

INDUCTO STEELS LIMITED

CIN: L27100MH1988PLC194523

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

TWENTY SIXTH ANNUAL REPORT

<u>Board of Directors</u>	Rajeev Shantisarup Reniwal Sweety Rajeev Reniwal Yogesh Anantrai Thakkar Prashant Natwarlal Agarwal (Resigned w.e.f. 02-06-2014) Neela Samir Shah (Resigned w.e.f. 02-06-2014) Bhushanlal Behl
<u>Auditors</u>	P. D. Goplani & Associates Chartered Accountants A-104/105, Leela Efceee, Waghawadi Road, Bhavnagar – 364002
<u>Bankers</u>	Indian Overseas Bank 30/32, Tamarind House, Tamarind Lane, Fort, Mumbai – 400023.
<u>Branch Office</u>	Hariyana House, 2165/A-2, 2 nd Floor, Sanskarmandal Chowk, Bhavnagar – 364 002.
<u>Ship Breaking Yard</u>	Plot No. 45, Ship Breaking Yard, Alang, Dist : Bhavnagar
<u>Financial Year</u>	2013-2014
<u>Assessment Year</u>	2014-2015
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Go Green Today

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

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

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Annual General Meeting

Date : Tuesday, 30th September, 2014

Time : 09.30 a.m.

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

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INDUCTO STEELS LIMITED

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

CIN: L27100MH1988PLC194523

Web Site: www.hariyanagroup.com E-mail: contact@hariyanagroup.com

Tel.- 022 - 22043211 Fax- 022 - 22043215

NOTICE

Notice is hereby given that the TWENTY SIXTH ANNUAL GENERAL MEETING of the Members of INDUCTO STEELS LIMITED will be held on Tuesday, 30th September 2014 at the Registered Office of the Company at 156 Maker Chambers VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai 400021 at 9.30 a.m. to transact with or without modification(s) as may be permissible, the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Financial Statements comprising of Balance Sheet as at 31st March, 2014 and Profit and Loss Account for the Financial Year ended on that date together with the Report of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Mrs. Sweety Reniwal (DIN: 00041853), who retires by rotation and being eligible, offers herself for re- appointment.
3. To appoint M/s. P.D Goplani & Associates, Chartered Accountants, Firm Registration No 118023W as Statutory Auditors of the Company and to fix their remuneration.

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

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modifications or reenactment thereof for the time being in force) M/s. P.D.Goplani & Associates, Chartered Accountants, bearing Firm Registration No. 118023W, be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS :

4. To re-appoint Mr. Yogesh Thakkar (DIN: 00043588) as the Independent Director and in this regard to consider and if thought fit to pass with or without modification, the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modifications or reenactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Yogesh Thakkar (DIN: 00043588) who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 5 consecutive years for a term upto the conclusion of 31st Annual General Meeting of the Company in the calendar year 2019 not liable to retire by rotation."

5. To re-appoint Mr. Bhushanlal Behl (DIN: 03023697) as the Independent Director and in

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this regard to consider and if thought fit to pass with or without modification, the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modifications or reenactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Bhushanlal Behl (DIN: 03023697) who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 5 consecutive years for a term upto the conclusion of 31st Annual General Meeting of the Company in the calendar year 2019 not liable to retire by rotation."

6. To re-appoint Mr. Rajeev Reniwal (DIN: 00034264) as the Managing Director and in this regard to consider and if thought fit to pass with or without modification, the following resolution as Ordinary Resolution:

"RESOLVED THAT in accordance with the resolution passed in the previous Annual General Meeting held on 28th September 2012 and pursuant to provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014, approval of the Company be and is hereby accorded to ratify the re-appointment of Mr. Rajeev Reniwal (DIN: 00034264) as Managing Director of the Company who would be considered as a Key Managerial Person (KMP) for a period of Five years with effect from 01.09.2012, on the terms and conditions as passed in the Annual General Meeting dated 28.09.2012, with liberty to the Board to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. Rajeev Reniwal (DIN: 00034264), subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification or re-enactment thereof.

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profit during the term of Mr. Rajeev Reniwal (DIN: 00034264) acting as Managing Director, the remuneration payable to Mr. Rajeev Shantisarup Reniwal shall be paid as per the monetary ceiling prescribed under Schedule V to the Companies Act, 2013 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.

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

"RESOLVED THAT in supersession of the resolution passed under section 293(1)(d) of the Companies Act, 1956 at the Annual General Meeting of the Company held on September 30, 2011 and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, read with the Rules framed thereunder, as may be amended from time to time, the consent of the members of the company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time, any sum or sums of monies, which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the company's bankers in the ordinary course of business), may exceed the aggregate of the paid up capital of the Company

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and its free reserves, that is to say, reserves not set part for any specific purpose, provided that the total outstanding amount so borrowed shall not at any time exceed the limit of Rs. 500 Crores.

"RESOLVED FURTHER THAT the Board be and is hereby authorised and empowered to arrange or settle the terms and conditions on which all such monies, are to be borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may think fit and to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions, if any of the Companies Act, 2013 read with the Rules framed thereunder, as may be amended from time to time, consent of the members of the Company be and is hereby accorded to amend the Articles of Association of the Company by adopting Table F of Schedule I of the Companies Act, 2013.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things and give such directions as may be deemed necessary or expedient to give effect to this Resolution.

By Order of the Board

For **INDUCTO STEELS LIMITED**

Sd/-

Rajeev Shantisarup Reniwal
Chairman & Managing Director
(DIN: 00034264)

Place : Mumbai

Date: 23rd August, 2014

INDUCTO STEELS LTD.

NOTES :

(A) NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY FORM IS SENT HEREWITH.

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) MEMBERS AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, DULY COMPLETED AND SIGNED NOT LESS THAN FORTY - EIGHT (48) HOURS BEFORE THE ANNUAL GENERAL MEETING.

- (b) Corporate Members intending to send their authorised representatives to attend the meeting are requested to send to the company a certified copy of the board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
- (c) A Statement pursuant to the provisions of the Section 102 (1) of the Companies Act, 2013 in respect of special business to be transacted at the Meeting is annexed hereto.
- (d) The Register of Members and transfer register will remain closed from 20th September, 2014 to 30th September, 2014 (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) Shareholders, who still continue to hold shares in physical form, are requested to dematerialise their shares at the earliest and avail of the various benefits of dealing in securities in electronic / dematerialized form. The shareholders have the option to hold Company's shares in demat form through the National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL).
- (g) Members who have not encashed their dividend warrant for FY 2008-2009, FY 2009-2010, FY 2010-2011, FY 2011-2012 and FY 2012-2013 are requested to make their claim to the Company / Registrar and Share Transfer Agent immediately. Members are requested to lodge Share Transfer documents and all other correspondence and queries relating to Share Transfer, Share Certificates, Change of Address etc., at the Office of Registrar & Share Transfer Agent. The relevant address of Registrar and Share Transfer Agent is as under:

Contact Person: Mr. Shashikumar

Sharex Dynamic (India) Pvt. Ltd

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

Ph: 022 - 28515606, 022 - 28515644 Fax: 022 - 28512885 Email : info@sharexindia.com

- (h) 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.
- (i) Shareholders seeking information with regard to Accounts are requested to write to the

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Company at an early date so as to enable the management to keep the information ready.

- (j) The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in the electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
- (k) Electronic copy of the Annual Report is being sent to all the members whose email IDs are registered with the Company / depository Participant for communication purposes unless any member has requested for a hard copy of the same. For the Members who have not registered their email address, physical copies of the Annual report is being sent in the permitted mode.
- (l) 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.
- (m) Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote at 26th Annual General Meeting by electronic means. The Members whose names appear in the Register of Members / list of Beneficial Owners as on are entitled to vote on the resolutions set forth in this Notice. Members who have acquired shares after the dispatch of the Annual Report and before the book closure may approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means. The Members desiring to vote through electronic mode may refer to the detailed procedure on evoting given hereafter.

By Order of the Board

For **INDUCTO STEELS LIMITED**

Sd/-

Rajeev Shantisarup Reniwal
Chairman & Managing Director
(DIN: 00034264)

Place : Mumbai
Date: 23/08/2014

INDUCTO STEELS LTD.

DIRECTORS' REPORT

To,
The Members
Inducto Steels Limited

The Directors are pleased to present the 26th Annual Report of the Company together with the Audited Annual Accounts of the Company for the year ended 31st March, 2014.

Financial Results:

(Rs in Lacs)

	2013-14	2012-13
Sales/Revenue From Operation	35,736.44	14,297.86
Add: Other Income	1,973.39	1,408.07
Total Revenues	37,709.84	15,705.93
Profit before Finance Cost, Depreciation & Tax	1,165.91	939.36
Less: Finance Cost	542.25	97.34
Less: Depreciation	10.09	7.36
Profit before Tax	613.57	834.67
Less: Provision for Current Tax	202.92	279.23
: Provision for Deferred Tax	5.96	(1.60)
Profit after tax	404.69	557.04
Add: Balance brought forward from the previous year	1,621.99	1,249.38
Balance Available for Appropriation	2,026.68	1,806.42
Which the Directors have apportioned as under to:-		
a) Proposed Dividend on Ordinary Shares	-	140.60
b) Dividend Distribution Tax thereon	-	22.81
c) Transfer to General Reserve	-	21.01
Total apportioned	-	184.43
Balance to be carried forward	2,026.68	1,621.99
Earnings Per Share (Face Value Rs.10/-) -Basic and Diluted	10.07	13.87

Keeping in view the good market potential, the company carried out its Ship Breaking activities and trading activities in ferrous and non-ferrous metals on a full scale during the year and it is resulted in the increase in the Sales Performance of the company. During the year 2013-14, the company has scaled new heights in terms of Sales. Turnover for the year was Rs. 357.36 Crores as against Rs. 142.98 Crores in the previous year. PAT for the year was at Rs. 4.04 Crores as against Rs. 5.57 Crores last year. Due to fluctuation in the prices of old ship in the international market and dollar exchange rate fluctuations, the company has not been able to optimize Net profit even though there is an increase in Gross Revenue during the year. The Directors are hopeful that there will be even more improvement in sales and profit margin in the coming year.

