

# ANNUAL REPORT 2009 - 2010



**BHUWALKA STEEL INDUSTRIES LIMITED**

"Bhuwalka Centre", No.71, III Cross, Residency Road, Bangalore- 560 025.

- BOARD OF DIRECTORS** : **Shri. Suresh Kumar Bhuwalka**  
*Chairman and Managing Director*  
**Shri. Ajay Kumar Bhuwalka**  
**Shri. Ankit Bhuwalka**  
**Shri. N. Srinivasan**  
**Shri. K.C. Kondaiah**  
**Shri. Roop Sing Chawhan**
- COMPANY SECRETARY** : **S. Ramakumar**
- AUDITORS** : **M/s. Avinash Bhandari**  
Chartered Accountants  
Bangalore
- BANKERS** : **Canara Bank**  
**Industrial Development Bank of India Ltd.**
- REGD. OFFICE** : No.71, III Cross  
Residency Road  
Bangalore - 560 025
- FACTORIES** : 1) at 10th Mile  
Old Madras Road,  
Bangalore - 560 049.
- 2) 204, Mauji Khupri  
Taluka Wada, District Thane  
Mumbai - 421 312.
- SHARE TRANSFER AGENTS** : **Alpha Systems Private Limited**  
No. 30, Ramana Residency  
Ground Floor, 4th Cross  
Sampige Road, Malleswaram  
Bangalore - 560 003.

**NOTICE**

Notice is hereby given that the 28<sup>th</sup> Annual General Meeting of the Company will be held on Tuesday, the 28<sup>th</sup> September, 2010, at 12.30 P.M. at Hotel Woodlands, No. 5, Raja Ram Mohan Roy Road, Bangalore- 560 025 to transact the following business.

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Statements of Accounts of the Company for the year ended 31st March 2010, and the Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Shri. N.Srinivasan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. K.C. Kondaiah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this connection, to consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:  
"RESOLVED THAT M/s. M. S. Dahiya & Co., Chartered Accountants, (in respect of whom notice in writing from a member of the Company signifying his intention to appoint them as Auditors of the Company has been received pursuant to Section 225(1) of the Companies Act, 1956) be and are hereby appointed as the Auditors of the Company in place of retiring Auditors M/s. Avinash Bhandari, Chartered Accountants, (who have not offered themselves for re-appointment as Auditors of the Company), to hold the office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors of the Company based on the recommendation of the Audit Committee, and reimbursement of out-of-pocket expenses incurred in connection with the audit of the accounts of the Company."

**SPECIAL BUSINESS:**

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :-  
"RESOLVED THAT Shri. Roop Sing Chawhan, an Additional Director of the Company and who in terms of Section 260 of the Companies Act, 1956 holds office until this Annual General Meeting, and for the appointment of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the Director, be and is hereby appointed as Director of the Company whose period of office will be liable to retirement by rotation."

**NOTES:**

1. **A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company.**
2. The instrument appointing a Proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting.
3. The Register of Members and Share Transfer Book of the Company will remain closed from 22nd September, 2010 to 28<sup>th</sup> September, 2010 (both days inclusive).
4. Members are requested to bring their copies of the Annual Report to the meeting.
5. Members/proxies should bring their attendance slip sent herewith duly filled in for recording the attendance at the meeting.
6. A statement containing the details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting is attached.
7. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 relating to the special business to be transacted at the Annual General Meeting is annexed.

Registered Office:  
No.71, III Cross  
Residency Road  
Bangalore - 560 025  
Date: 11th August, 2010

By Order of the Board  
  
**(SURESH KUMAR BHUWALKA)**  
*Chairman and Managing Director*



**An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956**

**Item No. 4**

During the year under review M/s. P.K. Rungta & Co., had expressed their inability to conduct the Statutory Audit of your company for the year 2009-10 due to illness of their Proprietor Mr. P.K. Rungta. The resulting Casual Vacancy caused was filled by the Board by appointing Mr.Avinash Bhandari, Chartered Accountants, Bangalore as the Statutory Auditors to hold office until the ensuing Annual General Meeting.

However M/s.Avinash Bhandari Chartered Accountants, has expressed their inability to conduct the Statutory Audit of your company for the year 2010-2011 in view of the peer review certificate requirement for statutory audits as per recent amendment in Clause 41 of the Listing Agreement with Stock Exchanges. The resulting Casual Vacancy caused was filled by the Board by appointing at its meeting held on 7th August 2010 M/s. Dahiya & Co., Chartered Accountants as its auditors, to hold office upto the conclusion of ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Your Directors recommend the said resolution for your approval.

None of the Directors are, in any way, concerned or interested in the said resolution.

**Item No. 5**

Shri. Roop Sing Chawhan was appointed as an Additional Director w.e.f. 1<sup>st</sup> June, 2010 and holds office only up to the conclusion of ensuing Annual General Meeting. A Notice under Section 257 of the Companies Act, 1956 has been received from a member proposing his candidature for the office of Director.

Your Directors recommend the said resolution for your approval.

Shri. Roop Sing Chawhan is interested in the said resolution pertaining to his own appointment.

Registered Office:  
No.71, III Cross  
Residency Road  
Bangalore - 560 025  
Date: 11th August, 2010

By Order of the Board

**(SURESH KUMAR BHUWALKA)**  
*Chairman and Managing Director*

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***Annual Report 2009- 2010***

**Details of Directors seeking appointment/reappointment at 28<sup>th</sup> Annual General Meeting (In pursuance of Clause 49 of Listing Agreement)**

Name of Director	Shri. N.Srinivasan	Shri. K.C. Kondaiah	Shri. Roop Sing Chawhan
Date of Birth	04.11.1947	10.07.1950	10.08.1948
Qualification	B.Sc., B.L. FCA, ACS	B.Com	M.Com.
Expertise in specific functional area	More than 35 years experience in Various manufacturing units in Senior position and is in Practice since 1991	More than 40 years in industry and is an MLC in Karnataka	Served for more than 14 years as Executive Director of KSIIDC Limited
List of other Companies in which Directorship held	None	Nava Karnataka Steels Pvt. Ltd.,	Benaka Sponge Iron Pvt. Ltd.
Chairman/ Member of the Committees of the Board of Directors of other companies In which he is a Director	None	None	None



**DIRECTORS' REPORT**

**TO THE MEMBERS OF  
BHUWALKA STEEL INDUSTRIES LIMITED:**

Your Directors have pleasure in presenting before you the 28<sup>th</sup> Annual Report of the Company together with Audited Statement of Accounts for the year ended 31st March 2010.

**1. FINANCIAL RESULTS:**

(Rs.in lakhs)

	2009-10	2008-09
Total Income	<b>449,28.75</b>	494,49.56
Profit before Interest, Depreciation and Taxation	<b>19,35.23</b>	8,22.49
Less: Interest	<b>13,19.35</b>	15,69.37
Less: Depreciation/ Amortization	<b>3,06.50</b>	4,45.86
Profit Before Tax	<b>3,09.38</b>	(11,92.72)
Less: Income Tax for the year(including FBT and Deferred taxation)	<b>1,00.74</b>	(3,82.78)
Less: Income tax for earlier years	–	10.92
Less: Excess Prov. of Gratuity & Leave Withdrawn	–	15.25
Profit After Tax	<b>2,08.64</b>	(8,05.61)
Add: Balance of profit brought forward From last year	<b>2,25.67</b>	10,31.29
Balance of Profit carried forward	<b>4,34.31</b>	2,25.67

**2. OPERATIONS REVIEW:**

Total income from operations during the year under review was Rs. 449.28 crores as compared to Rs. 494.49 crores in the previous year signifying a fall by 10.06% in top line. During the year under review, the Company has recovered from the effect of global recession and has made profit after tax of Rs.2.08 Crores as against a loss of Rs. 8.06 Crores in the previous accounting year.

Company has implemented expansion plan at its unit at Wada which is yet to be operative in full capacity due to inadequate working capital. However the same has been considered by working capital bankers and operations will be in full swing in FY 2010-11.

In order to improve financial performance and profitability, Company has taken up various action plan in current year which include raising long term funding resources through equity, concentrating in improving productivity, efforts for optimum capacity utilization of the Wada and Hoskote plants and an overall cost reduction exercise. As a long term strategic plan, management is exploring amalgamation of other group companies, integration of operations and captive power plant.

Company's products continue to be well accepted by the market. Company has participated in tenders floated by govt. undertakings and is poised to receive large orders to be executed during next 2-3 quarters. Due to renewed thrust on Infrastructure sector by the existing government at the centre, it is expected that the demand for steel may pick up in coming quarters.

**3. DIVIDEND**

The Management has decided to retain the profits for the current year for future plans.

**4. SUBSIDIARY COMPANY**

As required under section 212 of the Companies Act, 1956, the Audited Statement of Accounts along with the report of the Board of Directors of Bhuwalka Steel Industries (UAE) FZE and Benaka Sponge Iron Pvt Ltd. together with the Auditors' Report as at and for the year ended 31<sup>st</sup> March 2010, are appended.

Company is in to discussion with various investors to seek additional investment for meeting capex and working capital requirement at Bhuwalka Steel Industries (UAE) FZE.

**5. CONSERVATION OF ENERGY:**

Total energy consumption and energy consumed per unit of production as per Form 'A' is annexed - forming part of this Report.

**6. TECHNOLOGY ABSORPTION:**

The Company is keeping abreast of the latest developments in product technology, manufacturing process and methods and using indigenous technology.

**7. FOREIGN EXCHANGE EARNINGS AND OUTGOINGS:**

Foreign Exchange Earnings and Expenditure are given under Note 8 (F) and 8 (G) of Schedule '18' forming part of the Accounts for the year ended 31st March 2010.

**8. PERSONNEL:**

Industrial Relations remained cordial through out the year.

There are no employees of the categories specified under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended. Hence, this information is not given.

**9. DIRECTORS :**

Shri. N.Srivasan and Shri K.C Kondaiah retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Dr. S.K Gupta resigned on 14.04.2010 and Shri S.S Naganand resigned on 31.05.2010 as Directors on the Board of the Company.

Shri. Roop Sing Chawhan was appointed as an Additional Director w.e.f. 1<sup>st</sup> June, 2010 and holds office only up to the conclusion of ensuing Annual General Meeting. A Notice under Section 257 of the Companies Act, 1956 has been received from a member proposing his candidature for the office of Director.

**10. AUDITORS:**

During the year under review M/s. P.K. Rungta & Co., had expressed their inability to conduct the Statutory Audit of your company for the year 2009-10 due to illness of their Proprietor Mr. P.K. Rungta. The resulting Casual Vacancy caused was filled by the Board by appointing M/s. Avinash Bhandari, Chartered Accountants, Bangalore as the Statutory Auditors to hold office until the ensuing Annual General Meeting.

However Mr. Avinash Bhandari has expressed his inability to conduct the Statutory Audit of your company for the year 2010-2011 in view of the peer review certificate requirement for statutory audits as per recent amendment in Clause 41 of the Listing Agreement with Stock Exchanges. The resulting Casual Vacancy caused was filled by the Board by appointing at its meeting held on 7th August 2010 M/s. Dahiya & Co., Chartered Accountants as its auditors, to hold office upto the conclusion of ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

**11. AUDITORS' REPORT:**

The Notes on accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments under section 217(3) of the Companies Act, 1956.

**12. DIRECTORS' RESPONSIBILITY STATEMENT AS PER SECTION 217 (2AA) :**

Your Directors hereby confirm:

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- b) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for the year;
- c) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, to safeguard the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the directors had prepared the annual accounts on a 'going concern' basis.

**13. REPORT ON CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, the following form part of this Annual Report:

- a) Management Discussion and Analysis;
- b) Report on Corporate Governance;
- c) Auditors' Certificate regarding compliance of conditions of Corporate Governance

**14. ACKNOWLEDGEMENTS:**

Your Directors wish to place on record their appreciation for the continued support, encouragement and co-operation extended by all the stakeholders namely; Financial Institutions, Bankers, shareholders, customers and suppliers.

Your Directors also place on record their appreciation for the contributions made by the employees of the Company at all levels.

FOR AND ON BEHALF OF THE BOARD

**(SURESH KUMAR BHUWALKA)**  
*Chairman and Managing Director*

**(AJAY KUMAR BHUWALKA)**  
*Director*

Place : Bangalore  
Date : 11.08.2010



## **Management Discussion and Analysis**

### **INDUSTRY STRUCTURE & DEVELOPMENTS:**

The Company's primary product, steel rolled product, is catering to the demand of construction, infrastructure, power, Telecom and engineering industries. There are large no. of re-rolling mills across the country who are largely local players.

During the year under review, the steel prices continued to be volatile and the price of rolled products were market driven. For improving margins, Company has taken serious steps for reduction in the cost of production and overheads. Company is concentrating to optimise its capacity utilization so as to achieve economies of scale. Further to create a wide product base to cater other growing industries such as telecom and engineering, Company has implemented modernization and expansion at its facilities at Wada. Modernization will also help company in improving productivity.

### **OPPORTUNITIES, THREATS AND CONCERNS:**

Deep economic recession coupled with global meltdown has affected all the commodities market across the globe in FY 2009-10 and steel was one of the worst affected commodity. There is surge in demand in current year, however the momentum is slow, in an emerging economy like India, there will be good opportunity for growth though may be lower than earlier targets and renewed emphasis on infrastructure by the existing government may work as stimulus for the industries at large.

In latest Global Investor Meet (GIM) held at Bangalore, State and Central Government have shown their willingness to support metal and infrastructure industry and a lot of investment is planned by investors in Karnataka itself, which is a promising opportunity for company's product.

Competition from un-organised sector is still a threat to the Company. However, renowned builders and infrastructure companies are keen to source their requirement from organized company like yours. Moreover, Company's better-structured product portfolio will enable it to penetrate into new markets and to meet the requirements of existing customers.

Price volatility and higher cost of borrowing remains serious concern of the Company. Company has already initiated necessary steps to mitigate this risk.

### **Outlook:**

The year ahead looks promising as there is growth envisaged in demand in various industries to whom company's products are catered to. Company is catering to requirements of Housing, Power, Telecommunication and Engineering Sectors. Large integrated plant mainly focuses on flat products and long products are generally the domains of secondary steel makers like us. A growth rate higher than the global industry average has been envisaged in the national steel policy. The long-term goal of the country is to become self reliant and globally competitive in steel sector.

### **Risks and concerns:**

The cost of power (including fuel) and its availability is major concern. High power tariffs and volatility in input prices may adversely affect the profitability of the Company. However, it is not significant considering the level of operations of the Company and normal correlation in the price of raw material and finished goods. High volatility in commodity prices remain serious concern. Company is also exposed to financial risks like exchange fluctuation and interest rate variations. Management has already identified these risks and taking necessary steps to mitigate the risks such as exploring the possibilities to having captive power plant to become self sufficient, linkage to coal and iron ore mines for uninterrupted production and to reduce cost of borrowing by various means.

### **Internal control systems and their adequacy:**

The Company's internal control systems and procedures are adequate and commensurate with the size and nature of Company's operations. Company has sufficient procedures that form part of internal control system which provide for check and balances. In current year, Company has engaged industry and finance experts to further strengthen its internal control and audit system for reduction of various costs and overheads.

### **Cautionary Statement:**

This report contains forward-looking statements, which are based on certain assumptions and future events. It cannot be guaranteed that these are accurate or realized in future. Company's actual results may materially differ from those projected in forward looking statements. The reader should bear this in mind. Further, Company undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

**CORPORATE GOVERNANCE**

1. The philosophy of the Company on corporate governance envisages the attainment of the highest level of transparency, accountability, trusteeship, integrity and equity in all areas of its operations. Company is committed to good corporate governance. The fundamental objective of the Company is enhancement of shareholder value, whilst taking into account the interest of all other stakeholders for wealth creation.

**2. Board of Directors:**

The Board of Directors as on the date of this Report is comprised of 6 Directors of which One is executive, Two Non Executive and Three are non-executive Independent.

Shri. Suresh Kumar Bhuwalka, Chairman	-	Executive (Managing Director)
Shri. Ajay Kumar Bhuwalka	-	Non-Executive
Shri. Ankit Bhuwalka	-	Non-Executive
Shri. N. Srinivasan	-	Non Executive & Independent
Shri. K.C. Kondaiah	-	Non Executive & Independent
Dr. S .K. Gupta (Resigned on 14.04.2010)	-	Non Executive & Independent
Shri. S.S. Naganand (Resigned on 31.05.2010)	-	Non Executive & Independent
Shri. Roop Sing Chawhan (Appointed on 01.06.2010)	-	Non Executive & Independent

Note: Dr. S .K. Gupta was Chairman upto 13.04.2010 and has resigned from the Board on 14.04.2010. Shri. Suresh Kumar Bhuwalka was appointed as Chairman on 14.04.2010.

3. Details of attendance at Board Meetings and last AGM and details of memberships in other Boards & Board Committees:

**The Board met 4 times during the year on 30<sup>th</sup> June 2009, 31<sup>st</sup> July 2009, 31<sup>st</sup> October 2009, and 30<sup>th</sup> January 2010.**

Name of the Directors	No. of Board Meetings Attended	Whether attended last AGM	Directorship in other Boards	Committee	
				Membership	Chairmanship
Shri.Suresh Kumar Bhuwalka	4	Yes	6	-	-
Shri.Ajay Kumar Bhuwalka	4	Yes	6	-	-
Shri.Ankit Bhuwalka	0	Yes	3	-	-
Shri.N. Srinivasan	3	Yes	Nil	-	-
Shri.K.C. Kondaiah	2	Yes	1	-	-
Dr. S.K. Gupta (Resigned on 31.05.10)	4	Yes	11	8	5
Shri.S.S. Naganand (Resigned on 31.05.10)	3	No	2	-	-

**4. Audit Committee : (As on the date of this Report)**

- |  |   |                                     |
|--|---|-------------------------------------|
| a) Shri. N. Srinivasan   | - | Non-executive, Independent Director |
| b) Shri Suresh Kumar Bhuwalka  | - | Executive                           |
| c) Dr.S.K.Gupta (Resigned on 14.04.10)                               | - | Non-executive, Independent Director |
| d) Shri. K.C. Kondaiah (included on 14.04.10) (excluded on 11.08.10) | - | Non Executive & Independent         |
| e) Shri. Roop Sing Chawhan (included on 11.08.10)                    | - | Non Executive & Independent         |
- Secretary – S. Ramakumar, Company Secretary

The Committee met on 30.06.2009, 31.07.2009, 31.10.2009 and 30.01.2010

Name of the Members	Category	Meetings held during the tenure	Attended	% of total	Whether attended last AGM
Shri.N.Srinivasan	NED & Ind	4	4	100	Yes
Shri.Suresh Kumar Bhuwalka	Executive	4	4	100	Yes
Dr. S.K. Gupta (Resigned on 14.04.2010)	NEC & Ind	4	4	100	Yes

The statutory auditors were present as invitee in the meeting.

The scope of reference to the committee includes:

- Review of audit with Statutory Auditors and Internal Audit team.
- Limited Review of accounts with Statutory Auditors.
- Review of annual Financial statements with Auditors and management before submission to the Board.



