



STEEL INDUSTRIES LIMITED

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ENSA STEEL INDUSTRIES LIMITED

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**29<sup>TH</sup> ANNUAL REPORT  
2012-2013**

**BOARD OF DIRECTORS**

**R. J. Sandesara**  
Director

**J. C. Sandesara**  
Director

**R. B. Dixit**  
Director

**T. R. Thakkar**  
Director

**Sanjay Chohan**  
Director

**BANKERS**

Punjab National Bank  
Corporation Bank

**AUDITORS**

H. S. Hathi & Co.  
Chartered Accountants

**REGD. OFFICE**

43, Atlanta,  
Nariman Point,  
Mumbai – 400 021

Members are requested to bring their  
copy of the Annual Report with them  
to the Annual General Meeting.

**DIRECTORS' REPORT**

To the Members,

**ENSA STEEL INDUSTRIES LIMITED**

Your Directors have pleasure in presenting the 29<sup>th</sup> Annual Report together with the Audited Statement of Accounts of the Company for the year ended 30<sup>th</sup> June, 2013.

**FINANCIAL RESULTS****(Rupees in Lacs)**

| Particulars                      | Year Ended<br>30-06-2013 | Year Ended<br>30-06-2012 |
|----------------------------------|--------------------------|--------------------------|
| OPERATING PROFIT (PBIDT)         | (7.09)                   | (1.76)                   |
| Interest                         | 0.01                     | 0.07                     |
| GROSS PROFIT                     | (7.10)                   | (1.83)                   |
| Depreciation                     | 69.72                    | 80.96                    |
| PROFIT/(LOSS) BEFORE TAX         | (76.82)                  | (82.79)                  |
| Provision for Tax                | -                        | -                        |
| NET PROFIT/(LOSS) AFTER TAX      | (76.82)                  | (82.79)                  |
| Transfer to General Reserve      | -                        | -                        |
| Balance carried to Balance Sheet | (76.82)                  | (82.79)                  |

**DIVIDEND**

In the absence of profit, your directors do not recommend any dividend.

**OPERATIONS**

During the year under review, the Company's turnover declined to Rs. 68.17 lacs against Rs.133.93 lacs in the previous year. Your Company has incurred a Loss of Rs. 76.82 lacs in the current year in compared to loss of Rs. 82.79 lacs in the previous year.

**MANAGEMENT DISCUSSION AND ANALYSIS**

A separate report on Management Discussion and Analysis is enclosed as a part of the Annual Report

**REPORT ON CORPORATE GOVERNANCE**

In Pursuance of the system of Corporate Governance Instituted by SEBI, forming part of the Listing Agreement with the Stock Exchanges, a report thereon is saperately attached to this report.

**DIRECTORS**

Shri R.J. Sandesara and Shri Sanjay Chohan, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommends their re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217(2AA) of the Companies Act, 1956, the Directors confirm:

- i) That in the preparation of the Annual Accounts for the year ended 30<sup>th</sup> June, 2013, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) that the Directors have prepared the Annual Accounts for the year ended 30<sup>th</sup> June, 2013 on a 'going concern' basis.

**FIXED DEPOSITS**

The Company has not accepted any deposits from the Public during the year under review.

**AUDITORS AND THEIR REPORT**

M/s. H. S. Hathi & Co., Chartered Accountants, Auditors of the Company shall retire at the forthcoming Annual General Meeting and having furnished Certificate pursuant to Section 224(1B) of the companies Act, 1956, they being eligible have given their consent for re-appointment. The Board recommends their re-appointment. The observations made by the Auditors are self explanatory and have been dealt with in the notes forming part of the Accounts and hence need no further clarification.

**PARTICULARS OF EMPLOYEES**

No employee of the Company is covered under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Company's (Particulars of Employees) Rules 1975 as amended.

**PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS 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 is not applicable. There was no foreign exchange earnings and outgo during the year under review.

**ACKNOWLEDGEMENT**

Your Directors take this opportunity to express their appreciation for the assistance and continued co-operation extended by Bankers and Local Governments. Your Directors are also pleased to record their appreciation of the valued contribution, devotion and sense of commitment extended by the employees of the Company.

**For and on behalf of the Board**

**R. J. Sandesara-Director**

**J. C. Sandesara-Director**

Place : Mumbai

Date : 27th August,2013

**REPORT ON CORPORATE GOVERNANCE****i) Corporate Governance Philosophy**

The Company views sound corporate governance as an integral part of its efforts to enhance shareholders' value. The Company endeavours to safeguard the interests of investors, customers, suppliers and lenders and build the confidence of the society in general. The company believes in adopting the philosophy of professionalism, transparency and accountability in all areas.

**ii) Board of Directors (Board)**

Presently, the Board, comprises of 5 Directors, all being Non-executive Directors. All the Directors are eminent industrialists and/or professionals with experience in overall management, finance and law, who bring a wide range of skills and experience to the Board.

**a. Composition of the Board**

| Name             | Category                    | No. of other Directorships and Committees Memberships / Chairmanships |                       |                         | Relationship with other Directors |
|------------------|-----------------------------|---|-----------------------|-------------------------|-----------------------------------|
|                  |                             | Other Directorships   | Committee Memberships | Committee Chairmanships |                                   |
| R. J. Sandesara  | Non-executive               | -   | -                     | -                       | Son of J. C. Sandesara            |
| J. C. Sandesara  | Non-executive               | 27  | -                     | -                       | Father of R.J. Sandesara          |
| R. B. Dixit      | Independent / Non-executive | 4   | 2                     | 3                       | None                              |
| Tirthesh Thakkar | Independent / Non-executive | -   | -                     | -                       | None                              |
| Sanjay Chohan    | Independent / Non-executive | 1   | -                     | -                       | None                              |

**b. Number of Board Meetings**

During the year under report the Board of Directors met 4 times on the following dates: 27/08/2012 (Adoption of Annual Accounts), 08/11/2012, 14/02/2013 and 14/05/2013.

**c. Attendance of Directors**

| Name             | Meetings Attended | Attended last AGM on 31-12-2012 |
|------------------|-------------------|---------------------------------|
| R. J. Sandesara  | 3                 | Yes                             |
| J. C. Sandesara  | 4                 | Yes                             |
| R. B. Dixit      | 3                 | No                              |
| Trithesh Thakkar | 4                 | No                              |
| Sanjay Chohan    | 4                 | Yes                             |

**iii) Committee of Directors**

The board constituted following committees.

