



FOURTEENTH ANNUAL REPORT

2009-10

VIKASH METAL & POWER LTD.

Chairman's Message



Dear Fellow Shareholders,

On behalf of the Board, I am pleased to present the 14th Annual Report of the Company. The FY 2009-10 has been yet another challenging year for the Company. In this challenging environment, The Company registered a turnover growth of about 15% in FY 2009-10.

It is very inspiring to note that after witnessing one of the sharpest downturn in the global economy during FY 2008-09, most of the countries are now set to recover though at varied pace. Indian Steel Industry has just come out of the slowdown that affected its performance during FY 2008-09.

The Company maintained the cordial relation with all channel partners and there were no operational disturbances faced during the year under review and thus the Company conducted the business smoothly.

Our goal is to continue to enhance the customers' satisfaction and stakeholders' value by following the best practices of Corporate Governance.

I am grateful to the Board of Directors for their unwavering support and guidance. I also take this opportunity to thank you for your continued support and look forward to the same in the future.

With warm regards,

V.K Patni

Chairman

Vikash Metal & Power Limited

Corporate Information

BOARD OF DIRECTORS

Mr. Vimal Kumar Patni *Chairman*
Mr. Vikash Patni *Managing Director*
Mr. Akkash Patni
Mr. Chhatar Singh Dugar
Mr. Kailash Chand Jain
Mr. Vijay Kumar Jain

COMPANY SECRETARY

Mr. Debendra Banthiya

AUDITORS

S. Jaykishan
Chartered Accountants

BANKERS

Bank of India
United Bank of India
UCO Bank
IDBI Bank

REGISTERED OFFICE

35, Chittaranjan Avenue
6th Floor, Kolkata - 700 012

CORPORATE OFFICE

‘Centre Point’
21, Hemanta Basu Sarani
3rd Floor, Room No. 312
Kolkata - 700 001
Phone : (033) 4018 1000
Fax : (033) 2231 8303
E-mail : info@vikashmetalpower.com

PLANT LOCATION

Vill : Poradiha, P.S. - Santuri
Dist : Purulia, West Bengal - 722 153

REGISTRAR AND TRANSFER AGENT

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, 2nd Floor
Kolkata - 700 001
Phone : (033) 2243 5029/5809

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Notice

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Members of the Company will be held at Purbashree, EZCC, Bharatiyam Cultural Multiplex, IB-201, Sector-III, Salt Lake City, Kolkata - 700 106 on Wednesday, the 22nd day of September, 2010 at 10.30 A.M. to transact the following businesses :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Vimal Kumar Patni, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT M/s. S. Jaykishan, Chartered Accountants, be and are hereby appointed as auditors of the Company, to hold office from the conclusion of this annual general meeting until the conclusion of the next annual general meeting of the Company, on such remuneration as may be fixed by the Board of Directors."

Place : Kolkata
Date : 21st July, 2010

By Order of the Board of Directors
Debendra Banthiya
Company Secretary

Registered Office :
35, C. R. Avenue
6th Floor, Kolkata - 700 012

Corporate Office :
"Centre Point"
21, Hemanta Basu Sarani
3rd Floor, Room No. 312
Kolkata - 700 001

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument of proxy, in order to be effective, must be completed, stamped, signed and deposited at the Company's Registered Office not less than forty-eight hours before the commencement of the ensuing Annual General Meeting (AGM).
3. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least 7 days in advance, so as to enable the Company to keep the information ready.
4. The Register of Members and Share Transfer Books will remain closed from 15th September, 2010 to 22nd September, 2010 (both days inclusive) for the purpose of Annual General Meeting and for payment of Dividend.
5. The Dividend on shares for the financial year ended on 31st March, 2010, as recommended by the Board, if declared at the meeting will be payable on or after 22nd September, 2010 to those members/deemed members whose name appears in the Register of Members/Statement of beneficial ownership furnished by depositories at the close of business hours on 14th September, 2010.
6. Members/Proxies are requested to bring their attendance slip sent herewith, duly filled in, for attending the meeting.
7. As required under clause 49 of the Listing Agreement executed with the Stock Exchange(s), a brief profile of the Director seeking re-appointment at the Annual General Meeting is appended with the Notice.

Notice *(Contd.)*

Details of the Director seeking re-appointment at the forthcoming Annual General Meeting (In pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Mr. Vimal Kumar Patni
Date of Birth	13th February, 1950
Date of Appointment	4th July, 1996
Qualification	B. Com
Expertise	Wide experience of more then two decades in Iron & Steel and Ferro Alloys Industry
Directorships held in other Public Companies as on 31st March, 2010	<ol style="list-style-type: none"> 1) Impex Ferro Tech Limited 2) Vikash Smelters & Alloys Limited 3) Impex Industries Limited 4) VSN Agro Products Limited 5) Dhodwala Enterprises Limited 6) Patni Infotech Limited 7) Vikash Urja Limited 8) Vikash Ores Limited
Chairmanship /Membership of the Committee of the Board of Directors of the Company as on 31st March, 2010	Member - Share Transfer cum Investors Grievance Committee
Chairmanship/Membership of the Committee of Directors of other Public Companies as on 31st March, 2010	Nil
Number of shares held	23,24,600

Directors' Report and Management Discussion and Analysis Report

Dear Shareholders,

Your Directors take pleasure in presenting the 14th Annual Report together with the Audited Accounts for the year ended 31st March, 2010.

FINANCIAL AND PERFORMANCE REVIEW

(Rs. in Lacs)

Particulars	2009-10	2008-09
Sales (Net of Excise Duty)	69185.69	59357.68
Other Income	168.04	269.70
Total Income	69353.73	59627.38
Less : Total Expenses	(65685.03)	(56554.94)
Profit before Depreciation, Interest & Tax	3668.70	3072.44
Less : Interest	(2210.54)	(1337.40)
Depreciation	(876.20)	(716.74)
Profit before Tax	581.96	1018.30
Less : Provision for Current Tax	(103.26)	(120.22)
Provision for Fringe Benefit Tax	—	(7.22)
Provision for Deferred Tax	(163.84)	(354.97)
Deferred MAT credit entitlement	98.90	115.37
Profit after Tax	413.76	651.26
Less : Income Tax for earlier years	(42.09)	(30.00)
Add : Profit brought forward from Previous year	2760.35	2241.81
Profit available for appropriation	3132.02	2863.07
Proposed Dividend on equity shares	(87.80)	(87.80)
Corporate Tax on Dividend	(14.58)	(14.92)
Balance carried to Balance Sheet	3029.64	2760.35

During the year under review, the gross turnover of your Company increased from Rs. 61678.11 Lacs to Rs. 70730.28 Lacs, yielding a growth of about 15%. Profit before Tax (PBT) and Profit after Tax (PAT) were Rs. 581.96 Lacs and Rs. 413.76 Lacs respectively. After witnessing a sharpest downturn in global economy in the previous FY 2008-09, the FY 2009-10 was an extremely challenging year for your Company.

INDUSTRY STRUCTURE, DEVELOPMENTS, OPPORTUNITIES, THREATS, RISKS AND CONCERNS AND FUTURE OUTLOOK

Presently, India is 5th largest producer of steel in the world and recorded a growth of 2.7% as compared to 2008. India also emerged as the largest sponge iron producing country and important producer of Pig Iron.

Your Company is in the manufacturing of Sponge Iron, Pig Iron, MS Billets, TMT Bars, Ferro Alloys and also in generation of Power. Thus,

serving a large section of structural & infrastructure industries with slogan '**From Structure to Infrastructure**'. "Vikash" brand TMT bars are supplied to leading construction companies and turnkey projects. Your Directors are happy to inform that your Company has received an allotment for **Moira Madhujore North & South non coking coal block** in the state of West Bengal from Ministry of Coal, Govt. of India, in a joint venture with other reputed companies. This Joint Venture is being set up through a separate company titled 'Moira Madhujore Coal Limited' (MMCL), which has been incorporated with the Registrar of Companies, West Bengal. Your Company's share in this Joint Venture is 23.32%. Therefore, your Company is well-poised to take advantage of the growth in the Iron and Steel sector.

As the Indian Steel Industry integrates more and more with global industry, it will have to tackle some key issues for retaining its competitive edge and increasing its international presence. Some of

Directors' Report and Management Discussion and Analysis Report (Contd.)

the prominent risks faced by the Company are of Human Resource, Natural Calamities, Competitive environment, Market condition, etc.

The downturn in the global economy is set to recover at a faster rate than expected earlier though at varied pace across geographies and economies. Buoyed by expected strong performance from the consuming segments like automobile, construction, infrastructure, etc it is expected that the situation will remain favourable for the Company.

DIVIDEND

The Company's dividend policy is based on twin objectives to appropriately reward the shareholders and at the same time to keep enough capital to fuel growth needs. Accordingly, your Directors recommend a final dividend of Re. 0.25 per share on 3,51,20,100 fully paid equity shares of Rs. 10/- each for the year ended 2009-10. The proposed dividend, if approved, at the ensuing Annual General Meeting would result in appropriation of Rs. 87.80 Lacs (in addition to the Corporate Dividend Tax of Rs. 14.58 Lacs) out of the profits.

The Register of Members and share transfer books shall remain closed from 15th September, 2010 to 22nd September, 2010 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend.

DIRECTORS

In accordance with the requirements of the Companies Act, 1956, and Articles of Association of the Company Mr. Vimal Kumar Patni, Director of your Company, will retire by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment. The Board recommends his re-appointment as Director of your Company.

STATUTORY DISCLOSURE

None of the Directors of the Company are disqualified as per the provisions of Section 274(1)(g) of the Companies Act, 1956. All the Directors have made the necessary disclosures as required under various provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

AUDITORS & AUDITORS' REPORT

M/s. S. Jaykishan, Chartered Accountants, the Statutory Auditors of the Company are retiring at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. Certificate from the auditors has been obtained to the effect that their re-appointment, if made would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

The notes to the accounts referred to in the Auditors' Report are self explanatory, and therefore, do not call for any further comment.

The outstanding income tax amounting to Rs. 291.83 Lacs as at 31st March, 2010 as observed by the Auditors at point no. (ix)(a) in annexure to their report has hence been paid. Term Loan installment with interest outstanding to Banks as at 31st March, 2010 as observed by the Auditors at point no. (xi) is also been paid.

FIXED DEPOSIT

The Company did not invite/accept any fixed deposit from the public during the year under review and as such there are no outstanding

deposits in terms of the Companies (Acceptance of Deposits) Rules, 1975.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby confirm that :

- a) in preparation of statement of accounts for the financial year under review, the applicable Accounting Standards have been followed and in case of departures therefrom, proper explanations relating thereto have been given in the notes forming part thereof.
- b) Accounting Policies selected have been applied consistently and judgments and estimates made are reasonable and prudent as they give true and fair state of affairs of the Company at the end of the financial year under review and of the profit of the Company for that period.
- c) 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.
- d) Annual Accounts have been prepared on a going concern basis.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in Annexure 'A'.

CORPORATE GOVERNANCE/INTERNAL CONTROL SYSTEM

Your Company continues to be committed to good Corporate Governance aligned with the good practices. Your Company is in compliance with the standards set out by clause 49 of the Listing Agreement with the Stock Exchanges. A detailed report on Corporate Governance compliance duly certified by the Company's Statutory Auditors forms part of this report as Annexure 'B'.

Your Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. The Company has an Audit Committee which actively reviews the adequacy and effectiveness of Internal control systems and suggest improvements for strengthening them from time to time.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Your Company firmly believes in the immense potential of its human resources in developing the organization and ensuring its success. The Company endeavors to keep the employees' motivation level high by providing conducive work atmosphere and remunerating adequately. During the year under review, Industrial Relations remained cordial.

