



FROM STRUCTURE
TO INFRASTRUCTURE

ANNUAL REPORT
2010-11

15

VIKASH METAL & POWER LTD.

Chairman's Message



“
Our goal is to
continue to
enhance the
customers'
satisfaction and
stakeholders'
value
”

Dear Fellow Shareholders,

On behalf of the Board, I am pleased to present the 15th Annual Report of the Company. The FY 2010-11 has been the best year for your Company. Here are some facts :

Turnover grew by 23% to Rs. 8798 million.

Profit Before Tax (PBT) increased by 156% to Rs. 149 million.

Profit After Tax (PAT) increased by 173% to Rs. 102 million.

Earnings Per Share (EPS) increased by 172% to Rs. 2.89.

This landmark performance was a result of smart rebound of the Indian economy. During 2010-11, the Indian economy has performed well with attractive growth rates. But the years ahead could, however, be challenging as the government endeavors to curb inflationary growth.

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

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

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

With warm regards

Vimal Kumar Patni
Chairman

Corporate Information



BOARD OF DIRECTORS

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

COMPANY SECRETARY

Mr. Debendra Banthiya

AUDITORS

M/s. S. Jaykishan
Chartered Accountants

BANKERS

Bank of India
United Bank of India
UCO Bank
IDBI Bank

REGISTERED OFFICE

35, Chittaranjan Avenue
6th Floor
Kolkata - 700 012

CORPORATE OFFICE

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

PLANT LOCATION

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

REGISTRAR AND TRANSFER AGENT

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

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Notice

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of the Company will be held at Purbashree, EZCC, Bharatiyam Cultural Multiplex, IB-201, Sector-III, Salt Lake City, Kolkata-700 106 on Friday, the 30th day of September, 2011 at 10.30 A.M. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Vijay Kumar Jain, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT M/s. S. Jaykishan, Chartered Accountants, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company.

RESOLVED FURTHER THAT, the Board of Directors be and is hereby authorized to fix the remuneration payable and reimbursement of out-of-pocket expenses, if any, to the said Auditors."

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**

"RESOLVED that in partial modification of Resolution No. 6 passed at the 12th Annual General Meeting of the Company held on 27th September, 2008 for the re-appointment and terms of remuneration of Mr. Vikash Patni as Managing Director of the Company for a period of five years with effect from 1st April 2008 to 31st March 2013 and in accordance with the provisions of Sections 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the revision in the remuneration of Mr. Vikash Patni, Managing Director w.e.f. 1st October, 2011 for the remaining period of his tenure of office, as set out in the draft Supplemental Agreement mentioned in the Explanatory Statement to this resolution with authority to the Board of Directors to alter and vary the terms and conditions of the said remuneration and/ or Agreement in such manner as may be agreed to between the Board and Mr. Vikash Patni."

"RESOLVED FURTHER THAT all other terms and conditions of re-appointment of Mr. Vikash Patni as approved by the members in the Annual General Meeting held on 27th September, 2008 shall remain unchanged."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all steps as may be necessary, proper and expedient to give effect to the aforesaid resolution."

By Order of the Board of Directors
For **VIKASH METAL & POWER LIMITED**
Debendra Banthiya
Company Secretary

Place : Kolkata
Date : 21st July, 2011

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

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

Notice (Contd.)

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The Instrument of proxy, in order to be effective, must be completed, stamped, signed and deposited at the Company's Registered Office not less than forty-eight hours before the commencement of the ensuing Annual General Meeting (AGM).
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of business set out at Item no. 5 above is annexed hereto.
4. Corporate Members are requested to send to the Company's Corporate office, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the AGM.
5. The Register of Members and Share Transfer Books will remain closed from 23rd September, 2011 to 30th September, 2011 (both days inclusive) for the purpose of Annual General Meeting and for payment of dividend.
6. The dividend on shares for the financial year ended on 31st March, 2011, as recommended by the Board, if declared at the AGM, payment will be made on or after 1st October, 2011 to those shareholders whose name appears in the Register of Members/Statement of Beneficial Ownership furnished by depositories at the close of business hours on 22nd September, 2011
7. **National Electronic Clearing Services (NECS)** : Reserve Bank of India has initiated NECS for credit of dividend directly to the bank account of members. Members holding shares in dematerialized form are requested to provide their latest bank details with their Depository Participants. Members holding shares in physical form are requested to provide their latest bank details alongwith their Folio number to the Company's Registrar and Share Transfer Agents i.e M/s Maheshwari Datamatics Private Limited.
8. Members/Proxies are requested to bring their attendance slip sent herewith, duly filled in, for attending the meeting.
9. As required under clause 49 of the Listing Agreement executed with the Stock Exchange(s), a brief profile of the Director seeking re-appointment at the Annual General Meeting is appended with the Notice.
10. Any member desirous of getting any information on the accounts of the company is requested to forward his/her queries atleast 7 days prior to the meeting so that the required information can be made available at the meeting.

IMPORTANT COMMUNICATION TO MEMBERS – “Green Initiative in the Corporate Governance”

The Ministry of Corporate Affairs (MCA), Government of India has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies after considering the relevant sections of the Information Technology Act, 2000 for legal validity of compliances under Companies Act, 1956 through electronic mode. The MCA has vide its circular Nos. 17/2011 dated 21st April, 2011 and 18/2011 dated 29th April, 2011 provided that a company would have complied with Section 53 of the Companies Act, 1956, if the service of documents has been made through electronic mode, provided the company has obtained the email addresses of its members for sending notice/documents through email by giving an advance opportunity to every member to register his/her e-mail address and changes therein from time to time with the company. In cases where any member has not registered his/her e-mail address with the company, the service of documents etc. will be effected by other modes of service as provided in Section 53 of the Companies Act, 1956.

Accordingly, those members, who desire to receive notice/documents including Annual Reports through e-mail, are requested to communicate their email Id and changes thereto from time to time to the Depository Participant/ Company's Registrar & Share Transfer Agents, M/s Maheshwari Datamatics Private Limited for receipt of notice/ documents including Annual Reports through e-mail.

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

Item No. 5

The Shareholders had in the 12th Annual General Meeting held on 27th September 2008 approved the reappointment of Mr. Vikash Patni as Managing Director of the Company for a period of five years with effect from 1st April 2008 to 31st March 2013 on the terms and conditions and remuneration payable to him as set out in the Agreement dated 27th March 2008 (Principal Agreement) entered into between him and the Company.

In view of the general inflationary trends resulting in significant increase in cost of living and survival, the original limit of the salary of ₹150,000 per month (inclusive of all) as contained in the Agreement entered into with Mr. Vikash Patni appears to be inadequate and it is proposed to increase the same to ₹ 300,000 per month.

The Board of Directors have at its meeting held on 21st July 2011, on recommendation of Remuneration Committee, approved revision in the limit with regard to the salary of Mr. Vikash Patni as per the draft Supplemental Agreement submitted to the said meeting, subject to the approval of the Members in the General Meeting. The draft Supplemental Agreement proposed between the Company and Mr. Vikash Patni contains the following revised term :

"Clause 3 : Remuneration - ₹ 300,000/- (Rupees Three Lacs only) per month with an authority to the Board of Directors to alter and vary the terms and conditions of the said appointment with respect to further increases in salary from time to time in such a manner as may be agreed to between the Directors and Shri Vikash Patni.

However, in case of absence or inadequacy of net profits in any financial year, the remuneration payable to Mr. Vikash Patni is restricted to Part II Section III[1(A)] of Schedule XIII of the Act."

All other terms and conditions of the re-appointment of Mr. Vikash Patni as contained in the Principal Agreement dated 27th March 2008 earlier entered into between the Company and Mr. Vikash Patni, which was approved by the shareholders, will remain unchanged.

The revised terms of remuneration of Mr. Vikash Patni as specified above and contained in the draft Supplemental Agreement, are now being placed before the Members in the Annual General Meeting for their approval.

The increase is within the prescribed limits and the Board of Directors recommends the passing of the resolution. None of the Directors, other than Mr. Vikash Patni, self, and Mr. Vimal Kumar Patni and Mr. Akkash Patni, being relative, is in any way, concerned or interested in this resolution.

This may also be treated as an Abstract of the draft Supplemental Agreement between the Company and Mr. Vikash Patni, pursuant to Section 302 of the Companies Act, 1956. A copy of the draft Supplemental Agreement proposed to be entered into between the Company and Mr. Patni is available for inspection by the members of the Company at its Registered Office from 10.30 a.m. to 12.30 p.m. on any working day, except Saturdays upto the Annual General Meeting and will also be available at the said meeting.

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

Name of the Director	Mr. Vijay Kumar Jain
Date of Birth	15th June, 1966
Date of Appointment	10th March, 2005
Qualification	B. Com
Expertise	Wide experience in Accounts and Commercial matters.
Directorship held in other Public Companies as on March 31, 2011	Ankit Metal & Power Limited
Chairmanship/ Membership of the Committee of the Board of Directors of the Company as on 31st March, 2011	Chairmanship (i) Share Transfer cum Investors Grievance Committee (ii) Remuneration Committee
Chairmanship/Membership of the Committee of Directors of other Public Companies as on 31st March, 2011	Share Transfer cum Investors Grievance Committee (i) Ankit Metal & Power Limited
Number of shares held	Nil

Directors' Report and Management Discussion and Analysis Report

Dear Shareholders,

Your Directors take pleasure in presenting the 15th Annual Report on the business and operations of your Company together with the Audited Accounts for the year ended 31st March, 2011.

FINANCIAL AND PERFORMANCE REVIEW

(₹ in Lacs)		
PARTICULARS	2010-11	2009-10
Sales (Net of Excise Duty)	84,988.46	69,185.69
Other Income	156.44	168.04
Total Income	85,144.90	69,353.73
Less : Total Expenses	(80,574.39)	(65,685.03)
Profit before Depreciation, Interest & Tax	4,570.51	3,668.70
Less : Interest	(2,194.80)	(2,210.54)
Depreciation	(885.57)	(876.20)
Profit before Tax	1,490.14	581.96
Less : Provision for Current Tax	(310.24)	(103.26)
Provision for Deferred Tax	(452.10)	(163.84)
Deferred MAT credit entitlement	296.99	98.90
Profit after Tax	1,024.79	413.76
Less: Income Tax for earlier years	(8.60)	(42.09)
Add : Profit brought forward from Previous year	3,029.64	2,760.35
Profit available for appropriation	4,045.83	3,132.02
Proposed Dividend on equity shares	(177.98)	(87.80)
Corporate Tax on Dividend	(28.87)	(14.58)
Balance carried to Balance Sheet	3,838.98	3,029.64

During the financial year under review, the gross turnover of your Company increased from ₹ 70730.28 Lacs to ₹ 87980.46 Lacs, registering a growth of about 23% compared to previous financial year 2009-10 while Profit Before Tax (PBT) increased by 156% to ₹ 1490.14 lacs (Previous year ₹ 581.96 Lacs) and Profit After Tax (PAT) increased by 173% to ₹ 1016.19 Lacs (Previous year ₹ 413.76 Lacs). Earnings per Share for the year is ₹ 2.89 compared to ₹ 1.06 for the previous year. Thus, your Company delivers a healthy growth in the sales and profitability.

