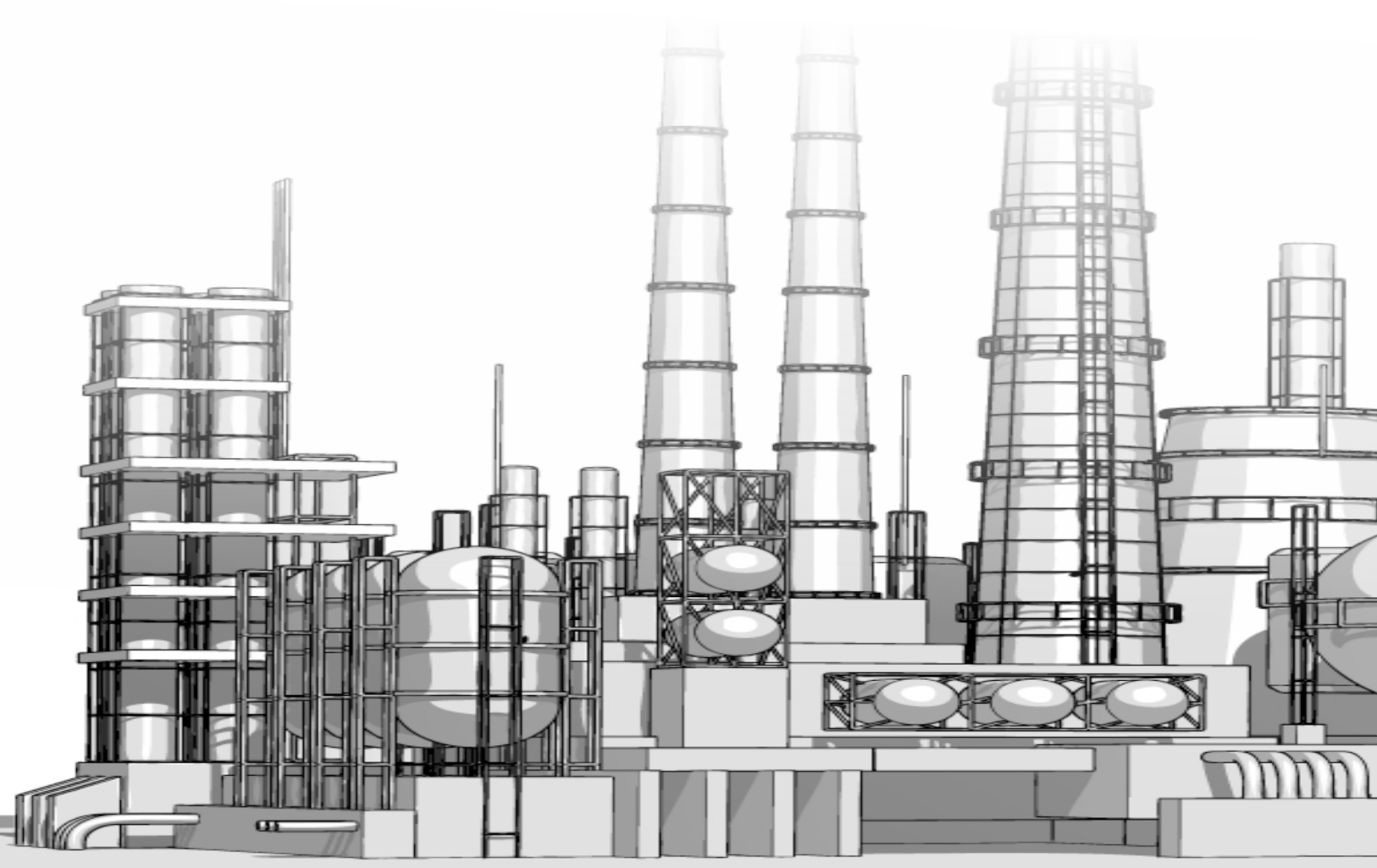
Vaswani Industries Limited

POWER • SPONGE IRON • BILLET

10th ANNUAL REPORT 2012-13



Vaswani Group of Industries

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Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with Link Intime India Private Limited.

Annual General Meeting will be held at 3.00 p.m. on Monday, the 26th August, 2013 at MIG-4, Indravati Colony, Raipur, Chhattisgarh. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting.
Visit us at : www.vaswaniindustries.com, E-mail : info@ vaswaniindustries.com • Tel.: +91 771 4226000 • Fax : +91 771 4226000

CORPORATE INFORMATION

Performance Highlights 2012-2013

Financial

(Rs. in Lacs)

Total Revenue	21440.35
Profit Before Tax	-1767.95
Profit After Tax	-1137.45
Earning Price Per Share (EPS) - Basic & Diluted	-4.37

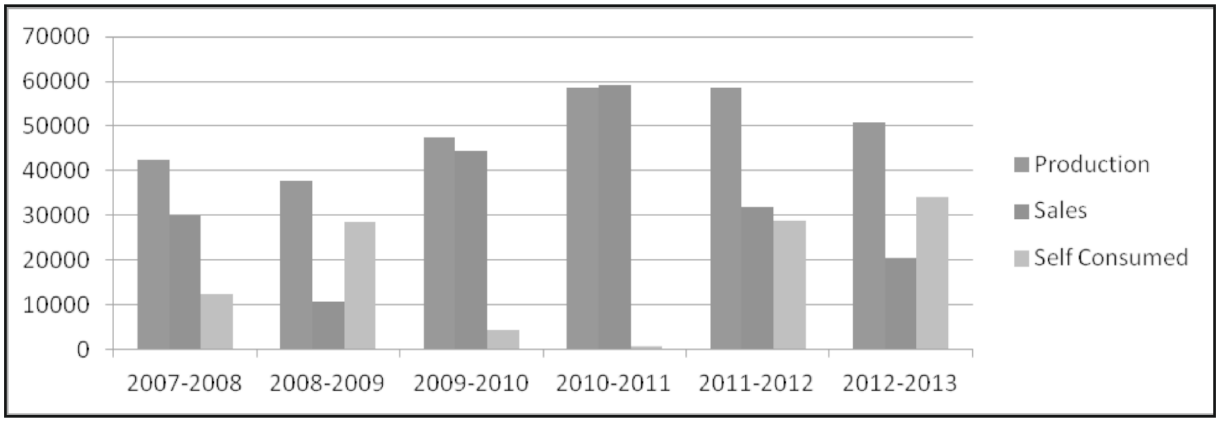
Operational

Installed capacity					
Sponge Iron	90000 MT	90000 MT	90000 MT	90000 MT	60000 MT
Steel Billets/Ingots	36000 MT	36000 MT	36000 MT	36000 MT	36000 MT
Power	11.5 MW	11.5 MW	11.5 MW	7.5 MW	7.5 MW

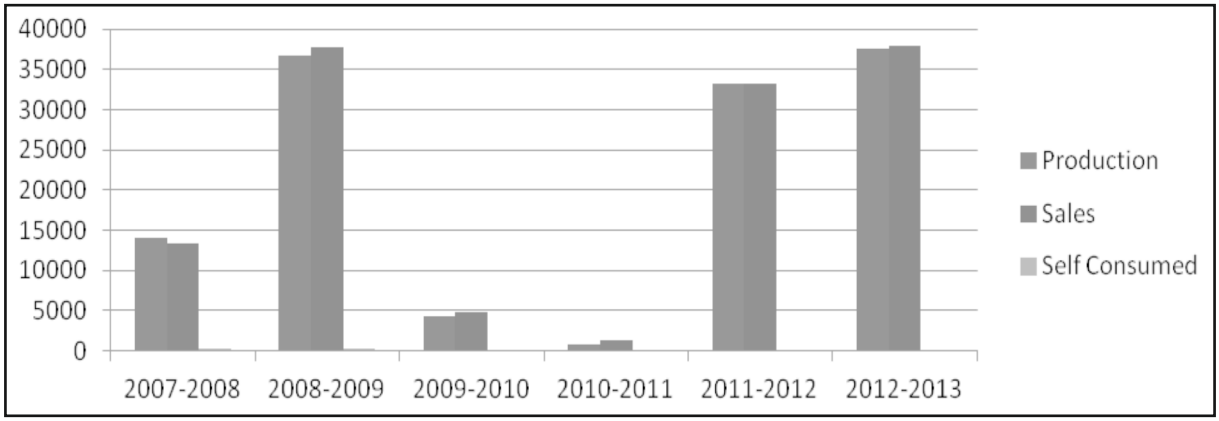
Production					
Sponge Iron	50832.73 MT	58543.81 MT	58637.57 MT	47378.03 MT	37809.57 MT
Steel Billets/Ingots	37596.705 MT	33231.655 MT	865.585 MT	4243.320 MT	36637.415 MT
Power	64213200 UNITS	70555900 UNITS	74753378 UNITS	60396000 UNITS	52184500 UNITS

Production, Sales and Self Consumption Chart

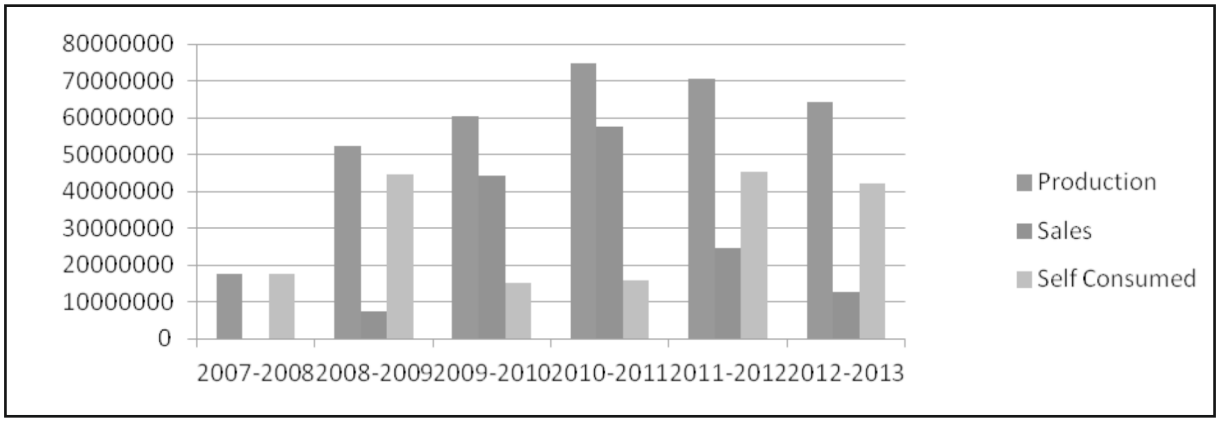
SPONGE IRON



M S BILLETS



POWER



BOARD OF DIRECTORS

Mr. Ravi Vaswani	Chairman & Managing Director (CMD)
Mr. Pramod Vaswani	Whole Time Director (WTD)
Mr. Yashwant Vaswani	Whole Time Director (WTD)
Mr. Lekhu Thadharam Mulchandani	Non- Executive & Independent Director
Mr. Ashok Suri	Non- Executive & Independent Director
Mr. Sanjay Jadwani	Non- Executive & Independent Director

COMMITTEES OF THE BOARD

I . AUDIT COMMITTEE	
Mr. Lekhu Thadharam Mulchandani	Chairman
Mr. Pramod Vaswani	Member
Mr. Ashok Suri	Member

II. REMUNERATION COMMITTEE	
Mr. Lekhu Thadharam Mulchandani	Chairman
Mr. Yashwant Vaswani	Member
Mr. Ashok Suri	Member

III. SHAREHOLDERS'/ INVESTOR GRIEVANCES COMMITTEE	
Mr. Lekhu Thadharam Mulchandani	Chairman
Mr. Pramod Vaswani	Member
Mr. Sanjay Jadwani	Member

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Ritu Hardeep Lamba

STATUTORY AUDITORS

Sunil Johri & Associates
Chartered Accountants
Nathani Building, Shastri Chowk,
G.E. Road, Raipur – 492 001

BANKERS

State Bank of India (SBI)

Union Bank of India (UBI)

IDBI Bank Limited (IDBI)

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound

LBS Marg, Bhandup (w)

Mumbai – 400 078

REGISTERED OFFICE

MIG – 4, Indrawati Colony,
Raipur – 492 001, Chhattisgarh

CHAIRMAN'S STATEMENT

In the year under review, not only our country but all over the world is under economic depression. Even the core sectors of economy like steel and cement faced a darkness resulting in their demands. In 2012-2013, the world's crude steel production increased of roughly 0.7% over the previous year. This has been the slowest rate of growth since the crisis of 2008. The overhang of the economic crisis and significant overcapacity in regions like Europe and China continues to stress global capacity utilization and the demand supply balance. In our key overseas markets of Europe and UK where the Company has significant manufacturing presence, the economic downturn has significantly affected steel demand, which is now almost 30% lower than the pre-2008 financial crisis level. The outlook for the euro zone area currently continues to be depressed and we have had to revise our cash flow expectation and valuations. The Directors have taken all possible measures during the year otherwise the losses would have been higher.

A multiplicity of business, economic and political factors made the year gone by among the most challenging in recent times. The global economy is seeking to recover from uncertainties centered on the European Union. Domestically, a deterioration in macroeconomic indicators and a marked deceleration in the investment momentum aggravated bearish sentiments in the capital markets. Steel and Coal sectors have been hampered by resource constraints and other issues. Investment decisions, as a result, have seen prolonged deferment.

The slowdown in production due to price rise of raw material from the domestic market which was uncompensated by sales therefore the company faces deficit. Steel prices witnessed an unprecedented rise on the back of high demand from all sectors and high input material cost. However with the effects of the global crisis showing across all sectors, mainly construction, automotive and consumer durables, the real demand for steel started drying up during the year 2012-2013. This also led to sharp correction in the steel and raw material prices in the same period. The plant and machinery operated very well during the year. However, the plant faced, shortage of Iron otherwise the production would have been much higher.. Despite shortage of iron ore, the company maintained its level of sales as compared to previous year.