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

Directors' Report and Management Discussion and Analysis Report (Contd.)

SEGMENT WISE/PRODUCT WISE PERFORMANCE

Your Company is engaged mainly in the manufacturing and selling of Iron and Steel products. Thus, the Company primarily operates in one reportable segment i.e., Iron and Steel and all products manufactures fall under this segment. The Company also generates power from its captive power plant which is entirely consumed in its manufacturing unit.

CAUTIONARY STATEMENT

Statements in this Directors' Report & Management Discussion and Analysis Report describing the Company's activities, projections about the future, estimates, assumptions with regard to global economic conditions and Government policies, etc. have been made in good faith and may be "forward looking statements" within the meaning of

applicable securities laws and regulations. Many unforeseen factors may come into play and affect the actual results which might differ from those either expressed or implied. Market data was based on information gathered from various published and unpublished sources and their reliability and completeness cannot be assured.

ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere appreciation of the financial institutions and consortium of banks led by Bank of India and Company's customers and investors for their continued support during the year.

Your Directors also wish to place on record their appreciation for the dedication and contribution made by employees at all levels and look forward to their support in future as well.

Place : Kolkata
Date : 21st July, 2010

For and on behalf of the Board of Directors
Vimal Kumar Patni
Chairman

Annexure 'A' to the Directors' Report

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the financial year ended 31st March, 2010.

A. CONSERVATION OF ENERGY

Energy Conservation continues to be the focus area for the Company and the measures taken are as follows :

- (i) Commissioning of Waste heat recovery based 10 MW Captive Power Plant.
- (ii) Adoption of technologies and installation of equipments which ensure lower consumption of energy.
- (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.

Particulars with respect to conservation of energy are given in the enclosed Form - A.

B. TECHNOLOGY ABSORPTION

Particulars with respect to technology absorption are given in Form - B.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- a. **Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans :**

This is being done on a continuous basis.

- b. **Details of foreign Exchange used and earned :**

- (i) Expenditure in Foreign Exchange

Particulars	Amount (Rs. in '000)
Travelling	1,168
	(337)

Note : Figures in brackets relate to previous year.

- (ii) Earnings in Foreign Currency

Particulars	Amount (Rs. in '000)
Export of goods on FOB Basis	129,607
	(91,821)

Annexure 'A' to the Directors' Report (Contd.)

Form - A

Form for disclosure of particulars with respect to conservation of energy

Particulars	2009-10	2008-09
A. Power & Fuel Consumption		
1. Electricity		
a) Purchased		
Unit in KWH	6,32,95,300	4,44,64,655
Amount (Rs. in Lacs)	2098.25	1,586.76
Rate per Unit (Rs.)	3.32	3.57
b) Generation through captive power facilities		
Through steam turbine/generator		
Units	1,01,94,614	1,03,19,489
Total Cost (Rs. in Lacs)	661.67	666.39
Cost per Unit (Rs.)	6.49	6.46
2. Diesel Oil		
Units (Litre)	–	4,24,650
Total Cost (Rs. in Lacs)	–	151.60
Cost per Unit (Rs.)	–	35.70
3. Coal (Specify quality and where used)		
F-Grade (Used in Sponge Iron, Pig Iron & Power Plant)		
Quantity (MT)	50,407.355	77,093.495
Total Cost (Rs. in Lacs)	785.46	913.37
Average Rate (Rs.)	1,558.22	1,184.76
E-Grade (Used in Sponge Iron, Pig Iron & Power Plant)		
Quantity (MT)	50,174.240	46,671.095
Total Cost (Rs. in Lacs)	1,413.11	1,160.01
Average Rate (Rs.)	2,816.41	2,485.51
4. Furnace Oil		
Quantity (Litre)	16,000	336,489
Total Cost (Rs. in Lacs)	3.49	66.12
Average Rate (Rs.)	21.79	19.65
5. Others/Internal Generation	–	–
B. Consumption per unit of production		
1. Electricity (Unit/MT) Annualised	554.43	451.56
2. Diesel (Ltr./MT)	–	17.95
3. Coal (Kg./MT)	1,432.48	2,080.22
(Kg/unit)	0.61	–
4. Furnace Oil (Ltr./MT)	0.53	9.42

Annexure 'A' to the Directors' Report *(Contd.)*

Form - B

Form for disclosure of particulars with respect to technology absorption for the year ended 2009-10

A. Research And Development (R&D)

The R&D is assimilated to the production process of the Company and hence cannot be segregated. Though no specific expenditure was incurred under this head, constant efforts were made to increase efficiency and for cost reduction.

(a) Specific areas in which R&D carried out by the Company	NIL
(b) Benefits derived as a result of the above R&D	NIL
(c) Future plan of Action	NIL
(d) Expenditure on R&D	NIL

B. Technology Absorption, Adaptation and Innovation

1. Efforts in brief, made towards technology absorption, adoption and innovation.

Continuous improvement in the Product Design with the view to provide a competitive advantage.

2. Benefits derived as a result of the above efforts.

Efforts have led to improved efficiencies and cost competitiveness. Furthermore, with the introduction of several products, significant benefits have been derived by way of enhanced market penetration and new business.

3. In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year) following information may be furnished :

(a) Technology imported	None
(b) Year of import	N.A.
(c) Has technology been fully absorbed	N.A.
(d) If not fully absorbed, areas where this has not taken place reasons thereof and future plans of action	N.A.

Place : Kolkata
Date : 21st July, 2010

For and on behalf of the Board of Directors
Vimal Kumar Patni
Chairman

Annexure 'B' to the Directors' Report

Report on Corporate Governance

I. COMPANY'S PHILOSOPHY

Your Company's philosophy is to continue to enhance the value of its stakeholders including shareholders, customers, employees, lenders and society at large. The Company believes that good corporate governance practices are *sine qua non* for the sustainable development of business. Your company believes that all actions and strategic plans should deliver fair value to all its stakeholders. It is an integral part of the company's core values which include fairness, transparency, integrity, equity, honesty and accountability. Your Company is in compliance with the standards set out by clause 49 of the Listing Agreement with the Stock Exchanges.

II. BOARD OF DIRECTORS

(A) Board composition & Particulars of Directors

The Composition of the Board of Directors is in conformity with clause 49 of the Listing Agreement with the stock exchange(s). The Company's Board consists of six members which comprise of :

- One Non-Executive Chairman
- One Executive Director
- One Non-Executive Director
- Three Non Executive Independent Directors

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees across all the companies in which he is a Director.

(B) Attendance of Directors at Board Meetings, last Annual General Meeting (AGM) & number of other Directorships and Chairmanships/Memberships of Committees of each Director in various Companies as on 31st March, 2010 - Board holds periodic meetings to review and discuss performance of the Company, its future plans, strategies and other pertinent items relating to the Company. During the financial year ended on 31st March, 2010, meeting of the Board of Directors was held 12 (Twelve) times i.e. on 3rd April 2009, 8th May 2009, 8th June 2009, 16th June 2009, 29th June 2009, 30th June 2009, 31st July 2009, 10th August 2009, 30th October 2009, 30th January 2010, 22nd February 2010, 24th March 2010.

Name of Directors	Category of Directors	No. of Board Meetings attended during 2009-10	Attended last AGM held on 15th September, 2009	Directorships held in other Public Limited Companies incorporated in India	No. of Membership(s) / Chairmanship(s) of Board Committees in other Companies #	
					Chairman	Member
Mr. Vimal Kumar Patni * Chairman	Non-Executive, Promoter	12	Yes	8	—	—
Mr. Vikash Patni Managing Director	Executive, Promoter	12	Yes	8	—	—
Mr. Akkash Patni	Non-Executive, Promoter	12	Yes	7	—	—
Mr. Chhatar Singh Dugar	Independent, Non-Executive	9	Yes	1	1	1
Mr. Vijay Kumar Jain	Independent, Non-Executive	5	No	1	—	1
Mr. Kailash Chand Jain	Independent, Non-Executive	7	Yes	3	3	—

* Mr. Vimal Kumar Patni is the father of Mr. Vikash Patni and Mr. Akkash Patni. Other than this, none of the other Directors are in any way related to any other Director.

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, Memberships/Chairmanships of only Audit Committees and Shareholders Grievance Committee in all Public Limited companies (excluding Vikash Metal & Power Limited) have been considered.

Annexure 'B' to the Directors' Report Report on Corporate Governance (Contd.)

III. AUDIT COMMITTEE

Your Company has an Audit Committee comprising of 3 (Three) Non-Executive Directors. All the members of the Audit Committee are financially literate and have accounting or related financial management expertise. The terms of reference of the Audit Committee are as under :

1. The Committee provides guidance to the management in preparation of annual as well as periodical financial statements before they are submitted to the Board.
2. Recommends the appointment and the remuneration of Statutory auditor.
3. Ensures that the disclosure of the financial information presented to the Board is sufficient and correct.
4. Reviews with the management, the Statutory Auditors and the Internal Auditor, the adequacy of internal control system.
5. Reviewing the Company's financial and risk management policies.
6. Ensuring compliance under various laws, rules and regulations.

During the financial year ended on 31st March, 2010, meeting of the Audit Committee were held on 27th April 2009, 30th June 2009, 31st July 2009, 30th October 2009 and 30th January 2010. The composition of Audit Committee and the attendance of members during these meetings are as follows :

Name	Category	Designation	No. of meetings attended
Mr. Kailash Chand Jain	Independent, Non-Executive	Chairman	5
Mr. Chhatar Singh Dugar	Independent, Non-Executive	Member	5
Mr. Akkash Patni	Non-Executive	Member	5

The representative of Statutory Auditors is permanent invitee to the Audit Committee meetings. The Company Secretary acts as Secretary to the Audit Committee.

IV. REMUNERATION COMMITTEE

Your Company constituted the committee to approve the remuneration and commission/incentive payable to the Managerial Personnel viz. Managing Director, Whole Time Directors, Executive Directors etc. and recommend revision in the same. During the financial year ended on 31st March, 2010, no meeting of the Remuneration Committee was held, as no revision in remuneration was considered. The composition of Remuneration Committee is as follows :

Name	Category	Designation
Mr. Vijay Kumar Jain	Independent, Non-Executive	Chairman
Mr. Chhatar Singh Dugar	Independent, Non-Executive	Member
Mr. Kailash Chand Jain	Independent, Non-Executive	Member

Remuneration/Sitting Fees paid to Executive/Non-Executive Directors of the Company during the financial year ended 31st March, 2010 are detailed as under :

Name of Directors	Salary & Perquisites (Rs.)	Sitting Fees (Rs.)		No. of Shares held
		Board Meetings	Committee Meetings	
Mr. Vimal Kumar Patni	NIL	30,000/-	—	23,24,600
Mr. Vikash Patni	18,00,000/-	—	—	15,20,900
Mr. Akkash Patni	NIL	30,000/-	12,500/-	12,59,200
Mr. Chhatar Singh Dugar	NIL	22,500/-	12,500/-	NIL
Mr. Vijay Kumar Jain	NIL	12,500/-	—	NIL
Mr. Kailash Chand Jain	NIL	17,500/-	12,500/-	NIL

Annexure 'B' to the Directors' Report Report on Corporate Governance (Contd.)

