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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.

The Annual General Meeting will be held at 3.00 p.m. on Wednesday, the 28th November, 2012 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.vaswanilindustries.com • E-mail : Info@vaswanilindustries.com • Tel.: +91 771 4226000 • Fax : +91 771 4226000

CORPORATE INFORMATION

Performance Highlights 2011-2012

Financial

(Rs. In Lacs)

Total Revenue	22,195.53
Profit Before Tax	188.50
Profit After Tax	109.15
Earning Price Per Share (EPS)	0.44

Operational

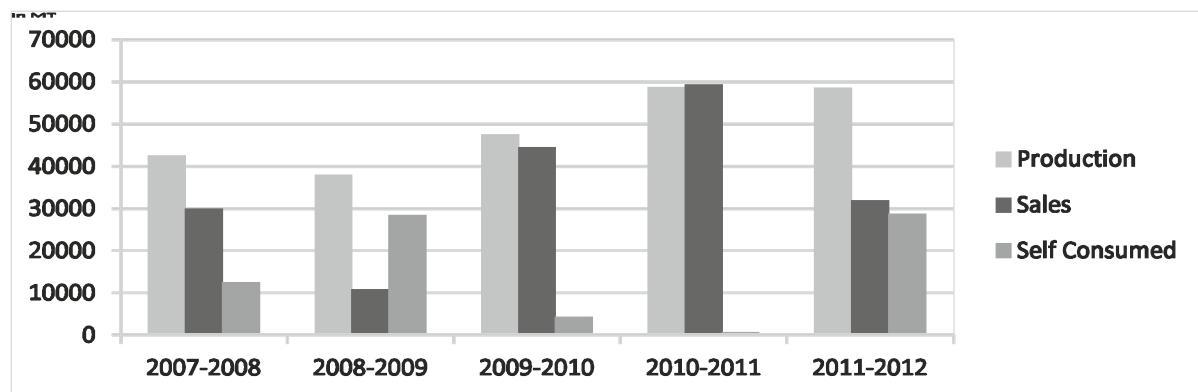
Particulars	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008
Installed capacity					
Sponge Iron	90000 MT	90000 MT	90000 MT	60000 MT	60000 MT
Steel Billets/Ingots	36000 MT				
Power	11.5 MW	11.5 MW	7.5 MW	7.5 MW	7.5 MW
Production					
Sponge Iron	58543.81 MT	58637.57 MT	47378.03 MT	37809.57 MT	42442.21
Steel Billets/Ingots	33231.655 MT	865.585 MT	4243.320 MT	36637.415 MT	14019.075 MT
Power	70555900 UNITS	74753378 UNITS	60396000 UNITS	52184500 UNITS	17564502 UNITS



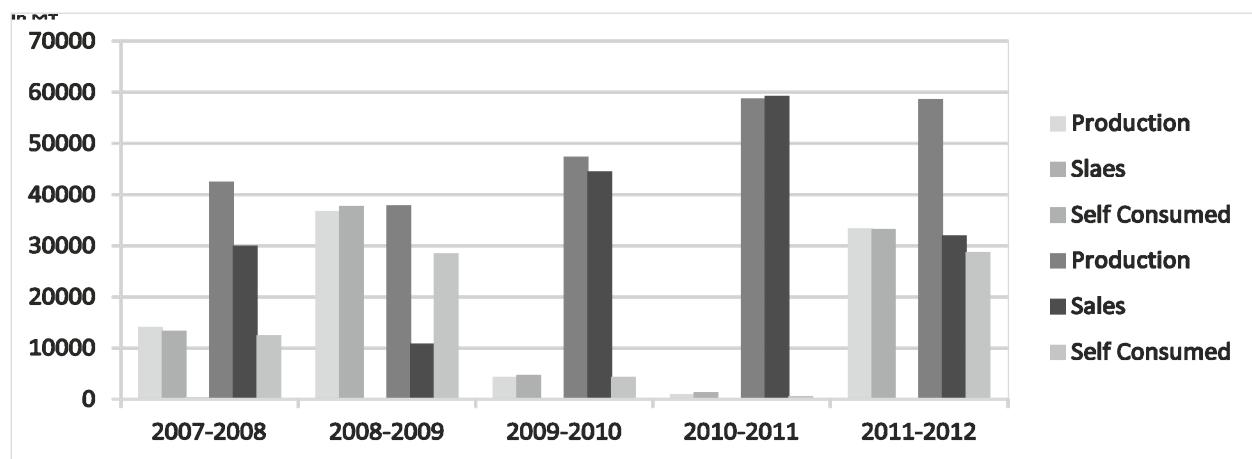
Vaswani Industries Limited

Production, Sales and Self Consumption Chart

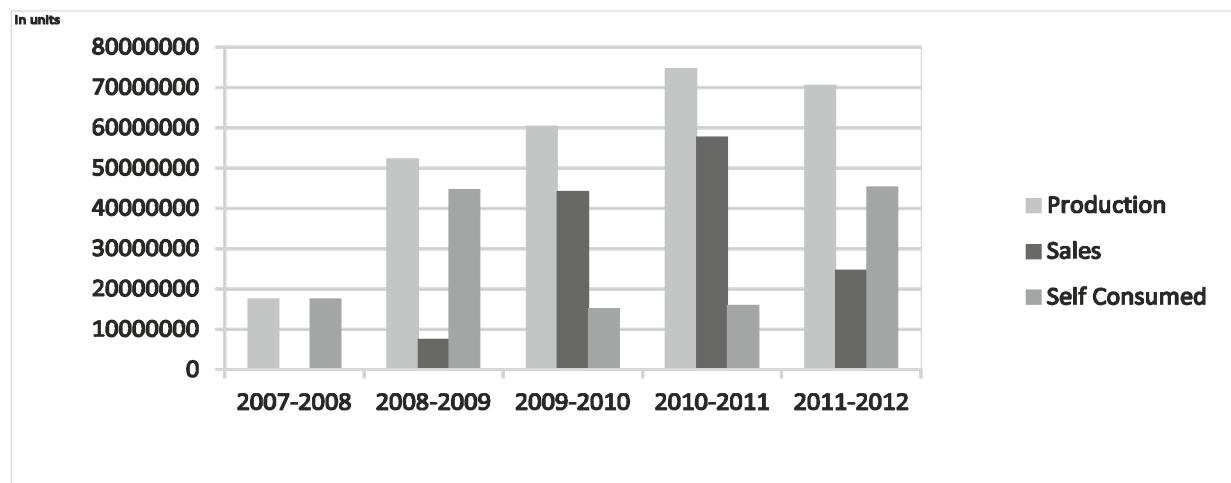
SPONGE IRON



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 (with effect from 18 th September, 2012)

STATUTORY AUDITORS

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

State Bank of India (SBI)
Union Bank of India (UBI)
IDBI Bank Limited (IDBI)

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited C-13, Pannalal Silk Mills Compound LBS Marg, Bhandup (w) Mumbai – 400 078
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REGISTERED OFFICE

MIG – 4, Indrawati Colony, Raipur – 492 001, Chhattisgarh
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CHAIRMAN'S STATEMENT

On the occasion of 9th Annual General Meeting for the financial year 2011-12 of the Company, I take the opportunity to welcome the members to the second AGM after IPO. The biggest challenge faced by the company during the year was to establish a distinct identity and to make satisfactory profits despite stringent market and government policies regarding Iron & Coal.

During the year the Company entered in the Capital Market with IPO of 1,00,00,000 (one crore only) equity shares of Rs. 10.00/- each at a premium of Rs. 39.00/-. Your Company's shares were listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) on 20th September, 2011. Trading in the shares commenced on 24th October, 2011. The issue was oversubscribed by about 4.16 times. I thank all the investors for their overwhelming response to the IPO and the confidence reposed by them.

The financial year 2011-12 has been one of the most challenging years for the Company. The combined effect of European debt crisis and global economic slowdown along with the domestic challenges of non availability and high cost of raw material have impacted the Iron & Steel Industry and the performance of the Company.

To diversify, the Company entered into the Real Estate business during the year. Real Estate is a business of long term investments and the Company will keep reviewing opportunities for capital gains from time to time. I am happy to inform you that the second half of the financial year has seen a significant pick up in the commercial letting activity.

The performance of Steel Division is quite satisfactory when compared to previous year in terms of production. When the market conditions improve, I am sure, we will be able to establish our leadership also. The production of Sponge Iron has increased by 35.14%, i. e. from 47,378.030mt to 58,637.570mt as compared to previous year.

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 price of principal raw materials, i.e. coal and iron ore, witnessed precipitous rise during the review period mainly due to coal blockading by South Eastern Coal field Limited (SECL) and after the blockage the company is procuring the coal from open market at higher prices. There was an increase in the selling price of Sponge Iron albeit not absorbing full impact of increase in the cost of raw material. Despite lower production and dispatches, the company achieved a profit before tax at Rs 188.50 lacs (Rs.706.91 lacs in the previous year) and Profit After Tax at Rs.109.15 lacs (Rs.495.29 lacs in the previous year). Consequently, Earnings Per Share decreased to Rs. 0.44 per share (Rs.3.10 per share).

