

" All men dream, but not equally. Those who dream by night, in the dusty recesses of their minds, awake in the day to find it was all vanity. But the dreamers of the day are dangerous men, for they may act their

**dreams with eyes open to make it reality."**

- T.E. Lawrence.



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

## Forward-Looking Statement

The report contains forward-looking statements that involve risks and uncertainties. When used in this discussion, the words like 'plans', 'expects', 'anticipates', 'believes', 'intends', 'estimates', or other similar expressions as they relate to Company or its business are intended to identify such forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company's actual results, performance or achievements could differ materially from those expressed or implied in such forward-looking statements. The Company undertakes no obligation or responsibility to publicly amend, update, modify or revise any forward-looking statements, on the basis of any new information, future event, subsequent development or otherwise

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### Board of Directors

Mr. Ashish Jhunjhunwala – *Chairman & Managing Director*

Mr. Naveen Gupta – *Whole time Director*

Mr. K. M. Lal

Mr. Pranab Kumar Das – *IDBI Nominee*

Mr. Lalit Mohan Chatterjee

Mr. Bimal Kumar Jhunjhunwala

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 Ltd.

State Bank of India

Canara Bank

Central Bank of India

Oriental Bank of Commerce

### Offices

#### 1. Registered office

Hastings Chambers, 1st and 2nd floor,

7C, Kiran Shankar 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)

#### 2. Branch office

Raja Chambers, 2nd floor,

4, Kiran Shankar Roy Road,

Kolkata – 700 001

Ph: + 91 33 4011 9300

Manufacturing units and service locations

### 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

### Unit VI: N.C. Das & Company

Hastings Chambers, 1st and 2nd floor,

7C, Kiran Shankar Roy Road,

Kolkata, West Bengal

### Unit VII: Ramsarup Lohh Udyog

Saha Chowk, Rakha Jungle,

Kharagpur, Paschim Midnapur,

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)

Dreaming with **eyes open...**



Ramsarup Industries Limited

Annual Report 2007-08

"Whatever you do, or **dream** you can, begin it.  
Boldness has genius and power and magic in it."

- Johann Wolfgang von Goethe





- Durgapur
- Shyamnagar
- Kalyani
- Kharagpur
- Dhule
- Jodhpur
- Kishangarh

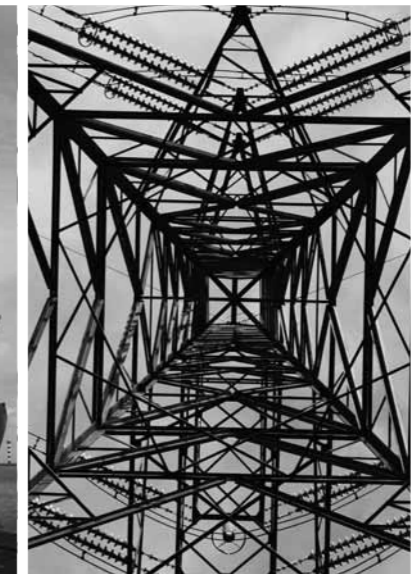
# Where can one find Ramsarup?



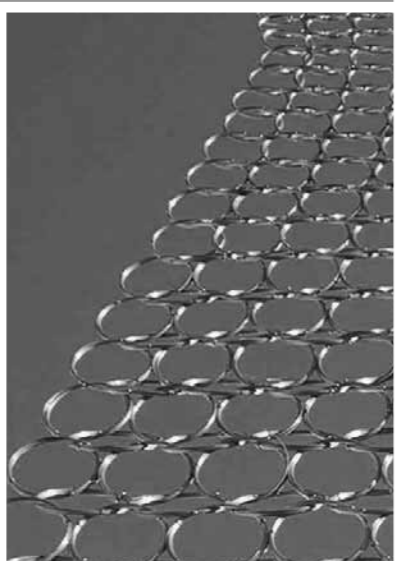
- Pali
- Mount Abu
- Sanchore
- Kolkata
- Chennai
- Gurgaon
- Ghaziabad
- Bangalore



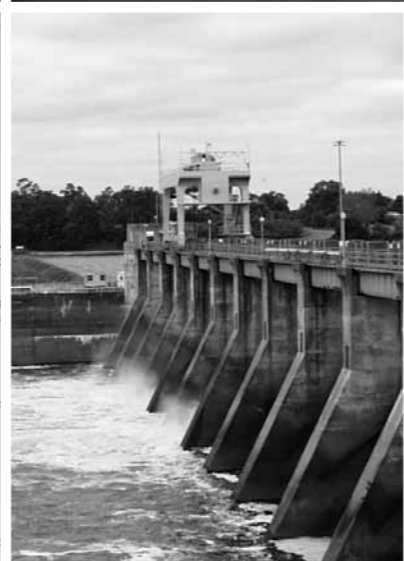
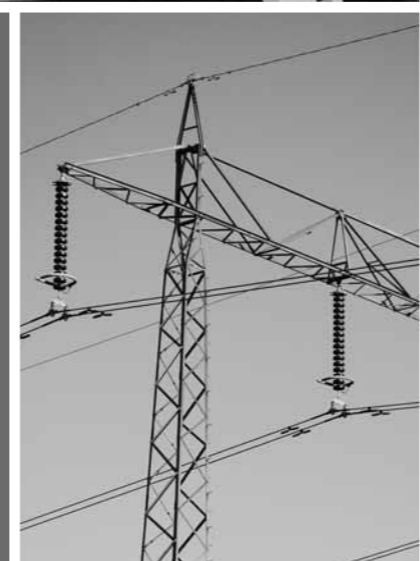
- TMT bars
- Galvanised wires
- Black wires
- LRPC strand wires
- Single line LRPC wires
- Steel-making
- Power
- Infra-power steel sector
- Buildings
- Skyscrapers
- Bridges
- Barges
- Dams
- Ports
- Airports
- Flyovers
- Railway stations
- Railway lines
- Sewerage lines
- Water management
- Nuclear plants
- Space research centres



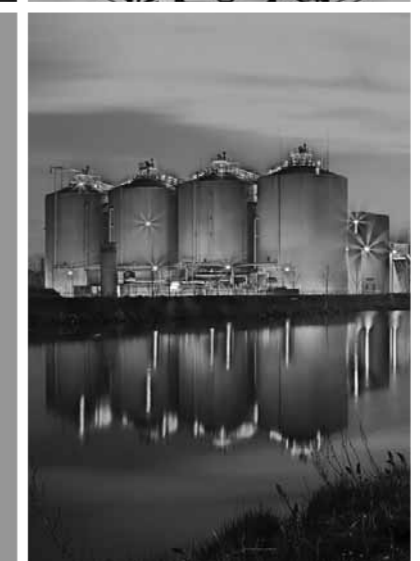
- West Bengal
- Rajasthan
- Tamil Nadu
- Karnataka
- Uttar Pradesh
- Maharashtra
- Haryana
- Across India



- Power transmission
- Power distribution
- Power plants
- Industrial units
- Homes
- Borders
- Roads



- Bangladesh
- Nepal
- Thailand
- Middle East
- Asia
- Africa
- Soon across the globe



# About us



Established in 1973, Ramsarup Industries Limited (RIL) has emerged as one of the fastest growing companies in the Indian infra-power steel sector. Headquartered in Kolkata, RIL is the flagship company of the Ramsarup Group.

RIL offers a wide range of products and services for the Indian infra-power sector. It is one of the leading players in the wire industry, having a market share of 12% of the organised wire manufacturing market in India. The Company produces steel wires (black and galvanised), wire products and TMT bars. The Company is the only TMT manufacturer in the secondary steel sector to offer a wide range of bars (8-40 mm). In addition, RIL also offers transmission lines laying services and turnkey project management services for infrastructure projects. During 2007-08, the Company also commenced the production of low relaxation pre-stressed concrete (LRPC) wires, being one of the few players in the country to do so. Besides, with the merger of Group Company, Ramsarup Lohh Udyog Limited (RLUL) in itself, the Company has also forayed into steel-making. The Company also generates power through wind mills.

RIL's total revenues for the year 2007-08 were Rs. 1825.28 cr. and profit after tax Rs. 61.98 cr. The company's shares are listed on the Bombay Stock Exchange (BSE) (Stock code: 532690), the National Stock Exchange (NSE) (Stock code: RAMSARUP) and the Calcutta Stock Exchange (CSE) (Stock code: 10021129).

## Capacities

Wires drawing	168000 TPA
Galvanised wires	84000 TPA
LRPC wires	36000 TPA
TMT bars	167000 TPA
Pig iron	220320 MT
Wind turbine generator	3.75 MW

## Manufacturing/service locations (as on 30th September 2008)

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
Unit VI	N. C. Das & Co.	West Bengal
Unit VII	Ramsarup Lohh Udyog	Kharagpur, West Bengal

## Certification

- ISO 9001:2000 for Units I, II & V
- One star export house status

"... I dream of things that never were, and ask why not?"

- R. F. Kennedy



## Vision

To emerge as one of the largest and totally integrated wire and wire-products manufacturer globally.

## Mission

- To strive to be the leader in our area of operations.
- To serve our customers by providing them with both high quality products and services.
- To play a proactive role in achieving Government of India initiative of providing "Power for all by 2012" and "Housing for every Indian by 2020".
- To uphold the interest of shareholders.
- To make our operations completely environment friendly.
- To work in the direction of socio-economic development of the country.

## Performance in numbers

**+39.75%**

Total revenues

**+71.87%**

Earnings before interest, depreciation and taxation allowance (EBIDTA)

**+42.29%**

Profit after tax (PAT)

**+165 bps**

EBIDTA margin

**+55 bps**

Profit before Tax (PBT) margin

**+153 bps**

Return on average capital employed

## Our growth partners

### Prestigious vendors

- o Mecon India Limited
- o Tata Steel Growth Shop
- o Sarralle AIF Equipment Pvt. Ltd.
- o VAI Pomini
- o Outokumpu
- o Thermax
- o ABB

### Esteemed clients

- o Power Grid Corporation of India
- o Kalpataru Power and Transmission
- o Areva Limited
- o L&T
- o Indian Railways (including Chennai Metro)
- o Tata Power Company
- o Bajaj Electricals
- o Various state electricity boards
- o Gammon India
- o Reliance Industries
- o IVRCL Infrastructures and Projects
- o Wipro
- o DRDO (received product certifications)
- o Vikram Sarabhai Space Centre (received product certifications)

**“When you are through changing,  
you are through.”**

*- Bruce Barton*

## Ramsarup Ver. 1.0

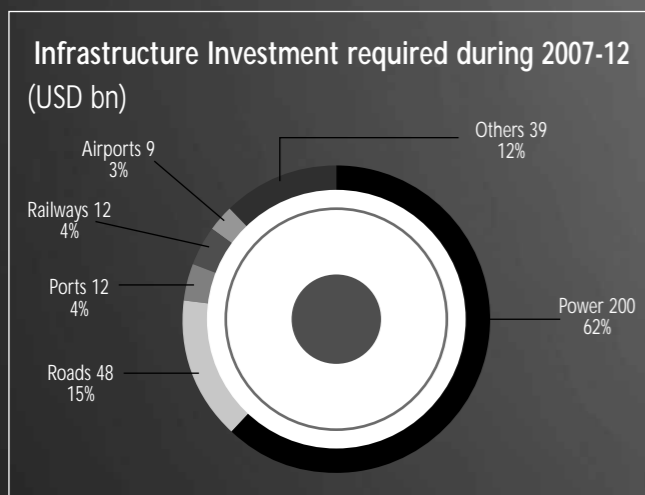
Since inception, we, at Ramsarup have focused on improving every day. Dared to think different. Faced big challenges. Achieved greater heights. Built a sustainable business model.

On hindsight, we have chosen to call our journey from 1966 to 2007 as Ramsarup version 1.0. In our previous version i.e. Ramsarup Ver. 1.0, we were successful in wading through the initial challenges and establishing our reputation as one of the largest wire and wire products manufacturers in India. Besides, we also increased our market share in TMT bars. Forayed into value-added segments like laying of transmission lines and infrastructure projects. We also went public in December 2005. And of-course, we built a strong client base and brand name across power transmission and construction industries.

A foundation has been built for the coming years. And the times are changing fast. The challenges are getting bigger. The opportunities are getting better. As a result we at Ramsarup are proud to unveil the next level.

# The next level

India is growing fast and the opportunities are getting bigger...



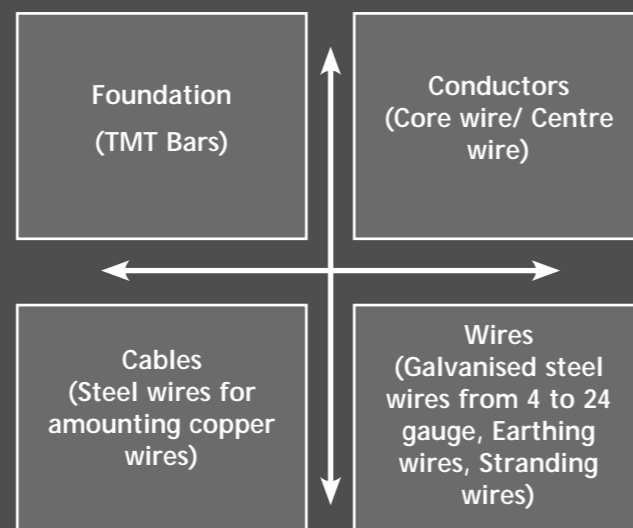
## Power sector

Accounts for 40% of the Company's total revenue





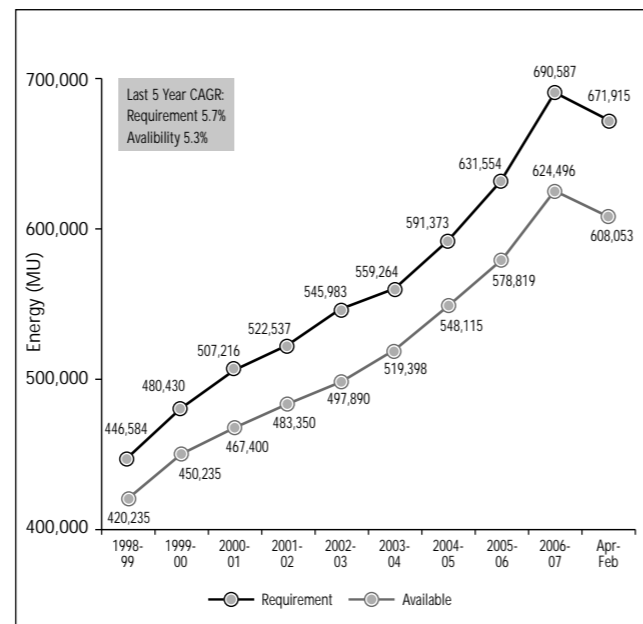
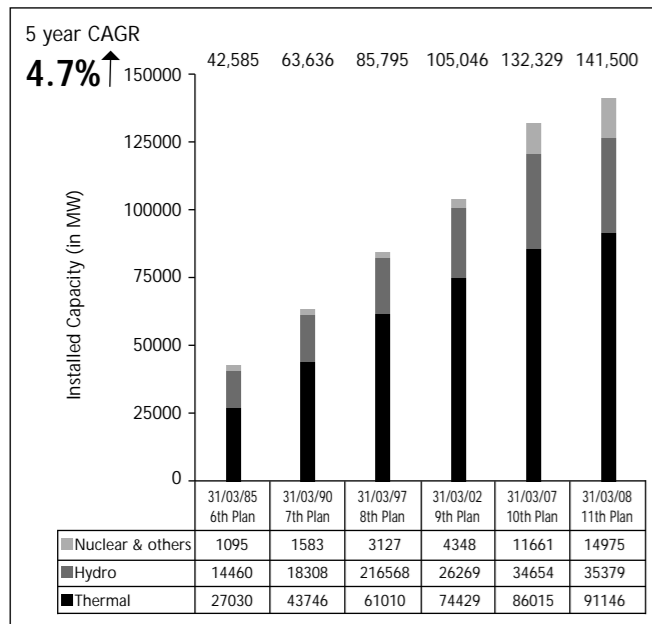
Ramsarup's products manufactured for the Power sector



Indian power sector is characterised by supply shortage of power fuelled by rapid infrastructure growth and industrialisation.

At 618 kwh, India now has one of the lowest per-capita consumption of electricity in the world, as against 1684 kwh in China and 14240 kwh in USA; it ranks 128 out of 177 countries on per capita consumption of electricity.

Currently, India has the third-largest power generation capacity in the world with an installed base of 140 GW.



Mission 2012: Power for All

The Ministry of Power has set a goal - Mission 2012: Power for All.

A comprehensive Blueprint for Power Sector development has been prepared, encompassing an integrated strategy for the sector development with the following objectives:-

- Sufficient power to achieve GDP growth rate of 9%.
- Finding reliable source of power.
- Enhancing the quality of power.
- Generating power at optimum cost.
- Improving commercial viability of power industry.
- Make power available for all.

Expected investments in power sector under XIth Plan

Projected Investment	(Amount in Rs. cr.)
Generation	466,234
DDG, Renewable, Captive, R&M etc.	143,704
Transmission	140,000
Distribution and Rural Electrification	309,177
Total Projected Investment	1,059,115

Source: Report of the Working Group on Power for the XI Plan-January 2007 and CEA

Ultra Mega Power Projects

The larger the power projects, the cheaper the power on account of better economies of scale. As a result, the Ministry of Power, CEA, and PFC are jointly developing nine UMPPs through tariff-based competitive bidding. These large scale projects are seen as a step to help reduce the power deficit and facilitate competitive involvement of various power generating agencies. These projects are awarded to developers on a Build-Own-Operate (BOO) basis and generally have a capacity of 4,000 MW. These projects are expected to add approximately 36,000 MW at nine locations within 7-8 years and help achieve targets for capacity addition.

The National Electricity Policy

The Electricity Act 2003 requires CEA to publish the National Electricity Plan, once in every 5 years and revise the same from time to time in accordance with the National Electricity Policy. This plan serves as a roadmap for optimum growth of the power sector.

The National Electricity Policy aims to achieve the following objectives:

- Availability of electricity for all households in the next five years;
- Power demand to be fully met by 2012. Energy and peaking shortages to be overcome and adequate reserves to be available;
- Supply of reliable and quality power of specified standards in an efficient manner and at reasonable rates;
- Per capita availability of electricity to be increased to over 1000 kwh by 2012;
- Minimum lifeline consumption of 1 unit/household/day as a merit good by year 2012;
- Financial Turnaround and Commercial Viability of Electricity Sector; and
- Protection of consumers' interests.

