

INDUCTO STEELS LIMITED

Registered off.: 302, Sylverton Building, 102, Wode House Road, Colaba, Mumbai – 400005

TWENTY FOURTH

ANNUAL REPORT

2011 - 2012

BOARD OF DIRECTORS	Mr. Rajeev Reniwal Ms. Sweety Reniwal Mr. Prashant Agarwal Mr. Yogesh Thakkar Ms. Neela Shah Mr. Bhushanlal Behl
AUDITORS	Jain Seth & Co. Chartered Accountants Ahmedabad 380 058.
BANKERS	Indian Overseas Bank, 30/32, Tamarind House, Tamarind Lane, Fort, Mumbai – 400 023.
REGISTERED/CORPORATE OFFICE	302, Sylverton Building, 102, Wode House Road, Colaba, Mumbai – 400005.
BRANCH OFFICE	Hariyana House, 2165/A-2, 2nd Floor, Sanskar Mandal Chowk, Bhavnagar - 364002
SHIP BREAKING YARD	Plot No.45, Ship Breaking Yard, Alang, District : Bhavnagar
FINANCIAL YEAR	2011 - 2012

Go Green Today

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

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

CONTENTS

	Page No.
Notice	3
Directors' Report	8
Corporate Governance Report	14
Auditor's Report	29
Balance Sheet	34
Profit & Loss Accounts	35
Cash Flow Statement	36
Notes Forming Parts of the Accounts	41
Schedules to Accounts	43
Attendance Slip & Proxy	59

Annual General Meeting

Date : Friday, 28th September, 2012

Time : 12.30 p.m.

Venue : 302, Sylverton Bldg., Ground Floor, 102, Wode House Road, Colaba, Mumbai-400 005.

INDUCTO STEELS LIMITED

Registered off.: 302, Sylverton Building, 102, Wode House Road, Colaba, Mumbai – 400005

NOTICE

Notice is hereby given that the 24TH ANNUAL GENERAL MEETING of the Members of **INDUCTO STEELS LIMITED** will be held on Friday, 28th September, 2012 at the Registered Office of the Company at 302, Sylverton Building, 102, Wode House Road, Colaba, Mumbai – 400005 at 12.30 p.m. to transact the following business:

ORDINARY BUSINESS:

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

SPECIAL BUSINESS:

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

“RESOLVED THAT in partial modification of earlier ordinary resolution passed and pursuant to Section 293(1)(d) of the Companies Act, 1956, the consent of the members of the Company be and is hereby granted for borrowing from time to time for and on behalf of the Company from Banks or person or Financial Institutions or any entity such sum of money as the Board of Directors (herein after referred to as Board which team shall be deemed to include any committee of the Board constituted to exercise it powers including power conferred by this resolution) may deem fit requisite notwithstanding that moneys to be borrowed together with monies already borrowed by the Company (apart from temporary loan obtained from the Companies, Bankers in the ordinary course of business) will exceed the aggregate of the paid up capital and it's free reserves that is to say, reserves not set apart for any specific purpose provided that the total amount upto which moneys

may be borrowed by the Board of Director shall not exceed the sum of Rs. 200,00,00,000/- (Rupees Two Hundred Crores Only) at any time.

7. To consider and if thought fit to pass with or without modification, the following resolution as **Special Resolution** :

“RESOLVED THAT pursuant to the provisions of sections 269, 198, 309, 310, 311 read with Schedule XIII to the Companies Act, 1956 and other applicable provisions if any, of the Companies Act, 1956 and subject to such requisite approval of Authorities, if any as may be required the approval of the Members of the Company be and is hereby accorded to the appointment of Mr. Rajeev Reniwal as the Managing Director for the period of 5 years with effect from September 1, 2012 on the terms and conditions including remuneration as set out in the explanatory statement and as per the Draft Agreement as placed before this meeting and initialed by the Chairman for identification which agreement is hereby specifically approved and sanctioned with the authority to the Board of Directors to alter, vary the terms of appointment and / or agreement as may be required or as may be amended from time to time in the light of any amendment to the Companies Act, 1956 in such manner as may be agreed to between the Board of Directors and Mr. Rajeev Reniwal.

8. To consider and if thought fit to pass with or without modification, the following resolution as **Special Resolution** :

“**RESOLVED THAT** in accordance with the provisions of sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any of the Companies Act, 1956 or any Statutory modification(s) or re-enactment thereof, approval of the members be and is hereby accorded to appoint Mr. Rajeev Reniwal as the Managing Director of the Company for a period of 5 years with effect from September 1, 2012 on the terms and conditions including remuneration as set out in the explanatory statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which terms shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

“FURTHER RESOLVED THAT in the event of loss or inadequacy of profit during the terms of Mr. Rajeev Reniwal, the remuneration payable to Mr. Rajeev Reniwal shall be paid as per the monetary ceiling prescribed under Schedule XIII to the Companies Act, 1956 or as may be amended from time to time.

“RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedite to give effect to this resolution.

9. To consider and if thought fit to pass with or without modification, the following resolution as **Special Resolution** :

“RESOLVED THAT pursuant to the provisions of sections 198, 309 and other applicable provisions, if any, of the Companies Act, 1956, and in pursuance of the revised Clause 49 of the Listing Agreement, or any amendment or re-enactment made thereof, approval of the Members of the Company be and is hereby accorded that the Non-Executive Directors of the Company, in addition to sitting fees being paid to them for attending the meeting of the Board and its Committees, be paid every year for a period of 5 (five) years with effect from September 1, 2012, commission of an amount as may be determined by the Board from time to time, subject to a ceiling of 1 % (one percent) of the Net Profits of the Company (computed in the manner specified in section 198(1) of the Companies Act, 1956), to be distributed amongst such Non – Executive Directors in such a manner as the Board of Directors may from time to time determine and deem fit.”

By Order of the Board

Sd/-

Place: Mumbai

Rajeev Reniwal

Date : 16/08/2012

Director

NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- (b) Proxies in order to be effective, should reach duly completed, stamped and must be deposited at the registered office of the Company not less than 48 hours before the meeting.
- (c) Explanatory Statement pursuant to the provisions of the Section 173 (2) of the Companies Act, 1956 in respect of special business under Item no. 6, 7, 8 & 9 is annexed herewith.
- (d) The Register of Members and transfer register will remain closed from 18th September, 2012 to 28th September, 2012 (both days inclusive).
- (e) Details required under Clause 49 of the Listing Agreement entered with the Stock Exchanges in respect of Directors seeking appointment / re-appointment at the Annual General Meeting, are given in the relevant section of the Corporate Governance Report included in the Annual Report.
- (f) The Dividend on Equity Shares as recommended by the Directors for the year ended 31st March, 2012, if declared at the Annual General Meeting will be made payable to those members whose names appears in the Register of Members of the Company as on date of Annual General Meeting. The dividend in respect of Equity Shares held in electronic form as at close of business hours of 28th September, 2012 will be payable to the beneficial owners of the Equity Shares as per the details furnished by the Depositories for the purpose.
- (g) Shareholders, who still continue to hold shares in physical form, are requested to dematerialize their shares at the earliest and avail of the various benefits of dealing in securities in electronic / dematerialized form. The shareholders have the option to hold Company's shares in demat form through the National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL).
- (h) Members who have not encashed their dividend warrant for FY 2006-2007, FY 2007-2008, FY 2008-2009, FY 2009-2010 and FY 2010-2011 are requested to make their claim to the Company / Registrar and Share Transfer Agent immediately. Members are requested to lodge Share Transfer documents and all other correspondence and queries relating to Share Transfer, Share Certificates, Change of Address etc., at the Office of Registrar & Share Transfer Agent. The relevant address of Registrar and Share Transfer Agent is as under :

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

- (i) Members are hereby informed that in terms of the provisions of Section 205A of the Companies Act, 1956, dividend not encashed or claimed within seven years from the date of its transfer to the unpaid dividend account, will be transferred to Investor Education & Protection Fund established by the Central Government. In terms of the provisions of Section 205C of the Companies Act, 1956, no claim shall lie against the Company or said fund after the said transfer.
- (j) Members attending the meeting are requested to bring with them the Attendance Slip attached to the Annual Report duly filled in and signed and handover the same at the entrance of the Office.

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

Item No : 6

As per the provisions of section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the permission of the Shareholders in General Meeting, borrow monies in excess of the aggregate of the paid-up capital of the Company and its free reserves.

The increasing business operations and future growth plans of the Company would necessitate restructuring of the borrowing limits by authorising the Board of Directors to borrow monies which may exceed at any time the aggregate of the paid-up capital of the Company and its free reserves by a sum not exceeding two hundred per cent of the aggregate of the paid-up capital of the Company and its free reserves. The Directors while exercising their powers shall however observe the debt/equity norms as applicable.

Your Directors recommend the resolution for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Item No : 7 & 8

As per the provisions of section 269, 198 read with Schedule XIII of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the permission of the Shareholders in General Meeting, appoint a Managing Director. The Board has drafted an agreement on the terms and conditions including remuneration of which certain clauses are as follows :

Perquisites shall include Car & Petrol expenses may be re-imbursed for office use only.

Telephone expenses may be re-imbursed which is been used for office purposes only.

The entire agreement is tabled after initial of the Chairman and is available for inspection. Moreover, the Register maintained under section 302 of the Companies Act, 1956 is also available for inspection.

Your Directors recommend the resolution for your approval.

None of the Directors except Mr. Rajeev Reniwal, is, in any way, concerned or interested in the said resolution.

