

KANISHK STEEL INDUSTRIES LIMITED



Twenty Second Annual Report 2011 - 2012

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KANISHK STEEL INDUSTRIES LIMITED

BOARD OF DIRECTORS

Mr. Ravi Gupta
Mr. Vishal Keyal
Mr. K.S. Venkatagiri
Dr. Pravin Kumar Aggarwal

Chairman & Managing Director
Whole-time Director
Director
Director

COMPANY SECRETARY

Mr. M.K. Madhavan

REGISTERED OFFICE

B27(M) SIPCOT Industrial Complex,
Gummidipoondi,
Thiruvallur District,
Tamilnadu - 601 201.

ADMINISTRATIVE OFFICE

Old No. : 4, New No. : 7,
Thiru-Vi-Ka 3rd Street,
Royapettah High Road,
Mylapore,
Chennai - 600 004.

WEBSITE

www.kanishksteels.in

FACTORY

1. Rolling & Furnace Mills,
B-27(M) & B-27(N), SIPCOT,
Industrial Complex,
Gummidipoondi,
Thiruvallur District.
2. Sponge Iron Plant,
Obulapuram Village S.R. Kandigai,
Gummidipoondi, Thiruvallur District.
3. Wind Mills
 - (i) Palladam, Coimbatore
 - (ii) Pazhavor, Tirunelveli
 - (iii) Kalavakurichi, Tirunelveli
 - (iv) Manur, Tirunelveli
 - (v) Veerakeralampudur, Tirunelveli

BANKERS

State Bank of India,
Industrial Financial Branch,
155, Anna Salai,
Chennai - 600 002.

State Bank of Patiala,
Whites Road,
Chennai - 600 006.

Corporation Bank,
G.T. Branch,
Chennai - 600 001.

AUDITORS

M/s. Chaturvedi & Company,
Chartered Accountants,
Chennai.

COST AUDITOR

M/s. Vivekanandan & Unni Associates,
Cost Accountants,
Chennai.

REGISTRAR & TRANSFER AGENTS

M/s. Cameo Corporate Services Limited,
No. 1, Club House Road,
Chennai - 600 002.

NOTICE

NOTICE is hereby given that the TWENTY SECOND ANNUAL GENERAL MEETING of the Members of the company will be held on Friday, the 28th September, 2012, at 3.00 P.M. at the registered office of the Company at B27 (M) SIPCOT Industrial Complex, Gummidipoondi, Thiruvallur District, Tamilnadu- 601201 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2012 together with the Statement of Profit and Loss for the financial year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr.Pravin Kumar Aggarwal, Director, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint auditors and to fix their remuneration, in this connection to consider and if thought fit to pass the following resolution as an Ordinary Resolution.

“RESOLVED that M/s. Chaturvedi & Company, Chartered Accountants, [Firm Registration No. 302137E] Chennai, the retiring auditors of the company be and are hereby re-appointed as Auditors of the company to hold such office until the conclusion of the next Annual General Meeting at remuneration to be decided by the Board of Directors.”

SPECIAL BUSINESS

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

“RESOLVED that Mr. Kanishk Gupta, who was appointed as an Additional Director, pursuant to Section 260 of the Companies Act, 1956, read with Article 80 of the Articles of Association of the Company, and who holds office till the commencement of this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company.

RESOLVED FURTHER that pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment or modification thereof), consent and approval of the Company be and is hereby accorded to the appointment of Mr. Kanishk Gupta as Director of the Company for a period of five years with effect from 03.09.2012 on the remuneration not exceeding Rs. 1,00,000 per month at terms and conditions as may be prescribed by the Board of Directors.

RESOLVED FURTHER that the Board of Directors (on the recommendations of the Remuneration Committee) be and are hereby authorized to revise, amend, alter and vary the remuneration and other terms and conditions of the appointment of Mr. Kanishk Gupta as Director in such manner as may be permissible in accordance with the provisions of the Companies Act, 1956 and Schedule XIII as may be agreed to by and between the Board of Directors and Mr. Kanishk Gupta, without any further reference to the shareholders in general meeting.



RESOLVED FURTHER that the period of office of Mr. Kanishk Gupta shall not be liable to determination by retirement of directors by rotation.

RESOLVED FURTHER that in the absence or inadequacy of profits in any financial year during the term of office of Mr. Kanishk Gupta as Director, he shall be paid the remuneration and perquisites in such manner as may be agreed to between the Company and Mr. Kanishk Gupta as the Minimum Remuneration within the limits prescribed in Schedule XIII to the Companies Act, 1956 and if necessary, subject to the approval of the Central Government.

RESOLVED FURTHER that as Director of the Company, Mr. Kanishk Gupta shall, subject to the supervision, control and directions of the Board of Directors of the Company, continue to exercise substantial powers of management and shall manage the business and affairs of the Company.

RESOLVED FURTHER that the Board of Directors be and are hereby authorized to take all actions and steps expedient or desirable to give effect to this resolution.”

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

“**RESOLVED** that Dr.K.Selvakumar, who was appointed as an Additional Director, pursuant to Section 260 of the Companies Act, 1956, read with Article 80 of the Articles of Association of the Company, and who holds office till the commencement of this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation.”

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

“**RESOLVED** that pursuant to the provisions of Section 31 and all other applicable provisions of the Companies Act, 1956, the provisions of other statutes as applicable and Rules, Regulations and Guidelines framed thereunder; and subject to such approvals, consents, permissions and sanctions as may be necessary from appropriate authorities, the existing Articles of Association of the Company be amended as by insertion of new Article **100 A** after the existing Article **100**:

Participation at the meeting/s through Electronic or any other permissible Mode and Service of Notice and Documents:

100 A. Notwithstanding anything contrary contained in these Articles of Association, subject to the provisions of the Companies Act, 1956 and Rules framed thereunder or any other such legal or statutory or regulatory provisions as applicable to the Company from time to time, the Company may provide video conference facility and/or any other permissible electronic or virtual facilities, that are existing or may be invented in future, for communication/participation, to enable the Directors / Committee Members/ shareholders / Stakeholders to participate in any Meetings of the Board or any Committees thereof or General Meetings, or any Class Meetings of the Company. Such participation at the said meetings of the Company through video conference facility and/or use of other permissible electronic or virtual facilities for communication shall be considered as valid as such participant has remain personally present at such meeting; and such participation shall be governed by such legal or regulatory provisions as may be applicable to them or the company for time being in force.

Provided further that a Director, Shareholder, or other Class of Security Holder or Stakeholder participating in their respective meetings through use of video conference facility and /or virtual facilities, or any other permissible electronic mode of communication shall be counted for the purpose of quorum, notwithstanding anything contrary contained in the Articles of Association.

Notwithstanding anything contrary contained in these Articles of Association, any documents, notices, Reports etc., that are required to be served to the members of the Board, Committee of Directors, Shareholders, Security holders, or other stakeholders of the Company from time to time, may be served by the Company by any electronic mode (including email), or any other permissible mode of communication that may be in existing or may be invented in future, and in such manner as is/ may be permitted by applicable statute, rules, regulations and Guidelines framed thereunder. Where a document is served by any such mode, the service thereof shall be deemed to have been effected in the manner as prescribed.”

By Order of the Board,

Date: 3rd September,2012
Place: Chennai

M.K. MADHAVAN
Company Secretary

Notes:

1. The relevant explanatory statements in respect of item nos. 4, 5 and 6 of the special business are annexed herewith and form part of this Notice.
2. A MEMBER, ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. A blank FORM OF PROXY is enclosed with this notice and if intended to be used, it should be returned duly completed to the registered office of the company not less than forty-eight hours before the scheduled time of the Annual General Meeting.
4. Members desirous of getting any information in respect of accounts of the company are requested to send their queries in writing to the Company's Registered Office at least seven days before the date of the meeting so that the required information can be made available at the meeting.
5. Members/Proxies attending the meeting are requested to bring their copy of the Annual Report for reference at the meeting and also the attendance slip duly filled in for easy identification of attendance at the meeting.
6. The Register of Members of the Company and Share Transfer Books will remain closed from **21st September 2012 to 28th September 2012** (both days inclusive).
7. Members holding shares in Physical Form are requested to furnish their address, if any change is there, with Registrar & Transfer Agent of the Company, M/s.Cameo Corporate Services Limited,



Chennai, quoting their Folio number and numbers of Shares held. Members holding Shares in Electronic Form may communicate their change of Address to their respective Depository Participants.

8. Members are requested to note that in terms of Section 205C of the Companies Act, 1956, any dividend unpaid/unclaimed for a period of 7 years from the date these first became due for payment are required to be transferred to the Central Government to the credit of the Investor Education and Protection Fund ["Fund"]. Thereafter, the members shall have no claim against the Fund of the Company, in respect of their unpaid dividend.

The unpaid/unclaimed dividend for the financial year 2004-05 will be transferred to the above Fund during the month of December 2012. Members are, therefore, requested to lodge their claims for unpaid dividend, if any, immediately with the Company.

9. The members who have not encashed their dividend warrants for any of the previous years are requested to write to the Company for issue of duplicate warrants in their own interest.
10. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" to allow paperless compliances by the corporate sector. MCA, by its Circular dated April 21, 2011, has now made permissible the service of documents through electronic mode to shareholders. To support the Green Initiative of the Government, it is proposed to send, henceforth, all Notices, Annual Report and other communications through e-mail. For the above purpose, we request you to send an e-mail confirmation to our designated ID **company.secretary@kanishksteels.in** mentioning your name, DP / Customer ID or Folio number and your e-mail ID for communication.

On this confirmation, we would, henceforth, send all Notices, Annual Report and other communications through e-mail. Copies of the said documents would be available in the Company's website, **www.kanishksteels.in** for your access at no cost for the benefit of all stakeholders concerned.

We request you to support the Green Initiative of the Government by opting for electronic mode of receiving our corporate communications.

11. Disclosure as required under Clause 49 of the Listing Agreement in respect of Directors seeking appointment/ re-appointment at the Twenty Second Annual General Meeting is annexed hereto.