Transmission and distribution

During the past five decades, transmission network in India has been developed simultaneously with the installed capacity growth. The growth in transmission system is characterised by the physical growth in transmission network (Ckt. Km) and transmission capacity as well as introduction of higher

transmission voltages and new technologies for bulk power transmission. For several decades, the power system in India was operated on regional basis. The existing inter-regional transmission capacity of 11450 MW connects all regional grids (except Southern grid) in a synchronous mode, operating at the same frequency and southern region asynchronously. This has enabled interregional energy exchanges of more than 12 billion Kwh in a year, thus contributing to greater utilisation of generation capacity and an improved power supply position. It is expected to achieve inter-regional capacity of 37150 MW by the end of the 11th Plan (2007-2012).

In addition, the Electricity Act 2003 provides for open access, whereby any generator has non-discriminatory access to transmission lines or distribution systems, and permits the creation of alternative or parallel distribution networks. Private sector investments have been allowed in the transmission sector and foreign direct investment in this sector is being encouraged by the Government.

Status as on 31st October, 2007	
No. of projects sanctioned	571
Total project cost	Rs. 17033.58 cr.
APDRP (GoI) component	Rs. 8720.07 cr.
Total funds released by GoI	Rs. 7124.61 cr.
C/Part drawn from FIs	Rs. 4836.49 cr.
Total fund utilised	Rs. 11279.50 cr.

### Budget measures (2008-09)

- Fourth UMPP at Talaiya to be awarded shortly; Chhattisgarh, Karnataka, Maharashtra, Orissa and Tamil Nadu urged to bring five more UMPPs to the bidding stage by extending the required support
- Rajiv Gandhi Grameen Vidyutikaran Yojana to be continued during the Eleventh Plan period with a capital subsidy of Rs 280 bn; allocation of Rs 55 bn for FY09
- Rs 8 bn to be provided for Accelerated Power Development and Reforms Project (APDRP) in FY09
- Proposal to set up a national fund for transmission and distribution (T&D) reform in the power sector
- Coal distribution policy and appointment of a coal regulator to bring regularity to the process of coal production and pricing
- Exemption from 4% additional duty of customs has been withdrawn on power generation projects (other than

### Transmission & Distribution losses

Transmission & Distribution losses in the Indian electricity sector are very high as compared to those in developed countries (6-11%). Due to lack of adequate investment in the T&D sector, the T&D losses in India were consistently higher than average. The reduction of these losses is essential to bring economic viability to the entire transmission and distribution system. AT&C loss captures technical as well as commercial losses in the network and is a true indicator of total losses in the system.

### Accelerated Power Development and Reforms Programme

The Accelerated Power Development Reforms Programme (APDRP) was launched in 2002-03 for implementation in the 10th Plan, as additional central assistance to the states for strengthening and up gradation of sub-transmission and distribution systems of high-density load centres like towns and industrial areas. The main objectives of the programme were to reduce AT&C loss, reduction of commercial loss and to improve quality and reliability of supply.

mega power projects), transmission, sub transmission and distribution projects, and specified goods for high voltage transmission projects

- Parent company allowed to set-off the dividend received from its subsidiary company against dividend distributed by the parent company; provided that the dividend received has suffered DDT and the parent company is not a subsidiary of another company

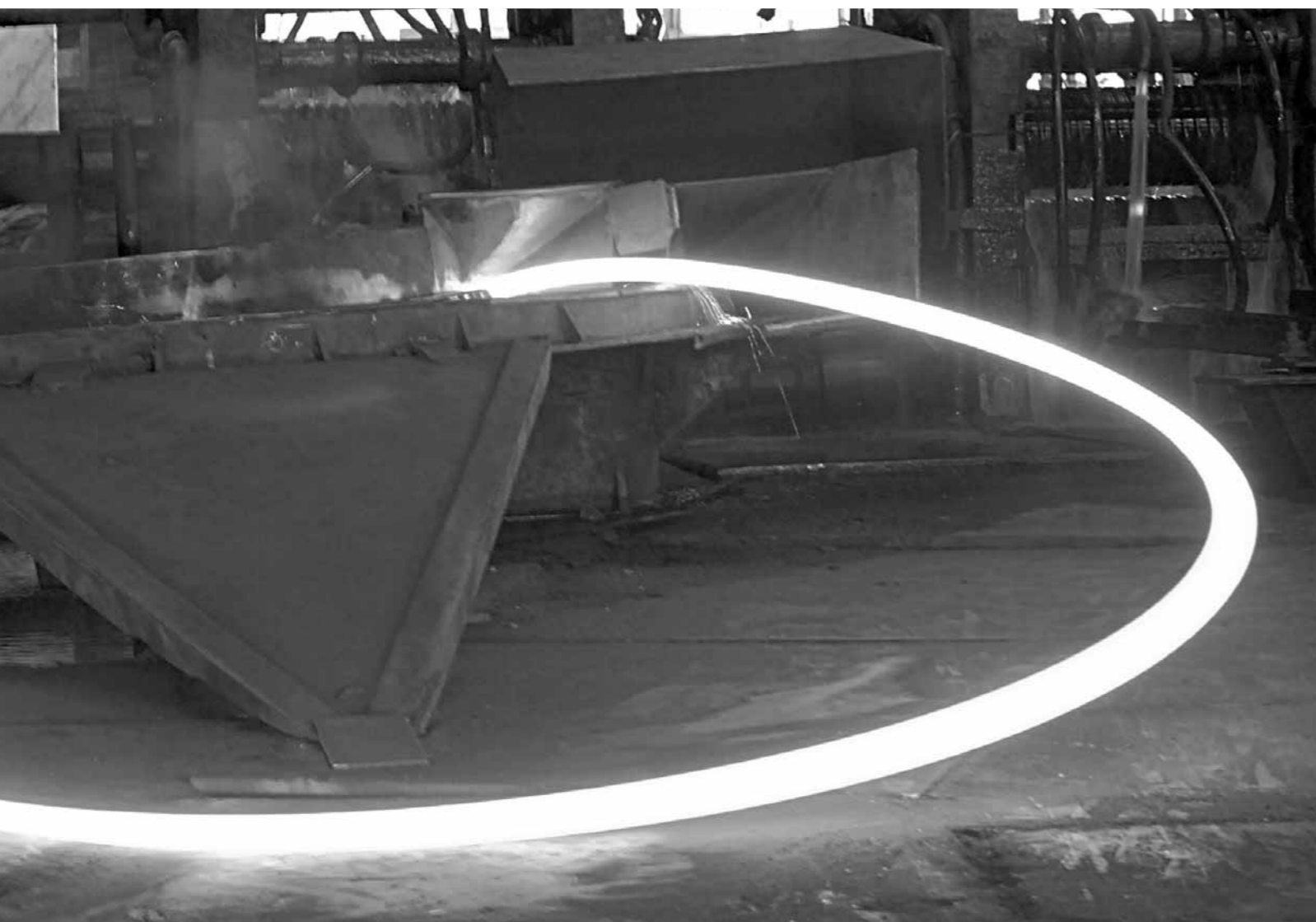




## Construction sector

Accounts for 30% of the Company's total revenue



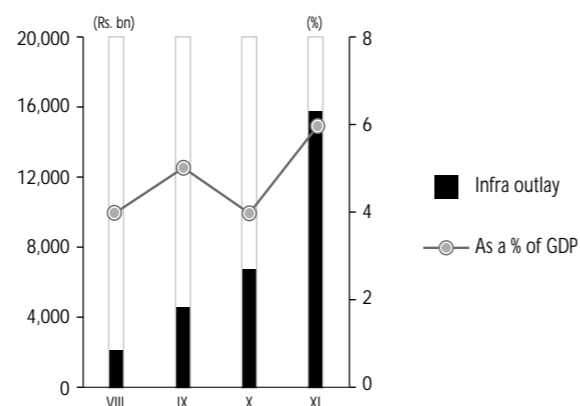


RIL's products are used in the Railways (stranded wires), Water Management (gabion wire to protect the land slide in hilly areas), Defence (barbed wires used to protect the borders of the country, for fencing the factory premises etc.), Roads and Bridges (mesh wire, LRPC wire), etc.

Infrastructure is the basis of economic activity. India's annual GDP growth could be 2 percentage points higher but for the shortcomings in its infrastructure.

**Infrastructure remains the top priority**

**Plan wise spend on Infrastructure**



## Sectoral snippets



### Roads

Length	3.3 mn km
National Highways	65,600 km
FDI limit	100%

#### Key policies & projects

**National Highways Development Program (NHDP):** A Mammoth Government initiative to upgrade and strengthen the national highways spread over seven phases.

Other Initiatives include the 165km Taj Expressway and the 1047km Ganga Expressway.

India's prospective growth hinges on a crucial prerequisite, though: a rapid improvement in the quality and quantity of highways in the road network. For this reason the Indian government has launched an extensive investment project called the National Highway Development Programme (NHDP). The NHDP, which provides for a total investment volume of

around Rs. 2300 bn (USD 55 bn) up to the middle of the next decade, consists of various sub-projects. The most important one is to upgrade the Golden Quadrilateral to become a four-lane dual carriageway, a project which – although roughly two years behind schedule – is nearing completion. This will significantly improve the almost 5,850 km of highway linking four main cities and business centres, i.e. Delhi, Mumbai, Chennai and Kolkata. Furthermore, a north-south and an east-west corridor are to be four-laned by about 2009. The total project covers about 7,300 km and the costs of these two road-building projects alone run to approximately Rs. 524 bn (USD 12.5 bn).



### Railways

Length	63000 km
Revenue-earning traffic	726 MT
Passenger Traffic	6400 mn
Operating Ratio	78%

#### Key policies & projects

**The dedicated freight corridor (DFC)** linking the four major metros is a flagship project, covering 2700 route km, at a cost of US\$4.7bn.

Rail traffic will probably be given a major boost by the admission of private-sector companies to the container segment. This is a growing market segment anyway, and meanwhile the authorities have issued 14 operating permits to domestic and foreign companies. Additional measures to improve rail infrastructure will include, among others, further electrification of the network (objective of the 11th FYP: 3,500

km, compared with 1,800 km during the 10th FYP), a doubling of the tracks on heavily used routes (approximately 3,300 km), continued harmonisation of track gauges, improvement of the connections linking ports, Special Economic Zones (SEZs) and other transport hubs with the railway network, modernisation of railway stations in India's major cities (e.g. Delhi, Kolkata and Mumbai), and construction or expansion of freight terminals. There are also plans for extensive investments in rolling stock. The total earmarked funding in the 11th FYP comes to around INR 2.3 tr (USD 55 bn). This seems very ambitious, especially since the investment sum is nearly three times the amount in the 10th FYP.



## Airports

Passengers Carried	91 mn
Aircraft movement	1.1 mn
Cargo Traffic	1.4 mn
Pax Load Factor	72%
FDI	49%

### Key policies & projects

The on-going modernisation of the 4 metro Other ongoing initiatives include the modernisation of 35 non metro airports, construction of 7 greenfield airports and 3 airports in the north-east.

Given the hitherto positive experience with PPP projects in the airport segment, other greenfield airports are to be built

in Goa, Pune, Navi Mumbai, Nagpur (as a central hub for freight traffic) and Greater Noida. Around 80 other small airports are to be expanded in part and/or modernised over the coming years. The public funds needed for these projects are estimated to run to INR 400 bn (USD 9.5 bn) up to 2010 alone. An additional INR 300 bn (USD 7.1 bn) or more is expected from private sources.



## Ports

12 major ports and 187 minor ports

Cargo Handled	464 MT
Port Capacity	737 MT
FDI	100%

### Key policies & projects

The National Maritime Development Policy (NMDP): aimed at improving hinterland connectivity and encouraging PPP The Sagar Mala program

As per the Ministry of Shipping, Road Transport and Highways estimates, the traffic at ports in India is expected to increase to 1,009 million tonnes per year by fiscal 2012 and 1,225

million tonnes per year by fiscal 2014 from the current 649 million tonnes per year in fiscal 2007. The additional capacity expected to be built by fiscal 2012 is approximately 763 million tonnes.





# Ramsarup Ver. 2.0

The world is shrinking. The opportunities are no longer regional. The benchmarks are no longer national. Survival is no longer the ultimate driver of any business...

Thus the spirit of growth has enabled us unveil our new improved version – with a global vision, with a refined business focus and a larger scale coupled with the power of upstream and downstream integration.

In the following pages, we introduce the factors that make us a notch ahead of our previous version. We discuss how these new initiatives will empower us to shape up our future and attain our vision.

**Ramsarup Ver. 2.0 has arrived...**

# From here to everywhere



**Ramsarup Ver. 1.0** – purchased billets and produced TMT bars and purchased wire rods to produce wires

**Ramsarup Ver. 2.0** – will purchase iron-ore and produce wires and wire products

Integration has been shaping our future. From low cost to better quality. From downstream presence to higher margins. From expertise to self-sufficiency.

We have been investing consistently in our integration plans and are fast emerging as a producer of infra-steel power products, with presence across the mine-to-market horizon. Currently, we have been working on setting up the missing links in our production process – an additional MBF, DRI, CFBC power plant and wire rods mill.

### Integration from iron-ore to steel billets

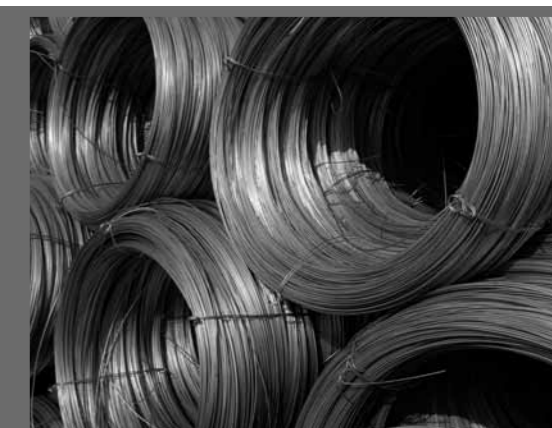
○ Billets are the most important input for us. The quality of billets determines the quality of the final output, i.e. TMT and wires. As a group initiative, we embarked on setting up an integrated steel plant in Kharagpur, West Bengal under the aegis of Ramsarup Lohh Udyog Limited (RLUL), a group company with a view to produce billets from iron ore, using DRI+MBF-EAF route. The Kharagpur unit is currently

producing pig iron and the total integration is expected to complete in the next financial year.

- Once the project was started, to unlock the potential value of the company, we initiated the merger of RLUL into us, w.e.f. 1st April, 2007. The merger has been approved by the Honourable High Court, Kolkata.
- Complete integration will ensure reduced dependence on outside parties for quality inputs, consistent availability of captive power, approval and eligibility for carbon credit under CDM projects.
- We are also setting up a billet-caster to produce high quality billets from EAF.

### Key benefits from RLUL merger

- Our fund raising capacity has improved to further the expansion plans and will provide enhanced financial growth prospects
- Increased liquidity for all our shareholders and wider and more secular domestic shareholder base
- We have gained the stability of an integrated company, which will insulate us from the cyclical nature of the steel business
- Post merger, we have operations across the entire product value chain i.e. from iron-ore to steel wires and transmission and distribution solutions
- Enhanced earnings through the effect of synergy and economies of scale
- Considerable reduction in documentation and operational formalities
- Benefit will accrue from the combined reserves, other assets, manpower and cash flows of the two companies.
- RLUL's Kharagpur project has been declared as a mega project by Government of West Bengal, and as a result, qualifies for many fiscal incentives and CDM benefits.



**Integration till iron ore**

The Ramsarup Group, acquired Balasore Minerals thereby extending its presence to the mining activities. Balasore Minerals has iron ore, limestone and dolomite mines in the eastern state of Orissa and the acquisition will ensure long-term supply of raw material to the company.

**Wire rod mill to ensure total integration from steel billets to wires**

The last chapter in the total integration process, remains the wire-rod mill. We are envisaging a wire rod mill set-up with a capacity of 0.8 mn, to produce wire rods for captive consumption as well as a source of revenue. This wire rod mill will have the latest technology, to ensure production of a better quality of wire rods and thereby ensuring production of value-added wire varieties.

**Integration of products and services**

With the presence across the entire chain, starting from iron-ore mining to billets to wire production, we would be able to derive higher weightage for our services like laying of transmission lines and other infrastructural projects. Since the two most key products – TMT and wires would be produced by us at a lower cost; our ability to command better pricing and derive higher margins would be enhanced substantially.

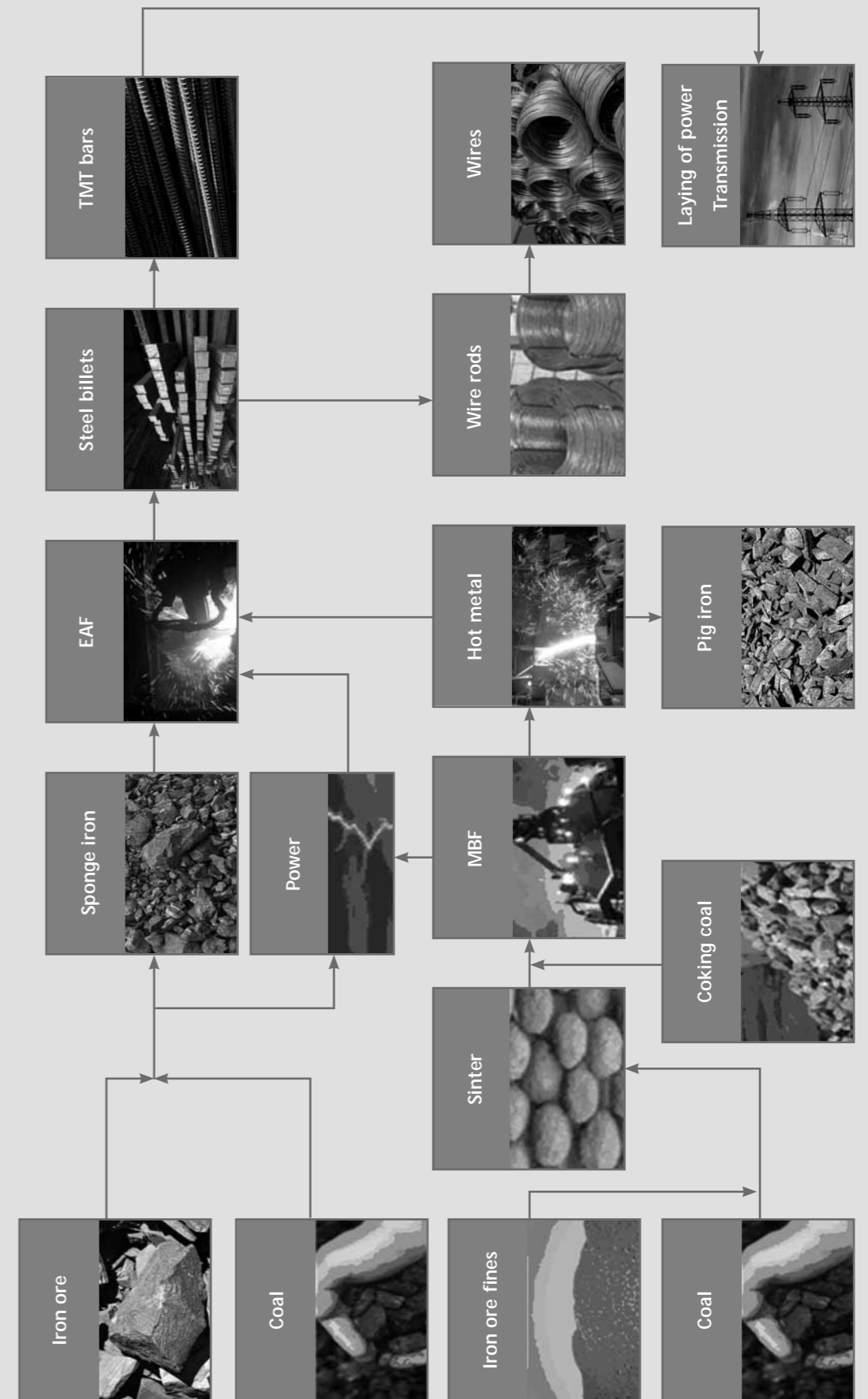
**Power**

We have invested in captive power. The 20 MW waste heat recovery based power plant has got registration under UNFCCC for carbon credits. We also envisage setting up a char fuelled bed captive (CFBC) power plant.