V. SHARE TRANSFER CUM INVESTORS GRIEVANCE COMMITTEE

Your Company constituted the Committee to oversee the redressal of shareholders' grievances relating to transfer of shares, non-receipt of annual report, dividend etc. During the financial year ended on 31st March, 2010, one meeting of the Committee was held on 24th March, 2010 which was attended by all the members of the Committee and also by the Company Secretary. The members waived entitlement to sitting fees for attending the meeting of the committee held on 24th March, 2010. The composition of the Committee is as follows :

Name	Category	Designation
Mr. Vijay Kumar Jain	Independent, Non- Executive	Chairman
Mr. Vimal Kumar Patni	Non- Executive	Member
Mr. Vikash Patni	Executive	Member

The Board has designated Mr. Debendra Banthiya, Company Secretary as the Compliance Officer of the Company.

The details of the complaints, excluding correspondences which are not in the nature of complaints are given below :

No. of Complaints pending as on 1st April, 2009	0
No. of Complaints received during the year	20
No. of Complaints redressed during the year	20
No. of Complaints pending as on 31st March, 2010	0

VI. CODE OF CONDUCT

The Board of Directors of the Company has formulated a code of conduct for all Board Members and Senior Management Personnel of the Company and Compliance thereof has been affirmed by all concerned. This Code of Conduct has also been placed on Company's Website.

DECLARATION FOR COMPLIANCE OF CLAUSE 49(I)(D)

This is to confirm that the Company has adopted a Code of Conduct for all the Board Members and Senior Management Personnel of the Company. It is further confirmed that the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2010.

Kolkata
21st July, 2010

Vikash Patni
Managing Director

VII. CEO & CFO CERTIFICATION

The Board of Directors of the Company have received a Certificate from the Managing Director of the Company in compliance of clause 49(V) of the Listing Agreement. The Certificate is appended to this report.

VIII. DETAILS OF DIRECTORS APPOINTED/RE-APPOINTED

Details of directors being appointed/re-appointed have been disclosed in the notice of the Annual General Meeting, i.e. brief resume, nature of expertise in specific functional areas, numbers of directorships and committee memberships and their shareholding in the company.

IX. GENERAL BODY MEETINGS

(a) Location and time, where last three AGMs were held :

Financial Year ended	Day & Date	Time	Venue
31st March, 2007	Friday, 28th September, 2007	10.30 A.M.	Purbashree, EZCC Bharatiyam Cultural Multiplex IB-201, Sector-III, Salt Lake City Kolkata - 700 106
31st March, 2008	Saturday, 27th September, 2008		
31st March, 2009	Tuesday, 15th September, 2009		

(b) No Special Resolution was passed in the last 3 Annual General Meetings of the Company.

(c) No Resolution was passed through Postal Ballot during the financial year ended on 31st March, 2010 nor any proposed at the ensuing Annual General Meeting of the Company.

Annexure 'B' to the Directors' Report Report on Corporate Governance (Contd.)

X. DISCLOSURES

- a) A statement in summary form of transactions with related parties in the Ordinary course of business is placed periodically before the Audit committee. The Company did not have any materially significant related party transactions, which may have potential conflict with the interest of the Company. For the list of disclosures of related party relationship and transactions as per Accounting standard AS-18, "Related Party Disclosures", Note 17 on Schedule 18 to the Annual Audited Accounts of the Company for the financial year ended on 31st March, 2010 may be referred to.
- b) The Company has duly complied with the requirements of the regulatory authorities on capital market. No strictures were imposed on the Company by the Stock Exchanges, SEBI, or any statutory authority on any matter related to capital markets during the last three years.
- c) There was no pecuniary relationship or transactions between the Company and the Non-Executive Directors.
- d) While preparing financial statements for the year under review, no accounting treatment which was different from that prescribed in the Accounting Standard issued by The Institute of Chartered Accountants of India was followed.
- e) The Company does not presently have a Whistle Blower Policy.
- f) The Board has received disclosures from senior management personnel relating to material financial and commercial transaction in which they and/or their relatives have personal interest.
- g) A Management Discussion and Analysis Report has been included as a part of the Directors' Report to the Shareholders for the financial year ended 31st March, 2010.
- h) Details of Compliance with clause 49 of the Listing Agreement with Stock Exchanges :
 - (i) All mandatory requirements under this clause have been appropriately complied with.
 - (ii) The Company has a Remuneration Committee, which is non mandatory requirement under this clause, as reported in paragraph IV above.
 - (iii) Other non mandatory requirements will be adopted by your Company's Board as and when required and/or deemed necessary.

XI. MEANS OF COMMUNICATION

In compliance with the requirements of the Listing agreements, the Company regularly intimates Unaudited as well as Audited Financial Results to the Stock Exchanges immediately after they are taken on record by the Board.

The copy of the financial results which are submitted to the stock exchanges are published in Business Standard (English Daily) and Dainik Statesman (Bengali Daily) within 48 hours after approval by the Board.

Audited/Unaudited financial results and other pertinent information are also available on the website of National Stock Exchange of India Limited i.e. www.nseindia.com, website of Bombay Stock Exchange Limited i.e. www.bseindia.com, and website of Corporate Filing & Dissemination System i.e. www.corpfiling.co.in

XII. GENERAL SHAREHOLDER INFORMATION

• Annual General Meeting (Financial Year 2009-10) :

Day, Date & Time	: Wednesday, 22nd September, 2010 from 10.30 A.M. onwards.
Venue	: Purbashree, EZCC Bharatiyam Cultural Multiplex IB - 201, Sector - III, Salt Lake City, Kolkata - 700106

• Financial Calendar (Tentative and subject to change) :

1. Financial year	1st April, 2010 to 31st March, 2011
2. Financial Reporting for the quarter ending 30th June, 2010	Within 45 days of the end of the quarter
3. Financial Reporting for the half year ending 30th September, 2010	
4. Financial Reporting for the quarter ending 31st December, 2010	
5. Financial Reporting for the year ending 31st March, 2011	Within 60 days of the end of the financial year
6. Annual General Meeting for the year ended 31st March, 2011	September, 2011

• Dividend :

The Board of Directors has recommended a final dividend of Re. 0.25 per share on the paid-up equity share capital of the Company. The proposed dividend, if approved at the ensuing Annual General Meeting, will be paid on or after 22nd September, 2010, to those shareholders whose names appear in the Register of Members as on the close of business hours on 14th September, 2010.

Annexure 'B' to the Directors' Report Report on Corporate Governance (Contd.)

- **Book Closing Period** : 15th September, 2010 to 22nd September, 2010 (both days inclusive) for Annual General Meeting and for Payment of Dividend.

- **Unclaimed Shares :**

Pursuant to clause 5A of the Listing Agreement with Stock Exchanges, a demat suspense account in the name of the Company has been opened with Microsec Capital Limited, Depository Participant (DP) of NSDL and the shares which remained unclaimed during the Initial Public Offer of the company has been credited to the said account for the purpose of distribution of said shares to the rightful shareholder and until then voting of such shares shall remain frozen. The Registrar has sent reminders to all such shareholders, at the addresses available in its database.

Details of the unclaimed shares are given hereunder :

i) Aggregate number of shareholders as on 01.04.2009	15
ii) Number of outstanding shares as on 01.04.2009	4,753
iii) Number of shareholders who approached issuer for transfer of shares	NIL
iv) Number of shareholders to whom shares were transferred during the year	NIL
v) Aggregate number of shareholders as on 31.03.2010	15
vi) Number of Outstanding shares as on 31.03.2010	4,753

- **Listing on Stock Exchanges & Payment of Listing Fee :**

- (a) Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001
- (b) National Stock Exchange of India Limited (NSE)
"Exchange Plaza", Plot no. C/1, Block - G
Bandra-Kurla Complex,
Bandra (E), Mumbai - 400 051

- Annual listing fee for the year 2010-11, has been duly paid by the Company to the BSE & NSE.

- **Stock Code :**

Bombay Stock Exchange - 532677
National Stock Exchange - VIKASHMET

- ISIN No in NSDL & CDSL : INE 158H01013
- Corporate Identification Number (CIN) : L27109WB1996PLC080353

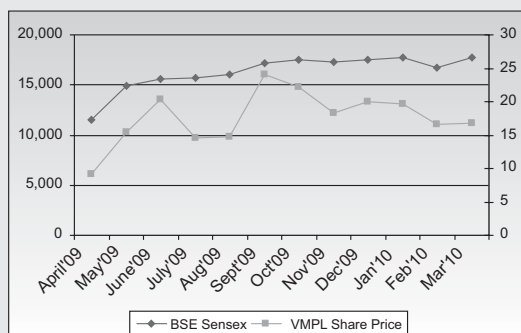
- **Market Price Data :**

High, Low (based on the closing prices) and number of shares traded during each month in the financial year 2009-10 on the National Stock Exchange and the Bombay Stock Exchange :

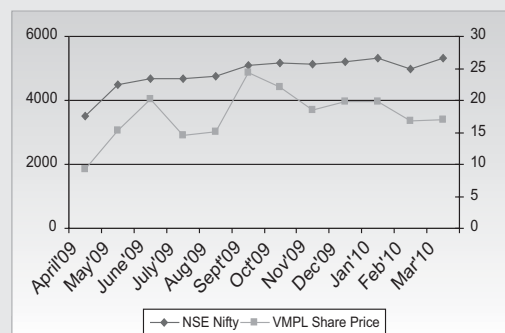
Month	National Stock Exchange of India Limited			Bombay Stock Exchange Limited		
	High	Low	Volume	High	Low	Volume
April, 09	9.30	6.45	158789	9.17	6.43	133611
May, 09	15.30	8.00	234123	15.45	8.00	388836
June, 09	20.20	11.95	538828	20.35	12.00	507867
July, 09	14.60	10.10	362682	14.60	10.51	336261
August, 09	15.05	12.10	368417	14.81	12.39	271744
September, 09	24.30	14.20	1296504	24.15	14.50	2110876
October, 09	22.00	16.40	447286	22.20	16.05	736733
November, 09	18.50	15.10	296397	18.30	15.10	358242
December, 09	19.75	15.10	445892	19.95	15.40	455336
January, 10	19.80	15.45	496652	19.70	15.10	581456
February, 10	16.70	14.00	288769	16.60	14.00	733523
March, 10	16.90	14.05	730006	16.85	14.00	505919

Annexure 'B' to the Directors' Report Report on Corporate Governance (Contd.)

Share Performance in relation to BSE Sensex



Share Performance in relation to NSE Nifty



- Dematerialisation of Shares as on 31st March, 2010 :

Particulars of Shares	Equity Shares of Rs. 10 each	
	Number	% of Total
Dematerialised Form		
NSDL	28868498	82.20
CDSL	3650860	10.39
Sub-total	32519358	92.59
Physical Form	2600742	7.41
Total	35120100	100

- Registrar and Share Transfer Agent :

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, 2nd Floor
Kolkata - 700 001
Ph : 033-22435029/5809
Fax : 033-22484787
E-mail : mdpl@cal.vsnl.net.in

- Share Transfer System :

As on 31st March, 2010, 92.59 % of the shares of the Company are in electronic form. Transfer of these shares is done through the depositories with no involvement of the Company. The share transfers which are received in physical form are processed and the share certificates returned within a period of 15-20 days from the date of receipt of the transfer, subject to documents being valid and complete in all respects. The Company also obtains from a Practicing Company Secretary, half yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchange and files a copy of the certificate with the Stock Exchange.