**A. Audit Committee** reviews the company's financial reporting process, disclosure norms, internal control systems, accounting policies and practices, reports of the Company's internal Auditors, quarterly/yearly financial statements as well as its financial risk policies. It also recommends appointment of statutory auditors, fixes audit fees and reviews internal control systems, scope for observations of the auditors and adequacy of the internal audit function.

During the year under review, the committee met four times on 27/08/2012 (Adoption of Annual Accounts), 08/11/2012, 14/02/2013 and 14/05/2013 and the meeting was attended by all the members of the Audit Committee namely Shri R. J. Sandesara, Shri R. B. Dixit and Shri T. R. Thakkar.

**B. Investors/Shareholders Grievance Committee** comprises of Shri R. J. Sandesara , Shri R. B. Dixit and Shri T. R. Thakkar. The Committee redresses shareholder and investors complaints like a delay in transfer of shares, non-receipt of dividend, non-receipt of balance sheet etc. During the year the committee met one time.

**iv) General Body Meetings**

| Year  | Venue  | Date                | Time      | Any Special Resolution |
|---|--|---------------------|-----------|------------------------|
| 2012  | Sheetal – I Hall, Land Mark, Link Road, Mith Chowkey, Malad (W), Mumbai – 400 064. | 31st December, 2012 | 10.30a.m. | No                     |
| 2011  | Sheetal - I Hall, Land Mark, Link Road, Mith Chowkey, Malad (W), Mumbai – 400 064. | 31st December, 2011 | 11.00a.m. | No                     |
| 2010  | Sheetal – I Hall, Land Mark, Link Road, Mith Chowkey, Malad (W), Mumbai – 400 064. | 18th December, 2010 | 11.00a.m. | No                     |
| Special Resolution if any passed by Postal Ballot |  |                     |           | N.A.                   |

**v) Disclosures :**

1. As required under the Companies Act, the Directors disclose the name of the Companies / Parties in which they are interested. During the year under review, there was no transaction with related party, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. which may have potential conflict with the interests of Company at large.
2. There was no non-compliance during the last three years by the Company on any matter related to Capital Market.

**vi) Means of Communication :**

- a. Quarterly/ Annual Financial Results of the Company are forwarded to the Stock Exchanges where the shares of the company are listed, displayed on company website, www.ensasteel.com and published in Newspapers.
- b. The company has not made any presentations to any Institutional Investors / Analyst during the year.
- c. Management Discussion & Analysis Report is covered in Directors' Report to the Shareholders.

**vii) General Shareholder Information :**

**a. Annual General Meeting**

Date : 28th day of December 2013  
 Time : 9.30 A.M.  
 Venue : Sheetal – I Hall, Land Mark, Link Road,  
 Mith Chowkey, Malad (W), Mumbai–400 064.

**b. Date of Book Closure :** 24th December, 2013 to 28th December, 2013  
 (both days inclusive)

**c. Financial Calendar 2013-2014 :** Annual General Meeting December 2014 (next year)

|                            |                |               |
|----------------------------|----------------|---------------|
|                            |                | Board Meeting |
| Unaudited Results – Qtrly. | September 2013 | November 2013 |
| Unaudited Results – Qtrly. | December 2013  | February 2014 |
| Unaudited Results – Qtrly. | March 2014     | May 2014      |
| Audited Accounts           | June 2014      | August 2014   |

**d. Stock Exchanges where securities are listed**

Listed on Bombay Stock Exchange Limited (BSE) and The Calcutta Stock Exchange Limited.

| Name of Stock Exchange               | Code   |
|--------------------------------------|--------|
| Bombay Stock Exchange Limited, (BSE) | 512135 |
| The Calcutta Stock Exchange Ltd.     | 15003  |



**e. Stock Price Data (BSE)**

| Month          | High<br>Rs. | Low<br>Rs. |
|----------------|-------------|------------|
| July 2012      | 12.00       | 10.13      |
| August 2012    | 10.94       | 8.86       |
| September 2012 | 10.30       | 8.42       |
| October 2012   | 9.13        | 7.95       |
| November 2012  | 9.20        | 7.73       |
| December 2012  | 9.62        | 8.11       |
| January 2013   | 9.48        | 8.07       |
| February 2013  | 9.86        | 7.52       |
| March 2013     | 8.10        | 7.08       |
| April 2013     | 8.10        | 6.58       |
| May 2013       | 6.90        | 6.01       |
| June 2013      | 6.23        | 5.80       |

**f. Share Transfer System**

Share transfers in physical form are registered and returned within the stipulated time, if documents are clear in all respects. Officers / Directors of the Company have been authorized to approve transfers.

The total number of shares transferred in the non-dematerialised segment during year 2012-2013 was 6858 shares.

Trading in Equity Shares of the Company is permitted only in dematerialized form w.e.f. 18.11.2000. All requests for dematerialisation of shares are processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within the stipulated time. Upto 30-06-2013, 71.43 % equity shares of the company have been dematerialized.

**g. Shareholding Pattern – as on 30<sup>th</sup> June 2013**

| Sr. No.      | Category                 | No. of Shareholder | % age  | No. of Equity Shares | % age  |
|--------------|--------------------------|--------------------|--------|----------------------|--------|
| 1.           | Resident Individuals/HUF | 10970              | 98.55  | 3261681              | 66.65  |
| 2.           | Indian Companies         | 130                | 1.17   | 163214               | 3.33   |
| 3.           | Clearing Members         | 0                  | 0.00   | 0                    | 0.00   |
| 4.           | FIs/ MFs/Banks           | 2                  | 0.02   | 500                  | 0.01   |
| 5.           | Indian Promoters         | 17                 | 0.15   | 1448280              | 29.59  |
| 6.           | NRIs/OCBs/FIIs/FCs       | 12                 | 0.11   | 20401                | 0.42   |
| <b>TOTAL</b> |                          | 11131              | 100.00 | 4894076              | 100.00 |

