INERTIA STEEL LIMITED

(FORMERLY TARUN KUMAR TRADE AND EXPORT LIMITED)

22ND ANNUAL REPORT

2006

REGISTERED OFFICE

422, TULSIANI CHAMBERS,

NARIMAN POINT,

MUMBAI – 400 021.

INERTIA STEEL LIMITED

(Formerly Tarun Kumar Trade And Export Limited)

DIRECTORS	1) Shri Hari Gopal Joshi 2) Shri Suresh J. Ajmera 3) Shri Dhanesh B. Ajmera
AUDITORS	M/s. Kaloti & Lathiya Chartered Accountants 4, Konark Villa Appartments, Behind Gopal Cultural Hall, Osmanpura, Aurangabad – 431 005.
BANKER	Bank of India, Fort Branch, Mumbai – 400 001.
REGISTERED OFFICE	422, Tulsiani Chambers, Nariman Point, Mumbai – 400 021.

NOTICE

NOTICE is hereby given that Twenty Second Annual General Meeting of the Members of Inertia Steel Ltd will be held on Saturday, the 30th September, 2006 at 03.00 P.M. at the Registered office of the Company situated at 422 Tulsiani Chambers, Nariman Point, Mumbai-400021 to transact the following business:

1) To receive, consider and adopt the Balance Sheet of the Company as at 31st March, 2006, the Profit & Loss Account for the year ended on that date and the reports of the Auditors and Directors thereon.

2) To appoint Directors in place of Shri Hari Gopal Joshi Director retires by rotation and being eligible offer himself for re-appointment.

3) To appoint Auditors from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

For and on behalf of Board of Directors

Registered Office:
422, Tulsiani Chambers,
Nariman Point,
Mumbai - 400021.

(H.G. JOSHI)
Chairman

Dated: 28th August, 2006

Note:

1) A member entitled to attend and vote at the above said meeting is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member. The proxy in order to be effective must be lodged with the company at least 48 hours before the commencement of the meeting.

2) The Register of members and share transfer books of the company shall remain closed from 25th September, 2006 to 30th September, 2006 (both days inclusive).

DIRECTORS REPORT

To,

The Shareholders
The Directors are pleased to present their Twenty Second Annual Report alongwith the audited statement of accounts of the Company comprising of Balance Sheet as at 31st March,2006 and the profit and loss account for the year ended on the said date. The summarized financial results for the year vis-à-vis previous year are as follows:

Financial Results:

(Amount in Rupees)

Particulars	31.03.2006	31.03.2005
Total Income	**40000**	54000
Total Expenditure	**35590**	52188
Profit/(Loss) before tax	**4410**	1812
Provision for tax	**1750**	700
Profit/(Loss) after tax Carried to Balance Sheet	**2660**	1112

Operations:
During the year under review, the total income from operations was Rs. 40,000/- as compared to Rs. 54,000/- during the corresponding period of previous year. The net profit after making necessary provision for tax stood at Rs. 2,660/- as against Rs. 1,112/- in the previous year.

Fixed Deposits:
The company has not accepted any deposits.

Auditors :
M/s. Kaloti and Lathiya Chartered Accountants, Auditors of the Company retire and being eligible are recommended for reappointment. The Auditors have furnished a certificate of their eligibility for reappointment under section 224(1-B) of the Companies Act,1956.

Auditors Report:
The observations made by the auditors in their report are self explanatory and have also been further amplified in the Notes to the accounts

Directors:
In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company Shri H.G. Joshi Director retires by rotation and is eligible for re-appointment.

Contd..2..

Particulars of Employees:
During the year under review, there are no employees drawing remuneration in excess of the prescribed limits and whose particulars are required to be given in compliance with the provisions contained in section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

Additional Information:
As the company does not own an undertaking where manufacturing operations are carried out, the information to be furnished under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable.

During the year under review there were no foreign exchange earnings nor foreign exchange outgo.

Directors Responsibility Statement:
As required by section 217 (2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

(i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
(ii) Appropriate accounting policies have been selected and applied consistently, and have made judgements 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 at 31st March, 2006 and of the profits of the company for the year ended 31st March,2006.
(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 have been prepared on a going concern basis.

