

26th ANNUAL REPORT
2012-2013



INDIA STEEL
WORKS LTD
Inner Vision. Global Action.

**BOARD OF DIRECTORS**

Mr. Ashwinkumar H. Gupta	Executive Chairman
Mr. Sudhir H. Gupta	Managing Director
Mr. Varun S. Gupta	Executive Director
Mr. Mahesh Sheregar	Director
Mr. S. P. Khosla	Independent Director
Mr. Neeraj Agarwala	Independent Director
Mr. Bimal Desai	Independent Director
Mrs. Shruti Kumar (up to 8th August, 2012)	ARCIL - Nominee
Mr. Subrata Dey (9th August, 2012 - 22nd May, 2013)	ARCIL - Nominee
Mr. Gaurav Chabbria (up to 3rd October, 2012)	Alternate Director
Mr. Mahesh Kedia (up to 11th July, 2012)	Alternate Director

COMPANY SECRETARY

Mr. Dilip Maharana

STATUTORY AUDITORS

Thanawala & Company

REGISTERED OFFICEIndia Steel Works Complex, Zenith Compound,
Khopoli, Raigad-410203**WORKS**Zenith Compound, Khopoli,
Raigad-410203.**REGISTRARS &****SHARETRANSFER AGENTS**

Link Intime India Private Limited

BANKER

Kotak Mahindra Bank Ltd.,

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**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors present their 26th Annual Report and the Audited Statement of Accounts along with the Report of the Auditors for the financial year ended 31st March, 2013.

FINANCIAL HIGHLIGHTS

Particulars	(Rs. in Lacs)	
	Year ended 31.3.2013	Year ended 31.3.2012
Sales/Income including Job work operations	72486.38	60137.14
EBIDTA	1765.21	2079.10
Finance Costs	(1446.69)	(1476.88)
Provision for Depreciation	(1397.72)	(1383.26)
Profit/(Loss) before tax & exceptional items	(1079.56)	(781.04)
Current tax	(1.50)	(1.89)
Brought forward profit/ (loss) from last year	(17398.30)	(16685.04)
Exceptional Items	(0.37)	(1.48)
Balance carried forward to Balance Sheet	(18479.37)	(17398.30)

OPERATIONS

Even in the background of sluggish economy, the Company was able to maintain credible and sustainable, year-on-year growth of 20% by clocking a turnover of Rs.724.86crs in year under review as against a turnover of Rs.601.37crs in the previous year of 2011-12. The impetus has been to widen and deepen the customer service base with a slow transit from job work to own manufacturing. However, pressure on EBIDTA margins continued, stemming from high cost of raw material finance from the creditors leading to a net loss of Rs.10.79crs.

During the year under review, the bright bar division was shifted from Turbhe to Khopoli, thus, completing the consolidation of all the manufacturing facilities of the Company at Khopoli. Your Directors at its meeting held on 30.5.2013 has considered sale of Turbhe Lease hold Property as per the mandates obtained through postal ballot

DIVIDEND

Taking into account the losses, the Directors regret their inability to declare any dividend on Preference Shares as well as on Equity Shares of the Company.

EXPORTS

The Company has been making aggressive forays in the international markets with regular customer meets and participation in international trade fairs for marketing the high value products. Though, direct exports of the Company, during the year under review, accounted to Rs.57.67Lacs only (previous year Rs. 1.19Lacs), the products of the Company being exported by traders and other associates were well received.

FINANCIAL RESTRUCTURING

The Company is close to a successful exit from its financial restructuring under the aegis of Corporate Debt Restructuring (CDR) Scheme. Majority of the dues including the entire principal amounts were paid off in the financial year under review, while partial dues were converted into preference shares in accordance of the CDR Scheme. Financial closures in form of 'No Dues Certificate' were received from many CDR and all the Non-CDR lenders of the Company. General Insurance Company Limited and New India assurance Company Limited assigned their debts under CDR to Kotak Mahindra Bank Limited (KMBL). KMBL gave a fresh sanction for the same. Punjab & Sind Bank and Oriental Bank of Commerce, who admitted to full satisfaction of their dues with interest, in the Hon'able High Court of Bombay, have failed to provide their 'No Dues Certificate' on account of their own procedural lags till the date of this Report. The liquidated damages, delayed payment interest, etc., have been paid to the satisfaction of ARCIL, in the current year and ARCIL has issued a 'No Dues Certificate', on 22nd day of May, 2013.

Fresh Funding

The Company has obtained a long term loan of Rs.10.68 Crore & working capital facilities to the tune of Rs.26 crs from Kotak Mahindra Bank Limited (KMBL).

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956

Pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules 1975, as amended up to date, the names and other particulars are set out in the Annexure to the directors Report. However as per the provisions of the Section 219(1)(b)(iv) of the Companies Act, 1956, this Report is sent to the shareholders excluding the said information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

Information relating to conservation of energy and technology absorption as required under section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in Annexure and forms part of this report.

FIXED DEPOSITS

The Company has not accepted any Fixed Deposits from the public.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm:

- (i) that in the preparation of the annual accounts for the year ended 31st March 2013, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (ii) that appropriate accounting policies have been selected and have been applied consistently, they have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2013 and of the loss of the Company for that period;
- (iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) that the annual accounts have been prepared on a going concern basis.

DIRECTORS

Mr. Mahesh Sheregar and Mr. S.P.Khosla retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment. Mr. Mahesh Kedia, a Chartered Accountant & Mr. Gaurav Chhabria, were appointed as alternate Directors to Mr. Bimal Desai & Mr. S. P. Khosla respectively, effective from 29th May, 2012. They did not hold any shares of the Company. Mr. Mahesh Kedia, ceased to be alternate Director to Mr. Bimal Desai effective 11th day of July, 2012 and Mr. Gaurav Chhabria ceased to be alternate Director to Mr. S.P.Khosla effective 3rd day of October, 2012.

Mr. Sudhir H. Gupta, Jt. Managing Director re-designated as Managing Director in the year 2009 will be successfully completing his tenure as such, his reappointment for a further period of five years effective from 1st day of September, 2013, subject to necessary sanctions / approvals is recommended.

Asset Reconstruction Company Limited (ARCIL) had replaced Ms. Shruti Kumar by nominating Mr. Subrat Dey in her place, effective 9th day of August, 2012. Upon payment of dues towards full & final settlement, ARCIL has withdrawn Mr. Subrat Dey w.e.f 22.05.2013.

The Board gratifies the incredible contributions made by the alternate / nominee Directors during their respective tenures as Director of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed section on the Management Discussion and Analysis forms part of this Report.

CORPORATE GOVERNANCE

The Company has implemented the provisions of Clause 49 of the Listing Agreement relating to the Corporate Governance requirements. A Report on Corporate Governance, the Report of Auditors Certificates thereof and Management Discussion and Analysis are given as annexure to this report.

AUDITORS

Messrs Thanawala & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and they being eligible, offer themselves for re-appointment as Auditors of the Company.

M/s. Vishesh N. Patani, Cost Accountants, Mumbai have furnished a Certificate of their eligibility for re-appointment Under Section 224(1-B) of the Companies Act, 1956, Certificate for independence and arm length relationship with the Company and are not disqualified for such appointment. The said cost accountants have been re-appointed by the Board of Directors of the Company on the recommendations of the Audit Committee, as the Cost Auditors of the Company for the financial year 2013-2014.

AUDITORS' OBSERVATIONS

Accumulated losses has exceeded 50% of the Net Worth of the Company. Your Directors have decided to bring in further capital and increase the equity share capital of the Company so as to make the net worth positive. With this the Directors are hopeful to turnaround the Company, further the company was under CDR hence, no reference has been made to Board for Industrial & Financial reconstruction.

The Company is in the process of getting the Details of trade creditors to identify the micro, small and medium enterprises as per The Micro, Small and Medium Enterprises Development Act, 2006 so as to quantify the amount of overdue interest payable to them, if any.

INDUSTRIAL RELATIONS

The Industrial relations have been cordial and peaceful during the year under review. The Directors wish to place on record their appreciation of the devoted and dedicated services rendered by employees at all levels and look forward to their continued support and co-operation in the days to come.

ACKNOWLEDGEMENTS

The Directors express their appreciation for co-operation and encouragement received from all the Shareholders, Business Associates, Dealers, Insurers, vendors, investors and bankers during the year. The Directors also place on record their appreciation of the contribution made by our employees at all levels. Our consistent growth was made possible by their hard work, solidarity, cooperation and support.

By order of the Board of Directors

Place: Mumbai
Date: May 30, 2013

Ashwinkumar H. Gupta
CHAIRMAN



ANNEXURE TO DIRECTORS' REPORT FORM A

Form for Disclosure of Particulars with respect to Conservation of Energy, Power and Fuel Consumption

A. Conservation of Energy:

POWER & FUEL CONSUMPTION

	Particulars	2012-2013	2011-2012
a.	Electricity:		
	Purchase Units ('000 kwh)	47,657	46,652
	Total Amount ('00,000 Rs.)	3,414.54	3,340.89
	Average Rate/Unit (Rs./Kwh)	7.16	7.16
b.	Furnance Oil / CBFS / Diesel:		
	Quantity (Kilo litres)	3,889	5,000
	Total Amount (in '00,000 Rs.)	1,428.75	1,742.57
	Average Rate (Rs./Litre)	36.74	34.85
c.	Gases:		
	Total Amount (in '000 Rs.)	525.55	436.88

II. Consumption Per Unit Of Production

	Electricity:		
	Steel Billets	742	689
	Hot Rolled/Bars/rods	295	210
	Cold Finished Bars	142	126
	Furnance Oil / CBFS / Diesel:		
	Steel Billets	15	14
	Hot Rolled/Bars/rods	62	55
	Cold Finished Bars	55	55

- B. Technology Absorption: In-house expertise has been used to successfully develop various grades of special steels meeting international standards of quality.
- C. Environmental Protection Etc.: The fume-extraction system of the AOD converter has been upgraded to reduce consequent Air Pollution. Continuous plantation of trees is carried out.
- D. Quality System: To continue in pursuit of quality, Steel and Rolling Mill Division of your Company at Khopoli has been accredited with "TUV CERT" by RWTUV for compliance in accordance with AD-Merkblatt W O / TRD 100 manufacturing process. The Khopoli Plant as well as Purchase and Marketing Departments of your Company remains ISO 9002 certified by RWTUV.
- E. Foreign Exchange Earnings & Outgo: During the year under report, the Company did earned foreign exchange equivalent to Rs.57.67/- Lacs on exports made on FOB basis and the foreign exchange outgo was equivalent to Rs.17264.14Lacs.



REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Code of Governance

Corporate Governance at INDIA STEEL WORKS LIMITED is demonstrated by fair business and corporate practices with all its stakeholders integrity and transparent dealings is the basic norm of Corporate Governance practiced here.

Board of Directors

During financial year 2012-13, the Board consists of Eight Directors comprising of three executive directors, one non-executive director, and four independent directors include one nominee-director. During the Financial year five Meetings were held on 29th May, 2012, 29th May, 2012, 9th August, 2012, 12th November, 2012, 8th February, 2013. The composition of the Board, attendance at Board Meetings held during the year and at the last Annual General Meeting, number of Directorship in other companies and committees of which the Director is a Member/ Chairman are given below:

Name of the Director	Category/ Interse relationship	Financial year 2012-2013 Attendance in		No. of other Directorship in other indian public limited Companies	No. of chairmanship/ membership in other indian public limited Companies
		Board Meetings	AGM		
Mr. Ashwinkumar H. Gupta	Executive Chairman, Promoter Brother of Managing Director	5		Nil	Nil
Mr. Sudhirkumar H. Gupta	Managing Director, Promoter Brother of Executive Chairman	5		Nil	Nil
Mr. Varun S. Gupta	Executive Director, Promoter Son of Managing Director	5		Nil	Nil
Mr. S. P. Khosla	Independent Director	2		Nil	Nil
Mr. Bimal Desai	Independent Director	3		Nil	Nil
Mr. Neeraj Agarwal	Independent Director	3		Nil	Nil
Ms. Shruti Kumar* Mr. Subrat Dey**	Nominee Director	2		Nil	Nil
Mr. Mahesh Sheregar	Non-Executive Director	Nil		Nil	Nil
Mr. Gaurav Chhabria	Alternate Director to Mr. S.P. Khosla	3		Nil	Nil
Mr. Mahesh Kedia	Alternate Director Mr. Bimal Desai	2		Nil	Nil

* Nominee of Assets Reconstruction Company (India) Limited, CDR Lender of the Company withdrawn effective 8.08.2012 ** nominated effective 9.8.2012 & withdrawn on 22.05.2013.

Audit Committee

• Composition:

During the financial year, the Audit Committee of Directors comprised of three Non-Executive Independent Directors and one Executive Director viz., Mr. S. P. Khosla - Chairman, Mr. Bimal Desai, Mr. Neeraj Agarwal and Mr. Sudhirkumar H. Gupta, members.

• Brief description of terms of reference:

The terms of reference of this committee are wide and cover the matters specified for Audit Committees under Clause 49 of the Listing Agreement as well as under Section 292A of the Companies Act, 1956.

• Meetings and attendance during the year:

During the year, four Audit Committee Meetings were held on 29th May, 2012, 9th August, 2012, 12th November, 2012, 8th February, 2013.

The Composition of Audit Committee and the attendance at the meetings as given hereunder:

Name of Director	Status	No. of Meetings Attended
Mr. S.P. Khosla	Chairman, Independent Director	2
Mr. Bimal Desai	Member, Independent Director	3



Mr. NeerajAgarwala	Member, Independent Director	3
Mr. SudhirkumarH.Gupta	Managing Director, Promoter	4
Mr. Mahesh Kedia (Alternate to Mr.Bimal Desai)	Alternate to MrBimal Desai	1
Mr. Gaurav Chhabria (Alternate to Mr.S.P.Khosla)	Alternate to Mr. S.P.Khosla	2

Remuneration of Directors:
Composition:

Remuneration Committee of the Company consists of all the Non-Executive Independent Directors viz., Mr. S. P.Khosla as Chairman, Mr.Bimal Desai and Mr. NeerajAgarwala as Members. No Remuneration Committee was held during the year.

Remuneration policy:

The remuneration policy is directed towards rewarding performance based on review of achievements on a periodical basis. The details of remuneration paid to Executive Chairman, Managing Director and Exwcutive Director and Sitting Fees paid to Non-Executive Directors during the year under review are given hereunder:

Name of the Director	Salary & Perquisites Rs. in Lacs	Contribution to P F	Commission	Sitting Fees Rs. in Lacs
Mr. AshwinkumarH.Gupta	8.52	Nil	Nil	NA
Mr. SudhirkumarH.Gupta	8.38	Nil	Nil	NA
Mr. VarunS.Gupta	5.16	Nil	Nil	NA
Mr. MaheshSheregar	NA	NA	NA	Nil
Mr. S. P. Khosla	NA	NA	NA	0.28
Mr. Bimal Desai	NA	NA	NA	0.22
Mr. NeerajAgarwala	NA	NA	NA	0.08
Ms. Shrutikumar (Arcil Nominee)	NA	NA	NA	0.10
Mr. GauravChhabria	NA	NA	NA	0.10
Mr. Mahesh Kedia	NA	NA	NA	0.06

Shareholders Committee

The Shareholders' Committee comprised of three Directors viz., Mr. S.P. Khosla Chairman, ,Mr. Bimal Desai Member, Mr. Ashwinkumar H. Gupta, Member. During the year, four meetings of the Shareholders' Committee were held. The Committee interalia covers reviewing status of approval of transfer/ transmission of shares, issue of duplicate share certificates, review / redressal of investor grievances. The Board has authorised the share transfer agents of the Company to approve share transfers up to 2500 shares. During the year under review, there were 13 complaints received from investors which were replied / resolved to the satisfaction of the investors. There were 8 requests for transfer of 1600 equity shares, received and processed during the year.

Code of Conduct:

Your Company has adopted a Code of Conduct for all the employees including the Board Members and Senior Management Personnel of the Company in accordance with the requirement under Listing Agreement. The Senior Management Personnel have affirmed their compliance with the said Code of Conduct for the financial year ended 31st March, 2013. The declaration to this effect signed by theManaging Director & CEO of the Company forms part of the report.

Certification:

A certificate from the managing director on the financial statements of the Company in terms of clause49 of the listing agreement was placed before the board, who took note of the same.

General Body Meetings

- Location and time, where last three AGMs held:

Financial Year	Date	Location	Time
2011-12	03.08.2012	India Steel Works Complex, Zenith Compound, Khopoli,Raigad-410203	12.30p.m
2010-11	30.09.2011	India Steel Works Complex, Zenith Compound, Khopoli,Raigad-410203	12.30p.m
2009-10	30.09.2010	Chanakya, Abbott Hotel,Sector2,Vashi,Navi Mumbai-400703	10.00a.m



• Special resolutions:

- At the 23rd Annual General Meeting held on September 30, 2010, a special resolution was passed to alter Articles of Association of the Company for appointment of Nominee Director.
- At the Extra-Ordinary General Meeting held on July 17, 2010, three special resolutions were passed for the following:
 - a. To increase in authorised share capital of the Company from 88 Crores to 93 Crores.
 - b. To approve and authorise the Board to issue and allot equity shares on preferential basis to the strategic investors, CDR Lenders of the Company.
 - c. To approve and authorise the Board to issue and allot preference shares to the CDR Lenders of the Company
- At the 24th Annual General Meeting held on September 30, 2011 no special resolutions were passed.
- Ordinary / Special Resolution(s) passed through Postal Ballot during 2010-11.

Pursuant to Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001, the approval of the shareholders was sought by postal ballot pursuant to notice dated 13.11.2010 dispatched on 27th November, 2010, for the special/ordinary resolutions with respect to following business:

Item No.	Brief Description of Resolution
1	Ordinary Resolution under the provisions of Section 293(1)(a) of the Companies Act, 1956 for sale of Leasehold Land alongwith Factory Buildings situated at C-63, MIDC Estate, TTC Area, Turbhe, Navi Mumbai-400705.
2	Ordinary Resolution under the provisions of Section 293(1)(a) of the Companies Act, 1956 for sale of surplus land situated at Khopoli.
3	Special Resolution under provisions of Section 146(2) of the Companies Act, 1956, for shifting of Registered office from C-63, MIDC Estate, TTC Area, Turbhe, Navi Mumbai-400705 to Khopoli.

The Scrutiniser CS Shridhar S Kulkarni, Company Secretary had conducted the procedure & submitted his report on the postal ballot on 30th December, 2010 and the results were announced by Mr. Ashwin H. Gupta, Chairman of the Company at the registered office of the Company on 31st December, 2010.

	Resolution no.1		Resolution no. 2		Resolution no. 3	
	No. of postal ballot forms	No. of shares	No. of postal ballot forms	No. of shares	No. of postal ballot forms	No. of shares
Total postal ballots Received	235	109807246	235	109807246	235	109807246
Number of Invalid Postal Ballots	11	9,204	10	4,344	11	8,804
Number of valid postal ballots	224	109798042	225	109802902	224	109798442
Votes in favor of the resolution	199	109759812	199	109763572	202	109778362
Votes against the resolution	25	38,230	26	39,330	22	20,080

The proposed resolutions are carried with requisite majority and passed as Special / Ordinary Resolutions.

(V) At the 25th Annual General Meeting held on August 3, 2012 no special resolutions were passed.

Disclosures

- Disclosure on materially significant related party transactions that may have potential conflict with the interests of the Company at large:
 - All related party transactions have been disclosed in the Notes to Accounts of the Annual Report.
- Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any other statutory authority on any matter related to capital markets, during the last three years.
 - As per clause 41 of the Listing Agreement, there have been some delays in taking on record and publication of financial results for the quarters ending June 2009, September 2009 and March 2010.