Item No : 9

Pursuant to the amendments made by the Securities and Exchange Board of India (SEBI) under the provisions of Clause 49(1)(B) of the Listing Agreement and Section 309 of the Companies Act, 1956 compensation payable to the Non- Executive Directors, including the Independent Directors shall require previous approval of the Members in the General meeting. Approval of the Members is sought by way of a Special Resolution for payment of Commission for a future period of 5 years to Non- Executive Directors as set out in the Resolution at item no. 9 of this notice.

All Directors of the Company except Mr. Rajeev Reniwal, Managing Director may be considered to be concerned or interested in this resolution.

Your Directors recommend the resolution for your approval.

By Order of the Board

Sd/-

Place: Mumbai

Date : 16/08/2012

Rajeev Reniwal

Director

DIRECTORS' REPORT

To,
The Members
Inducto Steels Limited

The Directors are pleased to present the 24th Annual Report of the Company together with the Audited Annual Accounts of the Company for the year ended 31st March, 2012.

Financial Results:**(Rs in Lacs)**

	<u>2011-12</u>	<u>2010-11</u>
Sales & Other Income	10316.84	6,965.35
Profit/(Loss) before Tax	633.62	554.25
Provision for Tax	(205.75)	(175.44)
Adjustment for deferred tax	1.25	(3.83)
Profit after tax	426.62	374.98
Balance Profit from Last Year	1012.83	804.96
Transfer to General Reserve	(50.00)	(50.00)
Profit Available for Appropriation	1389.45	1129.94
Proposed Dividend	(120.52)	(100.43)
Dividend Distribution Tax thereon	19.55	(16.68)
Balance of Profit Carried to Balance Sheet	<u>1249.38</u>	<u>1012.83</u>
Earning Per Share (Face Value Rs.10/-)		
- Basic and Diluted	10.62	9.33

Keeping in view the good market potential, the company carried out its Ship Breaking activities on a full scale during the year and that is reflected in the increase in the Gross Revenues. In spite of heavy fluctuation in the prices of old ship in the international market and also heavy dollar exchange rate fluctuations, your company has been able to optimize the market situation and have achieved increase in Gross Revenues. Your Directors are hopeful that there will be even more improvement in sales and profit margin in the coming year.

Dividend

The Directors recommend a Dividend of 30% (Rs. 3.00 per share) on the Equity Share for the Financial Year ended March 31, 2012 for approval by the Members.

Prospects for the coming year

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

Management Discussion and analysis

Provided in Annexure – B forming part of this report

Directors' Responsibility Statement

Provided in Annexure – C forming part of this report

Corporate Governance

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

Board of Directors

In accordance with the provisions of the Companies Act, 1956, read with the Articles of Association of the Company, Mr. Rajeev Reniwal and Mrs. Sweety Reniwal retires by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. Necessary resolutions are being placed before the shareholders for approval.

Auditor's Observation/qualification.

The observation/qualification of the auditors are based on the facts stated in the schedules of notes and members are requested to refer to the Note no. 2.29 forming part of Financial Statements and notes 1.2 (a) to (j) of notes on accounts, which are self explanatory and does not require any further clarification/reply.

Auditors

M/s. Jain Seth & Co., Chartered Accountants, the Statutory Auditors of the Company retires at the ensuing Annual General Meeting. However, the company has not received their confirmation of their willingness to be re-appointed. The company has received confirmation and their eligibility and willingness to accept office from M/s. P.D. Goplani & Associates, Chartered Accountants, if appointed. They have given a certificate to the effect that the appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Your Directors recommend their appointment.

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

Particulars of Employees

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

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

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

Acknowledgement

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

Place: Mumbai
Date : 16/08/2012

By Order of the Board
Sd/-
Rajeev Reniwal
Director

ANNEXURE - A

Information as per section 217 (1) (e) read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rule 1988 and forming part of the Director's Report for the period ended on 31st March, 2012.

A Conservation of Energy

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

B Technology Absorption

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

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

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

3 Company has not imported any technology for its plant.

C Foreign Exchange Earnings and Outgo.

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

For & on behalf of the Board of Directors

Sd/-

Place: Mumbai
Date : 16/08/2012

Rajeev Reniwal
Director

ANNEXURE – B : Management Discussion and Analysis

a) Overview :

Year 2011-12, witnessed frequent fluctuation in the prices of old ship in the international market and also heavy dollar exchange rate fluctuations. This has adversely affected the profit margins of the company. However, the prices in Iron and steel industry are gradually getting stabilized, but the company has trade liabilities in foreign currency and depreciation in value of Indian Rupee vis-à-vis US Dollar remains a concerning area for the company even in the current year. The management is exercising caution in purchase of ships for breaking to optimize the profit margin and minimize the possibilities of losses, if so happens.

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

Surplus funds are also invested in new avenues of earnings in the form of partnership with other entities like in Real Estate and Construction firms etc. At present the Company has partnership with M/s Jai Maa Durge Associates (with 50% share). The firm has purchased 2.038 hectare, Approximately. 2,20,000 Sq.Ft. of land. The management is hopeful that the Company can earn reasonable return on this investment.

b) Segmental Review :

The Company is engaged in the ship breaking activities and value of single purchase is very large. The company effect sale from above and occasionally the company have surplus fund, which the company advance to other companies and earn interest. However the income from such activities are not substantial and the main activities of the Company continue to be that of ship breaking only and there is no other segmental business for the Company.

c) Review of operation :

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

d) Financial Review and Analysis :

Performance

(Rs. in Lacs)

	2011-12	2010-11
Gross Turnover	9286.77	6423.27
Net Turnover	9286.77	6423.27
Other income	1030.07	542.09
Total Expenditure	9635.96	6332.79
Operating Profit (PBIDT)	680.88	632.16
Interest	39.98	70.12
Gross Profit (PBDT)	640.90	562.04

Depreciation	7.28	7.79
Profit before tax	633.62	554.25
Provision for current Tax	205.75	175.44
Deferred tax	1.25	3.83
Net Profit after Tax	426.62	374.98

e) Cash Flow Analysis :

	2011-12	2010-11
- Profit after Tax but before Depreciation	435.15	386.60
- (Increase)/Decrease in Net Working Capital	747.30	(1010.15)
- Net Cash Flow from Operating Activities	1182.45	(623.55)
- Payment for Acquisition of Assets (Net)	(1.67)	(5.79)
- Cash Outflow from Financing Activities	(1171.53)	316.49
- Net Cash Inform/(Outflow)	9.25	(312.85)

f) Risk Management :

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

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

Likewise the Company's finished products are mainly re-rollable scrap generated from ship breaking and the price of the same is linked to the market rate for iron and steel. Any up and down in the price of the iron and steel will affect the profitability of the Company. However taking into account, the price fluctuations already affected during the year 2011-12, further major down / up ward trend in the price of iron and steel is not expected.

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

ANNEXURE – C : Directors' Responsibility Statement

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

- a) The financial statements have been prepared in conformity, in all material respects, with the Generally Accepted Accounting Principles in India and the Accounting Standards prescribed by the Institute of Chartered Accountants of India in a consistent manner and supported by reasonable and prudent judgments and estimates. The Directors believe that the financial statements reflect true and fair view of the financial position as on 31.03.2012 and of the results of operations for the year ended 31.03.2012.

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

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

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

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

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

ANNEXURE – D : Report on Corporate Governance
1. Company's philosophy on Code of Corporate Governance

Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency, and fairness in all its transactions in the widest sense and meet its stakeholder's aspirations and social expectations. Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target. The demands for corporate governance require professionals to raise their competency and capability levels to meet the expectations in managing the enterprise and its resources effectively with the highest standards of ethics.

Inducto Steels Limited has been practicing the principles of good Corporate Governance over the last few years. The Company's policy on Corporate Governance is to make it a way of life by, inter alia, adopting standard Corporate Governance practices through continual improvement of internal systems and satisfaction of customers and shareholders. It aims at fairness, transparency, accountability and responsibility in the functioning of the Company with the ultimate objective of realizing and enhancing shareholders' values and society in general. Accordingly, your Company continuously endeavors to review, strengthen and upgrade its systems and processes so as to provide timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company which is an important part of corporate image of the Company. This improves public understanding of the structure, activities and policies of the organization and it makes good impact on the society which benefits in enhancing corporate image of the Company in general public.

Consequently, your Company is striving hard towards excellence through adoption of best governance and disclosure practices so that Company is able to attract investors and enhance the trust and confidence of the stakeholders.

Our Corporate Governance philosophy is based on the following principles :

- ❖ Satisfy the spirit of the law and not just the letter of the law. Corporate Governance standards should go beyond the law;
- ❖ To ensure the fullest commitment of the Management and the Board for the maximization of shareholder value;
- ❖ To ensure that adequate control systems exist to enable the Board in effectively discharging its responsibilities to all the stakeholders of the Company;
- ❖ To ensure that the decision making process is fair and transparent, maintaining high degree of disclosure levels;
- ❖ Our simple and transparent corporate structure driven solely by business needs;
- ❖ To ensure that the employees of the Company subscribe to the corporate values and apply them in their conduct.

2. Board of Directors ('Board') :
Composition of the Board

The Board consists of Six (6) members. Mr. Rajeev Reniwal is the Director of the company. The Director of the Board along with Mrs. Sweety Reniwal form part of Promoter Group of

Twenty Fourth Annual Report 2011-2012

the Company. There are 3 independent directors on the Board. The composition of the Board of Directors of the Company is in accordance with the provisions of Clause 49 of the Listing Agreement as amended up till date.