**Distribution of Shareholding – as on 30<sup>th</sup> June 2013**

| <b>Sr. No.</b> | <b>No. of shares Held</b> | <b>No. of Shareholders</b> | <b>% of Holders</b> | <b>Holding</b> | <b>% of Holding</b> |
|----------------|---------------------------|----------------------------|---------------------|----------------|---------------------|
| 1              | 1 – 5000                  | 9967                       | 89.54               | 1559566        | 31.87               |
| 2              | 5001 – 10000              | 726                        | 6.52                | 535319         | 10.94               |
| 3              | 10001 – 20000             | 265                        | 2.38                | 377416         | 7.71                |
| 4              | 20001 – 30000             | 60                         | 0.54                | 148885         | 3.04                |
| 5              | 30001 – 40000             | 28                         | 0.25                | 98952          | 2.02                |
| 6              | 40001 – 50000             | 21                         | 0.19                | 99471          | 2.03                |
| 7              | 50001 - 100000            | 28                         | 0.25                | 207309         | 4.24                |
| 8              | 100001 & Above            | 36                         | 0.33                | 1867158        | 38.15               |
| <b>TOTAL</b>   |                           | 11131                      | 100.00              | 4894076        | 100.00              |

**h. Dematerialisation of Shares**

ISIN Number for Equity Shares of the : INE322C01016  
Company in NSDL & CDSL

Total No. of Shares dematerialized upto 30-06-2013 – 3507483  
-With NSDL 2702836  
- With CDSL 804647

**i. Location**

Plot No. 2404, GIDC Chhatral, Kalol, North Gujarat.

**j. Address for Correspondence**

Shareholders can correspond at the Registered Office of the Company at Mumbai., and /or Registrar and Transfer Agent (RTA) Purva Sharegistry (India) Pvt. Ltd, 9, Shiv Shakti Ind. Estt., J. R. Boricha Marg, Off. N. M. Joshi Marg, Near Lodha Excelus, Lower Parel (E), Mumbai - 400 011. Tel. 2301 6261/2301 6761.

**k. Complaints by Shareholders & their redressal during 01-07-2012 to 30-06-2013**

| <b>Nature of Complaints</b>            | <b>Received</b> | <b>Solved</b> |
|--|-----------------|---------------|
| Non-receipt of Annual Report           | 0               | 0             |
| Delay in Transfer of Shares            | 0               | 0             |
| Non-receipt of Dividend Warrants       | 0               | 0             |
| Change of Address                      | 0               | 0             |
| Pending Demat cases (Since Processed)  | 0               | 0             |
| Other-Remat of Share (Since Processed) | 0               | 0             |

**AUDITORS' CERTIFICATE**

**To the Members of  
Ensa Steel Industries Limited  
Mumbai**

We have examined the compliance of conditions of corporate governance by Ensa Steel Industries Limited, for the year ended 30<sup>th</sup> June, 2013, as stipulated in clause 49 of the Listing Agreement with Stock Exchanges.

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

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

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

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

**For H. S. Hathi & Co.**  
Chartered Accountants  
**Firm Reg. No. 103596W**

Place : Mumbai  
Date : 27th August, 2013

**Hemant S. Hathi**  
Proprietor  
**Membership No. 37109**

**MANAGEMENT DISCUSSION AND ANALYSIS****a. Industry structure and developments :**

Indian Steel industry is currently doing well after a long period of recession in steel industry. The industry and the country is currently going through a process of consolidation reflecting scenarios of the market. The Company is expected to attain significant growth in the coming years with stability in steel industry.

**b. Opportunity and Threats :**

Your Company operates in an area where a large market exists and offers ample opportunities for growth.

**c. Outlook :**

The Management is conscious about the changing scenario in Steel industry. It is expected that your Company would be in a position to strengthen its operations.

**d. Risks and Concerns :**

Company operates in the areas where competition is intense from organized and unorganized players.

**e. Internal control systems and their adequacy :**

The Company has proper and adequate control systems to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that the transactions are authorized, recorded and reported correctly.

**f. Financial performance :**

Financial performance of the Company has been indicated in the Directors' Report.

**g. Development on Human Resources / Industrial Relations Front :**

The Company continuously monitors its manpower requirements to ensure that it has adequate human skills commensurate with its needs. Industrial relations of the Company continue to be cordial.

**h. Cautionary Statement**

Management Discussion and Analysis detailing the Company's objectives and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied depending upon global and Indian demand-supply conditions, changes in Government regulations, tax regimes, economic developments within India and overseas.

**AUDITORS' REPORT**

**To the Members of  
ENSA STEEL INDUSTRIES LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of ENSA STEEL INDUSTRIES LIMITED (the "Company"), which comprise the Balance Sheet as at 30<sup>th</sup> June, 2013, and the Statement of Profit & Loss Account and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

**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 referred to in sub-section (3C) of section 211 of the Companies Act, 1956 of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

**Auditor's 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 misstatements.

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

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

**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 Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the company as at 30th June, 2013;
- b) In the case of the Statement of Profit & Loss, of the Loss of the company for the year ended on that date; and
- c) In the case of 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', as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order") , and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanation given to us, 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 purposes of our Audit;
  - b) In our opinion, proper books of account, as required by law, have been kept by the company, so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
  - e) On the basis of the written representations received from the Directors as on 30th June, 2013 and taken on record by the Board of Directors, we report that none of the Directors of the company are disqualified as on 30th June, 2013 from being appointed as a Director in terms of Clause (g) of the sub-section (1) of section 274 of the Companies Act, 1956.