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

The Global steel industry reached a new high in 2010 compared to disastrous fall in 2008. Asia was the leading steel producer in the global crude steel production. India once again ranked fifth in the global crude steel production in 2010 and continues to maintain the lead position in the manufacturing of Sponge Iron.

Your company is in the manufacturing of Sponge Iron, Pig Iron, MS Billets, TMT Bars, Ferro Alloys and also in generation of Power. The manufacturing facilities of your Company is situated at Poradiha in the Purulia district of West Bengal, serving a large section of structural & infrastructure industries with slogan '**From Structure to Infrastructure**'. Your Directors are pleased to inform that in order to take the fullest advantage of market scenario of steel industry, has decided to set up a Pellitization plant of 0.6 million ton per annum at the aforesaid location. Therefore, your Company is well-poised to take advantage of the growth in the Iron and Steel sector and to emerge as the stronger Company to deliver the enhanced Shareholder value over a period of years.

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

Natural Disasters across the globe posed a significant challenge for the global economic recovery. The Natural disaster in Japan, turmoil in mid 2010 in the Middle East and North Africa is fuelling uncertainty to the pace of global economic growth. As the Indian Steel Industry integrates more and more with Global Industry, it will have to tackle some key issues for retaining its competitive edge and increasing its international presence. Some of the prominent risks faced by the company are of Human Resource, Natural Calamities, Competitive environment, Market condition, etc.

Despite the risks, the global economy is recovering and gaining strength. The IMF has projected a 4.5% world growth in 2011 and 2012. The advanced economies are expected to grow at 2.5% while the emerging and developing economies are expected to grow at 6.5%. The Indian economy was one of the fastest growing economies to recover from the global economic crisis. Your Directors are optimistic about overall scenario going forward of the Iron and Steel Industry and accordingly it is expected that the situation will remain favorable for the Company.

DIVIDEND

The Company's dividend policy is based on twin objectives to appropriately reward the Shareholders and at the same time to keep enough capital to fuel growth needs. Accordingly, your directors recommend a final dividend of 2.5% on Equity shares of ₹ 10/-each i.e ₹ 0.25 per equity share for the year ended 2010-11. The proposed dividend, if approved, at the ensuing Annual General Meeting would result in appropriation of ₹ 177.98 Lacs (in addition to the Corporate Dividend Tax of ₹ 28.87 Lacs) out of the profits.

DIRECTORS

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

INCREASE OF AUTHORISED SHARE CAPITAL AND ISSUE OF GLOBAL DEPOSITORY RECEIPTS (GDRs) OF THE COMPANY

The authorized share capital of your Company was increased from ₹ 60 crores to ₹ 100 crores in order to facilitate the issue of Global Depository Receipts. In April, 2011, the company has raised US\$ 11,999,952 through this issue. The Company's GDRs are listed on the Luxembourg Stock Exchange.

STATUTORY DISCLOSURE

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

AUDITORS & AUDITORS' REPORT

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

The Auditors' Report and the notes forming part of the accounts are self explanatory and hence does not require to be elucidated further.

FIXED DEPOSIT

The Company did not invite/accept any fixed deposit from the public during the year under review and as such there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) Rules, 1975.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

- a) in preparation of statement of accounts for the financial year under review, the applicable Accounting Standards have been followed and in case of departures there from, proper explanations relating thereto have been given in the notes forming part thereof.
- b) Accounting Policies selected have been applied consistently and judgments and estimates made are reasonable and prudent and they give true and fair state of affairs of the Company at the end of the financial year under review and of the profit of the Company for that period.
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) Annual Accounts have been prepared on a going concern basis.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Your Company firmly believes in the immense potential of its human resources in developing the organization and ensuring its success. The Company endeavors to keep the employees' motivation level high by providing conducive work atmosphere and remunerating adequately.

During the year under review, Industrial Relations remained cordial.

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

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

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

CORPORATE GOVERNANCE/INTERNAL CONTROL SYSTEM

Your Company continues to be committed to good Corporate Governance aligned with the good practices. Your Company is in compliance with the standards set out by clause 49 of the Listing Agreement with the Stock Exchanges. A Report Corporate Governance along with a Certificate of Compliance from the Company's Statutory Auditors' forms part of this report as **Annexure 'B'**.

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

SEGMENT WISE/PRODUCT WISE PERFORMANCE

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

GROUP

Person constituting group coming within the definition of "group" for the purpose of Regulation 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include the following :

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

Sl. No.	Name of the Person/Entity	Sl. No.	Name of the Person/ Entity
1.	Vimal Kumar Patni	8.	Brahmand Udyog Limited
2.	Prem Lata Patni	9.	Sahyogi Distributors Limited
3.	Vikash Patni	10.	Unilever Enterprises Limited
4.	Sunita Patni	11.	Swami Vinimay Limited
5.	Akkash Patni	12.	VKP Corporation Private Limited
6.	Sangeeta Patni	13.	Luckyprime Dealers Private Limited
7.	Rajesh Patni		

CAUTIONARY STATEMENT

Statements in this Directors' Report & Management Discussion and Analysis Report describing the Company's activities, projections about the future, estimates, assumptions with regard to global economic conditions and Government policies, etc. have been made in good faith and may be "forward looking statements" within the meaning of applicable securities laws and regulations. Many unforeseen factors may come into play and affect the actual results which might differ from those either expressed or implied. Market data was based on information gathered from various published and unpublished sources and their reliability and completeness cannot be assured.

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board of Directors

Place : Kolkata
Date : 21st July, 2011

Vimal Kumar Patni
Chairman

Annexure 'A' to the Directors' Report

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the financial year ended 31st March, 2011.

A. CONSERVATION OF ENERGY

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

- (i) Waste heat recovery based 10 MW Captive Power Plant.
- (ii) Adoption of technologies and installation of equipments which ensure lower consumption of energy.
- (iii) Regular monitoring of leakages of compressed air and fuel oil to save fuel.
- (iv) Controlling of idle running of equipment during stoppages to save energy.

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

B. TECHNOLOGY ABSORPTION

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

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

This is being done on a continuous basis.

b. Details of foreign Exchange used and earned :

(i) Expenditure in Foreign Exchange :

Particulars	Amount (₹ in '000')
Travelling	1896
	(1168)

(ii) Earnings in Foreign Currency

Particulars	Amount (₹ in '000')
Export of goods on FOB Basis	4611
	(129607)

Note : Figures in brackets relate to previous year.

Form - A

Form for disclosure of particulars with respect to conservation of energy.

Particulars	2010-11	2009-10
A) Power & Fuel Consumption		
1. Electricity		
a) Purchased		
Unit in KWH	20523500	63295300
Amount (₹ in Lacs)	881.61	2098.25
Rate per Unit (₹)	4.30	3.32
b) Generation through captive power facilities		
Through steam turbine/generator		
Units	58832157	10194614
Total Cost (₹ in Lacs)	758.46	661.67
Cost per unit (₹)	1.29	6.49
2. Coal(Specify quality and where used)		
F-Grade(Used in Sponge Iron, Pig Iron & Power Plant)		
Quantity (MT)	36405.09	50407.355
Total Cost (₹ in Lacs)	396.45	785.46
Average Rate (₹)	1089	1558.22
E-Grade(Used in Sponge Iron, Pig Iron & Power Plant)		
Quantity (MT)	46855.65	50174.240
Total Cost (Rs. in Lacs)	1498.10	1413.11
Average Rate (Rs.)	3197.27	2816.41
3. Others/Internal Generation	-	-

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

Particulars	2010-11	2009-10
B) Consumption per unit of production		
1. Electricity (Unit/MT) Annualised	483.25	554.43
2. Coal		
(Kg/MT)	1228.46	1432.48
(Kg/unit)	0.20	0.61

Form - B

Form for disclosure of particulars with respect to technology absorption for the year ended 2010-11

A. Research And Development (R&D)

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

- | | | |
|---|---|-----|
| a. Specific Areas in which R & D carried out by the Company | : | NIL |
| b. Benefits derived as a result of the above R & D | : | NIL |
| c. Future plan of Action | : | NIL |
| d. Expenditure on R& D | : | NIL |

B. Technology Absorption, Adaptation and Innovation

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

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

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

Efforts have led to improved efficiencies and cost competitiveness.

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

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

For and on behalf of the Board of Directors

Place : Kolkata
Date : 21st July, 2011

Vimal Kumar Patni
Chairman

I. COMPANY'S PHILOSOPHY

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

II. BOARD OF DIRECTORS

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

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

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

(B) Attendance of Directors at Board Meetings, last Annual General Meeting (AGM) & number of other Directorship and Chairmanships/Memberships of Committees of each Director in various Companies as on 31st March, 2011- Board holds periodic meetings to review and discuss performance of the Company, its future plans, strategies and other pertinent items relating to the Company. During the financial year ended on 31st March, 2011, meeting of the Board of Directors was held 19(Nineteen)times i.e. on 8th April 2010, 29th May 2010, 11th June 2010, 9th July 2010, 21st July 2010, 14th August 2010, 27th August 2010, 2nd September, 2010, 8th September, 2010, 16th September 2010, 25th October 2010, 27th October 2010, 13th November 2010, 11th December 2010, 10th January 2011, 11th February 2011, 16th March 2011, 23rd March 2011, 28th March 2011.

Name of Directors	Category of Directors	No. of Board Meetings attended during 2010-11	Attended last AGM held on 22nd September, 2010	Directorships held in other Public Limited Companies incorporated in India	No. of Membership(s) / Chairmanship(s) of Board Committees in other Companies #	
					Chairman	Member
Mr. Vimal Kumar Patni * - Chairman	Non-Executive, Promoter	19	Yes	7	-	-
Mr. Vikash Patni - Managing Director	Executive, Promoter	19	Yes	8	-	-
Mr. Akkash Patni	Non-Executive, Promoter	19	Yes	7	-	-
Mr. Chhatar Singh Dugar	Independent, Non-Executive	14	Yes	1	1	1
Mr. Vijay Kumar Jain	Independent, Non-Executive	17	No	1	-	1
Mr. Kailash Chand Jain	Independent, Non-Executive	14	No	3	3	-

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

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

The agenda and notes on agenda are circulated to the Board members in advance for facilitating meaningful and focused discussion at the Board Meeting. The Board members, in consultation with the chairman may bring up any matter for consideration of the Board. The Managing Director at the Board Meetings keeps the Board apprised of the overall performance of the Company.

