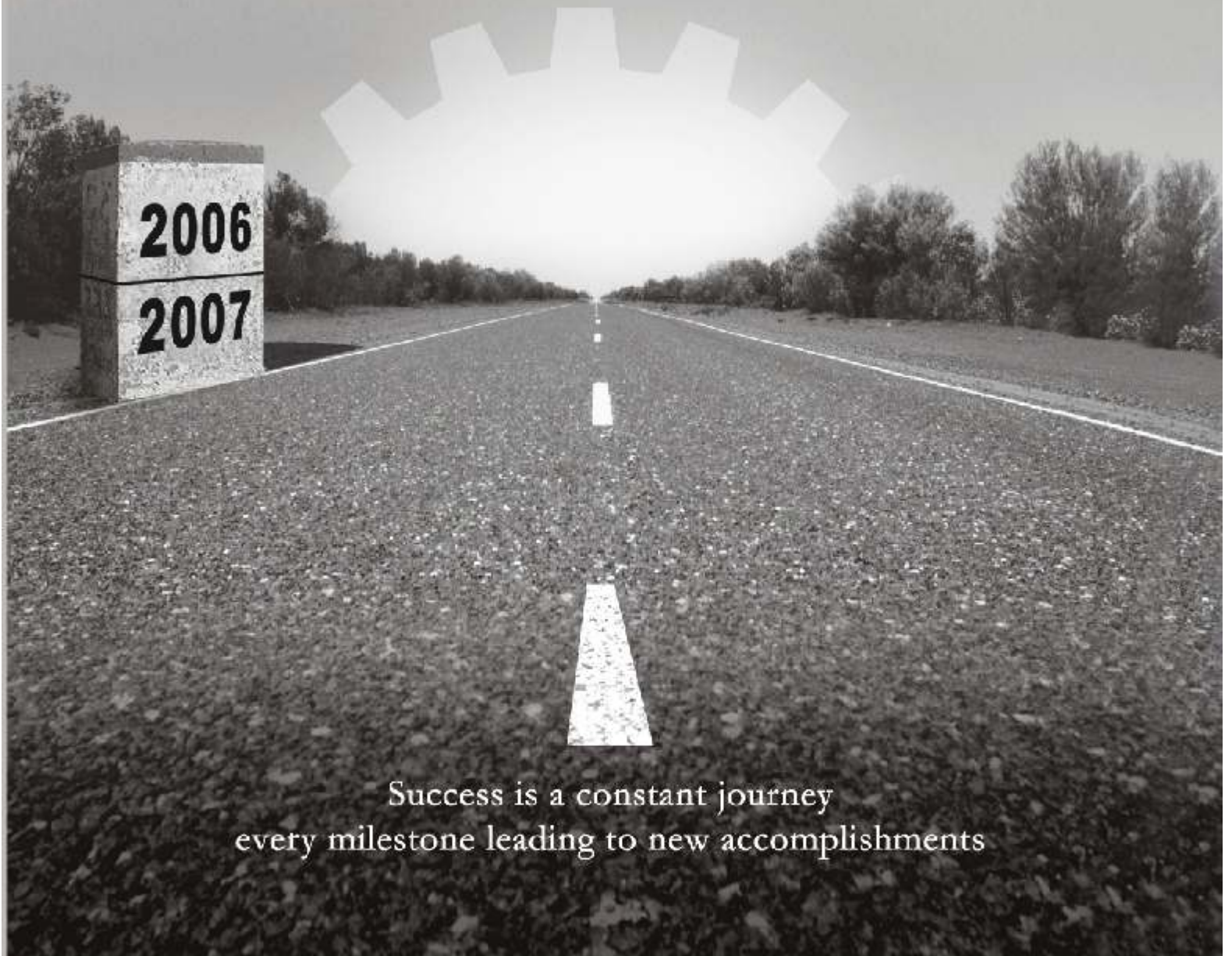


# ANNUAL REPORT


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Success is a constant journey  
every milestone leading to new accomplishments



K A M D H E N U I S P A T L I M I T E D

'Vision  n is our greatest strength; it has made us peer into the future, shaping our growth & success for our shareholders.'

*Satish Kumar Agarwal*  
Chairman & Managing Director



देश की शान

करना है हमको हर ऊँचाईयों को पार



**BOARD OF DIRECTORS**

Mr. Satish Kumar Agarwal  
 Mr. Sunil Kumar Agarwal  
 Mr. Saurabh Agarwal  
 Mr. Sachin Agarwal  
 Mr. Suresh Kumar Singhal  
 Mr. Purshottam Das Agarwal  
 Mr. M.K. Doogar  
 Mr. Parvesh Goyal

Chairman & Managing Director  
 Whole Time Director  
 Whole Time Director  
 Whole Time Director  
 Director  
 Director  
 Director  
 Director

**Chief Financial Officer**

Mr. Harish Kumar Agarwal

**Company Secretary**

Mr. Sanjeev Kumar Bajaj

**Auditors**

S. Singhal & Company, Chartered Accountants  
 E-127, Industrial Area, Bhiwadi-301 019, Rajasthan

**Registrar & Transfer Agent**

Karvy Computershare (P) Ltd. Karvy House 46, Avenue 4, Street No.1,  
 Banjara Hills, Hyderabad-500 034

**Bankers**

State Bank of Bikaner & Jaipur  
 IDBI Bank Limited  
 ICICI Bank Limited  
 HDFC Bank Limited

**Registered Office**

5/2-Punjabi Bagh Extension, New Delhi -110 026

**Corporate Office**

2nd Floor, Tower-A, Building No. 9, DLF Cyber City, Phase-3  
 Gurgaon – 122 002 (Haryana), Ph : 0124-4059484-87  
 E-mail : kamdhenu@kamdhenuispat.com  
 Website : www.kamdhenuispat.com

**Works**

A-1114, RIICO Industrial Area Phase III, Bhiwadi, Dist. Alwar-301 019,  
 Rajasthan. Ph : 01493-220913, 221394, Fax: 01493-223162

**Audit Committee**

Mr. Suresh Kumar Singhal  
 Mr. M.K. Doogar  
 Mr. Parvesh Goyal

Chairman

**Remuneration Committee**

Mr. Suresh Kumar Singhal  
 Mr. M.K. Doogar  
 Mr. Parvesh Goyal

Chairman

**Investors' Grievance Committee**

Mr. Suresh Kumar Singhal  
 Mr. Parvesh Goyal  
 Mr. Saurabh Agarwal

Chairman



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# Board of Directors



Mr. Satish Kumar Agarwal  
Chairman & Managing Director



Mr. Sunil Kumar Agarwal  
Whole Time Director



Mr. Saurabh Agarwal  
Whole Time Director



Mr. Sachin Agarwal  
Whole Time Director



Mr. Suresh Kumar Singhal  
Director



Mr. Purshottam Das Agarwal  
Director



Mr. M.K. Doogar  
Director



Mr. Parvesh Goyal  
Director

## Message from CMD



Dear Shareholders,

I'm pleased to introduce to you our annual report for the year 2006-07. We have ushered into the new financial year 2007-08 on the high notes of optimism and fresh zeal. We feel obliged and honored to all our shareholders for keeping faith on our credentials and being a valuable participant to our growth.

We are contributing to the nation's growth in our own little way with our ambition to reach across the nation with Kamdhenu brand fulfilling our consumers' need to his satisfaction.

Steel is an essential commodity and is an important raw material for various industries. It is one of the major raw materials required for the various kinds of infrastructure projects. Indian steel sector has registered an impressive growth for the fourth consecutive year with the increasing presence of the Indian steel companies in the global market and increased competitiveness of this industry. During the first three quarters of the fiscal year 2006-07, steel prices started firming up. The price rise has been stronger in case of flat products and non-flat steel too is gaining momentum.

There has been the continuation of the policy thrust to ensure availability of steel and price stability. There has been reduction in the customs duty on alloy/stainless steel and non-alloy steel items as well as on the seconds and defectives of steel. As an essential commodity and an important raw material for various industries, steel is gaining its luster back in the market.

In such scenario, the company has been on growth track since it embarked its financial journey in India's capital market the previous year with its Rs. 32 cr. IPO. Kamdhenu share has sustained the market trends and the global fluctuations. On behalf of the company, I am glad to inform you that it is performing better than market expectations. And much of this owes to your faith and confidence shown on us.

We have kept our vision clear and consistently progressing towards meeting our objective. We would like to inform all our shareholders that your company has undergone a strategic restructuring. Under this process we will further accentuate the focus on our core strength of steel products.

We are pleased to share with you that after phenomenal success in the ambit of reinforcement steel bars (TMT/HSD), Kamdhenu Ispat Limited, in association with its valuable franchisee partners, has made a resounding entry into structural steel segment with the production of angles, beams, channels and flats for the construction sector. We have also begun production of wire bonds under franchisee arrangement. We have already marked our presence in the housing sector with Kamdhenu Homz under franchisee arrangements, which has carved its own niche in the Northern India.

With its consistency of quality, strong marketing and retailing network, Kamdhenu Ispat Ltd. has earned a powerful brand premium. The company has revolutionized the concept of marketing on India's regional infrastructural turf. We have initiated the concept of franchisee affiliation to the regional players in the Indian steel sector.

India's growth story is galloping ahead with all vigour and pace. We are on a path of sustained higher economic growth on the back of buoyant infrastructure and construction sectors in the country. This scenario is in itself emanates optimism for Kamdhenu's growth. With our firm commitment and astute business sense, we have a definitive edge in India's infrastructure sector.

Our vision and commitment is to make Kamdhenu the most trusted steel products brand in the country. I firmly believe that your company is destined to reach new heights of success, and in the process creating profits for you.

In the end, I would like to thank all our franchisees, customers, dealers, distributors, bankers and employees for contributing to the success of the company. And, special thanks to our shareholders, for their faith and support.

Yours Sincerely,



(Satish Kumar Agarwal)

Chairman & Managing Director





## Corporate

# Vision & Philosophy

Kamdhenu aims at decentralization of the production base by strategic tie-up/ takeover of unbranded manufacturing units all over the country and convert the same into Kamdhenu Brand through technological up-gradation, implementation of Quality Management System and effective distribution through wide spread marketing network.

Simultaneously efforts would be made to create consumer awareness for quality construction steel and adopt the policy of "Best Quality Best Price". Efforts would also be made to establish overseas presence across the globe by the year 2010.

As a vibrant organisation we imbibe openness, trust, teamwork, while valuing and promoting innovation and excellence in our work culture.

Kamdhenu's philosophy imbibes a pursuance of consistent growth with work ethics that incorporates an abiding culture in its functioning with astute honesty, transparency, commitment and quality assurance, at all levels, realizing a total customer satisfaction. At Kamdhenu customer is held at high esteem and his satisfaction is our top priority.



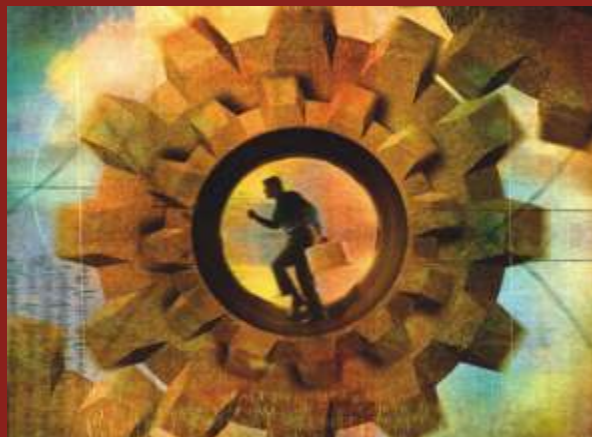
## Leading On Accomplishing New Destinations

A journey of a thousand miles must begin with a single step. Kamdhenu Ispat Ltd. also began its journey about a decade ago, and since then the company has taken several momentous steps moving from its single reinforcement steel bars manufacturing unit in Bhiwadi, Rajasthan, to become a company with its core expertise in steel products.

With time, the company has embarked upon series of expansion programmes that holds the promise of sharpening its competitive edge further. Today the company is into the services of manufacturing, marketing and branding of several steel products such as reinforced steel bars (TMT/HSD), structural steel (angles, beams, channels and flats) and also gained a prominent place in housing sector with Kamdhenu Homz.

Backed by a strong financial base, state-of-the-art technology, professionalism and expertise of its highly skilled, motivated and committed human resource pool, Kamdhenu is continuing its tradition of creating new milestones in the coming years too.

With well-organised operations and strong dealers and distributors network in place, Kamdhenu has grown into a trusted brand across the board. Today, Kamdhenu Ispat Ltd. is the preferred supplier of reinforced steel bars for a wide range of companies dealing with infrastructural works.



## Initiating the Synergy of Success

Under strategic association, Kamdhenu experimented with the concept of franchisee arrangement giving a face-lift to India's second tier construction materials manufacturing companies. It was a well-studied and researched business plan, which has propelled the production and supply of the Kamdhenu brand product throughout the country and planning to move beyond the country's boundaries.

We studied the market dynamics and realized the deeply fragmented construction sector at regional levels. Under franchisee arrangement, the company facilitates and assists the associates with the latest state-of-the-art, modern technologies and prompt marketing network of dealers & distributors at each level.

Our commitment to providing quality products and greater access for our consumers, gave genesis to the concept of franchisee arrangement in the country. With continuous efforts in this direction, company is now able to forge a strong network of willful manufacturers across the country and now prepared to make international ventures. The company has already forayed in international market with the penning down of a strategic franchise alliance in Nepal.

The concept was revolutionary in this sector and proved to be a resounding success. It was complementary to both the parties, where we gained royalty; they received our high-end quality monitoring mechanism to produce the products of the tenor that Kamdhenu brand epitomizes.





देश की शान

देना है हमको सपनों को आकार



## Steel Industry

# Outlook Global

A vibrant Steel sector is the core of a strong economy. We have registered a phase of optimism and considerable growth in the steel industry globally, shaped by all-round growth in steel demand, and particularly led by Asia.

According to CRISIL research the global demand will continue to be led by China. The demand growth from the US is expected to be lower than the preceding year. However, Chinese demand for steel will continue to be upscale and all set to witness a double digit growth, due to healthy trend in construction and automobile sector.

Industry sources indicate that around 53 Mn Tons of capacity is expected globally, of which 52 percent is expected in China and the rest in Russia, India, Ukraine, etc. with the stable incremental capacity and demand ratio the prices of steel is expected to remain steady.

The emerging economies are supposed to contribute around 70 percent of the global steel demand by the year 2020. In the developed market the trend is on down swing constituting about 40 per cent of global share. India along with China is seen as the major growth driver for the steel in the world. Thus, it's very critical that these two economies keep doing well to sustain the bullish phase.



## Steel Industry

# Outlook Domestic

Indian steel industry is enjoying one of the best times due to upward cycle in steel prices since 2002. Improving its ranking among global steel producers, India has gained its place from 9th to 7th.

