



**RAMSARUP  
INDUSTRIES  
LIMITED**

**Annual Report 2011-12**

## Forward-Looking Statement

The report contains forward-looking statements that involve risks and uncertainties. When used in this discussion, the word 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 result, 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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# Corporate Information

## Board of Directors

Mr. Aashish Jhunjunwala - Chairman & Managing Director

Mr. Naveen Gupta - Whole time Director & CFO

Mr. K. M. Lal

Mr. Bimal Kumar Jhunjunwala

Mr. Aayush Lohia

## Company Secretary

Mr. Gajendra Kumar Singh

## Auditors

M/S P. K. Lilha & Co.

Chartered Accountants

5, Fancy Lane

kolkata - 700001

## 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.

IDBI Bank Ltd.

West Bengal Industrial Development Corporation Ltd.

Indian Renewable Energy Development Agency Ltd.

State Bank of India

Canara Bank

Central Bank of India

Oriental Bank of Commerce

Bank of India

The Federal Bank Limited

Axis Bank Ltd.

Development Credit Bank

SIDBI

## Registered Office

Hastings Chambers, 2nd Floor, Room No. 1

7C, Kiran Shankar Roy Road

Kolkata - 700001

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)

## 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 Nirmaan Wires

Mouza - Gopalpur, Durgapur

District - Burdwan, West Bengal

## Unit IV: Ramsarup Lohh Udyog

Saha chowk, Rakha Jungle

Kharagpur, Paschim Midnapur

West Bengal

## Unit V: Ramsarup Vidyut

Village Khor

Taluka Sakri

District - Dhule, Maharashtra

## Unit VI: Ramsarup Infrastructure

West Bengal and Rajasthan

## Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.

59C, Chowringhee Road, 3rd floor

Kolkata - 700020

Ph: 91 33 2289 0540

Tele Fax: 91 33 2289 0539

Email: [kolkata@linkintime.co.in](mailto:kolkata@linkintime.co.in)

# Notice

## TO THE MEMBERS

Notice is hereby given that the 33rd Annual General Meeting of Ramsarup Industries Limited will be held on Monday, 24th December, 2012 at Kalakunj, 48, Shakespeare Sarani, Kolkata - 700 017 at 10 A.M. to transact the following business :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012 and the Statement of Profit and Loss for the year ended on that date along with the reports of Auditors and Director thereon.
2. To re-appoint Mr. Aayush Lohia, who retires by rotation and being eligible, offers himself for re-election.
3. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** M/s P. K. Lilha & Co., Chartered Accountants having firm registration no. 307008E be and are here by appointed as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and the Board of Directors be and is hereby authorised to determine the remuneration payable to the Company's Auditors in consultation with them.

### SPECIAL BUSINESS :

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

**"RESOLVED THAT** in accordance with the provisions of Sections 80 and all other applicable provisions if any, of the Companies Act, 1956 read with all enabling provisions of the Articles of Association of the Company and all other applicable law, rules, regulations, guidelines, clarifications and approvals issued by any statutory body or regulatory authority and subject to such approvals/consents/permissions/ sanctions as may be required in accordance with applicable law, rules, regulations and guidelines and subject to approval of the Preference shareholders and agreed to by the Board of Directors of the Company ( the 'Board' which term shall include any Committee which the Board of Directors may have constituted or may hereafter constitute for the time being for exercising the powers conferred on the Board of Director by this Resolution) consent of the member be and is hereby accorded to the Board to extend the period of redemption of the Preference Shares falling/fallen due, for such extended period as may be agreed by the Preference Shareholders."

**"RESOLVED FURTHER THAT** the Preference Shares shall be redeemable on the expiry of the term as may be decided by the Board in this respect."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to the above , the Board be and is hereby authorized to take all actions and do all act , deeds, matters and things as it may , in its absolute discretion, deem necessary, proper, desirable or expedient and to resolve and settle all questions, difficulties or doubts that may arise in this regard as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this Resolution."

Registered Office :  
"Hastings Chambers"  
7C, Kiran Shankar Roy Road  
2nd Floor, Room No.1  
Kolkata - 700 001  
Date : 1st December, 2012

By order of the Board  
For **RAMSARUP INDUSTRIES LIMITED**

Sd/-  
**Gajendra Kumar Singh**  
Company Secretary

### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY, NOT

LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.

2. Information required under the provisions of clause 49 of the Listing Agreement, is given in the Corporate Governance Report annexed to the Director's Report.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the Meeting is annexed hereto.
4. Members/Proxies should bring duly filled Attendance Slips sent herewith for attending the meeting.
5. Register of Members and share transfer books of the Company will remain closed from 18th to 24th December, 2012 both days inclusive.
6. Members of the Company are informed that pursuant to the provisions of Section 205C of the Companies Act, 1956, the amount of dividend which remains unclaimed/unpaid for a period of seven years would be transferred to the Investors Education & Protection Fund constituted by the Central Government and the Members would not be able to claim any amount of the dividend so transferred to the fund. As such, Members who have not encashed their interim/Final Dividend Warrants for the Financial year 2005-06, 2006-07 and 2007-08 are requested in their own interest to write to the company immediately, claiming dividends declared by the company which is still remaining outstanding.
7. In case of any change of particulars including address, bank mandate & nomination for shares held in demat form, should be notified only to the respective Depository participants where the member has opened its demat act on any direct requests from these Members for change of such details. However, for any change in particulars for shares held in physical form should be sent to the Company's Registrars & Share Transfer Agent of the Company.
8. Members holding shares in demat form may please note that the Bank account details given by them to their depository participants (DPs) and passed on to the Company by such DPs would be printed on the dividend warrants of the concerned members. However, if any members wants to receive dividend in any other bank account, he/she should change/correct the bank account details with the concerned DPs. The company would not entertain any such requests from the shareholders directly for deletion/change in the Bank.
9. Corporate Members are requested to send a duly certified copy of the Board resolution/Power of Attorney authorising their representative to attend and vote at the Annual General Meeting.
10. Members desirous of obtaining any information about the accounts and operations of the company are requested to address their questions in writing, at least 7 (Seven) days in advance of the meeting, at the Registered office of the Company to keep the information available at the meeting.
11. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company's Registrar and Transfer Agent, M/s Link Intime India Private Limited details of such folios together with the share certificates for consolidating their holding in one folio. The share certificates will be returned to the Member/s after making requisite changes thereon.
12. Non-resident Indian Members are requested to inform the Company immediately :-
  - (i) Change in residential status on return to India for permanent settlement.
  - (ii) Particulars of bank account maintained in India with complete name, branch, branch code, account type, account number and address of bank, if not furnished earlier.
  - (iii) Copy of Reserve Bank of India permission.
13. Documents referred to the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days (Monday to Friday) between 11.00 a.m. and 1.00 p.m. upto the date of meeting and will also be available for inspection at the meeting.
14. Individual shareholders can now take the facility of making nomination of their holding. The nominee shall be the person in whom all rights of transfer and/or amount payable in respect of shares shall vest in the event of the death of the shareholder and the joint-holder(s), if any. A minor can be a nominee provided the name of the guardian is given in the nomination form. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. For further details in this regard shareholders may contact M/s Link Intime India Pvt. Ltd.

15. In all correspondence with the Company or with its Share Transfer Agents, Members are requested to quote their folio number and in case their shares are held in dematerialized form, they must quote their Client ID Number and their DPID Number.
16. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.
17. MEMBERS MAY NOTE THAT NO GIFT/GIFT COUPONS SHALL BE DISTRIBUTED AT THE VENUE OF THE MEETING.

Registered Office :  
 "Hastings Chambers"  
 7C, Kiran Shankar Roy Road  
 2nd Floor, Room No.1  
 Kolkata - 700 001  
 Date : 1st December, 2012

By order of the Board  
 For **RAMSARUP INDUSTRIES LIMITED**

Sd/-  
**Gajendra Kumar Singh**  
*Company Secretary*

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :**

##### **Item No. 4 :**

The Company had issued 13,00,000, 5% Redeemable Cumulative Preference Shares of Rs.10/- each fully paid up on 31st March, 2003 which is due for redemption on or before 31st March, 2013 and 31,60,000, 4% Redeemable Cumulative Preference Shares of Rs.10/- each fully paid up on 24th September, 2004 which were due for redemption on or before 24th September, 2004 which has further been extended, with the consent of the Preference Shareholders, upto 23rd March, 2012. The financial condition of the Company is not healthy resulting into postponement of the redemption of Preference Shares, which requires huge amount for redemption.

Considering the present market scenario, the Company seeks the consent of the Members for authorizing the Board of Directors of the Company to extend the period of redemption of preference shareholders for such period as may be agreed between the Board and respective Preference shareholders in the best interest of the Company.

The Special Resolution is proposed pursuant to the provisions of Sections 80 of the Companies Act, 1956.

None of the Directors except Mr. Aashish Jhunjhunwala is concerned or interested in the Resolution.

The Board of Directors accordingly recommend the resolution set out at Item No. 4 of the accompanying Notice for approval of the Members.

#### **Annexure - A**

##### **DETAILS OF THE DIRECTORS TO BE APPOINTED / RE APPOINTED AT THE FORTHCOMING ANNUAL GENERAL MEETING AS REQUIRED IN PURSUANT OF CLAUSE 49(IV) OF THE LISTING AGREEMENT**

NAME:	Shri Aayush Lohia
DATE OF BIRTH:	3rd April, 1980
DATE OF APPOINTMENT:	27th June, 2003
AREA OF SPECIALISATION:	Marketing and Finance
NO. OF DIRECTORSHIP IN OTHER COMPANY'S :	2
NAME OF THE COMPANIES:	1. Nexus Minmet Merchandising Pvt. Ltd. 2. Nexus Bulk Operators Pvt. Ltd.
NO. OF COMMITTEE MEMBERSHIP IN OTHER COMPANIES:	Nil

## Directors' Report

### Dear Members,

We are presenting the 33rd Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March 2012.

### PERFORMANCE OF THE COMPANY

The Highlights of the Performance of the Company during the Financial Year ended 31st March 2012 are appended below :-

(Rs. in Cr.)

Particulars	2011-12	2010-11
Total Revenue	458.89	1252.44
Profit/(Loss) Before Interest, Depreciation & Tax	(23.56)	(110.14)
Less : Interest	326.06	136.15
Depreciation	32.53	32.73
Profit/(Loss) before Tax	(382.15)	(279.02)
Provision for - Tax for earlier years	—	0.49
Deferred Tax	—	(7.28)
Profit/(Loss) after Tax carried to Balance Sheet	(382.15)	(272.22)

### BUSINESS OPERATIONS & FUTURE OUTLOOK

Highlights of performance during the financial year 2011-12 are :

- Total Revenue from Operation of the Company is Rs. 458.51 crores as against Rs. 1251.35 crores in the previous year.
- Operating Profit / (Loss) is Rs. (23.56) crores as against Rs. (110.14) crores in the previous year.
- Profit / (Loss) before taxation is Rs. (382.15) crores as against Rs. (279.02) crores in the previous year.
- Profit / (Loss) after Tax is Rs. (382.15) crores as against Rs. (272.22) crores in the previous year.

The company has incurred substantial losses and the same was compounded due to debiting the interest for the year on funds borrowed for execution of several capital projects and day to day administrative expenses, to the statement of profit & loss that used to had been capitalised till 31st March, 2011.

Further as suspension of manufacturing activities has taken place in all the manufacturing units, there are indications which suggest impairment in the value of plant and machineries and other fixed assets of the company, for which the management is in process of getting the study carried out .

During the year ended 31.03.2012 the net worth of the company has eroded and the company has become Sick Industrial Company as per the provisions of Sick Industrial Companies (Special Provision) Act 1985 (SICA) and the Company is required to make reference with the Board for Industrial and Financial Reconstruction (BIFR). Necessary compliances will be made in accordance with the provision of SICA.

The company is not expecting good performance during the year 2012-13 also.

### DIVIDEND

In view of losses incurred during the year under review, your Directors do not recommend any dividend for the financial year 2011-2012.

**TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)**

The Dividend declared by the Company which remain unpaid / unclaimed for a period of Seven (7) years are required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

The Members are requested to claim their unpaid/unclaimed Dividend(s), if any, declared and paid for the financial years 2005-2006, 2006-2007 and 2007-2008.

**APPROVAL FROM ROC**

Pending approval of restructuring package submitted by the company to the lenders, the company had applied for extension of time for holding the Annual General Meeting for a period of 3 months i.e. upto 29th December, 2012 which has been granted by the Registrar of Companies, West Bengal vide its approval letter dated 12th September, 2012. Accordingly the Audited Accounts of the Company has been prepared and being submitted herein.

**INTERNAL CONTROL SYSTEMS**

We have always believed in transparency, which is an important factors in the success and growth of any organisation. The Company has an adequate system of internal control supported by an extensive programme of internal control and systems are established to ensure that financial and other records are reliable for preparing financial statements. This department assumes great significance given the size, scope and rapid rate of growth of the company. The team is headed by a Chartered Accountant along with senior officers to ensure that transactions are authorised, recorded and reported appropriately.

**CORPORATE SOCIAL RESPONSIBILITY**

Social welfare and community development is at the core of Ramsarup's CSR philosophy. It embraces responsibility for impact of its operation and action on all its stakeholders including society and community at large. Your Company endeavours to make a positive contribution towards social cause by supporting socio-economic and educational initiatives and is committed to address societal needs.

**FIXED DEPOSIT**

Your Company has not accepted or renewed any fixed deposits under Section 58A of the Companies Act, 1956.

**MANAGEMENT DISCUSSION AND ANALYSIS**

Future of Indian steel industry looks encouraging due to reasonable GDP growth of India inspite of slow down in the world economy.

Major issues that have been affecting adversely the steel industry has been availability of Iron Ore & Coal. Recently, Supreme Court has directed a road map under which mines in Karnataka will commence operation in different phases. This will improve availability of iron ore.