The State of Chhattisgarh is experiencing a continuous and resounding growth phase. Huge emphasis is being laid upon growth of infrastructure in the state and therefore being the leading TMT manufacturer, both in terms of volume and quantity, we expect record-breaking demand for our products in times to come.

Furthermore, the added capital will lead to better realization on finished goods as well as purchase of quality raw material at reasonable rates, thus increasing the bottom-line of the Company.

The company continues its march towards improvement of processes and will definitely revert in the next year with good results.

I wish to place on record the support and co-operation extended by the governments of India and Chhattisgarh, the Banks and financial institutions, Board of Directors, the employees, suppliers, contractors and consultants in our endeavors.

RAVI VASWANI

CHAIRMAN

NOTICE OF ANNUAL GENERAL MEETING

The **TENTH ANNUAL GENERAL MEETING** of Vaswani Industries Limited will be held at 03:00 P. M. on Monday, the 26th August, 2013 at Registered Office of the Company situated at MIG-4, Indrawati Colony, Raipur, Chhattisgarh to transact the following business:

ORDINARY BUSINESS:

1: To receive, consider and adopt the Audited Balance Sheet of the Company as on 31st March, 2013 and Profit & Loss Accounts of the Company for the year ended on that date and the Reports of Board of Directors and Auditors thereon.
2: To appoint a director in place of Shri Sanjay Jadhwani, Director of the Company, who retires by rotation and is eligible for re-appointment.
3: To appoint a director in place of Shri Yashwant Vaswani, Whole time Director of the Company, who retires by rotation and is eligible for re-appointment.
4: To appoint M/s Sunil Johri & Associates, Chartered Accountants, Statutory Auditors for holding the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

5: To consider and if thought fit to pass, with or without modification, the following Resolutions as Special Resolutions:

"RESOLVED THAT pursuant to the provisions of Section 17 and other applicable provisions, if any, of the Companies Act, 1956, the Other Objects Clause of the Memorandum of Association of the Company be altered by
adding the following new sub-clauses 83 after the existing sub-clause 82 of Clause III-C (Other Objects), the altered clause is as under:

ADDITION OF NEW CLAUSE UNDER "OTHER OBJECTS" IN MOA

83. To do business in India and abroad as traders, importers, exporters, commission agents, stockiest, brokers, cargo handling, logistics, dealers, whole sale merchants, consultants, advisors, warehousing, facilitators, representatives and other trade relations in the fields of agriculture, all kinds of merchandise goods, real estates, transportation, freight handling, medicines, engineering goods, trademarks, intellectual properties, ferrying, tourism, food and catering, industrial purchases, publications, textiles, furniture, furnishings, cosmetics, chemicals, oils, lubricants, alcohol, plantations, cements, sports, music, films, cinema, drama, stocks and shares, car and horse races of all kinds.

"RESOLVED THAT pursuant to the provisions of section 149(2A) of the Companies Act, 1956, the consent of the Board of the company be and is hereby accorded subject to the consent of the shareholder and other regulatory authorities, to carry on the business activities as covered under the Other Objects Clause No. III (C) 83 of the memorandum of association of the company.

FURTHER RESOLVED THAT the Board of directors of the company be and is hereby authorized to take all such effective steps to implement the decision of the members of the company as they may consider appropriate in the interest of the company and to do all such acts, deeds and things from time to time for and on behalf of the company."

6: To consider and if thought fit to pass, with or without modification, the following Resolutions as Special Resolutions:

"RESOLVED that pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or enactments thereof for the time being in force), the provisions of the Memorandum and Articles of Association of the Company, the Listing Agreement entered into by the Company with the Stock Exchange, where the shares of the Company are listed and in accordance with the applicable guidelines issued by Securities and Exchange Board of India ("SEBI"), or any other authority and clarifications issued thereon from time to time, if any, and subject to all such statutory, regulatory and government approvals, permissions or sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board") and/ or duly authorized Committee of the Board of Directors of the Company, the consent of the Board be and is hereby accorded to issue of equity shares on preferential basis as enumerated below and the Board/Committee of the Board be and is hereby authorized to offer, issue and allot on a preferential basis as enumerated below:

SN	Promoter Name	Equity Shares
1	PRAMOD VASWANI	545800
2	RAVI VASWANI	409350
3	YASHWANT VASWANI	204675
4	SUDHA VASWANI	204675
TOTAL		1364500

The Equity shares of face value Rs 10 each, shall be allotted at a par value of Rs 10 per share. The price is calculated in accordance with the SEBI (ICDR) Regulations 2009.

Further Resolved that the above equity shares will be allotted within 15 days from the date of the Annual General Meeting, if approval by any regulatory body for allotment is pending, the fifteen days shall be counted from the date of such approval.

Further Resolved that the full application money for the equity shares shall be received from the promoters before the allotment.

Further Resolved that the Board/Committee of the Board be and is hereby authorized to apply for and get the equity shares listed on the Stock Exchange, where the equity shares of the Company are listed and the equity shares so allotted shall rank pari-passu in all respect with the existing equity shares of the Company.

Further Resolved that for the purpose of giving effect to the above resolution, the Board/Committee of the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/ issue, allotment, listing and utilization of the proceeds and to finalize and execute all deeds, documents and writings as may be necessary, proper, desirable or expedient as it may deem fit without being required to seek any further consent or approval of the shareholders of the Company to the intent that the shareholders shall be deemed to have given their approval thereto by the authority of this resolution.

Further Resolved that the Board/Committee of the Board be and is hereby authorized to accept any amendments, modifications, variations and alterations as the regulatory authority may stipulate.

Further Resolved that the Board/Committee of the Board be and is hereby authorized to delegate such powers to executives of the Company and/or others as it may deem fit and proper to give effect to the above said resolution."

By order of the Board of Directors
For **Vaswani Industries Limited**
SD/-
Ravi Vaswani
(Chairman & Managing Director)

Place: Raipur (C.G.)
Date: 26/06/2013

Notes:

1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2) Relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act,1956, in respect of special business as set out above annexed hereto.

3) A Corporate Member shall be deemed to be personally present only if it is represented in accordance with Section187 of the Companies Act,1956, i.e. only if the Corporate Member sends certified true copy of the Board Resolution authorizing the representative to attend and vote the Annual General Meeting.

4) Register of Members and Share Transfer Book of the Company will remain closed from; 19.08.2013 to 26.08.2013 (both days inclusive).

5) Members are requested to kindly notify the Company immediately any change of address:

a. To their Depository Participants (DPs) in respect of their electronic share accounts, and

b. To the Company at its Registered Office in their physical shares so as to enable the Company to address the future communications at their correct addresses.

6) Members who are holding Equity shares in identical order of names in more than one folio are requested to write to the Company to consolidate their holdings in one folio.

7) Members desirous of obtaining any information concerning Accounts and Operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the Meeting so that the information required may be made available at the Meeting.

8) Members attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting venue. However, entry to attend the Meeting will be strictly on the basis of the entry slip available at the counters at the venue and to be exchanged with attendance slip.

9) Members will not be distributed any gift, compliment or kinds of such nature at the ensuing 10th Annual General Meeting of your Company.

Explanatory Statement

FOR ITEM 1 & 2:
Your Board has to consider from time to time proposals for diversification into areas which would be profitable for the company as part of diversification plans. For the purpose the objects clause of the company which is presently very restricted in scope, requires to be so made out as to cover a wide range of activities to enable your company to consider embarking upon new projects and activities considered to be convenient, advantageous and feasible for the company's business.

The Board of directors had, in their meeting held on 26th June, 2013 decided to expand its activities further to stride in diversified field and to increase profit. Accordingly, it has been found desirable that the Other Objects Clause of the Memorandum of Association of the Company be amended suitably so as to include the said objects therein. As per the provisions of Section 17 of the Companies Act 1956, it has been made mandatory to get the approval of shareholders by passing Special Resolution before initiating any change in the existing Other Object Clause. Certain incidental powers are also being added for the convenience of the Company's operations.

Similarly Section 149(2A) of the Act requires prior approval of shareholders by passing Special Resolution for commencement of any business covered under Other Objects Clause of the Memorandum of Association.

The draft copy of altered Memorandum of association of the company is available for inspection at the registered office of the company on any working day during business hours. The amendment shall be effective upon the registration of the resolution with the Registrar of Companies, Madhya Pradesh & Chhattisgarh.

Your Directors recommend that the special resolution be passed. None of the Directors of the Company is interested or concerned in the said resolution.

FOR ITEM 3:
Offer, issue and allot 1364500 equity shares to the promoters on preferential basis.

1. Object of the issue:
The iron industry is going through a financial crisis. As the company has reported cash losses during the previous financial year, there is a need for additional working capital infusement, therefore proposed that the requirement be funded through preferential allotment of equity shares to the promoters. The aggregate amount brought in by the promoters through the preferential issue will be Rs 136.45 lacs

2. The proposal of the promoters /directors / key management persons to subscribe to the offer:
The present promoters of the Company will subscribe to this preferential allotment as enumerated below:

SN	Promoter Name	Equity Shares
1	PRAMOD VASWANI	204675
2	RAVI VASWANI	545800
3	YASHWANT VASWANI	409350
4	SUDHA VASWANI	204675
	TOTAL	1364500

None of the other Directors / other Key Management Personnel intend to subscribe to this offer.

3. Shareholding pattern of the company before and after the proposed issue of equity shares:

	Pre Issue Holding		Allotment of equity shares in preferential issue	Post-issue holding	
Category	No. of shares held	%	No. of shares to be issued	No. of shares held	%
Promoters	14790200	54.20	1364500	16154700	56.38
Mutual Funds	0		0	0	
Financial Inst/ Banks	0		0	0	

Foreign Institutional Investor	0		0	0	
Bodies Corporate	4366251	16.00	0	4366251	15.24
Individual shareholding nominal value of share capital upto Rs 1 lacs	2440192	8.94	0	2440192	8.51
Individual shareholding nominal value of share capital excess of Rs 1 lacs	5053651	18.52	0	5053651	17.64
Others	639906	2.34	0	639906	2.23
Total	27290200	100.00	1364500	28654700	100.00

Notes with respect to share holding pattern: (a) The above shareholding pattern is prepared on the basis of 31.03.2013. (b) Post-allotment pattern has been arrived on the assumption that the non-promoters proportion of holding remains the same.

4. Proposed time within which allotment will be completed

The Company will complete the allotment of equity shares within a period of 15 days from the date of passing of the special resolution by the shareholders in the Annual General Meeting excluding the time taken in obtaining the necessary approvals, if any, or within such further period as may be prescribed or allowed by the SEBI, Stock Exchange or other concerned authorities.

5. The identity of the proposed allottees, the percentage of post preferential issue capital that may be held by them and change in control, if any, in the issuer consequent to the preferential issue

Details of proposed allottees:

Proposed Allottees	**Pre-issue equity holding**	**% of pre issue**	**Number of shares to be issued**	**Post issue holding**	**% of post issue**
PRAMOD VASWANI	3969860	14.55	545800	4515660	15.76
RAVI VASWANI	3942300	14.45	409350	4351650	15.19
YASHWANT VASWANI	2190840	8.03	204675	2395515	8.36
SUDHA VASWANI	1241200	4.55	204675	1445875	5.04
TOTAL	11344200	41.58	1364500	12708700	44.35

In terms with SEBI (ICDR) Regulations, the company has obtained PAN details from the proposed allottees.

Change in control:

There is no change in the management of the Company pursuant to the preferential issue.

6. Undertaking:

In terms of Regulation 73(1)(f) and (g) of SEBI(ICDR) Regulations, the company undertakes to: (i) re-compute the price of the specified securities (if required) as per the regulations and (ii) if the amount payable on account of re-computation of price is not paid as per regulation, the specified securities shall remain locked-in till the time such amount is paid.

7. Certificate from auditors:

M/s. Sunil Johri & Associates, Chartered Accountants, the Statutory Auditors of the Company, have certified that the said preferential issue is in accordance with the requirements contained in the Guidelines and the said Certificate will be placed before the Annual General Meeting. The Memorandum & Articles of Association of the Company, Auditors Certificate and other documents referred to in the proposed resolution and in the Explanatory Statement are open for inspection at the Registered Office of the Company on any working day except Public Holidays and Sundays between 9.00 a m and 5.30 p m up to the date of the Annual General Meeting and will also be placed before the Annual General Meeting.

8. Lock-in

The pre-preferential and post preferential allotment shall be locked in terms with the SEBI (ICDR) Regulations

9. Pricing of preferential issue:

The issue price of equity shares as per Regulation 76 of ICDR Guidelines will be at a price not less than the higher of the following:

a) The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date; or

b) The average of the weekly high and low of the closing prices of the related shares quoted on a stock exchange during the two weeks preceding the relevant date;

c) At par value of shares, i.e. Rs.10/- per equity share.

Explanation: "Relevant date" as per Regulation 71 of ICDR Guidelines for the purpose of this clause means, the date thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue.

10. Allotment and Terms of payment:

The equity shares will be allotted within 15 days from the date of the Annual General Meeting. The full consideration for the equity shares shall be received from the promoters before the allotment.

Hence, the resolution is placed before the shareholders. The Directors recommend the resolution for your approval
None of the directors (other than those issued equity shares under this resolution) are, in any way, concerned or interested in this resolution.