**For H. S. Hathi & Co.,  
Chartered Accountants**  
Firm Reg. No. : 103596W

Place : Mumbai  
Date : 27th August, 2013

**Hemant S. Hathi**  
Proprietor  
Membership No. 37109

**ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING OF “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF ENSA STEEL INDUSTRIES LIMITED ON THE ACCOUNTS AS AT AND FOR THE PERIOD ENDED 30<sup>th</sup> JUNE, 2013.**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) Fixed assets have been physically verified by the management based on a phased program of verification of all the assets during the year, which in our opinion is reasonable having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such verification.
  - (c) As per the information and explanations given to us, during the year, the company has not disposed off any substantial part of fixed assets that would affect the going concern.
- (ii) (a) As explained to us inventories have been physically verified by the management at reasonable intervals during the year.
  - (b) In our opinion and according to information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) On the basis of our examinations of records of inventories, we are of the opinion that the company is maintaining proper records of the inventory. As explained to us, no material discrepancies have been noticed on physical verification of inventories as compared to Books records.
- (iii) The Company has not granted any unsecured loan to a company covered in the register maintained under section 301 of the companies Act, 1956. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) According to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets and sales of Goods and service. We have not observed any continuing failure to correct major weakness in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in to 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, there are no transactions of purchase of Goods and materials and sales of Goods, material & services made in pursuance of contracts or arrangements required to be entered in the register maintained under section 301 of the Companies Act, 1956, aggregating during the year to Rs.5, 00,000/- or more in respect of each party.
- (vi) The Company has not accepted any deposits from the public and hence directives issued by the Reserve Bank of India and provisions of section 58A and 58AA or any other relevant provisions of the companies Act, 1956 and rules framed there under are not applicable for the year under audit.
- (vii) In our opinion, the Company has an internal audit System commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

- (ix) (a) According to the records of the company, the company has been regular in depositing with appropriate authorities, Undisputed statutory dues including Provident Fund, Income tax, Sales Tax / VAT, Wealth tax, Service Tax, Custom duty, Cess and other statutory dues.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at the 30<sup>th</sup> June 2013 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no such statutory dues which have not been deposited on account of any dispute.
- (x) The Company does not have Accumulated losses however it has incurred cash losses during the year and in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the company has not defaulted in the repayment of the dues to financial institutions or banks.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund, a nidhi or a mutual benefit fund society. Therefore, the provisions of clause 4(xiii) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) According to the information and explanations given to us by the management, the company has not given any Guarantee for loan taken by other from banks or financial institutions.
- (xvi) According to the information and explanations given to us by the management, the company has not obtained any term loans.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds has been raised on short term or long term basis by the company.
- (xviii) According to the information and explanations given to us, during the year the Company has not made any preferential allotment of shares to the parties or companies covered in the register maintained under section 301 of the companies Act, 1956.
- (xix) The Company has not issued any debentures and hence clause 4(XIX) of the companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (xx) During the year covered by our report the company has not raised any money by way of public issue.
- (xxi) According to the information and explanations given to us no frauds on or by the company has been noticed or reported during the year.

**For H. S. Hathi & Co.,**  
**Chartered Accountants**  
Firm Reg. No. : 103596W

Place : Mumbai  
Date : 27th August, 2013

**Hemant S. Hathi**  
Proprietor  
**Membership No. 37109**



## BALANCE SHEET AS AT 30TH JUNE 2013

| Particulars  | Note | As at<br>30th June 2013<br>Rs. | As at<br>30th June 2012<br>Rs. |
|--|------|--------------------------------|--------------------------------|
| <b>EQUITY AND LIABILITIES</b>  |      |                                |                                |
| <b>A. Shareholder's Funds :</b>  |      |                                |                                |
| a) Share Capital   | 1    | 47,841,560                     | 47,841,560                     |
| b) Reserves & Surplus  | 2    | 606,481,618                    | 614,163,649                    |
| c) Money received against share warrants                               |      | -                              | -                              |
|  |      | -----                          | -----                          |
|  |      | 654,323,178                    | 662,005,209                    |
| <b>B. Share application money pending allotment</b>                    |      | -                              | -                              |
| <b>C. Non-current liabilities</b>                                      |      |                                |                                |
| a) Long-term Borrowings  |      | -                              | -                              |
| b) Deferred tax liabilities (net)                                      | 3    | 1,200,000                      | 1,200,000                      |
| c) Other long-term liabilities   |      | -                              | -                              |
| d) Long-term provisions  |      | -                              | -                              |
|  |      | -----                          | -----                          |
|  |      | 1,200,000                      | 1,200,000                      |
| <b>D. Current liabilities</b>  |      |                                |                                |
| a) Short-term borrowings   |      | -                              | -                              |
| b) Trade payables  | 4    | 370,955                        | 346,518                        |
| c) Other Current liabilities   | 5    | 31,108                         | 56,321                         |
| d) Short-term provisions   |      | -                              | -                              |
|  |      | -----                          | -----                          |
|  |      | 402,063                        | 402,839                        |
| <b>TOTAL (A+B+C+D)</b>   |      | <b>655,925,241</b>             | <b>663,608,048</b>             |
|  |      | =====                          | =====                          |
| <b>ASSETS</b>  |      |                                |                                |
| <b>E. Non-current assets</b>   |      |                                |                                |
| (a) Fixed assets   |      |                                |                                |
| (i) Tangible assets  | 6    | 44,451,384                     | 51,423,112                     |
| (ii) Intangible assets   |      | -                              | -                              |
| (iii) Capital work-in-progress   |      | -                              | -                              |
| (iv) Intangible assets under development                               |      | -                              | -                              |
| (v) Fixed assets held for sale   |      | -                              | -                              |
|  |      | -----                          | -----                          |
|  |      | 44,451,384                     | 51,423,112                     |
| (b) Non-current Investment   |      | -                              | -                              |
| (c) Deferred tax assets (net)  |      | -                              | -                              |
| (d) Long-term loans & advances   |      | -                              | -                              |
| (e) Other non-current assets   |      | -                              | -                              |
|  |      | -----                          | -----                          |
|  |      | 44,451,384                     | 51,423,112                     |
| <b>F. Current assets</b>   |      |                                |                                |
| (a) Current Investments  |      | -                              | -                              |
| (b) Inventories  | 7    | 63,199,824                     | 67,809,062                     |
| (c) Trade receivables  | 8    | 1,651,912                      | 5,035,324                      |
| (d) Cash and cash equivalents  | 9    | 202,904                        | 110,683                        |
| (e) Short-term loans and advances                                      | 10   | 546,419,217                    | 539,229,867                    |
| (f) Other current assets   |      | -                              | -                              |
|  |      | -----                          | -----                          |
|  |      | 611,473,857                    | 612,184,936                    |
| <b>TOTAL (E+F)</b>   |      | <b>655,925,241</b>             | <b>663,608,048</b>             |
|  |      | =====                          | =====                          |
| <b>See accompanying notes forming part of the financial statements</b> | 23   |                                |                                |

As per our report of even date  
For H. S. Hathi & Co.,  
Chartered Accountants  
Firm Reg. No. : 103596W

Hemant S. Hathi  
Proprietor  
Membership No. 37109

Place : Mumbai.  
Date : 27<sup>th</sup> August, 2013.

