KANISHK STEEL INDUSTRIES LIMITED



Twentythird Annual Report 2012 - 2013

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KANISHK STEEL INDUSTRIES LIMITED

BOARD OF DIRECTORS

Mr. Ravi Kumar Gupta	Chairman & Managing Director
Mr. Vishal Keyal	Whole-time Director
Mr. Kanishk Gupta	Director
Mr. K.S. Venkatagiri	Director
Dr. Pravin Kumar Aggarwal	Director
Dr. K. Selvakumar	Director

COMPANY SECRETARY

Mr. M.K. Madhavan

REGISTERED OFFICE & FACTORY

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

AUDITORS

M/s. Chaturvedi & Company
Chartered Accountants
Chennai - 600 017

COST AUDITORS

M/s. Vivekanandan & Unni Associates
Cost Accountants
Chennai

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

SHARE TRANSFER AGENT

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

NOTICE

NOTICE is hereby given that the TWENTY THIRD ANNUAL GENERAL MEETING of the Members of the company will be held on Monday, the 30th September, 2013, 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 businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2013 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 Mr. K.S. Venkatagiri, 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 a remuneration to be decided by the Board of Directors."

SPECIAL BUSINESS:

4. **Waiver of recovery of excess remuneration paid to Mr. Ravi Kumar Gupta, Chairman and Managing Director**

   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 Sections 198, 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, and subject to the approval of the Central Government and subject to such other consents and approvals as may be necessary, the members of the Company hereby ratify and confirm the payment of excess remuneration made to Mr. Ravi Kumar Gupta, Chairman and Managing Director of the Company amounting to Rs.600,000/-, which is over and above the limits prescribed under Schedule XIII of the Companies Act, 1956, for the financial year ended 31st March, 2013, resulting from inadequacy of profits for the said financial year.”

   “RESOLVED FURTHER that pursuant to the provisions of Section 309 (5A), (5B) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, consent of the members be and is hereby accorded for waiver of recovery of excess remuneration of Rs.600,000/- paid to Mr. Ravi Kumar Gupta, Chairman and Managing Director during the financial year ended 31st March, 2013.”



"RESOLVED FURTHER that Board of Directors of the Company be and is hereby authorized severally to do and perform all such acts, deeds, matter and things as may be considered desirable or expedient to give effect to this resolution."

5. **Re-appointment of Mr. Ravi Kumar Gupta as Chairman and Managing Director**

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 Articles of Association of the Company and Sections 198, 269, 309, 310, 311 and 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) subject to the approval of the Central Government, the consent of the Members of the Company be and is hereby accorded to the re-appointment of Mr. Ravi Kumar Gupta as Chairman and Managing Director of the Company for a period effective from 31st January, 2013 to 30th September, 2016 at a remuneration not exceeding Rs.200,000/- (Rupees Two Lakhs only) per month as set out in the explanatory statement to Item No.5.

"RESOLVED FURTHER that pursuant to the provisions of sections 198, 309 and 310 and other applicable provisions, if any of the Companies Act,1956 read with Schedule XIII thereto and subject to the approval of the Central Government, the consent of the members be and is hereby accorded to the payment of minimum remuneration of Rs.200,000/- per month to Mr. Ravi Kumar Gupta, Chairman and Managing Director of the Company, in the event of the Company having no profits or inadequate profits, for the periods not exceeding three years, in which his present term is completed."

"RESOLVED FURTHER that Board of Directors of the Company be and is hereby authorized severally to do and perform all such acts, deeds, matter and things as may be considered desirable or expedient to give effect to this resolution."

By Order of the Board,

Date: 14th August, 2013
Place: Chennai

M.K. MADHAVAN
Company Secretary

Notes:

1. 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.

2. A blank FORM OF PROXY is enclosed with this notice and if intended to be used, it should be sent to the registered office of the company not less than forty-eight hours before the scheduled time of the Annual General Meeting.

3. 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 to enable the Management to provide clarifications at the meeting.

4. Members/Proxies attending the meeting are requested to bring the copy of the Annual Report for their reference and the attendance slip duly filled up for easy marking of attendance at the meeting.

5. The Register of Members of the Company and Share Transfer Books will remain closed from **24th September 2013 to 30th September 2013** (both days inclusive).

6. 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 can communicate their change of Address to their respective Depository Participants.

7. 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 when it first became due for payment are required to transfer to the Central Government by crediting such unpaid/unclaimed amount into the Investor Education and Protection Fund ["Fund"]. Thereafter, the members shall have no claim against the Company, in respect of their unclaimed dividend. Such transfer has already been effected with regard to the unpaid dividend for the financial year 2004-05.

   The unpaid/unclaimed dividend for the year 2005-06 and the interim dividend for the period of 01.04.2006 to 30.06.2006 will be transferred to the above Fund during October 2013. Members are, therefore, requested to lodge their request for unclaimed dividend, if any, immediately before the Company.

8. The members who have not en-cashed their dividend warrants for any of the previous periods are requested to write at their own interest to the Company for issue of duplicate warrants.

9. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" to allow paperless compliance 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 quick access.

We would appreciate you if you support the Green Initiative of the Government by opting for electronic mode of receiving our corporate communications.

10. Disclosure as required under Clause 49 of the Listing Agreement in respect of Directors seeking appointment/ re-appointment at the Twenty Third Annual General Meeting is annexed hereunder:

Mr. K.S.Venkatagiri

Date of Birth/ Age	13.01.1951 (62 years)
Date of appointment	29.12.2005
Expertise in Specific functional areas: Mr. K.S. Venkatagiri is an advocate by profession and he has good expertise in the areas of taxation, indirect tax, customs, excise, service tax and sales tax. He has experience of over 27 years in the Central Government as a member of Indian Revenue Service (Customs and Excise).	
Educational Qualifications	LL.B./ M.Sc.-Chemistry/ M.Sc.-Fiscal Studies, UK
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. Ravi Kumar Gupta

Date of Birth/ Age	11.05.1957 (56 years)
Date of appointment	27.07.1992
Expertise in Specific functional areas: Mr. Ravi Kumar Gupta is the promoter of the Company. Under his management and guidance, the Company continue to progress. He diversified the business in to power and Sponge. The Company's management gains from his advice on manufacturing, marketing, finance and capital planning for the growth of the Company. The Company enjoys the reputation of his association as Chairman & Managing Director of the Company.	
Educational Qualifications	B.Com
Number of Shares held in the Equity Capital of the Company	1337267
Relationship with other Directors	He is the uncle of Mr.Kanishk Gupta, Director
Directorship in other Companies	OPG Agro Farms Limited Delhi Steel Tubes Industries Limited Salem Food Products Limited OPG Power Maharashtra Private Limited OM Energy Generation Private Limited Gita Renewable Energy Limited Ojas Thermal Energy Beohari Private Limited Ojas Energy (M.P.) Private Limited Ojas Energy Karnataka Private Limited Sri Rukmani Foam Products Private Limited Ojas Thermal Energy Shahdol Private Limited OPG Solar (Karnataka) Private Limited OPG Export Limited Ravi Bearing Manufacturers Private Limited Ojas Energy Tamilnadu Private Limited Ojas Energy Maharashtra Private Limited Primex Infrastructure Private Limited Aps Steels Limited OPG Systems Engineering Private Limited
Committee/executive positions held in Other companies	Member of Audit Committee in the following companies : OPG Agro Farms Limited Delhi Steel Tubes Industries Limited Salem Food Products Limited Gita Renewable Energy Limited OPG Export Limited Aps Steels Limited



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

Item No: 4

The Company had adequate profits upto the financial year ended on 31.03.2012 and the remuneration paid to Mr.Ravi Kumar Gupta was well within the applicable limits prescribed under the Companies Act, 1956.

During the financial year 2012-13, the company had given effect to the Clause 7.1 of the Scheme of Arrangement approved by the High Court which by all profits accruing or losses incurred (including the effect of taxes) relating to the Power Division and Sponge Iron Division, from the Appointed Date (1st July, 2010) until the Effective Date (28th February, 2013) were treated as Profits or Losses as the case may be, of the respective divisions i.e., resulting companies viz., Gita Renewable Energy Limited and Chennai Ferrous Industries Limited.

Consequent to the above, the total managerial remuneration paid exceeded the applicable 10 % of the net profits of the Company [Section 198]. Therefore, it was decided by the Board of Directors, to move an application to the Central Government, seeking its approval for waiver of recovery of excess remuneration of Rs.600,000/- paid to Mr.Ravi Kumar Gupta during the financial year 2012-13.

Pursuant to the sub-Para (B) of Para 1 of Section II of Part II of Schedule XIII of the Companies Act, 1956, the excess remuneration paid to Mr.Ravi Kumar Gupta has been ratified, confirmed and approved by the Remuneration Committee. Further the Board of Directors of the Company confirmed at the meeting held on 30th May, 2013 that the Company had not made any default in repayment of any of its debts or interest payable thereon.

Accordingly, the Board of Directors recommends for the consent of members by way of special resolution.

Mr. Ravi Kumar Gupta is concerned/interested in the said Resolution as it relates to payment of remuneration to him. Mr. Kanishk Gupta is a relative of Mr. Ravi Kumar Gupta and thus he is also interested in the said resolution.