- Distribution of Shareholding as on 31st March, 2010 :

Slab of Shareholding	No. of Shareholders	%	No. of Shares	%
Upto 500	10424	75.0468	2295577	6.5364
501-1000	1997	14.3772	1613170	4.5933
1001- 2000	752	5.4140	1186541	3.3785
2001-3000	229	1.6487	590455	1.6812
3001-4000	89	0.6407	329092	0.9370
4001-5000	116	0.8351	558356	1.5898
5001-10000	162	1.1663	1240149	3.5312
10001 and above	121	0.8711	27306760	77.7525
Total	13890	100.00	35120100	100.00

Annexure 'B' to the Directors' Report Report on Corporate Governance (Contd.)

- Category of Shareholders as on 31st March, 2010 :

Category	No. of Shares Held	% of shareholdings
Promoters & Promoter Group	20704600	58.95
Institutional Investors	Nil	Nil
Bodies Corporate	5964431	16.98
Indian Public	8314116	23.67
NRIs/OCB	136953	0.39
Total	35120100	100

- Secretarial Audit :** A Practicing Company Secretary carries out a Secretarial Audit to reconcile total admitted capital with NSDL and CDSL and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to Stock Exchanges.

- Registered Office :**

35, Chittaranjan Avenue
6th Floor, Kolkata - 700012

- Corporate Office :**

"Centre Point"
21, Hemanta Basu Sarani, 3rd Floor
Room No. 312, Kolkata - 700 012

- Plant Location :**

Vill-Poradiha, P.S. - Santuri
Dist - Purulia, West Bengal
Pin No - 722153

- Address for Correspondence :**

The Company Secretary
Vikash Metal & Power Limited
21, Hemanta Basu Sarani
3rd Floor, Room No. 312
Centre Point, Kolkata - 700 001
E-mail : investors@vikashmetpower.com

For and on behalf of the Board of Directors

Vimal Kumar Patni
Chairman

Place : Kolkata

Date : 21st July, 2010

Annexure 'B' to the Directors' Report Report on Corporate Governance (Contd.)

CEO/CFO CERTIFICATION

The Board of Directors

Vikash Metal & Power Limited

Kolkata

Pursuant to the provisions of Clause 49 (V) of the Listing Agreement, we Vikash Patni, Managing Director and Akkash Patni, Director, hereby certify that :

- a. We have received the financial statements and the cash flow statement for the year ended 31st March, 2010 and confirm that to the best of our knowledge and belief :
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii) these statements together present a true and fair view of Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of Company's code of conduct.
- c. We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and there are no deficiencies in the design or operation of such internal controls.
- d. We do further certify that there has been :
 - i) no significant changes in internal controls during the year.
 - ii) no significant changes in accounting policies during the year.
 - iii) no instances of significant fraud of which we are aware during the period.

For and on behalf of the Board of Directors

Place : Kolkata

Date : 29th May, 2010

Vikash Patni
Managing Director

Akkash Patni
Director

CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of

Vikash Metal & Power Limited

We have examined the compliance of conditions of Corporate Governance by Vikash Metal & Power Limited for the year ended on 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation there of, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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 according to the explanations given to us and based on the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the mentioned Listing Agreement.

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

Place : Kolkata

Date : 21st July, 2010

For **S. Jaykishan**
Chartered Accountants
FRN : 309005E
Vivek Newatia

Partner
Membership No. 062636

Auditors' Report

To the Members of
VIKASH METAL & POWER LIMITED

1. We have audited the attached Balance Sheet of **VIKASH METAL & POWER LIMITED** as at 31st March, 2010 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date, 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 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) issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
 - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account, as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said statements of accounts, read with the Accounting Policies & Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010,
 - ii. in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date, and
 - iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Place : Kolkata

Dated : The 29th day of May, 2010.

For **S. JAYKISHAN**
Chartered Accountants

FRN : 309005E

CA V. Newatia
Partner

Membership No. 062636

Annexure to the Auditors' Report

(Referred to in Paragraph 3 of our Report of even date to the members of Vikash Metal & Power Limited on the financial statements for the year ended 31st March, 2010)

- (i) (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of its fixed assets.
- (b) We are informed that fixed assets of significant value have been physically verified by the management at reasonable intervals, in a phased programme and no material discrepancies were noticed in respect of the assets verified.
- (c) The Company has not made any substantial disposal of Fixed Assets during the year.
- (ii) (a) As explained to us, inventories have been physically verified by the management during the year at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company has maintained proper records of inventories and the discrepancies noticed on physical verification as compared to book records were not material.
- (iii) (a) The Company has not granted any loan during the year to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (iii)(b), (c) and (d) of Para 4 of the Order are not applicable to the Company.
- (b) The Company has taken unsecured loans from three parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of such loans are Rs.15562.51 lacs and Rs. 14222.42 lacs respectively.
- (c) The terms and conditions of loans taken as aforesaid are prima facie not prejudicial to the interest of the Company.
- (d) In respect of the loans taken by the Company, there are no stipulations as to repayment thereof.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of the contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956, have been so entered.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit during the year from the public within the meaning of the provisions of Sections 58A and 58AA of the Companies Act, 1956, and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account and records maintained by the Company pursuant to the Order made by the Central Government for maintenance of cost records u/s 209(1)(d) of Companies Act, 1956 and are of the opinion that *prima-facie* the prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us.
- (ix) (a) According to the books and records examined by us, *except for income-tax payments* the Company is generally regular in depositing undisputed statutory dues Service Tax, Custom Duty, Sales Tax, Provident Fund, Professional Tax, Excise Duty and Cess.
- According to the information and explanations given to us, *except income-tax payment* of Rs. 291.83 Lacs, there are no undisputed outstanding statutory dues as at 31st March, 2010 for a period exceeding six months from the date they became payable.
- (b) According to the records of the company and the information and explanations given to us and upon our enquiries in this regard, details of statutory dues which have not been deposited on account of any dispute are as follows :

Annexure to the Auditors' Report

Nature of Dues	Amount (Rs in lacs)	Forum where dispute is pending
Sales Tax	671.86	Senior Joint Commissioner of Sales Tax
Central Sales Tax	13.99	Senior Joint Commissioner of Sales Tax

- (x) The Company has neither accumulated losses at the end of the financial year nor has it incurred cash losses in the financial year under report or in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given to us, the Company has not defaulted in repayment of loans and interest to banks and financial institutions except delays for few days in payment of interest on term loan during the year and term loan installment and interest due on 31st March, 2010 for Rs. 1104.67 Lacs.
- (xii) As explained to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) Clause (xiii) of the Order is not applicable, as the Company is not a chit fund company or nidhi/mutual benefit fund/society.
- (xiv) Clause (xiv) of the Order is not applicable, as the Company has not dealt or traded in shares, securities, debentures or other investments during the year.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company has not raised any new term loan during the year. The term loans outstanding at the beginning of the year were

applied for the purposes for which they were taken.

- (xvii) In our opinion, and according to the information and explanations given to us, the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made fresh allotment of shares during the year to parties and companies covered in the Register maintained u/s 301 of the Companies Act, 1956.
- (xix) No debentures have been issued by the Company and hence the question of creating security or charge in respect thereof does not arise.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **S. JAYKISHAN**
Chartered Accountants

FRN : 309005E

CA V. Newatia
Partner

Place : Kolkata
Dated : The 29th day of May, 2010.

Membership No. 062636

Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	Schedule	As at 31.03.2010	As at 31.03.2009
SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Share Capital	1	351,201,000	351,201,000
b) Reserves and Surplus	2	574,573,430	547,643,900
2. Loan Funds			
a) Secured Loans	3	1,527,482,082	1,103,649,101
b) Unsecured Loans	4	1,755,452,805	927,344,160
3. Deferred Tax Liability [Refer Note no. 19 in Schedule 18]		146,066,952	129,682,937
TOTAL		4,354,776,269	3,059,521,098
APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross Block	5	1,787,350,911	1,768,860,625
b) Less : Depreciation		248,692,334	161,374,288
c) Net Block		1,538,658,577	1,607,486,336
d) Capital Work-in-Progress [Refer Note no. 11 in Schedule 18]		2,926,669	20,769,075
2. Current Assets, Loans & Advances			
a) Inventories	6	720,662,849	686,253,554
b) Sundry Debtors	7	3,143,809,010	1,789,061,904
c) Cash & Bank Balances	8	210,027,447	122,777,971
d) Loans & Advances	9	1,691,818,667	830,281,667
		5,766,317,973	3,428,375,096
Less : Current Liabilities & Provisions			
a) Current Liabilities	10	2,879,946,244	1,942,356,523
b) Provisions	11	73,180,708	58,862,753
		2,953,126,952	2,001,219,277
Net Current Assets		2,813,191,021	1,427,155,819
3. Miscellaneous Expenditure			
(To the extent not written off or adjusted)			
Share Issue Expenses		–	4,109,868
TOTAL		4,354,776,269	3,059,521,098

Significant Accounting Policies & Notes on Accounts 18

Schedules 1 to 11 & 18 referred to above form an integral part of the Balance Sheet

In terms of our report of even date attached

For **S. JAYKISHAN**

Chartered Accountants

FRN : 309005E

CA V. Newatia

Partner

Membership No. 062636

Dated : The 29th day of May, 2010

Place : Kolkata

For and on behalf of the Board

Debendra Banthiya
Company Secretary

V. K. Patni
Director

Vikash Patni
Managing Director

Profit and Loss Account for the year ended 31st March, 2010

(Amount in Rupees)

	Schedule	Year ended 31.03.2010	Year ended 31.03.2009
INCOME			
Sales		7,073,028,409	6,167,811,090
Less : Excise Duty		154,459,389	232,043,328
Net Sales		6,918,569,020	5,935,767,762
Other Income	12	16,803,996	26,970,689
Increase/(Decrease) in Stock	13	66,133,313	111,219,699
		7,001,506,329	6,073,958,150
EXPENDITURE			
Raw Materials Consumed	14	1,900,452,261	1,753,195,679
Purchase of Traded Goods		4,322,976,870	3,610,361,060
Manufacturing Expenses	15	316,233,039	289,728,798
Administrative, Selling & Other Expenses	16	94,973,295	113,428,417
Interest	17	221,054,262	133,740,245
Depreciation		87,620,306	71,674,246
		6,943,310,033	5,972,128,445
PROFIT BEFORE TAX		58,196,296	101,829,705
Provision for Taxation :			
- Current		10,325,766	12,021,621
- Deferred		16,384,016	35,497,356
- Fringe Benefit Tax		—	721,898
- Deferred MAT Credit Entitlement		(9,890,460)	(11,537,306)
PROFIT AFTER TAX		41,376,973	65,126,137
Less : Income tax for earlier years		4,209,166	3,000,385
Add : Surplus from last Year		276,034,900	224,181,338
Balance available for Appropriations		313,202,707	286,307,090
Appropriations			
Proposed Dividend		8,780,025	8,780,025
Corporate Tax on Dividend		1,458,252	1,492,165
Balance carried to Balance Sheet		302,964,430	276,034,900
		313,202,707	286,307,090
Earning Per Share of face value of Rs. 10/- each [Refer Note no. 18 in Schedule 18]			
- Basic		1.06	1.77
- Diluted		1.06	1.77

Significant Accounting Policies & Notes on Accounts 18

Schedules 12 to 18 referred to above form an integral part of the Profit & Loss Account.

