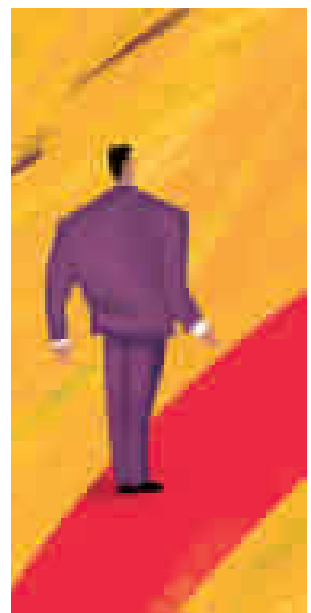




**Ramsarup Industries Limited**

Annual Report 2006-07



## Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using

words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions.

Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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## ON COURSE

AT RAMSARUP, WE WILL CONTINUE TO EXPLORE VALUE-ENHANCEMENT OPPORTUNITIES. GENERATING A PEACE OF MIND FOR OUR CUSTOMERS AND ENHANCED RETURNS FOR THE COMPANY. WE ARE ADEQUATELY EQUIPPED TO CAPITALISE ON ADDRESSABLE OPPORTUNITIES THAT ARE CONTINUOUSLY EMERGING WITHIN THE INDUSTRY IN WHICH WE OPERATE. THUS, PROVIDING OUR BUSINESS WITH LONG-TERM SUSTAINABILITY.





**Ramsarup is an attractive proxy of the robust growth coming out of India's power and construction sectors.**

**The Company manufactures steel wires and TMT bars.**

**Over the years, the Company has graduated beyond the commodity segment across both its businesses.**

**This was achieved through a precise understanding of the customer's business and the manufacture of products customised around specific industry applications.**

**The result is that Ramsarup is no longer a one-off vendor; it is a trusted partner responding to the repeat orders coming out of its large and brand-enhancing customers.**



### Products and services

Steel wires (black and galvanised), TMT bars, LRPC wires, laying of power transmission lines, infrastructure contracts and power generation

### Installed capacity

(As on 31 March 2007)

- ◆ Wires drawing 149,000 TPA
- ◆ Galvanised wires 84,000 TPA
- ◆ TMT bars 167,000 TPA
- ◆ Wind turbine generator 3.75 MW

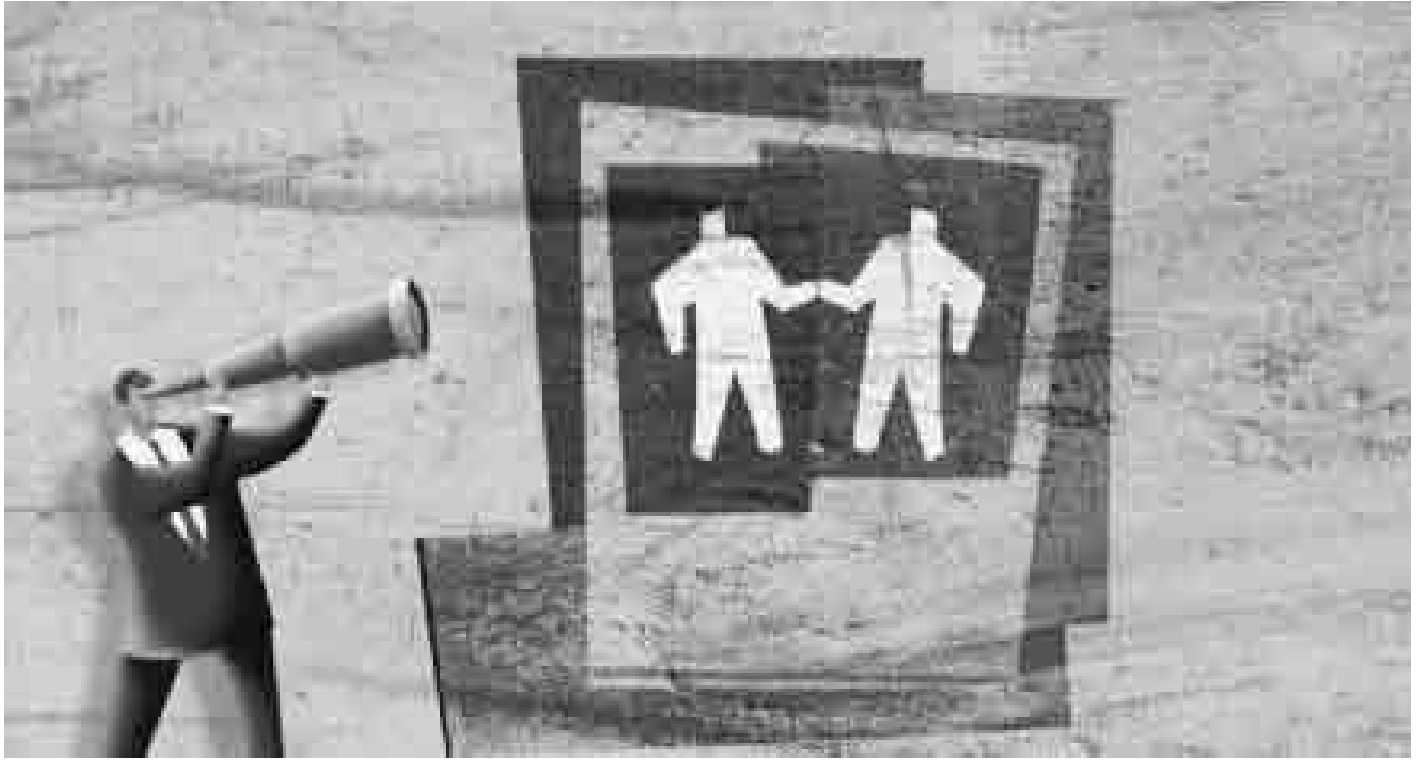
### Certifications

- ◆ ISO 9001:2000 for Units I and II
- ◆ One-star export house status

### Manufacturing locations

Unit	Name	Location
Unit I	Ramsarup Industrial Corporation	Kalyani Industrial Area, Nadia, West Bengal
Unit II	Ramsarup Utpadak	Shyamnagar, West Bengal
Unit III	Ramsarup Vidyut	Dhule, Maharashtra
Unit IV	Ramsarup Infrastructure	Rajasthan and West Bengal
Unit V	Ramsarup Nirmaan Wires	Durgapur, West Bengal





# VISION AND MISSION

- ◆ TO BECOME THE MOST INTEGRATED WIRE MANUFACTURER WITH A PRESENCE ACROSS THE COMPLETE VALUE CHAIN.
- ◆ TO STRIVE TO BE LEADER IN OUR AREA OF OPERATIONS.
- ◆ TO SERVE OUR CUSTOMERS BY PROVIDING THEM WITH HIGH-QUALITY PRODUCTS AND SERVICES.
- ◆ TO PLAY A PROACTIVE ROLE IN THE GOVERNMENT OF INDIA' S MISSION TO PROVIDE 'POWER FOR ALL BY 2012' AND 'HOUSING FOR EVERY INDIAN BY 2020'.
- ◆ TO UPHOLD THE INTEREST OF SHAREHOLDERS.
- ◆ TO MAKE OUR OPERATIONS MOST ENVIRONMENT-FRIENDLY.
- ◆ TO WORK IN THE DIRECTION OF SOCIO-ECONOMIC DEVELOPMENT OF THE COUNTRY.

## **Our brand-enhancing wire customers\***

- ✦ Power Grid Corporation of India ✦ Kalpataru Power and Transmission
- ✦ Areva Limited ✦ L&T ✦ KEC International ✦ Tata Power Company
- ✦ Bajaj Electricals ✦ Jyoti Structures ✦ Sterlite Industries ✦ Tata Projects
- ✦ Indian Railways (including Chennai Metro) ✦ Various state electricity boards
- ✦ Smita Conductors

## **TMT customers whose trust we enjoy\***

- ✦ Gammon India ✦ Reliance Industries ✦ IVRCL Infrastructures and Projects
- ✦ Wipro ✦ NHPC (Approved Contractor) ✦ L&T ✦ Vikram Sarabhai Space Center (received product certifications) ✦ Hindustan Construction Company ✦ Jaiprakash Associates
- ✦ Maytas (Satyam Group) ✦ GE Capital International Services ✦ DRDO (received product certifications) ✦ Department of Defence (received product certifications) ✦ Nuclear Power Corporation of India
- ✦ MAPS (Department of Defence) ✦ Military Engineering Services (MES)
- ✦ DGS&D ✦ CPWD

**\*The list is only indicative**





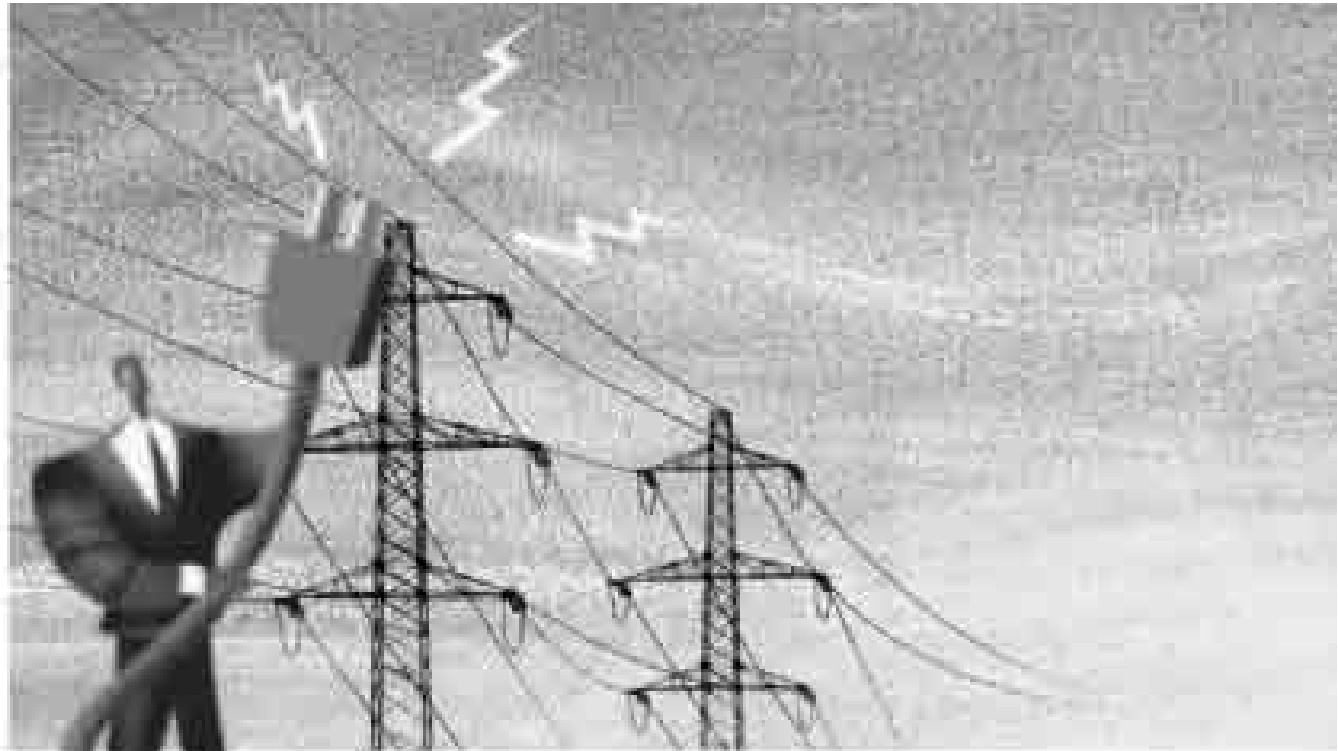
**The average world consumption of steel wires as a percentage of steel is 5%. India stands at only 3.5%**





**What is the potential of our business? It took India 60 years to electrify 44% of her total area. The country expects to electrify the next 56% in only 5 years.**





Adding value to our business

**Ramsarup embarked on turnkey project management initiatives to capitalise on India's infrastructure opportunities in 2006-07**



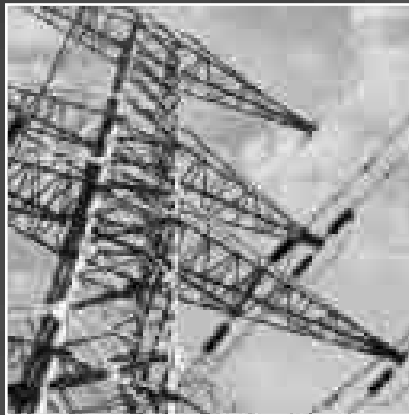
### **1. Upgradation of power transmission infrastructure**

India's inter-regional power transmission capacity is likely to increase from the present 11,500 MW to 37,150 MW at the end of the 11th Plan (FY12-end).

Ramsarup's industry position: By the virtue of extension into the turnkey commissioning of transmission towers, the Company expects to capitalise on the potential arising out of the transmission side of the power industry.

### **2. Rural electrification and APDRP programme**

Rural electrification projects comprise a substantial chunk of order book backlog for transmission tower companies. Based on the projects that have been sanctioned under the Accelerated Power Development and Reform Programme (APDRP), the current unutilised portion of APDRP is in excess of Rs.304 bn. Assuming that transmission tower manufacturers would address 50% of the value of



these contracts, orders worth more than Rs.152 bn from APDRP projects are expected.

Ramsarup's industry position: Ramsarup possesses the industry visibility, capacity and quality certification to service the growing demand coming out of this sector.

### **3. Transmission lines installation**

The laying of any transmission line requires knowledge of the combination of wires and transmission towers into a consolidated solution. The Company is attractively placed in this regard: it has been a vendor to the power industry for the last 40 years, enjoying deep industry insight.

Ramsarup's industry position: The Company is a reputed manufacturer of wires; a transmission tower is produced out of structurals and TMT bars, which will be captive to its production. Moreover, the Company caters to clients who frequently subcontract transmission line commissioning; by the virtue of being a preferred supplier of other

products to these esteemed clients, the Company will be advantageously placed to extend the turnkey service of transmission lines for them.

### **Overview**

Ramsarup has emerged as a turnkey service provider in the business of laying transmission lines, leveraging the synergy between the wire and infrastructure businesses. This forward integration has also resulted in increasing the Company's bargaining clout with its suppliers and customers, enhancing market share and realisations.

This business is expected to generate substantial revenues in 2007-08. It will also ensure attractive margins, enhancing Ramsarup's competitiveness and strengthening its ability to pitch for bigger orders.

Ramsarup had an order book of Rs.143 cr by the close of 2006-07 from this segment only.



Adding value to our business

**Ramsarup embarked on a project to manufacture value-added LRPC wires, servicing niche and growing requirements**



### **The LRPC argument**

The Company expects to commence the manufacture of low relaxation pre-stressed concrete (LRPC) wires during 2007-08 with an installed capacity of 36,000 MTPA.

The rationale for the Company's entry in this segment is justified by this reality: any wire that is pre-stressed and embedded in concrete gradually loses the initial stress due to the stress relaxation property in steel. However, through a specialised treatment of steel, the phenomenon can be reversed. A thermo-mechanical process of stabilisation enables the 'relaxation' to be controlled leading to the following advantages:

- ◆ Up to 10% reduction in steel requirement.



- ◆ Saving in the number of anchorages, ducts, sheathings, wedges and labour, reducing the overall project cost.
- ◆ Reduction in the concrete requirement due to a reduced size of structural members.
- ◆ Elimination of extra post-straightening-treatment for LRPC stands through the use of hot stretch process, leading to the output of nearly straight strands.

Advantages of these wires: robust strength, consistency of physical properties, consistent coil characteristics with uniform winding, close tolerances in unit mass-to-length ratio, higher breaking loads, higher proof stress loads, higher fatigue and corrosion

resistance, better performance at elevated temperature and lower relaxation losses.

LRPC stranded wires are used in pre-stressed concrete girders for roads, rivers, railway bridges and flyovers, pre-stressed atomic reactor domes, slabs, silos, hangars, aqueducts, high-rise buildings, viaducts and railway sleepers.

This product expansion strategy will enable the Company to derive increased business from its existing wires and TMT clients. The Company expects to manufacture these wires from 2007-08; which will enhance its profitability.



**Adding value to our business**

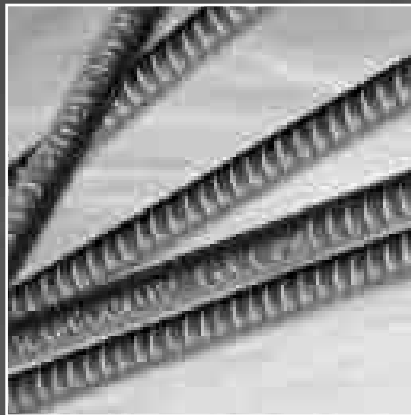
## **Increasing our capacity to manufacture TMT bars**



TMT bars represent a critical input in construction. Ramsarup is the largest secondary manufacturer of TMT bars in eastern India. Over the years, the Company has distinguished itself through the manufacture of the widest size range (8 mm to 40 mm) comprising 26 grades adaptable across every construction activity.

Over the last few decades, Ramsarup has been a preferred supplier to a diverse customer mix comprising large companies, state departments and government organisations across multiple industries.

Ramsarup's TMT mill produces TMT bars under Thermax Cooling Technology of HSE, Germany. The



Company manufactures high-diameter TMT bars (8 mm to 40 mm width). The transition from manufacturing of cold twisted deformed (CTD) bars to Thermo Mechanical Treatment (TMT) bars reflects the Company's strategic flexibility to keep pace with the latest technologies.



**“Shareholders can expect attractive growth picking up from 2007-08 onwards.”**

## Q&A session

### **Were you satisfied with the Company’s performance in 2006-07?**

While it would be natural for most companies with a turnover growth of 28% to Rs. 1,306 cr and a 52% increase in cash profit to Rs. 54.9 cr to put out an official statement that they were highly satisfied with their performance, let me provide a slightly contrary perspective.

We set such high standards for ourselves that it was not entirely surprising that we could not achieve all of them. For instance, we integrated forwards from wires into the insourcing of wire mesh and chain link with the objective of phased captive manufacture. The truth is that we still wish to enter into the insourcing of these products, whereas we ought to have done it earlier.

So although shareholders will be

pleased with our performance, my own confession is that we ought to have done better.

### **Will the Company be able to sustain its growth and profitability?**

There are some factors that give me considerable optimism that I must share with our stakeholders. The various reforms of the last few years have enabled India to pass its tipping point. Even if India does not replicate the 9.4% GDP growth of 2006-07 in subsequent years, there is every indication that the country will sustain at least 8.5% growth year-on-year, inflation or no inflation.

The picture within our domain is as optimistic. Take the short-term perspective of 2007-08. India is likely to add an unprecedented 48,000 MW of power in the current financial year, which is more than twice what it added in the Tenth Five-Year Plan and

the highest in its existence. This addition in power generation is going to have an interesting effect – the eastern states of India will probably be power surplus, while the remaining parts of the country will be power-starved. The result is that the surplus power will need to be transmitted to the other parts of the country through transmission lines. This is where companies like Ramsarup will start playing a more visible and powerful role over the coming years, starting from 2007-08. So I would say that we are poised on the cusp of robust and aggressive growth.

Now let us look ahead. The targeted generation of power in the Eleventh Plan is more than three times what was actually commissioned in the Tenth Plan; the corresponding increase in transmission is going to be significant as well. This means that whatever growth that we have seen in



**Mr. Ashish Jhunjhunwala,**  
Chairman and Managing Director, reviews the  
Company's performance in 2006-07 and  
previews its exciting future.

the last few years has only been preparatory in comparison to what can happen in the next five years.