Means of Communication:

The Company has published its quarterly results in "Business Standard"(English) and "Mumbai Lakshdeep"(Regional). The results of the Company are displayed on www.bseindia.com.

General Shareholders Information:

A. Annual General Meeting :

Date : Saturday, 10th August, 2013.

Time : 11.30 a.m.



Venue : India Steel Works Complex, Zenith Compound, Khopoli, Raigad-410203

B. Date of Book Closure and Dividend Payment:

- Date of Book closure Friday, 3rd August, 2013 to 10th August, 2013 (Both days inclusive).
- Dividend Payment Date: No dividend has been recommended by the Board of Directors

C. Company Identification Number (CIN): L29100MH1987PLC043186

D. Stock Exchange Listing: The Stock Exchange, Mumbai

E. Stock Code:

1. ISIN : INE072A01029
2. The Stock Exchange, Mumbai 513361

F. Stock Price Data :

Months	Highest	Lowest	Months	Highest	Lowest
12-Apr	5.85	4.81	12-Oct	5.44	4.02
12-May	5.32	4.85	12-Nov	4.58	3.96
12-Jun	5.20	4.50	12-Dec	4.67	3.46
12-Jul	5.25	4.45	13-Jan	5.24	3.05
12-Aug	5.22	4.51	13-Feb	4.28	3.00
12-Sep	5.29	4.03	13-Mar	3.15	1.99

G. Registrar & Share Transfer Agents

Members are requested to correspond with the Company's Registrar & Transfer Agent:

LINK INTIME INDIA PVT LIMITED
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup(West),
Mumbai 400 078.

Phone: 022 25946970,
Fax : 022 25946969
Email ID: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

H. Compliance Officer

Dilip Maharana, Company Secretary
Indiabulls Finance Centre, 1101, 11th floor, Tower- 2,
SenapatiBapatMarg, Elphinstone (W), Lower Parel, Mumbai - 400 013.
Tel No. +912249102007, Fax No. +912249102099,
Email : cosec@indiasteel.in

I. Share Transfer System

Share Transfers in physical form can be lodged with Link Intime India Private Ltd. (Intime). Transfers upto 2500 Equity Shares are processed and approved on weekly basis by Intime. Transfers above 2500 Equity Shares are processed by Link Intime India Private Ltd and approved by Share Transfer Committee.

J. Distribution of shareholding as on 31st March, 2013.

Distribution of Shareholding	No. of Shares	% of Shares	No. of ShareHolders	% of Shareholders
1 - 500	1977592	0.8448	9446	80.9357
501-1000	891879	0.3810	1001	8.5768
1001-2000	764960	0.3268	476	4.0785
2001-3000	536066	0.2290	203	1.7394
3001-4000	297519	0.1271	82	0.7026
4001-5000	624932	0.2670	129	1.1053
5001-10000	1142975	0.4883	155	1.3281
10001 & above	227845002	97.3360	179	1.5337
Total	234080925	100.0000	11671	100.0000



K. Shareholding Pattern:

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 total number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)
(A)	Promoter and Promoter Group					
1	Indian					
(a)	Individuals/Hindu Undivided Family	10	11174560	11174560	4.77	4.77
(b)	Central Government/State Government(s)	0	0	0	0.00	0.00
(c)	Bodies Corporate	10	100322650	99622650	42.86	42.86
(d)	Financial Institutions / Banks	0	0	0	0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0.00
	Sub Total (A)(1)	20	111497210	110797210	47.63	47.63
2	Foreign					
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0.00
(d)	Qualified Foreign Investors	0	0	0	0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0.00
	Sub Total (A)(2)	0	0	0	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	20	111497210	110797210	47.63	47.63
(B)	Public shareholding					
1	Institutions					
(a)	Mutual Funds/UTI	3	3600	0	0.00	0.00
(b)	Financial Institutions / Banks	5	2812475	2812075	1.20	1.20
(c)	Central Government/State Government(s)	0	0	0	0.00	0.00
(d)	Foreign Mutual Fund	1	14334300	14334300	6.12	6.12
(e)	Foreign Financial Institutions	4	14900	0	0.01	0.01
(f)	Foreign Institutional Investors	2	14334300	14334300	6.12	6.12
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00
(h)	Qualified Foreign Investors	0	0	0	0.00	0.00
(i)	Any Other (specify)	0	0	0	0.00	0.00
	Sub Total (B) (1)	15	31499575	31480675	13.46	13.46
2	Non-institutions					
(a)	Bodies Corporate	204	39449386	39427436	16.85	16.85
(b) (i)	Individuals - shareholders holding nominal share capital up to Rs. 1 Lakh	11266	8992546	7880391	3.84	3.84
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	12	14753516	14753516	6.30	6.30
(c)	Qualified Foreign Investors	0	0	0	0.00	0.00
(d)	Any Other					
i	Non Resident Indians (Repat)	38	73561	50411	0.03	0.03
ii	Non Resident Indians (Non Repat)	10	304060	304060	0.13	0.13
iii	Foreign Companies	2	27260000	27260000	11.65	11.65
iv	Clearing Member	8	2730	2730	0.00	0.00
v	Hindu Undivided Family	90	228712	228712	0.10	0.10
vi	Market Makers	6	19629	19629	0.01	0.01
	Sub Total (B)(2)	11636	91084140	89926885	38.91	38.91
	Total Public Shareholding Public Group (B)=(B)(1)+(B)(2)	11651	122583715	121407560	52.37	52.37
	Total (A)+(B)	11671	234080925	232204770	100.00	100.00
(C)	Shares held by custodians and against which Depository Receipts have been issued					
i	Promoter and Promoter group	0	0	0	0.00	0.00
ii	Public	0	0	0	0.00	0.00
	Sub Total (C)	0	0	0	0.00	0.00
	GRAND TOTAL (A)+(B)+(C)	11671	234080925	232204770	100	100

**L. Dematerialization of shares and liquidity**

The Company has arrangements with National Securities Depository Ltd. (NSDL) as well as the Central Depository Services(India) Ltd. (CDSL) for a demat facility. 99.20% of the Company's Listed Equity Share Capital was dematerialized as on 31.03.2013. The Company's shares are traded on the Stock Exchange, Mumbai.

M. Unclaimed shares:

In accordance with Listing Agreement, the Company has identified 320 folios comprising of 46350 shares of face value of ₹ 1/- each, which are unclaimed as on 31st March, 2013. The Company has send reminders to the concerned shareholders in accordance with the Listing Agreement. The same will be demated as per applicable rules.

N. Plant Locations**Special Steel and Rolling Mill Division**

Zenith Compound, Khopoli,
Dist. Raigad, Maharashtra - 410203
Tel. No. +95 21 92265812
Fax No. +95 21 92264061

O. Address for correspondence**INDIA STEEL WORKS LIMITED**

Indiabulls Finance Centre, 1101,
11th floor, Tower- 2, Senapati Bapat Marg,
Elphinstone (W), Lower Parel, Mumbai-400013.
Tel No. +912249102000, Fax No.+912249102099
Email :cosec@indiasteel.in Website : www.indiasteel.in

CERTIFICATE OF COMPLIANCE WITH CODE OF CONDUCT

As provided under clause 49 of the Listing Agreement relating to corporate Governance with Stock Exchanges, all the Board members and senior management personnel of the Company have affirmed compliance with the Company's Code of Conduct for the Financial year 2012-13.

For India Steel Works Limited

Place: Mumbai
Dated: 30th May, 2013

Sudhir H. Gupta
Managing Director

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To
The Shareholders of India Steel Works Ltd.

We have reviewed the records concerning the Company's Compliance with Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges of India for the financial year beginning April 1, 2012 and ending on March 31, 2013.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for review and the information and explanations given to us by the Company.

Based on such review, in our opinion, the Company has complied with Clause 49 of the Listing Agreement of the Stock Exchanges of India.

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

For Thanawala & Company
Chartered Accountants
Firm Reg.No.110948W

Place: Mumbai
Dated: 30th May, 2013

V K Thanawala
Proprietor
Membership no. 15632



MANAGEMENT DISCUSSION AND ANALYSIS

THE STEEL INDUSTRY

The Indian Steel Industry plays a significant role in the country's economic growth. The Industry had a dismal 2012 but expects the next two years to see a much better performance. India has seen a rapid rise in production over the past few years, which has resulted in India becoming the fourth-largest producer of crude steel and the largest producer of sponge iron in the world. There are many opportunities that are helping the Indian steel market grow, which are picking up of rural demand, planned investment in Road sector, expansion in Railways, refocus on manufacturing etc.

OUTLOOK

The long-term outlook for steel demand in India is quite robust due to increasing demand from several sectors, including automotive, consumer durables, oil and gas, industrial machinery, real estate and infrastructure. Though there could be a supply constraints in India in 2013-14, steel prices are likely to remain under pressure due to a steady stream of imports. However, there are many opportunities that are helping the Indian steel market grow. To exploit the opportunities, Long term marketing / technical alliances are expected in the current year. The Company is also expected to optimise its capacity utilization. The Company's endeavour is to take advantage of growth opportunities and thereby enhancing the stake holders values.

OPPORTUNITIES & THREATS

The big challenge for us is to be cost competitive while maintaining enterprise value.

Opportunities:

- Re-instated integrated facility accredited with quality and ISO certifications.
- All downstream and upstream product lines are consolidated.
- Acceptance of the Company products in quality-conscious markets
- Export potential in traditionally overlooked markets.
- Impending Exit from Corporate Debt Restructuring.
- Current level of secured debt

Threats:

- Volatile economic scenario.
- Fluctuating price of raw materials.
- Sharp increase in electricity and other fuel costs.
- High cost of existing working capital finance.

RISKS AND CONCERNS

The Company is exposed to normal Industry risk factors. In order to optimize capacity utilisation cost-effectively, the Company is trying to address working capital concerns to avoid adverse effect on the cost of production. With the increasing Government concerns on environment protection and general awareness thereon, environment protection has to be a core focus area.