Membership, Attendance & Other Directorships:

Membership and Attendance of each Director at the Board of Directors' Meetings and the last Annual General Meeting and the number of other Directorship and Chairmanship/Membership of Board Committees (as on 31st March 2012) :

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

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

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

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

Board Meetings :

The Meetings of the Board of Directors are scheduled well in advance and generally held at the Company's Registered/Corporate Office in Mumbai. During the financial year ended March 31, 2012, there were in total 16 (Sixteen) Board Meetings which were held on 06/04/11, 10/04/11, 21/04/11, 27/05/11, 16/07/11, 25/07/11, 28/07/11, 12/08/11, 16/08/11, 25/08/11, 30/08/11, 24/10/11, 14/11/11, 16/11/11, 13/02/12 and 31/03/12 and the time gap between the two meetings was not more than 4 months. All the information required to be furnished to the Board were made available to them along with detailed Agenda notes.

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

There is no relationship among any of the Directors.

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

Code of Conduct :

The Board has formulated a code of conduct for the Board members and senior management of the Company. All Board members and senior management personnel as on 31st March 2012 have affirmed their compliance with the code and the declaration to this effect given by the Chairman is annexed hereto.

Details of Directors being appointed and re-appointed:

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

a. Shri Rajeev Reniwal

Shri. Rajeev Reniwal is a B.Com Graduate and has rich experience in the field of Ship Breaking and recycling Activities and is on the Board of the following Companies:

Name of Company	Designation	Shareholding in Inducto Steels Limited
Hariyana International Private Limited	Director	237526 Shares 5.91% in Shareholding
Reniwal Properties Private Limited	Director	
Aplomb Real Estate Private Limited	Director	
Reniwal Business Properties Private Limited	Director	
Roxina Real Estate Private Limited	Director	

b. Mrs. Sweety Reniwal

Mrs. Sweety Reniwal is on the Board of the following Companies :

Name of Company	Designation	Shareholding in Inducto Steels Limited
Blackstone Properties Private Limited	Director	247745 Shares 6.17% in Shareholding
Valentine Properties Private Limited	Director	
Reniwal Properties Private Limited	Director	
Aplomb Real Estate Private Limited	Director	
Reniwal Business Properties Private Limited	Director	

3. Board Committees :

I. Audit Committee :

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

Composition and attendance during the financial year ended 31st March 2012 :

The Committee met 7 (Seven) times during the year under review. The said meetings were held on 27/05/11, 16/07/11, 12/08/11, 16/08/11, 14/11/11, 16/11/11 and 13/02/12 respectively..

Sr. No.	Name of Director	Designation	No. of meetings attended
1.	Mr. Yogesh Thakkar	Chairman	7
2.	Mrs. Neela Shah	Member	7
3.	Mr. Bhushanlal Behl	Member	7

Terms of Reference

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

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

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

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

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

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

Composition and attendance during the financial year ended 31st March 2012 :

Pursuant to Clause 49 (VI) of the Listing Agreement, the Committee met 27 (Twenty Seven) times during the financial year ended on 31st March, 2012 to review, to approve matters related to Shares, etc. The said meetings were held on 04/04/11, 21/04/11, 05/05/11, 27/05/11, 05/06/11, 27/06/11, 15/07/11, 30/07/11, 12/08/11, 16/08/11, 28/08/11, 06/09/11, 30/09/11, 06/10/11, 30/10/11, 06/11/11, 14/11/11, 16/11/11, 30/11/11, 06/12/11, 30/12/11, 06/01/12, 30/01/12, 13/02/12, 01/03/12, 06/03/12 and 30/03/12 respectively.

Sr. No.	Name of Director	Designation	No. of meetings attended
1.	Shri Prashant Agrawal	Chairman	27
2.	Shri Bhushanlal Behl	Member	27
3.	Shri Yogesh Thakkar	Member	27

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

All valid requests for the share transfers received during the year have acted upon. There is no share transfer request pending as on 31st March, 2012. The Company had not received any complaint from shareholders/investors during the year.

Twenty Fourth Annual Report 2011-2012

4. Cost Audit :

From Financial Year 2011-12, pursuant to the Companies (Cost Accounting Records) Rules, 2011, the company has to render Cost Audit report to the Central Government. The company has appointed M/s. Kewlani & Associates, Cost Accountants, (Membership No. 32543) as cost auditors of the company for conducting Cost Audit for the financial Year 2011-12. The report for the financial year ended 31st March, 2012 will be submitted on or before due date.

5. Subsidiary Companies :

The Company does not have any Subsidiary Company.

6. Remuneration Committee :

The Company does not have a Remuneration Committee and no remuneration or commission is paid to any Directors. There is no pecuniary relationship or any transaction with the directors of the company. No payment except sitting fees is been given to the non-executive directors and other promoters/directors.

7. CEO / CFO Certification :

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

8. Annual General Meetings :

Location and time where last three Annual General Meetings held :

Location	Date	Time
Registered Office: 302, Sylverton Building, 102, Wode House Road, Colaba, Mumbai – 400005.	30.09.2009	12.00 Noon.
	30.09.2010	12.00 Noon.
	30.09.2011	12.00 Noon.

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

- a) 21st AGM held on 30th September, 2009: NONE
- b) 22nd AGM held on 30th September, 2010: NONE
- c) 23rd AGM held on 30th September, 2011: NONE

Extraordinary General Meetings :

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

Postal Ballot :

No Postal Ballot was conducted during the year 2011-12

9. Disclosures

a) Related party transactions

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

b) Accounting Treatment :

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

c) Risk Management :

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

d) Remuneration of Directors :

The Company has decided for payment of remuneration to executive and non-executive directors. The resolutions for the same has been proposed in this Annual General Meeting.

e) Management Discussion and Analysis Report :

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

f) Shareholders :

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

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

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

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

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

10. Means of Communication :

- The Unaudited Quarterly Financial Results of the Company to be submitted to the Bombay Stock Exchange Limited (BSE) are approved and taken on record by the Board of Directors of the Company within forty five days of the close of the respective quarter. The approved results are forthwith sent to BSE as prescribed in the Listing Agreement.
- The Company has its group web-site- www.hariyanagroup.com. The Company is sending the quarterly results and presentations to the stock exchanges on which the

Twenty Fourth Annual Report 2011-2012

company is listed so as to put it on its web site. No presentations have been made to institutional investors or to the analysts.

11. Green Initiative :

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

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

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

12. General Shareholders information :

- a) 24th Annual General Meeting will be held at 12.30 p.m. on Friday 28th September, 2012.
- b) Financial Year: 1st April to 31st March 2013.

For the financial year ending on 31st March, 2013 results will be announced tentatively:

- | | | |
|------------------------|---|--|
| First Quarter Results | : | On or around 15 th August 2012 |
| Second Quarter Results | : | On or around 15 th November, 2012 |
| Third Quarter Results | : | On or around 15 th February 2013 |
| Fourth Quarter Results | : | On or around 15 th May 2013 |
- c) Date of Book Closure: 18th September, 2012 to 28th September, 2012 (both days inclusive).
 - d) Dividend Payment Date: Dividend, if declared by the Company at the 24th Annual General Meeting to be held on the 28th September, 2012 will be paid on or after 3rd of October, 2012 to those shareholders, whose names appear in the Register of Members of the Company on 28th September, 2012.
 - e) **Listing on stock exchange :**

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

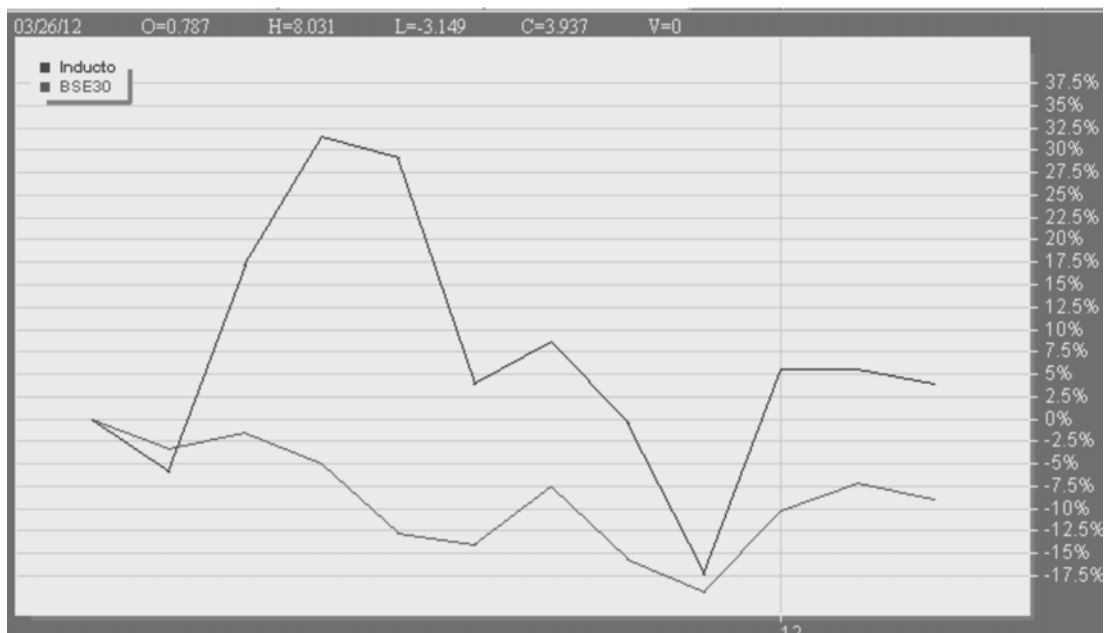
- | | | |
|------------------------|---|----------------------------|
| ISIN NO. | : | INE146H01018 |
| Name of Stock Exchange | : | Bombay Stock Exchange Ltd. |
| Code No. | : | 532001 |

f) Market Price data, high, low during each month in the last financial year is as under.