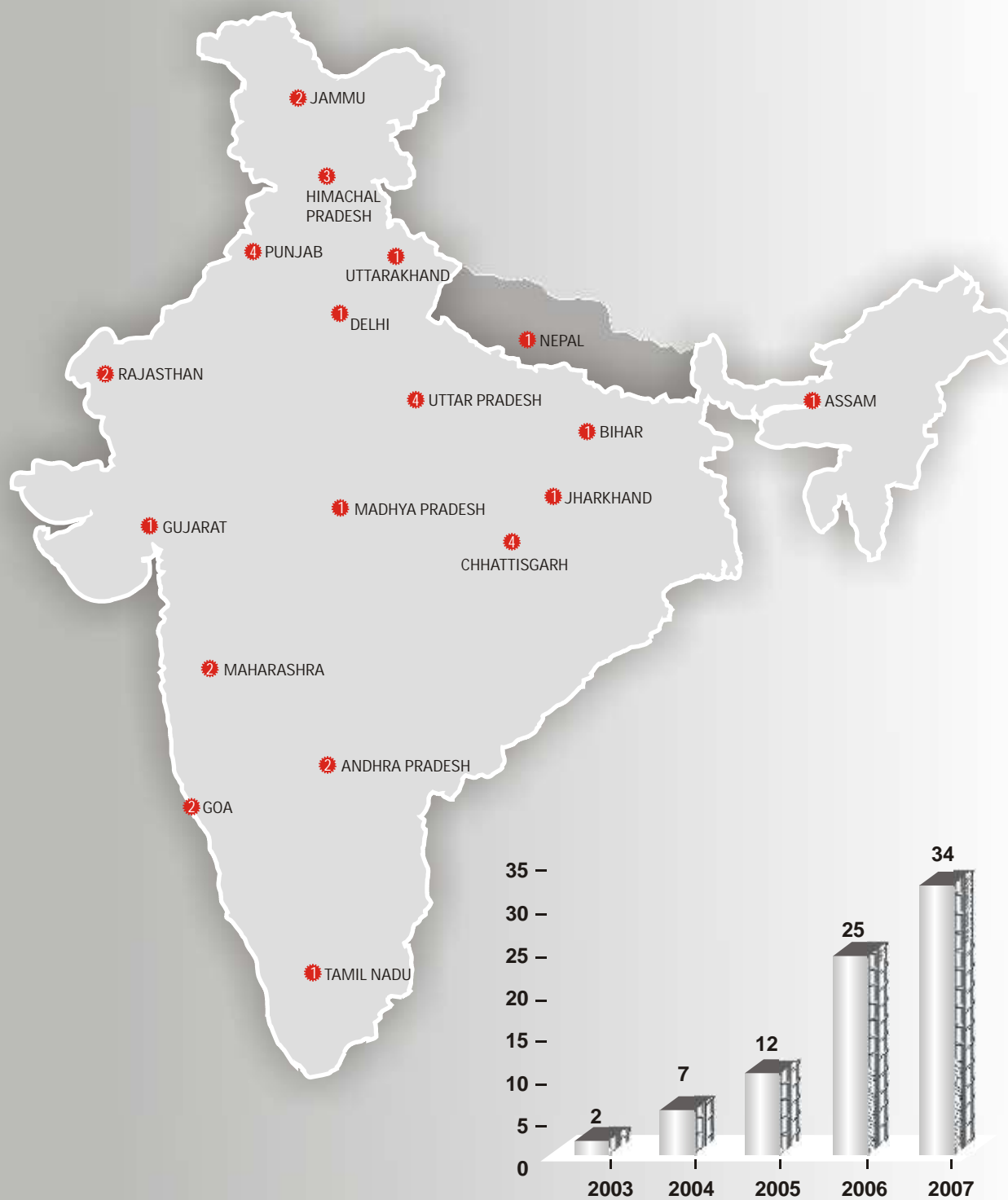
CRISIL report predicts a stable trend in the domestic steel industry's operating margin in 2007-08 as compared with that of 2006-07. The firm steel prices will keep the rise in input cost under check. The global demand-capacity ratio, which figured at around 89 percent in 2006, is expected to remain the same during 2007, keeping the price range same as the preceding year. Domestic prices are expected to follow the international prices trend.

According to CRISIL report, there is buoyancy in the domestic steel demand. With healthy activity in pipes and tubes, automobiles and the construction segment, the demand for steel products is all set to scale. The report predicts a double-digit growth in demand for flat products with 11 percent to 21 Mn Tons during 2007-08, where as demand for long products is expected to grow by 7.6 percent to 19 Mn Tons.

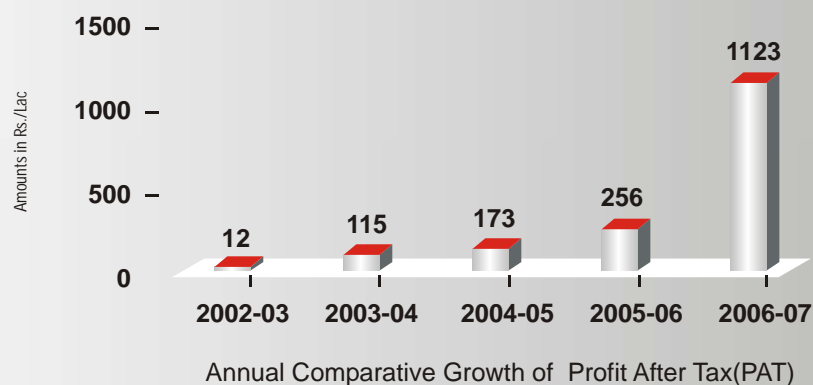
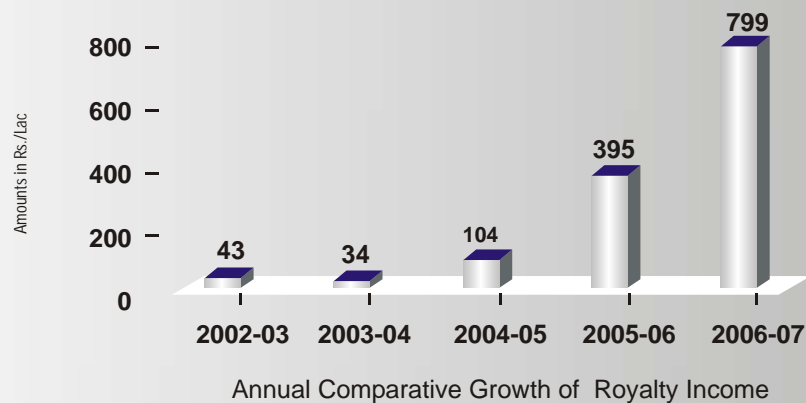
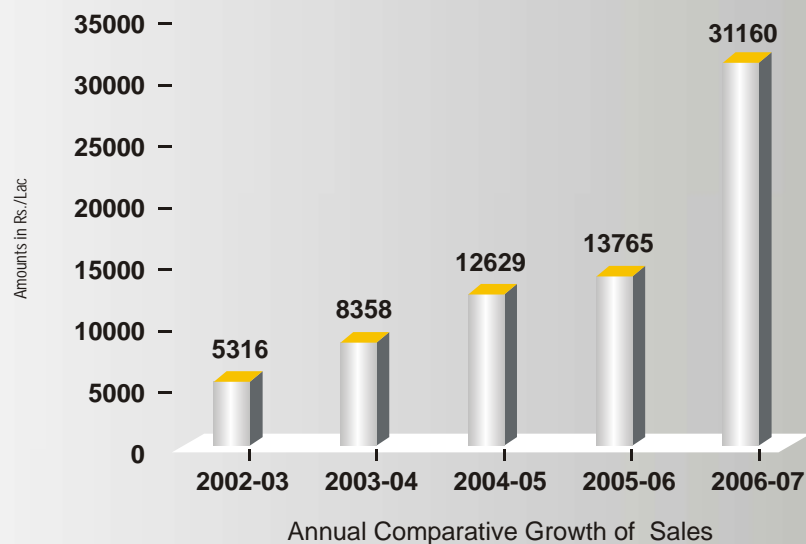
The Eleventh Five Year Plan projects a 9 percent average annual growth in our GDP. In such buoyant scenario, higher expectations see a massive increase in investment in infrastructure, consequently, leading to massive growth in demand for steel in the next few decades.



## Expanding manufacturing base through franchisee network



## Making growth an ongoing **Commitment**





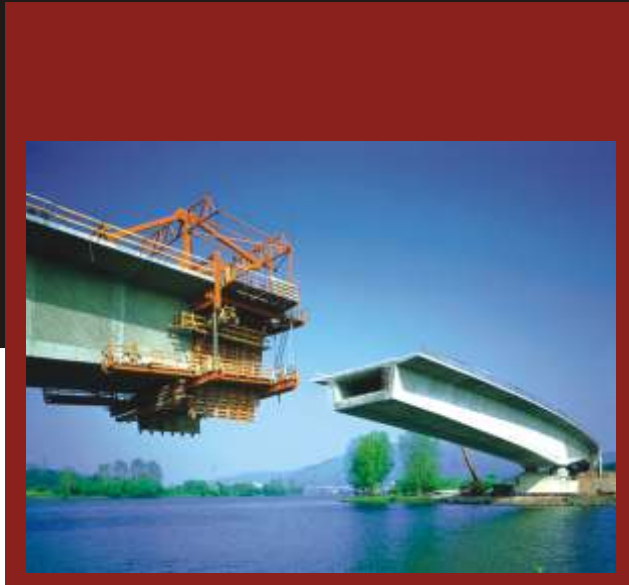
## Envisioning New Horizon of Growth

Kamdhenu Ispat Ltd. is committed to providing the services and products of high order to its consumers across the nation. With globally compatible technologies, the company has an ISO 9001:2000 accreditation. Kamdhenu Ispat Ltd. along with its franchisee units manufactures TMT steel bars by a unique mill heat treatment process "Tempcore", developed by Centre de Recherches Metallurgiques (CRM) in Belgium, that has a combination of physical properties tailor made for the building and construction Industries.

With the network of its growing franchisees across the country Kamdhenu has registered its own unique presence in India's construction sector. Gaining trust and confidence of the consumers across the nation, Kamdhenu has been producing time tested reinforcement bars (TMT/HSD).

With 25 high-end production units spread across the country, Kamdhenu brand steel rebars have already made top in the line brand recall among the consumers. Quality being the prime parameter, each production unit has top-end quality monitoring and regulation mechanism at a place. Right from preparation of the raw materials to the processing, quenching and final product delivery, quality remains sacrosanct. Hence, Kamdhenu rebars make a lasting foundation for any construction.





## Structuring Strength through Structural Steel

Strengthening its core profile of steel products, Kamdhenu Ispat Ltd. has forayed into India's structural steel segment.

Structural steel is steel construction material, a profile, formed with a specific shape and certain standards of chemical composition and strength. The company has begun the production of a multitude of special contours such as angles, channels, beams and flats, through franchisee arrangement with technology conforming to global compatibility.

With its high end quality-monitoring body in place the company ensures the utilization of best quality raw materials for the manufacturing of structural steel. Angles, channels, beams and flats that are produced from this structural steel are tough to hold frames of any size and proportion. With high strength and high ductility, these products ensure the maximum safety to any construction. Kamdhenu structural products have superior bendability, weldability and straightness that ensure better fabrication. With lower sectional weight and higher strength technique, these products are highly cost effective and save steel.

Among their wide usage in construction business, the Kamdhenu high end structural steel is to be used in the building of bridges, buildings, transmission line towers, industrial sheds, as well as in the manufacture of automotive vehicles, ships, etc.



## Leveraging Strength to Construction

The company has embarked on a new vertical of steel products with Kamdhenu Wirebond. These binding wires are designed to tie masonry walls to steel, concrete, and masonry. They are manufactured in various finishes and sizes to meet various construction demands in the sector.

Manufactured with high quality raw materials, under strict quality monitoring system and top-end technology, Kamdhenu Wirebond are tough yet flexible that ensures high workability cutting down both time and cost. It has been launched by the company realizing its market potential in the construction sector. Kamdhenu Wirebond is being manufactured in the recently launched state-of-the-art unit in Raipur, Chhattisgarh. From here the company is catering to the demands for binding wires in the states of Chhattisgarh, Delhi, Karnataka and Andhra Pradesh.

Kamdhenu Wirebond is making its presence in India's construction sector. The extensive network of Kamdhenu's dealers and distributors across the country is also assisting the expansion of Kamdhenu Wirebond across the country.



देश की शान

बुनेंगे एक मजबूत भारत



## Conjuring the Dream Homes into Reality

Whenever one plans for a home, calling it sweet home, it should be a place where one finds the supreme comfort, well connectivity with the outer world and proper realization of a dream abode.

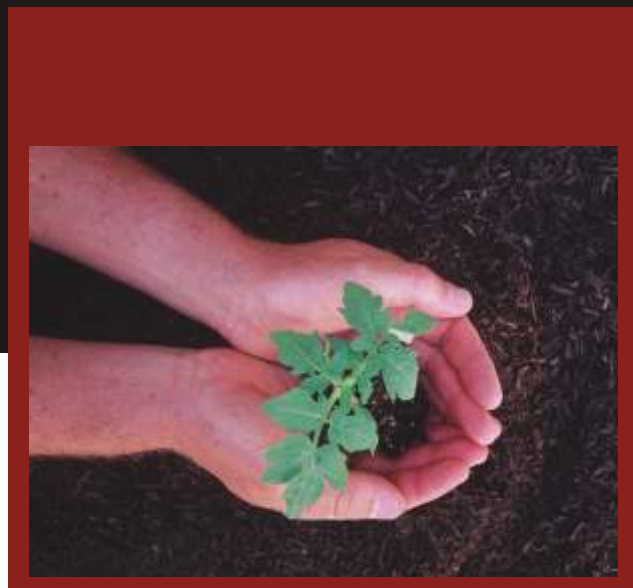
Kamdhenu Homz, the extension of Kamdhenu Ispat Ltd. in the housing segment caters to the rising demands of high-end homes for the upwardly mobile segments of consumers. Gearing ahead with strategic franchise alliances, Kamdhenu Homz is spreading its wings across the Northern India.

It ensures the captivating and reinvigorating natural surroundings along with luxuriant and sophisticated ambience of the contemporary life, amidst your own dwelling crafted at leisure for your comfort.

Kamdhenu Homz has already registered an impressive presence in the housing segment with its successful housing project at Zirakpur in Punjab, about 4kms from Chandigarh. Jammu is next in the line. With the rising economic prosperity and gaining aspirations among Indian mass, there has been phenomenal upsurge in the demands for top-end homes and this is indeed a great opportunity for Kamdhenu Homz to realize its potentials and deliver the best to the target consumers.







## Corporate Social Responsibility

Kamdhenu Ispat Ltd. is committed to its responsibility towards society as a whole. We believe that as a corporate entity we have an obligation to consider the interests of customers, employees, shareholders, communities, and ecological considerations in all aspects of their operations.

We have incorporated community service with a strong sense of corporate social responsibility (CSR) in our corporate ethics. We have been integrating CSR concerns into the company's values, culture, operations and business decisions, at all levels of the organisation.

### A Pledge for Green India

Recently we have launched a Green movement across the country, with a pledge 'Green India'. Under this initiative we have roped in our network of over 2500 dealers and distributors who cover almost whole of India. We are propagating a mission under which each Kamdhenu dealer and distributor will be inspired to plant minimum of 5 saplings in a year and nurture them till their full growth and protect them in the future.

For all the sincere efforts of our dealers and distributors, we will acknowledge them on the public platform. This will lead to a mass awareness as well and thus we will be able to motivate common people as well in to planting trees and saving our environment. This is



just a small step towards fulfilling our obligation to our ecosystem. We are optimistic that this effort will lead to better and greener India.

### Kamdhenu Jeevandhara

In the field of education and healthcare for students coming from underprivileged segment of the society, we have initiated Kamdhenu Jeevandhara, under our social wing Kamdhenu Shiksha Sansthan in Gurgaon that ensures education for children on the margins and financially backward in the region.

As a part of social uplift measure, Kamdhenu Jeevandhara has inspired hope among the underprivileged parents whose children were often sucked into the vicious cycle of child labor. It's indeed rewarding for us when these children learn to read, write and broaden their horizon. Kamdhenu Jeevandhara is just a small step towards a better India.

### Strengthening a Will to Fight Physical Challenges

Any physical deformity restricts our normal day-to-day functioning and stunts one's personality. Kamdhenu's endeavor has been to provide the physically challenged people with enough motivation to survive their deformities and be a part of mainstream.

We organize camps across the country on regular basis during which in association with other social organizations, motivational programs, special skills for the physically challenged are held. We also make financial contribution to the needy and try improving their situation to fight the odds.

Our effort is to instill enough confidence among the physically challenged people so that they may outdo their limitations and contribute to the society as well.

## DIRECTORS' REPORT

Your directors are pleased to present the 13<sup>th</sup> Annual Report of the Company together with audited accounts for the year ended 31<sup>st</sup> March, 2007.

### FINANCIAL PERFORMANCE:

	Rupees in Lacs	
	2006-07	2005-06
Gross Sales	31159.89	13764.79
Royalty Income	798.50	394.84
Profit before Tax	1701.35	401.47
Net Profit for the year	1123.07	255.92

During financial year 2006-07, your company has succeeded in growing each one of its business verticals. Your company's Gross Sales has increased by 126%, with the increase in Royalty Income by 102% compared to that of the last year's performance. We have registered a growth of 339% in the net profit. Continuing the growth as our ruling mantra, your company is gearing ahead in the growth oriented domestic steel sector.

### STRATEGIC OVERVIEW:

As you are aware your company has adopted a policy of growth through franchisee arrangements, a process that endow us strategic alliances with medium size units having manufacturing facilities and infrastructure in the steel products. Under this mechanism we have evolved our strength multifold, enhancing our brand value across the country. Harnessing this novel concept in India's mid-tier fragmented infrastructural products manufacturing companies, your company has created its own benchmark and gearing ahead to make the most of the growing core steel sector.

Other than this highly encouraging modus operandi for growth, we consider our overall performance for the year 2006-07 to be more than satisfactory, considering the reeling market scenario. With the growing competition in the regional steel turf, our endeavors to be playing on the national front are gaining pace. But that involves more efforts and greater capacity build up exercises, which we are doing in close association with our equally performing franchisee units.

Despite the tough and neck-to-neck competition in the domestic Iron and Steel Industry we have been indubitably a performer with expanding market outreach and consumer retention. In this endeavor, your company has adopted aggressive marketing policy by appointing more and more franchisee units in different parts of the country and creating brand awareness, through quality management system in whole marketing network.