International prices of both Coking coal and Steam coal has come down substantially which will help the bottom line of the steel industry.

Once the revival and rehabilitation package of the company is submitted and approved by the appropriate authority/institutions the company has the knowledge and ability to get back to its glorious past in time to come.

**SEGMENT-WISE PERFORMANCE**

The Company is operating predominately in one segment i.e. Steel & Wires, other segments are power and infrastructure whose contribution to its total revenue, segment result and segment asset are less than 10%. Moreover the company operates within the geographical regions of India hence both primary and secondary segment reporting have not been considered.



**CAUTIONARY STATEMENT**

The Management Discussions and Analysis describe Company's projections, expectation or predictions and are forward looking statements within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include economic conditions affecting demand and supply and price conditions in domestic and international market, changes in Government regulations, tax regimes, economic developments and other related and incidental factors.

**INVESTOR SERVICES**

The Company and its Registrars M/s Link Intime India Pvt. Ltd. who is looking after the physical as well as Demat work and also shareholders correspondence, endeavored their best to service the Investors satisfactorily.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTIONS, FOREIGN EXCHANGE EARNING 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 :

**A. CONSERVATION OF ENERGY :**

(a) Energy conservation measures taken :

- i) Periodic checking and supervision of the Electrical Distribution Network and corrective and proactive measures helped to maximize energy usage, ensuring as effective and efficient system of energy distribution.
- ii) Reuse of waste oil in furnaces.
- iii) Regular monitoring of leakages of compressed air and fuel oil to save fuel.
- iv) Controlling of idle running of equipment during stoppages to save energy.
- v) Applying right voltage to the systems through transformers with automatic voltage regulator.
- vi) Reduction in steam, lower power consumption during peak hour rate.
- vii) The company's technical cell continued to implement and find ways to conserve energy, avoiding any unnecessary operation and wasteful practice.
- viii) Shutting down all electrical equipments and other appliances, when not in use, to avoid wastage of energy.
- ix) Installing soft starter's at all electrical control panels, to reduce power consumption.

However closure of some of the units during the year/lower production has had very limited impact on the efforts for energy conservation.

**B. TECHNOLOGY ABSORPTION :**

- Research & Development - There have been ongoing efforts to improve productivity levels and quality standards but no specific research and development is required.
- Technology absorption, Adaptation & Innovation - Indigenous development of technology has taken place continuously.
- However closure of some of the units during the year / lower production has had very limited impact.
- Particulars of technologies imported during last 5 years - Not applicable.

**C. FOREIGN EXCHANGE EARNINGS & OUTGO :**

The relevant information has been provided in the notes to financial statements of the company.

**DIRECTORS**

In accordance with the provisions of the Companies Act 1956 read with article 134 of the Article of Association of the Company, Mr. Aayush Lohia retires by rotation and, being eligible, offers himself for re-appointment.

**DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Act, as amended by the Companies (amendment) Act, 2000, the director confirms that:

1. In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation related to the material departures.
2. Appropriate Accounting Policies have been selected and applied consistently and have made adjustments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as on 31st March 2012 and statement of profit/loss of the Company for the year ended on that date.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. 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 as Auditors. The Company has received a certificate from them to the effect that the reappointment, if made would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956

**AUDITORS REPORT**

The observations made by the Statutory Auditors in their report are self-explanatory and have also been further amplified in the Notes to financial statements.

**APPOINTMENT OF COST AUDITOR**

Pursuant to the order of the Ministry of Corporate affairs, Cost Audit Branch, Mr. Dinesh Chandra Bhattacharya, Cost Accountant have been appointed as Cost Auditor for the year 2011-12.

**STATUS OF LISTING IN STOCK EXCHANGES**

Your Company's shares are listed in National Stock Exchange Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 and Bombay Stock Exchange Limited(BSE), P. J. Towers, Dalal Street, 25th Floor, Mumbai - 400 001 for which listing fees for 2011-12 has been paid.

**CORPORATE GOVERNANCE**

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

A separate section on Corporate Governance and a certificate from the Auditors of your company regarding compliance with requirements of corporate governance as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges, form part of Annual Report.

#### **PARTICULARS FOR EMPLOYEES U/S 217 OF THE COMPANIES ACT, 1956**

During the year under review, no employees 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

#### **HUMAN RESOURCES**

During the year under review the employee / industrial relation has suffered a setback due to suspension of work at its manufacturing units.

#### **APPRECIATION**

Your Directors would like to express their grateful appreciation for the support and co-operation received from the Financial Institutions, Banks, Government Authorities, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges, Customers, Manufacturers, Suppliers, Directors and Shareholders during the year under review.

At this point, we would like to place on record our sincere appreciation for the cooperation, commitment, dedication, untiring efforts and hard work put in by the employee members at all levels of the Company in realisation of the corporate goals in the years ahead.

For and on behalf of the Board of Directors

Sd/-

Place : Kolkata

Date : 5th November, 2012

Aashish Jhunjunwala  
Chairman & Managing Director

# Report on Corporate Governance

## CORPORATE GOVERNANCE

Corporate Governance is a framework of rules and practices by which a Board of Directors ensures accountability, fairness and transparency in a company's relationship with all its stakeholders (financiers, customers, management, employees, government, and the community). 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 Corporate Governance framework consists of :

- (1) explicit and implicit contracts between the company and the stakeholders for distribution of responsibilities, rights and rewards,
- (2) procedures for reconciling sometimes the conflicting interests of stakeholders in accordance with their duties, privileges and roles, and
- (3) procedures for proper supervision, control and information-flows to serve as a system of checks-and-balances.

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 high 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 running 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.

## 1. BOARD OF DIRECTORS

The total number of Directors as on 31st March, 2012 comprise of 6 Directors out of whom two are Executive Directors and four 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 of more than 10 Committees and act as a Chairman of more than 5 Committees (as specified in Clause 49(I)(C)(ii)), 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 2012 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. Aashish Jhunjhunwala	Chairman Cum Managing Director & CEO	Executive	6	-	-
Mr. Naveen Gupta	Whole time Director & C.F.O.	Executive	4	-	-
Mr. K. M. Lal	Director	Non Executive & Independent	8	-	4
Mr. Aayush Lohia	Director	Non Executive & Independent	1	-	-
Mr. Bimal Kumar Jhunjhunwala	Director	Non Executive & Independent	2	-	-
Mr. Debashis Sarkar	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.

\*\*\* Mr. Debashis Sarkar, Nominee Director of IDBI in the Company, cease to be a Director w.e.f. 28.05.2012. Mr. M. H. Kulkarni was appointed as Nominee Director in his place w.e.f. 28.05.2012. Subsequently, Mr. M.H. Kulkarni was withdrawn as Nominee Director by the IDBI Bank Limited w.e.f. 20.10.2012.

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

The Board meets at least once in a quarter to consider amongst other business, the performance of the Company & financial results.

During the Financial Year ended 31st March 2012, 4 (Four) Board Meetings were held.

**Details of Board Meetings :**

S. No.	Date of Meeting	Board Strength	No. of Directors Present
1	30/05/2011	7	4
2	14/08/2011	7	3
3	14/11/2011	7	5
4	14/02/2012	6	4

## 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 16-05-2012
1	Mr. Aashish Jhunjunwala	4	4	Yes
2	Mr. Naveen Gupta	4	4	Yes
3	Mr. K. M. Lal	4	-	No
4	Mr. Aayush Lohia	4	3	No
5	Mr. Debashis Sarkar	4	2	No
6	Mr. Bimal Kumar Jhunjunwala	4	2	Yes

## 2. COMMITTEES OF DIRECTORS

Currently, the Board has following committees :

## A. AUDIT COMMITTEE

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(II) (A) of the Listing Agreements with Stock Exchanges and other relevant statutory / regulatory provisions.

**Composition :**

The Audit Committee consists of :

Name of Committee Member	Designation	Category of Directorship
i) Sri Bimal Kumar Jhunjunwala	Chairman	Non Executive & Independent
ii) Sri Naveen Gupta	Member	Executive
iii) Sri Aayush Lohia	Member	Non Executive & Independent

**Note :**

1. Mr. Bimal Kumar Jhunjunwala, Chairman of the Committee is Chartered Accountant by profession. The Company Secretary of the Company acts as Secretary to the Committee.
2. The Audit Committee has been reconstituted in the Board Meeting of the Directors held on 14th February, 2012. As a result Mr. Naveen Gupta has been admitted as a member in place of Mr. L.M.Chatterjee due to his resignation from the Board on 9.01.2012.

**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.

**Details of the Audit Committee Meetings**

The Financial Year ended 31st March 2012, 4(four) Meetings of Audit Committee were held as follows :

S. No.	Date of Meeting	Committee Strength	No. of Members Present
1	27/05/2011	3	2
2	13/08/2011	3	2
3	14/11/2011	3	2
4	13/02/2012	3	2

The attendance at Audit Committee Meetings held during the financial year 2011-12 :

Name of Audit Committee Member	No. of meetings held	No. of meetings attended
Sri Bimal Kumar Jhunjunwala	4	3
Sri Lalit Mohan Chatterjee	4	2
Sri Aayush Lohia	4	3

**B) SHARE TRANSFER / SHAREHOLDERS GRIEVANCES REDRESSAL COMMITTEE :**

A shareholders / investors Grievance Committee has been re-constituted by the Board of Director as "Share Transfer / Shareholders Grievances Redressal Committee to monitor the redressal of the shareholders / investors Grievance related to transfer of shares, non-receipt of annual reports, non-receipt of declared dividend, and etc and to approve the issue of Duplicate/Split/Consolidated Share Certificates, Transfer and Transmission of Share and to review of cases of refusal of Transfer/Transmission of Shares and Debentures and reference to statutory and regulatory authorities.

The Company has delegated powers of share transfer/Split/Consolidation of Share Certificate to "Link Intime India Private 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 who in turn recommend the cases for approval of the Committee. For any assistance from the Company Members may contact Shri Gajendra Kumar Singh, Compliance Officer of the Company at the Registered office of the Company at 7C, Kiran Shankar Roy Road, "Hastings Chambers", 2nd Floor, Room No. 1, Kolkata - 700 001. The Company periodically reviews the operations of the share transfer agents and efficiency and effectiveness of services at regular intervals.

**Composition :**

S. No.	Name of Committee Member	Designation	Nature of Directorship
1	Mr. Bimal Kumar Jhunjunwala	Chairman	Non-Executive & Independent Director
2	Mr. Naveen Gupta	Member	Executive
3	Mr. Aayush Lohia	Member	Non-Executive & Independent Director

**Note :**

The Shareholders Grievance Committee has been reconstituted in the Board Meeting of the Directors held on 14th February, 2012. As a result Mr. B.K.Jhunjunwala has been admitted as a member in place of Mr. L. M. Chatterjee due to his resignation from the Board on 9.01.12.

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 Share Transfer / Shareholders Grievances Redressal Committee Meetings:**

S.No.	Date of Meeting	Committee Strength	No. of Directors Present
1	26/08/2011	3	2

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

Nature of Complaints	Received	Cleared
Non receipt of Refund Order	--	--
Non receipt of Dividend warrant	--	--
Other Complaints	1	1
<b>Total</b>	<b>1</b>	<b>1</b>

**C) 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. There were 23(Twenty Three) Meetings of Committee of Directors during the year.

**Composition :**

S. No.	Name of Committee Member	Designation
1.	Sri Aashish Jhunjunwala	- Chairman cum Managing Director
2.	Sri Naveen Gupta	- Whole Time Director & CFO

**D) REMUNERATION OF DIRECTORS:**

The Company has not set up Remuneration Committee, as it is not mandatory. Out of 6 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.

**Details of remuneration paid for the year 2011-12 are as follows:****a. Executive Directors**

S. No.	Name of the Director	Salary (Rs.)	Commission (Rs.)	Retirement Benefits & Perquisites (Rs.)
	Mr. Aashish Jhunjunwala	18,00,000	NIL	NIL
	Mr. Naveen Gupta	6,00,000	NIL	NIL
	<b>Total</b>	<b>24,00,000</b>	<b>NIL</b>	<b>NIL</b>

The details of remuneration paid to Non-Executive Directors for the year 2011 -2012 are as follows :

**b. Non-Executive Directors**

S. No.	Name of the Non Executive Directors	Sitting fees paid (Rs.)
1.	Mr. Debashis Sarkar	10000
2.	Mr. Bimal Kumar Jhunjunwala	10000
3.	Mr. K. M. Lal	—
4.	Mr. Lalit Mohan Chatterjee	5000
5.	Mr. Aayush Lohia	15000



### 3. GENERAL BODY MEETINGS

#### Annual General Meeting Details :

VENUE	FINANCIAL YEAR	DATE & TIME
At Merchants Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata-700 001	2008-2009	24/09/2009 at 10 A.M
At Gyan Manch, 11, Pretoria Street, Kolkata 700 071	2009-2010	27/09/2010 at 10 A.M.
At Kalakunj, 48, Shakespeare Sarani, Kolkata 700 017	2010-2011	16/05/2012 at 10 A.M

- i) Details of Special Resolution passed in the last three Annual General Meeting (AGM).

Financial Year	Special Resolution Passed
2008-2009	Yes
2009-2010	Yes
2010-2011	No

- ii) Resolution passed through postal ballot under section 192A of the Companies Act, 1956:

Resolution being ordinary Resolution u/s 293(1)(a) of the Companies Act, 1956 for Sale/disposal of Windmill unit/any other Non-Core assets of the Company.

#### RESOLUTION No. 1

Particulars	No of Postal Ballot Forms	No of Shares / Votes	% of Total paid up Equity Capital
Valid Postal Ballot forms received	36	14142587	40.31699
Votes in favour of the Resolution	31	14142379	40.31640
Votes against the Resolution	5	208	0.00059

**Note :** No invalid Postal Ballot forms received.

The resolution was hence approved by the shareholders with requisite majority.

