

**INDEPENDENT AUDITOR'S REPORT****To the members of SRU STEELS LIMITED****Report on the Financial Statements**

We have audited the accompanying financial statements of SRU Steels Limited ("the Company") which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinion**

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

- i) in the case of Balance Sheet, of the state of affairs of the company as at 31st March 2014.
- ii) in the case of the Statement of Profit and Loss, of the **profit** for the year ended on that date; and
- iii) in the case of Cash Flow Statement, of the **cash flows** for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

- 1 As required by the Companies (Auditor's Report) Order, 2003 ("the order), as amended, issued by the Central government of India in terms of sub-section (4A) of section 227 of the Act, we give in the *Annexure* a statement on the matters specified in paragraphs 4 and 5 of the Order.

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

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The balance Sheet, Statement of Profit and Loss and Cash Flow statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the directors, as on 31st March, 2014 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 and
- f) since the central government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing-the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For B.M. Sharma & Associates  
Chartered Accountants  
(Registration No. 007944N)**

**Sd/-  
(Kuldeep Sharma)  
Partner  
MNo. 084073**

**Place: New Delhi  
Dated: 29.05.2014**

**ANNEXURE TO THE AUDITOR'S REPORT TO THE MEMBERS OF  
SRU STEELS LIMITED**

Referred to in sub-paragraph 1 under 'Report on Other Legal and Regulatory Requirements' paragraph of our audit report of even date:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) The company has not disposed off a substantial part of its fixed asset during the year and the going concern status of the company is not affected.
- (ii) (a) The consignment stock held by the company during the year has been physically verified by the management at reasonable interval.
- (b) The procedures of the physically verification of consignment stock followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) The Company has maintained proper records for all the consignment stocks and we have been explained that there was no material discrepancies noticed on such physical verification of stocks as compared to book records.
- (iii) The company has neither granted nor taken any loan, secured or unsecured from/to company's, firm or other parties covered in register maintained u/s. 301 of the companies Act, 1956, accordingly the clause 4 (iii) (b) to (d) of the order are not applicable
- (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 the nature of its business for the purchase of fixed assets, receipt and sale of consignment stocks. Further, during the course of our audit, we have neither come across nor have we been informed of any significant continuing failure to correct major weaknesses in the internal control system.
- (v) In our opinion and according to information and explanations given to us, there are no transactions that need to be entered into a register maintained U/s. 301 of the Company's Act, 1956. Accordingly, the clause 4 (v) (b) of the order is not applicable.
- (vi) According to the information and explanation given to us, the company has not accepted any deposits from the public during the year. Therefore the clause (vi) of Paragraph 4 of the order is not applicable.
- (vii) In our opinion, the company has an internal audit system commensurate with the size of the company and nature of its business.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.
- (ix) In respect of statutory Dues:
  - (a) In our opinion and according to information and explanation given to us, there are no undisputed statutory dues payable in respect of P.F., Investor Education and protection fund, Employee Estate Insurance, Income-tax, Sales tax, Service tax, Wealth tax, Excise duty, Custom duty and Cess which are outstanding as at 31<sup>st</sup> March, 2014 for a period of more than six months from the date they become payable.

- (b) The disputed statutory dues aggregating to Rs. 4.22 lacs that have not been deposited on account of disputed matters pending before appropriate authorities as under:-

S.N.	Name of the Statute	Nature of dues relates	(₹) in lacs pending	Period which amount	Forum where dispute is
1	Income Tax Act, 1961	Income tax penalty	4.22	1998-99	Punjab & Haryana High Court

- (x) The Company has no accumulated losses as at 31<sup>st</sup> March 2014. The company has not incurred any cash losses during the year and in the immediately preceding financial year.
- (xi) According to the records of the company examined by us and the information and explanation given to us, the company has not taken any loans from any financial institutions and also not issued any debentures, therefore the provisions of clause (xi) of Paragraph 4 of the order is not applicable.
- (xii) In our opinion and according to information and explanations given to us, and based on the information available, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities, accordingly Clause (xii) of paragraph 4 of the order is not applicable.
- (xiii) The company is not a chit fund, nidhi, mutual benefit or a society. Accordingly, clause (xiii) of paragraph 4 of the Order is not applicable.
- (xiv) In our opinion the company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by the other from banks or financial institutions.
- (xvi) As per information and explanations given to us, the company has not raised any term loan for purchase of any of the assets during the year.
- (xvii) According to the information and explanations given to us and on the basis of overall examination of balance sheet of the company, there are no funds raised on short-term basis, which have been used for long-term investment, and vice versa.
- (xviii) The company has not made any preferential allotment of shares to any parties or Company's covered in the register maintained U/s. 301 of the Company's Act, 1956.
- (xix) The Company has not issued any debentures. Hence the requirement of Clause (xix) of paragraph 4 of the order is not applicable to the company.
- (xx) The Company has not raised any monies by way of public issue during the year.
- (xxi) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