(all figures in Indian Rupees)

Month	Scrip Movement		No. of Shares
	High Price	Low Price	
April-11	34.90	30.10	6,172
May-11	33.15	28.50	3,328
June-11	39.60	30.00	27,736
July-11	41.75	35.50	9,594
August-11	41.70	36.15	4,467
September-11	44.60	30.45	12,312
October-11	36.45	32.50	4,522
November-11	35.90	31.25	1,979
December-11	33.15	26.25	4,272
January-12	33.50	26.10	122
February-12	38.60	31.60	3,220
March-12	34.30	30.75	3,719

Performance of the share price of the Company in comparison to the BSE Sensex :



g) Registrar and Transfer Agents :

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

h) Share transfer systems :

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

i) Distribution of shareholding :

DISTRIBUTION SCHEDULE ON NUMBER OF SHARES/DEBS -As On :31-Mar-2012				
SHARES (OR DEBENTURES)	NUMBER OF HOLDERS	(%) OF HOLDERS	TOTAL SHARES (OR DEBS)	% OF SH/DB
UPTO TO 100	140	31.96	6503	0.16
101 TO 200	44	10.05	7660	0.19
201 TO 500	150	34.25	67744	1.69
501 TO 1000	40	9.13	33383	0.83
1001 TO 5000	35	7.99	70750	1.76
5001 TO 10000	5	1.14	36792	0.92
10001 TO 100000	15	3.42	830091	20.66
100001 TO ABOVE	9	2.05	2964331	73.79
** TOTAL **	438	100.00	4017254	100.00

j) Details of Shares held by Directors as on 31st March 2012 :

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

k) Postal Ballot Papers :

The Board of Directors have decided to increase the Investment Limits of the company pursuant to the provisions of Section 372A of the Companies Act, 1956 which can be passed only under the Postal Ballot Rules as per Section 192A of the Companies Act, 1956. The Postal Ballot papers have already been dispatched.

The Shareholders are requested to send the Postal Ballot Papers expressing their assent or dissent in this Postal Ballot Form by placing the tick mark (✓) at the appropriate box. Duly completed Postal Ballot Form should reach the scrutinizer not later than 6.00 p.m. on Monday, 1st day of October, 2012.

The members, who have not received Postal Ballot Form may apply to the Company mentioning the Folio No. /DP ID & Client ID & contact details, under the signature of the member, at the registered office of the Company addressed to the Compliance Officer for issue of duplicate postal ballot form or alternatively send a scanned copy of such application by way of an email to hsbl@vsnl.com

Twenty Fourth Annual Report 2011-2012

Statement Showing Shareholding Pattern

Name of the Company : INDUCTO STEELS LIMITED								
Scrip Code : 532001				As on 31 st March 2012				
Category Code	Category of Shareholder	Number of Shareholders	Total Number of shares	Number of shares held in demeterialized form	Total shareholding as a percentage of of total number of shares		Shares pledged or otherwise encumbered	
					Asa% of (A+B) ¹	Asa% of (A+B+C)	No. of Shares	As a% of total No. of shares
(A)	Shareholding of Promoter and Promoter Group²							
1	Indian							
a	Individual Huf	14	2524754	2517354	62.848	62.848	1500090	59.415
b	Central/State Gov	0	0	0	0.000	0.000	0	0.000
c	Bodies Corporates	0	0	0	0.000	0.000	0	0.000
d	Fins / Banks	0	0	0	0.000	0.000	0	0.000
e	Any Other specify	0	0	0	0.000	0.000	0	0.000
	Sub Total(A)(1)	14	2524754	2517354	62.848	62.848	1500090	59.415
2	Foreign							
a	Indv NRI/For Ind	0	0	0	0.000	0.000	0	0.000
b	Bodies Corporate	0	0	0	0.000	0.000	0	0.000
c	Institutions	0	0	0	0.000	0.000	0	0.000
d	Any Other Specify	0	0	0	0.000	0.000	0	0.000
	Sub Total(A)(2)	0	0	0	0.000	0.000	0	0.000
	Total Shareholding of Promoter and Promoter Group Total (A)= (A)(1)+(A)(2)	14	2524754	2517354	62.848	62.848	1500090	59.415
(B)	Public shareholding							
1	Institutions							
a	Mutual Funds	0	0	0	0.000	0.000		
b	Fins / Banks	0	0	0	0.000	0.000		
c	Central/State Govt	0	0	0	0.000	0.000		
d	Venture Cap Fund	0	0	0	0.000	0.000		
e	Insurance Comp(s)	0	0	0	0.000	0.000		
f	Foreign Ins Invest	0	0	0	0.000	0.000		
g	Foreign Ven Cap In	0	0	0	0.000	0.000		
h	Any Other -Specify	0	0	0	0.000	0.000		
	Sub-Total (B)(1)	0	0	0	0.000	0.000		
B 2	Non-institutions							
a	Bodies Corporates	24	41376	41376	1.030	1.030		
b	Individuals							
	i) upto Rs 1-Lac	382	197168	139968	4.908	4.908		
	ii) above Rs1-Lac	13	1253433	1253433	31.201	31.201		
c	Any Other -Clr-Mem	0	0	0	0.000	0.000		
	-OCB	0	0	0	0.000	0.000		
	-NRI	5	523	523	0.013	0.013		
	Sub-Total (B)(2)	424	1492500	1435300	37.152	37.152		
(B)	Total (B)= (B)(1)+(B)(2)	424	1492500	1435300	37.152	37.152		
	TOTAL (A)+(B)	438	4017254	3952654		100.000	1500090	37.341
(C)	Held by Custodians against Depository Receipts							
	PROMOTER & PRO GRP	0	0	0		0.000		
	PUBLIC	0	0	0		0.000		
	GRAND TOTAL (A)+(B)+(C)	438	4017254	3952654		100.000	1500090	37.341

l) Dematerialization of shares and liquidity:

As on 31st March, 2012, Equity Shares of the Company are held in dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited, which constitutes 98.39% of the total Share Capital of the Company.

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

The Company does not have any outstanding GDRs / ADRs / warrants / convertible instruments as on 31st March 2012.

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

<p>Registered & Corporate Office: 302 Sylverton, 102 Wode House Road, Colaba, Mumbai 400 005 Phone No.022-22182569 Fax No.022-22182524 Email: hsbl@vsnl.com</p>	<p>Ship Breaking Yard Plot No.45, Ship Breaking Yard Alang, District : Bhavnagar Gujarat</p>
--	---

13. Compliance Certificate of the Auditors :

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

Place: Mumbai
 Date : 16/08/2012

For & on behalf of the Board of Directors

Sd/-
 Rajeev Reniwal
 Director

Twenty Fourth Annual Report 2011-2012

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

To
The Board of Directors
Inducto Steels Limited
302, Slyverton Building,
102, Wode House Road,
Colaba,
Mumbai 400005

We hereby certify that for the financial year, ending 31st March 2012 on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that :

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

Place: Mumbai
Date : 16/08/2012

Sd/-
Rajeev Reniwal
Director

ANNEXURE TO CORPORATE GOVERNANCE REPORT

Declaration regarding affirmation of Code of Conduct

In terms of the requirements of the amended Clause 49 of the Listing Agreement, this is to confirm that all members of the Board and the Senior Management personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2012.

Place: Mumbai
Date : 16/08/2012

Sd/-
Rajeev Reniwal
Director

To
The Members of
Inducto Steels Limited,

We have examined the compliance of conditions of Corporate Governance by Inducto Steels Limited (the Company) for the financial year ended on 31st March 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India, with the relevant records and documents maintained by the Company and furnished to us and the report on Corporate Governance as approved by the Board of Directors.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company to ensure compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

For Jain Seth & Co.,
Chartered Accountants
(Firm Reg. No. 002069W)

Sd/-
Rajendra Saini
Partner Membership No. 0499913
Place: Mumbai
Date : 16/08/2012

JAIN SETH & CO

Chartered Accountants

10-11, 2nd Floor, Satyam Complex,
Abad Nagar, Bus Stop,
Near Bopal Circle,
Ahmedabad 380 058

AUDITORS REPORT

To:
The Members of
Inducto Steels Limited

We have audited the attached Balance Sheet of **INDUCTO STEELS LIMITED** as at 31st March, 2012 and also the Statement of Profit & Loss and the Cash Flow for the year ended on that date annexed thereto (collectively referred to as Financial Statements). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the propose of our audit;
- ii) In our opinion, proper books of account, as required by the law have been kept by the Company so far as appears from our examination of the books;
- iii) The Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statements dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report, are in compliance with the *accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956*;
- v) On the basis of the written representations received from the Directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012, from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes and schedules thereon give the information required by the companies Act, 1956, in the manner so required and give a true and fair view in

conformity with the accounting the principles generally accepted in India.

