings

(a) Loans repayable		
i) From banks		
Secured	175,000,000	173,043,193
Unsecured	-	-
	<u>175,000,000</u>	<u>173,043,193</u>
ii) From Other Parties		
Secured	-	-
Unsecured	9,244,377	8,566,654
	<u>9,244,377</u>	<u>8,566,654</u>
	<u>184,244,377</u>	<u>181,609,847</u>



**BENAKA SPONGE
IRON PRIVATE LIMITED**

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

Particulars	Nature of security	As at 31 March 2014	As at 31st March 2013
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)	175,000,000	173,043,193
Total - from banks		175,000,000	173,043,193

(ii) Details of short-term borrowings guaranteed by some of the directors or others:			
Loans repayable on demand from banks	175,000,000	173,043,193	
Loans repayable on demand from other parties	-	-	
Loans and advances from related parties	-	-	
Deposits	-	-	
Total	175,000,000	173,043,193	

Note 5: Trade payables

Trade payables:			
Acceptances	-	-	
Other than Acceptances	280,469,732	87,896,417	
Total	280,469,732	87,896,417	

Note 6: Other Current Liabilities

(a) Current maturities of long-term debt	19,709,976	19,709,972	
(b) Interest accrued but not due on borrowings	2,432,838	-	
(c) Interest accrued and due on borrowings	644,956	-	
(d) Unpaid dividends	-	-	
(e) Other payables	-	-	
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	4,681,362	1,135,223	
(ii) Advances from customers	3,551,756	2,263,948	
(iii) Outstanding Liabilities	1,904,106	1,836,458	
Total	32,924,994	24,945,601	

Note (i): Current maturities of long-term debt in Note 3 above

(a) Term loans From banks			
Secured	19,709,972	19,709,972	
Unsecured			
From other parties			
Secured	-	-	
Unsecured			
(b) Deferred payment liabilities			
Secured			
Unsecured			
Total	19,709,972	19,709,972	

Note 7: Short Term Provisions

(a) Provision for employee benefits:			
(i) Provision for bonus	-	-	
(ii) Provision for compensated absences	-	-	
(iii) Provision for gratuity (net)	114,365	114,365	
(b) Provision - Others:			
(i) Provision for tax	-	-	
Total	114,365	114,365	

Notes forming part of the financial statements

NOTE 8

I) FIXED ASSETS

PARTICULARS	GROSS BLOCK					Accumulated depreciation and impairment				NET BLOCK	
	As at 01.04.2013	Additions/ Revaluation	Sale/Acq/ Amortization during the year	Balance As at 31.03.2014	Balance As at 01.04.2013	From 01-04-2012 to 31-03-2014	Depreciation with drawn	Balance As at 31.03.2014	Balance As at 31.03.2014	Balance As at 31.03.2013	
1 Land	45,947,656	-	-	45,947,656	-	-	-	-	45,947,656	45,947,656	
2 Building	19,750,330	-	-	19,750,330	5,128,184	659,661	-	5,787,845	13,962,485	14,622,146	
3 Plant & Machinery	189,727,688	-	-	189,727,688	97,080,523	10,017,622	-	107,098,145	82,629,543	92,647,165	
4 Pollutions Equipment	33,917,372	-	-	33,917,372	6,963,484	1,790,837	-	8,754,321	25,163,051	26,953,888	
5 Vehicles	23,371,012	-	-	23,371,012	14,703,186	2,643,261	-	17,346,448	6,024,564	8,667,826	
6 Furniture's & Fixtures	1,341,959	-	-	1,341,959	489,506	84,946	-	574,452	767,507	852,453	
7 Office Equipment's- Computers	907,846	-	-	907,846	907,845	-	-	907,845	1	1	
8 Office Equipment's	1,100,416	50,100	-	1,150,516	379,906	54,450	-	434,355	716,161	720,510	
.TOTAL	316,064,279	50,100	-	316,114,379	125,652,634	15,250,777	-	140,903,412	175,210,967	190,411,645	
Previous Year	316,681,678	-	573,344	316,064,279	110,404,038	15,248,596	-	125,652,634	190,411,645	206,233,585	