INTERNAL CONTROLS

The Company has proper and adequate systems of internal control that provides assurance on the efficiency of operations and security of assets. An independent Internal Auditor is in place to check, audit and monitor the process as per the Internal Audit Plan approved by the Audit Committee of the Company.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES

In the year under review, the overall industrial relations have been cordial and conducive to work. The Company recognizes the value and contribution of its employees, and earnestly endeavors to create a responsive organization with emphasis on performance with responsibility and accountability. Continuous appraisal of the competencies of the personnel in line with job requirements is carried out to facilitate higher levels of output and productivity.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The consolidation of the Khopoli plant after a complete re-instatement has improved operational performance of the Plant. As operations accelerate, financial performance of the Company is expected to improve further in the current financial year.

DISCLAIMER

This discussion and analysis have been provided with a view to enable shareholders with a better understanding of the performance of the Company. In certain areas the discussion may cover strategic decision and management expectations from the same. Such forecasts should not be construed as a guarantee of performance and actual results may differ significantly depending upon the operating conditions and external environment.

**AUDITOR'S REPORT**

To,
INDIA STEEL WORKS LIMITED

We have audited the accompanying financial statements of INDIA STEEL WORKS LIMITED, which comprise the Balance Sheet as at March 31, 2013, 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 is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013; and
 - b) in the case of the Profit and Loss Account, of the **LOSS** for the year ended on that date;
 - c) in the case of the Cash Flow statement, of the Cash Flows for the year ended on that date.
1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
 2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of –
THANAWALA & COMPANY
Chartered Accountants
Firm REG. No 110948W

Place : Mumbai
Dated : 30th May, 2013

[V.K. Thanawala]
Proprietor
Membership No. 15632



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

1. In regard to Fixed Assets -
 - a. The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
 - (c) In our opinion the company has not disposed off major part of its Fixed Assets during the year.
2. In regard to inventories -
 - (a) The inventories (Excluding stock with 3rd party and materials transits) have been physically verified during the year by the management at reasonable intervals.
 - (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) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No major material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3.
 - (a) The Company has not granted any loans, secured, unsecured loans to the companies, firm or other parties covered in the register maintained under section 301 of the Act. Therefore the provision of clause 4(iii)(b),(c) and (d) of the said order are not applicable to the company.
 - (b) The Company has taken interest free loans from 12 parties covered in the register maintained under Section 301 of the Companies Act, 1956. The total amount of such loans received and outstanding as of 31st March 2013 is Rs.69,93,07,829/-.
 - (c) The Company has taken interest free loans as such the terms and conditions on which these loans are taken are not prejudicial to the interest of the Company.
 - (d) There is no predetermined schedule of repayment of principal;
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5.
 - (a) The transactions made in pursuance of contracts of arrangements, that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been recorded in the register;
 - (b) In our opinion and according to the information and explanations given to us, these transactions in pursuance of contracts or 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 are prima facie reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposit from the public and consequently the provision of Section 58A and 58AA of the Companies Act, 1956 and the Companies [Acceptance of Deposits] Rules, 1975 are not applicable.
7. In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Record) 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.
9.
 - (a) The Company has been generally regular in depositing undisputed dues of Provident Fund, Employees State Insurance, Income Tax, Profession Tax, except Property Tax of Rs.58,58,009/- & Cess of Rs.11,32,598/- outstanding for more than six months, as at 31st March 2013.



(b) Details of dues of Sales Tax, Excise Duty & Service Tax which have not been deposited as on 31st March 2013 on account of disputes are given below

Nature of Dues	Amount in Rs.	Period for which dispute relates	Forum where dispute is pending
Sales Tax	11.24 lacs	FY 2002-03	Sales Tax Officer
Sales Tax	18.83 lacs	FY 2003-04	JC (Appeals) Sales Tax
Excise Duty	9.64 lacs	FY 2012-13	Addl. Comm of Central Excise
Excise Duty	33.53 lacs	FY 2005-06	ESTAT
Excise Duty	5.94 lacs	FY 2007-08	Comm of Central Excise
Excise Duty	4.29 lacs	FY 2004-05	Comm of Central Excise
Excise Duty	40.98 lacs	FY 2003-04	CEGAT
Excise Duty	37.99 lacs	FY 2005-06	Comm of Central Excise
Service Tax	1.91 lacs	FY 2008-09	Comm of Central Excise

10. The accumulated losses of the Company exceeded fifty percent of its net worth of the end of the financial year. The Company has not incurred cash loss during the financial year under review and in the year immediately preceding the financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures or other investments and hence the requirements of Para 4(xiv) are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made preferential allotment of shares during the year to the parties and companies covered in the Register maintained under Section 301 of the Companies Act 1956..
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For and on behalf of –
THANAWALA & COMPANY
Chartered Accountants
Firm Reg. No. 110948W

Place : Mumbai,
Dated : 30th May, 2013

[V.K. Thanawala]
Proprietor
Membership No. 15632



Balance Sheet as at 31st March, 2013

	PARTICULARS	Note No.	As at 31 March, 2013 Amt Rs. In Lac	As at 31 March, 2012 Amt Rs. In Lac
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	1	8759.40	8527.20
	(b) Reserves and surplus	2	(2811.18)	(1730.12)
	(c) Money received against share warrants		5948.22	6797.08
2	Share application money pending allotment			
3	Non-current liabilities			
	(a) Long-term borrowings	3	11435.34	12844.73
	(b) Deferred tax liabilities (net)	3C	-	-
	(c) Other long-term liabilities	4	981.97	844.31
	(d) Long-term provisions	5	267.65	288.34
			12684.96	13977.38
4	Current liabilities			
	(a) Short-term borrowings	6	2387.55	-
	(b) Trade payables	7	12485.44	9079.02
	(c) Other current liabilities	8	2679.89	1287.75
	(d) Short-term provisions	9	1030.40	1120.47
			18583.29	11487.24
	TOTAL		37216.47	32261.70
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	10A	16110.16	15212.18
	(ii) Intangible assets		-	-
	(iii) Capital work-in-progress		153.98	641.10
	(iv) Intangible assets under development		-	-
	(v) Fixed assets held for sale		-	-
			16264.14	15853.28
	(b) on-current investments	11	214.24	214.60
	(c) Deferred tax assets (net)		-	-
	(d) Long-term loans and advances	12	257.97	405.46
	(e) Other non-current assets	13	23.75	125.13
			16760.09	16598.48
2	Current assets			
	(a) Current investments		-	-
	(b) Inventories	14	10602.76	6694.54
	(c) Trade receivables	15	2663.27	2982.15
	(d) Cash and cash equivalents	16	1014.65	619.36
	(e) Short-term loans and advances	17	3,432.65	2617.80
	(f) Other current assets	18	2743.05	2749.37
			20456.38	15663.22
	TOTAL		37216.47	32261.70

Significant Accounting Policies, Notes on Financial Statements 1-31

As per Our Report Of Even Date Attached

For & on behalf of the Board

For Thanawala & Company
Chartered Accountants
Firm Registration No. 110948W

V. K. Thanawala
Proprietor
M.N.015632

Ashwinkumar H Gupta
Chairman

Sudhir H.Gupta
Managing Director

Varun S. Gupta
Director

Mumbai
Dated : 30th May 2013

Dilip Maharana
Company Secretary



Statement of Profit and Loss for the year ended 31st March, 2013

	PARTICULARS	Note No.	For the year ended 31 March, 2013 Amt Rs. In Lac	For the year ended 31 March, 2012 Amt Rs. In Lac
	INCOME			
1	Revenue from operations (gross)	19	78784.81	65667.30
	Less: Excise duty		(6298.43)	(5530.16)
	Revenue from operations (net)		72486.38	60137.14
2	Other income	20	515.36	104.06
3	Total revenue (1+2)		73001.74	60241.20
4	EXPENDITURE			
	(a) Cost of materials consumed	21	45877.75	47007.79
	(b) Purchases of stock-in-trade	21B	19706.48	1207.00
	(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	21C	-3358.14	898.34
	(c) Employee benefits expense	22	1279.40	1165.53
	(d) Finance costs	23	1446.69	1476.87
	(e) Depreciation and amortisation expense		1397.72	1383.26
	(f) Other expenses	24	7731.04	7812.30
	Total expenses		74080.94	60951.09
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		(1079.20)	(709.89)
6	Exceptional items	25	(0.36)	(1.48)
7	Profit / (Loss) before extraordinary items and tax (5 + 6)		(1079.56)	(711.37)
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 + 8)		(1079.56)	(711.37)
10	Tax expense:			
	(a) Current tax expense for current year		(1.50)	(1.20)
	(b) (Less): MAT credit (where applicable)		-	(0.69)
	(c) Current tax expense relating to prior years		(1.50)	(1.89)
	(d) Net current tax expense		(1.50)	(1.89)
	(e) Deferred tax		(1.50)	(1.89)
11	Profit / (Loss) after tax (9 + 10)		(1081.06)	(713.26)
	Earnings per equity shares of face value of Re 1/-each			
	Basic and Diluted (in Rs.)	26	(0.46)	(0.30)
	Significant Accounting Policies, Notes on Financial Statements	1-31		