Additional information required to be given in accordance with sub-Para (B) of Para 1 of Section II of Part II of Schedule XIII of the Companies Act, 1956 is given hereunder:

I General Information		
1. Nature of industry	Iron & Steel	
2. Date or expected date of commencement of commercial production	N.A	
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	N.A	
4. Financial performance based on given indicators		
	2012-13	**2011-12**
Turnover	4,399,352,818	6,024,236,495
Net profit (as computed under Section 198)	21,049,158	36,128,411
Net profit/(loss) as per profit and loss account	21,049,158	36,128,411
Amount of Dividend paid	N.A	N.A
Rate of Dividend declared	NIL	NIL
Earnings before interest, depreciation & taxes	101,824,520	177,460,388
% of EBIDT to turnover	2.31	2.95

5. Export performance and net foreign exchange collaborations	NIL
6. Foreign investments or collaborators, if any.	NIL
II Information about the appointee:	
1. Background details	Name : Mr.Ravi Kumar Gupta
	Designation : Chairman & Managing Director
	Nationality : Indian
	Date of Birth : 11.05.1957
	Qualification : B.Com
	Experience : 30 years
2. Past remuneration	Rs.200,000/- per month (Gross)
3. Recognition or awards	N.A
4. Job profile and his suitability: Mr.Ravi Kumar Gupta is the promoter of the Company. Under his management and guidance, the Company continues to progress. He diversified the business into power and Sponge. The Company's management gains from his advice on manufacturing, marketing, finance and capital planning for the growth of the Company. The company enjoys the reputation of his association as Chairman & Managing Director with the Company.	
5. Remuneration proposed	Same as the current remuneration of Rs.200,000/- per month.
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The current remuneration being paid to the Managing Director is in line with the remuneration being paid by the companies comparable size in the industry in which the company operates.
7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Mr.Ravi Kumar Gupta holds 1337267 shares i.e., 4.70 % in the Company. Apart from this, he doesn't have any other pecuniary transactions with the Company except by way of his employment with the Company.
III Other information: 1. Reasons of loss or inadequate profits: Consequent to Demerger approved by the High Court, all profits accruing or losses incurred including the effect of taxes relating to the Power Division and Sponge Iron Division has been treated as Profits or Losses as the case may be of the respective Resulting Companies.	
2. Steps taken or proposed to be taken for improvement	To improve the turnover and implement effective cost control measures etc.,
3. Expected increase in productivity and profits in measurable terms.	Rs.200 Lacs



IV. Disclosures:

The remuneration details of Mr. Ravi Kumar Gupta have been disclosed in the report on Corporate Governance in the Annual Report 2012-13 and the remuneration structure has been given in the Explanatory statement to the item No.5 of the Special Business hereunder. The Company does not have any scheme for grant of stock options.

The necessary application to the Central Government for waiver of recovery of excess payment of remuneration to Mr. Ravi Kumar Gupta, Chairman & Managing Director of the company is being made.

Item No.5.

The term of office of Mr. Ravi Kumar Gupta expired on 30th January, 2013. The Board of Directors at their meeting held on 10th February, 2013 reappointed him as Chairman and Managing Director effective from 31st January, 2013 to 30th September, 2016.

Accordingly the Board of Directors recommends the reappointment of Mr. Ravi Kumar Gupta as Chairman and Managing Director of the Company for consent of members of the Company by way of special resolution, on the following terms:

I. **Salary** : Rs.200,000 /- per Month.

II. **Perquisites** :

a. Fully furnished residential accommodation, where no accommodation is provided by the Company, suitable house rent allowance in lieu thereof may be paid. The expenses of furnitures, gas, electricity, water and other utilities shall be borne by the company;

b. Reimbursement of all medical expenses incurred for self and family;

c. Leave travel assistance for self and family as per Company norms;

d. Clubs fees, which will include admission and life membership fees;

e. Personal Accident Insurance Premium not exceeding Rs. 25,000/- per annum;

f. Two cars with Drivers for official purpose;

g. Telephone and Fax facilities at residence;

h. Travel inland and overseas for self and family not exceeding two times in a year;

i. Contribution to Provident Fund, Superannuation Fund or Annuity Fund (singly to put together) of such amount not taxable under the Income Tax Act, 1961.

j. Gratuity, at the rate not exceeding half a months' salary for each completed year of service.

III. **Minimum Remuneration:**

In the event of the Company having no profits or inadequate profits, the payment of salary, perquisites and other allowances shall be restricted to Rs.200,000/- per month as minimum remuneration.

The terms as set out in the resolution and explanatory statement may be treated as an abstract of the terms of the appointment under Section 302 of the Companies Act, 1956.

Mr. Ravi Kumar Gupta is concerned/interested in the said Resolution as it relates to the re-appointment of him. Mr. Kanishk Gupta is a relative of Mr. Ravi Kumar Gupta and thus he is also interested in the said resolution.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 23rd Annual Report together with the Audited Accounts for the financial year ended 31st March 2013.

FINANCIAL RESULTS:

The summarized Financial Results for the year ended 31st March 2013 and for the previous financial year ended 31st March 2012 are as under: -

(Rs. in Lakhs)

Particulars	**Year Ended 31.03.2013**	***Year Ended 31.03.2012**
Sales	**48,320.80**	64,576.94
Profit after Interest & Depreciation	**210.49**	361.28
Provision for Tax	**107.73**	138.41
Deferred Tax	**-**	(38.91)
Profit after Tax	**102.76**	261.78
Add: Taxation Adjustments of Previous Years	**28.53**	46.29
Add: Balance of Profit brought from previous year	**3,965.66**	3,57.59
Profit available for Appropriation	**3,957.33**	3,965.66
APPROPRIATIONS		
Equity Dividend Proposed (Final)	**-**	-
Dividend Distribution Tax (Final)	**-**	-
Transfer to General Reserve	**-**	-
Balance Carried Forward	**3957.33**	3,965.66

* Not comparable with the current year figures.

OPERATIONS:

During the year, the Company faced shrinkage in demand and downward trend in turnover. However, with effective Cost control measures, the company was able to maintain its Profit level.

The Company recorded net turnover of Rs. 48,320.80 Lakhs and realised a profit before tax of Rs. 210.49 Lakhs for the year ended 31st March, 2013.

SCHEME OF ARRANGEMENT:

The Honourable High Court of Judicature at Madras vide its Order dated 04.01.2013 sanctioned the 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 Sections 391 to 394 of Companies Act, 1956 (" the Scheme") for transfer and vesting of the Company's Power Division into the Gita Renewable Energy Limited and the Sponge Iron Division into the Chennai Ferrous Industries Limited, as a going concern basis. The Scheme became effect on 28.02.2013.

The Board of Directors of the Company fixed the 05.04.2013 as Record Date for the purpose of ascertaining the members of the Company who would be entitled to receive the Share(s) in the Resulting Companies as follows:

- 1 (one) equity share in Gita Renewable Energy Limited of face value of Rs.10/- each as fully paid up for 7 (Seven) equity shares of Rs.10/- each fully paid up held in the Demerged Company;
- 1 (one) equity share in Chennai Ferrous Industries Limited of face value of Rs.10/- each as fully paid up for 8 (Eight) equity shares of Rs.10/- each fully paid up held in the Demerged Company.

The resulting companies have allotted shares as above on 19.04.2013. The cost of acquisition of Equity Shares hasn been apportioned as follows: Kanishk Steel Industries Limited: 36.36%, Gita Renewable Energy Limited: 34.80%, and Chennai Ferrous Industries Limited: 28.85%.

DIVIDEND:

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

DIRECTORS:

During the year:

Mr. Kanishk Gupta and Dr. K. Selvakumar were appointed as Additional Directors on 03.09.2012 and the Members of the Company ratified their appointment and confirmed them as Directors in the 22nd Annual General Meeting of the Company.

Mr. Ravi Kumar Gupta has been re-appointed as Chairman & Managing Director of the Company with effect from 31.01.2013 and the Board of Directors seeks Members' approval at the ensuing Annual General Meeting.

Mr. K.S. Venkatagiri, Director will retire by rotation and is eligible for re-appointment at the ensuing Annual General 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 are eligible for re-appointment.

COST AUDIT:

M/s. VIVEKANANDAN & UNNI ASSOCIATES, Cost Accountants, Chennai were appointed as Cost Auditors for the year 2012-13. The Cost Audit Report for the year 2012-13 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 are given in the Annexure I and form part of this report.

PARTICULARS OF EMPLOYEES:

For the year 2012-13 under review, the information required as per section 217(2A) of the Companies Act,1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, about the particulars of employees is not provided as there are no employees who are in receipt of remuneration of more than Sixty lakhs rupees per financial year and Five Lakhs rupees per month.

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, 2013 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 2013 have been prepared on a going concern basis.

CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement with Stock Exchange, the Report on Corporate Governance, Management Discussion and Analysis Report, and Code of Conduct have been provided in Annexure-II and form part of this Report.

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 for easy trading of shares. Holding of shares in demat form is not compulsory but only optional.