III. AUDIT COMMITTEE

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

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

During the financial year ended on 31st March, 2011, meeting of the Audit committee were held on 29th May, 2010, 21st July 2010, 14th August 2010, 13th November 2010 and 11th February, 2011. The Composition of Audit Committee and the attendance of members during these meetings are as follows :

Name	Category	Designation	No. of meetings attended
Mr. Kailash Chand Jain	Independent, Non-Executive	Chairman	5
Mr. Chhatar Singh Dugar	Independent, Non-Executive	Member	5
Mr. Akkash Patni	Non-Executive	Member	4

The representative of Statutory Auditors is permanent invitee to the Audit committee meetings. Mr Debendra Banthiya, Company Secretary, is the secretary to the Audit Committee.

Unaudited quarterly and audited annual financial results were reviewed, analysed and confirmed by the committee before they were approved by the Board of Directors for submission to the stock exchanges and publication in newspaper in compliance of clause 41 of the Listing Agreement.

The Chairman of the Audit Committee, Mr Kailash Chand Jain, was not present at last annual general meeting of the company held on 22nd September, 2010, due to ill health.

IV. REMUNERATION COMMITTEE

Your Company constituted the committee to approve the remuneration and commission/incentive payable to the Managerial Personnel viz. Managing Director and recommend revision in the same. During the financial year ended on 31st March, 2011, no meeting of the Remuneration Committee was held, as no revision in remuneration was considered. The Composition of Remuneration Committee is as follows :

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

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

Remuneration/Sitting Fees paid to Executive/Non-Executive Directors of the Company during the financial year ended 31st March, 2011 are detailed as under :

Name of Directors	Salary & Perquisites (Rs.)	Sitting fees (Rs.)		No. of Shares held
		Board Meetings	Committee Meetings	
Mr. Vimal Kumar Patni	NIL	47,500/-	-	23,24,600
Mr. Vikash Patni	18,00,000/-	-	-	15,20,900
Mr. Akkash Patni	NIL	47,500/-	10,000/-	12,59,200
Mr. Chhatar Singh Dugar	NIL	35,000/-	12,500/-	NIL
Mr. Vijay Kumar Jain	NIL	42,500/-	-	NIL
Mr. Kailash Chand Jain	NIL	35,000/-	12,500/-	NIL

There is no stock option given to Directors during the year under review.

V. SHARE TRANSFER CUM INVESTORS GRIEVANCE COMMITTEE

Your Company constituted the Committee to oversee the redressal of shareholders' grievances relating to transfer of shares, non-receipt of annual report, dividend etc. During the financial year ended on 31st March, 2011, one meeting of the Committee was held on 23rd March, 2011 which was attended by all the members of the Committee and also by the Company Secretary. The members waived entitlement to sitting fees for attending the meeting of the committee held on 23rd March, 2011. The Composition of the Committee is as follows :

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

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

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

No. of Complaints pending as on 1st April, 2010	0
No. of Complaints received during the year	6
No. of Complaints redressed during the year	6
No. of Complaints pending as on 31st March, 2011	0

VI. CODE OF CONDUCT

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

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

This is to confirm that the Company has adopted a Code of Conduct for all the Board Members and Senior Management Personnel of the Company. It is further confirmed that the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2011.

Kolkata
21st July, 2011

Vikash Patni
Managing Director

VII. DETAILS OF DIRECTORS APPOINTED/RE-APPOINTED

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

VIII. GENERAL BODY MEETINGS

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

Financial Year ended	Day & Date	Time	Venue
31st March, 2008	Saturday, 27th September, 2008	10.30 A.M.	Purbashree, EZCC, Bharatiyam Cultural Multiplex, IB-201, Sector-III, Salt Lake City, Kolkata-700 106
31st March, 2009	Tuesday, 15th September, 2009		
31st March, 2010	Wednesday, 22nd September, 2010		

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

(C) Postal Ballot

During the financial year under review, resolutions were passed by way of postal ballot, as contained in notice dated 27th October, 2010. Mr Abhijeet Jain of A J & Associates, Company Secretaries in whole time practice, was appointed as scrutinizer for conducting the postal ballot process in a fair & transparent manner.

Details of Resolutions passed under the postal ballot are as follows :

(i) Special Resolution for raising of resources through issue of securities in the International market.

Voting Pattern

Voting	Number of Votes	% of votes
Votes in favour	22517884	99.996
Votes against	978	0.004

(ii) Ordinary Resolution for increase in the Authorised share capital and alteration of the Memorandum of Association of the Company from Rs. 40 crores to Rs. 100 crores

Voting Pattern

Voting	Number of Votes	% of votes
Votes in favour	22513375	99.994
Votes against	1278	0.006

The procedure prescribed under Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 has been followed for the postal ballot conducted during the year for the resolutions mentioned above. The results were announced on 4th December, 2010 and advertised in the newspapers.

IX. DISCLOSURES

a) A statement in summary form of transactions with related parties in the Ordinary course of business is placed periodically before the Audit Committee. The Company did not have any materially significant related party transactions, which may have potential conflict with the interest of the Company. For the list of disclosures of related party relationship and transactions as per Accounting standard AS-18, "Related Party Disclosures", Note 18 on Schedule 19 to the Annual Audited Accounts of the Company for the financial year ended on 31st March, 2011 may be referred to.

- b) The Company has duly complied with the requirements of the regulatory authorities on capital market. No strictures were imposed on the Company by the Stock Exchanges, SEBI, or any statutory authority on any matter related to capital markets during the last three year.
- c) There was no pecuniary relationship or transactions between the Company and the Non Executive Directors.
- d) While preparing financial statements for the year under review, no accounting treatment which was different from that prescribed in the Accounting Standard issued by The Institute of Chartered Accountants of India was followed.
- e) The Company does not presently have a Whistle Blower policy.
- f) The Board has received disclosures from senior management personnel relating to material financial and commercial transaction in which they and/or their relatives have personal interest.
- g) The Board of Directors of the company have received a certificate from the Managing Director of the company in compliance of clause 49 (V) of the Listing Agreement.
- h) A Management Discussion and Analysis Report has been included as a part of the Directors' Report to the Shareholders for the financial year ended 31st March, 2011
- i) The Company does not have any Indian Subsidiary Company and hence provision of an Independent Director of the Company on the Board of such Subsidiary Company is not applicable.
- j) Details of Compliance with clause 49 of the Listing Agreement with Stock Exchanges:
 - (i) All mandatory requirements under this clause have been appropriately complied with.
 - (ii) The Company has a Remuneration Committee, which is non mandatory requirement under this clause, as reported in paragraph IV above.
 - (iii) Other non mandatory requirements will be adopted by your Company's Board as and when required and/or deemed necessary.

X. MEANS OF COMMUNICATION

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

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

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

XI. GENERAL SHAREHOLDER INFORMATION

- **Annual General Meeting (Financial Year 2010-11) :**

Day, Date & Time	Friday, 30th September, 2011 from 10.30 A.M onwards.
Venue	Purbashree, Bharatiyam Cultural Multiplex, EZCC, IB-201, Sector - III, Saltlake, Kolkata - 700106

- **Financial Calendar (Tentative and subject to change) :**

1. Financial year	1st April, 2011 to 31st March, 2012
2. Financial Reporting for the quarter ending 30th June, 2011	Within 45 days of the end of the quarter
3. Financial Reporting for the half year ending 30th September, 2011	
4. Financial Reporting for the quarter ending 31st December, 2011	
5. Financial Reporting for the year ending 31st March, 2012	Within 60 days of the end of the financial year
6. Annual General Meeting for the year ended 31st March, 2012	September, 2012

- **Dividend :**

The Board of Directors has recommended a dividend of ₹ 0.25 per equity share for the financial year 2010-11. The proposed dividend, if approved at the ensuing Annual General Meeting, will be paid on or after 1st October, 2011, to those shareholders whose names appear in the Register of Members as on the close of business hours on 22nd September, 2011.

- **Book Closing Period :** 23rd September, 2011 to 30th September, 2011 (both days inclusive) for Annual General Meeting and for payment of Dividend.

- **Unclaimed Shares :**

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

Details of the Unclaimed shares are given hereunder :	
i) Aggregate number of shareholders as on 01.04.2010	15
ii) Number of outstanding shares as on 01.04.2010	4,753
iii) Number of shareholders who approached issuer for transfer of shares	NIL
iv) Number of shareholders to whom shares were transferred during the year	NIL
v) Aggregate number of shareholders as on 31.03.2011	15
vi) Number of Outstanding shares as on 31.03.2011	4,753

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

(a) Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001

(b) National Stock Exchange of India Limited (NSE)
"Exchange Plaza", Plot no. C/1, Block - G
Bandra - Kurla Complex,
Bandra (E), Mumbai - 400 051

Annual listing fee for the year 2011-12, has been duly paid by the Company to the BSE & NSE.

- **Stock Code :**

Bombay Stock Exchange - 532677
National Stock Exchange - VIKASHMET

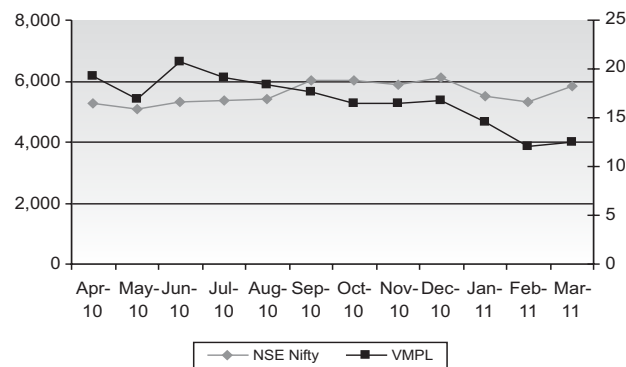
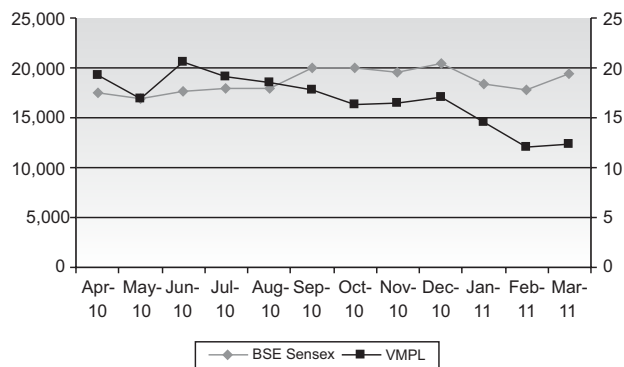
Annexure 'B' to the Directors' Report - Report on Corporate Governance (Contd.)