On the captive power generation front, the company generated revenue of Rs. 2169.47 lacs as compared to previous year revenue of Rs. 2530.40 lacs witnessing a decline of 14.26%. Such ups and downs in a sensitive industry like power.

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

Raipur, 31st October 2012



NOTICE OF ANNUAL GENERAL MEETING

The NINTH ANNUAL GENERAL MEETING of Vaswani Industries Limited will be held at 03:00 P. M. on Wednesday, the 28th November, 2012 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, 2012 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 Ashok Suri, Director of the Company, who retires by rotation and is eligible for re-appointment.

3: To appoint a director in place of Shri Lekhu T Mulchandani, Director of the Company, who retires by rotation and is eligible for re-appointment.

4: To appoint 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 and to consider and if thought fit to pass with or without modification the following resolution as an "Ordinary Resolution."

"RESOLVED THAT M/s Sunil Johri & Associates, Chartered Accountants, Nathani Building, Shastri Chowk, Raipur be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board plus reimbursement of actual travelling and other incidental expenses incurred in connection with the audit."

Notice is also given under Section 154 of the Companies Act, 1956 that the Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday, the 21st November, 2012 to Wednesday, the 28th November, 2012 (both days inclusive) for the ensuing 9th Annual General Meeting of the Company.

By order of the Board of Directors

For **Vaswani Industries Limited**

SD/-

Ravi Vaswani

(Chairman & Managing Director)

Place: Raipur (C.G.)

Date: 31/10/2012

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.** A Corporate Member shall be deemed to be personally present only if it is represented in accordance with Section 187 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.
- 3.** Register of Members and Share Transfer Book of the Company will remain closed from 21.11.2012 to 28.11.2012 (both days inclusive).
- 4.** Documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 A.M. to 1.00 P.M.
- 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 the 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 9th Annual General Meeting of your Company.

By order of the Board of Directors

For **Vaswani Industries Limited**

SD/-

Ravi Vaswani

(Chairman & Managing Director)

Place: Raipur (C.G.)

Date: 31/10/2012



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, 2012.

FINANCIAL RESULTS

Financial Results of the Company for the financial year ending 31st March 2012 are summarized below for your consideration:

(Rs. In Lacs)

PARTICULARS	31-03-2012	31-03-2011
SALES	22,012.71	14,537.96
PROFIT BEFORE INTEREST AND DEPRECIATION	1,783.98	1,980.86
INTEREST	1,068.42	801.17
DEPRECIATION	518.06	472.78
PROFIT BEFORE TAX & PRIOR PERIOD ADJ.	197.50	706.91
PRIOR PERIOD ADJUSTMENT	9.00	0.00
NET PROFIT BEFORE TAX	188.50	706.91
PROVISION FOR TAXES	79.35	211.63
NET PROFIT AFTER TAX	109.15	495.29
PROPOSED DIVIDEND	0.00	0.00
TAX ON PROPOSED DIVIDEND	0.00	0.00
TRANSFER TO GENERAL RESERVE	1.09	49.53

PERFORMANCE

The fiscal year under review was a very crucial year for the steel industry. Steel manufacturer's especially domestic steel manufacturing suffered heavy 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, the Company has achieved sales revenue of Rs. 220.13 crores as against Rs.145.38 crores in the previous year thereby registering an increase of 51.41% over the previous year. The profit before depreciation and interest amounted to Rs.1,783.98 lacs as against Rs.1,980.86 lacs in the previous year. After providing for interest, depreciation and tax, the net profit of the Company stands at Rs 109.15 lacs as against Rs.368.20 lacs in the previous year. The decline was mainly due to market conditions during the year which led to lower realization across the product range.

OPERATIONS

Your directors are pleased to inform you that the performance in the entire chain of the Integrated Steel & Power Plant operation of the Company has been excellent during the year. The Power Division has generated 70555900 units during the year.

The performance of the Steel Division is excellent as compared to previous year in terms of production. The production of Sponge Iron has increased from 47378.030 MT to 58637.570 MT as compared to previous year. The Sales revenue of the year in respect of Sponge Iron Plant has increased by 35.14 % as compared to previous year. This is due to increased production and better marketing strategy.

FUTURE PROSPECTS AND EXPANSIONS

During the year the company has erected Raw Material crusher and continuous caster machine which will consume less cost and time of production and will add new product range in the production line. The Company is bound to improve its profitability in future.

SAFETY

The company has adopted 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 9 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 all the chimneys of the industry. Plantation is a vigorous step taken by the company to cover most of the area near the industry.

INITIAL PUBLIC OFFERING

During the financial year 2011-12, your Company entered in the Capital Market with Initial Public Offer (IPO) of 1,00,00,000 (One Crore only) equity shares of Rs. 10/- each at a premium of Rs. 39/- per share. Your Company's shares were listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) on 20th September, 2011 & trading in the shares were commenced on October 24, 2011. The issue was oversubscribed by about 4.16 times.

UTILIZATION OF PROCEEDS OF IPO

The statement showing IPO fund utilization is given as follows:

(Amount in Lacs)			
S.No.	Particulars	As per Prospectus	Amount Utilized
1.	Prepayment Of Loan*	2518.50	2556.38
2.	Long Term Working Capital Requirement +	1914.00	1812.01
3.	General Corporate Purpose	269.58	269.58
4.	IPO Expenses^	336.59	400.70
	Total	5038.67	5038.67

INCREASE IN SHARE CAPITAL

During the year under review, your company has issued 1,00,00,000 (One Crore) equity shares by way of IPO and 25,00,000 equity shares by way of Bonus Issue, making total subscribed, issued and paid up equity share capital to Rs. 25,99,07,000 (Rupees Twenty Five Crore Ninety Nine Lacs Seven Thousand only) divided into 25990700 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 2012.



COAL FROM OUTSOURCES

The agreement between South Eastern Coal Limited (SECL) and Vaswani Industries Limited has been cancelled on 05.04.2012. The company is now procuring coal from outsources.

LISTING FEES

The Annual Listing Fee for the year 2011-12 had been paid to those Stock Exchanges where the company's shares are listed.

DIRECTORS

Shri Lekhu Thadaram Mulchandani, Independent Director & Shri Ashok Suri, Independent 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.

Mr. Sunny Saini, Independent Director has resigned from directorship on December 06, 2011 and Mr. Sanjay Jadwani has joined as an Independent Director on December 06, 2011.

CONSERVATION OF ENERGY & TECHNICAL ABSORPTION & FOREIGN EXCHANGE EARNING OUTGO

In accordance with the requirements of section 217 (1) (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 & current tax 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.

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 following 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 2012 and the profit of the company for the year ended 31st March 2012.

(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 2012 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

Place: Raipur (C.G.)
Date: 31.10.2012

Ravi Vaswani
(Chairman & Managing Director)

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH 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, 2012, 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, 31st October 2012

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:-

	31.03.2012	31.03.2011
I) POWER & FUEL CONSUMPTION:		
1. Electricity		
a. Purchased		
Total units	5701260	5526450
Total Amount (In Rs.)	21701500	18220525
Rate / Unit (In Rs.)	3.80	3.30
b. Own Generation		
Through Diesel Generation (Ltrs)		NIL
Unit per Ltrs of Diesel Oil		NIL
Rate / Unit per Ltrs (In Rs.)		NIL
2. Coal (Specify quantity and where used)		
Quantity (In MT)	101923.540	130868.87



Vaswani Industries Limited

Total Cost (In Rs.)	312341432	270728341
Average Rate (In Rs.)	3064.468	2068.699
II) CONSUMPTION PER UNIT OF PRODUCTION		
Production of Sponge Iron (In MT.)	58543.810	58637.570
Electricity (In Unit)	97.59	94.25
Coal (In MT)	1.74	1.99

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. 75, 8982. 25 is paid which is charged in Profit & Loss A/c.

For and on behalf of the Board of Directors

Place: Raipur (C.G.)
Date: 31.10.2012

Ravi Vaswani
(Chairman & Managing Director)

MANAGEMENT DISCUSSION AND ANALYSIS**INDUSTRY STRUCTURE AND DEVELOPMENTS**

India's economic growth is contingent upon the growth of 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.

According to the Annual Report 2009-10 by the Ministry of Steel, India has emerged as the fifth largest producer of steel in the world and is likely to become the second largest producer of crude steel by 2015-16. The domestic steel consumption grew by 9.8 per cent to 29.82 MT during April-September 2010 over the year-ago period. Key themes to drive steel demand are rising urbanization, growth in middle class to drive consumption, investment in infrastructure and automobile industry.

Coking coal, Iron Ore and scrap prices are expected to moderate which could benefit the steel demand and steel producer's margins to improve in medium term. World steel has projected its revised world steel demand growth estimates for 2011 to 6.5 % while adding approx 85 million tons to 1398 million tons to 1398 million tons. China and Indian steel demand is slated to grow by 7.5 % & 4.3 % respectively in 2011.

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 could 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 is 5 per cent. 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.

(II) Excise duty for steel is currently at 10 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 have 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



Vaswani Industries Limited

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.

The crisis in middle-east continued pushing up crude oil price further. Coal India Ltd. Raised price of coal. And increase in the price of iron ore put pressure on the profitability of the company.

