# *Kanishk Steel Industries Limited*

**BOARD OF DIRECTORS**

| | |
|---|---|
| Shri Ravi Gupta | Chairman & Managing Director |
| Shri Ashok Bohra | Whole Time Director |
| Shri K.S. Venkatagiri | Director |
| Dr. Pravin Kumar Aggarwal | Director |

**REGISTERED OFFICE**

B27(M) SIPCOT Industrial Complex,
Gummidipoondi Thiruvallur District
Tamilnadu 601 201

**BANKERS**

State Bank of Indore, Broadway, Chennai - 108
State Bank of Patiala, Whites Road, Chennai - 6
Corporation Bank, G.T. Branch, Chennai - 1

**ADMINISTRATIVE OFFICE**

26, Mooker Nalla Muthu Street,
Chennai - 600 001.

**AUDITORS**

M/s. Chaturvedi & Company
Chartered Accountants
Chennai - 600 017.

**FACTORY**

1.Rolling & Furnace Mills
B-27(M) & B-27(N), SIPCOT
Industrial Complex,
Gummidipoondi
Thiruvallur District

2. Sponge Iron Plant

Obulapuram Village S.R. Kandigai
Gummidipoondi, Thiruvallur District

3. Wind Mills
(i) Palladam Coimbatore
(ii) Pazhavoor Tirunelveli
(iii) Kalavakurichi Tirunelveli
(iv) Manur Tirunelveli
(v) Veerakeralampudur Tirunelveli

**SHARE TRANSFER AGENTS**

M/s. Cameo Corporate Services Limited
No.1, Club House Road,
Chennai 600 002.

## NOTICE

NOTICE is hereby given that the NINETEENTH ANNUAL GENERAL MEETING of the Members of M/s. KANISHK STEEL INDUSTRIES LTD. will be held on Wednesday, the 30th September, 2009, at 3.00 P.M. at B27 (M) SIPCOT Industrial Complex, Gummidipoondi, Thiruvallur District, Tamilnadu 601201 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2009 together with the Profit and Loss account for the year ended on that date and the Reports of the Directors and Auditors thereon.

2. To appoint a Director in place of Mr.K.S.Venkatagiri, Director, who retires by rotation and being eligible, offers himself for re-appointment

3. To appoint auditors and to fix their remuneration, in this connection to consider and if thought fit to pass the following resolution as an Ordinary Resolution.

   "Resolved that M/s. Chaturvedi & Co., Chartered Accountants, Chennai, the retiring auditors of the company be and are hereby re-appointed as Auditors of the company to hold such office until the conclusion of the next Annual General Meeting at remuneration to be decided by the Board of Directors."

**SPECIAL BUSINESS**

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

   "RESOLVED that pursuant to Section 81(1A) of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment to or re-enactment thereof) the relevant provisions of the Memorandum and Articles of Association of the Company and the regulations/guidelines prescribed by the Securities and Exchange Board of India (SEBI) and subject to the approvals of Government of India, Reserve Bank of India, if any, and subject to the permissions, consents and sanctions, as may be necessary of other appropriate authorities, institutions or bodies, and further subject to such terms, conditions, alterations, modifications as may be prescribed and specified by them while granting such approvals and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the Board, which term shall include any committee(s) which the Board may constitute to exercise the power of the Board including the powers conferred by these resolutions) the consent, authority and approval of the Company be and is hereby accorded to the Board to issue/offer and allot in the course of offerings in one or more markets, equity shares, convertible bonds, securities partly or fully convertible into equity shares and /or securities linked to Equity Shares and/or any instruments or securities with or without detachable warrants or such other types of securities representing either equity shares

or convertible securities including Foreign Currency Convertible Bonds, ADRs/GDRs (hereafter referred as Securities) as the Company may be advised to individuals, companies, financial institutions, mutual funds, foreign institutional investors, overseas corporate bodies etc. in one or more tranches by preferential issues or public issues as may be deemed appropriate by the Board for an amount not exceeding Rs.200 Crores ( Two Hundred Crores) on such terms and conditions as the Board may in its discretion think fit in consultation with the lead managers, including the form and the terms of the issue and the persons to whom such securities may be issued and all other terms and conditions and matters connected therewith and deemed appropriate by the Board."

By Order of the Board
**KANISHK STEEL INDUSTRIES LIMITED**

Date: 31st August 2009
Place: Chennai

**RAVI GUPTA**
Chairman & Managing Director

Notes:

1. ***A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and to vote instead of himself and the proxy need not be a member of the company. A blank form of proxy is enclosed and if intended to be used, it should be returned duly completed at the registered office of the company not less than forty-eight hours before the scheduled time of the annual general meeting.***

2. Members desirous of getting any information in respect of accounts of the company are requested to send their queries in writing to the company at the Registered Office so as to reach at least seven days before the date of the meeting so that the required information can be made available at the meeting.

3. Members/Proxies attending the meeting are requested to bring their copy of the Annual Report for reference at the meeting as also the attendance slip duly filled in for attending the meeting.

4. The Register of Members of the Company and Share Transfer Books will remain closed from 27th September 2009 to 30th September 2009 (both days inclusive) for the purpose of determining the shareholders entitled to the payment of dividend declared if any, at the AGM on the 30th September 2009 for the year ended 31st March 2009.

5. Dividend on shares when declared will be paid only to those members whose names are registered as such in the Register of members of the company after giving effect to the valid share transfers in physical form lodged with the company on or before 26th September 2009.

6. Members holding shares in electronic form may please note that as per the regulations of the Depositories, NSDL and CDSL, the company is obliged to print the bank details on the dividend warrants as furnished by these depositories to the company and the company cannot entertain

any request for deletion/change of bank details already printed on the dividend warrants as per the information received from the concerned depositories. In this regard, the members should contact their Depository Participants (DP) and furnish particulars of any changes desired by them.

7. Members who have not received their dividend paid by the Company in respect of earlier years are requested to check with the Company's Registrar and Transfer Agents M/s. Cameo Corporate Services Limited (Unit: Kanishk Steel Industries Ltd.) No. 1, Club House Road, Chennai - 600 002. Members are requested to note that in terms of Section 205C of the Companies Act, 1956, any dividend unpaid/unclaimed for a period of 7 years from the date these first became due for payment are required to be transferred to the Central Government to the credit of the Investor Education and Protection Fund. Thereafter no claim shall be entertained in respect of the dividend transferred to the Fund.

8. All communications and correspondence including transfer of shares and change of address to be sent to the below mentioned address:

Share Transfer Agents
**M/s. Cameo Corporate Services Limited**
(Unit: Kanishk Steel Industries Ltd.)
No. 1, Club House Road, Chennai - 600 002.

9. At the ensuing Annual General Meeting Mr. K. S. Venkatagiri retires by rotation and being eligible offers himself for re-appointment. Pursuant to Clause 49 of the Listing Agreement, the particulars of Mr. K. S. Venkatagiri is given below:

   Mr.K.S.Venkatagiri M.Sc.(chem.), LLB, M.Sc.(Fiscal Studies) is aged 57 years and he is having erudite knowledge and experience in the fiscal laws of the country. Mr.K.S.Venkatagiri brings to the Board his rich experience and the Company stands to benefit significantly from his expertise.

   **Other Directorships:**
   Nil

   **Committee Membership:**

   Member of the Audit Committee, Remuneration Committee of the company.

By Order of the Board
**KANISHK STEEL INDUSTRIES LIMITED**

Date: 31st August 2009
Place: Chennai

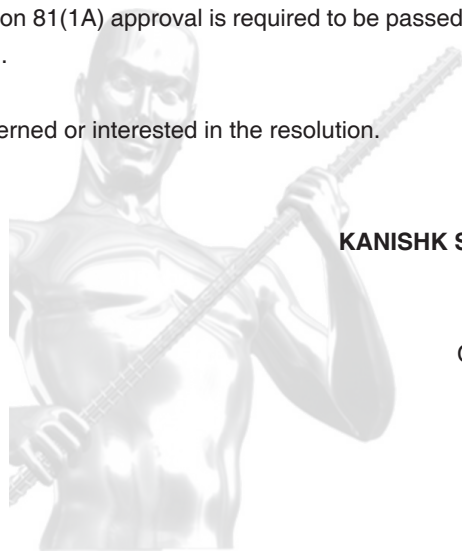
**RAVI GUPTA**
Chairman & Managing Director

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

Item No.5

Steel sector continues to be good and the future outlook appears prosperous since the market is expected to grow exponentially in the years to come. In order to beneficially convert the opportunities and for implementing the company's growth plans, large quantum of resources will be required. Accordingly, the Indian and /or International capital markets will have to be tapped for raising resources for the Company. Since, this would require issue of Foreign Currency Convertible Bonds, American Depository Receipts (ADRs)/ Global Depository Receipts (GDRs) or any other form of Receipts or Bonds and other Securities through public offerings or on private placement basis, to individuals, corporates, financial institutions, mutual funds, foreign institutional investors, overseas corporate bodies etc. in one or more tranches, as may be required for which section 81(1A) approval is required to be passed and accordingly the resolution is proposed and recommended.

None of the Directors are concerned or interested in the resolution.



By Order of the Board
**KANISHK STEEL INDUSTRIES LIMITED**

Date: 31st August 2009
Place: Chennai

**RAVI GUPTA**
Chairman & Managing Director

## DIRECTORS REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 19th Annual Report, together with the Audited Accounts, for the financial year ended 31st March 2009

**FINANCIAL RESULTS:**

**(Rs. In Lakhs)**

| | **Year Ended 31.03.2009** | **Year Ended 31.03.2008** |
|---|---|---|
| Profit after Interest & Depreciation | **1,137.09** | 1,541.59 |
| Provision for Tax | **132.09** | 334.29 |
| Deferred Tax | **468.08** | 110.97 |
| Fringe Benefit Tax | **4.69** | 4.97 |
| Profit after Tax | **532.23** | 1,091.36 |
| Add: Taxation Adjustments of Previous Years | **--** | 63.68 |
| Add : Reversal of excess provision of earlier years | **2.42** | -- |
| Add: Balance of Profit brought from previous year | **2,600.70** | 1,744.77 |
| Profit available for Appropriation | **3,135.35** | 2,899.81 |
| **APPROPRIATIONS** | | |
| Equity Dividend Proposed (Final) | **--** | 170.62 |
| Dividend Distribution Tax (Final) | **--** | 28.99 |
| Transfer to General Reserve | **31.93** | 99.50 |
| Balance Carried Forward | **3,103.41** | 2600.70 |

**OPERATIONS:**

During the year, the Company has undergone shrinkage in demand, causing downward trend in turnover and profits of the Company. Considering such decline the Board have not recommended any dividend for the year.

The Current year turnover amounts to Rs.40,523.26 Lakhs as against Rs. 44,777.70 Lakhs recorded in the previous year. The company current year profits before taxes amounts to Rs.1,137.09 Lakhs as against Rs.1,541.59 Lakhs recorded in the previous year.