**For B.M. Sharma & Associates**  
**Chartered Accountants**  
**(Registration No. 007944N)**

**Sd/-**  
**(Kuldeep Sharma)**  
**Partner**  
**MNo. 084073**

**Place: New Delhi**  
**Dated: 29.05.2014**

**SRU STEELS LIMITED**

**Stataement of Unaudited/Audited consolidated results for the quarter and year ending 31st March 2014**

**PART-I**

(Rs. In Lakhs)

S. No	PARTICULARS	Quarter ended 31 Mar, 2014	Quarter ended 31 Dec, 2013	Quarter ended 31 Mar, 2013	Year ended 31 Mar, 2014	Year ended 31 Mar, 2013
		(Audited)	(Un-Audited)	(Audited)	(Audited)	(Audited)
1	<b>Income From Operations</b>					
	a) Net Sales/Income from Operations	-	-	-	-	-
	b) Other Operating Income	9.81	23.66	23.33	76.34	60.43
	<b>Total</b>	<b>9.81</b>	<b>23.66</b>	<b>23.33</b>	<b>76.34</b>	<b>60.43</b>
2	<b>Expenditure</b>					
	a) Increase/decrease in Stock and WIP	-	-	-	-	-
	b) Consumptiion of Raw Materials	-	-	-	-	-
	c) Purchase of Traded Goods	-	-	-	-	-
	d) Employees Costs	2.59	2.96	3.16	11.98	10.03
	e) Depreciation	0.96	0.95	1.19	3.73	4.80
	f) Commission Expense	-	7.94	11.98	20.60	11.98
	g) Other Expenditure	7.47	4.56	6.80	22.14	20.38
	<b>Total</b>	<b>11.02</b>	<b>16.41</b>	<b>23.13</b>	<b>58.45</b>	<b>47.19</b>
	(Any item exceeding 10% of the total expenditure to be shown separately)					
3	Profit from Operations before other income, Interest and Exceptional items (1-2)	(1.21)	7.25	0.20	17.89	13.24
4	Other Income	-	-	-	-	-
5	Profit before Interest and Exceptional items (3+4)	(1.21)	7.25	0.20	17.89	13.24
6	Interest	-	-	-	-	-
7	Profit after interest but before Exceptional itmes (5-6)	(1.21)	7.25	0.20	17.89	13.24
8	Exceptional items	-	-	-	-	-
9	Profit(+)/Loss(-) from Ordinary Activities before Tax (7+8)	(1.21)	7.25	0.20	17.89	13.24
10	Tax Expense	(0.37)	2.24	0.06	5.53	4.09
11	Net Profit(+)/Loss(-) from Ordinary activities after tax (9-10)	(0.84)	5.01	0.14	12.36	9.15
12	Extraordinary item (net of tax expense)	-	-	-	-	-
13	Net Profit(+)/Loss(-) for the period (11-12)	(0.84)	5.01	0.14	12.36	9.15
14	Paid up equity share capital (Face value Rs 10/- each share)	362.74	362.74	362.74	362.74	362.74
15	Reserve excluding Revaluation Reserve as per Balance sheet of Previous A/cing Year	-	-	-	-	112.78
16	Earning Per Share (EPS)					
	a) Basic and diluted EPS before Extraordinary items	(0.023)	0.14	0.004	0.34	0.25
	b) Basic and diluted EPS after Extraordinary items	(0.023)	0.14	0.004	0.34	0.25