At Ramsarup, we are competently placed to capitalise on this industry outlook through a complement of the right quality certifications, without which no buyer will even give us a second look, the right customer profile, which gives prospective customers the confidence to work with us without a due diligence, adequate capacity, which gives customers the assurance that we will be able to supply on schedule and the right product mix that enables customers with varied requirements the convenience that they do not need to go elsewhere to shop.

**How is the Company placed in its TMT bar business?**

I would say that a similar kind of optimism is visible in our TMT bars business. The country addresses a

phenomenal construction opportunity and it is important to remember that this will need to be sustained by longs, the segment that we are in. At Ramsarup, we see ourselves as competently placed to address the robust demand growth coming out of this segment as well: we are the largest secondary manufacturer of TMT bars in eastern India and possess the same competencies that we do in the wires business like complete size, range, good quality, well spread customer profile both in terms of sectors and geography.

I have often been asked the wisdom of having two seemingly unconnected businesses within the Company. It is important to consider that they help us spread our risk from a complete dependence on business. What better way to spread our risk than by being present in another business closely linked to economic growth and quality of life? Besides,

both our businesses are synergic with respect to their respective demand drivers: both need range, quality, certifications and repeat customers for sustainable growth.

**What prospects does the Company enjoy?**

During the last financial year, we embarked on various initiatives to enhance revenues on the one hand, and increase value addition on the other. These comprised the following:

Prudent branding of our products – which a number of people will be inclined to dismiss as commodity – in the electronic media and trade journals. The result was that we were awarded some prestigious contracts for the supply of TMT bars by national clients like Reliance, Tata Projects, Hooghly Metcoke, South City (Kolkata), IVRCL, Punj Lloyd and Adani. It was particularly pleasing to



pass Reliance's stringent due diligence, which required their executive to be stationed at our premises when their production was in process for nearly three days. The reality is that as a result of a strong B2B reputation, much of our installed capacity in TMT bars and wires was marketed directly to users, leaving us very little with which to feed retail trade. This institutional consumer pull implies that we are placed at the ideal time to commission our next round of expansion and takeovers.

**What specific corporate development are you looking forward to?**

There are two developments that we are particularly looking forward to:

- ◆ Our extension into the manufacture of value-added LRPC wires with an installed capacity of 36,000 TPA. When commissioned by September 2007, we expect to emerge as one of three such manufacturers in India with a capacity as large as that of Tata Steel in this product category. Going ahead, we expect to generate Rs.190 cr in annual revenues at full capacity including special grade of wire at Durgapur.
- ◆ The second point of optimism is a gradual evolution from the supply of material to be used in turnkey projects by our customers to the direct evolution into the

management of turnkey contracts. In our opinion, an increasing number of customers are willing to remunerate higher for a peace of mind as well as complete solution ownership. For instance, we had been providing wires to the RSEB for quite some time. In 2006-07, we extended into laying transmission lines as well, starting with the execution of Rs.115 cr of contracts. We leveraged the logic to be engaged in the Rs.28 cr order for the fencing of the Bangladesh border using our wire product.

This synergy is now running across various levels: we use our own wires to make mesh and chain links; we also market our wires to those companies selling cables to us for use in infrastructure projects. As an organisation, we will continue to explore these value-enhancement opportunities generating a peace of mind for our customers and enhanced returns for the Company.

It is through these initiatives that the Company expects to counter the challenge of increasing input prices, competition and interest rates in 2007-08.

**What factors give you optimism?**

As a Company, each of our businesses is attractively placed.

**Wires**

- ◆ We possess a complete range (4

to 24-gauge) across 200 permutations, covering every possible use.

- ◆ India's growing power sector accounts for 40% of our revenues.
- ◆ We are one of leaders in India in this business.
- ◆ We are registered with all the state electricity boards and Power Grid Corporation, which means that any growth coming out of them could strengthen our order book.
- ◆ We have a nationwide presence.

**TMT bars**

- ◆ We are the only player in India's secondary sector to possess the 8 mm to 40 mm range.
- ◆ We enjoy a nationwide customer presence.
- ◆ Most of our customers are institutional in nature, providing a high proportion of repeat business.
- ◆ We have successfully evolved the product into a service – large orders and staggered deliveries, which are ideal for construction companies.

**Infrastructure contracts**

Ramsarup's first order book for these projects was Rs.143 cr at the close of 2006-07, providing attractive prospects for the coming quarters when the backlog will be manifested into revenues. As a result, we expect revenues to grow from Rs.1,306 cr in 2006-07 by around 25% in 2007-08.

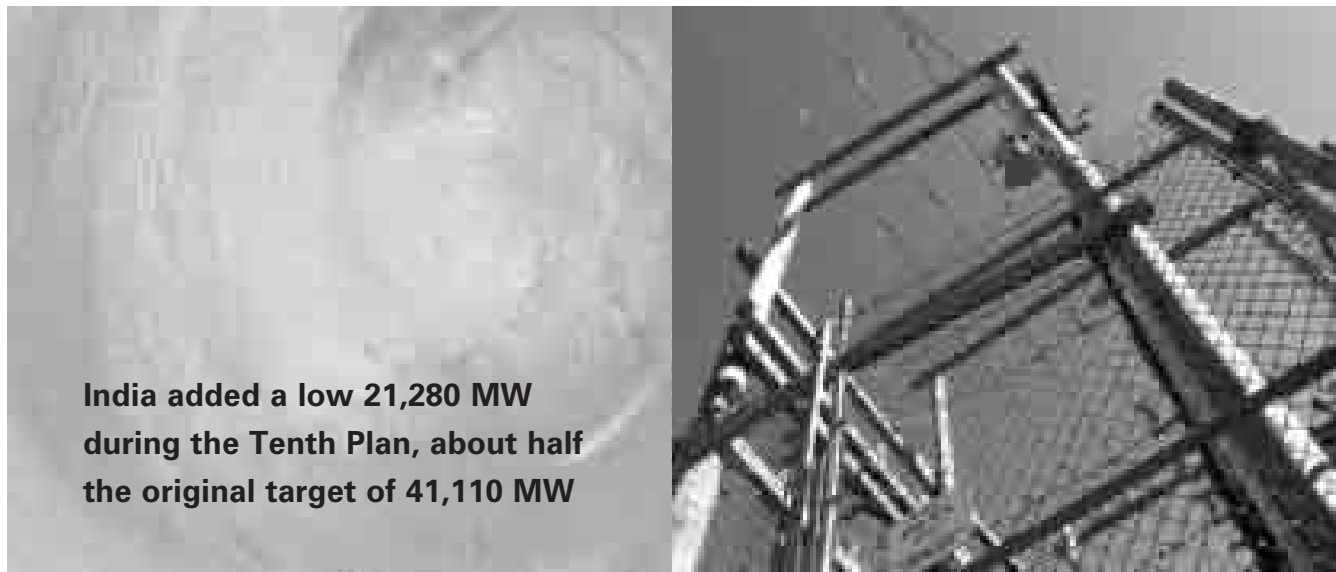


## POWER SECTOR

IT IS AMAZING THAT FOR A COUNTRY THAT IS THE SIXTH LARGEST CONSUMER OF ENERGY IN THE WORLD – THIRD LARGEST GENERATOR IN THE ASIA-PACIFIC AFTER CHINA AND JAPAN – ITS PER CAPITA CONSUMPTION IS MUCH LOWER THAN THE GLOBAL AVERAGE.

IT IS ALSO QUITE AMAZING THAT EVEN AS THIS COUNTRY SUFFERS FROM A 12% PEAK POWER DEFICIT, ANALYSTS ARE PROJECTING A FOUR-FOLD INCREASE IN CONSUMPTION ACROSS THE NEXT 25 YEARS, BASED ON A GDP GROWTH OF OVER 8% AND AN ESTIMATED ENERGY ELASTICITY OF 0.80.

THE BOTTOMLINE IS THAT INVESTMENT IN INDIA'S POWER GENERATION, TRANSMISSION AND DISTRIBUTION WILL REPRESENT ITS BUILDING BLOCK OVER THE FORESEEABLE FUTURE.



**India added a low 21,280 MW during the Tenth Plan, about half the original target of 41,110 MW**

**Reforms-led**

The Indian government is seized of the need to increase the industry’s installed capacity, enshrined in the objective to make power available to every household by 2012. This implies that a country that was investing in its generation capacity at a CAGR of 4.5% will now need to accelerate investments by nearly 8.5% if it is to commission an incremental 100,000 MW by 2012.

To make this a reality, the government created a confidence-enhancing environment of policy reforms. This is the single biggest driver of industry change; this has helped attract capital from public and private, national and international companies.

Some of the reforms initiated by the government over the last few years

comprised the following:

**Electricity Act, 2003:** The Act envisages a totally deregulated sector with no restrictions on the buying and selling of power. The objective of the Act was to create a market-based regime that consolidated, updated and rationalised laws related to the generation, transmission, distribution, trading and the use of power.

**One-time settlement (OTS) enhancing cash flows:** Under the OTS, generating companies were issued 8.5% tax-free bonds in lieu of receivables, which they could redeem gradually over 10 years starting from 2006, strengthening the cash flows. The one-time settlement resolved the outstanding receivables of generating companies from the SEBs.

**Tripartite agreement ensuring timely recovery of dues:** Central public sector utilities (CPSUs) were given the right to reduce power supply to SEBs in a phased manner if the latter defaulted on payments against a letter of credit within the stipulated 60-day period.

**APDRP driving investments in T&D to reduce losses:** Under the APDRP, the government funds any investment in T&D with the objective to reduce cash losses to the extent of 50%. Out of the total Rs.400 bn committed for the scheme, sanctions for various projects amounted to Rs.176 bn.

**Tenth Plan review**  
 India added a low 21,280 MW during the Tenth Plan, about half the original target of 41,110 MW and 2,000 MW less than the 23,250 MW capacity



To ensure an adequate transmission and distribution infrastructure, a transmission plan has been evolved to install an integrated national power grid by 2012

addition projected by the government in the last few days of the Tenth Plan (March 2007).

### Transmission potential

A considerable scope is emerging in India's transmission business, benefiting companies like Ramsarup. The Indian T&D system is a three-tier structure, comprising regional grids, state grids and distribution networks. The distribution network and the state grids are owned and operated by SEBs or state governments through the SEBs. Most of the inter-state transmission links are owned and operated by Power Grid Corporation, the central transmission utility and grid operator.

The Electricity Act, 2003 provides the legislative framework through which buyers and sellers of electricity anywhere in the system can be converged, while the national power grid has been strengthened to facilitate the transfer of electricity from surplus regions to customers elsewhere in the country.

As buyers and sellers of electricity exploit these opportunities, there will be an enhanced demand for transmissions, spanning large distances and attracting investment in transmission lines, transmission towers, power cables and wires.

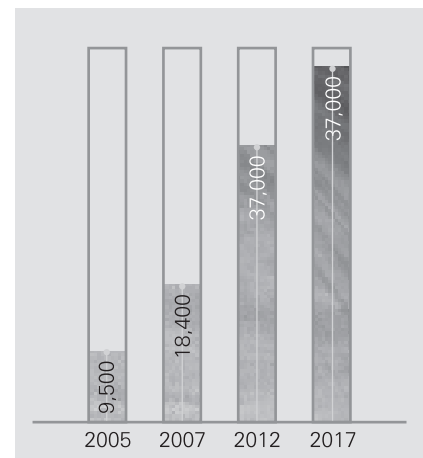
Going ahead, there will be a more intensive transfer of power between one state and another through state grids. These grids play an important role:

- ◆ As the peak demand does not occur simultaneously across all states, there might be power surplus in one state, while another state faces a deficit.
- ◆ The regional grids facilitate power transfers from a power-surplus to a power-deficit state.
- ◆ The grids also facilitate the optimal scheduling of maintenance outages and better co-ordination between the power plants.

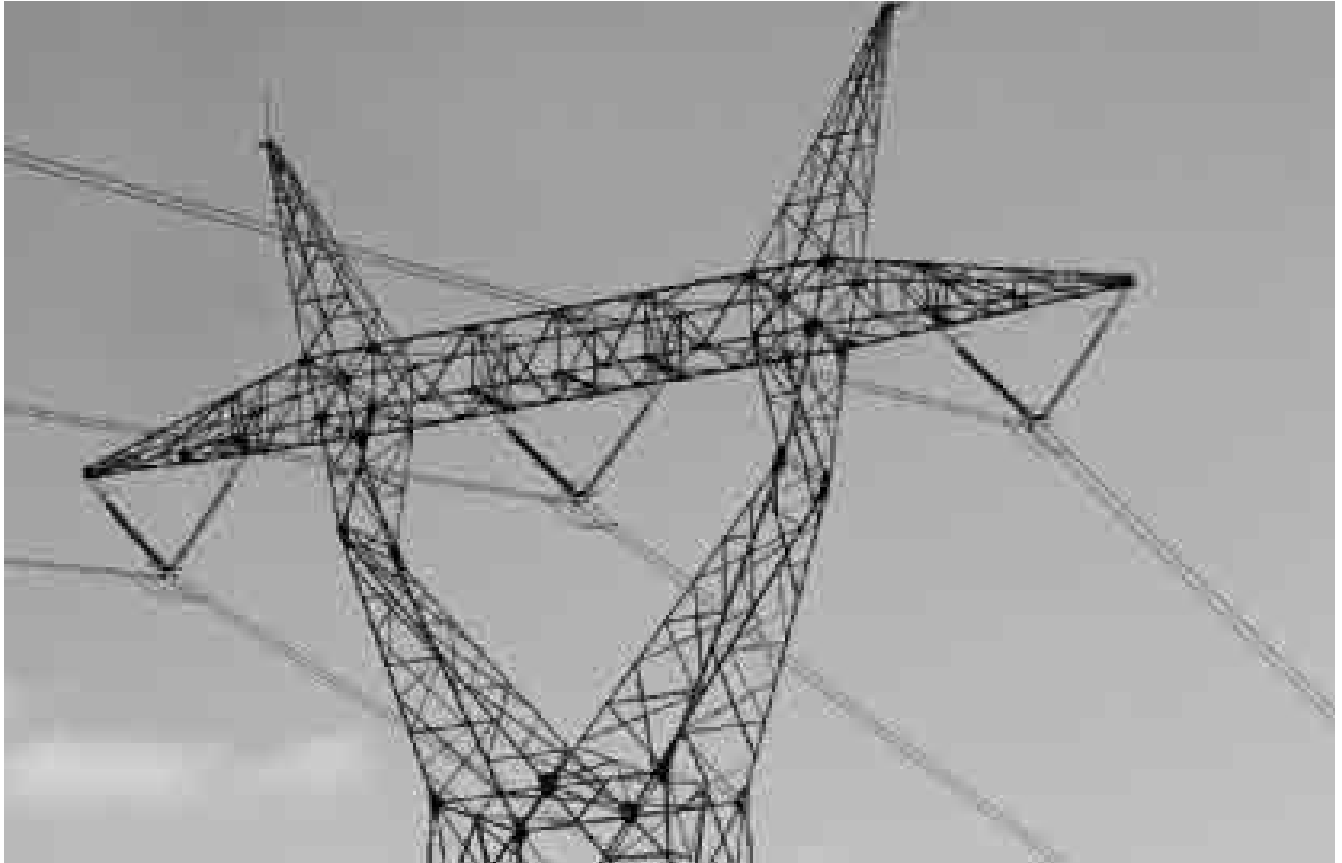
The dearth of adequate T&D infrastructure is causing a major problem in power evacuation from

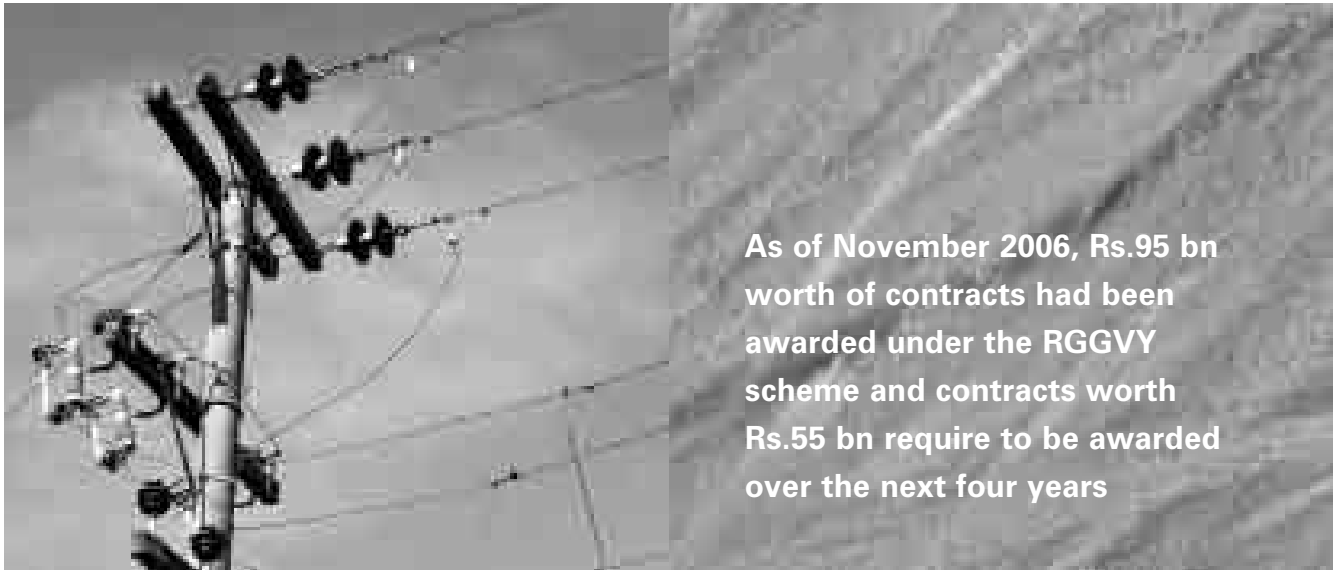
the generating stations and it is expected that this area will be significantly strengthened over the coming years.

### Expected growth of inter-regional transmission capacity (MW)



To ensure an adequate transmission and distribution infrastructure, a transmission plan has been evolved to install an integrated national power grid by 2012. In view of the wide variations in operational parameters of regional grids, HVDC interconnections have been planned to link all the regions. Subsequently,





**As of November 2006, Rs.95 bn worth of contracts had been awarded under the RGGVY scheme and contracts worth Rs.55 bn require to be awarded over the next four years**

<p>the grid will be strengthened through hybrid systems, comprising high-capacity HVDC and EHVAC lines. This will augment the inter-regional transfer of capacity from a prevailing 8,000 MW to 30,000 MW.</p> <p>The need for a national grid is based on the following realities:</p> <ul style="list-style-type: none"> <li>◆ Uneven disposition of energy resources</li> <li>◆ Growth disparity</li> <li>◆ Need for investment optimisation in the addition of generation capacity</li> <li>◆ Flexibility in adding generation along the national grid</li> </ul>	<ul style="list-style-type: none"> <li>◆ Conservation of right-of-way, especially in areas with a scarcity of ROW viz. area near hydro projects, area between Bhutan and Bangladesh, forest area, wild-life sanctuaries and towns, etc.</li> </ul> <p>In FY06, the actual capacity expansion was way ahead of the planned capacity addition in the transmission space, as opposed to the historical phenomenon of planned capacity addition exceeding actual capacity addition on the ground. <i>(See table below)</i></p> <p>This country's transmission expansion is expected to drive the rural electrification project under the Rajiv</p>	<p>Gandhi Grameen Vidyutikaran Yojna (RGGVY) introduced in April 2005, which aims to provide electricity across all villages and habitations by 2009. As of November 2006, Rs.95 bn worth of contracts had been awarded under the RGGVY scheme and contracts worth Rs.55 bn require to be awarded over the next four years. <i>(see table on page 23)</i></p> <p>As on December 2005, only 44% of the total number of households in India – the second most populous country in the world and the world's sixth largest consumer – had been electrified. The Government of India is taking measures to provide 'Power for all by 2012', which implies the</p>
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**Transmission lines capacity additions (in ckm)**

	<b>Programme FY06</b>	<b>Achievement FY06 (2)</b>	<b>Achievement ahead of programme (%) FY06</b>	<b>Achievement FY06 (4)</b>	<b>Growth 2 over 4 (%)</b>
765 kV lines	105	287	173	45	538
500 kV lines	0	0	NA	0	NA
400 kV lines	3,850	6,260	63	5,366	17
220 kV lines	2,738	2,871	5	2,808	2

Source: CEA



## India's power deficit

### West Bengal

- ◆ Suffer power shortage of 700-800 MW during the summer of 2007.
- ◆ Has sought an allocation of 800 MW from the unallocated quota power to meet peak summer demand.
- ◆ Plans to add 4,400 MW during the 11th Plan.