For and on behalf of the Board

R. J. Sandesara-Director

R. B. Dixit-Director

**STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2013**

| <b>Particulars</b>   | <b>Note</b> | <b>For the Year Ended<br/>30th June 2013<br/>Rs.</b> | <b>For the Year Ended<br/>30th June 2012<br/>Rs.</b> |
|--|-------------|--|--|
| <b>Income</b>  |             |  |  |
| Revenue from operations (net)  | 11          | 6,816,646  | 13,393,069   |
| Other Income   |             | -  | -  |
|  |             | -----  | -----  |
| <b>Total Revenue</b>   |             | <b>6,816,646</b>                                     | <b>13,393,069</b>                                    |
|  |             | =====  | =====  |
| <b>Expenses</b>  |             |  |  |
| Cost of materials consumed   |             | -  | -  |
| Purchases of stock-in-trade  | 12          | 841,894  | 662,325  |
| Changes in inventories of finished goods,<br>work-in-progress and stock-in-trade | 13          | 4,609,238  | 9,921,471  |
| Employee benefits expenses   | 14          | 1,507,422  | 1,794,513  |
| Financial costs  |             | -  | -  |
| Depreciation and amortisation expenses   | 6           | 6,971,728  | 8,095,540  |
| Other expenses   | 15          | 568,395  | 1,198,082  |
|  |             | -----  | -----  |
| <b>Total expenses</b>  |             | <b>14,498,677</b>                                    | <b>21,671,931</b>                                    |
|  |             | =====  | =====  |
| <b>Profit/(Loss) before exceptional and extraordinary<br/>items and Tax</b>      |             | <b>(7,682,031)</b>                                   | <b>(8,278,862)</b>                                   |
| <b>Tax expenses :</b>  |             |  |  |
| (a) Current tax  |             | -  | -  |
| (b) Deferred tax   |             | -  | -  |
|  |             | -----  | -----  |
| <b>Profit/(Loss) from continuing operations</b>                                  |             | <b>(7,682,031)</b>                                   | <b>(8,278,862)</b>                                   |
|  |             | =====  | =====  |
| Earnings per share<br>Basic & Diluted (in Rs.)                                   |             | (1.61)   | (1.73)   |
| <b>See accompanying notes forming<br/>part of the financial statements</b>       | 23          |  |  |

**As per our report of even date  
For H. S. Hathi & Co.,  
Chartered Accountants  
Firm Reg. No. : 103596W**

**Hemant S. Hathi  
Proprietor  
Membership No. 37109**

Place : Mumbai.  
Date : 27<sup>th</sup> August, 2013.

**For and on behalf of the Board**

**R. J. Sandesara-Director**

**R. B. Dixit-Director**

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| Note 1 Share Capital  | As at<br>30th June 2013<br>Rs.          | As at<br>30th June 2012<br>Rs.          |           |            |
|---|---|---|-----------|------------|
| <b>Authorised</b>   |   |   |           |            |
| 85,00,000 (Previous Year 85,00,000) Equity Shares of Rs. 10/- each with voting rights   | 85,000,000                              | 85,000,000                              |           |            |
| <b>Issued</b>   |   |   |           |            |
| 48,94,076 (Previous Year 48,94,076) Equity Shares of Rs. 10/- each with voting rights   | 48,940,760                              | 48,940,760                              |           |            |
| <b>Subscribed and fully paid up</b>   |   |   |           |            |
| 48,94,076 (Previous Year 48,94,076) Equity Shares of Rs. 10/- each with voting rights   | 48,940,760                              | 48,940,760                              |           |            |
| Less : Calls in Arrears   | 1,099,200                               | 1,099,200                               |           |            |
| 2,19,840 (Previous Year 2,19,840) Equity Shares of Rs.5/- each  |   |   |           |            |
| <b>TOTAL</b>  | <b>47,841,560</b>                       | <b>47,841,560</b>                       |           |            |
| 1.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period, is as under   |   |   |           |            |
|   | Numbers                                 | Amount                                  | Numbers   | Amount     |
| 48,94,076 Equity shares of Rs. 10/- each outstanding as at the beginning of the year  | 4,784,156                               | 47,841,560                              | 4,784,156 | 47,841,560 |
| Changes during the year   | -                                       | -                                       | -         | -          |
| Equity shares outstanding as at the end of the year   | 4,784,156                               | 47,841,560                              | 4,784,156 | 47,841,560 |
| 1.2 The Company has only one class of shares referred to as equity shares having par value of Rs. 10/- each. Each holder of equity share is entitled to one vote per share. The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting except in case of Interim Dividend. In the event of liquidation of the Company the holders will be entitled to receive remaining assets of the company, after distribution of all preferential distribution, in proportion to the number of Equity Shares held by the shareholders. |   |   |           |            |
| 1.3 There is no shareholder holding more than 5% of the total share capital.  |   |   |           |            |
| <b>Note 2 Reserves and surplus</b>  | <b>As at<br/>30th June 2013<br/>Rs.</b> | <b>As at<br/>30th June 2012<br/>Rs.</b> |           |            |
| (a) Securities premium account as per Last Financial Statements   | 97,501,460                              | 97,501,460                              |           |            |
| Closing Balance   | 97,501,460                              | 97,501,460                              |           |            |
| (b) General reserve as per Last Financial Statements  | 425,506,000                             | 425,506,000                             |           |            |
| Closing Balance   | 425,506,000                             | 425,506,000                             |           |            |
| (c) Surplus/(Deficit) in Statement of Profit and Loss as per Last Financial Statements  | 91,156,189                              | 99,435,051                              |           |            |
| Add: Profit/(Loss) for the year   | (7,682,031)                             | (8,278,862)                             |           |            |
| Closing Balance   | 83,474,158                              | 91,156,189                              |           |            |
| <b>Total (a+b+c)</b>  | <b>606,481,618</b>                      | <b>614,163,649</b>                      |           |            |