- i) In the case of Balance Sheet of the state of affairs of the company as at 31st March, 2012 and
- ii) In the case of Statement of Profit & Loss of the Profit of the company for the year ended on that date.
- iii) In the case of the cash flow statement of the cash flows for the year ended on that date

For Jain Seth & Co.
Chartered Accountants
Firm Reg. No.(002069W)

Sd/-
Rajendra Saini
Partner
M.No.049913

Place : Ahmedabad
Date : 16/08/2012

ANNEXURE TO AUDITORS' REPORT

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

- i) a) As informed by the management, Proper records of fixed assets showing the full particulars, including the quantitative details and situation of its fixed assets are under updation and compilation.
- b) All the assets have not been physically verified by the management during the year, but there is a regular programme of physical verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- ii) a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The Company is maintaining proper records of the inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) a) The company has taken loans from two company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 21.60 Crore and the year-end balance of the loan taken is nil.

There is one company covered in the register maintained under section 301 of the Companies Act, 1956, to which the company has granted loans. The maximum amount involved during the year was Rs. 137.67 Crore and the year-end balance of loans granted to such parties was Rs. 73.69 Crore.
- b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from/granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- c) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest. The parties have repaid the principal amounts as stipulated and have been regular in the payment of interest.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- v) a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value

of rupee five Lakhs in respect of any party during the year have been made at a price which are reasonable having regard to prevailing market prices at the relevant time.

- vi) the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 1975 apply.
- vii) The Directors themselves conduct the affairs of the company. The company does not have a formal system of internal audit but there are adequate checks and controls at all levels.
- viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix)
 - a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Income Tax, Sales Tax, Custom Duty, Cess and other material statutory dues applicable to it.
 - b) According to the information and explanation given to us, no undisputed amounts payable in respect of wealth tax, sales tax, customs duty and cess were in arrears, as at 31st March 2012 for a period of more than six months from the date they become payable.
 - c) According to the information and explanations given to us, the company has not paid/ deposited Sales tax and central excise duty as detailed below on account of dispute.

Amount	Nature of payment	Nature of dispute	Pending with
45,98,354	Central Excise	Capacity ascertainment	CEGAT
96,000	Sales Tax	Non submission of Form-F (revision of assessment order 1993-94	Assistant Commissioner of Sales Tax
17,63,750	Service Tax	Non payment of amount of service tax in the year 2005-06	Appellate authorities

- x) In our opinion, the company has no accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to a financial institutions, banks or debenture holders.
- xii) In our opinion and as per the information provided to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore the provision of clause 4 (xiii) of the Companies (Auditors Report) Order 2003 is not applicable to the Company.

Twenty Fourth Annual Report 2011-2012

- xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of Clause 4(xiv) of the CARO are not applicable to the Company.
- xv) As per the information provided to us, the company has not given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the company.
- xvi) As per the information and explanation given to us the company has not raised any term loans during the year.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long term investment. However the long-term funds have been used to finance short-term investment.
- Xviii) According to the information and explanations given to us, the company has not made any issue of shares or securities during the year.
- xix) According to the information and explanations given to us, during the period covered by our audit, the company has not issued any debentures.
- xx) According to the information and explanations given to us, during the period covered by our audit, the company has not raised any money by public issue.
- xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Jain Seth & Co.
Chartered Accountants
Firm Reg. No.(002069W)

Sd/-
Rajendra Saini
Partner
M.No.049913

Place : Ahmedabad
Date : 16/08/2012

BALANCE SHEET AS ON 31st MARCH, 2012

PARTICULARS	Note no.	CURRENT YEAR 31/03/2012	PREVIOUS YEAR 31/03/2011
I EQUITY AND LIABILITIES			
1) Shareholders' Funds			
a) Share Capital	2.1	47,584,540	47,584,540
b) Reserves and Surplus	2.2	232,087,339	203,432,381
2) SHARE APPLICATION MONEY PENDING			
3) NON-CURRENT LIABILITIES			
a) Long Term Borrowings	2.3	-	80,952
b) Deferred Tax Liability (Net)	2.4	1,086,379	961,531
4) Current Liabilities			
a) Short Term Borrowings	2.5	3,982,572	107,048,308
b) Trade Payables	2.6	1,075,518,239	344,165,799
c) Other Current Liabilities	2.7	614,941	2,925,263
d) Short Term Provision	2.8	14,006,859	11,766,762
TOTAL		1,374,880,869	717,965,536
II ASSETS			
Non Current Assets			
1 a) Fixed assets			
i) Tangible Assets	2.9	10,214,066	10,775,372
ii) Capital work-in-progress		-	-
b) Non Current Investments	2.10	1,147,883	1,147,883
c) Long Term Loans and Advances	2.11	1,760,117	172,438
2 Current Assets			
a) Inventories	2.12	514,118,860	142,329,225
b) Trade Receivables	2.13	105,463,437	37,801,788
c) Cash & Cash Equivalents	2.14	1,983,229	1,058,712
d) Short Term Loans & Advances	2.15	736,905,989	520,929,572
e) Other Current assets	2.16	3,287,288	3,750,546
TOTAL		1,374,880,869	717,965,536

The accompanying Notes to Financial Statements
As Per Our Separate Report Of Even Dated Attached

For Jain Seth & Co.
Chartered Accountants
(Firm Reg. No. 002069W)

For and on behalf of the Board

Sd/-
Rajendra Saini
Partner
M. No. 049913
Place : Ahmedabad
Date : 16/08/2012

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

Twenty Fourth Annual Report 2011-2012

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31st MARCH, 2012

PARTICULARS	Note no.	CURRENT YEAR 31/03/2012	PREVIOUS YEAR 31/03/2011
I N C O M E			
a) Revenue from Operations	2.17	928,676,884	642,326,597
b) Other Income	2.18	103,006,838	54,208,773
TOTAL REVENUE		1,031,683,722	696,535,370
EXPENSES			
a) Cost of materials & components Consumed	2.19	790,719,676	598,078,855
b) Purchase of Stock-in-Trade	2.20	83,040,411	-
c) Manufacturing & Operating Costs	2.21	14,480,230	13,113,385
d) Employee Benefits Expenses	2.22	10,815,783	13,013,481
e) Finance Costs	2.23	3,997,990	7,011,754
f) Depreciation & Amortization Expenses	2.9	728,092	778,684
g) Other Expenses	2.24	64,540,174	9,113,716
TOTAL EXPENSES		968,322,356	641,109,875
PROFIT/(LOSS) BEFORE TAXS		63,361,366	55,425,495
TAX EXPENSES			
1) Current Tax	2.25	20,574,701	17,544,069
2) Deferred Tax		124,848	383,015
3) Taxes of earlier years		-	-
PROFIT/(LOSS) FOR THE YEAR		42,661,817	37,498,411
EARNING PER EQUITY SHARES : (Nominal value per share Rs. 10 : previous year Rs. 10)	2.27		
1 Basic		10.62	9.33
2 Diluted		10.62	9.33
Weighted average number of shares outstanding		4017254	4017254

The accompanying notes are an integral part of the financial statements

As Per Our Separate Report Of Even Dated Attached

For Jain Seth & Co.
Chartered Accountants
(Firm Reg. No. 002069W)

For and on behalf of the Board

Sd/-
Rajendra Saini
Partner
M. No. 049913
Place : Ahmedabad
Date : 16/08/2012

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

Particulars	CURRENT YEAR	PREVIOUS YEAR
A Cash Flow from Operating Activities		
- Net Profit before tax and extraordinary items	63,361,366	55,425,495
- Adjustment for :		
- Depreciation	728,092	778,684
- Operating Profit before Working Capital Changes	64,089,458	56,204,179
- Adjustments for :		
- Trade & Other Receivables	(284,762,487)	(217,980,446)
- Inventories	(371,789,635)	192,346,598
- Trade Payable & Other Liabilities	731,282,215	(75,381,116)
Cash Generated from operation	138,819,551	(44,810,785)
- Income Tax Paid	20,574,701	17,544,069
Net cash from operating activities	118,244,850	(62,354,854)
B. Cash Flow Arising from Investing Activities		
- Purchase of Fixed Assets	(279,838)	(3,655,863)
- Sale of Fixed Assets	113,052	3,077,163
Net Cash Inflow/ (outflow) in the course of investing Activities	(166,786)	(578,700)
C Cash flow from Financing Activities		
- Proceeds from Borrowings	(103,146,688)	43,360,516
- Dividend Proposed	(14,006,859)	(11,711,174)
Net cash (Outflow) in the course financing activities	(117,153,547)	31,649,342
Net Increase/Decrease in cash & Cash Equivalents (A+B+C)	924,517	(31,284,212)
Add Balance at the beginning of the year	1,058,713	32,342,925
Cash & Cash Equivalents at the close of the year Refer Note 2.14	1,983,230	1,058,713

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

As Per Our Separate Report Of Even Dated Attached

For Jain Seth & Co.

Chartered Accountants
(Firm Reg. No. 002069W)

Sd/-

Rajendra Saini

Partner

M. No. 049913

Place : Ahmedabad

Date : 16/08/2012

For and on behalf of the Board

Sd/-

Rajeev Reniwal

Director

Sd/-

Sweety Reniwal

Director

INDUCTO STEELS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

1 CORPORATE INFORMATION :

Inducto Steels Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on BSE (Bombay Stock Exchange) in India. The company is engaged in ship breaking/ ship recycling business.

During the year, the Company was engaged in the ship breaking business only and did not do any trading activity. However, as and when any surplus funds are available, the same is given on interest to other parties and also invested in the shares and securities to earn short term and long term capital gains.