As per Our Report Of Even Date Attached

For Thanawala & Company
Chartered Accountants
Firm Registration No. 110948W

V. K. Thanawala
Proprietor
M.N.015632

Mumbai
Dated : 30th May 2013

Ashwinkumar H Gupta
Chairman

Sudhir H.Gupta
Managing Director

Varun S. Gupta
Director

Dilip Maharana
Company Secretary



CASH FLOW STATEMENT FOR THE PERIOD ENDED

	2012-13	2011-12
	Amt Rs. in Lac	Amt Rs. in Lac
Cash flow from Operations		
Net Profit / (Loss) before Tax	(1081.06)	(713.26)
Other Income from Non Operating activity	(94.11)	(32.27)
Depreciation and Amortisation	1397.72	1383.26
Finance Cost	1446.69	1476.88
Prior Period Expenses/ Write Backs	(421.26)	(71.79)
Provision for Taxes	1.50	1.89
Loss on Sale of Assets	5.98	0.63
Provision for (increase)/ Diminution in value of Investments	0.37	1.48
Operating Profit / (Loss)	1255.83	2046.82
Decrease / (Increase) in Sundry Debtors	318.88	1455.99
Decrease / (Increase) in Inventories	(3908.22)	2411.54
Decrease / (Increase) in Loans & Advances	(559.65)	(205.60)
Increase / (Decrease) in Sundry Creditors	4825.47	(3000.92)
Net Cash generated from / (used in) operations	1932.31	2707.83
Taxes Paid	(1.50)	(1.89)
Cash Flow before extraordinary / exceptional items	1930.81	2705.94
Extraordinary Ordinary / Exceptional Items	421.26	71.79
Cash Flow after extraordinary / exceptional items	2352.07	2777.73
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(1821.61)	(775.52)
Sale of Fixed Assets	7.05	1.25
(Purchase)/Sale of Investment	-	(212.28)
Dividend Received	0.32	0.25
Cash Flow from financial activities	-1814.24	-986.30
Increase (Decrease) in Cash received from Issuance of share capital	232.20	2.69
Increase / (Decrease) in Short Term Borrowings	2387.55	-
Increase / (Decrease) in Long Term Borrowings	(1409.38)	(363.56)
Interest Paid	(1352.90)	(1444.85)
Net Cash (used in) / from Financing Activities	-142.53	-1805.72
Net increase in cash and cash equivalents	395.30	(14.29)
Cash and cash equivalent as at the beginning of the year	619.35	633.64
Cash and cash equivalent as at the end of the year	1014.65	619.35

As per Our Report Of Even Date Attached

For & on behalf of the Board

For Thanawala & Company
Chartered Accountants
Firm Registration No. 110948W

V. K. Thanawala
Proprietor
M.N.015632

Ashwinkumar H Gupta
Chairman

Sudhir H.Gupta
Managing Director

Varun S. Gupta
Director

Mumbai
Dated : 30th May 2013

Dilip Maharana
Company Secretary

**SIGNIFICANT ACCOUNTING POLICIES****Company Overview**

The Company was incorporated on April 15, 1987 as Khanna & Roy Heavy Engineering Private Limited, under the Companies Act, 1956.

The name was changed to Isibars Private Limited on May 9, 1991. Further Isibars Private Limited changed to Isibars Limited on November 29, 1991. Fresh Certificate of Incorporation upon change of name from Isibars Limited to India Steel Works Limited was issued on October 22, 2007. The Company is involved in the business of steel.

1. Accounting Convention

The financial statements are prepared and presented under the historical cost convention as a going concern on accrual basis of accounting and to comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of Companies Act, 1956.

2. Use of Estimates

The preparation of financial statements requires estimates & assumptions to be made that affect the reported amount of assets & liabilities on the date of financial statements and the reported amount of revenues & expenses during the reporting period. Difference between the actual results & estimates are recognized in the period in which the results are known/materialized.

3. Fixed Assets & Depreciation

Fixed Assets are stated at cost of acquisition (including cost of borrowings) or construction, less accumulated depreciation and impairment loss. Cost of acquisition or construction is inclusive of all expenses, which are directly attributable to bringing the asset to working condition for the intended use, exclusive of cenvat credit on capital account. Finance costs incurred upto the date of commissioning of the assets are capitalised towards the relevant Fixed Assets. Depreciation on fixed assets acquired upto 31st March, 1996, is provided on the "Written Down Value" basis and depreciation on additions to fixed assets on or after 1st April, 1996, is provided on "Straight Line" basis, at the rates specified in Schedule XIV to the Companies Act, 1956.

4. Impairment of Assets

Impairment loss is ascertained at each balance sheet date in respect of Cash Generating Units. An impairment loss is recognised when the carrying value of the fixed assets of the respective cash generating units exceeds its recoverable amount, which is the greater of the net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

5. Investments

Investments are carried at lower of cost or market value and provision is made to recognise any decrease in the carrying value, as applicable. Unquoted investments are accounted at cost.

6. Inventories

Inventories are valued at lower of cost and net realisable value. Cost includes expenses incurred upto the point of storage but excludes financing, general administration and marketing costs.

- Raw materials, stores and spares have been valued at cost arrived on weighted average basis at the year end.
- Fixed overheads are allocated for inclusion in the cost of conversion based on normal levels of production capacity. Conversion cost is apportioned to finished goods and goods in process based on estimated values and proportions arrived at by the cost sheet of the last month of the financial period in which production had taken place.
- The company considers the value of scrap stock on account of job work parties on accrual basis & has also provided the corresponding liability.

7. Foreign Currency Transaction

All transactions in foreign currency are recorded at the rate of exchange prevailing on dates when the relevant transactions take place. In case of payment / realisations against these transactions in the same accounting year the respective expense / income head is debited/credited. In case of transactions where payments/realisations take place in the subsequent years the exchange gains/losses are accounted under exchange rate difference.

8. Revenue Recognition

- Sales are stated exclusive of excise duty, VAT and net of returns, quality claims & discounts. Export sales are accounted at C.I.F. value.
- Export incentives are accounted on accrual basis under the Duty Entitlement Pass Book Scheme and Duty Drawback Scheme.
- Dividend income is recognized when the right to receive is established.



- d. Interest income is recognized on the basis of time.
- e. Revenues from sale of by products, scrap are included in turn over.

9. Employee Benefits

- a. Contributions to defined contribution schemes such as provident fund and family pension fund are charged to the Profit and Loss Account for the year.
- b. Provisions for the leave encashment & gratuity liabilities, which are not funded, have been determined using the Projected Unit Credit method and are based on the results of the Actuarial Valuation carried out as on 31st March 2008 in terms of the revised AS-15. Provision for current year has been made based on internal workings..

10. Employee Separation Cost

Compensation paid to employees under the Voluntary Retirement Scheme of the company is treated as deferred revenue expenditure & is amortized over a period of 3 years.

11. Miscellaneous Expenditure

Expenses relating to issue of shares are being amortized over a period of five years as per the provisions of Section 35D of the Income Tax Act, 1961. Deferred Revenue expenditure are being amortized over a period of three years.

12. Contingent Liabilities

Contingent Liabilities disclosed in the notes to accounts or provided for in the financial statements is based on the management perception.

13. Dividend on Preference Shares

Dividend on Cumulative Redeemable Preference Share is accounted in the year of payment.

14. Prior Period Items

Significant items of income and expenditure relating to prior-period accounting periods are accounted in the Profit and Loss Account under the head 'Prior Period Adjustment'.

15. Derivative Contracts

The Company enters into derivative contracts in the nature of commodity futures, which are "marked to market" and losses/gains are recognized in the Profit and Loss Account



Notes forming part of the financial statements

Note 1 Equity Share capital

Particulars	As at 31st March, 2013		As at 31 March, 2012	
	Number of shares	Amt ₹ In Lac	Number of shares	Amt ₹ In Lac
(a) Authorised Equity shares of Re 1/- each with voting rights	280000000	2800.00	280000000	2800.00
(b) Issued Equity shares of Re 1/- each with voting rights	234080925	2340.81	234080925	2340.81
Total	234080925	2340.81	234080925	2340.81
(c) Subscribed and fully paid up Equity shares of Re 1/- each with voting rights	234080925	2340.81	234080925	2340.81
Total	234080925	2340.81	234080925	2340.81

Refer Notes (i) to (vi) below

1A
Of the above, 2,42,70,000 fully paid-up equity shares of ₹ 1/- each represent the shares which were reduced from a face value of ₹ 10/- each to ₹ 1/- each pursuant to the Bombay High Court Order in the last 5 years
Of the above, 10,00,00,000 fully paid-up equity shares of Re 1/- each represent the shares which were allotted on a preferential basis to the promoters of the Company in the last 5 years
Of the above, 8,70,00,000 fully paid-up equity shares of ₹ 1/- each represent the shares which were allotted on a preferential basis to the Strategic Investors of the Company in the last 5 years
Of the above, 2,00,00,000 fully paid-up equity shares of ₹ 1/- each represent the shares which were allotted pursuant to the CDR Scheme without payments being received in cash, in the last 5 years.
Of the above, 28,10,925 fully paid-up equity shares of ₹ 1/- each represent the shares which were allotted pursuant to cash payment of ₹ 1 Lac & balance against settlement of dues in the last 5 years

Note 1A1 Equity Share capital :-

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

Particulars	Opening Balance	Fresh issue	Closing Balance
Equity shares with voting rights Year ended 31 March, 2013			
- Number of shares	234080925	-	234080925
- Amount	2340.81	-	2340.81
Year ended 31 March, 2012			
- Number of shares	234080,925		234080925
- Amount	2340.81	-	2340.81

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

Class of shares / Name of shareholder	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Indiasteel International P.Ltd.	98134150	41.92%	98134150	41.92%
TB Investments Ltd	27000000	11.53%	27000000	11.53%
Asset Reconstruction Co.India Ltd.	20000000	8.54%	20000000	8.54%
Mavi Investment Ltd.	14334300	6.12%	14334300	6.12%
TOTAL	159468450	68.11%	159468450	68.11%


Notes forming part of the financial statements
Note 1B Preference Share capital

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	Amt ₹ In Lac	Number of shares	Amt ₹ In Lac
(a) Authorised Preference shares of ₹ 10/- each without voting rights	64500000	6450.00	64500000	6450.00
(b) Issued, Subscribed and fully paid up				
14% Cumulative Redeemable Preference shares of ₹ 100/- each without voting rights	2000000	200.00	2000000	200.00
0.01% Cumulative Redeemable Preference shares of ₹ 10/- each without voting rights	53671310	5367.13	51672910	5167.29
0.01% Cumulative Redeemable Preference shares (Option Series) of ₹ 10/- each without voting rights	8514574	851.46	8190974	819.10
Total	64185884	6418.59	61863884	6186.39

Note :