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 2011-12 is Rs. 22012.71 lacs as compared to Rs. 14537.96 lacs in previous year 2010-11, company has registered a growth of 51.41% in the current year 2011-12 as compared to previous year 2010-11.
- **Material Cost**
The material cost during the current year 2011-12 is Rs. 17648.02 lacs as compared to Rs. 10867.00 lacs 2010-11. The raw material consumption has increased by 62.40% as compared to 2010-2011.
- **Manufacturing Expenses**
Manufacturing expenses during the current year 2011-12 is Rs. 1896.10 lacs where as during the previous year 2010-11 it was Rs. 624.72 lacs. These expenses have increased by 203.51% as compared to 2010-2011.
- **Employees Remuneration & Benefits**
Employees Remuneration & benefits during the current year 2011-12 is Rs. 293.56 lacs as compared to Rs. 264.36 lacs in previous year 2010-11. These expenses have increased by 11.05% as compared to 2010-2011.
- **Administrative & Other Expenses**
Administrative & Other Expenses during the current year 2011-12 is Rs. 349.04 lacs as compared to 460.02 lacs in previous year 2010-11. These expenses have decreased by 24.12% as compared to 2010-2011.
- **Depreciation**
Depreciation during the current year 2011-12 was Rs. 518.06 lacs as compared to Rs. 472.78 lacs the previous year 2010-11. During the current year 2011-12 it increased by 9.58%.
- **Profit after tax**

The Profit after tax and extra-ordinary Items for the current year 2011-12 decreased by 79.41% amounting to Rs. 101.95 lacs compared to Rs.495.28 lacs in the previous year 2010-11.

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 authorised, 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.



AUDITORS' REPORT

TO THE MEMBERS OF VASWANI INDUSTRIES LIMITED

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

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

As required by the Companies (Auditor's Report) order, 2003 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.

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

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. 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
3. The Balance sheet, Profit & loss Account and Cash Flow Statement dealt with this report are in agreement with the books of account.
4. In our opinion, subject to point no. 6 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 211 of the Companies Act, 1956.
5. Based on the written representations made by all the Directors and taken on records by the Board, Director of the company do not prima facie have any disqualification as referred to in clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
6. Attention of the members is drawn to the following Notes:-

Note No.31 of Notes on financial statements regarding certain disclosure relating to Micro / Small / Medium Enterprises.

Note No.32 of Notes on financial statements regarding gratuity calculation.

7. In our opinion subject to point no. 6 and to the best of our information and according to the explanations given to us, and the books and records examined by us in the normal course of audit, the said accounts, read together with notes on financial statements and Significant Accounting Policies appearing in Annexure -1 give a true and fair view in conformity with the accounting principles generally accepted in India.

- I. In case of Balance Sheet, of the state of affairs of the company as at 31st March 2012
- II. In case of Profit & Loss Account, of the Profit of the company for the year ended on that date.
- III. In case of Cash Flow Statement, of the Cash Flow of the company for the year ended on that date.

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

RAIPUR
26th MAY, 2012

(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 physically verified by the management with a phased program over a period of three years, 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 disposed off during the year were not substantial to affect Going Concern assumption of the Company.
- 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 6 and maximum amount outstanding during the year aggregates to 655.82 lakhs and year end balances in those 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 not prejudicial to the interest of the company.

c) As explained to us there is no irregularity in the receipt of the principal amount & interest thereon.

d) There is no overdue amount of loan granted to parties covered in the register maintained U/S 301 of Companies Act 1956, so the question of overdue amount more than Rs. 1lakh does not arise.

e) Company has accepted unsecured loans from the parties covered in the Register maintained U/s 301 of the companies Act, 1956. The total no. of party are 2 and maximum amount outstanding during the year aggregates to 85.00 Lacs and year end balance in those accounts together was NIL.

f) In our opinion & according to the information given to us the rate of interest & terms & condition of the loan taken by the company are not prejudicial to the interest of the company.

g) As explained to us there is no such stipulation upon the company regarding the payment of the loan taken by the above party So the question relating to the regularity in payment of principle will not arise.

h) As stated above there is no stipulation upon the company to repay the loan hence the question of overdue amount does not arise at all.

IV. In our opinion and according to the information and explanation given 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 given 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 2012, 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
Income Tax	Penalty	1.01	2005-06	Commissioner Appeal Income Tax, Raipur (C.G)
Sales tax	Entry tax, CST,& VAT	0.57 42.72 6.30	2007-08	Appeal is sales tax authorities.

x. The company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit.

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, banks.

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 / Mutual 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 others 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 not made any 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. Based on our audit procedures and on the information and explanations given to us, the management has disclosed on the end use of money raised by public issue and the same has been duly verified.

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**

**RAIPUR
26th MAY 2012**

**(SUNIL JOHRI)
PARTNER
Mem. No.74654**

**BALANCE SHEET & PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31ST MARCH 2012**

(Rs. In Lacs)

Particulars	NOTE NO.	AS AT 31.03.2012	AS AT 31.03.2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	2,599.07	1,349.07
(b) Reserves and Surplus	2	6,594.29	3,182.86
(c) Money received against share warrants		-	-
(2) Share application money pending allotment		-	-
(3) Non-Current Liabilities			
(a) Long-term Borrowings	3	1,714.82	1,171.73
(b) Deferred tax liabilities (Net)	4	823.51	744.19
(c) Other Long term Liabilities	5	27.18	27.18
(d) Long term provisions	6	5.77	4.68
(4) Current Liabilities			
(a) Short-term borrowings	7	1,506.83	2,429.67
(b) Trade payables	8	1,175.35	1,319.61
(c) Other current liabilities	9	658.01	3,921.86
(d) Short-term provisions	10	61.88	59.78
TOTAL- EQUITY AND LIABILITIES		15,166.70	14,210.63
II. Assets			
(1) Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		7,612.18	7,976.30
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		42.98	11.66
(iv) Intangible assets under development		-	-
(b) Non-current investments	12	809.72	633.64
(c) Deferred tax assets (net)		-	-
(d) Long term loans and advances	13	247.44	198.30
(e) Other non-current assets	14	302.33	327.58
(2) Current assets			
(a) Current investments		-	-
(b) Inventories	15	2,842.62	1,921.27
(c) Trade receivables	16	1,666.06	1,671.21
(d) Cash and Bank Balances	17	323.86	250.65
(e) Short-term loans and advances	18	1,287.77	1,213.99
(f) Other current assets	19	31.73	6.05
TOTAL- ASSETS		15,166.70	14,210.63

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON FINANCIAL STATEMENTS (1 TO 45). 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, 26th May'2012



Vaswani Industries Limited

Statement of Profit and Loss for the year ended 31st March' 2012

(Rs. In Lacs)

Particulars	NOTE NO.	AS AT 31.03.2012	AS AT 31.03.2011
I. Revenue from operations (gross)	20	23950.67	15690.16
Less:- Excise Duty		(1937.97)	(1152.20)
II. Other Income	21	22012.71	14537.96
III. Total Revenue (I +II)		182.82	61.32
IV. Expenses:		22195.53	14599.28
Cost of materials consumed	22	17648.02	10867.01
Cost of Purchase		1606.65	307.01
Changes In Inventories of finished goods, work-in-progress and Stock-In-Trade	23	(1381.83)	91.80
Employee benefit expense	24	293.56	264.37
Financial costs	25	1068.42	801.17
Depreciation and amortization expense		518.06	472.78
Other expenses	26	2245.15	1088.23
Total Expenses		21998.02	13892.37
V. Profit before exceptional items and tax (III - IV)		197.50	706.91
VI. Exceptional Items		0.00	0.00
VII. Prior Period Items		9.00	0.00
VIII. Profit before tax (V - VI)		188.50	706.91
IX. Tax expense:			
(1) Current tax		42.58	141.93
Less :- MAT Credit		(42.58)	(60.39)
(2) Deferred tax		79.31	130.08
(3) Tax in respect of earlier years		0.04	0.00
X. Profit(Loss) for the year	(VII-VIII)	79.35	211.63
XI. Transfer to General Reserve (10%)		109.15	495.29
XII. Transfer to Profit & Loss A/c.		10.92	49.53
		98.24	445.76
XIII. Earning per equity share of Rs.10 Each			
Basic & Diluted	27	0.44	3.10
Weighted average no. of equity share outstanding		24925126	15990700

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON FINANCIAL STATEMENTS (1 TO 45). 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

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

(RAVI VASWANI) (PRAMOD VASWANI)
MANAGING DIRECTOR WHOLE TIME DIRECTOR

RAIPUR 26th May'2012

NOTE ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs. In Lacs)

NOTE-1	AS AT 31.03.2012	AS AT 31.03.2011
AUTHORISED SHARE CAPITAL		
29750000 EQUITY SHARES OF 10 EACH (24750000)	2,975.00	2,475.00
250000 NON CUMMULATIVE PREFERENCE SHARES OF Rs. 10/- EACH (250000)	25.00	25.00
	3,000.00	2,500.00
ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL		
25990700 SHARES OF Rs.10/- EACH (13490700)	2,599.07	1,349.07
	2,599.07	1,349.07

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 10000000 shares (previous year- nil) @ rs. 10/- each face and rs.39/- as premium received from public issue. Out of Issued, Subscribed and Paid Up Capital 2500000 shares (previous year- nil) Issued as bonus shares.