### Chhattisgarh.

- ◆ Suffered a deficit of 500 MW as of March 2007.
- ◆ Plans to add 5,000 MW in the 11th Plan.

### Orissa

- ◆ Plans to add 500 MW during the 11th Plan.

### Uttar Pradesh

- ◆ Faces a peak shortage of 2,500 MW.
- ◆ Needs 7,000 MW by the end of the 11th Plan.

### Tamil Nadu

- ◆ Plans to add 10,000 MW in the 11th Plan.

### Andhra Pradesh

- ◆ Suffers a power shortage of 1,200 MW.
- ◆ To add 8,700 MW during the 11th Plan.

### Bihar

- ◆ Faces a peak shortage of 700 MW.
- ◆ Has no new additions during the 11th Plan.

Source: *The Financial Express*, 13.05.07

electrification of the remaining 56% Indian households over the next five years!

As per studies carried out by the 16th Electric Supply Power Survey committee and various other committees, the electric supply in India will need to register a CAGR of 8.2% over 2004-12 just to keep pace with the expected growth in the country. This required growth rate is much higher than the CAGR of 5.8% seen during 1992-2004.

India's inter-regional power transmission capacity is likely to

increase from 16,450 MW at the end of the 10th Plan (FY07-end) to 37,150 MW at the end of the 11th Plan (FY12 end). An investment of Rs.2,475 bn is expected for expansion of the transmission infrastructure during the 11th Plan. Consequently, the addressable market for the power transmission tower industry from this opportunity is likely to be Rs.250 bn across the 11th Plan period.

### Projected capacity addition

A target of 78,577 MW has been set by the government for the Eleventh Plan period (2007-12). Of this, the

hydropower's share will be 16,553 MW, thermal power will constitute 58,644 MW and the nuclear power's share will be 3,380 MW.

The government is expecting a capacity addition of 16,785 MW in 2007-08, the first year of the Plan, another 7,272 MW in 2008-09, 15,198 MW in 2009-10, 16,970 MW in 2010-11 and around 22,372 MW in 2011-12.

The orders for these capacity additions are likely to be placed by December 2007 so that they can be implemented during the Eleventh Plan itself.

## Releases under RGGVY

As of November 2006	Cost of projects sanctioned (Rs./ million)	Cost of projects awarded (Rs./ million)	Cost of projects pending tenders (Rs./ million)
North	41,153	48,905	1,997
West	13,900	5,034	8,366
South	17,483	6,418	4,868
East	35,566	34,670	4,110
North-east	7,041	—	7,041
<b>Total</b>	<b>115,142</b>	<b>95,026</b>	<b>26,881</b>

Source: CEA



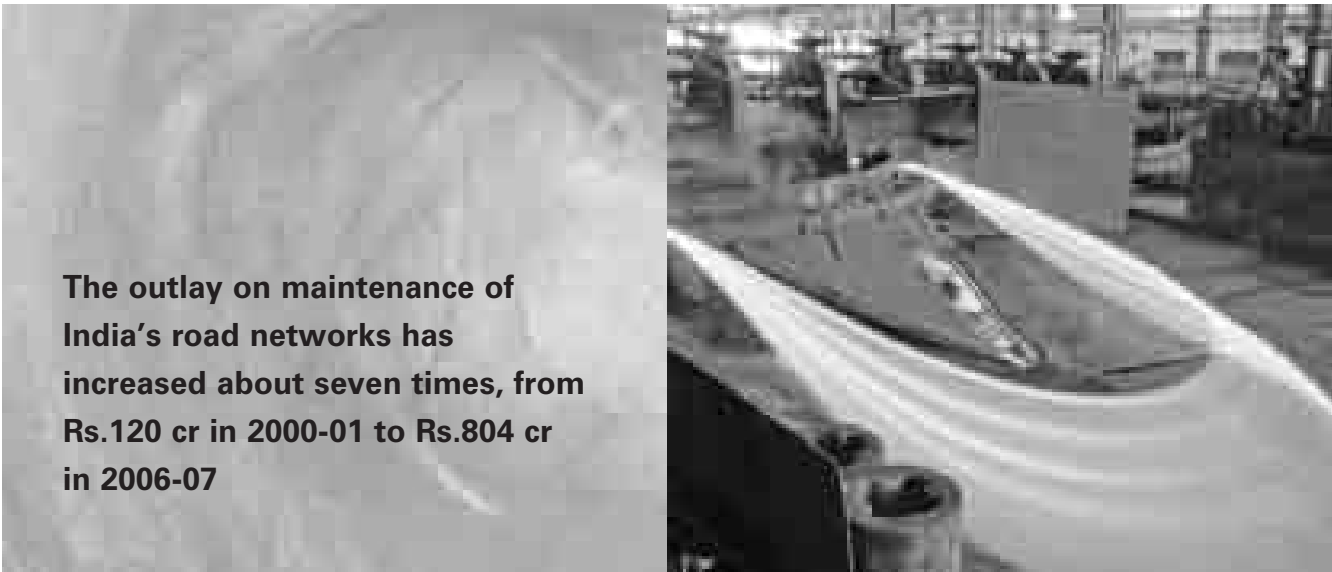
Business overview - 2

## INFRASTRUCTURE SECTOR

THE STRENGTH OF A BOOMING ECONOMY IS REFLECTED IN THE ROBUSTNESS OF ITS CORE INFRASTRUCTURE. INDIA'S INFRASTRUCTURE SECTOR IS CURRENTLY GROWING AT RAPIDLY AND IS EXPECTED TO TOUCH A CAGR OF 15% OVER THE FORESEEABLE FUTURE.

THIS GROWTH IS BASED ON THE FACT THAT: US\$320 BILLION IS LIKELY TO BE INVESTED DURING THE ELEVENTH FIVE-YEAR PLAN THROUGH A COMBINATION OF PUBLIC INVESTMENTS, PUBLIC-PRIVATE PARTNERSHIPS AND EXCLUSIVE PRIVATE INVESTMENTS.

THE SIZE OF INDIA'S INFRASTRUCTURE IS DERIVED FROM ITS SCALE; THE COUNTRY IS THE WORLD'S SEVENTH LARGEST (LAND AREA AND LAND FRONTIER OF ABOUT 15,200 KM). WITH A LAND MASS OF 3.29 MILLION SQUARE KMS AND A POPULATION OF MORE THAN A BILLION, INDIA IS HOME TO A BROAD NETWORK OF RAILROAD LINES, THE LARGEST IN ASIA AND THE FOURTH LARGEST IN THE WORLD.



**The outlay on maintenance of India's road networks has increased about seven times, from Rs.120 cr in 2000-01 to Rs.804 cr in 2006-07**

**Roads**

Between 2000 and 2006, the expenditure on roads and bridges went up substantially, from Rs.563 cr to Rs.3,020 cr. The outlay on maintenance of road networks has increased about seven times, from Rs.120 cr in 2000-01 to Rs.804 cr in 2006-07. During those five years, 52,676 km of roads were renewed, widened or strengthened and 993 new bridges built, spending Rs.6,399 cr. The interim allocation for 2006-07 is Rs.3,530 cr.

In June 2005, under the Comprehensive Road Infrastructure Development Programme, Rs.820 cr was allotted for the upgradation and repairs of 6,693 km of state highways and district roads.

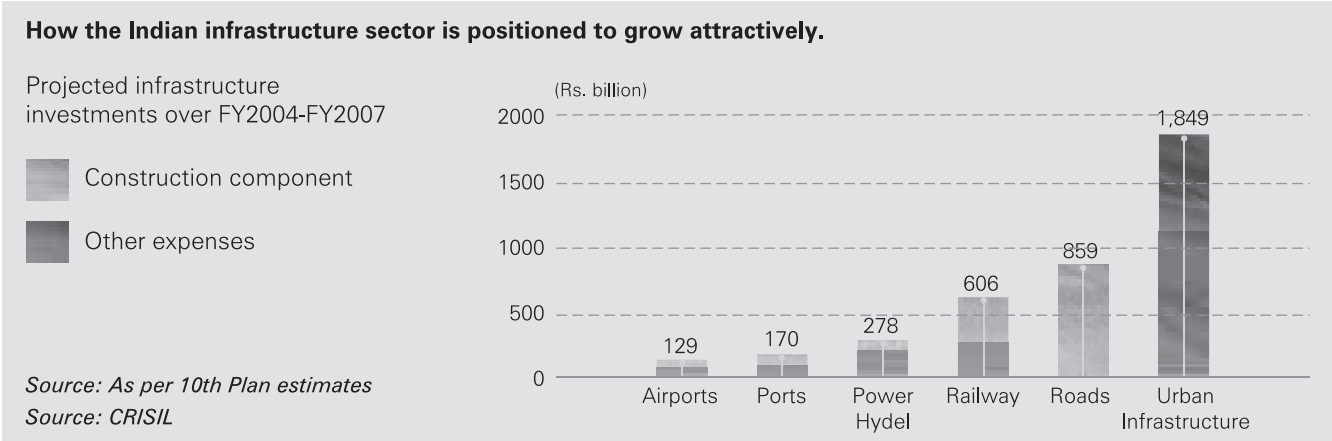
**Ports**

India's ports have attracted significant investments, driven by the Sagarmala Project and port privatisation programmes. The total capacity at the end of the Ninth Plan was 344 MT and the government plans to increase it to

470 MT by the end of the Tenth Plan. Fresh capacity addition will account for 111 MT of the increase, and productivity improvements for 15 MT.

**Airports and railways**

India's sustained GDP growth rate of around 7-8% across the foreseeable future is likely to drive faster growth in railways and air traffic, compared to other sub-continental neighbours. It is estimated that India's railways will attract investments of Rs.1,49,500 cr over 2008-12 from

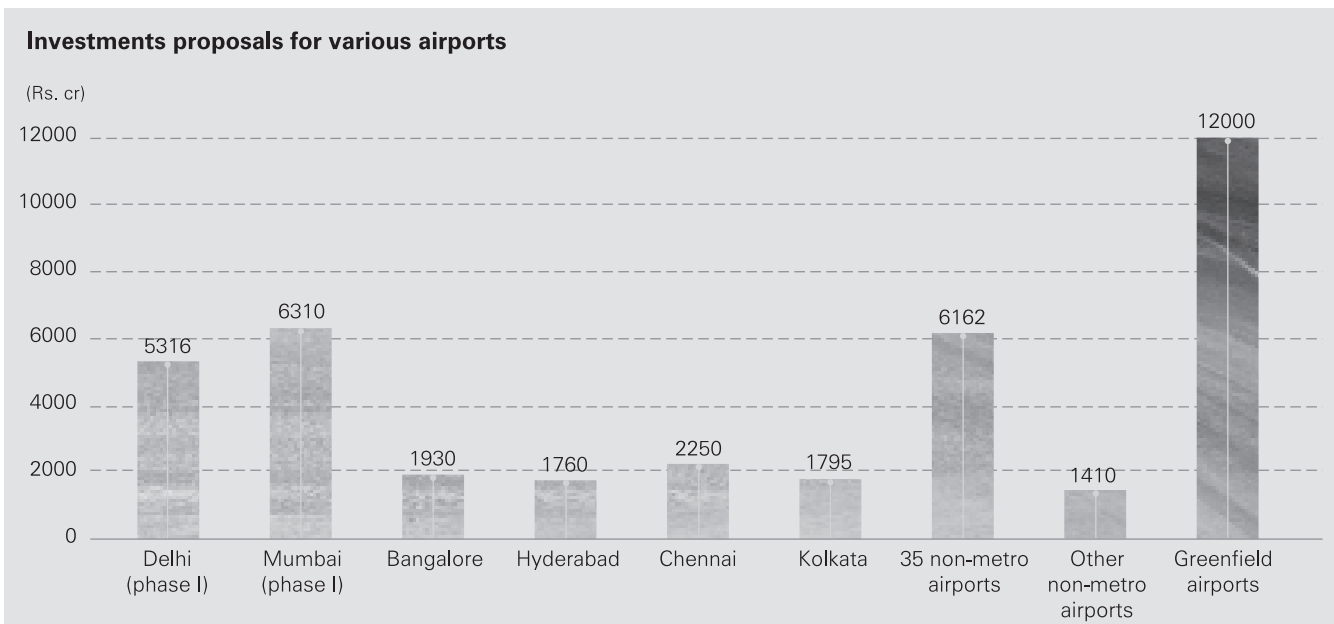




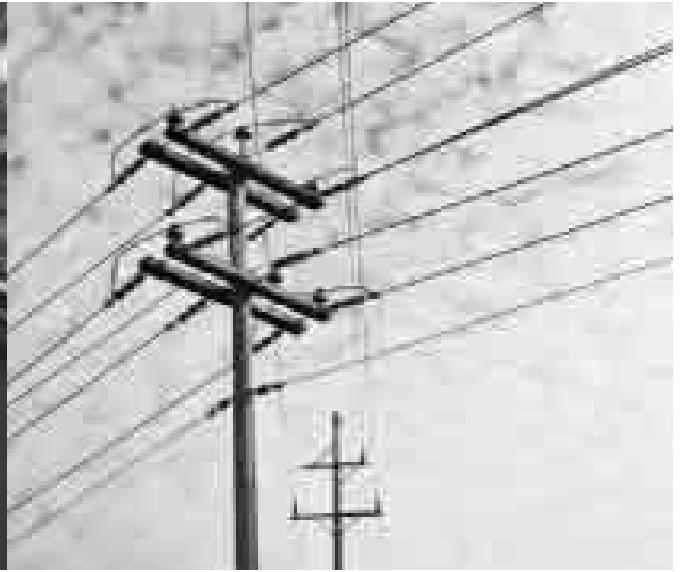
budgetary and private resources. Indian Railways has created a Rs.30,000-cr non-lapsable Special Railway Safety Fund (SRSF) to be invested over five years. This will be used for the liquidation of asset-renewal arrears and in certain safety-related investments.

With air travel becoming increasingly affordable, India is witnessing attractive growth in civil aviation infrastructure sector; new airports are being constructed and the existing ones being revamped to facilitate increased passenger traffic. According to the Committee on

Infrastructure, airport development will attract an estimated investment of US\$9 billion between 2006-07 and 2013-14; US\$6.9 billion is estimated to be invested through public-private participation.



Sources: Central Intelligence Agency & Stifel, Nicolaus & Company



**Size of India's core infrastructure**

Sectors	Size
Railways	63,122 km
Roads	3.38 million km
National highways	65,569 km
Ports	13 major, 185 small

**Exports**

During the year under review, divisional revenue from exports increased from Rs.14 cr in 2005-06 to Rs.74 cr in 2006-07. Exports formed 5.67% of the total divisional revenue in 2006-07 compared with 1.38% in 2005-06.

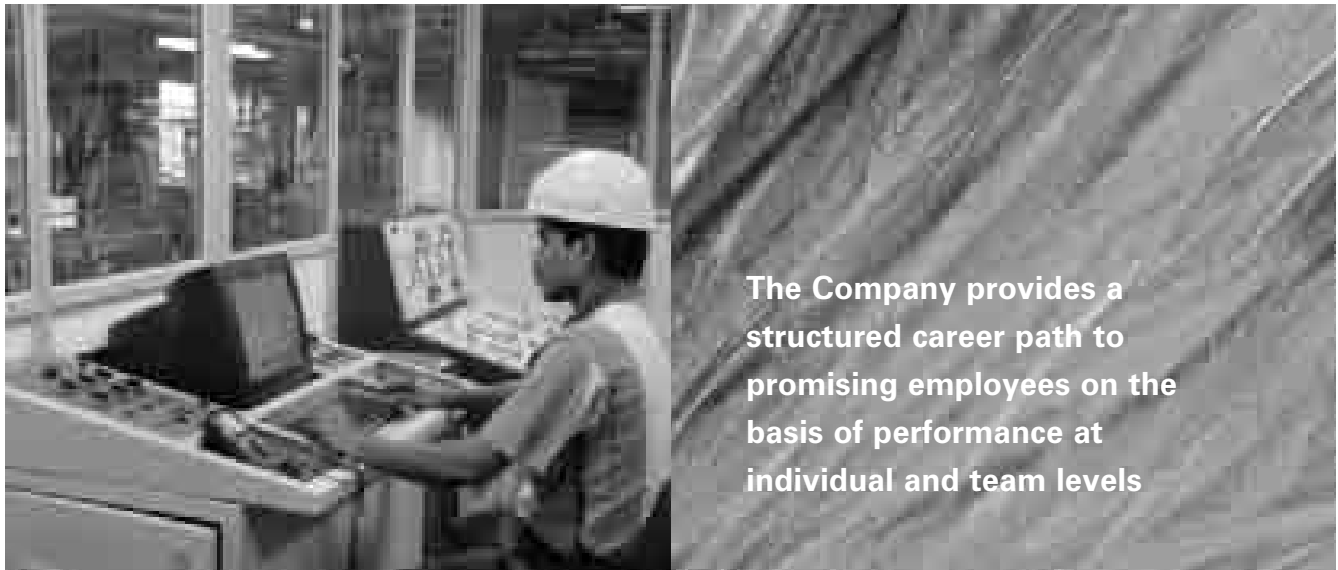
**Outlook**

The Company has strengthened its industry position through a capacity expansion from 87,000 MTPA to 167,000 MTPA in 2006-07. This capacity increase has enabled it to become more competitive in terms of cost and also emerge as one of the biggest manufacturers of TMT bars in India. This will enable it to derive an increased business from its existing and emerging clients.



# OUR PEOPLE MANAGEMENT

THE ORGANISATION DEMONSTRATES A RICH BLEND OF EXPERIENCE AND DYNAMISM,  
THE AVERAGE AGE BEING 35 YEARS.



The Company provides a structured career path to promising employees on the basis of performance at individual and team levels

An organisational restructuring in 2006-07 created new departments and redefined portfolios to drive growth.

**Ramsarup’s HR policy**

- ◆ To treat each employee with dignity and respect.
- ◆ To encourage their career growth.
- ◆ To promote corporate bonding through collective leadership.
- ◆ To compensate each employee according to his/her performance.
- ◆ To encourage higher levels of transparency across the organisation.

**Recruitment:** The Company’s

recruitment followed stringent screening tests and interviews; experience, qualifications and compatibility with the job profile were evaluated across each aspirant.

**Performance appraisal:** The Company followed a transparent system of appraisals across all management levels. It followed an open-door policy where feedback was instantly communicated to the employee by the supervisor, checking attrition at minimal levels.