1.1 BASIS OF PRESENTATION :

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

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

a) SIGNIFICANT ACCOUNTING POLICIES

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. Adoption of revised Schedule VI does not materially impact recognition and measurement principles followed for preparation of financial statements.

However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b) USE OF ESTIMATES :

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

c) TANGIBLE FIXED ASSETS :

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

asset.

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

d) DEPRECIATION ON TENGIBLE ASSETS :

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

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

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

e) IMPAIRMENT OF ASSTES :

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

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

f) BORROWING COSTS :

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

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

g) INVESTMENTS :

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

Investment in Partnership Firm as M/s. Jai Maa Durge Associates, as trade investment which shown at their book value at cost.

h) VALUATION OF INVENTORIES :

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

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

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

The inventory is valued at cost.

i) RECOGNITION OF INCOME AND EXPENDITURE :

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

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

j) FOREIGN CURRENCY TRANSACTIONS :

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

k) EXCISE DUTY & CENVAT :

Excise duty is chargeable on production but is payable on clearance of goods. Accordingly excise duty on the goods manufactured by the company is accounted for at the time of their clearance. Excise duty payable is adjusted against the Cenvat credits, to the extent it is available and balance duty is paid and debited to Revenue.

l) PROVISION FOR TAXATION :

Tax expense comprises both current and deferred tax.

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

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

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

m) RETIREMENT BENEFITS :

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

n) EARNING PER SHARE :

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

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

o) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS :

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and - a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

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

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

p) CASH & CASH EQUIVALENTS :

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

q) MEASUREMENT OF EBITDA :

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

1.2 NOTES FORMING PART OF THE ACCOUNTS :

- a) During the year, the Company was engaged in the ship breaking business and trading activity in ships and iron and steel. However, as and when any surplus fund are available, the same is given on interest to other parties and also invested in the shares and securities to earn short term and long term capital gains.
- b) In the opinion of the Management, the realisable value of the fixed assets of the company are much higher than the carrying cost and therefore, no provision for impairment is required to be made.
- c) The company has no information as to whether any of its suppliers constitute micro, small and medium enterprises as per Micro, Small and Medium Enterprises Development Act, 2006 and therefore the amount due to such suppliers has not been identified.
- d) The major components of the Deferred Tax Assets/Liabilities, based on the tax effect of the timing differences, as at 31st March 2012, are as under.

Particulars	31-March-2012	31-March-2011
Deferred Tax Liability on account of Depreciation	1,086,379	961,531
Deferred Tax Assets	-	-
Net deferred tax liability at the year end	1,086,379	961,531
Net deferred tax assets at the year end	-	-

- e) The company has taken lease right of the ship Breaking plot No. 45 Alang ship breaking yard. The consideration paid to GMB and party for which such plot has been taken over has treated as deferred revenue expenses and written off over the balance lease period.

- f) Income Tax assessment has been completed upto the year A. Y. 2009-10. The Management has an opinion that no Additional Liability will arise in the case of Pending Assessment.
- g) Sales tax assessment has been completed upto the year 2005-06. The Company does not anticipate any liability on account of the pending sales tax assessment
- h) In the opinion of the Board of Directors, Current Assets, Loans & Advances have a value of realisation at least equal to the amount at which they are stated in the Balance Sheet. Adequate provision have been made in the accounts for all the known liabilities.
- i) The Balance of Sundry Creditors, Sundry Debtors, Loans & Advances are unsecured, considered goods and subject to confirmation.
- j) Previous years figures have been regrouped/rearranged wherever necessary so as to make them comparable with current years figures.

2.1 SHARE CAPITAL

A. SHARE CAPITAL

PARTICULAR	As at 31st March, 2012		As at 31st March, 2011	
	Number	Amount	Number	Amount
AUTHORISED SHARE CAPITAL				
Equity Shares of Rs. 10/- each	5,500,000	55,000,000	5,500,000	55,000,000
	5,500,000	55,000,000	5,500,000	55,000,000
ISSUED, SUBSCRIBED & FULLY PAID UP				
Equity Shares of Rs. 10/- each fully paid	4,017,254	40,172,540	4,017,254	40,172,540
Amount received on forfeitted shares	741,200	7,412,000	741,200	7,412,000
	4,758,454	47,584,540	4,758,454	47,584,540

Note: The issued and paid-up capital include :

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

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

Equity Shares of	As at 31st March, 2012		As at 31st March, 2011	
	Number	Amount	Number	Amount
At the beginning of the year	4,017,254	40,172,540	4,017,254	40,172,540
Forfeitted shares	741,200	7,412,000	741,200	7,412,000
Add: Issue of Bonus Shares during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	4,758,454	47,584,540	4,758,454	47,584,540

C. Terms/rights attached to equity shares

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

During the year ended 31st March 2012, the amount of per share dividend recognized as distributions to equity share holders was Rs. 3 (31st March 2011: Rs. 2.50).

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

D. The details of shareholder holding more than 5% shares as at 31st March, 2012 and 31st March 2011 is set out below :

NAME OF SHAREHOLDER	As at 31 March 2012		As at 31 March 2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
1 Rajeev S Reniwal	237,526	5.91	237,526	5.91
2 Sweety R Reniwal	247,745	6.17	247,745	6.17
3 Rakesh Reniwal	1,483,388	36.93	1,483,388	36.93
4 Babita S Agarwal	203,100	5.06	203,100	5.06
5 Shardadevi Tekriwal	216,899	5.40	216,899	5.40

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

2.2 RESERVES & SURPLUS

Particulars	As at	
	31st March, 2012	31st March, 2011
A CAPITAL RESERVES		
Balance as per the last Financial Statements		
Amalgamation Reserve	94,824,920	94,824,920
Capital Subsidy From State Government	1,684,975	1,684,975
Closing Balance (A)	96,509,895	96,509,895
B GENERAL RESERVES		
Balance as per the last Financial Statements	5,639,477	639,477
Add : Current Year Transfer	5,000,000	5,000,000
Less : Written Back in Current Year	-	-
Closing Balance (B)	10,639,477	5,639,477
C SURPLUS IN THE STATEMENT OF PROFIT & LOSS		
Balance as per the last Financial Statements	101,283,009	80,495,772
Net Profit/(Net Loss) For the current year	42,661,817	37,498,411
Less : APPROPRIATIONS		
Proposed final equity dividend (amount per share Rs.3 (31st March 11 Rs. 2.5))	12,051,762	10,043,135
Tax on proposed equity dividend	19,55,097	1,668,039
Transfer to general reserve	5,000,000	5,000,000
Total Appropriations	19,006,859	16,711,174
Net Surplus in the Statement of Profit & Loss (C)	124,937,967	101,283,009
Total Reserve & Surplus (A+B+C)	232,087,339	203,432,381

2.3 LONG TERM BORROWINGS

Particulars	As at	
	31st March, 2012	31st March, 2011
TERM LOAN		
HDFC Car Loan (Secured by charges on Skoda Laura Car)	80,952	538,499
Total Secured Loan	80,952	538,499
Less: Amount disclosed under the head 'other current Liabilities (note 2. 7)	(80,952)	(457,547)
Total	-	80,952

Note : 1 The Company does not have any continuing default in repayment of loans and interest as at the reporting date (previous year nil)

2.4 DEFERRED TAX LIABILITIES

Particulars	As at	
	31st March, 2012	31st March, 2011
Deferred Tax Liabilities		
- Impact of difference between tax depreciation and depreciation charged for the financial reporting	1,086,379	961,531
Total	1,086,379	961,531

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

2.5 SHORT TERM BORROWINGS

Particulars	As at	
	31st March, 2012	31st March, 2011
SECURED		
(a) LOANS REPAYABLE ON DEMAND		
I Cash Credit facility from Banks (Secured by the first parri passu charge on Immovable Assets)	2,242,855	8,364,498
II Overdraft from Bank (Secured)	1,739,717	98,421,562
(A)	3,982,572	106,786,060

UNSECURED		
a) LOANS & ADVANCES		
From related parties	-	262,248
From other parties	-	-
(B)	-	262,248
Total	(A+B)	3,982,572
Notes:		
Details of the secured Short-term borrowings		
From Banks		
Indian Overseas bank 2567	2,024,839	555,283
Indian Overseas bank 7983	218,016	7,809,215
Overdraft from banks (secured)	1,739,717	98,421,562
Total	3,982,572	106,786,060

Cash credit from Indian Overseas Bank is primarily secured against Stocks, Receivables and other current assets of the company and collaterally secured by Land Plots and Residential Properties of Directors' Relatives. The same is also secured by personal guarantee of two directors and their two relatives. The cash credit is repayable on demand and carries interest @ 13.25% to 14.25% p.a

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

There is no stipulation as to repayment of loans & advances from relatives hence question of overdue amount as at March 31, 2012 does not arise.