PERSONNEL:

Personnel relations with all employees remained cordial & harmonious throughout the year under review. Your Directors wish to place on record their deep appreciation to the efficient and loyal services rendered by all staffs and workmen of the company.

ACKNOWLEDGEMENT:

Your Directors place on record their great appreciation for the fine efforts of all Executives and Employees of the Company which were instrumental in achieving improved profitable financial results in a difficult year. Your 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, suppliers and valuable Customers, Shareholders and investors for their unstinted support and assistance during the year and look forward to their continuous support, assistance and encouragement in future.

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

Date: 30th May, 2013
Place: Chennai

RAVI KUMAR GUPTA
Chairman and Managing Director

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

Particulars	Year ended 31.03.2013	Year Ended 31.03.2012
A POWER AND FUEL CONSUMPTION		
1. Electricity		
Purchased Units	6,519,540	7,221,720
Total Amount (Rs.)	47839836	44,416,462
Rate per Unit (Rs.)	7.34	6.15
2. Coal		
Quantity (Metric Tonne)	7080	5,033.00
Total Amount (Rs.)	36161996	24,383,700
Average Rate (Rs. Per MT.)	5107.63	4,844.76
B. CONSUMPTION PER UNIT OF PRODUCTION		
Production(in Mt)	44717.505	54,617.720
Electricity (Units per MT)	145.794	132.223
Coal (Kgs per MT)	0.158	0.0921

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

	2012-13 (Rs. in Lakhs)
1. Total Foreign Exchange earned	**Nil**
2. Total Foreign Exchange used	**Nil**

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

Date: 30th May, 2013
Place: Chennai

RAVI KUMAR GUPTA
Chairman and Managing Director



ANNEXURE- II A

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 2013, 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
(Membership No: 217119)

Place: Chennai
Date: 30th May, 2013

ANNEXURE- II B

REPORT ON CORPORATE GOVERNANCE

(For the Financial year 2012-13)

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. BOARD OF DIRECTORS

I. 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 31.03.2013 has three independent directors and three executive directors one of whom is the Chairman & Managing Director.

The details are furnished hereunder:

Name of the Directors	Executive / Non Executive Director	Promoter / Independent
Mr. Ravi Kumar Gupta	Chairman and Managing Director; Executive Director	Promoter Director Non-independent
Mr. Vishal Keyal	Whole-time Director; Executive Director	Non-independent
Mr. Kanishk Gupta*	Executive Director	Promoter Director Non-independent
Mr. K.S. Venkatagiri	Non-Executive Director	Independent Director
Dr. Pravin Kumar Aggarwal	Non-Executive Director	Independent Director
Dr. K. Selvakumar*	Non-Executive Director	Independent Director

*Appointed w.e.f 03.09.2012

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 31.03.2013.



Name of the Directors	Number of directorships, Committee Memberships and Committee Chairmanship held in other Companies[#]		
	Directorships	Memberships	Chairmanships
Mr. Ravi Kumar Gupta	6	6	-
Mr. Vishal Keyal	3	3	-
Mr. Kanishk Gupta*	1	1	-
Mr. K.S. Venkatagiri	-	-	-
Dr. Pravin Kumar Aggarwal	-	-	-
Dr. K. Selvakumar*	-	-	-

[#] Only Public Companies

*Appointed w.e.f 03.09.2012

B. Board Meetings:

During the year 2012-13, Ten Board meetings were held on 07.05.2012, 28.05.2012, 11.08.2012, 03.09.2012, 09.11.2012, 17.11.2012, 11.02.2013, 23.02.2013, 04.03.2013 and 21.03.2013. The Annual General Meeting (AGM) was held on 28.09.2012.

The attendance records of all Directors are as under:

Name of the Directors	Board Meetings		Last AGM Attendance
	Held	Attended	
Mr. Ravi Kumar Gupta	10	10	Present
Mr. Vishal Keyal	10	10	Present
Mr. Kanishk Gupta*	6	6	Present
Mr. K.S. Venkatagiri	10	7	Present
Dr. Pravin Kumar Aggarwal	10	7	Present
Dr. K. Selvakumar*	6	3	Present

*Appointed w.e.f 03.09.2012

II. Meeting Agenda:

Detailed agenda together with explanatory notes/reports and other information pertaining to the businesses to be transacted at the Board Meeting/Committee Meeting were sent to Directors/Members of the Committee in advance.

III. 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 roles 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 2012-13, is furnished hereunder:

Four Audit Committee meetings were held on 28.05.2012, 11.08.2012, 09.11.2012 and 11.02.2013 during the financial year 2012-13 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 Kumar 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 members of the committee and their attendance at the Meeting held on 03.09.2012:

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
Dr. K. Selvakumar*	Independent Director	Member	-	-

[$] Reconstituted the Committee on 03.09.2012. Dr. K.Selvakumar replaced Mr. Vishal Keyal w.e.f 04.09.2012.

During the year financial year 2012-13 under review, the details of remuneration paid/payable to the Executive Directors:

Director	Remuneration Rs.	Perks	Total Rs.
Mr. Ravi Kumar Gupta	24,00,000	Nil	24,00,000
Mr. Vishal Keyal	9,00,000	Nil	9,00,000
Mr.Kanishk Gupta	9,00,000	Nil	9,00,000

Details of sitting fees paid to Non-Executive Directors for the financial year 2012-13

Except sitting fees, the Company has not paid any remuneration to the Non-Executive Directors. Such details of sitting fees paid are as follows :



Director	Details of Sitting Fees Paid			
	Board Meeting Rs.	Audit Committee Rs.	Remuneration Committee Rs.	Total Sitting Fees Rs.
Mr. K.S. Venkatagiri	18,000	4,000	1,000	23,000
Dr. Pravin Kumar Aggarwal	18,000	4,000	1,000	23,000
Dr. K. Selvakumar	9,000	-	-	9,000
Grand Total	45,000	8,000	2,000	55,000

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 Meeting held on 05.05.2012, 30.06.2012, 23.07.2012, 22.08.2012, 23.11.2012, 05.12.2012, 31.12.2012, 10.01.2013 and 15.03.2013:

Director	Independent / Non Independent	Position	Remuneration Committee Meetings	
			Held	Attended
Dr. Pravin Kumar Aggarwal	Non-Executive Director	Chairman	9	9
Mr. Ravi Kumar Gupta	Executive Director	Member	9	9
Mr. Vishal Keyal	Executive Director	Member	9	9

Name and designation of compliance officer

Mr. M.K. Madhavan, Company Secretary & Compliance Officer

Number of shareholders' complaints received	Number of complaints not solved to the satisfaction of shareholders	Number of complaints pending as on 31.03.2013
Nil	Nil	Nil

3. DETAILS OF PREVIOUS THREE ANNUAL GENERAL MEETINGS

Year	Date	Time	Venue
2009-2010	30/09/2010	3.00 P.M.	B27(M), SIPCOT Industrial Complex, Gummidipoondi, Thiruvallur District, Tamil Nadu – 601 201
2010-2011	30/09/2011	3.00 P.M	B27(M), SIPCOT Industrial Complex, Gummidipoondi, Thiruvallur District, Tamil Nadu – 601 201
2011-2012	28/09/2012	3.00 P.M	B27(M), SIPCOT Industrial Complex, Gummidipoondi, Thiruvallur District, Tamil Nadu – 601 201

4. SPECIAL RESOLUTION PASSED IN THE PREVIOUS THREE ANNUAL GENERAL MEETINGS:

Year	Special resolution
2009-10	Special Resolution under Section 81(1A) of the Companies Act,1956 was passed for preferential or public issue of an amount not exceeding Rs. 200 Crores.
2010-11	No special resolution was passed
2011-12	Amendment of Articles of Association under section 31 of the Companies Act,1956

5. POSTAL BALLOT

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

6. 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 behaviour, 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.

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.

7. 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 to Clause 54 of 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.



8. GENERAL SHAREHOLDER INFORMATION:

Dates of Book closure	:	24th September, 2013 to 30th September, 2013 (both days inclusive).
Date, time and venue of Annual General Meeting	:	30th September, 2013 at 3.00 p.m. at B-27(M), SIPCOT Industrial Complex, Gummidipoondi, Tamilnadu – 601201
Financial Calendar	:	Financial Reporting for the quarter ending 30th June 2013 – Latest by 14th of Aug 2013 30th Sept 2013 – Latest by 14th of Nov 2013 31st Dec 2013 – Latest by 14th of Feb 2014 31st Mar 2014 – Latest by 30th May 2014
Dividend Payment	:	NA
Listing on Stock Exchanges	:	Bombay Stock Exchange Ltd. (BSE)
Depository Participant	:	National Securities Depository Limited Central Depository Services Limited
Stock Code	:	BSE 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 2012-13 is furnished below:

Month	Open Price	High Price	No. of shares
Apr-12	18.35	19.80	23
May-12	19.40	19.40	54
Jun-12	16.55	17.00	504
Jul-12	14.40	15.65	7428
Aug-12	10.50	13.60	6967
Sep-12	11.75	12.32	7723
Oct-12	9.92	10.34	30040
Nov-12	8.00	8.65	17525
Dec-12	7.00	10.60	63501
Jan-13	10.30	10.90	84241
Feb-13	8.13	9.00	59556
Mar-13	9.20	10.45	216035

Share transfer system

Share transfers are registered and returned to the transferees within the statutory time limit, if the documents are in order in all respects.