### STEEL OUTLOOK:

India is undergoing a period of restructuring in steel sector. Improving its ranking among global steel producers, India has gained its place from 9th to 7th. Yet, compared to the global average per capita consumption of 150 kg our per capita consumption of steel is still a mere 39 kg. Even by Asian standards, we have a long way to go in the consumption of steel. Nonetheless, steel demand is bound to grow. The increasing number of global steel majors who have announced plans to set up steel-making facilities in India gives a fair indication of the comparative advantage of manufacturing steel in India.

In the last 5 years, the production and consumption of steel has grown at exceeding rates of 9% per annum. The pace of growth has further accelerated in the current year to over 10%. Fairly, large base of such sustaining growth is indeed creditable. The Eleventh Five Year Plan projects a 9% average annual growth in our GDP. In such buoyant scenario, higher expectations see a massive increase in investment in infrastructure, consequently, leading to massive growth in demand for steel in the next few decades.

### UTILIZATION OF IPO PROCEEDS OF THE COMPANY:

During the year under review, your company has successfully completed its Initial Public Offering of 12800000 equity shares of Rs. 10/- each issued at a price of Rs. 25 each (including premium of Rs. 15/- each) aggregating to Rs. 3200.00 Lacs. The issue was oversubscribed by more than 5 times. Consequent to the IPO, the paid up Share-Capital of your company stands increased



from Rs. 621.11 Lacs to Rs. 1901.11 Lacs. The projected amount for the expansion plan of the Company was Rs. 3377.15 Lacs out of which Rs. 3200.00 Lacs was to be financed through IPO proceeds and balance of Rs. 177.15 Lacs by means of Internal Accruals of the Company. The utilization of IPO proceeds are as under:

S.No.	Particulars	Projected Amount (Rs./Lacs)	%	Utilized Amount (Rs./Lacs)	%
1.	Working Capital	2888.15	85.52	2830.64	88.46
2.	Setting up of Corporate office	250.00	7.40	42.00	1.30
3.	Lease Deposits & Miscellaneous Fixed Assets for Stock Yards	59.00	1.75	1.78	0.06
4.	Expenses to the Issue	180.00	5.33	225.29	7.04
5.	FDR with Bank for corporate office	-	-	100.00	3.13
6.	Balance with Bank	-	-	0.29	0.01
	<b>Total</b>	<b>3377.15</b>	<b>100.00</b>	<b>3200.00</b>	<b>100.00</b>

#### BOARD OF DIRECTORS:

Mr. Pradeep Kumar Agarwal, Whole Time Director and Mr. Rakesh Goyal, Independent Director have resigned from the board w.e.f. 14<sup>th</sup> April, 2007 and 27<sup>th</sup> June, 2007 respectively.

Mr. Rajiv Goel, Independent Director, ceased to be Director of the Company on the date of last AGM held on 22<sup>nd</sup> September, 2006.

The Board expresses deep gratitude and appreciation for the contribution extended by them during their tenure as board members of the company.

Mr. Sachin Agarwal was appointed as an Additional Director and Whole Time Director in the Board Meeting held on 14<sup>th</sup> April, 2007. The members of the company have confirmed the appointment and remuneration of Mr. Sachin Agarwal in the Extraordinary General Meeting (EGM) held on 14<sup>th</sup> May, 2007. Mr. Sachin Agarwal is MBA from UK and a qualified Industrial Engineer and he can provide valuable support to the company with his technical and marketing expertise.

Mr. Parvesh Goyal has been appointed as an Additional Director of the Company with effect from 27<sup>th</sup> June, 2007.

Mr. Suresh Kumar Singhal and Mr. Purshottam Das Agarwal retire by rotation and being eligible, offer themselves for re-appointment.

#### DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to section 217(2AA) of the Companies Act, 1956, your Directors confirm:

- That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed.
- That the Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year ended 31<sup>st</sup> March, 2007 and of the Profits of the Company for that year.
- That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Directors have been prepared the annual accounts on a going concern basis.

#### FIXED DEPOSIT:

During the period under review, the company has not invited any fixed deposits from the public in terms of provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.



**AUDITORS:**

S. Singhal & Co., Chartered Accountants, E-127, Industrial Area, Bhiwadi (Rajasthan), the Statutory Auditors of the Company retiring at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

**AUDITORS REPORT:**

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

**TRANSFER TO RESERVE:**

The amount of Rs. 1123.07 Lacs has been transferred from Profit & Loss account to Reserve and Surplus account as at 31<sup>st</sup> March, 2007.

**DIVIDEND:**

To strengthen the financial position and in the interest of the company, Board of Directors have not recommended any dividend for the financial year ended 31<sup>st</sup> March, 2007.

**CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS:**

Pursuant to Clause 49 of the listing agreement with the stock exchanges, Management Discussion and Analysis, Corporate Governance Report is attached as a part of the Annual Report. A Certificate from Company Secretary in practice regarding compliance of conditions of Corporate Governance is also annexed.

**CORPORATE SUSTAINABILITY INITIATIVES:**

Your company is committed to Kamdhenu's philosophy of improving the quality of life in the communities we are operating. Kamdhenu Ispat Ltd. has a well defined corporate social responsibility mechanism in place that works towards bringing about the social uplift within its areas of functioning.

Your company has a social arm called Kamdhenu Jeevandhara that has taken the cudgel to provide education to the children of the underprivileged within slums of Gurgaon. We endeavor towards motivating the parents who cannot afford education to their wards by providing education kits and mid day meals to the children.

We also organize camps for the physically challenged persons across the country and distribute artificial legs and sometimes financial helps to the needy, with an aim to bring them to the mainstream of society and enable them to fend for themselves.

Your company is equally sensitive towards our ecosystem. With the vision to add on to the green cover of Mother Nature, we have initiated a mega environmental project by the name 'Green India' that proposes to the planting of over ten thousand plants across the country this year, through our robust band of dealers and distributors. With over 2500 Kamdhenu dealers and distributors spread across the country, we have initiated our socially responsible dealers and distributors into planting at least five saplings each in their areas of operation and nurture them to complete growth. This innovative method has found a good response from our dealers and distributors and we hope to bring about a green revolution within the country in coming times. The project will be an ongoing one and will be carried on annually all across the country.

**MANAGEMENT OF BUSINESS ETHICS (MBE):**

Consistent with our policy, Kamdhenu is systematically implementing a well defined Code of Conduct that includes working with responsibility and accountability with a work ethics that is humane and rewarding to the performers. For us our workforce is the biggest asset and hence we ensure their enrichment through their consistent enhancement of potentials.

We have put in place an organizational structure and a process to implement and improve ethical standards and practices. Kamdhenu Ispat Ltd. conducts regular workshops and products sensitization programs across the country thus bringing about a close understanding between our officials and the end consumers we are working for. These endeavors sustain our growth momentum as well as strengthen ethical values and practices among various stakeholders.

**SUBSIDIARY COMPANY AND CONSOLIDATED RESULTS:**

Your Company is not having any subsidiary company hence disclosures regarding subsidiaries and consolidated results as per clause 32 of the Listing Agreement are not required.





### ORISSA PROJECT:

The company had planned to set up a project, in phased manner, to manufacture sponge iron as a part of backward integration in 2004 in Jharsuguda (Orissa). Sponge iron is one of the raw materials to manufacture ingots used in steel bars, the main product of the company. In the first phase, company planned for 1,10,000 T.P.A. DRI Plant with 8MW captive Power Plant and 50,000 TPA steel melt shop with cost of Rs. 9365 Lacs. In this process, company had acquired land measuring 81.61 acres at the cost of Rs.103.40 Lacs and incurred Rs. 1.19 Lacs on site development.

The acquisition was made so as to make an application to the Orissa Government to procure license for mining rights of Iron/Manganese Ore which is the basic raw material to manufacture Sponge Iron. The success of Sponge Iron Project is based on the captive availability of Iron/Manganese Ore. The Company could not get the license despite putting the best efforts for the same, therefore, the company shelved the project and sold the land during the financial year under review.

### POST BALANCE SHEET EVENTS:

#### PREFERENTIAL ALLOTMENT TO THE PROMOTERS AND OTHERS

Your Company has allotted 22,00,000 (Twenty Two Lacs) warrants convertible into equal number of equity shares of the Company on preferential basis to the promoter group and other bodies corporate and individuals pursuant to shareholders' approval granted in the Extra Ordinary General Meeting of the Company held on 14<sup>th</sup> May, 2007. The warrants were issued at a price of Rs. 35.50 each (including premium of Rs. 25.50 per warrant) aggregating to Rs. 781 lacs. The objects of the issue are to strengthen the equity base, to meet requirements of capital expenditure and enhanced working capital, general corporate purpose like acquisition and to invest in the franchisee/manufacturing units.

#### ASSIGNMENT OF TRADE MARKS

In order to strengthen the core business of manufacturing, marketing and branding of steel products, your company decided to assign/transfer trade mark related rights including trade marks/trade names/copyright Kamdhenu and Logo and Kamdhenu formative trade marks/logos in relation thereto, pertaining to cement, POP, water proofing compounds and wall putty business to a company "Kamdhenu Cement Limited" at an amount of Rs. 140 Lacs (Rs. One Crore Forty Lacs only). The Company has also received consent from the shareholders of the Company for the same in the EGM held on 14th May, 2007.

#### PARTICULARS OF EMPLOYEES:

The provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended are not applicable, as there is no employee drawing remuneration beyond the stipulated amount provided in the said rules.

#### CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Additional information regarding conservation of energy, research & development, technology absorption and foreign exchange earnings and outgo, required under section 217 (1) (e) of the Companies Act, 1956 is given in Annexure forming part of this report.

#### ACKNOWLEDGMENT:

Your Directors would like to express their sincere thanks for the co-operation, assistance, support and guidance extended by the Bankers, Central and State Government, SEBI, Stock Exchanges, Local Authorities and other regulatory authorities. The Board places on record its appreciation for the valuable patronage, cooperation and goodwill received by it from clients, business associates and our most valued shareholders. Yours Directors also express their appreciation for the dedicated services rendered by the employees at all levels to the successful operations of the company. The industrial relations of the company continued to remain cordial.

By Order of the Board of Directors

**KAMDHENU ISPAT LIMITED,**

**Date : 27.06.2007**

**Place: Gurgaon**

**(Satish Kumar Agarwal)**

**Chairman & Managing Director**

**(Sunil Kumar Agarwal)**

**Whole-time Director**

## ANNEXURE TO THE DIRECTORS' REPORT

Information under section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ending 31<sup>st</sup> March, 2007.

### CONSERVATION OF ENERGY

The Company ensures that all possible measures are taken to conserve energy including identification of potential areas of saving energy, installation of energy efficient equipments.

#### (a) Energy conservation measures taken

- (i) During the year, your company has installed Coal gasification plant in the Rolling Plant at Bhiwadi, as a part substitute of heating system of furnace oil. The Company had incurred Rs. 66.14 Lacs in this account and has capitalized the same. The Gasifier based on coal shall reduce the consumption cost of fuel required for manufacturing of reinforcement bars.
- (ii) The Company has commissioned 1.25 Mw Wind Power Project at Soda Mada, Jaisalmer (Rajasthan) and started power generation from 30<sup>th</sup> September, 2006. During the year under review, 665174 units has been invoiced to Rajasthan Power Procurement Centre and got the adjustment of Rs.24.12 Lacs in the electricity bills of plant at Bhiwadi. Consequently, Power & Fuel charges mentioned in the Manufacturing Expenses of Schedule -18 is reduced by Rs.24.12 Lacs.

#### (b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy. Nil

#### (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

The measures referred to above under (a) will result in the reduction of energy and other resource consumption as stated above.

#### (d) Details of energy consumption and energy consumption per unit of production is given in "Form A"

FORM- A		
A. Power and Fuel Consumption	2006-07	2005-06
1. Electricity		
(a) Purchase Unit *	20811096	21213216
Total Amount (Rs.)	94565615	93691907
Rate/Unit (Rs.)	4.54	4.42
(b) Own Generation		
i) Through diesel generator (Unit)	-	-
Units per Ltr. of diesel Oil	-	-
Cost / Unit (Rs.)	-	-
(ii) Through Wind Power turbine	665174	-
(Free Maintenance in first year)		
2. Coal (Gasification Plant )		
Steam Coal (MT)	763.44	-
Total Amount (Rs.)	2734315	-
Average rate/MT (Rs.)	3582	-
3. Furnace Oil		
Quantity (KL)	3037.36	2965.64
Total Amount (Rs.)	50383000	43271730
Average rate per KL (Rs.)	16588	14591
B. Consumption per unit of production		
Electricity- units/MT **	284	342
Furnace Oil-Ltrs/MT	48	60
Coal MT/MT (3 months only)	49	-

\* Electricity Purchased units includes unit consumed in the production of MS Ingot & Bars.

\*\* Consumption per unit of production calculated after considering the total production of MS Ingot & Bars.

## TECHNOLOGY ABSORPTION

### FORM B

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT:

#### RESEARCH AND DEVELOPMENT (R & D)

##### (i) Specific areas in which R & D carried out by the Company

Research & Development work in respect of next generation products like Galvanized Rebars and Stainless Steel Rebar and in the existing products TMT Rebars.

##### (ii) Benefits derived as a result of above R & D

- Galvanized Rebars and Stainless Steel Rebar shall prove to be very effective in the coastal areas where moisture level in the air is very high, where traditional iron bar is not effective due to rust.
- During the year, company has developed Fe 550 grade TMT Rebars. This is going to have additional strength of 20% as compared to existing reinforcement bar with grade of Fe 415 and Fe 500. Consequently, consumption will be less and it can seek better realization in the market. Fe 550 will be commercialized in the current financial year.

##### (iii) Future plan of action

The company intends to start commercialization of the Galvanized Rebars and Stainless Steel Rebar in the coming years.

(iv) Expenditure on R & D	(Rs. In Lacs)
a. Capital	Nil
b. Recurring*	15.35
c. Total	15.35
d. % of Turnover	0.49

\* Recurring expenses are included in the manufacturing.

#### TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

##### i. Efforts in brief, made towards Technology Absorption and Innovation

The Company has entered into an agreement with Centre De Rechercher Metallurgiques (CRM) Asbi-Avenue du Bois Saint Jean, 21-Domain Universitaire Ddu Sart Tilman (P59)-B- 4000 LIEGE, Belgium for use of TEMPCORE trademark used for identification of high quality steel bars manufactured with the technology known as Thermo Mechanical Treated (TMT). In accordance with the terms of agreement the company built a thermo processing line with technical know how and engineering of Hariths Engineering, Bangalore. This technology was commissioned in April, 2005.

- Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.: As above
- In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information may be furnished:

a. Technology Imported	Thermo Mechanical Treated (TMT) Technology
b. Year of import	2005
c. Has technology been fully absorbed	Yes
d. If not fully absorbed, areas where this has not taken place, therefore and future plan of action.	Not applicable

#### FOREIGN EXCHANGE EARNINGS & OUTGO

The company has neither earned nor utilized any foreign exchange for the purpose of Import and Export during the year under review.

By Order of the Board of Directors

**KAMDHENU ISPAT LIMITED,**

Date : 27.06.2007

Place: Gurgaon

(Satish Kumar Agarwal)  
Chairman & Managing Director

(Sunil Kumar Agarwal)  
Whole-time Director

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRIAL AND ECONOMIC SCENARIO

Steel contributes to the development of any modern economy. Being vital to the infrastructural development, the level of per capita consumption of steel is treated as one of the important indicators of socio-economic development and living standard of the people in any country. All major industrial economies are characterized by the existence of a strong steel industry and the growth of many of these economies has been largely shaped by the strength of their steel industries in their initial stages of development.

According to International Iron and Steel Institute (IISI), World crude steel production in February 2007 was 99.0 Mn Metric Tons (MMT). This is 8.6% higher than for the same month of 2006. IISI have ranked India as the seventh largest steel producer in the world with an overall production of about 40 Mn Tons in 2006.

CRISIL report predicts a stable trend in the domestic steel industry's operating margin in 2007-08 as compared with that of 2006-07. The firm steel prices will keep the rise in input cost under check. The report puts the global demand capacity ratio that was at 89 percent in 2006 will remain the same during 2007, thus maintaining the similar price range as registered the preceding year. Indian steel market will follow the similar trend as that on the global field.

Further in the CRISIL report, there is visible buoyancy in the domestic steel demand. With proactive infrastructural developments happening across the country specially in view of the healthy activity in pipes and tubes, automobiles and the construction segment, the demand for steel products is all set to scale. The report predicts a double-digit growth in demand for flat products with 11 percent to 21 Mn Tons during 2007-08, where as demand for long products is expected to grow by 7.6 percent to 19 Mn Tons.

CRISIL Research estimates that the domestic demand for steel is to grow at a rate of 8 percent during 2006-07, while the incremental demand for flat products will be 1.2 Mn Tons, long products will see a demand growth of 1.5 Mn Tons.