- 1) 14% Cumulative Redeemable Shares are redeemable in the year 2018.
- 2) 0.01% Cumulative Redeemable Shares are redeemable 25% in the year 2017, 25% in the year 2018, & 50% in the year 2019
- 3) 0.01% Cumulative Redeemable Shares (Option Series) are redeemable 25% in the year 2017, 25% in the year 2018, & 50% in the year 2019
- 4) Dividend on above Preference Shares for current year not provided ₹ in Lac 28.62 & till date amounted to ₹ in Lac 467.86

Note 1B Preference Share capital :-
(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Conversion	Closing Balance
Preference shares without voting rights			
Year ended 31 March, 2013			
- Number of shares	61863884	2322000	64185884
- Amount	6186.39	232.20	6418.59
Year ended 31 March, 2012			
- Number of shares	61863884	-	61863884
- Amount	6186.39	-	6186.39

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

Class of shares / Name of shareholder	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Preference shares without voting rights				
IDBI Ltd.	37547800	58.50%	37547800	60.69%
Punjab & Sind Bank	12138000	18.91%	12138000	19.62%
Oriental Bank of Commerce	5698413	8.88%	5698413	9.21%
TOTAL	55384213	86.29%	55384213	89.53%

(iii) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

Particulars	Aggregate number of shares	
	As at 31 March, 2013	As at 31 March, 2012
Preference shares without voting rights		
Fully paid up pursuant to contract(s) without payment being received in cash	64185884	61863884
Total	64185884	61863884



Notes forming part of the financial statements

Note 1C Unclassified Share capital

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	Amt ₹ In Lac	Number of shares	Amt ₹ In Lac
(a) Authorised Unclassified shares	-	50.00	-	50.00
Total	-	-	-	-

Note 2 Reserves and surplus

Particulars	As at 31st March, 2013 Amt ₹ In Lac	As at 31 March, 2012 Amt ₹ In Lac
(a) Capital reserve		
Opening balance	4451.30	4451.30
Closing balance	4451.30	4451.30
(b) Securities premium account		
Opening balance	8676.88	8676.88
Add : Received during the year		-
Closing balance	8676.88	8676.88
(c) Preference Share Redemption Reserve		
Opening balance	500.00	500.00
Closing balance	500.00	500.00
(d) General Reserve		
Opening balance	2040.00	2040.00
Closing balance	2040.00	2040.00
(e) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(17398.30)	(16685.00)
Add: Profit / (Loss) for the year	(1081.06)	(713.26)
Closing balance	(18479.36)	(17398.30)
Total (a)+(b)+©+(d)+€	(2811.18)	(1730.12)

Note 3 Long-term borrowings

Particulars	As at 31st March, 2013 Amt ₹ In Lac	As at 31 March, 2012 Amt ₹ In Lac
(1) From banks		
i) Secured * - Kotak Bank	1197.99	884.88
ii) Unsecured	-	-
	1197.99	884.88
(2) From others		
i) Unsecured		
a) Others **	3244.27	7799.27
b) From related parties **	6993.08	4160.57
	10237.35	11959.84
(b) Deferred payment liabilities		
Secured	-	-
Unsecured	-	-
	-	-
(c) Deposits		
Secured	-	-
Unsecured	-	-
	-	-
Total	11435.34	12844.73

* Above debts are secured/to be secured by first mortgage & charges on all immoveable and moveable properties, both present and future, subject to the prior charge in favour of bankers on specified movables, created/ to be created

for securing the restructured debts ranking pari passu and personal guarantees of some of the promoter directors of the Company

** The instalment falling due within 12 months after report date is Nil as terms of repayment are not pre determined


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

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Amt ₹ In Lac		Amt ₹ In Lac	
	Secured	Unsecured	Secured	Unsecured
Term loans from banks/NBFC's:				
Commerzbank Ltd.		-	350.00	-
Kotak Mahindra Bank Ltd.	1157.62	-	141.08	-
Asset Reconstruction Co. India Ltd.	-	-	-	-
Sundaram Finance Ltd	40.37	-	32.88	-
National Insurance Co. Ltd		-	155.88	-
United India Insurance Ltd		-	205.04	-
Total	1197.99	-	884.88	-
Total - Deferred payment liabilities	-	-	-	-
Total	-	-	-	-

Note : Terms of Repayment & Security for Secured Loan.

- 1) As per the settlement a sum of ₹ 3.50 crores was paid to Commerzbank Singapore on permission received from by RBI for repatriation of the said amount and against the execution of release deed.
- 2) National Insurance Company Ltd and United India Insurance Company Ltd has accorded their approval for amount to be paid as per the CDR Package and the payment were made in accordance.
- 3) New India Assurance Company Ltd and General Insurance Company Ltd assigned their debts to Kotak Mahindra Bank Ltd and the same is being repaid in 36 EMI of ₹ 510665/- per month, as per the revised repayment schedule approved by Kotak Mahindra Bank Ltd. The security is by way of first pari passu charge on the fixed and current assets of the company
- 4) The Company has paid the dues of IARC and IARC has issued the NO Dues Certificate and NOC for the release of the securities.
- 5) The Company has paid the delayed interest in full and final settlement with ARCIL subsequent to the balance sheet date and ARCIL has accepted the amount and issued the undertaking to issue the No Dues Certificate and to release all the securities charged. The security was by way of first pari passu charge on the fixed and current assets of the company, personal guarantees of some of the promoter directors as also pledge of equity shares held by the promoters/promoter group companies.

Note 3C Deferred Tax Liability

Particulars	As at 31 March, 2013 Amt ₹ In Lac	As at 31 March, 2012 Amt ₹ In Lac
Related to Fixed Assets	-	-
Disallowance under Income Tax Act	-	-

Note

In absence of certainty of sufficient future taxable income, net deferred tax liabilities /asset has not been recognised in accordance with Accounting Standard 22 issued by the Institute of Chartered Accountants of India.

Note 4 Other long-term liabilities

Particulars	As at 31 March, 2012 Amt. ₹ In Lac	As at 31 March, 2012 Amt. ₹ In Lac
(a) Others:		
(i) Payables on purchase of fixed assets	981.97	844.31
(ii) Contractually reimbursable expenses		
(iii) Trade / security deposits received		
Total	981.97	844.31



Notes forming part of the financial statements

Note 5 Long-term provisions

Particulars	As at 31 March, 2013 Amt. ₹ In Lac	As at 31 March, 2012 Amt. ₹ In Lac
(a) Provision for employee benefits:		
(i) Provision for compensated absences	43.39	71.67
(ii) Provision for gratuity	109.26	101.67
(iii) Provision for post-employment medical benefits		
	152.65	173.34
(b) Provision - Others:		
(i) Provision for premium payable on redemption of bonds		
(ii) Provision for estimated losses on onerous contract		
(iii) Provision for other contingencies		
(iv) Provision - Bad Debts	115.00	115.00
	115.00	115.00
Total	267.65	288.34

Note 6 Short-term borrowings

Particulars	As at 31 March, 2013 Amt. ₹ In Lac	As at 31 March, 2012 Amt. ₹ In Lac
(a) Loans repayable on demand		
From banks		
Secured - Kotak Bank Ltd.	2387.55	
Unsecured		
	2387.55	-
From other parties	-	-
(b) Deposits		
Secured	-	-
Unsecured	-	-
(C) Deferred Payment Liability		
Secured	-	-
Unsecured	-	-
	-	-
Total	2387.55	-

Notes: Kotak Mahindra Bank Ltd has approved and released working capital facilities against the security by way of first pari passu charge on the fixed and current assets of the company.

Note 7 Trade payables

Particulars	As at 31 March, 2013 Amt. ₹ In Lac	As at 31 March, 2012 Amt. ₹ In Lac
(a) Trade payables:		
Micro Small & medium Enterprises		
Others	12485.44	9079.02
Total	12485.44	9079.02

In the absence of complete information in respect of the status of each creditor, the Company is not in a position to identify the amounts payable to small scale and ancillary undertakings under the provisions of "Interest on the delayed payment to Small Scale and Ancillary undertaking Act, 1993". Accordingly, it is not possible to quantify the extent of overdue interest payable under the said Act.

Details relating to dues to micro, small and medium enterprises as per The Micro, Small and Medium Enterprises Development Act, 2006 are yet not identified by the management.



Notes forming part of the financial statements

Note 8 Other current liabilities

Particulars	As at 31 March, 2013 Amt ₹ In Lac	As at 31 March, 2012 Amt ₹ In Lac
(a) Unpaid dividends		
(b) Interest accrued & due on borrowings	95.14	93.06
(c) Other payables		
(i) Statutory remittances:-		
Vat/CST Payable	312.16	663.75
Service Tax Payable	1.16	-
TDS Payable	36.00	80.31
PF & ESIC Payable	3.64	3.53
PT Payable	4.49	0.79
MLWF Payable	2.02	2.26
Property Tax/Cess Payable	86.23	76.37
(ii) Payables on purchase of fixed assets	164.72	291.53
(iii) Employee's Loan Repayment	1.97	1.43
(iv) Unpaid Bonus	7.82	6.41
(v) Share Application Money received & due for refund	14.07	14.07
(vi) Advance from Customers	1950.47	54.24
Total	2679.89	1287.74

Note 9 Short-term provisions

Particulars	As at 31 March, 2013 Amt ₹ In Lac	As at 31 March, 2012 Amt ₹ In Lac
(a) Provision for employee benefits		
(i) Provision for bonus	27.39	24.95
(ii) Provision for Salary	82.93	118.67
(iii) Provision for Leave Encashment		
	110.32	143.62
(b) Provision - Others:		
(i) Provision for tax (net of advance tax)		
(ii) Provision for Electricity Expenses	451.15	479.59
(iii) Provision for Purchase Bills Not Booked	279.55	426.42
(iv) Provision for Expenses	185.08	71.02
(v) Provision for Professional Fees		
(vi) Provision for Telephone, Internet & Postage		
(vii) Provision for Rent		
(viii) Provision for Wealth Tax	4.30	2.80
	920.08	976.84
Total	1030.40	1120.47



Notes forming part of the financial statements

NOTE NO. 10.A : FIXED ASSETS :