## **BHUWALKA STEEL INDUSTRIES LIMITED**

### **5. Share holders' / Investors' Grievance Committee:**

- a) Shri.N.Srinivasan – Non-executive and Independent
- b) Shri Suresh Kumar Bhuwalka – Chairman and Managing Director
- c) Dr. S.K. Gupta  
(Resigned on 14.04.2010) – Non-executive and Independent

Secretary – S. Ram Kumar, Company Secretary

Note: Dr. S .K. Gupta was Chairman upto 13.04.2010 and has resigned from the Board on 14.04.2010. Shri. Suresh Kumar Bhuwalka was appointed as Chairman on 14.04.2010.

This committee facilitates prompt and effective redressal of shareholders' complaints and to look into their grievances. As on 31.03.2010, there were no complaints remaining unresolved.

### **6. Remuneration to Directors:**

The Board is yet to constitute a remuneration committee to review and propose the remuneration for Whole time Directors and Managing Director.

The details of remuneration of the managerial personnel for the year 2009-10 are given in Note No. 2 of Schedule 18 - Notes to Accounts.

Sitting fee is paid to non-executive directors for attending Board Meetings, Audit committee meetings and other committee meetings. No other remuneration is paid to Non-executive directors.

### **7. Share Transfer Committee:**

The Share transfer committee consisting of

- a) Shri. Suresh Kumar Bhuwalka – Chairman
- b) Shri. Ajay Kumar Bhuwalka

Secretary – S. Ram Kumar, Company Secretary

Requests for dematerialization are generally confirmed on a weekly basis.

### **8. Directors:**

Particulars about Directors who are retiring and are eligible for re-appointment and for those who are proposed to be appointed have been given in the notice convening the Annual General Meeting and Explanatory Statement.

### **9. General Body Meetings:**

The last three Annual General Meetings:

<b>YEAR</b>	<b>DATE</b>	<b>TIME</b>	<b>VENUE</b>
2006-2007 25th AGM	29.09.2007	11.30 A.M.	Hotel Woodlands No.5, Rajaram Mohanroy Road Bangalore – 560 025
2007 – 2008 26 <sup>th</sup> AGM	20.09.2008	12.30 P.M.	Hotel Woodlands No.5, Rajaram Mohanroy Road Bangalore – 560 025
2008 – 2009 27 <sup>th</sup> AGM	30.09.2009	12.30 P.M.	Hotel Woodlands No.5, Rajaram Mohanroy Road Bangalore – 560 025

### **10. Insider Trading:**

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the company has adopted a code of conduct for prevention of insider trading and required disclosure practices.

### **11. Disclosures:**

Disclosure of related party transactions as per Accounting Standard 18 has been made in Schedule 18.

### **12. Means of Communication:**

The quarterly results are published in the Financial Express and "Hosadiganta" (Kannada). During the year, no presentations were made to Financial Analysts / Institutional Investors.

## Annual Report 2009- 2010

### 13. General Shareholder's Information:

- \* **Annual General Meeting** : Tuesday, 28th September, 2010 at 12.30 pm  
Woodlands Hotel  
No.5 Rajaram Mohanroy Road  
Bangalore – 560 025
- \* **Financial Calendar of Board Meetings (tentative) for approval of**
  - i. Unaudited Results – I Qtr : on or before 14.08.2010
  - ii. Unaudited Results - II Qtr : on or before 14.11.2010
  - iii. Unaudited Results – III Qtr : on or before 14.02.2011
  - iv. Annual Accounts 2011 : on or before 30.05.2011
- \* **Book Closure** : 22.09.2010 to 28.09.2010
- \* **Listing on Stock Exchanges** : Bangalore , Mumbai
- \* **Stock Code** : The Mumbai Stock Exchange 513333  
Bangalore Stock Exchange BHUWALKSTL
- \* **Listing Fee** : Annual Listing fee for 2009-10 has been paid to both the exchanges where the shares are listed
- \* **Share Price Data :**  
There has been no active trading in Bangalore Stock Exchange and Data of Mumbai Stock Exchange is furnished below:-

Month	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
April, 2009	30.85	24.00	10,122
May, 2009	40.20	27.00	30,229
June, 2009	47.15	38.75	68,357
July, 2009	42.00	31.50	43,502
August, 2009	53.00	38.25	30,718
September, 2009	57.75	44.10	59,311
October, 2009	65.00	42.15	41,638
November, 2009	61.65	43.35	63,006
December, 2009	59.00	45.65	33,389
January, 2010	62.95	46.50	1,78,290
February, 2010	53.95	43.90	24,013
March, 2010	59.00	44.00	69,009
<b>Total</b>			<b>473,294</b>

- \* **Registrar & Transfer Agents:**  
The Share Transfer work is being done by M/s. Alpha Systems Private Limited, Regd. Office, 30, Ramana Residency 4th Cross, Sampige Road, Malleswaram, Bangalore – 560 003 for both Physical and Electronic Form till date in compliance with SEBI requirements.
- \* **Share Transfer System:**  
The power to approve transfer of shares had been delegated by the Board to the Share Transfer committee. Share transfers are processed within 30 days from the date of receipt.
- \* **Distribution of Shareholdings as on 31st March, 2010.**

No. of Shares held	Folios		Shares	
	Number	%	Number	%
1 - 500	4687	94.00	556945	10.74
501 – 1000	161	3.23	130941	2.52
1001 – 2000	71	1.42	109528	2.11
2001 – 3000	18	0.36	44342	0.85
3001 – 4000	7	0.14	25028	0.48
4001 – 5000	11	0.22	49882	0.96
5001 – 10000	18	0.36	133999	2.58
10001 & ABOVE	13	0.26	4136584	79.75
<b>Total</b>	<b>4986</b>	<b>100.00</b>	<b>5187249</b>	<b>100.0</b>



**BHUWALKA  
STEEL INDUSTRIES LIMITED**

\* **Pattern of Share Holding as on 31st March, 2010**

Sl. No.	Category	No.of Shares	% of Share Holding
1.	Promoters and promoters' group	3680000	70.94
2.	Mutual Funds	2800	0.05
3.	Financial Institution/Banks	100	0.00
4.	Private Corporate Bodies	90655	1.75
5.	Indian Public	1404804	27.08
6.	NRI/Foreign Institutional Investors	8890	0.17
<b>Total</b>		<b>5187249</b>	<b>100.00</b>

\* **Dematerialization of Shares :**

The Company has entered into necessary agreements with NSDL & CDSL for dematerialization of shares held by investors.

As on date, more than 90% of share capital is in electronic form.

The ISIN Number allotted to the Company is ISIN INE069C01013.

\* **Plant Locations: Given on the first page of the Annual report**

\* **Address for correspondence:**

All correspondence regarding shares should be addressed to R & T Agent or Company at:

To the Company:	To the Registrar & Transfer Agent:
Mr. Desmond Rozario	Mr. S. Vijay Gopal, Assistant Vice President
Compliance Officer	M/s. Alpha Systems Private Limited
Bhuwalka Steel Industries Ltd.	No.30, Ramana Residency
No.30,Ramana Residency,	4th Cross, Sampige Road
Bhuwalka Center, III Cross,	Malleswaram, Bangalore – 560 003
Residency Road, Bangalore –560 025	

\* **Non-mandatory Clauses:**

The Company has not adopted any of the non-mandatory requirements as mentioned in Clause 49 of the Listing Agreement.

For and on Behalf of the Board

Place: Bangalore  
Date : August 11, 2010

**(Suresh Kumar Bhuwalka)**  
Chairman and Managing Director

**AUDITORS' CERTIFICATE**

**TO THE MEMBERS OF BHUWALKA STEEL INDUSTRIES LIMITED**

We have examined the compliance of conditions of corporate governance by Bhuwalka Steel Industries Limited, for the year ended on 31<sup>st</sup> March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange(s).

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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investors' grievances received during the year ended March 31, 2010, no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company.

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 M/s. Avinash Bhandari**

Chartered Accountants

**( Avinash Bhandari)**

Proprietor

Place : Bangalore  
Date :August 11, 2010

**AUDITOR'S REPORT**

**The Members of  
M/S. BHUWALKA STEEL INDUSTRIES LIMITED**

We have audited the attached balance sheet of M/S. BHUWALKA STEEL INDUSTRIES LIMITED as at 31<sup>st</sup> March 2010 and also the profit and loss account and cash flow statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management; our responsibility is to express an opinion on these financial statements based on our audit.

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

We report as follows:

1. As required by the Companies (Auditor's Report) Order, 2003, as amended, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks and verification of the books of account as we considered necessary and to the best of our knowledge and according to the information and explanations given to us during the course of our audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in Paragraph 1 above,
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss account and cash flow statement dealt with by this report are in agreement with the books of account;

- d) In our opinion, the Balance Sheet, Profit & Loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956,
- e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2010 from being appointed as a director in terms of Clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the company's accounting policies, give the information required by the Companies Act, 1956, in the manner so required *except that the Current Liabilities (Acceptances) are stated lower in Schedule 11 by Rs. 14,50,41,843.00 and the same has been classified under Unsecured loans (refer note no.7(a) in Schedule 18), read with other notes in Schedule 18* give a true and fair view in conformity with the accounting principles generally accepted in India,
  - i) In the case of the balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March 2010;
  - ii) In the case of the profit and loss account, of the profit of the company for the year ended on that date; and
  - iii) In the case of Cash Flow Statement, of the cash flow of the company for the year ended on that date

**For AVINASH BHANDARI**  
*Chartered Accountants*

Place : Bangalore  
Date : May 31, 2010

**(C.A. AVINASH BHANDARI)**  
*Proprietor*  
**Membership No. 120644**



**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE REPORT OF EVEN DATE OF THE AUDITOR'S TO THE MEMBERS OF BHUWALKA STEEL INDUSTRIES LIMITED, BANGALORE, ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010.**

1. The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. The Company has drawn up a programme of physical verification of fixed assets at reasonable intervals, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Fixed assets were physically verified by the management during the year and no material discrepancies were noticed on such verification.

During the year the company has not disposed off substantial part of the fixed assets.

2. The management has conducted physical verification of inventory at reasonable intervals. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3. As informed to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. As informed to us, the company has taken an interest free unsecured loan from a director covered in the registered maintained under section 301 of the Companies Act, 1956 amounting to Rs. 1,00,00,000/- (Maximum amount taken Rs. 1,00,00,000/-) and the term and conditions whereof is not prejudicial to the interest of the company.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system 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, no major weakness has been noticed in the internal controls system.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the companies Act have been entered in the register required to be maintained under section 301. In respect of transactions made in pursuance of such contracts or arrangements, with parties with whom transactions exceeding value of Rupees five lakhs have been entered into during the financial year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the same.
9. According to the records of the Company, the Company is generally 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 applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of 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, applicable to it, were outstanding at the year end for a period of more than six months from the date they became payable. Based on information and explanations given to us, such disputed statutory dues that have not been deposited on account of matters pending before appropriate appellate authorities are as under :-

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Sr. No.	Name of the Statute	Nature of Dues	Forum where dispute is pending	Amount (Rs.in lakhs)
1	Central Excise Act, 1944	Excise Duty and service tax	CESTAT	950.57
			The Commissioner of Central Excise (Appeals)	225.56
2	Sales Tax	Karnataka Sales Tax Act	The Sales Tax Appellate Tribunal	27.09

10. The Company has no accumulated losses at the end of the financial year. However, the Company has incurred cash losses in the immediately preceding financial year.
11. As per information furnished by the management, the company has not defaulted in repayment of dues to banks, financial institutions and debenture holders
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund or a nidhi/mutual benefit fund/society and hence clause 4 (xiii) of Companies (Auditor's Report) Order 2003 is not applicable to the company.
14. In our opinion, the Company is not a dealer or a trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the terms and conditions of the guarantee given by the company for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.
16. The term loans raised by the company were applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been used for long-term investment during the year.
18. During the year, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The company has not issued debentures and therefore the question of creation of securities in respect of debentures does not arise.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For AVINASH BHANDARI**  
*Chartered Accountants*

Place : Bangalore  
Date : May 31, 2010

**(C.A. AVINASH BHANDARI)**  
*Proprietor*  
**Membership No. 120644**

**BALANCE SHEET AS AT 31 ST MARCH, 2010**

PARTICULARS	Schedule No.	AS AT	AS AT
		31.03.2010 Rs.	31.03.2009 Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>1. SHARE HOLDERS' FUNDS</b>			
a. Share Capital	1	63,880,527.50	63,880,527.50
b. Reserves & Surplus	2	165,174,003.43	144,309,930.76
c. Warrants		—	20,040,000.00
d. Forfeited Warrants		20,040,000.00	—
<b>SUB - TOTAL</b>		<b>249,094,530.93</b>	<b>228,230,458.26</b>
<b>2. LOAN FUNDS</b>			
a) Secured Loans	3	700,816,714.80	754,976,395.19
b) Unsecured Loans	4	583,777,009.87	370,326,703.68
<b>SUB - TOTAL</b>		<b>1,284,593,724.67</b>	<b>1,131,170,894.87</b>
<b>3. DEFERRED TAX LIABILITY</b>		<b>48,044,144.10</b>	38,582,946.00
<b>4. SALES TAX DEFERRMENT</b>		<b>4,463,280.00</b>	5,867,796.00
<b>TOTAL</b>		<b>1,586,195,679.70</b>	<b>1,397,984,299.13</b>
<b>II. APPLICATION OF FUNDS :</b>			
<b>1. FIXED ASSETS:</b>			
Gross Block	5	757,232,340.98	743,988,317.98
Less: Depreciation		346,084,095.36	315,585,995.94
Capital Work in Progress:		411,148,245.62	428,402,322.04
		395,159,780.44	338,917,342.90
		<b>806,308,026.06</b>	<b>767,319,664.94</b>
<b>2. INVESTMENTS</b>			
	6	138,199,244.00	138,219,244.00
<b>3. CURRENT ASSETS, LOANS AND ADVANCES:</b>			
a. Inventories	7	777,316,334.54	594,037,591.36
b. Sundry Debtors	8	648,641,871.04	389,046,293.89
c. Cash and Bank Balances	9	54,736,251.69	57,171,399.79
d. Loans & Advances	10	141,244,214.83	158,482,119.02
<b>SUB - TOTAL</b>		<b>1,621,938,672.10</b>	<b>1,198,737,404.06</b>
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>	11	<b>980,250,262.46</b>	706,292,013.87
<b>NET CURRENT ASSETS TOTAL</b>		<b>641,688,409.64</b>	<b>492,445,390.19</b>
<b>NOTES ON ACCOUNTS</b>	18	<b>1,586,195,679.70</b>	<b>1,397,984,299.13</b>

SCHEDULES 1 TO 18 FORM THE INTEGRAL PARTS OF THE ACCOUNTS.

For and on behalf of the Board	As per Report of even date
(Suresh Kumar Bhuwalka) <i>Chairman and Managing Director</i>	for Avinash Bhandari <i>Chartered Accountants</i>
(Ajay Kumar Bhuwalka) <i>Director</i>	(CA Avinash Bhandari) <i>Proprietor</i>
(S. Ramakumar) <i>Company Secretary</i>	Membership No.- 120644
Place : Bangalore	
Date : 31st May, 2010	

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**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

PARTICULARS	Schedule No.	For the Year ended 31.03.2010	For the Year ended 31.03.2009
<b>INCOME</b>			
Sales & Other operational Income	12	4,480,823,728.17	4,916,783,617.43
Other Income	13	12,052,956.66	28,173,742.68
Variation in Stocks	14	<u>(58,427,880.90)</u>	<u>(34,176,153.79)</u>
<b>TOTAL</b>		<b>4,434,448,803.93</b>	<b>4,910,781,206.32</b>
<b>EXPENDITURE :</b>			
Manufacturing Expenses	15	3,688,070,107.26	4,432,712,691.10
Administrative & Selling Expenses	16	103,275,397.42	125,469,635.17
Interest	17	131,935,062.35	156,937,868.57
Depreciation	5	30,650,957.66	44,584,659.00
Trading Purchases		430,634,720.81	248,635,447.00
Central Excise Duty on Closing Stock		<u>18,944,267.69</u>	<u>21,713,128.81</u>
<b>TOTAL</b>		<b>4,403,510,513.19</b>	<b>5,030,053,429.65</b>
Profit for the year before Tax		30,938,290.74	(119,272,223.33)
Income-tax for the year		(613,020.00)	-
Deferred Taxation for the year		(9,461,198.10)	39,028,290.00
Fringe Benefit Tax for the year		-	(750,000.00)
Income Tax/FBT for Earlier Years		-	(1,092,390.00)
Excess Provn.of Gratuity & Leave Withdrawn		-	1,524,752.00
Profit for the year after Tax		20,864,072.64	(80,561,571.33)
Balance brought forward		<u>22,567,131.39</u>	<u>103,128,702.72</u>
Profit available for appropriation		<u>43,431,204.06</u>	<u>22,567,131.39</u>
<b>APPROPRIATION :</b>			
Proposed Dividend on Equity Shares		-	-
Tax on Dividend		-	-
Transfer to Capital Redemption Reserve		-	-
Transfer to General Reserve		-	-
Balance Carried to Balance Sheet		<u>43,431,204.06</u>	<u>22,567,131.39</u>
<b>TOTAL</b>		<b>43,431,204.06</b>	<b>22,567,131.39</b>
Earning per share - Basic and Diluted			
- excluding extraordinary items		4.02	(15.82)
- including extraordinary items		4.02	(15.53)
(as per Equity Share of Rs. 10/- each)			
(Refer Note 3(xv) of Schedule 18)			

**NOTES ON ACCOUNTS**

18

SCHEDULES 1 TO 18 FORM THE INTEGRAL PARTS OF THE ACCOUNTS.