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' 2012			As at 31st March' 2011
	No. of Shares	%	No. of Shares	%
PRAMOD VASWANI	3469860	13.35	3469860	25.72
RAVI VASWANI	3402800	13.09	3402800	25.22
YASHWANT RAVI VASWANI	2150840	8.28	2150840	15.94
MANISHA VASWANI	1572500	6.05	1572500	11.65
JUHI VASWANI	1562500	6.01	1562500	11.58
SUDHA VASWANI	1221200	4.70	1221200	9.05

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

Particulars	As at 31st March' 2012	As at 31st March' 2011
	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	13490700	13490700
Add:- Shares Issued during the year as Public Issue	10000000	0
Add:- Shares Issued as Bonus Shares	2500000	0
Equity Shares at the end of the year	25990700	13490700

NOTE-2	AS AT 31.03.2012	AS AT 31.03.2011
RESERVE AND SURPLUS		
SECURITIES PREMIUM		
Opening Balance	1562.50	1562.50
Add :- Received from General Public	3900.00	0.00
Add : - Received from Promoter	52.98	0.00
Less :- Utilised for Bonus Issue	250.00	0.00
Less :- Adjusted for IPO Expenses	400.70	0.00
Closing Balance	4,864.77	1,562.50
GENERAL RESERVE		
Opening Balance	170.91	121.38
Add:- 10% out of C.Y Profit	10.92	49.53
Closing Balance	181.83	170.91
PROFIT AND LOSS A/C		
Opening Balance	1,449.45	1,003.69
Add:- Transfer from P & L Account	98.24	445.76
Closing Balance	1547.69	1449.45
TOTAL	6,594.29	3,182.86

NOTE-3	AS AT 31.03.2012	AS AT 31.03.2011
LONG TERM BORROWINGS SECURED		
TERM LOAN FROM BANK	1714.82	1171.73
	1714.82	1171.73
UNSECURED		
TERM LOAN FROM BANK	0.00	0.00
	0.00	0.00
TOTAL	1714.82	1171.73

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



Vaswani Industries Limited

Nature of Security

Terms of Repayment

Term Loan -1 amounting to Rs. Nil (March 31'2011: Rs. 99.96 lacs) and Term Loan -2 amounting to Rs. Nil (March 31'2011: Rs. 1801.42 lacs) is secured by Sole charge on Immovable Property, any Interest on Immovable Property, Book Debts, Movable Property (not being pledge) and floating charge on Including Our Company's entire fixed assets (Created by Term Loans of UBI & SBI)	Term Loan 1 & 2 with Union Bank of India The amount will be repaid TL-2 across 6 quarters and TL-1 across 21 quarters up to 2016 . Rate of Interest: TL-1 12.75% and TL-2 11.75% per annum at the time of sanction
Term Loan amounting to Rs. 1801.82 lacs (March 31'2011: Rs. 1904.94 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,Ralpur, 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. 317.00 lacs (March 31'2011: Rs. 1200.00 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. Nil (March 31'2011: Rs. 14.84 lacs) is secured by respective vehicles.	Vehicle Loan with Indus Ind Bank Repayable in 11 equal Installment of Rs.190750

NOTE-4	AS AT 31.03.2012	AS AT31.03.2011
<u>DEFERRED TAX LIABILITIES</u>		
DEFERRED TAX LIABILITY ON ACCOUNT OF DEPRECIATION AND REVERSAL OF ASSETS	860.65	750.12
DEFERRED TAX ASSETS ON ACCOUNT OF UNABSORBED DEP./LOSS AND DISALLOWANCES UNDER INCOME TAX ACT'1961	37.14	5.93
	823.51	744.19

NOTE-5	AS AT 31.03.2012	AS AT31.03.2011
<u>OTHER LONG TERM LIABILITIES</u>		
DEPOSIT FROM CUSTOMERS	27.18	27.18
	27.18	27.18

NOTE-6	AS AT 31.03.2012	AS AT31.03.2011
<u>LONG TERM PROVISIONS</u>		
PROVISION FOR EMPLOYEE BENEFITS	5.77	4.68
	5.77	4.68

NOTE-7	AS AT 31.03.2012	AS AT31.03.2011
<u>SHORT TERM BORROWINGS</u>		
<u>SECURED</u>		
WORKING CAPITAL LOAN FROM BANK	1506.83	2429.67
	1506.83	2429.67
<u>UNSECURED</u>		
WORKING CAPITAL LOAN FROM BANK	0.00	0.00
	0.00	0.00
TOTAL	1506.83	2429.67

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

Nature of Security	Terms of Repayment
Working Capital Loan amounting to Rs. 508.40 lacs (March 31'2011: Rs. 267.30 lacs) 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, Ralpur including	Repayable on Demand. Interest Rate SBAR i.e. 11.75% per annum subject to changes as prescribed by SBI/ RBI from time to time

stocks-in-transit, book debts, including those purchase / discounted with other consortium member banks, securing Working Capital Limits.	
Working Capital Loan amounting to Rs. 998.52 lacs (March 31'2011: Rs. 699.51 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.
Working Capital Loan amounting to Rs. (0.09) lacs (March 31'2011: Rs. 1462.85 lacs) is secured by all current assets of the company.	Repayable on Demand. Interest rate is Base Rate + 4.25%

<u>NOTE-8</u>	AS AT 31.03.2012	AS AT 31.03.2011
TRADE PAYABLES		
CREDITOR FOR RAW MATERIAL	868.82	1,067.39
CREDITOR FOR EXPENSES & SERVICES	113.99	166.61
CREDITOR FOR CAPITAL GOODS	21.11	13.04
CREDITOR FOR STEEL DIVISION	91.71	0.13
CREDITOR FOR POWER DIVISION	42.00	38.92
CREDITOR FOR KILN-03	37.59	32.41
CREDITOR FOR OFFICE BUILDING	0.12	1.12
TOTAL	1,175.35	1,319.61

<u>NOTE-9</u>	AS AT 31.03.2012	AS AT 31.03.2011
OTHER CURRENT LIABILITIES		
CURRENT MATURITIES OF LONG TERM DEBT	404.00	3,849.43
PAYABLES	218.36	37.81
ADVANCE FROM CUSTOMERS	35.65	34.62
TOTAL	658.01	3921.86

<u>NOTE-10</u>	AS AT 31.03.2012	AS AT 31.03.2011
SHORT TERM PROVISIONS		
PROVISION FOR EMPLOYEE BENEFITS	19.29	17.85
OTHER PROVISIONS	42.58	41.93
TOTAL	61.88	59.78

(Rs. in lacs)

		GROSS BLOCK		DEPRECIATION			NET AS ON 31.03.2012	BALANCE AS ON 31.03.2011
		OPENING BALANCE AS ON 01.04.2011	ADDITION DURING THE YEAR	DEDUCTION /ADJUST- MENTS DURING THE YEAR	RATE OF DEP.	DIP. AS ON 01.04.2011	DEP. ON DEDUCTION/ WITHDRAWN DURING THE PERIOD	
SPONGE DIVISION								
FREEHOLD LAND	143.83		7.81	136.02				143.83
GARDEN	1.11		1.11	3.34%	0.10	0.04	0.14	0.97
SITE DEVELOPMENT & BOREWELL	25.49		25.49	3.34%	4.49	0.85	5.34	20.15
BUILDING & CIVIL WORK (SPONGE)	473.58		473.58	3.34%	52.54	15.82	68.36	405.22
PLANT & MACHINERY (K-1)	795.39		795.39	5.28%	247.53	42.00	289.53	505.86
PLANT & MACHINERY (K-2)	690.65	10.27	700.92	5.28%	179.90	36.50	216.40	484.51
PLANT & MACHINERY (K-3)	801.15	2.32	803.47	5.28%	41.70	42.38	84.08	719.39
JAW CRUSHER	7.17		7.17	5.28%	2.00	0.38	.038	4.79
TOOLS & EQUIPMENTS	0.56		0.56	5.28%	0.17	0.03	0.03	0.20
POLLUTION CONTROL EQ. (SPONGE)	302.16		302.16	5.28%	56.80	15.95	15.95	72.75
COMMERCIAL VEHICLE								
VEHICLE (JCB Loader)	26.56		26.56	11.31%	2.53	3.00	5.53	21.03
TRUCK CG04 G/2426	1.30		1.30	11.31%	0.61	0.15	0.76	0.54
MINI BUS	8.61		8.61	11.31%	4.29	0.97	5.26	3.34
CG04JB/0822(DI 207)	4.52		4.52	11.31%	1.37	0.51	1.88	2.65