Sr No	TANGIBLE ASSET	GROSS BLOCK				DEPRECIATION		IMPAIRMENT		(Amt ₹ In Lac)		
		AS ON 01.04.2012	ADDITIONS	TRANSFERS/ DEDUCTIONS	AS ON 31.03.2013	AS ON 01.04.2012	FOR THE YEAR	AS ON 31.03.2013	AS ON 31.03.2012	AS ON 31.03.2013	AS ON 31.03.2012	AS ON 31.03.2012
1	LAND	140.75	-	-	140.75	-	-	-	-	140.75	140.75	140.75
2	FACTORY BUILDINGS	2899.82	1228.90	-	4128.72	1170.94	86.85	208.38	208.38	2662.56	1520.51	1520.51
3	OFFICE/ RESIDENTIAL BUILDINGS	131.87	110.01	-	241.87	64.64	3.14	4.00	4.00	170.10	63.23	63.23
4	PLANT & MACHINERY	30398.20	923.40	-	31321.60	15031.02	1263.79	2264.74	2264.74	12762.06	13102.45	13102.45
5	DATA PROCESSING EQUIPMENT	158.39	1.04	-	159.43	118.88	17.73	4.01	4.01	18.81	35.50	35.50
6	MOTOR VEHICLES	147.81	30.13	25.77	152.17	41.83	14.05	1.24	1.24	107.78	104.73	104.73
7	OFFICE EQUIPMENT & APPLIANCES	44.94	0.35	-	45.29	11.27	2.25	-	-	31.77	33.66	33.66
8	FURNITURE & FIXTURES	257.12	14.89	-	272.01	44.75	9.91	1.01	1.01	216.33	211.35	211.35
	TOTAL	34178.90	2308.73	25.77	36461.85	16483.34	1397.72	2483.37	2483.37	16110.16	15212.18	15212.18
Sr No	INTANGIBLE ASSET	GROSS BLOCK				DEPRECIATION		NET BLOCK				
		AS ON 01.04.2012	ADDITIONS	TRANSFERS/ DEDUCTIONS	AS ON 31.03.2013	AS ON 01.04.2012	FOR THE YEAR	AS ON 31.03.2013	AS ON 31.03.2012	AS ON 31.03.2013	AS ON 31.03.2012	AS ON 31.03.2012
	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Sr No	WORK IN PROGRESS	GROSS BLOCK				DEPRECIATION		NET BLOCK				
		AS ON 01.04.2012	ADDITIONS	TRANSFERS/ DEDUCTIONS	AS ON 31.03.2013	AS ON 01.04.2012	FOR THE YEAR	AS ON 31.03.2013	AS ON 31.03.2012	AS ON 31.03.2013	AS ON 31.03.2012	AS ON 31.03.2012
1	BUILDINGS (WIP)	512.48	-	512.48	-	-	-	-	-	-	512.48	512.48
2	PLANT & MACH. (WIP)	128.61	153.98	128.61	153.98	-	-	-	-	153.98	128.61	128.61
3	FURNITURE & FIXTURE (WIP)	-	-	-	-	-	-	-	-	-	-	-
	TOTAL	641.10	153.98	641.10	153.98	-	-	-	-	153.98	641.10	641.10
	GRAND TOTAL	34819.99	2462.70	666.87	36615.83	16483.34	1397.72	12.74	2483.37	16264.14	15853.28	15853.28



Notes forming part of the financial statements

Note 10.B Fixed assets

B. Depreciation and amortisation relating to continuing operations:			
Particulars	For the year ended 31st March 2013 Amt ₹ In Lac	For the year ended 31 March, 2012 Amt ₹ In Lac	
Depreciation and amortisation for the year on tangible assets	1397.72	1383.26	
Depreciation and amortisation for the year on intangible assets	-		
Depreciation and amortisation relating to continuing operations	1397.72	1383.26	

Note 11 Non-current investments

Particulars	As at 31 March, 2013			As at 31 March, 2012		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	Amt ₹ In Lac	Amt ₹ In Lac	Amt ₹ In Lac	Amt ₹ In Lac	Amt ₹ In Lac	Amt ₹ In Lac
Investments (At cost):						
A. Trade						
(a) Investment in equity instruments						
(i) Subsidiaries						
(ii) Associates						
Total	-	-	-	-	-	-
(b) Investment in preference shares						
(i) Subsidiaries						
Total	-	-	-	-	-	-
Total - Trade (A+B)	-	-	-	-	-	-

Particulars	As at 31 March, 2013			As at 31 March, 2012		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	Amt ₹ In Lac	Amt ₹ In Lac	Amt ₹ In Lac	Amt ₹ In Lac	Amt ₹ In Lac	Amt ₹ In Lac
B. Other investments						
(a) Investment in equity instruments						
(i) Other Entities	1.96	212.27	214.24	2.32	212.27	214.60
Total - Other (B)	1.96	212.27	214.24	2.32	212.27	214.60

Note 12 Long-term loans and advances

Particulars	As at 31 March, 2013 Amt ₹ In Lac	As at 31 March, 2012 Amt ₹ In Lac
(a) Advance income tax (TDS) Unsecured, considered good	72.23	218.53
(b) MAT credit entitlement - Unsecured, considered good		
(c) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable		
(ii) VAT credit receivable	157.70	157.71
(iii) Customs/Excise Duty/Service Tax/VAT paid under Protest	28.02	29.22
Total	257.97	405.46



Notes forming part of the financial statements

Note 13 Other non-current assets

Particulars	As at 31 March, 2013 Amt ₹ In Lac	As at 31 March, 2012 Amt ₹ In Lac
(a) Unamortised expenses		
(i) Deferred Revenue Expenditure **	23.75	118.74
(ii) Preliminary Expenses	-	6.39
Total	23.75	125.13

** Compensation paid to employees under the Voluntary retirement Scheme of the Company is treated as deferred revenue expenditure and is amortized over period of 3 years.

Note 14 Inventories

(At lower of cost and net realisable value)

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Amt ₹ In Lac Current	Amt ₹ In Lac Non current	Amt ₹ In Lac Current	Amt ₹ In Lac Non current
(a) (i) Raw materials (including Consumables/Stores/Tools)	2445.73	483.59	3026.61	223.64
(a) (ii) Raw materials in Transit	2179.08		1308.06	
	4624.81	483.59	4334.67	223.64
(b) Work-in-progress	2174.34	-	710.85	8.14
(c) Finished goods (other than for trading)	3241.01	-	1417.03	0.20
(d) Stock-in-trade (for trading)	79.01		-	
Total	10119.17	483.59	6462.56	231.98

Note 15 Trade receivables

Particulars	As at 31 March, 2013 Amt ₹ In Lac	As at 31 March, 2012 Amt ₹ In Lac
Trade receivables outstanding - (exceeding six months from the date they were due for payment)		
Secured, considered good		
Unsecured, considered good	410.70	235.25
Doubtful		
	410.70	235.25
Trade receivables outstanding - (Less than six months from the date they were due for payment)		
Secured, considered good		
Unsecured, considered good	2252.57	2746.90
Doubtful		
	2252.57	2746.90
Total	2663.27	2982.15

Note 16 Cash and cash equivalents

Particulars	As at 31 March, 2013 Amt ₹ In Lac	As at 31 March, 2012 Amt ₹ In Lac
(a) Cash on hand	130.73	112.69
(b) Cheques, drafts on hand		
(c) Balances with banks		
(i) In current accounts	876.81	500.07
(ii) In EEFC accounts		
(iii) In deposit accounts (Maturing within 12 months)	7.11	6.60
(iv) In earmarked accounts		
- Unpaid dividend accounts		
Total	1014.65	619.36

The above balances meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements



Notes forming part of the financial statements

Note 17 Short-term loans and advances

Particulars	As at 31 March, 2013 Amt ₹ In Lac	As at 31 March, 2012 Amt ₹ In Lac
(a) Security deposits		
(i) Secured, considered good	182.89	182.89
(ii) Unsecured, considered good (Others)	428.37	431.13
(iii) Unsecured, considered good (Related Parties)	52.00	52.00
	663.26	666.02
(b) Loans and advances to employees		
Secured, considered good		
Unsecured, considered good	54.28	48.50
(Maximum Balance due from officers of the company Rs in Lac 23.06)	54.28	48.50
(c) Prepaid expenses - Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.)	50.63	52.53
	50.63	52.53
(d) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	1846.02	1231.09
(ii) Service Tax credit receivable	67.52	69.41
(iii) Deposit for Sales Tax Appeal	7.50	7.50
(iv) Excise Rebate Claim	266.55	5.94
	2187.59	1313.94
(e) Inter-corporate Loans & Advances		
Secured, considered good	-	-
Unsecured, considered good Others	476.89	445.09
Unsecured, considered good Related Parties	-	91.72
Doubtful	-	-
	476.89	536.81
Total	3432.65	2617.80

Note 18 Other current assets

Particulars	As at 31 March, 2013 Amt ₹ In Lac	As at 31 March, 2012 Amt ₹ In Lac
(a) Unamortised expenses		
(i) Share issue expenses (where applicable)	-	-
(ii) Deferred Revenue Expenditure	-	-
(iii) Preliminary Expenses	-	-
(b) Accruals		
(i) Interest accrued on deposits	15.26	11.20
(ii) Interest accrued on investments	-	-
(iii) Interest accrued on trade receivables	-	-
(c) Others		
(i) Insurance Claim Receivable	2,202.42	2,202.42
(ii) Advance to Suppliers	329.80	324.85
(iii) Advance to Capex Suppliers	141.93	138.85
(iv) DEPB Receivable	23.52	23.52
(v) Job Work Charges Accrued on FG	30.12	48.53
	-	-
Total	2743.05	2749.37



