

# **Annual Report 2012-2013**



**SIRHIND STEEL LIMITED**

**Board of Directors**

Ravi Malhotra  
Chairman & Managing Director

Rajika Malhotra  
Whole-time Director

M. L. Sharma

Amal Dhru

**Auditors**

G. K. Choksi & Co.

**Bankers**

Axis Bank Limited

**Registrars & Share Transfer Agents**

Link Intime India Pvt Ltd  
303, Shoppers Plaza-V,  
Opp. Municipal Market, off C. G. Road,  
Ahmedabad 380 009

**Regd. Office**

7th floor Shalin  
Ashram Road  
Ahmedabad 380 009

**Works**

Odhav  
Ahmedabad 382 415

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## NOTICE

Notice is hereby given that the 36 th Annual General Meeting of Sirhind Steel Limited will be held on Monday, September 30, 2013 at 10 am at 7<sup>th</sup> floor, Shalin, Ashram Road, Ahmedabad 380 009 to transact the following business:

### Ordinary Business

- 1 To receive, consider and adopt the Accounts for the year ended 31<sup>st</sup> March, 2013 together with the Report of the Directors and Auditors thereon.
- 2 To appoint a Director in place of Mr. Ravi Malhotra, who retires by rotation and is eligible for re-appointment.
- 3 To appoint Auditors and fix their remuneration.

### Special Business

- 4 To Consider and if thought fit to pass with or without modification, the following resolutions as ordinary Resolution:

RESOLVED that pursuant to the provisions of Section 198,269,309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) subject to the approval of Central Government and shareholders of the company Mr. Ravi Malhotra be and is hereby re-appointed as Managing Director of the Company for a period for 5 (five) years w.e.f. 15th June 2013 upon the terms and conditions set out in the Explanatory Statement annexed to the notice.

RESOLVED FURTHER that where in any financial year during the currency of the tenure of the Managing Director, the Company has no profit or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowance as specified hereinabove in excess of the limit prescribed under Section 198(1) or Section 309(3) of the Companies Act, 1956.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion, may consider necessary, expedient or desirable and to vary, modify the terms and conditions and to settle any question, or doubt that may arise in relation thereto.

By order of the Board

Ahmedabad  
30.05.2013

**Ravi Malhotra**  
Chairman & Managing Director

### NOTES

- 1 A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. Proxies in order to be effective must be deposited with the Company not less than 48 hours before the meeting.
- 2 An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting annexed hereto.
- 3 The Register of Members and Share Transfer Books will remain closed from 23.09.2013 to 30.09.2013 both days inclusive.

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**Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956.****Item No. 4**

The term of appointment of Mr. Ravi Malhotra as Managing Director expires on 14.06.2013. Mr. Malhotra is associated with the Company as Managing Director since its inception. The Board of Director of the Company at its Meeting held on 30.05.2013 re-appointed Mr. Ravi Malhotra as Managing Director for a further period of 5 (five) years with effect from 15.06.2013. The particulars of the terms of appointment and remuneration payable to Mr. Malhotra are as under:

**Salary**

` 175000 (Rupees one lac seventy five thousand only per month).

**Perquisites and Allowances**

- i) The perquisites and allowances shall include reimbursement of expenses for utilities such as electricity, water, medical & accident insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board. Such perquisites and allowances will however be subject to such limit if any, as laid down by the Act.
- ii) For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rules at actual cost.
- iii) Provision for use of the Company cars and telephone at residence for official and personal use.

**Commission**

1% of the Net Profit of the Company computed in the manner laid down in Section 309(5) of the Act.

**Reimbursement of Expenses**

The Company shall pay to or reimburse the Managing Director all costs, charges and expenses that may have been or may be incurred by him for the purpose of or on behalf of the Company.

**General**

The aggregate remuneration inclusive of salaries and other benefits shall always be within the overall ceiling laid down in the section 198, 309 and other applicable provisions of the Act. The terms and conditions of the appointment may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, in accordance with Section 198(1) or Section 309(3) of the Act or any amendments made hereafter in this regard.

A copy of resolution passed by the Board of Directors for the terms of appointment of Mr. Ravi Malhotra is open for inspection at the registered office of the Company on any working day between 10 am to 5 pm.

None of the Directors of the Company except Mr. Ravi Malhotra, himself and Mrs. Rajika Malhotra are concerned or interested in passing of the above Resolution.

The Board commends the Resolutions set out at item 4 of the Notice for your approval.

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## DIRECTORS' REPORT

To The Members,

Your Directors present the 36 th Annual Report and the Audited Accounts for the year ended 31st March, 2013.