By order of the Board of Directors
For **Vaswani Industries Limited**
SD/-
Ravi Vaswani
(Chairman & Managing Director)

Place: Raipur (C.G.)
Date: 26/06/2013

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

India's economic growth is contingent upon the growth of core sectors which include the Indian steel industry. Consumption of steel is taken to be an indicator of economic development. While steel continues to have a stronghold in traditional sectors such as construction, housing and ground transportation, special steels are increasingly used in engineering industries such as power generation, petrochemicals and fertilizers.

Our company is engaged in integrated business of manufacture of Sponge Iron, Steel Billets & Ingots and power generation, the production facilities are currently located in Sondra village, Raipur.

OPPORTUNITIES AND THREATS

OPPORTUNITIES

Growth in the steel demand has strong correlation with growth in GDP of nation. The Indian economy was expected to grow at a spectacular growth rate of 9% of GDP; but unfortunately the same did not happen. As a result, the steel demand is unlikely to grow at the expected pace. The demand for sponge iron in medium term shall be at healthy level due to closure of many sponge iron plants for want of iron ore. Steel through induction furnace route is set to reduce. Consequently merchant sponge iron suppliers will be under pressure on account of market demand. The company therefore has vision to shift focus to steel making from present sponge making only.

The important policy measures which have been taken over the years for the growth and development of the Indian iron and steel sector are as under:-

(i) Currently, the import duty on steel items from existing 5% to 10%. The import duty on raw materials like melting scrap, coking coal, met coke is NIL and between 2 to 5 percent for other raw materials such as Zinc, Iron Ore and Ferro Alloys. There is no export duty on any steel item. However, Government has imposed ad-valorem export duty of 30 per cent on iron ore lumps in order to conserve the mineral for long term requirement of the domestic steel industry.

(i) Excise duty for steel is currently at 12 per cent.

(iii) To ensure sufficient domestic availability and curb the rising price of hot-rolled coils in the domestic market, its imports have been freed by the government.

(iv) The National Steel Policy 2005 is being updated to provide a roadmap for Indian Steel Industry's long term growth prospects in view of fast-changing nature of operations, structure and dynamics.

(v) For ensuring quality of steel several items have been brought under a quality control order issued by the Government. The matter to bring more steel items under this order is under examination.

(vi) In order to obtain full picture of the pattern of rural steel consumption in the country, an all India survey was commissioned by the Ministry of Steel. The survey work was coordinated by Joint Plant Committee, Kolkata and the field work was carried out by IMRB International, a leading market research organization. The study report was examined by a high-level Committee appointed by the Ministry of Steel for devising roadmap for implementation of the recommendations of the study, which have submitted its report to Ministry of Steel. Further action as per recommendations of this committee is being taken.

THREATS

Cost of Iron ore and coal i.e. the basic raw material has a direct impact on the profitability. Iron ore prices has increased substantially and availability of the required grade has suffered to a great extent due to various restrictions imposed by the authorities. Coal India's new coal distribution policy and consequent Fuel Supply Agreement has disrupted coal linkages forcing producers to procure more e-auction coal. Coal India has also increased the price of coal substantially.

The cost of iron ore and coal constitute more than 80% of cost of production. Therefore the profitability of the company depends on market price of these raw materials vis-à-vis price of sponge iron. The only way to substantially reduce the cost of iron ore and coal is to have captive mines for these raw materials. The coal block which is under development will meet most of the coal requirements. Delay in starting the mining operations is only due to external factors. Further, the coal linkage has been discontinued forcing the company to procure the required coal through e-auctions of coal India and overseas markets at high cost. The company does not have any iron ore mine.

SEGMENT-WISE PERFORMANCE

The company has three segment iron & steel, power and real estate. The necessary disclosures have been made as per accounting standard 17 on segment reporting in the notes to accounts.

OUTLOOK

The outlook of the company is broadly described in Vision and Mission statements of the Company. Options of shifting focus to steel making, separate power plant at pit head of coal block etc. are being examined to optimize the revenue in future.

OVERVIEW OF THE COMPANY AND ITS PROJECT

Vaswani Industries Ltd. was incorporated under the Companies Act, 1956 on July 22, 2003 with the Registrar of Companies, Madhya Pradesh and Chhattisgarh and obtained Certificate of Business Commencement on February 10, 2004. The company was established with the object of manufacturing of Sponge Iron, Steel Billets and captive Power Generation. We are presently engaged in integrated business of manufacturing Sponge Iron, Steel Billets & Ingots and power generation.

Our company belongs to Vaswani Group of companies which has interest in iron & steel since past two decades. The developments of the Company are as under:

(i) Our company has manufacturing facilities in an industrial area at Sondra village, 14 km from Raipur railway station. Our company installed first kiln of 1x100 TPD sponge iron in the year 2004-05 and over the period of time enhanced the total capacity of sponge iron to 3 x 100 TPD.

(ii) Installed three Induction Furnaces in the year 2007-2008 with a capacity of 36000 MT for manufacturing of Steel Billets & Ingots utilizing in-house production of Sponge Iron.

(iii) Commenced power generation of 7.5 MW in the year 2007-08 (5 MW from Waste Heat Recovery Boiler (WHRB) and 2.5 MW from Coal) for captive consumption. Our power generation capacity was enhanced to 11.5 MW (9 MW from WHRB and 2.50 MW from Coal) during the year 2010-2011. In the year 2009, our company started selling surplus power generated to private power companies namely M/s Lanco Electric Utility Limited and others as well as State Electricity Board namely Chhattisgarh State Electricity Board.

Since inception, Vaswani Industries Limited, under the guidance of experienced promoters, has responded to changing economic conditions and new market opportunities through vertical integration and periodic restructuring. Company's management firmly believes in benchmark product quality, customer centric approach, people focus, ethical business practices and good corporate citizenship. Company draw its strength from an age old tradition of reliable customer service and quality products.

FINANCIAL PERFORMANCE OF THE COMPANY

- *Sales*
  The total sales of current year 2012-13 is Rs. 21440.35 lacs as compared to Rs. 22012.71 lacs in previous year 2011-12, company has registered a reduction of 2.6%.

- *Material Cost*
  The material cost during the current year 2012-13 is Rs. 24529.51 lacs as compared to Rs. 17648.02 lacs 2011-12. The raw material consumption has increased by 28.05%.

- *Manufacturing Expenses*
  Manufacturing expenses during the current year 2012-2013 is Rs. 1986.63 lacs where as during the previous year 2011-12 is Rs.1896.10 lacs. These expenses have increased by 4.75% as compared to 2011-2012.

- *Employees Remuneration & Benefits*
  Employees Remuneration & benefits during the current year 2012-13 is Rs. 324.27 lacs as compared to Rs. 293.56 lacs in previous year 2011-12. These expenses have increased by 10.46% as compared to 20101-2012.

- *Administrative & Other Expenses*
  Administrative & Other Expenses during the current year 2012-13 is Rs. 232.93 lacs as compared to Rs. 349.04 lacs in previous year 2011-12. These expenses have decreased by 33.27% as compared to 2011-2012.

- *Depreciation*
  Depreciation during the current year 2012-13 was Rs. 524.77 lacs as compared to Rs. 518.06 lacs the previous year 2011-12. During the current year 2011-12 it increased by 01.15%.

- *Profit after tax*
  The current year has negative Profit after tax and extra-ordinary items amounting to Rs. 1137.45 lacs.

COMPETITION

The Company faces stiff competition from medium and larger well-established players. The Company is smaller in size compared to the market leaders. However with capital expenditure in the project of the company it intends to make it good and face competition more confidently.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly, applicable statutes, the Code of Conduct and Corporate policies are duly complied with. The Company has an Audit Committee with majority of Independent Directors as members to maintain the objectivity. The Internal Audit Program is designed in consultation with the Statutory Auditors to ensure accuracy and reliability of accounting data and is monitored by the Audit Committee. Audit observations and recommendations are reported to the Audit Committee, which monitors the implementation of the said recommendations. The Company's internal audit team also carries out extensive audits throughout the year, across all functional areas.

PERSONNEL

Human wealth is the ultimate wealth in for any industry. The Company recognizes this fact and understands that employees are one of the most important sources for sustained growth of any business. Quality personnel delivering their optimum potential for the organization is the key differentiator. The Company maintained good relations with its employees and there was no unrest in the Company.

CAUTIONARY STATEMENT

Statements made in the report describing the company's plan, projections and expectations may constitute "forward looking statement" within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied.

CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by **Vaswani Industries Limited** for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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 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 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.

SATISH BATRA

Satish Batra & Associates,
Company Secretaries,
M.No. - FCS 1316
C.P. No. 2875

Raipur, 30 th MAY 2013

CEO/CFO CERTIFICATION

We, Ravi Vaswani, Managing Director, and Pramod Vaswani, Whole-time Director of the Company do here by certify to the Board that:

a. They we have reviewed financial statements and the cash flow statement for the year ending 31st March, 2013 and that to the best of their knowledge and belief :

i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the auditors and the Audit committee

i. significant changes in internal control over financial reporting during the year;
ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

RAVI VASWANI - MANAGING DIRECTOR

PRAMOD VASWANI - WHOLE TIME DIRECTOR

RAIPUR, 30th MAY 2013

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2012-2013

(as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

i) COMPANY'S PHILOSOPHYON CODE OF GOVERNANCE

Our Company is committed for practicing good Corporate Governance in order to lay strong emphasis on transparency, accountability and integrity for building investor confidence, improve investor's protection and maximize long-term shareholder value. Company has formulated and implemented a Code of Business Conduct and Ethics for all Board members and senior management personnel of the Company, who have affirmed the compliance thereto.

ii) BOARD OF DIRECTORS

The Board of Directors has a combination of Executive and Non-Executive Directors. The Board comprises of three Whole-time Directors (the Managing Director and two Executive Directors) and three Non-executive Directors cum Independent Directors. One-half of the Board of Directors of the company comprises of Independent and Non-executive Directors.

None of the Directors on the Board is a Member of more than 10 committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other companies are given below in Table – 1, Table – 2, Table – 3 and Table – 4 :

TABLE 1 **As on March 31, 2013**

S.NO.	Name of Director	Category of Directors	No. of other Directorship		No. of other Committee Membership/ Chairmanship held*	
			Public Company	Private Company	Committee Chairmanship	Committee Membership
1	Mr. Ravi Vaswani	Chairman & Managing Director	9	4	-	-
2	Mr. Pramod Vaswani	Whole Time Director	5	1	-	-
3	Mr. Yashwant Vaswani	Whole Time Director	4	1	-	-
4	Mr. Lekhu Thadaram Mulchandani	Independent Director	1	-	-	-
5	Mr. Ashok Suri	Independent Director	-	1	-	-
6	Mr. Sanjay Jadwani	Independent Director	-	-	-	-

TABLE 2 **As on March 31, 2013**

Number of Board Meetings held

The dates on which Meetings of the Board of Directors were held and the number of Directors presents in each meeting are given in table below:

S. no.	Date of Meeting	Board Strength	No. of Directors present
1.	16.04.2012	6	5
2.	28.04.2012	6	6
3.	26.05.2012	6	5
4.	14.08.2012	6	5
5.	22.09.2012	6	5
6.	31.10.2012	6	5
7.	10.11.2012	6	6
8.	06.02.2013	6	5
9.	15.02.2013	6	5
10.	18.03.2013	6	6

The maximum time gap between any two meetings was not more than 3 (three) calendar months.

TABLE 3 **AS ON MARCH 31, 2013**

ATTENDANCE OF DIRECTORS AT (I) BOARD MEETING AND (II) ANNUAL GENERAL MEETING

S. No.	Name Of Directors	No. Of Board Meetings Attended	Attendance At The Last AGM
1	Mr. Ravi Vaswani	10	YES
2	Mr. Pramod Vaswani	10	YES
3	Mr. Yashwant Vaswani	10	YES

4	Mr. Lekhu Thadaram Mulchandani	6	YES
5	Mr. Ashok Suri	6	YES
6	Mr. Sanjay Jadwani	8	YES

TABLE 4 **AS ON MARCH 31, 2013**

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT IN NINTH ANNUAL GENERAL MEETING
(In pursuance of Clause 49 of Listing Agreement)

Name of the Director(s)	Shri Sanjay Jadhwani	Shri Yashwant Vaswani
Designation	Independent Director	Whole Time Director
Qualifications	Bachelor of Commerce (BCom)	Bachelor of Commerce (BCom) – II year
Date of appointment	December 06, 2011	April 16, 2004
Expertise in Specific functional areas	He is a Commerce Graduate by qualification.	He is an under graduate (Commerce) by qualification.
List of other Companies in which Directorship Held	NIL	NIL
Chairman/Member of the committees of Board of Directors of other companies in which he is Director	NIL	NIL
Details of Shareholding (both own or held by/for other persons on a beneficial basis), if any, in the Company	NIL	2190840 Equity Shares

3. Code of Conduct

The Board of Directors has laid down a Code of Conduct for all Board members and senior management of the Company. All the Board members and senior management personnel have affirmed compliance with the Code of Conduct. The Annual Report of the Company shall contain a declaration to this effect signed by the Managing Director.

4. COMMITTEES UNDER CORPORATE GOVERNANCE

Sr. no.	Committee of Directors	Constituted on
1.	Audit Committee	February 26, 2005
2.	Shareholder's / Investor Grievances Committee	April 15, 2009
3.	Remuneration Committee	April 15, 2009

4.1 AUDIT COMMITTEE:

The Audit Committee consists of one executive Director and two Independent Directors. The Audit Committee comprises of following Directors:

Name of Members	Designation	Nature of directorship
Mr. Lekhu T Mulchndani	Chairman Independent	Non-Executive Director
Mr. Sanjay Jadwani*	MemberIndependent	Non-Executive Director
Mr. Pramod Vaswani	Member	Executive Director

The committee met Four times during the year 2012-2013 and the attendance of the members at these meetings was as follows:

SN	Date of Meeting	Committee Strength	No. of members present
1	26.05.2012	3	3
2	31.10.2012	3	3
3	15.02.2013	3	3
4	18.03.2013	3	3

The Functioning and terms of reference of the Audit Committee the role, powers and duties, quorum for meeting and frequency of meetings, have been devised keeping in view the requirements of Section 292A of the Companies Act, 1956 and Listing Agreements with the Stock Exchanges as are in force/ applicable from time to time.