Acknowledgements:
The Directors place on record, their appreciation and gratitude for all the cooperation extended by Bankers, Business Associates and Shareholders. The Directors also record their appreciation for the dedicated services rendered by all the executive staff and workers of the company for their valuable contribution in the working of the company.

For and on behalf of Board of Directors

Mumbai
Dated: 28 August, 2006

(H.G. JOSHI)
Chairman

AUDITOR'S REPORT

To The Members of
INERTIA STEEL LIMITED

We have audited the Balance Sheet of M/S INERTIA STEEL LTD. as on 31st March, 2006 and the Profit & Loss Account of the said company for the year ended on that date, annexed thereto. This financial statements is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 the amounts and disclosures in the financial statement. 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 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the annexure referred to in paragraph 2 above, 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 prupose of our audit.
b) In our opinion, proper nooks of accounts as required by law have been kept by the company so far as appears from our examination of such books.
c) The Balance Sheet and Profit & Loss Account dealt with this report are in agreement with the books of accounts.
d) In our opinion, the annexed Balance Sheet and Profit & Loss Account comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, subject to Note No. 3 of Schedule 20, Notes to Accounts.
e) On the basis of written representations received from the directors, as on 31st March 2006, and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956.

f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon and annexed thereto give the information required by the Companies Act, 1956, 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 the Balance Sheet, of the state of affairs of the company as on 31st March , 2006 and
   (ii) in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.

FOR M/S KALOTI AND LATHIYA
CHARTERED ACCOUNTANTS

MUMBAI
DATED : 28-08-2006

SANJEEV N. BAJAJ
PARTNER

ANNEXURE TO THE AUDITOR'S REPORT REFERRED TO IN PARAGRAPH 2 OF OUR REPORT OF EVEN DATE TO MEMBERS OF INERTIA STEEL LIMITED ON THE ACCOUNTS AS ON AND FOR THE YEAR ENDED ON 31ST MARCH, 2006.

On the basis of such checks of the books and records of the company as we consiered appropriate and in terms of informations and explanations given to us, we sate that :-

(*i*) (a) The company do not possess any fixed assets hence not applicable.

(b) In view of the above, the question of revaluation of fixed assets does not arise.

(ii) a) In our opinion the company has conducted physical verification on inventory at reasonable intervals.

(b) The procedures of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and nature of its business.

(c) The company is maintaining proper records of inventory of stocks of goods. No material discrepancies were noticed on physical varification of stock as compared to book records.

(iii) (a) The company has not granted any unsecured loan to the company covered in the register maintained under section 301 of the Companies Act, 1956.

(b) in our opinion and according to the information and explanations given to us, As explained to us, the rates of interest and other terms and conditions of such loans given by the company, are prima facie not prejudicial to the interest of the company.

(c) As no tenure of repayment is fixed, it is not possible to express opinion whether the payment of principal is regular.

(d) The company has taken reasonable steps for recovery of principal and interest.

(e) The company has not taken any loan, secured or unsecured from companies, fims or other parties covered in the register maintained under section 301 of the Companies Act, 1956 during this year. Accordingly sub-clauses (e), (f), (g) of clause (iii) of thisorder are not applicable.

(iv) In our opinion and according to the information and explanation given to us, there is adequate internal control procedure commensurate with the size of the company and nature of its business for the purchase of inventory and for the sale of goods and services.Further, on the basis of our examinations of the books of accounts and according to the information and explanations given to us, we hav not come accross major weaknesses in the aforsaid internal control system.

(v) (a) According to information and explanation given to us, we are of the opinion that the particulars of the contracts or arrangements referred to in section 301 of Act have been so entered in the register required to be maintained under that section..

(b) In our opinion, all these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The company has not accepted any deposits during the year from the public within the meaning of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed thereunder.

(vii) The paid up capital of the company was less than Rs. 25 Lacs as at the commencement of the financial year and average annual turnover for the period was not in excess of Rs. 2 Crores, hence the internal audit system is not applicable to the company.