### BRAND STRENGTH

**"KAMDHENU" is a well known trusted National Brand, recognized for its consistent quality standards as per national and international norms.** The company's national presence owes largely to its strategic regional expanse under which it is gearing ahead with franchisee arrangement, leveraging its brand strength to the middle order regional players dealing in steel products.

### INNOVATING NEW BUSINESS CONCEPT

Your Company is into India's burgeoning steel sector, with prime focus on providing various construction solutions services in the retail market. Driven by innovation and growth dynamism, the Kamdhenu management has transformed the image perception of steel as commodity into steel as brand. This was done with strategic and in-depth study of India's greatly fragmented manufacturing units at regional level, producing top-end construction materials such as steel reinforcement bar (TMT/HSD), structural steel (angles, beams, channels and flats) and binding wire etc. Your company is also in the housing segment with two franchise arrangements in the regions of Punjab and Jammu.

### RESTRUCTURING OUR CORE STRENGTH

Your company has decided to focus of its core strength of the steel products. Story began more than a decade ago in Rajasthan with our sole steel rebars manufacturing unit at Bhiwadi. With this we went on to expanding our production base and diversifying in different constructions products. However, our core expertise and strength remained with steel products. In an age of tough competition and rising opportunities in the steel sector, your directors decided to focus our core expertise on steel products only and gain a strong brand presence in the domestic steel sector and enabling greater profits to our shareholders. With our focus on our inherent strength we are sure to reap greater benefits in the burgeoning steel sector of India.

### IN SYNC WITH DEMANDS

Your Company has always put its consumers on high esteem and thus through its various consumer awareness programmes, the company has kept them informed. This is done on priority basis, since the company understands that it's the consumers' needs to be satisfied. At Kamdhenu the burgeoning production capacity through franchisee units has never undermined the quality of products. The company has high-end technology and quality maintenance structure to monitor the production process at each stage to the time the product is packed and loaded for transport.





## PRODUCTION STRENGTH & OUTREACH

Under the franchisee arrangement, today the company has 25 reinforcement steel bar manufacturing units, 6 structural steel manufacturing units, one producing binding wires and two units in housing projects. Today the company has its brand outreach across the country.

Our expansion has transcended the domestic boundaries as well, with our first in line with international foray, reaching out to the neighbouring country Nepal. Here we have allied with a TMT rebars manufacturing unit that has begun the production of Kamdhenu brand TMT steel bar.

## KAMDHENU BUSINESS PHILOSOPHY

Kamdhenu believes in honesty, integrity, transparency, use of worldwide best technology, quality assurance, customer satisfaction and commitment at all level of the group. In this regard, the company had formulated various policies, systems & procedures to attain greater transparency and accountability with main focus on achieving the principles of good corporate culture.

## BUSINESS MODELS

Your company derives main incomes from the three sources: (a) Sale of products manufactured by the company, (b) Royalties from Franchisees using "KAMDHENU" brand and (c) Sale of products manufactured by Franchisees under "KAMDHENU" brands, through its stockyards/branches.

The company is having its own manufacturing plant at Bhiwadi with annual installed capacity of TMT/HSD bar of 72000 MT. The company directly sold these products under the brand name "KAMDHENU" through its marketing network in Delhi, Haryana & Rajasthan.

The company has taken a conscious decision to develop and enlarge its business operations by adopting Franchisee route where market share of "KAMDHENU" brand will go up without investing huge capital in manufacturing plants. In this process, further, **two models** have been worked out with Franchisees.

**In first model**, the company enables its franchisees units to manufacture reinforcement steel bar (TMT/HSD), structural steel (angles, beams, channels and flats) and binding wires etc. along with housing projects exclusively under the brand name "KAMDHENU" with strict quality regime laid down by the company. These franchisees directly sell their products by using company's marketing network and paying royalty to the company on per ton/percentage basis. The company provide All India network for sales of Kamdhenu products through more than 2500 dealers spread across the country.

**Second model** of the franchisees provides the third source of income to the company in which your company established own stockyards at various locations. In this system, the company is sourcing materials for these stockyards from the nearest franchisee that manufacture the "KAMDHENU" products. The materials stored at stockyards are being supplied to stockiest and big corporate consumers at a short notice with minimum transportation cost. This helps the company to distribute its products across geographies and draw the advantage of market share without huge investment in manufacturing plants. The company is also getting royalty income from these franchises in addition to retails margins of stockyards.

## MARKETING NETWORK

Your company is having its extensive marketing office at Gurgaon with well-connected network of more than 2500 dealers & distributors spread across the country. Company's products and brand are well established in the market. The company is creating more brand awareness, which would help the company in achieving higher market share in long run. "KAMDHENU" brand command a price premium over the non-branded products in the market. Range of premium depends on geographical areas & demand-supply factors of the particular area.

In order to strengthen the marketing network, the company publishes a monthly newsletter titled "Ispat Sandesh", both in Hindi and English, for interaction with franchisees, dealers and distributors.

## PUBLICITY POLICY

The company has divided publicity & advertisement expenses at two levels; (a) Centralized Electronic Publicity expenses by the company and (b) Regional publicity expenses by the Franchisees.

At the first level, the company directly incurs advertisement expenses on electronic media (Aaj Tak, Headlines Today, Tej and others), print media, conferences and wall paintings etc.

At the second level, our franchisees incur advertisement expenses at regional level in local T.V. channels, newspapers, magazines, hoardings, wall painting etc. This regional level publicity also increases the value of the brand "KAMDHENU".



## QUALITY CONTROL

Your company has ensured high end quality control in aid of latest technology that is in use across the steel sector. We have upgraded automated German Technology for the manufacture of HSD steel bars. The company uses state-of-the-art 'TEMPCORE PROCESS' in the production of TMT bars. The company has an agreement with Centre De Rechercher Metallurgiques (CRM), Belgium for use of TEMPCORE trademark used for identification of high quality steel bars. Attesting to the company's active quality maintenance, the company's products meet IS 1786-1985 and ISO 9001:2000 specifications.

To ensure the quality of franchisee's plant, the company provides necessary technical support in modifications of manufacturing process and training for their technical staff. After the confirmation that the production process of franchisee has stabilized, company deutes its own full time technical supervisor, to maintain the high quality standards and its consistency.

## SEGMENT ANALYSIS

Revenue and Expenses have been identified into two segments i.e. Sales and Royalty. The highlights of the segments results are given below:

Segment	Net Sales Revenue		Profitability	
	2006-07	2005-06	2006-07	2005-06
Sales	28852.88	12063.02	1561.91	544.52
Royalty	798.49	394.84	561.48	176.38
<b>Total</b>	<b>29651.37</b>	<b>12457.86</b>	<b>2123.39</b>	<b>720.90</b>
Interest			63.62	56.93
Other un-allocable expenditure net of income			358.75	263.60
Total Tax Expenses			577.95	144.45
<b>Net Profit</b>			<b>1123.07</b>	<b>255.92</b>

- Revenue from Royalty increased by 102% to Rs.798 lacs in 2006-07 as compared to Rs.395 lacs in 2005-06.

- Net Profit for the year increased by 339% to Rs.1123 lacs in 2006-07 as compared to Rs.256 lacs in 2005-06.

## INTERNAL CONTROL SYSTEM

Your company has a comprehensive internal control system equipped with qualified and experienced personnel in various departments including Finance, Accounts, Personnel, General Administration, Technical and Corporate affairs. This mechanism ensures smooth corporate functioning and astute control of quality management within the overall work ethics of the company. Your company's internal control system ensures that all transaction are duly authorized, recorded and reported. Other than that the company has also put in place a process for creating and reviewing the annual and long-term business plans periodically.

## RISKS AND CONCERNS

Steel industry is highly fragmented and competitive and increased competitive pressure may adversely affect the financial results. Significant increase in prices or shortage of raw material could affect the results of operations and financial conditions of the company. Any disruption in supply chain management may adversely affect the operations of the company.

Most of the raw materials i.e. M.S. Ingot/Billets and M.S. Scrap are being procured from local producers which involve logistic issues, economic decision making into ensuring optimum inventory.

Any sub-standard manufacturing with the mala-fide intentions by any franchisee may affect the brand goodwill.

Any disruption/discontinuance of production by any of the franchisee may affect the royalty income and supply of products in that region.

Any change in the tax regime, financial policies and regulations by Central as well as State Government may affect the financial position of the company.



### FUTURE STRATEGY & OPPORTUNITIES

Your company has taken several initiatives to catalyze growth & profitability and to drive shareholders value. Several key actions were taken to put into place drivers with both long-term growth strategy and short-term profitability implications. The customer is the pivot around which business evolves and grows. Therefore, new markets and market opportunities are being identified and started its implementation during the year under review.

Economic growth is a key driver for industry growth. The Government has increased spending on infrastructure activities, which will drive substantial industrial growth and accordingly create better opportunities for us as a construction services solutions provide company in the market.

Your company is in the process of adding new franchisees all over the India and getting very good response from the market. Acceptability of "KAMDHENU" brand is increasing day by day and the company is harnessing this opportunity by adding new plants under the brand "KAMDHENU".

Your company has adopted aggressive marketing policy by appointing more and more franchisees units in different part of the country and creating brand awareness through quality management system in the whole marketing network. The company is having wide franchisee network in North, East, West and South regions.

### CAUTIONARY STATEMENT

Statement in the Directors' Report and Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward- looking statements' within the meaning of applicable securities laws and regulations.

**Although we believe our expectations are based on reasonable assumptions, these forward looking statements may be influenced by numerous risks and uncertainties that could cause actual outcomes and results to be materially different from those expressed or implied. Important factors that could influence the company's operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in government regulations, tax laws and other factors such as litigation and industrial relations. The company takes no responsibility for any consequence of decisions made based on such statements, and holds no obligation to update these in the future.**

## CORPORATE GOVERNANCE

### A. MANDATORY DISCLOSURES

#### 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is continuous process that needs to be comprehensive to attain the highest standards of corporate values and ethics. The Company constantly strives for corporate excellence to ensure high level of transparency, fairness and accountability in its functioning and conduct of business with due emphasis on regulatory compliances so as to generate sustainable economic value for all its stakeholders. The Board of Directors seeks to discharge its operational, strategic and fiduciary responsibilities in all fairness to ensure good management practices.

#### 2. BOARD OF DIRECTORS

##### a) Composition

The Board of Directors, comprises of Eight (8) Directors, out of which Four (4) are Non-Executive Independent Directors. All statutory and material information is made available to the Board of Directors to ensure adequate disclosures and transparent decision making.

None of the Directors is a member of more than ten committees, or acts as Chairman of more than five committees, across all companies in which they are Directors.

##### b) Board Meetings

During the year ended 31<sup>st</sup> March, 2007, the Board met 7 times on 2<sup>nd</sup> April 2006, 15<sup>th</sup> April, 2006, 28<sup>th</sup> April, 2006, 4<sup>th</sup> July, 2006, 15<sup>th</sup> July, 2006, 14<sup>th</sup> October, 2006, 15<sup>th</sup> January, 2007. The time gap between two Board meetings was not more than four months.

The composition of Board of Directors, Attendance of Directors at the Board Meeting and Last Annual General Meeting, Directorship in other Public Limited Companies and Membership in Committees are as follows:

Name of Directors	Category of Directorship	No. of Board Meetings Attended	Attendance at Last AGM held on 22 <sup>nd</sup> September 2006	No. of Directorship held in other Companies*	No. of Board Committee Memberships held in other Companies.
Mr. Satish Kr. Agarwal	Promoter / Executive Director	7	Yes	3	NIL
Mr. Pradeep Kr. Agarwal #	Promoter / Executive Director	7	Yes	4	NIL
Mr. Sunil Kr. Agarwal	Promoter / Executive Director	7	Yes	3	NIL
Mr. Saurabh Agarwal	Executive Director	7	Yes	2	NIL
Mr. Rakesh Goyal**	Non Executive Independent Director	5	Yes	1	NIL
Mr. Rajiv Goel ##	Non Executive Independent Director	1	No	NIL	NIL
Mr. Purshottam Das Agarwal	Non Executive Independent Director	3	Yes	1	NIL
Mr. Suresh Kr. Singhal	Non Executive Independent Director	5	Yes	NIL	NIL
Mr. M.K. Doogar@	Non Executive Independent Director	2	No	6	4
Mr. Parvesh Goyal***	Non Executive Independent Director	-	-	-	-
Mr. Sachin Agarwal****	Executive Director	-	-	-	-

\* Excluding private, foreign and companies registered under section 25 of the Companies Act, 1956

# Resigned from the Directorship of the Company w.e.f. 14<sup>th</sup> April, 2007.

## Ceased from the Directorship of the Company w.e.f. 22<sup>nd</sup> September, 2006.

@ Appointed as an Independent Director of the Company w.e.f. 15<sup>th</sup> July, 2006.

\*\* Resigned from the Directorship of the Company w.e.f. 27<sup>th</sup> June, 2007

\*\*\* Appointed as an Independent Director of the Company w.e.f. 27<sup>th</sup> June, 2007.

\*\*\*\* Appointed as an Executive Director of the Company w.e.f. 14<sup>th</sup> April, 2007

c) *Brief resume of Directors seeking appointment / re-appointment*

- (i) Mr. Parvesh Goyal aged 62 years, is a Graduate. He is having wide and varied experience of over 37 years in the industry. He is the Chairman and Managing Director of Nav Bharat International Limited. His areas of specialization include Foreign Trade, Project Implementation, Purchase, Finance & Accounts. He has been associated with the Company w.e.f. 27<sup>th</sup> June, 2007 as an Independent Director. Mr. Parvesh Kumar Goyal does not hold any equity shares in the Company.
- (ii) Mr. Suresh Kumar Singhal, aged 52 years, is a Chartered Accountant in practice by profession. He is having 25 years of experience in the areas like Taxation, Company Law and Audit matters. He has been associated with the Company w.e.f. 5<sup>th</sup> December, 2005. Mr. Suresh Kumar Singhal does not hold any equity shares in the Company.
- (iii) Mr. Purshottam Das Agarwal aged 57 years is a graduate. He is having 25 years of experience in the industry. He is a promoter director of Purshotam Industries Limited. He has been associated with the Company w.e.f. 5<sup>th</sup> December, 2005. Mr. Purshottam Das Agarwal holds 46369 (0.24%) equity shares in the Company.

### 3. AUDIT COMMITTEE

a) *Terms of reference*

The terms of reference of the Audit Committee are in line with those specified under Section 292A of the Companies Act, 1956 and under revised Clause 49 of the Listing Agreement. The Audit Committee provides direction to the audit function in the Company and monitors/reviews the quality of financial management and internal audit. It also oversees the financial reporting process for proper disclosure in the financial statements and recommends appointment, re-appointment and removal of the auditors and about fixing their remuneration. The Committee also reviews the quarterly, half yearly as well as annual financial statements before the same are submitted to the Board, with particular reference to matters to be included in Directors' Responsibility Statement, changes, if any, in the accounting policies and practices, major accounting entries involving estimates based on exercise of judgment by the management, significant adjustments made in financial statements, compliance with listing and other legal requirements relating to financial statements, disclosure of related party transactions, qualifications, if any, in the draft audit report etc. It also oversees the working of the internal audit report system, including the internal control mechanism of the Company.

b) *Composition, meetings and attendance:*

The Audit Committee comprises of three (3) members, all being Non-Executive Independent Directors.

During the financial year 2006-2007, the Committee met four (4) times on 30<sup>th</sup> June, 2006, 15<sup>th</sup> July, 2006, 14<sup>th</sup> October, 2006 and 15<sup>th</sup> January, 2007.

Name	Category	Number of meetings attended
Mr. Suresh Kr. Singhal	Non Executive Independent Director	4
Mr. Rakesh Goyal**	Non Executive Independent Director	4
Mr. M.K. Doogar@	Non Executive Independent Director	2
Mr. Rajiv Goel <sup>##</sup>	Non Executive Independent Director	2
Mr. Parvesh Goyal***	Non Executive Independent Director	-

<sup>##</sup> Ceased from the Directorship of the Company w.e.f. 22<sup>nd</sup> September, 2006.

@ Appointed as an Independent Director of the Company w.e.f. 15<sup>th</sup> July, 2006.

\*\* Resigned from the Directorship of the Company w.e.f. 27<sup>th</sup> June, 2007

\*\*\* Appointed as an Independent Director of the Company w.e.f. 27<sup>th</sup> June, 2007.

Mr. Suresh Kr. Singhal is the Chairman of the Audit Committee. The Company Secretary acts as the Secretary of the Committee.

### 4. REMUNERATION COMMITTEE

a) *Terms of reference*

The Remuneration Committee, inter-alia, recommends for appointment on the Board, grant of remuneration to the Managing Director/Whole Time Director(s) etc, evaluation of their performance and also framing any remuneration(s) policy in relation thereto.