APPOINTMENT OF DIRECTORS:

Disclosure required under Clause 49 of the Listing Agreement in respect of Directors seeking appointment/ re-appointment at the Twenty Second Annual General Meeting:

Dr.Pravin Kumar Aggarwal

Date of Birth/ Age	25.04.1974 (38 Years)
Date of appointment	26.06.2006
Expertise in Specific functional areas	
Dr. Pravin Kumar Aggarwal has been on the Board since June 2006. His Contribution to the company has been invaluable. The Company has been benefitting significantly from his experience and vision.	
Educational Qualifications	M.B.B.S., M.D (Internal medicine).
Number of Shares held in the Equity Capital of the Company	Nil
Relationship with other Directors	He is not related to any other Directors
Directorship in other Companies	Nil
Committee/executive positions held in Other companies	Nil

Dr.K.Selvakumar

Date of Birth/ Age	03.07.1953 (59 Years)
Date of appointment	03.09.2012
Expertise in Specific functional areas	
Dr.K.Selvakumar is a Doctor by profession and the Company stands to benefit significantly from his experience.	
Educational Qualifications	M.B.B.S., M.Ch (Neuro)
Number of Shares held in the Equity Capital of the Company	Nil
Relationship with other Directors	He is not related to any other Directors
Directorship in other Companies	Nil
Committee/executive positions held in Other companies	Nil



Mr. Kanishk Gupta

Date of Birth/ Age	05.04.1987 (25 Years)
Date of appointment	03.09.2012
Expertise in Specific functional areas	<p>Mr. Kanishk Gupta is a graduate of Economics and Business Administration having experience at various departments like manufacturing, marketing, accounts, maintenance, banking liaison with the Government and other agencies.</p> <p>He plays a vital role in Group Power Companies for setting up Power Exchanges and running Power Units Successfully.</p> <p>As a young Leader, he sets the vision and provides strategic direction and leadership for the group diversification and growth.</p> <p>The Company stands to benefit significantly from his entrepreneur abilities and profound knowledge of new business trends and ideas to Company's unprecedented growth.</p>
Educational Qualifications	MBA from Boston University, USA
Number of Shares held in the Equity Capital of the Company	324465
Relationship with other Directors	Mr.Ravi Gupta's brother's son
Directorship in other Companies	Kanishk Metal Recycling Private Limited OPG Business Centre Private Limited Kanishk Ferrous and Energy Limited OM Power Shakti India Private Limited
Committee/executive positions held in Other companies	1

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

Item No: 4 & 5

The Board of Directors had, in order to strengthen the Board, appointed Mr. Kanishk Gupta and Dr. K.Selva Kumar as Additional Directors of the Company under the provisions of Section 260 of the Companies Act, 1956 with effect from 03.09.2012 to hold office this till the commencement Annual General Meeting.

Notices in writing from members have been received by the Company under Section 257 of the Companies Act, 1956 signifying their intention to propose the candidature of Mr. Kanishk Gupta and Mr K.Selva Kumar for appointment as Directors of the Company. Mr. Kanishk Gupta and Dr. K.Selva Kumar, being eligible, offer themselves for appointment. A brief resume of both these Directors is annexed to this Notice.

Accordingly, your Board recommends passing of Resolution No.4 & 5 as Ordinary Resolutions.

No Director, other than Mr.Kanishk Gupta and Dr.K. Selvakumar is concerned or interested in the respective Resolutions relating to their appointment as Directors.

Item No: 6

The Ministry of Corporate Affairs (MCA), Government of India, New Delhi vide General Circulars No. 27/2011 and 28/2011 date May 20, 2011 and Circular No. 35/2011 dated June 06, 2011 has permitted the Companies to hold Board Meetings and Shareholders' Meeting through video conference facility, as part of the Green Initiatives under Corporate Governance. Further, MCA vide Circular No. 72/2011 dated December 27, 2011 made the video conferencing facility at the Shareholders' Meetings optional to the Companies. Further, MCA vide its circular No.17/2011 dated April 21, 2011, has permitted for service of documents by electronic mode (e-mode).

In order to provide facility of participating in respective meetings by members of the Board of Directors, its Committee, Shareholders, other Security holders and Stakeholders through Video Conferencing or other electronic other modes as may be available from time to time with advent of technology and may be permitted by applicable laws, Rules, Regulations and Guidelines and by Appropriate Authorities; as well as to permit the Company to serve notice and various documents to the concerned through electronic or other permitted modes; it is proposed to carry out necessary amendments in the existing Articles of Association of the Company by inserting enabling provisions as set out in the Special Resolution under Item no.6. In terms of Section 31 of the Companies Act, 1956, approval of the members by way of Special Resolution is required to amend the Articles of Association of the Company.

The Articles of Association with alterations proposed therein as referred to in the Notice shall be available for inspection by the Members at the Registered Office of the Company and also at the Office of the Company on any working day except holidays observed by the Company between 11a.m. to 1p.m., up to the date of the Meeting, and will also be available at this Annual General Meeting.

Accordingly, your Board recommends passing of Resolution No.6 as a Special Resolution.

None of the Directors is interested or concerned in this Resolution.



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 22nd Annual Report together with the Audited Accounts for the financial year ended 31st March 2012.

FINANCIAL HIGHLIGHTS:

The summarized Financial Results for the year ended 31st March, 2012 and for the previous financial year ended 31st March 2011 are as under: -

(Rs. in Lakhs)

PARTICULARS	Year Ended 31.03.2012	Year Ended 31.03.2011
Sales	64,576.94	44,504.54
Profit after Interest & Depreciation	361.28	335.19
Provision for Tax	138.41	96.07
Deferred Tax	(38.91)	(82.96)
Profit after Tax	261.78	322.08
Add: Taxation Adjustments of Previous Years	46.29	(0.13)
Add: Balance of Profit brought from previous year	3,657.59	3,335.64
Profit available for Appropriation	3,965.66	3,657.59
APPROPRIATIONS		
Equity Dividend Proposed (Final)	-	-
Dividend Distribution Tax (Final)	-	-
Transfer to General Reserve	-	-
Balance Carried Forward	3,965.66	3,657.59

OPERATIONS:

During the year, the Company has undergone shrinkage in demand, causing downward trend in turnover. Having effective Cost control measures, the company maintained its Profit level.

The Current year turnover amounts to Rs. 64,576.94 Lakhs as against Rs. 44,504.54 Lakhs recorded in the previous year. The company earned a profit before tax of Rs. 361.28 Lakhs for the current year as against Rs. 335.19 Lakhs recorded in the previous year.

DIVIDEND:

During the year, the Board of Directors has not recommended any dividend.

CORPORATE RESTRUCTURING THROUGH SCHEME OF ARRANGEMENT:

The Company intends to unlock value in its power and sponge iron segment through DEMERGER of its power business into Gita Renewable Energy Limited ('Gita Energy') and sponge iron business into Chennai Ferrous Industries Limited ('Chennai Ferrous'), as a going concern.

The DEMERGER has been structured through a SCHEME OF ARRANGEMENT between Kanishk Steel Industries Limited ("Demerged Company"), Gita Renewable Energy Limited ("First Resulting Company") and Chennai Ferrous Industries Limited ("Second Resulting Company") and their respective Shareholders under Section 391 to 394 of Companies Act, 1956 ("the Scheme").

The Company has filed its petition and looks forward to obtain the sanction of Hon'ble High Court of Judicature at Madras to the Scheme.

DIRECTORS:

Dr.Pravin Kumar Aggarwal, Director, retire by rotation, under Article 89 of the Articles of Association of the Company at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-election at the said meeting.

AUDITORS REPORT:

The observations made in the Auditors' Report and Notes on accounts are self-explanatory and do not require any further explanations.

FIXED DEPOSITS:

The Company has not accepted any deposit during the year.

AUDITORS:

M/s.CHATURVEDI & COMPANY, Chartered Accountants, Chennai retire at the conclusion of the ensuing Annual General Meeting and they are eligible for reappointment.

COST AUDIT:

M/s. VIVEKANANDAN & UNNI ASSOCIATES, Cost Accountants, Chennai was appointed as Cost Auditor for the year 2011-2012. The Cost Audit Report for the year 2011-2012 will be submitted to the Central Government before the due date.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars with respect to Conservation of Energy, Technology absorption and Foreign Exchange Earnings and Outgo as required under section 217 (1) (e) of the companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure I.

PARTICULARS OF EMPLOYEES:

In accordance with the provisions of section 217(2A) read with Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are to be set out in the Directors Report, as an addendum thereto. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and accounts as therein set out, are being sent to all members of the Company excluding the aforesaid information about the employees. Any member, who is interested in obtaining such particulars about employees, may write to the Company at the Registered Office of the Company.



DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i) the applicable accounting standards have been followed in preparation of annual accounts for financial year ended 31st March, 2012 and proper explanations have been furnished relating to material departures;
- ii) the accounting policies have been selected and applied consistently and reasonably and prudent judgments and estimates have been made so as to give a true and fair view of state of affairs of the Company at end of financial year and of profit of the Company for year under review;
- iii) the proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the annual accounts for financial year ended 31st March 2012 have been prepared on a going concern basis.

CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement with Stock Exchange, the Reports on Corporate Governance; on Management Discussion and Analysis; and on code of conduct have been included in Annexure-II.

DEMATERIALISATION OF SHARES:

The company has entered into an agreement with National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL) for dematerialization of the Company's shares. Members are requested to hold their shares in demat form since it will help in easy trading in shares even though they are informed that holding of shares in demat form is not compulsory but only optional.

PERSONNEL:

Personnel relations with all employees remained cordial & harmonious throughout the year. Your Directors wish to place on record their deep appreciation of the efficient and loyal services rendered by all staff and workforce of the company, without whose wholehearted efforts, such a good performance would not have been possible.

ACKNOWLEDGEMENT:

The Directors place on record their great appreciation of the fine efforts of all Executives and Employees of the Company which was instrumental in achieving improved profitable financial results in a difficult year. The Directors also express their sincere thanks to various Departments of Central Government, Government of Tamilnadu, TNEB, State Bank of India, State Bank of Patiala, Corporation Bank and other commercial Banks, the Customers, Shareholders and investors for their unstinted support and assistance and look forward to their continuing support and encouragement, at all times.

For and on behalf of Board of Directors
of Kanishk Steel Industries Limited,

RAVI GUPTA

Chairman and Managing Director

Date: 28th May, 2012

Place: Chennai

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE-I

A. CONSERVATION OF ENERGY

- a) Energy conservation measures taken- NIL
- b) Additional Investment and proposals if any, being implemented for reduction of consumption of energy- NIL
- c) Impact of measures at (A) and (B) above for reduction of energy consumption and consequent impact on the cost of production of goods –NIL
- d) Total Energy Consumption and energy consumption per unit of production as per Form A

Form A

		Current Year ended 31.03.2012	Previous Year ended 31.03.2011
A	POWER AND FUEL CONSUMPTION		
1.	Electricity		
	Purchased Units	7,221,720	6,622,640
	Total Amount (Rs.)	44,416,462	42,601,481
	Rate per Unit (Rs.)	6.15	6.43
2.	Coal		
	Quantity (Metric Tonne)	5,033.00	5,910.86
	Total Amount (Rs.)	24,383,700	25,170,013.25
	Average Rate (Rs. Per MT.)	4,844.76	4,258.27
B.	CONSUMPTION PER UNIT OF PRODUCTION		
	Production(in MT)	54,617.720	42,911.100
	Electricity (Units per MT)	132.223	154.334
	Coal (Kgs per MT)	0.0921	0.1377



B. TECHNOLOGY ABSORPTION

e) Efforts made in Technology absorption as per Form-B:

Form B

Form of disclosure of particulars with respect to Technology absorption etc.,

- | | |
|--|-----|
| I. Research and Development | NIL |
| II. Technology Absorption, adaption and innovation | NIL |

The Technology required for manufacturing products of the Company is indigenous. This indigenous technology is being absorbed for the products of the Company. The Company has not imported any technology and process.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	2011-2012 (Amount in Rs.)
1. Total Foreign Exchange earned	NIL
2. Total Foreign Exchange used	1,656,006/-

For and on behalf of the Board of Directors
of Kanishk Steel Industries Limited,

Date: 28th May, 2012

Place: Chennai

RAVI GUPTA
Chairman and Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF KANISHK STEEL INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by Kanishk Steel Industries Limited for the year ended 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

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 **CHATURVEDI & COMPANY,**

Chartered Accountants,
(FRN 302137E)

S GANESAN

Partner (Memb.No:217119)

Place: Chennai

Date: 28th May, 2012



REPORT ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR 2011-2012

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate Governance at Kanishk Steels is based on the principles of equity, fairness, transparency, spirit of law and honest communication. We always believe that the good Corporate Governance through accountability, integrity and professionalism is the way to enhance the value of Shareholders and all other stakeholders which include Suppliers, Customers, Creditors, Bankers, Society and Employees of the Company. We follow the guidelines mandated in the Clause 49 of the Listing Agreement entered into with Stock Exchange from time to time and adopt the principles to suit the changing times and needs of the business, society and the nation.