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**From iron ore to laying of transmission lines - integration at Ramsarup**



# From big to large

Ramsarup Ver. 1.0 - 2nd largest producer of steel wires manufacturer in India

Ramsarup Ver. 2.0 – among the top 10 wire and wire products manufacturers in the world.

Capacities, hold the key for a sustainable growth. A large capacity doesn't only reduce cost but also allow reasonable production flexibility. As a result, we at Ramsarup have been enhancing capacities across business verticals – right from the raw materials to the end products.

## Wires

Presently, our wire manufacturing capacity is 288000 TPA, of which wire drawing, galvanised and Low resistant pc wire capacities consist 149000 TPA, 84000 TPA and 55000 TPA respectively. We intend to increase our capacity in the value-added products segment like LRPC strand wires, single line LRPC wires and wire products, taking the existing capacity to 60000 TPA in next couple of years and thereby emerging as one of the largest wire and wire products manufacturers in the world.

During 2007-08, we installed our LRPC wires capacity, conforming to world-class standards, of 55000 TPA. This capacity would enable us to meet the demand driven by the sustained infrastructural spend in India, in the coming years. We have also placed the orders for setting up of Single line LRPC wire mill, having a total capacity of 36000 TPA.

We would also be adding 45000 TPA capacity for Electro Plating wire, in our Durgapur plant. Our foray into the plating line would enable us to produce wire products like spring wire, plated wire, steel fibre, chain link, welded mesh, etc.

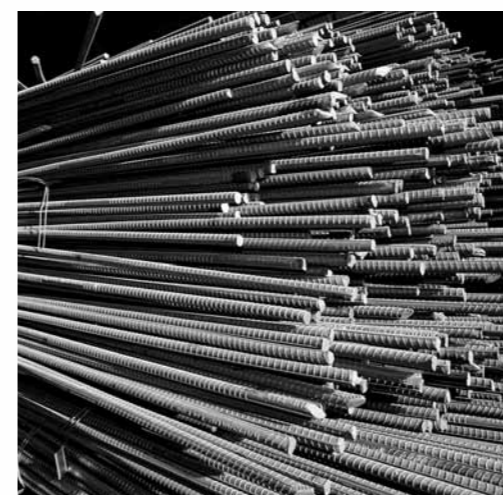
## TMT bars

We completed the expansion of our TMT bars capacity at our Shyamnagar unit, in 2006-07 taking the total capacity to 167000 TPA. With the expansion, we have emerged among the largest manufacturers of TMT bars in eastern India.

During the year under review, our capacities were utilised to the extent of 70% and in 2008-09, our focus would be to increase our utilisation to the extent of 90%. We expanded our corporate customer base, adding prestigious companies to our clientele.

## Services segment

We have extended our presence, in laying of transmission lines and execution of infrastructural projects. During 2007-08, we focussed on executing quality projects in terms of value and not solely volume. As a result, we participated in various tenders. We increased the team size of our services division during the year, reflecting our focused approach to the opportunities in the business. We also extended our presence outside West Bengal, for executing projects in states like Rajasthan and Bihar.



# From more to many

Ramsarup Ver. 1.0 – produced wires, TMT bars and forayed as a service provider in infra-power sector

Ramsarup Ver. 2.0 – one stop shop for all infra-power steel sector products and services



Adding value to business starts from adding value to products. Till now, we have been successful in de-commoditising our products, through customisation and impeccable service. The time has come to redefine product focus. From customisation to value-addition. From commodities to specialised products. From unbranded to branded.

### The rationale

We serve a large number of customers with diverse needs through our existing products and services. With the rapid increase in spend and scale in the infra-power sector, demand for value-added products are on the rise. As a result, we are expanding our product base in specific verticals, to benefit from the existing and prospective opportunities. Moreover, with an existing set of best in class customers, the demand for these products remains strong and evident.

### LRPC strands

Low resistance pre-stressed concrete (LRPC) wires are used in construction of pre-stressed concrete girders for roads, river & railway bridges, flyovers, pre-stressed atomic reactor domes, slabs, silos, hangers, aqueducts, high-rise buildings and railway sleepers. Globally, LRPC wires are used for construction activities, as they ensure minimisation of the structure size, reduced loss of relaxation at higher temperature, lower material consumption, lighter and yet superior quality of output as compared to normal-relaxation PC wires.

### Single line LRPC

This grade of LRPC wires are used globally in semi-heavy construction activities. We would be the first company in India to initiate the manufacture of this wire grade.

### Hose wires

Hose Wire is a brass coated steel wire, used for reinforcing high pressure hose. A hose wire product is normally identified by the nominal diameter and tensile strength. It is used in radial tyres for truck, buses and plane. It is also used in large quantities to produce steel tyre cords.

### Branded wire products

While the branded TMT segment has taken off in India in a big way, the branded wires segment is still at an initial stage. This has made us focus on two major opportunities – one, the branded wires and two – branded wire products. Our customers purchase our wires and convert it to their own use. We have been focussed on producing and branding our wire products, to ensure a brand-premium, guarantee for better quality and in the process garner a higher share in a still-unorganised market. As an initiative, we launched products like mesh wire, H.B. wire, earth wire, bright spoke wire, umbrella rib wire, etc. in retail quantity, under Ramsarup brand of wires. In the coming years, we would introduce new wire products under the brand.

### Other value-added varieties

We also intend to produce wire products like tyre cords, staples, chain links, steel fibres, wire nettings, wire meshes, etc. We have been developing the scale and technology, to produce a wide range of wires and wire products, with adequate flexibility and customisation, for serving a large number of uses and customers.

Existing products	Proposed products
H.B. Wires for Nails	Tyre Cord
Galvanised Wires (Hot Dipped and Electroplated)	Staple Wire
G. I. Stay Wire	Hose Wire
G. S. Earth Wire	Patented Wire
ACSR Core Wire	Phosphate Coated Wires
Cable Armour Wires (Rounds / Flats)	Rope Wires (Black and Galvanised)
Bright Spoke Wire	LRFC Single Wire
Shutter Spring Wire	Staples
Spring Steel Wire	Steel Fibres
Telegraph Wire	Gabions
Umbrella Rib Wire	Wire Nettings
Chain Link Wire	Wire Mesh
Cotton Balling Wire	
Gabion Wire	
P. C. Wire (Normal Relaxation)	
LRFC (7 Strands)	

# Management discussion and analysis

## Indian economy

The Indian economy has been upward bound. Indian GDP has clocked an impressive growth of 8.73 percent, during the year 2007-08. For the growth rate to sustain, the focus on infrastructure forms a primary pre-requisite. As a result, the Government has intensified its activities to fund and develop large scale infrastructure projects. Wire industry, is expected to be a major beneficiary, to the thrust on large scale infrastructure projects.



## Wire industry

### Global overview

Steel wire industry is closely linked to the infrastructural development of any country. The major consumers of steel wires and wire products are railways, electricity boards, construction sector and automobile industry.

Globally, the industry is much unorganised, with the big players concentrating on the wire rods segment and the smaller players involved with the manufacture of wires and wire products. Globally, steel wires consumption account for about 5% of the total steel production of 1.3 bn tonnes. North America, Europe and South East Asia each account for approximately 25% of the global demand for the steel wires.

### Indian overview

The wire consumption in India has traditionally been lower at about 1.6 mn tonnes, about 3.2% of the total Indian steel production. With the growing economy, the demand for wires/ value added wire is expected to increase and reach the level of global consumption. The Government of India has projected the production of over 240 million tonnes of steel by 2019-20. Therefore, if one expects the steel wires account for about 5% of the total pie, the total market for steel wires would account for 12 mn tonnes, presenting a huge opportunity to the wire manufacturers.

### Industry outlook

With the increased demands from user industries, the wire and wire products sector in India is expected to witness a robust growth. However, the raw material prices coupled with expected economic slowdown, could consolidate the market space further, as the large and medium players with backward integration would only survive. The remaining would either sell out or shut down. However, the branded value-added wire segment is expected to improve, in terms of market share, in the coming years.

## Merger of Ramsarup Lohh Udyog Limited into the company

Pursuant to the scheme of amalgamation (the scheme) approved by the shareholders and sanctioned by Hon'ble High Court at Kolkata on 30th June 2008, under the provision of the Companies Act, 1956("The Act") of which the certified Order copy dated 18th September 2008 received by the Company, the entire undertaking of RLUL, the transferor company including the integrated steel plant at Kharagpur of which the Mini Blast Furnace (MBF), has commenced commercial production and the other modules namely, the Direct Reduced Iron (DRI) plant, the Steel Melting Shop (SMS), the Captive Power Plant (CPP),

the Air Separation Plant (ASP) and the Sinter Plant are in the capitalisation stage, have been transferred to the company as a going concern, with effect from 1st April 2007 (the appointed date).

## Business overview

Year 2007-08, was an eventful year for Ramsarup Industries Limited (referred as "the Company" hereafter). The focus of the company was largely on expanding capacities, achieving value-addition in terms of products and ensuring long-term vision on the company's business divisions. The year 2007-08, was an upturn year for the steel industry. Some of the major initiatives of the year 2007-08 are:

### 1. Wire division

Wire division constitutes major portion of the company's total revenue. In the year 2007-08, the Company took the following major initiatives:

- a. Thrust on value-added products: In order to ensure better realisations, in the wake of increased cost of raw materials, the Company increasingly focussed on providing value-added products to its customers. The Company's low resistance pre-stressed concrete (LRPC) wires plant at Durgapur, was completed in March 2008. The state of the art plant, has a production capacity of 55000 TPA. Besides, the Company has also planned to produce single line LRPC wire (used mainly for semi-heavy construction and railways), from 2008-09 onwards. The Company is also venturing into the production of other value added wire such as hose wire, spring wire, plated wire, staple wire etc.

## The world of wires

Hard Bright Wire • Galvanised Wire • Ball Bearing Wire  
• Alloy Steel Wire • ACSR Core Wire • Cycle Spoke Wire  
• Lock Washer Wire • Sectional Wire • Tyre Bead Wire  
• Umbrella Rib Wire • Spring Steel Wire • Wire Nail •  
Card & Gill Pin Wire • Piano Wire • Electrode Wire •  
Stainless Steel Wire • Signal Wire • Cable Armouring  
Wire • Rivet Wire • Binding Wire • Needle Wire •  
Netting Wire • Barbed Wire • Pre-stressed concrete  
Wire & Strands • Stitching Wire • Telegraph & Telephone  
Wire • Upholstery Wire • Weld mesh Wire • Staple and  
Pin Wire • Panel Pin Wire • Roping Wire • Animal Shoe  
Nail Wire • Reed Wire • Screw and Nail Wire • Ring  
Traveller Wire • Cold Heading Quality Wire • Stay Wire  
Hair Pin Wire • Bolt Wire

*The Company also fared well in its service divisions (laying of transmission lines and turnkey projects). With increased thrust on power sector and construction industries, the Company is confident of bagging greater orders in the coming years.*



- b. Focus on branded wire products: Internationally, the wire manufacturers produce and market their wires under various product-specific brands. This approach enables them to ensure maintenance of margins even in wake of increased cost of raw materials. In India, branded wire sales are at a nascent stage, with very few players floating product-specific brands. The Company has initiated plans to introduce product specific brands and thereby enhance the realisations.

## 2. Infrastructure division

- a. Laying of transmission lines: The Company continued to implement order for laying of transmission lines in Rajasthan. The project is expected to complete within the current financial year.
- b. Fencing: The Company won the contract for fencing a 42 km stretch in the Indo-Bangladesh border. A major part of this Rs. 28 cr. project was completed till 31st March, 2008 and the remaining is expected to complete in the current financial year.
- c. Sewerage line: The Company also participated and awarded the contract worth Rs. 44 cr. for laying of sewerage lines in Kishangarh and Mount Abu, during the current financial year.
- d. Other projects: The Company bagged a Rs. 11 cr. contract from the Sunderban authority, for the construction of a bridge. Besides, it also bagged a Rs. 11 cr. contract, for the construction of a railway bridge at Rampurhat.

## 3. Exports

The Company's total exports increased by 39.58% to Rs. 99.72 cr. Exports as a proportion to the total revenues accounted for 5.03% in 2007-08. The Company exported its wires, TMT bars and pig iron to neighbouring countries and Africa.

## Operational overview

The Company registered 39.75% increase in the total revenues, from Rs. 1306.06 cr. in 2006-07, to Rs. 1825.28 cr. in 2007-08. Earnings before interest, depreciation and taxation allowance (EBIDTA) increased by 71.87% from Rs. 94.02 cr. in 2006-07, to

Rs. 161.59 cr. in 2007-08. The Company registered a profit after tax of Rs. 61.98 cr. in 2007-08, up by 42.29% from Rs. 43.56 cr. in 2006-07. The Company's EBIDTA margins increased by 166 bps from 7.20% in 2006-07, to 8.85% in 2007-08. The margins were under pressure on account of increased steel prices. However, the same was countered by increasing the realisation per tonne of wires and TMT bars. As a result, the Company was able to retain its margins. The PAT margins also improved marginally by 5 bps from 3.34% in 2006-07, to 3.40% in 2007-08.

During the year, the Company's total wire production (including wire drawing, galvanised and LRPC wires) increased by 15.08% from 197916 MT to 227766 MT. The Company's LRPC plant was operational for one month, post its installation. The realisation per tonne for the wires increased considerably on account of higher value addition coupled with growing demand.

The Company produced 117640 MT of TMT bars in 2007-08 as against 73451 MT in 2006-07. The capacity utilisation of the plant was 70%, which is expected to touch 90 % in 2008-09.

The Company also fared well in its service divisions (laying of transmission lines and turnkey projects). With increased thrust on power sector and construction industries, the Company is confident of bagging greater orders in the coming years.

The steel making division at Kharagpur, produced 128989 MT of pig iron in the very first year of its operations. The unit operated for 10 months and operated at 59 % capacity utilisation during the year under review.

## SWOT analysis

### Strengths

- Will be an integrated player post the merger with Ramsarup Lohh Udyog Limited (RLUL)
- Large capacities in wires and TMT
- A reputed clientele
- Approved vendor of PGCIL
- Vast product portfolio
- Strong financial and project implementation
- Focussed and experienced management

### Weakness

- Lower penetration in the exports market

### Opportunities

- Government thrust on infrastructure
- LRPC wires and branded wire segment
- Laying of transmission lines
- Single line LRPC, hose wire for tyre beads and branded wires

### Threats

- Economic slowdown would impact the infrastructure spending
- Inflation can lead to cap on end product prices

## Human resources and industrial relations

Good employees, make a great company. The growth and sustained leadership of the company is largely a function of the competence and quality of its human resource. Ramsarup has always aimed to create a workplace where every person can achieve his optimum potential. The Company has a performance-rewarding culture throughout, enabling it to create leaders out of its own employees. The Company has also undertaken various training and development initiatives to hone the skills and expertise of its people.

The Company's employee base has an average age of 35 years highlighting a great blend of youth and experienced. Being into diversified businesses, the Company empowers the inter-departmental and inter-unit movement within deserving individuals, ensuring better retention of talent and at the same time providing newer avenues to its employees. As a result, the Company's attrition rates are nearly nil at the senior management level.

### Ramsarup's HR policy

- To treat each employee with dignity and respect
- To encourage their career growth
- To promote corporate leadership through collective leadership

- To compensate on performance-basis
- To encourage higher levels of transparency across the organisation

The Company enjoyed cordial industrial relation throughout the year under review.

## Internal controls

The Company has an adequate system of internal controls to safeguard and protect from loss, unauthorised use or disposition of its assets. All transactions are properly authorised, recorded and reported to the management. The Company is following all the Accounting Standards for properly maintaining the books of accounts and reporting of financial statements. The Company has a full-fledged Internal Audit department and has also appointed external Internal Auditors to review various areas of the operations of the Company. The audit reports are reviewed by the management and the Audit Committee of the Board periodically.

## Risks and concerns

The Company is exposed to normal industry risk factors of competition, economic cycle and uncertainties in the international and domestic markets and credit risk. Your Company manages these risks, by maintaining a conservative financial profile and by following prudent business and risk management practices.

## Outlook

The Company has entered the next level and the strengths of integration, raw material sufficiency, wide product range and upcoming expansion are expected to catapult it into the global arena. The Company expects to emerge among the top ten wire and wire product manufacturers globally, with an estimated capacity of 600000 MTPA. Besides, the Company is also confident of doing well in construction and services sector, where the Company been able to carve a good reputation in a short time.

# Directors' report

## Dear members,

We take great pleasure in presenting the 29th Annual Report along with the audited statement of accounts of Ramsarup Industries Limited (referred to hereafter as the 'Company'), for the financial year ended 31st March, 2008.