The share transfer committee met 9 times during the year. No. of shares received for transfer upto 31-3-2013: 1400 Shares and shares pending for transfer as on 31.03.2013: NIL.

Registrar and Transfer Agent:

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

Shareholding pattern as on 31st March 2013

	Category	No. of Shares Held	Percentage of Shareholding
A	**Shareholding of Promoter & Promoter Group:**		
1	Indian		
	- Individuals / Hindu Undivided Family	7813861	27.47
	- Bodies Corporate	8238350	28.97
	Sub Total [A] [1]	**16052211**	**56.45**
2	Foreign		
	- Bodies Corporate	2000000	7.03
	- Any other Directors/Relative NRI	2000000	7.03
	Sub Total [A] [2]	**4000000**	**14.06**
	Total Shareholding of Promoter & Promoter Group A= [A] [1] +[A] [2]	**20052211**	**70.52**
B	**Public Shareholding:**		
1	Institutions		
2	Non-Institutions		
	a. Bodies Corporate	4423549	15.55
	b. Individuals		
	I. Individual Shareholders Holding Nominal Share Capital upto Rs. 1 Lakh	1252437	4.40
	II. Individual Shareholders Holding Nominal Share Capital in excess of Rs. 1 Lakh	1202166	4.22
	c. Any Other		
	Clearing Members	16217	0.05
	HUF	364969	1.28
	Non Resident Indians	124525	0.43
	Overseas Corporate Bodies	1000000	3.52
	Sub Total [B] [2]	**1505711**	**5.29**
	Total Public Shareholding [B] [1]+[B] [2]	**838386**	**29.48**
	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)	**28436074**	**100.00**



Distribution of shareholding

Shareholding	Share Holders		Share amount	
Rs.	Number	% of total	Rs.	% of total
10-5000	4770	90.7534	7692200	2.7050
5001-10000	242	4.6042	1929690	0.6786
10001-20000	90	1.7123	1295140	0.4554
20001-30000	26	0.4946	670720	0.2358
30001-40000	18	0.3424	646980	0.2275
40001-50000	15	0.2853	722380	0.2540
50001-100000	26	0.4946	1778990	0.6256
100001 & Above	69	1.3127	269624640	94.8178
Total	**5256**	**100.0000**	**284360740**	**100.0000**

	No. of Holders	No. of Shares	%
NSDL:	**1630**	**17597684**	**61.88**
CDSL:	**607**	**1389171**	**4.89**
Physical:	**3019**	**9449219**	**33.23**

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. The physical form of trading is also available to the shareholders. Electronic Holding by Members comprises of 66.77% (as on 31.03.2013) of the paid up share capital of the company held through National Securities Depository Limited and Central Depository Services Limited. The company appointed Cameo Corporate Services Limited as Registrar & Transfer Agent and entered into an agreement for availing depository services.

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,
Mylapore, Chennai-600 004

Ph: 044 42919700 Fax: 044 42919719
E-mail: company.secretary@kanishksteels.in

For Demat shareholders grievance:

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:

Rolling & Furnace Mills B-27 (M), B-27 (N) SIPCOT Industrial Complex
Gummudipoondi, Thiruvallur District, Tamilnadu - 601 201.

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

Date: 30th May, 2013
Place: Chennai

RAVI KUMAR GUPTA
Chairman and Managing Director

ANNEXURE- II C

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Steel occupies a prominent place in the manufacturing sector in India and Steel Industry has been growing strongly at the rate of 8% and it is expected to grow over by 11-12% in the next five years. The per capita steel consumption in India is 55 kg which is well below the 215 Kg for world and 460 kg for China. [Source: Ministry of Steel - report of the Working Group on Steel for the 12th Plan].

This shows the significant potential growth to steel industries in India. Steel demand is closely linked to the growth in GDP. Indian GDP was weak during the Year 2012-13 and remained challenging to Steel Companies.

Kanishk Steel is a largest steel manufacturer in south India since 1989 having of its Furnace Unit and Rolling Mill to produce various front-line Rolled Steel products. The products of the Company under the brand of "KANISHK STEELS" continue to deserve for Quality, Price and Delivery in the Indian Steel Market.

Kanishk Steel continued focused improvements in the quality of products during the year 2012-13 and be reviving its market strategy according to the prevailing risks, opportunities and threats and will be stable in the competitive and volatile market.

The factors like continuous rise in crude Oil prices, volatile raw materials prices, regional demand & supply imbalances, INR depreciation against global currencies and political instability on policy reforms have impacted significantly the Indian steel industry and resulted sharp fall in demand ultimately impacted on profit of the Company.

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

Steel Demand of steel is expected to rise in future with economic and Industrial growth. Growing infrastructure like roads and highways, railways, aviation, shipping, energy, power or oil & gas will boost the demand for specialized steel and the Company's growth seems better in the future.



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KANISHK STEEL INDUSTRIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Kanishk Steel Industries Limited, which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and representation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

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

(a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

We draw attention to

Note no 29 to the financial statement relating to managerial charged to Statement of profit and loss of the current year. The excess of Rs 6,00,000 is subject to approval of the Central Government and Shareholders of the company.

Report on Other Legal and Regulatory Requirements

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

2. As required by Section 227(3) of the Act, we report that:

   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Act;

   e) On the basis of the written representations received from the directors as on March 31, 2013, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **CHATURVEDI & COMPANY**
CHARTERED ACCOUNTANTS
FRN 302137E

PLACE : Chennai
DATE: 30th May, 2013

S.GANESAN
Partner
(Membership No. 217119)



Annexure to Independent Auditors' Report

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

(i) 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 of 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) a) As per the information and explanation given to us and as per the records produced to us, the company has not granted any secured / unsecured loans to company covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly paragraphs 4(iii) (b) to (g) not applicable.

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 has an internal audit system commensurate with the size and nature of its business.

viii) We have broadly reviewed the books of account maintained by the company in respect products where, pursuant to the rule made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956, and are of the opinion that, prima facie, the prescribed account and records have been made and

maintained. We have not, however, made a detailed examination of records with a view to determine whether they are accurate or complete.

ix) 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:No: 28 (iii), Additional Information to the Financial Statements)

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	Honb'le 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	Honb'le 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

x) The Company has no accumulated losses. The Company has also not incurred cash losses during this financial year and the immediately preceding financial year.

xi) 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.

xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) 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.

xiv) 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.

xv) 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.



xvi) The company did not have any term loan outstanding during the year.

xvii) 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.

xviii) The Company has not made any preferential allotment of shares during the year.

xix) The Company has not issued any debentures during the year.

xx) The company has not raised any money by way of public issue during the year.

xxi) Based on the audit procedures performed and the information and given to us, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **CHATURVEDI & COMPANY**
CHARTERED ACCOUNTANTS
FRN 302137E

PLACE : Chennai
DATE: 30th May, 2013

S. GANESAN
Partner
(Membership No. 217119)

KANISHK STEEL INDUSTRIES LIMITED
BALANCE SHEET AS ON 31st MARCH, 2013

PARTICULARS	NOTE No.	AS AT 31.03.2013 (Amount in Rs.)	AS AT 31.03.2012 (Amount in Rs.)
A. EQUITY AND LIABILITIES			
1. SHAREHOLDERS FUNDS			
a. Share Capital	3	**284,656,570**	284,656,570
b. Reserves & Surplus	4	**126,438,904**	590,730,268
2. NON CURRENT LIABILITIES			
a. Long term borrowings	5	**6,262,242**	576,970,457
b. Deferred Tax Liabilities (Net)	6	**50,867,304**	181,158,729
c. Other long term liabilities	7	**124,157,000**	124,157,000
d. Long term provisions	8	**3,830,712**	3,410,800
3. CURRENT LIABILITIES			
a. Short term borrowings	9	**100,710,806**	233,489,430
b. Trade Payables		**1,129,178,893**	980,009,719
c. Other current liabilities	10	**51,180,745**	42,304,129
d. Short term provisions	11	**24,835,294**	41,899,321
		1,902,118,470	3,058,786,423
B. ASSETS			
4. NON CURRENT ASSETS			
a. Fixed Assets			
i. Tangible Assets	12	**210,140,073**	891,292,948
ii. Capital Work-in-Progress		**–**	7,725,462
b. Non-current investments	13	**23,368,750**	24,341,700
c. Long term Loans & Advances	14	**71,239,342**	129,955,754
5. CURRENT ASSETS			
a. Inventories	15	**556,027,586**	758,779,358
b. Trade Receivables	16	**721,815,568**	800,612,930
c. Cash & Cash Equivalents	17	**73,485,454**	79,417,732
d. Short term Loans & Advances	18	**184,564,078**	300,777,319
e. Other Current Assets	19	**61,477,619**	65,883,218
		1,902,118,470	3,058,786,423

Significant Accounting Policies & Notes on Accounts 2
Additional Information to Financial Statements 28
Accompanying Notes are an integral part of the Financials Statements.