ELECTRICAL INSTALLATION (K-1)	79.59		79.59	7.07%	33.52	5.63		5.63	39.15	40.44	46.07
ELECTRICAL INSTALLATION (K-2)	83.96		83.96	7.07%	29.68	5.94		5.94	35.62	48.34	54.28
ELECTRICAL INSTALLATION (K-3)	135.33	0.50	135.33	7.07%	9.59	9.55	0.06	9.55	19.08	115.95	125.94
GENERATOR SET (500KVA)	22.50		22.50	7.07%	4.04	1.59		1.59	5.63	16.87	18.46
OFFICE EQUIPMENTS (SPONGE)	5.63	1.00	6.63	7.07%	1.43	0.41		0.41	1.84	4.79	4.20
COMPUTER & SOFTWARE (SPONGE)	25.67	0.86	26.53	16.21%	11.30	4.21		4.21	15.51	11.02	14.37
FURNITURE & FIXTURES (SPONGE)	6.20	0.07	6.26	6.33%	1.99	0.39		0.39	2.38	3.98	4.21
LAP EQUIPMENT	5.75	0.01	5.76	5.28%	1.45	0.30		0.30	1.75	4.01	4.30
HERO HONDA CD DAWN	0.32		0.32	9.50%	0.05	0.03		0.03	0.08	0.24	0.27
CG18B8789I(MOTORCYCLE)	0.19		0.19	9.50%	0.00	0.02		0.02	0.02	0.16	0.18
CG14K9343(CD DAWN)		0.39		9.50%		0.01		0.01	0.01	0.38	
FOUR WHEELER											
MARUTI OMNI CGH4 HV/6512	2.29		2.29	9.50%	0.62	0.22		0.22	0.84	1.45	1.67
AUDI Q5 CAR	49.83		49.83	9.50%	4.36	4.73		4.73	9.09	40.75	45.48
WEIGHING MACHINE (SPONGE)	9.10		9.10	5.28%	0.24	0.48		0.48	0.72	8.38	8.86
TOTAL	3708.64	14.92	8.50	3715.26	692.28	192.09	0.06	192.09	884.32	2830.94	3016.36
PREVIOUS YEAR TOTAL	3440.26	282.64	14.26	3708.64	508.21	185.62	1.55	185.62	692.28	3016.36	2932.05
POWER PLANT DIVISION											
BUILDING & CIVIL WORK *	155.08	2.51	157.60	3.34%	13.19	5.25		5.25	18.44	139.15	141.89
ELECTRICAL INSTALLATION*	709.21	13.08	722.29	7.07%	93.22	50.93		50.93	144.15	578.15	615.99
PLANT & MACHINERY *	3528.98	62.01	3590.98	5.28%	484.54	189.04		189.04	673.58	2917.40	3044.44
SITE DEVELOPMENT	39.23		39.23	3.34%	4.75	1.31		1.31	6.06	33.17	34.48
HERO HONDA CD DAWN	0.68		0.68	9.50%	0.21	0.06		0.06	0.27	0.41	0.47

GENERATOR 400 KVA	23.04		23.04	7.07%	6.35	1.63		1.63	7.98	15.07	16.70
GENERATOR 500 KVA	23.27		23.27	7.07%	1.64	1.64		1.64	3.28	19.98	21.62
GENERATOR 08 MW	109.00		109.00	7.07%	27.39	7.77		7.77	35.16	74.74	82.51
OFFICE EQUIPMENT	4.18	0.30	4.48	7.07%	0.59	0.30		0.30	0.99	3.49	3.49
COMPUTER & SOFTWARE	2.36		2.36	16.21%	1.33	0.38		0.38	1.71	0.65	1.03
FURNITURE & FIXTURES	7.05		7.05	6.33%	1.36	0.45		0.45	1.61	5.68	6.07
HYDROlic CRANE	6.55		6.55	5.28%	1.27	0.35		0.35	1.62	4.92	5.27
CRANE 10MT	46.49		46.49	5.28%	6.83	2.45		2.45	9.28	37.21	39.66
CRANE 25MT	41.91		41.91	5.28%	8.55	2.21		2.21	10.76	31.15	33.36
CG04D5/5309(MOBILE CRANE)	7.17		7.17	5.28%	1.10	0.38		0.38	1.48	5.69	6.07
MITSUBISHI PAJERO	14.75		14.75	9.50%	3.98	1.40		1.40	5.38	9.37	10.77
CG04 JA9541/ 8623 (TIPPER)	28.51		28.51	11.31%	7.36	3.22		3.22	10.58	17.93	21.15
LOADER AL 170	39.74		39.74	11.31%	10.51	4.49		4.49	15.00	24.74	24.23
TOTAL	4788.10	77.90		4885.99	674.28	273.26		273.26	947.54	3918.45	4113.82
PREVIOUS YEAR TOTAL	3638.49	1617.21		112.60	4788.10	441.30		239.59	6.61	239.58	674.28
STEEL DIVISION											
PLANT & MACHINERY	644.97	55.49	700.46	5.28%	123.93	35.41		35.41	159.34	541.12	521.04
BUILDING & CIVIL WORK	128.28	5.00	133.28	3.34%	14.82	4.42		4.42	19.24	114.04	113.46
ELECTRICAL INSTALLATION	30.41		30.41	7.07%	6.81	2.15		2.15	8.96	21.45	23.60
LOADER(770 NEW) CARRARO HD	15.73		15.73	11.31%	2.04	1.78		1.78	3.82	11.91	13.69
SITE DEVELOPMENT	0.51		0.51	3.34%	0.06	0.02		0.02	0.08	0.43	0.43
COMPUTER & SOFTWARE (STEEL)	1.20		1.20	16.21%	0.53	0.19		0.19	0.72	0.48	0.67
CAR		6.30		6.30	16.21%	0.62		0.62	0.62	5.68	
TOTAL	821.10	66.79		887.89	148.19	44.59		44.59	192.78	695.11	672.91
PREVIOUS YEAR TOTAL	835.11			14.01	821.10	105.19		105.19	43.00	148.19	672.91

* ADJUSTMENTS IS DUE TO FOREIGN EXCHANGE FLUCTUATION

CAPITAL WORK IN PROGRESS

(Rs. in lacs)

NAME OF ASSETS	GROSS BLOCK		
	OPENING BALANCE AS ON 01.04.2011	ADDITION DURING THE YEAR	DEDUCTION/ CAPITALISATION DURING THE YEAR
WIP AT SPONGE DIVISION			
PLANT & MACHINERY-KILN 3	18.28	18.28	18.28
SITE DEVELOPMENT	24.69	24.69	24.69
WIP AT STEEL DIVISION			
PLANT & MACHINERY	43.65	43.65	11.66
SOLAR POWER PLANT-(5MW)	11.66	11.66	
TOTAL	11.66	86.62	55.30
			42.98



NOTE-12	AS AT 31.03.2012	AS AT 31.03.2011
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	0.00
CG SPONGE MFG CONSORTIUM COAL FIELDS PVT LTD (10691 EQUITY SHARES OF RS.10 EACH)	1.07	1.07
CG SPONGE MFG CONSORTIUM COAL FIELDS PVT LTD (SHARE APPLICATION MONEY PENDING ALLOTMENT)	185.75	10.38
CG ISPAT PRIVATE LIMITED (2077250 EQ. SHARES OF RS.10 EACH)	621.11	621.11
	809.72	633.64
AGGREGATE AMOUNT OF QUOTED TRADE INVESTMENT	0.07	0.07
MARKET VALUE OF QUOTED TRADE INVESTMENT	0.03	0.03
AGGREGATE AMOUNT OF UNQUOTED TRADE INVESTMENT	809.65	633.57

NOTE-13	AS AT 31.03.2012	AS AT 31.03.2011
LONG TERM LOANS & ADVANCES		
CAPITAL ADVANCE	2.00	2.00
LOANS & ADVANCES TO RELATED PARTIES (REFER NOTE NO.33)	4.75	4.75
DEPOSITS	240.69	191.55
TOTAL	247.44	198.30

NOTE-14	AS AT 31.03.2012	AS AT 31.03.2011
OTHER NON CURRENT ASSETS		
PRELIMINARY & PREOPERATIVE EXP.	33.04	46.78
PUBLIC ISSUE EXPENSES	0.00	54.10
MAT CREDIT RECEIVABLE	269.28	226.70
TOTAL	302.33	327.58

NOTE-15	AS AT 31.03.2012	AS AT 31.03.2011
INVENTORY		
RAW MATERIAL	883.04	1526.12
RAW MATERIAL IN TRANSIT	291.63	244.04
FINISHED GOODS	153.97	106.11
STOCK IN TRADE	1333.97	0.00
STORES & SPARES	180.00	45.00
	2842.62	1921.27

NOTE-16	AS AT 31.03.2012	AS AT 31.03.2011
TRADE RECEIVABLES		
OVER SIX MONTHS		
UNSECURED, CONSIDERED GOOD	36.40	30.15
UNSECURED, CONSIDERED DOUBTFUL	24.81	24.81
LESS THAN SIX MONTHS	1604.85	1616.25
	1666.06	1671.21

NOTE-17	AS AT 31.03.2012	AS AT 31.03.2011
A. CASH AND CASH EQUIVALENTS		
CASH IN HAND	10.47	19.76
BALANCES WITH BANKS CURRENT ACCOUNT	55.65	2.59
TOTAL A	66.13	22.34
B. OTHER BANK BALANCES		
BALANCES WITH BANK TO EXTENT HELD AS MARGIN MONEY		
FIXED DEPOSIT WITH ORIGINAL MATURITY UPTO 3 MONTHS	36.02	153.00
FIXED DEPOSIT WITH ORIGINAL MATURITY MORE THAN 3 MONTHS BUT LESS THAN 12 MONTHS	221.71	75.30
TOTAL B	257.73	228.30
TOTAL	323.86	250.65