**b) Composition, meetings and attendance**

Name	Category
Mr. Suresh Kr. Singhal	Non Executive Independent Director
Mr. Rakesh Goyal**	Non Executive Independent Director
Mr. M.K. Doogar®	Non Executive Independent Director
Mr. Rajiv Goel##	Non Executive Independent Director
Mr. Parvesh Goyal***	Non Executive Independent Director

## Ceased from the Directorship of the Company w.e.f. 22<sup>nd</sup> September, 2006.

@ Appointed as an Independent Director of the Company w.e.f. 15<sup>th</sup> July, 2006.

\*\* Resigned from the Directorship of the Company w.e.f. 27<sup>th</sup> June, 2007

\*\*\* Appointed as an Independent Director of the Company w.e.f. 27<sup>th</sup> June, 2007.

Mr. Suresh Kr. Singhal is the Chairman of the Committee. The Company Secretary acts as a Secretary to the Committee. During the year under review, 1 (One) Committee meeting was held on 15<sup>th</sup> July, 2006 to discuss the Remuneration policy of the Company and to review and approve the remuneration package of the Executive Directors of the Company.

**c) Remuneration Policy**

The Executive Directors of the Company are paid, as approved by the Board of Directors, on the recommendation of the Remuneration Committee. The remuneration is decided considering various factors such as qualification, experience, expertise, remuneration prevailing in the industry, financial position of the Company etc.

**d) Details of Remuneration to Directors**

(i) The following payments are being paid to the Executive Directors of the Company for the financial year 2006-2007.

Name	Sitting Fees (Rs.)	Salary & Allowances (Rs.)	Perquisites (Rs.)	Total
Mr. Satish Kr. Agarwal	NIL	1050000	105000	<b>1155000</b>
Mr. Pradeep Kr. Agarwal	NIL	1050000	NIL	<b>1050000</b>
Mr. Sunil Kr. Agarwal	NIL	1050000	105000	<b>1155000</b>
Mr. Saurabh Agarwal	NIL	900000	90000	<b>990000</b>
<b>Total</b>		<b>4050000</b>	<b>300000</b>	<b>4350000</b>

(ii) The Non Executive Independent Directors are being paid sitting fees to attend meetings of the Board of Directors w.e.f. 22<sup>nd</sup> September, 2006.

Name	Sitting Fees (Rs.)
Mr. Purshottam Das Agarwal	<b>NIL</b>
Mr. Rajiv Goel	<b>NIL</b>
Mr. Rakesh Goyal	<b>5000</b>
Mr. M.K. Doogar	<b>10000</b>
Mr. Suresh Kr. Singhal	<b>10000</b>

(iii) Non Executive Independent Directors, except Mr. Purshottam Das Agarwal, do not hold any shares in the Company.

**5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE**
**(a) Terms of reference**

The Committee supervises the mechanism for redressal of investor grievances and ensures cordial investor relations, apart from looking into redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of annual reports, non-receipt of dividend and allied matters. The Committee also approves requests received from shareholders for the transfer / rematerialization and Dematerialization of shares.



*(b) Composition, meetings and attendance*

The Board has constituted Shareholders'/Investors' Grievance Committee, the committee comprises of Mr. Suresh Kumar Singhal-Chairman, Mr. Parvesh Kr. Goyal, Mr. Saurabh Agarwal. The Company Secretary acts as a Secretary to the Committee.

The Committee, interalia, approves issue of duplicate Certificate and oversees and review all matters connected with transfer of securities of the Company. The Committee also looks in to redressal of Shareholders'/ investors complaints related to transfer of shares, non receipt of Balance Sheet, non receipt of dividends, etc. The Committee also oversees performance of the Registrar and Transfer Agent of the Company and recommends measures for overall improvement in the quality of investors services. During the year the Committee met 16 times.

S. No.	Name	Category	Number of meetings attended
1	Mr. Suresh Kr. Singhal	Non Executive Independent	16
2	Mr. Rakesh Goyal**	Non Executive Independent	14
3	Mr. Saurabh Agarwal	Executive Director	16
4	Mr. Parvesh Goyal***	Non Executive Independent	-

\*\* Resigned from the Directorship of the Company w.e.f. 27<sup>th</sup> June, 2007

\*\*\* Appointed as an Independent Director of the Company w.e.f. 27<sup>th</sup> June, 2007.

During the financial year ended 31<sup>st</sup> March, 2007, the Company has received 374 requests/complaints related to the refund orders /status of application filed by the investors for equity subscription in the company, credit of Refund order through ECS etc. Request / complaints were disposed off to the satisfaction of shareholders/ investors.

## 6. GENERAL BODY MEETING

Details of the last three Annual General Meetings of the shareholders are as follows:

For the year ended	Location	Date	Time	Details of Special Resolutions passed	Resolution passed through postal ballot
31.03.2006	Radha Farms, Palla Bakhtawarpur Road, Near G.T. Karnal Highway, Delhi	22.09.2006	10 A.M.	1. Increase in remuneration of Executive Directors.	NA
				2. Change in Article of Association of the Company.	
				3. Reappointment of Managing Director of the Company.	
				4. Reappointment of Executive Director	Nil
31.03.2005	5/2, Punjabi Bagh Extn. New Delhi	24.06.2005	9.45 A.M.	Nil	Nil
31.03.2004	A-1114, RIICO Industrial Area Phase-III, Bhiwadi (Raj)	29.09.2004	10 A.M.	1. Approval of Bonus Issue of Equity Shares.	
				2. Change in object clause of Memorandum of Association of the Company	
				3. Increase in remuneration of Executive Directors of the Company	
				4. Appointment of Sachin Agarwal (Relative of MD) in the Place of Profit.	

## 7. DISCLOSURES

During the year ended 31<sup>st</sup> March, 2007, there has been no materially significant transaction entered by the Company with any party, which is considered to have potential conflict with the interest of the Company at large.

There has not been any non-compliance, and no penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any statutory authority, or any matter relating to the capital markets, since 9<sup>th</sup> May, 2006, the date of listing.

The Company has not yet put in place a Whistle Blower Policy. However, no employee has been denied access to the Audit Committee of the Board of Directors of the Company.

The Company has fully complied with the Mandatory Requirements of Clause 49 of the Listing Agreement, as revised/amended pursuant to SEBI circular no. SEBI/CFD/DIL/CG/1/2004/12/10 dated 29-10-2004.

### DISCLOSURES OF ACCOUNTING TREATMENT

While in the preparation of the Financial Statements, the Accounting Standards issued by The Institute of Chartered Accountants of India (ICAI) have been followed.

### CEO / CFO CERTIFICATION

The Chairman & Managing Director and the Chief Financial Officer of the Company have given requisite Certificate to the Board of Directors of the Company in terms of Clause V of Clause 49 of the Listing Agreement.

## 8. MEANS OF COMMUNICATION

The quarterly un-audited results are published in prominent daily newspapers, viz. "Economic Times" in English and in "Nav Bharat Times" in Hindi and are also posted on the Company's website [www.kamdhenuispat.com](http://www.kamdhenuispat.com). The quarterly un-audited results and other pertinent communiqués pursuant to the requirements of the Listing Agreement are sent by fax as well as by courier, to the Bombay Stock Exchange and National Stock Exchange, where shares of the Company are listed.

## 9. GENERAL INFORMATION FOR SHAREHOLDERS.

### a. 13<sup>th</sup> Annual General Meeting:

Date and Time : Friday 28<sup>th</sup> September, 2007 at 10.00 A.M.

Venue : Khasra No. 841/1 (2-8) & 847 (2-16), Behind Rajasthan Petrol Pump, Village Rajokari, Vasant Vihar, New Delhi-110 038.

### b. Financial Calendar 2007-2008:

S. No.	Event	On or before
1.	Results for the 1 <sup>st</sup> Quarter ended 30 <sup>th</sup> June, 2007	30 <sup>th</sup> July, 2007
2.	Results for the 2 <sup>nd</sup> Quarter ended 30 <sup>th</sup> September, 2007	30 <sup>th</sup> October, 2007
3.	Results for the 3 <sup>rd</sup> Quarter ended 31 <sup>st</sup> December, 2007	30 <sup>th</sup> January, 2008
4.	Audited / Quarterly results for the financial year ended 31 <sup>st</sup> March, 2008	30 <sup>th</sup> June, 2008

### c. Book Closure Period: 22<sup>nd</sup> September, 2007 to 28<sup>th</sup> September, 2007 (both days inclusive)

### d. Listing on Stock Exchanges:

The shares of the Company are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The annual listing fees for the financial year 2007-2008 have been paid to these Stock Exchanges.

### e. Stock Code:

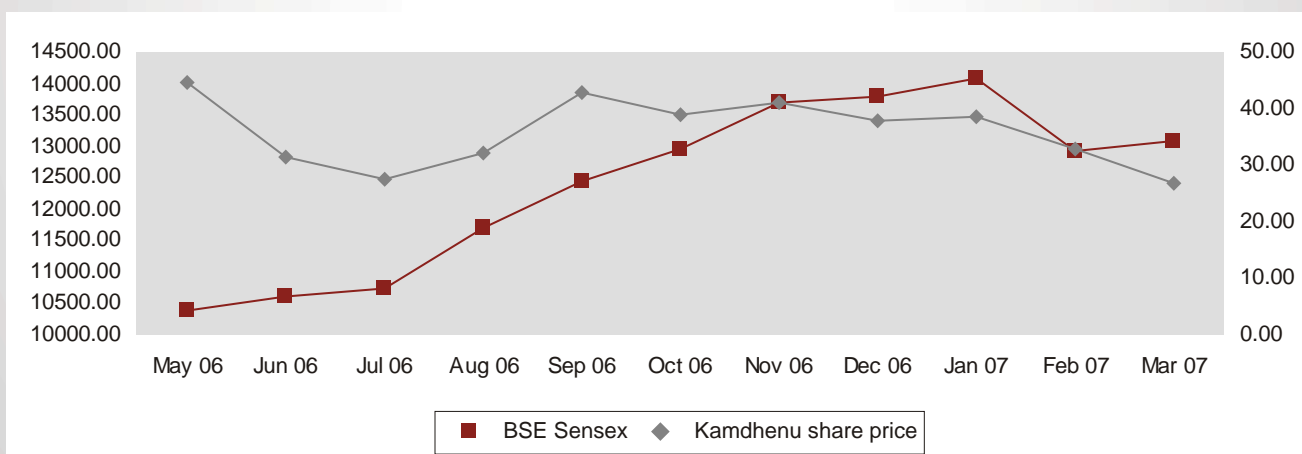
Bombay Stock Exchange Limited : 532741

National Stock Exchange of India Limited : KIL

### f. Stock Market Price data:

The monthly high and low quotations of shares traded on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, during the period under review are as follows:

MONTH	BSE		Volume (No.)	NSE		
	High (Rs.)	Low (Rs.)		High (Rs.)	Low (Rs.)	Volume (No.)
April, 2006	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
May, 2006	78.00	32.00	48867430	77.85	31.00	57114084
June, 2006	43.95	24.75	1749375	44.50	24.85	2362077
July, 2006	33.00	25.50	609649	33.15	25.50	1089609
August, 2006	37.15	27.10	698027	36.65	27.05	1063088
September, 2006	43.95	31.35	1176541	44.30	31.45	2101490
October, 2006	49.10	38.65	845891	49.85	38.70	1261544
November, 2006	40.90	32.30	561383	40.65	32.15	684394
December, 2006	44.45	33.15	1377485	44.50	33.00	1182824
January, 2007	45.00	37.00	1546633	44.40	37.00	1503538
February, 2007	39.00	27.15	387268	38.85	31.20	463534
March, 2007	33.80	25.05	386413	38.00	25.00	494755

Source: [www.bseindia.com](http://www.bseindia.com), [www.nseindia.com](http://www.nseindia.com)

(Based on month ended closing price of Kamdhenu on BSE and month ended BSE Sensex)

## g. Registrar and Share Transfer Agents:

M/s Karvy Computershare (P) Limited is the Registrar and Share Transfer Agent of the Company in respect of shares held in physical and de-mat form.

M/s Karvy Computershare (P) Limited

Street No. 1, Banjara Hills, Hyderabad-500034

Tel: 91-40-2331 2454/23320251/751, Fax: 91-40-2331 1968, E-mail: [mailmanager@karvy.com](mailto:mailmanager@karvy.com)

## h. Share Transfer System:

The Company has a Share Transfer & Investor Grievance Committee to look in to various issues relating to the investors including share transfer/transmission, duplicate refund orders etc. This Committee of the Board of Directors of the Company meets normally on monthly basis.

M/s Karvy Computershare Private Limited (RTA) process the share transfer/transmission and the share transfers/transmission in the physical form are approved by the Share Transfer & Investor Grievance Committee.

i. Distribution of Shareholding as at 31<sup>st</sup> March, 2007

Distribution of Shares (Amount)	No. of Shareholders	% to total no. of shareholders	No. of Shares held	% to total share Capital
1 - 5000	11247	87.73%	2040232	10.73%
5001 - 10000	889	6.93%	720666	3.79%
10001 - 20000	326	2.54%	520592	2.74%
20001 - 30000	93	0.73%	239112	1.26%
30001 - 40000	50	0.39%	181810	0.96%
40001 - 50000	39	0.30%	184582	0.97%
50001 - 100000	87	0.68%	633005	3.33%
100001 & Above	89	0.69%	14491067	76.22%
<b>Total</b>	<b>12820</b>	<b>100%</b>	<b>19011066</b>	<b>100.00%</b>

j. Shareholding Pattern as at 31<sup>st</sup> March, 2007

Category	No. of Shares	% of Paid up Capital
Promoters Group Holding		
Kamdhenu Overseas Private Limited	1770000	9.31
Kamdhenu Industries Limited	829700	4.36
Kamdhenu Cement Industries Limited	200000	1.05
Satish Kumar Agarwal & Sons (HUF)	365900	1.92
Pradeep Kumar Agarwal & Sons (HUF)	358600	1.89
Sunil Kumar Agarwal & Sons (HUF)	300280	1.58
Shailender Kumar Agarwal & Sons (HUF)	50000	0.26
Satish Kumar Agarwal	577122	3.04
Radha Agarwal	383100	2.02
Saurabh Agarwal	276500	1.45
Sachin Agarwal	277280	1.46
Priyanka Agarwal	231129	1.22
Shivani Agarwal	103029	0.54
Pradeep Kumar Agarwal	533914	2.81
Geeta Agarwal	549700	2.89
Achin Agarwal	210920	1.11
Kartik Agarwal	138400	0.73
Sunil Kumar Agarwal	510214	2.68
Sarita Agarwal	597700	3.14
Shatul Agarwal	307700	1.62
Ishita Agarwal	145716	0.77
Somya Agarwal	144660	0.76
Ayush Agarwal	90600	0.48
Shreya Agarwal	61900	0.33
Shafali Agarwal	701942	3.69
<b>Total Promoters Group Holding</b>	<b>9716006</b>	<b>51.11</b>
Mutual Funds	2272448	11.95
Banks/Financial Institutions/Insurance Companies	NIL	NIL
FII's	NIL	NIL
Private Corporate Bodies	2093703	11.01
Indian Public	4910570	25.83
NRI's	18339	0.10
<b>Total</b>	<b>19011066</b>	<b>100.00</b>





k. De-materialisation of Shares & liquidity

Equity shares of your company are in compulsory de-mat settlement mode and can be traded only in de-mat form. Except 538547 (2.83%) equity shares out of total issued capital of the Company, all the shares of the Company are in de-mat form.

International Securities Identification Number (ISIN) allotted to the Company by NSDL and CDSL is : INE 390H01012

l. Plant location

A-1114, RIICO Industrial Area, Phase-III, Bhiwadi -301019 (Raj)

m. Outstanding GDRs/ADRs/Warrants/Options/FCCBs

The Company has allotted 2200000 (Twenty two Lacs) warrants at Rs. 35.50 per warrant (including premium of Rs. 25.50 per warrant) convertible into equal number of equity share of the Company on 29<sup>th</sup> May, 2007. These warrants are still to be converted into equity shares of the Company.

n. Address for Correspondence

KAMDHENU ISPAT LIMITED,

A-1114, RIICO INDUSTRIAL AREA, PHASE III, BHIWADI -301019 (RAJ)

PH-01493-220913, 221753, FAX-01493-223162, Email: kamdhenu@kamdhenuispat.com

# 10. CODE OF CONDUCT:

As per the requirement of the Listing Agreement, the Company has formulated Code of Conduct for the Board members and senior management personnel of the Company so that the Company's business be conducted in an efficient and transparent manner without having any conflict of personal interests with the interests of the Company. All Board members and senior management personnel have affirmed compliance with the Code of Conduct.

## Declaration by the Chairman & Managing Director

It is hereby declared that the Company has obtained from each individual member of the Board of Directors and the Senior Management confirming that none of them has violated the conditions of the said Code of Conduct.