### Performance of the Company

The performance highlights of the Company during the financial year ended 31st March 2008 are as follows:

Particulars	2007-08	2006-07
Sales/contract receipts	1825.28	1306.06
Profit before Interest, Depreciation and Tax	161.59	94.02
Less: Interest	43.01	21.12
: Depreciation (net of transfer from Reserve)	22.43	11.34
Profit before Tax	96.15	61.56
Provision for – Current tax	13.50	19.55
• Deferred tax	19.25	(1.63)
• Fringe Benefit tax	0.21	0.08
• Tax for earlier years	1.21	-
Profit after Tax	61.98	43.56
Add: Balance brought forward from previous year	0.46	0.14
Profit available for appropriation	62.44	43.70
Which we recommend to appropriate as follows:		
Transfer to General Reserve	50.78	39.00
Interim Dividend – Equity	-	2.62
Proposed Dividend – Preference	0.19	0.19
– Equity	7.02	0.88
Tax on Dividend	1.22	0.55
Surplus carried to next year	3.22	0.46
	<b>62.44</b>	<b>43.70</b>
Cash Profit	84.41	54.90

*"The year 2007-08, witnessed a commendable performance, foretelling an optimistic future for the Company. The Company generated robust growth from its existing business, amidst implementing ongoing projects and meeting deadlines."*

### Dividend

Your Directors have recommended a final dividend of 20% i.e. Rs. 2 per equity share, for the financial year ended on 31st March, 2008. The dividend distribution would result in a cash outflow of Rs. 8.24 cr (including tax on dividend of Rs. 1.22 cr) as against Rs. 4.24 cr (including tax on dividend of Rs. 0.55 cr) in the previous year.

The Directors have also recommended Dividend @ 5% on Preference Share Capital of Rs. 1,30,00,000/- consisting of 13,00,000 Preference Shares of Rs. 10/- each and @ 4% on Preference share capital of Rs 3,16,00,000/- consisting of 31,60,000 Preference Shares of Rs. 10/- each, for consideration of the shareholders in the ensuing Annual General Meeting.

### Performance

The year 2007-08, witnessed a commendable performance, foretelling an optimistic future for the Company. The Company generated robust growth from its existing business, amidst implementing ongoing projects and meeting deadlines. In spite of consistent hike in steel prices, being a major raw material, the Company successfully maintained its margins. The year under review was marked by venturing into brand-building and value-added varieties of wires. The divisional highlights are discussed in details in the Management Discussion and Analysis section, forming part of this report.

### Some of the performance highlights of your Company, for the year under review are given as under:

- Domestic sales and exports of the Company grew by 39.76% and 39.58% respectively in 2007-08, as compared to the previous year. As a result, the total turnover of the Company increased by 39.75%.

- Operating profit of the Company grew by 71.87 %, to Rs. 161.59 cr against Rs. 94.02 cr for the previous financial year.
- Profit before taxation increased by 56.19%, i.e. Rs. 96.15 cr in 2007-08 against Rs. 61.56 cr in the previous financial year.
- Profit after tax (PAT) increased by 42.29%, to Rs. 61.98 cr against Rs. 43.56 cr in the previous financial year.
- Cash profit of the Company surged by 53.75%, to Rs. 84.41 cr in 2007-08 against Rs.54.90 cr in the previous financial year.
- EBIDTA margin increased to 8.85% in 2007-08 against 7.20% in the previous financial year.

Keen operational efficiency and focus was one aspect in registering a promising performance; the other aspects were increased realisations of wires and TMT bars. Global steel industry witnessed a surge in raw material prices during the year under review, on account of higher demand with advent of new capacities throughout Asia. Due to the roaring demand trend ongoing in the power and infrastructure sector, the Company was successful in passing the increase in material cost to its clients to sustain margins.

### Merger

In order to integrate its operations, the Company's Board approved the merger of Ramsarup Lohh Udyog Limited (RLUL) with itself. The merger came into effect retrospectively from April 1, 2007. Share swap ratio has been fixed at 10 equity shares of Ramsarup Industries Ltd for 25 equity shares of RLUL. This merger would enable the Company to achieve integration (from iron-ore to transmission and distribution activities).

### Industrial relations

Your Company has maintained cordial industrial relationships throughout the year. The Board recognises its appreciation

*"CARE maintained 'PR1' rating for the Company's Commercial Paper/ Miber Linked Fund/ Short-Term Debt up to Rs. 120 cr by earmarking the bank limit during the year."*

for the endeavour of its employees to increase its capacity utilisation and operational efficiencies.

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

The information required under the 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 continued to implement and find ways to conserve energy, avoiding any unnecessary operation and wasteful practice.
- Shutting down all electrical equipments 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: The Research and Development activity is an ongoing activity in the organisation and your Company has put proper thrust on this activity throughout the year.
- Technology absorption, adaptation and innovation: In-house development of technology has taken place continuously.

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

The relevant information is 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. K. M. Lal, Director of the Company, retires by rotation and, being eligible, offers himself for re-appointment.

### **Directors' Responsibility Statement**

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanations relating to the material departures.
- Appropriate accounting policies have been selected and applied consistently and adjustments were made and prudent and reasonable estimates were calculated, so as to give a true and fair view of the state of affairs of the Company as on 31 March 2008 and the profit of the Company for the year ended 31 March 2008.
- Proper and sufficient care has been taken to maintain the 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 the fraud and other irregularities.
- 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, Bombay

Stock Exchange Limited (BSE), P.J. Towers, Dalal Street, 25th Floor, Mumbai 400 001 and National Stock Exchange of India Limited (NSE), Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai 400 051.

#### **Corporate Governance**

The Board of Directors of the Company has taken all the 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 the 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 maintained 'PR1' rating for the Company's Commercial Paper/ Miber Linked Fund/ Short-Term Debt up to Rs. 120 cr by earmarking the bank limit during the year. The Company was also assigned 'A' rating under Basel II norms.

#### **Appreciation**

Your directors would like to express their gratitude, for the ever-increasing support and co-operation received from the 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 years under review.

At this point, we would like to place on record our sincere appreciation of the total commitment, dedication, tireless efforts and continuous endeavour put in by the employees at all levels of the organisation.

For and on behalf of the Board of Directors

**Ashish Jhunjhunwala**

*Chairman and Managing Director*

Place: Kolkata

Date: 30th September 2008

# Report on corporate governance

Corporate governance is characterised by a style of leadership set by the Board of Directors and the degree of co-operation existing between Board and senior management. It also includes employment of competent employees, efficient structure, systems, and processes to manage and monitor the performance of the organisation including management, communication and accountability to all stakeholders. The core principles of corporate governance as laid down by the Organisation for Economic Co-operation and Development (OECD) advisory group on which the structure of corporate governance is built are fairness; transparency; accountability; and responsibility. In addition, there are set of guidelines and rules which define the codes of standards with particular bearing towards protecting the interest of diverse stakeholders and to redefine business goals in such a way that business becomes socially more relevant.

## CORPORATE GOVERNANCE AT RAMSARUP

Your Company is committed of maintaining the highest standards of corporate governance in its dealings with its various shareholders. It is an integral part of the Company's core values, which include transparency, integrity, honesty and accountability. Your Company follows the philosophy of working towards the creation of wealth by enhancing the value of shareholders, meeting the needs of customers and employees and the community at large.

The Company attaches great importance to investor relations. With a view to enhance shareholder participation in corporate affairs, the Company follows the policy of keeping its shareholders informed by putting up relevant information on its corporate website [www.ramsarup.com](http://www.ramsarup.com), by issuing public notices of meetings and informing Stock Exchanges of new developments from time to time.

The Company's core values are based on qualities, respect for the laws and compliance thereof and a caring spirit towards its profile. The Company strongly believes that Human Resources are the best drivers for the growth of the organisation.

Our corporate governance philosophy is based on the following principles:

- Satisfy the spirit of the law and not just the letter of law, corporate governance standards should go beyond the law.
- Be transparent and maintain a high degree of disclosure levels. When in doubt, disclose.
- Make a clear distinction between the personal convenience and corporate resources.
- Communicate externally, in a truthful manner, about how the company is run internally.
- Have a simple and transparent corporate structure driven solely by business needs.
- Management is the trustee of the shareholders' capital and not the owner.

## BOARD OF DIRECTORS

The total number of Directors on the Board as on 31st March, 2008 comprises 7 Directors, out of whom two are Executive Directors and five are Non-Executive Directors (NEDs) who bring in a wide range of skills and experience to 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 on more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director. The Directors have made the necessary disclosures regarding Committee positions. The Company has constituted/reconstituted the Board/Committee to make it in alignment to clause 49 of the Listing Agreement.

The day to day management of the company is conducted by the Chairman & Managing Director subject to the supervision and control of the Board of Directors and he is being assisted by a Whole time Director.

a) The composition of the Board as on 31st March 2008 was as under:

Name of the Director	Business Relationship	Category of Directorship	No. of Directorships in other Public Ltd. Companies (*)	No. of Memberships of Committees (**)	
				Chairman	Member
Mr. Ashish Jhunjunwala	Chairman Cum Managing Director & CEO	Executive	4	-	-
Mr. Naveen Gupta	Whole time Director & C.F.O.	Executive	3	-	-
Mr. K.M. Lal	Director	Non Executive & Independent	6	-	4
Mr. Arvind Poddar	Director	Non Executive & Independent	-	-	-
Mr. Aayush Lohia	Director	Non Executive & Independent	2	-	-
Mr. Bimal Kumar Jhunjunwala	Director	Non Executive & Independent	-	-	-
Mr. Pranab Kumar Das	Director (IDBI Nominee)	Non Executive & Independent	-	-	-

\* Excludes Directorships in Private/Foreign Companies and Companies incorporated U/s 25 of the Companies Act, 1956.

\*\* Represents Membership/ Chairmanship of Audit committee, Committee and Shareholders' / investors Grievance committee of the companies. This does not include membership/chairmanship in committees of Directors of Ramsarup Industries Limited.

b) Number of Board Meetings held and Attendance record of the Director:

The Board meets atleast once in a quarter to consider among other business, the performance of the Company & Financial results.

During the Financial Year ended 31st March 2008, 5 (Five) Board Meetings were held, details of which are as under:

S.N	Date of Meeting	Board Strength	No. of Directors Present
1	14/06/2007	7	4
2	31/07/2007	7	6
3	29/10/2007	7	5
4	28/12/2007	7	6
5	31/01/2007	7	5

c) The attendance of Directors at Board Meetings and in the last Annual General Meeting:

S.No.	Name of the Directors	No. of Board Meeting held	No. of Meetings attended	Whether attended last AGM held on 20-09-2007
1	Mr. Ashish Jhunjunwala	5	5	Yes
2	Mr. Naveen Gupta	5	5	Yes
3	Mr. Arvind Poddar	5	5	No
4	Mr. Aayush Lohia	5	2	No
5	Mr. Pranab Kumar Das	5	5	Yes
6	Mr. Bimal Kumar Jhunjunwala	5	4	Yes
7	Mr. K.M. Lal	5	-	No

## COMMITTEES OF DIRECTORS

Currently, the Board has following committees:

### A) Audit committee

#### Composition:

The Board of Directors of the Company has constituted an Audit Committee of Directors to exercise powers and discharge function as stipulated in section 292A of the Companies Act, 1956, clause 49 of the listing agreements with stock exchanges and other relevant statutory / regulatory provisions. The Audit Committee consists of:

i) Mr. Bimal Kumar Jhunjhunwala	-Chairman	- Non Executive & Independent
ii) Mr. Arvind Poddar	-Member	- Non Executive & Independent
iii) Mr. Aayush Lohia	- Member	- Non Executive & Independent

Mr. Bimal Kumar Jhunjhunwala, Chairman of the Committee is Chartered Accountant by profession. The Company Secretary of the Company acts as Secretary to the Committee.

Term of reference & Scope of the Audit committee shall be in accordance with paragraphs C & D of clause 49 of the listing agreement and include the following:

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

The Committee in addition to above reviews the quarterly (un-audited) financial results, annual accounts before submitting to the Board of Directors.

#### Details of the Audit Committee Meetings

Sl. No.	Date of Meeting	Committee Strength	No. of Members Present
1	10/05/2007	3	2
2	12/06/2007	3	3
3	28/07/2007	3	3
4	24/10/2007	3	2
5	29/01/2008	3	3

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

Name of Audit Committee Member	No. of meetings held	No. of meetings attended
Mr. Bimal Kumar Jhunjhunwala	5	5
Mr. Arvind Poddar	5	5
Mr. Aayush Lohia	5	4

### B) shareholders' / investors' grievances committee:

A shareholders / investors Grievance Committee has been constituted by the Board of Director to monitor the redressal of the shareholders / investors Grievance. The Committee comprises the following members:

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

The Committee reviews the status of complaints received and redressal thereof. The shareholders / investors can register shares related complaints, if any, in the e-mail Id – company@ramsarup.com designated exclusively for this purpose.

Details of complaints received and redressed during the year are as follow:

Nature of Complaints	Received	Cleared
Non receipt of Refund Order	-	-
Non receipt of Dividend warrant	-	-
Other Complaints	23	23
<b>Total</b>	<b>23</b>	<b>23</b>

### C) share transfer committee:

The Board of the company has constituted a Share Transfer Committee. The Board has also delegated the power of share transfer to officers of the Company. 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 for physical and demat segment. 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, 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 Registered office of the Company at "Hastings Chambers", 7C, Kiran Shankar Roy Road, 1st Floor, Kolkata – 700 001. The Company periodically reviews the operations of the share transfer agents and 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.

### D) committee of directors (non mandatory committee)

In addition to the aforesaid committee, the Company has constituted a Committee of Directors. The Board of Directors of the company provides leadership and strategic guidance, while the Committee administers the affairs of the Company's business on a day to day basis. The said Committee comprises of:

1. Mr. Ashish Jhunjhunwala - Chairman cum Managing Director
2. Mr. Naveen Gupta - Whole Time Director & CFO

There were 56 (Fifty Six) Meetings of Committee of Directors during the year.

### REMUNERATION OF DIRECTORS:

The Company has not set up Remuneration Committee, as it is not mandatory. Out of 7 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 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 the Managing Director and Whole time Director for the year 2007-2008 are as follows: -

Name of the Director	Salary (Rs.)	Commission (Rs.)	Retirement Benefits & Perquisites (Rs.)
Mr. Ashish Jhunjhunwala	12,00,000	NIL	NIL
Mr. Naveen Gupta	6,00,000	NIL	NIL
<b>Total</b>	<b>18,00,000</b>	<b>NIL</b>	<b>NIL</b>

The details of remuneration paid to Non-Executive Directors for the year 2007-2008 are as follows:

Non-Executive Directors	Sitting Fees Paid ( Rs. )
1. Mr. Aayush Lohia	6000
2. Mr. Arvind Poddar	15000
3. Mr. Pranab Kumar Das	15000
4. Mr. Bimal Kumar Jhunjhunwala	12000

## GENERAL BODY MEETINGS

Annual General Meeting Details: -

VENUE	FINANCIAL YEAR	DATE & TIME
At the Registered office i.e., Hastings Chambers, 1st Floor, 7C, Kiran Shankar Ray Road, Kolkata 700 001	2004-2005	29.07.2005 at 2.30 P.M
At Gyan Manch, 11, Pretoria Street, Kolkata 700 071	2005-2006	04.09.2006 at 10.00 A.M
At Gyan Manch, 11, Pretoria Street, Kolkata 700 071	2006-2007	20.09.2007 at 10.00 A.M.

No special resolution was passed through postal ballot at the Annual General Meeting. No Special Resolution is proposed through postal ballot at the forthcoming Annual General Meeting.

## Disclosures

- There were no materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, directors or the management, their subsidiaries or relatives etc. during the year, that may have potential conflict with the interests of the Company at large.
- The Board has received disclosures from key managerial personnel relating to material, financial and commercial transactions where they and / or their relatives have personal interest. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large.
- There was no non-compliance during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any statutory authority.

## Means of Communication

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

## General Shareholder Information

- The Annual General Meeting is scheduled to be held on Saturday, 29th November 2008 at 10 A.M. As required under Clause 49 VI (A) of the Listing Agreements with the Stock Exchanges, particulars of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting (AGM) are given in the Annexure to the Notice of the Annual General.
- Financial Calender (Tentative) : Financial Reporting for :-
  - 1st Quarter results – July 2008
  - 2nd Quarter results – Oct. 2008
  - 3rd Quarter results - Jan. 2009
  - Audited yearly result for the year Ended 31st march, 2009 – June, 2009
- Book Closure: From 21st November 2008 to 29th November 2008, both days inclusive.

4. Dividend Payment Date : On or after 29th November 2008 (But within the statutory time limit)

5. Listing on Stock Exchanges :

The Company's Shares are listed on the following 3 (Three) Stock Exchanges in India:

Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers, 25th Floor  
Dalal Street  
Mumbai – 400001.

The Calcutta Stock Exchange Association Limited  
7, Lyons Range  
Kolkata – 700001

National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (East),  
Mumbai – 400 051.

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

7. Stock Code (For Equity Shares)

Bombay Stock Exchange Limited	532690
The Calcutta Stock Exchange Association Limited	10021129
National Stock Exchange of India Ltd.	RAMSARUP

8. 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 Stock Exchange, Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) are given below:

Stock Exchange	BSE			NSE		
	High	Low	No. of shares traded during the month	High	Low	No. of shares traded during the month
2007 April	155.30	128.00	462915	-	-	-
May	164.00	140.00	625590	-	-	-
June	164.90	142.00	597914	-	-	-
July	159.45	138.10	698158	164.70	140.10	177815
August	148.00	128.00	367955	147.75	115.00	169485
September	155.00	138.00	505686	154.90	139.50	261737
October	179.00	130.50	3724729	179.95	120.00	2562119
November	251.00	164.10	2921591	248.90	165.00	2775238
December	280.00	205.10	1646661	278.45	215.35	1826010
2008 January	300.00	168.00	1225765	299.50	162.00	1236169
February	211.35	170.00	314015	211.95	171.30	439140
March	198.00	132.00	292503	189.95	133.05	432208



## 9. Registrars and Transfer Agents

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

## 10. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2008

Sl. No.	No. of Equity Shares held	No. of Folios	No. of Shares	Percentage of shareholding
1.	1 to 500	8815	1088692	6.22
2.	501 to 1000	507	421682	2.41
3.	1001 to 2000	227	346166	1.98
4.	2001 to 3000	89	230891	1.32
5.	3001 to 4000	31	109157	0.62
6.	4001 to 5000	29	133551	0.76
7.	5001 to 10000	52	372029	2.13
8.	10000 & above	58	14802260	84.56
	Total	9808	17504428	100.00

## 11. SHAREHOLDING PATTERN OF EQUITY SHARES AS ON 31ST MARCH, 2008.

Sl. No.	Category	No. of Folios	% of Folios	No. of Shares Held	% of share holding
1.	Promoter Directors Relatives & Persons acting in concert	10	0.10	11691440	66.79
2.	Mutual Funds & UTI	2	0.02	456185	2.61
3.	Banks, Financial Institutions, Insurance Companies	0	0.00	0.00	0.00
4.	FIs	3	0.03	363234	2.07
5.	NRIs/OCBs	124	1.26	81428	0.46
6.	Body Corporate	512	5.22	2021533	11.55
7.	Public	9157	93.36	2890608	16.51
	TOTAL	9808	100.00	17504428	100.00

## 12. NSDL / CDSL / PHYSICAL SUMMARY REPORT AS ON 31-03-2008

S. No.	Holder	No. of Shares	Percentage of shareholdings
1	Physical	25	4395
2	NSDL	7207	12704058
3	CDSL	2576	4795975

## 13. 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 the depository participants (DP) with whom they are having client account for effecting necessary corrections.