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

High, Low and number of shares traded during each month in the financial year 2010-11 on the National Stock Exchange and the Bombay Stock Exchange :

Month	National Stock Exchange of India Limited			Bombay Stock Exchange Limited		
	High	Low	Volume	High	Low	Volume
April, 10	23.00	14.90	2869032	23.10	15.20	4029399
May, 10	21.60	16.00	640975	21.65	16.00	1053181
June, 10	22.00	16.20	1505044	21.90	16.10	2225219
July, 10	21.80	18.50	726192	21.45	18.50	1257738
August, 10	21.70	18.35	677408	21.80	18.30	1454204
September, 10	21.75	17.55	888411	21.30	17.55	1052020
October, 10	19.25	16.25	523434	19.35	16.20	769217
November, 10	20.60	15.70	998587	20.55	15.00	1038362
December, 10	20.70	14.05	436857	20.00	14.00	617052
January, 11	17.80	14.15	213780	17.80	14.25	185082
February, 11	15.95	11.80	208090	15.10	11.60	243795
March, 11	14.65	11.05	543352	14.75	11.96	667471

- **Performance in comparison to broad based indices**



- **Dematerialisation of Shares as on 31st March, 2011 :**

Particulars of Shares	Equity Shares of ₹10 each	
	Number	% of Total
Dematerialised Form		
NSDL	30330806	86.36
CDSL	4536052	12.92
Sub-total		
Physical Form	253242	0.72
Total	35120100	100

- **Registrar and Share Transfer Agent :**

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

- **Share Transfer System :**

As on 31st March, 2011, 99.28 % of the shares of the Company are in electronic form. Transfer of these shares is done through the depositories with no involvement of the Company. The share transfers which are received in physical form are processed and the share certificates returned within a period of 15-20 days from the date of receipt of the transfer, subject to documents being valid and complete in all respects. The Company also obtains from a Practising Company Secretary, half yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchange and files a copy of the certificate with the Stock Exchange.

- **Distribution of Shareholding as on 31st March, 2011 :**

Slab of Shareholding	No. of Shareholders	%	No. of Shares	%
Upto 500	10056	74.7992	2181209	6.2107
501-1000	1897	14.1104	1547659	4.4068
1001- 2000	739	5.4969	1167805	3.3252
2001-3000	238	1.7703	618859	1.7621
3001-4000	113	.8405	417748	1.1895
4001-5000	129	.9595	623093	1.7742
5001-10000	144	1.0711	1141244	3.2495
10001 and above	128	0.9521	27422483	78.0820
Total	13444	100.00	35120100	100.00

- **Category of Shareholders as on 31st March, 2011 :**

Category	No of Shares Held	% of shareholdings
Promoters & Promoter Group	20704600	58.95
Institutional Investors	Nil	Nil
Bodies Corporate	5022598	14.31
Indian Public	9167797	26.10
NRIs/OCB	225105	0.64
Total	35120100	100

- **Secretarial Audit :** A Practising Company Secretary carried out Reconciliation of share capital audit to reconcile total admitted capital with NSDL and CDSL and the total issued and listed capital. The Audit confirms that the total issued/paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL). This audit is carried out every quarter and the report thereon is submitted to Stock Exchanges.

- **Registered Office :**
35, Chittaranjan Avenue
6th Floor, Kolkata - 700 012
- **Corporate Office :**
"Centre Point"
21, Hemanta Basu Sarani, 3rd Floor
Room No. 312, Kolkata-700 001
- **Plant Location :**
Vill-Poradiha, P.S. - Santuri
Dist - Purulia, West Bengal
Pin No. : 722 153
- **Address for Correspondence :**
The Company Secretary
Vikash Metal & Power Limited
21, Hemanta Basu Sarani
3rd Floor, Room no. 312
Centre Point, Kolkata - 700 001
E-mail : investors@vikashmetalpower.com

Place : Kolkata
Date : 21st July, 2011

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

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Vikash Metal & Power Limited

We have examined the compliance of conditions of Corporate Governance by **Vikash Metal & Power Limited** for the year ended on 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

Place : Kolkata
Date : 21st July, 2011

For **S. Jaykishan**
Chartered Accountants
FRN : 309005E
CA Vivek Newatia
Partner
Membership No. 062636

Auditors' Report

**To
The Members of
Vikash Metal & Power Limited**

1. We have audited the attached Balance Sheet of **VIKASH METAL & POWER LIMITED** as at 31st March, 2011 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the **Companies (Auditor's Report) Order, 2003** (as amended) issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
 - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account, as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said statements of accounts, read with the Accounting Policies & Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011,
 - ii. in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date, and
 - iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Place : Kolkata
Dated : The 30th day of May, 2011

For **S. JAYKISHAN**
Chartered Accountants
FRN : 309005E
CA V. NEWATIA
Partner
M. No. 062636

Auditors' Report

Annexure to the Auditors' Report

(Referred to in Paragraph 3 of our Report of even date to the members of **Vikash Metal & Power Limited** on the financial statements for the year ended 31st March, 2011).

- (i) (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of its fixed assets.
 - (b) We are informed that fixed assets of significant value have been physically verified by the management at reasonable intervals, in a phased programme and no material discrepancies were noticed in respect of the assets verified.
 - (c) The Company has not made any substantial disposal of Fixed Assets during the year.
- (ii) (a) As explained to us, inventories have been physically verified by the management during the year at reasonable intervals.
 - (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion, the Company has maintained proper records of inventories and the discrepancies noticed on physical verification as compared to book records were not material.
- (iii) (a) The Company has not granted any loan during the year to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (iii)(b), (c) and (d) of Para 4 of the Order are not applicable to the Company.
 - (b) The Company has taken interest free unsecured loans from four parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of such loans are ₹ 25,239.31 Lacs and ₹ 16,965.62 Lacs respectively.
 - (c) The terms and conditions of loans taken as aforesaid are prima facie not prejudicial to the interest of the Company.
 - (d) In respect of the aforesaid loans taken by the Company, there are no stipulations as to repayment thereof.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of the contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956, have been so entered.
 - (b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit during the year from the public within the meaning of the provisions of Sections 58A and 58AA of the Companies Act, 1956, and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account and records maintained by the Company pursuant to the Order made by the Central Government for maintenance of cost records u/s 209(1)(d) of Companies Act, 1956 and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us.
- (ix) (a) According to the books and records examined by us, the Company is generally regular in depositing undisputed statutory dues Service Tax, Custom Duty, Sales Tax, Provident Fund, Professional Tax, Excise Duty and Cess.

Auditors' Report

According to the information and explanations given to us, there are no undisputed outstanding statutory dues as at 31st March, 2011 for a period exceeding six months from the date they became payable.

- (b) According to the records of the Company and the information and explanations given to us and upon our enquiries in this regard, details of statutory dues which have not been deposited on account of any dispute are as stated in Note 1 in Schedule 19 to the accounts.
- (x) The Company has neither accumulated losses at the end of the financial year nor has it incurred cash losses in the financial year under report or in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given to us, the Company has not defaulted in repayment of loans and interest to banks and financial institutions except delays for few days in payment of interest on term loan on certain occasions. The term loan instalment and interest due on 31st March, 2011 for ₹ 1,087.30 Lacs has since been paid.
- (xii) As explained to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) Clause (xiii) of the Order is not applicable, as the Company is not a chit fund company or nidhi/mutual benefit fund/society.
- (xiv) The Company has maintained proper records of the transactions in respect of investments made during the year and timely entries have been made therein. All investments are held by the Company in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company has not raised any new term loan during the year. The term loans outstanding at the beginning of the year were applied for the purposes for which they were taken.
- (xvii) In our opinion, and according to the information and explanations given to us, the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made fresh allotment of shares during the year to parties and companies covered in the Register maintained u/s 301 of the Companies Act, 1956.
- (xix) No debentures have been issued by the Company and hence the question of creating security or charge in respect thereof does not arise.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

Place : Kolkata

Dated : The 30th Day of May, 2011

For **S. JAYKISHAN**
Chartered Accountants
FRN : 309005E
CA V. NEWATIA
Partner
M. No. 062636

Balance Sheet as at 31st March, 2011

		(Amount in ₹)	
	Schedule	As at 31.03.2011	As at 31.03.2010
SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Share Capital	1	351,201,000	351,201,000
b) Reserves and Surplus	2	655,507,194	574,573,430
2. Loan Funds			
a) Secured Loans	3	1,105,203,231	1,527,482,082
b) Unsecured Loans	4	1,792,032,127	1,755,452,805
3. Deferred Tax Liability		191,277,441	146,066,952
TOTAL		4,095,220,994	4,354,776,269
APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross Block	5	1,797,257,354	1,787,350,911
b) Less : Depreciation		337,007,150	248,692,334
c) Net Block		1,460,250,204	1,538,658,577
d) Capital Work-in-Progress		-	2,926,669
2. Investments	6	5,606,220	-
3. Current Assets, Loans & Advances			
a) Inventories	7	1,217,582,685	720,662,849
b) Sundry Debtors	8	2,703,436,392	3,143,809,010
c) Cash & Bank Balances	9	177,433,779	210,027,447
d) Loans & Advances	10	1,280,741,504	1,691,818,667
		5,379,194,360	5,766,317,973
Less : Current Liabilities & Provisions			
a) Current Liabilities	11	2,698,120,346	2,879,946,244
b) Provisions	12	51,709,445	73,180,708
		2,749,829,791	2,953,126,952
Net Current Assets		2,629,364,569	2,813,191,021
TOTAL		4,095,220,994	4,354,776,269
Significant Accounting Policies & Notes on Accounts	19		

Schedules 1 to 12 & 19 referred to above form an integral Part of the Balance sheet

In terms of our report of even date attached

For **S. JAYKISHAN**
Chartered Accountants
FRN : 309005E

CA V. Newatia
Partner
Membership No. 062636
Dated : The 30th day of May, 2011
Place : Kolkata

Debendra Banthiya
Company Secretary

For and on behalf of the Board

V. K. Patni **Vikash Patni**
Chairman Managing Director

Profit & Loss Account for the year ended 31st March, 2011

		(Amount in ₹)	
	Schedule	Year ended 31.03.2011	Year ended 31.03.2010
INCOME			
Sales		8,798,046,433	7,073,028,409
Less : Excise Duty		299,200,088	154,459,389
Net sales		8,498,846,345	6,918,569,020
Other Income	13	15,644,123	16,803,996
Increase/(Decrease) in Stock	14	194,367,504	66,133,313
		8,708,857,972	7,001,506,329
EXPENDITURE			
Raw Materials Consumed	15	2,961,361,798	1,900,452,261
Purchase of Traded Goods		4,952,157,241	4,322,976,870
Manufacturing Expenses	16	223,773,168	316,233,039
Administrative, Selling & Other Expenses	17	114,514,382	94,973,295
Interest	18	219,479,758	221,054,262
Depreciation		88,556,878	87,620,306
		8,559,843,225	6,943,310,033
PROFIT BEFORE TAX		149,014,747	58,196,296
Provision for Taxation :			
- Current		31,024,136	10,325,766
- Deferred		45,210,489	16,384,016
Deferred MAT Credit Entitlement		(29,699,384)	(9,890,460)
PROFIT AFTER TAX		102,479,505	41,376,973
Less : Income Tax for earlier years		860,432	4,209,166
Add : Surplus from last year		302,964,430	276,034,900
Balance Available for Appropriation		404,583,503	313,202,707
Appropriations			
Proposed Dividend		17,798,025	8,780,025
Corporate Tax on Dividend		2,887,285	1,458,252
Balance carried to Balance Sheet		383,898,194	302,964,430
		404,583,503	313,202,707
Earnings Per Share of Face Value of ₹ 10/- each			
- Basic		2.89	1.06
- Diluted		2.89	1.06
Significant Accounting Policies & Notes on Accounts		19	