For Kamdhenu Ispat Limited,

(Satish Kumar Agarwal)  
Chairman & Managing Director

# 11. COMPANY SECRETARIES' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

## To the members of

## Kamdhenu Ispat Limited

We have examined the compliance of conditions of Corporate Governance by Kamdhenu Ispat Limited ("the Company") for the year ended on March 31, 2007, as stipulated in clause 49 of the listing agreement of the Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, 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 information and explanation provided to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid Listing Agreement.

We state that in respect of the investor grievances received during the year ended 31<sup>st</sup> March 2007, no investor's grievances are remaining unattended/pending for a period exceeding one month as per the records placed before the Shareholders'/Investors' Grievance Committee.

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 the affairs of the Company.

Date : 27.6.2007

Place : Delhi

Amit Agrawal & Associates  
(Company Secretaries)

(Amit Agrawal)  
Proprietor  
FCS. 5311 CP No. 3647

## AUDITORS' REPORT

### TO THE MEMBERS OF KAMDHENU ISPAT LIMITED

We have audited the attached Balance Sheet of **KAMDHENU ISPAT LIMITED** as at 31<sup>st</sup> March, 2007 and the Profit and 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.

1. 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.
2. As required by Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Govt. of India in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 & 5 of the said order, to the extent applicable.
3. Further to our comments in the annexure referred to in paragraph 2 above we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books;
  - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts;
  - (d) In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report have been prepared in compliance with the Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act., 1956, to the extent applicable;
  - (e) On the basis of written representation received from the Directors as on 31<sup>st</sup> March, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2007 from being appointed as a Director in terms of section 274(1)(g) of the Companies Act. 1956;
  - (f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with the Schedule 23 of "Significant Accounting Policies and Notes to Accounts, 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 31<sup>st</sup> March, 2007;
    - (ii) In the case of the Profit & Loss Account of the Profit of the Company for the year ending on 31<sup>st</sup> March, 2007; and
    - (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For S. SINGHAL & CO.**  
**Chartered accountants**

**(R.K.Gupta)**  
**PARTNER**  
M.No. 073846

**Dated: 27.06.2007**  
**Place : Gurgaon**

## ANNEXURE TO AUDITORS' REPORT

### Referred to in paragraph 2 of our report of even date

1. In respect of its Fixed Assets
  - a. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
  - b. According to the information & explanation given to us, the fixed assets has been physically verified by the management during the year in a phased programme which in our opinion, is reasonable having regard to the size of the company and the nature of the assets. No material discrepancies were noticed on such verification.
  - c. The fixed assets disposed off during the year, in our opinion do not constitute substantial part of the fixed assets. However, the company sold the land at Orrisa and winding up the project due to non allotment of mines. The going concern status of the Company is not affected.
2. In respect of its Inventory
  - a. As explained to us, inventories have been physically verified by the management at reasonable intervals during the year.
  - b. In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory 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 and according to information & explanation given to us, The Company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
  - a. The company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - b. Because the company has not given or taken any loan to/from the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 hence sub clause b,c,d,e,f,g of clause (iii) of paragraph of 4 of CARO (amendment 2004) are not applicable.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. In respect of transactions covered under Section 301 of the Company Act, 1956.
  - a. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered in the register, maintained under the said section have been so entered.
  - b. In our opinion and according to the information and explanation given to us, the transactions exceeding the value of Rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, where such prices are available.
6. In our opinion and according to the information & explanation given to us, the company has not accepted deposits from public within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed there under.
7. In our opinion and according to the information and explanation given to us, the Company has an internal Audit system commensurate with the size and nature of its business.
8. In our opinion the cost records maintained by the company are general manner as prescribed by the Central Government U/s 209(1)(d) of the Companies Act, 1956 for the product of the Company. We have however not made a detailed examination of the records.



9. In respect of Statutory dues:

- a. According to the records of the Company, undisputed statutory dues including Provident Fund, Employee State Insurance, Income Tax, Sales tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanation given to us, no undisputed amount payable in respect of the aforesaid dues were outstanding as at 31st March, 2007 for a period of more than six months from the date of becoming payable.
- b. The disputed statutory dues aggregating to Rs. 182.38 Lacs, were demanded and their against Rs 45.84 Lacs has been deposited under protest, on account of matters pending before appropriate authorities are as under :

Sr. No.	Name of the Statute	Nature of the Dues	Forum where dispute is pending	Amount (Rs. in Lacs)
1.	Income Tax Act	Income Tax	CI T ( Appeals)	21.32
2.	Central Excise Act	(i) Excise Duty (ii) Service Tax	CESTAT CESTAT	114.37 9.58
3.	Central Sales Tax Act and Sales Tax Act of various States	Sales Tax	Dy. Comm.(Appeal) Rajasthan Tax Board	37.11

- 10 The Company has no accumulated Losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- 11 Based on our audit procedure and according to the information and explanations given to us , we are of the opinion that the company has not defaulted in repayment of dues to financial institution or banks. The company has not issued any debenture.
- 12 In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
- 13 In our opinion, the company is not a chit fund or a nidhi /mutual benefit fund/ society. Therefore the provisions of clause (xiii) of the Companies (Auditors Report) (Amendment Order, 2004) are not applicable to the company.
- 14 The company is not dealing or trading in shares, securities, debentures and other investments.
- 15 According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16 The term loans have been applied for the purpose for which they were raised.
17. According to the information and explanation given to us and an overall examination of the balance sheet of the company, we are of the opinion that there no funds raised on short term basis that have been used for long term investment.
18. According to the information and explanations given to us and in our opinion during the year the company has not made any preferential allotment of shares to parties & companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. No debentures has been issued by the company during the year. Accordingly clause 4(xix) of the Order is not applicable.
20. We have verified the end use of money raised through Initial Public Offer (IPO) and the same has been disclosed in note no 2 of the Schedule 23.
21. According to the information and explanation given to us, no fraud on or by the company has been noticed and reported during the year.

**For S. SINGHAL & CO.**  
**Chartered Accountants**

**Date: 27.06.2007**  
**Place: Gurgaon**

**(R.K.Gupta)**  
**PARTNER**  
**M.No 073846**





### BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2007

SCHEDULE		2006-07 Amount in Rs.	2005-06 Amount in Rs.
<b>I SOURCES OF FUNDS</b>			
A. SHAREHOLDERS' FUNDS:			
(a) Share Capital	1	190,110,660	153,978,160
(b) Reserve & Surplus	2	347,069,830	65,291,373
		<b>537,180,490</b>	<b>219,269,533</b>
B. LOAN FUNDS:			
(a) Secured Loans	3	84,752,640	28,257,454
(b) Unsecured Loans	4	33,615,148	22,213,814
		<b>118,367,788</b>	<b>50,471,268</b>
C. DEFERRED TAX LIABILITY		<b>28,150,680</b>	<b>7,900,781</b>
<b>TOTAL</b>		<b>683,698,958</b>	<b>277,641,582</b>
<b>II APPLICATION OF FUNDS</b>			
A. FIXED ASSETS	5		
Gross Block		169,879,960	104,807,626
Less: Depreciation		43,283,118	34,263,308
Net Block		<b>126,596,842</b>	<b>70,544,318</b>
Capital work in progress		3,077,620	601,350
		<b>129,674,462</b>	<b>71,145,668</b>
B. INVESTMENTS	6	<b>41,311,000</b>	<b>12,010,000</b>
C. CURRENT ASSETS, LOANS & ADVANCES			
(a) Inventories	7	43,177,649	21,668,608
(b) Sundry Debtors	8	335,083,010	190,402,064
(c) Cash & Bank Balances	9	44,514,418	18,094,695
(d) Loans & Advances	10	291,313,876	112,957,133
		<b>714,088,953</b>	<b>343,122,500</b>
Less : Current Liabilities & Provisions	11	204,752,676	160,012,777
<b>NET CURRENT ASSETS</b>		<b>509,336,277</b>	<b>183,109,723</b>
D. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	12	<b>3,377,219</b>	<b>11,376,191</b>
<b>TOTAL</b>		<b>683,698,958</b>	<b>277,641,582</b>
Significant Accounting Policies & Notes to the Accounts 23			

In terms of our report of even date

For **S.SINGHAL & Co.**  
Chartered Accountants

(Satish Kumar Agarwal)  
Chairman & Managing Director

(Sunil Kumar Agarwal)  
Whole Time Director

(R.K.Gupta)  
Partner  
M.NO.073846  
Date : 27.06.2007  
Place : Gurgaon

(Harish Kumar Agarwal)  
Chief Financial Officer

(Sanjeev Kumar Bajaj)  
Company Secretary

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2007

SCHEDULE		2006-07 Amount in Rs.	2005-06 Amount in Rs.
<b>INCOME</b>			
Gross Sales	13	3,115,989,634	1,376,478,640
Less:- Excise Duty		<u>230,701,581</u>	<u>170,176,352</u>
Net Sales		<b>2,885,288,053</b>	<b>1,206,302,288</b>
Income from Royalty	14	79,849,238	39,484,291
Other Income	15	9,481,968	3,214,327
Increase/(Decrease) in Stocks	16	6,169,372	(6,613,561)
<b>TOTAL</b>		<b>2,980,788,631</b>	<b>1,242,387,345</b>
<b>EXPENDITURE</b>			
Cost of Materials	17	2,541,534,296	968,425,125
Manufacturing Expenses	18	166,391,868	150,355,933
Personnel Cost	19	15,545,862	5,899,435
Administrative & Other Expenses	20	23,203,192	15,391,656
Selling & Distribution Expenses	21	43,986,982	47,038,077
Financial Expenses	22	7,831,589	6,866,943
Depreciation	5	11,205,726	7,319,487
Miscellaneous Expenses Written off	12	953,880	944,002
<b>TOTAL</b>		<b>2,810,653,395</b>	<b>1,202,240,658</b>
<b>PROFIT BEFORE TAX</b>		<b>170,135,236</b>	<b>40,146,687</b>
<b>Less : Tax Expense</b>			
(a) Current Tax	37,135,093		14,352,323
(b) Deffered Tax	20,249,899		(218,953)
(c) Fringe Benefit Tax	<u>409,688</u>		<u>311,485</u>
Total Tax Expenses		<b>57,794,680</b>	<b>14,444,855</b>
<b>PROFIT AFTER TAX</b>		<b>112,340,556</b>	<b>25,701,832</b>
Less : Prior period Adjustment		<b>33,000</b>	<b>110,061</b>
<b>PROFIT FOR THE YEAR</b>		<b>112,307,556</b>	<b>25,591,771</b>
Add: Profit Brought Forward from last year		<b>51,925,385</b>	<b>26,333,614</b>
<b>Profit Carried to Reserves &amp; Surplus</b>		<b>164,232,941</b>	<b>51,925,385</b>
Earning Per Shares (Ref note no 13 of sch.23)		<b>6.22</b>	<b>4.38</b>
Significant Accounting Policies & Notes to the Accounts 23			

In terms of our report of even date

**For S.SINGHAL & Co.**  
Chartered Accountants

(Satish Kumar Agarwal)  
Chairman & Managing Director

(Sunil Kumar Agarwal)  
Whole Time Director

(R.K.Gupta)  
Partner  
M.NO.073846

(Harish Kumar Agarwal)  
Chief Financial Officer

(Sanjeev Kumar Bajaj)  
Company Secretary

Date : 27.06.2007  
Place : Gurgaon

	2006-07 Amount in Rs.	2005-06 Amount in Rs.
<b>SCHEDULE-1</b>		
<b>SHARE CAPITAL</b>		
(a) AUTHORISED SHARE CAPITAL		
30,000,000 Equity Shares of Rs. 10/- each	<b>300,000,000</b>	<b>300,000,000</b>
(b) ISSUED, SUBSCRIBED & PAID UP		
1,90,11066 (Previous year 62,11,066)	<b>190,110,660</b>	62,110,660
Equity Shares of Rs. 10/- each fully paid		
(c) Share Application Money (Promoters' contribution in IPO)	-	91,867,500
<b>TOTAL</b>	<b>190,110,660</b>	<b>153,978,160</b>
<b>SCHEDULE-2</b>		
<b>RESERVE &amp; SURPLUS</b>		
Security Premium Account :		
As per last balance sheet	13,365,990	-
Add:-Received during the year	192,000,000	13,365,990
<b>TOTAL</b>	205,365,990	13,365,990
Less:-Expenses on Issue of Shares written off	22,529,101	-
Balance in Profit & Loss Account	164,232,941	51,925,383
<b>TOTAL</b>	<b>347,069,830</b>	<b>65,291,373</b>
<b>SCHEDULE-3</b>		
<b>SECURED LOANS</b>		
<b>Term Loans from :</b>		
#State Bank of Bikaner & Jaipur	8,771,964	14,033,000
*State Bank of Bikaner & Jaipur (Wind Mill)	42,000,000	-
Interest Accrued & due on Term Loan	476,755	117,183
*ICICI Bank Limited (Vehicle Loans)	3,186,525	675,537
<b>Working Capital Loan from:</b>	30,317,397	13,431,734
#State Bank of Bikaner & Jaipur		
<b>TOTAL</b>	<b>84,752,640</b>	<b>28,257,454</b>
# Term Loans & Working Capital Loan form State Bank Bikaner & Jaipur are secured by way of :		
(a) Hypothecation of stocks, book debts and other current assets of the company present & further		
(b) Equitable mortgage of plot of land situated at A-1112, R.I.A.Bhiwadi.		
(c) First charge over the immovable assets including equitable mortgage of land and building at plot no. A -1114, R.I.A. Bhiwadi		
(d) First charge over the wind mill project		
(e) Personal guarantee of promoter directors.		
* Term Loans from ICICI Bank Ltd are secured against hypothecation of vehicles		
<b>SCHEDULE-4</b>		
<b>UNSECURED LOANS</b>		
Security form Dealers/Customers	33,615,148	20,674,613
Inter Corporate Loans	-	1,539,201
<b>TOTAL</b>	<b>33,615,148</b>	<b>22,213,814</b>

**SCHEDULE-5  
FIXED ASSTES**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	ORIGINAL COST AS AT 01.04.2006	ADDITIONS DURING THE YEAR	DEDUCTION / ADJUSTMENT DURING THE YEAR	TOTAL AS AT 31.03.2007	UPTO 31.03.2006	FOR THE YEAR	ADJUST-MENT/ TFD. TO PRE- OPERATIVE	DEDUCTION / ADJUSTMENT DURING THE YEAR	UPTO 31.03.2007	AS AT 31.03.2007	AS AT 31.03.2006
Land	7,496,926	-	-	7,496,926	-	-	-	-	-	7,496,926	7,496,926
Flat	-	3,000,000	-	3,000,000	-	-	-	-	-	3,000,000	-
Building (Factory)	8,787,810	-	-	8,787,810	1,777,946	293,513	-	-	2,071,459	6,716,351	7,009,864
Building (Adm.)	2,730,968	-	573,330	2,157,638	367,224	35,476	-	88,460	314,240	1,843,398	2,363,744
Plant & Machinery	62,294,700	7,927,365	-	70,222,065	26,625,774	4,797,818	-	-	31,423,592	38,798,473	35,668,926
Wind Power Plant (1.25 MW)	-	60,361,074	-	60,361,074	-	3,129,215	-	-	3,129,215	57,231,859	-
Rolling Mill Rolls #	2,002,372	1,654,870	2,002,372	1,654,870	1,184,077	1,673,629	-	2,002,372	855,334	799,536	818,295
Office Equipments	3,041,029	863,009	-	3,904,038	1,369,325	303,317	-	-	1,672,642	2,231,396	1,671,704
Furniture & Fixture	550,501	36,021	-	586,522	108,199	36,597	-	-	144,796	441,726	442,302
Vehicles	7,082,956	4,603,696	491,972	11,194,680	2,627,196	904,236	-	91,170	3,440,262	7,754,418	4,455,760
Lab Equipment	389,337	-	-	389,337	202,689	28,889	-	-	231,578	157,759	186,648
<b>Orissa Account</b>											
Land	10,312,526	27,900	10,215,426	125,000	-	-	-	-	-	125,000	10,312,526
Admn. Building	118,501	-	118,501	-	878	3,036	-	3,914	-	-	117,623
<b>TOTAL</b>	<b>104,807,626</b>	<b>78,473,935</b>	<b>13,401,601</b>	<b>169,879,960</b>	<b>34,263,308</b>	<b>11,205,726</b>	<b>-</b>	<b>2,185,916</b>	<b>43,283,118</b>	<b>126,596,842</b>	<b>70,544,318</b>
Previous Year	96,779,804	11,745,686	3,717,864	104,807,626	28,865,604	7,319,487	54,452	1,976,235	34,263,308	70,544,318	67,914,200
<b>Capital Work-in-Progress##</b>	<b>601,350</b>	<b>3,077,620</b>	<b>601,350</b>	<b>3,077,620</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,077,620</b>	<b>601,350</b>
Previous Year	1,180,750	601,350	1,180,750	601,350	-	-	-	-	-	601,350	1,180,750
<b>Grand Total</b>	<b>105,408,976</b>	<b>81,551,555</b>	<b>14,002,951</b>	<b>172,957,580</b>	<b>34,263,308</b>	<b>11,205,726</b>	<b>-</b>	<b>2,185,916</b>	<b>43,283,118</b>	<b>129,674,462</b>	<b>71,145,668</b>
Previous Year	97,960,554	12,347,036	4,898,614	105,408,976	28,865,604	7,319,487	54,452	1,976,235	34,263,308	71,145,668	69,094,950