Notes forming part of the financial statements

Note 19 Revenue from operations

Particulars	For the year ended 31 st March 2013 Amt ₹ In Lac	For the year ended 31 March, 2012 Amt ₹ In Lac
(a) Sale of products	77728.70	63428.46
(b) Sale of Scrap	68.82	76.51
(c) Labour Charges Received	985.60	2162.33
(d) Export Incentives	1.68	-
	78784.81	65667.30
Less : Excise Duty	(6298.43)	(5530.16)
Total	72486.38	60137.14

excluding Excise Duty & VAT

Note 20 Other income

Particulars	For the period ended 31 st March, 2013 Amt ₹ In Lac	For the year ended 31 March, 2012 Amt ₹ In Lac
Operating		
(a) Miscellaneous Income	1.45	14.18
(b) Interest income		
Interest on Bank Deposits (TDS ₹ 3,16 Lac)	31.59	0.77
Other Interest Income (TDS ₹ 4,07 Lac)	60.74	17.07
(c) Dividend income:		
from current investments		
others	0.32	0.25
(d) Sundry Balances W/off	325.75	39.13
(e) Excess Provision W/Back	95.51	32.65
Total	515.36	104.06

Note 21.a Cost of materials consumed

Particulars	For the year ended 31 st March 2013 Amt ₹ In Lac	For the year ended 31 March, 2012 Amt ₹ In Lac
Opening stock	4558.32	6071.52
Add: Purchases	46156.13	45562.09
Less: Sales	(138.81)	(510.32)
Add: Transport Inwards	410.51	442.82
	50986.14	51566.11
Less: Closing stock	(5108.39)	(4558.32)
Cost of material consumed	45877.75	47007.79
Material consumed comprises:		
Scrap & Ferro Alloys	36326.09	37135.34
Steel Billets	7336.26	7476.13
Wire Rods/Coils	217.46	-
Other items	1997.94	2414.82
Total	45877.75	47026.29

Note 21.b Purchase of traded goods

Particulars	For the year ended 31 st March 2013 Amt ₹ In Lac	For the year ended 31 March, 2012 Amt ₹ In Lac
Other items	19706.48	1207.00
Total	19706.48	1207.00



Notes forming part of the financial statements

Note 21.C Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended 31 March 2013 Amt ₹ In Lac	For the year ended 31 March, 2012 Amt ₹ In Lac
Inventories at the end of the year:		
Finished goods	3241.01	1417.23
Work-in-progress	2174.34	718.99
Stock-in-trade	79.01	-
	5494.36	2136.22
Inventories at the beginning of the year:		
Finished goods	1417.23	933.22
Work-in-progress	718.99	2101.34
Stock-in-trade	-	-
	2136.22	3034.56
Net (increase) / decrease	(3358.14)	898.34

Note 22 Employee benefits expense

Particulars	For the year ended 31 March 2013 Amt ₹ In Lac	For the year ended 31 March, 2012 Amt ₹ In Lac
Salaries and wages	1156.68	1058.95
Directors Remuneration	22.06	22.06
Contributions to provident and other funds	22.36	21.94
Contributions to Gratuity	18.28	14.83
Employee Insurance	8.02	1.35
Staff welfare expenses	52.00	35.02
Leave Encashment	-	11.38
Total	1279.40	1165.53

Note 23 Finance costs

Particulars	For the year ended 31 March 2013 Amt ₹ In Lac	For the year ended 31 March, 2012 Amt ₹ In Lac
(a) Interest expense on:		
(i) Borrowings	615.97	346.65
(ii) LC Charges		
(iii) Others		
- Interest on delayed / deferred payment of taxes	55.17	37.28
- Unsecured Loans	150.00	585.00
- Vehicle Loans	7.82	5.24
(b) Other borrowing costs		
(c) Net (gain) / loss on foreign currency transactions and translation (considered as finance cost)	542.17	485.87
(d) Bank Charges & Commission	75.56	16.83
Total	1446.69	1476.87



Notes forming part of the financial statements

Note 24 Other expenses

Particulars	For the year ended 31 March 2013 Amt ₹ In Lac	For the year ended 31 March, 2012 Amt ₹ In Lac
A) Manufacturing Expenses		
Labour Charges	800.75	881.58
Power and fuel	5368.84	5520.34
Lease Hire Charges	37.19	46.20
Water	5.92	5.22
Repairs and maintenance - Buildings	1.29	0.11
Repairs and maintenance - Machinery	147.82	129.81
Repairs and maintenance - Others	19.69	13.09
A)	6381.51	6596.35
B) Selling Expenses		
Packing Materials	42.21	41.76
Bad Debts	1.86	41.55
Transport Outward	343.43	281.69
Commission & Brokerage	76.58	79.19
Travelling Expenses	41.53	54.61
Sales Promotion	25.97	21.95
Other Selling Expenses	3.09	2.23
B)	534.67	522.98
C) General Administration Expenses		
Communication Expenses	24.79	24.65
Printing & Stationery	8.49	9.49
Legal & Professional Fees	367.07	307.47
Service Charges	3.08	1.70
Insurance Charges	47.46	37.02
Auditors Remuneration	8.65	8.25
Directors Sitting Fees	0.54	0.68
Rent Rates & Taxes	152.01	88.52
Motor Vehicle Expenses	37.21	32.62
Service Tax	17.37	11.12
Miscellaneous Expenses	98.86	78.14
Loss on Sale of Assets	5.98	0.63
Preliminary Expenses Written Off	6.40	7.22
Prior Period Expenses Written Off	36.95	85.45
Loss on Contract Cancellation of Ferro Alloys	-	-
C)	814.87	692.96
Total A+B+C	7731.05	7812.30

Notes:

Particulars	For the year ended 31 March 2013 Amt ₹ In Lac	For the year ended 31 March, 2012 Amt ₹ In Lac
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	5.00	5.00
For Other Services	1.65	1.25
Reimbursement of expenses		
As auditors - Internal audit	2.00	2.00
Total	8.65	8.25
(ii) Details of Prior period items (net)		
Prior period expenses (Customs Duty)		19.38
Prior period expenses (Excise & Service Tax)		10.62
Prior period expenses (VAT)		0.90
Prior Period Quality Claim		
Prior period purchase (change of accounting policy)	36.95	54.55
Prior period expenses (Others)	-	-
Total	36.95	85.45



Notes forming part of the financial statements

Note 25.A Exceptional items

Particulars	For the year ended 31 March 2013 Amt ₹ In Lac	For the year ended 31 March, 2012 Amt ₹ In Lac
Provision no longer required written back	-	-
Investment Written Off	(0.36)	(1.48)
Loss on Sale of Fixed Assets	-	-
Total	(3.36)	(1.48)

Note 25.b Extraordinary items

Particulars	For the year ended 31 March 2013 Amt ₹ In Lac	For the year ended 31 March, 2012 Amt ₹ In Lac
	-	-
Total	-	-

Note 26. Earnings Per Share (EPS)

Particulars	Period Ended 31-Mar-13	Year Ended 31st March 2012
Profit/Loss after taxation	(1081)	(713)
Number of Equity Shares	234080925	234080925
Earnings per Share - Basic & Diluted	(0.46)	(0.30)
Face Value per Share	1	1

Note 27. Additional Information

Particulars	31st March 2013		31st March 2011	
	Amount ₹ In Lac	%ge	Amount ₹ In Lac	%ge
a) Total Value of consumption imported & indigenous				
Imported		0.00%	6507.20	13.84%
Indigenous		0.00%	40519.09	86.16%
Total	45877.75	100.00%	47026.29	100.00%
b) Value of Imports calculated on CIF basis				
i) Raw Materials & Consumables	8776.09		5154.81	
ii) Capital Goods	61.78		10.11	
c) Expenditure in foreign currency				
i) Travelling	3.40		12.83	
ii) Others			5.82	
d) Amount remitted in foreign currencies on account of Dividends	-		-	
e) Earnings in Foreign Exchange				
i) Exports of Goods on FOB basis	57.67		1.20	
ii) Royalty, know-how, professional fees	-		-	
iii) Interest & Dividends	-		-	

Note 28 : The company is exclusively in the steel business segment and as such there are no reportable segments as defined by AS-17 on segment reporting, as issued by the Institute of Chartered Accountants of India (ICAI)


Notes forming part of the financial statements
29. RELATED PARTY DISCLOSURES

As per Accounting Standard 18, for the year ended 31st March 2013
(as identified & certified by the management)

Name of the Related Party	Relationship		
Isinox Steels Limited Indiasteel International P.Ltd. Inoxware P.Ltd. Isiworld Steel (I) P.Ltd. Isicom Traders P.Ltd. Isistar Exports P.Ltd. Isimetal (I) P.Ltd. Yeotmal Land Development & Trading Co.P.Ltd. Emgee Homes P.Ltd. Gupta Housing P.Ltd. Titan Steel P.Ltd.	Associates		
Mr.Ashwin H. Gupta Mr.Sudhir H Gupta Mr.Varun S.Gupta	Key Managerial Personnel		
India Steel Industries Indiasteel International	Enterprises over which Key Mangerial Personnel are able to exercise significant influence		
Nature of Transactions during the year ended with related parties	Personnel	Key Managerial Personnel	Others
	Amount ₹ In Lac 31st March 2013		
			0.00
Lease Rentals			
Labour Charges Paid	21.38		
Purchases	16751.40		
Sales	3946.95		
Labour Charges Received	141.92		
Commission	10.67		
Directors Remuneration		22.06	
Unsecured Loans	6723.80	103.52	165.76
Sundry Creditors	30.02		
Advance from Customers	899.68		

Note 30 : Contingent Liabilities & Commitments

		31st March 2013 Amt Rs in Lac	31st March 2012 Amt Rs in Lac
A)	Contingent Liabilities		
1)	Claims against the company/disputed liabilities not acknowledged as debts	190.06	127.75
2)	Excise/Customs/Service Tax Matters decided in the companies favour in earlier years, in respect of which show cause notices have been received & contested	134.31	124.67
3)	Sales Tax matters in respect of which show cause notices have been received & contested	30.08	11.24
4)	Property Tax disputed	77.33	77.33
5)	Preference Share Dividend	467.86	439.24
B)	Commitments		
	Estimated amount of contracts remaining to be executed on capital account & not provided for.	750.00	500.00

Note 31 : a) Previous year figures have been regrouped/rearranged wherever necessary to correspond to current year figures
b) Figures are rounded off to the nearest rupees lacs

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