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

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
Depreciation and amortisation for the year on tangible assets as per Note 12 A	15,250,777	15,248,596
Depreciation and amortisation relating to continuing operations	15,250,777	15,248,596

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

Particulars	As at 31 March, 2014			As at 31 March, 2013		
	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	-	-	-	-	-	-
Total - Trade (A)	-	-	-	-	-	-
B. Other investments						
(i) government securities	-	17,343	-	-	17,343	-
(ii) trust securities	-	-	-	-	-	-
Total - Trade (B)		17,343			17,343	
Total (A+ B)		17,343			17,343	

Particulars	As at March, 2014	As at March, 2013
Note 10 : Other non-current assets		
(a) Deferred Revenue Expenditure (To the extent not written-off or adjusted)	-	28,800
Total	<u>-</u>	<u>28,800</u>

Notes forming part of the financial statements

Particulars	As at 31 March 2014	As at 31 March 2013
Note 11: Inventories		
(Inventories have been valued at lower of cost and net realisable value)		
(a) Raw materials	115,213,822	148,583,664
Goods-in-transit		
(b) Finished goods (other than those acquired for trading)	152,653,483	82,057,993
Goods-in-transit		
(c) Stores and Spares	7,055,264	6,674,000
Goods-in-transit		
(d) Finished goods-Trading	2,119,000	-
Total	<u>277,041,569</u>	<u>237,315,657</u>
Note 12: Trade receivables		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good		
Unsecured, considered good	95,773,034	1,538,213
Doubtful	95,773,034	1,538,213
Less: Provision for doubtful trade receivables		
Other Trade receivables		
Secured, considered good		
Unsecured, considered good	48,262,098	42,952,911
Doubtful	144,035,132	44,491,124
Less: Provision for doubtful trade receivables		
Total	<u>144,035,132</u>	<u>44,491,124</u>
Note 13 : Cash and cash equivalents		
(a) Cash on hand	436,049	1,361,165
(b) Balances with banks		
(i) In current accounts	554,455	34,423
(ii) In earmarked accounts		
- Unpaid dividend accounts		
- Balances held as margin money or security against borrowings, guarantees and other commitments		
	1,389,265	2,765,109
Total	<u>2,379,769</u>	<u>4,160,697</u>
Note 14: Short-term loans and advances		
(a) Loans and advances to related parties		
Secured, considered good	-	-
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
(b) Loans and advances to employees		
Secured, considered good		
Unsecured, considered good	151,133	118,170
Doubtful		
Less: Provision for doubtful loans and advances	-	-
(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	237,022	818,831
(ii) VAT Credit Receivable	1,073,834	1,788,948
(iii) Service Tax credit receivable	2,242,553	1,422
iv) Advance Income tax/TDS	5,207,459	5,204,369
	<u>8,760,868</u>	<u>7,813,570</u>
(e) Others (specify nature)		
Secured, considered good	-	-
Unsecured, considered good	1,809,572	2,719,846
Doubtful		
Less: Provision for other doubtful loans and advances		
Total	<u>10,721,573</u>	<u>10,651,586</u>

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

	For the year ended 31 March, 2014	For the year ended 31 March, 2013
(a) Sale of products	420,398,823	420,954,906
(b) Other operating revenues	-	-
Less:	420,398,823	420,954,906
(c) Excise duty	9,976,947	24,459,323
	<u>410,421,876</u>	<u>396,495,583</u>
(i) Sale of products comprises		
Manufactured goods		
Finished Goods	100,576,812	264,936,261
Others - Sales/Receipts	-	-
Total - Sale of manufactured goods	<u>100,576,812</u>	<u>264,936,261</u>
Traded goods		
Finished Goods	319,822,011	156,018,645
Others	-	-
Total - Sale of traded goods	<u>319,822,011</u>	<u>156,018,645</u>
Total - Sale of products	<u>420,398,823</u>	<u>420,954,906</u>