Dividend :

The Directors have not proposed payment of dividend on Equity Shares for the Financial Year 2013-14 with regard to requirement of the funds in the business of the company.

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Prospects for the coming year :

During the financial year 2014-15, ship-breaking unit at Alang Ship Breaking Yard has shown stable performance in terms of Sales, moreover, the industry is still in its booming trend is expected to perform better in coming years. During the year the company also resumed its business activities in Trading unit of the company has done tremendously well during the year and the trend is expected to continue in the coming years. The overall scenario of iron and steel is still very positive and it is hoped that the growth story of the unit shall be sustained in the coming years. Overall, since the prices of iron and Steel having been reasonably stabilized and the inventory levels of the company and its market position, both the segments of the company, viz. Ship Breaking and Trading, are expected to see major increase in terms of Gross Revenues and Net profit Margins in the coming year.

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

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

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

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

Management Discussion and Analysis

Provided in Annexure – B forming part of this report

Directors' Responsibility Statement

Provided in Annexure – C forming part of this report

Corporate Governance :

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

Board of Directors :

In accordance with the provisions of the Companies Act, 1956, read with the Articles of Association of the Company, Mrs Sweety Reniwal (DIN : 00041853) who retires by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer them for re-appointment. Necessary resolutions are being placed before the shareholders for approval.

Auditor's Observation/qualification :

The observation/qualification of the auditors are based on the facts stated in the schedules of notes and members are requested to refer to the Note no. 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. P.D. Goplani & Associates, Chartered Accountants, the Statutory Auditors of the Company retires at the ensuing Annual General Meeting. The company has received confirmation and their eligibility and willingness to accept office from M/s. P.D. Goplani & Associates, Chartered Accountants, if re-appointed. They have given a certificate to the effect that the appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Your Directors recommend their appointment.

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

Particulars of Employees :

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

Acknowledgement :

Your Directors express their gratitude to all the Shareholders, Investors, Customers, Suppliers and Bankers for their continued support and guidance. 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.

By Order of the Board
For **INDUCTO STEELS LIMITED**

Sd/-

Rajeev Shantisarup Reniwal
Chairman & Managing Director
(DIN: 00034264)

Place : Mumbai
Date: 23/08/2014

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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, 2014.

A. Conservation of Energy :

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

B. Technology Absorption :

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

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

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

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

C. Foreign Exchange Earnings and Outgo

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

By Order of the Board
For **INDUCTO STEELS LIMITED**

Sd/-
Rajeev Shantisarup Reniwal
Chairman & Managing Director
(DIN: 00034264)

Place : Mumbai
Date: 23/08/2014

ANNEXURE – B

Management Discussion and Analysis

a) Overview :

The company is now a diversified company with the continuation of its ship breaking activities and trading in ferrous and non ferrous metals, coal, aluminum foil etc.

During the Year 2013-14, witnessed frequent fluctuation in the prices of old ship in the international market and also heavy dollar exchange rate fluctuations. This has adversely affected the profit margins of the company. However, the prices in Iron and steel industry are gradually getting stabilized, but the company has trade liabilities in foreign currency and depreciation in value of Indian Rupee vis-à-vis US Dollar remains a concerning area for the company even in the current year. The management is exercising caution in purchase of ships for breaking to optimize the profit margin and minimize the possibilities of losses, if so happens.

Whenever, there is no immediate payment liability against old ship purchased for breaking, the surplus funds available with the Company are given as loan on short term basis and also invested in the market for earning interest/short term capital gain. The Company is hopeful that the Company can earn reasonable return on this loans/investment. Surplus funds are also invested in new avenues of earnings in the form of partnership with other entities like in Real Estate and Redeveloping firms. At present the Company has partnership with M/s Calvin Divine Enterprises with 20% share. The management is hopeful that the Company can earn reasonable return on this investment.

b) Segmental Review :

During the financial year 2013-14, ship-breaking unit at Alang Ship Breaking Yard has not shown a growth, however, the ship breaking unit is expected to grow substantially in coming years. Due to fluctuating and volatile prices of old Ships, Iron and Steel products coupled with depreciation in value of Indian Rupee vis-à-vis US Dollar during the year, the net profit margins of this segment has been affected. The trading unit of the company has done tremendously well during the year and the trend is expected to continue in coming year also.

i) Ship breaking:

As has been stated in the out-look, due to boom in the availability of old ships in the international market, the company's ship breaking unit at Alang Ship Breaking Yard, Bhavnagar was fully operational throughout the year. During the year company has achieved sales turnover of Rs. 10,172.99 lacs as against 10,646.19 lacs last year. During the financial year 2013-14, ship-breaking unit at Alang Ship Breaking Yard has not shown a growth, however, the ship breaking unit is expected to grow substantially in coming years. Due to fluctuating and volatile prices of old Ships, Iron and Steel products coupled with depreciation in value of Indian Rupee vis-à-vis US Dollar during the year, the net profit margins of this segment has been affected. Though the year under review saw fluctuation in the international market of old ships coming for breaking, the management was very cautious and purchased ships at proper time and built a good level of inventories to earn better profits in coming years. Now the market has stabilized and taking into account the inventory level of the company as at the year end, it is hoped that the turnover and the profitability will show a an increase in the coming years.

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ii) Trading :

During the financial year 2013-14, the trading unit has attained 6 times growth in terms of sales turnover. The trading segment has achieved sales turnover of Rs. 25,563.44 Lacs as against Rs. 3,651.66 lacs last year. The management is of the view that the iron and steel sector is doing very well and with the expected boost in the economy the requirement of steel is slated to increase and the unit will also move further towards its sustained path of growth.

Segment Results :

Particulars	Trading Unit	Ship-Breaking	Total
a) External Sales/Revenue	25,563.45	10,172.99	35,736.44
Inter segment Sales/Revenue	(432.09)	432.09	-
Total Revenue	25,131.35	10,605.09	35,736.44
b) Segment Results Before Interest and Taxes	2,288.41	(1,132.59)	1,155.82
c) Segment results as a % of total	197.99%	(97.99)%	100.00%
d) Segment Assets	23,916.55	991.40	24,907.96
e) Segment Liabilities	12,930.59	8,382.34	21,312.93

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 throughout the year. Now the market has stabilized and taking into account the inventory level of the company as at the year end, it is hoped that the turnover and the profitability will show a an increase in the coming years.

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

d) Financial Review and analysis :

Performance	2013-14	2012-13
Gross Turnover	35,736.44	14,297.86
Net Turnover	35,736.44	14,297.86
Other income	1,973.39	1,408.07
Total Expenditure	36,543.93	14,766.57
Operating Profit (PBIDT)	1,165.91	939.36
Interest	542.25	97.34
Gross Profit (PBDT)	623.66	842.02
Depreciation	10.09	7.36
Profit before tax	613.57	834.67
Provision for current Tax	202.92	279.23
Deferred tax	5.96	(1.60)
Net Profit after Tax	404.69	557.03

e) Cash Flow Analysis :

Particulars	2013-14	2012-13
- Profit after Tax but before Depreciation	420.74	562.79
- (Increase)/Decrease in Net Working Capital	(3,990.09)	(1,691.68)
- Net Cash Flow from Operating Activities	(3,569.35)	(1,128.89)
- Payment for Acquisition of Assets (Net)	(34.17)	2.67
- Cash Outflow from Financing Activities	3,613.38	1,156.13
- Net Cash Inform/(Outflow)	9.86	29.91

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 up to 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 2013-14, further major down / up ward trend in the price of iron and steel is not expected.

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

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ANNEXURE – C : Directors' Responsibility Statement

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

- a) The financial statements have been prepared in conformity, in all material respects, with the Generally Accepted Accounting Principles in India and the Accounting Standards prescribed by the Institute of Chartered Accountants of India in a consistent manner and supported by reasonable and prudent judgments and estimates. The Directors believe that the financial statements reflect true and fair view of the financial position as on 31.3.2014 and of the results of operations for the year ended 31.3.2014.

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

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

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

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

Annexure –D : Report on Corporate Governance

1. Company's philosophy on Code of Corporate Governance :

Inducto Steels Limited believes in maintaining the highest standards of Corporate Governance. It is our Company's constant endeavour to adopt best Corporate Governance practices and provide oversight and guidance to the management in strategy implementation, risk management and fulfillment of stated goals.

Our Company is in compliance with the corporate Governance guidelines as stipulated under various clauses especially clause 49 of the Listing Agreement entered into with stock exchange. A report on the matter mentioned in the said clauses and the practices followed by the Company is detailed below.