For and on behalf of the Board	As per Report of even date	
<b>(Suresh Kumar Bhuwalka)</b> <i>Chairman and Managing Director</i>	<b>(Ajay Kumar Bhuwalka)</b> <i>Director</i>	<b>for Avinash Bhandari</b> <i>Chartered Accountants</i>
<b>(S. Ramakumar)</b> <i>Company Secretary</i>	<b>(CA Avinash Bhandari)</b> <i>Proprietor</i>	Membership No.-120644
Place : Bangalore Date : 31st May, 2010		

**SCHEDULES ANNEXED TO & FORMING PART OF AUDITED ACCOUNTS AS AT 31st MARCH, 2010**

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SCHEDULE – 01</b>		
SHARE CAPITAL :		
AUTHORISED :		
15,000,000 Equity Shares of Rs. 10/- each	<b>150,000,000.00</b>	150,000,000.00
5,00,000 Preference Shares of Rs. 100/- each	<b>50,000,000.00</b>	50,000,000.00
5,000,000 Unclassified Shares of Rs. 10/- each	<b>50,000,000.00</b>	50,000,000.00
<b>TOTAL</b>	<b><u>250,000,000.00</u></b>	<u>250,000,000.00</u>
<b>ISSUED, SUBSCRIBED AND PAID-UP:</b>		
51,87,249 (51,87,249) Equity Shares of Rs.10/- each fully paid-up includes:	<b>51,872,490.00</b>	51,872,490.00
i) 3,20,000 Equity Shares of Rs. 10/- each fully paid-up, issued as Bonus Shares on Capitalisation of General Reserve.		
ii) 21,75,000 Equity Shares of Rs.10/- each alloted otherwise than on payment of cash to the Shareholders of erstwhile M/s. Tikmani Steel Co. Ltd & M/s. A.A. Alloys Ltd. as per the Scheme of Amalga- mation approved by the Karnataka High Court.		
<b>FORFEITED SHARES</b>		
As per Last Account	<b>12,008,037.50</b>	12,008,037.50
<b>TOTAL</b>	<b><u>63,880,527.50</u></b>	<u>63,880,527.50</u>
<b>SCHEDULE – 02</b>		
<b>CAPITAL RESERVE:</b>		
As per Last Account	<b>2,845,500.00</b>	2,845,500.00
<b>CAPITAL REDEMPTION RESERVE:</b>		
As per Last Account	<b>2,800,000.00</b>	
Set aside during the year	<u>–</u>	2,800,000.00
<b>SHARE PREMIUM</b>		
As per Last Account	<b>48,522,110.00</b>	48,522,110.00
<b>GENERAL RESERVE:</b>		
As per Last Account	<b>67,575,189.37</b>	
Add: Transfer during the Year	<u>–</u>	67,575,189.37
<b>SURPLUS as per Profit &amp; Loss Account</b>	<b><u>43,431,204.06</u></b>	<u>22,567,131.39</u>
<b>TOTAL</b>	<b><u>165,174,003.43</u></b>	<u>144,309,930.76</u>

**SCHEDULES ANNEXED TO & FORMING PART OF AUDITED ACCOUNTS AS AT 31st MARCH, 2010**

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs..
<b>SCHEDULE – 03</b>		
<b>SECURED LOANS :</b>		
<b>A. TERM LIABILITIES:</b>		
1. From Industrial Development Bank of India	<b>205,499,110.00</b>	210,510,740.00
2. From Canara Bank These loans are secured by way of first charge over all the Fixed assets of the Company except properties/ assets exclusively charged to other banks and institutions mentioned below.	<b>43,163,124.00</b>	52,000,000.00
3. Term Loan from Bank of India Secured by exclusive charge by way of equitable mortgage of Corporate office	<b>36,648,172.87</b>	54,374,999.00
4. Tata Capitals Limited Secured by hypothecation of exclusive charge on Coal gassifier purchased under the said loan	<b>9,556,580.00</b>	15,393,940.00
5. Term Loan from ICICI Bank Ltd., Secured by an exclusive charge by way of hypothecation of Vehicle / Cranes purchased out of this loan.	<b>753,557.00</b>	4,209,755.74
6. Term Loan from Kotak Mahindra Primus Ltd., Secured by an exclusive charge by way of hypothecation of Vehicles purchased out of this loan.	<b>1,845,010.00</b>	406,896.00
7. Term Loan from HDFC Bank Ltd., Secured by an exclusive charge by way of hypothecation of Vehicle purchased out of this loan.	<b>27,092.09</b>	385,576.09
8. Term Loan from AXIS BANK Ltd., Secured by an exclusive charge by way of hypothecation of Vehicle purchased out of this loan.	<b>395,102.00</b>	576,722.00
<b>SUB TOTAL 'A'</b>	<b>297,887,747.96</b>	337,858,628.83
<b>B. WORKING CAPITAL :</b>		
From Banks: Secured by hypothecation of Inventories and Book Debts and Second charge on all the fixed assets of the Company. These loans are also personally guaranteed by the promoter directors.	<b>402,928,966.84</b>	417,117,766.36
<b>SUB TOTAL 'B'</b>	<b>402,928,966.84</b>	417,117,766.36
<b>TOTAL (A + B)</b>	<b>700,816,714.80</b>	754,976,395.19
<b>SCHEDULE – 04</b>		
<b>SHORT TERM LOANS &amp; ADVANCES</b>		
a) From Banks	<b>146,886,853.00</b>	26,581,930.00
b) From Companies	<b>426,890,156.87</b>	338,744,773.68
c) From Director	<b>10,000,000.00</b>	5,000,000.00
<b>TOTAL</b>	<b>583,777,009.87</b>	<b>370,326,703.68</b>



**SCHEDULE – 05  
SCHEDULE OF FIXED ASSETS AS ON 31st MARCH 2010**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2009	Additions	Sales/Adj./ Amortization during the Year	Total As at 31.03.2010	As at 01.04.2009	For the Year	Depreciation withdrawn	Total As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
LAND	25,729,740.13	-	34,031.00	25,695,709.13	-	-	-	-	25,695,709.13	25,729,740.13
BUILDINGS	150,495,646.79	595,740.00	-	151,091,386.79	41,314,536.94	3,852,301.31	-	45,166,838.25	105,924,548.54	109,181,109.82
PLANT & MACHINERIES	447,001,281.36	9,526,197.00	-	456,527,478.36	217,216,661.76	19,056,872.35	-	236,273,534.11	220,253,944.25	229,784,619.60
ELECTRICAL INSTALLATIONS	60,967,655.70	-	-	60,967,655.70	33,405,783.01	2,946,945.12	-	36,352,728.13	24,614,927.57	27,561,872.69
WEIGHING MACHINES	1,550,845.33	-	-	1,550,845.33	453,308.15	70,063.17	-	523,371.32	1,027,474.01	1,097,537.18
FURNITURE & FIXTURES	14,483,200.16	344,640.00	-	14,827,840.16	6,209,995.65	876,538.02	-	7,086,533.67	7,741,306.49	8,273,204.51
OFFICE EQUIPMENTS	18,480,131.26	177,979.00	295,000.00	18,363,110.26	9,045,634.27	1,442,791.93	152,858.24	10,335,567.96	8,027,542.30	9,434,496.99
VEHICLES	25,279,817.25	2,928,498.00	-	28,208,315.25	7,940,076.10	2,405,445.77	-	10,345,521.87	17,862,793.38	17,339,741.15
<b>TOTAL</b>	<b>743,988,317.98</b>	<b>13,573,054.00</b>	<b>329,031.00</b>	<b>757,232,340.98</b>	<b>315,585,995.90</b>	<b>30,650,957.69</b>	<b>152,858.24</b>	<b>346,084,095.39</b>	<b>411,148,245.59</b>	<b>428,402,322.08</b>
PREVIOUS YEAR	711,395,196.98	39,430,731.00	6,837,610.00	743,988,317.98	274,548,975.60	44,584,659.02	3,547,638.71	315,585,995.95	428,402,322.08	

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	<b>As at 31.03.2010 Rs.</b>	<b>As at 31.03.2009 Rs..</b>
<b>SCHEDULE – 06</b>		
<b>INVESTMENTS</b>		
<b>LONG TERM:</b>		
<b>A. Unquoted-Non-Trade</b>		
In Government Securities (Deposited with Govt. Departments)	<b>20,000.00</b>	40,000.00
<b>B. Unquoted In Wholly owned Subsidiary:</b>		
(1) Benaka Sponge Iron Pvt. Ltd. - Equity of Rs.100/-Each 299900 nos - (299900)	<b>100,166,600.00</b>	100,166,600.00
(2) Bhuwalka Steel Industries (UAE) FZE Equity Shares in UAE Dirhams 30,80,500 (30,80,500)	<b>38,012,644.00</b>	38,012,644.00
<b>TOTAL</b>	<b>138,199,244.00</b>	138,219,244.00

**SCHEDULE – 07****INVENTORIES**

(As Certified by the Management)

Stores &amp; Spares including

Furnace Oil – At Lower of cost or net realisable value	<b>46,296,389.57</b>	39,723,766.89
Finished Goods – At Lower of Cost or net realisable value	<b>190,112,511.55</b>	262,224,920.29
Raw Materials – At Lower of cost or net realisable value	<b>401,785,681.50</b>	166,271,137.00
Misroll – At net realisable value	<b>10,700,937.60</b>	2,911,733.69
Scrap – At net realisable value	<b>4,283,701.54</b>	5,671,974.82
Work-in-progress – At Lower of cost or net realisable value	<b>14,685,977.00</b>	3,579,655.00
Goods In transit – At Lower of cost or net realisable value	<b>467,870.00</b>	848,413.00
	<b>668,333,068.76</b>	481,231,600.69
Stock of Jewellery - At Lower of cost or net realisable value	<b>108,983,265.78</b>	112,805,990.67
<b>TOTAL</b>	<b>777,316,334.54</b>	594,037,591.36

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	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SCHEDULE – 08</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured)		
Over Six Months – Considered good	<b>59,699,943.00</b>	28,672,735.30
– Considered Doubtful	<b>2,144,479.00</b>	2,144,479.00
Others – Considered good	<b>588,941,928.04</b>	360,373,558.59
	<b>650,786,350.04</b>	391,190,772.89
Less: Provision for doubtful Debts: As per last account	<b>2,144,479.00</b>	2,144,479.00
<b>TOTAL</b>	<b>648,641,871.04</b>	389,046,293.89
<b>SCHEDULE – 09</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash in Hand including Silver Coins.	<b>7,184,705.08</b>	4,664,857.07
<b>Bank Balances With Scheduled Banks:</b>		
Current Accounts	<b>765,344.11</b>	5,458,221.22
Fixed Deposits	<b>65,778.00</b>	65,778.00
Margin Money Deposits	<b>45,638,683.00</b>	45,866,736.00
Dividend Accounts	<b>1,081,741.50</b>	1,115,807.50
<b>TOTAL</b>	<b>54,736,251.69</b>	57,171,399.79
<b>SCHEDULE – 10</b>		
<b>LOANS &amp; ADVANCES:</b>		
(Unsecured)		
Advances recoverable in Cash or in Kind or for value to be received or adjusted		
- Considered Good	<b>113,610,066.34</b>	124,034,447.98
- Considered Doubtful	<b>245,620.53</b>	245,620.53
Deposits – Considered Good	<b>13,736,979.49</b>	27,115,674.00
- Considered Doubtful	<b>289,533.20</b>	289,533.20
Prepaid Expenses & Taxes	<b>13,897,169.00</b>	7,331,997.04
	<b>141,779,368.56</b>	159,017,272.75
Less: Provision for Doubtful Advances As per last Account	<b>535,153.73</b>	535,153.73
<b>TOTAL</b>	<b>141,244,214.83</b>	158,482,119.02

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	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SCHEDULE – 11</b>		
<b>A. CURRENT LIABILITIES &amp; PROVISIONS</b>		
Sundry Creditors - For Purchases	<b>699,056,441.25</b>	522,391,804.49
- For Others	<b>156,174,663.90</b>	90,018,257.56
Outstanding Liabilities	<b>14,935,624.00</b>	17,336,815.14
Statutory Liabilities	<b>1,903,941.00</b>	5,990,779.57
Advance from Customers	<b>101,940,234.81</b>	59,805,733.61
Interest accrued but not due	<b>306,897.00</b>	5,386,228.00
Unclaimed Dividend	<b>1,081,741.50</b>	1,113,930.50
<b>Sub - Total 'A'</b>	<b>975,399,543.46</b>	702,043,548.87
<b>B. PROVISIONS</b>		
Provision for Gratuity and Leave Salary	<b>3,487,699.00</b>	3,498,465.00
Provision for FBT	<b>750,000.00</b>	750,000.00
Provision for Income Tax	<b>613,020.00</b>	-
<b>Sub - Total 'B'</b>	<b>4,850,719.00</b>	4,248,465.00
<b>TOTAL (A + B)</b>	<b>980,250,262.46</b>	706,292,013.87
<b>SCHEDULE – 12</b>		
<b>SALES &amp; OTHER OPERATIONAL INCOME</b>		
Finished Goods	<b>4,470,787,914.95</b>	5,071,280,007.81
Misroll	<b>31,543,458.00</b>	60,312,404.00
M.S. Scrap	<b>71,018,301.00</b>	135,934,818.00
Jewellery	<b>122,669,042.00</b>	54,542,125.00
Other Sales/Receipts	<b>60,305,788.00</b>	63,025,158.00
Self Consumption	<b>19,950,369.00</b>	32,347,835.00
	<b>4,776,274,872.95</b>	5,417,442,347.81
Less: Central Excise Duty	<b>295,451,144.78</b>	500,658,730.38
<b>TOTAL</b>	<b>4,480,823,728.17</b>	4,916,783,617.43

	For the Year Ended 31.03.2010 Rs.	For the Year Ended 31.03.2009 Rs.
<b>SCHEDULE – 13</b>		
<b>OTHER INCOME</b>		
Sundry Balances Written-back	1,285,258.26	303,653.03
Interest Earned	4,658,907.40	22,364,750.65
Miscellaneous Receipts	2,021,971.00	1,039,469.00
Profit on Sale of Fixed Assets	2,886,341.00	126,300.00
Excess Provision no longer required written back	89,327.00	40,943.00
Sales Tax and Entry Tax Refund	905,197.00	195,243.00
Foreign Exchange Fluctuations	205,955.00	4,103,384.00
<b>TOTAL</b>	<b>12,052,956.66</b>	<b>28,173,742.68</b>
<b>SCHEDULE – 14</b>		
<b>VARIATION IN STOCK</b>		
<b>CLOSING STOCK</b>		
Finished Goods	299,095,777.33	375,030,910.96
Misroll	10,700,937.60	2,911,733.69
M.S. Scrap	4,283,701.54	5,671,974.82
Work - in - progress	14,685,977.00	3,579,655.00
<b>Sub-Total (A)</b>	<b>328,766,393.47</b>	<b>387,194,274.47</b>
<b>OPENING STOCK:</b>		
Finished Goods	375,030,910.96	380,358,965.39
Misroll	2,911,733.59	7,939,144.70
M.S. Scrap	5,671,974.82	22,667,608.17
Work - in - progress	3,579,655.00	10,404,710.00
<b>Sub-Total (B)</b>	<b>387,194,274.37</b>	<b>421,370,428.26</b>
Increase/(Decrease) in Stocks (A - B)	<b>(58,427,880.90)</b>	<b>(34,176,153.79)</b>
<b>SCHEDULE – 15</b>		
<b>MANUFACTURING EXPENSES</b>		
Raw Materials Consumed	3,390,324,113.74	4,124,754,489.88
Stores & Spares Consumed	39,691,163.04	43,238,105.47
Conversion / Job Work Charges Paid	183,591.00	134,650.00
Packing Expenses	1,140.00	-
Power & Fuel	214,491,407.01	222,571,906.50
Contract Labour Charges	33,990,613.00	31,651,346.00
Repairs & Maintenance:		
- Buildings	786,371.00	69,268.00
- Machinery	1,174,476.20	2,284,635.00
- Others	7,427,232.27	8,008,290.25
<b>TOTAL</b>	<b>3,688,070,107.26</b>	<b>4,432,712,691.10</b>

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	For the Year Ended 31.03.2010 Rs.	For the Year Ended 31.03.2009 Rs.
<b>SCHEDULE – 16</b>		
<b>ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
Salaries, Wages, Bonus etc.,	45,981,366.00	45,230,287.00
Contribution to P.F. & Other Funds	2,954,364.00	3,141,786.00
Employees' Welfare	2,152,710.00	1,988,265.50
Rates & Taxes	3,547,402.00	3,980,128.00
Rent including Lease Rent	3,565,706.00	2,462,369.00
Insurance Premium	887,942.04	773,611.16
Directors' Remuneration including sitting fees	595,000.00	605,000.00
Selling Expenses	5,269,251.59	16,260,494.64
Commission & Brokerage	5,266,101.00	6,122,949.00
Printing & Stationery	876,906.63	974,060.06
Carriage Outwards	3,747,960.40	14,924,149.00
Travelling & Conveyance	2,928,624.02	3,661,119.53
Postage,Telegram,Telephone and Telex	1,998,999.94	2,590,437.30
Legal & Professional Charges	3,803,849.00	3,412,494.00
Loss on Sale of Fixed Assets	129,641.76	101,953.29
Miscellaneous Expenses	9,395,003.67	7,385,942.44
Auditor's Remuneration : Audit Fees	203,401.00	200,000.00
Sundry Balances Written- off	533,978.03	838,772.53
Bank Charges	7,059,631.34	10,815,816.72
Purchase of License	2,377,559.00	-
<b>TOTAL</b>	<b>103,275,397.42</b>	<b>125,469,635.17</b>

**SCHEDULE – 17**

**INTEREST**

On Fixed Loans	79,741,651.11	33,177,325.24
On Other Loans	52,193,411.24	123,760,543.33
<b>TOTAL</b>	<b>131,935,062.35</b>	<b>156,937,868.57</b>

**SCHEDULE “18” ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE  
YEAR ENDED 31ST MARCH, 2010**
**01. Contingent Liabilities not provided for**

Particulars	FY 2009-10	FY 2008-09
I) Letter of Credits/ Bank Guarantees	1975.68	1893.01
II) Corporate Guarantees given to Banks and Financial Institutions on behalf of Group Companies (Liabilities as on 31.03.2010):	1505.83	877.98
III) Other statutory liabilities disputed by the company :	1266.11	1270.97
IV) Claims against the Company not Acknowledged as debt :	34.61	34.61

**02. Managerial Remuneration paid or payable to Whole time directors including Managing Director during the Year:-**

Particulars	31.03.2010	31.03.2009
Salary & Allowances	4,80,000.00	4,80,000.00
Contribution to Provident Fund and Other Funds	9,360.00	9,360.00
Value of Perquisites & benefits ( as per Income-Tax Rules)	<u>4,43,338.00</u>	<u>2,00,250.00</u>
TOTAL	9,32,698.00	6,89,610.00

**03. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES:**
**i) Principal Accounting Policies:**

The Financial statements have been prepared in accordance with applicable Accounting Standards in India. A summary of important accounting policies, which have been consistently followed, are set out below. The Financial Statements have also been prepared in accordance with relevant presentational requirement of the Companies Act, 1956.

**ii) General:**

- a) The accompanying financial statements have been prepared on the Historical Cost convention in accordance with the provisions of Companies Act, 1956 and generally accepted accounting principles prevailing in India.
- b) The Accounts have been prepared on accrual basis and in accordance with the going concern concept.

**iii) Valuation of Inventories:**

Raw materials, finished Goods, work-in-progress and stores & spares are valued at lower of cost or net realisable value except Misrolls and M.S. Scrap which are valued at net realisable value, in accordance with Accounting Standard 2 – valuation of inventories. The cost formula used for this purpose is First in First out (FIFO) method and includes direct cost incurred in bringing the items of inventory to their present location and condition.

**iv) Cash Flow Statement:**

The cash flow statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements.

**v) Depreciation :**

Depreciation has been provided on straight line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 on all the assets of the company. Depreciation on the additions made during the year has been provided proportionately for the period of use.

vi) **Revenue Recognition:**

The company recognises sale of goods as they are dispatched to customers and any significant uncertainty as to its ultimate realisation or collection does not exist. Sales comprise amounts invoiced for goods sold inclusive of excise duty but net of sales tax, returns and trade discount.

vii) **Fixed Assets**

Fixed Assets are stated at their historical cost of acquisition or construction less accumulated depreciation. Cost includes all cost incurred to bring the asset to their present location and condition.