As per the report of even date annexed

For **CHATURVEDI & COMPANY**
CHARTERED ACCOUNTANTS
FRN 302137E

S GANESAN
Partner (Memb.No:217119)
Place: Chennai, Date: 30-05-2013

RAVI KUMAR GUPTA
Chairman & Managing Director

VISHAL KEYAL
Whole-time Director

KANISHK GUPTA
Director

M K MADHAVAN
Company Secretary



KANISHK STEEL INDUSTRIES LIMITED
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2013

PARTICULARS	NOTE No.	YEAR ENDED 31.03.2013 (Amount in Rs.)	YEAR ENDED 31.03.2012 (Amount in Rs.)
1. Revenue from Operations	20	**4,832,080,125**	6,457,694,308
Less: Excise Duty		**432,727,307**	433,457,813
Revenue form Operations (Net)		**4,399,352,818**	6,024,236,495
2. Other Income	21	**8,696,302**	27,593,537
3. Total Revenue		**4,408,049,120**	6,051,830,032
4. Expenses			
a. Cost of Material Consumed	22	**1,463,940,385**	3,444,454,386
b. Purchases of traded goods	23	**2,527,022,996**	2,067,480,334
c. Changes in Inventories of finished goods	24	**(67,071,033)**	(120,148,094)
d. Employee benefits expense	25	**7,012,277**	7,903,035
e. Finance Costs	26	**57,041,921**	74,451,027
f. Depreciation and Amortisation expenses		**23,733,441**	66,880,950
g. Other expenses	27	**375,319,975**	474,679,982
Total Expenses		**4,386,999,962**	6,015,701,620
5. Profit before tax (3-4)		**21,049,158**	36,128,411
6. Tax Expense			
1. Current Tax		**10,773,361**	13,840,950
2. Deferred tax		**–**	(3,890,666)
7. Profit/ (Loss) for the year (5 - 6)		**10,275,797**	26,178,127
Earnings Per Share (Basic and Diluted)	32	**0.36**	0.92

Significant Accounting Policies & Notes on Accounts 2
Additional Information to Financial Statements 28
Accompanying Notes are an integral part of the Financials Statements.

As per the report of even date annexed

For **CHATURVEDI & COMPANY**
CHARTERED ACCOUNTANTS
FRN 302137E

S GANESAN
Partner (Memb.No:217119)

Place: Chennai, Date: 30-05-2013

RAVI KUMAR GUPTA
Chairman & Managing Director

VISHAL KEYAL
Whole-time Director

KANISHK GUPTA
Director

M K MADHAVAN
Company Secretary

KANISHK STEEL INDUSTRIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

PARTICULARS	YEAR ENDED 31.03.2013 (Amount in Rs.)		YEAR ENDED 31.03.2012 (Amount in Rs.)	
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before Tax And Extraordinary Items		**21,049,158**		36,128,411
Add:				
Depreciation	**23,733,441**		66,880,950	
Foreign Exchange loss / (Gain)	**11,977,170**		7,664,996	
Loss on Sale of Assets	**-**		114,068	
Tax adjustments of previous year	**-**		4,628,970	
Rent Received	**(504,000)**		(679,692)	
Interest /Rebate/Discount Income	**(7,838,933)**		(5,273,673)	
Interest /Discount Paid	**19,946,420**	**47314098**	41,996,279	115,331,898
Operating Profit before Working Capital Changes		**68,363,256**		151,460,309
Adjustments for movement in Working Capital:				
(Increase)/Decrease in Inventories	**117,158,805**		(76,131,869)	
(Increase)/Decrease in Receivables	**11,669,694**		(355,847,605)	
Short Term Loans & Advances(Assets)	**(231,498,256)**		95,758,928	
Other Current Assets	**4,405,600**		(34,799,963)	
Trade Payables	**229,525,316**		189,566,432	
Short term borrowings	**(101,249,839)**			
Other current liabilities	**8,876,616**			
Short term provisions	**(18,230,714)**		4,360,268	
		20,657,221		(177,093,809)
		89,020,478		(25,633,500)
Less: Direct Taxes Paid		**(6,753,484)**		(10,273,561)
Net Cash Flow from opertating activities (A)		**82,266,994**		(35,907,060)
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets	**(50,866,032)**		(17,220,762)	
Sale of Fixed Asset			29,500	
Increase in Capital Work In Progress			(36,570)	
Long term loans & advance(Assets)	**58,716,412**		(43,614,894)	
Interest Received	**7,838,933**		5,273,672	
Rent Received	**504,000**		679,692	
(Purchase)/ Sale of Investments	**972,950**		(21,500)	
Profit / (Loss) from sale of Fixed Assets	**-**		(114,068)	
Net Cash Flow from Investing activities (B)		**17,166,263**		(55,024,931)



PARTICULARS	YEAR ENDED 31.03.2013 (Amount in Rs.)		YEAR ENDED 31.03.2012 (Amount in Rs.)	
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Interest paid	**(19,946,420)**		(41,996,279)	
Movement in Unsecured Loan (Net)			105,000,000	
Movement in Term Loan (Net)	**(68,659,092)**		40,226,317	
Long Term Provisions	**419,912**		8,50,800	
Net Cash Flow from Financing activities (C)		**(88,185,600)**		104,080,838
Net Increase in cash Equivalents (A)+(B)+(C)		**11,247,656**		13,148,847
Cash & Cash Equivalents (Opening Balance)	**79,417,732**		73,933,881	
Cash transfer to resulting company	**(5,202,764)**		0	
Foreign exchange loss	**(11,977,170)**		(76,64,996)	
Cash & Cash Equivalents (Closing Balance)	**73,485,454**		79,417,732	
Net Increase/(Decrease) in Cash & Cash Equivalents		**11,247,656**		13,148,847

As per the report of even date annexed

For **CHATURVEDI & COMPANY**
CHARTERED ACCOUNTANTS
FRN 302137E

S GANESAN
Partner (Memb.No:217119)

Place: Chennai, Date: 30-05-2013

RAVI KUMAR GUPTA
Chairman & Managing Director

VISHAL KEYAL
Whole-time Director

KANISHK GUPTA
Director

M K MADHAVAN
Company Secretary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

1. CORPORATE INFORMATION

Kanishk Steel Industries Limited was incorporated under the Companies Act, 1956, in the year of 1989 and carried out the business activities as follows:

- Manufacture of Steel and Allied Products (Rolling Division and Sponge Iron Division)
- Generation of power (Power Division)

Pursuant to the Scheme of Arrangement (Demerger) approved by the Honourable High Court of Madras under Sections 391 to 394 of the Companies Act, 1956, the Company transferred all the assets and liabilities of the Power Division and Sponge Iron Division of the Company into Gita Renewable Energy Limited and Chennai Ferrous Industries Limited respectively at their respective book values and on a going concern basis.

Presently the Company operates the Rolling Division only. The shares of the Company are traded at Bombay Stock Exchange 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.

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 March 31, 2013, 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 Profit & Loss account.

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 Profit & Loss Account.

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:

(a) Provision for current tax is made in accordance with the Income Tax Act, 1961.

(b) 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.



PARTICULARS	AS AT 31.03.2013 (Amount in Rs.)	AS AT 31.03.2012 (Amount in Rs.)
3. SHARE CAPITAL		
I. Authorised Shares		
2,98,00,000 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 fully paid-up. (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: Forfeited Shares	**295,830**	295,830
	284,656,570	284,656,570

a) Movement of Shares

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

b) Terms/ right attached to equity shars :

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 assests 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	AS AT 31.03.2013		AS AT 31.03.2012	
	No.of shares	% holding	No.of shares	% holding
Tamilnadu Property Developers Limited	**2400000**	**8.44**	2400000	8.44
Tamilnadu Enterprises & Investments Private Limited	**2015497**	**7.09**	2015497	7.09
Radiant Solutions Private Limited	**2000000**	**7.03**	2000000	7.03
Ameena Bagum	**2000000**	**7.03**	2000000	7.03
Chennai Material Recycling & Trading Company Private Limited	**1489584**	**5.24**	1489584	5.24

PARTICULARS	AS AT 31.03.2013 (Amount in Rs.)	AS AT 31.03.2012 (Amount in Rs.)
4. RESERVES & SURPLUS		
I. Capital Reserve		
Opening Balance	**8,732,431**	8,732,431
Closing Balance	**8,732,431**	8,732,431
II. Capital Redemptlon Reserve		
Opening & Closing Balance	**300,000**	300,000
III. Securities Premium Reserve		
Opening Balance	**71,639,025**	71,639,025
Deferred tax liability	**5,291,425**	-
Closing balance	**76,930,450**	71,639,025
IV. Revaluation Reserve		
Opening Balance	**90,485,046**	95,325,221
Utilisation during the year	**(4,840,175)**	(4,840,175)
Closing Balance	**85,644,871**	90,485,046
V. General Reserve		
Opening Balance	**23,007,619**	23,007,619
Less: Loss on Reconstruction (Demerger)	**(463,910,005)**	-
Closing Balance	**(440,902,386)**	23,007,619
VI. Surplus		
Opening Balance	**396,566,147**	365,759,050
Profit for the year	**10,275,797**	26,178,127
Adjustments for earlier years taxation	**2,853,190**	4,628,970
Transfers made to the respective resulting companies	**(13,961,596)**	**-**
Closing Balance	**395,733,538**	396,566,147
	126,438,904	590,730,268