#### Disclosures

1. There was related party transaction i.e. transactions of the Company with its promoters, directors or the management, their subsidiaries or relatives etc. as mentioned in the Note No. 40 of the Financial Statements. However, the same does not have potential conflict with the interests of the Company at large.
2. 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.
3. 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:

1. Quarterly and half-yearly reports are published in the newspapers as per proforma prescribed under the Listing Agreement.
2. Official news releases are given directly to the press.
3. Financial results and other information are displayed on the Company's website [www.ramsarup.com](http://www.ramsarup.com).
4. Management's Discussion & 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 24th December, 2012 at 10 A.M. at Kalakunj, 48, Shakespeare Sarani, Kolkata - 700 017. As required under clause 49 (VI) (A) of the Listing Agreement with the Stock Exchanges, particulars of Directors seeking appointment/reappointment at the forthcoming Annual General Meeting are given in the annexure to the Notice of the Annual General Meeting.

**4. Financial Calender (Tentative) :** Financial Reporting for:

1st Quarter results	14th August 2012
2nd Quarter results	Nov. 2012
3rd Quarter results	Feb. 2013
Audited yearly result for the year ended 31st March, 2013	May, 2013

**5. Book Closure:** From 18th December, 2012 to 24th December, 2012, both days inclusive.**6. Dividend Payment Date :** N.A.**7. Listing on Stock Exchanges :**

The Company's Shares are listed on the following 2 (Two) Stock Exchanges in India:

**Bombay Stock Exchange Limited (BSE)**

Phiroze Jeejeebhoy Towers, 25th Floor

Dalal Street, Mumbai - 400001.

**National Stock Exchange of India Limited (NSE)**

Exchange Plaza, Bandra Kurla Complex,

Bandra (East), Mumbai - 400 051.

**8. Listing Fees :** The Company has paid listing fees for the financial year 2011-12 to the Stock Exchanges on which shares are listed.**9. Stock Code (For Equity Shares)**

Bombay Stock Exchange Limited	532690
National Stock Exchange of India Ltd.	RAMSARUP

**10. 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		
Month	High (Rs.)	Low (Rs.)	No. of shares traded during the month	High (Rs.)	Low (Rs.)	No. of shares traded during the month
April, 2011	25.65	18.55	1000847	25.20	18.60	1126588
May	20.50	15.00	1081732	20.70	16.60	1236788
June	18.90	14.55	361420	18.85	14.50	604515
July	18.25	12.05	382991	18.20	14.65	585772
August	15.00	8.00	492946	15.00	8.85	920484
September	12.00	9.25	377567	10.95	9.25	535220
October	11.50	8.90	249238	10.20	8.70	344610
November	11.00	6.90	233224	10.35	6.85	389326
December	9.20	7.00	254387	8.40	6.50	294681
January, 2012	9.80	6.96	348969	10.00	6.90	341907
February	9.85	7.80	249262	9.80	7.80	259280
March	8.70	6.30	355190	8.65	6.00	516726

**11. REGISTRARS AND TRANSFER AGENTS**

Mr. S.P. Guha, Head - Kolkata Operations  
 Link Intime India Pvt. Ltd.  
 59C, Chowringhee Road, 3rd Floor, Kolkata - 700020  
 Phone No. : 033 22890540  
 Fax No. : 033 22890539  
 Email : Kolkata@linkintime.co.in

**12. DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH, 2012**

S. No.	No. of Equity Shares held	No. of Folios	No. of Shares	Percentage of shareholding
1.	1 to 500	16390	2768693	7.89
2.	501 to 1000	2220	1862678	5.31
3.	1001 to 2000	1246	1937550	5.52
4.	2001 to 3000	468	1213522	3.46
5.	3001 to 4000	219	799918	2.28
6.	4001 to 5000	172	812775	2.32
7.	5001 to 10000	260	1886842	5.38
8.	10000 & above	229	23796502	67.84
	Total	21204	35078480	100.00

**13. SHAREHOLDING PATTERN OF EQUITY SHARES AS ON 31st MARCH, 2012.**

S. No.	Category	No. of Folios	% of Folios	No. of Shares Held	% of share holding
1.	Promoter Directors Relatives & Persons acting in concert	17	0.08	14133169	40.29
2.	Mutual Funds & UTI	1	0.01	8914	0.03
3.	Banks, Financial Institutions, Insurance Companies	4	0.02	3121542	8.90
4.	FII's	—	—	—	—
5.	NRI's/OCBs	130	0.61	341008	0.97
6.	Body Corporate	588	2.77	3957219	11.28
7.	Public	20464	96.51	13516628	38.53
	<b>TOTAL</b>	<b>21204</b>	<b>100.00</b>	<b>35078480</b>	<b>100.00</b>

**14. NSDL / CDSL / PHYSICAL SUMMARY REPORT AS ON 31st MARCH, 2012.**

S. No.		Holders	No. of Shares	Percentage of shareholdings
1	Physical	26	297658	0.85
2	NSDL	12595	28022774	79.88
3	CDSL	8583	6758048	19.27
	<b>Total</b>	<b>21204</b>	<b>35078480</b>	<b>100.00</b>

**15. DETAILS OF UNCLAIMED SHARES AS ON 31st MARCH, 2012**

Pursuant to Clause 5A of Listing Agreement, the details of Shares issued pursuant to initial public issue of the Company which remains unclaimed and are lying in the Escrow Account as on 31st March 2012 are as follows:

Year	Opening Balance as on 01/04/2011		Cases disposed off during the Financial Year 2011-12		Closing Balance as on 31.03.2012	
	No. of cases	No. of Shares	No. of cases	No. of Shares	No. of cases	No. of Shares
2011 -2012	12	1269	-----	-----	12	1269

**16. TERMS OF REDEMPTION OF PREFERENCE SHARES**

- a) The Company has issued 13,00,000 5% Redeemable Cumulative Preference Shares 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 and date of redemption is 31.03.2013.
- b) 31,60,000, 4% Redeemable Cumulative Preference Shares of Rs. 10 each were issued on 24.09.2004 which were due for redemption at any time between 7th and 8th year from the date of allotment at a premium of Rs. 25 per share and were due to be redeemed on 24.09.2012. However, the Company had obtained the consent of preference shareholders in their meeting held on 20.09.2012 to extend the period of redemption by another 6 months due to liquidity crunch and will now become due for redemption on 23.03.2013 on existing terms & conditions.
- c) 2,24,99,920, 5% Redeemable Non Cumulative Preference Shares of Rs. 10 each were issued on 31.03.2010 which is redeemable at a premium of Rs. 90/- per share at any time within 20 years from the date of allotment.

**17. 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.

**18. 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 INE005 D01015

**SHARES HELD IN ELECTRONIC FORM**

Shareholders holding shares in Electronic Form may please note that:

- i) 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.
- ii) Instructions already given by them for shares held in physical form will not be automatically applicable to the dividend paid on shares held in Electronic Form.
- iii) Instructions regarding change of address, nomination and power of attorney should be given directly to the DP.
- iv) The Company provides ECS facilities for shares held in Electronic Form and shareholders are urged to avail of this facility.

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.

**19. NUMBER OF GDRs /ADRs /WARRANTS OR ANY CONVERTIBLE INSTRUMENTS OUTSTANDING AS ON 31ST MARCH, 2012 : NIL****20. PLANT/UNITS LOCATION :**

- (1) Ramsarup Industrial Corporation  
Plot 6&7, Block D  
Kalyani Industrial Area, Nadia, West Bengal.
- (2) Ramsarup Utpadak  
68, East Ghosh Para Road, Athpur  
Shyamnagar, 24 Parganas (North), West Bengal.

- (3) Ramsarup Nirmaan Wires  
Gopalpur, P.S. - Kanksha,  
Durgapur, Burdwan.
- (4) Ramsarup Lohh Udyog  
Sahachawk, Tata Metalik Road  
P. O. Rakhajungle  
Dist : Paschim Midnapore  
Kharagpur-721301.
- (5) Ramsarup Vidyut  
R. S. No. 481,482 and 487, Village : Khorl,  
Taluka : Sakri, District : Dhule, Maharashtra
- (6) Ramsarup Infrastructure  
7C, Kiran Shankar Roy Road, "Hastings Chambers",  
2nd Floor, Room No. - 1, Kolkata - 700 001.

## 21. ADDRESS FOR CORRESPONDENCE :

Ramsarup Industries Limited  
7C, Kiran Shankar Roy Road, "Hastings Chambers",  
2nd Floor, Room No. - 1, 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: [www.ramsarup.com](http://www.ramsarup.com)  
Email : [naveen@ramsarup.com](mailto:naveen@ramsarup.com)  
[company@ramsarup.com](mailto:company@ramsarup.com)

## 22. 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.

## 23. 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 2011-12, no employees have been denied access to the audit committee.

**24. CEO/CFO CERTIFICATION**

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

For and on behalf of the Board of Directors  
Sd/-

Place : Kolkata

Aashish Jhunjhunwala

Date : 5th November, 2012

Chairman & Managing Director

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

We, Aashish 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 changes in internal control over financial reporting during the year;
  - ii. significant change 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.

Aashish Jhunjhunwala

Naveen Gupta

Place : Kolkata

Chairman cum Managing Director

Whole Time Director

Dated : 5th November, 2012

& Chief Executive Officer

& Chief Financial Officer

**AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS STIPULATED IN CLAUSE – 49 OF THE LISTING AGREEMENT.****To the Members of Ramsarup Industries Limited.**

We have examined the compliance of conditions of Corporate Governance by Ramsarup Industries Limited, for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of Corporate Governance as stipulated in the said clause; it is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the abovementioned Listing Agreement.

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

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

For **P. K. LILHA & Co.**  
*Chartered Accountants*  
Registration No.: 307008E  
**CA. P. K. LILHA**  
*Partner*  
M. No. 11092

Place : Kolkata  
Date : 5th November, 2012

# Auditors' Report

## TO THE MEMBERS

1. We have audited the attached Balance Sheet of RAMSARUP INDUSTRIES LIMITED as at 31st March 2012 and Statement of Profit & Loss and also the Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
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 & 5 of the said order to the extent applicable to the Company.
4. Attention of the members is invited to note 35 of the Notes on Accounts regarding the financial statements of the company having been prepared on a going concern basis notwithstanding the fact that is Net Worth is completely eroded. The appropriateness of the said basis is interalia dependent on the company's ability to infuse requisite funds for meeting its obligation, rescheduling its debt, resuming normal operation of its manufacturing facilities which are not in operation as mentioned in note 34.
5. 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, Statement of Profit & Loss and Cash Flow Statement dealt with by the report are in agreement with the books of account.
  - d) In our opinion the Balance Sheet, Statement of Profit & Loss 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 2012 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 (Note 2) and read with other Notes gives 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 2012.
    - ii) In the case of Statement of Profit & Loss, of the loss 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  
 Registration No. : 307008E  
**(CA.P.K.LILHA)**  
 Partner  
 M.No.11092

Place : Kolkata  
 Dated : 5th November, 2012



**ANNEXURE TO THE AUDITOR'S REPORT**

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

i) In respect of its Fixed Assets:-

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The situation of the moveable assets used in the contracts in its infrastructure division keep on changing their works site depending upon requirement for a particular contract.
- b) The Company has a regular program of physical verification of fixed assets, these are verified in a phased manner. In accordance with this program substantial part of fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets.
- c) Fixed Assets disposed off during the year were not substantial and therefore it does not affect the company as a going concern.

ii) In respect of its Inventories:-

- a) As explained to us the Inventories have been physically verified by the management at reasonable intervals. In our opinion the frequency of verification is reasonable.
- b) The procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) The Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification of inventories as compared to the book records.

iii) 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,accordingly, the provisions of sub clause (iii) (b) to (d) of the Companies (Auditors Report) order, 2003 (as amended) are not applicable.
- e) The company during the year has taken a sum of Rs. 154.80 lacs as unsecured loan repayable on demand from three body corporate under group companies. There are no other terms & conditions for repayment of this amount and this has been deemed as free of interest and therefore prima facie not prejudicial to the interest of the company.
- f) In respect of the said loan maximum amount outstanding at any time during the year amounts to Rs. 1038.20 lacs and the year end balance is Rs 1004.30 lacs.

iv) In our opinion and according the information & explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of Inventory, Fixed Assets and 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.

v) 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.

vi) 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.

vii) In our opinion, the Company has an Internal Audit System commensurate with its size and nature of its business.

viii) We have broadly reviewed the Books of Accounts maintained by the company in respect of generation of electricity and some of the steel products where pursuant to the rules made by the Central Government of India, the maintenance of Cost Records have been prescribed U/s 209(1)(d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- ix) a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education & protection Fund, Employees State Insurance, Sales Tax, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues have been delayed for more than six months in depositing with appropriate authorities during the year as detailed below.