2.6 TRADE PAYABLES

Particulars	As at	
	31st March, 2012	31st March, 2011
Trade Payables (Including Acceptances)		
Ship Creditors against Letter of Credit	990,099,140	343,840,799
Advance to Suppliers	-	325,000
Other Creditors	85,419,099	-
Total	1,075,518,239	344,165,799

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

Twenty Fourth Annual Report 2011-2012

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

2.7 OTHER CURRENT LIABILITIES

Particulars	As at	
	31st March, 2012	31st March, 2011
Current maturities of long-term borrowings (note 2. 3)	80,952	457,547
Other Liabilities		
Statutory Dues and other related dues	483,427	2,423,045
Other Payables	50,562	44,671
Total	614,941	2,925,263

2.8 SHORT- TERM PROVISIONS

Particulars	As at	
	31st March, 2012	31st March, 2011
Provision for Employee Benefits		
Contribution to Provident Funds	-	55,588
Others Provision		
Proposed equity dividend	12,051,762	10,043,135
Provision for tax on proposed equity dividend	19,55,017	1,668,039
Total	14,006,859	11,766,762

2.9 - TANGIBLE ASSETS

ASSETS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK		
	ASON 01.04.11	ADDITION DURING THE YEAR	DEDUCTIONS AS ON 31/03/2012	TOTAL 31/03/2012	ASON 01/04/11	RATE of Dep.	DEP. FOR YEAR	DEDUCTIONS ADJUSTMENTS WRITE BACK	TOTAL 31.03.12	ASON 31.03.2012	ASON 31.03.2011
Land	166,257	-	-	166,257	-	-	-	-	-	166,257	166,257
Flat	155,986	-	155,986	-	42,934	1.63	-	42,934	-	-	113,052
Factory Shed & Building	3,254,838	18,000	-	3,272,838	1,471,260	-	109,153	-	1,580,413	1,692,425	1,783,578
Bore-well	82,026	-	-	82,026	44,748	3.34	2,747	-	47,495	34,531	37,278
Plant & Machinery	790,032	-	-	790,032	253,944	4.75	37,629	-	291,573	498,459	536,088
Weight Bridge	209,450	-	-	209,450	86,179	4.75	9,976	-	96,155	113,295	123,271
Winch	651,380	-	-	651,380	278,674	4.75	31,025	-	309,699	341,681	372,706
Wire Rope	163,625	122,895	-	286,520	5,649	4.75	9,088	-	14,737	271,783	157,976
Crane	5,746,391	-	-	5,746,391	341,983	4.75	273,701	-	615,684	5,130,707	5,404,408
Office Equipments	277,857	-	-	277,857	105,648	4.75	13,234	-	118,882	158,975	172,209
Furniture & Fixtures	22,045	-	-	22,045	13,512	6.33	1,399	-	14,911	7,134	8,533
Car	2,352,113	-	-	2,352,113	532,749	9.50	224,063	-	756,812	1,595,301	1,819,364
Vehicle	104,430	87,832	-	192,262	23,778	9.50	14,017	-	37,795	154,467	80,652
Computers	22,250	-	-	22,250	22,250	16.21	-	-	22,250	-	-
Metal Detector	-	51,111	-	51,111	-	16.21	2,060	-	2,060	49,051	-
TOTAL	13,998,680	279,838	155,986.00	14,122,532	3,223,308		728,092	42,934	3,908,466	10,214,066	10,775,372
PREVIOUS YEAR	11,386,466	3,655,863	1,043,649.00	13,998,680	3,048,741		778,684	604,117	3,223,308	10,775,372	8,337,725

2.10 NON CURRENT INVESTMENTS

Particulars	As at	
	31st March, 2012	31st March, 2011
TRADE INVESTMENTS (Valued at cost unless otherwise stated)		
Investment In Partnership Firm *	1,147,883	1,147,883
Total	1,147,883	1,147,883
Details of investments in partnership firm		
Investment in JAI MAA DURGE ASSOCIATES- RAIPUR	Share of Capital	
Name of Partners	March 31, 2012	March 31, 2011
Inducto Steels Limited	50%	50%
Mr Vivek Agarwal	50%	50%

2.11 NON CURRENT LOANS & ADVANCES

Particulars	As at	
	31st March, 2012	31st March, 2011
SECURITY DEPOSITS (Secured & Unsecured considered goods, unless stated otherwise)		
Security Deposits	1,760,117	172,438
Total	1,760,117	172,438

2.12 INVENTORIES

Particulars	As at	
	31st March, 2012	31st March, 2011
Raw Material of Uncut Ship Stock	514,118,860	142,329,225
Total	514,118,860	142,329,225

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

Valuation of Stock

Uncut Ship Stock	Qty In M.T.	Rate	Value
Value Of Closing Stock of MV SUCCES POWER	4308.000	26,134.00	112,585,272
Value Of Closing Stock of MV GRACE	14342.000	27,997.00	401,533,588
Total	18650.000		514,114,860

2.13 TRADE RECEIVABLES

Particulars	As at	
	31st March, 2012	31st March, 2011
Trade receivables outstanding For a period less than six months from the date they are due for payment Considered good (A)	105,402,317 105,402,317	37,740,668 37,740,668
Trade receivables outstanding For a period exceeding six months from the date they are due for payment Considered good (B)	61,120 61,120	61,120 61,120
Total (A+B)	105,463,437	37,801,788

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

2.14 CASH & BANK BALANCES

a) Cash & cash Equivalents		
Balances With Banks		
- On current accounts	108,250	99,014
Cash on hand	1,874,979	959,698
Total	1,983,229	1,058,712

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

- State Bank of India	41,251	-
- Punjab National Bank (Mumbai)	13,954	19,194
- Punjab National Bank, Mumbai -ITCPL	12,075	13,170
- Punjab National Bank,(Bhavnagar)	24,873	49,458
- Punjab National Bank - Mumbai HIGPL	16,097	17,192
Total	108,250	99,014

Twenty Fourth Annual Report 2011-2012

2. 15 SHORT TERM LOANS & ADVANCES

Particulars	As at	
	31st March, 2012	31st March, 2011
UNSECURED-CONSIDER GOOD		
Loans & Advances To		
Related Parties	736,905,382	520,929,572
Others	607	-
Total	736,905,989	520,929,572

2. 16 OTHER CURRENT ASSETS

Deposits	-	-
Balance with Statutory/Government Authorities	530,589	2,049,270
Prepaid Expenses	118,981	126,203
Advance Income Taxes	2,637,718	1,575,073
Total	3,287,288	3,750,546

2. 17 REVENUE FROM OPERATIONS

Sale of Material Derived From Ship Breaking (Gross)	843,975,670	642,326,597
Traded Goods (High Seas Sales)	84,701,214	-
Total	928,676,884	642,326,597

2. 18 OTHER INCOME

Interest Received		
Bank Deposits	-	2,863,923
Other Parties	57,794,890	48,549,618
Dividend income on		
- Long-term investments	-	21,600
Net gain on sale of Long Term Investments	-	2,773,632
Profit on sales of Asstes	211,948	-
Other non Operating Income	45,000,000	-
Total	103,006,838	54,208,773

2. 19 COST OF RAW MATERIAL CONSUMED

Inventory at the Beiginning of the Year	142,329,225	334,675,823
Add: Ship Purchase for Recycling	1,162,509,311	405,732,257
	1,304,838,536	740,408,080
Inventory at the end of the Year	514,118,860	142,329,225
Cost of Raw Materials Consumed	790,719,676	598,078,855

2. 20 DETAILS OF PURCHASE OF TRADED GOODS

Particulars	As at	
	31st March, 2012	31st March, 2011
High Seas Purchase	83,040,411	-
Total	83,040,411	-

2. 21 MANUFACTURING UNIT

Oxygen Gas Expenses	6,962,224	5,573,591
LPG Purchases	5,391,329	4,220,292
Consumable Expenses	1,114,903	997,023
Power & Fuel Expenses	186,878	194,443
Plot Rent & Development Charges	614,248	1,705,139
Excise Expenses	1,768	-
Repair & Maintenance	52,634	338,734
Pollution Control Expenses	142,979	71,343
Other Manufacturing Expenses	13,267	12,820
Sub Total	14,480,230	13,113,385

2. 22 EMPLOYEE BENEFIT EXPENSES

Salaries & Wages	8,803,327	10,369,679
Bonus	1,760,665	1,946,799
Contribution to Provident Funds & Other Fund	47,428	253,293
Staff Welfare Expenses	9,120	295,548
Workmen Compensation	195,243	148,162
Total	10,815,783	13,013,481

2. 23 FINANCE COSTS

Bank Processing Charges & Commission	109,352	3,541,356
INTREST PAID TO		
Borrowing from other Parties	5,084	513,042
Borrowing from Bank	3,844,357	2,866,169
HDFC Car Loan	34,452	79,280
Late Payment of Sales Tax / TDS	4,745	11,907
Total	3,997,990	7,011,754

Twenty Fourth Annual Report 2011-2012

2. 24 OTHER EXPENSES

Particulars	As at	
	31st March, 2012	31st March, 2011
ADMINISTRATIVE EXPENSES		
Accounting Charges	60,000	-
Advertisement	3,465	4,948
Computer Charges	10,125	5,850
Demate Expenses	3,530	17,397
Donation	-	16,500
Fees & Subscription	80,944	130,152
Insurance	31,682	19,552
Legal & Professional Expenses	920,707	1,012,706
Listing Fees	29,781	24,366
Loss on Sale of Car	-	254,532
Net Loss on Foreign Currency Transaction	31,485,310	5,349,783
Office Rent	150,000	-
Office & General Expenses	16,835	59,683
Payment to Auditors*	56,180	49,635
Prior period Item #	70,480	-
Penalties on Statutory Dues	-	40,585
Printing & Stationery	28,335	32,645
Professional Tax	2,000	37,750
Rent, Rate & Taxes	-	86,452
Security Charges	31,155	-
Service Tax Expenses	58,274	31,786
Telephone Expenses	74,823	66,491
Travelling Expenses	600,143	633,371
Vehicle Running & Maintenance	262,215	258,885
Sub Total	33,975,984	8,133,069
SELLING EXPENSES		
Business Promotion	50,775	12,589
Brokrage & Commission Expenses	346,194	914,594
Freight Outward	30,500	

Sales Tax Expense	30,136,721	53,464
Sub Total	30,564,190	980,647
Total	64,540,174	9,113,716

*** PAYMENT TO AUDITOR****AS AUDITOR:**

Audit Fees	39,327	33,090
Tax Audit Fees	7,865	6,618
Limited Review	13,483	9,927
Total	60,675	49,635

PRIOR PERIOD ITEM

Professional Tax	70,480	-
Total	70,480	-

2.25 TAX EXPENSES

Current tax		
- Income taxes	20,574,701	17,544,069
Deferred taxes	124,848	383,015
Total	20,699,549	17,927,084

The current year's income tax expense varied from the amount of income tax expense determined by applying the applicable income tax rate of 30% (2011: 30%) to the profit/(loss) before income tax.