Note 16: Other income

Interest income	216,844	439,845
Other non-operating income (net of expenses directly attributable to such income)	110,025	592,753
Total	<u>326,869</u>	<u>1,032,598</u>
Interest income comprises:		
Interest from banks on:		
deposits	216,844	439,845
Other interest	-	-
Total - Interest income	<u>216,844</u>	<u>439,845</u>
Other non-operating income comprises:		
Profit on sale of fixed assets		
Miscellaneous income	110,025	592,753
Total - Other non-operating income	<u>110,025</u>	<u>592,753</u>

Note 17.a: Cost of materials consumed

Opening stock	155,257,664	108,710,021
Add: Purchases	117,668,824	169,328,279
Less: Closing stock	<u>122,269,086</u>	<u>155,257,664</u>
Cost of material consumed	<u>150,657,402</u>	<u>122,780,636</u>
Material consumed comprises:		
Raw material	134,643,299	105,374,373
Store and spares	16,014,103	17,406,263
Total	<u>150,657,402</u>	<u>122,780,636</u>

Note 17.b: Purchase of traded goods

Traded goods	313,964,389	155,719,906
Total	<u>313,964,389</u>	<u>155,719,906</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	135,115,633	59,703,014
Work-in-progress	17,537,850	22,354,979
Stock-in-Trade	2,119,000	-
	<u>154,772,483</u>	<u>82,057,993</u>
Inventories at the beginning of the year:		
Finished goods	59,703,014	25,507,993
Work-in-progress	22,354,979	73,175,149
Stock-in-Trade	-	-
	<u>82,057,993</u>	<u>98,683,142</u>
Net (increase) / decrease	<u>(72,714,490)</u>	<u>16,625,149</u>

Note 18: Employee benefits expense

Salaries and wages	19,771,506	21,294,971
Contributions to provident and other funds	422,434	391,628
Staff welfare expenses	315,852	498,331
Total	<u>20,509,792</u>	<u>22,184,930</u>

Notes forming part of the financial statements

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
Note 19 Finance costs		
Interest expense on:		
(i) Borrowings	37,832,467	39,988,639
(ii) Trade payables	-	-
(iii) Others		
- Interest on LC, Bill Discounting Charges and on other borrowing	-	-
Total	<u>37,832,467</u>	<u>39,988,639</u>
Note 20: Other expenses		
Carriage outwards	410,167	682,835
Power and fuel	12,870,091	11,186,280
Repairs and maintenance - Buildings	84,689	59,610
Repairs and maintenance - Machinery	1,497,702	1,718,819
Repairs and maintenance - Vehicle	1,412,963	1,965,854
Bank Charges	272,681	1,722,612
Insurance	279,408	433,723
Rates and taxes	575,030	652,381
Guest house expenses	592,497	654,863
Travelling and conveyance	402,649	329,280
Printing and stationery	76,848	93,581
Telephone, Postage & Courier	6,406	26,133
Selling Expenses	6,652	561,414
Legal and professional	1,073,864	936,347
Payments to auditors	150,000	150,000
Security Charges	2,217,652	2,353,184
Crop Compensation to Farmers	3,901,926	-
Deferred Revenue Expenses Written-off	28,800	48,960
Miscellaneous expenses	536,140	520,672
Total	<u>26,396,165</u>	<u>24,096,548</u>
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	150,000	150,000
Total	<u>150,000</u>	<u>150,000</u>
(ii) Details of Prior period items (net)		
Prior period expenses - Crop Compensation to Farmers	3,901,926	-
Prior period income (give details)		
Total	<u>4,051,926</u>	<u>150,000</u>

Note 21: Deferred Tax Liability

Particulars	As at 31 March, 2014
Deferred tax liability / (asset)	
On difference between book balance and tax balance of fixed assets	(24,840,863)
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	6,726,291
Brought forward business losses	32,060,174
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 asset	<u>13,945,603</u>
Reversal of Net Deferred Tax Liabilities	<u>-</u>