Statement of arrears of Statutory Dues outstanding for more than six months upto 31.03.2012:

S. No.	Name of Statute	Amount (Rs in lacs)
i)	Provident Fund Contributions	0.78
ii)	Income Tax Deducted at source (TDS)	64.66
iii)	Income Tax Collected at Source (TCS)	0.58
iv)	Professional Tax	0.07
v)	Income Tax Demand (MAT) for A.Y. 2010-11	574.55
vi)	Excise Duty Demand for F.Y. 2010-11	307.50
	<b>Total</b>	<b>948.14</b>

- b) The disputed statutory dues that have not been deposited on account of disputed matter pending before appropriate authorities are as under:

Sl No.	Name of Statute	Nature of Dues	Amount (Rs In Lacs)	Period to which the amount relates	Forum Where Dispute is Pending
1	West Bengal Sales Tax Act, 1994	Sales Tax	59.41	Various Years from 1994-95 to 1999-00	Appellate & Revisional Board
2	West Bengal Sales Tax Act, 1994	Sales Tax	1461.79	Various Years from 2000-01 to 2003-04	West Bengal Taxation Tribunal
3	West Bengal Sales Tax Act, 1994	Sales Tax	3576.58	2004-05	Appellate & Revisional Board
4	West Bengal VAT Tax Act, 2003	VAT	4015.57	2005-06	Appellate & Revisional Board
5	VAT Act'2003	VAT	16.24	2006-07	Appellate & Revisional Board
6	VAT Act'2003	VAT	701.99	2007-08	Appellate & Revisional Board
7	Central Sales Tax Act, 1956	Sales Tax	51.68	Various Years from 1994-95 to 1999-00	Appellate & Revisional Board
8	Central Sales Tax Act, 1956	Sales Tax	200.63	Various Years from 2000-01 to 2003-04	Kolkata High Court
9	Central Sales Tax Act, 1956	Sales Tax	306.17	2004-05 & 2005-06	Appellate & Revisional Board
10	Central Sales Tax Act, 1956	Sales Tax	1033.76	2006-07 & 2007-08	Appellate & Revisional Board
11	Commissioner of Central Excise	Excise Duty	467.85	2008-09	The Customs, Excise and Service Tax Appellate Tribunal.
12	Commissioner of Central Excise	Excise Duty	15.00	2009-10	The Customs, Excise and Service Tax Appellate Tribunal.
13	Commissioner of Central Excise	Excise Duty	454.28	2010-11	The Customs, Excise and Service Tax Appellate Tribunal.
14	Commissioner of Central Excise	Excise Duty	620.43	2011-12	The Customs, Excise and Service Tax Appellate Tribunal.
	<b>Total</b>		<b>12981.45</b>		

- x) The Company has accumulated losses of Rs.53466 lacs at the end of the year, due to which the Net Worth of the company has completely eroded. The Company has incurred Cash Losses of Rs. 34958 lacs during the financial year covered by the audit and in the immediately preceding financial year, there was Cash Loss of Rs. 24622 lacs.
- xi) Based on our Audit procedure and on the basis of information and explanations given us, we are of the opinion that the company has defaulted in the payment of the financial institutions and bank and the loan/cash credit have become overdue. The detailed of such defaults are mentioned in Note nos. 5.3 of the attached financial statement.
- xii) 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, accordingly paragraph 4 (xii) of the Order is not applicable.
- xiii) In our opinion the company is not a Chit Fund/Nidhi/Mutual Benefit Fund/Society. Therefore the provisions of clause 4(xiii) of the order are not applicable to the company.
- xiv) As informed and explained to us, the company has not dealt/traded in shares, securities, debentures and other investments during the year.
- xv) According to the information and explanation given to us, there is no guarantee given by the company for the loans taken by others, from Banks or Financial institutions.
- xvi) Based on information and explanation given to us by the management no term loan was raised during the year and the term loans outstanding at the beginning of the year were applied for the purpose for which they were raised.
- xvii) 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 the company has borrowed loans from banks and also unsecured loans for the purpose of long term & short term utilization. However the amount has more been invested in fixed assets/CWIP, of which the amount is not ascertainable.
- xviii) During the year the company has not made preferential allotment of Shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) The Company has not issued any secured Debenture during the year, hence the questions of charge does not arise.
- xx) The Company has not raised any money by way of public issue during the year.
- xxi) Based upon the audit procedures performed and information and explanation given by the management, we report that no material fraud on or by the company has been noticed or reported during the year ended 31st March, 2012.

Place : Kolkata  
Dated : 5th November, 2012

For **P. K. LILHA & Co.**  
Chartered Accountants  
Registration No. : 307008E  
**(CA.P.K.LILHA)**  
Partner  
M.No.11092

## Balance Sheet as at 31st March, 2012

(Amount in Rs.)

Particulars	Note No	As at 31.03.2012	As at 31.03.2011
<b>EQUITY AND LIABILITIES</b>			
Shareholders' Funds			
(a) Share Capital	3	620,384,000	620,384,000
(b) Reserve & Surplus	4	(1,179,119,580)	2,642,803,083
		<u>(558,735,580)</u>	<u>3,263,187,083</u>
<b>Non-Current Liabilities</b>			
(a) Long-term borrowings	5	5,237,312,635	7,851,657,707
(b) Deferred Tax Liabilities (Net)	6	—	—
(c) Other Long-term Liabilities	7	107,841,463	580,637,526
(d) Long-term provisions	8	22,976,108	27,018,681
		<u>5,368,130,206</u>	<u>8,459,313,915</u>
<b>Current Liabilities</b>			
(a) Short-term borrowings	9	7,326,438,726	7,088,296,718
(b) Trade payables	10	209,287,416	497,368,403
(c) Other current liabilities	11	11,885,669,229	6,086,600,480
(d) Short-term provisions	12	34,766,853	37,915,302
		<u>19,456,162,223</u>	<u>13,710,180,903</u>
<b>Total</b>		<u><u>24,265,556,849</u></u>	<u><u>25,432,681,901</u></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>(a) Fixed Assets</b>			
(i) Tangible assets	13	5,083,741,787	5,429,161,930
(ii) Intangible assets	13	400,000	600,000
(iii) Capital work-in-progress	14	11,715,708,573	11,722,406,399
(b) Non Current Investment	15	1,151,930	1,151,930
(c) Long term loans and advances	16	211,770,011	226,874,143
(d) Other non-current assets	17	2,515,183,119	1,370,622,523
		<u>19,527,955,420</u>	<u>18,750,816,925</u>
<b>Current Assets</b>			
(a) Inventories	18	307,115,898	601,566,442
(b) Trade receivables	19	3,790,564,328	5,405,122,829
(c) Cash and cash equivalents	20	51,105,328	64,636,347
(d) Short-term loans and advances	21	587,931,634	609,769,918
(e) Other Current Assets	22	884,241	769,439
		<u>4,737,601,429</u>	<u>6,681,864,976</u>
<b>Total</b>		<u><u>24,265,556,849</u></u>	<u><u>25,432,681,901</u></u>
Significant Accounting Policies	2		

The Notes relating to the above form integral part of the financial statements.

As per our report of even date annexed herewith

For **P. K. Lilha & Co.**  
Chartered Accountants  
Registration No- 307008E

For and on behalf of the Board

5, Fancy Lane  
Kolkata - 700 001

**C.A. P. K. Lilha**  
Partner  
Membership No. 11092  
Dated : 5th November, 2012

**Aashish Jhunjhunwala**  
Managing Director

**Naveen Gupta**  
Director

**Gajendra Kumar Singh**  
Company Secretary

## Statement of Profit & Loss for the year ended 31st March, 2012

(Amount in Rs.)

Particulars	Note No	Year ended 31.03.2012	Year ended 31.03.2011
1 Revenue from operations (Net)	23	4,585,130,767	12,513,558,486
2 Other Income	24	3,776,680	10,866,954
3 Total Revenue (1+2)		<u>4,588,907,447</u>	<u>12,524,425,441</u>
<b>4 Expenses:</b>			
a Cost of materials consumed / Construction Expenses	25	1,916,723,848	9,291,351,896
b Purchase of Traded Goods	26	2,562,275,698	1,258,760,386
c Changes in Inventories of Finished Goods, Work in progress & Traded Goods	27	90,917,325	2,674,221,180
d Employee Benefit Expense	28	97,453,980	158,235,632
e Finance Costs	29	3,260,648,703	1,361,475,931
f Depreciation and Amortization Expense	13	325,399,629	327,307,677
g Other expenses	30	157,011,678	243,239,596
<b>Total Expenses</b>		<u><b>8,410,430,861</b></u>	<u><b>15,314,592,299</b></u>
5 Profit(Loss) before tax (3-4)		(3,821,523,414)	(2,790,166,858)
6 Tax Expenses			
(a) Relating to Prior Years		—	4,873,825
(b) Deferred Tax Liability / (Asset)		—	(72,823,735)
7 Profit/(Loss) for the year (5-6)		(3,821,523,414)	(2,722,216,949)
8 Earning Per Share (of Rs. 10/- each)			
(a) Basic		(109)	(78)
(b) Dilluted		(109)	(78)
Significant Accounting Policies	2		

The Notes relating to the above form integral part of Statement of the financial statements.

As per our report of even date annexed herewith

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

Chartered Accountants

Registration No- 307008E

For and on behalf of the Board

5, Fancy Lane

Kolkata - 700 001

**C.A. P. K. Lilha**

Partner

Membership No. 11092

Dated : 5th November, 2012

**Aashish Jhunjunwala**

Managing Director

**Naveen Gupta**

Director

**Gajendra Kumar Singh**

Company Secretary

# Cash Flow Statement for the year ended 31st March, 2012

(Rs. in Lacs)

	Year Ended 31.03.2012	Year Ended 31.03.2011
<b>A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit / (loss) before tax and extraordinary items	(38,215.23)	(27,903.57)
Adjustments for :		
(a) Depreciation	3,254.00	3,273.08
(b) Gratuity & Leave Provision (Net)	(0.97)	45.00
(c) Preliminary Expenses written off	7.69	7.69
(d) Interest Income	(19.53)	(49.55)
(e) Interest Expenses	32,606.49	13,403.48
	35,847.68	16,679.70
<b>Operating Profit / (Loss) before Working Capital Change</b>	<b>(2,367.56)</b>	<b>(11,223.87)</b>
Adjustments for :		
(a) (Increase) / Decrease in Inventories	2,944.51	38,068.37
(b) (Increase) / Decrease in Sundry Debtors	16,145.59	(4,615.33)
(c) (Increase) / Decrease in Short Term Loans & Advances	218.38	(3,027.82)
(d) (Increase) / Decrease in other Current Assets	(8.84)	
(e) (Increase) / Decrease in Long Term Loans & Advances	151.04	
(f) (Increase) / Decrease in other Non Current Assets	(11,445.61)	
(g) Increase / (Decrease) in Creditors and other Liabilities	57,990.69	(16,450.08)
(h) Increase / (Decrease) in Short Term borrowings	2,381.42	-
(i) Increase / (Decrease) in Trade payables	(2,880.81)	
	65,496.37	13,975.14
<b>Cash generated from Operations</b>	<b>63,128.81</b>	<b>2,751.27</b>
Direct Tax (Paid)/Refund (Net)	(74.93)	331.18
Fringe Benefit Tax	-	-
	(74.93)	331.18
<b>NET CASH FLOW FROM OPERATING ACTIVITIES A</b>	<b>63,053.87</b>	<b>3,082.45</b>
<b>B) CASH GENERATED FROM INVESTING ACTIVITIES :</b>		
(a) Purchase/Addition to Fixed Assets / CWIP (Net of Sales)	269.18	(21,987.96)
(b) Purchase of Investment	-	(11.04)
(c) Interest Received	19.53	49.55
<b>NET CASH USED IN INVESTING ACTIVITIES B</b>	<b>288.71</b>	<b>(21,949.45)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES :</b>		
(i) Proceeds from Issue of Pref. Shares (including Premium)	-	-
(ii) Secured Loan -	-	24,334.47
(iii) Unsecured Loan	-	5,665.63
(iv) Interest on borrowing	(32,606.49)	(13,403.48)
(v) Dividend & Dividend Tax paid	-	-
(vi) Long-term borrowings	(26,143.45)	-
(vii) Other Long-term Liabilities	(4,727.96)	-
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES C</b>	<b>(63,477.90)</b>	<b>16,596.62</b>
<b>NET INCREASE IN CASH OR CASH EQUIVALENTS (A+B+C)</b>	<b>(135.31)</b>	<b>(2,270.38)</b>
Cash and cash equivalents - Closing Balance as at 31.03.2012	511.05	646.36
Cash and cash equivalents - Opening Balance as at 31.03.2011	646.36	2,916.74
	(135.31)	(2,270.38)

1) Cash flow statement has been prepared under the "Indirect Method", set out in AS-3 issued by Institute of Chartered Accountants of India

2) Cash and cash equivalents includes :-

i) Bank deposits (including interest accrued thereon) of Rs 331.05 lacs (Previous Year Rs. 297.62 lacs) pledged with banks against Letter of Guarantees issued by them."

ii) Unclaimed dividend of Rs 0.05 Lacs(Previous year Rs 0.05 lacs) are not available for use by the company.

3) Figures for the previous year ended 31.03.2011 in the above statement has been shown as per last year.

As per our report of even date annexed herewith

For P. K. Lilha &amp; Co.

Chartered Accountants  
Registration No- 307008E5, Fancy Lane  
Kolkata - 700 001C.A. P. K. Lilha  
Partner  
Membership No. 11092  
Dated : 5th November, 2012

For and on behalf of the Board

Aashish Jhunjhunwala  
Managing DirectorNaveen Gupta  
DirectorGajendra Kumar Singh  
Company Secretary

## 1. CORPORATE INFORMATION:

The company is engaged in production and distribution of Iron & Steel, Wire Products, Pig Iron, Sponge Iron, TMT Bar, Galvanised & Black Wires, Power Generation & Turnkey Projects contracts for various infrastructure projects. The company presently has manufacturing facilities at Kalyani, Shyamnagar, Durgapur & Kharagpur all in West Bengal. The company has set up Wind Turbine Generator in Maharashtra and have mainly undertaken Turnkey Projects in West Bengal and Rajasthan.

## 2. SIGNIFICANT ACCOUNTING POLICIES :

### 2.1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

These financial statements have been prepared in accordance with generally accepted accounting principles in India under the historical cost convention and on the principal of a going concern. These financial statements have been prepared to comply in all material aspects with the Accounting Standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current non-current classification of assets and liabilities.

### 2.2. 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.

### 2.3. TANGIBLE FIXED ASSETS:

- i. Free Hold / Lease Hold Land is stated as original cost of acquisition, inclusive of incidental expenses there to.
- ii. The cost of an asset comprises its cost / 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. The purchase cost of Fixed Assets has been stated net of CENVAT / VAT wherever applicable.
- iii. 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 Statement of profit & loss.
- iv. Capital Work in progress comprises direct cost of fixed assets, Technical know-how & related administrative and incidental expenses together with attributable interest on borrowed fund for acquisition of Plant & Machinery, cost of erection and adjustment for foreign exchange difference etc. The total expenditure is allocated to the respective fixed assets on the completion of the project.