| <b>NOTES FORMING PART OF THE FINANCIAL STATEMENTS</b>   |                                |                                |
|---|--------------------------------|--------------------------------|
|   | As at<br>30th June 2013<br>Rs. | As at<br>30th June 2012<br>Rs. |
| <b>Note 3 Disclosures under Accounting Standards</b>  |                                |                                |
| <b>Deferred tax liability (liability) / asset</b>   |                                |                                |
| Tax effect of items constituting deferred tax liability<br>on difference between book balance and tax balance of Fixed Assets | 1,200,000                      | 1,200,000                      |
|   | -----                          | -----                          |
| <b>Net deferred tax (liability)/ asset</b>  | <b>1,200,000</b>               | <b>1,200,000</b>               |
|   | =====                          | =====                          |
| <b>Note 4 Trade payables</b>  |                                |                                |
| Trade payables:   |                                |                                |
| Acceptances   | 370,955                        | 346,518                        |
| Other than Acceptances  | -                              | -                              |
|   | -----                          | -----                          |
| <b>Total</b>  | <b>370,955</b>                 | <b>346,518</b>                 |
|   | =====                          | =====                          |
| <b>Note 5 Other Current liabilities</b>   |                                |                                |
| Other payables  | 31,108                         | 56,321                         |
|   | -----                          | -----                          |
| <b>Total</b>  | <b>31,108</b>                  | <b>56,321</b>                  |
|   | =====                          | =====                          |
| <b>Note 7 Inventories</b>   |                                |                                |
| (At lower of cost and net realisable value)   |                                |                                |
| Stock-in-trade (for trading)  | 63,199,824                     | 67,809,062                     |
|   | -----                          | -----                          |
| <b>Total</b>  | <b>63,199,824</b>              | <b>67,809,062</b>              |
|   | =====                          | =====                          |
| <b>Note 8 Trade receivables</b>   |                                |                                |
| <b>Trade receivables outstanding for a period exceeding<br/>six months from the date they were due for payment</b>            |                                |                                |
| Secured, considered good  | -                              | -                              |
| Unsecured, considered good  | 221,305                        | 426,713                        |
| Doubtful  | -                              | -                              |
|   | -----                          | -----                          |
|   | 221,305                        | 426,713                        |
| Less: Provision for doubtful trade receivables  | -                              | -                              |
|   | -----                          | -----                          |
|   | 221,305                        | 426,713                        |
| <b>Other Trade receivables</b>  |                                |                                |
| Secured, considered good  | -                              | -                              |
| Unsecured, considered good  | 1,430,607                      | 4,608,611                      |
| Doubtful  | -                              | -                              |
|   | -----                          | -----                          |
|   | 1,430,607                      | 4,608,611                      |
| Less: Provision for doubtful trade receivables  | -                              | -                              |
|   | -----                          | -----                          |
|   | 1,430,607                      | 4,608,611                      |
| <b>Total</b>  | <b>1,651,912</b>               | <b>5,035,324</b>               |
|   | =====                          | =====                          |

| NOTES FORMING PART OF THE FINANCIAL STATEMENTS |                     |                         |                     |                               |                     |                     |                     |                     |                     |
|--|---------------------|-------------------------|---------------------|-------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Note 6 - Fixed Assets                          |                     |                         |                     |                               |                     |                     |                     |                     |                     |
| Description                                    | GROSS BLOCK         |                         |                     | DEPRECIATION                  |                     |                     | NET BLOCK           |                     |                     |
|  | As on<br>01/07/2012 | Additions<br>30/06/2013 | As on<br>01/07/2012 | For the<br>Year<br>30/06/2013 | As on<br>30/06/2013 | As on<br>30/06/2013 | As on<br>30/06/2012 | As on<br>30/06/2013 | As on<br>30/06/2012 |
| TANGIBLE ASSETS :                              |                     |                         |                     |                               |                     |                     |                     |                     |                     |
| <b>OWN ASSETS</b>                              |                     |                         |                     |                               |                     |                     |                     |                     |                     |
| Land & Building                                | 28,310,213          | -                       | 28,310,213          | 23,991,441                    | 431,877             | 24,423,318          | 3,886,895           | 4,318,772           |                     |
| Plant & Machinery                              | 600,820,083         | -                       | 600,820,083         | 553,804,619                   | 6,539,851           | 560,344,470         | 40,475,613          | 47,015,464          |                     |
| Office Equipments                              | 7,826,721           | -                       | 7,826,721           | 7,818,403                     | -                   | 7,818,403           | 8,318               | 8,318               |                     |
| Furniture & Fixtures                           | 7,722,990           | -                       | 7,722,990           | 7,642,432                     | -                   | 7,642,432           | 80,558              | 80,558              |                     |
| Vehicles                                       | 5,079,056           | -                       | 5,079,056           | 5,079,056                     | -                   | 5,079,056           | -                   | -                   |                     |
| Grand Total                                    | 649,759,063         | -                       | 649,759,063         | 598,335,951                   | 6,971,728           | 605,307,680         | 44,451,384          | 51,423,112          |                     |
| Previous Year                                  | 649,759,063         | -                       | 649,759,063         | 590,240,411                   | 8,095,540           | 598,335,952         | 51,423,112          | 59,518,652          |                     |

Note : As per past practice, Depreciation is provided on Land and Building @ 10% WDV method, without considering Land and Building Cost seperately.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**Note 9 Cash and cash equivalents**

|                                | As at<br>30th June 2013<br>Rs. | As at<br>30th June 2012<br>Rs. |
|--------------------------------|--------------------------------|--------------------------------|
| (a) Cash on hand               | 190,450                        | 96,432                         |
| (b) Balances with banks        |                                |                                |
| (i) in current accounts        | 12,454                         | 14,251                         |
| (ii) in fixed deposit accounts | -                              | -                              |
|                                | -----                          | -----                          |
| <b>Total</b>                   | <b>202,904</b>                 | <b>110,683</b>                 |
|                                | =====                          | =====                          |

**Note 10 Short-term loans and advances**

|  |                    |                    |
|--|--------------------|--------------------|
| Advances Recoverable in cash or kind or for value to be received |                    |                    |
| Secured, considered good   | -                  | -                  |
| Unsecured, considered good                                       | 546,419,217        | 539,229,867        |
| Doubtful   | -                  | -                  |
|  | -----              | -----              |
|  | 546,419,217        | 539,229,867        |
| Less: Provision for other doubtful loans and advances            | -                  | -                  |
|  | -----              | -----              |
| <b>Total</b>   | <b>546,419,217</b> | <b>539,229,867</b> |
|  | =====              | =====              |