PARTICULARS	AS AT 31.03.2013 (Amount in Rs.)	AS AT 31.03.2012 (Amount in Rs.)
5. LONG TERM BORROWINGS		
a. Secured - from Banks		
Term Loans from State Bank of Patiala	**–**	171,223,238
b. Hire Purchase Loans	**15,138,730**	1,890,365
(Secured against assets purchased)		
c. Unsecured loan from related party	**–**	439,770,000
	15,138,730	612,883,603
Less : Amount shown under other current liabilities	**8,876,488**	35,913,146
	6,262,242	576,970,457
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(vi)}	**50,867,304**	181,158,729
Gross Deferred Tax Liability	**50,867,304**	181,158,729
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	**3,830,712**	3,410,800
	3,830,712	3,410,800

PARTICULARS	AS AT 31.03.2013 (Amount in Rs.)	AS AT 31.03.2012 (Amount in Rs.)
9. SHORT TERM BORROWING		
From Banks		
State Bank of India – Cash Credit	**–**	182,979,472
State Bank of Patiala WCDL A/c	**–**	26,890,055
Corporation Bank - Cash Credit	**10,743,303**	23,619,903
SBI - CC ACCOUNT - I & F	**39,551,991**	–
State Bank of India - EPC loan	**50,415,511**	–
(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. Also personally guaranteed by the CMD of the company)		
	100,710,806	233,489,430
10. OTHER CURRENT LIABILITIES		
a. Current maturities of long term borrowings (refer note No.5)	**8,876,488**	35,913,146
b. Unclaimed Dividend	**1,200,055**	1,522,411
c. Outstanding Liability	**22,379,695**	3,979,462
d. Other Liabilities	**18,724,507**	889,110
	51,180,745	42,304,129
11. SHORT TERM PROVISIONS		
a. Taxation	**24,614,311**	23,447,624
b. Other Provisions	**220,983**	18,451,697
	24,835,294	41,899,321

NOTE:12 FIXED ASSETS

(Amount in Rs.)

PARTICULARS	GROSS BLOCK						DEPRECIATION							NET BLOCK	
	As on 01.04.2012	Additions	Transferred to Chennai Ferrous Industries Limited	Transferred to Gita Renewable Energy Limited	Deletions/ Refund	**As on 31.03.2013**	As on 01.04.2012	Transferred to Chennai Ferrous Industries Limited	Transferred to Gita Renewable Energy Limited	As on 01.04.2012 (After transfers)	For the Period	On Sales/ Adjustment	**Upto 31.03.2013**	**As at 31.03.2013**	As at 31.03.2012
LAND FREE HOLD	15,251,258	-	13,961,000	-	-	**1,290,258**	-	-	-	-	-	-	**-**	**1,290,258**	15,251,258
LAND LEASE HOLD	18,166,998	-	17,421,794	-	-	**745,204**	-	-	-	-	-	-	**-**	**745,204**	18,166,998
FACTORY BUILDINGS	167,634,147	-	58,628,691	63,969,580	-	**45,035,876**	32964871	10735829	6942773	15,286,269	1,504,198	376,050	**16,790,467**	**28,245,409**	134,669,276
BUILDINGS	301,200	-	-	301,200	-	**-**	34595	-	34595	-	-	-	-	-	266,605
PLANT & MACHINERY	1,031,392,612	29,084,771	166,621,251	548,594,215	-	**345,261,917**	371095282	42481404	145384662	183,229,216	22,135,156	5,533,789	**205,364,372**	**139,897,545**	660,297,330
POLLUTION CONTROL EQUIPMENT	5,387,922	-	-	5,387,922	-	**-**	901702	-	901702	-	-	-	-	-	4,486,220
ELECTRICAL INSTALLATION	34,998,037	-	17,818,721	-	-	**17,179,316**	17613486	5416101	-	12,197,384	816,017	204,004	**13,013,402**	**4,165,914**	17,384,551
CRANE	35,218,290	-		-	-	**35,218,290**	10341585	-	-	10,341,585	1,672,869	418,217	**12,014,454**	**23,203,836**	24,876,705
FURNITURE & FITTINGS	4,454,982	6,500	523,266	-	-	**3,938,216**	1893209	163908	-	1,729,301	249,289	62,322	**1,978,590**	**1,959,626**	2,561,773
VEHICLES	21,000,987	63,031	187,177	-	-	**20,876,841**	10440228	57671	-	10,382,557	1,983,300	495,825	**12,365,857**	**8,510,984**	10,560,759
OFFICE EQUIPMENTS	5,007,883	872,739	1,397,620	-	-	**4,483,002**	2236410	87492	-	2,148,918	212,786	53,197	**2,361,704**	**2,121,297**	2,771,472
TOTAL	1,338,814,316	30,027,041	276,559,521	618,252,917	-	**474,028,920**	447,521,368	58,942,405	153,263,732	235,315,231	28,573,616	-	**263,888,847**	**210,140,073**	891,292,947
PREVIOUS YEAR	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



PARTICULARS	**AS AT 31.03.2013 (Amount in Rs.)**	AS AT 31.03.2012 (Amount in Rs.)
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 OPG Energy Private Limited (Others)	**18,820,200**	18,820,200
5400 Class A Equity shares of Rs.10/- each (fully paid-up) in OPG Energy Private Limited (Others)	**54,000**	100,000
190000 Class A Equity shares of Rs.10/- each (fully paid-up) in OPG Renewable Energy Private Limited (Others)	**1,900,000**	1,900,000
30000 Class A Equity shares of Rs.10/- each (fully paid-up) in OPG Business Centre Private Limited (Others)	**2,112,500**	3,000,000
1000000 Class A Equity shares of Rs.10/- each (partly paid-up) in OPG Power Generation Private Limited (Others)	**100,000**	100,000
b. Other Investments:		
SBI Mutual Fund	**382,050**	421,500
	23,368,750	24,341,700
14. LONG TERM LOANS & ADVANCES (Unsecured, Considered good)		
a. Capital Advances	**-**	16,932,097
b. Security Deposits	**33,739,342**	98,373,657
c. Loans & advances to related parties	**37,500,000**	14,650,000
	71,239,342	129,955,754



PARTICULARS	AS AT 31.03.2013 (Amount in Rs.)	AS AT 31.03.2012 (Amount in Rs.)
15. INVENTORIES (Valued at lower of Cost and Net Realisable Value as valued and certified by the manangement)		
a) Raw Materials	**392,843,899**	574,822,665
b) Finished Goods	**158,450,828**	181,140,200
c) Stores and Spares	**4,732,860**	2,816,493
	556,027,586	758,779,358
16. TRADE RECEIVABLES		
(Unsecured Considered Good)		
Debts Outstanding for a period exceeding six months	**241,560,465**	15,221,656
Other Debts	**480,255,105**	785,391,274
	721,815,569	800,612,930
17. CASH & CASH EQUIVALENTS		
a) Cash on Hand	**1,667,200**	1,739,007
b) Cash at Bank		
In Current Account	**3,433,659**	3,092,929
In Unpaid Dividend Account	**1,200,055**	1,522,411
Deposits with banks within 3-9 months maturity	**67,184,540**	73,063,385
	73,485,454	79,417,732
18. SHORT TERM LOANS AND ADVANCES		
(Unsecured, Considered Good)		
a) Loans & Advances to related parties	**-**	165,065,043
b) Others	**184,564,078**	135,712,276
	184,564,078	300,777,319
19. OTHER CURRENT ASSETS		
a) Balance with Revenue Authorities	**61,477,619**	59,287,983
b) Prepaid Expenses	**-**	6,595,235
	61,477,619	65,883,218

PARTICULARS	**YEAR ENDED 31.03.2013 (Amount in Rs.)**	YEAR ENDED 31.03.2012 (Amount in Rs.)
20. REVENUE FROM OPERATIONS		
Sale of Manufactured products	**2,263,809,232**	3,361,073,410
Sale of Traded Products	**2,567,247,845**	3,036,104,663
Other Operating Revenue		
Conversion charges received	**1,023,048**	6,364,679
Sale of Power Generated	**-**	54,151,556
	4,832,080,125	6,457,694,308
21. OTHER INCOME		
Rent Received	**504,000**	679,692
Income Received on Ware Housing	**-**	12,970,606
Sales Commission	**143,883**	101,779
Insurance claim received	**209,486**	1,171,003
Interest Received	**7,838,933**	5,273,673
Income Accrued on EPGC	**-**	7,805,488
Rebate & discount / Liabilities no longer required	**-**	(408,704)
	8,696,302	27,593,537