During the year Company has incurred Rs.559.42 lacs (Previous year 1752.24 lacs) on the expansion of the plant at WADA unit and the same as been shown as Capital Work in progress. Total Capital work in progress as on 31-03-2010 is Rs.3951.60 lacs (Previous year 3389.17 lacs).

viii) **Foreign Currency Transactions:**

Foreign currency transactions are accounted for at the exchange rates prevailing at the transaction date. Monetary assets and liabilities outstanding at the year end denominated in Foreign Currency is translated at the year-end closing rates. Gains and/losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are recognised in the profit and loss account. Exchange differences attributable to the acquisition of the fixed assets, if any, are adjusted to the cost of the respective assets.

ix) **Investments:**

Investments are classified into current and long-term investments. Current investments are stated at the lower of cost and fair value. Long-term investments are stated at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of long term investments.

x) **Employee benefits:**

In accordance with Accounting Standard 15 (Revised) – “Employee Benefits”, the Company has :-

- 1) Accounted short term employee's benefits on accrual basis:
- 2) Accounted contribution to Employees' benefits contribution plan like Provident Fund and Pension Schemes in line with respective statutes and regulations in force on accrual basis and charged to Profit and Loss Account of the year.
- 3) Accounted for gratuity and leave encashment on cash basis. The gratuity amounting to Rs.9.77 lacs not provided during the year

xi) **Borrowing cost:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets in accordance with Accounting Standard 16 on Borrowing Costs. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

During the year interest amounting to Rs.206.99 lacs (Previous year Rs.165.82 lacs) has been Capitalised and shown under Capital work in progress

xii) **Segment Information:**

In terms of Accounting Standard 17, the Company has only one reportable segment viz. Steel. In case of geographical segment, although the company's assets are multi-located, the same are not exposed to risks and returns which are materially different from one another. Further, all of them operate in the same economic environment and subject to similar profitability margins. Hence geographical segment reporting is not applicable.

xiii) **Related Party Disclosure:**

Related party disclosures have been made in accordance with the accounting Standards on related party Disclosure (AS 18) issued by The Institute of Chartered Accountants of India

A) Following are the name of related parties with whom the transactions were carried out by the company:

<b>Name of the Related Parties</b>	<b>Relationship</b>
Benaka Sponge Iron Pvt Ltd.	Subsidiary Company
Bhuwalka Steel Industries (UAE) FZE	Subsidiary Company
Balchand Suresh Kumar	Parties where Control Exists
Bhuwalka Ispat Ltd.	Parties where Control Exists
Bhuwalka Metal Industries Pvt. Ltd.	Parties where Control Exists
Bhuwalka Trade Links Private Limited	Parties where Control Exists
Nava Karnataka Steels Private Ltd.	Parties where Control Exists
Sri Suresh Kumar Bhuwalka	Key Management Personnel- Managing Director

B) Transactions carried out with related parties referred above in ordinary course of business

(Rs. Lakhs)

<b>Nature of Transactions</b>	<b>Subsidiary</b>	<b>Key Management Personnel</b>	<b>Other Related Parties</b>
Purchases	0.49 (46.44)	–	674.10 (1452.94)
Sales	206.27 795.84	–	902.93 (931.58)
Expenses	– (–)	9.33 (4.80)	– (–)
Income	(NIL)	–	– (–)
Outstanding – Debit	108.05 (16.83)	–	505.69 (762.44)
– Credit	(Nil) (Nil)	–	57.05 (10.38)

xiv) **Accounting Standard 19 - Leases:**

Accounting Standard 19 is applicable only in the case of lease transactions entered into on or after 1<sup>st</sup> April; 2001. The Company has taken office & residential properties for its employees under cancelable operating lease agreement after 1<sup>st</sup> April, 2001. The company intends to renew the agreements in the normal course of its business. These properties cannot be subleased to any other person.

Total lease rentals recognized in the Profit & Loss Account for the year with respect to the above is Rs. 35,65,706/- (Rs. 24,62,369 /-).

xv) **Accounting standard 20- Earning Per Share:**

Basic earnings per share has been calculated by dividing profit for the year attributable to equity share holders by the weighted average number of equity shares outstanding during the year. The company has issued Warrants with an option attached to apply and get allotment of equity share at a price which is not less than fair value. Hence, option attached to such warrant is not considered dilutive as per the said Accounting Standard. Therefore, the basic earnings per share and diluted earnings per share are the same :

Earnings per share has been computed as under

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<b>Particulars</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
Profit after Taxation after considering extra ordinary items	20,864,073	(80,561,571)
Profit after Taxation before considering extra ordinary items	20,864,073	(82,086,323)
Profit attributable to Equity Shareholders after considering extra ordinary items	20,864,073	(80,561,571)
Profit attributable to Equity Shareholders before considering extra ordinary items	20,864,073	(80,561,571)
Weighted average number of shares	5,187,249	5,187,249
Earnings per share (Rs.per equity share of Rs.10/- each) basic and diluted ( including extra ordinary items)	4.02	(15.53)
Earnings per share (Rs.per equity share of Rs.10/- each) basic and diluted ( before extra ordinary items)	4.02	(15.82)

xvi) **TAXATION:**

No provision for current tax is made as there are carried forward losses from previous year in accordance with the Income Tax Act, 1961.

The deferred tax liability is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one accounting period and are capable of reversal in one or more subsequent periods. The deferred tax is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date.

Deferred tax assets are recognised on unabsorbed depreciation and carry forward of losses only if there is virtual certainty that such deferred tax asset can be realised against future taxable profits.

The Company has provided incremental deferred tax liability amounting to Rs.94.61 lacs (previous year deferred tax asset Rs. 390.28 lacs.) on account of timing difference.

Components of deferred tax asset/ liability as on 31st March, 2010 are as follows :-

<b>Particulars</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
<b>Deferred Tax liability</b> (Tax on Difference in Depreciation as per Companies Act & as per Income Tax Act)	74,918,368	76,213,897
<b>Deferred Tax Asset</b> Tax on Provision on account of doubtful debts/Gratuity/ Leave Salary	(26,874,224)	(37,630,951)
Net Deferred Tax Liability	<b>48,044,144</b>	(38,582,946)
Less: Deferred Tax Liability as on 31.03.2009	38,582,946	(77,611,236)
<b>Net deferred tax liability provided /(withdrawn) for the year</b>	<b>9,461,198</b>	(39,028,290)

xvii) **Accounting Standard 26- Intangible Assets:**

“Accounting Standard 26 – Intangible assets” requires an enterprise to recognize an intangible asset if future economic benefits are expected to arise from it. It also requires that such an asset should be stated after providing depreciation / amortization over the useful life of the asset. Presently, the reporting enterprise does not own any intangible assets.

xviii) **Accounting Standard 28- Impairment of Assets:**

The Company has identified that there is no material impairment of assets and as such no provision is required as per AS-28 issued by the ICAI.



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STEEL INDUSTRIES LIMITED**

- xix) **Accounting standard 29- Contingent Liabilities & Contingent assets**  
In the opinion of the management no provision is required against contingent liabilities referred in Para 2 of Schedule '18'.

04. Sundry debtors includes Rs.50,569,160.64 (Rs.76,094,944.22) and loans and advances includes Rs.1,50,045.50 (Previous year Rs. 1,50,045.50) due from the companies under the same management within the meaning of sub-section (1-B) of section 370 of the Companies Act. The particulars of the same are furnished hereunder :

<b>Sundry Debtors</b>	<b>Current Year</b>	<b>Previous Year</b>
Nava Karnataka Steels Pvt. Ltd.	50,569,160.64	76,094,944.22
<b>Loans &amp; advances</b>		
Bhuwarka Ispat Ltd.,	1,19,407.50	1,19,407.50
Bhuwarka Metal (P) ltd.,	30,638.00	30,638.00

05. Profit & Loss on sale of raw-material and excess/shortage on physical verification, if any, remain adjusted in the respective consumption accounts.
06. Sundry Creditors under Current Liabilities in Schedule '11' include Rs. NIL (Rs.16,000/-) due to Small Scale undertakings. This amount has been determined to the extent such parties have been identified from available information.
07. **Other Disclosures:**
- a) Unsecured loans include Rs.145,041,843.00/- (Rs. 70,431,480/- in Previous Year) payable against acceptances under letter of credits. Company has opened letter of credits against these bills and the same have been discounted by Banks/ Financial Institutions.
- b) During March, 2008, Company has allotted 2,000,000 nos. Warrants attached with an option to acquire 1 equity share at the option of the Warrant-holder at a price of Rs. 100.20 per equity share by way of preferential issue as per SEBI Guidelines. The warrant-holders have paid 10% of the total issue price before the allotment in terms of SEBI Guidelines which is liable to be forfeited if option to apply for equity shares is not exercised on or before due date. The option attached with Warrant may be exercised within a period of 18 months from the date of allotment, i.e., 11<sup>th</sup> March, 2008. Since Warrant holders have not exercised the option, the Warrants have been forfeited during the Year.
08. Additional information pursuant to paragraph 3 and 4 of the Part II of Schedule VI of the Companies Act, 1956.

**A. Production, opening Stock and Closing Stock of Finished Goods**

Particulars	Unit	Licenced Capacity	Installed Capacity	Actual Production	Opening Stock		Closing Stock	
					Quantity	Amount	Quantity	Amount
Mild Steel Rolled Products	MT	63,600* (63,600)	208.000* (208,000)	152216** (145489)	8173 (7485)	262,224,920 (308,111,293)	5068 (8173)	190,112,512 (262,224,920)

**Note:** - \* Installed capacity is as certified by the management.

\*\* Actual production Includes on conversion for others 15252 MT (Previous Year 15,753 MT)

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**B. Raw Material Consumed**

Particulars	31.03.2010		31.03.2009	
	MT	Rs.	MT	Rs.
a) Mild steel billets/ingots/ blooms/Slabs/Misroll etc	1,62,997	3,390,324,114	1,57,899	4,130,795,534

**Notes:-** It includes conversion for others 16055 MT (Previous year 16581 MT)

**C. Trade Purchase**

Particulars	31.03.2010		31.03.2009	
	MT	Rs.	MT	Rs.
Mild Steel Rolled Products	11960	3,470,98,363	5,398	166,103,631
Other Items		83,536,358		82,531,816
M.S. Scrap	NIL	NIL	NIL	NIL

**D. Sale of Finished Goods and Others**

Particulars	31.03.2010		31.03.2009	
	MT	Rs.	MT	Rs.
Mild Steel Rolled Products	1,67,281	4,431,837,043	1,34,447	5,042,028,262
Other Items		161,619,914		83,793,871
Mild Steel- Misroll	1778	31,543,458	2,379	60,312,404
Mild Steel- Scrap	3818	71,018,301	5,352	135,934,818

**E. Consumption**

Particulars	31.03.2010		31.03.2009	
	%	Amount	%	Amount
i) Raw Materials				
a) Imported	12.78	433,275,806	2.84	117,296,426
b) Indigenous	87.22	2,957,048,308	97.16	4,013,499,108
c) Total	100	3,390,324,114	100	4,130,795,534
ii) Stores & Spares				
a) Imported	Nil	Nil	Nil	Nil
b) Indigenous	100	39,691,163	100	43,238,105
c) Total	100	39,691,163	100	43,238,105

**F. Earning in Foreign Currency**

Particulars	31.03.2010	31.03.2009
Export F.O.B. value of Exports	<b>121,068,837</b>	107,410,913

<b>G. Expenditure in Foreign Currency</b>		
<b>Particulars</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
a) Travelling expense	NIL	1,83,606
b) CIFvalue of Imports	296,978,257	253,593,975

09. The previous year's figures are regrouped/re-arranged wherever found necessary.

**NOTE: PREVIOUS YEAR'S FIGURES ARE SHOWN IN THE BRACKETS**

For and on behalf of the Board		As per Report of even date
<b>(Suresh Kumar Bhuwarka)</b> <i>Chairman and Managing Director</i>	<b>(Ajay Kumar Bhuwarka)</b> <i>Director</i>	<b>for Avinash Bhandari</b> <i>Chartered Accountants</i>
Place : Bangalore Date : 31st May, 2010	<b>(S. Ramakumar)</b> <i>Company Secretary</i>	<b>(CA Avinash Bhandari)</b> <i>Proprietor</i> Membership No.-120644

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. REGISTRATION DETAILS**

CIN No.  State Code

Balance Sheet Date      31      03      2010  
    Date      Month      Year

**II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousand)**

Public Issue        Rights Issue

Bonus Issue        Private Placement

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousand)**

Total Liabilities        Total Assets

**SOURCES OF FUNDS**

Paid-up Capital        Reserves & Surplus

Secured Loans        Unsecured Loans

**APPLICATION OF FUNDS**

Net Fixed Assets        Investments

Net Current Assets        Misc. Expenditure

Accumulated Losses

**IV. PERFORMANCE OF COMPANY (Amount in Rs.Thousand)**

Turnover        Total Expenditure

Profit before tax        Profit after tax

Earning Per Share in(Rs.)       Dividend rate %

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY**

(As per monetary terms)

Item Code No.

(ITC Code)

Product Description

7214

Bars

7216

Angles Shapes and Sections

**(Suresh Kumar Bhuwalka)**  
*Chairman and Managing Director*

**(Ajay Kumar Bhuwalka)**  
*Director*

**for Avinash Bhandari**  
*Chartered Accountants*

Place : Bangalore  
 Date : 31st May, 2010

**(S. Ramakumar)**  
*Company Secretary*

**(CA Avinash Bhandari)**  
*Proprietor*  
 Membership No.-120644

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

	2009-10 Rs.	2008-09 Rs.
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
A. Net Profit before tax and extraordinary items	<b>30,938,291</b>	(119,272,223)
Adjustments for:		
Deferred Revenue Expenses written off/adjusted	-	-
Depreciation	<b>30,650,958</b>	44,584,659
(Profit)/loss from sale of Fixed Assets	<b>(2,756,699)</b>	(24,347)
Profit on sale of Investment		
Interest Charged to Profit & Loss A/c	<b>127,276,155</b>	134,573,118
Provision for Doubtful Debts/Advances Written back		
operating Cash Profit before working capital changes	<b>186,108,704</b>	59,861,207
Adjustments for:		
Trade and Other Receivables	<b>(264,627,607)</b>	(211,883,923)
Inventories	<b>(183,278,743)</b>	113,737,124
Trade Payables and other Liabilities	<b>287,118,714</b>	277,501,904
<b>CASH FLOW FROM OPERATIONS</b>	<b>25,321,068</b>	239,216,312
Direct Taxes Paid	<b>613,020</b>	1,842,390
<b>Net Cash from Operating Activities</b>	<b>24,708,048</b>	237,373,922
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
B. Increase in Fixed Assets(Net)	<b>(66,882,620)</b>	(211,751,950)
(Increase)/Decrease in Investments	<b>20,000</b>	-
<b>Net cash used in Investing Activities</b>	<b>(66,862,620)</b>	(211,751,950)
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
C. Increase/(Decrease) in Borrowings	<b>172,074,908</b>	128,627,353
Interest Paid	<b>(132,355,486)</b>	(139,300,847)
Issue of Warrants	-	-
Redemption Of Preference Shares	-	-
<b>Net cash from Financing Activities</b>	<b>39,719,422</b>	(10,673,494)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(2,435,149)</b>	14,948,478
<b>Opening Balance of Cash &amp; Cash Equivalents</b>	<b>57,171,400</b>	42,222,921
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>54,736,251</b>	<b>57,171,400</b>

**Note:** Balance of cash and cash equivalents include Rs. 10,81,741.50/- (Rs. 1115807 /-) held as balance in bank account of Unpaid Dividend which are not available for operational activities of the Company.

**(Suresh Kumar Bhuwalka)**  
*Chairman and Managing Director*

**(Ajay Kumar Bhuwalka)**  
*Director*

**for Avinash Bhandari**  
*Chartered Accountants*

Place : Bangalore  
Date : 31st May, 2010

**(S. Ramakumar)**  
*Company Secretary*

**(CA Avinash Bhandari)**  
*Proprietor*  
Membership No.-120644

**AUDITORS' CERTIFICATE**

We have examined the attached Cash Flow Statement of Bhuwalka Steel Industries Limited for the year ended 31st March, 2010. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of listing agreement with the corresponding Profit & Loss account and Balance Sheet of the Company covered by our report.

**For Avinash Bhandari**  
*Chartered Accountants*

Place : Bangalore  
Date : 31st May, 2010

**(CA Avinash Bhandari)**  
*Proprietor*  
Membership No.-120644

**FORM "A"**  
**ANNEXED TO DIRECTOR'S REPORT**  
**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO**  
**CONSERVATION OF ENERGY**

**A. POWER AND FUEL CONSUMPTION:**

	<b>ROLLED PRODUCTS</b>	
	<b>Current Year 2010</b>	<b>Previous Period 2009</b>
<b>1. ELECTRICITY:</b>		
<b>a) PURCHASED</b>		
Units	<b>1,49,31,469</b>	<b>1,42,27,457</b>
Total Amount (Rs.)	<b>8,00,08,126</b>	<b>7,07,05,273</b>
Rate / Unit (Rs.)	<b>5.36</b>	<b>4.97</b>
<b>b) OWN GENERATION:</b>		
Units through Diesel Generator	<b>NIL</b>	<b>NIL</b>
Units per liter of Diesel Oil	<b>NIL</b>	<b>NIL</b>
Cost / Unit (Rs.)	<b>NIL</b>	<b>NIL</b>
<b>2 FURNACE OIL:</b>		
Quantity (Ltrs)	<b>30,61,353</b>	<b>56,19,373</b>
Total Amount (Rs.)	<b>6,48,90,813</b>	<b>12,38,63,213</b>
Average Rate (Rs.)	<b>21.20</b>	<b>22.04</b>
<b>3 COAL &amp; OTHERS:</b>		
Quantity (Tonnage)	<b>13,290</b>	<b>4606</b>
Total Amount (Rs.)	<b>5,88,29,020</b>	<b>1,84,93,934</b>
Rate / Unit (Rs.)	<b>4,427</b>	<b>4015</b>
<b>B CONSUMPTION PER UNIT OF PRODUCTION:</b>		
<b>Products (with details)</b>		
Production (MTs)	<b>1,52,216</b>	<b>1,45,490</b>
Electricity (Units)	<b>98.09</b>	<b>97.78</b>
Furnace Oil (Ltrs.)	<b>20.11</b>	<b>38.62</b>
Coal & Others (Kgs)	<b>87.31</b>	<b>31.66</b>



## **AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

To the Board of Directors  
Bhuwalka Steel Industries Limited

We have audited the attached consolidated balance sheet of M/S. BHUWALKA STEEL INDUSTRIES LIMITED and its subsidiary companies Bhuwalka Steel Industries (UAE)FZE and Benaka Sponge Iron Pvt. Ltd. as at 31<sup>st</sup> March 2010, and also the profit and loss account for the year then ended. These financial statements are the responsibility of the company's management and have been prepared pursuant clause 32 of the Listing Agreement with the Stock Exchanges in accordance with the group's accounting policies as described in note to the accompanying financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We did not audit the financial statements of the Company's subsidiaries as follows:

	Total Assets As at 31.03.2010	Total Revenue for the year ended 31.03.2010
Bhuwalka Steel Industries (UAE)FZE	AED 19,248,983	AED 6,670,215
Benaka Sponge Iron Pvt Ltd	Rs. 486,620,452	Rs. 557,005,278

These financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, so far as it relates to the company is based on the reports of other auditors.