**Note 11 Revenue from operations**

|                                       | For the year<br>ended<br>30 June, 2013<br>Rs. | For the year<br>ended<br>30 June, 2012<br>Rs. |
|---------------------------------------|---|---|
| (i) Traded goods                      |   |   |
| Alloy Steels                          | 6,806,943                                     | 12,963,426                                    |
|                                       | -----   | -----   |
| Total - Sales of traded goods         | 6,806,943                                     | 12,963,426                                    |
| (ii) Other operating revenue (Nature) | 9,703   | 429,643                                       |
|                                       | -----   | -----   |
| <b>Total</b>                          | <b>6,816,646</b>                              | <b>13,393,069</b>                             |
|                                       | =====   | =====   |

**Note 12 Purchase of traded goods**

|              |                |                |
|--------------|----------------|----------------|
| Alloy Steels | 841,894        | 662,325        |
|              | -----          | -----          |
| <b>Total</b> | <b>841,894</b> | <b>662,325</b> |
|              | =====          | =====          |

| <b>Note 13 Changes in inventories of finished goods,<br/>work-in-progress and stock-in-trade</b> | <b>For the year ended<br/>30 June, 2013<br/>Rs.</b> | <b>For the year ended<br/>30 June, 2012<br/>Rs.</b> |
|--|---|---|
| Inventories at the beginning of the year:<br>Stock-in-trade                                      | 67,809,062  | 77,730,533  |
|  | -----   | -----   |
|  | 67,809,062  | 77,730,533  |
| Inventories at the end of the year:<br>Stock-in-trade  | 63,199,824  | 67,809,062  |
|  | -----   | -----   |
|  | 63,199,824  | 67,809,062  |
| <b>Net (Increase)/Decrease</b>   | <b>4,609,238</b>                                    | <b>9,921,471</b>                                    |
|  | =====   | =====   |
| <b>Note 14 Employee benefits expenses</b>  |   |   |
| Salaries, wages & other employee benefits  | 1,507,422   | 1,794,513   |
|  | -----   | -----   |
| <b>Total</b>   | <b>1,507,422</b>                                    | <b>1,794,513</b>                                    |
|  | =====   | =====   |
| <b>Note 15 Other Expenses</b>  |   |   |
| Rates and taxes  | 36,142  | 89,476  |
| Telephone & Telex  | 48,111  | 78,468  |
| Travelling and conveyance  | 39,214  | 67,958  |
| Printing and Stationery  | 75,320  | 189,643   |
| Selling Expenses   | 43,505  | 77,465  |
| Postage, Telegram & Courier  | 76,103  | 142,163   |
| Payment to Auditors  | 22,472  | 25,000  |
| Bank Charges   | 686   | 7,163   |
| Miscellaneous expenses   | 226,842   | 520,746   |
|  | -----   | -----   |
| <b>Total</b>   | <b>568,395</b>                                      | <b>1,198,082</b>                                    |
|  | =====   | =====   |
| <b>Note 15.1 Payment to Auditors</b>   | <b>Current Year</b>                                 | <b>Previous Year</b>                                |
| Auditor's Remuneration   | 15,000  | 20,000  |
| Tax Audit Fees   | 5,000   | 5,000   |
| Service Tax  | 2,472   | -   |
|  | -----   | -----   |
| <b>Total</b>   | <b>22,472</b>                                       | <b>25,000</b>                                       |
|  | =====   | =====   |
| <b>Note 16 Contingent Liabilities and Commitments</b><br>(to the extent not provided for)        |   |   |
| Estimated amount of contracts remaining to executed<br>on capital accounts                       | Current Year  | Previous Year                                       |
|  | Nil   | Nil   |
|  | -----   | -----   |
| <b>Total</b>   | Nil   | Nil   |
|  | =====   | =====   |

**Note 17 Earning Per Share**

Basic & Diluted Earning Per Share (EPS) computed in accordance with Accounting Standard (AS) 20 "Earning Per Share"(Before and after extraordinary items)

|   | As at<br>30 June, 2013 | As at<br>30 June, 2012 |
|---|------------------------|------------------------|
| a) Profit for Basic & Diluted Earning Per Share as per Statement of Profit and Loss | (7,682,031)            | (8,278,862)            |
| b) Weighted average number of equity shares   | 4,784,156              | 4,784,156              |
| c) Earning Per Share (Basic & Diluted)  | (1.61)                 | (1.73)                 |
| d) Face Value per Share   | 10                     | 10                     |

**Note 18 Disclosures specified by the MSMED ACT**

The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, disclosure relating to amounts unpaid as at the year end together with interest paid/payable under this Act could not been given.

**Note 19 CIF Value of Imports**

|                      | As at<br>30 June, 2013 | As at<br>30 June, 2012 |
|----------------------|------------------------|------------------------|
| a) Raw Material      | -                      | -                      |
| b) Stores and Spares | -                      | -                      |
| c) Capital Goods     | -                      | -                      |

**Note 20 Expenditure in foreign Currency**

|                                | As at<br>30 June, 2013 | As at<br>30 June, 2012 |
|--------------------------------|------------------------|------------------------|
| a) Interest                    | -                      | -                      |
| b) Technical know how          | -                      | -                      |
| c) Technical Consultancy fees  | -                      | -                      |
| d) Legal and Professional fees | -                      | -                      |
| e) Others                      | -                      | -                      |

**Note 21 Earning of foreign Exchange**

|  | As at<br>30 June, 2013 | As at<br>30 June, 2012 |
|--|------------------------|------------------------|
| a) Export of goods calculated on F.O.B. basis            | -                      | -                      |
| b) Royalty, know-how, Professional and Consultation Fees | -                      | -                      |
| c) Interest and Dividend                                 | -                      | -                      |

**Note 22 Previous year figures**

Previous year figure have been regrouped/reclassified, wherever necessary to confirm to the current year presentation.