**Compensation:** The Company’s compensation policy remained at par with best industry standards.

However, every employee was appraised in terms of performance to instill a culture of excellence.

**Career path:** The Company provides a structured career path to promising employees on the basis of performance at individual and team levels.

As a result of these initiatives, attrition at the senior management level was nil during the year under review and the Company did not lose a single person-day on account of disturbed industrial relations.

# DIRECTORS' REPORT

*Dear members*

We take pleasure in presenting the 28th Annual Report together with the audited statement of accounts of the Company for the financial year ended 31 March 2007.

## PERFORMANCE OF THE COMPANY

The highlights of the Company's performance during the financial year ended 31 March 2007 are appended below:

(Rs. in lacs)

Particulars	2006-07	2005-06
Sales/Contract Receipts	<b>130,606</b>	<b>101,803</b>
Profit before Interest, Depreciation and Tax	9,402	6,303
Less : Interest	2,112	1,575
: Depreciation (net of transfer from Reserve)	1,134	834
Profit before Tax	6,156	3,894
Provision for – Current tax	1,955	1,075
– Deferred tax	(163)	(72)
– Fringe Benefit tax	8	7
– Tax for earlier years	—	104
<b>Profit after Tax</b>	<b>4,356</b>	<b>2,780</b>
Add: Balance brought forward from previous year	14	5
Profit available for appropriation	<b>4,370</b>	<b>2,785</b>
<b>Which we recommend to appropriate as follows:</b>		
Transfer to General Reserve	3,900	2,350
Interim Dividend – Equity	262	175
Proposed Dividend – Preference	19	19
– Equity	88	175
Tax on Dividend	55	52
Surplus carried to next year	46	14
	<b>4,370</b>	<b>2,785</b>
<b>Cash Profit</b>	<b>5,490</b>	<b>3,614</b>

## BUSINESS RESULTS

The Company grows from strength to strength and reported excellent results in 2006-07. Some of the highlights of your Company's performance during the year under review are:

- ◆ Domestic sales increased by 23% and exports substantially grew by 385% compared to the previous year. As a result, the total turnover of the Company was 28% higher than the previous year.
- ◆ Operating profit grew to Rs. 94.02 cr as against Rs. 63.02 cr previous year, a jump of 49%.
- ◆ Profit before taxation increased to Rs. 61.56 cr as against Rs. 38.94 cr in the previous year, an increase of 58%.
- ◆ Profit after tax (PAT) increased to Rs.43.56 cr as against Rs. 27.80 cr in the previous year, an increase of around 57%.
- ◆ Cash profit of the Company increased to Rs. 54.90 cr as against Rs. 36.14 cr in the previous year, an increase of 52%.
- ◆ EBIDTA margin increased to 7.20% as against 6.19% in the previous year.

An industrial boom, especially in the power and housing sectors helped the Company achieve the above performance.

The Company continued to focus on the power sector by marketing wires to PGCIL, APDRP and electricity board-promoted projects. Other core sectors of the economy were also catered to by the wire division.

During the year under review, the Company completed its wire expansion project at its existing site in Kalyani by adding 12,000 Mts of wire drawing capacity. The equipment was imported from Italy.

During the year under review, the Company completed the TMT expansion plant at its Shyamnagar site by adding 80,000 Mts of TMT bar capacity, aggregating to a total manufacturing capacity of 167,000 MTPA. This unit is the only one in India which produces a complete range of 8-mm to 40-mm bars through Thermex technology. The Company meets the requirement of TMT bars for customers like Reliance Industries Ltd, Tata Projects, Hooghly MetCoke, Adani, IVRCL, Paharpur Cooling Towers, contractors of NHPC, NTPC, CPWD and Nuclear Power Corporation, etc.

With a view to retain leadership in steel wire business and cater to the rising demand during the year, a new unit named **Ramsarup Nirmaan Wires** was formed to produce LRPC and special grades of wires in Durgapur, Burdwan.

This unit will produce high carbon and special grades of wires to meet the needs of the infrastructure sector. During the first phase, approximately 55,000 MTPA of wires will be produced for which the entire setup was imported from Italy. The unit is expected to commence production by September 2007.

The Company is targeting to produce 600,000 MTPA of steel wires (coated and uncoated) by 2010.

In the wire and TMT divisions, the geographical spread is across the country- from Kashmir to Kanyakumari and from Kutch to Kamrup.

Ramsarup Vidyut, the wind-mill division of the Company performed satisfactorily.

During the year under review, the Company's fourth unit **Ramsarup Infrastructure** undertook Feeder Renovation Works including design, supply, erection, testing and commissioning in different sites in Rajasthan on a turnkey basis. The project also includes erection and augmentation of 11 KV and L.T. lines and S/S, installation of one-phase transformer, three-phase transformer, AB cable and replacement of meters and services line on 11 KV Rural Feeder (1 phase and 3 phase).

Approximately Rs. 400,000 cr (US\$100 billion) will be spent for setting up new lines for T&D with a major feeder renovation programme being taken up by all electricity boards of India to reduce T&D losses. For this programme and for setting up new transmission lines, funding is being given by the World Bank. Moreover, inter-regional transfers of power, which will eventually lead to power trading, will require a major transmission line network. The Company already possesses the infrastructure and project management skills to deliver excellent results to its customers.

Since RIL is the leading

manufacturer of wires and some of its major customers are electricity boards and PCCIL, the Company found it prudent to involve itself in the business of laying transmission lines. Most of the inputs like conductors, cables, etc. in transmission line business are related to steel wires.

To encash the infrastructure boom in India and become an integrated player in the wire industry, Ramsarup Industries Limited decided to get into the business of laying transmission lines.

### **Dividend**

The Company declared an interim dividend of 15% on its equity share capital of Rs. 175,044,280, consisting of 1,75,04,428 equity shares of Rs. 10 each. The Board, for the year ended 31 March 2007, recommended a final dividend of 5% on the paid-up value of equity shares, aggregating to a total equity dividend of 20%. The Directors recommended a dividend at 5% on preference share capital of Rs. 13,000,000 consisting of 1,300,000 preference shares of Rs. 10 each and at 4% on preference share capital of Rs. 31,600,000 consisting of 3,160,000 preference shares of Rs. 10 each, for consideration of the shareholders in the ensuing Annual General Meeting.

### **Internal control systems**

We have always believed that transparency, system and controls are important factors in the success and growth of any organisation. The Company has an adequate system of internal control supported by an extensive programme of internal

control and systems, established to ensure that financial and other records are reliable for preparing financial statements. This department assumes great significance, given the size, scope and rapid rate of growth of the Company. The team is headed by a chartered accountant along with senior officers to ensure that transactions are authorised, recorded and reported appropriately.

### **Human resources**

The biggest strength of the Company has always been its people. Only with their participation have we managed to achieve a healthy work culture, transparency in working, fair business practices and passion for efficiency. Thus, development of human resources at all levels is prioritised to upgrade knowledge and the skills of employees and to sensitise them towards productivity, quality, cost reduction, safety and environment protection. The Company's objective is to create a competent and cohesive team of employees wherein each link in the resource chain is as strong as the other.

### **Industrial relations**

Cordial industrial relations were maintained throughout the year. The Board wishes to place on record its appreciation of the devoted services of all the Company's employees in improving capacity utilisation and operational efficiencies.

### **Conservation of energy, technology absorption, foreign exchange earnings and outgo**

The information 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, is appended below:

### **Energy conservation**

The following energy conservation measures were taken to reduce energy consumption:

- ◆ The Company's technical cell is continuously trying to implement and find ways to conserve energy by avoiding unnecessary operations and wasteful practices.
- ◆ Shutting down all electrical equipment and other appliances, when not in use, to avoid wastage of energy.
- ◆ Installing soft starters at all electrical control panels, to reduce power consumption.

### **Technology absorption**

- ◆ Research and development: There have been ongoing efforts to improve productivity levels and quality standards but no specific research and development is required.
- ◆ Technology absorption, adaptation and innovation: Indigenous development of technology has taken place continuously.
- ◆ Particulars of technologies imported during the last five years: Not applicable.

### **Foreign exchange earnings and outgo**

The relevant information has been provided in the notes to the accounts.

### **Director**

In accordance with the provisions of the Companies Act, 1956, read with

Article 134 of the Articles of Association of the Company, Mr. Bimal Kumar Jhunjunwala retires by rotation and being eligible, offers himself for reappointment.

### **Directors' Responsibility Statement**

Pursuant to Section 217 (2AA) of the Companies Act, as amended by the Companies (Amendment) Act, 2000, the Directors confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) Appropriate accounting policies have been selected and applied consistently and have made adjustments 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 31 March 2007 and the profit of the Company for the year ended 31 March 2007.
- 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.

### **Auditors**

M/s P.K. Lilha & Co., Chartered Accountants, Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General

Meeting and being eligible, offer themselves for reappointment. The Company has received a certificate from them to the effect that the reappointment, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

### **Auditors' report**

The Notes on Accounts referred to in the Auditors' Report are self-explanatory and therefore, do not call for any further clarification.

### **Status of listing in stock exchanges**

Your Company's shares are listed in the Calcutta Stock Exchange Association Limited, 7 Lyons Range, Kolkata 700 001 and Bombay Stock Exchange Limited (BSE), P.J. Towers, Dalal Street, 25th Floor, Mumbai 400 001. Listing fees for 2007-08 have been paid to the exchanges.

### **Corporate Governance**

The Board of Directors of the Company has taken all necessary steps and initiatives to ensure compliance with all the revised requirements of Clause 49 of the Listing Agreement with the stock exchanges. A code of conduct as applicable to all the Directors and members of the senior management has also been put in place.

A separate section on corporate governance and a certificate from the Company's Auditors regarding compliance with the requirements of corporate governance as stipulated under Clause 49 of the Listing Agreement with stock exchanges, form parts of the annual report.

### **Particulars for employees U/S 217 of the Companies Act, 1956**

During the year under review, no employee of your Company was in receipt of remuneration in excess of the limits prescribed under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

### **Credit rating**

CARE assigned a 'PR1' rating for the Company's Commercial Paper/ Miber Linked Fund/Short-Term Debt up to Rs. 70 cr by earmarking the bank limit.

### **Appreciation**

Your Directors would like to express their grateful appreciation of the excellent support and co-operation received from financial institutions, banks, government authorities, Reserve Bank of India, Securities and Exchange Board of India, stock exchanges, credit rating agencies, customers, manufacturers, suppliers and shareholders during the year under review.

At this point, we would like to place on record our sincere appreciation of the total commitment, dedication, untiring efforts and hard work put in by the employees at all levels of the Company.

For and on behalf  
of the Board of Directors

**Ashish Jhunjunwala**  
*Chairman and Managing Director*

Place : Kolkata  
Date: 14th June, 2007

# REPORT ON CORPORATE GOVERNANCE

*“Corporate Governance is an internal system encompassing policies, processes and people, which serve the needs of shareholders and other stakeholders, by directing and controlling management activities with good business savvy, objectivity and integrity. Sound corporate governance is reliant on external market place commitment and legislation, plus a healthy Board culture which safeguards policies and processes.” – Gabrielle O’ Donovan in Corporate Governance International Journal, ‘A Board Culture of Corporate Governance’.*

*The Company’s philosophy on corporate governance is aimed at achieving the highest level of transparency, accountability and equity in all areas of operations and dealings with all stakeholders. The Company has followed the principles of corporate governance from its inception on account of its sound management policies to enhance value for its stakeholders.*

*The Company’s policy to implement the rules of corporate governance is not merely to meet the statutory requirements, but also to go beyond that by executing the procedures and systems, which are in accordance with the best practices of corporate governance. The Company also believes that by doing so, it would be responsive to the aspirations and needs of the shareholders, employees, general trade and the public.*

Our corporate governance philosophy is based on the following principles:

- ◆ To satisfy the spirit of the law and not just the letter of the law. Corporate governance standards should go beyond the law.
- ◆ To be transparent and to maintain a high degree of disclosure levels. When in doubt, disclose.
- ◆ To make a clear distinction between personal convenience and corporate resources.
- ◆ To communicate externally in a truthful manner about how the Company is run internally.
- ◆ To comply with the laws in all the countries in which the Company operates.
- ◆ To have a simple and transparent corporate structure, driven solely by business needs.
- ◆ The management is the trustee of the shareholders’ capital and not the owner.

In accordance with the requirements of the stock exchange regulations and provisions of the Listing Agreement, the compliance report on corporate governance is reproduced herewith:

## 1. Board of Directors

The Company endeavours to place all statutory and other significant and material information before the Board to enable it to discharge its responsibilities of the Company’s strategic supervision as trustees of the shareholders.

### a) Size and composition of the Board

The Board of Directors has seven members, out of whom two are Executive Directors and five are Non-Executive Directors (NEDs), who enhance the wide range of skills and experience of the Board. The Company has an Executive Chairman and therefore, the number of Independent Directors should be 50% of the total number of Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than five committees (as specified in Clause 49), across all the companies in which one is a Director. The Directors have made the necessary disclosures regarding their committee positions.

The composition of the Board as on 31 March 2007 follows on the next page

Name of the Director	Business relationship	Category of Directorship	No. of Directorships in other companies **		No. of memberships of committees (other than RIL) ***	
			Public		Chairman	Member
Sri Ashish Jhunjunwala	Chairman & Managing Director	Executive	4		–	–
Sri Naveen Gupta	Whole time Director and CFO	Executive	2		–	–
Sri K.M. Lal	Director	Independent, Non-Executive	6		–	4
Sri Aayush Lohia	Director	Independent, Non-Executive	2		–	–
Sri Arvind Poddar	Director	Independent, Non-Executive	–		–	–
Sri Bimal Kumar Jhunjunwala	Director	Independent, Non-Executive	–		–	–
Sri Pranab Kumar Das	Nominee Director, IDBI Limited	Independent, Non-Executive	–		–	–

**Notes:**

\*\* Excludes Directorships in private/foreign companies and companies incorporated U/S 25 of the Companies Act, 1956.

\*\*\* Represents membership/chairmanship of the Audit Committee, Compensation Committee and Shareholders' / Investors' Grievance Committee of the companies.

The day-to-day management of the Company is conducted by the Chairman and Managing Director, subject to the supervision and control of the Board of Directors and with the assistance of a Whole time Director.

**b) Details of Board meetings held during the financial year and the number of Directors present:**

During the financial year ended 31 March 2007, six Board meetings were held, the details of which are given below. In 2006-07, the gap between two meetings was not more than four months.

Sr. No.	Date of meeting	Board strength	No. of Directors present
1	18 May 2006	7	5
2	31 July 2006	7	6
3	31 October 2006	7	6
4	15 January 2007	7	5
5	31 January 2007	7	5
6	15 March 2007	7	6

**c) The attendance of Directors at Board meetings and in**

**the last Annual General Meeting:**

Sr. No.	Name of the Director	No. of board meetings		Attendance last AGM
		Held	Attended	
1	Mr. Ashish Jhunjunwala	6	6	Yes
2	Mr. Naveen Gupta	6	6	Yes
3	Mr. Arvind Poddar	6	6	Yes
4	Mr. Aayush Lohia	6	1	No
5	Mr. Pranab Kumar Das	6	6	Yes
6	Mr. Bimal Kumar Jhunjunwala	6	5	No
7	Mr. K.M. Lal	5	3	No

@ Annual General Meeting (AGM) was held on 4 September 2006 at Gyan Manch, 11 Pretoria Street, Kolkata 700 071.

## Board committees

Currently the Board has four committees:

1. Audit Committee
2. Shareholders' and Investors' Grievance Committee
3. Share Transfer Committee
4. Committee of Directors (Non-Mandatory Committee)

The Board has constituted these committees and has assigned their term of reference. The Chairman of each committee, along with other committee members and if required, other members of the Board, decides the agenda, frequency and duration of each meeting of that committee.

## Audit Committee

### Composition:

(i) Mr. Bimal Kumar Jhunjunwala	Chairman	Independent, Non Executive
(ii) Mr. Arvind Poddar	Member	Independent, Non Executive
(iii) Mr. Aayush Lohia	Member	Independent, Non Executive

Term of reference and scope of the Audit Committee shall be in accordance with paragraphs C and D of Clause 49 of the Listing Agreement and include the following:

- ◆ Effective supervision of financial reporting process.
- ◆ Ensuring completeness of coverage and accurate, timely and proper disclosure of financial reporting.
- ◆ Review of annual, half-yearly and quarterly financial results before submission to the Board.
- ◆ Review of the adequacy of the internal audit and control and actions arising out of the reports.
- ◆ Discussion with statutory and internal auditors on the scope of audit, general observations, significant finding and follow up thereon.
- ◆ Recommending the appointments of statutory auditors and their fees.
- ◆ Review of foreign exchange exposures.
- ◆ Review of related party transactions.

### Details of the Audit Committee meetings

Sr. No.	Date of meeting	Committee strength	No. of members present
1	10 May 2006	3	2
2	29 July 2006	3	2
3	24 October 2006	3	2
4	29 January 2007	3	2

### The attendance at Audit Committee meetings held during the financial year:

Name of the Director	No. of Meetings	
	Held	Attended
Sri Bimal Kumar Jhunjunwala	4	4
Sri Arvind Poddar	4	4
Sri Aayush Lohia	4	-

### Shareholders'/ Investors' Grievances Committee:

The Company has constituted a Shareholders'/ Investors' Grievance Committee to oversee and monitor the shareholders'/ investors' complaints received by it and their resolution. It comprises the following members:

Sr. No.	Name of the Director	Designation	Nature of Directorship
1	Mr. Arvind Poddar	Chairman	Independent and Non - Executive Director
2	Mr. Naveen Gupta	Member	Executive Director
3	Mr. Aayush Lohia	Member	Independent Non - Executive

There was no investor grievance pending with the Company that remained unattended. Details of complaints received and redressed during the year under review are as follows:

Nature of complaints	Received	Cleared
Non receipt of refund order	-	-
Non receipt of dividend warrant and other complaints	38	38
<b>Total</b>	<b>38</b>	<b>38</b>

### Share Transfer Committee:

The Company's Board constituted a Share Transfer Committee. It consists of Shri Ashish Jhunjunwala, Managing Director and Shri Naveen Gupta, Whole time

Director and CFO. The Company has delegated powers of share transfer to Intime Spectrum Registry Limited, registrar and share transfer agent (59C, Chowringhee Road, 3rd Floor, Kolkata 700 020). All queries for shares held in physical form only pertaining to transfer/transmission, change in address bank mandate/ECS credit of dividend, nomination forms, loss of shares and issue of duplicate shares may be forwarded to the share transfer agent at the above address to the kind attention of Mr. S.P. Guha. For any assistance from the Company, members may contact Mr. Gajendra Kumar Singh, Compliance Officer of the Company at the Company's, registered office at Hastings Chambers, 7C, Kiran Shankar Roy Road, 1st Floor, Kolkata 700 001. The Company periodically reviews the operations of share transfer agents and an independent audit/verification is carried out by qualified professionals for ensuring efficiency and effectiveness of services at regular intervals. Share transfer request received in physical form are registered within 30 days from the date of the receipt, subject to the documents being valid and complete in all respects.

### Committee of Directors

In addition to the aforesaid committee, the Company has constituted a Committee of Directors. The Company's

Board of Directors provides leadership and strategic guidance, while the committee administers the affairs of the Company's business on a day-to-day basis. It comprises:

(i) Mr. Ashish Jhunjunwala	Chairman	Executive
(ii) Mr. Naveen Gupta	Member	Executive

There were 49 meetings of the Committee of Directors during the year.