In terms of our report of even date attached

For **S. JAYKISHAN**

Chartered Accountants

FRN : 309005E

CA V. Newatia

Partner

Membership No. 062636

Dated : The 29th day of May, 2010

Place : Kolkata

Debendra Banthiya
Company Secretary

For and on behalf of the Board

V. K. Patni
Director

Vikash Patni
Managing Director

Cash Flow Statement for the year ended 31st March, 2010

(Amount in Rupees)

	Year ended 31.03.2010	Year ended 31.03.2009
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before Tax & Extraordinary Items	58,196,296	101,829,705
Adjustments for :		
– Depreciation	87,620,306	71,674,246
– Interest Income	(11,951,252)	(8,356,075)
– Interest Expenses	221,054,262	133,740,245
– Interest Subsidy received	(3,680,000)	(15,950,816)
– Sundry Balances written back	–	(201,164)
– Loss on Sale of Fixed Assets	166,553	–
– Share Issue Expenses Written Off	4,109,868	4,109,868
– Preliminary Expenses Written Off	–	409,722
Operating Profit before Working Capital Changes	297,319,737	185,426,026
	355,516,033	287,255,731
Adjustments for :		
– Trade & Other Receivables	(2,192,977,046)	(1,071,211,543)
– Inventories	(34,409,295)	(111,828,796)
– Trade Payables & Other Liabilities	955,756,250	821,399,017
Cash Generated from Operations	(1,271,630,091)	(361,641,323)
Income Taxes Paid	(916,114,058)	(74,385,592)
Net Cash from/(used in) Operating Activities	(13,110,663)	(2,484,194)
	(929,224,721)	(76,869,786)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets & Capital W.I.P.	(20,070,215)	(153,184,860)
Sale of Fixed Assets	470,000	–
Advances for Capital Goods	590,398	46,654,140
Share Application money given	(150,000)	(450,000)
Interest Received	11,136,939	7,088,741
Increase in Fixed Deposits	(44,825,885)	(50,879,852)
Net Cash from/(used in) Investing Activities	(52,848,764)	(150,771,831)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Subsidy received	3,680,000	15,950,816
Short Term borrowings	431,995,541	30,581,466
Long Term borrowings (Net of Repayments)	(8,162,560)	221,419,587
Increase in Inter Corporate Deposits & Other Loans	828,108,645	118,377,945
Dividend Paid	(8,780,025)	(17,560,050)
Dividend Distribution Tax Paid	(1,492,165)	(2,984,330)
Interest Paid	(221,054,262)	(133,740,245)
Net Cash from/(used in) Financing Activities	1,024,295,174	232,045,189
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	42,221,689	4,403,573
Cash and Cash Equivalents at the beginning of period	7,048,901	2,645,328
Cash and Cash Equivalents at the end of period	49,270,590	7,048,901

- Notes :** i) The Cash Flow Statement has been prepared under the “Indirect Method” set out in Accounting Standard - 3 on “Cash Flow Statement” notified in the Companies (Accounting Standards) Rules, 2006.
ii) Cash and Cash Equivalents include cash-in-hand and bank balances on current account (Refer Schedule 8).
iii) Figures in brackets indicate Cash outflow.

In terms of our report of even date attached
For **S. JAYKISHAN**
Chartered Accountants
FRN : 309005E
CA V. Newatia
Partner
Membership No. 062636
Dated : The 29th day of May, 2010
Place : Kolkata

For and on behalf of the Board

Debendra Banthiya
Company Secretary

V. K. Patni
Director

Vikash Patni
Managing Director

Schedules annexed to & forming part of the Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
1 SHARE CAPITAL		
Authorised :		
40,000,000 Equity Shares of Rs. 10/- each	400,000,000	400,000,000
Issued, Subscribed & Paid-up :		
35,120,100 Equity Shares of Rs. 10/- each fully paid-up in cash	351,201,000	351,201,000
	351,201,000	351,201,000
2 RESERVES AND SURPLUS		
Securities Premium - As per last account	247,609,000	247,609,000
Capital Reserve -		
Capital Investment Subsidy - As per last account	24,000,000	24,000,000
Surplus as per Profit and Loss Account annexed	302,964,430	276,034,900
	574,573,430	547,643,900
3 SECURED LOANS		
A) Term Loans		
From Banks		
Bank of India Term Loan - III	19,482,443	19,671,885
Bank of India Term Loan - IV	108,182,655	109,123,671
Bank of India Term Loan - V	130,729,134	131,962,154
UCO Bank Term Loan - I	119,579,227	120,679,125
UCO Bank Term Loan - II	103,912,230	104,871,365
United Bank of India Term Loan - III	91,654,452	92,572,968
United Bank of India Term Loan - IV	85,591,741	86,412,993
(A)	659,131,882	665,294,161
B) Short Term Loan		
IDBI Ltd.	197,000,000	100,877,666
(B)	197,000,000	100,877,666
C) Cash Credit		
Bank of India	215,482,418	146,527,108
United Bank of India	156,644,664	94,044,204
UCO Bank	148,485,486	92,771,668
IDBI Ltd.	148,603,619	—
(C)	669,216,187	333,342,980

Schedules annexed to & forming part of the Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
3 SECURED LOANS (Contd.)		
D) Loans against hypothecation of Specific Vehicles & Equipments		
ICICI Bank Ltd.	—	175,140
Tata Capital Ltd.	734,717	—
Magma Shrachi Finance Ltd.	1,399,296	3,959,154
(D)	2,134,013	4,134,294
(A)+(B)+(C)+(D)	1,527,482,082	1,103,649,101

Notes:

A. Securities for Loans

1. Term Loans/Cash Credits are secured by way of :

- first pari-passu charge by equitable mortgage of land and building and hypothecation of plant & machineries & other fixed assets, both present & future, of the Company.
- first pari-passu charge by hypothecation of stock of raw materials, finished goods, semi finished goods, book debts & other current assets, both present & future, of the Company.

Short-term Loan from IDBI Ltd. is secured by way of first pari-passu charge over stock of raw materials, finished goods, semi finished goods, book debts & other current assets, both present & future, of the Company.

The above facilities are personally guaranteed by the promoter directors and collaterally secured by way of equitable mortgage of three immovable properties owned by promoter directors.

2. Loans against vehicles & equipments are secured by way of hypothecation of specific machinery, equipments and vehicles.

B. Term Loans repayable within one year- Rs. 3171.91 Lacs (Previous year - Rs. 1168.19 Lacs)

4 UNSECURED LOANS		
From Other Bodies Corporate	1,755,452,805	927,344,160
	1,755,452,805	927,344,160

Schedules annexed to & forming part of the Balance Sheet as at 31st March, 2010

(Amount in Rupees)

5 FIXED ASSETS										
Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.09	Additions during the year	Deductions/ Adjustments during the year	As on 31.03.10	As on 01.04.09	For the year	Adjustments	As on 31.03.10	As on 31.03.10	As on 31.03.09
TANGIBLES										
A. Land & Site Development										
- Leasehold Land	3,417,195	-	-	3,417,195	172,585	34,517	-	207,102	3,210,093	3,244,610
- Freehold Land	3,414,015	-	-	3,414,015	-	-	-	-	3,414,015	3,414,015
B. Factory Shed & Building	305,881,679	17,924,280	-	323,805,959	16,862,232	10,218,088	-	27,080,320	296,725,639	289,019,447
C. Plant & Machinery	1,221,106,962	-	-	1,221,106,962	115,392,429	64,474,448	-	179,866,877	1,041,240,085	1,105,714,532
D. Electrical Installations	154,261,737	-	-	154,261,737	13,650,373	7,327,433	-	20,977,806	133,283,931	140,611,364
E. Air Conditioners	2,473,439	71,200	-	2,544,639	327,372	119,749	-	447,121	2,097,518	2,146,067
F. Office Equipments	903,936	-	-	903,936	143,614	42,937	-	186,551	717,385	760,322
G. Computers	2,090,519	-	-	2,090,519	916,925	338,873	-	1,255,798	834,721	1,173,594
H. Furniture & Fixtures	2,747,396	-	-	2,747,396	532,782	173,910	-	706,692	2,040,705	2,214,615
I. Motor Cars	3,893,686	1,433,618	938,811	4,388,493	1,242,807	417,649	302,258	1,358,198	3,030,295	2,650,879
J. Pollution Control Equipments	58,371,841	-	-	58,371,841	8,522,130	3,082,033	-	11,604,163	46,767,678	49,849,711
K. Moulds	7,698,218	-	-	7,698,218	2,051,038	870,668	-	2,921,706	4,776,512	5,647,180
INTANGIBLES										
L. Software	2,600,000	-	-	2,600,000	1,560,000	520,000	-	2,080,000	520,000	1,040,000
Grand Total	1,768,860,624	19,429,098	938,811	1,787,350,911	161,374,287	87,620,306	302,258	248,692,334	1,538,658,577	1,607,486,336
Previous year	901,230,542	867,630,083	-	1,768,860,625	89,700,043	71,674,246	-	161,374,289	1,607,486,336	
Capital Work-in-Progress	20,769,075	81,874	17,924,280	2,926,669					2,926,669	20,769,075

		As at 31.03.2010	As at 31.03.2009
6 INVENTORIES (As taken, valued and certified by the management)			
Raw Materials		356,612,771	391,144,207
Finished Goods		72,970,000	75,977,233
Steel Scrap		157,376,651	85,494,786
Work-in-Progress		93,161,886	93,654,118
Stores & Spares		38,625,298	34,691,228
Power and Fuel		-	1,126,650
Traded Goods		1,916,244	4,165,331
		720,662,849	686,253,554

7 SUNDRY DEBTORS (Unsecured, considered good)			
Due for more than six months		450,386,718	371,996,800
Other Debts		2,693,422,293	1,417,065,103
		3,143,809,010	1,789,061,903

8 CASH & BANK BALANCES			
Cash-in-Hand (As certified by the management)		4,760,556	4,096,174
Balances with Scheduled Banks			
In Current Accounts		44,510,034	2,952,727
HDFC Bank Ltd. (IPO Refund Account)		40,000	40,000
Unpaid Dividend A/c.		380,890	178,987
In Fixed Deposit Accounts		160,335,967	115,510,082
(Pledged with Banks as margin for Bank Guarantees and Letter of Credit facility)			
		210,027,447	122,777,971

Schedules annexed to & forming part of the Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
9 LOANS & ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received		
- For Capital Goods	8,487,319	9,077,717
- For Expenses	4,153,830	6,647,494
- To Suppliers	478,925,982	710,176,190
- To Others	37,170,535	44,456,004
Amount receivable under assignment [Refer note No. 3 in Schedule 18]	1,080,000,000	–
Security & Other Deposits	11,259,440	12,152,840
Interest Accrued on Fixed Deposits	3,769,460	2,955,147
Balances with Excise Department	5,664,859	670,495
CENVAT/VAT Credit Receivable	14,407,526	19,090,291
Prepaid Expenses	1,903,742	2,062,664
Income Tax Payments (including TDS)	22,808,257	10,065,312
FBT Payments	1,239,952	940,208
Share Application Money	600,000	450,000
MAT Credit Entitlement [Refer Note No. 14 in Schedule 18]	21,427,765	11,537,306
	1,691,818,667	830,281,667

10 CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Acceptances	1,009,000,000	745,951,309
Sundry Creditors		
Due to Micro, Medium and Small Enterprises	–	–
Due to others		
- For Goods	1,292,503,069	726,731,366
- For Capital Goods	35,024,796	53,508,320
- For Expenses	281,594,853	164,981,176
- For Pending Disbursements	16,862,515	15,646,545
IPO Share Application Money Refundable*	40,000	40,000
Unpaid Dividend*	380,890	178,987
Cheques Overdrawn	–	12,694
Advances from Parties	242,755,793	233,531,727
Security Deposit Received	1,784,327	1,774,400
	2,879,946,244	1,942,356,524

* There is no amount due and outstanding to be credited to Investor Education & Protection Fund.