4.2 REMUNERATION COMMITTEE:

The Remuneration Committee of the Company consists of three Directors, with Mr. Lekhu Thadaram Mulchandani as its Chairman and Mr. Ashok Suri & Mr. Sanjay Jadwani as the members. All the members of the committee are Non-Executive Independent Directors. All the Directors have been paid remuneration as per terms of their appointment and ceiling specified under the Companies Act, 1956.

Remuneration paid during the year 2012-2013

Name	Designation	Remuneration (in Rs.)
Mr. Ravi Vaswani	Managing Director	75000 per month
Mr. Pramod Vaswani	Whole Time Director	50000 per month
Mr. Yashwant Vaswani	Whole Time Director	30000 per month

4.3 SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE:

4.3.1 The Investors' Grievance Committee consists of Three Directors. The detailed composition of the members of the Shareholders/Investors Grievances Committee at present is given below:

Name of Members	Designation	Nature of directorship
Mr. Lekhu T Mulchndani	Chairman Independent	Non-Executive Director
Mr. Sanjay Jadwani*	Member Independent	Non-Executive Director
Mr. Yashwant Vaswani	Member	Executive Director

4.3.2 During the financial year ended March 31,2013 the meetings of the Shareholder/ Investor Grievances Committee held as under:

Sr.No.	**Dates of Meeting**	**Committee Strength**	**No. of members Present**
1	22.09.2012	3	3
2	10.11.2012	3	3
3	18.03.2013	3	3

5. General Meetings:

Location, date, time & place of last three year Annual General Meeting and Extra Ordinary General Meeting held during 2012-13 are given below:

Annual General Meeting (AGM):				
For the year ended	**Location**	**Date**	**Time**	**Details of Resolution passed**
31.03.2012	MIG-4, Indrawati Colony, Raipur (C.G.)	28.11.2012	**3.00 PM**	Ordinary Business
31.03.2011	MIG-4, Indrawati Colony, Raipur (C.G.)	17.10.2011	10.30 A.M	Ordinary Business
31.03.2010	MIG-4, Indrawati Colony, Raipur (C.G.)	25.09.2010	11.30A.M	Ordinary Business
Extra Ordinary General Meeting (EGM):				
For the year ended	**Location**	**Date**	**Time**	**Details of Resolution passed**
31.03.2013	MIG-4, Indrawati Colony, Raipur (C.G.)	04.03.2013	10.30 A.M.	Special Business

*During the year ended March 31,2013, there have been no resolutions passed by the Company's Shareholders by postal ballot. At the ensuing Annual General Meeting, there is no resolution proposed to pass by postal ballot.

6. Disclosures

Basis of related party transaction

There was no materially significant related party transaction that may have potential conflict with the interest of the Company at large. The details of related party transactions are disclosed in financial section of this Annual report.

Disclosure of accounting treatment

The Company has followed all relevant accounting standards while preparing the financial statements and statement of accounts have been drawn in compliance of all applicable accounting standards.

Risk Management

The risk management issues are discussed in detail in the report of Management Discussion and Analysis. The Company has taken necessary steps for risk management and the system is being strengthened on a continuous basis.

Proceeds from public issues, right issues, preferential issues etc

The proceeds of Preferential Issues are utilized towards working.

Management Discussion and Analysis Report

Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms part of this report.

Details of non-compliance by the Company, penalties and strictures imposed etc.

The company has complied with the requirements of regulatory authorities on capital markets and no penalty/ stricture was imposed on the Company by stock exchange or SEBI or any statutory authority, on any matter related to capital markets from the date of its listing on the stock exchanges.

CEO/CFO Certification

The Chief Executive Officer and the Chief Financial Officer have certified to the Board with regard to the financial statements and other matters as required in clause 49 of the listing agreement and the said certificate is contained in this annual report.

Disclosure of material transactions

No material transaction has been entered into by the Company with the promoters, directors or the management, their subsidiaries or relatives etc that may have a potential conflict with interest of the company.

7. Means of Communication:

a. **Financial Results:**

The quarterly, half yearly and annual results are published in widely circulating national and local dailies such as "Business Standard" in English and are displayed on the website of the Company www.vaswaniindustries.com.

b. **Website:**

The Company's website " www.vaswaniindustries.com" contains a separate dedicated section "Investors" where shareholders information is available. The Annual Report of the Company is also available on the website in a downloadable form.

8. General Shareholders' Information

a) Date, Day, Time and Venue for holding 10th Annual General Meeting: 26th August, 2013, 3.00 p.m. at registered office.
b) Registered Office MIG-4, Indrawati Colony, Raipur (C.G.) (492001)
c) Listing Date & Commencement of Trading Date: 20th September, 2011 & 24th October,2011.
d) Financial Calendar (2012-2013) (tentative) :

Board Meeting (for Financial Result)	
Quarter ending on 30th June 2012	On or before August 14, 2012
Half-year ending on 30th September 2012	On or before November 14, 2012
Quarter ending on 31stDecember 2012	On or before February 14, 2012
Year ending on 31st March 2013	On or before May 30, 2013

Book closure date:
The Register of Members and Share Transfer Books of the Company will be closed from Monday, 19th August, 2013 to Monday, 26th August, 2013 (both days inclusive) for the purpose of 10th Annual General Meeting.

f) Stock Code :

NSE: VASWANI
BSE: 533576
ISIN: INE590L01019

g) Market price data and performance of the share price of the Company in comparison to BSE Sensex and NSE nifty

The monthly high and low quotations of shares traded on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited are as follows:

Month	BSE		NSE	
	High	Low	High	Low
April,2012	13.10	09.96	8.75	7.25
May, 2012	11.98	09.81	9.90	6.45
June, 2012	10.91	08.00	8.15	5.35
July, 2012	08.87	07.50	7.15	6.05
August, 2012	10.10	07.25	6.55	3.75
September, 2012	08.30	05.83	5.25	4.00
October, 2012	07.35	06.12	4.85	3.90
November, 2012	07.17	03.77	4.40	3.70
December, 2012	05.26	03.96	5.70	3.95
January, 2013	04.80	03.96	6.80	4.85
February, 2013	04.44	03.68	5.15	4.25
March,2013	05.78	03.75	5.65	3.80

h) Shareholding as on March 31,2013

i) Shareholding Pattern Category wise as on 31st March, 2013

Category	**No. of Shares held**	**% of holding**
Promoters	14790200	54.20
Other Corporate Bodies	3931187	14.41
Indian Public	7474831	27.38
Clearing Member	1048173	03.84
Foreign Nationals	45809	00.17
Total	**27290200**	**100.00**

ii) Distribution of Shareholding as on March 31, 2013

SR.NO.	SHAREHOLDING		OF SHARES	SHAREHOLDER	PERCENTAGE OF TOTAL	TOTALSHARES	PERCENTAGE OF TOTAL
1	1	to	500	2443	67.5608	442284	1.6207
2	501	to	1000	405	11.2002	350553	1.2845
3	1001	to	2000	281	7.771	442601	1.6218
4	2001	to	3000	80	2.2124	208907	0.7655
5	3001	to	4000	181	5.0055	600809	2.2016
6	4001	to	5000	55	1.521	264812	0.9704
7	5001	to	10000	62	1.7146	427012	1.5647
8	10001	to	Above	109	3.0145	24553222	89.9708
			Total	**3616**	**100**	**27290200**	**100.0000**

i) Dematerialization of Equity Shares and Liquidity:

The Company's shares are compulsorily traded in dematerialized form. The dematerialization facility is available from both the depositories namely National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Equity shares of the Company representing 100% of the share capital are dematerialized as on 31st March, 2011.The Company's shares are regularly traded on the 'Bombay Stock Exchange Limited' and 'National Stock Exchange of India Limited' in dematerialized form.

j) Registrar & Transfer Agents :

LINK INTIME INDIA PVT LTD

C-13, Pannalal Silk Mills Compund L.B.S Marg Bhandup(W), Mumbai-400078
Phone: 022-2596 3838 Fax: 022-25946969 Email: mumbai@linkintime.co.in
Website: www.linkintime.co.in

k) Share Transfer Procedure:

Shareholders / Investors Grievance & Share Transfer Committee is empowered to approve transfer. All the transactions related to share transfer, change of address, dividend, share certificate etc., should be addressed to R&T Agent of the Company at the address mentioned in this Annual Report. Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, the Company obtained a certificate from a Practicing Company Secretary on half yearly basis, for compliance of share transfer formalities.

l) Secretarial Audit:

Pursuant to SEBI (Depositories and Participants) Regulations, 1996, a qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held in electronic mode with NSDL and CDSL.

m) Address of Correspondence:

(i) Ms. Ritu Lamba

Company Secretary & Compliance Officer
Vaswani Industries Ltd.
Regd. Off.: MIG-4, Indrawati Colony, Raipur (C.G.)
Phone: 0771-4226000
Fax: 0771-4226000
email: complianceofficer@vaswaniindustries.com
Website: www.vaswaniindustries.com

(ii) For transfer/dematerialization of shares, change of address of members and other queries.

Link Intime India Pvt. Ltd
C-13, Pannalal Silk Mills Compund L.B.S Marg Bhandup(W), Mumbai-400078
Phone: 022-2596 3838
Fax: 022-25946969
Email: mumbai@linkintime.co.in
Website: www.linkintime.co.in

iii) Site Location : Bahesar Road,Near Cycle Park, Village Sondra ,Raipur (C.G.) Tel: 0771-4226067 Fax:0771-4226066

n) Report on Corporate Governance

This chapter, read together with the information given in the chapter titled Management Discussion and Analysis constitute compliance report on Corporate Governance during 2012-13.

For and on behalf of Board of Directors

RAVI VASWANI
Chairman & Managing Director
Raipur, 30th MAY 2013

DIRECTORS' REPORT

The Directors take pleasure in presenting the Ninth Annual Report on the business and operations of the company and its financial results for the year ended 31st March, 2013.

FINANCIAL RESULTS

Financial Results of the Company for the financial year ending 31st March 2013 are summarized below for your consideration:

(Rs. in Lacs)

PARTICULARS	31-03-2013	31-03-2012
REVENUE FROM OPERATIONS	21440.35	22,012.71
PROFIT BEFORE INTEREST AND DEPRECIATION	-299.40	1,783.98
INTEREST	943.78	1,068.42
DEPRECIATION	524.76	518.06
PROFIT BEFORE TAX & PRIOR PERIOD ADJ.	-1767.95	197.50
PRIOR PERIOD ADJUSTMENT	0.00	9.00
NET PROFIT BEFORE TAX	-1767.95	188.50
PROVISION FOR TAXES	630.05	79.35
NET PROFIT AFTER TAX	-1137.45	109.15
TRANSFER TO GENERAL RESERVE	0.00	10.92

PERFORMANCE

The fiscal year under review was a very crucial year for the steel industry. Steel manufacturer's especially domestic steel manufacturing suffered heavily due to high input prices such as of power and iron ore without corresponding increase in selling prices of finished products resulting into lower realizations.

During the year under review despite adverse factors, the Company has achieved sales revenue of Rs. 214.40 crores as against Rs.220.12 crores in the previous year thereby registering a marginal decrease of 2.6% over the previous year. However, the company has suffered a loss as against profit in the previous year due steep prices in the raw material, stores and consumables, fuel and power cost. The company is procuring coal from outsources.

FUTURE PROSPECTS

The company is enduring to cope up with the recessionary trends in the market by cutting down the manufacturing cost. The present economic recession will continue for some more time. The current year may not much improve the profitability. However, the director are very optimistic that barring unforeseen circumstances, the company will come out the present situation in the next year.

SAFETY

The company continues to adopt safety measures to protect the health of workers. Company has complied with the measures to be taken regarding hazards or risks to safety and health from the production of iron and steel, including appropriate standards, codes and guidelines as prescribed, approved or recognized by the competent authority.

Company has properly maintained workplaces, plant, equipment, tools and machinery, and also organized work in such a manner so as to eliminate and control hazards and risks in the production of iron and steel, which is in consistent with national laws and regulations.

Company in consultation with workers and their representatives, looks after:
(i) assessment of the hazards and risks to the safety and health of workers arising from the production of iron and steel,
(ii) effective use of the information provided by the supplier of equipment or materials and from other reasonably available sources; and
(iii) measures to reduce exposure to eliminate or control risks to safety and health identified in the above risk assessment.

POLLUTION CONTROL MEASURES

The company has installed Waste Heat Recovery Boilers (WHRB) equipped with 3 kilns 100 X 3 MT per day capacity, which helps to generate 11.5 Mw power/hour preventing the waste, heat and fumes to dilute in the atmosphere. Emission Stream Pre-treatment (ESP) machines are implemented to filter the gases from the all the chimneys of the industry. Plantation is a vivacious step taken by the company to cover most of the area near the industry.

INCREASE IN SHARE CAPITAL

During the year under review, your company issued 1299500 (Twelve Lacs Ninety Nine Thousand Five Hundred) equity shares by way of preferential allotment and making total subscribed, issued and paid up equity share capital to Rs. 27,29,02,000 (Rupees Twenty Seven Crore Twenty Nine Lacs two Thousand only) divided into 27290200 equity shares of Rs. 10/- each as on date of this report.

DIVIDEND

With a view to conserve the liquid resources and to strengthen the financial position of the Company, we have decided not to recommend the dividend for the financial year ended 31st March 2013.