2.26 INFORMATION ABOUT QUANTITATIVE & ITS VALUES**1 Particulars of Finished Goods**

(InLacs)

a) Ship Breaking Division	Quantity MT		Value Rs.	
	31/03/12	31/03/11	31/03/12	31/03/11
Opening Stock	Nil	Nil	Nil	Nil
Sales	26,157.380	27,864.990	8,439.76	6,423.27
Closing Stock	Nil	Nil	Nil	Nil
b) High Seas Sales				
Opening Stock	Nil	Nil	Nil	Nil
Trading Sales	3491.740	Nil	847.01	Nil
Closing Stock	Nil	Nil	Nil	Nil

Twenty Fourth Annual Report 2011-2012

2 Value of Imported and indigenous Raw Materials consumed

Indigenous	3,491.74	-	830.40	-
Imported - Old Ships	29,109.600	31,085.260	7,907.20	5,980.79
	32,601.340	31,085.260	8,737.60	5,980.79
3 CIF Value of Imports				
Raw Material Ship Purchases	42,034.600	16,320.000	9,900.99	3,429.55
	42,034.600	16,320.000	9,900.99	3,429.55

2.27 EARNING PER SHARES

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

Particulars	As at	
	31st March, 2012	31st March, 2011
Profit after tax as per profit & Loss accounts	42,661,817	37,498,411
Add: Prior Period Adjustments	-	-
Less :Dividend on Preference Shares including dividend Tax	-	-
Net profit for calculation of Earning per shares	42,661,817	37,498,411
Weighted average No. of shares outstanding during the year	4,017,254	4,017,254
Weighted average No. of shares including to be issued	4,017,254	4,017,254
Basic Earning per shares	10.62	9.33
Dialuted earnings per share	10.62	9.33

2.28 RELATED PARTY TRANSACTIONS

a) Key Management personnel

i) Sweety Reniwal

b) Other related parties where there have been transactions:

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

i) Hariyana Ship Breakers Limited

ii) Hariyana Ship Demolition Private Limited

iii) Hariyana Air Product

The details of transaction with related parties

Nature of transactions	Key Management Personnel		Other related parties	
	31/03/12	31/03/11	31/03/12	31/03/11
INCOME				
SALES (NON EXCISES)				
Hariyana Air Product	-	-	64,050	630,000
	-	-	64,050	630,000
INTEREST INCOME				
Hariyana Ship Demolition Private Limited (Head Office)	-	-	19,288,310	-
Branch Office)	-	-	36,498,913	15,591,541
	-	-	55,787,223	15,591,541
HIGH SEAS PURCHASES				
Hariyana Ship Demolition Private Limited -	-	-	83,040,410	
	-	-	83,040,410	-
OXYGEN GAS PURCHASES				
Hariyana Air Product	-	-	5,330,661	1,765,535
	-	-	5,330,661	1,765,535
INTEREST PAID				
Hariyana Ship Breakers Limited	-	-	5,084	291,387
Hariyana Ship Demolition Private Limited (Head Office)	-	-	-	221,655
	-	-	5,084	513,042
ELECTRICITY CHARGES				
Hariyana Ship Breakers Limited	-	-	18,252	176,383
	-	-	18,252	176,383
RENT PAID				
Sweety R Reniwal	-	150,000	-	
	-	150,000	-	-
LOAN GIVEN				
Hariyana Ship Breakers Limited	-	-	277,332	67,637,260
Hariyana Ship Demolition Private Limited (Head Office)	-	-	1,855,145,903	895,180,001
(Branch Office)	-	-	391,422,248	893,393,927

Twenty Fourth Annual Report 2011-2012

LOAN TAKEN	-	-	2,246,845,483	1,856,211,188
Hariyana Ship Breakers Limited	-	-	-	67,901,508
Hariyana Ship Demolition Private Limited (Head Office)	-	-	1,135,600,000	894,980,512
(Branch Office)	-	-	945,192,742	323,624,820
	-	-	2,080,792,742	1,286,506,840

OUTSTANDING BALANCES AS ON MARCH 31, 2012

The details of transaction with related parties

Nature of transactions	Key Management Personnel		Other related parties	
	31/03/12	31/03/11	31/03/12	31/03/11
SUNDRY CREDITORS				
Hariyana Air Product	-	-	1,537,660	(630,000)
Hariyana Ship Demolition Private Limited	-	-	83,040,411	-
	-	-	84,578,071	(630,000)
LOAN TAKEN				
Hariyana Ship Breakers Limited	-	-	-	262,248
	-	-	-	262,248
LOAN & ADVANCE RECEIVED				
Hariyana Ship Demolition Private Limited (Head Office)	-	-	735,905,382	-
(Branch Office)	-	-	-	520,929,572
	-	-	735,905,382	520,929,572

2. 29 CONTINGENT LIABILITIES

CONTINGENT LIABILITIES & COMMITMENTS (TO EXTENT NOT PROVIDED FOR)

CONTINGENT LIABILITIES

- (A) The Company was required to pay excise duty based on the capacity of the furnace during the year 1997-98 and the company was paying the duty as per the capacity determined by the department based on the documents available with the company. However subsequently the department has revised the capacity of the furnace and raised a demand of Rs.45,98,354/- on the company, which the company has disputed and the matter is pending before of the CEGAT. Pending decision on the appeal of the company, as directed by the CEGAT, paid an amount of Rs.10 Lacs. The company is hopeful that the matter will be decided in favour of the company, hence no provision for the demand has been made in the accounts and in case the decision is against the company, the same will

be provided/accounted for in the year in which such a decision comes.

- (B) During the year , the Jt. Commissioner of Central Excise & Service Tax, Bhavnagar has raised a demand of Service Tax amounting to Rs. 17,63,750/- , penalty of an equal amount and interest applicable thereon in the case of matter pertaining to F Y 2005-06, vide their order dated November 30,2011. However, the company has disputed the demand and the matter is pending with appellate authorities. The company is hopeful that the matter will be decided in favour of the company , hence no provision for demand has been made in the books of accounts for the year and in case the final decision goes against the company, the same will be provided/accounted in the year in which matter is finalised by the competent authorities.
2. 30 The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act,1956. Consequent to the notification under the Companies Act,1956, the financial statements for the year ended 31st March, 2012 are prepared under revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification.

Signature to Note 1 to 2.30 forming part of the Balance Sheet & Statement of Profit & Loss A/c.

As Per Our Separate Report Of Even Date Attached

For Jain Seth & Co.

Chartered Accountants

(Firm Reg. No. 002069W)

Sd/-

Rajendra Saini

Partner

M. No. 049913

Place : Ahmedabad

Date : 16/08/2012

For and on behalf of the Board

Sd/-

Rajeev Reniwal
Director

Sd/-

Sweety Reniwal
Director

INDUCTO STEELS LIMITED

Regd. Office : 302, Sylverton Bldg., Ground Floor, 102, Wode House Road, Colaba, Mumbai-400 005.

ATTENDANCE SLIP

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

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

Folio No. _____ No. of Shares held _____

Name and Address of the Shareholders _____

I hereby record my presence at the 24th ANNUAL GENERAL MEETING of the Company held on Friday, the 28th day of September, 2012 at 12.30 p.m. at 302, Sylverton Bldg., Ground Floor, 102, Wode House Road, Colaba, Mumbai-400 005.

Signature of the Shareholder or Proxy*

* Strike out whichever is not applicable

INDUCTO STEELS LIMITED

Regd. Office : 302, Sylverton Bldg., Ground Floor, 102, Wode House Road, Colaba, Mumbai-400 005.

PROXY FORM

Folio No. _____ No. of Shares held _____

I/We _____ of _____ being a member/members of INDUCTO STEELS LIMITED, hereby appoint _____ of _____ or failing him _____ of _____ as my/our proxy to vote me/us and on my/our behalf at the 24th ANNUAL GENERAL MEETING to be held on Friday, the 28th day of September, 2012 at 12.30 p.m. at 302, Sylverton Bldg., Ground Floor, 102, Wode House Road, Colaba, Mumbai-400 005. or at any adjournment thereof.

Affix One
Rupees
Revenue
Stamp

Date this _____ day of _____ 2012.

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

GREEN INITIATIVE IN CORPORATE GOVERNANCE – ANNUAL REPORT IN ELECTRONIC FORM

Dear Shareholder,

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

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

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

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

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

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

Thanking You

For **INDUCTO STEELS LIMITED**

Sd/-

DIRECTOR

To,

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

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

Dear Sir,

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

Name of the Shareholder	
Folio No./ DP.ID & Client ID	
Email ID	
Phone Number	
ThankingYou	
Signature of the first named shareholder	