**10MW POWER PLANT**

As per the Electricity rules, the company has promoted a special purpose vehicle, OPG Renewable Energy Private Limited by holding 34% voting equity capital and handed over the 10MW Power plant to OPG renewable Energy Private Limited under Licence Agreement entered on 26th April 2008.

TNEB has granted approval to operate and wheel power from this plant.

**DIVIDEND:**

During the year, the Board of Directors have not recommended any dividend.

**DIRECTORS:**

During the year, Mr. K. S. Venkatagiri, Director, retires by rotation and being eligible offers himself for reappointment.

**AUDITORS REPORT:**

The observations made in the Auditors' Report and Notes on accounts are self-explanatory and do not require any further explanations.

**FIXED DEPOSITS:**

The Company has not accepted any deposit during the year.

**AUDITORS:**

M/s. Chaturvedi & Co., Chartered Accountants, Chennai retire at the conclusion of the ensuing Annual General Meeting and they are eligible for reappointment.

**STATUTORY DISCLOSURES:**

**a) Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:**

Particulars with respect to Conservation of Energy, as required under Part "A" of the above rules are enclosed as Annexure to this Report.

b) As there are no employees who are in receipt of remuneration exceeding the limits prescribed, the statement required under section 217 (2A) of the Companies Act,1956, read with Companies (Particulars of Employees) Rules, 1975 is not provided.

c) **Directors' Responsibility Statement:**

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

i) that in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and that there are no material departures;

ii) that they 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 and of the Profit of the Company for the year under review.;

iii) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities; and

iv) that they have prepared the annual accounts on a "going-concern basis".

**CORPORATE GOVERNANCE:**

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, Reports on Management Discussion and Analysis and on Corporate Governance have been included elsewhere in this Annual Report as separate section.

**DEMATERIALISATION OF SHARES**:

The company has entered into an agreement with National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL) for dematerialization of the Company's shares. Members are requested to hold their shares in demat form since it will help in easy trading in shares eventhough they are informed that holding of shares in demat form is not compulsory but only optional.

**PERSONNEL:**

Personnel relations with all employees remained cordial & harmonious throughout the year. Your Directors wish to place on record their deep appreciation of the efficient and loyal services rendered by all staff and workforce of the company, without whose wholehearted efforts, such a good performance would not have been possible.

**ACKNOWLEDGEMENT:**

Your Directors take this opportunity to offer their sincere thanks to various Departments of Central Government, Government of Tamilnadu, TNEB, State Bank of Indore, State Bank of Patiala, Corporation Bank and the Customers, Shareholders and investors for their unstinted support and assistance and look forward to their continuing support and encouragement.

For and on behalf of the Board of Directors
For Kanishk Steel Industries Limited

Place : Chennai
Chennai : 31st August 2009

**RAVI GUPTA**
Chairman & Managing Director

## ANNEXURE TO DIRECTORS' REPORT

### 1.CONSERVATION OF ENERGY

(A) Energy Conservation measures taken- NIL

(B) Additional Investments and proposals if any, being implemented for reduction of consumption of energy-Nil

(C) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods-Nil

(D) Total energy consumption and energy consumption per unit of production.

**FORM A:**

Form of disclosure of particulars with respect to Conservation of Energy

| | | Current Year ended 31.03.2009 | Previous Year Ended 31.03.2008 |
|---|---|---|---|
| **A** | **POWER AND FUEL CONSUMPTION** | | |
| | 1. Electricity | | |
| | Purchased Units | 6334720 | 70,65,600 |
| | Total Amount (Rs.) | 35438021 | 3,35,22,675 |
| | Rate per Unit ( Rs.) | 5.59 | 4.74 |
| | 2. Furnace Oil | | |
| | Quantity (kilo litres) | 228 | 515 |
| | Total Amount (Rs.) | 5376262 | 76,19,735 |
| | Average Rate (Rs. Per Kl.) | 23580 | 14,796 |
| | 3. Coal | | |
| | Quantity (Metric Tonne) | 5876.970 | 5,243.740 |
| | Total Amount (Rs.) | 28779052 | 1,84,53,061 |
| | Average Rate (Rs. Per MT.) | 4897 | 3,519 |
| **B.** | **CONSUMTION PER UNIT OF PRODUCTION** | | |
| | Production(in Mts) | 42722.295 | 56,487.505 |
| | Electricity (Units per MT) | 148.28 | 125.08 |
| | Furnace Oil (Kl per MT) | 0.0053 | 0.0091 |
| | Coal (Kgs per MT) | 0.1376 | 0.0928 |

B. TECHNOLOGY ABSORPTION

The Technology required for manufacturing products of the Company is indigenous. This indigenous technology is being absorbed for the products of the Company. The Company has not imported any technology and process.

**FORM B**

Form for disclosure of particulars with respect to technology absorption etc

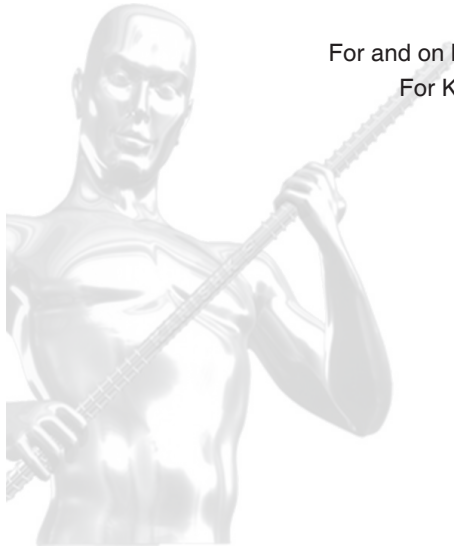
| | | |
|---|---|---|
| I | Research and Development | Nil |
| II | Technology Absorption, adaptation and innovation | Nil |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Activities relating to exports, initiative taken to increase exports, development of new export markets for Products and Services; and export plans: NIL

(b) Total Foreign Exchange used and earned:

| | 2008-09 | 2007-08 |
|---|---|---|
| | Rs. in Lakhs | Rs. in Lakhs |
| 1. Total Foreign Exchange Used | 7236.62 | 7951.98 |
| 2. Total Foreign Exchange Earned | NIL | NIL |



For and on behalf of the Board of Directors
For Kanishk Steel Industries Limited

Place : Chennai
Chennai : 31st August 2009

**RAVI GUPTA**
Chairman & Managing Director

## AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

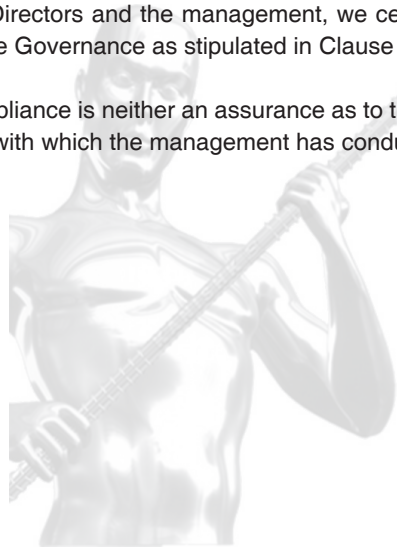
## TO THE MEMBERS OF KANISHK STEEL INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by Kanishk Steel Industries Limited for the year ended 31st March 2009, as stipulated in Clause 49 of the Listing Agreement of the said 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 the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

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

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



For **CHATURVEDI & COMPANY**
CHARTERED ACCOUNTANTS

Place: Chennai
Date: 30th June 2009

**S GANESAN**
PARTNER
(Membership No: 217119)

## REPORT ON CORPORATE GOVERNANCE
## For the year 2008-09

### 1. Company's philosophy on Code of Governance:

Kanishk Steel Industries consistently endeavours to follow good Corporate Governance mandated in Clause 49 of the Listing Agreement entered into with the Stock Exchange - through transparency, accountability, integrity and professionalism. The Company remains committed to its responsibilities towards all its stakeholders including customers, shareholders, employees and society.

### 2. Board Composition:

The Board has been constituted in such a way that it has an appropriate mix of executive and independent Directors. The current Board has two independent directors and two executive directors one of whom is the Chairman & Managing Director.

As required by the Companies Act, 1956 and Clause 49 of the Listing Agreement, none of the directors hold directorship in more than 15 public companies, nor membership of board committees (audit/remuneration/ investors grievance committees) in excess of 10 and chairmanship of afore-mentioned board committees in excess of 5.

**Board of Directors:**

| Name of the Directors | Executive/ Non-Executive/ Independent | No.of Board Meetings during the year 2008-09 | | Whether attended last AGM | Number of directorships, Committee Memberships and Committee Chairmanship | | |
|---|---|---|---|---|---|---|---|
| | | Held | Attended | | Other Director-ships | Committee Member-ships including this Company | Committee Chairmanship including this Company |
| Ravi Gupta | Chairman, Executive | 6 | 6 | Yes | 3 | 4 | 2 |
| Ashok Bohra | Executive | 6 | 6 | Yes | Nil | 2 | Nil |
| K.S. Venkatagiri | Independent | 6 | 5 | Yes | Nil | 2 | 2 |
| Dr. Pravin Kumar Aggarwal | Independent | 6 | 5 | Yes | Nil | 3 | Nil |

** Includes only public limited companies.

**Board Meetings:**

Six Board meetings were held during the year. The meeting agenda included items as per Annexure I of the Clause 49 of the Listing Agreement, wherever applicable.

| Date of meeting | No. of Directors present |
|---|---|
| 16.04.2008 | 2 |
| 30.06.2008 | 4 |
| 31.07.2008 | 4 |
| 27.08.2008 | 4 |
| 31.10.2008 | 4 |
| 31.01.2009 | 4 |

The company did not have any pecuniary relationship or transactions with any non-executive director during the period under review.

**3. Audit Committee:**

The Audit Committee reviews the financial performance, accounting policies, major expenditure items, findings of various audits and also financial policies of the company.

Composition, meetings and attendance of members during the year.

From 01-04-2008 to 31-03-2009

| Director | Meetings held | Attended |
|---|---|---|
| Mr. K. S. Venkatagiri | 5 | 5 |
| Mr. Ravi Gupta | 5 | 5 |
| Dr. Pravin Kumar Aggarwal | 5 | 5 |

**4. Remuneration Committee:**

The main objective of the committee is to formulate and review the overall monetary compensation and benefits for managerial personnel and also set criteria for reward vs. performance to determine variable component of compensation.