(viii) According to information and explanation given to us, the maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the company.

(ix) According to information and explantions given to us and the records of the company examined by us, in our opinion, the company is generally regular in depositing the undisputed statutory dues including Providend Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues as applicable, with the appropriate authorities.

(x) (a) According to information and explantions given to us and the records of the company examined by us, in our opinion, there are no undisputed statutory dues outstanding as on 31st March, 2006 for a period exceeding six months from the date they become payable.

(b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess pending in dispute.

(xi) The company has no accumulated losses as on March 31, 2006 and it has not incurred any cash losses during this financial year or in the financial year immediately preceeding to this financial year.

(xii) According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank as on balance sheet date.

(xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/Society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.

(xiv) In our opinion,the company is not a dealer or trader in shares, securities, debentures and other investments.

(xv) During the year, the Company has not granted any loans & advances on the basis of security by way of pledge of shares, debentures or other securities.

(xvi) In our opinion, and according to the information and explanations given to us the company has not given corporate guarantee for loans taken by others from bank or financial institutions

(xvii) According to the records of the company examinied by us and the information and explanation given to us, the company has not obtained any term loan during the year, hence, the question of application of the same does not arise.

(xviii) According to the information and explanations given to us and on overall examiniation of the balance sheet of the company, we report that no funds raised on short term basis have ben used for long term investment.

(xix) During the year, the company has not made any preferential allotment of shares to parties and companies vovered in the register maintained under section 301 of the Companies Act, 1956.

(xx) During the year the company has not issued any debentures nor has created securities in respect of debentures.

(xxi) During the year covered by our report the company has not raised any money by public issue.

(xxii) During the course of our examination of the books and records of the company, carried out with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the company, noticed or reported during the year , nor have we been informed of such case by the management.

FOR KALOTI AND LATHIYA
Chartered Accountants

(SANJEEV N BAJAJ)
Partner
Membership No. 107678

Place : Mumbai
Date : 28-08-2006

INERTIA STEEL LIMITED.

Balance Sheet as at 31st March, 2006

(Amount in Rs.)

31/03/2005	Liabilities	31/03/2006	31/03/2005	Assets	31/03/2006
	Share Capital :			**Current Assets, Loans and Advances :**	
	Authorised:				
2500000	250000 Equity shares	2500000		Cash and Bank Balances:	
	of Rs.10/- each		31056	Cash-on-hand	31056
				Balances with Schedule Banks	
			49196	In Current Account with	49196
	Issued, Subscribed			Schedule Banks	
	and Paid-up:				
2488000	248800 Equity shares	2488000		**Sundry Debtors:**	
	of Rs.10/- each			(unsecured, considered good and subject to confirmation)	
	Reserve & Surplus:			a) For a period less than six	40000
119709	Profit & Loss Account	122369		months.	
			513320	b) Others	513320
	Unsecured Loans:				
19000	From Directors	19000		**Loans & Advances :**	
6032904	From Body Corporate	6059882		(unsecured and subject to confirmation)	
			8118873	Advances recoverable in cash or in kind or for value to be received.	8118873
	Current Liabilities:				
43100	Sundry Creditors	54120			
5324	Provision for Income-tax	7074			
4408	Provision for Expenses	2000			
8712445	TOTAL	8752445	8712445	TOTAL	8752445

Significant accounting policies and notes on Accounts. 0

As per our report of even date.
For Kaloti & Lathiya
Chartered Accountants.

On behalf of the Board of Directors.

SANJEEV N. BAJAJ
Partner.
M.No. 107678
Place : Mumbai
Dated : 28-08-2006

S. AJMERA
DIRECTOR

H.G. JOSHI
DIRECTOR

INERTIA STEEL LIMITED.

Profit and Loss Account for the year ended 31st March 2006

(Amount in Rs.)