11 PROVISIONS		
For Gratuity	–	115,091
For Taxation	61,700,532	47,233,575
For Fringe Benefit Tax	1,241,898	1,241,898
For Proposed Dividend	8,780,025	8,780,025
For Corporate Tax on Dividend	1,458,252	1,492,165
	73,180,708	58,862,753

Schedules annexed to & forming part of the Profit and Loss Account for the year ended 31st March, 2010

(Amount in Rupees)

	Year ended 31.03.2010	Year ended 31.03.2009
12 OTHER INCOME		
Interest on Fixed Deposits (TDS - Rs. 12,70,530/-, Previous year - Rs. 15,48,390/-)	11,951,252	7,094,363
Interest on Loans (TDS - Rs. Nil/-, Previous year - Rs. 259,913/-)	—	1,261,712
Interest Subsidy	3,680,000	15,950,816
Export Incentives	445,855	2,462,634
Sundry Balances written back	726,889	201,164
	16,803,996	26,970,689

13 INCREASE/(DECREASE) IN STOCKS		
Closing Stock - Finished Goods	72,970,000	75,977,233
- Steel Scrap	157,376,651	85,494,786
- Work-in-Progress	93,161,886	93,654,118
- Traded Goods	1,916,244	4,165,331
	325,424,781	259,291,468
Less : Opening Stock - Finished Goods	75,977,233	17,889,473
- Steel Scrap	85,494,786	9,742,828
- Work-in-Progress	93,654,118	73,828,786
- Traded Goods	4,165,331	46,610,682
	259,291,468	148,071,769
	66,133,313	111,219,699

14 RAW MATERIALS CONSUMED		
Opening Stock	391,144,207	403,246,791
Purchases (Including Freight)	1,865,920,825	1,741,093,095
	2,257,065,032	2,144,339,886
Less : Closing Stock	356,612,771	391,144,207
	1,900,452,261	1,753,195,679

Schedules annexed to & forming part of the Profit and Loss Account for the year ended 31st March, 2010

(Amount in Rupees)

	Year ended 31.03.2010	Year ended 31.03.2009
15 MANUFACTURING EXPENSES		
Stores, Spares & Consumables	42,174,032	37,177,727
Cess Charges	97,755	167,334
Power & Fuel [Refer note no. 1(f) in Schedule 18]	210,173,112	180,447,248
Labour charges	46,353,132	44,164,329
Material Handling Charges	4,126,759	7,388,437
Variation in excise duty on Stock [Refer note no. 10 in Schedule 18]	(665)	3,582,929
Factory Insurance	3,314,240	2,647,692
Pollution Control Charges	500,000	625,000
Supervisory Charges	195,783	364,527
Testing Charges	258,173	253,617
Repairs & Maintenance :		
- Factory shed & Building	798,772	3,401,534
- Plant & Machinery	8,241,946	9,508,424
	316,233,039	289,728,798

16 ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Salaries & Bonus	9,898,474	11,856,809
Gratuity	—	386,946
Staff Welfare Expenses	507,445	690,820
Contribution to Provident Fund	2,280,507	2,265,527
Rent	600,000	600,000
Land Lease Rent	112,000	112,000
Rates & Taxes	420,864	628,195
Electricity Charges	573,494	742,113
Insurance	1,118,896	1,719,761
Printing & Stationery	651,810	795,064
Postage & Telegrams	287,490	517,496
Telecommunication Expenses	1,764,830	1,801,126
Travelling & Conveyance	2,874,553	6,179,742
Motor Car Expenses	1,323,402	1,619,604
Other Repairs & Maintenance	376,257	1,664,588
Security Service Charges	3,166,637	3,070,337
Subscription & Membership	415,365	528,393
Legal & Professional Charges	4,768,052	4,412,455

Schedules annexed to & forming part of the Profit and Loss Account for the year ended 31st March, 2010

(Amount in Rupees)

	Year ended 31.03.2010	Year ended 31.03.2009
16 ADMINISTRATIVE, SELLING & OTHER EXPENSES (contd.)		
Auditors Remuneration :		
- Audit Fees	200,000	142,360
- Tax Audit Fees	50,000	30,000
- In any other manner	73,909	53,374
Managing Director's Remuneration	1,800,000	1,800,000
Director's Sitting Fees	150,000	140,000
Custodial Fee	144,793	92,360
Listing Fee	133,602	125,127
Miscellaneous Expenses	3,156,592	4,703,634
Bank Charges	49,601,835	41,665,411
Fines and Penalty	—	2,605,000
Advertisement	880,193	11,163,526
Carriage Outward	—	4,981,683
Commission on Assignment	2,700,000	12,788
Sales Tax on Assessment	15,219	1,741,344
Prior Period Expenses [Refer note no. 8 in Schedule 18]	650,655	61,246
Loss on Sale of Fixed Assets	166,553	—
Preliminary Expenses Written Off	—	409,722
Share Issue Expenses Written Off	4,109,868	4,109,868
	94,973,295	113,428,417
17 INTEREST		
To Banks :		
- On Fixed Loans	83,321,002	69,633,305
- On others	75,972,230	46,250,579
To Others	61,761,030	17,856,361
	221,054,262	133,740,245

18 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements

- The financial statements are prepared in accordance with Generally Accepted Accounting Principles (Indian GAAP) under the historical cost convention on accrual basis and on principles of going concern. The accounting policies are consistently applied by the Company.
- The financial statements are prepared to comply in all material respects with the accounting standards notified

by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

- The preparation of the financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialise.

18 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

2. Fixed Assets

- (a) Fixed Assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price (net of CENVAT / duty credits availed or available thereon) and any attributable cost of bringing the asset to working condition for its intended use.
- (b) Depreciation is provided using the Straight Line Method as per the useful life of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956, whichever is higher.
Leasehold land is amortized over the period of lease.
Software is amortized over a period of five years.
- (c) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use, which is determined by the present value of the estimated future cash flows.
- (d) Cost of the fixed assets that are not yet ready for their intended use at the balance sheet date together with all related expenses are shown under capital work-in-progress.

3. Revenue Recognition

- (a) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- (b) Sales are recognized on transfer of significant risks and rewards of ownership which generally coincides with the dispatch of goods. Sales are inclusive of excise duty but net of trade discounts and VAT. However, excise duty relating to sales is reduced from gross turnover for disclosing net turnover.
- (c) Export Incentives arising out of export sales are accounted for in the year of receipt.
- (d) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (e) Purchases are inclusive of freight and net of Cenvat Credit, trade discount and claims.

4. Inventories

Inventories are valued at lower of cost and Net Realisable value. Cost of inventories comprises of material cost on FIFO basis, labour & manufacturing overheads incurred in bringing the inventories to their present location and condition. Cost of finished goods includes excise duty.

5. Foreign Currency Transactions:

- (a) Initial Recognition- Foreign Currency Transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.
- (b) Conversion- Foreign Currency monetary items are reported using the closing rate. Non monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate on the date of transaction.
- (c) Exchange Difference- Exchange Difference arising on the settlement or conversion of monetary current assets and liabilities are recognized as income or as expense in the year in which they arise.

6. Government Grants

Government grants are recognized on a prudent basis when there is a reasonable assurance that the Company will comply with the conditions attached thereto and when the grants are received.

Government Grants in the form of promoter's contribution are credited to Capital Reserve. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Government Grants related to revenue are recognized on receipt under "Other Income" in the Profit and Loss Account over the periods to match them with the related costs which they are intended to compensate.

7. Employee Benefits

(a) Defined Contribution Plan :

Contributions as per the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 towards provident fund and family pension fund are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There is no other obligation other than the contribution payable to the respective funds.

18 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

(b) Defined Benefit Plan :

Liability with regard to long-term employee benefits is provided for on the basis of an actuarial valuation at the Balance Sheet date. Actuarial gains / losses are recognised in the statement of profit and loss. The Company has an Employees Gratuity Fund managed by the SBI Life Insurance Co. Ltd.

(c) Short-term Compensated Absences are provided for based on estimates.

8. Borrowing Costs

(a) Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use.

(b) Other Borrowing costs are recognised as expense in the period in which they are incurred.

9. Expenditure on new projects and substantial expansion

Preliminary project expenditure, capital expenditure, indirect expenditure incidental and related to construction/implementation, interest on term loans to finance fixed assets and expenditure on start-up of the project are capitalized up to the date of commissioning of project to the cost of the respective assets.

10. Research and Development

(a) Revenue expenditure on research and development is charged as an expense through the natural heads of accounts in the year in which incurred.

(b) Expenditure which results in creation of fixed assets is carried as fixed assets and depreciation is provided on such assets.

11. Taxes on Income

Tax expense comprises of current tax and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, computed in accordance with the applicable tax rates and tax laws. In case of tax payable as per provisions of MAT under section 115JB of the Income Tax Act, 1961, deferred MAT Credit entitlement is separately

recognized under the head "Loans and Advances". Deferred MAT credit entitlement is recognized and carried forward only if there is a reasonable certainty of it being set off against regular tax payable within the stipulated statutory period.

Deferred tax liabilities and assets are recognized at substantively enacted rates on timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax asset is recognized only to the extent there is reasonable certainty with respect to reversal of the same in future years as a matter of prudence.

12. Earning per Share (EPS)

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

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

13. Provisions/Contingencies

Provision involving substantial degree of estimation in measurements is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

Contingent Liabilities are shown by way of notes to the Accounts in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable.

A Contingent Asset is not recognized in the Accounts.

14. Preliminary & Share Issue Expenses

Share Issue expenses are being amortized over a period of 5 years under Section 35D of the Income Tax Act, 1961.

15. Prior Period and Extraordinary items and Changes in Accounting Policies having material impact on the financial affairs of the Company are disclosed.

16. Material Events occurring after Balance Sheet date are taken into consideration.

Schedules Annexed to and forming part of Balance Sheet & Profit and Loss Account for the year ended 31st March, 2010

18 | SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

B. NOTES ON ACCOUNTS

1. Contingent liabilities not provided for in respect of -
 - a) Bank Guarantees amounting to Rs. 284.35 Lacs (Previous Year - Rs. 377.16 Lacs) [FDR for Rs. 31.46 Lacs (Previous Year - Rs. 37.72 Lacs) pledged with the banks as margin.]
 - b) Excise duty liability arising out of search operation by the Directorate General of Central Excise Intelligence. However, the Company has paid under protest a sum of Rs. 5,000,000, pending issuance of any show cause notice.
 - c) Sales Tax Demand of Rs. 67,186,278 for the year 2006-07 (Previous Year Nil) disputed in appeal.
 - d) Central Sales Tax Demand of Rs. 1,399,114 for the year 2006-07 (Previous Year Nil) disputed in appeal.
 - e) Several Parties including the Company have disputed the basis of levy of Fuel Surcharge in the electricity bills of Damodar Valley Corporation (DVC). Accordingly an amount of Rs. 80,857,963/- (after considering waiver of electricity duty admitted by DVC) has not been provided for by the Company. Pending adjudication of final demand, the Company has made adhoc payments against the bills.
2. Estimated amount of commitments on Capital Account (Net of Advances) - Rs. 27.36 Lacs (P.Y. Rs. 27.36 Lacs).
3. The Company has entered into an agreement for assignment of specific debts with a Company on 24th March, 2010. Accordingly the Company as a beneficial owner has assigned unto the Purchaser all the several debts and sums of money as specified in the agreement and amounting to Rs. 108 Lacs on non-recourse basis. The amount receivable from the Purchaser is shown in Schedule 9 "Loans and Advances" under the head "Amount receivable under assignment". The Company has received the amounts due subsequent to the Balance Sheet date.
4. In the opinion of the management, Current Assets, Loans & Advances have a value on realisation at least equal to the amount at which they are stated in the Balance Sheet. Adequate provisions have been made for all known losses and liabilities.
5. Certain balances of Advances, Sundry debtors & Sundry creditors are subject to confirmation.
6. There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2010. This information as

required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.