Composition, meetings and attendance of members during the year

| Director | Meetings held | Attended |
|---|---|---|
| Mr. Ashok Bohra | 1 | 1 |
| Mr. K.S. Venkatagiri | 1 | 1 |
| Dr. Pravin Kumar Aggarwal | 1 | 1 |

Details of Remuneration paid/payable to directors for the year 2008-2009

| Director | Remuneration | Perks | Total |
|---|---|---|---|
| Mr. Ravi Gupta | Rs.2,00,000 | Nil | Rs. 24,00,000 |
| Mr. Ashok Bohra | Rs. 96,000 | Nil | Rs. 96,000 |

Details of sitting fees paid to Directors

| Details of Sitting Fees Paid | | | | |
|---|---|---|---|---|
| Director | Board Meeting Rs. | Audit Committee Rs. | Remuneration Committee Rs. | Total Sitting Fees Rs |
| K.S.Venkatagiri | 10,000 | 5,000 | -- | 15,000 |
| Dr. Pravin Kumar Aggarwal | 10,000 | 5,000 | -- | 15,000 |
| Grand Total | 20,000 | 10,000 | -- | 30,000 |

**5. Share Transfers cum Share holder's/Investors' Grievance Committee**

The committee authorizes the Share Transfers and looks into redressal of share holders and investors complaints on transfer of shares, non receipt of balance sheet, declared dividends and other matters pertaining to share holders and investors.

Composition of Committee

| | |
|---|---|
| Ravi Gupta | Chairman |
| Ashok Bohra | Whole Time Director |
| Dr.Pravin Kumar Agarwal | Director |

Eighteen Meetings were held during the year to look into the redressal of shareholder grievances.

Name and designation of compliance officer

Smt. R. Kanakadurga Company Secretary

| No. of shareholders complaints received | Number not solved to the satisfaction of shareholders | Number of Cases pending to be resolved |
|---|---|---|
| Nil | Nil | Nil |

**6. Annual General Meetings**

Location and time for the last three Annual General Meetings

| Year | Date | Time | Venue |
|---|---|---|---|
| 2005-2006 | 15/09/2006 | 10.00 A.M | 67/2B, Calicut Main Road, Nethimedu, Salem |
| 2006-2007 | 29/09/2007 | 10.00 A.M | 67/2B, Calicut Main Road, Nethimedu, Salem |
| 2007-2008 | 27/09/2008 | 2.30 P.M | SF No.180, Near Nagaraja Kandigai, Periya Obulapuram Village, Gummidipoondi, Thiruvalluvar District, Tamil Nadu |

**Special Resolution:**

i) At the Annual General Meeting held on 15th September 2006, Special Resolutions were passed for increasing the Authorised Capital of the Company from Rs.25 Crores to Rs. 30 Crores.

ii) At the Annual General Meeting held on 29th September 2007 Special Resolution under Section 81(1A) was passed for preferential or public issue of an amount not exceeding Rs.200 crores.

iii) At the Annual General Meeting held on 27th September 2008 Special Resolution under Section 81(1A) was passed for preferential or public issue of an amount not exceeding Rs.200 crores, for re-appointment of Mr.Ravi Gupta as the Managing Director for 5years, for maintenance of members registers in a place other than the Registered office and also for alteration of Articles.

**Postal Ballot**

No Special resolution was passed through postal ballot last year.

7. Disclosures

Related Party Transactions:

There are no materially significant related party transactions, which may have potential conflict with the interest of the company at large.

**Statutory Compliance:**

The company has complied with the requirements of Stock Exchanges, SEBI, and Statutory Authorities on all matters related to Capital Markets during the last three years. No penalties or strictures have been imposed on the company by these authorities.

**Whistle Blower Policy Access of personnel to Audit Committee:**

The Company has not established the non-mandatory requirement of Whistle Blower Policy. However, the company's personnel have access to the chairman of the Audit Committee in cases such as concerns about unethical behaviour, frauds and other grievances. No personnel of the Company have been denied access to the Audit Committee.

**Mandatory and Non-mandatory requirements:**

The company has complied with the mandatory requirements of the Corporate Governance Clause of the Listing Agreement. The company has not implemented the non-mandatory requirements enlisted by way of Annexure to Clause 49 of the listing agreement except the constitution of Remuneration Committee.

During the financial year 2008-09, there is no audit qualification in the Company's financial statements.

**CEO/CFO CERTIFICATION:**

As required under Clause no. 49 of the Listing Agreement as entered into with the Stock Exchange, the Managing Director and the Head of Finance Function have furnished necessary certificate to the Board on the financial statements presented.

8. Means of Communication

The Quarterly/Half-Yearly/Annual financial results of the Company are announced within the stipulated periods and are normally published in English and Tamil Newspapers.

Annual reports and balance sheets are sent to all the shareholders

**9. General shareholder information:**

**Administrative office:**
26, Mooker Nallamuthu street, Chennai- 600 001
Tel No. 2522 3321, 2524 5364, 2522 3754, 4291 9700, 4291 9701 Fax: 2522 7108, 4291 9719
e-mail:kanishk@airtelmail.in

**Registered Office:**
B-27(M) SIPCOT Industrial Complex,
Gummidipoondi, Thiruvallur District
Tamilnadu - 601201

| | | |
|---|---|---|
| Dates of Book closure | : | 27.09.2009 to 30.09.2009 (both days inclusive) |
| Date, time and venue of Annual General Meeting | : | 30th September,2009 at 3.30 p.m. at<br>B-27(M) & B-27(N), SIPCOT Industrial Complex<br>Gummidipoondi,<br>Thiruvallur District<br>Tamilnadu - 601201 |
| Financial Calendar | : | Financial Reporting for the quarter ending<br>30th June 2009 - End July 2009<br>30th Sept 2009 - End of Oct 2009<br>31st Dec 2009 - End of Jan 2010<br>31st Mar 2010 - End of June 2010 |

| | | |
|---|---|---|
| Listing on Stock Exchanges | : | Bombay Stock Exchange Ltd. |
| Depository Participant | : | National Securities Depository Limited<br>Central Depository Services Limited |
| Stock Code | : | Mumbai Stock Scrip Code no: 513456 |
| Demat ISIN Number In NSDL | : | INE 791E01018 |
| CDSL | : | INE 791E01018 |
| Listing on Stock Exchange (overseas) | | Nil |

**Stock market price data**

High/Low of monthly Market Price of the Company's Equity Shares traded on the Bombay Stock Exchange, Mumbai during the financial year 2008-2009 is furnished below:

| Month | High (Rs.) | Low (Rs.) | Volume Traded ( No of shares) |
|---|---|---|---|
| April 2008 | 28.75 | 23.00 | 38248 |
| May 2008 | 32.00 | 27.10 | 9047 |
| June 2008 | 30.00 | 22.60 | 3396 |
| July 2008 | 23.40 | 18.55 | 19952 |
| August 2008 | 25.20 | 20.30 | 4662 |
| September 2008 | 23.75 | 21.00 | 17099 |
| October 2008 | 22.05 | 15.60 | 12127 |
| November 2008 | 17.25 | 16.00 | 128 |
| December 2008 | 16.80 | 13.50 | 608 |
| January 2009 | 14.25 | 13.00 | 800 |
| February 2009 | 12.80 | 12.17 | 202 |
| March 2009 | 15.30 | 11.60 | 3025 |

**Share transfer system**

Share transfers are registered and returned to the transferees within 30 days from the date of receipt, if the documents are in order in all respects.

The share transfer committee has met 18 times during the year.

No. of shares received for transfer upto 31-3-2009 is 6100 Shares and shares pending for transfer as on 31.03.2009 is **nil.**

**Registrar and Transfer Agents**

Cameo Corporate Services Limited
Subramanian Building
No.1, Club House Road
Chennai- 600 002

## Distribution of share holding

| Share or Debenture holding of Nominal Value of | | Share Holders | | Share Amount | |
|---|---|---|---|---|---|
| Rs. | Rs. | Number | % to Total | In Rs. | % to total |
| ( 1 ) | | ( 2 ) | ( 3 ) | ( 4 ) | ( 5 ) |
| 10 – 5,000 | | 5055 | 92.32 | 8,176,870 | 2.88 |
| 5,001 – 10,000 | | 211 | 3.85 | 1,674,620 | 0.59 |
| 10,001 – 20,000 | | 75 | 1.37 | 1,109,380 | 0.39 |
| 20,001 – 30,000 | | 17 | 0.31 | 436,530 | 0.15 |
| 30,001 – 40,000 | | 10 | 0.18 | 366,430 | 0.13 |
| 40,001 – 50,000 | | 9 | 0.16 | 425,190 | 0.15 |
| 50,001 – 1,00,000 | | 24 | 0.44 | 1,835,760 | 0.64 |
| 1,00,001 and above | | 75 | 1.37 | 270,335,960 | 95.07 |
| **Total** | | **5,476** | **100.00** | **284,360,740** | **100.00** |

## Share holding pattern as on 31st March 2009

| | Category | No. of Shares Held | Percentage of Share holding |
|---|---|---|---|
| A | Shareholding of Promoter & Persons acting in concert | | |
| 1 | Indian | | |
| | - Individuals / Hindu Undivided Family | 10933141 | 38.45 |
| | - Bodies Corporate | 5010450 | 17.62 |
| | **Sub Total [A] [1]** | **15943591** | **56.07** |
| 2 | Foreign | | |
| | - Individuals | 2000000 | 7.03 |
| | - Bodies Corporate | 2000000 | 7.03 |
| | **Sub Total [A] [2]** | **4000000** | **14.06** |
| | **Total Share Holding of Promoter & Promoter Group {A= [A] [1] +[A] [2]** | **19943591** | **70.13** |
| **B** | **Public Shareholding.** | | |
| 1 | **Institutions.** | | |
| | -Foreign Institutional Investors | 2192993 | 7.71 |
| | **Sub Total [B] [1]** | **2192993** | **7.71** |
| 2 | **Non-Institutions.** | | |
| a. | Bodies Corporate. | 3591390 | 12.63 |
| b. | Individuals | | |
| | I. Individual Shareholders Holding Nominal Share Capital upto Rs 1 Lakh | 1178060 | 4.14 |
| | II. Individual Shareholders Holding Nominal Share Capital in excess of Rs 1 Lakh | 1078660 | 3.79 |

| | | | |
|---|---|---|---|
| c. | Any Other. | | |
| | Clearing Members | 2000 | 0.0070 |
| | HUF | 344405 | 1.2111 |
| | Non Resident Indians | 104975 | 0.3691 |
| | **Sub Total [B] [2]** | 6299490 | 22.15 |
| | **Total Public Shareholding [B] [1]+[B] [2]** | **8492483** | **29.86** |
| | **TOTAL(A+B)** | **28436074** | **100%** |

| Category | No. of Shares held | % of Share holding |
|---|---|---|
| NRIs / OCBs | 2104975 | 7.40% |
| Persons acting in concert | 7387677 | 25.97 |

| | No of Holders | No of Shares | % |
|---|---|---|---|
| **NSDL:** | **1698** | **11197694** | **39.38** |
| **CDSL:** | **475** | **324729** | **1.14** |
| **Physical:** | **3303** | **16913651** | **59.48** |

**Demat of shares:**

As per the directives of Securities & Exchange Board of India, the equity shares of the company are being traded in electronic form from 18.02.2002. The physical form of trading is also available to the shareholders. Electronic Holding by Members comprises of 40.52 % (as on 31-3-2009) of the paid up share capital of the company held through National Securities Depository Limited and Central Depository Securities Limited. The company has entered into an agreement with Cameo Corporate Services Limited as depository registrar at the address mentioned below:

Cameo Corporate Services Limited
Subramanian Building
No.1, Club House Road
Chennai- 600 002

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Steel occupies a prominent place in the manufacturing industry in India. Development of Steel Industry in India covers the Refractory Industry, Cold Rolling Industry, Sponge Iron Industry and reserves, with special attention to the export prospects, global competitiveness and Research & Development. Due to current global financial crisis there is sharp fall in demand leaving impact on Profit. Most steel companies avoided huge inventory by cutting down production

**Strengths:** Sponge Iron and the Wind Energy generators ensure continuous supply of raw materials and power, and continue to be the major strength of the company.