2. I. BOARD OF DIRECTORS

A. Board Composition:

The Board has been constituted in such a way that it has an appropriate mix of executive and independent Directors. The Board as at 31.03.2012 has two independent directors and two executive directors one of whom is the Chairman & Managing Director.

The details are furnished hereunder:

Sl.No	Name of the Directors	Executive / Non-Executive Director	Promoter / Independent
1.	Mr. Ravi Gupta	Chairman and Managing Director; Executive Director	Promoter Director Non-independent
2.	Mr. Vishal Keyal	Whole-time Director; Executive Director	Non-independent
3.	Mr. K.S. Venkatagiri	Non-Executive Director	Independent Director
4.	Dr. Pravin Kumar Aggarwal	Non-Executive Director	Independent Director

As required by the Companies Act, 1956 and Clause 49 of the Listing Agreement, none of the directors hold directorship in more than 15 public companies, nor membership of board committees (audit/remuneration/investors grievance committees) in excess of 10 and chairmanship of afore-mentioned board committees in excess of 5 as at 31.03.2012.

Sl. No	Name of the Directors	Number of directorships, Committee Memberships and Committee Chairmanship held in other Companies #		
		Directorships	Memberships	Chairmanships
1.	Mr. Ravi Gupta	6	6	-
2.	Mr. Vishal Keyal	2	2	-
3.	Mr. K.S. Venkatagiri	-	-	-
4.	Dr. Pravin Kumar Aggarwal	-	-	-

Only Public Companies

B. Board Meetings:

During the year 2011-2012, Eight Board meetings were held on 30.05.2011, 10.08.2011, 13.09.2011, 14.11.2011, 26.12.2011, 10.02.2012, 13.02.2012 and 23.02.2012. The Annual General Meeting (AGM) was held on 30.09.2011.

Detailed agenda, notes and the information required to be given in terms of business on the agenda were circulated in advance to the Directors and all matters with explanatory notes / reports relating to the respective Committees were circulated sufficiently in advance of their meetings.

The attendance records of all Directors are as under:

Name of the Directors	Board Meetings		Last AGM Attendance
	Held	Attended	
Mr. Ravi Gupta	8	8	Present
Mr. Vishal Keyal	8	8	Present
Mr. K.S. Venkatagiri	8	5	Present
Dr. Pravin Kumar Aggarwal	8	4	Present

II.COMMITTEES OF THE BOARD

Board has constituted various committees and the details of which are given below:

A. Audit Committee:

The Audit Committee is vested with role and powers as mentioned in Para C & D respectively of Clause 49(II) of the Listing Agreement. The Audit Committee reviews the financial performance, accounting policies, major expenditure items, findings of various audits and also financial policies of the company.

The Audit Committee of the Company consists of two Independent Non Executive Directors, and one Non-Independent Executive Director.

Attendance of each Member Director, at the Audit Committee Meetings held during the financial year 2011-2012, is furnished hereunder:

Four Audit Committee meetings were held on 30.05.2011, 10.08.2011, 14.11.2011 and 10.02.2012 during the financial year 2011-2012 and Attendance of each Member Director is given below:

Director	Independent / Non Independent	Position	Audit Committee Meetings	
			Held	Attended
Mr. K. S. Venkatagiri	Independent Director	Chairman	4	4
Dr. Pravin Kumar Aggarwal	Independent Director	Member	4	4
Mr. Ravi Gupta	Non Independent Director	Member	4	4



B. Remuneration Committee:

The Company has constituted a Remuneration Committee of the Board. The main objective of the committee is to formulate and review the overall monetary compensation and benefits for managerial personnel and also set criteria for reward vs. performance to determine variable component of compensation.

The committee currently consists of the following Directors as members and their attendance at the Meeting held on 10.02.2012:

Director	Independent / Non Independent	Position	Remuneration Committee Meetings	
			Held	Attended
Mr. K. S. Venkatagiri	Independent Director	Chairman	1	1
Dr. Pravin Kumar Aggarwal	Independent Director	Member	1	1
Mr. Vishal Keyal	Non Independent Director	Member	1	1

During the financial year 2011-2012 under review, the details of remuneration paid/payable to the Executive Directors:

Director	Remuneration	Perks	Total Rs.
Mr. Ravi Gupta	24,00,000	Nil	24,00,000
Mr. Vishal Keyal	3,00,000	Nil	3,00,000

Details of sitting fees paid to Non-Executive Directors for the financial year 2011-2012

Except sitting fees, the Company has not paid any remuneration to the Non-Executive Directors.

Director	Board Meeting Rs.	Audit Committee Rs.	Remuneration Committee Rs.	Total Sitting Fees Rs.
Mr. K.S.Venkatagiri	10,000	4,000	1,000	15,000
Dr. Pravin Kumar Aggarwal	8,000	4,000	1,000	13,000
Grand Total	18,000	8,000	2,000	28,000

C. Share Transfers cum Share holder's/Investors' Grievance Committee

The objective of the committee is to look into the Shareholders and investors complaints regarding transfer of shares, non-receipt of balance sheet, non-receipt dividends and other matters pertaining to shareholders and investors and redress the same.

The committee currently consists of the following Directors as members and their attendance at the Meetings held on 03.05.2011, 11.10.2011, 31.01.2012 and 05.03.2012:

Director	Executive/ Non Executive	Position	Remuneration Committee Meetings	
			Held	Attended
Dr. Pravin Kumar Aggarwal	Non-Executive Director	Chairman	4	4
Mr. Ravi Gupta	Executive Director	Member	4	4
Mr. Vishal Keyal	Executive Director	Member	4	4

Name and designation of compliance officer:

Mr. M.K.Madhavan, Company Secretary & compliance officer

No. of shareholders complaints received	Number of complaints not solved to the satisfaction of shareholders	Number of complaints pending as on 31.03.2012
Nil	Nil	Nil

3. DETAILS OF ANNUAL GENERAL MEETING/ EXTRA-ORDINARY GENERAL MEETINGS

The details of about last three Annual General Meetings are given below:

Year	Date	Time	Venue
2008-2009	30/09/2009	3.00 P.M.	B27(M), SIPCOT Industrial Complex, Gumidipoondi, Thiruvallur District, Tamil Nadu – 601 201
2009-2010	30/09/2010	3.00 P.M	B27(M), SIPCOT Industrial Complex, Gumidipoondi, Thiruvallur District, Tamil Nadu – 601 201
2010-2011	30/09/2011	3.00 P.M	B27(M), SIPCOT Industrial Complex, Gumidipoondi, Thiruvallur District, Tamil Nadu – 601 201

Special Resolution passed in the previous three Annual General Meetings:

Year	Special resolution
2008-2009	Special Resolution under Section 81(1A) was passed for preferential or public issue of an amount not exceeding Rs.200 Crores.
2009-2010	Special Resolution under Section 81(1A) was passed for preferential or public issue of an amount not exceeding Rs.200 Crores.
2010-2011	No special resolution was passed

Postal Ballot

During the Year, No special resolution was passed through Postal Ballot under section 192A of the Companies Act, 1956.



4. DISCLOSURES:

Related Party Transactions:

There are no materially significant related party transactions, which may have potential conflict with the interest of the company at large.

Statutory Compliance:

The company has complied with the requirements of Stock Exchanges, SEBI, and Statutory Authorities on all matters related to Capital Markets during the last three years. No penalties or strictures have been imposed on the company by these authorities.

Whistle Blower Policy Access of personnel to Audit Committee:

The Company has not established the non-mandatory requirement of Whistle Blower Policy. However, the company's personnel have access to the chairman of the Audit Committee in cases such as concerns about unethical behavior, frauds and other grievances. No personnel of the Company have been denied access to the Audit Committee.

Mandatory and Non-mandatory requirements:

The company has complied with the mandatory requirements of the Corporate Governance Clause of the Listing Agreement. The company has not implemented the non-mandatory requirements enlisted by way of Annexure to Clause 49 of the listing agreement except the constitution of Remuneration Committee.

During the financial year 2011-2012, there is no audit qualification in the Company's financial statements.

CEO/CFO Certification:

As required under Clause 49 of the Listing Agreement entered into with the Stock Exchange, the Managing Director and the Head of Finance Function have furnished necessary certificate to the Board on the financial statements presented.

5. MEANS OF COMMUNICATION:

The Quarterly/Half-Yearly/Annual financial results of the Company are published in "Trinity Mirror" - the English Daily and "Makkal Kural" - Tamil Newspaper. The Quarterly/Half-Yearly/Annual financial results and the shareholding pattern are properly reported with Stock Exchange and are available in the Website stock Exchange and the Company's website, www.kanishksteels.in.

Annual reports and balance sheets are sent to all the shareholders by Registered Post or through e-mail System or both at the desire of Shareholders.

Further to our compliance of Clause 54 to the Listing Agreement, all the basic information about the Company is made available in the company's Website at all times at no cost for the benefit of all stakeholders concerned.

6. GENERAL SHAREHOLDER INFORMATION:

Dates of Book closure	:	21st September 2012 to 28th September 2012 (both days inclusive).
Date, time and venue of Annual General Meeting	:	28 th September, 2012 at 3.00 p.m. at B-27(M), SIPCOT Industrial Complex, Gummidipoondi, Tamilnadu – 601201
Financial Calendar	:	Financial Reporting for the quarter ending 30 th June 2012 - Latest by 11 th of Aug 2012 30 th Sept 2012 - Latest by 14 th of Nov 2012 31 st Dec 2012 - Latest by 14 th of Feb 2013 31 st Mar 2013 - Latest by 30 th May 2013
Dividend Payment	:	NA
Listing on Stock Exchanges	:	Bombay Stock Exchange Ltd.
Depository Participant	:	National Securities Depository Limited Central Depository Services Limited
Stock Code	:	Mumbai Stock Scrip Code no: 513456
Demat ISIN Number In NSDL	:	INE 791E01018
CDSL	:	INE 791E01018
Listing on Stock Exchange (overseas)	:	Nil

Stock market price data:

High/Low of monthly Market Price of the Company's Equity Shares traded on the Bombay Stock Exchange; Mumbai during the financial year 2011-2012 is furnished below:

Month	Open Price	High Price	No. of Shares
Apr-11	12.75	14.50	7601
May-11	14.85	14.85	6804
Jun-11	12.00	13.30	3613
Jul-11	12.00	15.35	14147
Aug-11	14.20	15.09	8181
Sep-11	12.64	14.16	2055
Oct-11	13.40	13.40	318
Nov-11	12.65	13.28	14641
Dec-11	11.13	17.48	16454
Jan-12	17.00	18.70	3883
Feb-12	17.30	20.30	596
Mar-12	19.00	21.00	1523



Share transfer system :

Share transfers are registered and returned to the transferees within 30 days from the Date of receipt, if the documents are in order in all respects.