LISTING

The Company is Listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) . The Annual Listing Fee for the year 2012-2013 had been paid to those Stock Exchanges where the company's shares are listed.

DIRECTORS

Shri Sanjay Jadhwani, Independent Director & Shri Yashwant Vaswani, Whole Time Director Director are due to retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. None of the Directors of the Company are disqualified from being appointed as directors specified in section 274 (1) (g) of the Companies Act, 1956.

CONSERVATION OF ENERGY & TECHNICAL ABSORPTION & FOREIGN EXCHANGE EARNIING OUTGO

In accordance with the requirements of section 217 (i) (e) of the Companies Act, 1956 read with the companies (Disclosure of Particulars in Report of Board of Directors) Rules 1988, a statement showing the information relating to the Conservation of Energy, Research and Development, Technology absorption and foreign exchange earnings and is enclosed in Form- A and should be treated as a part of this report.

PROVISION FOR TAX

Liability of tax have been determined on the basis of Accounting Standard - 22 which is accounting for taxes on income and accordingly, the tax expenses comprising of deferred tax liability have been calculated.

PERSONNEL

No employee was in receipts of remuneration exceeding the limits set out under Section 217 (2A) of the Companies Act, 1956.

AUDITORS

The Auditors, M/s Sunil Johri & Associates, Chartered Accountants, Raipur will retire at the conclusion of the ensuing Annual General Meeting and they being eligible, have offered themselves for reappointment.

The Company has received letter from the auditor to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act

During the year, the Central Government prescribed the Cost Accounting Records to be maintained by the Company and also mandated that Cost Audit of eligible products/services be carried out. Therefore, the Board had appointed M/s. S C Mohanty & Associates, Raipur as Cost Auditors for the year 2011-12 and also for 2012-13 pursuant to Section 233B of the Companies Act 1956.

The Company has received letter from the Cost Auditor to the effect that their appointment and re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 233B (5) read with section 224 and section 226 (3) & (4) of the said Act

AUDITORS QUALIFYING REMARKS

The notes to the accounts are self explanatory in respect of remarks of the auditors appearing in their report.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Company has been practicing good Corporate Governance over the time. In addition to basic governance issue the board lays strong emphasis on transparency, accountability and integrity for building investor confidence, improving investor's protection and maximizing long-term shareholder value.

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

(i) Managing Director's declaration regarding compliance of Code of Conduct by Board Members and Senior Management personnel;
(ii) Management Discussion and Analysis;
(iii) Report on the Corporate Governance;
(iv) Auditors' Certificate regarding compliance of conditions of Corporate Governance.

INDUSTRIAL RELATIONS:

Industrial relations in the company during the year were peaceful, cordial and healthy. Company had been able to maintain peaceful industrial atmosphere and mutual trust between the management and the employees.

PUBLIC DEPOSITS

The Company has not accepted Public Deposit within the meaning of Section 58A of the Companies Act, 1956 after complying necessary formalities. There are no overdue or unclaimed deposits.

DIRECTORS' RESPONSIBILITY STATEMENT

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

(i) In the preparation of the Annual Accounts, the mandatory Accounting Standards as referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, has been followed and there were no material departures.

(ii) Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as on 31st March 2013 and the profit of the company for the year ended 31st March 2013.

(iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(iv)The Annual Accounts for the financial year ended 31st March 2013 have been prepared on 'going concern' basis.

ACKNOWLEDGEMENT

The Board takes this opportunity to sincerely thank all its stakeholders namely, shareholders, customers, suppliers/contractors, bankers, employees, government agencies, local authorities, and the immediate society for their un-stinted support and co-operation during the year.

For and on behalf of the Board of Directors

Ravi Vaswani
(Chairman & Managing Director)

Raipur, 30th May 2013

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNELWITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted Code of Conduct for its employees including the Managing Director. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors. I confirm that the Company has in respect of the financial year ended March 31, 2013, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For and on behalf of the Board of Directors

Ravi Vaswani
(Chairman & Managing Director)

Raipur, 30th May 2013

ANNEXURE TO THE DIRECTOR'S REPORT

Statement as required under section 217 (1)(e) of the companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

The company is making all efforts to minimize the energy consumption. Details of total energy consumption and energy consumption per unit of production as per Form – A are given hereunder:-

	31.03.2013	**31.03.2012**
I) POWER & FUEL CONSUMPTION:		
1. Electricity		
a. Purchased		
Total units	4761936	5701260
Total Amount (In Rs.)	17663678	21701500
Rate / Unit (In Rs.)	3.71	3.80
b. Own Generation		
Through Diesel Generation (Ltrs)		
Unit per Ltrs of Diesel Oil		
Rate / Unit per Ltrs (in Rs.)		
2. Coal (Specify quantity and where used)		
Quantity (In MT)	89814.260	101923.540
Total Cost (In Rs.)	246532427.00	312341432
Average Rate (In Rs.)	2744.92	3064.468
II) CONSUMPTION PER UNIT OF PRODUCTION		
Production of Sponge Iron (In MT.)	50832.730	58543.810
Electricity (In Unit)	93.68	97.59
Coal (In MT)	1.77	1.74

B TECHNOLOGY ABSORPTION

1.	Efforts made in brief towards Technology Absorption, Adaption and Innovation	Fully Indigenous
2.	Benefits derived as result of above efforts. eg: product development etc.	Quality improvement
3.	In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year) Following information may be furnished: a) Technology imported b) Year of import c) Technology has been fully absorbed and if not absorbed areas where this has not taken place reasons thereof and future.	NIL } NOT APPLICABLE

C FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the Company has acquired a Foreign Currency Term Loan of $20 lacs on which interest of Rs. 71, 23,754 is paid which is charged in Profit & Loss A/c.

For and on behalf of the Board of Directors

Ravi Vaswani
(Chairman & Managing Director)

Raipur, 30th May 2013

AUDITORS' REPORT

TO THE MEMBERS OF VASWANI INDUSTRIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of of VASWANI INDUSTRIES LTD ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

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

b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) order, 2003 including companies (Auditors Report) (Amendment) order 2004 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 paragraphs 4 & 5 of the said order.

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

   a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books
   c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   d. In our opinion, subject to point no. 3 given below 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 211of the companies Act, 1956.
   e. On the basis of written representations received from all the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
   f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

3. Attention of the members is drawn to the following Notes:-
   a. Note No.31 of Notes on financial statements regarding certain disclosure relating to Micro / Small / Medium Enterprises.
   b. Note No.32 of Notes on financial statements regarding gratuity calculation.

For **SUNIL JOHRI & ASSOCIATES**
CHARTERED ACCOUNTANTS
FIRM REG. NO. 005960C

RAIPUR, 30th May, 2013

(SUNIL JOHRI)
PARTNER
Membership No.74654

ANNEXURE TO THE AUDITORS' REPORT

i. a.) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

b.) As explained to us, the fixed assets have been physical verified by the management with a phased programme over a period of three year, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No serious discrepancies were noticed on such verification conducted during the year as compared with the books records.

c.) Fixed assets has not been disposed off during the year.

ii. a.) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

b.) The procedure of physical verification of inventories followed by the management are reasonable, so as to cover all inventories in a phased manner during the year, and adequate in relation to the size of the company and nature of its business.

c.) The company is maintaining proper records of inventory. No material discrepancy was found during the course of physical verification.

iii. a) The Company has granted unsecured loans to companies, firms or other parties listed in the Registers maintained U/S 301 of the Companies Act 1956 The total no. of Party are 1 and maximum amount outstanding during the year aggregates to 4.75 lakhs and year end balances in these accounts together was 4.75 lakhs.

b) In our opinion & according to the information given to us the rate of interest & terms & condition of the loan given by the company are prejudicial to the interest of the company.

c) There is no stipulation up on the company whom loan is given hence question of irregularity in the receipt of the principal amount & interest thereon does not arise.

d) There is no stipulation up on the company whom loan is given hence, question of overdue amount more than Rs. 1lakh does not arise.

e) Company has not accepted unsecured loans from the parties covered in the Register maintained U/s 301 of the companies Act, 1956. Other information in respect of loan taken is not applicable.

iv. In our opinion and according to the information and explanation give to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods. During the course of our audit, we have not observed any major weakness in internal control system.

v. a. According to the information and explanation given to us, we are of the opinion that the transaction that needs to be entered into the register maintained U/s 301 of the companies Act, 1956 has been so entered.

b. In our opinion and accordingly to the information and explanation give to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained U/s 301 of the Companies Act, 1956 and exceeding the value of 5.00 Lacs (Rupees Five Lacs) in respect of any party during the year have been made at price, which are reasonable having regard to prevailing market price at the relevant point of time.

vi. Based on our scrutiny of the company's records and according to the information and explanation provided by the management, in our opinion, the company has not accepted any loans or deposits which are 'deposits' within the meaning of Rule 2 (b) of the Companies (Acceptance of Deposit's) Rules, 1975.

vii. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

viii. According to the information and explanation given to us maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act, such accounts and records has been made and maintained by the company. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

ix. a.) On the basis of our examination of records and according to the information and explanation given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education & protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other statutory dues applicable to it and there are no undisputed statutory dues as above which are outstanding as at the last day of the financial year concerned for a period of six months from the date they become payable.

b). As at 31st March 2013, according to the records of the Company and the information and explanations given to us, the following are the statutory dues which have not been deposited with the concerned authorities on account of dispute are given below:-

Name of the statute	Nature of the dues	Amount (Rs. In Lacs)	Period to which the amounts relate	Forum where pending
Central Excise Laws	Excise Duty	44.16	2005-06 & 06-07	Additional Commissioner, Central Excise ,Raipur (C.G)

Central Excise Laws	Excise Duty	139.64	2005-06 & 06-07	Rejected From CESTAT- Delhi (order dt-04.04.2012) and yet to be filed in High Court.
Central Excise Laws	Excise Duty	49.72	2004-09	Stay in CESTAT
Central Excise Laws	Excise Duty	3.17	2005-08	Stay in CESTAT
Central Excise Laws	Excise Duty	2.58	2008-09 & 09-10	Stay in CESTAT
Sales tax	Entry tax, CST,& VAT	0.57 42.72 6.30	2007-08	Appeal is sales tax authorities.
Sales tax	Entry tax, CST,& VAT	9.71 16.23	2008-09	Appeal is sales tax authorities.

x. The company has no accumulated losses and has incurred cash losses during the financial year covered by our audit and no cash loss 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 the dues to a financial institution, bank or debenture holders.

xii. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures & other securities.

xiii. The company is not a Chit Fund or a Nidhi / Mutal benefit fund / Society. Therefore, the provision of clause 4 (xiii) of the companies (Auditors 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 provision of clause 4 (xiv) of the companies (Auditors Report) Order 2003 are not applicable to the company.

xv. As explained to us the company has not given guarantees for loan taken by other from bank or financial institutions.

xvi. According to the information and explanation given to us, the company has availed / utilized term loan during the year and had applied for the purpose for which the loan was obtained.

xvii. According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment.

xviii. According to the information and explanation given to us, the company has made preferential allotment of shares to parties covered in the register maintained U/s 301 of the Act.

xix. The company does not have any issued debentures.

xx. The Company has not raised any money by public issue during the year.

xxi. According to the information & explanation given to us, no frauds on or by the company has been noticed or reported during the course of our audit.

For SUNIL JOHRI & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG. NO. 005960C

(SUNIL JOHRI)

PARTNER
Mem. No.74654

RAIPUR, 30th MAY 2013

BALANCE SHEET & PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31ST MARCH 2013

Particulars	NOTE NO.	AS AT 31.03.2013	AS AT 31.03.2012
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	2729.02	2599.07
(b) Reserves and Surplus	2	5456.84	6594.29
(c) Money received against share warrants		-	-
(2) Share application money pending allotment		**-**	**-**
(3) Non-Current Liabilities			
(a) Long-term Borrowings	3	1308.53	1714.82
(b) Deferred tax liabilities (Net)	4	193.01	823.51
(c) Other Long term liabilities	5	27.18	27.18
(d) Long term provisions	6	6.33	5.77
(4) Current Liabilities			
(a) Short-term borrowings	7	4236.07	1506.83
(b) Trade payables	8	2167.59	1175.35
(c) Other current liabilities	9	478.45	658.01
(d) Short-term provisions	10	25.02	61.88
TOTAL- EQUITY AND LIABILITIES		**16628.04**	**15166.70**
II.Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	7141.32	7612.18
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		533.51	42.98
(iv) Intangible assets under development		-	-
(b) Non-current investments	12	810.88	809.72
(c) Deferred tax assets (net)		-	-
(d) Long term loans and advances	13	602.28	516.73
(e) Other non-current assets	14	134.61	74.72
(2) Current assets			
(a) Current investments			
(b) Inventories	15	2868.10	2842.62
(c) Trade receivables	16	2479.94	1624.39
(d) Cash and Bank Balances	17	663.17	323.86
(e) Short-term loans and advances	18	1380.52	1287.78
(f) Other current assets	19	13.72	31.73
TOTAL- ASSETS		**16628.04**	**15166.70**

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON FINANCIAL STATEMENTS (1 TO 40). THE NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AS PER OUR REPORT OF EVEN DATE.