**Weaknesses:** Continuous rise in crude prices would result in escalation in transport cost. There is geographical limitation of markets due to the weight of the finished goods.
**Opportunities:** Demand is expected to rise in future with economic and industrial growth. Growing Indian automobile industry will lead to a strong steel demand in future.

**Threats:** The high cost of electricity in India may hamper the steel industry's production level.

**Plant Location:**

**(1) Rolling & Furnace Mills :** B-27 (M) , B-27 (N) SIPCOT Industrial Complex
Gummudipoondi, Thiruvallur District, Tamilandu - 601 201.

**(2) Windmills :**

i) Kanishk Steel Industries Ltd.,
Windfarm Vadamacherry Site
Palladam T.K.
Coimbatore District.

ii) Kanishk Steel Industries Ltd.
Windfarm Pazhavoor Site
Tirunelveli District.

iii) Kanishk Steel Industries Ltd.
Windfarm, Kavalakurichi Village
Tirunelveli District.

iv) Kanishk Steel Industries Ltd
Wind Farm, Manur Tirunelveli

v) Kanishk Steel Industries Ltd
Veerakeralampudur Tirunelveli

**(3) Sponge Iron :** Kanishk Steel Industries Ltd.,
Obulapuram Village,
S.R.Kandigai,
Gummudipoondi, Chennai- 600 201

**Investor query/address for correspondence:**

Company Secretary
Kanishk Steel Industries Limited,
26, Mooker Nalla Muthu Street, Chennai-600 001

Share holders holding shares in electronic mode should address all their correspondence to:
M/s. Cameo Corporate Services Limited
Subramanian Building
No.1, Club House Road
Chennai- 600 002

**10. Code of Conduct**

The Board of Directors has already adopted the Code of Ethics & Business Conduct for the Directors and Senior Management Personnel. This code is a comprehensive code applicable to all Directors, Executives as well as Non- Executives and members of the Senior Management.

The Code has been circulated to all the members of the Board and Senior Management Personnel and compliance of the same has been affirmed by them. A declaration signed by the Chairman & Managing Director in this regard is given below:

"I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel of the Company, affirmation that they have complied with the Code of Ethics and Business Conduct framed for Directors and Senior Management Personnel in respect of the financial year 2008-09.

**Ravi Gupta**
Chairman & Managing Director.

## AUDITORS' REPORT

TO THE MEMBERS OF KANISHK STEEL INDUSTRIES LIMITED

We have audited the attached Balance Sheet of KANISHK STEEL INDUSTRIES LIMITED (the Company) as at 31st March 2009 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

As required by the Companies (Auditor's Report) Order, 2003, (as amended) issued by the Govt. of India in terms of sub-section (4A) of Sec.227 of the Companies Act, 1956, we report on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.

(b) The Fixed Assets have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed on such verification.

(c ) The Company has not disposed off substantial part of the Fixed Assets during the year which could affect the going concern status of the Company.

(ii) (a) Inventories have been physically verified during the year by the management at reasonable intervals.

(b) In our opinion and according to the information and explanation give 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 nature of its business.

(c ) The Company is maintaining proper records of inventory and the discrepancies noticed on physical verification between the physical stock and book records which were not material having regard to the size of the company and nature of its business have been properly dealt with in the books of account.

(iii) (a) to (g) The Company has not granted or taken any loan secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clauses 4 (iii) (b) to (g) of the Order are not applicable to the company.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems 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 major weaknesses in the internal controls system.

(v) (a) We are of the opinion that particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register maintained under the said section;

(b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposit from the public.

(vii) In our opinion, the company's in-house internal audit system is commensurate with the size and nature of its business.

(viii) The Central Government under Section 209(1)(d) of the Companies Act, 1956 has not prescribed the maintenance of cost records in respect of the activities of the company.

(ix) (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities, wherever applicable and no dues are pending for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us and the records of the Company, there were no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute except as follows: (also refer Note:No:4 of Schedule N, Notes to the Accounts).

| Statute Name | Nature of dues | Amount Rs.in lacs | Forum where dispute is pending |
|---|---|---|---|
| Central Excise Law (SCN no. 2268/95 dated 25.07.1995 | Dispute relating to deemed Credit | 2.34 | Commissioner of Central Excise (Appeals) Chennai. |
| Central Excise Law | Dispute relating to refixation of Annual capacity of erstwhile OP Steels Limited | 35.66 Plus equal amount of penalty | Honb'le High Court of Madras. |
| Central Excise Law | Dispute relating to valuation of Sponge Iron | 0.11 | Commissioner of Central Excise (Appeals) Chennai. |

| | | | |
|---|---|---|---|
| Central Excise Law (SCN No. 2/06 dt 17.1.2006) | Dispute relating to differential duty on depot sales. | 52.38 | Honb'le High Court of Madras. |
| Central Excise Law | Dispute relating to Cenvat Credit | 17.99 Plus equal amount of penalty | commissioner of Income Tax (Appeals), Chennai |

(x) The Company has no accumulated losses. The Company has also not incurred cash losses during this financial year and the immediately preceding financial year.

(xi) The company has not defaulted in repayment of loans availed from Banks. The company has no borrowings from financial institution and has not issued debentures.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The Company is not a chitfund, nidhi, mutual benefit fund or society and therefore the requirements pertaining to such class of companies is not applicable.

(xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. The Investments in shares has been held by the company in its own name.

(xv) In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Bank or Financial Institutions the terms and conditions whereof are prejudicial to the interest of the Company.

(xvi) On the basis of review of utilization of funds on an overall basis, in our opinion, the term loans taken by the company during the year were applied for the purposes for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, we are of the opinion that there are no funds raised on short-term basis which have been used for long term investment by the Company.

(xviii) The Company has not made any preferential allotment of shares during the year.

(xix) The Company has not issued any debentures during the year.

(xx) The company has not raised any money by way of public issue during the year.

(xxi) Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

Further to our comments above, we report that:

a) We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.

d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

e) On the basis of the written representations received from the directors as on 31st March 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act 1956.

f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with and subject to notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009 and
   (ii) In the case of the Profit and Loss Account, of the PROFIT of the company for the year ended on that date.
   (iii) In the case of the Cash Flow Statement, of the Cash flows of the Company for the year ended on that date.

For **CHATURVEDI & COMPANY**
CHARTERED ACCOUNTANTS

Place: Chennai
Date: 30th June 2009

**S GANESAN**
PARTNER
(Membership No: 217119)

**KANISHK STEEL INDUSTRIES LIMITED**
**BALANCE SHEET AS ON 31ST MARCH 2009**

| | Schedule | AS AT 31.03.2009 (Amount in Rs.) | AS AT 31.03.2008 (Amount in Rs.) |
|---|---|---|---|
| **SOURCES OF FUNDS** | | | |
| **A. SHAREHOLDERS FUNDS** | | | |
| Share Capital | A | **284,656,570** | 284,656,570 |
| Reserves & Surplus | B | **528,897,984** | 497,538,579 |
| **B. LOAN FUNDS** | | | |
| Secured Loans | C | **226,152,092** | 282,007,301 |
| Unsecured Loans | | **239,770,000** | -- |
| **C. DEFERRED TAX LIABILITY (NET)** | | **186,667,221** | 122,593,915 |
| | | **1,466,143,867** | 1,186,796,365 |
| **APPLICATION OF FUNDS** | | | |
| **D. FIXED ASSETS** | D | | |
| Gross Block | | **1,265,525,740** | 926,673,569 |
| Less : Depreciation | | **257,257,146** | 204,009,528 |
| Net Block | | **1,008,268,594** | 722,664,041 |
| Capital Work In Progress | | -- | 224,640,341 |
| **E. INVESTMENTS** | E | **20,620,200** | 18,120,200 |
| **F. CURRENT ASSETS, LOANS AND ADVANCES:** | F | | |
| Inventories | | **528,418,694** | 400,775,195 |
| Sundry Debtors | | **156,991,829** | 273,415,170 |
| Cash & Bank Balances | | **6,214,541** | 57,667,285 |
| Loans & Advances | | **212,134,065** | 192,300,921 |
| | | **903,609,129** | 924,158,571 |
| **G. LESS : CURRENT LIABILITES & PROVISIONS** | G | | |
| Current Liabilities | | **452,826,333** | 648,899,418 |
| Provisions | | **13,677,723** | 53,887,371 |
| | | **466,504,056** | 702,786,789 |
| **NET CURRENT ASSETS** | | **437,255,072** | 221,371,783 |
| | | **1,466,143,866** | 1,186,796,365 |

As per the report of even date annexed

For **CHATURVEDI & COMPANY**
CHARTERED ACCOUNTANTS

**RAVI GUPTA**
Chairman & Managing Director

**ASHOK BOHRA**
Wholetime Director

**S GANESAN**
Partner (Memb.No:217119)
Chennai, 30th June 2009

**KANISHK STEEL INDUSTRIES LIMITED**
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

| | Schedule | AS AT 31.03.2009 (Amount in Rs.) | AS AT 31.03.2008 (Amount in Rs.) |
|---|---|---|---|
| **I. INCOME** | | | |
| Sales (Gross) | H | **4,052,325,709** | 4,477,769,737 |
| Less: Excise Duty | | **312,250,622** | 354,505,848 |
| Sales (Net) | | **3,740,075,087** | 4,123,263,889 |
| Other Income | | **46,201,566** | 33,890,574 |
| **Total** | | **3,786,276,653** | 4,157,154,463 |
| **II. EXPENDITURE** | | | |
| Material and Manufacturing Expenses | I | **3,518,121,231** | 3,877,325,192 |
| Payment & Provisions to Employees | J | **6,742,179** | 5,603,410 |
| Repairs and Maintenance | K | **24,955,305** | 19,100,178 |
| Financial Expenses | L | **45,701,512** | 44,842,262 |
| Administrative Expenses | M | **26,144,130** | 22,577,883 |
| Directors' Remuneration | | **2,496,000** | 306,000 |
| **Total** | | **3,624,160,358** | **3,969,754,925** |
| Profit before Depreciation | | **162,116,295** | 187,399,538 |
| Less : Depreciation | | **48,407,442** | 33,240,125 |
| Profit after Depreciation before tax | | **113,708,853** | 154,159,413 |
| Taxation for the Year Current Tax | | **13,209,123** | 33,429,000 |
| Deferred tax | | **46,807,821** | 11,097,275 |
| Fringe Benefit Tax | | **468,600** | 497,100 |
| Profit after tax | | **53,223,309** | 109,136,039 |
| Taxation adjustments of previous years | | **--** | 6,367,547 |
| Reversal of excess provision of earlier years | | **241,755** | -- |
| Balance Brought Forward from last year | | **260,069,715** | 174,477,400 |
| | | **313,534,779** | 289,980,986 |
| Proposed Dividend & Interim Dividend Paid | | **--** | 17,061,644 |
| Dividend Tax | | **--** | 2,899,626 |
| Transfer to General Reserve | | **--** | 9,950,000 |
| Balance carried forward to Balance Sheet | | **313,534,779** | 260,069,715 |
| Earnings Per Share (Basic and Diluted) | | **1.87** | 3.84 |
| **Notes on Accounts** | **N** | | |