**As per our report of even date**  
**For H. S. Hathi & Co.,**  
**Chartered Accountants**  
 Firm Reg. No. : 103596W

**Hemant S. Hathi**  
**Proprietor**  
**Membership No. 37109**

Place : Mumbai.  
 Date : 27<sup>th</sup> August, 2013.

**For and on behalf of the Board**

**R. J. Sandesara-Director**

**R. B. Dixit-Director**



**NOTES FORMING PART OF THE ACCOUNTS****Note 23 SIGNIFICANT ACCOUNTING POLICIES****1. Basis of preparation**

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP), and the Provisions of the Companies Act, 1956 as constantly adopted by the Company.

Accounting policies not specifically referred to otherwise are consistently followed and are in consonance with Generally Accepted Accounting Principles.

All income and expenditures are accounted for on accrual basis unless otherwise specifically stated.

**2. Fixed Assets**

Fixed Assets are stated at cost less depreciation. Fixed Assets includes all related expenses upto acquisition and installations.

**3. Depreciation**

Depreciation on fixed assets have been provided on Written Down Value Method at the rates specified in the schedule XIV of the Companies Act, 1956.

**4. Investments**

Investments are stated at cost.

**5. Inventories**

Inventories are valued at Cost or net realizable value, whichever is less.

**6. Retirement Benefits**

Retirement benefits payable to the employees are accounted for on cash basis as and when paid.

**7. Revenue Recognition**

Sales are recognized at the time of dispatch of the goods.

**CASH FLOWS STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2013**

| Particulars   | (Amount in Rs.)                                   |   |
|---|---|---|
|   | For the Year Ended<br>30 <sup>th</sup> June, 2013 | For the Year Ended<br>30 <sup>th</sup> June, 2012 |
| <b>(A) Cash Flow from Operating Activities</b>                |   |   |
| Net Profit before tax & Extraordinary Items                   | (7,682,031)                                       | (8,278,862)                                       |
| <b>Adjustment for :</b>                                       |   |   |
| Depreciation & Amortisation                                   | 6,971,728   | 8,095,540   |
| Financial Charges   | -   | -   |
| Dividend Charges  | -   | -   |
| Profit on Sale of Fixed Assets                                | -   | -   |
| Prior Year Adjustments  | -   | -   |
| Share Issue Expenses  | -   | -   |
| Operating Profit before Working                               | (710,303)   | (183,322)   |
| <b>Adjustment for :</b>                                       |   |   |
| Trade Receivables   | 3,383,412   | 19,475,294  |
| Other Receivables   | (7,189,350)                                       | (29,068,901)                                      |
| Inventories   | 4,609,238   | 9,921,471   |
| Trade Payables  | (776)   | (1,416,168)                                       |
| Cash Generated from operations                                | 92,221  | (1,271,626)                                       |
| Interest Paid   | -   | -   |
| Direct Tax Paid   | -   | -   |
| Cash Flow before Extraordinary Items                          | 92,221  | (1,271,626)                                       |
| Extra Ordinary Items : Dividend                               | -   | -   |
| Net Cash from operating Activities                            | 92,221  | (1,271,626)                                       |
| <b>(B) Cash Flow from Investing Activities</b>                |   |   |
| Purchase of Fixed Assets                                      | -   | -   |
| Sale of Fixed Assets  | -   | -   |
| Dividend Received   | -   | -   |
| Sale Investments  | -   | 450,000   |
| Net Cash realised/(Used) in investing activities              | -   | 450,000   |
| <b>(C) Cash Flow from Financing Activities</b>                |   |   |
| Proceeds from Issue of Share Capital                          | -   | -   |
| Proceeds from Long Term Borrowing                             | -   | -   |
| Repayment of long Term Borrowing                              | -   | -   |
| Share Issue Expenses  | -   | -   |
| Net Cash Used in Financing Activities                         | -   | -   |
| Net increase/(Decrease) in                                    |   |   |
| Cash & cash Equivalents (A+B+C)                               | 92,221  | (821,626)   |
| Cash & Cash Equivalents as at 1 <sup>st</sup> July (Opening)  | 110,683   | 932,309   |
| Cash & Cash Equivalents as at 30 <sup>th</sup> June (Closing) | 202,904   | 110,683   |

We have examined the attached Cash Flow Statement of Ensa Steel Industries Limited for the year ended 30<sup>th</sup> June 2013. The statement has been prepared by the company in accordance with the listing agreements of the Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of the even date to the members of the Company.

**As per our report of even date**  
**For H. S. Hathi & Co.,**  
**Chartered Accountants**  
Firm Reg. No. : 103596W

**Hemant S. Hathi**  
**Proprietor**  
**Membership No. 37109**

Place : Mumbai.  
Date : 27<sup>th</sup> August, 2013.

**For and on behalf of the Board**

**R. J. Sandesara-Director**

**R. B. Dixit-Director**

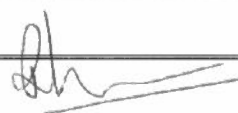
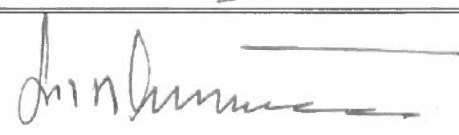
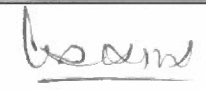


# Ensa Steel Industries Limited

Regd. Office : 43, Atlanta, Nariman Point, Mumbai-400 021.  
Tel.: 2287 2860 • 2284 1229 • Fax : 2204 1954

## FORM A

Covering Letter of the Annual Audit Report of Ensa Steel Industries Limited for the year ended 30<sup>th</sup> June, 2013 to be filed with the stock exchanges:

|    |  |   |
|----|--|---|
| 1. | Name of the Company:   | Ensa Steel Industries Limited   |
| 2. | Annual financial statements for the year ended                               | 30 <sup>th</sup> June, 2013   |
| 3. | Type of Audit observation  | Un-Qualified  |
| 4. | Frequency of observation   | Since Many Years  |
| 5. | To be signed by-   |   |
|    | • Non-Executive Chairman – R.J. Sandesara                                    |    |
|    | • Auditor of the company-<br>H.S. Hathi & Co.<br>Hemant S. Hathi, Proprietor |    |
|    | • Audit Committee Chairman –<br>R.B. Dixit                                   |  |