FOR **SUNIL JOHRI AND ASSOCIATES**

CHARTERED ACCOUNTANTS

SUNIL JOHRI
PARTNER
M.NO.074654, FIRM REG. NO. 005960C

RAIPUR, 30th May'2013

FOR **VASWANI INDUSTRIES LIMITED**

(RAVI VASWANI) MANAGING DIRECTOR

(PRAMOD VASWANI) WHOLE TIME DIRECTOR

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH' 2013

(Rs. in Lacs)

Particulars	NOTE NO.	AS AT 31.03.2013	AS AT 31.03.2012
I. Revenue from operations (gross)	20	23654.48	23950.67
Less:- Excise Duty		(2214.13)	(1937.97)
		21440.35	22012.71
II. Other Income	21	202.93	182.82
III. Total Revenue (I +II)		21643.28	22195.53
IV. Expenses:			
Cost of materials consumed	22	16782.54	17648.02
Cost of Purchase		2694.63	1606.65
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	(77.97)	(1381.83)
Employee benefit expense	24	324.27	293.56
Financial costs	25	943.78	1068.42
Depreciation and amortization expense		524.77	518.06
Other expenses	26	2219.21	2245.15
Total Expenses		23411.23	21998.03
V. Profit before exceptional items and tax (III - IV)		(1767.95)	197.50
VI. Exceptional Items		0.00	0.00
VII. Prior Period Items		9.00	9.00
VIII. Profit before tax (V - VI)		(1767.95)	188.50
IX. Tax expense:			
(1) Current tax		-	42.58
Less :- MAT Credit		-	(42.58)
(2) Deferred tax		(630.50)	79.31
(3) Tax in respect of earlier years		-	0.04
		(630.50)	79.35
X. Profit(Loss) for the year	(VII-VIII)	(1137.45)	109.15
XI. Transfer to General Reserve (10%)		-	10.92
XII. Transfer to Profit & Loss A/c.		(1137.45)	98.24
XIII. Earning per equity share of Rs.10 Each Basic & Diluted	27	(4.37)	0.44
Weighted average no. of equity share outstanding		26040408	24925126

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON FINANCIAL STATEMENTS (1 TO 40). THE NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AS PER OUR REPORT OF EVEN DATE.

FOR **SUNIL JOHRI AND ASSOCIATES**

CHARTERED ACCOUNTANTS

FOR **VASWANI INDUSTRIES LIMITED**

(RAVI VASWANI) MANAGING DIRECTOR

(PRAMOD VASWANI) WHOLE TIME DIRECTOR

SUNIL JOHRI
PARTNER
M.NO.074654, FIRM REG. NO. 005960C

RAIPUR, 30th May'2013

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2013

(Amount in Lacs)

	Year 2012-13		Year 2011-12
A) Cash Flow From Operating Activities :-			
1. Net Profit/(Loss) before Taxes and Exceptional Items	(1767.95)		188.50
Adjustments for:-			
Depreciation	524.77		518.06
Interest Charged to P & L A/c	943.78		1068.42
(Profit)/Loss on sale of Investment	0.00		0.00
(Profit)/Loss on sale of Fixed assets (net)	0.00		0.05
Other Non Cash Charges	0.00		10.73
Preliminary Expenses written off	16.99		16.99
2.Operating Profit before Working Capital Changes	(282.41)		1802.75
Adjustments for:-			
Trade & other Receivable	(1177.10)		(118.22)
Inventories	(25.48)		(921.35)
Trade Payables & other Liabilities	776.38		(3404.91)
Cash generated from Operations	**(708.61)**		**(2641.73)**
Direct Taxes Paid			
Net Cash from Operating Activity (A)		**(708.61)**	**(2641.73)**
B) Cash Flow From Investing Activities :-			
Purchase of Fixed Assets	(53.90)		(170.50)
Sale of Fixed Assets			0.39
Decrease / (increase) in Capital Work in Progress	(490.54)		(42.98)
Payment for Misc . Assets	0.00		0.00
Misc. Expenses Capitalised (IPO Exp.)	(0.00)		(400.70)
Purchase of Investment	(1.15)		(176.08)
Dividend Received	0.00		0.00
Sale of Investment	0.00		0.00
Net Cash from Investing Activity (B)	**(545.59)**	**(545.59)**	**(789.87)**
C) Cash Flow From Investing Activities :-			
Proceeds from Unsecured Loans (Net)	(0.00)		(0.00)
Proceed from Bank Borrowing (Net)	(2322.94)		(379.75)
Monies received towards Share Capital & application	129.95		1000.00
Monies received towards Share Premium	0.00		3952.98
Interest Paid	(943.78)		(176.08)
Proposed dividend paid	0.00		(0.00)
Corporate Dividend Tax Paid on Equity dividend	0.00		(0.00)
Net Cash From Financing Activities (C)		**(1509.12)**	**(2504.81)**
D) Net Increase / (Decrease) in Cash & Cash Equivalents ((A)+(B)+(C))		254.92	73.21
E) Cash and Cash Equivalent at beginning of the Year	323.86		250.65
F) Cash and Cash Equivalent at end of the Year (D+E)	578.78		323.86

NOTE:-
1. The above cash flow Statement has been prepared under the "Indirect Method" as set out in accounting Standard (AS)-3 on Cash Flow statement as notified by the Companies (accounting Standard) Rules, 2006.
2. Previous Year figures have been regrouped / recast wherever necessary.

For SUNIL JOHRI & ASSOCIATES **CHARTERED ACCOUNTANTS** **FIRM REG. NO. 005960C**	**For and on behalf of the Board of Directors**
SUNIL JOHRI **PARTNER** **M.No. 074654**	**RAVI VASWANI - MANAGING DIRECTOR** **PRAMOD VASWANI - WHOLE TIME DIRECTOR**
RAIPUR, 30th MAY 2013	**RAIPUR, 30th MAY 2013**

NOTE ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs. in Lacs)

NOTE-1	AS AT 31.03.2013	AS AT 31.03.2011
AUTHORISED SHARE CAPITAL		
29750000 EQUITY SHARES OF 10 EACH (24750000)	2,975.00	2,975.00
250000 NON CUMMULATIVE PREFERENCE SHARES OF Rs. 10/- EACH (250000)	25.00	25.00
	3,000.00	3,000.00
ISSUED,SUBSCRIBED AND PAID UP SHARE CAPITAL		
27290200 (P.Y. 25990700) EQUITY SHARES OF Rs.10/- EACH	2,729.02	2,599.07
	2,729.02	2,599.07

The Company has only one class of equity shares having a par value of Rs.10 Each. Each shareholder is eligible for 1 vote per share. Out of Issued, Subscribed and Paid Up Capital 2500000 shares is issued as bonus share in the year 2011-12.

Details of Shares held by shareholders holding more than 5% of the in aggregate shares the company-

Name of the Shareholder	As at 31st March' 2013		As at 31st March' 2012	
	No. of Shares	%	No. of Shares	%
PRAMOD VASWANI	3969860	14.54	3469860	13.35
RAVI VASWANI	3942300	14.45	3402800	13.09
YASHWANT RAVI VASWANI	2190840	8.03	2150840	8.28
MANISHA VASWANI	1717500	6.29	1572500	6.05
JUHI VASWANI	1562500	5.73	1562500	6.01

The Reconciliation of the no. of shares outstanding is said below:-

Particulars	As at 31st March' 2013	As at 31st March' 2012
	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	25990700	13490700
Add:- Shares Issued during the year as Public Issue	-	10000000
Add:- shares issued to promoter duirng the year	1299500	-
Add:- Shares Issued as Bonus Shares	-	2500000
Equity Shares at the end of the year	27290200	25990700

NOTE-2	AS AT 31.03.2013	AS AT 31.03.2012
RESERVE AND SURPLUS		
SECURITIES PREMIUM		
Opening Balance	4864.77	1562.50
Add :- Received from General Public	0	3900.00
Add :- Received from Promoter	0	52.98
Less :- Utilised for Bonus Issue	0	250.00
Less :- Adjusted for IPO Expenses	0	400.70
Closing Balance	**4,864.77**	**4,864.77**
GENERAL RESERVE		
Opening Balance	181.83	170.91
Add:- 10% out of C.Y Profit	0	10.92
Closing Balance	**181.83**	**181.83**
PROFIT AND LOSS A/C		
Opening Balance	1547.69	1,449.45
Add:- Transfer from P& L Account	(1137.45)	98.24
Closing Balance	**410.24**	**1547.69**
TOTAL	**5,456.84**	**6,594.29**

NOTE-3	AS AT 31.03.2013	AS AT 31.03.2012
LONG TERM BORROWINGS SECURED		
TERM LOAN FROM BANK	1308.53	1714.82
TOTAL	1308.53	1714.82
UNSECURED		
TERM LOAN FROM BANK	0.00	0.00
	0.00	0.00
TOTAL	1308.53	1714.82

Nature of Security and Terms of Repayment for Long Term Secured Borrowings :-

Nature of Security	Terms of Repayment
Term Loan amounting to Rs. 1499.53 lacs (March 31'2012: Rs. 1801.82 lacs) is secured by Sole charge on Immovable Property, any Interest on Immovable Property, Book Debts, Movable Property (not being pledge) and floating charge including first Charge over Our Company's entire fixed assets including constructions of Land with a total area of 29.468 hectare located at Sondra, Tehsil-Siltara and Bahesar,Raipur, Chhattisgarh India	Term Loan with State Bank of India The amount will be repaid across 75 month from January 2011 up to March 2017*. Repayable with SBAR i.e. 11.75% per annum subject to changes as prescribed by SBI/ RBI from time to time at the time of sanction.
Loan amounting to Rs. 213.00 lacs (March 31'2012: Rs. 317.00 lacs) is (i) secured by a first pari passu mortgage and charge on all fixed assets whether movable or immovable, both present and future; (ii) An irrevocable and unconditional personal guarantee by shri Ravi Vaswani, Pramod vaswani and Yashwant Ravi vaswani.	Loan with IDBI Bank The amount will be repaid across 16 equal quarters from April, 2011 i. e. after a moratorium of 6 months from the date of first disbursement. Interest rate at 12.50% per annum or at the prevailing rate at the time of disbursement whichever is higher at the time of sanction.
Vehicle Loan amounting to Rs.9.34 lacs (March 31'2012: Rs.Nil is secured by respective vehicles.	Vehicle Loan with IndusInd Bank Repayable in 17 equal installment of Rs.159500 starting from may 2012 rate of interest Rate 5.62 % flat

NOTE-4	AS AT 31.03.2013	AS AT31.03.2012
DEFERRED TAX LIABILITIES		
DEFERRED TAX LIABILITY ON ACCOUNT OF DEPRECIATION AND REVERSAL OF ASSETS	899.24	860.65
DEFERRED TAX ASSETS ON ACCOUNT OF UNABSORBED DEP./LOSS AND DISALLOWANCES UNDER INCOME TAX ACT'1961	706.23	37.14
TOTAL	**193.01**	**823.51**

NOTE-5	AS AT 31.03.2013	AS AT31.03.2012

OTHER LONG TERM LIABILITIES		
DEPOSIT FROM CUSTOMERS	27.18	27.18
TOTAL	**27.18**	**27.18**

NOTE-6	**AS AT 31.03.2013**	**AS AT31.03.2012**
LONG TERM PROVISIONS		
PROVISION FOR EMPLOYEE BENEFITS	6.33	5.77
TOTAL	**6.33**	**5.77**

NOTE-7	**AS AT 31.03.2012**	**AS AT31.03.2011**
SHORT TERM BORROWINGS		
SECURED		
WORKING CAPITAL LOAN FROM BANK	4236.07	1506.83
	4236.07	1506.83
UNSECURED		
WORKING CAPITAL LOAN FROM BANK	0.00	0.00
	0.00	0.00
TOTAL	**4236.07**	**1506.83**

Nature of Security and Terms of Repayment for Short Term Secured Borrowings :-

Nature of Security	Terms of Repayment
SBI Working Capital Loan amounting to Rs. 2540.9 lacs (March 31'2012: Rs. 508.40lacs) is secured by Hypothecation charge on Company's entire stocks i.e. raw material, stocks in progress, finished goods and receivables at Company's premises located at Sondra, Tehsil-Siltara and Bahesar,Raipur including stocks-in-transit,book debts, including those purchase / discounted with other consortium member banks, securing Working Capital Limits.	Repayable on Demand. Interest Rate SBAR i.e. 11.75% per annum subject to changes as prescribed by SBI/ RBI from time to time.
IDBI Working Capital Loan amounting to Rs. 999.24 lacs (March 31'2012: Rs. 998.52 lacs) is secured by all current assets of the company.	Repayable on Demand. Interest rate is BBR + 3% (i.e. present effective 11.50% per annum) payable monthly.
BOB Working Capital Loan amounting to Rs. 695.90 lacs (March 31'2012: Rs. NIL lacs) is secured by 1st pari passu charge on entire current assets of the company.	Repayable on Demand. Interest rate is Base Rate + 3.25% with monthly rest. Margin 25% RM& FG, 40%of book debts and advance to RM.