31/03/2005	Particulars	31/03/2006	31/03/2005	Particulars	31/03/2006
26441	To Professional Charges	13000	0	By Interest	
2500	To Filing Fees	1500			
10000	To Listing Fees	10000	54000	By Commission	40000
11000	To Audit Fees	11020			
1200	To Miscellaneous Exp.	0			
47	To Bank Charges	70			
1000	To Stamp Duty Charges	0			
700	To Prov for income Tax	1750			
1112	To Balance carried down	2660			
54000	TOTAL	40000	54000	TOTAL	40000
			129949	By Balance as per last Balance Sheet	119709
19110	To Income-tax of earlier year	0			
			5548	By Balance brought down	2660
116387	To Balance carried to Balance Sheet	122369			
135497	TOTAL	122369	135497	TOTAL	122369

Significant accounting policies & notes to Accounts.

	31-03-2006 (Rs.)	31-03-2005 (Rs.)
Basic & Diluted Earning per Share of Rs. 10 each	0.01	0.004

As per our report of even date.
For Kaloti & Lathiya
Chartered Accountants.

On behalf of the Board of Directors.

SANJEEV N. BAJAJ
Partner.
M.No. 107678
Place : Mumbai
Dated : 28-08-2006

S. AJMERA
DIRECTOR

H.G. JOSHI
DIRECTOR

INERTIA STEEL LIMITED.
LISTS AS ON 31ST MARCH, 2006

Particulars	31-Mar-06	31-Mar-05
LIST OF SUNDRY DEBTORS		
Lossy Estates & Investments	267600	267600
Commission Receivable	106720	106720
	374320	374320
LIST OF ADVANCES		
Advance against land purchase	1931091	1931091
Shri Ishar Alloys Limited	6187782	6187782
Prepaid Listing Charges	--	
	8118873	8118873
LIST OF BANK BALANCES		
Bank of India, Mumbai	7868	7868
Development Credit Bank Ltd.	16328	16328
ICICI Bank Ltd.	25000	25000
	49196	49196
LIST OF UNSECURED LOANS		
From Directors :		
Jayaswals Holdings Pvt. Ltd.	5887782	5887782
Steel & Tube Exports Pvt. Ltd.	172100	36290
	6059882	5924072
LIST OF SUNDRY CREDITORS		
Chaturvedi & Shah	21300	21300
Kaloti & Lathiya	32820	21800
	54120	43100
LIST OF PROVISIONS OF INCOME TAX		
Asst. Year 2003-2004	3224	3224
Asst. Year 2004-2005	1400	1400
Asst. Year 2005-2006	700	700
Asst. Year 2006-2007	1750	0
	7074	5324
Provision for Expenses	2000	1400

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS :

1. Basis for Preparation of Financial Statements :
   The financial statements are prepared under historical cost convention, income and expenses are recognised on an accrual basis and are in accordance with the requirements of the Companies Act, 1956 and are consistent with generally accepted accounting principles.

2. The Company has no Deferred Tax Liability.

3. In the opinion of the Board, Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of business. The provisions for all known liabilities is adequate and neither in excess nor in short of the amount reasonably necessary.

4. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances paid) Rs. 5,68,909/- (previous year Rs. 5,68,909/-).

5. As the company has not carried out any manufacturing or trading activities, there is no information which is required to be given persuant to para (3) and para (4) of schedule VI of the Companies Act.

6. Disclosure of related parties / related party transactions :
   a) A List of related parties with whom transactions have taken place during the year
      Key Management Personnel :
      Shri H.G. Joshi
      Shri M.M. Vyas

   b) Discolsure of related party transaction :

Unsecured Loans	
Balance as on 01-04-2006	**Rs. 19,000/-**
Taken during the year	**NIL**
Balance as on 31-03-2005	**Rs. 19,000/-**

7 There is no separate reportable segment within the meaning of Accounting Standard 17 issued by Institute of Chartered Accountants of India.

8 Previous year figures have been re-grouped and/or rearranged whereever necessary to make them comparable with those of the current year.