Schedules 13 to 19 referred to above form an integral Part of the Profit & Loss Account
In terms of our report of even date attached

For **S. JAYKISHAN**
Chartered Accountants
FRN : 309005E

For and on behalf of the Board

CA V. Newatia
Partner
Membership No. 062636
Dated : The 30th day of May, 2011
Place : Kolkata

Debendra Banthiya
Company Secretary

V. K. Patni
Chairman

Vikash Patni
Managing Director

Cash Flow Statement for the year ended 31st March, 2011

(Amount in ₹)

	Year ended 31.03.2011	Year ended 31.03.2010
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before Tax & Extraordinary Items	149,014,747	58,196,296
Adjustments for :		
Depreciation	88,556,878	87,620,306
Interest Income	(11,390,122)	(11,951,252)
Interest Expenses	219,479,758	221,054,262
Interest Subsidy received	-	(3,680,000)
Interest on Income Tax	(463,982)	-
Loss on Sale of Fixed Assets	48,224	166,553
Share Issue Expenses Written Off	-	4,109,868
Capital Expenditure Written Off	2,926,669	-
Operating Profit after Extraordinary Items and before Working Capital Changes	448,172,172	355,516,033
Adjustments for :		
Trade & Other Receivables	860,562,763	(2,192,977,046)
Inventories	(496,919,836)	(34,409,295)
Trade Payables & Other Liabilities	(173,056,259)	955,756,250
Cash Generated from Operations	638,758,839	(916,114,059)
Income Taxes Paid	(44,881,111)	(13,110,663)
Net Cash from/(used in) Operating Activities	593,877,728	(929,224,722)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets & Capital W.I.P.	(19,144,414)	(20,070,215)
Purchase of Investment	(5,606,220)	-
Sale of Fixed Assets	111,000	470,000
Advances for Capital Goods	2,502,381	590,398
Share Application money (given)/refunded	(99,600)	(150,000)
Interest Received	11,115,974	11,136,939
Increase in Fixed Deposits	(4,229,256)	(44,825,885)
Net Cash from/(used in) Investing Activities	(15,350,135)	(52,848,764)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Subsidy received	-	3,680,000
Increase/(Decrease) in Short Term borrowings	(212,117,064)	431,995,541
Repayment of Long Term borrowings	(210,161,787)	(8,162,560)
Increase in Inter Corporate Deposits & Other Loans	36,579,322	828,108,645
Dividend Paid	(8,780,025)	(8,780,025)
Dividend Distribution Tax Paid	(1,458,252)	(1,492,165)
Interest Paid	(219,479,758)	(221,054,262)
Net Cash from/(used in) Financing Activities	(615,417,564)	1,024,295,174
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(36,889,970)	42,221,689
Cash and Cash Equivalents at the beginning of period	49,270,590	7,048,901
Cash and Cash Equivalents at the end of period	12,380,620	49,270,590

Note :

- The Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard - 3 on "Cash Flow Statement" notified in the Companies (Accounting Standards) Rules, 2006
- Cash and Cash Equivalents include cash in hand and bank balances on current account (Refer Schedule 9).
- Figures in brackets indicate Cash outflow.

In terms of our report of even date attached

For **S. JAYKISHAN**

Chartered Accountants
FRN : 309005E

CA V. Newatia
Partner

Membership No. 062636
Dated : The 30th day of May, 2011
Place : Kolkata

Debendra Banthiya
Company Secretary

For and on behalf of the Board

V. K. Patni
Chairman

Vikash Patni
Managing Director

Schedules annexed to & forming part of the Balance Sheet as at 31st March, 2011

		(Amount in ₹)	
		As at 31.03.2011	As at 31.03.2010
Schedule - 1	SHARE CAPITAL		
Authorised :			
	100,000,000 (P.Y. 40,000,000) Equity Shares of ₹10 each	1,000,000,000	400,000,000
Issued, Subscribed & Paid-up :			
	35,120,100 Equity Shares of ₹ 10/- each fully paid up in cash	351,201,000	351,201,000
		351,201,000	351,201,000
Schedule - 2	RESERVES & SURPLUS		
	Securities Premium - As per last account	247,609,000	247,609,000
Capital Reserve -			
	Capital Investment Subsidy - As per last account	24,000,000	24,000,000
	Surplus as per Profit & Loss A/c annexed	383,898,194	302,964,430
		655,507,194	574,573,430
Schedule - 3	SECURED LOANS		
A) Term loans			
From Banks			
	Bank Of India Term Loan - III	11,704,794	19,482,443
	Bank Of India Term Loan - IV	64,992,883	108,182,655
	Bank Of India Term Loan - V	101,808,686	130,729,134
	UCO Bank Term Loan - I	71,918,219	119,579,227
	UCO Bank Term Loan - II	80,943,060	103,912,230
	United Bank of India Term Loan - III	55,054,819	91,654,452
	United Bank of India Term Loan - IV	64,251,297	85,591,741
	(A)	450,673,758	659,131,882
B) Short Term Loan			
	IDBI Ltd.	-	197,000,000
	(B)	-	197,000,000
C) Cash Credit			
	Bank of India	200,727,807	215,482,418
	United Bank of India	153,344,355	156,644,664
	UCO Bank	150,163,590	148,485,486
	IDBI Ltd.	149,863,371	148,603,619
	(C)	654,099,123	669,216,187
D) Loans against hypothecation of Specific Vehicles & Equipments			
	Tata Capital Ltd.	430,350	734,717
	Magma Shracchi Finance Ltd.	-	1,399,296
	(D)	430,350	2,134,013
	(A) + (B) + (C) + (D)	1,105,203,231	1,527,482,082

Schedules annexed to & forming part of the Balance Sheet as at 31st March, 2011

(Amount in ₹)

Schedule - 3 SECURED LOANS (Contd.)

Notes :

A. Securities for Loans

- Term Loans/Cash Credits from Bank of India, UCO Bank and United Bank of India are secured by way of :
 - first pari-passu charge by equitable mortgage of land and building and hypothecation of plant & machineries & other fixed assets, both present & future, of the Company.
 - first pari-passu charge on entire current assets of the company, both present & future.
- Cash Credit from IDBI Bank is secured by way of :
 - first pari-passu charge on entire current assets of the company, both present & future.

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

- Loans against vehicles are secured by way of hypothecation of vehicles.

B. Term Loans repayable within one year - ₹ 3,155.58 Lacs (Previous year ₹ 3,171.91 Lacs)

	As at 31.03.2011	As at 31.03.2010
Schedule - 4 UNSECURED LOANS		
From Bodies Corporate	1,792,032,127	1,755,452,805
	1,792,032,127	1,755,452,805

Schedule - 5 FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.10	Additions during the year	Deductions/ Adjustments during the year	As on 31.03.11	As on 01.04.10	For the year	Adjustments	As on 31.03.11	As on 31.03.11	As on 31.03.10
Tangibles										
A) Land & Site Development										
Leasehold Land	3,417,195	-	-	3,417,195	207,102	34,517	-	241,619	3,175,576	3,210,093
Freehold Land	3,414,015	-	-	3,414,015	-	-	-	-	3,414,015	3,414,015
B) Factory Shed & Building	323,805,959	10,275,843	-	334,081,802	27,080,320	11,158,332	-	38,238,652	295,843,150	296,725,639
C) Plant & Machinery	1,221,106,962	-	-	1,221,106,962	179,866,877	64,474,448	-	244,341,325	976,765,637	1,041,240,085
D) Electrical Installations	154,261,737	-	-	154,261,737	20,977,806	7,327,433	-	28,305,239	125,956,498	133,283,931
E) Air Conditioners	2,544,639	-	-	2,544,639	447,121	120,870	-	567,991	1,976,648	2,097,518
F) Office Equipments	903,936	-	-	903,936	186,551	42,937	-	229,488	674,448	717,385
G) Computers	2,090,519	31,885	-	2,122,404	1,255,798	343,178	-	1,598,976	523,428	834,721
H) Furniture & Fixtures	2,747,396	-	-	2,747,396	706,692	173,910	-	880,602	1,866,795	2,040,705
I) Motor Cars	4,388,493	-	401,285	3,987,208	1,358,198	408,551	242,061	1,524,688	2,462,520	3,030,295
J) Pollution Control Equipments	58,371,841	-	-	58,371,841	11,604,163	3,082,033	-	14,686,196	43,685,645	46,767,678
K) Moulds	7,698,218	-	-	7,698,218	2,921,706	870,668	-	3,792,374	3,905,844	4,776,512
Intangibles										
L) Software	2,600,000	-	-	2,600,000	2,080,000	520,000	-	2,600,000	-	520,000
Grand Total	1,787,350,911	10,307,728	401,285	1,797,257,354	248,692,334	88,556,878	242,061	337,007,150	1,460,250,204	1,538,658,577
Previous Year	1,768,860,624	19,429,098	938,811	1,787,350,911	161,374,287	87,620,306	302,258	248,692,334	1,538,658,577	
Capital Work-in-Progress	2,926,669	-	2,926,669						-	2,926,669

Schedules annexed to & forming part of the Balance Sheet as at 31st March, 2011

		(Amount in ₹)	
		As at 31.03.2011	As at 31.03.2010
Schedule - 6	INVESTMENTS (Long Term)		
(Trade, Unquoted)			
	77,052 Equity Shares of ₹ 10 each fully paid up in Moira Madhujore Coal Ltd.	5,606,220	-
		5,606,220	-
Schedule - 7	INVENTORIES (As taken, valued and certified by the management)		
	Raw Materials	684,043,644	356,612,771
	Finished Goods	396,346,810	72,970,000
	Steel Scrap	108,972,788	157,376,651
	Work-in-Progress	12,556,443	93,161,886
	Stores & Spares	13,746,757	38,625,298
	Traded Goods	1,916,244	1,916,244
		1,217,582,685	720,662,849
Schedule - 8	SUNDRY DEBTORS (Unsecured, considered good)		
	Due for more than six months	473,941,242	450,386,718
	Other Debts	2,229,495,151	2,693,422,293
		2,703,436,392	3,143,809,010
Schedule - 9	CASH & BANK BALANCES		
	Cash in Hand (As Certified by the management)	2,201,127	4,760,556
Balances with Scheduled Banks			
	In Current Accounts	10,179,493	44,510,034
	HDFC Bank Ltd. (IPO Refund Account)	40,000	40,000
	In Unpaid Dividend A/c.	447,936	380,890
	In Fixed Deposit Accounts	164,565,223	160,335,967
	(Pledged with Banks as margin for Bank Guarantees and Letter of Credit facility)	177,433,779	210,027,447