2. Board of Directors ('Board') :

Composition of the Board

The Present the Board comprises of 4 members. Mr. Prashant Agarwal (DIN 00074416) AND Mrs. Neela Shah (DIN 03018067) resigned on June 2, 2014. For the Financial year 2013-14, the board consisted of Six (6) Members. Mr. Rajeev Reniwal (DIN-00034264) and Mrs. Sweety Reniwal (DIN-00041853) are the Promoters and Non-Executive Directors and the others three Directors of the Company are Independent with Mr. Prashant Agarwal (DIN-00074416) being Non-Executive. Mr. Rajeev Reniwal (DIN-00034264) is the Chairman of the Board. The composition of the Board of Directors of the Company is in accordance with the provisions of Clause 49 of the Listing Agreement as amended up till date.

Membership, Attendance & Other Directorships :

Membership and Attendance of each Director at the Board of Directors' Meetings and the last Annual General Meeting and the number of other Directorship and Chairmanship/ Membership of Board Committees (as on 31st March 2014):

Name of Directors	Category of Directorship	*No. of other Directorships		No. of Committee Memberships##	
		Public	Private	Public	Private
Mr. Rajeev Reniwal (DIN-00034264)	Promoter, Chairman, Managing Director	Nil	3	Nil	Nil
Mrs. Sweety Reniwal (DIN-00041853)	Promoter & Non Executive Director	Nil	5	Nil	Nil
Mr. Prashant Agarwal (DIN-00074416) \$	Non - Executive Director	1	4	Nil	Nil
Mr. Yogesh Thakkar (DIN-00043588)	Non-Executive Independent Director	Nil	Nil	Nil	Nil
Mrs. Neela Shah (DIN-03018067) \$	Non-Executive Independent Director	Nil	Nil	Nil	Nil
Mr. Bhushanlal Behl (DIN-03023697)	Non-Executive Independent Director	Nil	Nil	Nil	Nil

* Excludes Alternate Directorships, Directorships in Section 8 Companies and Foreign Companies.
\$ Mrs. Neela Shah and Mr. Prashant Agarwal resigned w.e.f 02.06.2014

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.

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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, 2014, there were in total 11 (Eleven) Board Meetings which were held on 09/04/2013, 06/05/2013, 29/05/2013, 10/06/2013, 15/07/2013, 12/08/2013, 03/09/2013, 15/12/2013, 08/01/2014, 12/02/2014 and 20/03/2014 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 the Director	Relationship with other Directors	No. of Board Meetings		Attended Last AGM
		Held	Attended	
Mr. Rajeev Reniwal (DIN-00034264)	Husband of Mrs. Sweety Reniwal	11	11	Yes
Mrs. Sweety Reniwal (DIN-00041853)	Wife of Mr. Rajeev Reniwal	11	11	Yes
Mr. Prashant Agarwal (DIN-00074416)	Brother in law of Mr. Rajeev Reniwal	11	No	No
Mr. Yogesh Thakkar (DIN-00043588)	# #	11	No	No
Mr. Neela Shah (DIN-03018067)	# #	11	No	No
Mr. Bhushanlal Behl (DIN-03023697)	# #	11	No	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 2014 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:

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Mrs. Sweety Reniwal :

Mrs. Sweety Reniwal aged 40 years, provides guidance in respect of the overall administration of the company's activities. She is a Director on the Board of the following companies:

Name of Company	Designation	Chairman/Membership of Audit Committee/Shareholder's/ Investor's Grievance Committee of the Board
Valentine Properties Private Limited	Director	Nil
Blackstone Properties Private Limited	Director	
Reniwal Properties Private Limited	Director *Resigned w.e.f 02.06.2014	
Aplomb Real Estate Private Limited	Director	
Reniwal Business Properties Private Limited	Director	

She holds 327,745 shares in the Company.

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 (DIN-00043588) as Chairman of the Committee, Mrs. Neela Shah (DIN-03018067) and Mr. Bhushanlal Behl (DIN-03023697) 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 2014 :

The Committee met 10 (Ten) times during the year under review. The said meetings were held on 09/04/2013, 19/04/2013, 04/05/2013, 13/05/2013, 22/07/2013, 12/08/2013, 12/10/2013, 22/10/2013, 12/11/2013 and 12/02/2014 respectively.

Sr. No.	Name of Director	Designation	No. of meetings attended
1.	Mr. Yogesh Thakkar (DIN-0043588)	Chairman	10
2.	Mrs. Neela Shah (DIN-03018067)	Member	10
3.	Mr. Bhushanlal Behl (DIN-03023697)	Member	10

Terms of Reference

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

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.

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- 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.

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 (DIN-00074416) as Chairman and Shri Bhushanlal Behl (DIN-03023697) and Shri Yogesh Thakkar (DIN-00043588) 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.

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4. Composition and attendance during the financial year ended 31st March 2014 :

Pursuant to Clause 49 (VI) of the Listing Agreement, the Committee met 6 (Six) times during the financial year ended on 31st March, 2014 to review, to approve matters related to Shares, etc. The said meetings were held on 12/04/2013, 19/04/2013, 02/09/2013, 22/10/2013, 08/01/2014 and 16/01/2014 respectively.

Sr. No.	Name of Director	Designation	No. of meetings attended
1.	Shri Prashant Agrawal (DIN-00074416)	Chairman	6
2.	Shri Bhushanlal Behl (DIN-03023697)	Member	6
3.	Shri Yogesh Thakkar (DIN-00043588)	Member	6

The Company has appointed Mr. Shantisarup Reniwal (DIN- 00040355) 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, 2014. The Company had not received any complaint from shareholders/investors during the year.

5. Cost Audit :

The company has appointed M/s. Kewlani & Associates, Cost Accountants, (Membership No. 32543), Ahmedabad, as cost auditors of the company for conducting Cost Audit as per the Companies (Cost Accounting Records) Rules 2011

6. Subsidiary Companies :

The Company does not have any Subsidiary Company.

7. 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.

8. 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.

9. Annual General Meetings :

Location and time where last three Annual General Meetings held:

Location	Date	Time
Registered Office: 302, Sylverton Building, 102, Wodehouse Road, Colaba, Mumbai – 400005	30.09.2011	12.00 Noon.
	28.09.2012	12.30 P.M.
Registered Office: 156 Maker Chambers Vi, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai - 400021	30.09.2013	10.30 A.M.

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

- a) 23rd AGM held on 30th September, 2011: NONE
- b) 24th AGM held on 28th September, 2012:
 - a. Increase in the borrowing limits
 - b. For appointment of Managing Director and Payment of Remuneration to Mr. Rajeev Reniwal.
 - c. For Payment of Remuneration to Other Non-Executive Directors
- c) 25th AGM held on 30th September, 2013: 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 2013-14

10. Disclosures :

a) Related party transactions :

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

b) Accounting Treatment :

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

c) Risk Management :

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

d) Remuneration of Directors :

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

e) Management Discussion and Analysis Report :

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

f) Shareholders :

Whenever a new Director is appointed, brief resume, his experience and expertise, his directorship and membership of committees and Board and shareholding of Non

Executive Directors etc are disclosed in the relevant section of the Corporate Governance Report included in the Annual Report.

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

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

h) Whistle Blower Policy :

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

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

11. Means of Communication :

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

12. General Shareholders information :

a) 26th Annual General Meeting will be held at 9.30 a.m. on Tuesday 30th September, 2014 at the Registered Office of the Company.

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

For the financial year ending on 31st March, 2015 results will be announced tentatively:

First Quarter Results	:	On or around 15 th August 2014
Second Quarter Results	:	On or around 15 th November, 2014
Third Quarter Results	:	On or around 15 th February 2015
Fourth Quarter Results	:	On or around 15 th May 2015

c) Date of Book Closure: 20th September, 2014 to 30th September, 2014 (both days inclusive).

d) Postal Ballot Papers :

The Board of Directors have decided to opt for the following agenda for approval of shareholder by special resolution through postal ballots:

1. Create a charge on the assets of the Company

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2. To make investments and to provide loan, give securities, guarantee in excess of 60% of the aggregate of the paid-up share capital and free reserves and/or upto 100% of free reserves of the Company as per the limits prescribed under section 186 in the bodies corporate as they may in their absolute discretion deem beneficial and in the interest of the Company subject to the maximum aggregate amount not exceeding Rs. 500 Crores at any time together with the existing loans, securities, guarantees and investments;
3. Addition in the Main Object Clause of the Company by diversifying the Business in Real Estate Sector too.

The Postal ballot papers have been already dispatched to the shareholders. 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 5.00 p.m. on Wednesday, the 1st Day of October 2014.

The e-voting facility has also been granted to the Members and the directors for evoting have also been provided to the shareholders. 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 Company Secretary for issue of duplicate postal ballot form or alternatively send a scanned copy of such application by way of an email to contact@hariyanagroup.com. However, the duly filled in duplicate postal Ballot Form should reach the Scrutinizer not later than 5.00 p.m on Wednesday, the 1st day of October, 2014

e) Listing on stock exchange :

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

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

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

Month	Scrip Movement		No. of Shares
	High	Low	
	Price	Price	
April-13	36.50	31.10	4,017
May-13	38.85	32.45	3,245
June-13	38.10	34.50	2,880
July-13	35.50	31.50	13,784
August-13	35.00	30.45	1,840
September-13	43.10	33.50	24,375
October-13	39.00	35.75	4,462
November-13	36.10	34.20	11,276
December-13	34.95	30.45	6,815
January-14	33.45	28.60	13,846
February-14	34.70	31.00	1,682
March-14	37.70	33.35	82,222

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



- h) 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

- i) 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.