**2.4. INTANGIBLE ASSETS:**

Intangible Assets is capitalised where it is expected to provide future enduring economic benefits and amortisation over a period of 5 years from the date of acquisition.

**2.5. DEPRECIATION / AMORTISATION:**

- i. Leasehold Land is amortised over the 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 & non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.
- v. Assets costing less than Rs. 5,000 are fully depreciated in the year of addition.
- vi. Goodwill is being amortised over a period of five years.

**2.6. BORROWING COST:**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

**2.7. INVESTMENT :**

Long Term Investment are carried at cost and classified as Non Current Investment.

**2.8. INVENTORIES:**

- i. Inventories are stated at lower of cost and net realisable value. Cost is determined on weighted average / first in, first out (FIFO) basis, as considered appropriate by the Company. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Provision / Adjustment in value is made for obsolete/slow moving/defective stocks, wherever necessary.
- ii. Fuel, Chemical, stores & spares, etc. are valued at cost less VAT, CENVAT including Service Tax, Education Cess.
- iii. Scrap & Bye-Products are valued at estimated realisable value.

**2.9. 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 in 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 statement of profit & loss except in cases where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

#### **2.10. REVENUE RECOGNITION:**

- i. Domestic Sales are recognised on despatch of material whereas export sales are recognised on the date of Bill of Lading.
- ii. Sales is inclusive of freight charges, packing & forwarding, price escalation, Export Incentives and net of Excise Duty, Vat, CST, 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. Contracts revenue is recognized by reference to the stage of completion of the contracts activity at the reporting date of the financial statements on the basis of 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. 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.

#### **2.11. EXCISE DUTY:**

- i. The Company accounts for the excise duty on finished goods, at the time of their clearance from the factory.
- 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.

#### **2.12. 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.

ii. Long Term Employee Benefits:

- a) 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 render the service.
- b) Defined Benefit Scheme- The Company provides gratuity, a defined benefit plan (the 'Gratuity Plan') covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on respective employee's salary and the tenure of employment. The Company's liability is provided and funded on the basis of year end Actuarial valuation (using the Projected Unit Credit method) . Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arises.
- c) Compensated Absences: Accumulated compensated absences which are expected to be availed or encashed within 12 months from the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlements as at the year end.
- d) Accumulated compensated absences which are expected to be availed or encashed beyond 12 months from the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise. The Company presents the entire leave as a current liability in the balance sheet, since it does not have a unconditional right to defer its settlement for 12 months after the reporting date

### 2.13. TAXES ON INCOME:

- i. Current Tax (if any) is determined as the amount of tax payable in respect of taxable income for the year, as per Income Tax Act 1961.
- ii. Deferred Tax liability / (Asset) 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.

### 2.14. EARNING PER SHARE:

Basic earnings 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. Earnings considered in ascertaining the Company's earnings per share is the net profit/(loss) for the year after deducting preference dividends if any and any attributable tax thereto for the year.

For the purpose of calculating the diluted earning per share, the net profit or 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.

### 2.15. SEGMENT REPORTING:

The company is operating predominantly in one segment i.e. Steel & Wires, the other segments are Power &

Infrastructure. During the last year, as well as Current year, the other segments contributes to its total revenue (external and internal), its segment result and segment asset less than 10%. Moreover the Company also operates predominantly within the geographical region of India, hence both primary & secondary segment reporting has not been considered.

#### 2.16. PROVISION AND CONTINGENT LIABILITIES:

- i. **Provisions** : Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.
- ii. **Contingent Liabilities** : Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability.

#### 2.17. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents includes Cash in hand and at Bank, Unpaid Dividend in Current Account, Fixed deposit and Margin Money with Banks. Both Fixed deposit and Margin Money are pledged with the banks against guarantees issued by them.

## Notes to Financial Statements for the year ended 31st March, 2012

(Amount in Rs.)

	As at 31.03.2012	As at 31.03.2011
<b>NOTES : 3.0</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
7,10,00,000 (7,10,00,000) Equity Shares of Rs.10/- Each	710,000,000.00	710,000,000.00
3,20,00,000 (3,20,00,000) Reedemable Preference Shares of Rs.10/- each	320,000,000.00	320,000,000.00
	<b>1,030,000,000.00</b>	<b>1,030,000,000.00</b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
3,50,78,480 (3,50,78,480) Equity Shares of Rs. 10/- each fully paidup (Includes 1,75,74,052 Equity Shares (Previous year 1,75,74,052) allotted for consideration other than cash in terms of the scheme of amalgamation effective from 01.04.2008)	350,784,800.00	350,784,800.00
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
2,24,99,920 (2,24,99,920) 5% Redeemable Non-Cumulative Preference Shares of Rs 10/- each fully paid up in cash	224,999,200.00	224,999,200.00
<b>Total</b>	<b>620,384,000.00</b>	<b>620,384,000.00</b>

### 3.1 RIGHTS, PREFERENCE & RESTRICTION ATTACHED TO SHARES

#### A EQUITY SHARES

The Company has only one class of Equity Share having a par value of Rs 10/- each. Each holder of Equity Share is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

#### B PREFERENCE SHARES

- i 13,00,000 5% Redeemable Cumulative Preference Share of Rs 10/- each fully paid up were allotted 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 and the date of redemption is 31.03.2013.
- ii 31,60,000 4% Redeemable Cumulative Preference Share of Rs 10/- each fully paid up were allotted on 24-09-2004, which was due for redemption at any time between 7th and 8th year from the date of allotment at a premium of Rs 25/- per share and was due to redeemed on 24.09.2012. However the company has obtained the consent of the preference share holders in their meeting held on 20.09.2012 to extend the period of redemption by another period of six months and will now become due for redemption on 23.03.2013 on existing terms and conditions.
- iii 2,24,99,920 5% Redeemable Non Cumulative Preference Share of Rs 10/- each fully paid up were allotted on 31-03-2010, which is redeemable at a premium of Rs 90/- per share at any time with in 20th year from the date of allotment.
- iv Dividend on Cumulative Preference Shares as stated in i) & ii) above are due for four years ended 31st March 2012 amounting to Rs 76.56 Lacs which has neither been declared nor provided for.

## Notes to Financial Statements

	No of Shares		Amount (in Rs)	
	2011-12	2010-11	2011-12	2010-11
<b>NOTES : 3.2</b>				
<b>RECONCILIATION OF NO OF SHARES IS SETOUT BELOW</b>				
<b>A Equity Share Capital</b>				
At the beginning of the year	35,078,480	35,078,480	350,784,800	350,784,800
Outstanding at the end of the year	35,078,480	35,078,480	350,784,800	350,784,800
<b>b Preference Shares</b>				
At the beginning of the year				
5% Redeemable Cumulative Preference Shares	1,300,000	1,300,000	13,000,000	13,000,000
4% Redeemable Cumulative Preference Shares	3,160,000	3,160,000	31,600,000	31,600,000
5% Redeemable Non Cumulative Preference Shares	22,499,920	22,499,920	224,999,200	224,999,200
Outstanding at the end of the year				
5% Redeemable Cumulative Preference Shares	1,300,000	1,300,000	13,000,000	13,000,000
4% Redeemable Cumulative Preference Shares	3,160,000	3,160,000	31,600,000	31,600,000
5% Redeemable Non Cumulative Preference Shares	22,499,920	22,499,920	224,999,200	224,999,200

Name of Shareholders	As at March 31, 2012		As at March 31, 2011	
	No. of shares	% holding	No. of shares	% holding
<b>NOTES : 3.3</b>				
<b>Details of shareholders holding more than 5% shares</b>				
Imtihaan Commercial Pvt Ltd	5,443,513	15.52%	5,443,513	15.52%
Madhumalti Merchandise Pvt Ltd	3,055,027	8.71%	3,055,027	8.71%
Aashish Jhunjhunwala	1,834,778	5.23%	1,762,743	5.03%

## Notes to Financial Statements

(Amount in Rs.)

	As at 31.03.2012 Rs. P	As at 31.03.2011 Rs. P
<b>NOTES : 4.0</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>a Capital Reserve</b>		
As per last Account	3,886,600	3,886,600
<b>b Securities Premium</b>		
As per last Account	3,900,031,632	3,900,031,632
<b>c General Reserve</b>		
As per last Account	-	1,190,000,000
Less : Utilised or Transferred During the year	-	1,190,000,000
Closing Balance	-	-
<b>d Amalgamation Reserve</b>		
As per last Account	263,610,780	263,610,780
<b>e Surplus / (Deficit)</b>		
As per last Account	(1,524,725,929)	7,680,940
Closing Balance	(5,346,648,593)	(1,524,725,929)
<b>Total</b>	<b>(1,179,119,580)</b>	<b>2,642,803,083</b>

	Non-Current		Current (Refer Note 11)	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
<b>NOTES : 5.0</b>				
<b>LONG TERM BORROWINGS</b>				
<b>SECURED</b>				
<b>From Banks</b>				
Rupee Term Loan	3,510,371,278	5,474,950,406	5,355,645,562	3,031,155,530
Working Capital Term Loan	831,862,500	1,211,229,167	733,454,871	359,070,602
Funded Interest Term Loan	895,078,857	1,144,678,134	764,652,962	357,267,836
Foreign Currency Loan	-	-	-	337,365,155
Construction Equipment Loan	-	-	-	10,515,249
Vehicle Loan	-	-	-	207,505
<b>From Financial Institutions</b>	-	20,800,000	189,017,845	168,217,845
<b>Total</b>	<b>5,237,312,635</b>	<b>7,851,657,707</b>	<b>7,042,771,240</b>	<b>4,263,799,721</b>

## Notes to Financial Statements

### 5.1 TERM LOANS AND FUNDED INTEREST TERM LOANS :

- a Term Loans from IDBI Bank Limited is secured by equitable mortgage of lease hold land and First charge on certain Fixed Assets of the company's Kalyani unit on pari-passu basis with the other lenders and personal guarantee of Managing Director together with corporate guarantee of M/s.Ramsarup Investments Ltd and Pledge of 3507848 equity shares of Company held by other related Body Corporates. The Banker has invoked entire equity shares of the company pledged with them by some of the group companies and has adjusted the proceeds against their overdues in part by sale of only 2389034 equity shares and balance 1118814 equity shares are held by IDBI Bank Limited as their holding.
- b Working Capital Term Loan (WCTL) and Funded Interest Term Loan (FITL) are secured by all the assets covered under the working capital facilities in short term borrowing . The amounts are due to be repaid in quarterly installments as mentioned herein after.
- c 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, a group company on pari-passu basis with other term lenders along with its corporate guarantee and personal guarantee of Managing Director of the company. The loan is repayable in 24 equal quarterly instalments of Rs. 300 Lacs each commencing from 1st April 2011. Due instalments have not been paid till date.
- d Rupee term loan from Axis bank Ltd. 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. a group company on pari-passu basis with other term lenders along with its corporate guarantee and personal guarantee of Managing Director of the company. The loan of Rs. 4,500 Lacs is repayable in 20 equal quarterly instalments commencing from April 2010 and Rs. 5,000 Lacs in 14 equal quarterly instalments commencing from April 2012 and Rs. 5000 Lacs transferred from Short term loan is repayable in one installment but due instalments have not been paid till date.
- e Foreign Currency Loan /Buyers Credit from Banks which were secured by earmarking term loan Facilities has been transferred to Rupee Term Loan during the year.
- f Term loans for various modules of Integrated Steel project at Kharagpur have been tied up under multiple banking arrangements and secured by way of equitable mortgage of entire Land & Building on pari passu basis. The Lender Banks are having 1st charge on movable fixed assets of the specific module of the project on 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 personal guarantee of the Managing Director of the Company and some of the body corporates. Since neither the installment due for repayment nor interest has been serviced as such all the accounts have become overdue to that extent. However interest thereon has been provided at the specified rates of interest at regular interval rest as per available terms of sanctions.
- g Working Capital Term Loan (WCTL) and Funded Interest Term Loan (FITL) were to be repaid in quarterly instalments but the same have not been paid and to the said extent its has become overdue. Interest have been provided on all these accounts at the respective rates of sanction at specied rests and/or on the Basis Of Statements of accounts wherever received from the Banks. However maturity profile for long term loan has been classified on the basis of available terms of sanctions and all due amounts upto next one year have been included in Other Current Liabilities.
- h Term loan from Kotak Mahindra Bank against Construction Equipment Loan of Rs 105.15 has been adjusted during the year simultaneously with the sale of Equipment.
- i Term Loan from ICICI Bank Ltd. is secured by way of first equitable mortgage of all immovable properties and hypothecations of movable assets other than book debts, stock of raw material, finished, semi finished goods of the Shyamnagar unit ranking Pari-Passu with other term lenders & guaranteed by Managing Director of the Company. The term loan is further secured by pledge of 5,00,000 equity shares of the company held by promoters

## Notes to Financial Statements

group company which has been further supplemented by another 5,37,970 equity shares of the company held by other companies/group companies for further financing credit facilities to Ramsarup Infrastructure one of the unit of the company. The Term Loan is repayable in 30 quarterly instalments commencing from June, 2013.