Schedules annexed to & forming part of the Balance Sheet as at 31st March, 2011

		(Amount in ₹)	
		As at 31.03.2011	As at 31.03.2010
Schedule - 10	LOANS & ADVANCES (Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received			
- For Capital Goods		5,984,938	8,487,319
- For Expenses		17,767,621	4,153,830
- To Suppliers		1,127,811,755	478,925,982
- To Others		50,186,823	37,170,535
Amount receivable under assignment		-	1,080,000,000
Security & Other Deposits		11,259,440	11,259,440
Interest Accrued on Fixed Deposits		4,043,608	3,769,460
Balances with Excise Department		1,178,327	5,664,859
CENVAT/VAT Credit Receivable		3,612,977	14,407,526
Prepaid Expenses		1,478,826	1,903,742
Income Tax Payments (including TDS)		5,590,440	22,808,257
FBT Payments		-	1,239,952
Share Application Money		699,600	600,000
MAT Credit Entitlement [Refer Note No. 15 in Schedule 19]		51,127,149	21,427,765
		1,280,741,504	1,691,818,667
Schedule - 11	CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities			
Acceptances		994,728,132	1,009,000,000
Sundry Creditors			
Due to Micro, Medium and Small Enterprises		-	-
Due to others			
- For Goods		1,109,249,571	1,292,503,069
- For Capital Goods		26,188,110	35,024,796
- For Expenses		342,000,996	281,594,853
- For Pending Disbursements		37,421,437	16,862,515
IPO Share Application Money Refundable *		40,000	40,000
Unpaid Dividend*		447,936	380,890
Cheques Overdrawn		7,670,660	-
Advances from Parties		178,589,175	242,755,793
Security Deposit Received		1,784,327	1,784,327
		2,698,120,346	2,879,946,244
* There is no amount due and outstanding to be credited to Investor Education & Protection Fund.			
Schedule - 12	PROVISIONS		
For Taxation		31,024,136	61,700,532
For Fringe Benefit Tax		-	1,241,898
For Proposed Dividend		17,798,025	8,780,025
For Corporate Tax on Dividend		2,887,285	1,458,252
		51,709,445	73,180,708

Schedules annexed to & forming part of the Profit & Loss Account for the year ended 31st March, 2011

(Amount in ₹)

	Year ended 31.03.2011	Year ended 31.03.2010
Schedule - 13 OTHER INCOME		
Interest on Fixed Deposits (TDS ₹ 1,090,440/-, Previous year - ₹ 1,270,530/-)	11,390,122	11,951,252
Interest on Income Tax	463,982	-
Interest Subsidy	-	3,680,000
Export Incentives	1,767,957	445,855
Sundry Balances written back	2,022,062	726,889
	15,644,123	16,803,996
Schedule - 14 INCREASE/(DECREASE) IN STOCK		
Closing Stock - Finished Goods	396,346,810	72,970,000
- Steel Scrap	108,972,788	157,376,651
- Work-in-Progress	12,556,443	93,161,886
- Traded Goods	1,916,244	1,916,244
	519,792,285	325,424,781
Less : Opening Stock - Finished Goods	72,970,000	75,977,233
- Steel Scrap	157,376,651	85,494,786
- Work-in-Progress	93,161,886	93,654,118
- Traded Goods	1,916,244	4,165,331
	325,424,781	259,291,468
	194,367,504	66,133,313
Schedule - 15 RAW MATERIALS CONSUMED		
Opening Stock	356,612,771	391,144,207
Purchases (Including Freight)	3,288,792,671	1,865,920,825
	3,645,405,442	2,257,065,032
Less : Closing Stock	684,043,644	356,612,771
	2,961,361,798	1,900,452,261
Schedule - 16 MANUFACTURING EXPENSES		
Stores, Spares & Consumables	57,595,146	42,174,032
Cess Charges	52,060	97,755
Power & Fuel [Refer Note No. 13 in Schedule 19]	88,160,726	210,173,112
Labour Charges	35,398,995	46,353,132
Material Handling Charges	5,838,478	4,126,759
Variation in excise duty on Stock [Refer Note No. 9 in Schedule 19]	30,241,236	(665)
Factory Insurance	2,099,190	3,314,240
Pollution Control Charges	-	500,000
Supervisory Charges	610,171	195,783
Testing Charges	-	258,173
Repairs & Maintenance :		
- Factory Shed & Building	483,619	798,772
- Plant & Machinery	3,293,547	8,241,946
	223,773,168	316,233,039

Schedules annexed to & forming part of the Profit & Loss Account for the year ended 31st March, 2011

	(Amount in ₹)	
	Year ended 31.03.2011	Year ended 31.03.2010
Schedule - 17 ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Salaries & Bonus	11,525,456	9,898,474
Gratuity	23,226	–
Staff Welfare Expenses	290,175	507,445
Contribution to Provident Fund	2,334,641	2,280,507
Rent	600,000	600,000
Land Lease Rent	112,000	112,000
Rates & Taxes	946,084	420,864
Electricity Charges	625,263	573,494
Insurance	57,129	1,118,896
Printing & Stationery	852,880	651,810
Postage & Telegrams	300,695	287,490
Telecommunication Expenses	2,474,938	1,764,830
Travelling & Conveyance	4,870,562	2,874,553
Motor Car Expenses	1,241,948	1,323,402
Other Repairs & Maintenance	347,522	376,257
Security Service Charges	2,534,644	3,166,637
Subscription & Membership	291,052	415,365
Legal & Professional Charges	3,555,193	4,768,052
Auditors Remuneration :		
- Audit Fees	200,000	200,000
- Tax Audit Fees	50,000	50,000
- In any other manner	52,686	73,909
Managing Director's Remuneration	1,800,000	1,800,000
Director's Sitting Fees	242,500	150,000
Custodial Fee	124,960	144,793
Listing Fee	217,000	133,602
Miscellaneous Expenses	5,474,634	3,156,592
Bank Charges	62,897,458	49,601,835
Advertisement	1,541,328	880,193
Commission on Assignment	–	2,700,000
Excise Duty/Sales Tax on Assessment	5,860,515	15,219
Prior Period Expenses [Refer Note No. 7 in Schedule 19]	95,000	650,655
Loss on Sale of Fixed Assets	48,224	166,553
Capital Expenditure Written Off	2,926,669	–
Share Issue Expenses Written Off	–	4,109,868
	114,514,382	94,973,295

Schedules annexed to & forming part of the Profit & Loss Account for the year ended 31st March, 2011

(Amount in ₹)

	Year ended 31.03.2011	Year ended 31.03.2010
Schedule - 18 INTEREST		
To Banks :		
- on Fixed Loans	85,282,356	83,321,002
- on others	82,517,479	75,972,230
To Others	51,679,923	61,761,030
	219,479,758	221,054,262

Schedule - 19 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements

- The financial statements are prepared in accordance with Generally Accepted Accounting Principles (Indian GAAP) under the historical cost convention on accrual basis and on principles of going concern. The accounting policies are consistently applied by the Company.
- The financial statements are prepared to comply in all material respects with the accounting standards notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.
- The preparation of the financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known/materialise.

2. Fixed Assets

- Fixed Assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price (net of CENVAT/duty credits availed or available thereon) and any attributable cost of bringing the asset to working condition for its intended use.
- Depreciation is provided using the Straight Line Method as per the useful life of the assets estimated by the management, or at the rates prescribed under schedule XIV of the

Companies Act, 1956, whichever is higher.

Leasehold Land is amortized over the period of lease.

Software is amortized over a period of five years.

- The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use, which is determined by the present value of the estimated future cash flows.
- Cost of the fixed assets that are not yet ready for their intended use at the balance sheet date together with all related expenses are shown under capital work in progress.

3. Revenue Recognition

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

Schedule - 19 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

amount outstanding and the rate applicable.

- (e) Purchases are inclusive of freight and net of Cenvat Credit, trade discount and claims.

4. Inventories

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

5. Investments

Investments classified as long-term investments are stated at cost. Provision is made to recognise any diminution other than temporary in the value of such investments. Current investments are carried at lower of cost and fair value.

6. Foreign Currency Transactions

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

7. Government Grants

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

Government Grants in the form of promoter's contribution are credited to Capital Reserve. Capital Grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets.

Government Grants related to revenue are recognized on receipt under "Other Income" in the Profit and Loss Account over the periods to match them with the related costs which they are intended to compensate.

8. Employee Benefits

- (a) Defined Contribution Plan :

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

- (b) Defined Benefit Plan :

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

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

9. Borrowing Costs

- (a) Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use.
- (b) Other Borrowing costs are recognised as expense in the period in which they are incurred.

10. Expenditure on new projects and substantial expansion

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

Schedule - 19 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

project to the cost of the respective assets.

11. Project Development Expenses Pending Adjustment

Expenditure incurred during developmental and preliminary stages of the Company's new projects are carried forward. However, if any project is abandoned, the expenditure relevant to such project is written off in the year in which it is so abandoned.

12. Research and Development

- (a) Revenue expenditure on research and development is charged as an expense through the natural heads of accounts in the year in which incurred.
- (b) Expenditure which results in creation of fixed assets is carried as fixed assets and depreciation is provided on such assets.

13. Taxes on Income

Tax expense comprises of current tax and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, computed in accordance with the applicable tax rates and tax laws. In case of tax payable as per provisions of MAT under Section 115JB of the Income Tax Act, 1961, deferred MAT Credit entitlement is separately recognized under the head "Loans and Advances". Deferred MAT credit entitlement is recognized and carried forward only if there is a reasonable certainty of it being set off against regular tax payable within the stipulated statutory period.

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

14. Earnings per Share (EPS)

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

outstanding during the period.

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

15. Provisions/Contingencies

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

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

A Contingent Asset is not recognized in the Accounts.

16. Preliminary Expenditure/Share Expenditure

Preliminary and Issue expenses related to issue of equity are adjusted against the Securities Premium Account.