# Being the amount of Rolling Mill Rolls discarded on which 100% depreciation has been availed.

## Capital in work in progress includes of Rs.25 Lacs advance for Furnishing of New Corporate Office at Gurgaon.

	2006-07 Amount in Rs.	2005-06 Amount in Rs.
<b>SCHEDULE-6 INVESTMENTS</b>		
<b>NON-TRADE:</b>		
NSC	10,000	10,000
<b>TRADE:</b>		
Capital in Partnership firm with M/s S.R.Ferro Alloys	2,000,000	2,000,000
12,40,100 Equity shares of Rs 10/- each fully paid up in M/s Kali Metals (P) Ltd., (unquoted)	12,401,000	10,000,000
7,00,000 Equity shares of Rs 10/- each fully paid up in APS Buildcon (P) Limited(unquoted)	7,000,000	-
10,00,000 Equity shares of Rs 10/- each fully paid up of M/s Bankey Bihari Ispat (P) Ltd., (unquoted)	10,000,000	-
99,000 Equity shares of Rs 10/- each fully paid at a premium of Rs.90/- of M/s Fortune Metal (P) Ltd., (unquoted)	9,900,000	-
<b>TOTAL</b>	<b>41,311,000</b>	<b>12,010,000</b>
<b>SCHEDULE-7 INVENTORIES</b>		
(As taken, valued and certified by the Management)		
Raw Materials	23,111,086	7,409,155
Stock in Process	919,400	800,538
Finished Goods	10,577,809	6,048,906
Stores, Spares, Fuel & Packing Materials	4,794,171	5,082,065
Waste, Scraps & Runner Risers	2,290,238	588,631
Misc. Scrap (P&M)	704,550	884,550
Stock of Goods Traded in	780,395	854,763
<b>TOTAL</b>	<b>43,177,649</b>	<b>21,668,608</b>





	2006-07 Amount in Rs.	2005-06 Amount in Rs.
<b>SCHEDULE-8</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured considered good unless otherwise stated)		
Outstanding for more than six months	89,681,124	19,450,008
Others	245,401,886	170,952,055
<b>TOTAL</b>	<b>335,083,010</b>	<b>190,402,063</b>
<b>SCHEDULE-9</b>		
<b>CASH &amp; BANK BALANCE</b>		
Cash in hand	2,123,071	1,135,705
Balance with scheduled Banks :		
In Fixed Deposit	25,714,771	559,000
Interest accrued on Fixed Deposit	23,925	11,925
In Current Accounts	16,652,651	16,388,065
<b>TOTAL</b>	<b>44,514,418</b>	<b>18,094,695</b>
<b>SCHEDULE-10</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unsecured considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	17,540,066	8,032,604
WC Advance for Stock yards	219,372,340	79,458,652
Security Deposit	16,664,256	11,645,584
Balance with Excise Department	4,588,347	3,027,485
Advance Income Tax & TDS Recoverable	33,148,867	10,792,808
<b>TOTAL</b>	<b>291,313,876</b>	<b>112,957,133</b>
<b>SCHEDULE-11</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
Sundry Creditors	80,645,710	107,229,887
Advances from Customers	71,847,956	23,017,045
Expenses Payable & Other Liabilities	14,684,783	15,390,720
Provision for Income Tax & FBT	37,544,781	14,352,323
Provision for Wealth Tax	29,446	22,802
<b>TOTAL</b>	<b>204,752,676</b>	<b>160,012,777</b>
<b>SCHEDULE-12</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
a) Authorised Share Capital Increasing Expenses	1,332,200	1,686,300
b) Public Issue Expenses	22,529,101	7,045,092
c) Preliminary & Pre-operative Expenses	2,998,899	2,998,899
d) Deferred Revenue Expenses	-	589,902
<b>Total</b>	<b>26,860,200</b>	<b>12,320,193</b>
Less: Miscellaneous Expenses written off	953,880	944,002
Less: Public Issue Expenses transferred to Security Premium A/c	22,529,101	-
<b>TOTAL</b>	<b>3,377,219</b>	<b>11,376,191</b>
<b>SCHEDULE-13</b>		
<b>SALES</b>		
Finished Goods	1,601,759,799	1,171,501,709
Waste & Scrap and Runner Risers	23,511,331	38,356,706
Goods Traded through Stockyards/Branches	1,490,718,504	166,620,225
<b>TOTAL</b>	<b>3,115,989,634</b>	<b>1,376,478,640</b>

	2006-07 Amount in Rs.	2005-06 Amount in Rs.
<b>SCHEDULE-14</b>		
<b>INCOME FROM ROYALTY</b>		
Steel Segment	66,065,805	36,553,714
Cement Segment	10,219,641	2,930,577
Homz Segment	3,563,792	-
<b>TOTAL</b>	<b>79,849,238</b>	<b>39,484,291</b>
<b>SCHEDULE-15</b>		
<b>OTHER INCOME</b>		
Interest Received	7,113,494	464,298
Profit on sale of Flat at Bhiwadi	1,015,130	-
Commission received on Consignment	1,353,344	1,719,221
Compensation received from Customer	-	1,030,808
<b>TOTAL</b>	<b>9,481,968</b>	<b>3,214,327</b>
<b>SCHEDULE-16</b>		
<b>DECREASE IN STOCK</b>		
Closing Stock		
Finished Goods & Waste/Scrap	12,868,047	6,637,537
Stock in Process	919,400	800,538
Misc. Scrap (P&M)	704,550	884,550
<b>TOTAL</b>	<b>14,491,997</b>	<b>8,322,625</b>
Less: Opening Stock		
Finished Goods & Waste/Scrap	6,637,537	13,221,605
Stock in Process	800,538	927,931
Misc. Scrap (P&M)	884,550	786,650
	8,322,625	14,936,186
<b>TOTAL</b>	<b>6,169,372</b>	<b>(6,613,561)</b>
<b>SCHEDULE-17</b>		
<b>COST OF MATERIALS</b>		
(A) RAW MATERIALS		
Opening Stock	7,409,155	35,872,660
Add: Purchases	1,114,546,967	784,852,325
	<b>1,121,956,122</b>	<b>820,724,985</b>
Less: Closing Stock	23,111,086	7,409,155
<b>A</b>	<b>1,098,845,036</b>	<b>813,315,830</b>
(B) COST OF GOODS TRADED		
Opening Stock	854,763	2,164,481
Add: Purchases	1,442,614,892	153,799,577
	<b>1,443,469,655</b>	<b>155,964,058</b>
Less: Closing Stock	780,395	854,763
<b>B</b>	<b>1,442,689,260</b>	<b>155,109,295</b>
<b>TOTAL (A+B)</b>	<b>2,541,534,296</b>	<b>968,425,125</b>
<b>SCHEDULE-18</b>		
<b>MANUFACTURING EXPENSES</b>		
Power & Fuel charges	145,477,255	136,963,637
Stores & Spares	16,074,718	10,364,490
Repair & Maintenance (Plant & Machinery)	4,568,953	3,909,292
Increase/(Decrease) in Excise Duty on Stocks	270,943	(881,486)
<b>TOTAL</b>	<b>166,391,868</b>	<b>150,355,933</b>

	2006-07 Amount in Rs.	2005-06 Amount in Rs.
<b>SCHEDULE-19</b>		
<b>PERSONNEL COST</b>		
Salary, Wages, Gratuity, Overtime etc.	13,742,477	5,326,695
Contribution to Provident Fund	617,966	183,791
Contribution to Employee's State Insurance	177,614	80,552
Bonus & Ex-Gratia	1,007,805	308,397
<b>TOTAL</b>	<b>15,545,862</b>	<b>5,899,435</b>
<b>SCHEDULE-20</b>		
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Travelling & Conveyance	1,236,485	483,362
Directors' Remuneration	4,050,000	2,130,000
Keyman Insurance	2,278,164	2,278,164
Insurance Charges	646,652	683,520
Printing & Stationery	423,719	126,783
Postage & Courier Charges	458,995	205,773
Telephone Expenses	3,357,898	2,597,908
Auditors' Remuneration	125,000	95,000
Legal & Professional Charges	2,656,175	1,046,287
Miscellaneous Expenses	698,233	812,332
Vehicle Running & Maintenance	549,573	374,003
Rate, Fee & Taxes	5,70,351	18,70,880
Rent	33,99,262	15,07,050
Repair & Maintenance	428,113	90,553
Loss on sale of Assets	1,579,866	1,009,629
Compensation paid to Customer	150,000	-
Subscription & Membership Fees	410,019	57,610
Income Tax	155,241	-
Wealth Tax	29,446	22,802
<b>TOTAL</b>	<b>23,203,192</b>	<b>15,391,656</b>
<b>SCHEDULE-21</b>		
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
Advertisement	31,002,659	24,641,788
Commission on Sales	4,469,998	2,626,848
Freight & Forwarding Expenses	8,206,938	9,239,117
Sales Promotion	182,316	383,580
Packing Materials	125,071	186,789
Sales Tax Under Composition Scheme		9,959,955
<b>TOTAL</b>	<b>43,986,982</b>	<b>47,038,077</b>
<b>SCHEDULE-22</b>		
<b>FINANCIAL EXPENSES</b>		
Bank & Other Financial Charges	1,469,501	1,173,641
Interest on :		
Term Loans	3,113,712	2,219,013
Working Capital Loan	2,463,114	1,942,436
Others	785,262	1,531,853
<b>TOTAL</b>	<b>7,831,589</b>	<b>6,866,943</b>

## SCHEDULE-23

### SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS

#### A. SIGNIFICANT ACCOUNTING POLICIES

##### 1) Basis of Accounting

The financial statements are prepared under historical cost convention on a going concern basis in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956.

##### 2) Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amount reported in the financial statement and notes thereto. Differences between actual and estimates are recognized in the period in which they materialize.

##### 3) Fixed Assets

Fixed Assets are stated at cost. Cost includes installations charges and expenditures during the implementation period wherever applicable.

##### 4) Depreciation

Depreciation on fixed assets has been provided on straight-line method at the rate prescribed under Schedule XIV of the Companies Act, 1956 on pro-rata basis. However, Lease Hold Land at Bhiwadi (which is on 99 years lease basis) has not been amortised.

##### 5) Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

##### 6) Investment

Investments are of long term nature valued at cost. Profit & Loss is being accounted for on actual realization.

##### 7) Inventories

(a) Raw Materials, Stores & Spares, Packing Materials, Fuels, Finished Goods and Stock in process are valued at cost or net realizable value, whichever is less. (b) Wastes & Scrap and Runner & Riser are valued at net realizable value.

##### 8) Sales

Sales are stated net of sales returns.

##### 9) Revenue Recognition

- (i) Revenue from sales are recognized when title passes to the customers.
- (ii) Interest income is recognized on time proportion basis.
- (iii) Revenue from royalty are recognized as and when goods sold by the franchisee units.

##### 10) Excise Duty/ Cenvat

Excise Duty is accounted for on the basis of both payments made in respect of goods cleared and also provisions made for goods lying in stock. Cenvat claimed on plant & machinery is reduced from the cost of plant & machinery. Cenvat claimed on purchase of raw materials, input services and other materials reduced from the cost of such materials.

##### 11) Employee Retirement Benefit

- (i) Company's contribution to Provident Fund and Employee State Insurance are charged to Profit & Loss Account.
- (ii) Liability of gratuity has been provided for those employees who has been completed five years of their services.

##### 12) PROVISIONS FOR CURRENT AND DEFERRED TAX

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing difference" between book profit and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the date of balance sheet. The deferred tax liability is recognized and carried forward only to the extent that there is a reasonable certainty that the same will be realized in future.

##### 13) Miscellaneous Expenditure

Preliminary & Pre-Operative and Authorised Share Capital increase expenses will be written off over a period of five years. Expenses on Issue of Shares are being adjusted against Security Premium Account as allowed U/s 78 of the Companies Act, 1956.

##### 14) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are 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 not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.



## B. NOTES TO THE ACCOUNTS

- 1) The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Accordingly, amounts and other disclosure 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.
- 2) During the April, 2006 the Company entered into the capital market with its Initial Public Offer (IPO) with 128 Lacs equity shares of Rs.10/- each issued at a price of Rs.25/- each (including premium of Rs.15/- each) amounting to Rs.32 Crores. Promoter's brought their contribution of Rs.918.68 Lacs in the previous financial year 2005-06. The status of deployment of IPO funds are given below :-

	Deployment in Current Year (Rs in Lacs)	Deployment in Previous Year (Rs in Lacs)
Working Capital	1,968.70	859.08
Public Issued Expenses	168.96	56.33
Miscellaneous Assets	1.37	0.41
Corporate office	42.00	-
FDR with Bank for corporate office	100.00	-
Balance with Bank	0.29	2.86
<b>Total</b>	<b>2,281.32</b>	<b>918.68</b>

- 3) The amount due to small scale industrial undertakings exceeding rupees one lac each party & outstanding exceeding 30 days is Rs. NIL (Previous year Rs.38.05 Lacs).
- 4) Some of the balances of sundry debtors, creditors, advances and unsecured loan as on 31.03.2007 are subject to confirmation.
- 5) So far only twenty eight employees have completed the qualifying period of service, under the provisions of Payment of Gratuity Act,1972, therefore accruing liability of Rs.3.29 Lacs (Previous Year Rs.3.26 Lacs) has been provided as on 31.03.2007. The estimated accrued amount of gratuity to the employees who have not yet completed qualifying period of service as on 31.3.2007 is worked out to Rs.3.23 Lac (Previous Year Rs. 0.59 Lac).
- 6) Auditors Remuneration includes fees in respect of:

	Rs in Lacs 2006-2007	Rs in Lacs 2005-2006
a) Statutory Audit	0.80	0.60
b) Tax Audit	0.30	0.23
d) Tax Matters	0.15	0.12
<b>Total</b>	<b>1.25</b>	<b>0.95</b>

- 7) Remuneration paid/payable to Managing/whole time directors during the year was Rs.40.50 Lacs (Previous Year Rs.21.30 Lacs). Perquisites to Managing/whole time directors were Rs.3 Lacs (Previous year Rs.1.50 Lacs)
- 8) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs 101 Lac (previous year NIL) net of advance.
- 9) Contingent liabilities on account of pending appeals of Income Tax, Excise Duty, Service Tax, Sales Tax assessment Rs.177.89 Lacs (Previous Year Rs.159.27 Lacs) have not been provided in the accounts.
- 10) Prior Period Items; Interest received includes Rs.4.64 Lacs received from Jaipur Vidyut Nigam Limited, on security which is related to earlier year but allowed by the department during the year and accounted for by the company during the year.
- 11) The company has commissioned 1.25 Mw Wind Power Project at Soda Mada, Jaisalmer (Rajasthan) and started power generation from 30<sup>th</sup> September, 2006. During the year under review, 665174 units has been invoiced to Rajasthan Power Procurement Center and got the adjustment of Rs. 24.12 Lacs in the regular electricity bills. Resultantly, Power & Fuel charges mentioned in manufacturing expenses of Schedule-18 has been reduced by Rs. 24.12 Lacs.
- 12) The Cash flow Statement has been prepared in accordance with the requirements of Accounting Standard-3 "Cash Flow Statement" issued by ICAI.

13) Calculation of EPS as per Accounting Standard-20 "Earning Per Share" issued by ICAI:

		2006-2007	2005-2006
Profit attributable to equity shareholders(Rs)	(A)	112,307,556	25,591,771
Nominal value per share (Rs)		10/-	10/-
Weighted number of Shares	(B)	18,064,217	5,847,316
Weighted Earning Per Share (Rs)	(A)/(B)	6.22	4.38

14) Deferred Tax Liabilities as per Accounting Standard -22 issued by ICAI:

	Amount in Rs As on 31.03.2007	Amount in Rs. As on 31.03.2006
<b>A. Deferred Tax Assets on</b>		
Provision for Gratuity & Other Items	366,674	62,309
<b>B. Deferred Tax Liabilities</b>		
Difference in WDV as per Income Tax Act and Companies Act.	28,517,354	7,963,090
<b>Net Deferred Tax (Liabilities) /Assets{A-B}</b>	(28,150,680)	(7,900,781)

15) As per Accounting Standard-17 "Segment Reporting" issued by ICAI, the Company has identified two reportable business segments viz. Sales (Construction Products) and Royalty. Segments have been identified and reported taking into account the nature of differing risk & returns and the internal business reporting systems. The accounting policies adopted for the segment reporting are in line with the accounting policy of the company with following additional policies for segment reporting:

- Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and Expenses which could not be allocable to a specific segment are being disclosed separately as un-allocable.
- Segment Assets and Segment Liabilities represent assets and liabilities in respective segment. Investments, tax related assets, other assets and liabilities that cannot be allocated to a segment on a reasonable basis have been disclosed as "Un-allocable".