Mr. Gajendra Kumar Singh, Company Secretary, being the Compliance Officer of the Company, acts as the secretary to all the above committees.

### Remuneration of Directors:

The Company has not yet set up a Remuneration Committee as it is not mandatory. Out of seven Directors, two are in executive capacity. However, the remuneration of the Managing Director/ Whole time Directors are determined by the Board and is subject to the approval of the Board of Directors and of the shareholders in general meeting and of such other authorities as may be necessary. Non-Executive Directors do not draw any remuneration from the Company except sitting fees where applicable.

**The details of remuneration paid to Directors for the year ended 31 March 2007 and their shareholding are as follows:**

Name	Fixed salary and perquisites (Rs.)	Retirement benefits (Rs.)	Commission (Rs.)	Sitting fees (Rs.)	No. of shares held
Sri Ashish Jhunjunwala	700,000	NIL	NIL	NIL	505,150
Sri Naveen Gupta	400,000	NIL	NIL	NIL	4,950
Sri K.M.Lal	NIL	NIL	NIL	9,000	NIL
Sri Aayush Lohia	NIL	NIL	NIL	3,000	NIL
Sri Arvind Poddar	NIL	NIL	NIL	18,000	NIL
Sri Pranab Kumar Das	NIL	NIL	NIL	18,000	NIL
Sri Bimal Kumar Jhunjunwala	NIL	NIL	NIL	15,000	NIL
<b>Total</b>	<b>1,100,000</b>	<b>NIL</b>	<b>Nil</b>	<b>63,000</b>	<b>NIL</b>

## General Body meetings

**Location and timing of the last three Annual General Meetings (AGM) were as follows:**

Venue	Financial year	Date	Time
At the registered office, i.e. Hastings Chambers, 1st Floor, 7C, Kiran Shankar Ray Road, Kolkata 700 001.	2003-04	27.09.2004	10.30 A.M.
At the registered office, i.e., Hastings Chambers, 1st Floor, 7C, Kiran Shankar Ray Road, Kolkata 700 001.	2004-05	29.07.2005	2.30 P.M.
At Gyan Manch, 11, Pretoria Street, Kolkata 700 071.	2005-06	04.09.2006	10.00 A.M.

An Extraordinary General Meeting of the shareholders was held on 20 February 2007 at 15-B, Hemanta Basu Sarani, Kolkata 700 001. The following Special Resolution was passed in the meeting:

- ◆ Consent U/S 81(1) and 81(1A) of the Companies Act, 1956 and all other applicable provisions for issuance of FCCBs/ADRs/GDRs/ECBs for an aggregate amount not exceeding US\$50 million in one and/or various tranches.
- ◆ Consent U/S 293(1)(d) of the Companies Act, 1956 for borrowing by the Board for a sum not exceeding Rs. 1,000 cr..
- ◆ Consent U/S 293(1)(a) of the Companies Act, 1956 for creation of mortgages and/or charges in addition to the mortgage and/or charges created or to be created.
- ◆ Consent to increase the authorised capital from Rs. 25 cr. to 31 cr..
- ◆ Setting up of low relaxation pre-stressed concrete strand wire (LRPC) unit with special grade steel wire at the factory site or other suitable places.

**No special resolution was passed through postal ballot at the Annual General Meeting. No special resolution is proposed through postal ballot for the forthcoming Annual General Meeting as well.**

## DISCLOSURES

**Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large.**

Your Company places all the aforesaid details before the Audit Committee periodically.

Particulars of related party transactions are listed in the Schedule 20 (21) (D) of the accounts. However, all these transactions are on normal commercial arm's length basis.

### Disclosure of accounting treatment

Your Company has followed all relevant accounting standards while preparing the financial statements.

### Risk management

The Audit Committee of the Board has been mandated to periodically review the procedures laid down by your Company for assessing the management of risks. The Audit Committee reviewed the risks identified and the mitigation plan for minimising them.

### Proceeds from public issues, right issues, preferential issues, etc.

During the year, your Company did not raise any funds by way of public, rights, preferential issues, etc.

### Details of non-compliance by the Company, penalties, strictures imposed on the Company by stock exchanges or SEBI or any other statutory authority on any matter relating to capital markets during the year

There has been no instance of non-compliance by your Company on any matter related to capital markets during the year under review and hence no strictures/ penalties have been imposed on your Company by stock exchanges or Securities and Exchange Board of India (SEBI) or any other statutory authorities.

### Management

◆ The Management Discussion and Analysis forms a part of the annual report and is in accordance with the requirements laid out in Clause 49 of the Listing Agreement.

◆ No material transaction has been entered into by your Company with the promoters, Directors or the management, their subsidiaries or relatives, etc. that may have a potential conflict with the interests of your Company.

## Shareholders

- ◆ The details of the Directors seeking reappointment / appointment at the ensuing Annual General Meeting (AGM) are provided in the notice convening the AGM.
- ◆ Press releases and financial results are made available on the website of your Company, [www.ramsarup.com](http://www.ramsarup.com).

## Means of communication

1. Quarterly and half-yearly reports are published in newspapers as per the proforma prescribed under the Listing Agreement.
2. Official news releases are communicated directly to the press.
3. Financial results and other information are displayed on the Company's website, [www.ramsarup.com](http://www.ramsarup.com).
4. Management's Discussion and Analysis forms a part of this annual report, which is being posted to the shareholders of the Company.

## General shareholder information

### 1. Annual General Meeting:

Date	Thursday, 20 September 2007
Time	10 A.M.
Venue	Gyan Manch, 11, Pretoria Street, Kolkata 700 071

2. **Financial year:** The financial year is from 1 April to 31 March.

### Financial calendar:

Tentative schedule (subject to change)	Likely Board meeting schedule
Financial reporting for the quarter ending 30 June 2007	Second fortnight of July 2007
Financial reporting for the quarter ending 30 September 2007	Second fortnight of October 2007
Financial reporting for the quarter ending 31 December 2007	Second fortnight of January 2008
Audited yearly result for the year ended 31 March 2008	First fortnight of May 2008
Annual General Meeting for the year ended 31 March 2008	Second fortnight of July 2008

3. **Book closure:** From 14 September 2007 to 20 September 2007, both days inclusive.

4. **Dividend payment date:** On or after 20 September 2007 (but within the statutory time limit)

5. **Listing on stock exchanges:** The Company's shares are listed on the Bombay Stock Exchange Limited (BSE), the National Stock Exchange Limited (NSE) and the Calcutta Stock Exchange Association Limited (CSE).

6. **Listing fees:** The Company has paid listing fees for the financial year 2007-08 to the stock exchanges on which its shares are listed.

### 7. Stock code (for equity shares)

Bombay Stock Exchange Limited	532690
The Calcutta Stock Exchange Association Limited	10021129
National Stock Exchange Limited	RAMSARUP

### 8. Terms of Redemption of Preference Shares:-

- (a) Company has issued and allotted 13,00,000 5% Redeemable Cumulative Preference Share of Rs. 10 each fully paid up aggregating to Rs. 1,30,00,000 on 31.03.2003 which is due for redemption at anytime between 6th and 10th year from the date of allotment at a premium of Rs. 25/- per Share.
- (b) Company has issued 31,60,000 4% Redeemable Cumulative Preference Share of Rs. 10 each fully paid up aggregating Rs. 3,16,00,000 on 24.09.2004 which is due for redemption at anytime between 7th and 8th year from the date of allotment at a premium of Rs. 25/- per Share.

## 9. Market information

Market price data: high, low during each month and trading volumes of the Company's equity shares during the last financial year at the BSE and CSE are given below:

Stock exchange		BSE			CSE		
Month		High	Low	No. of shares traded during the month	High	Low	No. of shares traded during the month
2006	April	89.80	76.10	3,592,956	-	-	-
	May	134.40	82.55	13,079,805	-	-	-
	June	103.15	63.10	1,617,000	-	-	-
	July	85.95	69.50	629,280	-	-	-
	August	104.70	81.10	1,408,048	-	-	-
	September	128.50	96.60	2,157,229	-	-	-
	October	128.00	110.25	1,069,962	-	-	-
	November	128.45	110.00	2,018,156	-	-	-
	December	160.00	105.00	3,964,816	-	-	-
2007	January	184.20	151.00	3,791,260	-	-	-
	February	178.00	128.00	1,844,055	-	-	-
	March	150.70	126.05	563,742	-	-	-

Note: There is no trading volume at the Calcutta Stock Exchange Limited.

The Company's shares were listed on the National Stock Exchange Limited (NSE) on 9 July 2007.

## 10. Registrars and transfer agents

The Company has appointed Intime Spectrum Registry Limited as its Registrar and Share Transfer Agent to whom communication regarding the change of address, transfer of shares, change of mandates, etc. should be addressed.

The address of the R&T agent:

**Mr. S.P. Guha, Head - Kolkata Operations**

Intime Spectrum Registry Ltd.

Unit: Ramsarup Industries Limited

59C, Chowringhee Road, 3rd Floor, Kolkata 700020

Phone no.: 033 22890540, Fax no.: 033 22890539, Email: Kolkata@intime spectrum.com

## 11. Distribution of shareholding

The shareholding distribution of equity shares as on 31 March 2007 is given below:

Sr. No.	No. of equity shares held	No. of folios	No. of shares	Percentage of shareholding
1.	1 to 500	6,920	886,178	5.06
2.	501 to 1,000	355	292,158	0.67
3.	1,001 to 2,000	46	224,950	1.29
4.	2,001 to 3,000	61	158,352	0.90
5.	3,001 to 4,000	32	114,703	0.66
6.	4,001 to 5,000	30	141,825	0.81
7.	5,001 to 10,000	34	264,295	1.51
8.	1000 and above	64	15,421,967	88.10
	<b>Total</b>	<b>7,642</b>	<b>17,504,428</b>	<b>100.00</b>

## 12. Shareholding pattern as on 31 March 2007

The shareholding pattern of equity shares as on 31 March 2007 is given below:

Sr. No.	Category	No. of folios	% of folios	No. of shares held	% of share holding
1.	Promoter Directors Relatives and persons acting in concert	10	0.13	11,691,440	66.79
2.	Mutual funds and UTI	3	0.04	140,881	0.81
3.	Banks, financial institutions, insurance companies	1	0.01	200	0.00
4.	FII's	6	0.08	1,722,391	9.84
5.	NRI's/OCB's	65	0.85	29,646	0.17
6.	Body corporate	271	3.55	1,272,137	7.27
7.	Public	7,286	95.34	2,647,733	15.12
	<b>TOTAL</b>	<b>7,642</b>	<b>100.00</b>	<b>17,504,428</b>	<b>100.00</b>

## 13. NSDL/ CDSL/ Physical Summary Report as on 31 March 2007

Sr. No.	Category	Holders	No. of shares	% of share-holdings
1	Physical	33	99,315	00.57
2	NSDL	5,689	10,985,442	62.76
3	CDSL	1,920	6,419,671	36.67

## 14. Information of change of address, bank details, nomination etc.

All the members are requested to notify immediately any change in their address, bank mandates and nomination details to the Company. Members holding shares in electronic segment are requested to notify the change of address, bank details, nominations, etc. to depository participants (DP) with whom they have client account for effecting necessary corrections.

## 15. Dematerialisation of shares and liquidity:

The Company's shares are compulsorily traded in dematerialised form and are available for trading under both the depository systems in India—National Securities Depository Ltd(NSDL). and Central Depository Services (India) Limited(CDSL).

Under the depository system, the International Securities Identification Number (ISIN) allotted to the Company's equity shares is **INE005D01015**

## Shares held in electronic form

Shareholders holding shares in electronic form may please note that:

i) Instructions regarding bank details which they wish to incorporate in the future dividend warrants must be submitted to their depository participants (DP). As per the regulations of NSDL and CDSL, the Company is obliged to print bank details on the dividend warrants as furnished by these depositories to the Company.

ii) Instructions already given by them for shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form.

iii) Instructions regarding change of address, nomination and power of attorney should be given directly to the DP.

iv) The Company provides ECS facilities for shares held in electronic form and shareholders are urged to avail of this facility.

## 16. Number of GDRs/ ADRs/ Warrants or any convertible instruments outstanding as on 31 March 2007: Nil

## 17. Plant location:

- (1) Ramsarup Industrial Corporation  
Plot 6&7, Block D  
Kalyani Industrial Area, Nadia, West Bengal
- (2) Ramsarup Utpadak, Unit II  
68 East Ghosh Para Road, Athpur,  
Shyamnagar, 24-Parganas (North), West Bengal
- (3) Ramsarup Vidyut  
R.S. No. 481,482 and 487, Village: Khori  
Taluka: Sakri, District : Dhule, Maharashtra
- (4) Ramsarup Infrastructure  
Indo Bangladesh Border and at Rajasthan

(5) Ramsarup Nirmaan Wires  
Gopalpur, P.S. – Kanksha, Durgapur, Burdwan

**18. Address for correspondence**

Ramsarup Industries Limited  
Hastings Chambers, 1st Floor  
7C, Kiran Shankar Roy Road,  
Kolkata 700 001.

Contact person:

1. Mr. Naveen Gupta  
Whole time Director and CFO
2. Mr. Gajendra Kumar Singh  
Company Secretary and Compliance Officer

Tel: (033) - 22421200, Fax: (033) - 22421888

Website: [www.ramsarup.com](http://www.ramsarup.com)

Email: [company@ramsarup.com](mailto:company@ramsarup.com)

**19. Ramsarup code of conduct for prevention of insider trading**

a) For Directors and the senior management

During the year, the Company adopted a code of conduct for Directors and the senior management. The code is derived from three fundamental principles viz., good corporate governance, good corporate citizenship and exemplary personal conduct and it is applicable to all Directors and the senior management of the Company. The Board members and senior management personnel have affirmed their compliance with the code of conduct. The CEO has certified that the Board members and their

senior management personnel have complied with the code of conduct.

b) For other employees

Ramsarup has a code of conduct for Prevention of Insider Trading in the shares and securities of the Company pursuant to SEBI (Prohibition of Insider Trading) Regulations, 1992. The Ramsarup Code of Conduct for Prevention of Insider Trading, inter alia, prohibits the purchase/ sale of shares of the Company by employees while in possession of the unpublished price-sensitive information in relation to the Company.

**20. Whistleblower policy**

We have established a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud or violation of our code of conduct or ethics policy. The mechanism also provides for adequate safeguard against victimisation of the employees who avail of the mechanism and the direct access to the Chairperson of the Audit Committee in exceptional cases. We further affirm that during the financial year 2006-07, no employee has been denied access to the Audit Committee.

**21. CEO/CFO certification**

As required under Clause 49 of the Listing Agreement, the CEO/ CFO certification is provided elsewhere in the annual report.

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## CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We, Ashish Jhunjhunwala, Chief Executive Officer (CEO), Chairman and Managing Director, and Naveen Gupta, Chief Financial Officer (CFO) and Whole time Director, of RAMSARUP INDUSTRIES LIMITED, to the best of our knowledge and belief certify that:

1. We have reviewed the balance sheet and profit and loss account and all its schedules and notes on accounts, as well as the Cash Flow Statements and the Directors' Report for the year ended 31 March 2007;
2. These statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements, in the light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. The financial statements and other financial information included in this report present in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows as of and for the periods considered in this report and are in compliance with the existing accounting standards and/ or applicable laws and regulations;
4. No transactions entered into by the Company during the year have violated the Company's code of conduct or are fraudulent or illegal.

We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company and we have:

- a) Designed such disclosure controls and procedures to ensure that material information relating to the Company is made known to us, particularly during the period in which this report is being prepared;
- b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision to provide reasonable assurance regarding the reliability of financial reporting

and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

- c) Evaluated the effectiveness of the Company's disclosure, controls and procedures and;
  - d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during its most recent fiscal year that has materially affected or is likely to materially affect the Company's internal control over financial reporting.
5. Based on our most recent evaluation we have disclosed, wherever applicable, to the Company's auditors and the Audit Committee of the Company's Board of Directors (and persons performing the equivalent functions):
    - a) All deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarise and report financial data and have identified for its auditors, any material weaknesses in internal controls over financial reporting;
    - b) Significant changes in internal controls during the year covered by this report;
    - c) All significant changes in accounting policies during the year, if any, and that these have been disclosed in the notes to the financial statements.
  6. We affirm that we have not denied any personnel, access to the Company's Audit Committee (in respect of matters involving alleged misconduct) and we have provided protection to 'whistleblowers' from unfair termination and other unfair or prejudicial employment practices; and
  7. We further declare that all Board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Place: Kolkata

Dated: 14th June 2007

**Ashish Jhunjhunwala**

*Chief Executive Officer*

*Chairman and Managing Director*

**Naveen Gupta**

*Chief Financial Officer*

*Whole time Director*

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**AUDITORS' CERTIFICATE ON COMPLIANCE OF  
CONDITIONS OF CORPORATE GOVERNANCE AS  
STIPULATED IN CLAUSE – 49 OF THE LISTING AGREEMENT.**

**To the Members of Ramsarup Industries Limited.**

We have examined the compliance of conditions of Corporate Governance by Ramsarup Industries Limited, for the year ended 31st March, 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of Corporate Governance as stipulated in the said clause; 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 explanations given to us, and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the abovementioned Listing Agreement.

No Investor grievances are pending for a period exceeding one month against the company as per the records maintained by the Company.

We further state that such compliance is neither an assurance of the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **P.K. Lilha & Co.**  
*Chartered Accountants*

Place: Kolkata  
Date: 10th July, 2007

Sd/-  
**(P.K. Lilha)**  
*Partner*

M. No. 11092



## AUDITORS' REPORT

To the Members of  
**Ramsarup Industries Limited**

We have audited the attached Balance Sheet of RAMSARUP INDUSTRIES LIMITED (the company) as at 31 March, 2007 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date both 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 have conducted our audit in accordance with the 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 accounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the 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 (Auditors Report) Order, 2003 as amended by the Companies (Auditors Report) Amended Order 2004 issued by the Central Government of the India in terms of section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanation given to us, we enclose in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said order to the extent applicable to the Company.

Further to our comments in the Annexure referred to in paragraph 3 above we report that:

- i) 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;
- ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books;

- iii) The Balance Sheet, Profit & loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- iv) In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with Accounting Standards referred to in section 211(3C) of the Companies Act, 1956.
- v) On the basis of the written representations received from the Directors, as on 31 March, 2007 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 March, 2007, from being appointed as a director in terms of clause (g) of sub - section (1) of section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanation given to us, the said accounts, read together with the notes thereon and attached 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.
  - a) In the case of the Balance Sheet, of the state of affairs of the company as at 31 March, 2007.
  - b) In the case of the Profit & Loss Account, of the profit for the year ended on that date, and
  - c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on the date.