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

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

B. NOTES ON ACCOUNTS

1. Contingent liabilities not provided for in respect of -
 - a) Bank Guarantees amounting to ₹ 214.15 Lacs (Previous year - ₹ 284.35 Lacs) [FDR for ₹ 23.98 Lacs (Previous year - ₹ 31.46 Lacs) pledged with the banks as margin.]
 - b) Demand for West Bengal VAT of ₹ 19,365,628 (Previous year Nil) and for Central Sales Tax of ₹ 14,32,166 (Previous year Nil) for the year 2005-06 disputed in appeal with Senior Joint Commissioner Sales Tax. An Advance of ₹ 20 Lacs paid under protest.
 - c) Demand for West Bengal VAT of ₹ 48,558,046

(Amount in ₹)

Schedule - 19 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

- (Previous year - ₹ 67,186,278) and for Central Sales Tax of ₹ 1,399,114 (Previous year - ₹ 1,399,114) for the year 2006-07 disputed in appeal with West Bengal Commercial Taxes Appellate and Revisional Board, Kolkata. An Advance of ₹ 30 Lacs paid under protest.
2. Estimated amount of commitments on Capital Account (Net of Advances) - NIL (Previous year - ₹ 27.36 Lacs).
 3. In the opinion of the management, Current Assets, Loans & Advances have a value on realisation at least equal to the amount at which they are stated in the Balance Sheet. Adequate provisions have been made for all known losses and liabilities.
 4. Certain balances of Advances, Sundry debtors & Sundry creditors are subject to confirmation.
 5. There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2011. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.
 6. Managerial Remuneration :

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

	31.03.2011	31.03.2010
Salary to Managing Director	1,800,000	1,800,000
Perquisites	-	-
Sitting fees to other Directors	242,500	150,000
Total	2,042,500	1,950,000

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

paid to any director. Fixed managerial remuneration has been paid to the Managing Director within the limit specified in Schedule XIII of the Companies Act, 1956.

7. Prior Period expenses include : (Amount in ₹)

	31.03.2011	31.03.2010
Professional Charges	-	413,480
Motor Car Expenses	-	38,350
Repairs & Maintenance Expenses	70,000	13,333
Travelling Expenses	-	185,492
Advertisement	25,000	-
Total	95,000	650,655

8. Research and Development is assimilated to the production process of the Company and hence cannot be segregated. No specific expenditure was incurred under this head.
9. Amount of excise duty on variation in stocks shown in Schedule - 16 represents differential excise duty on opening and closing stock of finished goods.
10. There are no transactions which are required to be disclosed under Clause 32 of the Listing Agreement.
11. No forward contracts/hedging instruments are outstanding at the Balance Sheet date. Unhedged foreign currency exposure as at 31.03.11 is Nil.
12. During the year, the Company has changed its accounting policy relating to write off of share issue expenses from amortising 1/5th of the expenditure every year to adjusting the same against the balance available in Securities Premium Account as permitted in Section 78 of the Companies Act, 1956. The change in accounting policy does not have any impact on the profit for the year
13. Several Parties including the Company have disputed the basis of levy of fuel surcharge in electricity bills of Damodar Valley Corporation (DVC). Based on the order of Appellate Tribunal of Electricity dated 10/05/2010, the provisional bills are issued by DVC and provided for in the accounts of the Company.

The Company has also during the year provided for disputed Electricity dues of DVC for ₹ 24,514,255/- in respect of earlier years as per the basis indicated in the said Order. However, the

Schedule - 19 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

appeal filed by DVC in the matter is pending before the Hon'ble Supreme Court of India.

14. The Company is in the process of issuing Global Depository Receipts (GDR's) amounting to USD 12 million. Expenses incurred during the year in relation thereto have been shown under the head "Loans & Advances" to be adjusted in the year of issue with balance available in the Securities Premium in line with the provisions of Section 78 of the Companies Act, 1956.
15. The Company has made current tax provision for Minimum Alternate Tax (MAT) u/s 115JB of the Income Tax Act, 1961. As per the provisions of Section 115JAA, MAT Credit receivable has been recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India. The said asset is created by way of a credit to the profit & loss account and shown as MAT Credit Entitlement. The Company will review the same at each balance sheet date and write down

the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

16. Disclosure pursuant to accounting Standard-15 (Revised) - "Employee Benefits".

Defined Contribution Plan : (Amount in ₹)

	31.03.2011	31.03.2010
Contribution to Provident and Other Funds	2,334,641	2,280,507

Defined Benefit Plan :

The employee gratuity fund scheme managed by SBI Life Insurance Company Ltd (insurer) is a defined benefit plan. The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as on 31st March 2011, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(Amount in ₹)

	31.03.2011	31.03.2010
(i) Reconciliation of Opening and Closing Balances of the present value of Defined Benefit Obligation :		
Defined Benefit obligation at beginning of the year	364,853	1,003,811
Current Service Cost	120,220	133,762
Interest Cost	29,188	80,305
Actuarial (Gain)/Loss	(27,925)	(853,024)
Benefits paid	-	-
Settlement cost	-	-
Defined Benefit obligation at the year end	486,336	364,853
(ii) Reconciliation of Opening and Closing Balances of fair value of plan assets :		
Fair value of plan assets at beginning of the year	1,091,742	888,720
Expected return on plan assets	87,339	75,701
Actuarial Gain/(Loss)	10,918	12,230
Employers' contribution	-	115,091
Benefits paid	-	-
Settlement cost	-	-
Fair value of plan assets at the year end	1,189,999	1,091,742
Actual return on plan assets	98,257	87,931

Schedule - 19 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

(Amount in ₹)

	31.03.2011	31.03.2010		
(iii) Reconciliation of fair value of assets and obligation :				
Fair value of plan assets	1,189,999	1,091,742		
Present value of obligation	486,336	364,853		
Amount recognized as asset / (liability) in Balance Sheet	703,663	726,889		
(iv) Expenses recognized during the year in the Profit & Loss Account :				
Current Service Cost	120,220	133,762		
Interest Cost	29,188	80,305		
Expected return on plan assets	(87,339)	(75,701)		
Actuarial (Gain)/Loss	(38,843)	(865,254)		
Net Cost/Liability written back	23,226	(726,889)		
(v) Break-up of Plan Assets as a percentage of total plan assets :				
Insurer Managed Funds	100%	100%		
(vi) Actuarial Assumptions :				
Mortality Table (IAL)	1994-96 Modified Ultimate			
Discount rate (per annum)	8%	8%		
Expected return on plan assets (per annum)	8%	8%		
Rate of escalation in salary (per annum)	5%	5%		
(vii) Other Disclosures :	31.03.2011	31.03.2010	31.03.2009	31.03.2008
Defined Benefit Obligation	486,336	364,853	1,003,811	549,893
Plan Assets	1,189,999	1,091,742	888,720	821,748
Surplus/(Deficit)	703,663	726,889	(115,091)	271,855
Experience Adjustment on Plan Liabilities	(27,925)	(853,024)	142,282	266,434

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

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

The above information is certified by the actuary.

The Company expects to contribute ₹ 2.51 Lacs to the Gratuity Fund managed by the SBI Life Insurance Company Ltd during the Financial Year 2011-12.

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

18. Related party disclosures

- i. **Name of the related parties where control exists irrespective of whether transactions have occurred or not**

- a) **Enterprise on which the Company has control** None

(Amount in ₹)

Schedule - 19 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

- b) **Entities/Individuals owning directly or indirectly an interest in the voting power that gives them control** - None
- ii. **Names of the other related parties with whom transactions have taken place during the year**
- a) **Joint Venture** Moira Mahujore Coal Ltd
- b) **Key Managerial Personnel (KMP) & Relatives of KMP** Mr.Vikash Patni, Managing Director
Mr.Vimal Kumar Patni, Director
Mr. Akkash Patni, Director
Mrs. Premlata Patni, Mother of MD
Mrs. Sunita Patni, Wife of MD
- c) **Enterprises owned or significantly Influenced by (b) above** Impex Infotech Ltd
Brahmand Udyog Ltd.
Swami Vinimay Ltd.
Impex Ferro Tech Ltd.
Vikash Smelters & Alloys Ltd.
Unilever Enterprises Ltd.
Sahyogi Distributors Ltd.
Vikash Ores Ltd.
Lucky Prime Dealers Pvt Ltd

Transactions with related parties referred to above are as under :

Nature of transactions	Referred in ii(b) above		Referred in ii(a) & (c) above	
	2010-11	2009-10	2010-11*	2009-10*
Purchase of Goods Impex FerroTech Ltd.			6,825,367	27,299,285
Sale of Goods Brahmand Udyog Ltd. Impex Ferro Tech Ltd. Vikash Smelters & Alloys Ltd. Sahyogi Distributors Ltd.			42,915,830 - 75,375,432 58,923,070	57,778,810 5,720,082 - 108,334,341
Loans Taken Brahmand Udyog Ltd. Vikash Smelters & Alloys Ltd. Sahyogi Distributors Ltd. Lucky Prime Dealers Pvt Ltd			664,368,926 - 362,320,000 75,000,000	912,293,190 220,408,025 - -
Loan Repaid Brahmand Udyog Ltd. Vikash Smelters & Alloys Ltd. Sahyogi Distributors Ltd.			454,260,830 327,945,218 45,162,556	- - 134,010,342
Advances Given and Refunded Impex Ferro Tech Ltd.			120,181,504	-
Advance Taken and Refunded Vikash Smelters & Alloys Ltd. Unilever Enterprises Ltd.			471,014,998 4,300,000	- -

Schedules annexed to & forming part of the Balance Sheet & Profit and Loss Account for the year ended 31st March, 2011

(Amount in ₹)

Schedule - 19 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

Nature of transactions	Referred in ii(b) above		Referred in ii(a) & (c) above	
	2010-11	2009-10	2010-11*	2009-10*
Advances Taken Swami Vinimay Ltd. Vimal Kumar Patni	200,000	-	3,000,000	-
Advances Repaid Vimal Kumar Patni Swami Vinimay Ltd	90,000	-	45,000	-
Managerial Remuneration Vikash Patni	1,800,000	1,800,000		
Rent Paid Swami Vinimay Ltd.			600,000	600,000
Share Application Money Given Vikash Ores Ltd. Moira Madhujore Coal Ltd.			- 699,600	150,000 -
Share Application Money Refunded Vikash Ores Ltd.			600,000	-
Investments made Moira Madhujore Coal Ltd.			5,606,220	-
BALANCES AT YEAR-END				
Loans Taken at Credit Brahmand Udyog Ltd. Vikash Smelters & Alloys Ltd. Sahyogi Distributors Ltd. Lucky Prime Dealers Pvt Ltd.			1,298,066,762 - 323,495,364 75,000,000	1,087,958,667 327,945,218 6,337,920 -
Advances Taken Swami Vinimay Ltd. Vimal Kumar Patni	110,000	-	29,55,000	-
Security Deposit paid Swami Vinimay Ltd.			4,500,000	4,500,000
Sundry Creditors Swami Vinimay Ltd. Impex Ferro Tech Ltd.			540,000 1,579,139	- 9,721,121
Sundry Debtors Vikash Smelters & Alloys Ltd.			755,434	-
Managerial Remuneration Payable Vikash Patni	275,732	18,617		
Investments Moira Madhujore Coal Ltd.			5,606,220	-
Share Application Money given Vikash Ores Ltd. Moira Madhujore Coal Ltd.			- 699,600	600,000 -

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

(Amount in ₹)

Schedule - 19 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

Transactions with related parties have been disclosed for the period of existence of relationship. Previous year transactions with parties that have ceased to be related parties in the current year have been excluded in above details as the relationship did not exist.