- j The Term Loan from WBIDC Ltd secured by way of 1st equitable mortgage of immovable property and hypothecation of all movable fixed assets pertaining to Shyamnagar unit ranking Pari-Passu with other term lenders and personal guarantee of Managing Director of the company. The debt has been recalled by the WBIDC Ltd. and the amount of Rs. 1422.46 lacs has been included under the head current liabilities.
- k Since 30.07.2012 WBIDC has invoked the provision of section 29(1) of the State Financial Act 1951 by which they have taken possession of the Shyamnagar unit with its fixed assets including plant and machinery mortgage / hypothecated to them.
- l Working capital Term loan and Funded Interest Term Loan from United Bank of India is repayable in 20 quarterly instalments and is secured by assets against the working capital facilities. But the due amount has not been paid till date.
- m Term Loan from IREDA is secured by way of First charge by creation of mortgage on all immovable properties & hypothecation of movable assets/ properties both existing and future pertaining to 3.75 MW Wind Farm Project at Village Khor, Taluka Sakri, District Dhule, in the State of Maharashtra and elsewhere excluding specified movables to be charged to bankers for Working Capital Borrowings as agreed By IREDA. The Loan was Repayable in 24 equal quarterly instalments of Rs. 52 Lacs commencing from 31st March 2006 and finally due on 31st March 2012 but last 10 quarterly instalments w.e.f. 3rd quarter of 2009-10 upto 4th quarter 2011-12 have not been paid as such the entire loan has been classified as Current Borrowing.
- n Long Term Loan has been classified as secured on basis of available securities and market value of Fixed Assets as estimated by the management which has been relied upon. However no current valuation report has been obtained.
- o Fund Interest Term Loan (FITL) is on account of Cash credit facility from ICICI Bank Repayable in 30 quarterly installments from June, 2013.

	2013-14	2014-15	2015-16	Beyond
<b>NOTES : 5.2</b>				
<b>MATURITY PROFILE IN RESPECT OF LONG TERM LOANS (Based on available Sanction)</b>				
- Term Loans	518,561,036	446,261,036	326,627,036	2,218,922,169
- Working Capital Term Loan	211,248,333	211,348,333	71,448,333	309,017,500
- Funded Interest Term Loan	119,083,628	123,583,628	75,183,628	606,027,974



## Notes to Financial Statements

(Amount in Rs.)

	As at 31.03.2012	As at 31.03.2011
<b>NOTES : 5.3</b>		
<b>The Company is in defaulted for repayment of installment of Term loans and interest thereon in respect of the following</b>		
- Term Loans	3,556,158,641	2,256,963,426
- Working Capital Term Loan	456,724,167	161,310,833
- Funded Interest Term Loan	513,085,010	263,322,402
- Foreign Currency loans	-	337,365,155
- Construction equipment term loans	-	-
	<b>4,525,967,817</b>	<b>3,018,961,816</b>
- Interest Accrued & Due on above (Including Interest Provision by the company on available terms)	4,292,900,395	1,386,973,596
<b>Total</b>	<b>8,818,868,212</b>	<b>4,405,935,412</b>

### 6.0 DEFERRED TAX (LIABILITY)/ASSET

During the year, due to accumulated Business Loss and Unabsorbed Depreciation and other items as computed in accordance with the provisions of Income Tax Act 1961, there is no Deferred Tax Liability. However Deferred Tax Assets is to be created but in absence of convincing evidences and virtual certainty for realisation of such "deferred tax assets", against future taxable income and also in view of the prudent accounting policies, deferred tax asset has not been recognised.

	As at 31.03.2012	As at 31.03.2011
<b>NOTES : 7.0</b>		
<b>OTHER LONG-TERM LIABILITIES</b>		
Creditors for Capital Expenditures	107,841,463	580,637,526

	As at 31.03.2012	As at 31.03.2011
<b>NOTES : 8.0</b>		
<b>LONG-TERM PROVISIONS</b>		
Provision For Gratuity & Leave Encashment	22,976,108	27,018,681

## Notes to Financial Statements

(Amount in Rs.)

	As at 31.03.2012	As at 31.03.2011
<b>NOTES : 9.0</b>		
<b>SHORT- TERM BORROWING</b>		
<b>SECURED</b>		
From Banks	5,339,199,355	4,804,949,313
From Financial Institution	819,297,442	826,771,366
<b>UNSECURED</b>		
From Banks	2,757,111	2,757,111
From Financial Institution	604,384,483	850,563,213
From Related Parties	447,915,427	435,824,727
From Others	112,884,908	167,430,989
<b>Total</b>	<b>7,326,438,726</b>	<b>7,088,296,718</b>

### 9.1 SECURED LOAN:

#### A From Banks :

- i 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 of the Company and one of his relative together with corporate guarantee of Ramsarup Investments Ltd and collaterally secured by way of equitable mortgage on leasehold Land and Building thereon at Kalyani on Pari-Passu basis with the Consortium of Banks and IDBI Bank Limited and 2nd Charge on Fixed Assets financed by IDBI Bank Limited and accordingly taking the estimated market value of the fixed assets by the management the same has been classified as secured loan.
- ii Working Capital facilities from United Bank of India 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 at Shyamnagar and personal guarantee of Managing Director of the Company together with corporate guarantee of M/s. Ramsarup Investments Limited.
- iii Working Capital Term loan, FITL and Cash Credit facility from United Bank of India have become overdue due to non-payment of instalments and/or servicing of the interest as such provision for interest has been made on basis of rates stated in last available sanction letter at regular interval rest or as per interest debited by the bank as per statement made available.
- iv All the Bank Borrowings have become overdue, due to non-payment of installment of loan and interest thereon as per the terms of sanction.
- v Working Capital Facilities from Punjab National Bank and IDBI Bank Ltd are secured on pari-passu basis by hypothecation of entire stocks, stock in process, Finished goods, stores & spares, stocks-in-transit, stock lying with others for conversion and book debts of Durgapur Unit and further secured by personal guarantee of Managing Director of the Company. First charge on fixed asset of Durgapur Unit is already held by Punjab National bank on Term Loan Account and therefore taking the estimated market value of the fixed asset, short term borrowings have been classified as secured.
- vi Working Capital Facility from ICICI Bank Secured against hypothecation of Stock of Raw material, Work in Progress, Consumable Stores etc and book debts and pari passu charge on fixed assets with Development Credit Bank and further secured by 1037970 equity shares held by some of the Group companies and personal guarantee of Managing director.

## Notes to Financial Statements

- vii Working Capital Facility from Development Credit Bank is secured against hypothecation of stock & book Debts and Pari-Pasu Charge on entire fixed assets with ICICI Bank Ltd and personal gurantee of Managing director.
- viii Working Capital / Bill discounting facility from SIDBI is partly secured by First charge on the Current Assets of M/s. N.C. Das & Company which is one of the unit of Infrastructure Division of the company together with personal guarantee of Managing Director.
- ix Amount due to IDBI Bank Ltd aganist guarantee invoked is partly secured by pari pasu first charges on assets of infrastrure division of the company with other lenders viz ICICI Bank excluding the asset specially charged to other lender together with collateral security by way of extension of pledge of shares of the comapny upto extent of 10% of entire share capital held by some of the group companies and personal guarantee of Managing Director.
- x Working Capital facilities from Punjab National Bank for the Mini Blast Furnace at Kharagpur is secured by Hypothecation of entire stock and book debts of the unit and personal guarantee of Managing Director and collaterally secured by 3rd charge on Plant & Machinery of the unit on pari passu basis with the charges created and/or to be created by the company in favour of the other working capital lenders. This facility has become overdrawn due to non servicing of accumulated interest and some of other terms of sanction.

### B From Financial Institution :

- i Loans from financial institutions are covered by pledge of certain equity shares of the company held by various group companies and Managing Director, subservient charges on Movable Fixed Assets, hypotheciation of Heavy equipments and/or equitable mortgage of land held by some of the group companies alongwith personal guarantee of Managing Director. And on the basis of estimated market value of the assets, it has been classified as secured.

### C Unsecured Loans :

- i Loans granted by various banks have become overdue. However some of the financial institutions have been provided with collateral security of Immovable property (Land) held by some of the group companies. Interest on these loan have been provided at respective rates of sanction at the periodical rest or on the basis of Statements wherever received from the bank or others.
- ii Loans from Related Parties / Group Companies are interest free and repayable on demand. Some of the group entities had pledged the shares for credit facilities granted to the company but shares were invoked for non payment of the dues and the banks on disposal such shares have credited the proceeds in the account of the company against their dues in part. To the said extent, the amount is further included in the loan payable to them.
- iii All Unsecured loan from Banks & Financial Institutions are guaranteed by Managing Director of the company.

(Amount in Rs.)

	As at 31.03.2012	As at 31.03.2011
<b>NOTES : 10.0</b>		
<b>TRADE PAYABLES</b>		
Creditors for Supplies & Services	209,287,416	497,368,403
<b>Total</b>	<b>209,287,416</b>	<b>497,368,403</b>

## Notes to Financial Statements

(Amount in Rs.)

	As at 31.03.2012	As at 31.03.2011
<b>NOTES : 11.0</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long term Debts (Refer Note No . 5)	7,042,771,240	4,263,799,721
Interest Accrued but due on borrowings	4,423,218,520	1,409,702,273
Creditor for Expenses & Others	142,237,786	127,907,039
Advance from Customer	12,048,692	9,135,198
Statutory Dues	21,961,967	32,625,074
Unclaimed Dividend	470,639	470,789
Other Payable	242,960,385	242,960,385
<b>Total</b>	<b>11,885,669,229</b>	<b>6,086,600,480</b>

	As at 31.03.2012	As at 31.03.2011
<b>NOTES : 12.0</b>		
<b>SHORT-TERM PROVISIONS</b>		
Provision For Taxation	30,821,611	37,915,302
Provision For Gratuity & Leave Encashment*	3,945,242	-
	34,766,853	37,915,302

\* Figures for the previous year for gratuity & Leave Encashment are included in Long term Provision

## Notes to Financial Statements

### FIXED ASSETS

(Amount in Rs.)

#### NOTE : 13.0

Particulars	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	At the 01.04.2011	Since Added	Sale / Adjustments	As at 31.03.2012	Upto 31.03.2011	For the Year	Adjustments/ deductions	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>(A) TANGIBLE ASSETS</b>										
Free Hold Land	20,159,180	-	-	20,159,180	-	-	-	-	20,159,180	20,159,180
Lease Hold Land *	122,463,248	-	-	122,463,248	5,706,163	1,180,670	-	6,886,833	115,576,415	116,757,085
Factory Building	974,272,530	-	-	974,272,530	134,831,893	30,483,407	-	165,315,300	808,957,231	839,440,638
Railway Siding	33,000	-	-	33,000	13,194	1,568	-	14,762	18,238	19,806
Plant & Machinery	5,036,308,830	-	17,483,032	5,018,825,798	1,278,453,512	245,872,814	2,904,168	1,521,422,157	3,497,403,641	3,757,855,319
Wind Mill Power Plant	181,375,000	-	5,269,040	176,105,960	57,643,261	9,527,057	-	67,170,318	108,935,642	123,731,739
Electrical Installations	576,694,445	-	-	576,694,445	87,179,516	30,449,467	-	117,628,983	459,065,462	489,514,929
Construction Equipments	54,504,956	290,700	-	54,795,656	9,964,336	2,832,365	-	12,796,701	41,998,955	44,540,619
Batching Plant	-	-	-	-	-	-	-	-	-	-
Office Equipments	8,172,023	25,000	-	8,197,023	1,925,010	484,457	-	2,409,466	5,787,556	6,247,013
Computers	17,755,733	42,203	-	17,797,935	9,050,386	1,611,384	-	10,661,769	7,136,166	8,705,347
Furniture & Fixtures	12,050,397	-	-	12,050,397	4,004,312	650,457	-	4,654,768	7,395,628	8,046,085
Air Conditioners	1,948,879	-	-	1,948,879	459,491	90,127	-	549,618	1,399,261	1,489,388
Vehicles	21,139,019	-	987,690	20,151,329	8,484,236	2,015,859	257,175	10,242,921	9,908,409	12,654,783
	7,026,877,239	357,903	23,739,762	7,003,495,380	1,597,715,309	325,199,629	3,161,343	1,919,753,593	5,083,741,787	5,429,161,930
<b>(B) INTANGIBLE ASSETS</b>										
Goodwill	1,000,000	-	-	1,000,000	400,000	200,000	-	600,000	400,000	600,000
<b>Total</b>	<b>7,027,877,239</b>	<b>357,903</b>	<b>23,739,762</b>	<b>7,004,495,380</b>	<b>1,598,115,309</b>	<b>325,399,629</b>	<b>3,161,343</b>	<b>1,920,353,593</b>	<b>5,084,141,787</b>	<b>5,429,761,930</b>
Previous Year's Total	7,094,064,648	10,642,372	76,829,781	7,027,877,239	1,326,609,069	329,142,703	57,636,462	1,598,115,310	5,429,761,930	-

## Notes to Financial Statements

(Amount in Rs.)

	As at 31.03.2012	As at 31.03.2011
<b>NOTES : 14.0</b>		
<b>CAPITAL WORK IN PROGRESS</b>		
Purchase/Acquisition of Fixed Assets, Building & Site Development Expenses	8,445,746,790	8,450,707,497
Expenses During Construction Period	750,641,108	752,378,228
Interest on borrowings (upto 31.03.2011)	2,519,320,674	2,519,320,674
<b>Total</b>	<b>11,715,708,573</b>	<b>11,722,406,399</b>

**14.1** All contracts on Capital Account has presently been kept in abeyance till further development.

**14.2** Capital Work in Progress includes some of the Equipment relating to wire drawing machine amounting to Rs. 1661.21 lacs which were imported are lying at durgapur Dry Port pending clearance of custom duty of Rs. 50 lacs(approx).

			As at 31.03.2012	As at 31.03.2011
<b>NOTES : 15.0</b>				
<b>NON CURRENT INVESTMENTS (At Cost)</b>				
	<b>No. of Shares 2012</b>	<b>No. of Shares 2011</b>		
<b>Long Term - Trade (Unquoted)</b>				
Investments in Equity Instruments				
of Joint Venture Company :				
- Moira Madhujore Coal Ltd.				
(Face Value of Rs 10/- Fully Paid up)	15,833	15,833	1,151,930	1,151,930
			<b>1,151,930</b>	<b>1,151,930</b>

**15.1** The Company had promoted a Subsidiary Company in the name of Ramsarup Energy Limited (REL) by agreeing to subscribe 49,000 Equity Shares of Rs. 10/- each equivalent to 98% of Equity Share Capital of REL. REL was incorporated on 09-02-2010 with one of its main object of carrying on the business of generation and distribution of electricity. As the object envisaged was not pursued, the company applied for cancellation of its registration as permitted by Companies Act, 1956. In view of this, various disclosures for subsidiary company is not applicable.