- j) Distribution of shareholding :

DISTRIBUTION SCHEDULE ON NUMBER OF SHARES/DEBS -As On :31-Mar-2014				
SHARES (OR DEBENTURES)	NUMBER OF HOLDERS	(%) OF HOLDERS	TOTAL SHARES (OR DEBS)	% OF SH/DB
UPTO TO 100	171	34.27	7714	0.19
101 TO 200	58	11.62	10426	0.26
201 TO 500	154	30.86	68019	1.69
501 TO 1000	48	9.62	39449	0.98
1001 TO 5000	39	7.82	77950	1.94
5001 TO 10000	6	1.20	45423	1.13
10001 TO 100000	15	3.01	871675	21.70
100001 TO ABOVE	8	1.60	2896598	72.10
** TOTAL **	499	100.00	4017254	100.00

- k) Details of Shares held by Directors as on 31st March 2014 :

Name of Directors	No. of Equity Shares Held
Rajeev Reniwal (DIN-00034264)	237526
Sweety Reniwal (DIN-00041853)	327745
Prashant Agrawal (DIN-00074416)	Nil
Yogesh Thakkar (DIN-00043588)	Nil
Neela Shah (DIN-03018067)	Nil
Bhushanlal Behl (DIN-03023697)	Nil

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Statement Showing Shareholding Pattern as on 31-03-2014 :

Name of the Company : INDUCTO STEELS LIMITED								
Scrip Code : 532001			As on 31 st March 2014					
Category Code	Category of Shareholder	Number of Shareholders	Total Number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of 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 Group ²							
1	Indian							
a	Individual/Huf	14	2604754	2597354	64.839	64.839	1500090	57.590
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
e-1		0	0	0	0.000	0.000	0	0.000
e-2		0	0	0	0.000	0.000	0	0.000
	Sub Total(A)(1)	14	2604754	2597354	64.839	64.839	1500090	57.590
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	Qualified For.Inv.	0	0	0	0.000	0.000	0	0.000
e	Any Other Specify	0	0	0	0.000	0.000	0	0.000
e-1		0	0	0	0.000	0.000	0	0.000
e-2		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	2604754	2597354	64.839	64.839	1500090	57.590
(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	Qualified For.Inv.	0	0	0	0.000	0.000		
i	Any Other -Specify	0	0	0	0.000	0.000		
i-1		0	0	0	0.000	0.000		
i-2		0	0	0	0.000	0.000		
	Sub-Total (B)(1)							
B 2	Non-institutions							
a	Bodies Corporates	22	14819	14819	0.369	0.369		
b	Individuals							
	i) upto Rs 1-Lac	444	222303	169503	5.534	5.534		
	ii) above Rs1-Lac	13	1173284	1173284	29.206	29.206		
c	Qualified For.Inv.	0	0	0	0.000	0.000		
d	Any Other -Clr-Mem	0	0	0	0.000	0.000		
d-1		0	0	0	0.000	0.000		
d-2		0	0	0	0.000	0.000		
	-OCB	0	0	0	0.000	0.000		
	-NRI	6	2094	2094	0.052	0.052		
	Sub-Total (B)(2)	485	1412500	1359700	35.161	35.161		
(B)	Total (B)=(B)(1)+(B)(2)	485	1412500	1359700	35.161	35.161		
	TOTAL (A)+(B)	499	4017254	3957054		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)	499	4017254	3957054		100.000	1500090	37.341

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l) Dematerialization of shares and liquidity :

As on 31st March, 2014, Equity Shares of the Company are held in dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited, which constitutes 98.51% 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 2014.

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

Registered & Corporate Office Address:	Ship Breaking Yard
156 Maker Chambers VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai – 400021 PhoneNo.: 022-22043211 Fax No.: 022-22043215 Email: contact@hariyanagroup.com	Plot No.45, Ship Breaking Yard Alang, District : Bhavnagar Gujarat - -364001

13. Compliance Certificate of the Auditors :

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

For & on behalf of the Board of Directors

INDUCTO STEELS LTD.

Sd/-

Rajeev Reniwal(DIN-00034264)

Chairman & Managing Director

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

To
The Board of Directors
Inducto Steels Ltd.
156 Maker Chambers VI,
220 Jamnalal Bajaj Marg,
Nariman Point,
Mumbai – 400021

We hereby certify that for the financial year, ending 31st March 2014 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.

For & on behalf of the Board of Directors
INDUCTO STEELS LTD.

Sd/-

Rajeev Reniwal(DIN-00034264)
Chairman & Managing Director

Place: Mumbai
Date: August 23, 2014

INDUCTO STEELS LTD.

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, 2014.

For & on behalf of the Board of Directors

INDUCTO STEELS LTD.

Sd/-

Rajeev Reniwal(DIN-00034264)
Chairman & Managing Director

Place: Mumbai

Date: August 23, 2014

To

The Members of
Inducto Steels Limited
Mumbai

We have examined the compliance of conditions of Corporate Governance by Inducto Steels Limited (the Company) for the financial year ended on 31st March 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange. The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company to ensure compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

We state that in respect of investor grievances received during the year ended on March 31, 2014, no investor grievances are pending against the Company for more than one month as per records maintained by the Company and presented to the Investor Grievance / Share Transfer Committee.

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

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

Sd/-

CA Prem Goplani
Partner

Membership No.103765

Place : Mumbai

Date : August 23, 2014

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P. D. GOPLANI & ASSOCIATES
Chartered Accountants

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

AUDITOR'S REPORT

To:

The Members

INDUCTO STEELS LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **INDUCTO STEELS LIMITED** (the company), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

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

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 1. As required by the Companies (Auditor's Report) Order, 2003 (the Order) issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by Section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 except **AS-15 for non provision for gratuity and long terms employee benefits.**
 - e) On the basis of the written representations received from the directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of Section 274(1) (g) of the Act.

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

Sd/-

CA Prem Goplani
Partner
Membership No.103765

Place: Bhavnagar
Date: 22nd May, 2014

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ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 1 under the heading of "report on other legal and regulatory requirements" of our report of even date

i)		In respect of its fixed assets:
	a)	The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
	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)		In respect of its inventories:
	a)	The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
	b)	In our opinion and according to the information and explanations given to us, 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 has maintained proper records of the inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
iii)		In respect of the loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
	a)	The Company has granted unsecured loan to one company. The transaction with the company have been maintained on Current Account basis and is recoverable on demand, Rs. 43.74 crores is receivable at the year end.
	b)	In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans given by the Company, are not prima facie prejudicial to the interest of the Company.
	c)	The principal amounts are repayable over a stipulated period of time, while the interest is payable annually, both at the discretion of the Company.
	d)	In respect of the said loans and interest thereon, there are no overdue amounts.
	e)	The Company has not taken any loan during the year from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of Clauses (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable.
iv)		In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.
v)		In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:

INDUCTO STEELS LTD.

	a)	In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in 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 / arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lacs in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.			
vi)		According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.			
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 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)		In respect of statutory dues:			
	a)	According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, and other material statutory dues have been generally regularly deposited with the appropriate authorities.			
	b)	According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2014 for a period of more than six months from the date of becoming payable.			
	c)	According to the information and explanations given to us, the company has not paid/ deposited Income Tax, Sales tax and central excise duty as detailed below on account of dispute.			
		Amount	Nature of payment	Related period	Pending with
		9,62,810.00	Income Tax	AY : 2006-07	CIT (A) - Circle 41
		3,79,808.00	Income Tax	AY : 2009-10	CIT (A) - Circle 41
		30,89,730.00	Income Tax	AY : 2010-11	Appellate Tribunal
		14,51,040.00	Income Tax	AY : 2011-12	CIT (A) - Circle 38
x)		The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.			
xi)		In our opinion and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.			

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xii)	In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company 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 / nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
xiv)	The Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of Clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 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.
xvi)	As per the information and explanation given to us the company has applied the term loan for the purpose for which the loan was obtained.
xvii)	According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
xviii)	The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
xix)	According to the information and explanations given to us, during the period 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)	In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

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

Sd/-

CA Prem Goplani
Partner
Membership No.103765

Place: Bhavnagar
Date: 22ND May 2014

INDUCTO STEELS LTD.