NOTE-18	AS AT 31.03.2012	AS AT 31.03.2011
SHORT TERM LOANS AND ADVANCES		
LOANS & ADVANCES TO RELATED PARTIES (REFER NOTE NO. 33)	0.00	200.73
SECURITY DEPOSITS	130.00	138.28
ADVANCES TO EMPLOYEES	17.12	12.08
SUPPLIER ADVANCES (CONSIDERED GOOD)	813.27	645.45
SUPPLIER ADVANCES (CONSIDERED DOUBTFUL)	3.22	3.22
OTHER ADVANCES	1.67	11.92
PREPAID EXPENSES	7.34	2.34
BALANCES WITH GOVT. AUTHORITIES	315.16	199.97
TOTAL	1287.77	1213.99

NOTE-19	AS AT 31.03.2012	AS AT 31.03.2011
OTHER CURRENT ASSETS		
INTEREST ACCURED BUT NOT DUE	6.52	3.22
TDS RECEIVABLE	25.22	2.83
TOTAL	31.73	6.05

NOTE-20	AS AT 31.03.2012	AS AT 31.03.2011
REVENUE FROM OPERATIONS		
SALE OF PRODUCTS		
MANUFACTURED GOODS	19046.28	13087.04
TRADED GOODS	2859.25	1384.86
OTHER OPERATING REVENUES	107.17	66.06
ADD :- EXCISE DUTY	1937.97	1152.20
TOTAL	23950.67	15690.16

NOTE-20.1	AS AT 31.03.2012	AS AT 31.03.2011
REVENUE FROM OPERATIONS		
SALE OF PRODUCTS		
MANUFACTURED GOODS		
SPONGE IRON	6597.81	10282.46



LESS:QUALITY DIFFERENCE	0.64	0.27
LESS: SALES RETURN	6.07	16.38
	6591.10	10265.81
BILLET	10420.64	314.88
LESS:- DISCOUNT	5.17	0.00
LESS:- QUALITY DIFF. & OTHERS	96.77	0.00
	10318.71	314.88
POWER	2140.32	2569.62
LESS:- REBATE (CSEB)	3.84	63.27
	2136.48	2506.36
SALE OF MANUFACTURED GOODS TOTAL	19046.28	13087.04
TRADED GOODS		
IRON ORE FINES	830.23	1080.83
COAL	357.30	28.41
SCRAP	0.22	197.72
PIG IRON	1290.68	76.32
SILICO MANGNESE	0.45	1.57
OTHERS	380.37	0.00
TRADED GOODS TOTAL	2859.25	1384.86

OTHER OPERATING REVENUES	AS AT 31.03.2012	AS AT 31.03.2011
CHAR & DOLOCHAR (NET OF RATE DIFF.)	81.65	50.11
SLAGE	10.53	3.36
B.F DUST	0.01	0.00
MILL SCALE	0.96	0.00
END CUTTING	0.56	0.00
FLY ASH	13.46	12.59
OTHER OPERATING REVENUES TOTAL	107.17	66.06

NOTE-21	AS AT 31.03.2012	AS AT 31.03.2011
OTHER INCOME		
INTEREST INCOME	172.49	31.78
INTEREST INCOME (POWER)	0.40	1.67
RENT INCOME	5.74	3.95
OTHER MISC. INCOME	4.19	23.92
TOTAL	182.82	61.32

NOTE-22	AS AT 31.03.2012	AS AT 31.03.2011
COST OF MATERIALS CONSUMED		
OPENING STOCK	1571.12	445.85
PURCHASE & INCIDENTAL EXPENSES & OTHERS	20289.95	12461.74
	21861.07	12907.59
LESS: COST OF TRADING PURCHASE / TRANSFER	3150.01	469.46
LESS: CLOSING STOCK	1063.04	1571.12
TOTAL	17648.02	10867.01
IMPORTED AND INDIGENOUS MATERIALS CONSUMED		
IMPORTED	2.76	0.83

INDIGENOUS	17645.26	10866.18
TOTAL	17648.02	10867.01
DETAILS OF MATERIALS CONSUMED		
IRON ORE	9147.78	6742.67
COAL	5001.31	3762.34
DOLOMITE	56.47	49.09
MS SCRAP	1465.53	28.08
PIG IRON	1237.25	15.49
FERRO SILICON	15.47	0.50
SPONGE IRON	150.43	29.82
SILICO MAGNESE	217.90	5.90
PETRO COKE	67.19	0.77
STORES & SPARES	288.68	232.34
TOTAL	17648.02	10867.01

NOTE -23	AS AT 31.03.2012	AS AT31.03.2011
CHANGE IN FINISHED GOODS /TRADED GOODS		
OPENING STOCK		
FINISHED GOODS	106.11	197.91
TRADED GOODS	0.00	0.00
	106.11	197.91
CLOSING STOCK		
FINISHED GOODS	153.97	106.11
TRADED GOODS	1333.97	0.00
	1487.94	106.11
TOTAL	(1381.83)	91.80

NOTE - 24	AS AT 31.03.2012	AS AT31.03.2011
EMPLOYEE BENEFITS EXPENSES (REFER NOTE NO. 32)		
SALARIES	274.10	251.65
CONTRIBUTION TO PF, ESIC AND OTHERS	9.25	11.01
STAFF WELFARE EXP.	10.21	1.71
	293.56	264.37

NOTE -25	AS AT 31.03.2012	AS AT31.03.2011
FINANCIAL COSTS		
INTEREST EXPENSE	878.84	694.58
OTHER BORROWING COST	189.58	106.59
	1068.42	801.17

NOTE -26	AS AT 31.03.2012	AS AT31.03.2011
OTHER EXPENSES		
MANUFACTURING EXPENSES		
ELECTRIC POWER, FUEL AND WATER	1469.14	323.92
FREIGHT	26.76	46.02
REPAIRS & MAINTENANCE	199.10	144.32



LABOUR CHARGES	152.48	39.90
OTHER MANUFACTURING EXPENSES	48.63	73.25
	1896.10	627.42
ADMINISTRATIVE EXPENSES		
COMMISSION	27.62	27.49
TRAVELLING & CONVEYANCE EXPENSES	25.37	16.85
RENT, RATES & TAXES	63.01	61.11
INSURANCE	7.45	4.04
LEGAL & PROFESSIONAL CHARGES	83.37	34.03
REPAIR & MAINTENANCE	18.33	43.09
TELEPHONE, PRINTING & STATIONARY AND POSTAGE	11.54	8.51
FREIGHT	7.73	5.86
MISC. EXPENSES	101.38	241.73
ADVERTISEMENT & PUBLICITY	0.62	0.29
LOSS ON SALE OF FIXED ASSETS	0.05	14.84
CHARITY AND DONATION	2.58	2.97
	349.04	460.82
OTHER EXPENSES TOTAL	2245.15	1088.23

NOTE -26.1	AS AT 31.03.2012	AS AT 31.03.2011
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	0.29	0.40
	5.29	5.40

NOTE - 27

Computation of basic and diluted earnings per share:

Particulars	Current Year	Previous Year
Net Profit after tax	109.50	495.29
Weighted average number of Equity Share	24925126	15990700
Nominal Value per share	10.00	10.00
Basic and Diluted Earnings Per share	0.44	3.10

Pursuant to the approval of the Board of Directors at its meeting held on October 17, 2011 and subsequent approval of the shareholders, the Company has issued 25,00,000 bonus shares to all the shareholders of the Company except the promoters in the ratio of 1:4 equity shares of Rs 10 each by way of capitalization of sum standing to the credit of securities premium account of the Company. The earnings per share (basic and diluted) have been adjusted accordingly for the previous year also.

NOTE - 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.

NOTE - 29

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

NOTE - 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.

NOTE - 31

In respect of Micro / Small / Medium Enterprises Development Act, 2006, certain disclosure is required to be 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.