## 14. DEMATERIALISATION OF SHARES AND LIQUIDITY:

The Shares of the company are compulsorily traded in dematerialized form and are available for trading under both the depository systems in India-NSDL (National Securities Depository Ltd.) and CDSL [Central Depository Services (India) Limited]. Under 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:

- Instructions regarding bank details which they wish to have incorporated in 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.
- 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.
- Instructions regarding change of address, nomination and power of attorney should be given directly to the DP.
- The Company provides ECS facilities for shares held in electronic form and shareholders are urged to avail of this facility.

The Company's shares are regularly traded on BSE and NSE as is seen from the volume of shares indicated in the table containing market information.

## 15. Number of GDRs /ADRs /Warrants or any convertible instruments outstanding

as on 31st March 2008 : NIL

## 16. Plant Location :

- Ramsarup Industrial Corporation  
Plot 6&7, Block D  
Kalyani Industrial Area, Nadia, West Bengal.
- Ramsarup Utpadak  
68, East Ghosh Para Road, Athpur  
Shyamnagar, 24 Parganas (North), West Bengal.
- Ramsarup Vidyut  
R.S.No. 481,482 and 487, Village : Khori,  
Taluka : Sakri, District : Dhule, Maharashtra

(4) Ramsarup Infrastructure  
1-A-1, Housing Board,  
Jodhpur Road, Pali  
Rajasthan – 304601

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

## 17. 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 & CFO

2.Mr. Gajendra Kumar Singh  
Company Secretary & Compliance Officer  
Tel : (033) - 22421200  
Fax: (033) - 22421888  
Website: Ramsarup.com  
Email :naveen@ramsarup.com  
company@ramsarup.com

## 18. Ramsarup Code of Conduct for Prevention of Insider Trading

### a) For Directors and Senior Management

During the year, the Company has adopted Code of conduct for Directors and 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 Senior Management of the Company. The Board Member 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. Ramsarup Code of Conduct for Prevention of Insider Trading, Inter alia, prohibits purchase / sale of shares of the company by employees while in possession of unpublished price sensitive information in relation to the Company.

## 19. Whistle-blower 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 employees who avail of the mechanism and also provides for direct access to the Chairperson of the audit committee in exceptional cases. We further affirm that during the financial year 2007-08, no employees has been denied access to the audit committee.

## 20. CEO/CFO Certification

As required by clause 49 of the listing agreement, the CEO / CFO certification is provided elsewhere in the Annual Report.

## Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

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

- a. We have reviewed financial statements and the cash flow statement for the year and to the best of our knowledge and belief :
  - i. These statements do not contain any materially untrue statement or omit any fact or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accountings standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by Ramsarup Industries Limited during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We are responsible for establishing and maintaining internal controls for financial reporting in Ramsarup Industries Limited, and we have evaluated the effectiveness of the internal control systems of the company pertaining

to financial reporting. We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.

- d. We have indicated to the auditors and the Audit committee
  - i. significant charges in internal control over financial reporting during the year;
  - ii. significant charge in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein. If any, of the management or an employee having a significant role in the company's internal control system.
- e. We affirm that we have not denied any person access to the Audit Committee of the Company (in respect of matters involving alleged misconduct)
- f. We further declare that all Board members and senior management have affirmed compliance with the Company's Code of conduct for the current year.

Place : Kolkata

Dated : 30th September 2008

**Ashish Jhunjhunwala**

*Chairman cum Managing Director  
& Chief Executive Officer*

**Naveen Gupta**

*Whole -Time Director  
& Chief Financial Officer*

# Certificate from auditors regarding compliance of conditions of corporate governance under 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, 2008, 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 above mentioned Listing Agreement.

No investors' grievance are pending for a period exceeding one month against the Company as per 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

Dated : 30th September 2008

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

*M. No. 11092*

# Auditors' Report

To The Members of

## Ramsarup Industries Limited

1. We have audited the attached Balance Sheet and Profit & Loss Account of RAMSARUP INDUSTRIES LIMITED as at 31st March 2008 and also the Cash Flow Statement for the year ended on that date both annexed thereto (in which has been incorporated the Accounts of Ramsarup Lohh Udyog Ltd also audited by us in accordance with Scheme of amalgamation, refer Note No.2 of Schedule 21). 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.
2. We 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 amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Amendment order 2004, issued by the Central Government of 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 Paragraphs 4 and 5 of the said order to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by the report are in agreement with the books of account;
  - d) In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting standards referred to in section 211(3C) of the Companies Act, 1956.
  - e) On the basis of written representation received from the Directors, and taken on record by the Board of Directors, we report that none of the Director of the Company is disqualified as on 31st March 2008 from being appointed as a Director under Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read together with Significant Accounting Policies and Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2008.
    - ii) In the case of the Profit & Loss Account, of the Profit for the year ended on that date, and
    - iii) 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*

**(CA. P. K. LILHA)**

*Partner*

Place : Kolkata

Dated : 30th September, 2008

M.No.11092

## Annexure to the Auditors' Report

(Referred to in paragraph (3) of the Auditors' Report of even date)

- 1) In respect of its Fixed Assets:-
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) Some of the Fixed Assets have been physically verified by the management during the year in accordance with the 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 physical verification.
  - c) There was no disposal of Fixed Assets during the year.
- 2) In respect of its Inventories:-
  - a) As explained to us the Inventories have been physically verified by the management at the year-end.
  - b) In our opinion and according to the information & explanations given to us, the procedure of physical verification of inventories followed by the management was reasonable and adequate in relation to the size of the Company and nature of the business.
  - c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification of inventories as compared to the book records.
- 3) In respect of the loans, secured or un-secured, granted or taken by the company to/ from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:-
  - a-d) As informed to us the company has not granted any loan, secured or unsecured to companies, firms or other parties covered in register maintained under section 301 of the Companies Act, 1956. Therefore the provision of clause (iii) (b) to (d) of the companies (Auditors Report) order, 2003 (as amended) are not applicable.
  - e) As informed to us the company has taken unsecured loan from one company listed in the register maintained under section 301 of the Act. In respect of the said loan the maximum amount outstanding at any time during the year and the year end balance is Rs 36.00 Lacs.
  - f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions where applicable, are not prima-facie prejudicial to the interest of the company.
- g) The principal amounts, are repayable on demand and there is no repayment schedule. The interest is payable on demand.
- 4) In our opinion and according to the information & explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of Inventory, Fixed Assets & also for the sale of goods. During the course of our Audit no major weakness has been noticed in the internal control system in respect of these areas.
- 5) a) According to the information and explanations given to us, we are of the opinion that the particulars of contract or arrangements referred to in section 301 of the Act, that need to be entered in to the register have been so entered.
  - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees Five Lacs have been entered during the year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6) According to the information and explanation given to us, the Company has not accepted any deposit from the public; therefore the provisions of clause (vi) of paragraph 4 of the order are not applicable to the company.
- 7) In our opinion, the Company has an Internal Audit System commensurate with its size and nature of its business.
- 8) To the best of our knowledge and according to the information given to us, the Central Government has not prescribed maintenance of Cost records under section 209 (1) (d) of the Companies Act, 1956 for any products of the company.
- 9) a) According to the record of the Company, undisputed statutory dues including Provident Fund, Investor Education & protection Plan, Employees State Insurance, Sales Tax, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues have been generally regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding as at 31st March 2008 for a period of more than six months from the date of becoming payable.
  - b) The disputed statutory dues aggregating to Rs 2,193.84 lacs, that have not been deposited on account of disputed matter pending before appropriate authorities as under:

## Annexure to the Auditors' Report

(Referred to in paragraph (3) of the Auditors' Report of even date) (Contd.)

Name of Statute	Nature of Dues	Amount (Rs In Lacs)	Period to which the amount relates	Forum Where Dispute is Pending
West Bengal Sales Tax Act, 1994	Sales Tax	62.03	Various Years from 1994-95 to 1999-00	Appellate & Revisional Board
		1874.14	Various Years from 2000-01 to 2003-04	Additional Commissioner
Central Sales Tax Act, 1956	Sales Tax	59.04	Various Years from 1994-95 to 1999-00	Appellate & Revisional Board
		198.63	Various Years from 2000-01 to 2003-04	Additional Commissioner

- 10) The Company does not have accumulated losses at the end financial year. The company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
- 11) Based on our Audit procedure and on the basis of information and explanations given us, we are of the opinion that the company has not defaulted in the repayment of dues to the financial institution and Banks.
- 12) According to the information and explanation given to us, the company has not granted Loans or Advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion the company is not a Chit fund/ Nidhi/ Mutual Benefit Fund/ Society. Therefore the provisions of clause (xiii) of paragraph 4 of the order are not applicable to the company.
- 14) As informed and explained to us, the company has not dealt/ traded in shares, securities, debentures and other investments during the year.
- 15) According to the information and explanation given to us, there is no guarantee given by the company for the loans taken by others, from Banks or Financial institutions.
- 16) The Company has raised new term loans during the year. The term loans outstanding at the beginning of the year and those raised during the year have been applied for the purpose for which they were raised.
- 17) According to the information & explanations given to us and on overall examination of the balance sheet of the company we are of the opinion that there are no funds raised on short term basis that have been used for long term investment.
- 18) The Company has not made any preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956. In our opinion the price at which shares have been issued to such parties is not prejudicial to the interest of the Company.
- 19) The Company has not issued any Debenture during the year.
- 20) The Company has not raised money by way of public issue during the year.
- 21) In our opinion and according to the information & explanations given to us no fraud on or by the company has been noticed or reported during the year.

For P. K. LILHA & CO.  
Chartered Accountants

Place : Kolkata  
Dated : 30th September, 2008

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

## Balance Sheet as at 31st March, 2008

Amount in Rupees

Schedules	As at 31.03.2008	As at 31.03.2007
<b>SOURCES OF FUNDS</b>		
Share Capital	219,644,280.00	219,644,280.00
Equity Share Suspense (Refer Note 2 , Schedule 21)	175,740,520.00	-
Reserves & Surplus	3,574,728,484.71	1,641,163,250.02
Secured Loans	6,966,354,098.35	1,655,002,699.56
Unsecured Loans	2,102,584,499.70	737,283,346.39
Deferred Tax	270,245,183.66	77,655,945.00
<b>Total</b>	<b>13,309,297,066.42</b>	<b>4,330,749,520.97</b>
<b>APPLICATION OF FUNDS</b>		
Fixed Assets		
Gross Block	1,572,994,279.11	1,019,168,300.94
Since Added	2,491,227,653.13	496,873,569.17
	4,064,221,932.24	1,516,041,870.11
Less : Depreciation	771,406,750.51	538,069,164.52
Net Block	<b>3,292,815,181.73</b>	<b>977,972,705.59</b>
Capital Work in Progress	4,336,552,859.66	68,666,913.13
	<b>7,629,368,041.39</b>	<b>1,046,639,618.72</b>
<b>Current Assets, Loans &amp; Advances</b>		
Inventories	5,161,803,905.36	2,780,147,495.60
Sundry Debtors	3,887,073,878.18	2,488,496,489.72
Cash & Bank Balances	361,641,818.03	202,279,660.76
Loans & Advances	1,396,929,970.46	438,117,912.78
	10,807,449,572.03	5,909,041,558.86
Less : Current Liabilities & Provisions	5,131,503,408.48	2,628,552,046.09
Net Current Assets	5,675,946,163.55	3,280,489,512.77
Miscellaneous Expenditure (To the extent not written off or adjusted)	3,982,861.48	3,620,389.48
<b>Total</b>	<b>13,309,297,066.42</b>	<b>4,330,749,520.97</b>
Significant Accounting Policies	20	
Notes on Accounts	21	

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  
Place : Kolkata  
Dated : 30th September, 2008

Ashish Jhunjunwala  
Managing Director

Naveen Gupta  
Director

Gajendra Kumar Singh  
Company Secretary

## Profit and loss account for the year ended 31st March, 2008

Amount in Rupees

Schedules	Year ended 31.03.2008	Year ended 31.03.2007
<b>INCOME</b>		
Income From Operation	18,252,822,905.83	13,060,632,717.39
	<b>18,252,822,905.83</b>	<b>13,060,632,717.39</b>
<b>EXPENDITURE</b>		
Raw Material Consumed / Purchases	14,226,213,886.93	11,265,404,402.58
Construction Expenses	641,737,102.43	134,629,317.13
Manufacturing & Other Expenses	1,596,525,875.85	608,622,445.80
Employees' Cost	172,398,563.06	111,744,165.75
Interest & Financial Charges	430,100,946.68	211,188,020.01
Depreciation	224,259,796.61	113,433,145.00
	<b>17,291,236,171.56</b>	<b>12,445,021,496.27</b>
Profit for the year before Tax	<b>961,586,734.27</b>	<b>615,611,221.12</b>
Provision for Income Tax	135,000,000.00	195,500,000.00
Provision for Fringe Benefit Tax	2,125,000.00	832,000.00
Provision for Deferred Tax (Refer note No. 8)	192,589,238.66	(16,340,323.00)
Income Tax for earlier Years	11,621,289.34	-
Fringe Benefit Tax for Earlier years	488,000.00	-
Profit after Tax	619,763,206.27	435,619,544.12
Balance Brought Forward	4,612,482.39	1,411,011.27
Profit Available for Appropriations	<b>624,375,688.66</b>	<b>437,030,555.39</b>
<b>APPROPRIATIONS</b>		
<b>Interim Dividend Paid</b>		
- On Equity Shares	-	26,256,642.00
<b>Proposed Dividend</b>		
- On Equity Shares	70,156,960.00	8,752,214.00
- On Preference Shares	1,914,000.00	1,914,000.00
Tax on Interim / Proposed Dividend	12,248,460.00	5,495,217.00
Transfer to General Reserve	507,863,996.44	390,000,000.00
Balance Carried To Balance Sheet	32,192,272.22	4,612,482.39
	<b>624,375,688.66</b>	<b>437,030,555.39</b>
<b>Basic &amp; Diluted Earning per Share</b>	<b>18.29</b>	<b>24.76</b>
(Refer Note No. 27)		
Significant Accounting Policies	20	
Notes on Accounts.	21	

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  
Place : Kolkata  
Dated : 30th September, 2008

Ashish Jhunjunwala  
Managing Director

Naveen Gupta  
Director

Gajendra Kumar Singh  
Company Secretary

## Cash Flow Statement for the year ended 31st March, 2008

Rupees in Lacs

	Year ended March, 2008		Year ended March, 2007	
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net profit before tax and extraordinary items</b>		<b>9,615.87</b>		<b>6,156.11</b>
<b>Adjustments for:</b>				
a) Depreciation	2,242.60		1,134.33	
b) Gratuity & Leave Provision	94.35			
c) Deferred Expenses paid	-		-	
d) Deficit / (surplus) on fixed assets sold scrapped written off	2.05		-	
e) Deferred Expenses written off	34.85		27.15	
f) Interest Income	(511.14)		(121.60)	
g) Interest Expenses	4,812.15		2,233.48	
		6,674.86		3,273.36
<b>Operating Profit before Working Capital Change</b>		<b>16,290.72</b>		<b>9,429.48</b>
<b>Adjustments for:</b>				
a) Increase in Inventories	(23,816.56)		(11,548.30)	
b) Increase in Sundry Debtors	(13,985.77)		(6,534.00)	
c) Increase in Loans & Advances	(9,896.04)		(2,879.39)	
d) Increase in Creditors and other Liabilities	24,213.23		13,476.68	
		(23,485.15)		(7,485.01)
<b>Cash generated from Operations</b>		<b>(7,194.42)</b>		<b>1,944.47</b>
Direct Tax Paid	(1,118.98)		(2,019.63)	
Fringe Benefit Tax	(16.73)		(12.76)	
		(1,135.71)		(2,032.39)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>		<b>(8,330.14)</b>		<b>(87.93)</b>
<b>B) CASH GENERATED FROM INVESTING ACTIVITIES</b>				
a) Purchases of Fixed Assets / CWIP	(68,160.66)		(5,379.39)	
b) Interest Received	511.14		121.60	
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>		<b>(67,649.52)</b>		<b>(5,257.79)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>				
i) Proceeds from Issue of Equity Shares (including Premium)	15,743.69			
ii) Secured Loan -	53,113.51		1,788.64	
iii) Unsecured Loan	13,653.01		6,989.53	
iv) Interest on borrowing	(4,812.15)		(2,233.48)	
v) Dividend & Dividend Tax paid	(124.79)		(484.76)	
<b>Net Cash Generated from Financing Activities (C)</b>		<b>77,573.27</b>		<b>6,059.93</b>
<b>Net Increase in Cash or Cash Equivalents (A+B+C)</b>		<b>1,593.61</b>		<b>714.22</b>
Cash and Cash equivalents - Closing Balance as at 31.03.2008		3,616.42		2,022.80
Cash and Cash equivalents - Opening Balance as at 31.03.2007		2,022.80		1,308.58
		<b>1,593.61</b>		<b>714.22</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. 11092  
Place : Kolkata  
Dated : 30th September, 2008