BALANCE SHEET AS ON 31st MARCH, 2014

PARTICULARS	Note no.	CURRENT YEAR 31/03/2014	PREVIOUS YEAR 31/03/2013
I EQUITY AND LIABILITIES			
SHARES HOLDERS FUND			
(a) Share Capital	2.1	47,584,540	47,584,540
(b) Reserves & Surplus	2.2	311,918,377	271,449,438
2 SHARE APPLICATION MONEY PENDING			
3 NON-CURRENT LIABILITIES			
(a) Long-Term Borrowings	2.3	2,409,239	-
(b) Deferred Tax Liabilities (Net)	2.4	1,522,753	926,421
(c) Other Long Term Liabilities	2.5	88,108	211,946
4 CURRENT LIABILITIES			
(a) Short Term Borrowings	2.6	836,955,573	478,026,841
(b) Trade Payables	2.7	1,143,117,150	359,949,674
(c) Other Current Liabilities	2.8	126,845,868	321,289
(d) Short-Term Provisions	2.9	20,354,035	16,341,336
Total		2,490,795,643	1,174,811,485
II. ASSETS			
1 NON-CURRENT ASSETS			
(a) Fixed Assets			
(i) Tangible assets	2.10	11,620,023	9,211,300
(ii) Capital work-in-progress			
(b) Non-Current Investments	2.11	18,504,856	11,000
(c) Long-Term Loans & Advances	2.12	57,807	72,033,797
2 CURRENT ASSETS			
(a) Inventories	2.13	49,808,475	105,231,000
(b) Trade Receivables	2.14	460,337,103	385,258,042
(c) Cash & Cash Equivalent	2.15	5,960,070	4,974,181
(d) Short-Term Loan & Advances	2.16	1,942,625,510	597,880,920
(e) Other Current Assets	2.17	1,881,799	211,245
Total		2,490,795,643	1,174,811,485

See accompanying Notes to Financial Statements
As per our Audit Report of even date

For P. D. Goplani & Associates

Chartered Accountants
(Firm Reg. No. 118023W)

Sd/-

CA Prem Goplani

Partner

M. No. 103765

Place : Bhavnagar

Date : 22/05/2014

For and on behalf of the Board

INDUCTO STEELS LIMITED

Sd/-

Rajeev Reniwal

Director

Sd/-

Sweety Reniwal

Director

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

PARTICULARS	NOTE NO.	CURRENT YEAR 31/03/2014	PREVIOUS YEAR 31/03/2013
I N C O M E :			
a) Revenue From Operations	2.18	3,573,644,272	1,429,785,987
b) Other Income	2.19	197,339,424	140,807,414
TOTAL REVENUE		3,770,983,696	1,570,593,401
EXPENSES :			
a) Cost of Raw Materials Consumed	2.20	1,040,340,350	817,276,345
b) Purchase Of Stock-In-Trade	2.21	2,477,306,442	519,388,099
c) Manufacturing & Operating Costs	2.22	18,608,037	18,964,253
d) Employee Benefits Expenses	2.23	10,062,495	8,761,689
e) Finance Costs	2.24	54,225,221	9,733,999
f) Depreciation & Amortization Expenses	2.10	1,008,538	735,563
g) Other Expenses	2.25	108,075,584	112,266,705
TOTAL EXPENSES		3,709,626,667	1,487,126,653
PROFIT/(LOSS) BEFORE TAXES		61,357,029	83,466,748
TAX EXPENSES :			
(1) Current tax	2.26	20,291,758	27,925,559
(2) Deferred tax		596,332	(159,958)
(3) Taxes of earlier years		-	(2,290)
PROFIT/(LOSS) FOR THE YEAR		40,468,939	55,703,437
EARNINGS PER EQUITY SHARES :			
[Nominal value per share Rs.10 : previous year Rs.10]			
(1) Basic		10.07	13.87
(2) Diluted		10.07	13.87
Weighted average number of shares outstanding		4,017,254	4,017,254

See accompanying notes to Financial Statements

As per our Audit Report of even date

For P. D. Goplani & Associates

Chartered Accountants

(Firm Reg. No. 118023W)

Sd/-

CA Prem Goplani

Partner

M. No. 103765

Place : Bhavnagar

Date : 22/05/2014

For and on behalf of the Board

INDUCTO STEELS LIMITED

Sd/-

Rajeev Reniwal

Director

Sd/-

Sweety Reniwal

Director

INDUCTO STEELS LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

Particulars	CURRENT YEAR	PREVIOUS YEAR
A CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	61,357,029	83,466,748
- Adjustment for :		
Depreciation	1,008,538	735,563
Operating Profit before Working Capital Changes	62,365,567	84,202,311
- Adjustments for :		
Trade Receivable other receivable	(1,368,012,071)	(206,675,311)
Inventories	55,422,525	408,887,860
Trade Payable & Other current Liabilities	913,580,916	(371,380,776)
Cash Flow from operation	(336,643,063)	(84,965,916)
Income Tax Paid	20,291,758	27,923,269
Net Cash Inflow/(Outflow) from Operating Activities	(356,934,821)	(112,889,185)
B. CASH FLOW ARISING FROM INVESTING ACTIVITIES:		
- Purchase of Fixed Assets	(4,159,292)	(393,130)
- Sale of Fixed Assets	742,031	660,333
Net Cash Inflow / (Outflow) in the course of Investing Activities	(3,417,261)	267,203
C. CASH FLOW ARISING FROM FINANCING ACTIVITIES:		
- Proceeds from Long Tem Borrowings	-	-
- Proceeds from Short Term Borrowings	358,928,732	131,954,269
- Dividend Proposed	-	(16,341,336)
Net Cash (Outflow) in the course of Financing Activities	358,928,732	115,612,933
Net Increase/(Decrease) in Cash/Cash Equivalents (A+B+C)	(1,423,350)	2,990,951
Add: Balance at the beginning of the year	4,974,181	1,983,230
Cash and Cash Equivalents at the close of the year (Refer Note 2.15)	3,550,831	4,974,181

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 Audited Report of even date.

For P. D. Goplani & Associates

Chartered Accountants
(Firm Reg. No. 118023W)

Sd/-

CA Prem Goplani

Partner

M. No. 103765

Place : Bhavnagar

Date : 22/05/2014

For and on behalf of the Board

INDUCTO STEELS LIMITED

Sd/-

Rajeev Reniwal

Director

Sd/-

Sweety Reniwal

Director

INDUCTO STEELS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

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 one stock exchange in India.

During the year, the Company was engaged in the ship breaking business and trading activities in metal scrap, coals, aluminium foil & other inputs. 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 :

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

b) USE OF ESTIMATES :

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

c) TANGIBLE FIXED ASSETS :

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

In the event of the same having been revalued, they are stated at the revalued figures. Expenditures relating to fixed assets is added to costs only when the same involved modification work whereby it increases the life of the assets.

d) DEPRECIATION ON TANGIBLE ASSETS :

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

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

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

e) IMPAIRMENT OF ASSTES :

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

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

f) BORROWING COSTS :

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

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

g) INVESTMENTS :

Investments are either classified as current or long term based on Management's intention at the time of purchases:

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- I) Current investment are carried at the lower of cost and fair market value.
- II) Long term investments are carried at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of investments.

h) VALUATION OF INVENTORIES :

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

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

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

The inventory is valued at cost.

i) RECOGNITION OF INCOME AND EXPENDITURE :

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

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

j) FOREIGN CURRENCY TRANSACTIONS :

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

k) EXCISE DUTY & CENVAT :

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

l) PROVISION FOR TAXATION :

Tax expense comprises both current and deferred tax.

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

Deferred income-tax is recognised on timing differences, between taxable income and accounting income which originate in one period and are capable of reversal in one or

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

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

m) RETIREMENT BENEFITS :

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

n) EARNING PER SHARE :

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

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

o) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS :

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

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

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

p) CASH & CASH EQUIVALENTS :

For the purpose of presentation in the statement of cash flows, cash and cash equiva-

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lents 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.

2 NOTES FORMING PART OF THE ACCOUNTS :

- a) During the year, the company was engaged ship breaking activities and in trading in metal scrap, coals, aluminium foil & other industrial inouts. However, as and when any surplus fund are available, the same is given on interest to other parties and also invested in the shares and securities to earn short term and long term capital gains.
- b) In the opinion of the Management, the realisable value of the fixed assets of the company are much higher than the carrying cost and therefore, no provision for impairment is required to be made.
- c) The company has no information as to whether any of its suppliers constitute micro, small and medium enterprises as per Micro, Small and Medium Enterprises Development Act, 2006 and therefore the amount due to such suppliers has not been identified.
- d) The major components of the Deferred Tax Assets/Liabilities, based on the tax effect of the timing differences, as at 31st March 2014, are as under.

Particulars	March 31,2014	March 31,2013
Deferred Tax Liability on account of Depreciation	1,522,753	926,421
Deferred Tax Assets	-	-
Net deferred tax liability at the year end	1,522,753	926,421
Net deferred tax asects at the year end	-	-

- e) The company has taken lease right of the ship Breaking plot No. 45 Alang ship breaking yard. The consideration paid to GMB and party from which such plot has been taken over as treated as deferred revenue expenses and written off over the balance lease period.
- f) Income Tax assessment has been completed upto the year assessment year 2011-12. The Management has an opinion that no additional liability will arise in the case of pending assessment.
- g) Sales tax assessment has been completed upto the year 2007-08. The Company does not anticipate any liability on account of the pending sales tax assessment .
- h) In the opinion of the Board of Directors, Current Assets, Loans & Advances have a value of realisation at least equal to the amount at which they are stated in the Balance Sheet. Adequate provision have been made in the accounts for all the known liabilities.
- i) The Balance of Sundry Creditors, Sundry Debtors, Loans & Advances are unsecured, considered goods and subject to confirmation.

INDUCTO STEELS LTD.

j) Previous years figures have been regrouped/rearranged wherever necessary so as to make them comparable with current years figures.