NOTE - 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	2.27	3.37
Contribution to Employees State Insurances	5.88	6.24

(b) Defined Benefit Plan:-

Rs.5.77 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

NOTE - 33

Related Party Disclosures :

- a. Name of the related parties -

Group Companies/ Associates	Key Management Personnel	Relatives of Key management Personnel
M/S Kquality 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 Yashwant Vaswani	1.Smt. Sudha Vaswani 2.Smt. Juhl 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 2011-12 (2010-11)	Amount Outstanding as at 31/03/2012 (31/03/2011)
Ravi Vaswani	Chairman & Managing Director	Remuneration	11.40 (11.40)	0.67 (0.45)
		Loan Taken	NII (318.50)	NII (NII)
		Taken Loan Repald	NII (318.50)	
		Payment of Interest	NII (2.24)	
		Promoter Contribution (Securities Premium)	4.80	NII
Pramod Vaswani	Whole Time Director	Remuneration	7.60 (7.60)	0.68 (1.05)
		Loan Taken	NII (13.10)	NII (NII)
		Taken Loan Repald	NII (385.73)	
		Payment of Interest	NII (9.43)	
		Promoter Contribution (Securities Premium)	17.83	NII
Yashwant Vaswani	Whole Time Director	Remuneration	4.56 (4.56)	0.59 (1.67)
		Loan Taken	20.00 (91.20)	NII (NII)
		Taken Loan Repald	20.00 (187.37)	
		Payment of Interest	0.19 (1.54)	
		Promoter Contribution (Securities Premium)	30.34	NII
M/s Kquality Foundry Industries	Proprietorship Firm in which Director has Significant Influence	Sale of Goods	1361.77 (236.59)	NII (NII)
		Purchase of Goods	268.94 (69.52)	
		Loan Given	NII (240.00)	
		Given Loan Received	NII (240.00)	NII (NII)
		Interest Received	NII (3.20)	
		Loan Taken	65.00	
		Taken Loan Repald	65.00	NII (NII)
		Payment of Interest	0.08	
		Rent Received	0.60 (0.25)	
		Sale of Goods	2397.42 (1270.19)	(26.92)
Cosmos Castings (India) Limited	Group Companies			



Vaswani Industries Limited

		Purchase of Goods	215.34 (43.33)	NII (NII)
		Loan Given	250.00 (686.00)	
		Given Loan Received	450.00 (486.00)	NII (200.00 Dr.)
		Interest Received	3.67 (3.30)	
		Rent Received	0.84 (0.35)	NII (0.35)
		Others	NII (NII)	0.31 (0.01)
Vaswani Ispat Ltd.	Group Companies	Loan Given	0.08 (NII)	NII (0.33 Dr.)
		Given Loan Received	0.41 (NII)	
		Investment Made	(NII)	(0.50 Dr.)
Vaswani Cement Ltd.	Group Companies	Loan Given	0.13 (NII)	NII (0.36 Dr.)
		Given Loan Received	0.50 (NII)	
Vaswani Energy Ltd.	Group Companies	Loan Given	0.13 (0.04)	NII (0.04 Dr.)
		Given Loan Received	0.17 (NII)	
C.G. Ispat Private Limited	Group Companies	Sale of Goods	5857.20 (84.81)	509.54 (NII)
		Purchase /Services	466.85 (5.82)	NII (2.51 Dr.)
		Loan given	756.59 (401.59)	
		Given Loan Received	756.59 (401.59)	NII (NII)
		Interest Received	7.64 (3.44)	
		Rent Received	1.20 (0.35)	NII (0.35)
		Investment made	NII (621.11)	621.11 Dr. (621.11 Dr.)
		Others	NII (NII)	1.86 (0.00 Dr.)
Sudha Vaswani	Relative of KMP	Payment of Interest	NII (0.02)	
		Loan Given	NII (3.00)	NII (NII)
		Given Loan Received	NII (3.00)	
Juhl Vaswani	Relative of KMP	Payment of Interest	NII (0.08)	NII (NII)
		Loan Taken	NII (3.90)	NII (NII)
		Taken Loan Repaid	NII (7.01)	NII (NII)
Manisha Vaswani	Relative of KMP	Loan taken	NII (3.90)	NII (NII)
		Taken Loan Repaid	NII (3.90)	NII (NII)
Ravi Vaswani Huf	HUF of Director	Loan Taken	NII (0.15)	NII (NII)
Shubh Infrastructure Ltd.	Related Concern	Loan Given (for railway siding)	NII (NII)	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.

NOTE - 34

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

NOTE - 35

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

NOTE - 36

The Company has completed its IPO during the period..There is no amount outstanding from IPO proceeds at the end of the year.

NOTE - 37

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

(A) Business Segment:-

PARTICULARS	Current year (2011-12)	Previous year (2010-11)	(Rs. In Lacs)
1. Segment Revenue			

Iron & Steel	19645.68	10684.03
Power	2169.47	2530.40
Real Estate	380.37	----
Sub - total	22195.53	13214.43
Less: Inter- Segment Revenue	(1331.48)	(215.99)
Net Segment Revenue	20864.05	12998.44
2. Segment Result (Profit /Loss before Tax and Interest from each segment)		
Iron & Steel	1509.90	826.90
Power	(518.98)	681.18
Real Estate	266.00	----
Sub - total	1256.92	1508.08
Less: Financial Costs	(1068.42)	(801.17)
Profit before Tax	188.50	706.91
Provision For Tax		
-- Income tax (net)	0.04	81.54
-- Deferred Tax	79.31	130.08
Profit After Tax	109.15	495.29
3. Other Information		
I Segment Assets		
Iron & Steel	8119.17	8510.57
Power	4305.20	4732.85
Real Estate	1600.97	---
Un- allocated Assets	1141.37	1067.22
Total Assets	15166.70	14310.64
II Segment Liabilities		
Iron & Steel	2997.88	2466.90
Power	48.86	2742.06
Real Estate	---	---
Un- allocated Liabilities	12119.97	9101.66
Total Liabilities	15166.70	14310.64
III Capital Expenditure (Including work In progress)		
Iron & Steel	38.06	275.92
Power	80.48	516.32
Total	118.55	792.24
IV Depreciation		
Iron & Steel	236.68	228.63
Power	281.38	244.15
Total	518.06	472.78
V Non Cash Expenditure other than depreciation		
Other (Preliminary Exp. W/o)	16.99	16.34
Total	16.99	16.34

(B) Geographical Segment: -

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

NOTE - 38

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

(a) Claims against the Company not acknowledged as debt:-

Particular	(Rs.in Lacs)	2011-12	2010-11
- Sales Tax	49.59	NIL	
- Excise Duty	239.27	239.27	
- Income Tax	1.01	1.01	

(b) Guarantees:-

Particular	2011-12	2010-11
Letter of Credit	1565.73	NIL

NOTE - 39

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.

NOTE - 40

Loans & Advances in the nature of Loan Given:-

Name	Relationship	Nature of Transaction	Amount Outstanding as at 31/03/2012 (31/03/2011)	Maximum Amount during the year 2011-12 (2010-11)
Cosmos Castings (India) Limited	Group Companies	Loan Given	NIL (200.00 Dr.)	200.00 (387.27)
C.G. Ispat Private Limited	Group Companies	Loan given	NIL (NIL)	450.00 (251.59)



NOTE - 41

S.No.	Particulars	2011-12	2010-11
1	CIF Value of Import	31.09	20.22
2	Expenditure in foreign exchange (No direct payment by company in foreign currency)	NII	NII
3	Earning in foreign exchange	NII	NII
4	Remittance in foreign currency for dividend	NII	NII

NOTE - 42

During the year company has converted Land (held as fixed assets, costing RS.7.58 lacs) into Stock in Trade. Conversion has been done at prevailing market rate of RS. 1273.24 Lacs,

NOTE - 43

After the Balance Sheet date SECL has invoke the bank guarantee due to termination of Coal Supply Agreement of Power Division. Due to this bank has recovered Rs.95.89 Lacs from company.

NOTE - 44

Interest Receivable of Rs. 7.32 lacs not provided in the books, due to this profit is understated to the extent of this amount.

NOTE - 45

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 45

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, 26th MAY 2012	RAIPUR, 26th MAY 2012

ANNEXURE -1

SIGNIFICANT ACCOUNTING POLICIES FOR THE PERIOD ENDED 31.03.2012

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 asset 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:-
 $= \text{Last drawn Salary} * 15/26 * \text{No. of Completed year of Services}$

The above calculation is done only for those employees who have completed continuous five years 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 immediately 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 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 sells 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 an equated basis over the estimated useful life of such assets.



CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2012

	(Amount in Lacs)	
	Year 2011-12	Year 2010-11
A) Cash Flow From Operating Activities :-		
1. Net Profit/(Loss) before Taxes and Exceptional Items	188.50	706.91
<u>Adjustments for:-</u>		
Depreciation	518.06	472.78
Interest Charged to P & L A/c	1068.42	801.17
(Profit)/Loss on sale of Investment	0.00	0.00
(Profit)/Loss on sale of Fixed assets (net)	0.05	14.84
Other Non Cash Charges	10.73	0.00
Preliminary Expenses written off	16.99	16.34
2.Operating Profit before Working Capital Changes	1802.75	2012.04
<u>Adjustments for:-</u>		
Trade & other Receivable	(118.22)	(889.71)
Inventories	(921.35)	(1033.47)
Trade Payables & other Liabilities	(3404.91)	(1074.90)
Cash generated from Operations	(2641.73)	(986.04)
Direct Taxes Paid		(100.00)
Net Cash from Operating Activity (A)	(2641.73)	(1086.04)
B) Cash Flow From Investing Activities :-		
Purchase of Fixed Assets	(170.50)	(760.95)
Sale of Fixed Assets	0.39	69.67
Decrease / (Increase) in Capital Work In Progress	(42.98)	(11.66)
Payment for Misc . Assets	0.00	0.00
Misc. Expenses Capitalised (IPO Exp.)	(400.70)	(44.73)
Purchase of Investment	(176.08)	(625.26)
Dividend Received	0.00	0.00
Sale of Investment	0.00	0.00
Net Cash from Investing Activity (B)	(789.87)	(1372.93)
C) Cash Flow From Financing Activities :-		
Proceeds from Unsecured Loans (Net)	0.00	(473.01)
Proceed from Bank Borrowing (Net)	(379.75)	3686.07
Monies received towards Share Capital & application	1000.00	0.00
Monies received towards Share Premium	3952.98	0.00
Interest Paid	(1068.42)	(801.17)
Proposed dividend paid	0.00	(33.73)
Corporate Dividend Tax Paid on Equity dividend	0.00	(5.73)
Net Cash From Financing Activities (C)	3504.81	2372.43
D) Net Increase / (Decrease) in Cash & Cash Equivalents ((A)+(B)+(C))	73.21	(86.53)
E) Cash and Cash Equivalent at beginning of the Year	250.65	337.18
F) Cash and Cash Equivalent at end of the Year (D+E)	323.86	250.65

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.