Ashish Jhunjhunwala  
Managing Director

Naveen Gupta  
Director

Gajendra Kumar Singh  
Company Secretary

## Schedules to the Balance Sheet as at 31st March, 2008

Amount in Rupees

	As at 31.03.2008	As at 31.03.2007
<b>1. SHARE CAPITAL</b>		
<b>Authorised</b>		
985,00,000 (205,00,000) Equity Shares of Rs.10/- Each	985,000,000.00	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>1,030,000,000.00</b>	<b>250,000,000.00</b>
<b>Issued, Subscribed &amp; Paid Up</b>		
1,75,04,428 (1,75,04,428) Equity Shares of Rs. 10/- each fully paid up in cash.	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	740,021,632.49
Add: Transferred on Amalgamation of RLUL	1,135,017,200.00	1,875,038,832.49
<b>Amalgamation Reserve</b>		
- on Account of Amalgamation		263,610,780.00
<b>Revaluation Reserve (Refer Note No. 3)</b>		
- As per last Account	4,271,617.58	10,864,346.97
Less: Transfer from Depreciation (Refer Schedule 19)	4,271,617.58	6,592,729.39
		4,271,617.58
<b>General Reserve</b>		
- As per last Account	888,370,917.56	498,370,917.56
Add: Transfer from Profit & Loss Account	507,863,996.44	390,000,000.00
Add: Transitional Employees Benefits (Refer Note 24)	3,765,086.00	-
		1,400,000,000.00
<b>Surplus</b>		
As per Annexed Profit and Loss Account	32,192,272.22	4,612,482.39
	<b>3,574,728,484.71</b>	<b>1,641,163,250.02</b>

## Schedules to the Balance Sheet as at 31st March, 2008

Amount in Rupees

	As at 31.03.2008	As at 31.03.2007
<b>3. SECURED LOANS</b>		
<b>Long Term</b>		
i) Term Loans		
From Banks		
Rupee Term Loans	3,293,941,024.46	218,425,000.00
Foreign Currency Term Loans	921,910,910.00	-
<b>Short Term</b>		
i) Term Loan		
- The Bank of Rajasthan Ltd.	200,000,000.00	-
ii) Cash Credit / Packing Credit Limit		
- Working Capital facilities from scheduled Banks (including Foreign Currency Loan)	1,913,141,747.89	1,009,777,699.56
- Commercial Papers	500,000,000.00	400,000,000.00
iii) Mobilisation Advance against Bank Guarantee	11,685,136.00	26,800,000.00
iv) Buyers Credit - HSBC Limited ( In Foreign Currency)	125,675,280.00	-
	<b>6,966,354,098.35</b>	<b>1,655,002,699.56</b>
<b>4. UNSECURED LOANS</b>		
(Including interest accrued and due)		
From Scheduled Banks		
- Short Term Loan	1,156,884,514.00	712,665,804.69
From Body Corporates	945,699,985.70	24,617,541.70
	<b>2,102,584,499.70</b>	<b>737,283,346.39</b>

## Schedules to the Balance Sheet as at 31st March, 2008

Amount in Rupees

Particulars	GROSS BLOCK		DEPRECIATION WRITTEN OFF		NET BLOCK	
	At the 01.04.2007	Acquired on Amalgamation*	Since Added	Sale/ Adjustments	As at 31.03.2008	As at 31.03.2007
Free Hold Land	14,484,832.00		4,340,028.00	-	18,824,860.00	14,484,832.00
Lease Hold Land	8,446,263.61	48,983,700.00	24,352,641.00	-	81,792,604.61	8,327,499.23
Factory Building	258,248,579.40		433,516,680.90	-	691,765,260.30	217,259,735.48
Railway Siding	33,000.00		-	-	33,000.00	25,684.00
Plant & Machinery	983,441,393.00		1,661,876,829.56	-	2,645,318,222.56	538,385,905.73
Wind Mill Power Plant	181,375,000.00		-	-	181,375,000.00	162,038,139.00
Electrical Installations			311,810,141.00	-	311,810,141.00	-
Construction Equipments	6,110,871.40		44,478,117.65	-	50,588,989.05	6,064,692.40
Office Equipments	1,885,373.17		622,464.14	-	2,507,837.31	1,242,894.91
Computers	49,780,512.23	1,857,240.00	3,186,490.37	-	54,824,242.60	20,910,853.12
Furniture & Fixtures	1,470,202.40	2,503,092.00	3,019,130.32	-	6,992,424.72	924,177.16
Air Conditioners	586,762.50		627,041.52	-	1,213,804.02	418,089.81
Vehicles	10,179,080.40	3,608,377.00	3,665,041.67	266,953.00	17,185,546.07	7,890,203.75
<b>Total</b>	<b>1,516,041,870.11</b>	<b>56,952,409.00</b>	<b>2,491,494,606.13</b>	<b>266,953.00</b>	<b>4,064,221,832.24</b>	<b>3,292,815,181.73</b>
Previous Year's Total	1,019,168,300.94		496,873,569.17	-	1,516,041,870.11	977,972,705.59

# Note :

Addition to Fixed Assets includes Rs. 64,22,15,452/- (including Proportionate allocations of preoperative Trial Run Expenditure of Rs. 10,77,87,418/- capitalised on commencement of commercial productions of LRPC Project. (Refer Note No. 7)

Addition to Fixed Assets includes Rs. 1,64,69,80,247/- (including proportionate allocation of preoperative & trial run expenditure of Rs 12,59,39,937) capitalised upon commencement of commercial production of Mini Blast Furnace. (Refer to Note No.7)

\* On Amalgamation of Ramsarup Lohh Udyog Limited (Refer Note No.2 , Schedule No.21)

## Schedules to the Balance Sheet as at 31st March, 2008

Amount in Rupees

	As at 31.03.2008	As at 31.03.2007
<b>6. CAPITAL WORK- IN-PROGRESS (At Cost)</b>		
Purchase / Acquisition of Fixed Assets including		
Building and Site Development Expenses	3,509,515,110.61	64,888,832.09
Advances for Plant & Machinery	283,925,186.42	-
Advances for Construction & other Services	24,006,608.00	-
Advances for Electrical Installations	18,815,568.79	76,101.00
Expenses During Construction Period	126,544,828.00	-
Interest on Term Loan (Net)	305,813,910.00	-
Preoperative and Project Expenses (Pending Allocation) (Refer Note No-7)	67,931,647.84	3,701,980.04
	<b>4,336,552,859.66</b>	<b>68,666,913.13</b>

### 7. INVENTORIES

(As taken, valued and certified by the Management)

Raw Materials	1,570,005,256.15	750,085,692.00
Stock in Process	36,211,125.08	152,155,246.00
Construction Material in Process (Refer Schedule 15)	245,927,309.65	273,269,780.60
Finished Goods (including for Resale)	2,794,194,778.48	1,575,324,771.00
Fuel, Chemical, Stores & Spares	26,045,920.00	12,318,316.00
Bye Products	489,419,516.00	16,993,690.00
	<b>5,161,803,905.36</b>	<b>2,780,147,495.60</b>

### 8. SUNDRY DEBTORS

(Unsecured-Considered Good)

a) Debts outstanding for a period exceeding six months	106,702,904.09	71,437,665.37
b) Other Debts	3,780,370,974.09	2,417,058,824.35
	<b>3,887,073,878.18</b>	<b>2,488,496,489.72</b>

### 9. CASH & BANK BALANCES

Cash in Hand: (As Certified)	6,923,435.37	3,382,407.78
Balance with Scheduled Banks		
- Current Accounts	29,121,599.00	34,096,518.51
- Fixed Deposits *	325,596,783.66	164,800,734.47
(Including interest accrued on FDRs)		
	<b>361,641,818.03</b>	<b>202,279,660.76</b>

\* Fixed Deposits with Scheduled Banks have been pledged against Letter of Credits and Letter of Guarantees issued by them.

### 10. LOANS AND ADVANCES

(Unsecured, Considered Good)

Advances Recoverable in Cash		
or in kind or for value to be received	343,011,941.58	131,679,740.87
Advances for Capital Expenditure	235,645,111.92	25,681,698.91
Deposits with Govt. Departments & others	95,917,783.98	31,468,510.04
Balance with Excise Deptt./ Vat Input	722,355,132.98	249,287,962.96
	<b>1,396,929,970.46</b>	<b>438,117,912.78</b>

## Schedules to the Balance Sheet as at 31st March, 2008

Amount in Rupees

	As at 31.03.2008	As at 31.03.2007
<b>11. CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A) CURRENT LIABILITIES</b>		
1) Acceptances	3,585,255,954.43	2,028,533,540.19
2) Sundry Creditors		
- For Goods Supplied & Services	392,705,227.08	259,507,675.37
- For Capital Expenditure	197,502,539.44	4,161,571.41
- Advance from Customers	232,275,604.71	-
- For Expenses & Others	584,965,522.73	278,614,982.42
3) Interest Accrued but not due	495,768.00	599,621.00
4) Investors Education & Protection Fund		
- Unpaid Dividend	446,751.54	4,672,156.04
	<b>4,993,647,367.93</b>	<b>2,576,089,546.43</b>
<b>B) PROVISIONS</b>		
For Proposed Dividend	72,070,960.00	10,666,214.00
For Tax on Proposed Dividend	12,248,460.00	1,812,723.00
For Income Tax (Net of Advance tax/ TDS)	44,102,053.45	39,983,562.66
For Gratuity & Leave encashment	9,434,567.10	-
	<b>5,131,503,408.48</b>	<b>2,628,552,046.09</b>

### 12. MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Preliminary Expenses		
Deferred Revenue Expenditure	3,847,195.00	-
- As per last account	3,620,389.48	6,335,673.48
Less : Written off	3,484,723.00	2,715,284.00
	<b>3,982,861.48</b>	<b>3,620,389.48</b>

## SCHEDULES TO THE PROFIT AND LOSS ACCOUNT For the year ended 31 March, 2008

	Year ended 31.03.2008	Year ended 31.03.2007
<b>13. INCOME FROM OPERATION</b>		
Sales	17,366,537,227.09	12,817,699,543.42
Conversion Charges	31,486,153.00	23,983,908.85
(TDS deducted Rs.- 2,34,899/-)		
Export Incentives	10,991,348.88	13,044,077.21
Contracts related Receipts	838,169,229.54	178,280,012.60
(TDS deducted Rs.- 5,63,371/-)		
Sale of Power	5,075,916.00	27,267,719.00
	<b>18,252,259,874.51</b>	<b>13,060,275,261.08</b>
Other Income (Gross) (TDS Rs.80213/-)	563,031.32	357,456.31
	<b>18,252,822,905.83</b>	<b>13,060,632,717.39</b>

## Schedules to the Profit and Loss account for the year ended 31st March, 2008

Amount in Rupees

	Year ended 31.03.2008	Year ended 31.03.2007
<b>14. RAW MATERIAL CONSUMED / PURCHASES</b>		
Opening Stock		
- Raw material *	1,006,911,890.53	592,365,450.00
- Stock in Process **	156,113,966.32	108,408,799.00
- Finished Goods (including for Resale) ***	1,733,379,991.34	900,156,698.00
- Bye Products ****	56,465,930.96	12,028,235.00
	2,952,871,779.15	1,612,959,182.00
Add : Purchases		
- Raw material	14,349,736,114.68	9,595,671,270.61
- Finished Goods (for Resale)	1,813,436,668.82	2,551,333,348.97
	16,163,172,783.50	12,147,004,619.58
	19,116,044,562.65	13,759,963,801.58
Less : Closing Stock		
- Raw material	1,570,005,256.15	750,085,692.00
- Stock in Process	36,211,125.08	152,155,246.00
- Finished Goods (Including for Resale)	2,794,194,778.48	1,575,324,771.00
- By Products	489,419,516.00	16,993,690.00
	4,889,830,675.71	2,494,559,399.00
	<b>14,226,213,886.93</b>	<b>11,265,404,402.58</b>

\* includes Rs.15,04,42,752.00 being stock transferred on commercial production of MBF plant

\* includes Rs.10,63,83,446.41 being stock transferred on commercial production of LRPC plant

\*\* includes Rs. 39,58,720.32 being stock transferred on commercial production of LRPC plant

\*\*\* includes Rs.14,25,57,923.00 being stock transferred on commercial production of MBF plant

\*\*\* includes Rs.1,54,97,297.79 being stock transferred on commercial production of LRPC plant

\*\*\*\* includes Rs. 3,89,92,601.00 being stock transferred on commercial production of MBF plant

\*\*\*\* includes Rs. 4,79,640.00 being stock transferred on commercial production of LRPC plant

### 15. CONSTRUCTION EXPENSES

Opening Stock of Material in Process		273,269,780.60	-
Purchase of Construction Material	532,164,734.32		386,792,609.73
Expenses on Construction / Contracts	82,229,897.16	614,394,631.48	21,106,488.00
	887,664,412.08	407,899,097.73	
Less :- Closing Stock of Material	129,015,814.20		238,371,852.80
- Work in Progress at close (Uncompleted Contract)	116,911,495.45	245,927,309.65	34,897,927.80
		<b>641,737,102.43</b>	<b>134,629,317.13</b>

## Schedules to the Profit and Loss account for the year ended 31st March, 2008

Amount in Rupees

	Year ended 31.03.2008	Year ended 31.03.2007
<b>16. MANUFACTURING AND OTHER EXPENSES</b>		
Conversion Charges	84,995,895.75	32,478,284.38
Chemical,Stores & Spare Parts Consumed	113,851,385.46	53,778,954.17
Power & Fuel	353,652,513.53	193,897,513.49
Rent	90,000.00	90,000.00
Rates & Taxes	417,456,035.84	43,644,622.23
Insurance	4,401,821.28	2,680,220.00
Bank Commission /Processing fees etc.	65,595,253.94	40,204,099.98
Miscellaneous Expenses	60,837,587.85	42,466,631.24
Listing Fees & Custodial Fees	171,750.00	142,076.00
Share Registrar & Transfer Agent Fees	109,083.75	627,000.00
Repairs & Maintenance		
- Building	1,245,877.30	81,901.75
- Plant & Machinery	4,667,180.67	2,991,873.47
- Others	3,092,977.73	958,721.67
Directors' Remuneration		
- Salary	1,800,000.00	1,100,000.00
- Sitting fees	94,000.00	84,000.00
Freight & Transport		
- Inward	271,778,408.25	45,725,108.64
- Outward	200,533,755.46	142,516,968.67
Brokerage & Commission	8,078,036.04	2,285,486.11
Deferred Revenue/ Preliminary Expenditure written off	3,484,723.00	2,715,284.00
Donation	589,590.00	153,700.00
	<b>1,596,525,875.85</b>	<b>608,622,445.80</b>

### 17. EMPLOYEES' COST

Salary, Wages, & Bonus	150,769,228.35	95,187,663.28
Gratuity (Including Provision during the year Rs.24,38,000/-) (Refer Note No. 24)	3,419,674.00	2,113,495.20
Contribution towards Provident & other Funds	13,920,883.07	10,214,436.76
Workers and Staff Welfare Expenses	4,288,777.64	4,228,570.51
	<b>172,398,563.06</b>	<b>111,744,165.75</b>

### 18. INTEREST AND FINANCIAL CHARGES

On Term Loan	113,085,305.25	28,308,046.36
To Bank & Others	314,238,407.49	182,879,973.65
(Net of Realisations - including on FDR, etc)		
Foreign Exchange Fluctuation (Net)	2,777,233.94	-
	430,100,946.68	211,188,020.01

### 19. DEPRECIATION WRITTEN OFF

Depreciation on fixed Assets (Refer Schedule 5 )	230,066,746.50	120,025,874.39
Less : On revaluation	4,271,617.58	6,592,729.39
Less : Transferred to Preoperative & Project Expenses (Pending allocation) (Refer to Schedule 7)	1,535,332.31	-
	<b>224,259,796.61</b>	<b>113,433,145.00</b>

## Schedules to the Balance Sheet & Profit and Loss account

### 20. SIGNIFICANT ACCOUNTING POLICIES

#### 1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared and presented under the historical cost convention using the accrual basis of accounting and comply with all mandatory Accounting Standards as specified in the Companies (Accounting Standard) Rules 2006 and the relevant provisions of Companies Act 1956.

#### 2. USE OF ESTIMATES

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities on the date of financial statements and the reported amounts of Revenue & Expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized in the period in which such revisions are made.

#### 3. FIXED ASSETS

- i) Free Hold Land/ Lease Hold Land is stated as original cost of acquisition, inclusive of incidental expenses thereto.
- ii) Classification of Plant & Machinery into continuous & non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.
- iii) 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 up to 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/VAT wherever applicable.
- iv) 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.
- v) 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.
- vi) Capital Work in Progress comprises direct cost of Fixed Assets, Advances to Suppliers, Technical

know-how & related incidental expenses together with attributable interest on borrowed fund for acquisition of Plant & Machinery, cost of erection etc. The total expenditure is allocated to the respective fixed assets on completion of the projects.

#### 4. DEPRECIATION/AMORTISATION

- 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) Classification of Plant & Machinery into continuous process is done as per technical certification and depreciation thereon is provided accordingly.
- v) 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.
- vi) Assets costing less than Rs. 5,000 are fully depreciated in the year of addition.
- vii) Preliminary & Share issue expenses are amortised over a period of 5 years.

#### 5. INVENTORIES

- a) Inventories are valued as follows :
  - i) Raw Materials are valued at lower of cost less VAT/CENVAT credit including service Tax, Education cess etc or net releasable value.
  - ii) Goods-in-transit are valued at cost.
  - iii) Stock in Process are valued at estimated Cost.
  - iv) Construction material in process etc. is valued at cost/estimated cost.
  - v) Finished Goods (Including for re-sale) is valued at cost and / or realisable value whichever is lower.
  - vi) Fuel, Chemical, stores & spares, etc. are valued at cost less VAT, Cenvat Credit, Service Tax, Education Cess wherever adjustable.
  - vii) By 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.

## Schedules to the Balance Sheet & Profit and Loss account

### 20. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

#### 6. 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) 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.

#### 7. FOREIGN CURRENCY TRANSACTIONS

- i) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.
- ii) Monetary items denominating foreign currencies at the year end are restated at year end rates. In case of items covered by the foreign exchange contracts, the difference between the year end rate and the rate on the date of contract is recognized as exchange difference and the premium paid on forward contract is recognized over the life of the contract.
- iii) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit & loss account except in cases where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

#### 8. FINANCIAL DERIVATIVES AND COMMODITY HEDGING TRANSACTIONS

In respect of derivative contracts, premium paid, gains/ losses on settlement and provisions for and profit/loss on commodity hedging transaction are recognized in the profit & loss account.