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

Notes forming part of the financial statements

Particulars	As at 31 March, 2014
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 31.03.2014	175,210,967
WDV as per Income Tax as on 31.03.2014	98,647,975
Business Loss & Unabsorbed Depreciation as per Income Tax	119,545,278
Net temporary Difference Between IT and Books of Accounts	(42,982,285)
Income Tax Thereon @ 30%	(12,894,686)
Surcharge @ 5%	(644,734)
Education Cess @ 3%	(406,183)
Total Deferred Tax Liability as on 31/3/2014 - Provision required to be made	(13,945,603)
Deferred Tax Liability as on 31/03/2013	25,650,651
Deferred Tax Liability as on 31.03.2014	-
Deferred tax Liability Reversed From Profit and loss A/c to the extent Deferred tax Liability previously recognised in the Books	25,650,651

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
Note 22: Earnings per share		
Earnings per share		
Basic		
Net profit / (loss) for the year from continuing operations after considering extraordinary items	(55,497,106)	285,475
Number of equity shares	500,000	300,000
Earnings per share from continuing operations - Basic	(110.99)	0.95

Note 23: FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2014:-

01. Contingent Liabilities as on 31.03.2014 is Nil

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

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, 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 are 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.



**BENAKA SPONGE
IRON PRIVATE LIMITED**

x) **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
Bhuwalka Metal Industries Pvt Limited	Associated Company
Suresh Kumar Bhuwalka	Key Management Personnel
Ajay Kumar Bhuwalka	Key Management Personnel
Ankit Bhuwalka	Management Personnel

B) Transactions carried out with related parties referred above in ordinary course of business During FY 2013-14:-

Nature of Transactions	Holding	(Rs. in Lakhs) Associated Companies/ Key Management Person
Purchases	NIL (115.23)	113.12 Nil
Sales	NIL (20.29)	— —
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 1st 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 (Refer Note no 22 of Profit and loss account). 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.

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 realized against future taxable profits.

Annual Report 2013- 2014

The Company has reversed deferred tax liability amounting to Rs.2,56,50,651/- (Previous year deferred tax liability has provided for Rs. 3,75,529/-) 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 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.

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

Particulars	Unit	Licensed Capacity	Installed Capacity	Actual Production	Quantity	Opening Stock		Closing Stock	
						Amount	Quantity	Amount	Quantity
Sponge iron	MT	N. A	60000*	9969	3519	5,97,03,014	7957	13,51,15,633	
			(60000)	(13435)	(1558)	(255,07,933)	(3519)	(5,97,03,014)	

*As certified by management

B. Trade Purchase Particulars

Particulars	31.03.2014		31.03.2013	
	MT	Rs.	MT	Rs.
Sponge iron	Nil	NIL	NIL	NIL
Other Items-MS Steel	7750	31,39,64,389	3,766	15,57,19,906

C. Sale of Finished Goods and Others Particulars

Particulars	31.03.2014		31.03.2013	
	MT	Rs.	MT	Rs.
Sponge Iron/Others	5,532	10,05,76,812	11,473	26,49,36,261
Other Items – MS Steel	7700	31,98,22,011	3,766	15,60,18,645

D. Consumption

Particulars	%	31.03.2014		31.03.2013	
		Amount	%	Amount	%
i) Raw Materials					
a) Imported		Nil		Nil	
b) Indigenous	100	13,46,43,299	100	10,53,74,373	
c) Total	100	13,46,43,299	100	10,53,74,373	
ii) Stores & Spares					
a) Imported		Nil		Nil	
b) Indigenous	100	1,60,14,103	100	1,74,06,263	
c) Total	100	1,60,14,103	100	1,74,06,263	