NOTE-8	**AS AT 31.03.2013**	**AS AT 31.03.2012**
TRADE PAYABLES		
CREDITOR FOR RAW MATERIAL	1138.59	868.82
CREDITOR FOR EXPENSES & SERVICES	137.97	113.99
CREDITOR FOR CAPITAL GOODS	18.32	21.11
CREDITOR FOR STEEL DIVISION	788.57	91.71
CREDITOR FOR POWER DIVISION	43.21	42.00
CREDITOR FOR KILN-03	40.58	37.59
CREDITOR FOR OFFICE BUILDING	0.36	0.12
TOTAL	**2167.59**	**1,175.35**

NOTE-9	**AS AT 31.03.2013**	**AS AT31.03.2012**
OTHER CURRENT LIABILITIES		
CURRENT MATURITIES OF LONG TERM DEBT	413.34	404.00
PAYABLES	59.99	218.36
ADVANCE FROM CUSTOMERS	5.12	35.65
TOTAL	**478.45**	**658.01**

NOTE-10	**AS AT 31.03.2013**	**AS AT 31.03.2012**
SHORT TERM PROVISIONS		
PROVISION FOR EMPLOYEE BENEFITS	25.02	19.29
OTHER PROVISIONS	00.00	42.58
TOTAL	**25.02**	**61.88**

NOTE-12	**AS AT 31.03.2013**	**AS AT 31.03.2012**
NON CURRENT INVESTMENTS		
QUOTED TRADE		
26 (17+9) EQUITY SHARES OF RELIANCE POWER LTD (MARKET VALUE AS ON 30.03.2012 WAS RS. 116.90 PER SHARE)	0.07	0.07
UNQUOTED TRADE		
VASWANI ISPAT LTD (5000 EQUITY SHARES OF RS.10 EACH)	0.50	0.50
VIMLA INFRASTRUCTURE (I) PVT LTD (510 EQUITY SHARES OF RS.100 EACH)	0.51	0.51
SHUBH INFRASTRUCTURES LTD (7134 EQUITY SHARES OF RS.10 EACH)	0.71	0.71
CG SPONGE MFG CONSORTIUM COAL FIELDS PVT LTD (10691 EQUITY SHARES OF RS.10 EACH)	78.13	1.07
CG SPONGE MFG CONSORTIUM COAL FIELDS PVT LTD (SHARE APPLICATION MONEY PENDING ALLOTMENT)	109.84	185.75
CG ISPAT PRIVATE LIMITED (2077250 EQ. SHARES OF RS.10 EACH)	621.11	621.11
	810.88	**809.72**
AGGREGATE AMOUNT OF QUOTED TRADE INVESTMENT	0.07	0.07
MARKET VALUE OF QUOTED TRADE INVESTMENT	0.02	0.03
AGGREGATE AMOUNT OF UNQUOTED TRADE INVESTMENT	810.80	809.65

NOTE-13	AS AT 31.03.2013	AS AT 31.03.2012
LONG TERM LOANS & ADVANCES		
CAPITAL ADVANCE	2.00	2.00
LOANS & ADVANCES TO RELATED PARTIES (REFER NOTE NO.33)	4.75	4.75
DEPOSITS	326.25	240.69
MAT CREDIT AVAILABLE	269.28	269.28
TOTAL	**602.28**	**516.73**

NOTE-14	AS AT 31.03.2013	AS AT 31.03.2012
OTHER NON CURRENT ASSETS		
PRELIMINARY & PREOPERATIVE EXP.	16.06	33.04
TRADE RECEIVABLES MORE THAN 1YEAR		
UNSECURED CONSIDERED GOOD	93.74	16.86
UNSECURED CONSIDERED DOUBTFUL	24.81	24.81
TOTAL	**134.61**	**74.72**

NOTE-15	AS AT 31.03.2013	AS AT 31.03.2012
INVENTORY		
RAW MATERIAL	680.49	883.04
RAW MATERIAL IN TRANSIT	368.39	291.63
FINISHED GOODS	231.94	153.97
STOCK IN TRADE	**1333.97**	1333.97
STORES & SPARES	**253.30**	180.00
TOTAL	**2868.10**	**2842.62**

NOTE-16	AS AT 31.03.2013	AS AT 31.03.2012
TRADE RECEIVABLES		
OVER SIX MONTHS		
UNSECURED, CONSIDERED GOOD	00.00	19.80
LESS THAN SIX MONTHS		
UNSECURED, CONSIDERED GOOD	2457.75	1604.59
UNSECURED, CONSIDERED DOUBTFUL	22.19	0
TOTAL	**2479.94**	**1624.39**

NOTE-17	AS AT 31.03.2013	AS AT 31.03.2012
A. CASH AND CASH EQUIVALENTS		
CASH IN HAND	1.14	10.47
BALANCES WITH BANKS CURRENT ACCOUNT	274.71	55.65
TOTAL A	275.85	66.13
B. OTHER BANK BALANCES BALANCES WITH BANK TO EXTENT HELD AS MARGIN MONEY		
FIXED DEPOSIT WITH ORIGINAL MATURITY UPTO 3 MONTHS	23.95	36.02
FIXED DEPOSIT WITH ORIGINAL MATURITY MORE THAN 3 MONTHS BUT LESS THAN 12 MONTHS	363.37	221.71
TOTAL B	387.32	257.73
TOTAL	**663.17**	**323.86**

NOTE-18	AS AT 31.03.2013	AS AT 31.03.2012
SHORT TERM LOANS AND ADVANCES		
LOANS & ADVANCES TO RELATED PARTIES (REFER NOTE NO. 33)	0.00	0.00
SECURITY DEPOSITS	57.01	130.00
ADVANCES TO EMPLOYEES	12.82	17.12
SUPPLIER ADVANCES (CONSIDERED GOOD)	873.20	813.27
SUPPLIER ADVANCES (CONSIDERED DOUBTFUL)	3.22	3.22
OTHER ADVANCES	0.00	1.67
PREPAID EXPENSES	4.83	7.34
BALANCES WITH GOVT. AUTHORITIES	429.43	315.16
TOTAL	**1380.52**	**1287.78**

NOTE-19	AS AT 31.03.2013	AS AT 31.03.2012
OTHER CURRENT ASSETS		
INTEREST ACCURED BUT NOT DUE	5.49	6.52
TCS RECEIVABLE	0.39	
TDS RECEIVABLE	7.84	25.22
TOTAL	**13.72**	**31.73**

NOTE-20	AS AT 31.03.2013	AS AT 31.03.2012
REVENUE FROM OPERATIONS		
SALE OF PRODUCTS		
MANUFACTURED GOODS	17932.01	19046.28
TRADED GOODS	3434.50	2859.25
OTHER OPERATING REVENUES	73.84	107.17
ADD :- EXCISE DUTY	2214.13	1937.97
TOTAL	**23654.48**	**23950.67**

NOTE-20.1	AS AT 31.03.2013	AS AT 31.03.2012
REVENUE FROM OPERATIONS		
SALE OF PRODUCTS		
MANUFACTURED GOODS		
SPONGE IRON	4222.17	6597.81
LESS:QUALITY DIFFERENCE	1.00	0.64
LESS: SALES RETURN	0.00	6.07
	4221.17	**6591.10**
BILLET	11792.81	10420.64
LESS:- DISCOUNT	0.00	5.17
LESS:- QUALITY DIFF. & OTHERS	87.09	96.77
	11705.72	**10318.71**
POWER	1899.06	2140.32
LESS:- REBATE (CSEB)	0.00	3.84
	1899.06	**2136.48**
SALE OF MANUFACTURED GOODS TOTAL	**17932.01**	**19046.28**
TRADED GOODS		
IRON ORE FINES	370.06	830.23
COAL	351.88	357.30
SCRAP	1288.82	0.22
PIG IRON	1423.29	1290.68
SILICO MANGNESE	0.45	0.45
OTHERS	0.00	380.37
TRADED GOODS TOTAL	**3434.50**	**2859.25**

OTHER OPERATING REVENUES	AS AT 31.03.2013	AS AT 31.03.2012
CHAR & DOLOCHAR (NET OF RATE DIFF.)	55.65	81.65
SLAGE	4.65	10.53
B.F DUST	0.00	0.01
MILL SCALE	4.23	0.96
END CUTTING	0.00	0.56
FLY ASH	9.31	13.46
TOTAL	**73.84**	**107.17**

NOTE-21	AS AT 31.03.2013	AS AT 31.03.2012
OTHER INCOME		
INTEREST INCOME	172.49	172.49
INTEREST INCOME (POWER)	0.40	0.40
RENT INCOME	5.74	5.74
OTHER MISC. INCOME	4.19	4.19
TOTAL	**182.82**	**182.82**

NOTE-22	AS AT 31.03.2013	AS AT 31.03.2012
COST OF MATERIALS CONSUMED		
OPENING STOCK	1063.04	1571.12
PURCHASE & INCIDENTAL EXPENSES & OTHERS	21543.55	20289.95
	22606.59	21861.07
LESS: COST OF TRADING PURCHASE / TRANSFER	4890.25	3150.01
LESS: CLOSING STOCK	933.79	1063.04
TOTAL	16782.54	17648.02
IMPORTED AND INDIGENOUS MATERIALS CONSUMED		
IMPORTED	2.76	2.76
INDIGENOUS	17645.26	17645.26
TOTAL	17648.02	17648.02
DETAILS OF MATERIALS CONSUMED		
IRON ORE	8052.96	9147.78
COAL	4470.20	5001.31
DOLOMITE	59.10	56.47
MS SCRAP	2466.89	1465.53
PIG IRON	942.83	1237.25
FERRO SILICON	8.85	15.47
SPONGE IRON	34.90	150.43
SILICO MAGNESE	301.68	217.90
PETRO COKE	57.25	67.19
STORES & SPARES	387.90	288.68
TOTAL	**16782.54**	**17648.02**

NOTE -23	AS AT 31.03.2013	AS AT 31.03.2012
CHANGE IN FINISHED GOODS /TRADED GOODS		
OPENING STOCK		
FINISHED GOODS	153.97	106.11
TRADED GOODS	1333.97	0.00
	1487.94	106.11
CLOSING STOCK		
FINISHED GOODS	231.94	153.97
TRADED GOODS	1333.97	1333.97
	1565.91	1487.94
TOTAL	**(77.97)**	**(1381.83)**

NOTE - 24	AS AT 31.03.2013	AS AT 31.03.2012
EMPLOYEE BENEFITS EXPENSES (REFER NOTE NO. 32)		
SALARIES	304.42	274.10
CONTRIBUTION TO PF, ESIC AND OTHERS	9.10	9.25
STAFF WELFARE EXP.	10.76	10.21
TOTAL	**324.27**	**293.56**

NOTE -25	AS AT 31.03.2013	AS AT 31.03.2012
FINANCIAL COSTS		
INTEREST EXPENSE	817.86	878.84
OTHER BORROWING COST	125.92	189.58
TOTAL	**943.78**	**1068.42**

NOTE -26	AS AT 31.03.2013	AS AT 31.03.2012
OTHER EXPENSES		
MANUFACTURING EXPENSES		
ELECTRIC POWER, FUEL AND WATER	1601.62	1469.14
FREIGHT	23.58	26.76
REPAIRS & MAINTENANCE	190.74	199.10
LABOUR CHARGES	140.12	152.48
OTHER MANUFACTURING EXPENSES	30.22	48.63
	1986.28	**1896.10**
ADMINISTRATIVE EXPENSES		
COMMISSION	17.84	27.62
TRAVELLING & CONVEYANCE EXPENSES	15.41	25.37
RENT, RATES & TAXES	43.43	63.01
INSURANCE	8.71	7.45
LEGAL & PROFESSIONAL CHARGES	27.80	83.37
REPAIR & MAINTENANCE	11.35	18.33
TELEPHONE, PRINTING & STATIONARY AND POSTAGE	12.19	11.54
FREIGHT	22.57	7.73
MISC. EXPENSES	69.59	101.38
ADVERTISEMENT & PUBLICITY	1.48	0.62
LOSS ON SALE OF FIXED ASSETS	0.00	0.05
CHARITY AND DONATION	2.56	2.58
	232.93	349.04
TOTAL	**2219.21**	**2245.15**

NOTE -26.1	AS AT 31.03.2013	AS AT31.03.2012
PAYMENT TO AUDITORS (INCLUDED IN LEGAL & PROFESSIONAL CHARGES)		
STATUTORY AUDIT FEES	4.50	4.50
TAX AUDIT FEES	0.50	0.50
COMPANY LAW MATTERS/CERTIFICATION FEES/IT CONSULTANCY	0.09	0.29
TOTAL	5.09	5.29

NOTES ON FINANCIAL STATEMENTS

27. Computation of basic and diluted earnings per share:

Particulars	Current Year	Previous Year
Net Profit after tax	1137.45	109.50
Weighted average number of Equity Share	26040408	24925126
Nominal Value per share	10.00	10.00
Basic and Diluted Earnings Per share	(4.37)	0.44

28. The figures of the previous year have been regrouped wherever considered necessary to confirm with current year's presentation. The figures have been rounded off in Rs. in Lacs.

29. Balance under sundry debtors, other current assets, sundry creditors, and loans & advances are subject to confirmation and reconciliation if any.

30. In the opinion of the Management, Current Assets, Loans & Advances have the value at which they are stated in the balance sheet if realized in the ordinary course of the business except the balance of "Suvikash alloys and Steel Pvt. Ltd and Cement Corporation of India Ltd.". No Provision has been made as matter is under court proceedings.

31. In respect of Micro / Small / Medium Enterprises Development Act, 2006, certain disclosure is required to made relating to Micro / Small / Medium Enterprises. The company could not get relevant information from its supplier about their coverage under the Act since the relevant information is not readily available, no disclosure have been made in the account. Hence disclosure, if any, relating to amounts unpaid as at the year end together with interest paid/ payable as required under the said act have not been made.

32. Details of Employee benefits are given below:-

(a) Defined Contribution Plans:-
During the year the company has recognized the following amount in the profit & loss Accounts (included in Contribution to provident & other funds):-

(Rs. in Lacs)

Particular	Current year	Previous Year
Contribution to Provident Fund	2.63	2.27
Contribution to Employees State Insurances	5.90	5.88

(b) Defined Benefit Plan:-
Rs.6.33 Lacs (Cumulative figure) has been provided for Gratuity on the basis of the formula given in point no.16 of Significant Accounting Policies, only for those employees who have completed continuous five year service in the enterprise.

Above policy is not matched with calculation prescribed in AS-15

3. Related Party Disclosures :

a. Name of the related parties :

Group Companies/ Associates	Key Management Personnel	Relatives of Key management Personnel
M/S Kwality Foundry Industries C.G.Ispat Pvt. Ltd. Cosmos Castings (India) Limited Vaswani Ispat Ltd. Vaswani Cement Ltd. Vaswani Energy Ltd. Shubh Infrastructure Ltd.	Shri Ravi Vaswani Shri Pramod Vaswani Shri Yaswant Vaswani	1.Smt. Sudha Vaswani 2.Smt. Juhi Vaswani 3.Smt. Manisha Vaswani

b. Following are the transaction with related parties as defined under Accounting Standard-18 on "Related Party Disclosures " as notified under the Companies (accounting Standard) Rules , 2006.