#### 9. 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, 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.
- v) Contract revenue is recognized by reference to the stage of completion of the contract activity at the reporting date of the financial statements on the basis of the percentage of completion method.
- vi) The stage of completion of contract is measured by reference to the proportion that contract cost incurred for work performed up to the reporting date, bear to the estimated total contract cost for each contract.
- vii) An expected loss on construction contract is recognized as an expense immediately when it is certain that the total contract cost will exceed the total contract revenue.
- viii) Price escalation and other claims and or variation in the contact work are included in contract revenue when negotiation have reached at such an advanced stage that it is probable that the customer will accept the claim.
- ix) Export Incentives are recognized when the right to receive credit as per the terms of Incentives is established in respect of the exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

#### 10. BORROWING COST

Borrowing cost that are directly attributable to the construction / production of qualifying assets, is capitalised as part of cost of that assets and other borrowing cost are recognised as an expense in the period in which they are incurred.

#### 11. PROVISIONS, CONTINGENT ASSETS & LIABILITIES

provisions involving substantial degree of estimation in measurement are recognised when there is a present obligations as a result of past events and it is probable that there will be an outflow resources. Contingent liabilities are not recognized but are disclosed in the note. Contingent assets are neither recognized nor disclosed in the financial statements.

#### 12. EMPLOYEE BENEFITS

- i) Short Term Employee Benefits:  
The undiscounted amount of short term employee benefit expected to be paid in exchange for the services rendered by employee is recognized during the period when the employee remain under the service. This benefit includes salary, wages, short term compensatory absences and bonus.

## Schedules to the Balance Sheet & Profit and Loss account

### 20. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

- ii) Long Term Employee Benefits:
- Defined Contribution Scheme- This benefit includes contribution to Employee's State Insurance Corporation and provident fund scheme. The contribution is recognized during the period in which the employee rendered service.
  - Defined Benefit Scheme- For defined benefit scheme the cost of providing benefit is determined using the projected unit credit method with actuarial valuation being carried out at each balance sheet date. The retirement benefit obligation recognized in the balance sheet represents value of defined benefit obligation as reduced by the fair value of planned assets. Actuarial gains and losses are recognized in full during the period in which they occur.
13. DEFERRED REVENUE EXPENDITURE  
The Company amortises these expenses over a period of five years.
14. TAXES ON INCOME
- Current Tax is determined as the amount of tax payable in respect of taxable income for the year.

- 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.
- Fringe Benefit Tax is provided in the accounts as per applicable rules.

### 15. 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 .

### 16. EARNING PER SHARE

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year

For the purpose of calculating the diluted earning per share, the net profit & loss for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### 21. NOTES ON ACCOUNTS

#### 1. PREFERENCE SHARE CAPITAL

- The company has issued 13,00,000, 5% Redeemable Cumulative Preference Share of Rs 10/- each on 31-03-2003 which is due for redemption at any time between 6th and 10th year from the date of allotment at a premium of Rs 25/- per share.
- The company has issued 31,60,000 4% Redeemable Cumulative Preference Share of Rs 10/- each fully paid on 24-09-2004 which is due for redemption at any time between 7th and 8th year from the date of allotment at a premium of Rs 25/- per share.

#### 2. AMALGAMATION OF RAMSARUP LOHH UDYOG LIMITED (RLUL) WITH THE COMPANY

- Pursuant to the scheme of amalgamation (the scheme) approved by the shareholders and sanctioned by Hon'ble High Court at Kolkata on 30th June 2008 under the provision of the Companies Act, 1956 ("The Act") of which the certified Order copy dated 18th September 2008 received by the Company, the entire undertaking of RLUL, the transferor company including the integrated steel

plant at Kharagpur of which Mini Blast Furnace (MBF) has commenced commercial production and the other modules namely Direct Reduced Iron (DRI) plant, Steel Melting Shop (SMS), Captive Power Plant (CPP), Air Separation Plant (ASP) and Sinter Plant are in capitalisation stage, has been transferred to the company as a going concern with effect from 1st April 2007 (the appointed date). Effect of the amalgamation has been given in these accounts. According to the said scheme with effect from the appointed date, RLUL has carried out all its business and activities in trust for the company.

- In accordance with the scheme, 1,75,74,052 Equity Shares of Rs 10/- each fully paid up and ranking pari-passu with the existing Equity Shares are to be issued by the company to the equity shareholders of RLUL in the ratio of 2:5 i.e. 10 new equity shares of Rs 10/- each in the transferee company credited as fully paid up for 25 equity shares of Rs 10/- each fully paid up held by them in the capital of the transferor company.

## Schedules to the Balance Sheet & Profit and Loss account

### 21. NOTES ON ACCOUNTS (Contd.)

- Pursuant to the scheme
  - All assets and liabilities of RLUL as on the date immediately preceding the 'Appointed Date' have been incorporated in the books of the company at their respective book values on the basis of Audited Books of Account of RLUL.
  - The balance in the securities premium account of Rs 8850.17 lakhs as on the date immediately preceding the 'Appointed Date' and a sum of Rs 2500.00 Lacs credited during the year has been added to the company's Securities Premium Account under the head 'Reserves & Surplus'.
- An amount of Rs 2636.11 lakhs being the difference between the face value of additional share capital to be issued by the company and the Share Capital of RLUL in lieu whereof such additional share capital is issued, has been credited to Amalgamation Reserve.
- The Accounting treatment as set out in the aforesaid scheme is in keeping with the Pooling of interest method as per the Accounting Standard (AS) 14 prescribed under the Act.

#### 3. 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 during the year balance sum of Rs 42,71,618/- has been adjusted and this has set off the entire amount of Rs. 9,65,69,832/- from Revaluation Reserve.

#### 4. SECURED LOAN

- Long Term Loans
  - Rupee Term Loan from IDBI Limited is secured by way of Pari-Passu Charge on equitable mortgage of lease hold land and First charge on certain Fixed Assets of the company's Kalyani unit on parri-passu basis with the other lenders and personal guarantee of Managing Director together with corporate guarantee of Ramsarup Investments Ltd and Pledge of part of Companies Equity Shares held by Ramsarup Investments Limited. (Repayable in 18 equal instalments commencing from 1st July 2008) (Payable within next one year Rs. 216 Lacs

- previous year Rs. 210 Lacs)
  - 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 instalments of Rs 13.75 Lacs each commenced from December, 2005(Repayable within next one year Rs. 165 Lacs, previous year Rs. 165 lacs).
  - 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. (Repayable within next one year Rs. 5 Lacs (previous year Rs. 20 lacs )
  - 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. & guaranteed by Managing Director of the Company. The Term Loan is repayable in 24 quarterly instalments of Rs 18.75 Lacs each. (Repayable within next one year Rs. 75 Lacs, previous year Rs. 75 lacs)
  - 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 Khori, 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

## Schedules to the Balance Sheet & Profit and Loss account

### 21. NOTES ON ACCOUNTS (Contd.)

- commencing from 31st March 2006. (Repayable in next one year Rs.208 Lacs, previous year Rs. 208 Lacs)
- f) Rupee Term Loan from Punjab National Bank is secured by way of hypothecation of factory shed & building, Plant & Machineries and other fixed assets of Durgapur Unit and also equitable mortgage of the factory shed & land belonging to Vanguard Credit & Holding Pvt Ltd together with the corporate Guarantee and personal guarantee of Managing Director of the company. (Repayable in 20 quarterly instalments commencing from 1st October 2008, repayable within next one year Rs. 580 Lacs (previous year NIL)
- g) Term Loan from HSBC Limited is secured by way of first equitable mortgage of all immovable properties and hypothecation of all movable assets pertaining to Kalyani & Shyamnagar unit ranking pari-passu with term lenders of the units. The term loan is repayable in 10 equal instalments of Rs 400 Lacs each. (Repayable within next one year Rs. 1600 Lacs, previous year NIL)
- h) The term loans for various modules of Kharagpur Unit has been tied up under multiple banking arrangements and secured, by way of Equitable mortgage of entire immovable property at the plant site in Kharagpur (W.B.) including Building thereon on a Pari Passu basis among them. The Lender Banks are having 1st charge on movable fixed assets of the specific module of the project as above on a pari passu basis with other term lenders of specific modules and 2nd pari passu charge on the said assets on a reciprocal basis and further secured by guarantee of Mr Ashish Jhunjunwala, Managing Director of the Company and some of the Associate companies. Term loans instalment falling due for payment within one year aggregate to Rs.3965 Lacs (Rs. 900 Lacs) as per the terms of sanction.
- i) Rupee Term Loan of the Kharagpur Unit from Bank includes Acceptances for Rs.3543.29 Lacs by way of L/C issued by the Bankers by earmarking the term loan limit in favour of suppliers for Capital Goods.
- ii) Short Term Loans
- a) Working Capital Facilities from banks for Kalyani Unit are secured by Hypothecation of stock of raw materials, finished goods, stock in process, stores & spares, etc and book debts 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 and 2nd Charge on Fixed Assets financed by IDBI Limited under Expansion Project and Equipment Finance Scheme.
- b) Short Term Loan from The Bank of Rajasthan Limited for Shyamnagar is secured by way of first equitable mortgage of all immovable properties and hypothecations of all movable assets ranking Pari-Passu with ICICI Bank Ltd. The Term Loan is repayable in 2 equal instalments of Rs.1000 Lacs each repayable within next one year Rs. 2000 Lacs (previous year NIL)
- c) Working Capital Facilities from banks for Shyamnagar unit are secured by Hypothecation of stock of raw materials, finished goods, stock in process, stores & spares, etc and book debts and second charge on its Fixed Assets. Personal guarantee of Managing Director together with corporate guarantee of Ramsarup Investments Limited.
- d) Working capital facility from Banks for some of its Turnkey Projects are secured by Hypothecation of stock and book debts and other current assets and personal guarantee of the Managing Director of the company.
- e) Working Capital Facilities for the Mini Blast Furnace Plant of Kharagpur Unit has been extended by Punjab National Bank and is secured by Hypothecation of entire stocks and book debts of the unit and personal guarantee of the Managing Director and collaterally secured by way of 3rd charge on Plant & Machinery of the Company on a Pari-Passu basis with the charges created and/or to be created by the Company in favour of the other working capital lenders.

## Schedules to the Balance Sheet & Profit and Loss account

### 21. NOTES ON ACCOUNTS (Contd.)

- f) Commercial Papers are issued by earmarking Working Capital facilities, maximum balance outstanding during the year Rs 50 Crores (previous year Rs 40 Crores).
- g) Buyers Credit from HSBC Ltd and acceptances against imported capital goods are secured by earmarking term loan facilities from banks.

### 5. UNSECURED LOAN

Some of the unsecured loans from Body Corporates are not bearing interest.

### 6. LEASEHOLD LAND

The Company has acquired and is in possession of a Leasehold Land measuring about 325 acres (approx) for a period of 99 years at Saha Chowk, Rakha Jungle, Kharagpur, Paschim Midnapur (W.B.) for its Integrated steel plant. The said Land has been allotted by the West Bengal Industrial Development Corporation Ltd - a Nodal Agency for industrial development in West Bengal. The company has already initiated the registration process of the said land in its favour.

### 7. PREOPERATIVE & TRIAL RUN EXPENSES (PENDING ALLOCATION)

Amount in Rupees

	As at 31.03.2008	As at 31.03.2007
<b>(A) Opening Balance Brought Forward</b>	3,701,980	-
<b>Add due to Amalgamation</b>	34,490,235	-
	38,192,215	-
<b>(B) Personnel Cost</b>		
Salaries, Wages & Bonus etc.	23,780,129	190,490
Contribution to Provident & Other Funds	409,235	-
Directors' Remuneration	600,000	-
Directors' Sitting Fees	20,000	-
Staff Welfare Expenses	3,236,338	8,482
	28,045,702	198,972
<b>(C) Raw Material Consumed/Traded Goods</b>		
Opening Stock (01.04.2007)	194,506,122	-
Add: Purchases (Including for Resale)	367,650,730	-
Less: Closing Stock - On Commercial Production	256,826,199	-
	305,330,654	-
<b>(D) Manufacturing and Administration Expenses</b>		
Power & Fuel	26,957,154	29,223
Consumption of Stores & Consumables	6,298,789	2,226
Repair & Maintenance	510,562	-
Testing & Inspection Charges	225,027	-
Loading & Unloading Charges	1,383,739	1,340,736
Filing Fees	15,931	-
Rent	1,561,270	55,000
Rates & Taxes	350,198	11,800
Professional Consultancy Fees & Expenses	2,915,044	-
Telephone & Mobile Expenses	1,982,610	-
Printing & Stationery	1,010,132	-
Bank Charges	7,994,817	2,903
Motor Car Expenses	999,921	-
Depreciation	1,535,332	-
Security Charges	1,670,264	-
Travelling & Conveyance	7,871,494	-
Miscellaneous Expenses	17,628,553	2,061,121
	80,910,838	3,503,008

## Schedules to the Balance Sheet & Profit and Loss account

Amount in Rupees

### 21 NOTES ON ACCOUNTS (Contd.)

	As at 31.03.2008	As at 31.03.2007
<b>(E) Interest &amp; Finance Charges</b>		
Interest on Borrowings	94,314,639	-
	94,314,639	-
Sub Total (A+B+C+D+E)=F	546,794,048	3,701,980
Less:		
<b>(G) SALES</b>	49,321,767	-
Less: Excise duty	6,160,905	-
	43,160,863	-
<b>(H) Increase/(Decrease) in Stock</b>		
Closing Stock of Finished Goods	166,051,468	-
Closing Stock of by products	41,515,896	-
Closing Stock of Finished Goods	15,497,298	-
Closing Stock of Work in Progress	3,958,720	-
Closing Stock of by products	479,640	-
Less : Opening Stock of Finished Goods	-	-
Less : Opening Stock of by products	-	-
	227,503,022	-
Less: Excise Duty on Closing Stock	26,016,840	-
	201,486,182	-
Sub Total (G+H)=I	244,647,045	-
Add: Fringe Benefit Tax	-	-
Total (F-I)	302,147,004	3,701,980
Less: Transfer to:		
Fixed Assets on Commencement of Commercial Production of MBF	125,939,937	-
Fixed Assets on Commencement of Commercial Production of LRPC	107,787,418	-
Transfer to Profit & Loss Account (Fringe Benefit Tax)	488,000	-
<b>Carried to Balance Sheet as CWIP (Schedule -6)</b>	<b>67,931,648</b>	<b>3,701,980</b>

#### 8. 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 2008 net of Deferred Tax Assets (on employees gratuity fund & leave encashment benefits) as under has been recognised in profit & Loss Account.

## Schedules to the Balance Sheet & Profit and Loss account

Amount in Rupees

### 21 NOTES ON ACCOUNTS (Contd.)

	As at 31.03.2008	As at 31.03.2007
Deferred Tax Liability	27,60,07,361	8,03,12,093
- On difference between Net Book Value of Depreciable Fixed Assets as per Books Vis a Vis WDV as per Income Tax Act		
<b>Less : Deferred tax Assets</b>		
- On Provision For Gratuity	26,63,116	21,76,620
For Unutilised leave benefits	5,43,692	4,79,528
For Others	25,55,368	-
	27,02,45,184	7,76,55,945

#### 9. DISCLOSURE UNDER THE MICRO, SMALL & MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

There are no Micro, Small and Medium enterprises as defined in Micro, Small and Medium Enterprises Development Act 2006 to whom the company owes dues which are outstanding for more than 45 days as on 31.03.2008 on account of principal amount together with

interest and according the no additional disclosures has been made.

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties has been identified on the basis of the information available with the company.

This has been relied upon by the Auditors.

NIL

(Rs 14,28,785/-)

#### 10. INVENTORIES INCLUDES STOCK LYING WITH OUTSIDERS (As certified by the Management)

#### 11. CAPITAL COMMITMENTS

Estimated amount of Contracts remaining to be executed on Capital account and not provided for is Rs. 8556.40 Lacs (Previous Year Rs 14922.66 Lacs), Advance Paid Rs. 263.92 Lacs, (Previous Year Rs 1122.85 Lacs) is covered by performance guarantee received from the Bankers of

the Contractors/ Vendors and/ or Corporate guarantee against the same and including Letter of Credit issued by Banks for Rs.1450.90 Lacs (Rs. 6,933 Lacs) in favour of the capital good suppliers by earmarking the term loan facility.

#### 12. CONTINGENT LIABILITIES NOT PROVIDED FOR

- i) Sales Tax Liabilities (Under Appeal)  
(Net of payments)  
Bank Guarantees

Rs.21,93,83,553/-

(Rs.12,13,39,784/-)

Rs. 24,13,62,460/-

(RS. 21,04,26,966/-)

Note : Margin held by banks by way of pledge of FDRs and in Cash for L/C & L/G

Rs. 24,70,72,566/-

(Rs. 16,48,00,734/-)

- ii) In respect of import of raw material under Advance License Scheme by which the company saved custom duty to the extent of Rs 2418.89 lacs against which the company is under obligation to export finished goods to the extent of Rs 8586.72 lacs (appx) as on the balance sheet date.