E. Earning in Foreign Currency - NIL

F. 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

Ajay Kumar Bhuwalka
Managing Director

Ankit Bhuwalka
Director

As per Report of even date

for ASR Associates
Chartered Accountants

Place : Bangalore
Date : 13th August, 2014

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

Annual Report 2013- 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	2013-14 Rs.	2012-13 Rs.
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax and extraordinary items	(81,147,757)	883,776
Adjustments for:		
Deferred Revenue Expenses written off/adjusted	28,800	48,960
Depreciation	15,250,777	15,248,597
Profit on sale of Investment	—	—
Rent Received	—	—
Interest expense	37,832,467	39,988,639
Loss on Sale of Fixed Assets provision	—	5,195,027
Provision for Doubtful Debts/Advances Written back	—	—
Dividend Income	—	—
Operating Cash Profit before working capital changes	(28,035,713)	61,364,999
Adjustments for:		
Trade Receivables and short term advances	(99,613,995)	52,222,952
Inventories	(39,725,912)	(29,922,494)
Trade Payables and other Liabilities	200,552,709	(16,881,483)
CASH FLOW FROM OPERATIONS	33,177,089	66,783,975
Direct Taxes (Paid)/refund	—	(5,417,799)
Net Cash from Operating Activities	33,177,089	61,366,176
CASH FLOW FROM INVESTING ACTIVITIES:		
Increase/Decrease in Fixed Assets(Net)	(50,100)	573,344
(Increase)/Decrease in Investments	—	—
Net cash used in Investing Activities	(50,100)	573,344
CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/(Decrease) in Borrowings	(17,075,450)	(23,945,218)
Increase/(Decrease) in Share Capital	20,000,000	—
Increase/(Decrease) in Unsecured Loans	—	—
Preference Dividend & Tax on Dividend Paid	—	—
Interest paid	(37,832,467)	(39,988,639)
Net cash from Financing Activities	(34,907,917)	(63,933,857)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(1,780,928)	(1,994,337)
Opening Balance of Cash & Cash Equivalents	4,160,697	6,155,034
Closing Balance of Cash & Cash Equivalents	2,379,769	4,160,697

In terms of our report attached

For and on behalf of the Board

(Ajay Kumar Bhuwalka)
Managing Director

(Ankit Bhuwalka)
Director

As per Report of even date

for ASR Associates
Chartered Accountants
(CA A. S. Rafiq)
Proprietor

Place : Bangalore
Date : 13th August, 2014

Membership No.204646
FRN No. 8877S

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I. REGISTRATION DETAILS**

CIN No. State Code

Balance Sheet Date 31 03 2014
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) 72031000

Product Description Sponge Iron

In terms of our report attached

For and on behalf of the Board

(Ajay Kumar Bhuwalka)

Managing Director

(Ankit Bhuwalka)

Director

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 : 13th August, 2014

BHUWALKA STEEL INDUSTRIES LIMITED

Registered Office: No.71, III Cross, Residency Road, Bangalore: 560 025
CIN: L27209KA1981PTC004343

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 32nd Annual General Meeting of the Company will be held on Saturday, the 27th September, 2014, 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 _____ 2014.

Signature _____

Affix
Revenue
Stamp

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
CIN: L27209KA1981PTC004343

ATTENDANCE SLIP

32nd ANNUAL GENERAL MEETING - 27TH SEPTEMBER, 2014

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 32nd Annual General Meeting of the Company will be held on Saturday, the 27th September, 2014, at 12.30 P.M at Hotel Woodlands, No. 5, Raja Ram Mohan Roy Road, Bangalore- 560 025.

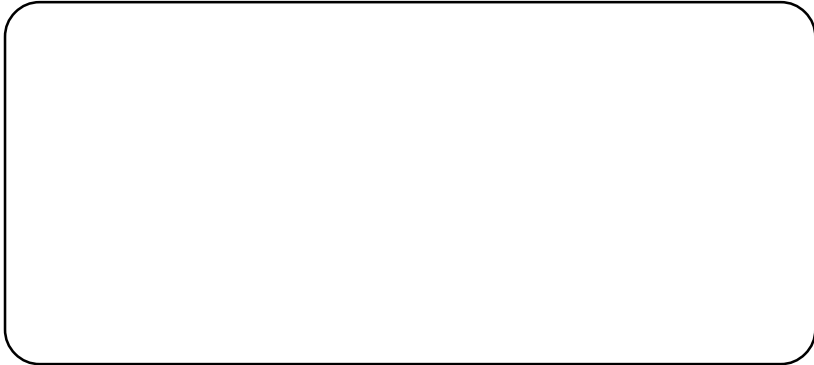
Member's/Proxy's name in
BLOCK Letters

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
CIN: L27209KA1981PTC004343*