7. Managerial Remuneration :-

- a) Detail of payments and provisions on account of remuneration to managerial personnel is as under :

(Amount in Rs.)

	31.03.2010	31.03.2009
Salary to Managing Director	1,800,000	1,800,000
Perquisites	—	—
Sitting fees to other Directors	150,000	140,000
	1,950,000	1,940,000

- b) Liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole. The amount pertaining to directors is not ascertainable and, therefore, not included above.
- c) The computation of net profit for the purpose of directors' remuneration under Section 349 of the Companies Act, 1956 has not been enumerated since no commission has been paid to any director. Fixed managerial remuneration has been paid to the Managing Director as per Schedule XIII of the Companies Act, 1956.

8. Prior Period expenses include :

(Amount in Rs.)

	31.03.2010	31.03.2009
Professional Charges	413,480	—
Motor Car Expenses	38,350	—
Repairs & Maintenance Expenses	13,333	—
Travelling Expenses	185,492	—
Commission	—	94,300
Electricity charges	—	1,370
Interest to Others	—	(-)34,424
	650,655	61,246

9. Research and Development is assimilated to the production process of the Company and hence cannot be segregated. No specific expenditure was incurred under this head.
10. Amount of excise duty on variation in stocks shown in Schedule - 15 represents differential excise duty on opening and closing stock of finished goods.

Schedules Annexed to and forming part of Balance Sheet & Profit and Loss Account for the year ended 31st March, 2010

18 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

11. Capital Work-in-Progress includes Pre-operative Expenses relating to projects under implementation, pending allocation to Fixed Assets :

(Amount in Rs.)

	2009-10	2008-09
Opening Balance	–	179,011,207
Add : Incurred during the year		
Salaries	–	1,043,019
Staff Welfare	–	63,196
Labour Charges	–	1,360,000
Insurance	–	–
Power and Fuel	–	12,107,956
Printing and Stationery	–	139,362
Telephone Charges	–	203,213
Travelling and Conveyance	–	347,109
Motor Car Expenses	–	199,245
Legal and Professional Charges	–	–
Miscellaneous Expenses	–	16,476
Security Charges	–	351,620
Rates and Taxes	–	–
Stores and Spares	–	–
Interest on Term Loan	–	18,564,047
		34,395,243
		213,406,450
Less : Amount Allocated to Fixed Assets	–	213,406,450
Closing Balance	–	–

12. There are no transactions which are required to be disclosed under Clause 32 of the Listing Agreement.

13. No forward contracts/hedging instruments are outstanding at the Balance Sheet date. Unhedged foreign currency exposure as at 31.03.10 is Nil.

14. The Company has made current tax provision for Minimum Alternate Tax (MAT) u/s 115JB of the Income Tax Act, 1961. As per the provisions of Section 115JAA, MAT Credit receivable has been recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India. The said asset is created by way of a credit to the profit & loss account and shown as MAT Credit Entitlement. The Company will review the same at each balance sheet date and write down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

15. **Disclosure pursuant to Accounting Standard-15 (Revised)-“Employee Benefits”**

Defined Contribution Plan : (Amount in Rs.)

	31.03.2010	31.03.2009
Contribution to Provident and Other Funds	2,280,507	2,265,527

Defined Benefit Plan :

The employee gratuity fund scheme managed by SBI Life Insurance Company Ltd (insurer) is a defined benefit plan. The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as on 31st March 2010, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(Amount in Rs.)

	31.03.2010	31.03.2009
(i) Reconciliation of Opening and Closing Balances of the present value of Defined Benefit Obligation :		
Defined Benefit obligation at beginning of the year	1,003,811	549,893
Current Service Cost	133,762	267,644
Interest Cost	80,305	43,991
Actuarial (Gain)/Loss	(853,024)	142,282
Benefits paid	–	–
Settlement cost	–	–
Defined Benefit obligation at the year end	364,853	1,003,811

Schedules Annexed to and forming part of Balance Sheet & Profit and Loss Account for the year ended 31st March, 2010

18 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

		(Amount in Rs.)	
		31.03.2010	31.03.2009
(ii)	Reconciliation of Opening and Closing Balances of fair value of plan assets :		
	Fair value of plan assets at beginning of the year	888,720	821,748
	Expected return on plan assets	75,701	65,740
	Actuarial Gain/(Loss)	12,230	1,232
	Employers' contribution	115,091	—
	Benefits paid	—	—
	Settlement cost	—	—
	Fair value of plan assets at the year end	1,091,742	888,720
	Actual return on plan assets	87,931	66,972
(iii)	Reconciliation of fair value of assets and obligation :		
	Fair value of plan assets	1,091,742	888,720
	Present value of obligation	364,853	1,003,811
	Amount recognized as asset/(liability) in Balance Sheet	726,889	(115,091)
(iv)	Expenses recognized during the year in the Profit & Loss Account :		
	Current Service Cost	133,762	267,644
	Interest Cost	80,305	43,991
	Expected return on plan assets	(75,701)	(65,740)
	Actuarial (Gain)/Loss	(865,254)	141,050
	Net Cost/Liability written back	(726,889)	386,946
(v)	Break-up of Plan Assets as a percentage of total plan assets :		
	Insurer Managed Funds	100%	100%
(vi)	Actuarial Assumptions :	1994-96 Modified Ultimate	
	Mortality Table (IAL)		
	Discount rate (per annum)	8%	8.50%
	Expected return on plan assets (per annum)	8%	8%
	Rate of escalation in salary (per annum)	5%	10%
(vii)	Other Disclosures :	31.03.2010	31.03.2009
	Defined Benefit Obligation	364,853	1,003,811
	Plan Assets	1,091,742	888,720
	Surplus/(Deficit)	726,889	(115,091)
	Experience Adjustment on Plan Liabilities	(853,024)	142,282
			266,434

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan asset held, assessed risks, historical results of return on plan asset and the Company's policy for plan assets management.

The above information is certified by the actuary.

16. Based on the synergies, risks and returns associated with business operations and in terms of Accounting Standard-17, the Company is predominantly engaged in a single reportable segment of Iron and Steel during the year. The risks and returns of existing captive power plant are directly associated with the manufacturing operations of Iron & Steel and hence treated as a single reportable segment as per Accounting Standard-17. There is no separate geographical segment.

Schedules Annexed to and forming part of Balance Sheet & Profit and Loss Account for the year ended 31st March, 2010

18 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

17. Related party disclosures

- i. **Name of the related parties where control exists irrespective of whether transactions have occurred or not**
 - a) **Enterprise on which the Company has control** None
 - b) **Entities/Individuals owning directly or indirectly an interest in the voting power that gives them control** None
- ii. **Names of the other related parties with whom transactions have taken place during the year**
 - a) **Key Managerial Personnel (KMP) & Relatives of KMP**

Mr. Vikash Patni, Managing Director
Mr. Vimal Kumar Patni, Director
Mr. Akkash Patni, Director
Mrs. Premlata Patni, Mother of MD
Mrs. Sunita Patni, wife of MD
 - b) **Enterprises owned or significantly Influenced by (a) above**

Impex Infotech Ltd.
Brahmand Udyog Ltd.
Swami Vinimay Ltd.
Impex Ferro-Tech Ltd.
Vikash Smelters & Alloys Ltd.
Unilever Enterprises Ltd.
Sahyogi Distributors Ltd.
Vikash Ores Ltd.
Impex Metal & Ferro Alloys Ltd.

Transactions with related parties referred to above are as under :

(Amount in Rs.)

Nature of transactions	Referred in ii(a) above		Referred in ii(b) above	
	2009-10	2008-09	2009-10*	2008-09
Purchase of Goods				
Brahmand Udyog Ltd.			–	106,832,638
Impex FerroTech Ltd.			27,299,285	25,483,166
Impex Metal & Ferro Alloys Ltd.			6,309,262	–
Sale of Goods				
Brahmand Udyog Ltd.			57,778,810	126,739,568
Impex FerroTech Ltd.			5,720,082	71,056,359
Vikash Smelters & Alloys Ltd.			–	57,332
Sahyogi Distributors Ltd.			108,334,341	9,010,327
Impex Metal & Ferro Alloys Ltd.			27,585,083	6,063,730
Loans Taken				
Vikash Patni	–	1,000,000		
Vimal Kumar Patni	–	–		
Premlata Patni	–	400,000		
Sunita Patni	–	500,000		
Brahmand Udyog Ltd.			912,293,190	221,730,000
Vikash Smelters & Alloys Ltd.			220,408,025	151,727,193
Sahyogi Distributors Ltd.			–	209,540,000
Loan Repaid				
Vikash Patni	–	1,000,000		
Vimal Kumar Patni	–	2,700,000		
Premlata Patni	–	400,000		
Sunita Patni	–	500,000		
Brahmand Udyog Ltd.			–	46,064,523
Vikash Smelters & Alloys Ltd.			–	44,190,000
Sahyogi Distributors Ltd.			134,010,342	69,191,738

Schedules Annexed to and forming part of Balance Sheet & Profit and Loss Account for the year ended 31st March, 2010

18 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

(Amount in Rs.)

Nature of transactions	Referred in ii(a) above		Referred in ii(b) above	
	2009-10	2008-09	2009-10*	2008-09
Advances given and refunded				
Swami Vinimay Ltd			–	3,125,000
Impex Infotech Ltd.			–	125,000
Unilever Enterprises Ltd.			–	12,010,000
Managerial Remuneration				
Vikash Patni	1,800,000	1,800,000		
Rent Paid				
Swami Vinimay Ltd.			600,000	600,000
Share Application Money Given				
Vikash Ores Ltd.			150,000	450,000
BALANCES AT YEAR-END				
Loans Taken at Credit				
Brahmand Udyog Ltd.			1,087,958,667	175,665,477
Vikash Smelters & Alloys Ltd.			327,945,218	107,537,193
Sahyogi Distributors Ltd.			6,337,920	140,348,262
Security Deposit paid				
Swami Vinimay Ltd.			4,500,000	4,500,000
Sundry Creditors				
Swami Vinimay Ltd.			–	39,700
Impex FerroTech Ltd.			9,721,121	–
Impex Metal & Ferro Alloys Ltd.			5,10,863	2,650
Managerial Remuneration Payable				
Vikash Patni	18,617	–		
Share Application Money given				
Vikash Ores Ltd.			600,000	450,000

* Figures for loans and advances given/taken represent maximum amount involved at any time during the year.

18. Earning Per Share (EPS)

	31.03.2010	31.03.2009
a) Net Profit for the year attributable to equity shareholders (Rs.)	37,167,807	62,125,751
b) Weighted Average Number of Equity Shares for Basic EPS	35,120,100	35,120,100
c) Weighted Average Number of Equity Shares for Diluted EPS	35,120,100	35,120,100
d) Nominal Value of Equity Shares (Rs.)	10.00	10.00
e) Earning Per Share (Basic) in Rs.	1.06	1.77
f) Earning Per Share (Diluted) in Rs.	1.06	1.77

19. Components of Deferred tax liability as on 31st March, 2010 are as follows :

(Amount in Rs.)