Lacs (Rs.205.93 Lacs) saved on account of Import of Plant & Machinery against the Import License issued under Para 5.2/5.7 of Exim Policy 2004-09 for lower Custom Duty under EPCG Scheme against which differential duty has been paid in the year of import. This concession is allowed based on the obligation that the Company will export items upto eight times of duty saved and realize money in Convertible Foreign Exchange equivalent to Rs.14886.96 Lacs

- iii) In respect of the Letter of Undertaking/Guarantees for Rs 1771.73 Lacs (116.78 Lacs) issued in favour of Dy. Commissioner of Customs, for duty of Rs.1860.87

## Schedules to the Balance Sheet & Profit and Loss account

### 21. NOTES ON ACCOUNTS (Contd.)

- (Rs.1647.44 Lacs), over a period of 8 years from the date of issue of such license.
- iv) Letter of Guarantee for Rs.342.27 Lacs (Rs.342.27 Lacs) issued by the Bankers of the Company in favour of West Bengal State Electricity Board for sanction of Power.
13. i) The Company has commenced its commercial production of Mini Blast Furnace plant from 1st June 2007. The expenditure has been allocated to the respective fixed assets till then.
- ii) The Company is in the process of installation of Directly Reducing Iron Plant, Captive Power Plant, Steel Melting Shop and Air Separation plant at the existing site Saha Chowk, Rakha Jungle, Kharagpur, Paschim Midnapur (W.B.) for its Integrated steel plant. 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.
- iii) The company has commenced its commercial production of Low Relaxation Pre-Stressed Concrete Wire(LRPC) plant from 17th March 2008. The expenditure has been allocated to the respective fixed assets till then.
- iv) The Company is in the process of installation of Single line LRPC and Plating line plant at the existing site Mouza Gopalpur, Durgapur Dist. Burdwan (W.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.
14. i) Sales & Services includes inter unit sales Rs 25,98,41,408/- (Previous Year Rs.27,45,29,451/-) and conversion charges of Rs. 3,14,67,093/- (Previous Year Rs. 85,02,392/-).
- ii) Construction Expenses includes transfer of material from / to other units Rs. 14,00,18,970/- and Rs. 1,43,44,605/- respectively.
15. The company is eligible for remission of sales tax/vat on sales to the extent of Rs.17.97 Crores being 100% of the eligible gross value of fixed assets installed by the Company in its Shyamnagar Unit as per certificate granted by the Asst Commissioner, Commercial Taxes, Special Cell, West Bengal, which is available up to 29.01.2009 subject to the fulfilment of certain conditions and in view of the same the unit has taken remission of sales tax/vat tax realised. In addition to this further application for remission of vat for Rs.22.74 Crores is in process.
16. 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 financial 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.
17. The company during the year has followed the accounting of recognising VAT through receivable/payable in Balance Sheet instead of recognising through profit & loss account. However this has no impact on the profit/loss of the company.
18. Excise Duty Paid and CENVAT, Service Tax, Education Cess etc. utilised during the year are debited/ adjusted in other heads amounts to Rs. 120,19,24,194/- (Previous Year Rs. 54,02,16,673/-).
19. 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. 31,42,38,407/- (Previous Year Rs 18,28,79,974/-) is net of Rs.15,37,21,615/- (Previous Year Rs. 1,23,86,816/-) being interest received on FDRs, from customers & others including profit of Rs 3,49,03,864/- earned on foreign currency derivative instruments.
- iii) Interest on Term Loan of Kharagpur Unit included in capital work in progress amounting to Rs. 3058.14 Lacs (previous year Rs.1667.87 Lacs) is inclusive of Profit on the Contracts for Foreign Currency Rupee Swap Rs.154.13 Lacs (previous year Rs. 60.96 Lacs).
20. Pursuant to announcement on Accounting for Derivatives issued by The Institute of Chartered Accountants of India, there are three Foreign Currency Derivative Contracts outstanding as at 31st March 2008 entered into by the company for hedging purposes and as on that date an adverse position of Rs. 2198.30 lacs has been indicated on Mark-to-Market basis which has not been provided in the accounts.
21. MANAGERIAL REMUNERATION:  
Remuneration paid to the Managing Director and Wholetime Director amounts to Rs. 18,00,000/- and Rs.6,00,000/- 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.

## Schedules to the Balance Sheet & Profit and Loss account

Amount in Rupees

### 21. NOTES ON ACCOUNTS (Contd.)

### 22. AUDITORS REMUNERATION

	As at 31.03.08	As at 31.03.07
For Audit Fees	11,50,000/-	5,00,000/-
„ Tax Audit	3,50,000/-	1,50,000/-
„ Certificates	2,00,000/-	50,000/-
<b>Total</b>	<b>17,00,000/-</b>	<b>7,00,000/-</b>

23. The previous year figures had been regrouped, rearranged and reclassified wherever considered necessary.
24. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD - 15 (REVISED) 'EMPLOYEES BENEFITS'  
Effective 1st April 2007, the company adopted revised Accounting Standard 15 (Revised 2005) on Employee Benefits. Pursuant to adoption of the AS, an amount of Rs 37,65,086/- being transitional obligation arising upon re-measurement of certain employee benefit as on 1st April 2007 has been recognized with corresponding credit to General Reserve.

### A) Defined Contribution Plans

In accordance with the Accounting Standard 15 on employee benefits issued by the Institute Chartered Accountants of India, employer-established provident fund trust are treated as defined benefits plans. The company in its Shyamnagar unit has established a provident fund trust which is exempted U/S 17 of Employees Provident Fund Act, 1952 which stipulates that the employer shall make good deficiency if any, in the interest rate declared by trust vis-à-vis statutory rate. For all other units the company contributes to the Regional Provident Fund Commissioner (RPFC) and recognized as expense for the year as under:

Employer's contribution to provident fund (to the Trust)

Rs 30,62,136/-

Employer's contribution to provident fund (to RPFC)

Rs 55,09,304/-

### B) Defined Benefit Plans

In Keeping with the company Gratuity scheme (Defined Benefit plan) eligible employee are entitled to gratuity benefits (at one and half months eligible salary for each completed year of service on Retirement / Death /Termination) . Vesting occurs upon completion of 5 years of service subject to

the payment of Gratuity Act, 1972. The present value of obligation is determined based on actuarial valuation using the projected unit credit method. Obligation for the leave encashment is recognized in the same manner as Gratuity. Following are the further particulars with respect to Gratuity for the year ended 31.03.2008 :

	(In Lacs)	
	Gratuity	Leave Encashment
i) Changes in Defined Benefit obligation		
1) Present value of obligation at the beginning of the year	277.33	10.21
2) Service Cost	28.29	1.01
3) Interest Cost	23.51	0.81
4) Expected Return on planned assets	(16.29)	-
5) Actuarial (Gain)/ Loss	(2.06)	21.04
6) Benefit Paid	(0.45)	22.40
7) Present value of obligation at the end of the year	<b>310.33</b>	<b>10.67</b>

## Schedules to the Balance Sheet & Profit and Loss account

21 NOTES ON ACCOUNTS (Contd.)

	In Lacs	
	Gratuity	Leave Encashment
ii) Change in Plan Assets		
1) Plan Assets at the beginning of the year	188.21	-
2) Actual return on plan Assets	21.56	-
3) Contribution by the company	9.80	22.40
4) Actual Benefits paid	(0.45)	(22.40)
5) Actuarial (Gain)/Loss	-	-
6) Plan Asset at the end of year	219.12	-
iii) Reconciliation of the present value of defined obligation and fair value of planned Assets		
1) Present value of the obligation at the end of the year	310.33	10.67
2) Fair value of plan Assets at the end of the year	219.12	-
3) Liability/(Asset) recognized/ to be recognized in the Balance Sheet	91.11*	10.67
* includes Rs 12.86 lacs (previous year Rs 4.78 lacs) has not been provided in profit & loss account and the same will be provided as and when it accrues.		
iv) Expenses Charged to Profit & Loss Account		
Current Service Cost	28.29	1.01
Interest Cost	23.51	0.81
Expected return on Plan Assets	(16.29)	-
Actuarial (Gain)/Loss	(2.06)	21.04
Total Expenses Charged/ (to be charged) in Profit & Loss A/c	33.45	22.86
v) Actuarial Assumptions As At 31st March 2008:		
Discount Rate Per Annum Compound	7.5%	7.5%
Rate of Increase in Salary	5.0%	5.0%
Rate of Return on Plan Assets	8.0%	-

The Principal assumptions used in the calculation are the (1) Discount Rate, (2) Salary increase. The Discount rate is based upon the market yields available on Government Bonds at the accounting date with a term that matches debt of the liabilities and the salary increase take account

of inflation, seniority, promotion and other relevant factors.

This being the First year of disclosure, previous year figures have not been furnished.

## Schedules to the Balance Sheet & Profit and Loss account

Amount in Rupees

21. NOTES ON ACCOUNTS (Contd.)

25. SEGMENT REPORTING

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

Reportable Segments	Wires & Steel Products	WTG Power	Infrastructure	Total
<b>1) Segment Revenue</b>				
Sales & Services	17,409,014,729	5,075,916	838,169,230	18,252,259,875
Other Income	548,811	-	14,220	563,031
<b>Total</b>	<b>17,409,563,540</b>	<b>5,075,916</b>	<b>838,183,450</b>	<b>18,252,822,906</b>
Less: Inter Segment Sales	(141,384,247)	-	(13,943,680)	(155,327,927)
<b>Total Revenue</b>	<b>17,268,179,293</b>	<b>5,075,916</b>	<b>824,239,770</b>	<b>18,097,494,979</b>
<b>2) Segment Results</b>				
Segment Result	922,450,390	(12,137,375)	132,190,668	1,042,503,683
Less: Unallocable Expenses				80,916,949
<b>Profit Before Tax</b>				<b>961,586,734</b>
Less: Provision for Tax				135,000,000
Less: Income Tax Payment for Earlier Years				12,109,289
Less: Provision for FBT				2,125,000
Less: Deffered Tax Liability				192,589,239
<b>Profit After Tax</b>				<b>619,763,206</b>
<b>3) Segment Assets</b>	17,510,849,616	160,413,714	754,471,595	18,425,734,925
<b>4) Segment Liability</b>	10,520,145,781	78,003,139	268,358,494	10,866,507,414
<b>Capital Employed (Segment Assets - Segment Liabilities)</b>	<b>6,990,703,835</b>	<b>82,410,575</b>	<b>486,113,100</b>	<b>7,559,227,511</b>
Add: Unallocable Assets				16,572,928
Less: Unallocable Liabilities				3,609,670,015
				<b>3,966,130,424</b>
<b>5) Capital Expenditure</b>	2,544,572,723	-	3,183,129	2,547,755,851
Add: Unallocable	-	-	-	691,164
				<b>2,548,447,015</b>
<b>6) Depreciation</b>	213,873,531	9,576,600	756,705	224,206,836
Add: Unallocable	-	-	-	52,961
				<b>224,259,797</b>

### Geographical Segment

The Company caters mainly to the needs of Indian Market and the export Turnover being 5.46% (Previous Year 5.47%) of the total turnover of the company. There are no reportable geographical segments. The Accounting policies adopted for segment reporting are in line with the accounting policies of the

company Revenue & Expense have been identified to segment on the basis of the relationship to the operating activities of the segment. Revenue & Expense which relate to the enterprise as the whole, and not allocable to segments on a reasonable basis have been shown under the heading "Unallocable"

## Schedules to the Balance Sheet & Profit and Loss account

### 21. NOTES ON ACCOUNTS (Contd.)

#### 26. RELATED PARTY DISCLOSURES:

Related Party Disclosure in accordance with Accounting Standard 18 issued by the Institute of Chartered Accountants of India:

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

Key Management Personnel (KMP) & their Relatives:-

- i. Sri Ashish Jhunjunwala (Managing Director)
- ii. Smt. Sharda Devi Jhunjunwala (Mother of M.D)
- iii. Smt. Neerza Jhunjunwala (Wife of M.D)
- iv. Smt. Shashi Lohia (Sister of M.D)
- v. Sri Advay Jhunjunwala (Son of M.D)
- vi. Sri. Naveen Gupta (Whole time Director)

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

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

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

- i) Ramsarup Industrial Corporation Employee's Gratuity Fund
- ii) Ramsarup Utpadak Unit II Employees Gratuity Fund

## Schedules to the Balance Sheet & Profit and Loss account

### 21. NOTES ON ACCOUNTS (Contd.)

#### D) Transaction with Related Parties (Excluding reimbursements)

Particulars	<i>Amount in Rupees</i>		
	Enterprises where Control Exits	Key Management Personnel (KMP)	Relatives of KMP
Sales	-	-	-
	(46,70,30,960)	(-)	(-)
Purchase	-	-	-
	(37,20,19,413)	(-)	(-)
Conversion Charges	5,23,96,177	-	-
	( 2,23,76,192)	(-)	(-)
Managerial Remuneration	-	24,74,000	-
	(-)	( 13,34,000)	(-)
Rent Paid	45,000	-	1,80,000
	(-)	(-)	(90,000)
Dividend Paid			
- Equity Shares	46,38,235	2,56,175	5,53,810
	(2,31,91,175)	(12,80,875)	(16,93,650)
- Preference Shares	16,000	6,40,400	10,59,600
	(16,000)	(6,40,400)	(32,000)

	<i>Amount in Rupees</i>	
	As at 31.03.2008	As at 31.03.2007
27. EARNING PER SHARE		
Earning per share has been computed as under		
a) Profit after Taxation	61,97,63,206	43,56,19,544
Less: Preference Shares Dividend & Tax thereon	22,39,284	22,39,284
(Amount used as numerators)	61,75,23,922	43,33,380,260
b) No. of Effective Equity Shares	1,75,04,428	1,75,04,428
c) Weighted average No. of Shares to be issued on Account of Amalgamation	1,62,57,112	-
d) Total Weighted average No. of Equity Shares used as Denominator for calculating EPS	3,37,61,540	-
Earning Per Share Basic & Diluted :		
Profit After Tax (as above)	61,75,23,922	43,33,380,260
No.of Equity Shares	3,37,61,540	1,75,04,428
Earning per Share =	18.29	24.76

## Schedules to the Balance Sheet & Profit and Loss account

21. NOTES ON ACCOUNTS (Contd.)

28. 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	168000	
	(149000)	
- Galvanising	84000	
	(84000)	
- T M T Bars & Rods	167000	
	(167000)	
- LRPC Wire	36000	
	(NIL)	
- 3 W T G	3.75 MW	
	(3.75)MW	
- Pig Iron	220320	
	(NIL)	
iii) Actual Production (Including conversion)		
- Wire Drawing#	133998	
	(129146)	
- Galvanising#	92732	
	(68770)	
- LRPC Wire	1036	
	(NIL)	
- T M T Bars & Rods **	117640	
	( 73451)	
- Power Generated ( KWH)	1327925	
	(6097930)	
- Pig Iron	128989	
	(NIL)	
iv) Stock of Finished Goods( Including for Resale)		
	Quantity (MT)	Value (Rs.)
Opening Stock	32532	157,53,24,771/-
	(22981)	(90,01,56,698/-)
Closing Stock	76067	279,41,94,778/-
	(32532)	(157,53,24,771/-)

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

## Schedules to the Balance Sheet & Profit and Loss account

21. NOTES ON ACCOUNTS (Contd.)

### ACTUAL PRODUCTION

# 1)Wire drawing Production includes Conversion from outsiders:	1622 MT
	(1110) MT
# 2)Wire drawing production is including conversion for Inter transfer:	10187 MT
	(5056) MT
# 3) Galvanising production includes 22205 MT (NIL) of annealed wire.	
# 4)Wire drawing production is inclusive of 70527 MT (36282 MT) used for captive production of Galvanised wire.	
** 5)Bars & Rods production is inclusive of NIL MT(11133 MT) used for captive production of H B Wires.	

### B. BREAK UP OF SALE OF PRODUCTS

	2007-08		2006-07	
	MT	Value (Rs.)	MT	Value (Rs.)
G.I.Wires, Steel Wires, TMT Bars, Rods & Other				
Iron & Steel Products	314648	1489,33,32,216	319019	1276,71,08,684
Pig Iron	92723	199,08,24,539	-	-
Bye-Products	137532	53,17,02,240	4507	5,05,90,859
		1741,58,58,995		1281,76,99,543

### C. PURCHASE OF FINISHED GOODS : FOR RESALE

	2007-08	2006-07
Iron & Steel Products	79427	109674
	181,34,36,669	255,13,33,349

### 29. CONSUMPTION OF RAW MATERIALS

Wire Rods/ H.B Wires/ Billets/ Ingots/ Slab/,	2007-08	2006-07	2007-08	2006-07
Square Bars	2,51,425	1122,54,55,906	226244	908,77,44,749
Lead / Zinc	1,895	27,25,01,907	1768	30,64,59,833
Iron Ore	2,43,778	87,32,72,699	-	-
Coke	1,19,005	157,26,00,599	-	-
Dolomite	15,794	1,54,66,181	-	-
Lime Stone	27,816	1,14,85,450	-	-
Manganese	1,865	58,26,862	-	-
Quartzite	10,433	60,07,706	-	-
	6,72,011	398,26,17,310	228012	939,42,04,582
Iron Ore Fines				
(for resale)	94,466	22,92,58,934	-	-
	7,66,477	1421,18,76,244	228012	939,42,04,582

## Schedules to the Balance Sheet & Profit and Loss account

Amount in Rupees

### 21. NOTES ON ACCOUNTS (Contd.)

#### 30. i) VALUE OF IMPORTED / INDIGENOUS MATERIALS CONSUMED

	2007-08		2006-07	
	%		%	
Indigenous	95.48	1356,99,49,495	97.32	914,23,13,967
Imported Wire Rod/Zinc (including on High Seas)	4.52	64,19,26,749	2.68	25,18,90,615
	100.00	1421,18,76,244	100.00	939,42,04,582
			31.03.2008	31.03. 2007

#### 30. ii) C.I.F VALUE OF IMPORTED RAW MATERIALS

Wire Rod/ Zinc (Including on High Sea)	69,32,01,196	24,84,56,770
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#### 30. iii) C.I.F VALUE OF IMPORTED CAPITAL GOODS

C.I.F. Value of Capital Goods Import	66,12,64,994	-
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#### 31. CONSUMPTION OF CHEMICALS &

##### STORES & SPARES (100% INDIGENOUS)

Chemicals, Stores & Spares	11,38,51,385	5,37,78,954
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#### 32. A) EXPORTS OF GOODS (F.O.B Value)

Wires/ Steel Products	95,73,37,346	71,44,36,820
Pig Iron	3,98,60,654	-
	99,71,98,000	71,44,36,820

#### B) EXPENDITURE IN FOREIGN CURRENCY

Foreign Travelling	23,36,923	6,92,243
Others	1,29,33,200	-

Signatures to Schedule 1 to 21 to Balance Sheet as at 31st March, 2008 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 : 30th September, 2008

## 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.	32113	State Code	21
Balance Sheet Date	31. 03. 2008		

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

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

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

Total Liabilities	13,309,297	Total Assets	13,309,297
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#### Source of Funds

Paid-up Capital	219,644	Reserves and Surplus	3,574,727
Share Suspense	175,741	Secured Loan	6,966,354
Deferred Tax	270,245	Unsecured Loan	2,102,585

#### Application of Funds

Net Fixed Assets	7,629,368	Investments	Nil
Net Current Assets	5,675,946	Misc. Expenditure	3,983
Accumulated Losses	Nil		

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

Income	18,252,823	Total Expenditure	17,291,236
Profit/Loss before Tax	961,587	Profit/Loss after Tax	619,763
Earnings per Share in Rs.	18.29	Dividend Rate %	20

### V. Generic Names of Principal Products

Product Description	IRON AND STEEL COATED WITH ZINC
Items Code No. (ITC Code)	721720.01
Product Description	STRANDED WIRE
Items Code No. (ITC Code)	731210.03
Product Description	MS BARE/ROD
Items Code No. (ITC Code)	7214.90
Product Description	MS BILLETS
Items Code No. (ITC Code)	7207.90

For and on behalf of the Board of Directors

Place : Kolkata  
Dated : 30th September, 2008

Ashish Jhunjhunwala  
Managing Director

Naveen Gupta  
Director

Gajendra Kumar Singh  
Company Secretary