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

Balance Sheet Abstract and Company's General Business Profile :

1 Registration Details

Registration No. L27100MH1988PLC194523

State Code 04

Balance Sheet Date 31st March, 2014

2 Capital raised during the year Rs.. '000's

Public Issue	N i l	Right Issue	N i l
Bonus Issue	N i l	Private Placement	N i l
3 Position of mobilisation and deployment of funds.			
Total Liabilities	2,490,797.00	Total Assets	2,490,797.00
Sources of Funds			
Paid up Capital	47,585.00	Reserve & Surplus	311,918.00
Secured Loans	839,365.00	Unsecured Loans	-
Deferred Tax Liability	1,523.00	Current Liabilities	1,290,405.00
Application of Funds			
Net Fixed Assets	11,620.00	Investments	18,506.00
Current assets	2,460,671.00	Misc Expenditure	Nil
4 Performance of Company			
Turnover	3,770,984.00	Total Expenditure	3,709,627.00
Profit/(Loss) before tax	61,357.00	Profit/(Loss) after tax	40,469.00
Basics Earning per Share			10.07
Diluted Earning per Share			10.07
Dividend Rate			-
5 Generic Names of Principal Products, services of the Company.			
Item Code No.		7204909	
Product Description		SHIP BREAKING	

As per our separate report of even date

For P. D. Goplani & Associates

Chartered Accountants
(Firm Reg. No. 118023W)

Sd/-

CA Prem Goplani

Partner

M. No. 103765

Place : Bhavnagar

Date : 22/05/2014

For and on behalf of the Board

INDUCTO STEELS LIMITED

Sd/-

Rajeev Reniwal

Director

Sd/-

Sweety Reniwal

Director

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2.1 SHARE CAPITAL

A. SHARE CAPITAL

PARTICULAR	As at 31st March, 2014		As at 31st March, 2013	
	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 forfeited shares	741,200	7,412,000	741,200	7,412,000
	4,758,454	47,584,540	4,758,454	47,584,540

Note: The issued and paid-up capital includes :

- 24,17,856 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/-.
- 4,99,078 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, 2014		As at 31st March, 2013	
	Number	Amount	Number	Amount
At the beginning of the year	4,017,254	40,172,540	4,017,254	40,172,540
Forfeited shares	741,200	7,412,000	741,200	7,412,000
Add: Issue of Bonus Shares during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	4,758,454	47,584,540	4,758,454	47,584,540

C. Terms/rights attached to equity shares

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

During the year ended 31 March 2014, the amount of per share dividend recognized as distributions to equity share holders was Rs. Nil (31 March 2013: Rs. 3.50).

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 shareholders.

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D. The details of shareholder holding more than 5% shares as at 31st March, 2014 and 31st March 2013 is set out below:

NAME OF SHAREHOLDER	As at 31 March 2014		As at 31 March 2013	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Rakesh S Reniwal	1,483,388	36.93%	1,483,388	36.93%
Babita S Agarwal	203,100	5.06%	203,100	5.06%
Shardadevi Tekriwal	-	-	216,899	5.40%
Rajeev S Reniwal	237,526	5.91%	237,526	5.91%
Sweetly R Reniwal	327,745	8.16%	247,745	6.17%

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, 2014	31st March, 2013
A CAPITAL RESERVES		
Balance as per the last Financial Statements	96,509,895	96,509,895
Amalgamation Reserve	-	-
Capital Subsidy From State Government	-	-
Closing Balance (A)	96,509,895	96,509,895
B GENERAL RESERVES		
Balance as per the last Financial Statements	12,740,877	10,639,477
Add: Current Year Transfer	-	2,101,400
Less: Written Back in Current Year	-	-
Closing Balance (B)	12,740,877	12,740,877
C SURPLUS IN THE STATEMENT OF PROFIT & LOSS		
Balance as per the last Financial Statements	162,198,666	124,937,965
Net Profit/(Net Loss) For the current year	40,468,939	55,703,437
Less: Appropriations		
Transfer to general reserve	-	2,101,400
Proposed final equity dividend (amount per share Rs.Nil (31 March 13 Rs. 3.50))	-	14,060,389
Tax on proposed equity dividend	-	2,280,947
Total Appropriations	-	18,442,736
Net Surplus in the Statement of Profit & Loss(C)	202,667,605	162,198,666
Total Reserve & Surrplus (A+B+C)	311,918,377	271,449,438

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2.3 LONG TERM BORROWINGS

Particulars	As at	
	31st March, 2014	31st March, 2013
SECURED		
A. LOANS		
I. Term Loan	2,409,239	-
Total	2,409,239	-
Notes: Details of the secured Long-Term Borrowings:		
ICICI Car Loan (Secured by way of Hypothecation charge on Car. Car Loan of Rs. 32,50,000 is repayable in 36 equal monthly installment of Rs. 1,03,386, inclusive of interest.)	2,409,239	-
	2,409,239	-

2.4 DEFERRED TAX LIABILITIES

Particulars	As at	
	31st March, 2014	31st March, 2013
Deferred Tax Liabilities		
- Impact of difference between tax depreciation and depreciation charged for the financial reporting	1,522,753	926,421
Total	1,522,753	926,421

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 OTHER LONG TERM BORROWINGS

Particulars	As at	
	31st March, 2014	31st March, 2013
(A) Trade Payables (Including Acceptance)	88,108	211,946
(B) Other Payables		
Advance from Customers	-	-
Security Deposit From Tenants	-	-
Total	88,108	211,946

2.6 SHORT TERM BORROWINGS

Particulars	As at	
	31st March, 2014	31st March, 2013
SECURED		
(a) LOANS REPAYABLE ON DEMAND		
I Cash Credit facility from Banks		
(Secured by the first parri passu charge on Immovable Assets)	(1,878,509)	(578,327)
II Overdraft from Bank		
(Secured)	6,838,350	1,966,860
III Foreign Letter of Credits		
(Secured)	831,995,732	342,090,000
(A)	836,955,573	343,478,533

INDUCTO STEELS LTD.

Particulars	As at	
	31st March, 2014	31st March, 2013
UNSECURED		
(a) LOANS & ADVANCES		
From related parties	-	134,548,308
From other parties	-	-
(B)	-	134,548,308
Total (A+B)	836,955,573	478,026,841

Notes:

Details of the secured Short-term borrowings:

From Banks		
Indian Overseas Bank CC-2567	(2,195,515)	(578,327)
Punjab National Bank OD-8742	6,838,350	1,966,860
Indian Overseas Bank - CC 7983	317,006	-
Total	4,959,841	1,388,533

Cash credit from Indian Overseas Bank is primarily secured against Stocks, Receivables and other current assets of the company and collaterally secured by Land Plots and Residential Properties of Director's Relatives. The same is also secured by personal guarantee of two directors and their two relatives. The cash credit is repayable on demand and carries interest @ 14 to 14.75% p.a.

Clean Overdraft from Indian Overseas Bank is collaterally secured by Land Plots and Residential Properties of Director's relatives. The same is also secured by personal guarantee of two directors and their two relatives. The overdraft is repayable on demand and carries interest @ 16% p.a.

There is no stipulation as to repayment of loans & advances from relatives hence question of overdue amount as at March 31, 2014 does not arise.

2.7 TRADE PAYABLES

Particulars	As at	
	31st March, 2014	31st March, 2013
Trade Payables (Including Acceptances)		
Ship Creditors against Letter of Credit	1,142,027,198	358,006,274
Other Creditors	1,089,952	1,943,400
Total	1,143,117,150	359,949,674

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

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

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2.8 OTHER CURRENT LIABILITIES

Particulars	As at	
	31st March, 2014	31st March, 2013
Statutory Dues	4,721,113	287,581
Other Payables	63,202	-
Expense payable	82,466	30,337
TDS Payable	1,979,087	3,371
Margin Money from customers	120,000,000	-
Total	126,845,868	321,289

2.9 SHORT- TERM PROVISIONS

Particulars	As at	
	31st March, 2014	31st March, 2013
Provision for Employee Benefits		
Contribution to Provident Funds	5,233	-
ESIC Payable	57,044	-
Others Provisions		
Proposed equity dividend	-	14,060,389
Provision for tax on proposed equity dividend	-	2,280,947
Provision For Income Tax	20,291,758	-
Total	20,354,035	16,341,336

2.10 - TANGIBLE ASSETS

ASSETS	GROSSBLOCK					ACCUMULATED DEPRECIATION					NET BLOCK	
	AS ON 01.04.13 YEAR	ADDITION DURING THE 31/03/2014	DEDUCTIONS AS ON	TOTAL 31/03/2014	AS ON 01/04/13	RATE of Dep.	DEP. FOR YEAR WRITE BACK	DEDUCTIONS ADJUSTMENTS	TOTAL 31.03.14	AS ON 31.03.2014	AS ON 31.03.2013	
Land	166,257	-	-	166,257	-	-	-	-	-	166,257	166,257	
Factory Shed & Building	3,272,838	-	-	3,272,838	1,689,726	3.34	109,313	-	1,799,039	1,473,799	1,583,112	
Bore-well	82,026	-	-	82,026	50,235	3.34	2,740	-	52,975	29,051	31,791	
Plant & Machinery	790,032	9,200	-	799,232	329,100	4.75	37,960	-	367,060	432,172	460,932	
Weigh Bridge	209,450	-	-	209,450	106,104	4.75	9,949	-	116,053	93,397	103,346	
Winch	651,380	-	-	651,380	340,640	4.75	30,941	-	371,581	279,799	310,740	
Wire Rope	650,150	50,053	-	700,203	45,383	4.75	31,364	-	76,747	623,456	604,767	
Crane	5,746,391	-	-	5,746,391	888,638	4.75	272,954	-	1,161,592	4,584,799	4,857,753	
Office Equipments	277,857	-	-	277,857	132,080	4.75	13,198	-	145,278	132,579	145,777	
Furniture & Fixtures	22,045	-	-	22,045	16,306	6.33	1,395	-	17,701	4,344	5,739	
Car	1,691,780	4,100,039	1,691,780	4,100,039	949,749	9.50	463,785	949,749	463,785	3,636,254	742,031	
Vehicle	192,262	-	-	192,262	56,060	9.50	18,265	-	74,325	117,937	136,202	
Metal Detector	51,111	-	-	51,111	10,322	16.21	8,285	-	18,607	32,504	40,789	
Computer	51,750	-	-	51,750	29,686	16.21	8,389	-	38,075	13,675	22,064	
TOTAL	13,855,329	4,159,292	1,691,780	16,322,841	4,644,029		1,008,538	949,749	4,702,818	11,620,023	9,211,300	
PREVIOUS YEAR	14,122,532	393,130	660,333	13,855,329	3,908,466		735,563	-	4,644,029	9,211,300	10,214,066	