	As at 31.03.2012	As at 31.03.2011
<b>NOTES : 16.0</b>		
<b>LONG TERM LOANS AND ADVANCES</b>		
a Unsecured , Considered good		
Advances to Capital Expenditure	90,349,673	99,269,796
Security Deposits	121,420,338	127,604,346
<b>Total</b>	<b>211,770,011</b>	<b>226,874,143</b>

## Notes to Financial Statements

(Amount in Rs.)

	As at 31.03.2012	As at 31.03.2011
<b>NOTES : 17.0</b>		
<b>OTHER NON CURRENT ASSETS</b>		
Unsecured Considered Good		
Trade Receivables	1,598,704,506	602,532,552
Advances to Suppliers	859,043,312	711,612,671
MAT Credit Entitlement	56,429,400	56,429,400
Share Application Money (Pending Allotment)		
- Moira Madhujore Coal Ltd. (Joint Venture A/c)	1,005,900	47,900
	<b>2,515,183,119</b>	<b>1,370,622,523</b>

	As at 31.03.2012	As at 31.03.2011
<b>NOTES : 18.0</b>		
<b>INVENTORIES</b>		
(As taken, valued and certified by the Management)		
Raw Materials	69,031,696	247,072,209
Stock in Progress	62,132,767	124,325,515
Finished Goods	131,365,741	153,559,798
Stores & Spares Parts etc.	28,065,701	53,558,407
Scrap & Bye-Products	16,519,994	23,050,514
<b>Total</b>	<b>307,115,898</b>	<b>601,566,442</b>

	As at 31.03.2012	As at 31.03.2011
<b>NOTES : 19.0</b>		
<b>TRADE RECEIVABLES</b>		
<b>UNSECURED CONSIDERED GOOD</b>		
Outstanding for a period exceeding six months from the date they became due for payment:	1,338,747,427	1,052,723,759
Other Receivables	2,451,816,901	4,352,399,070
	3,790,564,328	5,405,122,829
Less : Provision for Doubtful Trade Receivables	-	-
<b>Total</b>	<b>3,790,564,328</b>	<b>5,405,122,829</b>

## Notes to Financial Statements

(Amount in Rs.)

	As at 31.03.2012	As at 31.03.2011
<b>NOTES : 20.0</b>		
<b>CASH AND BANK BALANCES</b>		
<b>(A) Cash in Hand</b>	6,833,325	10,335,411
<b>(B) Balances with bank</b>		
In Current Accounts	2,869,191	16,240,434
In Unpaid Dividend Accounts	468,827	468,977
In Fixed Deposit Account*	33,104,903	29,762,444
In Margin Money*	7,829,082	7,829,082
<b>Total</b>	<b>51,105,328</b>	<b>64,636,347</b>

\* All FDRs and Margin Money are held with banks against letter of guarantees issued by them.

	As at 31.03.2012	As at 31.03.2011
<b>NOTES : 21.0</b>		
<b>SHORT-TERM LOANS AND ADVANCES</b>		
- Unsecured , Considered good		
Advance to Suppliers	140,319,561	135,657,827
Advances to Staffs	9,259,951	22,634,182
Balance with Excise Department/VAT Input	438,352,122	451,477,909
<b>Total</b>	<b>587,931,634</b>	<b>609,769,918</b>

	As at 31.03.2012	As at 31.03.2011
<b>NOTES : 22.0</b>		
<b>OTHER CURRENT ASSETS</b>		
Other Receivables	657,391	769,439
Prepaid Expenses	222,248	-
TDS Receivable	4,602	-
	<b>884,241</b>	<b>769,439</b>



## Notes to Financial Statements

(Amount in Rs.)

	Year ended 31.03.2012	Year ended 31.03.2011
<b>NOTES : 23.0</b>		
<b>Revenue From Operations</b>		
<b>i) Sale of Products</b>		
G.I.Wires, Steel Wires, LRPC Wires /TMT Bars, Rods and		
other Iron & Steel Products	4,283,616,597	11,189,202,613
Pig Iron & Sponge Iron	-	395,331,124
Scrap & Bye-Products	48,669,124	423,115,777
	<b>4,332,285,721</b>	<b>12,007,649,514</b>
Less : Excise Duty	(35,893,268)	(157,171,740)
Export Incentives	-	326,310
Contract Related Receipts	262,617,576	602,886,861
	<b>4,559,010,030</b>	<b>12,453,690,946</b>
<b>ii) Sale of Services</b>		
Sale of Power (WTG)	24,607,654	32,494,579
Conversion Charges	1,513,083	27,372,962
	<b>4,585,130,767</b>	<b>12,513,558,486</b>

**23.1** Revenue From Operations includes inter unit sales of Rs 549.70 Lacs (Previous Year Rs. 29,975.67Lacs).

	Year ended 31.03.2012	Year ended 31.03.2011
<b>NOTES : 24.0</b>		
<b>OTHER INCOME</b>		
Interest on Fixed deposits	1,952,953	6,029,174
Insurance Claim	918,448	2,481,290
Miscellaneous Receipts	905,279	2,356,490
<b>Total</b>	<b>3,776,680</b>	<b>10,866,954</b>

### 25.0 COST OF MATERIALS CONSUMED / CONSTRUCTION EXPENSES

	Year ended 31.03.2012	Year ended 31.03.2011
<b>NOTES : 25.1</b>		
<b>COST OF MATERIALS CONSUMED (100% Indigenous)</b>		
Opening Stock	60,479,671	1,202,736,326
Add: Purchase of Raw materials	1,550,026,567	7,619,967,581
	<b>1,610,506,238</b>	<b>8,822,703,906</b>
Less : Closing Stock	27,228,739	60,479,671
<b>Total (A)</b>	<b>1,583,277,499</b>	<b>8,762,224,236</b>

## Notes to Financial Statements

(Amount in Rs.)

	As at 31.03.2012	As at 31.03.2011
<b>NOTES : 25.2</b>		
<b>CONSTRUCTION RELATED EXPENSES</b>		
Opening Stock	186,592,538	168,149,031
Add: Expenses on Construction / Contracts	188,656,768	547,571,167
	375,249,306	715,720,198
Less : Closing Stock	41,802,957	186,592,538
<b>Total (B)</b>	<b>333,446,349</b>	<b>529,127,660</b>
<b>Total (A+B)</b>	<b>1,916,723,848</b>	<b>9,291,351,896</b>

	As at 31.03.2012	As at 31.03.2011
<b>NOTES : 26.0</b>		
<b>PURCHASES OF TRADED GOODS</b>		
Traded Goods - Iron & Steel and Wires Products	2,562,275,698	1,258,760,386
<b>Total</b>	<b>2,562,275,698</b>	<b>1,258,760,386</b>

	As at 31.03.2012	As at 31.03.2011
<b>NOTES : 27.0</b>		
<b>CHANGES IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS &amp; STOCK IN TRADE</b>		
<b>Opening Stock</b>		
Finished Goods	153,559,798	2,838,693,402
Work in Progress	124,325,515	126,536,302
Scrap & Bye-Product	23,050,514	9,927,302
	<b>300,935,826</b>	<b>2,975,157,007</b>
<b>Closing Stock</b>		
Finished Goods	131,365,741	153,559,798
Work in Progress	62,132,767	124,325,515
Scrap & Bye-Product	16,519,994	23,050,514
	<b>210,018,502</b>	<b>300,935,826</b>
<b>Total</b>	<b>90,917,325</b>	<b>2,676,221,180</b>

## Notes to Financial Statements

(Amount in Rs.)

	Year ended 31.03.2012	Year ended 31.03.2011
<b>NOTES : 28.0</b>		
<b>EMPLOYEE BENEFITS EXPENSES</b>		
Salary, Wages & Bonus	87,339,349	134,869,354
Contribution towards Provident & other Funds	7,836,219	13,569,274
Worksmen Staff Welfare	1,460,235	4,263,609
Gratuity & Leave Encashment	818,177	5,533,395
<b>Total</b>	<b>97,453,980</b>	<b>158,235,632</b>

### 28.1 DISCLOSURE PURSUANT TO ACCOUNTING STANDARD - 15 (REVISED) 'EMPLOYEES BENEFITS':

#### a Defined Contribution Plans

"Employer- established provident fund trust are treated as defined benefits plans. The company in its Shyamnagar unit has established a provident fund trust namely ""Nikko Steels Limited Workmen's Provident Fund"" which is in line with Provident Fund & Miscellaneous Provision Act, 1952. The Plan guarantees interest at the rate notified by Provident Fund Authorities . The contribution by the Employer & Employee together with interest accumulated thereon are payable to employees at the time of separation from the company or retirement , whichever is earlier. The benefit vest immediately on rendering of the services by the employee.

The Guidance on Implementing AS 15 , Employee Benefit (Revised 2005) issued by the Accounting standard Board (ASB) states that benefits involving employer established provident funds, which require interest benefit shortfalls to be compensated are to be considered as defined benefit plans. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities. Their is no shortfall as on 31st March 2012.

For all other units, the company contributes to the Regional Provident Fund Commissioner (RPFC) and the same is recognized as expense during the year as under : "

Employer's contribution to provident fund (to the Defined Benefits Plan)	17,412	829,504
Employer's contribution to provident fund (to RPFC)	5,301,331	5,257,053

#### b Gratuity

"In Keeping with the company Gratuity scheme (Defined Benefit plan) eligible employees are entitled to gratuity benefits (at half months eligible salary for each completed year of service on Retirement / Death /Termination) . Vesting occurs upon competition 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 31.03.2012 :

## Notes to Financial Statements

(Rs in Lacs)

	2011-12		2010-11	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>NOTES : 3.2</b>				
<b>i Changes in Defined Benefit Obligations</b>				
Present value of obligation at the beginning of the year	454.21	50.46	432.31	26.47
Current Service Cost	21.66	0.74	30.29	13.44
Past Service Cost	-	-	7.16	-
Interest Cost	29.34	4.28	34.06	2.02
Expected return on plan asset	-	-	-	-
Actuarial (Gain)/Loss	(14.31)	(23.60)	(36.41)	11.04
Benefit Paid	218.19	0.18	13.20	2.51
Present Value of obligation at the end of the year	272.71	31.70	454.21	50.46
<b>ii Change in Plan Assets</b>				
Plan Assets at the beginning of the year	234.68	-	233.60	-
Actual return on plan Assets	18.77	-	18.69	-
Contribution by the Company	-	-	8.75	-
Actual Benefits paid	(218.19)	-	(13.20)	-
Actuarial (Gain)/ Loss	(0.06)	-	(13.16)	-
Plan Asset at the end of year	35.20	-	234.68	-
<b>iii Reconciliation of the present value of defined obligation and fair value of planned Assets</b>				
Present value of the obligation at the end of the year	272.71	31.70	454.21	50.46
Fair value of plan Assets at the end of the year	(35.20)	-	(234.68)	-
Liability / (Asset) recognized in the Balance Sheet	237.50	31.70	219.53	50.46
<b>iv Expenses Charged to profit &amp; Loss Account</b>				
Current Service Cost	21.66	0.74	30.29	13.44
Past Service Cost	-	-	7.16	-
Interest Cost	29.34	4.28	34.06	2.02
Expected return on Plan Assets	18.77	-	18.69	-
Actuarial (Gain ) / Loss	14.25	(23.60)	23.25	11.04
Total Expenses charged/(to be charged) in Profit & Loss A/c on accrual	17.97	(18.58)	29.57	26.50
<b>v Actuarial Assumption</b>				
Discount rate Per Annum compound	8.50%	8.50%	8.00%	8.00%
Rate of Increase in Salary	5.00%	5.00%	5.00%	5.00%
Rate of Return on Plan Assets	8.00%	-	8.00%	-

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.

## Notes to Financial Statements

(Amount in Rs.)

	Year ended 31.03.2012	Year ended 31.03.2011
<b>NOTES : 29.0</b>		
<b>FINANCE COST</b>		
Interest on Term Loan	2,031,063,127	626,762,811
Interest to Bank & Others	1,203,568,132	713,585,953
Profit/(Loss) of Foreign Exchange Fluctuation	18,008,437	719,011
Bank Commission /Processing fees etc.	8,009,008	20,408,156
<b>Total</b>	<b>3,260,648,703</b>	<b>1,361,475,931</b>

	Year ended 31.03.2012	Year ended 31.03.2011
<b>NOTES : 29.1</b>		
<b>DEPRECIATION AND AMORTIZATION EXPENSE</b>		
Depreciation on Tangible Assets	325,199,629	327,107,677
Amortisation on Intangible Assets	200,000	200,000
<b>Total</b>	<b>325,399,629</b>	<b>327,307,677</b>

	Year ended 31.03.2012	Year ended 31.03.2011
<b>NOTES : 30.0</b>		
<b>OTHER EXPENSES</b>		
Stores & Spare parts Consumed (100% Indigenous)	19,352,542	59,346,275
Conversion Charges	11,643,519	1,370,149
Power & Fuel	47,902,985	133,624,058
Rent	2,460,503	1,180,831
Freight & Transport		
- Inward	2,839,267	43,070,075
- Outward	6,061,057	25,098,434
Repairs & Maintenance		
- Building	1,391,481	10,955,451
- Plant & Machinery	5,752,528	8,312,642
- Others	456,305	644,446
Commission on Sale/other selling expenses	2,043,183	4,246,972
Rates & Taxes	2,134,188	2,006,596
Excise Duty on Increase / Decrease in Stocks	(410,703)	(188,412,263)
Insurance Premium	3,379,246	5,816,834
Loss on Sale of Fixed Assets	4,966,377	357,037
Listing Fees & Custodial Fees	2,400	8,548
Donation	1,200	36,450
Director Remuneration *	2,400,000	2,400,000
Sitting Fee	40,000	50,000
Share Registrar & Transfer Agent Fee	126,000	108,000
Liquidated Damages	16,772,355	80,975,271
Miscellaneous Expenses	26,927,804	51,274,351
Preliminary Expenses Written Off	769,439	769,439
<b>Total</b>	<b>157,011,678</b>	<b>243,239,596</b>

## Notes to Financial Statements

(Amount in Rs.)