The share transfer committee has met 4 times during the year.

No. of shares received for transfer upto 31.03.2012 is 1400 Shares and shares pending for transfer as on 31.03.2012 is **NIL**.

Registrar and Transfer Agents

Cameo Corporate Services Limited
Subramanian Building
No.1, Club House Road
Chennai- 600 002
Ph: 044-28460390 (6 lines)
E-Mail: cameo@cameoindia.com

Demat of shares:

As per the directives of Securities & Exchange Board of India, the equity shares of the company are being traded in electronic form from 18.02.2002. The physical form of trading is also available to the shareholders. Electronic Holding by Members comprises of 55.39 % (as on 31.03.2012) of the paid up share capital of the company held through National Securities Depository Limited and Central Depository Services Limited. The company has entered into an agreement with Cameo Corporate Services Limited as depository .

Distribution of share holding as on 31st March, 2012

Shareholding of Nominal Value of	Share Holders		Share Holdings	
	Number	% to Total	Shares	% to total
Rs.	(2)	(3)	(4)	(5)
(1)				
10-5000	4818	91.3364	7777970	2.7352
5001-10000	226	4.2843	1794160	0.6309
10001-20000	86	1.6303	1218930	0.4286
20001-30000	23	0.4360	598910	0.2106
30001-40000	16	0.3033	576740	0.2028
40001-50000	12	0.2274	576080	0.2025
50001-100000	23	0.4360	1687500	0.5934
100001 & Above	71	1.3459	270130450	94.9956
Total	5275	100.0000	284360740	100.0000

	No of Holders	No of Shares	%
NSDL	1629	14996039	52.74
CDSL	588	753207	2.65
Physical	3058	12686828	44.61

Share holding pattern as on 31st March 2012

Category		No. of Shares Held	Percentage of Share holding
A	Shareholding of Promoter & Promoter Group		
1	Indian		
	- Individuals / Hindu Undivided Family	7705241	27.09
	- Bodies Corporate	8238350	28.97
	Sub Total [A] [1]	15943591	56.07
2	Foreign		
	- Bodies Corporate	2000000	7.03
	- Any other Directors/Relative NRI	2000000	7.03
	Sub Total [A] [2]	4000000	14.06
	Total Share Holding of Promoter & Promoter Group (A= [A] [1] +[A] [2])	19943591	70.13
B	Public Shareholding.		
1	Institutions.	-	-
2	Non-Institutions.		
a.	Bodies Corporate.	4498295	15.82
b.	Individuals		
	I. Individual Shareholders Holding Nominal Share Capital upto Rs 1 Lakh	1223667	4.30
	II Individual Shareholders Holding Nominal Share Capital in excess of Rs 1 Lakh	1306747	4.60
c.	Any Other.		
	Clearing Members	-	-
	HUF	354428	1.25
	Non Resident Indians	1093446	0.38
	Overseas Corporate Bodies	1000000	3.52
	Sub Total [B] [2]	8492483	29.87
	Total Public Shareholding [B] [1]+[B] [2]	8492483	29.87
	TOTAL(A+B)	28436074	100.00
C.	Shares held by Custodians and against which Depository Receipts have been issued		
	1) Promoter and Promoter Group	-	-
	2) Public	-	-
	Total (A) + (B) + (C)	28,436,074	100.00



For Investor query: address for correspondence:

Company Secretary
Kanishk Steel Industries Limited,
Old No: 4 New No: 7, Thiru-Vi-Ka 3rd Street,
Royapettah High Road,
Mylpore,
Chennai- 600 004
Ph: 044 42919700 Fax: 044 42919719
E-mail: company.secretary@kanishksteels.in

Share holders holding shares in electronic mode should address all their correspondence to:

M/s. Cameo Corporate Services Limited
Subramanian Building
No.1, Club House Road
Chennai- 600 002
Ph: 044-28460390 (6 lines)
E-Mail: cameo@cameoindia.com

Plant Location:

- (1) Rolling & Furnace Mills :** B-27 (M) , B-27 (N) SIPCOT Industrial Complex
Gummudipoondi, Thiruvallur District, Tamilandu - 601 201.
- (2) Windmills :**
- i) Kanishk Steel Industries Ltd.,
Windfarm Vadamacherry Site
Palladam T.K.
Coimbatore District.
 - ii) Kanishk Steel Industries Ltd.
Windfarm Pazhavor Site
Tirunelveli District.
 - iii) Kanishk Steel Industries Ltd.
Windfarm, Kavalakurichi Village
Tirunelveli District.
 - iv) Kanishk Steel Industries Ltd
Wind Farm, Manur Tirunelveli
 - v) Kanishk Steel Industries Ltd
Veerakeralampudur Tirunelveli
- (3) Sponge Iron :** Kanishk Steel Industries Ltd.,
Obulapuram Village,
S.R.Kandigai,
Gummudipoondi, Chennai- 600 201

For and on behalf of Board of Directors
of Kanishk Steel Industries Limited,

RAVI GUPTA
Chairman and Managing Director

Date: 28th May, 2012
Place: Chennai

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Steel occupies a prominent place in the manufacturing industry in India and Steel Industry has been growing strongly at the rate of over 8% and it is expected to grow over by 10% in the next five years. Development of Steel Industry in India covers the Refractory Industry, Cold Rolling Industry, Sponge Iron Industry and reserves, with special attention to the export prospects, global competitiveness and Research & Development.

Strengths:

Your Company has Sponge Iron steel plant and Rolling Mills and is one of the largest steel manufacturers since 1981. Furnace Units and Rolling Mill Divisions in Steel Units Portfolio be an added advantage of your Company to produce various types of Structural and steel products. Your Company steel products are branded under KANISHK Brands and are very well established and preferred brand in the market for their Quality, Price and Delivery.

Your Company currently owns and operates twenty five windmills at different places in Tamil Nadu for its own captive consumption. In present times when power crisis is at its peak, the power generated from these fulfills the requirement of power to company's plant.

The Company's management is periodically reviving its market strategy to be competitive in volatile market by responding to its risks, opportunities and threats as mentioned below:

Weaknesses:

The factors like current debt crisis in Euro Zone, continuous rise in crude Oil prices, volatile raw materials prices, regional demand & supply imbalances and economic slowdown in India and INR depreciation against global currencies have impacted significantly the Indian steel industry and there is sharp fall in demand leaving impact on Profit of the Company.

Opportunities:

Demand of steel is expected to rise in future with economic and Industrial growth. Growing industries like infrastructure, construction and housing; and hi-tech engineering industries such as power generation and automotive would lead to increased demand of specialized steel in future. The per capita steel consumption in India is 55 kg which is well below the 215 Kg for world and 460 kg for China. This shows the significant potential to steel industries growth in India.

Threats:

The high cost and short supply of electricity in India may hamper the steel industry's production level. Cheap import of steel products from neighboring countries may result in the lowering prices and making the market highly competitive.



ANNEXURE-II D

CODE OF CONDUCT

The Board of Directors has already adopted the Code of Ethics & Business Conduct for the Directors and Senior Management Personnel. This code is a comprehensive code applicable to all Directors, Executives as well as Non- Executives and members of the Senior Management.

The Code has been circulated to all the members of the Board and Senior Management Personnel and compliance of the same has been affirmed by them. A declaration signed by the Chairman & Managing Director in this regard is given below:

"I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel of the Company, affirmation that they have complied with the Code of Ethics and Business Conduct framed for Directors and Senior Management Personnel in respect of the financial year 2011-2012."

Date: 28th May, 2012

Place: Chennai

RAVI GUPTA

Chairman & Managing Director.

AUDITORS' REPORT

TO THE MEMBERS OF KANISHK STEEL INDUSTRIES LIMITED

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

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

As required by the Companies (Auditor's Report) Order, 2003, (as amended) issued by the Govt. of India in terms of sub-section (4A) of Sec.227 of the Companies Act, 1956, we report on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.
- (b) The Fixed Assets have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed on such verification.
- (c) The Company has not disposed off substantial part of the Fixed Assets during the year which could affect the going concern status of the Company.
- (ii) (a) Inventories have been physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company is maintaining proper records of inventory and the discrepancies noticed on physical verification between the physical stock and book records which were not material having regard to the size of the company and nature of its business have been properly dealt with in the books of account.



- (iii) As per the information and explanation given to us and as per the records produced to us, the company has not granted any unsecured loans to company covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in the internal controls system.
- (v) (a) We are of the opinion that particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register maintained under the said section;
- (b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit from the public.
- (vii) In our opinion, the company's in-house internal audit system is commensurate with the size and nature of its business.
- The Central Government under Section 209(1)(d) of the Companies Act, 1956 has not prescribed the maintenance of cost records in respect of the activities of the company.
- (viii) (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities, wherever applicable and no dues are pending for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us and the records of the Company, there were no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute except as follows: (also refer Note: 28(iii)).

Statute Name	Nature of dues	Amount in Rs.	Forum where dispute is pending
Central Excise Law (SCN no. 2268/95 dated 25.07.1995)	Dispute relating to deemed Credit	234,094/-	Commissioner of Central Excise (Appeals) Chennai.
Central Excise Law	Dispute relating to refixation of Annual capacity of erstwhile OP Steels Limited	3,566,000 Plus equal amount of penalty	Hon'ble High Court of Madras.
Central Excise Law (SCN No. 2/06 dt 17.1.2006)	Dispute relating to differential duty on depot sales.	5,238,000/-	Hon'ble High Court of Madras.
Central Excise Law	Dispute relating to refixation of Annual capacity	900,000/- Plus equal amount of penalty plus Interest thereon.	Hon'ble High Court of Madras

- (ix) The Company has no accumulated losses. The Company has also not incurred cash losses during this financial year and the immediately preceding financial year.
- (x) The company has not defaulted in repayment of loans availed from Banks. The company has no borrowings from financial institution and has not issued debentures.
- (xi) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xii) The Company is not a chitfund, nidhi, mutual benefit fund or society and therefore the requirements pertaining to such class of companies is not applicable.
- (xiii) The Company is not dealing or trading in shares, securities, debentures and other investments. The Investments in shares has been held by the company in its own name.
- (xiv) In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Bank or Financial Institutions the terms and conditions whereof are prejudicial to the interest of the Company.
- (xv) On the basis of review of utilization of funds on an overall basis, in our opinion, the term loans taken by the company during the year were applied for the purposes for which the loans were obtained.
- (xvi) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, we are of the opinion that there are no funds raised on short-term basis which have been used for long term investment by the Company.
- (xvii) The Company has not made any preferential allotment of shares during the year.
- (xviii) The Company has not issued any debentures during the year.
- (xix) The company has not raised any money by way of public issue during the year.