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2. 11 NON CURRENT INVESTMENTS

Particulars	As at	
	31st March, 2014	31st March, 2013
TRADE INVESTMENTS (Valued at cost unless otherwise stated)		
Investment In Partnership Firm *	18,504,856	11,000
Total	18,504,856	11,000
* Details Of Investment in Partnership Firms		
Share in Profit/ (Loss)		
Fixed Capital		
Calvin Divine Enterprise 20.00%	10,000	10,000
Jai Maa Durge Associates 50.00%	13,936	-
Current A/c		
Calvin Divine Enterprise 20.00%	18,480,920	1,000
Total	18,504,856	11,000

2. 12 LONG TERM LOANS & ADVANCES

Particulars	As at	
	31st March, 2014	31st March, 2013
SECURITY DEPOSITS (Secured, Considered Good)		
- Security Deposits	57,807	2,033,797
Sub Total	57,807	2,033,797
LOANS & ADVANCES (Unsecured, Considered Good)		
- Advance against property	-	70,000,000
Sub Total	-	70,000,000
Total	57,807	72,033,797

2. 13 INVENTORIES

Particulars	As at	
	31st March, 2014	31st March, 2013
Raw Material of Uncut Ship Stock	49,808,475	105,231,000
Total	49,808,475	105,231,000

Note: Inventories has been valued at lower of cost

Valuation of Stock

Uncut Ship Stock	Qty In M.T.	Rate	Value
M V TEVAL	1665.000	29,915.00	49,808,475
Total	1665.000		49,808,475

INDUCTO STEELS LTD.

2.14 TRADE RECEIVABLES

Trade receivables outstanding For a period less than six months from the date they are due for payment Considered good	104,511,519	385,196,922
(A)	104,511,519	385,196,922
Trade receivables outstanding For a period exceeding six months from the date they are due for payment Considered good	355,825,584	61,120
(B)	355,825,584	61,120
Total (A+B)	460,337,103	385,258,042

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. 15 CASH & BANK BALANCES

Particulars	As at	
	31st March, 2014	31st March, 2013
a) Cash & cash Equivalents		
Balances With Banks		
- On current accounts	5,602,682	3,890,059
- On unpaid dividend account	-	-
- Deposits with original maturity of less than three months	-	-
Cash on hand	357,388	1,084,122
Total	5,960,070	4,974,181

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

- State Bank Of India	41,283	33,496
- Indian Overseas Bank - CC 7983	-	70,781
- Punjab National Bank - 38888	5,546,150	3,751,238
- Punjab National Bank - ITCPL A/C No. 29145	-	11,875
- Punjab National Bank (Bhavnagar - 4540)	15,250	6,773
- Punjab National Bank - HIGPL A/C No. 29154	-	15,896
Total	56,02,683	3,890,059

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2. 16 SHORT TERM LOANS & ADVANCES

(Unsecured, considered good)		
Security Deposits	25,000	25,000
Advance to Suppliers	896,730,891	-
Balances with Statutory/ Government Authorities	2,238,791	142,476
Advance income taxes (Net of provisions)	21,411,812	154,982
Loans & Advances To		
- Related Parties	437,383,074	-
- Others	584,835,942	597,558,462
Total	1,942,625,510	597,880,920

2. 17 OTHER CURRENT ASSETS

Deposits	1,815,341	73,034
Prepaid Expenses	66,458	138,211
Total	1,881,799	211,245

2. 18 REVENUE FROM OPERATIONS

Sale of Material Derived From Ship Breaking (Gross)	1,033,938,908	905,070,033
Traded Goods	-	-
- High Seas Sales	1,080,101,622	529,775,942
- Oms Sales	158,797,811	-
- Local Sales	1,317,445,413	-
Gross Sales	3,590,283,754	1,434,845,975
Less: Excise Duty paid	16,639,482	5,059,988
Total	3,573,644,272	1,429,785,987

2. 19 OTHER INCOME

Interest Income On		
From Other Parties	99,875,148	124,455,842
On Late Payment	98,606,222	13,186,487
Share of Profit/ (Loss) from Partnership Firm	(1,160,544)	3,049,389
Other Non Operating Income	18,598	115,696
Total	197,339,424	140,807,414

2. 20 COST OF RAW MATERIAL CONSUMED

Inventory at the Beiginning of the Year	105,231,000	514,118,860
Add: Ship Purchase for Recycling	984,917,825	408,388,485
	1,090,148,825	922,507,345
Inventory at the end of the Year	49,808,475	105,231,000
Cost of Raw Materials Consumed	1,040,340,350	817,276,345

INDUCTO STEELS LTD.

2. 21 PURCHASE OF STOCK - IN - TRADE

Inventory at the beginning of the year	-	-
Add : Local Purchases	1,260,563,429	-
OMS Purchases	151,878,554	-
Highseas Purchases	1,064,864,459	519,388,099
Inventory at the end of the year	-	-
Total	2,477,306,442	519,388,099

2. 22 MANUFACTURING COSTS

Particulars	As at	
	31st March, 2014	31st March, 2013
Gases & Carbide	16,440,207	16,597,715
Consumable Expenses	981,720	1,214,989
Plot Rent & Development Charges	683,372	693,486
Repair & Maintenance	52,232	100,767
Power & fuel expenses	205,658	207,378
Pollution Control Expenses	109,895	63,888
Other Manufacturing Expenses	134,953	86,030
Total	18,608,037	18,964,253

2. 23 EMPLOYEE BENEFIT EXPENSES

Salaries & Wages	7,930,649	7,071,816
Bonus Expenses	1,505,390	1,395,468
Contribution to Provident Funds	46,345	48,110
Contribution to ESIC	354,236	-
Staff Welfare Expenses	33,048	22,679
Workmen Compensation	192,827	223,616
Total	10,062,495	8,761,689

2. 24 FINANCE COSTS

FINANCE CHARGES		
Bank Commission & Charges	2,375,991	651,094
LC Charges	27,073,355	4,805,482
INTEREST PAID TO :		
Other Parties	19,718,656	-
Borrowing from Bank	4,845,947	4,274,540
HDFC Car Loan	193,099	1,048
Late payment of Statutory Dues	18,173	1,835
Total	54,225,221	9,733,999

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2. 25 OTHER EXPENSES

Particulars	As at	
	31st March, 2014	31st March, 2013
ADMINISTRATIVE EXPENSES		
Accounting Charges	120,000	120,000
Advertisement	25,318	29,172
Appeal Fees	-	2,000
Computer Charges	16,150	4,075
Donation	33,167	58,896
Fees & Subscription	127,835	29,891
Insurance	4,740	16,721
Legal & Professional Expenses	1,745,171	497,073
Listing Fees	-	30,336
Loss on Sales of Car	121,031	260,333
Net Loss on Foreign Currency Transaction	67,137,485	81,625,003
Office Expenses	103,935	16,033
Payment to Auditors	87,079	87,079
Printing & Stationery	56,414	78,098
Professional Tax	2,000	2,000
Postage & Courier	23,230	12,979
Security Charges	-	92,071
Share Transfer Charge	-	24,676
Share Demat Charges	1,144	-
Telephone Expenses	78,137	48,035
Travelling Expenses	531,196	559,464
Vehicle Running & Maintenance	39,428	196,616
Sub Total	70,253,460	83,790,551

SELLING EXPENSES

Business Promotion	108,834	65,755
Brokerage & Commission Expenses	494,920	363,945
Sales Tax Expense	37,218,370	28,046,454
Sub Total	37,822,124	28,476,154
Total	108,075,584	112,266,705

* PAYMENT TO AUDITOR

AS AUDITOR:		
Audit Fees	64,045	64,045
Tax Audit Fees	9,551	9,551
Others	13,483	13,483
Total	87,079	87,079

INDUCTO STEELS LTD.