	Year ended 31.03.2012	Year ended 31.03.2011
<b>NOTES : 31.1</b>		
<b>AUDITORS REMUNERATION: (Net of Service Tax)</b>		
As Auditor : Statutory Audit Fee	1,500,000	1,500,000
As Tax Audit Fee	350,000	350,000
For Certification & Others	150,000	150,000
<b>Total</b>	<b>2,000,000</b>	<b>2,000,000</b>

### 30.2 MANAGERIAL REMUNERATION

\* Remuneration paid to the Managing Director and Whole time Director amounts to Rs. 1,800,000/- and Rs. 600,000/- respectively is 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.

### 31.0 EARNING PER SHARE

Net loss available to Equity Shareholders (For Basic EPS)	(3,821,523,414)	(2,722,216,949)
No. of Equity Share at the beginning of the year	35,078,480	35,078,480
Earning Per Share (Basic & Diluted ) ( Rs )	(109)	(78)

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

The Company is not aware of the registration status of its suppliers registration under the MSME Act, 2006 ('Micro Small and Medium Enterprises Development Act 2006'). Accordingly, information relating to outstanding balances due have not been disclosed as it is not determinable. Similarly, interest payable if any, has not been computed and provided for.

### 33.0 CONTINGENT LIABILITIES NOT PROVIDED FOR :

	31.03.2012 (Rs in Lacs)	31.03.2011 (Rs in Lacs)
a i) Sales Tax Liabilities (Under Appeal) (Net of payments)	11,423.83	9,671.83
ii) Central Excise Liabilities (Under Appeal)	1,557.62	-
iii) Guarantees given by the bank & counter Guarantee of the company.	2,327.02	3,064.23
Note : Margin held by banks by way of pledge of FDRs & on margin account	409.34	375.92
b i) In respect of the Letter of Undertaking/Guarantees for Rs 2,454.61 Lacs (Previous Year Rs. 2,454.61 Lacs) issued in favour of Dy. Commissioner of Customs, for duty 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 has been allowed based on the obligation that the Company will export items upto eight times of duty saved and realize money in Convertible Foreign Exchange out of which there is due export obligation of Rs. 20,222.17 Lacs over a period of 8 years from the date of issue of such license for duty saved of Rs.2,527.80 lacs on physical import of Plant and Machinery. This has been taken as certified by the management.		
ii) Apart from the above the company had imported some of the raw material viz wire rod and Zinc valued at Rs. 42.01 crore during the year ended 31.03.2008 against which the import duty saved was Rs. 11.83 crores. An export obligation was to be completed on or before 31.03.2010, however till date export obligation to the tune of Rs 2.57 crores of duty saved could only be completed and balance export obligation to the tune of Rs 9.26 crores of such duty saved is still pending. The company has approached the Regulatory Authority for extension of time to complete the required export and if not this liability may arise in due course for which no provision has been made. Had the impact of provision being considered, loss for the year would have increased by Rs 9.26 Crore as against the reported loss in the Statement of Profit & Loss.		

## Notes to Financial Statements

- c Liabilities that may arise out of Show cause notices received by the Company have not been considered as Contingent Liability. There are some legal cases pending against the company, before the Hon'ble Calcutta High Court initiated by some of the lenders, suppliers & others, which have not been recognised/partly recognised in the accounts as the company has not accepted the liability as the same is being contested and after decision of the Hon'ble High Court the same will be accounted for in the books of account.
  - d The invocation of equity shares of the company, pledged by promoter, promoter group company and/or associates in favour of the Banks/Financial Institution on request of the company for additional comfort to such lenders, has resulted in an additional demand of Rs. 7,360 lacs, by the said pledgers against the company towards losses due to invocation. The company has not recognised the same and no provision has been made.
  - e All contracts on capital account have presently been kept in abeyance and therefore no capital commitment is outstanding as on balance sheet date but advances given for purpose of various projects amounting to Rs 903.50 (Lacs) {Previous Year Rs 992.70 (Lacs)} is likely to become doubtful of recovery unless the material / services are provided to the company, upon recommencement of such capital contract. No provision for such doubtful advances have been made during the year.
- 34.0** i) During the year also, the working of the company has been adversely affected due to paucity of fund, and the company has not been able to service the interest / installments of various credit facilities provided by the lenders, resulting in substantial increase in the secured / unsecured loan. The company had to resort to various supporting loans from other financial institutions and related party borrowings for the purpose of continuing the execution of Capital Projects under taken by the company at its Kharagpur & Durgapur Units. Interests on borrowed fund together with day to day administrative expenses on such projects were being capitalised upto last year. However during the year, due to financial crisis, the company has suspended the expansion activity and in view of the prevailing adverse financial position of the company, the management does not foresee commencement of expansion activity in the immediate near future. As such, in accordance with clause 17 of AS-16 Borrowing Cost", interest for the year on funds borrowed for the execution of such capital projects has not been capitalised but has been charged to the Statement Profit & Loss for the year.
- ii) Due to sluggish market condition, scarcity of raw material i.e. Iron Ore, Coal, etc., rising input cost and over all industrial scenario, coupled with the reduced domestic as well as overseas demand, the iron & steel industry has been passing through a critical phase, resulting in adverse cash flow. The bank accounts have become inoperative and the company could not employ its fund in day to day working of its manufacturing activities. This has resulted in suspension of production at its Kharagpur unit since June 2010, Shyamnagar Unit, since Oct 2010, Kalyani unit since March, 2012 and Durgapur unit since September, 2012.
- iii) In its Infrastructure division also, there has been slow progress in the projects / contracts undertaken by the company from time to time which led to termination of some of the contracts resulting in imposition of liquidated damages & penalties, substantial administrative expenses, invocation of bank guarantees, etc. This has led to further loss in most of the contracts undertaken by the company. However some of the contracts are near completion but progressing at slow pace.
- 35.0** The company has incurred substantial losses and its Net worth has been eroded. The company has initiated several cost saving schemes and also plans for capital raising. These plans are material to it continuing as going concern. Since the company is confident of raising capital and rescheduling its debts and in the light of continued group support, the financial statements have been prepared on the basis that the company is a going concern.
- 36.0** Trade Receivables of Rs.15987 lacs and & some advances to suppliers under the head Non Current Asset outstanding for a period of more than one year is due to prevailing adverse situation and the stoppage of production in some of the units of the company. The debts have become doubtful of recovery, thereby necessitating adequate provision for the same. However, the management is making serious efforts and is hopeful of recovery of the debts in the near future, hence no provision for doubtful debts has been made during the year.

## Notes to Financial Statements

- 37.0** Due to suspension of manufacturing activities there are indications which suggest impairment in the value of the fixed assets, being plant and machinery and other fixed assets of the company. The management is in the process of getting an impairment study done and the financial impact of the impairment loss, if any, will be accounted for at the material time, when the impairment study will be completed.
- 38.0** In the opinion of Board of Directors of the company the current assets, Loans & advances are approximately of the value as stated, if realised in the ordinary course of business and that the provision for all known liabilities are adequate and not in excess of the amount reasonably necessary. There are no contingent liabilities other than those stated above. Certain balances of sundry debtors, Loans & Advances and sundry creditors are subject to confirmations/reconciliation.
- 39.0** The Company has opted for Tax Holiday U/S 80 IA of the Income Tax Act, 1961 in respect of its income from power generation by 3 Nos. Wind Turbine Generators (WTG) for a period of 10 years from the financial year 2005-06.

### 40.0 RELATED PARTY DISCLOSURES

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

#### A Joint Venture Company :

Moirā Madhujore Coal Limited

Name of Related Parties and Description of Relationship :-

#### B Key Management Personnel {KMP}

- i Sri Aashish Jhunjunwala {Managing Director}
- ii Aashish Jhunjunwala {HUF}
- iii Sri. Naveen Gupta {Whole time Director}

#### C Relatives of KMP :

- i Smt. Sharda Devi {Mother of M.D}
- ii Smt. Neerza Jhunjunwala {Wife of M.D}
- iii Sri Advay Jhunjunwala {Son of M.D}

#### D 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 Madhumalati Merchandise Private Limited
- v Imtihan Commercial Private Limited
- vi N.R.Mercantile Private Ltd.
- vii Naresh Engineers Ltd.
- viii Vanguard Credit & Holding Private Limited.
- ix Amanat Merchants Private Limited
- x Greentop Realters Private Limited
- xi Laddugopal Properties Private Limited

#### E Employees' Benefit Plans where there is control :

- i Ramsarup Industrial Corporation Employee's Gratuity Fund
- ii Ramsarup Utpadak Unit II Employees Gratuity Fund
- iii Nicco Steels Limited Workmen Provident Fund



## Notes to Financial Statements

### F Transaction with Related Parties during the year (Excluding reimbursements)

(Amount in Rs.)

Particulars	Enterprises where Control Exist	Key Management Personnel (KMP)	Relatives of KMP
Managerial Remuneration	-	2,400,000	-
	-	(2,400,000)	-
Rent Paid	-	-	1,931,004
	-	-	(1,931,004)
Loan Taken	15,480,200	-	-
	(135,824,727)	(300,000,000)	-
Loan Payable (Outstanding)	147,915,427	300,000,000	-
	(135,824,727)	(300,000,000)	-
Security Deposits Outstandings (Dr)	40,627,500	-	200,000
	(40,627,500)	-	(200,000)
Purchases of material	267,447,069	-	-
	(510,303,396)	-	-
Sales of material	12,430,000	-	-
	(882,684,702)	-	-
Share Investment - Moira Madhujore Coal Limited(JV)	1,151,930	-	-
	(1,151,930)	-	-
Share Application Money - Moira Madhujore Coal Limited	1,005,900	-	-
	(47,900)	-	-

### 41.00 Cost of Material Consumed

Wire Rods/H.B. Wires /Billets /Ingots/slab/ Square Bars	1,458,168,554	7,758,504,019
Lead / Zinc	91,004,934	80,389,032
Iron Ore	9,132,792	174,956,910
Coke	19,921,292	677,345,987
Coal	3,025,656	68,408,161
Dolomite, Lime Stone, Quartzite	2,024,271	2,270,454
Manganese	-	349,673
	<b>1,583,277,499</b>	<b>8,762,224,236</b>

### 42.0 Exports of Goods (F.O.B. Value)

Wires/Steel Products	5,240,203	105,468,498
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## Notes to Financial Statements

### 43.0 DISCLOSURE PURSUANT TO ACCOUNTING STANDARDS AS-7 "CONSTRUCTION CONTRACT"

i) Contract's Revenue recognised for the year.	122,946,558	464,281,497
ii) Aggregate amount of Contract cost incurred and recognised Projects (less losses) for all contract in progress up to Balance Sheet date.	1,825,578,373	1,663,464,196
iii) Gross amount due from Customers for Contracts in progress.	159,538,254	299,913,725

**44.0** Construction Expenses include transfer of material from other units Rs. Nil lacs (Rs. 16.99 lacs)

**45.0** In View of compliance with the Revised Schedule VI , Previous Years Figures have been regrouped/reclassified wherever necessary to conform to the current year's presentation .

As per our report of even date annexed herewith

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

*Chartered Accountants*

Registration No- 307008E

For and on behalf of the Board

5, Fancy Lane

Kolkata - 700 001

**C.A. P. K. Lilha**

*Partner*

Membership No. 11092

Dated : 5th November, 2012

**Aashish Jhunjunwala**

*Managing Director*

**Naveen Gupta**

*Director*

**Gajendra Kumar Singh**

*Company Secretary*

**RAMSARUP INDUSTRIES LIMITED**

Regd. Office : Hastings Chambers, 2nd Floor, Room No. 1, 7C, Kiran Shankar Roy Road, Kolkata - 700001

**ADMISSION SLIP**

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the Company.

DP Id		Client Id
Regd. Folio No.s*		No. of shares

	Name in Full	Father/Husband's Name	Address as Regd. with the Company
1			
2			
3			

I/We hereby record my/our presence at the 33rd Annual General Meeting of the Company being held on Monday, 24th day of December, 2012 at 10.00 A.M at Kala Kunj, 48, Shakespeare Sarani, Kolkata - 700 017.

Please (✓) in the box

MEMBER

PROXY

\_\_\_\_\_  
Members Signature

\_\_\_\_\_  
Proxy's Signature

\*Applicable for investor holding shares in physical form.

.....Cut here .....

**RAMSARUP INDUSTRIES LIMITED**

Regd. Office : Hastings Chambers, 2nd Floor, Room No. 1, 7C, Kiran Shankar Roy Road, Kolkata - 700001

**PROXY FORM**

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the Company.

DP Id		Client Id
Regd. Folio No.s*		No. of shares

	Name in Full	Father/Husband's Name	Address as Regd. with the Company
1			
2			
3			

being a member of Ramsarup Industries Limited, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our Proxy to attend and vote for me/us on my/our behalf at the 33rd Annual General Meeting of the Company scheduled being to be held on Monday, 24th day of December, 2012 at 10.00 A.M at Kala Kunj, 48, Shakespeare Sarani, Kolkata - 700 017 or/and at any adjournment thereof.

Signed this ..... day of ..... 2012      Signature\_\_\_\_\_

\*Applicable for investor holding shares in physical form.

Notes: The Proxy form duly completed and signed should be deposited at the registered office of the company, not later than 48 hours before the commencement of the Annual General Meeting.

Affix  
Revenue  
Stamp  
Rs.1

BOOK POST



**Ramsarup Industries Limited**

Hastings Chambers, 2nd Floor, Room No. 1  
7C, Kiran Shankar Roy Road, Kolkata - 700001  
[www.ramsarup.com](http://www.ramsarup.com)