- (xx) 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 course of our audit.

Further to our comments above, 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, 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 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 31st March 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with and subject to notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012 and
 - (ii) In the case of the Statement of Profit and Loss, of the Profit of the company for the year ended on that date.
 - (iii) In the case of the Cash Flow Statement, of the Cash flows of the Company for the year ended on that date.

For **CHATURVEDI & COMPANY,**
Chartered Accountants,
(FRN 302137E)

S GANESAN
Partner (Memb.No:217119)

Place: Chennai
Date: 28th May, 2012

KANISHK STEEL INDUSTRIES LIMITED
BALANCE SHEET AS ON 31ST MARCH, 2012

Particulars	Note No	As at 31.03.2012 (Amount in Rs.)	As at 31.03.2011 (Amount in Rs.)
A. EQUITY AND LIABILITIES			
1. SHAREHOLDERS FUNDS			
a. Share Capital	3	284,656,570	284,656,570
b. Reserves & Surplus	4	590,730,268	564,763,346
2. NON-CURRENT LIABILITIES			
a. Long term borrowings	5	576,970,457	509,982,569
b. Deferred Tax Liabilities (Net)	6	181,158,729	185,049,395
c. Other long term liabilities	7	124,157,000	124,157,000
d. Long term provisions	8	3,410,800	2,560,000
3. CURRENT LIABILITIES			
a. Short term borrowings	9	233,489,430	154,122,758
b. Trade Payables		980,009,719	790,443,288
c. Other current liabilities	10	42,304,129	52,748,353
d. Short term provisions	11	41,899,322	14,382,122
		3,058,786,423	2,682,865,401
B. ASSETS			
4. NON-CURRENT ASSETS			
a. Fixed Assets			
i. Tangible Assets	12	891,292,948	945,822,811
ii. Capital Work in Progress		7,725,462	7,688,892
b. Non-current investments	13	24,341,700	24,320,200
c. Long term Loans & Advances	14	129,955,754	86,340,860
5. CURRENT ASSETS			
a. Inventories	15	758,779,358	682,647,489
b. Trade Receivables	16	800,612,930	444,765,325
c. Cash & Bank Balances	17	79,417,732	73,933,881
d. Short term Loans & Advances	18	300,777,319	396,536,248
e. Other Current Assets	19	65,883,218	20,809,695
		3,058,786,423	2,682,865,401

Significant Accounting Policies & Notes on Accounts 2

Additional Information to Financial Statement 28

Accompanying Notes are an integral part of the Financial Statements.

As per our report annexed

For **CHATURVEDI & COMPANY,**

Chartered Accountants,
(FRN 302137E)

RAVI GUPTA
Chairman & Managing Director

VISHAL KEYAL
Whole-time Director

S GANESAN
Partner (Memb.No:217119)
Place: Chennai
Date: 28th May, 2012

MADHAVAN M K
Company Secretary



KANISHK STEEL INDUSTRIES LIMITED

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

Particulars	Note No	As at 31.03.2012 (Amount in Rs.)	As at 31.03.2011 (Amount in Rs.)
1. REVENUE FROM OPERATIONS	20	6,457,694,308	4,450,454,351
Less: Excise Duty		433,457,813	224,356,651
Revenue from Operations (Net)		6,024,236,495	4,226,097,700
2. OTHER INCOME	21	27,593,537	27,517,971
3. TOTAL REVENUE		6,051,830,032	4,253,615,671
4. EXPENSES			
a. Cost of Material Consumed	22	3,444,454,386	1,757,332,480
b. Purchases of traded goods	23	2,067,480,334	1,798,079,990
c. Changes in Inventories of finished goods	24	(120,148,094)	103,378,869
d. Employee benefits expense	25	7,903,035	8,640,123
e. Finance Costs	26	74,451,027	44,598,961
f. Depreciation and Amortisation expenses		66,880,950	57,270,124
g. Other expenses	27	474,679,982	450,796,520
TOTAL EXPENSES		6,015,701,620	4,220,097,067
5. PROFIT BEFORE TAX (3 - 4)		36,128,411	33,518,604
6. TAX EXPENSE			
a. Current Tax		13,840,950	9,606,674
b. Deferred tax		(3,890,666)	(8,296,385)
7. PROFIT/(LOSS) FOR THE YEAR (5 - 6)		26,178,127	32,208,315
EARNINGS PER SHARE (Basic and Diluted)	31	0.92	1.13

Significant Accounting Policies & Notes on Accounts 2

Additional Information to Financial Statement 28

Accompanying Notes are an integral part of the Financial Statements.

As per our report annexed

For **CHATURVEDI & COMPANY,**

Chartered Accountants,
(FRN 302137E)

RAVI GUPTA
Chairman & Managing Director

VISHAL KEYAL
Whole-time Director

S GANESAN
Partner (Memb.No:217119)

MADHAVAN M K
Company Secretary

Place: Chennai

Date: 28th May, 2012

KANISHK STEEL INDUSTRIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	As at 31.03.2012 (Amount in Rs.)		As at 31.03.2011 (Amount in Rs.)	
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before Tax And Extraordinary Items		36,128,411		33,518,602
Add:				
Depreciation	66,880,950		57,270,124	
Foreign Exchange loss / (Gain)	7,664,996		(1,704,160)	
Loss on Sale of Assets	114,068		2,018,235	
Tax adjustments of previous year	4,628,970		(12,847)	
Rent Received	(679,692)		(849,180)	
Interest /Rebate/Discount Income	(5,273,673)		(4,914,301)	
Interest /Discount Paid	41,996,279	115,331,898	37,138,547	88,946,418
Operating Profit before Working Capital Changes		151,460,310		122,465,020
Adjustments for movement in Working Capital:				
(Increase)/Decrease in Inventories	(76,131,869)		(255,067,215)	
(Increase)/Decrease in Receivables	(363,512,601)		(134,069,316)	
Long Term Provisions	850,800		709,000	
Trade Payables	189,566,431		236,128,739	
Long Term Loans & Advances	(43,614,894)		(21,820,555)	
Short Term Loans & Advances	95,758,928		10,094,222	
Other Current Assets	(34,799,963)	(231,883,168)	50,641,700	(113,383,426)
		(80,422,858)		9,081,595
Current Liabilities & Short Term Provisions		4,360,268		11,782,709
Cash Generated from Operations		(76,062,590)		20,864,304
Less: Direct Taxes Paid		(10,273,561)		8,600,999
Net Cash Flow from operating activities (A)		(86,336,151)		12,263,305



Particulars	As at 31.03.2012 (Amount in Rs.)		As at 31.03.2011 (Amount in Rs.)	
	B. CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of Fixed Assets	(17,220,762)		(37,445,666)	
Sale of Fixed Asset	29,500		217,815	
Increase in Capital Work In Progress	(36,570)		(2,963,061)	
Interest Received	5,273,673		4,914,301	
Rent Received	679,692		849,180	
Purchase/ Sale of Investments	(21,500)		(2,817,815)	
Profit / (Loss) from sale of Fixed Assets	(114,068)	(11,410,036)	(2,018,235)	(39,263,481)
Net Cash Flow from Investing activities (B)		(11,410,036)		(39,263,481)
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Interest paid	(41,996,279)		(37,138,547)	
Movement in Unsecured Loan (Net)	105,000,000		109,157,000	
Movement in Term Loan (Net)	40,226,317	103,230,038	(6,944,427)	65,074,025
Net Cash Flow from Financing activities (C)		103,230,038		65,074,025
Net Increase in cash Equivalents (A)+(B)+(C)		5,483,851		38,073,849
Cash & Cash Equivalents (Opening Balance)	73,933,881		35,860,032	
Cash & Cash Equivalents (Closing Balance)	79,417,732		73,933,881	
Net Increase/(Decrease) in Cash & Cash Equivalents		5,483,851		38,073,849

As per our report annexed
For **CHATURVEDI & COMPANY,**
Chartered Accountants,
(FRN 302137E)

RAVI GUPTA
Chairman & Managing Director

VISHAL KEYAL
Whole-time Director

S GANESAN
Partner (Memb.No:217119)

MADHAVAN M K
Company Secretary

Place: Chennai
Date: 28th May, 2012

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

1. Corporate Information:

Kanishk Steel Industries (the company) incorporated under the Companies Act, 1956, in the year 1989, is engaged in the manufacture and supply of iron and steel products including Sponge iron and windmill power generation. The company's shares are listed on the Bombay Stock Exchange Limited and the shares are traded regularly.

2. Significant Accounting Policies:

2.1 Basis of preparation:

The financial statements are prepared in accordance with Generally Accepted Accounting Principles in India (GAAP) under historical cost convention on the accrual method of accounting except as disclosed in the notes and materially comply with the mandatory Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI) and the Institute of Chartered Accountants of India except to the extent disclosed in the following notes. The accounting policies adopted in preparation of financial statements are consistent with those of previous year except for change in accounting policy initially adopted or a revision to the existing accounting policy that requires a change as against the one hitherto in use.

During the year ended 31st March 2012, the Revised Schedule VI notified under the Companies Act, 1956 has become applicable to the company, for preparation and presentation of its financial statements. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it has significant impact on the presentation and disclosures made in the financial statements.

2.2 Use of Estimates:

The preparation of financial statements requires the Company to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as of the date of financial statements and the reported amounts of income and expenses during the reporting period. The Company believes that the estimates used in the preparation of the financial statements as prudent and reasonable. Future results could differ from these estimates.

2.3 Revenue Recognition:

Sale is recognized on dispatch of goods. Sale is net of trade discount, includes excise duty and excludes sales tax recovered. Insurance claim is accounted in the year of receipt.

2.4 Depreciation:

Depreciation is provided on straight-line method as per the rates specified under Schedule XIV of the Companies Act, 1956 on pro-rata basis.



2.5 Fixed Assets:

Fixed Assets are stated at cost of acquisition inclusive of inland freight, duties taxes and incidental expenses related to acquisition with due adjustments for Cenvat / VAT credits and as adjusted by revaluation and related expenditure less accumulated depreciation.

Capital work in progress includes cost of Machinery to be installed, construction & erection materials and unallocated preoperative expenses.

2.6 Impairment:

At each Balance Sheet date, the Company assesses whether there is any indication that Fixed Asset have suffered an impairment loss. If any such indication exists, the recoverable amount of the Asset is estimated in order to determine the extent of the impairment, if any. Where it is not possible to estimate the recoverable amount of individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

As per the assessment conducted by the company at 31st March, 2012, there was no indications that fixed asset have suffered an impairment loss.

2.7 Investments:

Current Investments are carried at lower of cost or fair value. Long-term Investments are stated at cost. Provision for diminution in the value is made in accordance with AS 13 – Accounting for Investments if the decline/diminution is other than temporary.