As per the report of even date annexed

For **CHATURVEDI & COMPANY**
CHARTERED ACCOUNTANTS

**RAVI GUPTA**
Chairman & Managing Director

**ASHOK BOHRA**
Wholetime Director

**S GANESAN**
Partner (Memb.No:217119)
Chennai, 30th June 2009

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2009 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

| | AS AT 31.03.2009 (Amount in Rs.) | AS AT 31.03.2008 (Amount in Rs.) |
|---|---|---|
| **SCHEDULE A : SHARE CAPITAL** | | |
| **Authorised Capital** | | |
| 29,800,000 Equity Shares of Rs.10 each | **298,000,000** | 298,000,000 |
| 20,000 15% Cumulative Redeemable Preference Shares of Rs.100 each | **2,000,000** | 2,000,000 |
| | **300,000,000** | 300,000,000 |
| **Issued & Subscribed Capital:** | | |
| 2,84,36,074 Equity shares of Rs.10 each | **284,360,740** | 284,360,740 |
| | **284,360,740** | 284,360,740 |
| **Called up & Paid-up capital:** | | |
| 2,84,36,074 Equity shares of Rs.10 each | **284,360,740** | 284,360,740 |
| | **284,360,740** | 284,360,740 |
| Add: Forfeited shares | **295,830** | 295,830 |
| | **284,656,570** | 284,656,570 |
| **SCHEDULE B : RESERVES & SURPLUS** | | |
| a) Capital Reserve | **8,732,431** | 8,732,431 |
| b) Capital Redempiton Reserve | **300,000** | 300,000 |
| c) Securities Premium Account (Refer Note No. B(8)) | **78,317,584** | 95,583,069 |
| d) General Reserve | **23,007,619** | 23,007,619 |
| e) Profit & Loss Account Balance Carried Forward | **313,534,779** | 260,069,715 |
| f) Revaluation Reserve | **105,005,571** | 109,845,746 |
| | **528,897,984** | 497,538,579 |
| **SCHEDULE C : SECURED LOAN** | | |
| **From Banks -** | | |
| STATE BANK OF INDORE | | |
| A) Cash Credit | **107,809,929** | 111,195,186 |
| B) Term Loans | | |
| For Sponge Iron Project | **30,008,744** | 50,492,740 |
| As Corporate Loan | **-** | 30,347,445 |
| STATE BANK OF PATIALA -TERM LOAN | **24,303,717** | 36,396,493 |
| STATE BANK OF PATIALA - Cash Credit | **35,674,315** | 28,159,131 |
| CORPORATION BANK - Cash Credit | **24,902,027** | 22,655,841 |
| (All the above loans are secured by equitable mortgage of land and building including Plant and Machinery and also by hypothecation of Raw Materials, Stock-in-Process and Finished Goods. Also personally guaranteed by the CMD of the Company.) | | |
| **From Institutions/Others** | | |
| A) Interest Free Sales Tax Loan under Deferral Scheme | **355,743** | 355,743 |
| Interest Free Sales Tax Loan under Deferral Scheme (Secured by second mortgage charge of land and building and plant and machinery) | | |
| B) Hire Purchase Loans ( Secured against assets purchased under HP Scheme) | **3,097,618** | 2,404,721 |
| | **226,152,092** | 282,007,301 |

**SCHEDULE - D FIXED ASSETS**

Amount in Rs.

| | GROSS BLOCK | | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **PARTICULARS** | **AS ON 01.04.2008** | | **ADD -TIONS** | **Deletions/ Refund** | **AS ON 31.03.2009** | **AS ON 01.04.2008** | **FOR THE PERIOD** | **WITH -DRAWN** | **UPTO 31.03.2009** | **AS ON 31.03.2009** | **AS ON 31.03.2008** |
| LAND | 33,418,256 | | - | - | 33,418,256 | - | - | - | - | 33,418,256 | 33,418,256 |
| FACTORY BUILDING | 95,865,923 | - | 59,695,337 | - | 155,561,260 | 12,806,479 | 3,848,161 | - | 16,654,640 | 138,906,620 | 83,059,444 |
| BUILDINGS | 301,200 | - | - | - | 301,200 | 14,956 | 4,910 | - | 19,866 | 281,334 | 286,244 |
| PLANT & MACHINERY | 704,957,222 | - | 19,370,782 | - | 724,328,004 | 168,648,445 | 37,968,610 | - | 206,617,055 | 517,710,949 | 536,308,777 |
| 6MW PLANT & MACHINERY | - | | 250,727,903 | - | 250,727,903 | - | 5,976,259 | - | 5,976,259 | 244,751,644 | - |
| 6MW POLLUTION CONTROL EQUIPMENT | - | - | 5,387,922 | - | 5,387,922 | - | 133,923 | - | 133,923 | 5,253,999 | - |
| ELECTRICAL INSTALLATION | 34,735,308 | - | - | - | 34,735,308 | 10,985,751 | 1,649,927 | - | 12,635,678 | 22,099,630 | 23,749,556 |
| CRANE | 33,148,133 | - | - | - | 33,148,133 | 3,853,134 | 1,574,536 | - | 5,427,670 | 27,720,463 | 29,295,000 |
| OFFICE EQUIPMENTS | 4,445,629 | - | 222,181 | - | 4,667,810 | 1,319,502 | 216,501 | - | 1,536,003 | 3,131,807 | 3,126,126 |
| FURNITURE & FITTINGS | 4,102,493 | - | 300,823 | - | 4,403,316 | 780,171 | 269,862 | - | 1,050,033 | 3,353,283 | 3,322,323 |
| VEHICLES | 15,699,406 | - | 3,147,222 | - | 18,846,628 | 5,601,091 | 1,604,928 | - | 7,206,019 | 11,640,609 | 10,098,315 |
| **TOTAL** | **926,673,570** | **-** | **338,852,170** | **-** | **1,265,525,740** | **204,009,528** | **53,247,617*** | **-** | **257,257,146** | **1,008,268,594** | **722,664,041** |
| PREVIOUS YEAR | 796,694,538 | - | 130,424,595 | 445,564 | 926,673,569 | 171,053,555 | 33,240,125 | 284,151 | 204,009,528 | 722,664,041 | 515,795,237 |

*Note : Includes Rs. 4,840,175 in respect of revalued assets of Rolling Division

| | AS AT 31.03.2009 (Amount in Rs.) | AS AT 31.03.2008 (Amount in Rs.) |
|---|---|---|
| **SCHEDULE E: INVESTMENTS** | | |
| **QUOTED:** | | |
| 1882020 "C" class Equity shares of Rs.10 each in | | |
| OPG Energy Private Limited | **18,820,200** | 18,120,200 |
| 10000 "A" class Equity shares of Rs.10 each in | | |
| OPG Energy Private Limited | **100,000** | |
| 170000 Equity shares of Rs.10 each in | | |
| OPG Renewable Energy Private Limited | **1,700,000** | - |
| | **20,620,200** | 18,120,200 |
| **SCHEDULE F : CURRENT ASSETS, LOANS & ADVANCES** | | |
| **A. CURRENT ASSETS** | | |
| **I. Inventories** | | |
| (as valued and certified by the manangement) | | |
| a) Raw Materials | **363,039,472** | 265,192,659 |
| b) Finished Goods | **159,052,075** | 128,807,776 |
| c) Stores and Spares | **6,327,147** | 6,774,760 |
| | **528,418,694** | 400,775,195 |
| **II. Sundry Debtors** | | |
| (Unsecured Considered Good) | | |
| Debts Outstanding for a period | | |
| exceeding six months | **3,555,569** | 2,022,279 |
| Other Debts | **153,436,260** | 271,392,891 |
| | **156,991,829** | 273,415,170 |
| **III. Cash & Bank Balances** | | |
| a) Cash on Hand | **1,143,757** | 3,547,483 |
| b) Cash at Bank : | | |
| Current Account | **3,065,510** | 17,319,064 |
| Deposit Account | **2,005,275** | 36,800,738 |
| | **6,214,541** | 57,667,285 |
| **B. LOANS AND ADVANCES** | | |
| (Unsecured, Considered Good) | | |
| a) Advances recoverable in cash or in kind or for | | |
| value to be received | **54,148,518** | 84,152,439 |
| b) Deposit with TNEB, Telephone, ST&others | **59,635,984** | 59,038,342 |
| c) Cenvat, Cess & PLA balances | **80,645,281** | 25,659,022 |
| d) Advance Tax & TDS balances | **17,577,532** | 23,451,118 |
| e) Prepaid Expenses | **126,750** | -- |
| | **212,134,065** | 192,300,921 |
| **SCHEDULE G : CURRENT LIABILITIES AND PROVISIONS** | | |
| **A. CURRENT LIABILITIES** | | |
| a) Sundry Creditors | **440,152,849** | 625,782,573 |
| b) Other Liabilities | **12,673,485** | 23,116,844 |
| | **452,826,333** | 648,899,418 |