We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared in all material respects, in accordance with identified financial reporting framework and are free of material misstatements. An audit includes assessing the accounting principles used and significant estimates made by management, as evaluating the overall financial statement. We believe that our audit and report of the other auditors provide a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the individual financial statements of the Company and its subsidiaries included in the aforesaid consolidation.

On the basis of information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of the company and its aforesaid subsidiary, we are of the opinion that;

- The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the company and its subsidiaries as at 31<sup>st</sup> March 2010; and
- The consolidated profit and loss account gives a true and fair view of the consolidated results of the company and its subsidiaries for the year then ended.
- In the case of consolidated cash flow statement, of the cash flows of the company and its subsidiaries for the year ended on that date.

**For Avinash Bhandari**  
*Chartered Accountants*

**(CA Avinash Bhandari)**  
*Proprietor*  
Membership No.-120644

Place : Bangalore  
Date : 11th August, 2010

**BHUWALKA STEEL INDUSTRIES LIMITED  
CONSOLIDATED BALANCE SHEET AS AT 31 ST MARCH, 2010**

PARTICULARS	Schedule NO.	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
<b>I. SOURCES OF FUNDS :</b>			
<b>1. SHARE HOLDERS' FUNDS :</b>			
a. Share Capital	1	63,880,528	63,880,528
b. Reserves & Surplus	2	254,288,828	172,345,664
c. Warrants		-	20,040,000
d. Forfeited Warrants		20,040,000	-
<b>SUB - TOTAL</b>		<u>338,209,355</u>	<u>256,266,192</u>
<b>2. LOAN FUNDS :</b>			
a) Secured Loans	3	1,054,674,298	969,645,295
b) Unsecured Loans	4	649,390,546	387,157,700
<b>SUB - TOTAL</b>		<u>1,704,064,843</u>	<u>1,356,802,995</u>
<b>3. DEFERRED TAX LIABILITY</b>		64,792,864	57,256,585
<b>4. MINORITY INTEREST</b>		41,867	25,729
<b>TOTAL</b>		<u>2,107,108,930</u>	<u>1,670,351,501</u>
<b>II. APPLICATION OF FUNDS :</b>			
<b>1. FIXED ASSETS:</b>			
Gross Block	5	1,062,937,952	1,042,483,174
Less: Depreciation		430,579,348	385,910,353
		<u>632,358,603</u>	<u>656,572,820</u>
Capital work in Progress		585,613,976	353,608,491
		<u>1,217,972,579</u>	<u>1,010,181,311</u>
<b>2. Goodwill (On Consolidation)</b>		12,852,613	12,852,613
<b>3. INVESTMENTS</b>	6	37,343	57,343
<b>4. CURRENT ASSETS, LOANS AND ADVANCES:</b>			
a. Inventories	7	953,116,594	729,516,084
b. Sundry Debtors	8	691,267,657	493,146,581
c. Cash and Bank Balances	9	65,673,502	74,412,925
d. Loans & Advances	10	211,136,974	190,743,935
<b>SUB - TOTAL</b>		<u>1,921,194,727</u>	<u>1,487,819,524</u>
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>	11	<u>1,053,082,142</u>	840,703,291
<b>NET CURRENT ASSETS</b>		<u>868,112,585</u>	647,116,234
<b>5. MISCELLANEOUS EXPENDITURE</b>	12	115,200	144,000
Foreign Currency Translation Reserve		8,018,609	-
<b>TOTAL</b>		<u>2,107,108,930</u>	<u>1,670,351,501</u>
<b>NOTES ON ACCOUNTS</b>	19		

SCHEDULES 1 TO 19 FORM THE INTEGRAL PARTS OF THE ACCOUNTS.

For and on behalf of the Board

As per Report of even date

**(Suresh Kumar Bhuwalka)**  
*Chairman and Managing Director*

**(Ajay Kumar Bhuwalka)**  
*Director*

**for Avinash Bhandari**  
*Chartered Accountants*

Place : Bangalore  
Date : 11th August, 2010

**(S.Ramakumar)**  
*Company Secretary*

**(CA Avinash Bhandari)**  
*Proprietor*  
Membership No.-120644

**BHUWALKA STEEL INDUSTRIES LIMITED  
CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

PARTICULARS	Schedule No.	For the Year ended 31.03.2010	For the Year ended 31.03.2009
<b>INCOME:</b>			
Sales & Other operational Income	13	5,087,308,291	5,525,265,638
Other Income	14	50,156,463	28,321,873
Variation in Stocks	15	(14,116,901)	(25,810,400)
<b>TOTAL</b>		<b>5,123,347,852</b>	<b>5,527,777,112</b>
<b>EXPENDITURE :</b>			
Manufacturing Expenses	16	4,234,434,626	4,962,883,203
Administrative & Selling Expenses	17	138,066,916	164,843,652
Interest	18	161,142,539	187,494,750
Depreciation	5	45,767,704	58,576,571
Deferred Revenue Expenses Written-off		28,800	28,800
Trading Purchases		430,634,721	245,579,281
Central Excise Duty on Closing Stock		18,944,268	21,713,129
<b>TOTAL</b>		<b>5,029,019,574</b>	<b>5,641,119,384</b>
Profit for the year before Tax		94,328,278	(113,342,273)
Income Tax for the year		(4,832,752)	(444,257)
Deferred Taxation for the year		(7,536,279)	37,434,095
Fringe Benefit Tax		-	(859,989)
Income tax for earlier years		-	(1,102,655)
Excess Provn of Gratuity & Leave withdrawn		-	1,524,752
Profit for the year after Tax		81,959,247	(76,790,327)
Share Pertaining to Minority Shareholder		16,138	608
Balance brought forward		47,602,920	124,393,800
Profit available for appropriation		<b>129,546,029</b>	<b>47,602,865</b>
<b>APPROPRIATION :</b>			
Proposed Dividend on Equity shares		-	-
Tax on Dividend		-	-
Transfer to General Reserve		-	-
Transfer to Capital Redemption Reserve		-	-
Balance Carried to Balance Sheet		129,546,029	47,602,865
<b>TOTAL</b>		<b>129,546,029</b>	<b>47,602,865</b>
Earning per Share-Basic and Diluted		<b>15.80</b>	(14.80)

**NOTES ON ACCOUNTS** 19

SCHEDULES 1 TO 19 FORM THE INTEGRAL PARTS OF THE ACCOUNTS.

For and on behalf of the Board

As per Report of even date

**(Suresh Kumar Bhuwalka)**  
*Chairman and Managing Director*

**(Ajay Kumar Bhuwalka)**  
*Director*

**for Avinash Bhandari**  
*Chartered Accountants*

Place : Bangalore  
Date : 11th August, 2010

**(S.Ramakumar)**  
*Company Secretary*

**(CA Avinash Bhandari)**  
*Proprietor*  
Membership No.-120644

## Annual Report 2009- 2010

SCHEDULES ANNEXED TO & FORMING PART OF CONSOLIDATED ACCOUNTS AS AT 31st MARCH, 2010

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SCHEDULE – 01</b>		
SHARE CAPITAL :		
<b>AUTHORISED :</b>		
15,000,000 Equity Shares of Rs. 10/- each	150,000,000	150,000,000
500,000 Preference Shares of Rs. 100/- each	50,000,000	50,000,000
5,000,000 (10,000,000)Unclassified Shares of Rs.10/-each	50,000,000	50,000,000
<b>TOTAL</b>	<b>250,000,000</b>	<b>250,000,000</b>
<b>ISSUED,SUBSCRIBED AND PAID-UP:</b>		
51,87,249 (51,87,249) Equity Shares of Rs.10/- each fully paid-up includes	51,872,490	51,872,490
i) 3,20,000 Equity Shares of Rs. 10/- each fully paid up, issued as Bonus Shares on Capitalisation of General Reserve.		
ii) 21,75,000 Equity Shares of Rs.10/- each allotted otherwise than on payment of cash to the Shareholders of erstwhile M/s. Tikmani Steel Co. Ltd & M/s. A.A.Alloys Ltd. As per scheme of Amalgamation approved by the Karnataka High Court.		
<b>FORFEITED SHARES</b>		
As per Last account	12,008,038	12,008,038
<b>TOTAL</b>	<b>63,880,528</b>	<b>63,880,528</b>
<b>SCHEDULE – 02</b>		
<b>CAPITAL RESERVE</b>		
As per last account	2,845,500	2,845,500
<b>CAPITAL REDEMPTION RESERVE:</b>		
As per last account	2,800,000	2,800,000
Set aside during the year		
<b>SHARE PREMIUM</b>		
As per Last Account	48,522,110	48,522,110
<b>GENERAL RESERVE:</b>		
As per Last Account	70,575,189	70,575,189
Add: During the year	-	-
<b>SURPLUS as per Profit &amp; Loss Account</b>	<b>129,546,029</b>	<b>47,602,865</b>
<b>TOTAL</b>	<b>254,288,828</b>	<b>172,345,664</b>
<b>SCHEDULE – 03</b>		
<b>SECURED LOANS :</b>		
<b>TERM LOANS</b>		
From Financial Institutions & Banks	511,897,314	424,463,955
Working Capital borrowings from Banks	542,776,984	545,181,340
	<b>1,054,674,298</b>	<b>969,645,295</b>
Note: The securities against these loans are set out in the respective financial statements of the Company and its subsidiary.		
<b>SCHEDULE – 04</b>		
<b>UNSECURED LOANS:</b>		
Sales Tax Deferrment	4,463,280	5,867,796
From Companies	148,952,540	28,105,130
From Director & Others	495,974,726	353,184,774
<b>TOTAL</b>	<b>649,390,546</b>	<b>387,157,700</b>

SCHEDULES ANNEXED TO & FORMING PART OF CONSOLIDATED ACCOUNTS AS AT 31st MARCH, 2010

**SCHEDULE – 05  
FIXED ASSETS**

Amount in Indian Rupees

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	AsAt 01.04.2009	Sales/Adj/ Additions	Amortization during the Year	TotalAsAt 31.03.2010	AsAt 01.04.2009	For the Year	Depreciation withdrawn	Depreciation upto 31.03.2010	Asat 31.03.2010	AsAt 31.03.2009
LAND & LAND DEVELOPMENT	45,481,036	-	34,031	45,447,005	-	-	-	-	45,447,005	45,481,036
BUILDINGS	185,219,861	3,687,343	-	188,907,204	44,657,780	5,132,047	-	49,789,827	139,117,376	140,562,081
PLANT & MACHINERIES	662,268,817	15,302,239	-	677,571,056	277,888,155	30,474,340	-	308,362,495	369,208,561	384,380,662
ELECTRICAL INSTALLATIONS	60,967,656	-	-	60,967,656	33,405,783	2,946,945	-	36,352,728	24,614,928	27,561,873
FURNITURE & FIXTURES	15,951,199	457,095	-	16,408,294	6,393,735	976,272	-	7,370,008	9,038,286	9,557,464
OFFICE EQUIPMENTS	20,603,428	306,251	295,000	20,614,679	9,797,370	1,651,370	152,858	11,295,881	9,318,798	10,806,058
VEHICLES	46,254,980	8,360,156	1,593,077	53,022,059	13,499,918	4,586,731	678,240	17,408,408	35,613,650	32,755,062
<b>TOTAL</b>	<b>1,036,746,976</b>	<b>28,113,083</b>	<b>1,922,108</b>	<b>1,062,937,952</b>	<b>385,642,741</b>	<b>45,767,705</b>	<b>831,098</b>	<b>430,579,340</b>	<b>632,358,603</b>	<b>651,104,235</b>
PREVIOUS YEAR	971,897,579	66,594,195	8,690,047	1,029,801,727				384,271,296	645,530,431	

**As at  
31.03.2010  
Rs.**

**As at  
31.03.2009  
Rs.**

**SCHEDULE – 06.  
INVESTMENTS:**

**Unquoted-Non-Trade**

In Government Securities

(Out of this, Certificate for Rs. 3000 deposited  
with Sales Tax Department)

**TOTAL**

**37,343**

**57,343**

**37,343**

**57,343**

**SCHEDULE – 07**

**INVENTORIES :**

(As Certified by the Management)

Stores & Spares including

Furnace Oil - At Lower of cost or net realisable value	<b>66,202,395</b>	54,093,542
Finished Goods - At Lower of Cost or Market Value	<b>361,918,888</b>	393,817,361
Raw Materials - At Lower of cost or net realisable value	<b>494,428,889</b>	268,577,792
Misroll - At Estimated realisable Value	<b>10,700,938</b>	2,911,734
Scrap - At Estimated realisable Value	<b>4,289,321</b>	5,687,588
WIP - At Lower of Cost or Net Realisable Value	<b>14,685,977</b>	3,579,655
Goods in Transit - At Cost	<b>890,187</b>	848,413
<b>TOTAL</b>	<b>953,116,594</b>	<b>729,516,084</b>

**Annual Report 2009- 2010**

SCHEDULES ANNEXED TO & FORMING PART OF CONSOLIDATED ACCOUNTS AS AT 31st MARCH, 2010

	<b>As at 31.03.2010 Rs.</b>	<b>As at 31.03.2009 Rs.</b>
<b>SCHEDULE – 08</b>		
<b>SUNDRY DEBTORS :</b>		
(Unsecured)		
Over Six Months - Considered good	50,471,643	29,576,874
- Considered Doubtful	2,144,479	2,144,479
Others - Considered good	640,796,013	463,569,707
	<b>693,412,136</b>	495,291,060
Less: Provision for doubtful Debts	2,144,479	2,144,479
<b>TOTAL</b>	<b>691,267,657</b>	<b>493,146,581</b>
<b>SCHEDULE – 09</b>		
<b>CASH &amp; BANK BALANCES :</b>		
Cash in Hand including Silver Coins.	7,295,982	6,538,116
<b>Bank Balances With Scheduled Banks:</b>		
Current Accounts	1,729,413	12,629,157
Fixed/Savings/Call Deposits	2,121,002	2,242,635
Margin Money Deposits	53,445,363	51,887,209
Dividend Accounts	1,081,742	1,115,808
<b>TOTAL</b>	<b>58,377,520</b>	<b>67,874,809</b>
	<b>65,673,502</b>	<b>74,412,925</b>
<b>SCHEDULE – 10</b>		
<b>LOANS &amp; ADVANCES:</b>		
(Unsecured)		
Advances recoverable in Cash or in Kind or for value to be received or adjusted		
- Considered Good	178,938,178	153,787,415
- Considered Doubtful	245,621	245,621
Deposits - Considered Good	18,301,627	29,624,523
- Considered Doubtful	289,533	289,533
Prepaid Expenses & Taxes	13,897,169	7,331,997
	<b>211,672,128</b>	191,279,089
Less: Provision for Doubtful Advances	535,154	535,154
<b>TOTAL</b>	<b>211,136,974</b>	<b>190,743,935</b>
<b>SCHEDULE – 11</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS :</b>		
<b>A. CURRENT LIABILITIES :</b>		
Sundry Creditors	912,559,620	731,987,901
Outstanding Liabilities	20,403,230	17,982,047
Statutory Liabilities	4,841,098	15,311,560
Advance from Customers	102,182,261	59,847,185
Interest accrued but not due	306,897	5,386,228
Unclaimed Dividend	1,081,742	1,113,931
Other Liabilities	6,856,576	4,825,975
<b>Sub - Total</b>	<b>1,048,231,423</b>	<b>836,454,826</b>

SCHEDULES ANNEXED TO & FORMING PART OF CONSOLIDATED ACCOUNTS AS AT 31st MARCH, 2010

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>B. PROVISIONS:</b>		
Provision for Gratuity, Bonus Leave Salary	3,487,699	3,498,465
Provision for Income Tax & Fringe benefit Tax (Net of Advances)	1,363,020	750,000
Proposed Dividend on Equity Shares	-	-
Provision for tax on Dividend	-	-
<b>Sub - Total</b>	<b>4,850,719</b>	<b>4,248,465</b>
<b>TOTAL</b>	<b>1,053,082,142</b>	<b>840,703,291</b>

#### SCHEDULE - 12

##### MISCELLANEOUS EXPENDITURE :

(To the extent not written-off or adjusted)

Deferred Revenue Expenditure	115,200	144,000
<b>TOTAL</b>	<b>115,200</b>	<b>144,000</b>

#### SCHEDULE 13

##### SALES & OTHER OPERATIONAL INCOME :

Finished Goods	5,064,630,457	5,627,869,057
Misroll	31,543,458	60,312,404
M.S. Scrap	72,757,359	139,044,758
Trade Materials	122,929,755	81,964,915
Other Sales/Receipts	70,948,037	84,494,227
Self Consumption	19,950,369	32,347,835
	<b>5,382,759,435</b>	<b>6,026,033,196</b>
Less: Central Excise Duty	295,451,145	500,767,558
<b>TOTAL</b>	<b>5,087,308,291</b>	<b>5,525,265,638</b>

#### SCHEDULE 14

##### OTHER INCOME :

Sundry Balances Written-back	1,285,258	381,010
Miscellaneous Receipts	40,125,477	1,110,243
Profit on Sale of Fixed Assets	2,886,341	126,300
Excess Provision no longer required	89,327	40,943
Sales Tax and Entry Tax Refund	905,197	195,243
Foreign Exchange Fluctuation	205,955	4,103,384
Interest Income	4,658,907	22,364,751
<b>TOTAL</b>	<b>50,156,463</b>	<b>28,321,873</b>

#### SCHEDULE 15

##### VARIATION IN STOCK:

##### CLOSING STOCK:

Finished Goods	360,153,506	393755114
Misroll	10,700,938	2973981
M.S. Scrap	4,283,702	5687588
WIP	14,685,977	3579655
<b>Sub-Total</b>	<b>389,824,122</b>	<b>405996337</b>

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SCHEDULES ANNEXED TO & FORMING PART OF CONSOLIDATED ACCOUNTS AS AT 31st MARCH, 2010

**OPENING STOCK:**

Finished Goods	391,777,660	390795274
Misroll	2,911,734	7939145
M.S. Scrap	5,671,975	22667608
WIP	3,579,655	10404710
<b>Sub-Total</b>	<b>403,941,023</b>	<b>431,806,737</b>
Increase in Stocks	(14,116,901)	(25,810,400)

**SCHEDULE 16**

**MANUFACTURING EXPENSES :**

Raw Materials Consumed	3,892,488,257	4,603,829,199
Stores & Spares Consumed	59,693,943	53,660,988
Conversion Charges Paid	183,591	134,650
Packing Expenses	1,140	-
Power & Fuel	235,503,825	244,364,047
Contract Labour Charges	35,002,902	46,323,788
Repairs & Maintenance:		
- Buildings	788,356	92,319
- Machinery	2,188,530	6,248,749
- Others	8,584,082	8,229,463
<b>TOTAL</b>	<b>4,234,434,626</b>	<b>4,962,883,203</b>

**SCHEDULE 17**

**ADMINISTRATIVE & SELLING EXPENSES:**

Salaries, Wages, Bonus etc.,	52,911,264	54,564,375
Contribution to P.F. & Other Funds	3,165,854	3,337,064
Employees' Welfare	2,689,098	2,586,089
Rates & Taxes	4,676,796	4,997,770
Rent including Lease Rent	4,648,356	13,348,319
Insurance Premium	1,297,205	1,206,190
Directors' Remuneration including Sitting Fees	1,595,000	1,842,097
Selling Expenses	7,140,140	16,470,965
Commission & Brokerage	13,330,364	6,122,949
Printing & Stationery	1,000,575	1,027,221
Carriage Outwards	4,546,286	16,337,946
Travelling & Conveyance	3,483,482	5,217,172
Postage, Telegram, Telephone and Telex	2,239,226	3,302,168
Legal & Professional Charges	4,322,969	4,177,265
Loss on Sale of Fixed Assets	353,479	120,593
Miscellaneous Expenses	18,090,118	16,312,184
Auditor's Remuneration : Audit Fees	417,966	350,000
Sundry Balances Written- off	537,839	1,334,328
Bank Charges	9,243,339	12,188,958
Purchase of License	2,377,559	-
<b>TOTAL</b>	<b>138,066,916</b>	<b>164,843,652</b>

**SCHEDULE 18.**

**INTEREST :**

On Fixed Loans	88,293,911	49,036,431
On Other Loans	72,848,628	138,458,319
<b>TOTAL</b>	<b>161,142,539</b>	<b>187,494,750</b>

**Schedule – 19 Notes to the Consolidated Financial Statements for the Year Ended 31<sup>st</sup> March, 2010.**
**1. a) The Company and description of business.**

Bhuwalka Steel Industries Limited was incorporated in 1981 and started commercial production in 1983. The Company has 3 manufacturing units for manufacture of Rolled Products including Angles, Structural, Flats etc. for domestic and export market out of which operations in one of the unit at Kanchipuram (T.N.) were suspended.