19. Earnings Per Share (EPS)

	31.03.2011	31.03.2010
a) Net Profit for the year attributable to equity shareholders (₹)	101,619,073	37,167,807
b) Weighted Average Number of Equity Shares for Basic EPS	35,120,100	35,120,100
c) Weighted Average Number of Equity Shares for Diluted EPS	35,120,100	35,120,100
d) Nominal Value of Equity Shares (₹)	10.00	10.00
e) Earnings Per Share (Basic)	2.89	1.06
f) Earnings Per Share (Diluted)	2.89	1.06

20. Components of Deferred tax liability as on 31st March, 2011 are as follows :

	As on 31st March, 2011	As on 31st March, 2010
Components of Deferred Tax Liability		
Depreciation	203,188,991	193,938,130
Components of Deferred Tax Assets		
Unabsorbed Depreciation	11,911,550	47,871,178
Net Deferred Tax Liability	191,277,441	146,066,952

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

21. In compliance with Accounting Standard - 27 on "Financial Reporting for Interests in Joint Venture" as notified under Companies (Accounting Standards) Rules, 2006, brief description of Joint Venture of the Company are :

Moira Madhujore Coal Ltd - A Joint Venture with five other Companies for the purpose of development of Coal Block. The Company's share in the said Venture is 23.32%.

The Company's share in the Assets and Liabilities as at 31st March, 2011 and in the Income & Expenditure for the year in respect of above Joint Venture, based on audited statements of accounts as furnished by them, is as under:

Particulars	31st March, 2011
A. Assets	
Long Term Assets	Nil
Current Assets	4,703,511
B. Liabilities	
Secured & Unsecured Loan	Nil
Current Liabilities & Provisions	70,773
C. Income	Nil
D. Expenditure	Nil

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

Schedule - 19 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

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

Class of Goods	Installed Capacity# Qty. (MT)	Actual Production Qty. (MT)	Opening Stock		Purchases		Sales		Closing Stock	
			Qty. (MT)	Value	Qty. (MT)	Value	Qty. (MT)	Value	Qty (MT)	Value
Sponge Iron	130000 (130000)	55789.000 (61895.085)	631.410 (543.970)	8164 (6683)	Nil (Nil)	Nil (Nil)	55538.660 (48222.270)	847179 (605458)	243.120 (631.410)	3471 (8164)
Ingots / Billets	114000 (114000)	43041.805 (35876.950)	506.600 (435.140)	14528 (12603)	1047.820 (4761.310)	31909 (100332)	38327.280 (34410.83)	1063652 (779097)	900.790 (506.600)	25833 (14528)
TMT Bars/ Rounds	150000 (150000)	62869.455 (30041.35)	1662.900 (1982.730)	46624 (54785)	102339.800 (135388.175)	2521453 (3034374)	153670.340 (165696.835)	4105064 (4274023)	13178.785 (1662.900)	363857 (46624)
Pig Iron	15400 (15400)	2510.665 (4001.540)	105.565 (38.820)	3654 (1625)	11049.480 (Nil)	295238 (Nil)	11049.480 (Nil)	328041 (Nil)	102.115 (105.565)	3185 (3654)
Ferro Alloys		Nil (735.800)	Nil (5.200)	Nil (281)	Nil (Nil)	Nil (Nil)	Nil (621.100)	Nil (33847)	Nil (Nil)	Nil (Nil)
Steel Scrap*	N.A. (N.A.)	2188.787 (5725.924)	6833.538 (3534.648)	157377 (85495)	2073.990 (Nil)	17717 (Nil)	4420.140 (456.300)	85348 (9878)	5064.935 (6833.538)	108973 (157377)
Power	10 MW (10 MW)	58832157 Kwh (10194614 Kwh)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	N.A. (N.A.)	N.A. (N.A.)
Angles, Channels, Joists, MS Flat etc	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)	89511.875 (48627.395)	2085840 (1188271)	89511.875 (48627.395)	2368762 (1365225)	Nil (Nil)	Nil (Nil)
Coal	N.A. (N.A.)	Nil (Nil)	1041.360 (2263.600)	1916 (4165)	Nil (Nil)	Nil (Nil)	Nil (1222.240)	Nil (5500)	1041.360 (1041.360)	1916 (1916)
Total				232263 (165637)		4952157 (4322977)		8798046 (7073028)		507236 (232263)

NOTES :

Licensed Capacity - Not Applicable.

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

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

Production includes quantity used for captive consumption/reprocessing :

	Quantity
Sponge Iron (MT)	638.630 (13,585.375)
Ingots/Billets (MT)	5,368.155 (6,155.970)
TMT Bars (MT)	23.030 (52.520)
Pig Iron (MT)	2,514.115 (3,934.795)
Ferro Alloys (MT)	Nil (119.900)
Steel Scrap (MT)	1611.240 (1,970.734)
Power (Kwh)	58,832,157 (10,194,614)

Schedule - 19 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

b. Raw Materials consumed :*

Items	Quantity (M.T.)	Amount (₹ in '000)
Iron Ore	84,341.420 (120,667.170)	424,106 (449,075)
Coal and Coke	83,280.115 (101,079.655)	189,611 (223,264)
Pig Iron & Scrap	36,923.660 (27,087.300)	806,984 (595,983)
Billets & Ingots	60,893.430 (25,555.335)	1,391,910 (533,210)
Manganese Ore	- (1,488.240)	- (11,699)
Dolomite	1,415.500 (4,646.630)	2,411 (6,248)
Sponge Iron	10,651.270 (984.910)	119,820 (10,834)
Others (each item being less than 10% of total consumption)		26,520 (70,139)
Total		2,961,362 (1,900,452)

* excludes materials used for captive consumption / processing

Break Up	Year ended 31.03.2011		Year ended 31.03.2010	
	Amount (₹)	Percentage	Amount (₹)	Percentage
Indigenous	2,961,362	100	1,900,452	100
Imported	-	-	-	-
Total	2,961,362	100	1,900,452	100

c. Stores and Spares Consumed :

Break Up	Amount (₹ in '000)	Percent (%)
Imported	Nil (Nil)	Nil (Nil)
Indigenous	57,595 (42,174)	100 (100)
Total	57,595 (42,174)	100 (100)

d. CIF Value of Imports - Nil (Nil)

e. Foreign exchange earnings and outgo :

(i) **Expenditure in Foreign currency**

Particulars	Amount (₹ in '000)
Travelling	1,896 (1,168)

Schedule - 19 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

(ii) Earnings in Foreign Currency :

Particulars	Amount (₹ in '000)
Export of goods on FOB Basis (through third parties)	4,611 (129,607)

Note : Figures in brackets relate to previous year.

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

In terms of our report of even date attached

For **S. JAYKISHAN**
Chartered Accountants
FRN : 309005E

CA V. Newatia
Partner
Membership No. 062636
Dated : The 30th day of May, 2011
Place : Kolkata

Debendra Banthiya
Company Secretary

For and on behalf of the Board

V. K. Patni **Vikash Patni**
Chairman Managing Director

Balance Sheet Abstract and Company's General Business Profile

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

(a) Registration Details

Registration No.

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 State Code

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 Balance Sheet Date

3	1	0	3	2	0	1	1
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(b) Capital raised during the year (₹ in '000)

Public Issue

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

 Right Issue

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

 Bonus Issue

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

 Private Placement

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

(c) Position of Mobilisation and Deployment of Funds (₹ in '000)

Total Liabilities

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

 Total Assets

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

Sources of Funds

Paid-up Capital

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

 Reserve & Surplus

		6	5	5	5	0	7
--	--	---	---	---	---	---	---

 Secured Loans

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

 Unsecured Loans

	1	7	9	2	0	3	2
--	---	---	---	---	---	---	---

 Deferred Tax Liability

		1	9	1	2	7	7
--	--	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

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

 Net Current Assets

	2	6	2	9	3	6	4
--	---	---	---	---	---	---	---

 Investments

				5	6	0	6
--	--	--	--	---	---	---	---

--	--	--	--	--	--	--	--

(d) Performance of Company (₹ in '000)

Total Income

	8	5	1	4	4	9	0
--	---	---	---	---	---	---	---

 Total Expenditure

	8	3	6	5	4	7	5
--	---	---	---	---	---	---	---

 Profit before Tax

		1	4	9	0	1	4
--	--	---	---	---	---	---	---

 Earning per Share (in Rs.)

				2	.	8	9
--	--	--	--	---	---	---	---

 Dividend Rate (%)

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

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

Product Description	Item Code No. (ITC Code)	Product Description	Item Code No. (ITC Code)
SPONGE IRON M. S. BILLET	7203.10.00 7207.19.20	TMT BAR M. S. ROUND	7214.20.90 7214.10.90

In terms of our report of even date attached

For **S. JAYKISHAN**
Chartered Accountants
FRN : 309005E

CA V. Newatia
Partner
Membership No. 062636
Dated : The 30th day of May, 2011
Place : Kolkata

Debendra Banthiya
Company Secretary

For and on behalf of the Board

V. K. Patni **Vikash Patni**
Chairman Managing Director

VIKASH METAL & POWER LIMITED

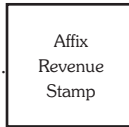
Registered Office :
35, Chittaranjan Avenue, 6th Floor, Kolkata - 700 012

Form of Proxy

I/We.....
of.....
.....being a Member(s) of the above named Company,
hereby appoint
of.....
or failing him
ofas my/our proxy to vote for me/us on
my/our behalf at the 15th Annual General Meeting of the Company to be held on Friday, 30th September, 2011 at 10.30
A.M. and at any adjournment thereof.

Signed this day of.....2011

Signature.....



Folio No.

DP ID No.....

Client ID No.....

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

VIKASH METAL & POWER LIMITED

Registered Office :
35, Chittaranjan Avenue, 6th Floor, Kolkata - 700 012

Attendance Slip

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

I hereby record my/our presence at the 15th Annual General Meeting of the above named Company held
at Purbashree, EZCC, Bharatiyam Cultural Multiplex, IB - 201, Sector - III, Salt Lake City,
Kolkata - 700 106 on Friday, the 30th September, 2011 at 10.30 A.M.

Full Name of Member/Proxy
attending the meeting.....

Full Name of First Holder
(if Joint Holder/Proxy attending).....

Folio No.....

Signature of the Member/Proxy

DP ID No..... (To be signed at the time of handing over this slip)

Client ID No.....

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

VIKASH METAL & POWER LTD.

An Integrated Steel Plant • An ISO 9001:2008 Company

Corporate Office : 21, Hemanta Basu Srani

Centre Point, 3rd Floor, Room No. 312, Kolkata - 700 001

Phone : +91 33 4018 1000, Fax : +91 33 2231 8303

Website : www.vikashmetalpower.com

E-mail : info@vikashmetalpower.com