	<b>Year ended 31.03.2013</b>	<b>₹ Lacs Year ended 31.03.2012</b>
<b>Financial Results</b>		
Profit before Depreciation	<b>264.66</b>	359.64
Depreciation	<b>9.95</b>	17.41
Profit before Tax	<b>254.71</b>	342.23
Provision for Tax	<b>5.73</b>	72.99
Profit after Tax	<b>248.98</b>	269.24
Balance brought forward	<b>270.13</b>	350.89
Balance available for appropriation	<b>519.11</b>	620.13
<b>Appropriations</b>		
Transfer to General Reserve	<b>270.00</b>	350.00
Balance carried to Balance Sheet	<b>249.11</b>	270.13
	<b>519.11</b>	620.13

### Overall Review & Operations

The company closed the manufacturing activities in October this year. The Directors reviewed the present and future emerging threats to the company along with the experience of running it for the last so many years. The manufacturing operations cannot be made better and more viable due to high energy costs which continued to impact the performance of the company for the past few years. There is an excess capacity and an unhealthy competition while the margins are low. The volatile market conditions, technological changes, plant location and environmental issues also forced in arriving at this hard decision. Your directors are considering various options of trading activities and deploy available resources to generate better returns in coming years.

Since the production activities were closed in October the figures are not comparable with those of the previous year. The company achieved profit before depreciation of ₹ 264.66 lacs compared to profit of ₹ 359.64 lacs in the previous year. The net profit for the year after tax expenses of ₹ 5.73 lacs is ₹ 248.98 lacs as compared to profit of ₹ 269.24 lacs after tax expense of ₹ 72.99 lacs in the previous year. The directors do not recommend any dividend for the year.

### Director's Responsibility Statement

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

- in preparation of annual accounts the applicable accounting standards have been followed,
- the accounting policies have been selected and applied consistently and the judgement and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period,
- proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- the annual accounts have been prepared on a going concern basis.

### Conservation of Energy, Technology Absorption, Forex Earnings and Outgo

Information Pursuant to Section 271 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors ) Rules, 1988 is annexed to the report.

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**Cost Auditors**

In terms of Order No. 52 /26 / CAB/2010 dated 30<sup>th</sup> June, 2011 of Ministry of Corporate Affairs and pursuant to provisions of Section 233 B of the Companies Act, 1956, your Directors have appointed Mr. Vinod Himmatlal Shah, Cost Accountant, as the Cost Auditor of the Company for FY 2012-13.

**Directors**

Mr. Ravi Malhotra retires by rotation and being eligible offer himself for re-appointment.

**Fixed Deposits**

The Company has not accepted deposits from the public.

**Particulars of Employees**

The information required under Section 217(2A) of the Companies Act, 1956, read with the Rules framed there under is annexed to the report.

**Auditors**

M/s G. K. Chokshi & Co. Auditors of the Company retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

For and on behalf of the Board

Ahmedabad  
May 30, 2013

**Ravi Malhotra**  
Chairman & Managing Director

**Annexure to Director's Report for the year ended 31st March 2013****Conservation of Energy, Technology Absorption, Forex Earnings and Outgo****F O R M - A**

	<u>Year ended</u> <u>31.03.2013</u>	<u>Year ended</u> <u>31.03.2012</u>
<b>A. Power &amp; Fuel Consumption</b>		
1. Electricity		
Units	<b>1327525</b>	2984900
Amount	<b>11068386</b>	20224171
Rate ` / Unit	<b>8.34</b>	6.78
2. Furnace Oil		
Qty KL	<b>522</b>	1373
Amount	<b>23158121</b>	52378147
Rate ` / KL	<b>44364</b>	38149
<b>B. Consumption per Unit of Production</b>		
Electricity Units/MT	<b>116</b>	106
Furnace Oil Ltrs/MT	<b>46</b>	49

**F O R M - B**

<b>Technology Absorption</b>	<b>Nil</b>	Nil
<b>Foreign Exchange Earnings and outgo</b>	<b>Nil</b>	Nil

**Particulars of Employees**

Name	Designation	Qualification	Age (Years)	Date of Joining	Experience (Years)	Gross Remuneration	Last Employment
Ravi Malhotra	Managing Director	B.Com	59	16.04.1977	36	2663465	Nil

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## AUDITORS' REPORT

To  
The Members,  
**SIRHIND STEEL LIMITED**  
Ahmedabad.

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting 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 and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention to Note No. 2.25 in the financial statements. Pursuant to resolution passed by Board of Directors in its meeting held on 31<sup>st</sup> October, 2012, the company has discontinued and closed the manufacturing activity which hitherto was distinguishable major line of business. Consequent to closure of such operation, the company has retired the relevant fixed assets. According to the information and explanation given to us, the Company is in the process of devising alternate activities and intend to commence the trading of products so as to ensure that the company may continue as going concern.