The Company has set up a unit at Free Zone Establishment in Hamriyah Free Zone, Sharjah (UAE), for taking up business in ferrous and non-ferrous metal Company is on the process of setting up steel rolling mill.

The Company has a subsidiary at Bellary, namely, Benaka Sponge Iron Pvt. Ltd., having sponge iron capacity of 200 TPD.

**b) Consolidation.**

The accompanying financial statements include the financial statement of Bhuwalka Steel Industries (UAE) FZE, being the wholly owned subsidiary of Bhuwalka Steel Industries Limited, and Benaka Sponge Iron Pvt. Ltd., where 99.99% of the equity is held by the Company. The consolidated financial statements of group have been prepared as on 31.03.2010 based on line by consolidation of profit & Loss Account and Balance Sheet. All other company transactions and balances are eliminated on consolidation.

**c) Convenience Translation.**

The accounts of Bhuwalka Steel Industries (UAE) FZE the wholly subsidiary company have been prepared and presented in accordance with the UAE. Accounting Standards being the home currency of subsidiary. The accounts of Benaka Sponge Iron Pvt. Ltd., the subsidiary company have been prepared and presented in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India. For the purpose of convenience the balances of overseas subsidiary company are translated into Indian Currency, being the Reporting Currency of the parent company, in accordance with the AS11 issued by the Institute of Chartered Accountants of India.

**2. Contingent Liabilities not provided for**

(Rs. in Lakhs)

Particulars	FY 2009-10	FY 2008-09
I) Letter of Credits/ Bank Guarantees	<b>2044.28</b>	1943.95
II) Corporate Guarantees given to Banks and Financial Institutions on behalf of Group Companies(Liabilities as on 31.03.2010):	<b>1505.83</b>	877.98
III) Other statutory liabilities disputed by the company :	<b>1266.11</b>	1270.97
IV) Claims against the Company not acknowledged as debt :	<b>34.61</b>	34.61

**3. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES:**

- The consolidated financial statements have been prepared in accordance with the Accounting Standard 21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- Consolidated financial statements have been prepared using uniform accounting policies, in accordance with the generally accepted accounting policies.
- These are set out in the "Significant Accounting Policies and Notes on Accounts" of the Company and its subsidiaries.

**4. Profit and Loss Account**

Profit & Loss on sale of raw material and excess/shortage on physical verification, if any, remain adjusted in the respective consumption accounts.

**5. Related Party Disclosure**

Related party disclosures have been made in accordance with the accounting Standards on related party Disclosure (AS 18) issued by The Institute of Chartered Accountants of India.

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A) Following are the name of related parties with whom the transactions were carried out by the company:

Name of the Related Parties	Relationship
Benaka Sponge Iron Pvt Ltd.	Subsidiary Company
Bhuwalka Steel Industries (UAE) FZE	Subsidiary Company
Balchand Suresh Kumar	Parties where Control Exists
Bhuwalka Ispat Ltd.	Parties where Control Exists
Bhuwalka Metal Industries Pvt. Ltd.	Parties where Control Exists
Bhuwalka Trade Links Private Limited	Parties where Control Exists
Nava Karnataka Steels Private Ltd.	Parties where Control Exists
Sri Suresh Kumar Bhuwalka	Key Management Personnel - Managing Director

B) Transactions carried out with related parties referred above in ordinary course of business during FY 2009-10 :-

(Rs. in Lakhs)

Nature of Transactions	Subsidiary	Key Management Personnel	Parties where Control Exists
Purchases	0.49 (46.44)	–	674.10 (1452.94)
Sales	206.27 (795.84)	–	902.93 (931.58)
Expenses	– (–)	9.33 (4.80)	– (–)
Income	(NIL)	–	(–)
Outstanding – Debit	108.05 (16.83)	–	505.69 (762.44)
– Credit	NIL (NIL)	–	57.05 (10.38)

6. The previous year's figures are regrouped/re-arranged wherever found necessary.

**NOTE: PREVIOUS YEAR'S FIGURES ARE SHOWN IN THE BRACKETS**

For and on behalf of the Board

**(Suresh Kumar Bhuwalka)**  
*Chairman and Managing Director*

**(Ajay Kumar Bhuwalka)**  
*Director*

**for Avinash Bhandari**  
*Chartered Accountants*

Place : Bangalore  
Date : 11th August, 2010

**(S.Ramakumar)**  
*Company Secretary*

**(CA Avinash Bhandari)**  
*Proprietor*  
Membership No.-120644



**BHUWALKA  
STEEL INDUSTRIES LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

	2009-10 Rs.	2008-09 Rs.
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
A. Net Profit before tax and extraordinary items	94,328,278	(105,245,168)
Adjustments for:		
Deferred Revenue Expenses written off/adjusted	28,800	28,800
Depreciation	45,767,704	58,576,571
Profit/loss from sale of Fixed Assets	(2,886,341)	(126,300)
Interest Charged to Profit & Loss A/c	161,142,539	187,494,750
Provision of Gratuity & Leave withdrawn	-	1,524,752
Interest Income	(4,658,907)	(22,364,751)
Foreign Currency Translation Reserve	(8,018,609)	-
Operating Cash Profit before working capital changes	285,703,464	119,888,654
Adjustments for:		
Trade and Other Receivables	(218,514,115)	(276,766,199)
Inventories	(223,600,510)	56,039,287
Trade Payables and other Liabilities	209,974,496	904,439,174
<b>CASH FLOW FROM OPERATIONS</b>	<b>53,563,334</b>	<b>803,600,917</b>
Direct Taxes Paid/(refund)	4,832,752	2,406,901
<b>Net Cash from Operating Activities</b>	<b>48,730,582</b>	<b>801,194,016</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
B. Increase in Fixed Assets(Net)	(250,672,577)	(251,649,372)
(Increase)/Decrease in Investments	20,000	-
Profit on sale of Investment	-	-
Rent Received	-	-
Interest Received	4,658,907	22,364,751
Profit on Sale of Undertaking	-	-
<b>Net cash used in Investing Activities</b>	<b>(245,993,670)</b>	<b>(229,284,621)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
C. Increase/(Decrease) in Borrowings	344,586,873	(561,434,739)
Interest Paid	(156,063,208)	14,669,406
Issue of Equity Shares	-	-
Issue of Preference Shares	-	-
Preference Dividend & Tax on Dividend Paid	-	-
<b>Net cash used in Financing Activities</b>	<b>188,523,665</b>	<b>(546,765,332)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(8,739,422)</b>	<b>25,144,062</b>
<b>Opening Balance of Cash &amp; Cash Equivalents</b>	<b>74,412,925</b>	<b>49,268,863</b>
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>65,673,502</b>	<b>74,412,925</b>

**Note:** Balance of cash and cash equivalents include Rs. 10,81,742/- held as balance in bank account of Unpaid Dividend which are not available for operational activities of the Company.

**(Suresh Kumar Bhuwalka)**  
*Chairman and Managing Director*

**(Ajay Kumar Bhuwalka)**  
*Director*

**for Avinash Bhandari**  
*Chartered Accountants*

**(S. Ramakumar)**  
*Company Secretary*

**(CA Avinash Bhandari)**  
*Proprietor*

Place : Bangalore

Date : 11th August, 2010

Membership No.-120644

**AUDITORS' CERTIFICATE**

We have examined the attached Cash Flow Statement of Bhuwalka Steel Industries Limited for the year ended 31st March, 2010. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of listing agreement with the corresponding Profit & Loss account and Balance Sheet of the Company covered by our report.

**For Avinash Bhandari**  
*Chartered Accountants*

**(CA Avinash Bhandari)**  
*Proprietor*

Place : Bangalore

Date : 11th August, 2010

Membership No.-120644

**STATEMENT PURSUANT TO SECTION 212(3) OF THE COMPANIES ACT, 1956**

1. Name of the Subsidiary	Bhuwalka Steel Industries (UAE) FZE	Benaka Sponge Iron Private Limited
2. Financial year ended	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2010
3. Extent of interest of the Holding Company in the capital of the Subsidiary as on the above date		
a) No. of shares	AED 30,80,500	2,99,900 nos of Rs. 100/- each
b) Extent of holding	100%	99.99%
4. Net aggregate amount of Profit of the Subsidiary so far as it concerns the members of the Holding Company		
a) Not dealt within the Holding Company's Accounts:		
i) For the Financial year ended 31.03.2010	AED 3,302,503/-	Rs. 1,83,54,245/-
ii) For the previous financial years of the subsidiary Since it became Holding Company's subsidiary	AED 3,03,798/-	Rs. 2,39,29,851/-
b) Dealt within the Holding Company's Accounts:		
i) For the Financial year ended 31.03.2010	Nil	Nil
ii) For the previous financial years of the subsidiary since it became the Holding Company's Subsidiary	Nil	Nil

\* AED Stands for UAE Dirhams

**(Suresh Kumar Bhuwalka)**  
*Chairman and Managing Director*

**(Ajay Kumar Bhuwalka)**  
*Director*

**(S. Ramakumar)**  
*Company Secretary*

Place : Bangalore  
Date : 11th August, 2010



**BHUWALKA STEEL INDUSTRIES (UAE) FZE  
SHARJAH, UNITED ARAB EMIRATES**

**A SUBSIDIARY COMPANY**

DIRECTOR	:	Shri. Suresh Kumar Bhuwalka
REGISTERED OFFICE	:	PO Box 42608, Hamriyah Free Zone Sharjah United Arab Emirates
BUSINESS ADDRESS	:	As above
AUDITORS	:	M/s. Axis Auditing and Accounting Auditors and Business Consultants Chartered Accountants
PRINCIPAL BANKERS	:	Bank of Baroda Sharjah

**DIRECTORS REPORT**

**Directors Report for the period ended 31st March 2010**

The Directors present their annual report with the financial statements of the Company for the period ended 31st March 2010.

**PRINCIPAL ACTIVITIES**

The Principal activities of the Company in the year under review WAS IMPORT/EXPORT, Trading and manufacturing of ferrous and non-ferrous metal.

**REVIEW OF THE BUSINESS**

The Company commenced operations in aluminum unit and trade in steel products. Mini steel plant is under completion stage and expected to commence its commercial production from financial year 2010-11.

**POST BALANCE SHEET EVENTS**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company.

**DIRECTORS**

At appropriate time, efforts will be made to broad-base the Board.

**AUDITORS**

During the year under review M/s.Alliance Auditing & Accounting Chartered Accountants had expressed their inability to conduct the Statutory Audit of the Company for the year 2009-10. The resulting casual vacancy was filled by the board by appointing M/s. Axis Auditing and Accounting Auditors and Business Consultants, as the Statutory Auditors, the retiring Auditors are eligible for re-appointment. The Director recommends their re-appointment.

(UAE) FZE

For And on behalf of the Board  
**SURESH KUMAR BHUWALKA**  
*Director*

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**AUDITOR'S REPORT**

The Manager  
Leasing & Licensing Department  
H.F.Z.A Sharjah  
U.A.E

Dear Sir,

We have audited the accompanying financial statements of M/S. Bhuwalka Steel Industries (UAE) FZE P.O. Box:42608, Hamriyah Free Zone, Sharjah-U.A.E. for the year ended 31<sup>st</sup> March 2010, and our audit is in line with Hamriyah Free Zone Authorities rules and regulations.

These financial statements are the responsibility of the company's management and have been signed by the company. Our responsibility is to express an opinion on these financial statements based on our audit.

Our Audit includes examining evidence supporting the figures and its disclosures in the above – referred financial statements. Comparative figures for the prior year have been taken from audited financial statements.

We believe that our audit provides a reasonable basis for our opinion.

Based on our random audit of the records of the company and information provided to us we believe that the general rules & regulations of the Hamriyah Free Zone Authorities have been complied with.

Yours truly,

For Axis Auditing and Accounting  
Auditors and Business Consultants

Authorised Signatory

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**BHUWALKA  
STEEL INDUSTRIES (UAE) FZE**

**BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2010**

(Amount in UAE Dhiram)

PARTICULARS	SCHEDULE NO.	AS AT 31.03.2010	AS AT 31.03.2009
<b>1. SOURCES OF FUNDS:</b>			
<b>SHARE HOLDERS FUNDS</b>			
a. Share Capital	3	3,000,000	3,000,000
c. Reserves & Surplus	4	3,606,302	303,799
<b>SUB - TOTAL</b>		<b>6,606,302</b>	<b>3,303,799</b>
<b>A. LOANS FUNDS:</b>			
a) Secured Loans	5	11,069,667	908,183
b) Unsecured Loans	6	375,000	262,000
<b>SUB - TOTAL</b>		<b>11,444,667</b>	<b>1,170,183</b>
<b>TOTAL A</b>		<b>18,050,969</b>	<b>4,473,982</b>
<b>B. APPLICATIONS OF FUNDS</b>			
1. Fixed Assets			
Gross Block	7	4,856,355	4,165,718
Less : Depreciation		333,051	194,344
		4,523,304	3,971,374
Capital Work in Progress:		13,707,325	252,933
		18,230,629	4,224,307
<b>CURRENT ASSETS, LOANS &amp; ADVANCES:</b>			
Inventories	8	438,571	280,757
Sundry Debtors	9	17,415	262,302
Cash & Bank Balances	10	357,317	18,730
Loans & Advances (Assets)	11	205,051	149,765
Head Office Account	13	(792,330)	(217,603)
<b>SUB - TOTAL</b>		<b>226,024</b>	<b>662,951</b>
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>	12	405,684	413,277
<b>NET CURRENT ASSETS</b>		<b>(179,660)</b>	<b>249,674</b>
<b>TOTAL B</b>		<b>18,050,969</b>	<b>4,473,981</b>

Notes on pages 51 to 53 form part of these financial statements.

for **BHUWALKA STEEL INDUSTRIES FZE**

Director

**STATEMENT OF INCOME FOR THE YEAR ENDED 31ST MARCH, 2010**

(Amount in UAE Dhiram)

PARTICULARS	SCHEDULE NO.	FOR THE YEAR ENDED 31-03-2010	FOR THE YEAR ENDED 31-03-2009
<b>INCOME</b>			
Sales & Other Operational Income	14	6,657,374	1,988,663
Other Income	15	12,841	5,120
Variation in Stocks	16	-	151,126
<b>TOTAL:</b>		<b>6,670,215</b>	<b>2,144,909</b>
<b>EXPENDITURE:</b>			
Manufacturing Expenses	17	2,715,808	637,684
Administrative & Selling Expenses	18	408,747	1,139,253
Interest	19	104,450	107,555
Depreciation	20	138,707	117,332
<b>TOTAL:</b>		<b>3,367,712</b>	<b>2,001,824</b>
<b>Profit for the year</b>		<b>3,302,503</b>	<b>143,085</b>
balance brought forward		303,799	160,714
Profit available for appropriation		3,606,302	303,799

## Annual Report 2009- 2010

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010

#### 1 LEGAL STATUS & ACTIVITIES:

- a) Name: The Name of the Company is Bhuwalka Steel Industries (UAE) Fze.
- b) Legal Status  
Bhuwalka Steel Industries (UAE) FZE was registered in Hamriyah Free Zone Sharj'h on 7th September, 2005 as Free Zone Establishment with Limited Liability pursuant to Emri Decree No.(6) of 1995 of H.H. Sheikh Dr. Sultan Bin Mohammed Al Qasimi Ruler of Sharjah, and the implementing Rules and Regulations thereto issued by the Hamriyah Free Zone Authority and registered with commercial licence No. 1321. The Registered address of the FZE is PO Box No. 42608.
- c) Activity: The establishment is engaged in the business of Import/Export Trading & Manufacturing of Ferrous and Non Ferrous Metals.

#### 2. ACCOUNTING POLICIES:

- a) Significant Accounting Policies:  
The firm maintain their accounting records on double entry system.
- b) Stock & Fixed Assets:  
Fixed Assets are stated at their cost of acquisition. No depreciation has been provided on fixed assets.
- c) Foreign Currency:  
Transactions in foreign currencies were converted into UAE Dirham at the rates of exchange prevailing at the transaction date. Profit or loss arising thereon were charged to the statement of Income for the year under review.
- d) Revenue:  
Goods sold:  
Revenue is recognized when significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably. Sales comprises of the invoiced value of goods supplied by the establishment during the year.
- e) Cash and cash equivalents:  
Cash and cash equivalents consist of cash and balances with bank and deposit with the banks maturing within three months from the date of deposit.