For **P. K. Lilha & Co.**  
*Chartered Accountants*

**(P. K. Lilha)**  
*Partner*

Place: Kolkata  
Date: 14th June, 2007

M No. 11092

## ANNEXURE TO THE AUDITORS' REPORT

(Annexure referred to in paragraph (3) of our report of even date)

- |   |  |
|---|--|
| <p>i) In respect of Fixed Assets:</p> <p>a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.</p> <p>b) Some of the Fixed Assets were physically verified, during the period by the management in accordance with a program of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable interval. According to the information and explanations given to us no material discrepancies were noticed on such verification.</p> <p>c) There was no disposal of fixed assets during the year.</p> <p>ii) In respect of its Inventories:</p> <p>a) As explained to us, inventories were physically verified, during the year by the Management at reasonable intervals.</p> <p>b) The procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and nature of its business.</p> <p>c) The Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.</p> <p>iii) The company has not granted / taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956..</p> <p>iv) There are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit , no major weakness has been</p> | <p>noticed in the internal control system in respect of these areas.</p> <p>v) The transaction of purchase of goods and materials and sale of goods, material and services, made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 5 Lacs or more in respect of each party have been made at the prices which are reasonable having regard to the prevailing market price for such goods, materials or services where quotations are available or the prices at which transactions for similar goods, material or services have been made with other parties.</p> <p>vi) The Company has complied with the provisions of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under and directives issued by the Reserve Bank of India, where applicable, with regards to the deposits accepted from the public.</p> <p>vii) In our opinion the Company has an Internal audit system commensurate with the size and nature of its business.</p> <p>viii) The Central Government has not prescribed maintenance of Cost records under section 209 (1) (d) of the Companies Act, 1956 for any of the products of the Company</p> <p>ix) a) The company has been generally regular in depositing undisputed Statutory Dues, including Provident Fund and Employees' state Insurance, Sales tax, Wealth Tax, Custom Duty, Cess and any other statutory dues with the appropriate authorities, during the year</p> <p>b) According to the information and explanations</p> |
|---|--|



given to us, disputed Sales tax demand have not been deposited since the matters are pending with the Relevant Authorities for disposal as follows.

Name of the Statute	Nature of the dues	Amount In Lacs	Forum where dispute is Pending
W.B.S.T Act 1994	Sales Tax	Rs 701.99	Appellate & Revisional Board, Kolkata
C.S.T Act, 1956	- Do -	Rs 511.41	- Do -

- x) The Company does not have any accumulated losses at end of the financial year and has not incurred cash losses during the current year and in the immediately preceding financial year.
- xi) Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the company has not defaulted in the repayment of dues to the financial institution or Banks.
- xii) The company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- 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) Amendment order 2004, are not applicable to the company.
- xiv) As informed and explained to us, the Company has not dealt / traded in shares, securities, debentures and other investments during the year.
- xv) According to the information and explanations given to us, there is no guarantee given by the company for the loans taken by others, from banks or financial institutions.
- xvi) According to the information and explanations given to us, the term loans were applied for the purpose for which they were obtained.
- xvii) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the company we report that no, fund raised on short term basis have, been used for long term investment .
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year.
- xix) According to the information and explanations given to us, the Company has not issued any debentures during the year.
- xx) The Company has not raised any money during the year by way of public issue.
- xxi) During the course of our examination of the books of accounts carried out in accordance 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 fraud on or by the Company, during the year, nor have we been informed of such case by the management.

For P. K. Lilha & Co.  
Chartered Accountants

(P. K. Lilha)  
Partner

Place: Kolkata  
Date: 14th June, 2007

M No. 11092

**BALANCE SHEET** As at 31 March, 2007

Amount in Rupees

	Schedules	31.03.2007	31.03.2006
<b>SOURCES OF FUNDS</b>			
Share Capital	1	219,644,280.00	219,644,280.00
Reserves & Surplus	2	1,641,163,250.02	1,254,554,508.29
Secured Loans	3	1,655,002,699.56	1,476,138,842.59
Unsecured Loans	4	737,283,346.39	38,330,521.70
Deferred Tax		77,655,945.00	93,996,268.00
<b>Total</b>		<b>4,330,749,520.97</b>	<b>3,082,664,420.58</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	5		
Gross Block		1,019,168,300.94	920,152,002.23
Addition during the period		496,873,569.17	99,016,298.71
		1,516,041,870.11	1,019,168,300.94
Less : Depreciation		538,069,164.52	418,043,290.13
Net Block		977,972,705.59	601,125,010.81
Capital Work in Progress		71,188,221.13	30,123,002.66
		1,049,160,926.72	631,248,013.47
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	6	2,780,147,495.60	1,625,317,069.00
Sundry Debtors	7	2,488,496,489.72	1,835,096,931.35
Cash & Bank Balances	8	202,279,660.76	130,857,916.30
Loans & Advances	9	435,596,604.78	147,658,088.19
		5,906,520,250.86	3,738,930,004.84
Less : Current Liabilities & Provisions	10	2,628,552,046.09	1,293,849,271.21
Net Current Assets		3,277,968,204.77	2,445,080,733.63
Miscellaneous Expenditure	11	3,620,389.48	6,335,673.48
(To the extent not written off or adjusted)			
<b>Total</b>		<b>4,330,749,520.97</b>	<b>3,082,664,420.58</b>
Significant Accounting Policies	19		
Notes on Accounts	20		

The Schedules relating to the above form an integral part of Balance Sheet

As per our report of even date annexed herewith

For P. K. Lilha & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

C.A. P. K. Lilha  
Partner  
Membership No. 11092

Ashish Jhunjunwala  
Managing Director

Naveen Gupta  
Director

Gajendra Kumar Singh  
Company Secretary

Place: Kolkata  
Dated: 14th June, 2007



## PROFIT AND LOSS ACCOUNT For the year ended 31 March, 2007

Amount in Rupees

	Schedules	31.03.2007	31.03.2006
<b>INCOME</b>			
Income From Operation	12	13,060,632,717.39	10,180,265,491.25
		<b>13,060,632,717.39</b>	<b>10,180,265,491.25</b>
<b>EXPENDITURE</b>			
Raw Material Consumed / Purchases	13	11,265,404,402.58	9,084,811,948.31
Construction Expenses	14	134,629,317.13	–
Manufacturing & Other Expenses	15	608,622,445.80	371,680,475.32
Employees' Cost	16	111,744,165.75	93,437,667.23
Interest & Financial Charges	17	211,188,020.01	157,549,814.85
Depreciation	18	113,433,145.00	83,379,310.00
		<b>12,445,021,496.27</b>	<b>9,790,859,215.71</b>
Profit for the year before Tax		<b>615,611,221.12</b>	<b>389,406,275.54</b>
Provision for Income Tax		195,500,000.00	107,500,000.00
Provision for Fringe Benefit Tax		832,000.00	706,600.00
Provision for Deferred Tax (See note no. 2)		(16,340,323.00)	(7,229,276.00)
Short Provision of Income Tax for earlier Years		–	10,414,328.98
Profit after Tax		<b>435,619,544.12</b>	<b>278,014,622.56</b>
Balance Brought Forward		1,411,011.27	497,675.71
Profit Available for Appropriations		<b>437,030,555.39</b>	<b>278,512,298.27</b>
<b>APPROPRIATIONS</b>			
<b>Interim Dividend Paid</b>			
– On Equity Shares		26,256,642.00	17,504,428.00
<b>Proposed Dividend</b>			
– On Equity Shares		8,752,214.00	17,504,428.00
– On Preference Shares		1,914,000.00	1,914,000.00
Tax on Interim / Proposed Dividend		5,495,217.00	5,178,431.00
Transfer to General Reserve		390,000,000.00	235,000,000.00
<b>Balance Carried to Balance Sheet</b>		<b>4,612,482.39</b>	<b>1,411,011.27</b>
		<b>437,030,555.39</b>	<b>278,512,298.27</b>
Basic & Diluted Earning per Share (See Note No. 22)		24.76	20.06
Significant Accounting Policies	19		
Notes on Accounts	20		

The Schedules relating to the above form an integral part of Profit and Loss Account

As per our report of even date annexed herewith

For P. K. Lilha & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

C.A. P. K. Lilha  
Partner  
Membership No. 11092

Ashish Jhunjhunwala  
Managing Director

Naveen Gupta  
Director

Gajendra Kumar Singh  
Company Secretary

Place: Kolkata  
Dated: 14th June, 2007

**CASH FLOW STATEMENT** For the year ended 31 March, 2007

Amount in lacs

	31.03.2007	31.03.2006
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax and extraordinary items	6,156.11	3,894.06
Adjustments for :		
a) Depreciation	1,134.33	833.79
b) Deferred Expenses paid	-	(16.39)
c) Deferred Expenses written off	27.15	27.65
d) Interest Income	(121.60)	(70.32)
e) Interest Expenses	2,233.48	1,645.82
	3,273.36	2,420.55
<b>Operating Profit before Working Capital Change</b>	<b>9,429.48</b>	<b>6,314.61</b>
Adjustments for :		
a) Increase in Inventories	(11,548.30)	(1,530.29)
b) Increase in Sundry Debtors	(6,534.00)	(2,332.32)
c) Increase in Loans & Advances	(2,879.39)	(701.95)
d) Increase in Creditors and other Liabilities	13,476.68	(34.50)
	(7,485.01)	(4,599.06)
<b>Cash generated from Operations</b>	<b>1,944.47</b>	<b>1,715.55</b>
Direct Tax Paid	(2,019.63)	(995.95)
Fringe Benefit Tax	(12.76)	(1.91)
	(2,032.39)	(997.86)
<b>Net Cash Flow from Operating Activities (A)</b>	<b>(87.92)</b>	<b>717.69</b>
<b>B) CASH GENERATED FROM INVESTING ACTIVITIES</b>		
a) Purchases of Fixed Assets / CWIP	(5,379.39)	(1,180.41)
b) Interest Received	121.60	70.32
<b>Net Cash used in Investing Activities (B)</b>	<b>(5,257.79)</b>	<b>(1,110.09)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
i) Proceeds from Issue of Equity Shares (including Premium)	-	3,000.02
ii) Secured Loan -	1,788.64	1,269.76
iii) Unsecured Loan	6,989.53	(1,690.93)
iv) Interest on borrowing	(2,233.48)	(1,645.82)
v) Dividend & Dividend Tax paid	(484.76)	(242.49)
vi) Public Issue Expenses	-	(195.27)
<b>Net Cash Generated from Financing Activities (C)</b>	<b>6,059.93</b>	<b>495.27</b>
<b>Net Cash Increase on Cash or Cash Equivalents (A+B+C)</b>	<b>714.22</b>	<b>102.87</b>
Cash and Cash equivalents - Closing Balance as at 31.03.2007	2,022.80	1,308.58
Cash and Cash equivalents - Opening Balance as at 31.03.2006	1,308.58	1,205.71
	<b>714.22</b>	<b>102.87</b>

As per our report of even date annexed herewith

For P. K. Lilha & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

C.A. P. K. Lilha  
Partner  
Membership No. 11092Ashish Jhunjunwala  
Managing DirectorNaveen Gupta  
DirectorGajendra Kumar Singh  
Company SecretaryPlace: Kolkata  
Dated: 14th June, 2007



## SCHEDULES TO THE BALANCE SHEET As at 31 March, 2007

Amount in Rupees

	31.03.2007	31.03.2006
<b>1 SHARE CAPITAL</b>		
<b>Authorised</b>		
205,00,000 (205,00,000) Equity Shares of Rs.10/- Each	205,000,000.00	205,000,000.00
45,00,000 (45,00,000) Redeemable Cumulative Preference Shares of Rs.10/- Each	45,000,000.00	45,000,000.00
	<b>250,000,000.00</b>	<b>250,000,000.00</b>
<b>Issued, Subscribed and Paid Up</b>		
1,75,04,428 (1,75,04,428) Equity Shares of Rs. 10/- each fully paid up.	175,044,280.00	175,044,280.00
13,00,000 (13,00,000) 5 % Redeemable Cumulative Preference Shares of Rs 10/- each fully paid up in cash	13,000,000.00	13,000,000.00
31,60,000 (31,60,000) 4 % Redeemable Cumulative Preference Shares of Rs 10/- each fully paid up in cash	31,600,000.00	31,600,000.00
	<b>219,644,280.00</b>	<b>219,644,280.00</b>

<b>2 RESERVES AND SURPLUS</b>			
<b>Capital Reserve</b>			
- As per last Account		3,886,600.00	3,886,600.00
<b>Security Premium</b>			
- As per last Account		740,021,632.49	166,672,500.00
Add : On Equity Share			592,876,400.00
			759,548,900.00
Less : Public Issue Expenses			19,527,267.51
			740,021,632.49
<b>Revaluation Reserve (See Note no. 1)</b>			
- As per last Account	10,864,346.97		43,827,993.92
Less : Adjusted from General Reserve	-		26,370,917.56
	10,864,346.97		17,457,076.36
Less: Transfer from Depreciation (See Schedule 18)	6,592,729.39		6,592,729.39
		4,271,617.58	10,864,346.97
<b>General Reserve</b>			
- As per last Account	498,370,917.56		237,000,000.00
Add: Transfer from Revaluation Reserve	-		26,370,917.56
Add: Transfer from Profit & Loss Account	390,000,000.00		235,000,000.00
		888,370,917.56	498,370,917.56
<b>Surplus</b>			
As per Annexed Profit and Loss Account		4,612,482.39	1,411,011.27
		<b>1,641,163,250.02</b>	<b>1,254,554,508.29</b>

## SCHEDULES TO THE BALANCE SHEET As at 31 March, 2007

Amount in Rupees

	31.03.2007	31.03.2006							
<b>3 SECURED LOANS</b>									
<b>Long Term</b>									
i) Term Loans									
a) ICICI Bank Limited	60,500,000.00	77,000,000.00							
b) West Bengal Industrial Development Corporation Limited	38,125,000.00	47,624,100.00							
c) IDBI Limited									
- Project Term Loan	21,000,000.00	49,000,000.00							
- Foreign Currency Loan	–	55,000,000.00							
d) Indian Renewal Energy Development Agency Limited (IREDA)	98,800,000.00	119,600,000.00							
<b>Short Term</b>									
i) Cash Credit / Packing Credit Limit									
- Working Capital facilities from scheduled Banks (including Foreign Currency Loan)	1,009,777,699.56	1,127,914,742.59							
- Commercial Papers (Secured by earmarking of working Capital Limits) Maximum Balance outstanding during the year Rs.50.00 Crores (Previous year NIL)	400,000,000.00	–							
ii) Mobilisation Advance against Bank Guarantee	26,800,000.00	–							
	<b>1,655,002,699.56</b>	<b>1,476,138,842.59</b>							
<b>4 UNSECURED LOANS</b>									
(Including interest accrued and due)									
From Scheduled Banks									
- Short Term Loan	712,665,804.69	–							
From Body Corporate & Others	24,617,541.70	38,330,521.70							
	<b>737,283,346.39</b>	<b>38,330,521.70</b>							
<b>5 FIXED ASSETS</b>									
	GROSS BLOCK			DEPRECIATION WRITTEN OFF			NET BLOCK		
Particulars	At the 01.04.2006	Since Added	As at 31.03.2007	Upto 31.03.2006	For the Year	As at 31.03.2007	As at 31.03.2007	As at 31.03.2006	
Lease Hold Land	8,446,263.61	–	8,446,263.61	110,072.38	8,692.00	118,764.38	8,327,499.23	8,336,191.23	
Free Hold Land	14,433,670.00	51,162.00	14,484,832.00	–	–	–	14,484,832.00	14,433,670.00	
Factory Building	102,392,880.25	155,855,699.15	258,248,579.40	37,683,875.92	3,304,968.00	40,988,843.92	217,259,735.48	64,709,004.33	
Railway Siding	33,000.00	–	33,000.00	5,748.00	1,568.00	7,316.00	25,684.00	27,252.00	
Plant & Machinery	653,876,482.04	329,564,910.96	983,441,393.00	346,724,472.88	98,331,014.39	445,055,487.27	538,385,905.73	307,152,009.16	
Construction Equipments	–	6,110,871.40	6,110,871.40	–	46,179.00	46,179.00	6,064,692.40	–	
Office Equipments	1,417,638.28	467,734.89	1,885,373.17	533,886.26	108,592.00	642,478.26	1,242,894.91	883,752.02	
Computers	47,894,613.46	1,885,898.77	49,780,512.23	21,294,141.11	7,575,518.00	28,869,659.11	20,910,853.12	26,600,472.35	
Furniture & Fixtures	1,208,205.40	261,997.00	1,470,202.40	423,030.24	122,995.00	546,025.24	924,177.16	785,175.16	
Air Conditioners	490,859.50	95,903.00	586,762.50	146,967.69	21,705.00	168,672.69	418,089.81	343,891.81	
Vehicles	7,599,688.40	2,579,392.00	10,179,080.40	1,360,833.65	928,043.00	2,288,876.65	7,890,203.75	6,238,854.75	
Wind Mill Power Plant	181,375,000.00	–	181,375,000.00	9,760,261.00	9,576,600.00	19,336,861.00	162,038,139.00	171,614,739.00	
<b>Total</b>	<b>1,019,168,300.94</b>	<b>496,873,569.17</b>	<b>1,516,041,870.11</b>	<b>418,043,290.13</b>	<b>120,025,874.39</b>	<b>538,069,164.52</b>	<b>977,972,705.59</b>	<b>601,125,010.81</b>	
Previous Year's Total	920,152,002.23	99,016,298.71	1,019,168,300.94	328,071,250.74	89,972,039.39	418,043,290.13	601,125,010.81		
Capital Work in Progress (For modernisation including Advances)	30,123,002.66	41,065,218.47	71,188,221.13	–	–	–	71,188,221.13	30,123,002.66	
							(See note no. 8)		

# Note :

A) Certain Assets were revalued on 31 March, 1993 which has resulted then an increase in book value of Fixed Assets by Rs. 12,11,22,397.07 (Gross) and accumulated depreciation by Rs. 2,45,52,565.03 resulting in net increase of Rs. 9,65,69,829.04 which were credited to Revaluation Reserve Account.