**PART-II**

S. No	PARTICULARS	Quarter ended 31 Mar, 2014	Quarter ended 31 Dec, 2013	Quarter ended 31 Mar, 2013	Year ended 31 Mar, 2014	Year ended 31 Mar, 2013
		(Audited)	(Un-Audited)	(Audited)	(Audited)	(Audited)
<b>A.</b>	<b>Particular of Shareholdig</b>					
1	Public Shareholding					

	- No. of shares	2,080,400	2,080,400	2,080,400	2,080,400	2,080,400
	- Percentage of shareholding	57.35	57.35	57.35	57.35	57.35
2	Promoters and Promoter Group Shareholding					
a)	Pledged/Encumbered					
	- No. of shares	Nil	Nil	Nil	Nil	Nil
	- Percentage of shareholding (as a % of the total shareholding of promoter and promoter group)	Nil	Nil	Nil	Nil	Nil
b)	Non-encumbered					
	- No. of shares	1547000	1547000	1547000	1547000	1547000
	- Percentage of shareholding (as a % of the total shareholding of promoter and promoter group)	100	100	100	100	100
	- Percentage of shareholding (as a % of the total share capital of the company)	42.65	42.65	42.65	42.65	42.65

**Notes:**

- 1 The above result reviewed by the audit committee at its meeting held on 29th may 2014 and were approved and taken on record by the board of director at the meeting held on 28th May,2014.
- 2 The tax expense comprises of current tax and deferred tax Assests/Liabilities(if Any)
- 3 The Figure of last Quarter are the balancing figures between audited figures in respect of full year and the published year to date figures upto third quarter of the current financial year. Also figures upto the end of third quarter were only reviewed and not subjected to audit.
- 4 Scheme of arrangement under section 391 to 394 of companies act 1956 for merger of seven companies has been approved by the board of director of the company and merger petition has been filed with delhi high court for approval. The final result do not carry any effect of said merger.
- 5 Due to change in nature of advance board of director of company have decided not to charge interest on the same therefor interest charged upto 31st Dec,2013 Amounting Rs.6.71 lakh has been reversed during the quarter ending 31st march,2014.
- 6 There was no pending investor complaints/grievances as on 31st March, 2014 and no investors complaints received during the quarter and no investor complaint was pending at the beginning and end of the quarter.
- 7 The company has complied with all the relevant accounting standards issued by the ICAI as applicable to the company.
- 8 Figures have been re-grouped wherever necessary to facilitate comparison.

PLACE: NEW DELHI  
DATED: 29th May,2014

For SRU STEELS LIMITED  
*Ramesh Agarwal*  
(Managing Director)



## Part-III

**Consolidated Statement of Assets and Liabilities as at 31st March 2014**

(Rs. In Lakhs)

PARTICULARS	For the year ended 31st March 2014 (Audited)	As at Previous year ended 31st March, 2013 (Audited)
<b>A EQUITY AND LIABILITIES</b>		
<b>1 Shareholders Funds</b>		
(a) Share Capital	362.74	362.74
(b) Reserve & Surplus	109.67	97.30
<b>Sub - total -Shareholders funds</b>	472.41	460.04
<b>2 Non Current Liabilities</b>		
(a) Other Long Term Liabilities	-	3.86
<b>3 Current liabilities</b>		
(a) Trade payables	148.99	-
(b) Other current liabilities	34.63	14.97
(c) Short-term provisions	5.71	4.50
<b>Sub-total- Non and Current liabilities</b>	189.33	23.33
<b>TOTAL - EQUITY AND LIABILITIES</b>	661.74	483.37
<b>B ASSEST</b>		
<b>1 Non-current assets</b>		
(a) Fixed assets	12.29	14.60
(b) Deferred tax assets(net)	1.54	1.35
(c) Long-term loans and advance	320.82	21.86
(d) Other non-current assets	0.33	0.66
<b>Sub-total- Non Current assets</b>	334.98	38.47
<b>2 Current assets</b>		
(a) Trade Receivable	282.18	325.46
(b) Cash and cash equivalent	3.40	28.30
(c) Short- term loans and advances	9.72	78.28
(d) Other current assets	31.46	12.86
<b>Sub-total- Current assets</b>	326.76	444.90
<b>TOTAL- ASSETS</b>	661.74	483.37

PLACE: NEW DELHI  
DATED: 29th May, 2014

For SRU STEELS  
LIMITED

(Managing Director)