	<u>2010</u> <u>AED</u>	<u>2009</u> <u>AED</u>
<b>SCHEDULE - 03.</b>		
<b>SHARE CAPITAL :</b>	<b>3,000,000.00</b>	3,000,000.00
<b>SCHEDULE - 04.</b>		
<b>SURPLUS as per Profit &amp; Loss Account</b>	<b>3,606,302.00</b>	<b>303,799.00</b>
<b>SCHEDULE - 05.</b>		
<b>SECURED LOANS :</b>		
<b>A. TERM LIABILITIES:</b>	<b>10,318,850.00</b>	378,925.00
1. From Bank of Baroda		
2. Vehicle Loan from Bank of Baroda, Secured by an exclusive charge by way of hypothecation of Vehicles purchased out of this loan.	<b>33,861.00</b>	51,200.00
<b>SUB TOTAL 'A'</b>	<u><b>10,352,711.00</b></u>	<u>430,125.00</u>
<b>B. WORKING CAPITAL :</b>		
From Banks:	<b>716,956.00</b>	478,058.00
Secured by hypothecation of plant & machinery,land and building insurance of assets and personal guaranty of the directors.		
<b>SUB TOTAL 'B'</b>	<u><b>716,956.00</b></u>	<u>478,058.00</u>
<b>TOTAL (A + B)</b>	<u><b>11,069,667.00</b></u>	<u>908,183.00</u>
<b>SCHEDULE - 06</b>		
<b>UNSECURED LOANS:</b>		
From Others	<b>375,000.00</b>	262,000.00
<b>SCHEDULE - 07</b>		
<b>Fixed Assests</b>		
Building	<b>2,925,110</b>	2,672,177
Plant and Machinery	<b>1,740,980</b>	1,316,891
Office Equipment	<b>21,215</b>	13,900
Computer	<b>15,402</b>	15,402
Furniture and Fixtures	<b>22,843</b>	16,543
Motor Vehicles	<b>130,805</b>	130,805
	<u><b>4,856,355</b></u>	<u>4,165,718</u>
Add: Capital Work in Progress	<b>13,707,325</b>	111,500
Add: Expenditure Pending Capitalized	<b>-</b>	141,433
<b>TOTAL</b>	<u><b>185,663,680</b></u>	<u>4,418,651</u>



## BHUWALKA STEEL INDUSTRIES (UAE) FZE

### SCHEDULE - 08.

#### INVENTORIES :

(As Certified by the Management)

438,571.00 280,757.00

### SCHEDULE 09.

#### SUNDRY DEBTORS :

(Unsecured)

Others - Considered good

17,415.00 262,302.00

### SCHEDULE - 10.

#### CASH & BANK BALANCES :

Cash in Hand including Silver Coins.

3,858.00 27,667.00

#### Bank Balances With Scheduled Banks:

Fixed Deposits

168,144.00 160,063.00

Margin Money Deposits

185,315.00 -

#### TOTAL

357,317.00 187,730.00

### SCHEDULE - 11.

#### LOANS & ADVANCES:

(Unsecured)

Advances recoverable in Cash or in Kind or for value to be received or adjusted - Considered Good

36,860.00 75,360.00

Deposits - Considered Good

168,191.00 74,405.00

#### TOTAL

205,051.00 149,765.00

### SCHEDULE - 12.

#### CURRENT LIABILITIES & PROVISIONS :

#### CURRENT LIABILITIES :

Sundry Creditors - For Purchases

325,746.00 413,277.00

Outstanding Liabilities

79,938.00 -

#### TOTAL

405,684.00 413,277.00

### SCHEDULE -13.

#### Head Office Account

Head Office Account

(55,333.00) (47,026.00)

Bhuwalka steel Industries Ltd.(Wada)

(656,497.00) (90,077.00)

Bhuwalka steel Industries Ltd.-Current Account

(80,500.00) (80,500.00)

#### TOTAL

(792,330.00) (217,603.00)

### SCHEDULE -14.

#### SALES & OTHER OPERATIONAL INCOME :

Finished Goods

2,852,727.00 396,384.00

M.S. Scrap

134,675.00 -

Trade Materials

20,190.00 21,673.00

Other Sales/Receipts

2,900.00 100.00

Brokerage & Commission Received

2,825,632.00 1,578,508.00

Fabrication charges received

821,250.00 -

6,657,374.00 1,996,665.00

Less: Customs Duty

- 8,002.00

#### TOTAL

6,657,374.00 1,988,663.00

### SCHEDULE -15.

#### OTHER INCOME :

Interest received on fixed deposit

8,081.00 5,120.00

Miscellaneous Receipts

4,760.00 -

#### TOTAL

12,841.00 5,120.00

### SCHEDULE -16.

#### VARIATION IN STOCK:

#### CLOSING STOCK:

Finished Goods

- 145,401.00

Dross

- 4,577.00

M.S. Scrap

- 1,148.00

#### TOTAL

- 151,126.00

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### SCHEDULE - 17.

#### MANUFACTURING EXPENSES :

Raw Materials Consumed	2,499,950.00	513,192.00
Stores & Spares Consumed	51,957.00	60,557.00
Power & Fuel	85,508.00	45,315.00
Direct Expenses	78,393.00	1,840.00
Repairs & Maintenance:		
- Others	-	16,780.00
<b>TOTAL</b>	<b>2,715,808.00</b>	<b>637,684.00</b>

### SCHEDULE - 18.

#### ADMINISTRATIVE & SELLING EXPENSES:

Salaries, Wages, Bonus etc.,	200,516.00	84,115.00
Employees' Welfare	5,294.00	16,440.00
Rates & Taxes	-	1,670.00
Rent including Lease Rent	48,590.00	761,212.00
Insurance charges	5,782.00	-
Donation	-	5,000.00
Vehicle maintenance Expenses	17,986.00	17,160.00
Visa, immigration & Medical Expenses	2,396.00	13,929.00
Printing & Stationery	4,290.00	1,950.00
Carriage Outwards	36,655.00	7,080.00
Selling Expenses	10,186.00	-
Travelling & Conveyance	19,676.00	73,239.00
Postage, Telegram, Telephone and Telex	7,447.00	30,242.00
Legal & Professional Charges	11,680.00	8,295.00
Water charges	12,035.00	14,280.00
Miscellaneous Expenses	4,494.00	3,831.00
Auditor's Remuneration : Audit Fees	5,000.00	-
Sundry Balances Written- off	299.00	(5,688.00)
Bank Charges	16,421.00	6,498.00
<b>TOTAL</b>	<b>408,747.00</b>	<b>1,139,253.00</b>

### SCHEDULE -19.

<b>INTEREST</b> :On Fixed Loans	<b>60,187.00</b>	<b>42,298.00</b>
On Other Loans Bank	44,263.00	65,257.00
<b>TOTAL</b>	<b>104,450.00</b>	<b>107,555.00</b>

### SCHEDULE - 20.

Depreciation		
Building	50,731	42,283
Plant and Machinery	75,025	62,331
Office Equipment	834	734
Computer	2,438	2,439
Furniture and Fixtures	1,180	1,047
Motor Vehicles	8,499	8,500
<b>TOTAL</b>	<b>138,707</b>	<b>117,332</b>

### 21. FAIR VALUE OF FINANCIAL INSTRUMENTS:

Fair Value: Financial assets of the establishment include cash and bank balances, trade and other receivables and financial liabilities include trade other payables and loans from related party.

The management believes that the fair values of the financial assets and liabilities are not significantly different from their carrying amounts at balance sheet date.

Exchange rate risks: There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Arab Emirate Dirham or Dollar to which the Dirham is pegged.

### 22. LEVEL OF PRECISION:

All the figures are rounded off to the nearest Arab Emirate Dirham (AED).

**BENAKA SPONGE IRON PRIVATE LIMITED  
TUMTI ROAD, BELAGAL VILLAGE, BELLARY**

**A SUBSIDIARY COMPANY**

DIRECTOR	:	Shri. Suresh Kumar Bhuwalka Shri. Ajay Kumar Bhuwalka Shri. Roop Sing Chawhan
REGISTERED OFFICE	:	138 A /1, 138 A / 2, Tumti Road Belagal Village Bellary.
BUSINESS ADDRESS	:	As above
AUDITORS	:	M/s.ASR Associates <i>Chartered Accountants</i>
PRINCIPAL BANKERS	:	Industrial Development Bank of India Ltd.

**DIRECTORS' REPORT**

**TO THE MEMBERS OF**

**BENAKA SPONGE IRON PRIVATE LIMITED:**

Your Directors have pleasure in presenting before you the 7th Annual Report of the Company together with Audited Statement of Accounts for the year ended 31st March, 2010.

**1. FINANCIAL RESULTS:**

(Rs.in lakhs)

	<b>2009-10</b>	<b>2008-09</b>
Turnover	5584.55	5878.87
<b>Profit before Depreciation, interest and tax</b>	<b>619.29</b>	<b>461.93</b>
Less: Interest	278.58	297.84
Depreciation/Amortization	134.21	123.96
Income Tax for the year (including FBT and Deferred taxation)	-22.94	21.59
IT/FBT for earlier year	0.00	0.00
Profit After Taxation	183.54	18.25
Add: Balance of profit brought forward from last year	743.62	725.36
Balance of profit carried forward	927.15	743.62

**2. OPERATIONS REVIEW:**

Total income from operations during the year under review was Rs. 5584.55 lakhs as compared to Rs. 5878.87 lakhs in the previous year signifying a fall by 5%. Profit After Tax (PAT) has increased to Rs.183.54 lakhs from previous years PAT of Rs.10.25 lakhs which shows a significant improvement in operation.

Due to thrust on Housing Power, Telecom and Infrastructure sectors, Steel Industry is expected to do well in the next 3 years and the Company is poised to realize the benefits of its strengths and market position for future business growth.

**3. CONSERVATION OF ENERGY:**

Total energy consumption and energy consumed per unit of production as per Form 'A' is annexed - forming part of this Report

**4. TECHNOLOGY ABSORPTION:**

The Company is keeping abreast of the latest developments in product technology, manufacturing process and methods and using indigenous technology.

**5. FOREIGN EXCHANGE EARNINGS AND OUTGOINGS:**

Foreign Exchange Earnings and Expenditure are given under Note no. 5 (E) and 5 (F) of Schedule '19' forming part of the Accounts for the year ended 31<sup>st</sup> March, 2010

**6. PERSONNEL:**

Industrial Relations remained cordial through out the year.

There are no employees of the categories specified under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975. as amended. Hence, this information is not given.

**7. DIRECTORS:**

During the year under review Sri Bassor Natraja resigned as Director from the Board of the Company w.e.f. 1<sup>st</sup> February, 2010.

Sri. Roop Sing Chawhan was appointed as an Additional Director w.e.f. 7<sup>th</sup> April, 2010 and holds office only upto the conclusion of ensuing Annual General Meeting. A Notice under Section 257 of the Companies Act, 1956 has been received from a member proposing his candidature for the office of Director.

Sri. Suresh Kumar Bhuwalka, Director of the company, retire by rotation at the Annual General Meeting and being offers himself for re-appointment.

**8. AUDITORS:**

The retiring Auditors M/s. ASR Associates, Chartered Accountants, Bellary retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

**9. AUDITORS' REPORT:**

The Notes on accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments under section 217(3) of the Companies Act, 1956.

**10. DIRECTORS' RESPONSIBILITY STATEMENT AS PER SECTION 217 (2AA) :**

Your Directors hereby confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for the year;
- that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the companies Act, 1956, to safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the directors had prepared the annual accounts on a going concern basis.

**11. ACKNOWLEDGEMENTS:**

Your Directors wish to place on record their appreciation for the continued support, encouragement and co-operation extended by all the stakeholders namely: Bankers, shareholders, customers and suppliers.

Your Directors also place on record their appreciation for the contribution made by the employees of the company at all levels.

FOR AND ON BEHALF OF THE BOARD

**(SURESH KUMAR BHUWALKA)**

Director

Place : Bellary

Date : 14th June, 2010

**AUDITORS' REPORT**

**TO,  
The Members,  
M/s Benaka Sponge Iron Pvt Ltd,**

1. We have audited the attached Balance Sheet of M/s Benaka Sponge Iron Pvt., Ltd., as at 31<sup>st</sup> March 2010 and the Profit & Loss Account for the period ended as on that date, annexed there to. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our Audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) order 2003 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said order

Further to our comments in the Annexure referred above, we report that:

1. 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.
2. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appear from our examination of those books.
3. The Balance Sheet, Profit & Loss Account dealt with by this report are in agreement with the books of accounts,
4. In our opinion, the Balance Sheet, Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in sub section 3 (C ) of section 211 of the Companies Act 1956.
5. On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2010 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31<sup>st</sup> March 2010 from being appointed as a Directors in terms of clause (g) of sub section 274 of the Companies Act 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the notes in Schedule give the information required by the Companies Act 1956 (as amended) 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 Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2010 and
  - b. In the case of Profit and Loss Account, of the profit for the period ended on that date

for **ASR ASSOCIATES**  
*Chartered Accountants*

Place: Bellary  
Date : 14<sup>th</sup> June, 2010

**(CA. A.S. RAFIQ)**  
*Proprietor*  
M.No. 204646

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**THE ANNEXURE REFERRED TO IN PARAGRAPH-3 OF OUR REPORT TO THE MEMBERS OF M/S BENAKA SPONGE IRON PVT LTD BELLARY FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2010.**

**WE REPORT THAT:**

**I FIXED ASSETS:**

- a) The Company has maintained proper records showing full particulars and situation of Fixed Assets.
  - b) The Company has carried out physical verification of Fixed Assets during the period. No material discrepancies were noticed on such verification.
  - c) During the period, the Company has not disposed off any Fixed Assets except vehicles for Rs.15,93,077/-.
- II
- a) The inventory has been physically verified during the period by the management. In our opinion, the frequency of verification is reasonable.
  - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of the business.
  - c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- III
- The Company has neither granted nor taken any loans, secured or unsecured to/ from companies, firms or other parties register maintained under section 301 of the Act.

## ***Annual Report 2009- 2010***

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- IV In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- V According to the information and explanations given to us, we are of the opinion that there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act 1956.
- VI The Company has not accepted any deposits 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 accounts relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act 1956 and we are of the opinion that prima facie the prescribed accounts and records have been maintained.
- IX According to the information and explanations given to us, there are no dues as at the last day of financial period of more than 6 months in respect of Sales Tax, Income Tax, Excise Duty, Cess, which are disputed, and a forum where the dispute is pending.
- X The Company does not have any accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- XI In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions and banks.
- XII According to the information and explanation given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII In our opinion, the company is not a chit fund or a nidhi mutual benefit funds/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- XIV In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- XV The Company has not given any guarantee for loans taken by others.
- XVI Based on the information and explanations, the funds raised on short-term basis have not been applied for the purpose for which they were obtained.
- XVII On the basis of our overall examination of the Cash Flow Statements, the funds raised on short-term basis have not been used for long term investment.
- XVIII During the year under Audit, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- XIX According to the information and explanations given to us, during the period the company has not issued any debentures.
- XX The Company has not raised any money by way of Public Issue during the year.
- XXI Based upon the audit procedures performed and on the basis of information and explanations provided by the management, we report that no fraud, on or by the Company has been noticed or reported during the year.

for **ASR ASSOCIATES**  
*Chartered Accountants*

**(CA. A.S. RAFIQ)**  
*Proprietor*  
M.No. 204646

Place: Bellary  
Date : 14<sup>th</sup> June, 2010

**BALANCE SHEET AS AT 31ST MARCH, 2010**

(Amount in Indian Rupees)

PARTICULARS	Schedule NO.	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>1. SHARE HOLDERS' FUNDS</b>			
a. Share Capital	1	30000000	30000000
b. Reserves & Surplus	2	95715887	77361642
<b>SUB - TOTAL</b>		<u>125715887</u>	<u>107361642</u>
<b>2. LOAN FUNDS :</b>			
a) Secured Loans	3	218553043	202317611
b) Unsecured Loans	4	56566631	7400000
<b>SUB - TOTAL</b>		<u>275119674</u>	<u>209717611</u>
<b>3. DEFERRED TAX LIABILITY</b>			
TOTAL		<u>16748720</u>	18673639
		<u>417584281</u>	<u>335752891</u>
<b>II. APPLICATION OF FUNDS :</b>			
<b>1. FIXED ASSETS:</b>			
Gross Block	5	246346386	241841091
Less: Depreciation		80424370	67681279
		<u>165922016</u>	174159812
Capital Work in Progress:		22909562	11251259
		<u>188831578</u>	185411071
<b>2. INVESTMENTS</b>			
	6	17343	17343
<b>3. CURRENT ASSETS, LOANS AND ADVANCES:</b>			
a. Inventories	7	170439606	131660197
b. Sundry Debtors	8	53260539	102216650
c. Cash and Bank Balances	9	6569765	13676489
d. Loans & Advances	10	67386421	31236920
<b>SUB - TOTAL</b>		<u>297656331</u>	<u>278790256</u>
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>			
<b>NET CURRENT ASSETS</b>	11	69036171	128609779
		<u>228620160</u>	150180477
<b>4. MISCELLANEOUS EXPENDITURE</b>			
TOTAL	12	115200	144000
		<u>417584281</u>	<u>335752891</u>

 NOTES ON ACCOUNTS  
 SCHEDULES 1 TO 18 FORM THE INTEGRAL PARTS OF THE ACCOUNTS.

For and on behalf of the Board

**(Suresh Kumar Bhuwalka)**  
 Director

**(Ajay Kumar Bhuwalka)**  
 Director

As per report of even date

**For ASR Associates,**  
 Chartered Accountants

 Place: Bellary  
 Date : 14th June 2010

**(CA. A.S. Rafiq)**  
 Proprietor

## Annual Report 2009- 2010

### PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	Schedule No.	For the Year ended 31.03.2010	For the Year ended 31.03.2009
<b>INCOME</b>			
Sales & Other operational Income	13	557005278	587196378
Other Income	14	1450304	691059
Stock variation	15	44310980	6310440
<b>TOTAL</b>		<b>602766562</b>	<b>594197877</b>
<b>EXPENDITURE :</b>			
Manufacturing Expenses	16	511295290	524202016
Administrative & Selling Expenses	17	29513369	23802778
Interest	18	27858714	29784050
Depreciation	5	13421331	12396183
Deferred Revenue Expenses Written-off		28800	28800
<b>TOTAL</b>		<b>582117504</b>	<b>590213828</b>
Profit for the year before Tax		20649058	3984049
Income-tax for the year ( - )		(4219732)	(444257)
Deferred Taxation for the year ( + )		1924919	(1594195)
Fringe Benefit Tax		-	(109989)
Fringe Benefit Tax for earlier year		-	(10265)
Income Tax for Earlier Years		-	-
Profit for the year after Tax		18354245	1825343
Balance brought forward		74361642	72536299
Profit available for appropriation		92715887	74361642
<b>APPROPRIATION :</b>			
Balance Carried to Balance Sheet		92715887	74361642
<b>TOTAL</b>		<b>92715887</b>	<b>74361642</b>
Earning per share - Basic and Diluted (as per Equity Share of Rs. 100/- each)		61.18	6.08
<b>NOTES ON ACCOUNTS</b>	19		

NOTES ON ACCOUNTS  
SCHEDULES 1 TO 18 FORM THE INTEGRAL PARTS OF THE ACCOUNTS.  
For and on behalf of the Board