| | AS AT 31.03.2009 (Amount in Rs.) | AS AT 31.03.2008 (Amount in Rs.) |
|---|---|---|
| **B. PROVISIONS** | | |
| Taxation | **13,209,123** | 33,429,000 |
| Proposed Dividend | **-** | 17,061,644 |
| Dividend Tax | **-** | 2,899,626 |
| Fringe Benefit Tax | **468,600** | 497,100 |
| | **13,677,723** | 53,887,371 |
| **SCHEDULE H : SALES & OTHER INCOME** | | |
| **A. SALES** | | |
| Sale of Products | **2,958,084,986** | 3,997,454,056 |
| Sale of Raw Materials | **1,038,372,248** | 440,981,410 |
| Conversion charges received | **4,014,180** | 10,492,335 |
| Sale of Power Generated | **51,854,295** | 28,841,936 |
| | **4,052,325,709** | 4,477,769,737 |
| **B. OTHER INCOME** | | |
| Rent Received | **594,240** | 618,000 |
| Income Received on Ware Housing | **30,426,923** | 21,855,855 |
| Lease Rent Received | **-** | 4,800,000 |
| Income Accrued on EPGC | **10,070,733** | 2,954,968 |
| Sales Commission | **812,339** | 451,383 |
| Insurance claim received | **1,014,751** | 174,814 |
| Interest Received | **3,282,580** | 3,035,554 |
| | **46,201,566** | 33,890,574 |
| **SCHEDULE I: MATERIAL & MANUFACTURING EXPENSES** | | |
| Cost of material consumed & sold | **3,122,159,461** | 3,512,469,514 |
| Customs Duty paid | **89,964,189** | 156,548,344 |
| Stores and Spares consumed | **33,260,870** | 9,611,026 |
| Increase / Decrease in Stock (FG) | **(30,244,299)** | (49,550,946) |
| Lease Rent Paid | **840,000** | 1,056,000 |
| Power and Fuel | **144,474,799** | 160,118,863 |
| Freight Charges | **148,168,184** | 77,302,502 |
| RM / FG Cutting & Handling Expenses | **4,943,119** | 5,586,540 |
| Gas | **4,554,909** | 4,183,350 |
| | **3,518,121,231** | **3,877,325,192** |
| **SCHEDULE J: PAYMENT & PROVISION TO EMPLOYEES** | | |
| Salaries, Wages and Bonus | **5,208,539** | 4,402,119 |
| Staff and Labour Welfare | **231,550** | 311,973 |
| Contribution to Provident & other funds | **1,302,090** | 889,318 |
| | **6,742,179** | 5,603,410 |

| | AS AT 31.03.2009 (Amount in Rs.) | AS AT 31.03.2008 (Amount in Rs.) |
|---|---|---|
| **SCHEDULE K: REPAIRS & MAINTENANCE** | | |
| Machinery Repairs | **13,885,904** | 9,577,541 |
| Factory maintenance | **414,303** | 1,887,388 |
| Electrical Repairs | **2,544,947** | 4,004,238 |
| Building Repairs & maintanence | **519,109** | |
| Windmill Repairs & Maintanance | **5,806,221** | 2,129,721 |
| Windmill Wheeling Expenses | **1,784,821** | 1,501,290 |
| | **24,955,305** | 19,100,178 |
| **SCHEDULE L: FINANCIAL EXPENSES** | | |
| Interest paid to Banks | **27,361,427** | 32,543,737 |
| Interest - Others | **4,816,477** | 384,627 |
| Bank Charges | **13,526,608** | 11,913,898 |
| | **45,701,512** | 44,842,262 |
| **SCHEDULE M: ADMINISTRATIVE EXPENSES** | | |
| Printing and Stationery | **344,562** | 249,646 |
| Advertisement | **408,876** | 1,264,299 |
| Baddebts W/o | **2,031,135** | 2,191,806 |
| Business Promotion Expenditure | **569,438** | - |
| Commission paid | **232,455** | 378,339 |
| Rent & Amenities | **1,557,100** | 1,955,850 |
| Rates & Taxes | **1,764,655** | 5,307,235 |
| Postage | **185,302** | 208,381 |
| Travelling & Conveyance | **2,301,670** | 249,560 |
| Insurance | **4,940,512** | 5,086,530 |
| Donation | **249,000** | 169,272 |
| Directors - Sitting Fees | **30,000** | 36,000 |
| Foreign Exchange Fluctuation Loss | **59,545** | -- |
| Medical expenses | **489,399** | -- |
| Payment to Auditors | | |
| - As Audit Fees | **110,300** | 112,360 |
| - As Tax Audit Fees | **55,150** | 56,160 |
| - As Certification Fees | **47,753** | 68,525 |
| Professional & Consultancy | **1,115,768** | 371,785 |
| Telephone Charges | **926,072** | 629,942 |
| Office Maintenance | **51,286** | 73,721 |
| Vehicle Maintenance | **48,153** | 14,645 |
| Vehicle Maintenance-car | **76,250** | -- |
| Loss on Sale ofAssets | **--** | 117,413 |
| Lab Expenses | **328,362** | -- |
| Rebate & Discount | **1,579,026** | 132,970 |
| General Expenses | **28,078** | 11,775 |
| Club Membership | **4,600** | 6,798 |
| Membership & Subscription | **300,418** | 70,582 |
| Service Tax Paid | **4,789,240** | 3,039,614 |
| Security Charges | **1,457,990** | 693,288 |
| Share Transfer Charges | **62,036** | 81,386 |
| | **26,144,130** | 22,577,883 |

**SCHEDULE N:**

**NOTES ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT 31.03.2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**.

**A.Significant Accounting Policies**:

**1. Accounting Convention:**

(a) The company follows the accrual method of accounting. The financial statements have been prepared in accordance with the historical cost convention (except so far as they relate to revaluation of certain fixed assets and providing for depreciation on revalued amounts) and accounting principles generally accepted in India as a going concern.

(b) The preparation of financial statements requires the Company to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as of the date of financial statements and the reported amounts of income and expenses during the reporting period. The Company believes that the estimates used in the preparation of the financial statements as prudent and reasonable. Future results could differ from these estimates.

**2. Revenue Recognition:**

Sale is recognized on dispatch of goods. Sale is net of trade discount, includes excise duty and excludes sales tax recovered. Power generated at the Insurance claim is accounted in the year of receipt.

**3. Fixed Assets:**

Fixed Assets are stated at cost of acquisition as adjusted by revaluation and related expenditure less accumulated depreciation.

**4. Depreciation:**

Depreciation is provided on straight-line method as per the rates specified under Schedule XIV of the Companies Act, 1956 on pro-rata basis.

**5. Investments:**

Current Investments are carried at lower of cost or fair value. Long-term Investments are stated at cost. Provision for diminution in the value is made in accordance with AS 13 – Accounting for Investments if the decline/diminution is other than temporary.

**6. Inventories:**

Inventories are valued as under:

1. Raw Materials, Consumables and Stores & Spares are valued at lower of cost and net realisable value. Cost of inventories is generally ascertained on the weighted average basis.
2. Finished Goods are valued at lower of cost and net realisable value. Cost for this purpose means full absorption cost basis which includes direct materials, direct labour, excise duty, related depreciation and appropriate production overheads.
3. Materials-in-Transit are valued at Cost including Freight & Insurance.

**7. Employee Benefits:**

1. Defined contribution plan:

Contribution to defined contribution plans are recognized as expense on accrual basis.

2. Defined Benefit Plan:

   The present value of Gratuity obligation is determined based on actuarial valuation using the projected unit credit method and is recognized as expenses on accrual basis. Actuarial gains / losses arising during the year are recognized in the profit & Loss account.

**8. Foreign Exchange Transactions:**

Transactions in foreign currencies are recorded at the exchange rates prevailing at the date of the transactions. In respect of the transactions covered by Forward Exchange Contracts, the difference between the forward rate and the exchange rate on the date of the transaction is recognized as Income or Expense over the life of the Contract. Transactions not covered by forward exchange rates and outstanding at year end are translated at exchange rates prevailing at the year end and the profit/loss so determined and also the realized exchange gain/losses are recognized in the Profit & Loss Account.

**9. Borrowing Cost:**

All borrowing costs are charged to revenue except to the extent they are attributable to qualifying assets which are capitalized. During the year under review, there was no borrowing attributable to qualifying assets and hence no borrowing cost was capitalized.

**10. Segment Accounting:**

Segments are identified based on the types of products and the internal organization. The company has identified business segments as its primary reporting segment. The company's primary segments consist of Steel and Power. Unallocated corporate expense (net of other income) represents expense which relate to the enterprise as a whole and are not allocable to segments.

**11. Taxes on Income:**

1. Provision for current tax is made in accordance with the Income Tax Act, 1961.
2. In accordance with the Accounting Standard AS-22 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India, Deferred Tax Liability / Asset arising from timing differences between book and income tax profits is accounted for at the current rate of tax to the extent these differences are expected to crystallize in later years (Also refer point 8 of Notes on Accounts). However, Deferred Tax Assets are recognized only if there is a reasonable / virtual certainty of realization thereof.

**12. Provisions and Contingencies:**

Provisions involving a 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 accounts by way of a note. Contingent assets are neither recognized nor disclosed in the financial statements.

**B.Notes on Accounts:**

1. Contingent liability not provided for:
   (a) Counter Guarantees furnished to the bank Rs.99.58 Lakhs (Previous year Rs. 97.91 Lakhs)
   (b) Towards outstanding Letter of Credit Rs. NIL (Previous year Rs. 2893.19 Lakhs) on account of import of raw materials.
2. Estimated amount of contracts remaining to be executed on capital accounts and not provided for Rs. NIL (Previous year: Rs. 7.85 Crores).

**3. Claims against the company not acknowledged as debt:**

a) - towards the disallowance of deemed Credit to extent of Rs.2,34,094/- under Rule 57-I of the Central Excise Rules, 1944 read with Section 11-A of Central Excise Act, 1944 made on the erstwhile Avanti Oil and Steel Industries Private Limited, the transferor company. Matter under appeal before Commissioner of Central Excise (Appeals) Chennai.

b) - towards the demand of Rs.35.66 lakhs plus penalty of an equal amount plus interest thereon for re-fixation of Annual Capacity of Production (ACP) by the Commissioner of Central Excise on the erstwhile OP Steels Limited, the transferor company. Company has filed stay petition. This matter is pending before Honb'le High Court of Madras.

c) - towards the demand of penalty of Rs.11,000/- imposed by Central Excise Authorities relating to difference in the mode of valuation of Sponge Iron cleared on job work basis. Company has filed a stay application and the matter is pending before Commissioner of Central Excise (Appeals) Chennai.

d) –towards the demand of differential duty of Rs.52.38 lakhs (Rs.87.25 lakhs less Rs.34.87 lakhs already paid) plus interest and penalty as per the provisions of the Central Excise Act, 1944 as per the show cause notice no:2/06 dated 17-1-2006 issued by the Commissioner of Central Excise, Chennai claiming wrong adoption of assessable value for the excisable goods cleared from factory to depots. Company has won during the year its appeal before the settlement commission and the matter has been referred to Hon'ble High Court of Madras by the Commissioner of Central Excise

e) - towards the disallowance of Cenvat Credit relating to the Furnace Oil to extent of Rs. 17,99,434/- plus penalty of an equal amount imposed by the Central excise Dept. Matter pending before Hon'ble High Court of Madras.

**4. Revaluation of Fixed Assets:**

Fixed Assets pertaining to Rolling Division of the Company have been revalued on 31.3.08, corresponding credit given to the Revaluation Reserve as per AS 10. Depreciation to the extent of Rs.48.40 Lakhs has been adjusted against revaluation reserve during the current year.