2. 26 TAX EXPENSES

Particulars	As at	
	31st March, 2014	31st March, 2013
Current tax:		
- Income taxes	20,291,758	27,925,559
Deferred taxes	596,332	(159,958)
Taxes of earlier years	-	(2,290)
Total	20,888,090	27,763,311

2. 27 INFORMATION ABOUT QUANTITY & VALUES

1 Particulars of Finished Goods

(InLacs)

	Quantity MT		Value Rs.	
	31/03/14	31/03/13	31/03/14	31/03/13
a) Ship Breaking Division				
Opening Stock	Nil	Nil	Nil	Nil
Sales	31,362.612	28,391.752	10,339.39	9,050.70
Closing Stock	Nil	Nil	Nil	Nil
b) High Seas Sales				
Opening Stock	Nil	Nil	Nil	Nil
Trading Sales	194922.141	41520.341	25563.45	5297.76
Closing Stock	Nil	Nil	Nil	Nil
2 Value of Imported and indigenous Raw Materials consumed				
Indigenous	194,922.14	41,520.34	24,773.06	5,193.88
Imported - Old Ships	35,731.002	30,833.798	10,403.40	8,172.76
	230,653.143	72,354.138	35,176.47	13,366.64
3 CIF Value of Imports				
Raw Material Ship Purchases	33,166.800	16,413.000	8,298.51	3,420.90
	33,166.800	16,413.000	8,298.51	3,420.90

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2. 28 EARNING PER SHARES

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

Particulars	As at	
	31st March, 2014	31st March, 2013
Profit after tax as per profit & Loss accounts	40,468,939	55,703,437
Add: Prior Period Adjustments	-	-
Less :Dividend on Preference Shares including dividend Tax	-	-
Net profit for calculation of Earning per shares	40,468,939	55,703,437
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	10.07	13.87
Dialuted earnings per share	10.07	13.87

2. 29 SEGMENT INFORMATION

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

Segment	Principal Activities
Trading Activity	Trading in Metal Scrap, Coals, Aluminium Foil & Other Industrial Inouts
Ship Breaking Activity	Dismantling / breaking of old and used ships

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

BUSINESS SEGMENTS

Particulars	Trading	Ship-Breaking	Total
a) External Sales/Revenue	25,563.45	10,172.99	35,736.44
Inter segment Sales/Revenue	(432.09)	432.09	-
Total Revenue	25,131.35	10,605.09	35,736.44
b) Segment Results Before Interest & Taxes	2,288.41	(1,132.59)	1,155.82
c) Segment results as % of total	197.99%	-97.99%	100.00%
d) Segment Assets	23,916.55	991.40	24,907.96
e) Segment Liabilities	12,930.59	8,382.34	21,312.93

2. 30 Related Party Transactions :

a) Key Management personnel

i) Sweety R Reniwal

b) Other related parties where there have been transactions:

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

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

The details of transaction with related parties

Nature of transactions	Key Management Personnel		Other related parties	
	31/03/14	31/03/13	31/03/14	31/03/13
INCOME				
SALES (NON EXCISES)				
Hariyana Air Product	-	-	-	-
	-		-	-
INTEREST INCOME				
Hariyana Ship Demolition Private Limited	-	-	9,895,980	10,208,225
	-	-	9,895,980	10,208,225
HIGH SEAS PURCHASES				
Hariyana Ship Demolition Private Limited	-	-	-	358,006,274
Hariyana International Private Limited	-	-	1,064,864,459	59,712,347
	-	-	1,064,864,459	417,718,621
OXYGEN GAS PURCHASES				
Hariyana Air Product	-	-	5,836,864	-
	-	-	5,836,864	-
INTEREST PAID				
Hariyana International Private Limited	-	-	19,718,656	-
	-	-	19,718,656	-
LOAN GIVEN				
Hariyana Ship Breakers Limited	-	-	-	-
Hariyana Ship Demolition Private Limited	-	-	1,552,901,000	1,867,820,225
Hariyana Air Product	-	-	-	-
	-	-	1,552,901,000	1,867,820,225
LOAN TAKEN				
Hariyana Ship Demolition Private Limited	-	-	989,876,000	2,744,638,204
	-	-	989,876,000	2,744,638,204

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OUTSTANDING BALANCES AS ON MARCH 31, 2014

The details of transaction with related parties

Nature of transactions	Key Management Personnel		Other related parties	
	31/03/14	31/03/13	31/03/14	31/03/13
SUNDRY CREDITORS				
Hariyana International Private Limited	-	-	891,572,440	-
Hariyana Ship Demolition Private Limited	-	-	-	358,006,274
Hariyana Air Product	-	-	1,089,952	-
	-	-	892,662,392	358,006,274
LOAN TAKEN				
Hariyana Ship Demolition Private	-	-	-	134,548,308
	-	-	-	134,548,308
LOAN & ADVANCE RECEIVED				
Hariyana Ship Demolition Private Limited	-	-	437,383,074	-
	-	-	437,383,074	

2.31 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.15 Lacs. The company is hopeful that the matter will be decided in favour of the company, hence no provision for the demand has been made in the accounts and in case the decision is against the company, the same will be provided/accounted for in the year in which such a decision comes.
- (B) The Jt. Commissioner of Central Excise & Service Tax, Bhavnagar has raised a demand of Service Tax amounting to Rs. 17,63,750/- , penalty of an equal amount and interest applicable thereon in the case of matter pertaining to FY : 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.

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

For P. D. Goplani & Associates

Chartered Accountants
(Firm Reg. No. 118023W)

Sd/-

CA Prem Goplani

Partner

M. No. 103765

Place : Bhavnagar

Date : 22/05/2014

For and on behalf of the Board

INDUCTO STEELS LIMITED

Sd/-

Rajeev Reniwal
Director

Sd/-

Sweety Reniwal
Director

INDUCTO STEELS LIMITED

Regd. Office: 156, Maker Chamber VI, 220, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400021
CIN: L27100MH1988PLC194523, Web: www.hariyanagroup.com, Email: contact@hariyanagroup.com,
Tel: 022 22043211 Fax 022 22043215

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE.

Name of the Member:

Registered Address

Folio No.	DP ID*	Client ID*	No. of shares held

*applicable in case of shares held in electronic form

I hereby record my presence at the 26th ANNUAL GENERAL MEETING of the Company to be held on Tuesday, the 30th day of September, 2014 at 9.30 A.M. at 156, Maker Chamber VI, 220, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400021

SIGNATURE OF THE SHAREHOLDER OR PROXY *

* Strike out whichever is not applicable

INDUCTO STEELS LIMITED

Regd. Office: 156, Maker Chamber VI, 220, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400021
CIN: L27100MH1988PLC194523, Web: www.hariyanagroup.com, Email: contact@hariyanagroup.com,
Tel: 022 22043211 Fax 022 22043215

PROXY FORM

As per MGT -11 and pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management & Administration Rules, 2014)

Name of the Member(s) :	
Registered Address :	
E - mail id :	
Folio No. / Client ID* :	
DP ID*	

*applicable in case of hares held in electronic form

I/We, being the member(s) of shares of the above named Company, hereby appoint:

1. Name Address:
..... , Email id: Signature: or failing him;
2. Name Address:
..... , Email id: Signature: or failing him;
3. Name Address:
..... , Email id: Signature: or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 26TH ANNUAL GENERAL MEETING of the Company to be held on Tuesday, the 30th day of September, 2014 at 9.30 A.M. at 156, Maker Chamber VI, 220, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400021 and at any

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adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Resolutions(s)	Type of resolution(s)	Assent	Dissent
1	Adoption of Financial Statements	Ordinary		
2	Appointment of Director	Ordinary		
3	Appointment of Auditors and fixing their remuneration	Ordinary		
4	Appointment of Mr. Yogesh Thakkar as an Independent Director	Ordinary		
5	Appointment of Mr. Bhushanlal Behl as an Independent Director	Ordinary		
6	Appointment of Mr. Rajeev Reniwal as the Managing Director	Special		
7	To borrow monies in excess of its paid up share capital and reserves, to the extent of Rs. 500 crores.	Special		
8	Adoption of new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013	Special		

Signed this day of 2014

Signature of the shareholder

Signature of the Proxy holder (s)

Affix One Rupee Revenue Stamp
--

- Note:** 1. This form of proxy in order to be effective should be duly stamped, completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. Those members who have multiple folios with different jointholders may use copies of this Attendance slip/proxy form.

FORM A

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

1.	Name of the Company	Inducto Steels Limited
2.	Annual financial statements for the year ended	31 st March 2014
3.	Type of Audit observation	Matter of Emphasis: Consolidated audited financial statements include division/branches audited by respective branch auditors.
4.	Frequency of observation	-
5.	To be signed by- • CEO/Managing Director • CFO • Auditor of the company • Audit Committee Chairman	For INDUCTO STEEL LIMITED <i>Yogesh Chahal</i> Director/Authorised. There is no CFO appointed. <i>Yogesh Chahal</i>

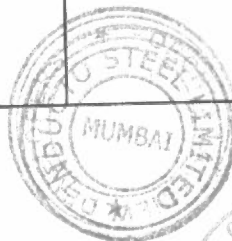


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FORM B

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

1.	Name of the Company	Inducto Steels Limited
2.	Annual financial statements for the year ended	31 st March 2014
3.	Type of Audit observation Un-qualified / Matter of Emphasis	NON PROVISION FOR GRAUITY AND LONG TERM EMPLOYEE BENEFITS
4.	Frequency of observation	Since Last Year
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>NON PROVISION FOR GRAUITY AND LONG TERM EMPLOYEE BENEFITS</p> <p>The Management is also 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 of the opinion that the payment of Pension Act, is not applicable to the Company.</p>
6.	Additional comments from the board/audit committee chair:	Nil
7.	To be signed by- <ul style="list-style-type: none"> • CEO/Managing Director • CFO • Auditor of the company • Audit Committee Chairman 	<p>For INDUCTO STEEL LIMITED</p> <p><i>Rojees</i> Director/ Authorised.</p> <p>There is no CFO appointed.</p> <p><i>Yogesh Chakkar</i></p>



Shangals