**(Suresh Kumar Bhuwalka)**  
Director

**(Ajay Kumar Bhuwalka)**  
Director

As per report of even date  
**For ASR Associates,**  
Chartered Accountants

Place: Bellary  
Date : 14th June 2010

**(CA. A.S. Rafiq)**  
Proprietor

**SCHEDULES ANNEXED TO & FORMING PART OF AUDITED ACCOUNTS AS AT 31st MARCH, 2010**

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SCHEDULE: 01</b>		
<b>SHARE CAPITAL</b>		
<b>I) AUTHORISED</b>		
3,50,000 Equity Shares of Rs. 100/- each	35,000,000	35,000,000
<b>TOTAL</b>	<u>35,000,000</u>	<u>35,000,000</u>
<b>ii) ISSUED, SUBSCRIBED AND PAID-UP:</b>		
3,00,000 Equity Shares of Rs. 100/- each fully paid up	30,000,000	30,000,000
<b>TOTAL</b>	<u>30,000,000</u>	<u>30,000,000</u>
<b>SCHEDULE : 02</b>		
<b>GENERAL RESERVE</b>		
As per Last Account	3,000,000	3,000,000
<b>PROFIT &amp; LOSS A/C</b>		
<b>TOTAL</b>	<u>92715887</u>	<u>74361642</u>
<b>TOTAL</b>	<u>95,715,887</u>	<u>77,361,642</u>
<b>SCHEDULE : 03</b>		
<b>SECURED LOANS</b>		
<b>A. TERM LIABILITIES</b>		
(a) From IDBI Bank Ltd	81329010	-
(b) From State Bank of Mysore	-	50748930
(c) From Syndicate Bank (These loans are secured by first charge on present movable and immovable assets of the company)	-	25555573
(d) Others (These loans are secured by hypothecation of Assets purchase out of these loans)	6139369	4451110
<b>SUB TOTAL 'A'</b>	<u>87468379</u>	<u>80755613</u>
<b>B. WORKING CAPITAL :</b>		
From Banks (Secured by hypothecation of inventories and book debts and second charge on the movable assets of the Company on pari passu basis)	131084664	121561998
<b>SUBTOTAL 'B'</b>	<u>131,084,664</u>	<u>121,561,998</u>
<b>TOTAL (A + B)</b>	<u>218,553,043</u>	<u>202,317,611</u>
<b>SCHEDULE : 04</b>		
<b>UNSECURED LOANS:</b>		
From Others	56566631	7400000
<b>TOTAL</b>	<u>56566631</u>	<u>7400000</u>

**SCHEDULE : 05**
**SCHEDULE OF FIXED ASSETS AS ON 31ST MARCH 2010**

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	As on 01.04.2009	Additions	Sales/Adj/ Amortization during the Year	Ason 31.03.2010	As on 01.04.2009	For the Year	Depreciation withdrawn	Ason 31.03.2010	As on 31.03.2010	As on 31.03.2009
Land	2930993	-	-	2930993	-	-	-	-	2930993	2930993
Building	19750330	-	-	19750330	2489540	659661	-	3149201.02	16601129	17260790
Plant & Machinery	189121289	606399	-	189727688	57013324	10014333	-	67027657.48	122700031	132107965
Pollutions Equipment	7442949	-	-	7442949	1896909	392988	-	2289896.71	5153052	5546040
Vehicles	19376339	5431658	1593077	23214920	5384448	2077401	678240	6783608.72	16431311	13991891
Furnitures & Fixtures	1265794	35450	-	1301244	162557	82060	-	244617.25	1056627	1103237
Office Equipments- Computers	882981	24865	-	907846	561936	143131	-	705067.21	202779	321045
Office Equipments	1070416	-	-	1070416	172565	51757	-	224321.67	846094	897851
<b>TOTAL</b>	241841091	6098372	1593077	246346386	67681279	13421331	678240	80424370	165922016	174159812
Previous Year	218714866	23165513	39288	241841091	55292744	12396183	7648	67681279	174159812	163422122

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	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SCHEDULE: 06</b>		
<b>INVESTMENTS</b>		
<b>LONG TERM</b>		
<b>A. Unquoted-Non-Trade</b>		
In Government Securities including accrued interest (Deposited with Government Departments)	17,343	17,343
<b>TOTAL</b>	<b>17,343</b>	<b>17,343</b>
<b>SCHEDULE : 07</b>		
<b>INVENTORIES</b>		
(As Certified by the Management)		
Finished Goods - At Lower of Cost or net realisable value	61057729	16746749
Raw Materials - At Lower of cost or net realisable value	89686985	101092882
Stores & spares at lower of cost or net realisable value	19272575	13820566
Goods In Transit RM - At Lower of cost or net realisable value	422317	
<b>TOTAL</b>	<b>170439606</b>	<b>131660197</b>
<b>SCHEDULE: 08</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured, Considered Good)		
Over Six Months	1433772	904139
Others	51826767	101312511
<b>TOTAL</b>	<b>53260539</b>	<b>102216650</b>
<b>SCHEDULE : 09</b>		
<b>CASH &amp; BANK BALANCES :</b>		
Cash in Hand	64121	1496988
Bank balances with Scheduled Banks::		
Current Accounts	964069	7170936
Margin Money / Deposits	5541575	5008565
<b>TOTAL</b>	<b>6569765</b>	<b>13676489</b>
<b>SCHEDULE: 10</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unsecured and considered Good)		
Advances recoverable in Cash or in Kind or value to be received or adjusted	64877572	28728071
Deposits	2508849	2508849
<b>TOTAL</b>	<b>67386421</b>	<b>31236920</b>
<b>SCHEDULE: 11</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A. CURRENT LIABILITIES</b>		
Sundry Creditors	53532806	113776341
Statutory Liabilities	2937157	9320780
Advance from Customers	242026	41451
Other Liabilities	6856576	4825975
<b>Sub - Total 'A'</b>	<b>63568565</b>	<b>127964547</b>
<b>B. PROVISIONS:</b>		
Provisions for Expenses	1247874	58728
Provisions for Taxation	4219732	586504
<b>Sub - Total 'B'</b>	<b>5467606</b>	<b>645,232</b>
<b>TOTAL (A + B)</b>	<b>69036171</b>	<b>128609779</b>
<b>SCHEDULE: 12</b>		
<b>MISCELLANEOUS EXPENDITURE :</b>		
(To the extent not written-off or adjusted)		
Deferred Revenue Expenditure	115200	144000
<b>TOTAL</b>	<b>115200</b>	<b>144000</b>


**BENAKA SPONGE  
IRON PRIVATE LIMITED**

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SCHEDULE: 13</b>		
<b>SALES &amp; OTHER OPERATIONAL INCOME :</b>		
Sales (Net of claims)	557005278	587196378
<b>TOTAL</b>	<b>557005278</b>	<b>587196378</b>
<b>SCHEDULE: 14</b>		
<b>OTHER INCOME</b>		
Misc. Income	736082	70774
Interest Received (Gross),	714222	620285
<b>TOTAL</b>	<b>1450304</b>	<b>691059</b>
<b>SCHEDULE: 15</b>		
<b>VARIATION IN STOCK</b>		
<b>CLOSING STOCK</b>		
Finished Goods	61057729	16746749
<b>Sub-Total (A)</b>	<b>61057729</b>	<b>16746749</b>
<b>OPENING STOCK:</b>		
Finished Goods	16746749	10436309
<b>Sub-Total (B)</b>	<b>16746749</b>	<b>10436309</b>
Increase/(Decrease) in Stocks (A - B)	44310980	6310440
<b>SCHEDULE: 16</b>		
<b>MANUFACTURING EXPENSES</b>		
Raw Materials Consumed	451396982	474799306
Stores & Spares Consumed	19331859	9599307
Production & Operation Charges	18485307	14647418
Power & Fuel	19908253	21175856
<b>Repairs &amp; Maintenance:</b>		
- Buildings	1985	23051
- Machinery	1014054	3735906
- Others	1156850	221173
<b>TOTAL</b>	<b>511295290</b>	<b>524202016</b>
<b>SCHEDULE: 17</b>		
<b>ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
Salaries, Wages, Bonus etc.,	4340635	6830124
Contribution to P.F. & Other Funds	211490	195278
Employees' Welfare	468027	374239
Rates & Taxes	1129394	994930
Guest House Expenses	455207	533467
Insurance Premium	334600	432579
Directors remuneration	1000000	1237097
Selling Expenses	1739357	210470
Discount on Sales	8064263	0
Printing & Stationery	68272	26627
Carriage Outwards	325000	1317509
Travelling & Conveyance	300782	560002
Postage, Telegram, Telephone and Telex	144063	300439
Legal & Professional Charges	368296	651959
Vehicles maintenance	2214738	1944425
Miscellaneous Expenses	4742021	4885434
Auditor's Remuneration : Audit Fees	150000	150000
Bank Charges	1971663	1284755
Security charges	1261724	1359249
Sundry balances written off	0	495555
Loss & Sale of Vehicles	223837	18640
<b>TOTAL</b>	<b>29513369</b>	<b>23802778</b>
<b>SCHEDULE: 18</b>		
<b>INTEREST</b>		
On Fixed Loans	7775065	15973770
On Other Loans	20083649	13810280
<b>TOTAL</b>	<b>27858714</b>	<b>29784050</b>

**SCHEDULE “19” ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010**

1. Contingent Liabilities not provided for  
Bank Guarantees. : Rs. 68.60 Lakhs (Rs.50.94 Lakhs)
2. Managerial Remuneration paid or payable to Whole time directors including Managing Director during the Year:-

<b>Particulars</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
Salary & Allowances	10,00,000	11,95,161
Contribution to Provident Fund and Other Funds	Nil	Nil
	<u>10,00,000</u>	<u>11,95,181</u>

**3. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES:**

**i. Principal Accounting Policies**

The Financial statements have been prepared in accordance with applicable Accounting Standards in India. A summary of important accounting policies, which have been consistently followed, are set out below. The Financial Statements have also been prepared in accordance with relevant presentational requirement of the Companies Act, 1956.

**ii. General**

- a) The accompanying statements have been prepared on the Historical Cost convention in accordance with the provisions of Companies Act, 1956 and generally accepted accounting principles prevailing in India.
- b) The Accounts have been prepared on accrual basis and in accordance with the going concern concept.

**iii. Valuation of Inventories:**

Raw Materials, Finished Goods and stores & spares are valued at lower of cost or net realizable value, in accordance with Accounting Standard 2 – valuation of inventories. The cost formula used for this purpose is First in First out (FIFO) method and includes direct cost incurred in bringing the items of inventory to their present location and condition.

**iv. Depreciation**

Depreciation has been provided on straight line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 on all the assets of the company. Depreciation on the additions made during the year has been provided proportionately for the period of use.

**v. Revenue Recognition:**

The company recognizes sale of goods as they are dispatched to customers and any significant uncertainty as to its ultimate realization or collection does not exist. Sales comprise amounts invoiced for goods sold exclusive of excise duty and sales tax, returns, trade discounts and claims.

**vi. Fixed Assets :**

Fixed Assets are stated at their historical cost of acquisition or construction less accumulated depreciation. Cost includes all cost incurred to bring the asset to their present location and condition.

**vii. Investments:**

Investments are classified into current and long-term investments. Current investments are stated at the lower of cost and fair value. Long-term investments are stated at cost. A provision of diminution is made to recognize a decline, other than temporary, in the value of long term investments.

**viii. Borrowing Cost:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets in accordance with Accounting Standard 16 on Borrowing Costs. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**ix. Books Debts & Advances:**

Write-off for bad and/or doubtful and irrecoverable book debts are made, wherever applicable.

**x. Segment Information:**

The operations of the Company relate to only one segment viz. Sponge Iron. Hence, business segment reporting in terms of Accounting Standard 17 is considered not applicable.

**xi. Related Party Disclosure:**

Related Party Disclosures have been made in accordance with the accounting Standards on Related party Disclosure (AS 18) issued by The Institute of Chartered Accountants of India.

- A) Following are the name of related parties with whom the transactions were carried out by the company:  
Bhuwalka Steel Industries Ltd., (Holding Company) :
- B) Transactions carried out with related parties referred above in ordinary course Of business

Rs. in Lakhs

Nature of Transactions	Key Management Personnel
Purchases	17.90
Sales	0.49

Balance outstanding from related party – 17.41 Lakhs

**xii. Accounting Standard 19-Leases**

Accounting Standard 19 is applicable only in the case of lease transactions entered into on or after 1<sup>st</sup> April, 2001. The Company had taken Land on lease which has since been registered in the name of the Company.

**xiii. Taxation:**

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961. The deferred tax liability is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one accounting period and are capable of reversal in one or more subsequent periods. The deferred tax is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date.

The company has reversed deferred tax liability amounting to Rs. 19.25 Lacs [Provided in previous year Rs. 15.94 Lacs] on account of timing difference.

**xiv. Accounting Standard 26-Intangible Assets.**

“Accounting Standard 26 – Intangible Assets” requires an enterprises to recognize an intangible asset if future economic benefits are expected to arise from it. It also requires that such an asset should be stated after providing depreciation / amortization over the useful life of the asset.

Presently, the reporting enterprise does not own any intangible assets.

**xv. Accounting Standard 28 – Impairment of Assets**

The Company has identified that there is no material impairment of assets and as such no provision is required as per AS-28 issued by the ICAL.

**xvi. Accounting Standard 29 – Contingent Liabilities & Contingent Assets.**

In the opinion of the management no provision is required against contingent Liabilities.

- Sundry Creditors under Current Liabilities in Schedule ‘11’ include Rs.Nil (Rs. Nil ) due to Small Scale undertakings. This amount has been determined to the extent such parties have been identified from available information.
- Additional information pursuant to paragraph 3 and 4 of the Part II of Schedule VI of the Companies Act, 1956.**

**A. Production, opening Stock and Closing Stock of Finished Goods**

Particulars	Unit	Licenced Capacity	Installed Capacity	Actual Production	Opening Stock		Closing Stock	
					Quantity	Amount	Quantity	Amount
Sponge Iron	MT	N.A	60000* (60000)	45743 (40751)	1326 (792)	16746749 (10436309)	3001 (1326)	44270281 (16746749)

\* as certified by the management.

**B. Raw Material Consumed**

Particulars	31.03.2010		31.03.2009	
	MT	Rs.	MT	Rs.
a) Iron Ore/Coal	138559.26	451396982	148233.860	47,47,99,306

**C. Sale of Finished Goods and Others**

Particulars	31.03.2010		31.03.2009	
	MT	Rs.	MT	Rs.
Sponge Iron	44068.00	542079012	40217	58,40,64,566
Miscellaneous		14926266		31,31,812

**Annual Report 2009- 2010**

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**D. Consumption**

Particulars	%	31.03.2010 Rs.	%	31.03.2009 Rs.
i) Raw Materials				
a) Imported	0	0	0	0
b) Indigenous	100	451396982	100	47,47,99,306
c) Total (a + b)	100	451396982	100	47,47,99,306
ii) Stores & Spares				
a) Imported		Nil		Nil
b) Indigenous	100	19331859	100	95,99,307
c) Total ( a + b)	100	19331859	100	95,99,307

**E. Earning in Foreign Currency : Nil**

**F. Expenditure in Foreign Currency : Nil**

6. The previous year's figures have been regrouped/re-arranged wherever found necessary.

**NOTE: PREVIOUS YEAR'S FIGURES ARE SHOWN IN THE BRACKETS**

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For and on behalf of the Board

As per report of even date

**(Suresh Kumar Bhuwalka)**  
*Director*

**(Ajay Kumar Bhuwalka)**  
*Director*

**For ASR Associates,**  
*Chartered Accountants*

Place: Bellary  
Date : 14th June 2010

**(CA. A.S. Rafiq)**  
*Proprietor*

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

	2009-10 Rs.	2008-09 Rs.
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>A. Net Profit before tax and extraordinary items</b>	<b>20649058</b>	3984049
Adjustments for:		
Deferred Revenue Expenses written off/adjusted	<b>28800</b>	28800
Depreciation	<b>13421331</b>	12396183
Loss on Sale of Fixed Assets	<b>223837</b>	18640
Operating Cash Profit before working capital changes	<b>34323026</b>	16427672
Adjustments for:		
Trade and Other Receivables	<b>8638571</b>	(42395263)
Inventories	<b>(38779409)</b>	(54023820)
Trade Payables and other Liabilities	<b>(43338175)</b>	105208647
<b>CASH FLOW FROM OPERATIONS</b>	<b>(39155987)</b>	25217236
Direct Taxes Paid/(refund)	<b>(51693)</b>	(564511)
<b>Net Cash from Operating Activities</b>	<b>(39207680)</b>	24652725
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
<b>B. Increase in Fixed Assets(Net)</b>	<b>(17065675)</b>	(23136538)
(Increase)/Decrease in Investments	-	-
<b>Net cash used in Investing Activities</b>	<b>(17065675)</b>	(23136538)
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
<b>C. Increase/(Decrease) in Deferred Borrowings</b>	-	-
Increase/(Decrease) in Unsecured Loans	<b>49166631</b>	7400000
<b>Net cash from Financing Activities</b>	<b>49166631</b>	7400000
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(7106724)</b>	8916187
<b>Opening Balance of Cash &amp; Cash Equivalents</b>	<b>13676489</b>	4760302
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>6569765</b>	13676489

For and on behalf of the Board

As per report of even date

**(Suresh Kumar Bhuwalka)**  
Director

**(Ajay Kumar Bhuwalka)**  
Director

**For ASR Associates,**  
Chartered Accountants

Place: Bellary  
Date : 14th June, 2010

**(CA. A.S. Rafiq)**  
Proprietor

# BHUWALKA STEEL INDUSTRIES LIMITED

Registered Office: No.71, III Cross, Residency Road, Bangalore: 560 025

## PROXY FORM

D.P ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_

Regd. Folio No. \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ being a Member

Members of BHUWALKA STEEL INDUSTRIES LIMITED, hereby appoint \_\_\_\_\_ of \_\_\_\_\_

or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us

on my/our behalf at the 28th ANNUAL GENERAL MEETING of the Company to be held on Tuesday, the 28th September, 2010 at 12.30 p.m. and at any adjournment(s) thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Affix  
Revenue  
Stamp

Signature \_\_\_\_\_

Note : This form, in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

# BHUWALKA STEEL INDUSTRIES LIMITED

Registered Office No. 71, III Cross, Residency Road, Bangalore - 560 025

## ATTENDANCE SLIP

28th ANNUAL GENERAL MEETING - 28TH SEPTEMBER, 2010

D.P ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_

Regd. Folio No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

I Certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the 28th ANNUAL GENERAL MEETING of the Company, at the Hotel Woodlands, No.5, Raja Rammohan Roy Road, Bangalore- 560 0025 on Tuesday, the 28th September 2010.

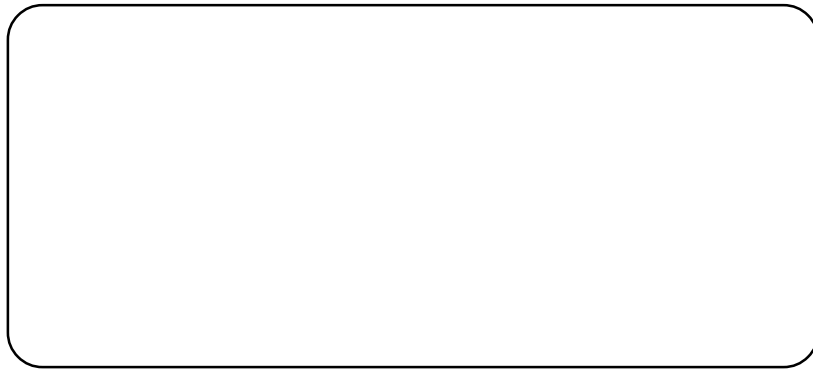
Member's/Proxy's name in  
BLOCK Letters

Signature of Member/Proxy

Note: Please fill in this attendance slip and hand it over at the ENTRANCE OF THE MEETING HALL.  
MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF THE ANNUAL REPORT TO THE MEETING

**BOOK - POST**

To,



*If Undelivered Please Return to:*

**BHUWALKA STEEL INDUSTRIES LIMITED**  
"Bhuwalka Centre", No.71, III Cross  
Residency Road, Bangalore - 560 025

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