9 Basic and diluted earning per share :

	For the yr. ended 31-03-2006	For the yr ended 31-03-2005
a) Amount used as the numerators		
Net profit / (loss) available for equity share holders	2660	1112
b) Number of equity shares	248800	248800
c) Basic and diluted earning per share (Rs.)	0.01	0.004

10. **Balance Sheet Abstract and Company's General Business Profile**

I.	**Registration Details**	
	Registration Number	33082
	State Code	11
	Balance Sheet Date	31-03-2006
II.	**Capital raised during the year**	**(Amount in Rs.000s)**
	Public Issue	NIL
	Rights Issue	NIL
	Bonus Issue	NIL
	Private Placement	NIL

Contd..2

III.	**Position of Mobilisation and Deployment of Funds**	
	Total Liabilities	8752
	Total Assets	8752
	Sources of Funds	
	Paid up Capital	2488
	Reserves and Surplus	122
	Secured Loans	--
	Unsecured Loans	6088
	Application of Funds	
	Net Fixed Assets	--
	Investments	--
	Net Current Assets	8689
	Miscellaneous Expenditure	--
	Accumulated Losses	--
IV.	**Performance of the Company**	
	Turnover	40
	Total Expenditure	37
	Profit Before Tax (+)	4
	Profit After Tax (+)	3
	Earning per share (in Rupees)	0.01
	Dividend Rate %	--
V.	**Generic Names of three Principal Products / Services of the Company (as per monetary terms)**	
	1. Item Code No. (ITC Code)	N/A Innextmenmt
	Product Description	

As per our Report of even date.
For Kaloti & Lathiya
Chartered Accountants.

On Behalf of the
Board of Directors.

S. AJMERA
Director

H.G. JOSHI
Director

(SANJEEV N. BAJAJ)
Partner
M. No. 107678
Place : Mumbai
Date : 28-08-2006

INERTIA STEEL LIMITED.
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006

		31.03.2006 Rs.	31.03.2005 Rs.
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit/(Loss) before tax and Extraordinary items	**4410**	**1812**
	ADJUSTED FOR		
	Depreciation	0	0
	Foreign Exchange	0	0
	Investments	0	0
	Interest/Dividend	0	0
		4410	**1812**
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE		
	ADJUSTMENTS FOR		
	Trade and Other Receivables	(40000)	(54000)
	Inventories	0	0
	Trade Payables	8612	11088
		(26978)	(41100)
	CASH GENERATED FROM OPERATIONS		
	Interest Paid	0	0
	Direct taxes paid / Refund	0	0
	NET CASH FLOW FROM OPERATING ACTIVITIES	(26978)	(41100)
B.	**CASH FLOW FROM INVESTING ACTIVITES**		
	Advance for Purchase of Fixed Assets	0	0
	Sale of Fixed Assets	0	0
	Purchase of Investments	0	0
	Sale of Investments	0	0
	Interest Received	0	0
	Dividend Income	0	0
	CASH FLOW FROM INVESTING ACTIVITIES	**0**	**0**
C.	**CASH FLOW FROM FINANCING ACTIIVITIES**		
	Proceeds from Issue of Share Capital	0	0
	Proceeds from Borrowings	26978	41100
	Repayment of Finance Lease Liability	0	0
	Dividend Paid	0	0
	NET CASH USED IN FINANCING ACTIVITIES	**26978**	
		26978	**41100**
	NET INCREASE IN CASH AND CASH EQUIVALENTS	**0**	**0**
	Cash and Cash Equivalents (Opening Balance)		
	Cash and Cash Equivalents (Closing Balance)	80252	80252
	Net Increase / (Decrease)	80252	80252
		0	0

Note : Bracket indicates Cash Out Flow.

For and on behalf of the Board of Directors of
INERTIA STEEL LIMITED

S. AJMERA
DIRECTOR

H.G. JOSHI
DIRECTOR

AUDITOR'S REPORT

We have examined the attached Cash Flow Statement of Inertia Steel Limited for the year ended 31st March, 2006. The Statement has been prepared by the Company in accordance with the requirements of the Company's Listing Agreement with Mumbai Stock Exchange. The Statement is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the Company.

For KALOTI AND LATHIYA
Chartered Accountants

Place : Mumbai
Date : 28-08-2006

SANJEEV N.BAJAJ
PARTNER
M. NO. 107678