PARTICULARS	YEAR ENDED 31.03.2013 (Amount in Rs.)	YEAR ENDED 31.03.2012 (Amount in Rs.)
22. COST OF MATERIALS CONSUMED		
Opening Stock	**344,938,748**	605,643,629
Add: Purchases	**1,511,845,536**	3,413,633,421
Less: Closing Stock	**392,843,899**	574,822,665
	1,463,940,385	3,444,454,385
(i) Details of Raw Materials consumed		
Scrap	**896,466,811**	1,359,607,198
Billets	**518,878,420**	1,803,155,802
Coal	**36,162,050**	231,898,899
Sponge Iron	**12,433,105**	49,792,487
	1,463,940,385	3,444,454,386
(ii) Details of Raw Material Inventory		
Scrap	**94,548,045**	307,471,607
Billets	**297,063,008**	176,200,988
Coal	**353,347**	77,837,466
Sponge Iron	**879,499**	13,312,604
	392,843,899	574,822,665
23. DETAILS OF TRADED GOODS PURCHASED		
Scrap	**494,391,492**	657,322,752
Billets	**18,500,198**	18,500,198
Rolled & Steel and allied Products	**1,391,657,384**	1,391,657,384
	1,904,549,074	2,067,480,334
24. CHANGES IN INVENTORIES OF FINISHED GOODS		
Closing Stock of Finished Goods	**158,450,828**	181,140,200
Opening Stock of Finished Goods	**91,379,795**	60,992,107
Decrease / (Increase) in Stocks	**(67,071,033)**	(120,148,094)

PARTICULARS	YEAR ENDED 31.03.2013 (Amount in Rs.)	YEAR ENDED 31.03.2012 (Amount in Rs.)
25. EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages and Bonus	**5,527,807**	6,022,312
Contribution to Provident & other funds	**1,426,133**	1,525,759
Staff and Labour Welfare	**58,337**	354,964
	7,012,277	7,903,035
26. FINANCE COSTS		
Foreign Exchange Loss	**11,977,170**	7,664,996
Bank charges	**25,118,331**	24,789,752
Interest paid to Banks	**18,721,188**	41,374,595
Interest - Others	**1,225,232**	621,684
	57,041,921	74,451,027
27. OTHER EXPENSES		
a. Material & Manufacturing expenses		
Stores and Spares consumed	**25,657,579**	52,338,958
Power and Fuel	**181,773,969**	167,124,409
Freight Charges	**24,578,893**	103,038,649
RM / FG Cutting & Handling Expenses	**4,319,635**	13,449,314
Gas	**2,731,989**	2,515,991
Gas - CST purchase	**231,158**	-
Lease rent paid	**-**	720,000
Testing & Weighment Charges	**31,630**	676,803
C & F Charges - (Service Tax)	**5,856,728**	-
Clearing and Forwarding Charges	**38,213,762**	-
Conversion charges	**1,281,350**	-
b. Repairs & Maintenance		
Machinery Repairs	**2,988,950**	6,819,865
Machinery maintainance CST Purchase	**351,984**	165,938
Electrical Repairs	**1,950,050**	2,841,164
Electrical Maintenance CST	**498,771**	-
Building Repairs & maintenance	**-**	81,031
Vehicle Maintenance	**286,687**	205,300
Windmill Repairs & Maintenance	**-**	4,589,583
c. Administrative Expenses		
Printing and Stationery	**243,089**	293,832
Advertisement	**104,988**	331,217



PARTICULARS	YEAR ENDED 31.03.2013 (Amount in Rs.)	YEAR ENDED 31.03.2012 (Amount in Rs.)
Sales Tax Expenses	**95,678**	83,821
Commission paid	**1,187,895**	1,114,726
Rent & Amenities	**40,000**	166,810
Rebate and discount	**(35,533)**	-
Rent	**134,832**	-
Rates & Taxes	**57,560,708**	94,737,981
Postage	**143,168**	118,197
Travelling & Conveyance	**115,530**	2,152,181
Insurance	**1,741,070**	737,196
Donation	**2,100**	72,401
Directors - Sitting Fees	**55,000**	28,000
Payment to Auditors:		
- As Audit Fees	**112,360**	112,360
- As Tax Audit Fees	**56,180**	56,180
- As Certification Fees	**-**	62,873
Professional & Consultancy Fees	**1,067,085**	923,573
Telephone Charges	**919,202**	1,470,622
Vehicle Maintenance	**-**	1,610
Loss on Sale of Assets	**-**	114,068
Lease rent paid	**360,000**	-
Rebate & Discount	**102,681**	-
Round off	**41**	-
General Expenses	**8,000**	3,945
Membership & Subscription	**116,433**	1,171,431
Service Tax Paid	**69,915**	2,016,822
Security Charges	**-**	685,173
Syndication Fees	**-**	26,803
Share Transfer Charges	**87,371**	71,867
Loss on Mark to Market - Mutual Fund	**39,450**	**-**
Demerger expenses	**3,065,569**	**-**
Directors' Remuneration	**4,025,000**	2,700,000
d) Selling and Distribution Expenses		
Sales Promotion Expenditure	**-**	2,316
Carriage Outwards	**13,132,408**	10,856,974
	375,303,355	474,679,984

28. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

i) Contingent liability not provided for:

(a) Counter Guarantees furnished to the bank Rs. 70,341,723/- (Previous year Rs. 21,711,900/-)

(b) Towards outstanding Letter of Credit Rs. 500,000 /- (Previous year Rs. 139,308,804/-) on account of import of raw materials.

ii) Estimated amount of contracts remaining to be executed on capital accounts and not provided for Rs. Nil (Previous year Rs. 135,900,000 pertaining to resulting company) 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 Honb'le 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 17-1-2006 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 filled 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) Employee Benefits:

Disclosures in terms of AS-15 are under:

a. <u>Defined contribution plan:</u>

Contribution to defined contribution plan recognized as expenses for the year 2012-2013 is Employers contribution to Provident Fund and ESI Rs.1,426,133/-.

b. <u>Defined Benefit Plan:</u>

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 (2012-13) based on actuarial valuation using the projected unit credit method. Accordingly provision of Rs. 419,912/- has been made in the year 2012-13. (2011-12 is Rs. 850,800/-)



(Amount in Rs.)

	Particulars	2012-13	2011-12
I	Expenses recognized in the statement of Profit and Loss for the year ended	4,19,912	850615
	1. Current Service Cost	370,845	2,198103
	2. Interest Cost	272,864	217,600
	3. Expected Return on Plan Assets	–	–
	4. Net Actuarial (Gains)/ Losses	(223797)	(1,564,903)
	5. Total Expenses	4,19,912	850,800
II	Net Asset/(Liability) recognized in the Balance sheet as on 31-03-2013		
	1. Present value of Defined Benefit Obligation	3,830,712	34,10,800
	2. Fair Value of Plan Assets as at 31-03-2013	–	–
	3. Funded Status (Surplus/ Deficit)	-	–
	4. Net Liability as at 31-03-2012 (No Fund is maintained)	3,830,712	3,410,800
III	Change in obligation during the year ended		
	1. Present value of Defined Benefit Obligation at the beginning of the year	34,10,800	2,560,000
	2. Current Service Cost	370,845	2,198,103
	3. Interest Cost	272,864	217,600
	4. Actuarial (Gains) / Losses	(223,797)	(1,564,903)
	5. Benefit Payments	–	–
	6. Present value of Defined Benefit Obligation at the end of the year	3,830,712	34,10,800
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	8.0%	8.5%
	2. Expected rate of return on plan assets	NA	N.A
	3. Mortality	* refer note below	LIC (94-96)
	4. Turnover rates	0%	6.75%
	5. Salary Escalator	10%	11.5%

***ILAM (2006-2008) Ult. Table of published Mortality Rates approved by IRDA**

vi) 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	(5,291,425)
Deferred Tax Liability adjusted against Securities Premium account (As per Directives of Hon'ble High Court Madras)	(5,291,425)
Deferred Tax Asset credited to Profit & Loss Account	Nil

Note: Deferred Tax Asset of Rs. 5,291,425/- is credited to Securities Premium account during the year.

vii) 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 under section 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	–

viii) 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.

ix) Value of Imported & Indigenous Raw Materials, Spare Parts Components consumed:

	2012-13		2011-12	
	Amount in Rs.	**%**	Amount in Rs.	%
Imported	**561,755,791**	**38.37**	608,385,246	17.66
Indigenous	**902,184,594**	**61.67**	2,836,069,140	82.34

x) CIF Value of Imports:

(Amount in Rs.)

	2012-13	2011-12
Raw Materials	**1,121,478,172**	1,224,693,837
Stores & Spares	**–**	–
Capital Goods	**–**	–

xi) Remittance in Foreign Currency towards Dividend

	2012-13	2011-12
Number of Non resident Shareholders	**2**	2
Number of Shares Held	**3000000**	3000000
Amount Remitted (Rs.)	**–**	–



xii) Earnings in Foreign Currency Rs. Nil (Previous year Rs. Nil)

xiii) Segment Information for the Year Ended 31st March, 2013:

Business Segment:

The Company operates in single Business Segment of 'Manufacturing of Steel and Allied Products'. Therefore, the Company is of the view that the disclosure requirement of Accounting Standard AS-17 issued by the Institute of Chartered Accountants of India is not applicable to the Company.

xiv) Expenditure in Foreign currency (Amount in Rs.)