AS PER OUR REPORT OF EVEN DATE

**FOR, SUNIL JOHRI AND ASSOCIATES
CHARTERED ACCOUNTANTS**

FOR VASWANI INDUSTRIES LIMITED

(RAVI VASWANI) (PRAMOD VASWANI)
MANAGING DIRECTOR WHOLE TIME DIRECTOR

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

RAIPUR 26th May'2012

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2011-2012

(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, 2012

S.NO.	Name of Director	Category of Directors	No. of other Directorship		No. of other Committee Membership/ Chairmanship held*	
			Public Company	Private Company	Committee Chairmanshi p	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	-	-	-	-



Vaswani Industries Limited

There has been no change in the directorship of the Company during the period under review except appointment of Mr. Sanjay Jadwani in place of Mr. Sunny Saini with effect from 06.12.2011.

TABLE 2

As on March 31, 2012

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.	25.04.2011	6	5
2.	10.05.2011	6	2
3.	20.05.2011	6	4
4.	02.06.2011	6	3
5.	30.06.2011	6	3
6.	30.07.2011	6	3
7.	26.08.2011	6	3
8.	31.08.2011	6	3
9.	01.09.2011	6	3
10.	07.09.2011	6	3
11.	20.09.2011	6	3
12.	14.10.2011	6	3
13.	17.10.2011	6	3
14.	09.11.2011	6	5
15.	14.11.2011	6	3
16.	06.12.2011	6	3
17.	28.12.2011	6	3
18.	11.02.2012	6	3
19.	25.02.2012	6	3
20.	16.03.2012	6	3

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

TABLE 3

AS ON MARCH 31, 2012

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	17	YES
2	Mr. Pramod Vaswani	18	YES
3	Mr. Yashwant Vaswani	19	YES
4	Mr. Lekhu Thadaram Mulchandani	00	YES

5	Mr. Ashok Suri	05	NO
6	Mr. Sanjay Jadwani	03	NO

TABLE 4

AS ON MARCH 31, 2012

**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 Ashok Suri	Shri Lekhu Thadaram Mulchandani
Designation	Independent Director	Independent Director
Qualifications	Bachelor of Science (B.Sc)	Bachelor of Commerce (BCom)
Date of appointment	April 01, 2009	April 01, 2009
Expertise In Specific functional areas	He is a Science Graduate by qualification. He is engaged in the business of Trading in Iron & Steel.	He is an under graduate (Commerce) by qualification. He began his career in the Insurance Industry in 1966 as an advisor and has scaled the career ladder since then. He has been a speaker at the two prime training Institutes in India namely, 'Management Development Centre and 'The National Insurance Academy'. At present, he is running his own Institute which imparts training to advisors to Insurance companies.
List of other Companies in which Directorship Held	Suri Venture Pvt Ltd	Space Training Academy
Chairman/Member of the committees of Board of Directors of other companies in which he is Director	1. AUDIT COMMITTEE 2. REMUNERATION COMMITTEE	1. AUDIT COMMITTEE 2. REMUNERATION COMMITTEE 3. SHAREHOLDERS/ INVESTOR GRIEVANCE COMMITTEE
Details of Shareholding (both own or held by/for other persons on a beneficial basis), if any, in the Company	NIL	NIL

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 Mulchandani	Chairman	Independent & Non-Executive Director
Mr. Sanjay Jadwani*	Member	Independent & Non-Executive Director
Mr. Pramod Vaswani	Member	Executive Director

The committee met Five times during the year 2011-12 and the attendance of the members at these meetings was as follows:



Vaswani Industries Limited

Sr. no.	Date of Meeting	Committee Strength	No. of members present
1.	14.11.2011	3	3
2.	29.07.2011	3	3
3.	25.10.2011	3	3
4.	13.11.2011	3	3
5.	10.02.2012	3	3

*Mr. Sanjay Jadwani was Inducted as a member of the Audit Committee w.e.f. December 6, 2011 on the resignation of Mr. Sunny Saini.

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.

All elements of remuneration to executive Directors and details of remuneration to Non-executive Directors are given in note 7 of notes to Accounts of Schedule Q.

Remuneration paid during the year 2011-12

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

*Mr. Sanjay Jadwani was Inducted as a member of the Audit Committee w.e.f. December 6, 2011 on the resignation of Mr. Sunny Saini.

4.3.2 During the financial year ended March 31, 2012 the meetings of the Shareholder/ Investor Grievances Committee held as under:

S.No.	Dates of Meeting	Committee Strength	No. of members Present
1.	14.11.2011	3	3
2.	29.07.2011	3	3
3.	13.11.2011	3	3
4.	24.12.2011	3	3
5.	10.02.2012	3	3
6.	16.03.2012	3	3



5. General Meetings:

Location, date, time & place of last three year Annual General Meeting and Extra Ordinary General Meeting held during 2011-12 are given below:

Annual General Meeting (AGM):

For the year ended	location	date	time	details of resolution Passed
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
31.03.2009	12-13,Vijeta Complex, Shastri Bazar,Raipur (C.G.)	30.03.2009	11.30 A.M	Ordinary Business

Extra Ordinary General Meeting (EGM):

Date	Location	Time
23.01.2012	MIG-4,Indrawati Colony,Raipur (C.G.)	10.30 A.M.

During the year ended March 31,2012, 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 details of utilization of the proceeds of Initial Public offer (IPO) are disclosed to the Audit Committee and the Board. The details of utilization of proceeds of IPO are mentioned in the Directors report.

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.



Vaswani Industries Limited

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.vaswanilindustries.com.

b. Website:

The Company's website "www.vaswanilindustries.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 09th Annual General Meeting:

28th November, 2012, 3.00 p.m. at registered office.

b) Registered Office MIG-4, Indrawati Colony, Ralpur (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 31st December 2012 On or before February 14, 2012

Year ending on 31st March 2013 On or before May 30, 2013

e) Book closure date:

The Register of Members and Share Transfer Books of the Company will be closed from Monday, 21st November, 2012 to Wednesday, 28th November, 2012 (both days inclusive) for the purpose of 09th 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,2011				
May,2011				
June,2011				
July,2011				
August,2011				
September,2011				
October,2011	35.40	13.00	33.70	11.65
November,2011	14.80	10.32	14.70	10.40
December,2011	11.50	07.90	11.50	07.40
January,2012	13.10	09.96	13.10	09.90
February,2012	11.98	09.81	11.09	09.65
March,2012	10.91	08.00	10.90	07.75



h) Shareholding as on March 31, 2012

I) Shareholding Pattern Category wise as on 31st March, 2012

Category	No. of Shares held	% of holding
Promoters	13490700	51.91
Other Corporate Bodies	5663168	21.79
Indian Public	6021203	23.18
Clearing Member	772213	2.99
Foreign Nationals	43416	0.19
Total	25990700	100.00

II) Distribution of Shareholding as on March 31, 2012

Range of shares	Shareholders	Shares		
		No. of Shareholders	%	No. of shares
01 to 500	2646	67.6380	472545	01.8181
501 to 1000	391	09.9949	337754	01.2995
1001 to 2000	278	07.1063	432260	01.6631
2001 to 3000	57	01.4571	148673	00.5720
3001 to 4000	315	08.0521	1008510	03.8803
4001 to 5000	52	01.3292	247523	00.9524
5001 to 10000	61	01.5593	408363	01.5712
10001 & above	112	02.8630	22935072	88.2434
Total	3912	100.0000	25990700	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 Compound 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.



Vaswani Industries Limited

I) 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@vaswanilindustries.com
Website: www.vaswanilindustries.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 Compound 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 2011-12.

For and on behalf of Board of Directors

RAVI VASWANI
Chairman & Managing Director

Raipur, 31st October 2012

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, 2012 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, 31st OCTOBER 2012

CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by **Vaswani Industries Limited** for the year ended 31st March, 2012 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, 31st August 2012



Vaswani Industries Limited

NOTE

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

ATTENDANCE SLIP

Annual General Meeting – 28th November, 2012 (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 Wednesday, the 28th November, 2012 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

9th ANNUAL REPORT 2011-12

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 Extra Ordinary General Meeting of the Company to be held at 3.00 p.m on Wednesday, the 28th November, 2012 at MIG-4,Indrawati Colony, Raipur- 492 001 and at any adjournment thereof.

Signed this _____ day of November, 2012

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.