## SCHEDULES TO THE BALANCE SHEET As at 31 March, 2007

Amount in Rupees

	31.03.2007	31.03.2006
<b>6 INVENTORIES</b>		
(As taken, valued and certified by the Management)		
Raw Materials	750,085,692.00	592,365,450.00
Stock in Process	152,155,246.00	108,408,799.00
Material in Process	273,269,780.60	–
Finished Goods (including for Resale)	1,575,324,771.00	900,156,698.00
Fuel, Chemical, Stores & Spares	12,318,316.00	12,357,887.00
Bye Products	16,993,690.00	12,028,235.00
	<b>2,780,147,495.60</b>	<b>1,625,317,069.00</b>
<b>7 SUNDRY DEBTORS</b>		
(Unsecured-Considered Good)		
a) Debts outstanding for a period exceeding six months	71,437,665.37	59,233,766.21
b) Other Debts	2,417,058,824.35	1,775,863,165.14
	<b>2,488,496,489.72</b>	<b>1,835,096,931.35</b>
<b>8 CASH AND BANK BALANCES</b>		
Cash in Hand: (As Certified)	3,382,407.78	1,396,073.36
Balance with Scheduled Banks		
- Current Accounts	34,096,518.51	1,655,861.30
- Fixed Deposits (Including interest accrued on FDRs)	164,800,734.47	127,805,981.64
	<b>202,279,660.76</b>	<b>130,857,916.30</b>
<b>Note :</b>		
Fixed Deposits with Scheduled Banks have been pledged with them against Letter of Credits and Letter of Guarantees issued by them.		
<b>9 LOANS AND ADVANCES</b>		
(Unsecured, Considered Good)		
Advances Recoverable in Cash or in kind or for value to be received	131,679,740.87	75,497,992.43
Advances for Capital Expenditure	25,681,698.91	–
Deposits with Govt. Departments & others	31,468,510.04	17,862,198.69
Balance with Excise Deptt./ Vat Input	246,766,654.96	54,297,897.07
	<b>435,596,604.78</b>	<b>147,658,088.19</b>
<b>10 CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A) Current Liabilities</b>		
1) Acceptances	2,028,533,540.19	909,549,679.93
2) Sundry Creditors :		
- For Goods Supplied & Services	259,507,675.37	120,447,637.00
- For Capital Expenditure	4,161,571.41	–
- For Expenses & Others	278,614,982.42	191,552,893.90
3) Interest Accrued but not due	599,621.00	2,198,707.00
4) Investors Education & Protection Fund		
- Unpaid Dividend	4,672,156.04	1,067,016.50
	<b>2,576,089,546.43</b>	<b>1,224,815,934.33</b>
<b>B) Provisions</b>		
For Proposed Dividend	10,666,214.00	19,418,428.00
Tax on Proposed Dividend	1,812,723.00	2,723,435.00
For Income Tax (Net of Advance tax / TDS)	39,983,562.66	46,891,473.88
	<b>2,628,552,046.09</b>	<b>1,293,849,271.21</b>

## SCHEDULES TO THE BALANCE SHEET As at 31 March, 2007

Amount in Rupees

	31.03.2007	31.03.2006
<b>11 MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
Amalgamation, Development / Deferred Revenue Expenditure		
- As per last account	6,335,673.48	7,461,797.00
- Add : During the period	–	1,638,709.48
	6,335,673.48	9,100,506.48
Less : Written off for the period (Schedule 15)	2,715,284.00	2,764,833.00
	<b>3,620,389.48</b>	<b>6,335,673.48</b>

## SCHEDULES TO THE PROFIT AND LOSS ACCOUNT For the year ended 31 March, 2007

Amount in Rupees

	31.03.2007	31.03.2006
<b>12 INCOME FROM OPERATION</b>		
Sales & Services (Gross) (TDS deducted Rs.2,34,899/-)	12,854,727,529.48	10,159,781,216.33
Contracts Receipts (TDS deducted Rs.5,63,371/-)	178,280,012.60	–
Sale of Power	27,267,719.00	20,208,546.00
	13,060,275,261.08	10,179,989,762.33
Other Income (Gross) (TDS Rs.80,213/- Previous year Rs.61,874/-)	357,456.31	275,728.92
	<b>13,060,632,717.39</b>	<b>10,180,265,491.25</b>
<b>13 RAW MATERIAL CONSUMED / PURCHASES</b>		
<b>Opening Stock</b>		
- Raw material	592,365,450.00	744,109,025.00
- Stock in Process	108,408,799.00	30,590,632.00
- Finished Goods (including for Resale)	900,156,698.00	676,897,296.00
- Bye Products	12,028,235.00	10,285,862.00
	1,612,959,182.00	1,461,882,815.00
<b>Add : Purchases</b>		
- Raw material	9,595,671,270.61	7,795,105,142.06
- Finished Goods (for Resale)	2,551,333,348.97	1,440,783,173.25
	12,147,004,619.58	9,235,888,315.31
	13,759,963,801.58	10,697,771,130.31
<b>Less : Closing Stock</b>		
- Raw material	750,085,692.00	592,365,450.00
- Stock in Process	152,155,246.00	108,408,799.00
- Finished Goods (Including for Resale)	1,575,324,771.00	900,156,698.00
- Bye Products	16,993,690.00	12,028,235.00
	2,494,559,399.00	1,612,959,182.00
	<b>11,265,404,402.58</b>	<b>9,084,811,948.31</b>
<b>14 CONSTRUCTION EXPENSES</b>		
Purchase of Construction Material	386,792,609	
Expenses on Construction / Contracts	21,106,488	407,899,097.73
Less :- Closing Stock of Material	238,371,853	
- Work in Progress at close	34,897,928	(273,269,780.60)
(Uncompleted Contract and value of work done)		
		<b>134,629,317.13</b>



## SCHEDULES TO THE PROFIT AND LOSS ACCOUNT For the year ended 31 March, 2007

Amount in Rupees

		31.03.2007	31.03.2006
<b>15 MANUFACTURING &amp; OTHER EXPENSES</b>			
Conversion Charges		32,478,284.38	7,855,174.21
Chemical, Stores & Spare Parts Consumed		53,778,954.17	53,262,299.51
Power & Fuel		193,897,513.49	153,978,138.24
Rent		90,000.00	90,000.00
Rates & Taxes		1,138,628.13	783,521.00
Insurance		2,680,220.00	2,349,840.00
Bank Commission /Processing fees etc.		40,204,099.98	33,862,769.77
Miscellaneous Expenses		41,766,631.24	14,595,278.52
Listing Fees & Custodial Fees		142,076.00	96,100.00
Share Registrar & Transfer Agent Fees		627,000.00	21,644.00
Repairs & Maintenance			
- Building	81,901.75		1,490,768.59
- Plant & Machinery	2,991,873.47		1,988,362.23
- Others	958,721.67	4,032,496.89	236,214.72
Directors' Remuneration			
-Salary	1,100,000.00		903,100.00
-Sitting fees	84,000.00	1,184,000.00	9,000.00
Auditors Remuneration			
- for Audit	500,000.00		350,000.00
- for Tax Audit	150,000.00		100,000.00
- for Certificates	50,000.00	700,000.00	50,000.00
Freight & Transport			
- Inward	45,725,108.64		32,275,509.78
- Outward	142,516,968.67	188,242,077.31	50,661,969.00
Brokerage & Commission		2,285,486.11	6,182,024.39
Sales Tax / VAT Paid		42,505,994.10	7,644,828.36
Deferred Revenue Expenditure written off		2,715,284.00	2,764,833.00
Donation		153,700.00	129,100.00
		<b>608,622,445.80</b>	<b>371,680,475.32</b>
<b>16 EMPLOYEES' COST</b>			
Salary, Wages, & Bonus		95,187,663.28	77,430,206.13
Gratuity (Including Provision during the year Rs.10,13,495/-) (See Note no. 15)		2,113,495.20	4,370,568.89
Contribution towards Provident & other Funds		10,214,436.76	8,721,451.03
Workers and Staff Welfare Expenses		4,228,570.51	2,915,441.18
		<b>111,744,165.75</b>	<b>93,437,667.23</b>
<b>17 INTEREST &amp; FINANCIAL CHARGES</b>			
On Term Loan		28,308,046.36	35,224,142.46
To Bank & Others		182,879,973.65	122,325,672.39
(Net of Realisations - including on FDR)			
(TDS Rs. 16,49,119/- Previous year Rs. 10,59,074/-)			
		<b>211,188,020.01</b>	<b>157,549,814.85</b>
<b>18 DEPRECIATION WRITTEN OFF</b>			
Depreciation on fixed Assets (As per Schedule 5)		120,025,874.39	89,972,039.39
Less : On revaluation		6,592,729.39	6,592,729.39
		<b>113,433,145.00</b>	<b>83,379,310.00</b>

## SCHEDULES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT

### 19 SIGNIFICANT ACCOUNTING POLICIES

#### 1. Method of Accounting

- i) The accounts of the Company are prepared under historical cost convention modified by revaluation of certain fixed assets and with applicable accounting assumption of a going concern consistency and accrual basis.
- ii) The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis.
- iii) Accounting policies not specifically referred to otherwise, are consistent and in consonance with generally accepted accounting principles.

#### 2. Fixed Assets

- i) Free Hold Land / Lease Hold Land is stated as original cost of acquisition, inclusive of incidental expenses there to.
- ii) Gross Block of fixed Assets are stated at cost adjusted by revaluation on 31.3.93 at relevant replacement value. The cost of an asset comprises its purchase price/interest on specific borrowings obtained for the purpose of acquiring fixed assets upto the date of commissioning of the assets and any directly attributable costs of bringing the assets to working conditions for its intended use. When any fixed assets are re-valued any surplus on revaluation is credited to the Revaluation Reserve Account. The purchase cost of Fixed Assets has been stated net of CENVAT wherever applicable.
- iii) Project under commissioning and other Capital Work in Progress are carried at cost, comprising direct cost, advance to suppliers & related incidental expenses and attributable interest on borrowed fund for project if any.
- iv) When assets are sold or discarded, their cost and accumulated depreciation are removed from the accounts and any gain / loss resulting from their disposal is included in profit & loss account.

#### 3. Depreciation

- i) Leasehold Land is amortised during the respective lease period.
- ii) Depreciation on fixed assets acquired prior to 01.04.87 has been charged on written down value basis at the rates specified in Income Tax Act, 1961 (As amended)
- iii) Depreciation on fixed assets acquired after 01.04.87 has been charged in accordance with straight line method (SLM) as per rates specified in schedule XIV of the Companies Act, 1956 as amended by Notification GSR No: 756E dated 16.12.93 issued by Ministry of Law. Department of Company affairs.
- iv) Depreciation on Revalued Fixed Assets has been provided on straight line method as per provisions of the Companies Act, 1956 and is adjusted with transfer from Revaluation Reserve.

#### 4. Inventories

- a) Inventories are valued as follows
  - i) Raw Materials are valued at lower of cost less CENVAT credit including service Tax, Education cess & Vat availed or realisable value.
  - ii) Stock in Process are valued at estimated Cost.
  - iii) Finished Goods stock (Including for re-sale) is valued at cost and / or market rate whichever is lower.
  - iv) Fuel, Chemical, stores & spares, etc. are valued at cost less Cenvat Credit, Service tax, Education cess, Vat etc.
  - v) Bye Products are valued at estimated realisable value.
- b) The shortage/surplus found on physical verification of stock/ stores etc are duly adjusted in the quantitative records as and when detected.

#### 5. Excise Duty

- i) The Company accounts for the excise duty on finished goods, at the time of their clearance from the factory. Excise Duty paid is charged to revenue account on despatch of Products.
- ii) The balance with excise department is on the basis of balance lying in PLA, including CENVAT credit, service Tax and education cess available on stock of raw materials, Capital goods, etc.
- iii) Accounting entries in respect of the CENVAT credits, service Tax & education Cess taken and/or utilised is given due effects in the accounts. While valuing the closing stock of raw materials, store, spares and chemicals etc. CENVAT benefits, etc. taken are suitably adjusted.

#### 6. Foreign Currency Transactions

Foreign currency transactions are accounted at the exchange rates prevailing at the date of the transaction. Gains and



## SCHEDULES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT

### 19 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit & loss account. Premium in respect of forward contracts is accounted over the period of contract and any current assets/current liabilities in foreign currency transaction is adjusted at the rate prevailing on the Balance Sheet date.

#### 7. Derivative Instruments

Derivative Transactions of interest and Foreign Currency Swap and Option contracts are being considered as off Balance sheet transactions and accordingly the gains / losses arising there from are recognized under respective heads of account as and when the settlement takes place in accordance with the terms of the respective contracts.

#### 8. Provisions, Contingencies & Contingent Assets

Provisions involving substantial degree of estimation are recognized when there is present obligation as a result of past obligation. It is probable that there will be outflow of resources and reliable estimates can be made of the amount of the obligation. Contingent liabilities are not provided for and are disclosed by way of notes. Contingent assets are neither recognized nor disclosed in the financial statements.

#### 9. Retirement benefits of Employees

- i) Contributions to Provident Fund, ESI etc are accounted for on accrual basis.
- ii) The Company provides for Liabilities in respect of Gratuity for permanent employees on the basis of actuarial valuation wherever available and if not on the basis of estimates.
- iii) The Company provides for unutilised leave benefits on the basis of the last salary drawn and the encashable leave available to the credit of the employee on the last date of the year .

#### 10. Revenue Recognition

- i) Domestic Sales are recognised on despatch of material whereas export sales are recognised on the date of Bill of Lading.
- ii) Domestic Sales is inclusive of recovery of excise duty, vat, packing & forwarding, freight charges, price escalation, Export Incentives and net of Excise Duty, Service Tax, Education Cess Paid, returns, claims, rebates and discounts etc.
- iii) In consistence with the practice followed by the Company Insurance Claim, Unexpected Claims, Govt. dues & Others are accounted for on the basis of actual payment/receipt. Excise Duty and Vat on price escalation Bills are normally charged / accounted for as and when such bills are actually raised.
- iv) Conversion charges are recorded on receipt/despatch of materials.

#### 11. Borrowing Cost

Borrowing cost that are attributable to the acquisition or construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. a qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing cost are charged to revenue.

#### 12. Development and Deferred Revenue Expenditure

The Company amortises these expenses over a period of five years.

#### 13. Taxes on Income

- i) Current Tax is determined as the amount of tax payable in respect of taxable income for the year.
- ii) Deferred Tax liability if any is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years.
- iii) Fringe Benefit Tax is provided in the accounts as per applicable rules .

#### 14. Dividend

Interim / Final Dividend proposed by Board of Directors is paid/ provided for in the books of accounts pending approval at the Annual General Meeting .

#### 15. Accounting Standards

The Accounting Standards prescribed by The Institute of Chartered Accountants of India have been followed wherever applicable.

## SCHEDULES TO THE BALANCE SHEET &amp; PROFIT AND LOSS ACCOUNT

## 20 NOTES ON ACCOUNTS

## 1. Revaluation Reserve

Certain fixed assets were revalued on 31.03.1993 which resulted in increase in book value by Rs. 12,11,22,397/-(Gross) and accumulated depreciation by Rs. 2,45,52,565/- resulting in net increase of Rs. 9,65,69,832/- which were credited to Revaluation Reserve Account and since then a sum of Rs 65,92,729/- per year was being adjusted from Profit & Loss account and a sum of Rs.9,22,98,214/- has already been set off leaving a balance of Rs.42,71,618/-in Revaluation Reserve.

## 2. Deferred Tax

In compliance with the Accounting Standard (AS - 22) " Accounting for Taxes on Income " issued by The Institute of Chartered Accountants of India, the Company has provided the deferred tax liability arising on account of difference between depreciation as per Income Tax Act 1961 & depreciation as per Companies Act 1956 as on 31st March 2007 net of Deferred Tax Assets (on employees gratuity fund & Unutilised leave benefits) which amounts to Rs. 7,76,55,945/- and a sum of Rs. 1,63,40,323/-being deferred tax assets over previous year has been Credited to profit & Loss Account.

The Company has opted for Tax holiday U/S 80 IA of the Income Tax Act 1961 for a period of 10 years from the year 2005-06 in respect of its income from power generation through 3 Nos. Wind Turbine Generators (WTG), which commenced operations from 25th March 2005, the impact of Deferred tax has been considered while computing the net provision as per AS -22.

	31.03.2007	31.03.2006
Deferred Tax Liability	Rs.8,03,12,093	Rs. 9,74,45,172
– On difference between Net Book Value of Depreciable Fixed Assets as per Books Vis a Vis WDV as per Income Tax Act		
Less : Deferred tax Assets		
– On Provision		
For Gratuity	Rs. 21,76,620	Rs. 29,61,513
Unutilised leave benefits	Rs. 4,79,528	Rs. 4,87,391
	<b>Rs.7,76,55,945</b>	<b>Rs. 9,39,96,268</b>

## 3. Secured Loan

## i) Long Term Loans

- a. Project Term Loan & Foreign Currency Term Loan from IDBI Limited is secured by way of Pari Passu Charge on equitable mortgage of lease hold land and First charge on Plant & Machineries and other assets of Kalyani unit acquired under the Expansion project and Equipment Finance Scheme, in favour of IDBI Limited and Pari-Passu Charge on other Fixed assets both present & future jointly with Consortium of Banks and IDBI Limited and further secured by way of second charges on stock of raw materials, semi-finished and finished goods, consumable stores and other current assets of Kalyani unit and personal guarantee of Managing Director and one of his relative together with corporate guarantee of Ramsarup Investments Ltd and Pledge of part of Companies Equity Shares held by Ramsarup Investments Limited. (Payable within next one year Rs. 210 Lacs previous year Rs. 830 Lacs)
- b. Term Loan from ICICI Bank Ltd. is secured by way of first equitable mortgage of all immovable properties and hypothecations of all movable assets other than book debts, stock of raw material, finished, semi finished goods of the Shyamnagar unit ranking Pari-Passu with WBIDC Ltd & guaranteed by Managing Director of the Company. The Term Loan is repayable in 60 monthly instalment of Rs 13.75 Lacs each commenced from December, 2005 (Repayable within next one year Rs. 165 Lacs (previous year Rs. 165 lacs ).
- c. Term Loan from WBIDC Ltd. is secured by way of first equitable mortgage of all immovable properties and hypothecations of all movable assets other than book debts, stock of raw material, finished, semi finished goods of the Shyamnagar unit ranking Pari-Passu with ICICI Bank Ltd. & guaranteed by Managing Director of the Company. The Term Loan is repayable in 15 quarterly instalments of Rs 5.00 Lacs each (Payable within next one year Rs. 20 Lacs (previous year Rs. 20 lacs )
- d. Term Loan from WBIDC Ltd for TMT Project is secured by way of first equitable mortgage of all immovable properties and hypothecations of all movable assets created for TMT project other than book debts, stock of raw material, finished, semi finished goods of the Shyamnagar unit ranking Pari-Passu with ICICI Bank Ltd. &



## SCHEDULES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT

### 20 NOTES ON ACCOUNTS (Contd.)

- guaranteed by Managing Director of the Company. The Term Loan is repayable in 24 quarterly instalments of Rs 18.75 Lacs each (Payable within next one year Rs. 75 Lacs previous year Rs. 75 lacs)
- e. Term Loan from IREDA is secured by First charge by way of the mortgage on all immovable properties & hypothecation of movable assets/ properties both existing and future pertaining to 3.75 MW Wind Farm Project at Village Khor, Taluka Sakri, District Dhule, in the state of Maharashtra (Project No. 1726) and elsewhere excluding specified movables to be charged to bankers for Working Capital Borrowings as agreed By IREDA. The Loan is Repayable in 24 Quarterly Instalments of RS. 52 Lacs commencing from 31st March 2006.( Repayable in next one year Rs.208 Lacs Previous year Rs. 208 Lacs )
- ii) Short Term Loans
- a. Working Capital Facilities from banks are secured by Hypothecation of stock of raw materials, finished goods, stock in process, stores & spares, etc and book debts of its Kalyani Unit and personal guarantee of Managing Director and one of his relative together with corporate guarantee of Ramsarup Investments Ltd and collaterally secured by way of equitable mortgage of leasehold Land and Building thereon at Kalyani on Pari-Passu basis with the Consortium of Banks and IDBI Limited and similar Pari-Passu Charge of Banks on Company's all fixed assets at Kalyani and 2nd Charge on those Fixed Assets which are financed by IDBI Limited under Expansion Project.
- b. Commercial Papers are issued by earmarking Working Capital facilities.
- c. Working Capital Facilities from banks are secured by Hypothecation of stock of raw materials, finished goods, stock in process, stores & spares, etc and book debts of its Shyamnagar unit and second charge on its Fixed Assets, 1st Charge being in favour of ICICI Bank and WBIDC Ltd for the Term Loan granted by them and personal guarantee of Managing Director together with corporate guarantee of an Associate Co. Ramsarup Investments Limited.
- d. Mobilisation advances are secured against Bank Guarantees.
4. Unsecured Loan  
Some of the unsecured loans from Body Corporates and others are not bearing interest.
5. Sundry Creditors includes Rs Nil due to Small scale and Ancillary Industrial Undertaking to the extent such parties have been identified from the available documents/informations.
6. Inventories includes stock lying with outsiders:  
(As certified by the Management) Rs 14,28,785/- (Rs 54,17,776/-)
7. a) The Company is in process of installation of Low Relaxation Prestressed Concrete Stranded Wire (LRPC) Project at Mouza Gopalpur, Durgapur Dist. Burdwan (W.B) on a Freehold Land of about 50 acres owned by a group company Vanguard Credit & Holding Pvt Ltd.
- b) Capital Work in Progress for the project comprises direct expenses, for site development together with expenditure on erection / construction of the factory building & technical know how and Development Expenses etc. The total expenditure will be allocated to the respective fixed assets on completion of the Project.
8. Capital Work in progress Consists of Expenditure incurred on:

	<i>Amount in Rupees</i>
Site Development Expenses	8,022,438
Factory Shed & Building	56,942,496
Transportation & Other Charges	1,326,975
Technical & Professional Fees	1,297,500
Pollution Expenses	365,148
VAT Receivable	2,521,308
	<b>70,475,865</b>
Add: Development Expenses pending allocations to Fixed Assets on Completion	712,356
	<b>71,188,221</b>

## SCHEDULES TO THE BALANCE SHEET &amp; PROFIT AND LOSS ACCOUNT

## 20 NOTES ON ACCOUNTS (Contd.)

## 9. Capital Commitments

Estimated amount of Contracts remaining to be executed on Capital account and not provided for is Rs. 421 Lacs (Previous Year Rs 2553.20 Lacs) (Advance Paid Rs. 110 Lacs, Previous Year Rs 98.31 Lacs).