	As on 31st March, 2010	As on 31st March, 2009
Components of Deferred Tax Liability		
Depreciation	193,938,130	177,142,612
Components of Deferred Tax Assets		
Unabsorbed Depreciation	47,871,178	47,459,675
Net Deferred Tax Liability	146,066,952	129,682,937

Schedules Annexed to and forming part of Balance Sheet & Profit and Loss Account for the year ended 31st March, 2010

18 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

Deferred tax asset on account of unabsorbed depreciation has been recognised as there exists virtual certainty of realisation on reversal of deferred tax liability in future years on account of depreciation.

20. Additional information pursuant to the provisions of paragraphs 3 & 4 of Part II of Schedule VI to the Companies Act, 1956

a. Quantitative information in respect of Production, Purchases, Sales and Stocks :

(Rs in '000)

Class of Goods	Installed Capacity# Qty. (MT)	Actual Production Qty. (MT)	Opening Stock		Purchases		Sales		Closing Stock	
			Qty. (MT)	Value	Qty. (MT)	Value	Qty. (MT)	Value	Qty (MT)	Value
Sponge Iron	130000 (130000)	61895.085 (59496.000)	543.970 (590.661)	6683 (5873)	Nil (Nil)	Nil (Nil)	48222.270 (45894.160)	605458 (605539)	631.410 (543.970)	8164 (6683)
Ingots / Billets	114000 (114000)	35876.950 (23651.760)	435.140 (327.322)	12603 (6957)	4761.310 (13178.603)	100332 (294193)	34410.83 (32669.533)	779097 (873740)	506.600 (435.140)	14528 (12603)
TMT Bars/Rounds	150000 (150000)	30041.35 (35701.947)	1982.730 (144.463)	54785 (5059)	135388.175 (52336.373)	3034374 (1659389)	165696.835 (86185.513)	4274023 (2866868)	1662.900 (1982.730)	46624 (54785)
Pig Iron	15400 (15400)	4001.540 (2258.270)	38.820 (Nil)	1625 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	105.565 (38.820)	3654 (1625)
Ferro Alloys		735.800 (214.00)	5.200 (Nil)	281 (Nil)	Nil (Nil)	Nil (Nil)	621.100 (66.000)	33847 (2150)	Nil (5.200)	Nil (281)
Steel Scrap*	N.A. (N.A.)	5725.924 (5378.330)	3534.648 (611.656)	85495 (9743)	Nil (Nil)	Nil (Nil)	456.3 (1059.424)	9878 (23591)	6833.538 (3534.648)	157377 (85495)
Power	10 MW (10 MW)	10194614 kwh (10319489 kwh)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	N.A. (N.A.)	N.A. (N.A.)
Angles, Channels, Joists etc.	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)	48627.395 (29265.825)	1188271 (1506515)	48627.395 (29265.825)	1365225 (1574408)	Nil (Nil)	Nil (Nil)
Coal	N.A. (N.A.)	Nil (Nil)	2263.600 (15155.290)	4165 (46611)	Nil (Nil)	Nil (Nil)	1222.240 (12891.690)	5500 (32590)	1041.360 (2263.600)	1916 (4165)
Iron ore	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (49537.940)	Nil (150264)	Nil (49537.940)	Nil (188925)	Nil (Nil)	Nil (Nil)
Others (each item being less than 10% of Total)										
Total				165637 (74243)		4322977 (3610361)		7073028 (6167811)		232263 (165637)

NOTES :

Licensed Capacity - Not Applicable.

Per annum on continuous process basis, as certified by the Management and not verified by the auditors being a technical matter.

* Steel Scrap represents quantity generated out of production, available for reprocessing/sale.

Schedules Annexed to and forming part of Balance Sheet & Profit and Loss Account for the year ended 31st March, 2010

18 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

Production includes quantity used for captive consumption/reprocessing :

	Quantity
Sponge Iron (MT)	13585.375 (13648.531)
Ingots/Billets (MT)	6155.970 (4053.012)
TMT Bars (MT)	52.520 (14.540)
Pig Iron (MT)	3934.795 (2219.450)
Ferro Alloys (MT)	119.900 (142.800)
Steel Scrap (MT)	1970.734 (1395.914)
Power (Kwh)	10194614 (10319489)

b. Raw Materials consumed :*

Items	Quantity (M.T.)	Amount (Rs. in '000)
Iron Ore	120667.170 (128787.830)	449075 (409877)
Coal and Coke	101079.655 (124789.050)	223264 (214971)
Pig Iron & Scrap	27087.300 (14824.564)	595983 (316668)
Billets & Ingots	25555.335 (35241.639)	533210 (742003)
Manganese Ore	1488.240 (497.475)	11699 (2810)
Dolomite	4646.630 (4871.950)	6248 (6304)
Sponge Iron	984.910 —	10834 —
Others (each item being less than 10% of total consumption)		70139 (60562)
Total		1900452 (1753195)

* excludes materials used for captive consumption/processing.

Schedules Annexed to and forming part of Balance Sheet & Profit and Loss Account for the year ended 31st March, 2010

18 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

Break Up	Year Ended 31.03.2010		Year Ended 31.03.2009	
	Amount	Percentage	Amount	Percentage
Indigenous	1900452	100	1753195	100
Imported	–	–	–	–
Total	1900452	100	1753195	100

c. Stores and Spares Consumed :

Break Up	Amount (Rs. in '000)	Percent (%)
Imported	Nil (Nil)	Nil (Nil)
Indigenous	42,174 (37,178)	100 (100)
Total	42,174 (37,178)	100 (100)

d. CIF Value of Imports – Nil (Nil)

e. Foreign exchange earnings and outgo :

(i) Expenditure in Foreign currency :

Particulars	Amount (Rs. in '000)
Travelling	1,168 (337)

(ii) Earnings in Foreign Currency :

Particulars	Amount (Rs. in '000)
Export of goods on FOB Basis (through third parties)	129,607 (91,821)

Note : Figures in brackets relate to previous year.

21. Previous year's figures have been reworked, re-grouped, re-arranged and re-classified, wherever considered necessary. Accordingly amounts and other disclosures for the preceding year are included as an integral part of the current year financial Statements and are to be read in relation to the amounts and other disclosures relating to the current year.

For **S. JAYKISHAN**

Chartered Accountants

FRN : 309005E

CA V. Newatia

Partner

Membership No. 062636

Dated : The 29th day of May, 2010

Place : Kolkata

Debendra Banthiya
Company Secretary

For and on behalf of the Board

V. K. Patni
Director

Vikash Patni
Managing Director

Balance Sheet Abstract and Company's General Business Profile

Information as required under Part-IV of Schedule - VI of the Companies Act, 1956.

(a) Registration Details

Registration No.

			8	0	3	5	3
--	--	--	---	---	---	---	---

 State Code

						2	1
--	--	--	--	--	--	---	---

Balance Sheet Date

3	1	0	3	2	0	1	0
---	---	---	---	---	---	---	---

(b) Capital raised during the year (Amount in Rs.)

Public Issue

					N	I	L
--	--	--	--	--	---	---	---

 Right Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Bonus Issue

					N	I	L
--	--	--	--	--	---	---	---

 Private Placement

						N	I	L
--	--	--	--	--	--	---	---	---

(c) Position of Mobilisation and Deployment of Funds (Amount in Rs.)

Total Liabilities

4	3	5	4	7	7	6	2	6	9
---	---	---	---	---	---	---	---	---	---

 Total Assets

4	3	5	4	7	7	6	2	6	9
---	---	---	---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

3	5	1	2	0	1	0	0	0
---	---	---	---	---	---	---	---	---

 Reserve & Surplus

5	7	4	5	7	3	4	3	0
---	---	---	---	---	---	---	---	---

Secured Loans

1	5	2	7	4	8	2	0	8	2
---	---	---	---	---	---	---	---	---	---

 Unsecured Loans

1	7	5	5	4	5	2	8	0	5
---	---	---	---	---	---	---	---	---	---

Deferred Tax Liability

1	4	6	0	6	6	9	5	2
---	---	---	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

1	5	3	8	6	5	8	5	7	7
---	---	---	---	---	---	---	---	---	---

 Capital Work-in-Progress

				2	9	2	6	6	9
--	--	--	--	---	---	---	---	---	---

Investments

						N	I	L
--	--	--	--	--	--	---	---	---

 Miscellaneous Expenditure to the extent not written off

							N	I	L
--	--	--	--	--	--	--	---	---	---

Net Current Assets

2	8	1	3	1	9	1	0	2	1
---	---	---	---	---	---	---	---	---	---

(d) Performance of Company (Amount in Rs.)

Total Income

6	9	3	5	3	7	3	0	1	6
---	---	---	---	---	---	---	---	---	---

 Total Expenditure

6	8	7	7	1	7	6	7	2	0
---	---	---	---	---	---	---	---	---	---

Profit before Tax

	5	8	1	9	6	2	9	6
--	---	---	---	---	---	---	---	---

 Earning Per Share (in Rs.)

					1	.	0	6
--	--	--	--	--	---	---	---	---

Dividend Rate (%)

					2	.	5	0
--	--	--	--	--	---	---	---	---

(e) Generic Name of Principal Products/Services of the Company (As per monetary terms)

Product Description	Item Code No. (ITC Code)	Product Description	Item Code No. (ITC Code)
SPONGE IRON	7203.10.00	M. S. ROUND	7214.10.90
M. S. INGOT	7206.10.90	SILICO MANGANESE	7202.30.00
M. S. BILLET	7207.19.20	FERRO MANGANESE	7202.11.00
TMT	7214.20.90		

As per our report of even date attached

For **S. JAYKISHAN**

Chartered Accountants

FRN : 309005E

CA V. Newatia

Partner

Membership No. 062636

Dated : The 29th day of May, 2010

Place : Kolkata

Debendra Banthiya
Company Secretary

For and on behalf of the Board

V. K. Patni
Director

Vikash Patni
Managing Director

VIKASH METAL & POWER LIMITED

Registered Office :

35, Chittaranjan Avenue, 6th Floor, Kolkata - 700 012

Form of Proxy

I/We
of
.....being a Member(s) of the above named Company,
hereby appoint.....
of
or failing him.....
of.....as my/our proxy to vote for me/us on
my/our behalf at the 14th Annual General Meeting of the Company to be held on Wednesday, 22nd September,
2010 at 10.30 A.M. and at any adjournment thereof.

Signed this day of2010

Signature.....

Affix
Revenue
Stamp

Folio No.

DP ID No.....

Client ID No.....

Note : This Form of Proxy must be deposited at the Registered Office of the Company, 35, Chittaranjan Avenue,
6th Floor, Kolkata - 700 012, not less than 48 hours before the time of holding the meeting.

VIKASH METAL & POWER LIMITED

Registered Office :

35, Chittaranjan Avenue, 6th Floor, Kolkata - 700 012

Attendance Slip

(To be handed over at the entrance of the Meeting Hall)

I hereby record my/our presence at the 14th Annual General Meeting of the above named Company held
at Purbashree, EZCC, Bharatiyam Cultural Multiplex, IB - 201, Sector - III, Salt Lake City,
Kolkata - 700 106 on Wednesday, the 22nd September, 2010 at 10.30 A.M.

Full Name of Member/Proxy

attending the meeting.....

Full Name of First Holder

(if Joint Holder/Proxy attending)

Folio No.....

DP ID No.....

Client ID No.....

Signature of the Member/Proxy

(To be signed at the time of handing over this slip)

Members who come to attend the meeting are requested to bring their copies of the Annual Report with them.





VIKASH METAL & POWER LTD.

Integrated Steel Plant • An ISO 9001:2000 Company

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