2.8 Inventories:

Inventories are valued as under:

- a) Raw Materials, Consumables and Stores & Spares are valued at lower of cost and net realizable value. Cost of inventories is generally ascertained on the weighted average basis, which includes expenses incidental to procurement of the same.
- b) By-products are valued at net realizable value.
- c) Finished Goods are valued at lower of cost and net realizable value. Cost for this purpose means full absorption cost basis which includes direct materials, direct labour, excise duty, related depreciation and appropriate production overheads.
- d) Materials-in-Transit are valued at Cost including Freight & Insurance.

2.9 Employee Benefits:

- (a) Defined contribution plan:

Contribution to defined contribution plans are recognized as expense on accrual basis.

- (b) Defined Benefit Plan:

The present value of Gratuity obligation is determined based on actuarial valuation using the projected unit credit method and is recognized as expenses on accrual basis. Actuarial gains / losses arising during the year are recognized in the Statement of Profit & Loss.

2.10 Foreign Exchange Transactions:

Transactions in foreign currencies are recorded at the exchange rates prevailing at the date of the transactions. In respect of the transactions covered by Forward Exchange Contracts, the difference between the forward rate and the exchange rate on the date of the transaction is recognized as Income or Expense over the life of the Contract. Transactions not covered by forward exchange rates and outstanding at year end are translated at exchange rates prevailing at the year end and the profit/loss so determined and also the realized exchange gain/losses are recognized in the Statement of Profit & Loss.

2.11 Borrowing Cost:

All borrowing costs are charged to revenue except to the extent they are attributable to qualifying assets, which are capitalized. During the year under review, there was no borrowing attributable to qualifying assets and hence no borrowing cost was capitalized.

2.12 Segment Accounting:

Segments are identified based on the types of products and the internal organization. The company has identified business segments as its primary reporting segment. The company's primary segments consist of Steel and Power. Unallocated Corporate Expense (net of other income) represents expense which relates to the enterprise as a whole and are not allocable to segments. Further, there is no reportable secondary segment i.e. Geographical Segment.

2.13 Taxes on Income:

- (b) Provision for current tax is made in accordance with the Income Tax Act, 1961.
- (c) In accordance with the Accounting Standard AS-22 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India, Deferred Tax Liability / Asset arising from timing differences between book and income tax profits is accounted for at the current rate of tax to the extent these differences are expected to crystallize in later years (Also refer Note no 26(vii)). However, Deferred Tax Assets are recognized only if there is a reasonable / virtual certainty of realization thereof.

2.14 Provisions and Contingencies:

Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the accounts by way of a note. Contingent assets are neither recognized nor disclosed in the financial statements.

Contingencies are recorded when it is probable that a liability will be incurred and the amounts can reasonably be estimated. Differences between the actual results and estimates are recognized in the year in which the results are known materialized.



3. SHARE CAPITAL

Particulars	As at 31.03.2012 (Amount in Rs.)	As at 31.03.2011 (Amount in Rs.)
I. Authorised Shares		
29,800,000 Equity Shares of Rs.10 each (Previous year 2,98,00,000)	298,000,000	298,000,000
20,000 15% Cumulative Redeemable Preference Shares of Rs.100 each (Previous year 20,000)	2,000,000	2,000,000
	300,000,000	300,000,000
II. Issued, subscribed and fully paid capital:		
2,84,36,074 Equity shares of Rs.10 each (Previous year 2,84,36,074)		
Opening Balance	284,360,740	284,360,740
Issued during the year	-	-
Cancelled during the year	-	-
Closing Balance	284,360,740	284,360,740
Add: Forefeited Shares	295,830	295,830
	284,656,570	284,656,570

a) Movement of Shares:

There is no movement of shares outstanding at the beginning and at the end of the reporting period.

b) Terms / rights attached to equity shares:

The company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive the assets of the company, in proportion to the number of equity shares held by the shareholders.

c) Details of shareholders holding more than 5% shares in the company:

Particulars	No. of Shares	% holding	No. of Shares	% holding
Radiant Solutions Private Ltd	2000000	7.0333	2000000	7.0333
Ameena Bagum	2000000	7.0333	2000000	7.0333
Tamilnadu Enterprises & Investments Pvt Ltd	2015497	7.0878	2015497	7.0878
Chennai Material Recycling & Trading Co Pvt Ltd	1489584	5.2384	1489584	5.2384

4. RESERVE & SURPLUS

Particulars	As at 31.03.2012 (Amount in Rs.)	As at 31.03.2011 (Amount in Rs.)
I. Capital Reserve		
Opening & Closing Balance	8,732,431	8,732,431
II. Capital Redempiton Reserve		
Opening & Closing Balance	300,000	300,000
III. Securities Premium Reserve		
Opening & Closing Balance	71,639,025	71,639,025
IV. Revaluation Reserve		
Opening Balance	95,325,221	100,165,396
Additions during the year	-	-
Utilisation during the year	(4,840,175)	(4,840,175)
	90,485,046	95,325,221
V. General Reserve		
Opening Balance	23,007,619	23,007,619
Additions during the year	-	-
Utilisation during the year	-	-
Closing Balance	23,007,619	23,007,619
VI) Surplus:		
Opening Balance	365,759,050	333,563,582
Profit for the year	26,178,127	32,208,315
Adjustments for earlier years taxation	4,628,970	(12,847)
Closing Balance	396,566,147	365,759,050
	590,730,268	564,763,346



5. LONG TERM BORROWINGS

Particulars	As at 31.03.2012 (Amount in Rs.)	As at 31.03.2012 (Amount in Rs.)	As at 31.03.2011 (Amount in Rs.)	As at 31.03.2011 (Amount in Rs.)
	Non Current	Current	Non Current	Current
a. Secured - From Banks				
Term Loans for Power Project from State Bank of India	136,935,238	34,288,000	173,322,204	34,288,000
b. Long term maturities of Finance Lease Obligations				
Hire Purchase Loans (Secured against assets purchased under HP Scheme)	265,219	1,625,146	1,890,365	2,753,389
c. Unsecured loan from related party				
OPG Renewable Energy Private Limited	439,770,000	-	334,770,000	-
	576,970,457	35,913,146	509,982,569	37,041,389
Less: Amount shown under other current liabilities	-	35,913,146	-	37,041,389
Total	576,970,457	-	509,982,569	-

Terms of Repayment and rate of interest:

Rupee Term Loan of Rs.240,006,951/- is repayable in 28 quarterly instalments of Rs.8,572,000/- each and it carries an interest @ 12% p.a.

Security:

(Term Loans from Bank are secured by equitable mortgage of land and building including Plant and Machinery and also by hypothecation of Raw Materials, Stock-in-Process and Finished Goods, Corporate guarantee by M/s.Tamilnadu Property Developers Ltd and also personally guaranteed by the CMD of the company)

Particulars	As at 31.03.2012 (Amount in Rs.)	As at 31.03.2011 (Amount in Rs.)
6. DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liability		
Fixed Asset - Impact of Difference between tax depreciation and depreciation charged in the financial statement (Refer Note No. 28(vii))	181,158,729	185,049,395
Gross Deferred Tax Liability	181,158,729	185,049,395
7. OTHER LONG TERM LIABILITIES		
Deposits from Customers	124,157,000	124,157,000
	124,157,000	124,157,000
8. LONG TERM PROVISIONS		
For Employee Benefits	3,410,800	2,560,000
Total	3,410,800	2,560,000
9. SHORT TERM BORROWING		
a. From Banks		
State Bank of India - Cash Credit	182,979,472	108,332,634
State Bank of Patiala WCDL A/c	26,890,055	29,595,928
Corporation Bank - Cash Credit	23,619,903	16,194,196
(All the above loans are secured by equitable mortgage of land and building including Plant and Machinery and also by hypothecation of Raw Materials, Stock-in-Process and Finished Goods, Corporate guarantee by M/s.Tamilnadu Property Developers Ltd and also personally guaranteed by the CMD of the company)		
	233,489,430	154,122,758
10. OTHER CURRENT LIABILITIES		
a. Current maturities of long term borrowings (refer note No.5)	35,913,146	37,041,389
b. Unclaimed Dividend	1,522,411	1,522,411
c. Outstanding Liability	3,979,462	9,308,833
d. Other Liabilities	889,110	4,875,720
	42,304,129	52,748,353
11. SHORT TERM PROVISIONS		
a. Taxation	23,447,624	9,606,674
b. Other Provisions	18,451,697	4,775,448
	41,899,322	14,382,122



12. FIXED ASSETS:

DESCRIPTION	GROSS BLOCK AT COST			DEPRECIATION				NET BLOCK		
	AS ON 01.04.2011	ADDITIONS	Deletions/ Refund	AS ON 31.03.2012	AS ON 01.04.2011	FOR THE PERIOD	WITH -DRAWN	UPTO 31.03.2012	AS ON 31.03.2012	AS ON 31.03.2011
TANGIBLE ASSETS:										
LAND	15,251,258	-	-	15,251,258	-	-	-	-	15,251,258	15,251,258
LAND LEASE HOLD	18,166,998	-	-	18,166,998	-	-	-	-	18,166,998	18,166,998
FACTORY BUILDING	167,634,147	-	-	167,634,147	27,365,891	5,598,981	-	32,964,871	134,669,276	140,268,256
BUILDINGS	301,200	-	-	301,200	29,685	4,910	-	34,595	266,605	271,515
PLANT & MACHINERY	1,014,224,287	17,168,325	-	1,031,392,612	311,119,174	59,976,108	-	371,095,282	660,297,330	703,105,113
6MW POLLUTION CONTROL EQUIPMENT	5,387,922	-	-	5,387,922	645,776	255,926	-	901,702	4,486,220	4,742,146
ELECTRICAL INSTALLATION	34,998,037	-	-	34,998,037	15,951,079	1,662,407	-	17,613,486	17,384,551	19,046,958
CRANE	35,218,290	-	-	35,218,290	8,668,716	1,672,869	-	10,341,585	24,876,705	26,549,574
OFFICE EQUIPMENTS	4,930,388	77,495	-	5,007,883	1,999,466	236,944	-	2,236,410	2,771,472	2,930,922
FURNITURE & FITTINGS	4,454,982	-	-	4,454,982	1,611,209	282,000	-	1,893,209	2,561,773	2,843,773
VEHICLES	21,317,699	89,010	405,722	21,000,987	8,671,402	2,030,980	262,154	10,440,228	10,560,759	12,646,297
TOTAL	1,321,885,208	17,334,830	405,722	1,338,814,316	376,062,397	71,721,124*	262,154	447,521,368	891,292,948	945,822,811
PREVIOUS YEAR	1,286,196,071	39,463,901	3,774,764	1,321,885,208	315,490,811	62,110,299	1,538,714	376,062,397	945,822,811	970,705,259

* Current year Depreciation has been adjusted to the extent of Revaluation Reserve Rs. 4,840,175/-