	2012-13	2011-12
Travelling Expenses	**–**	1,656,006

29. Remuneration of Rs. 4,025,000/- paid to the Managing Director / Director and debited to the Statement of Profit and Loss for the financial year 2012-13 includes Rs. 600,000/- in excess of the limits specified in Section 309 of the Companies Act, 1956. The excess payment is as a result of lower profits in the wake of adverse market conditions. The Company is in the process of making application to Central Government u/s 309(5B) of the Companies Act, 1956 to waive the recovery of the said excess remuneration. Pending such approval the Managing Director holds the excess remuneration paid in trust for the Company.

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 Kumar Gupta	Chairman & Managing Director
Mr. Vishal Keyal	Whole-time Director.
Mr. Kanishk Gupta	Director

Related Party Transactions: **(Amount in Rs.)**

Particulars	Key Management Personnel	Companies under Key Management Personnel
During the year Transactions		
Purchase of Goods		1,325,535,902
Sale of Goods		1,364,138,924
Purchase of Power		624,204,876
Investments made		--
Receiving Services		69,646,054
Remuneration Paid	4,025,000	
Given Services		2,709,017
Interest Received		–
Lease Rent Paid		–
Demerger		1,035,010,060
Advances Given		33,003,550
Advances Received		50,303,550
Amount outstanding as on 31.03.2013 (Cr Balance)		307,134,426

Notes:

a) Remuneration to key management personnel is disclosed in the notes attached to and forming part of accounts.

b) Sitting Fees paid to Non-Executive Directors Rs.55,000/-

c) Related party relationship is as identified by the company and relied upon by the Auditors.

31. SCHEME OF ARRANGEMENT

a) Pursuant to the Scheme of Arrangement ("the Scheme") approved by the Hon'ble High Court of Madras, all the assets and liabilities of the Power Division and Sponge Iron Division of the Company have been vested with Gita Renewable Energy Limited and Chennai Ferrous Industries Limited respectively at their respective book values and on a going concern basis from 1st July 2010.

b) As per the scheme, appointed date as approved by the Hon'ble High Court of Madras is 1st July 2010 and the effective date is 28th February, 2013 being the date on which the certified copy of the order sanctioning the said Scheme was filed with Registrar of Companies, Chennai in accordance with Companies act, 1956.

c) Details of assets and liabilities transferred to the Resulting company are as under:

Balance as at 1st July, 2010

Particulars	**(Amount in Rs.)**
Non-Current Assets:	
Fixed Assets	711,170,754
Inventories	85,592,967
Trade Receivables	67,127,669
Cash and Cash Equivalents	5,202,764
Short Term Loans and advances	347,711,497
Total	**1,216,805,651**
Long Term Borrowings	502,049,123
Current Liabilities:	
Short Term Borrowings	31,528,785
Trade Payables	219,317,738
Total	**752,895,646**



32. EARNING PER SHARE:	**2012-13**	**2011-12**
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
Weighted average number of equity shares outstanding during the year	28,436,074	28,436,074
b) Net profit after tax available for equity shareholders (Rs.)	10275797	26,178,127
c) Basic and diluted earning per share (Rs.)	0.36	0.92

33. Disclosure of loans and advances as per the requirement of clause 32 of the listing agreement with stock Exchanges in India.

a) The company does not have any subsidiary and has not given any loans and advances in the nature of loans to its associates.

b) No Interest free loans have been given to its employees.

34. PREVIOUS YEAR FIGURES

a) Pursuant to the Clause 7.1 of the Scheme of Arrangement, all profits accruing or losses incurred including the effect of taxes relating to the Power Division and Sponge Iron Division, from the Appointed Date (1st July, 2010) until 31st March, 2012 are to be treated as Profits or Losses as the case may be of the respective Resulting Companies. This Clause has been given due effect in the audited accounts.

b) The figures for the year ended on 31st March, 2013 have been recast to give effect of the Scheme of Arrangement of the demerger of the Power Division and Sponge Iron Division.

c) Previous period figures have been regrouped wherever necessary. The results for the year ended on 31st March, 2012 being inclusive of results of Power Division and Sponge Iron Division of the Company, are not comparable with those of the same period of current year.

As per the report of even date annexed

For **CHATURVEDI & COMPANY**
CHARTERED ACCOUNTANTS
FRN 302137E

S GANESAN
Partner (Memb.No: 217119)

Place: Chennai
Date: 30th May, 2013

RAVI KUMAR GUPTA
Chairman & Managing Director

KANISHK GUPTA
Director

VISHAL KEYAL
Whole-time Director

M.K. MADHAVAN
Company Secretary

FOR THE ATTENTION OF SHAREHOLDERS OF KANISHK STEEL INDUSTRIES LIMITED

COST OF ACQUISITION OF SHARES

Pursuant to the Scheme of Arrangement (Demerger) between Kanishk Steel Industries Limited ("KSIL" or "Demerged Company"), Gita Renewable Energy Limited ("GREL" or "First Resulting Company") and Chennai Ferrous Industries Limited (""CFIL" or "Second Resulting Company") and their respective shareholders, the Board of Directors of KSIL had fixed April 05, 2013 as the Record Date for determining your entitlements in terms of the Scheme. Accordingly, against your holding in KSIL, new shares of Resulting Companies ("New Shares") have been allotted on April 14, 2013 in the following manner:

- 1 (one) equity share in GREL of face value of Rs.10/- each as fully paid up for 7 (Seven) equity shares of Rs.10/- each fully paid up held in KSIL;
- 1 (one) equity share in CFIL of face value of Rs.10/- each as fully paid up for 8(Eight) equity shares of Rs.10/- each fully paid up held in KSIL.

In this regard, please note the following:

SPLIT OF COST OF ACQUISITION OF SHARES IN KSIL

1. There would be no capital gains implications on the shareholders in view of the exemption granted under Section 47 (vi d) of the Income Tax Act, 1961.
2. In respect of the New Shares, the date of acquisition for the purpose of capital gains in case of a shareholder will be the date of acquisition of the original shares of KSIL for each shareholder as per Clause (g) in explanation 1 to section 2 (42A) of the Income Tax Act, 1961.
3. With regard to the cost of acquisition of New Shares in GREL and CFIL, Section 49 (2C) of the Income Tax Act, 1961 provides the formula for splitting the original cost of acquisition of shares of KSIL between itself and the New Shares allotted in GREL and CFIL. An extract of the provisions of section 49 (2C) the Income Tax Act, 1961 is reproduced below for your reference:

   "……the cost of acquisition of shares in the resulting company shall be the amount which bears to the cost of acquisition of the shares held by the assesse in the demerged company the same proportion as the net book value of the assets transferred in a demerger bears to the net worth of the demerged company immediately before such demerger…"

   "Explanation — for the purpose of this section, net worth shall mean the aggregate of paid up share capital and general reserves as appearing in the books of accounts of the demerged company immediately before the demerger…"
4. With regard to the cost of acquisition of original shares in KSIL, section 49(2D) of the Income Tax Act, 1961 provides the formula for splitting the original cost of acquisition of shares of KSIL between New Shares allotted in GREL and CFIL and original shares in KSIL. An extract of the provision of section 49(2D) the Income Tax Act, 1961 is reproduced below for your reference:

   "…the cost of acquisition of the original shares held by the shareholder in the demerged company shall be deemed to have been reduced by the amount so arrived at under sub-section (2C)…"

   The information in Para 3 above should be preserved carefully, as it will be relevant for calculating taxable capital gains under the Income Tax Act, 1961 on any transfer of shares in future.

   Hence, for determining the post demerger cost of acquisition of Equity Shares of KSIL and the cost of new shares in GREL and CFIL under the Income Tax Act, 1961, the shareholders are advised to apportion their pre-demerger cost of acquisition of KSIL shares in the following manner:

Name of Company	% of Cost of acquisition
Kanishk Steel Industries Limited	36.36
Gita Renewable Energy Limited	34.80
Chennai Ferrous Industries Limited	28.85

   This communication is solely for the benefit of the shareholders and is based on an expert opinion obtained by the Company in accordance with the interpretation of the legislation as on date of this communique.

   Please note that if there is any change, including a change having a retrospective effect, in the statutory laws and regulations, the comments expressed in this communique would necessarily have to be re-valued in the light of changes. We do not undertake any responsibility of updating this communique at any time in future.

   The shareholders are advised to consult tax advisors and obtain legal opinion, should they feel it necessary. The Company does not take any express or implied liability in relation to this guidance.

Thanking you,

For KANISHK STEEL INDUSTRIES LIMITED,

M.K.MADHAVAN
Company Secretary

Date: July 24, 2013

KANISHK STEEL INDUSTRIES LIMITED

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

ATTENDANCE SLIP **23rd ANNUAL GENERAL MEETING**

To be handed over at the entrance of the Meeting hall

Date : Monday the 30th September 2013
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 23rd 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/We ..... of ..... 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 23rd Annual General Meeting of the Company to be held at 3.00 P.M. on Monday the 30th September 2013 and at any adjournment thereof.

Signed this ..... day of ..... 2013.

Affix Revenue Stamp

Signature of Member

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

KANISHK STEELS

Quality in Every Inch



Book - post

If undelivered, please return to :

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

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