(Rs. In Lacs)

Name	Relationship	Nature of Transaction	Amount of transaction in 2012-13 (2011-12)	Amount Outstanding as at 31/03/2013 (31/03/2012)
Ravi Vaswani	Chairman & M.D.	Remuneration	11.40 (11.40)	4.27 (0.67)
		Amount for Preferential allotment /promoter contribution	53.95 (4.80)	Nil (Nil)
Pramod Vaswani	Whole Time Director	Remuneration	7.60 (7.60)	4.96 (0.68)
		Amount for Preferential allotment /promoter contribution)	50.00 (9.43)	Nil (Nil)
Yashwant Vaswani	Whole Time Director	Remuneration	4.56 (4.56)	0.74 (0.59)
		Amount for Preferential allotment /promoter contribution)	04.00 (30.34)	Nil (Nil)
M/s Kwality Foundry Industries	Proprietorship Firm in which Director has Significant influence	Sale of Goods	1248.24 (1361.77)	108.61 Dr (Nil)
		Purchase of Goods	1881.92 (268.94)	
		Rent Received	0.60 (0.60)	Nil (Nil)
Cosmos Castings (India) Limited	Group Companies	Sale of Goods	2829.74 (2397.42)	253.87 (Nil)
		Purchase of Goods	147.10 (215.34)	
		Rent Received	0.84 (0.84)	Nil (0.35)
Vaswani Ispat Ltd.	Group Companies	Investment Made	(Nil) (Nil)	(0.50 Dr.)
C.G. Ispat Private Limited	Group Companies	Sale of Goods	7101.42 (5857.20)	1066.92 (509.54)
		Purchase /Services	815.54 (466.85)	
		Interest Received	125.48 (7.64)	Nil (Nil)
		Rent Received	1.20 (1.20)	
		Investment made	Nil (Nil)	621.11 Dr. (621.11 Dr.)
Sudha Vaswani	Relative of KMP	Amount for Preferential allotment /promoter contribution	2.00 (Nil)	Nil (Nil)
Manisha Vaswani	Relative of KMP	Amount for Preferential allotment /promoter contribution	14.50 (Nil)	Nil (Nil)
Kritika Vaswani	Relative of KMP	Amount for Preferential allotment	5.50	Nil

		/promoter contribution	(Nil)	(Nil)
Shubh Infrastructure Ltd.	Related Concern	Loan Given (for railway siding)	Nil (Nil)	4.75 (4.75)

Notes: Related party relationship in terms of Accounting Standard 18 as given above is pointed out by the management and relied upon by the Auditors.

34. Valuation & Consumption of inventories has been taken as valued and certified by the management.

35. There were no employee at any time during the year drawing Rs. 500000/- or more per month.

36. Segment Reporting as required by Accounting Standard (AS–17) issued by the Institute of Chartered Accountants of India:-
(A) Business Segment-:

(Rs. In Lacs)

PARTICULARS	Current year (2012-13)	Previous year (2011-12)
1. Segment Revenue		
Iron & Steel	19732.62	19645.68
Power	1910.66	2169.47
Real Estate	0.00	380.37
Sub – total	21643.28	22195.53
Less: Inter- Segment Revenue	(1560.14)	(1331.48)
Net Segment Revenue	20083.14	20864.05
2. Segment Result (Profit /Loss before Tax and interest from each segment)		
Iron & Steel	(53.33)	1509.90
Power	(770.84)	(518.98)
Real Estate	0.00	266.00
Sub – total	(824.17)	1256.92
Less: Financial Costs	(943.78)	(1068.42)
Profit before Tax	1767.95	188.50
Provision For Tax		
- Income tax (net)	0.00	0.04
- Deferred Tax	(630.50)	79.31
Profit After Tax	(1137.45)	109.15
3. Other Information		
I Segment Assets		
Iron & Steel	9722.81	8119.17
Power	4190.93	4305.20
Real Estate	1333.97	1600.97
Un- allocated Assets	1052.82	1141.37
Total Assets	16350.52	15166.70
II Segment Liabilities		
Iron & Steel	3655.84	2997.88
Power	52.81	48.86
Real Estate	--	--
Un- allocated Liabilities	12919.39	12119.97
Total Liabilities	16350.52	15166.70
III Capital Expenditure (Including work In progress)		
Iron & Steel	578.67	38.06
Power	8.75	80.48
Total	587.42	118.55
IV Depreciation		
Iron & Steel	242.32	236.68
Power	282.44	281.38
Total	524.77	518.06
V Non Cash Expenditure other than depreciation		
Other (Preliminary Exp. W/o)	16.99	16.99
Total	16.99	16.99

(B). Geographical Segment: -

The Company sale its products within India. The condition prevailing in India being uniform, no separate geographical segment disclosure is considered necessary.

37. Contingent liabilities & Commitments not provided for in respect of:-

(a) Claims against the Company not acknowledged as debt:- (Rs.in Lacs)

Particular	2012-13	2011-12
- Sales Tax	75.53	49.59
- Excise Duty	239.27	239.27
- Income Tax	NIL	1.01

(b) Guarantees:-

Particular	2012-13	2011-12
Letter of Credit	2424.59	1565.73

38. Since the company is engaged in the generation of power from A.Y 2008-09, So the company is entitled to claim the deduction under section - 80IA of Income tax act & the quantum of deduction is 100% of profit & gains derived from such business for 10 consecutive assessment years out of 15 years beginning with the year in which enterprises begins to generate Power. Hence the company is decided to claim the deduction from A.Y.2013-14.

39.

S.No.	Particulars	2012-13	2011-12
1	CIF Value of Import	678.79	31.09
2	Expenditure in foreign exchange (No direct payment by company in foreign currency)	Nil	Nil
3	Earning in foreign exchange	Nil	Nil
4	Remittance in foreign currency for dividend	Nil	Nil

40. Significant accounting policies adopted by the Company are disclosed in the statement annexed to these financial statements as Annexure I.

Signature to Note 1 to 40

As Per Our Report of Even Date Attached

For SUNIL JOHRI & ASSOCIATES **CHARTERED ACCOUNTANTS** **FIRM REG. NO. 005960C**	**For and on behalf of the Board of Directors**
SUNIL JOHRI **PARTNER** **M.No. 074654**	**RAVI VASWANI - MANAGING DIRECTOR** **PRAMOD VASWANI - WHOLE TIME DIRECTOR**
RAIPUR, 30th MAY 2013	**RAIPUR, 30th MAY 2013**

ANNEXURE -1
SIGNIFICANT ACCOUNTING POLICIES FOR THE PERIOD ENDED 31.03.2013

1. Basis of Accounting

(a) The financial statement has been prepared under the historical cost convention and generally accepted accounting principles
(b) Accrual method of accounting is followed with regard to income & expenses

2. Use of Estimates

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

3. Fixed Assets

Fixed assets are stated at cost of acquisition (inclusive of freight) or construction net of Cenvat /Tax credit, less accumulated depreciation. All costs, including financial costs till commencement of commercial production and adjustment arising from exchange rate variations attributable to the fixed assets are capitalized.

4 . Capital Work- in- progress

Project under commissioning and other capital work-in- progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest

5. Depreciation

a) Depreciation on fixed assets has been provided on Straight Line Method at the rates and in the manners prescribed in Schedule XIV of the Companies Act, 1956.
b) Depreciation on addition to / deduction from fixed assets is being provided on pro-rata basis from/ to the date of acquisition/ disposal.

6. Inventories

Inventories i.e. stores consumables are valued at cost (exclusive of excise). By Products are valued at estimated realizable value. Raw Materials are valued at cost plus freight using Weighted Average Cost (WAC) method. Finished Goods are valued at cost or net realizable value (NRV) whichever is lower. Finished goods include cost of conversion and other cost for bringing it in the present location and condition including depreciation.

7. Revenue Recognition

Mercantile method of accounting is employed unless otherwise specifically stated elsewhere in this schedule. However, where the amount is immaterial / negligible and/or establishment of accruals / determination of amount is not possible no entries are made for the accrual. Sales are exclusive of excise duty, sales tax & sales returns.

8. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is normally charged to Profit & Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount

9. Investment

Long term investments are carried out at cost less any other temporary diminution in value, determined on the specific identification basis. Current investments are carried at the lower of cost and fair value. Profit & Loss on sale of investment is determined on specific identification basis.

10. Other income

Interest income is accounted on an accrual basis. Dividend income is accounted for when the right to receive income is established.

11. Borrowing Cost

The Borrowing costs that are attributable to the acquisition or construction or production of the qualifying assets are capitalized as per the cost of such assets up to the date when such assets are ready for its intended use. All other borrowing costs are charged to the Profit & Loss A/c.

12. Accounting for Taxes on Income

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations.

Deferred tax assets and liabilities are recognized for future tax consequences attributable to the timing differences that result between taxable profit and the profit as per the financial statement. Deferred tax assets & liabilities are measured using the tax rates and the tax laws enacted or substantially enacted as on the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty for its realization.

The taxable income of the company being lower than the book profits under the provision of the income tax act 1961. The company is liable to pay Minimum Alternate tax (MAT) on its income.

Considering the future profitability & taxable position in the subsequent years the company has recognized MAT Credit as an assets by crediting the provision for income tax & including the same under Loans & advances in accordance with the Guidance note on **" Accounting for Credit available in respect of MAT under Income Tax Act 1961"** issued by the Institute of Chartered Accountant of India.

13. Cash Flow Statement

The cash flow statement is prepared as per the Indirect method prescribed under "Accounting Standard – 3" Cash Flow Statement issued by the Institute of Chartered Accountants of India.

14. Foreign Currency Transaction

Transactions in foreign currency are recorded in Rupees by applying the exchange rate prevailing on the date of transaction. Transactions remaining unsettled are translated at the rate of exchange ruling at the end of the year. Exchange gain or loss arising on settlement shall be adjusted in the carrying amount of the respective fixed assets in case of loans acquired for acquisition of fixed assets.

15 . Provision and Contingencies

Provision involving substantial degree of estimation in measurement is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the Financial Statement.

16 . Employee Benefits:-

a. Provident Fund is a defined contribution scheme and the contribution is charged to the Profit & Loss A/c of the year when the contributions to the Government Funds is due.

b. Gratuity Liability is defined benefit obligations and is provided for on the basis of following formula:-

= Last drawn Salary * 15/26 * No. of Completed year of Services

The above calculation is done only for those employees who have completed continuous five year of services. However, the above calculation of Gratuity is not as per Actuary Valuation.

c. Short Term Compensated absences are provided for based on estimates. Long Term compensated absences are provided for based on actuarial valuation.

d. Actuarial gains / losses are immediate taken to the profit & loss account and are not deferred.

17. Segment Reporting :-

a) Business Segment - :

The accounting policies adopted for segment reporting are in the line with the accounting policies of the company. Segment Revenue, Segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, Expenses, Assets, Liabilities which relates to the company as whole and not allocable to segment on reasonable basis have been included under "Unallocated revenue/ expenses/ assets/ liabilities".

b) Geographical Segment - :

The company sell its products within India. The condition prevailing in India being uniform. So no separate geographical segment disclosure is considered necessary.

18. Research & Development Expenditure :-

Revenue expenditure is charged to the Profit and Loss A/c and Capital Expenditure is added to the cost of Fixed Assets in the year in which it is incurred and depreciation thereon is provided as per the rates prescribed in Schedule XIV of the Companies Act, 1956.

19. Intangible assets:-

Cost incurred on intangible assets, resulting in future economic benefits are capitalized as intangible assets and amortized on equated basis over the estimated useful life of such assets.

NOTE

Vaswani Industries Limited
Regd. Office: MIG-4, Indrawati Colony, Raipur (C.G.) - 492 001)

ATTENDANCE SLIP

Annual General Meeting – 26th August, 2013 (To be handed over at the entrance of the meeting hall)

I hereby record my presence at the Annual General Meeting of the Vaswani Industries Limited held at 3.00 p.m on Monday, the 26th August, 2013 at MIG-4,Indrawati Colony, Raipur- 492 001

Full Name of Member (In Block Letters) _____ _____

DP ID/Client ID/Folio No.:_____ _____

No. of Shares held: _____ _____

Full name of Proxy (In Block Letters) _____ _____

_____

Member's/Proxy's Signature

NOTE:

1. Member/ Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting.

2. Member/ Proxy holder wishing to attend the meeting should bring his copy of the notice for reference at the meeting.

----------TEAR HERE---------- ----------

Vaswani Industries Limited
Regd. Office: MIG-4, Indrawati Colony, Raipur (C.G.) - 492 001

PROXY FORM

DP ID/Client ID/Folio No.:_____
No. of Shares held: _____

I / We_____ of _____in the district of _____being a Member/Members of the Vaswani Industries Limited hereby appoint_____of_____in the district _____or failing him/her_____of_____in the district of_____as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 3.00 p.m on Monday, the 26th August, 2013 at MIG-4,Indrawati Colony, Raipur- 492 001and at any adjournment thereof.

Signed this ___th day of August, 2013

Affix Rs.1/- Revenue Stamp

Signed by the said ————————

NOTE : 1. The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. Those members who have multiple folios with different proxy holders may use zerox copies of this Attendance Slip/ Proxy.
3. No instrument of Proxy shall be valid unless it is in Proxy Form (above) and duly stamped.

Vaswani Group of Industries

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E-mail : info@vaswaniindustries.com
Website : www.vaswaniindutries.com