Particulars	As at 31.03.2012 (Amount in Rs.) Extent	As at 31.03.2011 (Amount in Rs.) Extent
13. NON-CURRENT INVESTMENTS		
TRADE INVESTMENTS (Stated at Cost)		
a. Investments in Unquoted Equity Shares		
1882020 Class C Equity shares of Rs.10/- each (fully paid-up) in M/s. OPG Energy Private Limited (others)	18,820,200	18,820,200
10000 Class A Equity shares of Rs.10/- each (fully paid-up) in M/s. OPG Energy Private Limited (others)	100,000	100,000
190000 Class A Equity shares of Rs.10/- each (fully paid-up) in M/s. OPG Renewable Energy Private Limited (others)	1,900,000	1,900,000
30000 Class B Equity shares of Rs.10/- each (fully paid-up) in M/s. OPG Business Centre Private Limited (others)	3,000,000	3,000,000
1000000 Class A Equity shares of Rs.10/- each (partly paid-up Re. 0.10/-) in M/s. OPG Power Generation Ltd (others)	100,000	-
b. Other Investments		
SBI Mutual Fund	421,500	500,000
	24,341,700	24,320,200
14. LONG TERM LOANS & ADVANCES (Unsecured, considered good)		
a. Capital Advances	16,932,097	16,918,081
b. Security Deposits	98,373,657	54,772,779
c. Loans & advances to related parties	14,650,000	14,650,000
	129,955,754	86,340,860
15. INVENTORIES (Valued at lower of Cost and Net Realisable Value) (as valued and certified by the management)		
a. Raw Materials	574,822,665	605,643,629
b. Finished Goods	181,140,200	60,992,107
c. Stores and Spares	2,816,493	16,011,753
	758,779,358	682,647,489



Particulars	As at 31.03.2012 (Amount in Rs.)	As at 31.03.2011 (Amount in Rs.)
16. TRADE RECEIVABLES		
(Unsecured Considered Good)		
Debts Outstanding for a period exceeding six months	15,221,656	7,297,591
Other Debts	785,391,274	437,467,734
	800,612,930	444,765,325
17. CASH & CASH EQUIVALENTS		
a. Cash on Hand	1,739,007	3,294,411
b. Cash at Bank		
In Current Account	3,092,929	4,061,055
In Unpaid Dividend Account	1,522,411	1,522,411
In Deposit Account:		
Deposit with bank with 3-12 months maturity	73,063,385	65,056,004
	79,417,732	73,933,881
18. SHORT TERM LOANS AND ADVANCES		
(Unsecured, Considered Good)		
a. Loans & Advances to related parties	165,065,043	87,105,092
b. Others	135,712,276	309,431,156
	300,777,319	396,536,248
19. OTHER CURRENT ASSETS		
a. Balance with Revenue Authorities	59,287,983	18,511,073
b. Prepaid Expenses	6,595,235	2,298,622
	65,883,218	20,809,695
20. REVENUE FROM OPERATIONS		
Sale of Manufactured products	3,361,073,410	2,511,541,776
Sale of Traded Products	3,036,104,663	1,866,578,795
Other Operating Revenue:		
Conservation charges received	6,364,679	-
Sale of Power Generated	54,151,556	72,333,780
	6,457,694,308	4,450,454,351
21. OTHER INCOME		
Rent Received	679,692	849,180
Income Received on Ware Housing	12,970,606	10,685,617
Dividend	-	4,131
Sales Commission	101,779	1,336,551
Insurance claim received	1,171,003	1,086,076
Interest Received	5,273,673	4,914,301

Particulars	As at 31.03.2012 (Amount in Rs.)	As at 31.03.2011 (Amount in Rs.)
Income Accrued on EPGC	7,805,488	-
Foreign exchange Fluctuation Gain	-	1,704,160
Forwarding Charges	-	6,571,867
Rebate & discount / Liabilities no longer required	(408,704)	366,088
	27,593,537	27,517,971
22. COST OF MATERIALS CONSUMED		
Opening Stock	605,643,629	257,813,115
Add: Purchases	3,413,633,421	2,105,162,995
Less: Closing Stock	574,822,665	605,643,630
	3,444,454,386	1,757,332,480
(i) Details of Rawmaterials consumed		
Scrap	1,359,607,198	586,185,583
Billets	1,803,155,802	1,081,387,915
Coal	231,898,899	56,654,330
Sponge Iron	49,792,487	33,104,652
Total	3,444,454,386	1,757,332,480
(ii) Details of Raw Material Inventory		
Scrap	307,471,607	432,404,253
Billets	176,200,988	121,196,212
Coal	77,837,466	50,554,520
Sponge Iron	13,312,604	1,488,645
Total	574,822,665	605,643,630
23. DETAILS OF TRADED GOODS PURCHASED		
Scrap	657,322,752	231,236,365
Billets	18,500,198	34,809,494
Rolled & Steel and allied Products	1,391,657,384	1,532,034,131
	2,067,480,334	1,798,079,990
24. CHANGES IN INVENTORY OF FINISHED GOODS		
Closing stock of finished goods	181,140,200	60,992,107
Opening stock of finished goods	60,992,107	164,370,976
Decrease / (increase) in stocks	(120,148,094)	103,378,869
25. EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages and Bonus	6,022,312	7,483,679
Contribution to Provident & other funds	1,525,759	1,086,259
Staff and Labour Welfare	354,964	70,185
	7,903,035	8,640,123



Particulars	As at 31.03.2012 (Amount in Rs.)	As at 31.03.2011 (Amount in Rs.)
26. FINANCE COSTS		
Foreign Exchange Loss	7,664,996	-
Bank charges	24,789,752	7,460,414
Interest paid to Banks	41,374,595	31,817,554
Interest - Others	621,684	5,320,993
	74,451,027	44,598,961
27. OTHER EXPENSES		
a. Material & Manufacturing expenses		
Stores and Spares consumed	52,338,958	20,565,582
Power and Fuel	167,124,409	161,036,638
Freight Charges	103,038,649	206,229,147
RM / FG Cutting & Handling Expenses	13,449,314	6,112,906
Gas	2,515,991	2,887,038
Lease rent paid	720,000	828,000
Testing & Weighment Charges	676,803	154,181
b. Repairs & Maintenance		
Machinery Repairs	6,819,865	8,457,145
Factory maintenance	165,938	621,639
Electrical Repairs	2,841,164	1,710,996
Building Repairs & maintenance	81,031	945,107
Vehicle Maintenance	205,300	296,809
Windmill Repairs & Maintenance	4,589,583	4,271,234
c. Administrative Expenses		
Printing and Stationery	293,832	232,851
Advertisement	331,217	68,925
Sales Tax Expenses	83,821	-
Commission paid	1,114,726	545,053
Rent & Amenities	166,810	174,643
Rates & Taxes	94,737,981	1,747,469
Postage	118,197	104,816
Travelling & Conveyance	2,152,181	1,614,878
Insurance	737,196	4,428,768
Donation	72,401	167,500

Particulars	As at 31.03.2012 (Amount in Rs.)	As at 31.03.2011 (Amount in Rs.)
Directors - Sitting Fees	28,000	22,000
Medical expenses	-	197,162
Payment to Auditors		
- As Audit Fees	112,360	110,300
- As Tax Audit Fees	56,180	55,150
- As Certification Fees	62,873	11,582
Professional & Consultancy	923,573	310,303
Telephone Charges	1,470,622	1,339,199
Office Maintenance	-	37,677
Vehicle Maintenance	1,610	110,299
Loss on Sale of Assets	114,068	2,018,235
Rebate & Discount	-	1,896,476
General Expenses	3,945	2,652,804
Membership & Subscription	1,171,431	1,187,862
Service Tax Paid	2,016,822	5,952,264
Security Charges	685,173	458,571
Syndication Fees	26,803	99,951
Share Transfer Charges	71,867	62,992
Directors' Remuneration	2,700,000	2,750,000
d. Selling and Distribution Expenses		
Sales Promotion Expenditure	2,316	1,245,156
Carriage Outwards	10,856,974	7,077,213
	474,679,982	450,796,520



28. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

- i) Contingent liability not provided for:
- a) Counter Guarantees furnished to the bank Rs. 21,711,900/- (Previous year Rs. 6,146,000/-)
 - b) Towards outstanding Letter of Credit Rs.139,308,804/- (Previous year Rs. 215,927,000/-) on account of import of raw materials.
- ii) Estimated amount of contracts remaining to be executed on capital accounts and not provided for Rs.135,900,000/- (Previous year Rs.135,900,000/-) and for others is NIL.
- iii) Claims against the company not acknowledged as debt:
- a) -towards the disallowance of deemed Credit to extent of Rs.234,094/- under Rule 57-I of the Central Excise Rules, 1944 read with Section 11-A of Central Excise Act, 1944 made on the erstwhile Avanti Oil and Steel Industries Private Limited, the transferor company. Matter under appeal before Commissioner of Central Excise (Appeals) Chennai.
 - b) - towards the demand of Rs.3,566,000/- plus penalty of an equal amount plus interest thereon for re-fixation of Annual Capacity of Production (ACP) by the Commissioner of Central Excise on the erstwhile OP Steels Limited, the transferor company. Company has filed stay petition. This matter is pending before Hon'ble High Court of Madras.
 - c) -towards the demand of differential duty of Rs.5,238,000/- (Rs.8,725,000/- less Rs.3,487,000/- already paid) plus interest and penalty as per the provisions of the Central Excise Act, 1944 as per the show cause notice no:2/06 dated 17.01.2006 issued by the Commissioner of Central Excise, Chennai claiming wrong adoption of assessable value for the excisable goods cleared from factory to depots. Company has won during the year its appeal before the settlement commission and the matter has been referred to Hon'ble High Court of Madras by the Commissioner of Central Excise.
 - d) - towards the demand of Rs. 900,000/- plus penalty of an equal amount plus interest thereon for re-fixation of Annual Capacity of Production (ACP) by the Commissioner of Central Excise. The department has filed its appeal against this company. This matter is pending before Hon'able High Court of Madras.
- iv) Revaluation of Fixed Assets:

Fixed Assets pertaining to Rolling Division of the Company have been revalued on 31.03.2008, corresponding credit given to the Revaluation Reserve as per AS 10. Depreciation to the extent of Rs. 4,840,175/- has been adjusted against revaluation reserve during the current year (Previous Year Rs. 4,840,175/-).