Particular	Sales		Royalty		Unallocable		(Amount in Rs./Lacs) Total	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
<b>Segment Revenue</b>								
Turnover	31,159.90	13,764.79	798.49	394.84	-	-	31,958.39	14,159.63
Less: Excise Duty	2,307.02	1,701.76	-	-	-	-	2,307.02	1,701.76
Net Turnover	28,852.88	12,063.02	798.49	394.84	-	-	29,651.37	12,457.86
<b>Segment Result</b>								
Profit before Interest & tax	1,561.91	544.52	561.48	176.38	-	-	2,123.39	720.90
Less: Interest	-	-	-	-	63.62	56.93	63.62	56.93
Less: Un-allocated	-	-	-	-	358.42	262.50	358.42	262.50
<b>Net of Income</b>								
Profit before Tax							1,701.35	401.47
Tax Expenses								
Current Tax -	-	-	-	-	371.35	143.52	371.35	143.52
Deferred Tax	-	-	-	-	202.50	(2.19)	202.50	(2.19)
Fringe benefit tax	-	-	-	-	4.10	3.11	4.10	3.11
Net Profit after tax							1,123.40	257.02
Less:-Prior period Items					0.33	1.10	0.33	1.10
Profit for the year							1,123.07	255.92
-Segment Assets	7,821.63	3,952.35	291.70	129.48	771.92	294.71	8,884.52	4,376.54
-Segment Lib	2,028.93	1,581.82	19.33	18.31	-	-	2,047.53	1,600.13
Depreciation	112.06	73.19	-	-	-	-	112.06	73.19
-Non Cash Exps.	25.34	19.54	-	-	-	-	25.34	19.54

- 16) As per Accounting Standard-18 "Related Party Disclosures" issued by The Institute of Chartered Accountants of India, the disclosure of transactions with the related parties as defined in the Accounting Standard are given below:

Nature of Transactions	Key Mgt. Personnel		(Amount in Rs./Lacs) Others	
	2006-07	2005-06	2006-07	2005-06
<b>Remuneration to KMP:</b>				
Sh. Satish Kumar Agarwal	10.50	6.00	-	-
Sh. Pradeep Kumar Agarwal	10.50	6.00	-	-
Sh. Sunil Kumar Agarwal	10.50	6.00	-	-
Sh. Saurabh Agarwal	9.00	3.00	-	-
Sh. Sachin Agarwal	2.28	2.28	-	-
<b>Purchase of Goods:</b>				
M/s Raghuveer Metal Ind. Ltd.	-	-	548.19	91.24
M/s Kamdhenu Industries Ltd.	-	-	179.07	81.10
<b>Advance against Material:</b>				
Raghuveer Metal Ind. Ltd.	-	-	-	125.00
<b>Sales of Goods:</b>				
M/s Kamdhenu Overseas (P) Ltd.	-	-	49.18	84.99
<b>Rent:</b>				
Smt Geeta Agarwal	-	-	0.96	0.96
Sh. Pradeep Kumar Agarwal( HUF)	-	-	0.96	0.96

**Notes on related parties and description of relationship**

Nature of Relationship	Name of Related Parties
<b>Key Management Personnel</b>	Sh. Satish Kumar Agarwal, Chairman & Managing Director Sh. Pradeep Kumar Agarwal, Whole Time Director * Sh. Sunil Kumar Agarwal, Whole Time Director Sh. Saurabh Agarwal, Whole Time Director Sh. Sachin Agarwal, Whole Time Director **
<b>Relatives of Key Management Personnel</b>	Smt. Radha Agarwal, W/o Sh. Satish Kumar Agarwal Smt. Priyanka Agarwal, W/o Sh. Saurabh Agarwal Smt. Shivani Agarwal, W/o Sh. Sachin Agarwal Smt. Shafali Agarwal, W/o Late Shailender Kumar Agarwal Sh. Ayush Agarwal, S/o Late Shailender Kumar Agarwal Ms. Shreya Agarwal, D/o Late Shailender Kumar Agarwal Smt. Sarita Agarwal, W/o Sh. Sunil Kumar Agarwal Ms. Ishita Agarwal, D/o Sh. Sunil Kumar Agarwal Ms. Somya Agarwal, D/o Sh. Sunil Kumar Agarwal Ms. Shatul Agarwal, D/o Sh. Sunil Kumar Agarwal Smt. Geeta Agarwal, W/o Sh. Pradeep Kumar Agarwal Sh. Achin Agarwal, S/o Sh. Pradeep Kumar Agarwal Sh. Kartik Agarwal, S/o Sh. Pradeep Kumar Agarwal
<b>Related Companies and other Juristic Entities</b>	Kamdhenu Overseas Private Limited Kamdhenu Industries Limited Kamdhenu Cement Industries Limited Raghuveer Metal Industries Limited Satish Kumar Agarwal & Sons (HUF) Pradeep Kumar Agarwal & Sons (HUF) Sunil Kumar Agarwal & Sons (HUF) Shailender Kumar Agarwal & Sons (HUF)

\* Resigned on 14<sup>th</sup> April, 2007.

\*\* Son of Sh. Satish Kumar Agarwal, working as Technical Executive in F.Y. 2006-07 and appointed as Whole Time Director on 14<sup>th</sup> April, 2007.

17) As per Accounting Standard-28 "Impairment of Assets" issued by ICAI, there are no indication of overall impairment in assets and the need to make an estimation of recoverable amount does not arise.

18) Additional information pursuant to provisions of paragraph 3 & 4 of part II of Schedule VI of the Companies Act, 1956.

#### A. DETAILS OF LICENCED & INSTALLED CAPACITY AND ACTUAL PRODUCTION:

Name of the Product	CTD/ TMT BAR & INGOT	
	2006-2007	2005-2006
Licensed Capacity	N.A.	N.A.
*Installed Capacity HSD/TMT Bars	72,000	54,000
*Installed Capacity Ingot	22,500	22,500
#Actual Production (Bar)	64,273	49,159
#Actual Production (Ingot)	10,527	12,780

\* Installed capacity has been re-assessed by the management during the year after increasing the speed of finishing mill. It is certified by the management and being a technical matter relied upon by the Auditor.

# Actual production of Bars includes 1005 MT (Previous Year 1178 MT) of Waste & Scrap and Actual production of Ingot includes 610 MT (Previous Year 742 MT) of Runner & Risers.

#### B. VALUE OF OPENING STOCK, CLOSING STOCK AND TURNOVER OF GOODS PRODUCED:

Year	Particulars	Unit	Opening Stock	Closing Stock	Turnover
2006-07	Bar and Waste & Scrap	MT	280	542	64,011
		Rs. in Lac	64.02	118.06	16,142.31
	Ingot & Runner/Riser	MT	17	71	10,473
		Rs. in Lac	2.36	10.62	110.40
	Stock In Process	MT	50	50	NIL
		Rs. in Lac	8.01	9.19	-
2005-06	Bar and Waste & Scrap	MT	595	280	49,474
		Rs. in Lac	129.91	64.02	11,834.23
	Ingot & Runner/Riser	MT	14	17	12,777
		Rs. in Lac	2.31	2.36	264.35
	Stock In Process	MT	50	50	NIL
		Rs. in Lac	9.28	8.01	-

**Note :** 1 Quantity of Turnover of Bars & Waste & scrap included captive consumption of qty 101 MT (Previous Year 490 MT) of Waste & Scraps.

2 Quantity of Turnover of Ingot & Runner/Riser includes captive consumption of Ingot and Runner & Riser 9673 MT and 50 MT (Previous year 11550 MT & NIL) respectively.

#### C. DETAILS OF GOODS TRADED IN

Year	Particulars	Unit	Op. Stock	Purchase	Sales	Cl. Stock
2006-07	Bar & Others	MT	34	57,853	57,859	28
		Rs. in Lac	8.45	14,414.33	14,887.13	7.77
	P.O.P	MT	8	-	5	3
		Rs. in Lac	0.10	-	0.17	0.04
	Ferro & Others Alloys	MT	-	45	45	-
		Rs. in Lac	-	11.82	19.89	-
2005-06	Bar & Others	MT	-	5,891	5,857	34
		Rs. in Lac	-	1,370.32	1,447.34	8.45
	M S Scrap	MT	178	1,390	1,568	-
		Rs. in Lac	21.64	167.21	218.13	-
	P.O.P	MT	-	38	30	8
		Rs. in Lac	-	0.46	0.73	0.10
	Ferro & Others Alloys	MT	-	-	-	-
		Rs. in Lac	-	-	-	-



**D. DETAILS OF RAW MATERIAL CONSUMED**

	2006-2007		2005-2006	
	Qty in MT	Amt (Rs. In Lacs)	Qty in MT	Amt (Rs. In Lacs)
<b>M.S. INGOT/BILLETS</b>	65,261	9,580.24	50,309	6,435.07
<b>M.S. SCRAP/SPONGE</b>	11,929	1,408.21	15,010	1,698.09

- Note :-**
- 1 Qty of M.S.Ingot Consumption includes 9673 MT (Previous year 11550 MT) used as Captive Consumption
  - 2 Qty of MS Scrap/Sponge Consumption includes 50 MT(Previous Year NIL MT) of Runner & Riser and 101 MT (Previous Year 490 MT) of Waste & Scrap used as Captive Consumption.

**E. Value of imported and Indigenous Raw Materials, Stores & Spares consumed and percentage thereof:-**

Particulars	2006-2007		2005-2006	
	Amount (Rs. In Lacs )	%	Amount (Rs. In Lacs )	%
<b>Raw Material</b>				
Imported	NIL	0%	241.71	2.97%
Indigenous	10,988.45	100%	7,891.45	97.03%
<b>Store &amp; Spares</b>				
Imported	NIL	NIL	NIL	NIL
Indigenous	160.75	100%	103.64	100%

- F.** Expenditure on employees in respect of remuneration in the aggregating not less than Rs. 24,00,000/- P.A if employed through out the year or not less than Rs.2,00,000/- P.M., if employed for part of the Year is NIL (Previous Year NIL).

Schedule "1 to 23" form integral part of the Balance Sheet and Profit & Loss Account and have been duly authenticated as such.

Signature to Schedule "1 to 23"

In terms of our report of even date

**For S.SINGHAL & Co.**  
**Chartered Accountants**

**(Satish Kumar Agarwal)**  
**Chairman & Managing Director**

**(Sunil Kumar Agarwal)**  
**Whole Time Director**

**(R.K.Gupta)**  
**Partner**  
**M.NO.073846**  
**Date : 27.06.2007**  
**Place : Gurgaon**

**(Harish Kumar Agarwal)**  
**Chief Financial Officer**

**(Sanjeev Kumar Bajaj)**  
**Company Secretary**

## BALANCE SHEET AND COMPANY'S GENERAL BUSINESS PROFILE

(In term of amendment VI Part IV )

(i) **Registration Details**

Registration Number

1 3 4 2 8 2

State Code

5 5

Balance Sheet

3 1 0 3 2 0 0 7

Date

Month

Year

(ii) **Capital Raised During the Year ( Amount in Rs. Thousands )**

Public Issue

1 2 8 0 0 0

Bonus Issue

N I L

Right Issue

N I L

Private Placement

N I L

(iii) **Position of Mobilisation and Deployment of Funds ( Amount in Rs. Thousands )**
**Total Liabilities**

6 8 3 6 9 9

**Total Assets**

6 8 3 6 9 9

**Sources of Funds**

Paid - Up Capital (Inc. Share Appl. Money)

1 9 0 1 1 1

Secured Loans

8 4 7 5 3

Deferred Tax Liability (Net)

2 8 1 5 1

Reserve &amp; Surplus

3 4 7 0 6 9

Unsecured Loans

3 3 6 1 5

**Application of Funds**

Net Fixed Assets

1 2 9 6 7 5

Net Current Assets

5 0 9 3 3 6

Investment

4 1 3 1 1

Misc. Expenditure

3 3 7 7

(iv) **Performance of the Company ( Amount in ' 000 )**

Total Turnover/Income

2 9 8 0 7 8 9

Total Expenditure

2 8 1 0 6 5 4

+ -

Profit / Loss before Tax

+

1 7 0 1 3 5

+ -

+

Profit / Loss after Tax

1 1 2 3 4 1

Earning Per Share in Rs.

6 . 2 2

Dividend Rates %

N I L

Item Code No. ( ITC Code )

- 7 2 1 4 1 0 - 0 9

Product Description

C T D / T M T B A R / R O D S

Item Code No. ( ITC Code )

- 7 2 0 6 1 0 - 0 1

Product Description

M S I N G O T / B I L L E T

For S.SINGHAL & Co.  
Chartered Accountants

(Satish Kumar Agarwal)  
Chairman & Managing Director

(Sunil Kumar Agarwal)  
Whole Time Director

(R.K.Gupta)

Partner

M.NO.073846

Date : 27.06.2007

Place : Gurgaon

(Harish Kumar Agarwal)

Chief Financial Officer

(Sanjeev Kumar Bajaj)

Company Secretary

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2007

PARTICULAR	2006- 2007 Amount (Rs.)	2005- 2006 Amount (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	170,135,236	40,146,685
Adjustments for:		
Depreciation/Amortisation	11,205,726	7,319,487
Loss on sale of Fixed Assets	564,736	1,009,629
Preliminary & Capital Increasing Exps w/off	953,880	944,002
Interest received	(7,113,494)	(464,298)
<b>Operating Profit before Working Capital Changes</b>	<b>175,746,083</b>	<b>48,955,505</b>
Adjustments for:		
Trade & Other Receivables	(323,037,690)	(62,836,721)
Inventories	(21,509,041)	35,894,162
Trade Payables & Other Liabilities	44,739,899	(42,928,139)
<b>Cash Used/Generation from Operation</b>		
Interest & Finance Charges	7,831,589	6,866,943
Direct Taxes Paid	(37,544,781)	(14,663,808)
<b>Cash Flow before Exceptional Items</b>	<b>(153,773,941)</b>	<b>(28,712,058)</b>
Excess Provision written back	(33,000)	(110,061)
<b>Net Cash/(Used in) from Operating Activities (a)</b>	<b>(153,806,941)</b>	<b>(28,822,119)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(80,950,205)	(11,166,286)
Sale of Fixed Assets	10,650,950	732,000
Investments	(29,301,000)	(12,000,000)
Preliminary & Pre-Operative Expenses paid	-	(1,332,893)
Interest Received	7,113,494	464,298
<b>Net Cash (used in)/from Investing Activities (b)</b>	<b>(92,486,761)</b>	<b>(23,302,881)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest & Finance Charges	(7,831,589)	(6,866,943)
Proceed from issue of Share Capital	36,132,500	8,910,660
Share Application Money Received	-	69,590,850
Security premium received	192,000,000	13,365,990
Long Term Borrowings/Repayments (Net)	39,609,524	(6,845,814)
Short Term Borrowings/Repayments (Net)	16,885,663	(3,796,520)
(Repayment)/Received of Unsecured Loan	11,401,334	(5,847,074)
Authorised Share Capital Increase Expenses	-	(1,560,000)
Public Issue Exps	(15,484,008)	(7,045,092)
<b>Net Cash (used in )/from Financing Activities (c)</b>	<b>272,713,423</b>	<b>59,906,057</b>
<b>Net Change in Cash &amp; Cash Equivalents (a+b+c)</b>	<b>26,419,722</b>	<b>7,781,057</b>
<b>Cash &amp; Cash Equivalents (Opening Balance)</b>	<b>18,094,696</b>	<b>10,313,639</b>
<b>Cash &amp; Cash Equivalents (Closing Balance)</b>	<b>44,514,418</b>	<b>18,094,696</b>

For S.SINGHAL & Co.  
Chartered Accountants

(Satish Kumar Agarwal)  
Chairman & Managing Director

(Sunil Kumar Agarwal)  
Whole Time Director

(R.K.Gupta)  
Partner  
M.NO. 073846  
Date : 27.06.2007  
Place : Gurgaon

(Harish Kumar Agarwal)  
Chief Financial Officer

(Sanjeev Kumar Bajaj)  
Company Secretary



देश की शान



जिसे मानेगा सारा संसार



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