## 10. Contingent Liabilities not Provided for

i) Sales Tax Liabilities (Under Appeal) (Net of payments)	Rs. 12,13,39,784/- (Rs. 9,52,41,675/-)
ii) Income Tax Liabilities (Under Appeal)	Rs. – (Rs. 1,53,887/-)
iii) Bank Guarantees	Rs. 21,04,26,966/- (Rs. 9,02,15,051/-)
Note : Margin held by banks by way of pledge of FDRs and in Cash for L/C & L/G	Rs. 16,48,00,734/- (Rs. 12,78,05,982/-)

11. In the opinion of Board of Directors the current assets, Loans & advances are approximately of the value as stated, if realised in the ordinary course of business. The provision for all known liabilities are adequate and not in excess of the amount reasonably necessary. There are no contingent liabilities other than those stated above. Certain balances of sundry debtors, advances, sundry creditors are subject to confirmations / reconciliation.

12. Sales & Services includes Rs 69,58,54,041/-inter unit sales and conversion charges of Rs. 28,30,31,843/-

13. Excise Duty Paid and CENVAT, Service Tax, Education Cess etc. utilised during the year are debited / adjusted in other heads amounts to Rs. 54,02,16,673/- (Previous Year Rs. 55,45,61,829/-).

14. i) Claims/Interest on delayed payments/and refunds from suppliers whose recovery cannot be ascertained with reasonable certainty are accounted for on acceptance/actual receipt basis.

ii) Interest paid to Bank and others amounting to Rs. 13,02,75,833/- (Previous Year Rs 12,23,25,672/-) is net of Rs.1,18,02,816/- (Previous Year Rs. 70,32,524/-) being interest received on FDRs, from customers and others.(TDS Rs.16,49,119/-, Previous Year Rs. 11,72,315/-).

15. Liability in respect of gratuity for its employees has been fully provided in the books as per actuary valuation at Rs 292.59 for which the company has taken group gratuity policy from the insurance companies for which contributions are being paid from time to time.

16. The Company is eligible for remission of Sales tax/ VAT to the extent of Rs.17.97 Crores for its Shyamnagar unit being 100 % of the eligible gross value of fixed assets acquired/ installed by the Company as per certificate granted by the Asst Commissioner of Commercial Taxes, Special Cell, West Bengal, which are being renewed from time to time subject to the fulfilment of certain condition and in view of the same the unit has taken remission of sales tax / VAT realised .

17. Previous year's figures have been re-arranged, regrouped / reclassified, wherever necessary.

## 18. Managerial Remuneration

Remuneration paid to the Managing Director and Wholetime Director amounts to Rs. 7,00,000/- and Rs.4,00,000/- respectively which is well within the limits prescribed under Schedule XIII of the Companies Act ,1956. Hence computation of net profit for the purpose of Directors remuneration under section 349 of the Companies Act 1956 has not been enumerated.

19. The company has entered into a contract for foreign currency- rupee swap under international swap and Derivative Association (ISDA) with HSBC Ltd to hedge its part of long term loan exposure , based on interest rate and currency exchange agreement being a sum of Rs. 29.00 Crores with USD 6.46 million further hedged by CHF of 8.09 million for a period of one year where interest is payable half yearly, However Profit/Loss on crystallisation of foreign currency is adjustable at the end of contract.

## 20. Segment Reporting

During the year the operation of the Company mainly relates to three segment viz. Wires & Steel Products/contract work



## SCHEDULES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT

### 20 NOTES ON ACCOUNTS (Contd.)

for Infrastructure Development and power generation through wind mill. Details in these respect has been given below as per Accounting Standard - 17 of the segment reporting.

#### A. Primary Business Reporting (By Business Segment)

Amount in Rupees

Reportable Segments	Wires & Steel Products	WTG Power	Infrastructure	Total
1) Segment Revenue				
Sales & Services	12,854,727,529	27,267,719	178,280,012	13,060,275,260
Other Income	357,456	–	–	357,456
<b>Total</b>	<b>12,855,084,986</b>	<b>27,267,719</b>	<b>178,280,012</b>	<b>13,060,632,717</b>
Less: Inter Segment Sales	(6,300,045)	–	(3,822,175)	(10,122,220)
<b>Total Revenue</b>	<b>12,848,784,941</b>	<b>27,267,719</b>	<b>174,457,837</b>	<b>13,050,510,497</b>
2) Segment Results				
Segment Result	632,301,523	6,385,068	29,567,709	668,254,300
Less: Unallocable Expenses				52,643,078
Profit Before Tax				615,611,221
Less: Provision for Tax				(195,500,000)
Less: Provision for FBT				(832,000)
Add: Deferred Tax Assets				16,340,323
Profit After Tax				435,619,544
3) Segment Assets	4,404,388,863	166,606,062	418,230,778	4,989,225,703
4) Segment Liability	1,554,020,241	98,800,000	26,800,000	1,679,620,241
Capital Employed				
(Segment Assets - Segment Liabilities)	2,850,368,622	67,806,062	391,430,778	<b>3,309,605,462</b>
Less: Unallocable Liabilities				(1,452,418,321)
				<b>1,857,187,141</b>
5) Capital Expenditure	558,474,412	–	9,587,378	568,061,790
6) Depreciation	103,578,827	9,576,600	277,718	113,433,145
<b>B) Secondary Informaton</b>				
1) Geographical Segment on the basis of Revenue				
a) Within India				12,336,073,677
b) Outside India				714,436,820
<b>Total</b>				<b>13,050,510,497</b>
2) Geographical Segment on the basis of Assets				
a) Within India				4,978,772,842
b) Outside India				10,452,861
<b>Total</b>				<b>4,989,225,703</b>

#### Geographical Segment:

- The Company has made export to the extent of RS 7,144.37 Lacs (Privious Year Rs. 1,473.79 lacs)
- The Company's tangible assets are located entirely in India.

#### 21. Related Party Disclosures

In accordance with Accounting Standard 18 "Related Party Disclosure" issued by the Institute of Chartered Accountants of India, the Company has compiled the required information as per details given below:

##### A) Name of Related Parties and Description of Relationship:

Key Management Personnel {KMP} & their Relatives:-

- Sri Ashish Jhunjunwala {Managing Director}
- Sri Ambika Prasad Jhunjunwala {Father of M.D}
- Smt. Sharda Devi Jhunjunwala {Mother of M.D}
- Smt. Neerza Jhunjunwala {Wife of M.D}
- Smt. Shashi Lohia {Sister of M.D}
- Sri Advay Jhunjunwala {Son of M.D}
- Sri. Naveen Gupta {Whole time Director}

## SCHEDULES TO THE BALANCE SHEET &amp; PROFIT AND LOSS ACCOUNT

## 20 NOTES ON ACCOUNTS (Contd.)

## B) Enterprises where KMP/relatives of KMP have significant influence or control:

- i. Ramsarup Investments Limited
- ii. Ramsarup Lohh Udyog Limited
- iii. Ramsarup Projects Private Limited
- iv. Ramsarup Vyapaar Limited
- v. Ashish Jhunjunwala (HUF)
- vi. Madhumalati Merchandise Private Limited
- vii. Imtihan Commercial Private Limited
- viii. N.R. Mercantile Private Ltd.
- ix. Ramsarup Khadan Ltd.
- x. Ramsarup Kkhaniz Private Limited.
- xi. Naresh Engineers Ltd.
- xii. Amanat Merchants Private Limited.
- xiii. Blaze Property Private Limited.
- xiv. Greentop Relators Private Limited.
- xv. Laddugopal Properties Private Limited.
- xvi. Modak Properties Private Limited.
- xvii. Vanguard Credit & Holding Private Limited.

## C) Employees' Benefit Plans where there is control:

Ramsarup Industrial Corporation Employee's Gratuity Fund Ramsarup Utpadak Unit II Employees Gratuity Fund

## D) Transaction with Related Parties

*Amount in Rupees*

Particulars	Enterprises where Control Exits Relatives	Key Management Personnel &	Employees' benefit Trust
a) Sales	46,70,30,960/- (5,74,21,530/-)	NIL (NIL)	NIL (NIL)
b) Purchases	79,49,97,726/- (12,24,57,080/-)	NIL (NIL)	NIL (NIL)
c) Dividend Paid	2,51,78,675/- (1,08,07,955/-)	29,74,525/- (14,18,655/-)	NIL (NIL)
d) Travelling Expenses	NIL (NIL)	3,71,272/- (3,50,141/-)	NIL (NIL)
d) Contribution to Gratuity fund	NIL (NIL)	NIL (NIL)	83,00,000 /- (57,70,003/-)

**Note:** Reimbursement of expenses has not been treated as related party transactions.

## 22. Earning per Share

*Amount in Rupees*

	31.03.2007	31.03.2006
Earning per share has been computed as under		
a) Profit after Taxation	43,56,19,544	27,80,14,623
Less :Preference Shares Dividend & Tax thereon (Amount used as numerators)	22,39,284	21,82,439
	43,33,80,260	27,58,32,184
b) No. of Effective Equity Shares	1,75,04,428	1,37,50,982
Earning Per Share Basic & Diluted :		
Profit After Tax	43,33,80,260	27,58,32,184
No.of Equity Shares	1,75,04,428	1,37,50,982
	Rs.24.76	Rs. 20.06



## SCHEDULES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT

### 20 NOTES ON ACCOUNTS (Contd.)

23. Additional information pursuant to the provisions of paragraph 3, 4C and 4D of Part II of the schedule VI of the Companies Act, 1956.

#### A. Particulars in Respect of Goods Manufactured

		WIRES/TMT BARS/RODS Quantity in Metric Tonnes
i) Licensed Capacity *		Not applicable
ii) Installed Capacity (As Certified)	- Wire Drawing	149000 (137000)
	- Galvanising	84000 (84000)
	- TMT bars & Rods	167000 (87000)
	- 3 WTG	3.75 MW (3.75 MW)
iii) Actual Production (Including conversion)#	- Wire Drawing#	129146 (127498)
	- Galvanising	68770 (71474)
	- TMT Bars & Rods **	73451 (57183)
	- Power Generated (KWH)	6097930 (5775365)
iii) Actual Production (Including conversion)		
		Quantity (MT)      Value (Rs.)
Opening Stock		22981      90,01,56,698/- (17028)      (67,68,97,296/-)
Closing Stock		32532      1,57,53,24,771/- (22981)      (90,01,56,698/-)

\* Not applicable in terms of Govt. of India Notification No S.C.477 (E) dated 25th July 1991.

#### Actual Production

- # 1) Wire drawing Production includes Conversion from outsiders: 1110 M/T (2390)M/T  
 # 2) Wire drawing production is including conversion for Inter transfer: 5056 M/T (3297)M/T  
 # 3) Wire drawing production is inclusive of 36282 MT (28292 MT) used for captive production of Galvanised wire.  
 \*\* 4) Bars & Rods production is inclusive of 11133 MT(12,444 MT) used for captive production of H B Wires.

#### B. Break up of Sale of Products

	2006-07		2005-06	
	M/T	Value (Rs.)	M/T	Value (Rs.)
G.I.Wires, Iron Wires, TMT Bars, Rods & Other Iron & Steel Products	319019	1280,41,36,670	274227	1013,00,84,642
Bye-Products	4507	5,05,90,859	2160	2,96,96,574
		<b>1285,47,27,529</b>		<b>10,15,97,81,216</b>

#### C. Purchase of Finished Goods: for Resale

Iron & Steel Products	109674	255,13,33,349	68058	144,07,83,173
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## SCHEDULES TO THE BALANCE SHEET &amp; PROFIT AND LOSS ACCOUNT

## 20 NOTES ON ACCOUNTS (Contd.)

## 24. Consumption of Raw Materials

	2006-07		2005-06	
Wire Rods/H.B Wires/Billets/Ingots/Slab/ Square Bars	2,26,244	908,77,44,749	2,17,571	772,94,24,691
Lead / Zinc	1,768	30,64,59,833	1,484	13,96,05,859
		<b>939,42,04,582</b>		<b>786,90,30,550</b>

## 25. (A) Value of Imported / Indigenous Materials Consumed

	%		%	
Indigenous	97.31	914,23,13,967	92.61	728,72,84,449
Imported Wire Rod/Zinc (including on High Seas)	2.69	25,18,90,615	7.39	58,17,46,101
	<b>100.00</b>	<b>939,42,04,582</b>	<b>100.00</b>	<b>786,90,30,550</b>

## 25. (B) C.I.F. Value of Imported Raw Materials

Wire Rod/ Zinc (Including on High Sea)		24,84,56,770		50,63,35,700
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## 26. Consumption of Chemicals &amp; Stores &amp; Spares (100% Indigenous)

Chemicals, Stores & Spares		5,37,78,954		5,32,62,300
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## 27. Exports of Goods (F.O.B Value)

Wires/ Steel Products		71,44,36,820		14,73,79,364
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## 28. Expenditure in Foreign Currency

Foreign Travelling		6,92,243		6,20,247
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## 29. The Company has following five units

Name and style	Address
Ramsarup Industrial Corporation	Plot No 6 & 7, Block D, Kalyani, Nadia, West Bengal
Ramsarup Utpadak	68, East Ghoshpara Road, Athpur , Shyamnagar, 24 Parganas(North),West Bengal
Ramsarup Infrastructure	Indo-Bangladesh Border and at Rajasthan
Ramsarup Nirmaan Wires	Mouza Gopalpur, Durgapur, Dist- Burdwan(West Bengal)
Ramsarup Vidyut – Wind Turbine Generator	(Power Unit)R.S No. 481,482,487 Village Khori (Brahmanwel), Taluka Sakri, District Dhule, Maharashtra

Signatures to Schedule 1 to 20 to Balance Sheet as at 31st March, 2007 and Profit & Loss Account for the year ended on that date.

For P. K. Lilha & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

C.A. P. K. Lilha  
Partner  
Membership No. 11092

Ashish Jhunjhunwala  
Managing Director

Naveen Gupta  
Director

Gajendra Kumar Singh  
Company Secretary

Place: Kolkata  
Dated: 14th June, 2007



## BALANCE SHEET ABSTRACT

Balance Sheet Abstract and Company's General Business Profile as Required in Part IV of Schedule VI of the Companies Act, 1956

### I. Registration Details

Registration No.       
 Balance Sheet Date          
 Date Month Year State Code

### II. Capital Raised during the year (Amount in Rs. '000)

Public Issue    Rights Issue     
 Bonus Issue    Private Placement

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)

Total Liabilities	<input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="0"/>	Total Assets	<input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="0"/>
<b>Sources of Funds</b>			
Paid-up Capital	<input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="4"/>	Reserves and Surplus	<input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="4"/>
Share Application Money	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Secured Loan	<input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="3"/>
Deferred Tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="6"/>	Unsecured Loan	<input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="3"/>
<b>Application of Funds</b>			
Net Fixed Assets	<input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="1"/>	Investments	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Net Current Assets	<input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="8"/>	Misc. Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="1"/>
Accumulated Losses	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>		

### IV. Performance of Company (Amount in Rs. '000)

Income	<input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="3"/>	Total Expenditure	<input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="1"/>
Profit/Loss before Tax	<input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="1"/>	Profit/Loss after Tax	<input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="0"/>
Earnings Per Share in Rs.	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="."/> <input type="text" value="7"/> <input type="text" value="6"/>	Dividend Rate %	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="0"/>

### V. Generic Names of Principal Products

Items Code No. (ITC Code)	<input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="1"/>
Product Description	IRON AND STEEL COATED WITH ZINC
Items Code No. (ITC Code)	<input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="3"/>
Product Description	STRANDED WIRE
Items Code No. (ITC Code)	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="."/> <input type="text" value="9"/> <input type="text" value="0"/>
Product Description	MS BARS/ROD
Items Code No. (ITC Code)	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="."/> <input type="text" value="9"/> <input type="text" value="0"/>
Product Description	MS BILLETS

For and on behalf of the Board of Directors

Place: Kolkata  
Dated: 14th June, 2007

Ashish Jhunjunwala  
Managing Director

Naveen Gupta  
Director

Gajendra Kumar Singh  
Company Secretary







# CORPORATE INFORMATION

## Board of Directors

Mr. Ashish Jhunjunwala – Chairman & Managing Director  
Mr. Naveen Gupta – Whole time Director  
Mr. K. M. Lal  
Mr. Pranab Kumar Das – IDBI Nominee  
Mr. Arvind Poddar  
Mr. Bimal Kumar Jhunjunwala  
Mr. Aayush Lohia

## Company secretary

Mr. Gajendra Kumar Singh

## Auditors

M/s P. K. Lilha & Co.  
Chartered Accountants  
5, Fancy Lane  
Kolkata – 700 001

## Bankers & Financial Institutions

Punjab National Bank  
Indian Overseas Bank  
Vijaya Bank  
The Karur Vysya Bank Ltd.  
Allahabad Bank  
UCO Bank  
ING Vysya Bank Ltd.  
United Bank of India  
ICICI Bank Ltd.  
Industrial Development Bank of India Ltd.  
West Bengal Industrial Development Corporation Ltd.  
Indian Renewable Energy Development Agency Ltd.  
Hongkong & Shanghai Banking Corporation Limited

## Registered office

Hastings Chambers, 1st floor,  
7C, Kiran Shanhar Roy Road,  
Kolkata – 700 001  
Ph: + 91 33 2242 1200  
Fax: + 91 33 2242 1888  
Email: [company@ramsarup.com](mailto:company@ramsarup.com)  
Website: [www.ramsarup.com](http://www.ramsarup.com)

## Manufacturing unit

Unit I: **Ramsarup Industrial Corporation**  
Plot no. 6&7, 'D' block,  
Kalyani, Nadia,  
West Bengal

Unit II: **Ramsarup Utpadak**  
68, East Ghosh Para Road,  
Athpur, Shyamnagar  
24 Parganas (North), West Bengal

Unit III: **Ramsarup Vidyut**  
Village Khori,  
Taluka Sakri  
District – Dhule, Maharashtra.

Unit IV: **Ramsarup Infrastructure**  
Indo Bangladesh Border and at Rajasthan

Unit V: **Ramsarup Nirmaan Wires**  
Mouza – Gopalpur, Durgapur,  
District – Burdwan (West Bengal)

## Registrar & Share Transfer Agent

Intime Spectrum Registry Limited  
59C, Chowringhee Road, 3rd Floor  
Kolkata – 700 020  
Ph: + 91 33 2289 0540  
Tele Fax: + 91 33 2289 0539  
Email: [kolkata@intimespectrum.com](mailto:kolkata@intimespectrum.com)

# BOOK-POST

*If undelivered, please return to:*

**Ramsarup Industries Ltd**

Hastings Chambers, 1st Floor

7C, Kiran Shankar Roy Road

Kolkata-700001 (W.B.)

India



[www.ramsarup.com](http://www.ramsarup.com)