- v) License Agreement:

Company has entered into a License Agreement on 26.04.2008 to give on License the 10MW Power Plant to OPG Renewable Energy Private Limited (OPGREPL) on the understanding that OPGREPL shall provide power to the Company upto 9 Million units every year. It has

also been undertaken that in the event of shortfall, OPGREPL shall compensate the company by an amount equal to the value of such shortfall calculated by applying the rate of power charged by TNEB in that financial year. An interest free deposit of Rs.334,800,000/- had been given by OPGREPL upto the financial year 2010-2011. and the commitment has accordingly been reduced to 1 million units a year w.e.f. 01.04.2011. During the year 2011-2012, additional deposit of Rs.105,000,000/- has been given by the OPGREPL, accordingly unsecured loans are increased to Rs.439,770,000/-.

vi) Employee Benefits:

Disclosures in terms of AS-15 are as under:

a. Defined contribution plan:

Contribution to defined contribution plan recognized as expenses for the year 2011-2012 is Employers contribution to Provident Fund and ESI Rs.1,525,759/-.

b. Defined Benefit Plan:

As per the explanations given by the management of the company except for Gratuity, there are no other benefit plans for the employees of the company. The present value of Gratuity obligation is determined during this year (2011-2012) based on actuarial valuation using the projected unit credit method. Accordingly provision of Rs. 850,800/- has been made in the year 2011-2012. (2010-2011 Rs. 709,000/-)

		2011-2012 (Amount in Rs.)	2010-2011 (Amount in Rs.)
I	Expenses recognized in the statement of Profit and Loss for the year ended	850,800	709,000
	1. Current Service Cost	2,198,103	158,000
	2. Interest Cost	217,600	148,080
	3. Expected Return on Plan Assets	-	-
	4. Net Actuarial (Gains)/ Losses	(1,564,903)	402,920
	5. Total Expenses	850,800	709,000
II	Net Asset/(Liability) recognized in the Balance sheet as on 31.03.2012		
	1. Present value of Defined Benefit Obligation	3,410,800	25,60,000
	2. Fair Value of Plan Assets as at 31.03.2012	-	-
	3. Funded Status (Surplus/ Deficit)	-	-
	4. Net Liability as at 31.03.2012 (No Fund is maintained)	3,410,800	2,560,000



III	Change in obligation during the year ended		
	1. Present value of Defined Benefit Obligation at the beginning of the year	2,560,000	1,851,000
	2. Current Service Cost	2,198,103	158,000
	3. Interest Cost	217,600	148,000
	4. Actuarial (Gains) / Losses	(1,564,903)	402,920
	5. Benefit Payments	-	-
	6. Present value of Defined Benefit Obligation at the end of the year	3,410,800	25,60,000
IV	Changes in Assets during the year ended		
	1. Plan assets at the beginning of the year	-	-
	2. Expected return on plan assets	-	-
	3. Contributed by Employer	-	-
	4. Actual Benefits paid	-	-
	5. Actuarial Gains/ (Losses)	-	-
	6. Plan assets at the end of the year	-	-
	(No Fund is being maintained)		
V	Actuarial Assumptions		
	1. Discount Rate	8.5%	
	2. Expected rate of return on plan assets	NA	
	3. Mortality	LIC (94-96)	
	4. Turnover rates	6.75%	
	5. Salary Escalator	11.5%	

vii) Deferred Taxes:

Based on the petition filed by the company on 21.04.2008, the Hon'ble High Court of Madras has allowed the company on 19.08.2008 to utilize the Securities Premium account towards the Deferred Tax Liability computed as per Accounting Standard 22 issued by the Institute of Chartered Accountants of India.

(Amount in Rs.)

Deferred Tax Liability / (Asset) for the year	(38,90,666)
Deferred Tax Liability adjusted against Securities Premium account (As per Directives of Hon'ble High Court Madras)	-
Deferred Tax Asset credited to Statement of Profit & Loss	3,890,666

(No adjustments have been done in Securities Premium account since there is no additional liability towards deferred taxes during the year)

- viii) Disclosures of Trade payable under current/ noncurrent liabilities is based on the information available with the company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" (the Act). There are no delays in payment made to such suppliers and there is no overdue amount outstanding as at the Balance Sheet date. Based on the above the relevant disclosure u/s. 22 of the Act are as follows:

(Amount in Rs.)

Principal amount outstanding at the end of the year	-
Interest amount due at the end of the year	-
Interest paid to suppliers	-

- ix) Company has circularized/sought confirmation of balance letters to/from sundry debtors & advance parties / sundry creditors. In the absence of negation, the balances appearing the books are taken as confirmed.
- x) The value of the surety given by the company to the Customs Authorities on behalf of M/s OPG Energy Private Ltd. (OPGEL) to the extent of Rs.46,141,000/- with a commitment of Export obligation for US \$ 79,63,973.76 within 8 years from 3.11.2003 for OPGEL to avail concessional customs duty for import of capital equipment. As per the arrangement, OPGEL will compensate the company with a total amount of Rs.38,641,000/- towards the saving based on progress achieved in the export obligations guaranteed by the Company and the joint venture partners on behalf of OPGEL within the stipulated period, out of which Rs. 7,805,488/- income received during the year. Accordingly the company has fulfilled its obligation during the year.
- xi) Value of Imported & Indigenous Raw Materials, Spare Parts Components consumed:

	2011-2012		2010-2011	
	Amount in Rs.	%	Amount in Rs.	%
Imported	608,385,246	17.66	322,078,661	18.33
Indigenous	2,836,069,140	82.34	1,435,253,819	81.67



xii) CIF Value of Imports:

(Amount in Rs.)

	2011-2012	2010-2011
Raw Materials	1,224,693,837	575,211,000
Stores & Spares	--	--
Capital Goods	--	--

xiii) Remittance in Foreign Currency towards Dividend

	2011-2012	2010-2011
Number of Non resident Share Holders	2	2
Number of Shares Held	30,00,000	30,00,000
Amount Remitted	--	--

xiv) Expenditure in Foreign currency

	2011-2012	2010-2011
Travelling Expenses	Rs.1,656,006/-	--

29. SEGMENT INFORMATION FOR THE YEAR ENDED 31st MARCH 2012.

Business Segment:

The two identified segments are Steel and Power generation

SEGMENT INFORMATION FOR THE YEAR ENDED 31 st MARCH 2012			
	(Amount in Rs.)		
	STEEL	POWER	TOTAL
SEGMENTAL REVENUE			
Segmental Revenue(Gross)	6,403,542,752	54,151,556	6,457,694,308
Less Excise Duty	433,457,813	-	433,457,813
Segmental Revenue(Net)	5,970,084,939	54,151,556	6,024,236,495
SEGMENTAL RESULTS			
Results Before Depreciation	246,364,972	23,614,858	269,979,830
Depreciation	38,629,389	28,251,561	66,880,950
Results After Depreciation	207,735,583	(4,636,703)	203,098,880
Unallocated Corporate Expenditure (net of Other Income)			(92,519,441)
Operating Profit			110,579,439

Finance Expenses			74,451,027
Profit Before Tax			36,128,411
Provision for Tax(including Def.Tax)			9,950,284
Profit After Tax			26,178,127
SEGMENT ASSETS	2,440,834,706	617,951,717	3,058,786,423
SEGMENT LIABILITIES	1,781,773,785	274,058,000	2,055,831,785
Capital Expenditure	17,334,830	-	17,334,830
WIP	7,725,462	-	7,725,462
Non cash expenses	114,068	-	114,068
Depreciation for the year 2011-2012	38,430,214	28,450,735	66,880,950

Type of products and services in each business segment:

Steel - Manufacture and Trading of rolled steel products.

Power – Generation and captive consumption of power.

30. RELATED PARTY DISCLOSURES:

Enterprises:

OPG Energy Private Limited
 OPG Renewable Energy Private Limited
 OM Energy Generation Private Limited
 Sonal Vyapar Limited
 Salem Food Products limited
 Durga Rubber Works
 OPG Business Centre Private Ltd
 Gita Renewable Energy Pvt Ltd
 Chennai Ferrous Industries Limited
 Sri Sri Rukmani Rolling Mill Private Limited
 Indian Corporate Business Centre Limited
 Primex Infrastructure Private Limited

Relationship: Enterprises in which key management personnel are having significant influence.

Key Management Personnel:

Mr. Ravi Gupta

Chairman & Managing Director

Mr. Vishal Keyal

Whole Time Director.



Related Party Transactions:

(Amount in Rs)

	Key Management Personnel	Companies under Key Management Personnel
During the year transactions:		
Purchase of Goods		913,252
Sale of Goods		209,376,185
Purchase of Power		63,321,926
Investments made		-
Receiving Services		8,845,013
Remuneration Paid	2,700,000	
Given Services		127,471
Interest Received		-
Lease Rent Paid		-
Advances Given		5,332,000
Advances Received		-
Amount outstanding as on 31.03.2012 (Cr Balance)		10,854,935

Notes:

- Remuneration to key management personnel is disclosed in the notes attached to and forming part of accounts.
- Sitting Fees to Directors Rs.28,000/-
- Related party relationship is as identified by the company and relied upon by the Auditors.

31. EARNINGS PER SHARE:	2011-2012	2010-2011
a) Weighted Average No. of Equity Shares of Rs.10/- each		
i. No. of Shares at the beginning of the year	28436074	28436074
ii. No. of Shares at the end of the year	28436074	28436074
iii. Weighted average number of equity shares outstanding during the year	28436074	28436074
b) Net profit after tax available for equity shareholders (Rs.)	26,178,127	32,208,315
c) Basic and diluted earning per share (Rs.)	0.92	1.13

32. DISCLOSURE OF LOANS AND ADVANCES:

(as per the requirement of clause 32 of the listing agreement with stock Exchanges in India)

- i) The company does not have any subsidiary and has not given any loans and advances in the nature of loans to its associates.
- ii) No Interest free loans been given to its employees.

33. PREVIOUS YEAR FIGURES:

Till the year ended 31st March 2011, the company was using pre-revised Schedule VI to the companies Act, 1956 for preparation and presentation of its financial statements. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the company, accordingly previous year's figures have been re grouped / rearranged wherever necessary.

As per our report annexed
For **CHATURVEDI & COMPANY,**
Chartered Accountants,
(FRN 302137E)

RAVI GUPTA
Chairman & Managing Director

VISHAL KEYAL
Whole-time Director

S GANESAN
Partner (Memb.No:217119)

MADHAVAN M K
Company Secretary

Place: Chennai
Date: 28th May, 2012



KANISHK STEEL INDUSTRIES LIMITED

Registered Office: B-27(M), SIPCOT Industrial Complex, Gummidipoondi,
Thiruvallur District, Tamilnadu – 601 201

ATTENDANCE SLIP

22nd ANNUAL GENERAL MEETING

To be handed over at the entrance of
the Meeting hall.

Data : 28.09.2012, Friday
Time : 3.00 P.M
Place : B-27 (M), SIPCOT Industrial Complex,
Gummidipoondi, Thiruvallur District,
Tamilnadu- 601 201

Folio Number/ DP ID Number & Client ID :
Name of the Member/ Proxy :
Number of Shares held :

I hereby record my presence at the 22nd Annual General Meeting of the Company.

Signature of Member / Proxy
.....



KANISHK STEEL INDUSTRIES LIMITED

Registered Office: B-27(M), SIPCOT Industrial Complex, Gummidipoondi,
Thiruvallur District, Tamilnadu – 601 201

PROXY FORM

Folio Number/ DP ID Number & Client ID :
Name of the Member/ Proxy :
Number of Shares held :

I/Weof
..... being a Member / Members of the above- named
company, hereby appoint of
..... as my / our proxy to attend and vote for me / us and
on my/ our behalf at the 22nd Annual General Meeting of the Company to be held at 3.00 P.M. on Friday
the 28th September 2012 and at any adjournment thereof.

Signed this day of 2012.

Affix
Revenue
Stamp

Note: The form of Proxy should be deposited at the Registered Office of the
Company not less than 48 hours before the time fixed for holding the
above meeting

Signature of Member

Book - post

KANISHK STEELS

Quality in Every Inch



If undelivered. Please return to :

M/s. Kanishk Steel Industries Limited
Old No. 4, New No. 7, Thiru-Vi-Ka 3rd Street,
Royapettah High Road, Mylapore,
Chennai - 600 004.