**5. Remuneration to the Directors:**

(In Rs)

| | | |
|---|---|---|
| **Ravi Gupta** | CMD | 24,00,000 |
| Ashok Bohra | WTD | 96,000 |
| Total | | 24,96,000 |

Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956

Amount in Rs.

| | **2008-09** | **2007-08** |
|---|---|---|
| Net Profit before taxation | 11,37,08,853 | 15,41,59,413 |
| Add: Directors Remuneration | 24,96,000 | 3,06,000 |
| | 11,62,04,853 | 15,44,65,413 |
| Add: Loss of sale of assets | NIL | 1,17,413 |
| Net Profit | 11,62,04,853 | 15,45,82,826 |

**6. License Agreement:**

Company has entered into a License Agreement on 26th April 2008 to give on License the 10MW Power Plant to OPG Renewable Energy Private Limited (OPGREPL) on the understanding that OPGREPL shall provide power to the Company upto 9 Million units every year. It has also been undertaken that in the event of shortfall, OPGREPL shall compensate the company by an amount equal to the value of such shortfall calculated by applying the rate of power charged by TNEB in that financial year. An interest free deposit of Rs.20 Crores has been given by OPGREPL during the year and the commitment has accordingly been halved to 4.5 million units a year w.e.f. 1-4-09.

**7. Employee Benefits**

Disclosures in terms of AS-15 are under:

a. Defined contribution plan:

Contribution to defined contribution plan recognized as expenses for the year 2008-09 is Employers contribution to Provident Fund and ESI Rs.13.02 Lakhs.

b. Defined Benefit Plan:

As per the explanations given by the management of the company except for Gratuity, there are no other benefit plans for the employees of the company. The present value of Gratuity obligation is determined during this year (2008-09) based on actuarial valuation using the projected unit credit method. Accordingly provision of Rs.2.12 Lacs has been made in the year 2008-09. (2007-08 Rs.12.96 Lacs)

(Rs.In 000's)

| | | 2008-09 | 2007-08 |
|---|---|---|---|
| I | Expenses recognized in the statement of Profit and Loss for the year ended | 212 | 150 |
| | 1. Current Service Cost | 203 | 134 |
| | 2. Interest Cost | 119 | 107 |
| | 3. Expected Return on Plan Assets | 0 | 0 |
| | 4. Net Actuarial (Gains)/ Losses | (110) | (91) |
| | 5. Total Expenses | 212 | 150 |
| II | Net Asset/(Liability) recognized in the Balance sheet as on 31-03-2009 | | |
| | 1. Present value of Defined Benefit Obligation | 1694 | 1482 |
| | 2. Fair Value of Plan Assets as at 31-03-2009 | 0 | 0 |
| | 3. Funded Status (Surplus/ Deficit) | 0 | 0 |
| | 4. Net Liability as at 31-03-2009 (No Fund is maintained) | 1694 | 1482 |
| III | Change in obligation during the year ended | | |
| | 1. Present value of Defined Benefit Obligation at the beginning of the year | 1482 | 1332 |
| | 2. Current Service Cost | 203 | 134 |
| | 3. Interest Cost | 119 | 107 |
| | 4. Actuarial (Gains) / Lossess | (110) | (91) |
| | 5. Benefit Payments | 0 | 0 |
| | 6. Present value of Defined Benefit Obligation at the end of the year | 1694 | 1482 |

| | | | |
|---|---|---|---|
| IV | Changes in Assets during the year ended | | |
| | 1. Plan assets at the beginning of the year | 0 | 0 |
| | 2. Expected return on plan assets | 0 | 0 |
| | 3. Contributed by Employer | 0 | 0 |
| | 4. Actual Benefits paid | 0 | 0 |
| | 5. Actuarial Gains/ (Losses) | 0 | 0 |
| | 5. Plan assets at the end of the year | 0 | 0 |
| | (No Fund is being maintained) | | |
| V | Actuarial Assumptions | | |
| | 1. Discount Rate | 8% | |
| | 2. Expected rate of return on plan assets | NA | |
| | 3. Mortality | LIC (1994-96) | |
| | 4. Turnover rates | 10% | |
| | 5. Salary Escalator | 15% | |

8. Deferred Taxes:

Based on the petition filed by the company on 21st April 2008, the Hon'ble High Court of Madras has allowed the company on 19th August 2008 to utilize the Securities Premium account towards the Deferred Tax Liability computed as per Accounting Standard 22 issued by the Institute of Chartered Accountants of India.

| | |
|---|---|
| Deferred Tax Liability for the year | Rs.6,40,73,306 |
| Deferred Tax Liability adjusted against Securities Premium account | |
| (As per Directives of Hon'ble High Court Madras) | Rs.1,72,65,485 |
| Balance Deferred Tax Liability debited to Profit & Loss Account | Rs.4,68,07,821 |

9. Details of TDS deducted on Other Income :

(Rs. In Lakhs)

| Particulars | Amount | TDS |
|---|---|---|
| Interest | 32.83 | 7.08 |
| Rent | 5.94 | 1.36 |
| Sales Commission | 8.12 | 1.39 |

10. There were no amounts overdue (above Rs.1 lakh) to Small Scale and/or Ancillary Industrial Suppliers on account of Principal and/or Interest as at 31.03.2009. This disclosure is based on the information available with the Company regarding the status of the suppliers.

11. Company has circularized/sought confirmation of balance letters to/from sundry debtors & advance parties / sundry creditors. In the absence of negation, the balances appearing the books are taken as confirmed.

12. Sundry creditors include an amount of Rs.101.65 lakhs being the value of the surety given by the company to the Customs Authorities on behalf of M/s OPG Energy Private Ltd. (OPGEL) to the extent of Rs.461.41 lakhs with a commitment of Export obligation for US$ 79,63,973.76 within 8 years from 3.11.2003 for OPGEL to avail concessional customs duty for import of capital equipment. As per the arrangement, OPGEL will compensate the company with a total amount of Rs.386.41 lakhs towards the saving based on progress achieved in the export obligations guaranteed by the Company and the joint venture partners on behalf of OPGEL within the stipulated period, out of which Rs.100.70 lakhs income received during the year.

13. Additional information pursuant to the provisions of paragraphs 3, 4-C, 4-D of Part II of Schedule VI of the Companies Act, 1956.

Licensed and Installed capacity (As certified by the Management)

| | |
|---|---|
| Name of the Products manufactured: | i) Tor Steel & Profiles<br>ii) Windmill Power Generation.<br>iii) Sponge Iron |
| Licensed Capacity | Not applicable. |
| Installed Capacity | 1) Tor Steel and Profiles: 60,000 M T /p a<br>2) Wind Power: 7.610 MW<br>3) Sponge Iron: 60000 M T / p a |

| | | | (Quantity in Metric Tonnes) | |
|---|---|---|---|---|
| | Actual Production | | **For the year ended 31.03.2009** | **For the year ended 31.03.2008** |
| a) | Tor Steel & Profiles | - Own | 42387.780 | 54198.305 |
| | | - Conversion | 334.515 | 2289.200 |
| | Sponge Iron | - Own | 27719.000 | 32883.000 |
| | | Total | **70441.295** | **89370.505** |

b) **Quantitative Details of Finished Goods**

| **1. Steel Rolled Products** | **Year ended 31.03.2009** | **Value Rs. In lakhs** | **Year ended 31.03.2008** | **Value Rs. In lakhs** |
|---|---|---|---|---|
| | **Qty. in MTs.** | | **Qty. in MTs.** | |
| | | | | |
| Opening Stock | 4998.826 | 1258.87 | 2678.013 | 646.96 |
| Production | 42387.780 | | 54198.305 | |
| Received on Consignment | 2741.300 | | 887.650 | |
| Purchases/ Receipts | 21360.472 | | 68413.967 | |
| Sales (Net of Return) | 65802.414 | 23436.83 | 120291.459 | 34828.15 |
| Sold on Consignment | 2741.300 | | 887.650 | |
| Closing Stock | | | | |
| - At own premises | **2944.664** | **831.17** | **4998.826** | **1258.87** |
| Total | **2944.664** | **831.17** | **4998.826** | **1258.87** |

| **2. Sponge Iron Products** | **Year ended 31.03.2009** | **Value Rs. In lakhs** | **Year ended 31.03.2008** | **Value Rs. In lakhs** |
|---|---|---|---|---|
| | **Qty. in MTs.** | | **Qty. in MTs.** | |
| | | | | |
| Opening Stock | **178.510** | **33.70** | **1332.790** | **146.61** |
| Production | 27719.000 | | 32883.000 | |
| Received on Consignment | | | | |
| Purchases/ Receipts | 0 | | | |
| Goods Sent for conversion | | | | |
| Stock Transferred to Rolling Division | | | 1519.940 | |
| Stock Transferred to Furnace Division | 845.670 | | | |
| Goods Sent on Consignment | 194.330 | | 541.800 | |
| Sales (Net of Return) | 25195.840 | 4385.43 | 31975.540 | 4854.03 |

| | | | | |
|---|---|---|---|---|
| Closing Stock | | | | |
| - At own Premises | 1661.670 | 190.61 | 178.510 | 29.21 |
| **Total** | **1661.670** | **190.61** | **178.510** | **29.21** |

| | | For the year ended 31.03.2009 | For the year ended 31.03.2008 |
|---|---|---|---|
| c) | | | |
| | M.S. Re-rollables (in Metric Tonnes) | 45477.24 | 58086.075 |
| d) | Stores and Spares Consumed (100% Indigenous) (Rs. Lakhs) | 332.61 | 96.11 |
| e) | C.I.F. Value of Imports (Rs. Lakhs) Raw Materials | 7236.62 | 7933.98 |
| | Components and Spares Parts | -- | -- |
| | Capital Goods | -- | -- |
| f) | Earnings in Foreign Currency (Rs. Lakhs) | -- | -- |
| g) | Expenditure in Foreign Currency on Traveling (Rs. Lakhs) | -- | -- |

14. Previous year figures are regrouped / rearranged wherever necessary.

15. SEGMENT INFORMATION FOR THE YEAR ENDED 31st March 2009.

**Business Segment:** The two identified segments are Steel and Power Generation

(Rs. Lakhs)

| **Particulars** | **Steel** | **Power** | **Elimination** | **Total** |
|---|---|---|---|---|
| **REVENUE** | | | | |
| External Revenue | 36882.21 | - | - | 36882.21 |
| Internal Revenue | - | 518.54 | (518.54) | - |
| Total | 36882.21 | 518.54 | (518.54) | 36882.21 |
| **RESULT** | | | | |
| Segment Result | 1164.00 | 254.49 | - | 1418.49 |
| Unallocated corporate expenditure (net of other income) | | | | (281.40) |
| Tax expense | | | | (604.86) |
| Profit after Taxes | | | | 532.23 |
| **OTHER INFORMATION** | | | | |
| Segment Assets | 14271.23 | 5055.08 | - | 19326.31 |
| Segment Liabilities | 6769.68 | 2554.41 | - | 9324.09 |
| Capital Expenditure (current year) | 54.92 | 3333.60 | - | 3388.52 |
| Depreciation | 305.76 | 178.32 | - | 484.07 |
| Non cash expense (other than depreciation) | 20.91 | - | - | 20.91 |

Type of products and services in each business segment:

Steel - Manufacture and Trading of rolled steel products.

Power – Generation and captive consumption of power.

(16) Related Party Disclosures:

**Related Parties**

**Enterprises**

1. OPG Energy Private Limited
2. The South India Steel & Starch Industries
3. OPG Renewable Energy Private Limited (OPGREPL)
4. OM Energy Generation Private Limited

There are no commercial transactions with any of the related party except for OPG Energy Private Limited during the year 2008-09.

**Relationship:** Enterprises in which key management personnel are having significant influence.

**Key Management Personnel:**

| | |
|---|---|
| Mr. Ravi Gupta | Chairman & Managing Director |
| Mr.Ashok Bohra | Whole Time Director. |

**Related Party Transactions**

(Rupees in lakhs)

| | **Key Management Personnel (KMP)** | **Companies in which KMP have significant Influence** |
|---|---|---|
| During the year transactions: | | |
| Purchase of Goods | -- | -- |
| Sale of Goods | -- | -- |
| Sale of Power | -- | -- |
| Purchase of Power | -- | 257.35 |
| Investments made | -- | 1.50 |
| Investments sold | -- | 2.00 |
| Receiving Services | -- | -- |
| Remuneration Paid | 24.96 | -- |
| Given Services | -- | -- |
| Interest Received | -- | -- |
| Amount outstanding as on 31.3.09 | -- | 156.75 |

**Notes:**

1. Remuneration to key management personnel is disclosed in the notes attached to and forming part of accounts.
2. Sitting Fees to Directors Rs.30,000/-

| (**17**) | Remittance in foreign currency towards Dividend | **2008-09** | **2007-08** |
|---|---|---|---|
| | Number of Non-resident shareholders: | 2 | 2 |
| | Number of Shares held | 30,00,000 | 30,00,000 |
| | Amount remitted | | |
| | Final Dividend ( 2006-07) | | Rs.18,00,000 |
| | Final Dividend ( 2007-08) | 18,00,000 | |

| (**18**) | **Earning Per Share:** | **2008-09** | **2007-08** |
|---|---|---|---|
| a) | Weighted Average No. of Equity Shares of Rs.10/- each | | |
| | I. No. of Shares at the beginning of the year | 28436074 | 28475518 |
| | II. No. of Shares at the end of the year | 28436074 | 28436074 |
| | Weighted average number of equity shares outstanding during the year | 28436074 | 28436074 |
| b) | Net profit after tax available for equity shareholders (Rs. In Lakhs) | 532.23 | 1091.36 |
| c) | Basic and diluted earning per share (Rs.) | 1.87 | 3.84 |

As per our report of even date annexed

For **CHATURVEDI & COMPANY**
CHARTERED ACCOUNTANTS

**S GANESAN**
Partner (Memb.No:217119)
Chennai, 30th June 2009

**RAVI GUPTA**
Chairman & Managing Director

**ASHOK BOHRA**
Wholetime Director

**KANISHK STEEL INDUSTRIES LIMITED**
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 st March 2009**

| | For The Year Ended 31.03.2009 | | For The Year Ended 31.03.2008 | |
|---|---|---|---|---|
| **A.CASH FLOW FROM OPERATING ACTIVITIES :** | | | | |
| Net Profit before Tax And Extraordinary Items | | 1137.09 | | 1541.59 |
| Add: | | | | |
| Depreciation | 484.07 | | 332.40 | |
| Foreign Exchange loss | 0.60 | | 0.00 | |
| Loss on Sale of Assets | 0.00 | | 1.17 | |
| Bad Debts | 20.31 | | 21.92 | |
| Rent Received | (5.94) | | (6.18) | |
| Lease Rent | 0.00 | | (48.00) | |
| Interest /Rebate/Discount Income | (32.83) | | (30.36) | |
| Interest /Discount Paid | 321.78 | 787.99 | 329.28 | 600.24 |
| | | 1925.08 | | 2141.84 |
| Less: Adjustments for: | | | | |
| (Increase)/Decrease in Inventories | (1276.43) | | (591.35) | |
| (Increase)/Decrease in Receivables | 1144.55 | | (371.71) | |
| (Increase)/Decrease in Loans & Advance | (75.98) | (207.87) | (182.59) | (1145.65) |
| | | 1717.21 | | 996.18 |
| Add: Increase/(Decrease) in Current Liabilities & Provisions | | (2301.21) | | 3321.49 |
| | | (584.00) | | 4317.68 |
| Less: Taxes Paid | | (120.86) | 176.60 | (176.60) |
| **Net Cash Flow from opertating activities (A)** | | **(704.85)** | | **4141.08** |
| **B.CASH FLOW FROM INVESTING ACTIVITIES :** | | | | |
| Purchase of Fixed Assets | (3388.52) | | (1304.25) | |
| Sale of Fixed Asset | - | | 1.61 | |
| Increase in Capital Work In Progress | 2246.40 | | (1705.35) | |
| Interest Received | 32.83 | | 30.36 | |
| Rent Received | 5.94 | | 6.18 | |
| Lease Rent | - | | 48.00 | |
| Purchase/ Sale of Investments | (26.50) | | 53.55 | |
| Profit / (Loss) from sale of Fixed Assets | - | | (1.17) | |
| **Net Cash Flow from Investing activities (B)** | | **(1129.85)** | | **(2871.07)** |
| **C.CASH FLOW FROM FINANCING ACTIVITIES :** | | | | |
| Shares Forfeiture | - | | 2.96 | |
| Equity Share Premium | - | | 7.69 | |

| | For The Year Ended 31.03.2009 | | For The Year Ended 31.03.2008 | |
|---|---|---|---|---|
| Increase in Share Capital | - | | 3.16 | |
| Dividend Tax Payment | (29.00) | | (29.04) | |
| Dividend Paid | (168.20) | | (170.85) | |
| Interest paid | (321.78) | | (329.28) | |
| Movement in Unsecured Loan (Net) | 2,397.70 | | | |
| Movement in Term Loan (Net) | (558.55) | | (575.20) | |
| **Net Cash Flow from Financing activities (C)** | | **1320.17** | | **(1090.57)** |
| **Net Increase in cash Equivalents (A)+(B)+(C)** | | **(514.53)** | | **179.44** |
| Cash & Cash Equivalents (Opening Balance) | 576.67 | | 397.23 | |
| Cash & Cash Equivalents (Closing Balance) | 62.15 | | 576.67 | |
| **Net Increase/(Decrease) in Cash & Cash Equivalents** | | **(514.53)** | | **179.44** |

As per the report of even date annexed

For **CHATURVEDI & COMPANY**
CHARTERED ACCOUNTANTS

**S GANESAN**
Partner (Memb.No:217119)
Chennai, 30th June 2009

**RAVI GUPTA**
Chairman & Managing Director

**ASHOK BOHRA**
Wholetime Director

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI PART IV OF THE COMPANIES ACT, 1956

**I. REGISTRATION DETAILS**

| | |
|---|---|
| State Code | 18 |
| Registration No. | 5793 |
| Balance Sheet Date | 31.03.2009 |

**II. CAPITAL RAISED DURING THE YEAR** (Rs.in Lacs)

| | |
|---|---|
| Public Issue | Nil |
| Rights Issue (Preferential) including premium | Nil |
| Bonus Issue | Nil |
| Private Placement | Nil |

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS**

| | | | |
|---|---|---|---|
| Total Assets | 14661 | Total Liabilities | 14661 |
| **Sources of Funds** | | | |
| Paid up Capital | | | 2847 |
| Reserves & Surplus | | | 5289 |
| Secured Loans | | | 2262 |
| Unsecured Loans | | | 2398 |
| Deferred Tax | | | 1867 |
| **Application of Funds** | | | |
| Net Fixed Assets | | | 10083 |
| Investments | | | 206 |
| Net Current Assets | | | 4373 |

**IV. PERFORMANCE OF THE COMPANY**

| | |
|---|---|
| Turnover | 37863 |
| Total Expenditure | 36726 |
| Profit / (Loss) before Tax | 1137 |
| Profit / (Loss) after Tax | 532 |
| Earnings Per Share in Rupees. | 1.87 |
| Dividend Rate ( % ) | 0.00 |

**V. GENERIC NAMES OF THE PRINICIPAL PRODUCT / SERVICES OF COMPANY AS PER MONETARY TERMS**

| | |
|---|---|
| Product Description | To Steel and Profiles |
| ITC Code No. | 721490 |

As per the report of even date annexed

For **CHATURVEDI & COMPANY**
CHARTERED ACCOUNTANTS

**S GANESAN**
Partner (Memb.No:217119)
Chennai, 30th June 2009

For and Behalf of the Board

**RAVI GUPTA**
Chairman & Managing Director

**ASHOK BOHRA**
Wholetime Director

## KANISHK STEEL INDUSTRIES LIMITED

**Registered Office:** B-27(M), SIPCOT Industrial Complex, Gummidipoondi, Thiruvallur Dt. TN - 601 201.
**Share Transfer Agents** : M/s. Cameo Corporate Services Limited, (Unit : Kanishk Steel Industries Ltd.), No. 1, Club House Road, Chennai - 600 002.

### ATTENDANCE SLIP — 19th ANNUAL GENERAL MEETING

**Date : Wednesday the 30th September 2009**
**Time : 3.00 P.M.**
**Place : B-27 (M), SIPCOT Industrial Complex, Gummidipoondi, Thiruvallur District, Tamilnadu – 601 201.**

FOLIO NO. :

NAME OF PROXY (if applicable) :

I hereby record my presence at the Nineteenth Annual General Meeting of the Company.

Note:

1. This slip may please be handed over at the entrance of the Meeting Hall.
2. Joint Holder(s) intending to attend the meeting are requested to obtain additional admission slip(s) from the Registered Office of the Company.

Signature of Member/proxy

## KANISHK STEEL INDUSTRIES LIMITED — CHANGE OF ADDRESS FORM

**Share Transfer Agents** : M/s. Cameo Corporate Services Limited,, (Unit : Kanishk Steel Industries Ltd.), No. 1, Club House Road, Chennai - 600 002.

Name of the Member :

Folio Number :

New Address :

Signature of Member

## KANISHK STEEL INDUSTRIES LIMITED — PROXY FORM

I/We ..... of ..... being a Member / Members of the above - named Company, hereby appoint ..... ..... of ..... as my / our proxy to vote for me / us and on my / our behalf at the Nineteenth Annual General Meeting of the Company to be held at 3.00 P.M. on Wednesday the 30th September 2009 and at any adjournment thereof.

Signed this ..... day of ..... 2009.

Affix Revenue Stamp

..... .....

Signature of Member

Note : The form of Proxy should be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the above meeting.