

KIC METALIKS LIMITED



Annual Report 2006-07

BOARD OF DIRECTORS

SHRI R. K. KAJARIA, Chairman & Managing Director
SMT. ANUSHREE KAJARIA
SHRI P. K. PAUL
DR. DEOSHLOK SHARMA
SHRI S. L. MANDAL
SHRI MANISH SETH, Executive Director

VICE - PRESIDENT - FINANCE

SHRI N. MAHAPATRA

COMPANY SECRETARY

SHRI T. P. SUBRAMANIAN

AUDITORS

AGARWAL MAHESHWARI & CO.
CHARTERED ACCOUNTANTS
2B, GRANT LANE
CALCUTTA - 700 012

BANKERS

CANARA BANK
STATE BANK OF INDIA

SOLICITORS

C. K. JAIN & CO.

REGISTERED OFFICE

25A, Shakespeare Sarani
3rd Floor
Kolkata - 700 017

Registrars & Share Transfer Agent

S. K. COMPUTERS
34/1A, Sudhir Chatterjee Street
Kolkata - 700 006
Phone : 91-33-2219 4815, 2219 6797
Fax : 91-33-2219 4815
E-mail : agarwalskc@rediffmail.com

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

To The Shareholders

Your Directors have pleasure in presenting the 20th Annual Report alongwith the Audited Accounts of the Company for the year ended 31st march, 2007.

FINANCIAL RESULTS

	(Rs. in lakhs)	
	<u>2006 - 07</u>	<u>2005 - 06</u>
Profit before Depreciation & Tax	782.61	913.21
Depreciation	<u>302.25</u>	<u>294.72</u>
Profit/(Loss) before taxation	480.36	618.49
Provision for taxation	55.70	57.80
Provision for tax relating to earlier years	.44	16.27
Deferred Tax(Asset)/ Liability	<u>50.38</u>	<u>--</u>
Profit/(Loss) after taxation	373.84	544.42
Balance Brought Forward	<u>1301.50</u>	<u>1057.08</u>
Amount available for Appropriation	<u>1675.34</u>	<u>1601.50</u>
Transfer to Capital Redemption Reserve	---	300.00
Surplus / (Deficit) carried to Balance Sheet	<u>1675.34</u>	<u>1301.50</u>
	<u>1675.34</u>	<u>1601.50</u>

Dividend

The Directors have not recommended any dividend for the year ended 31.03.2007

OPERATIONS & ACTIVITIES

During the year the Company sold 89954 MT of Pig Iron as compared to 62984 MT in the previous year. The export of CI Castings was 8383 MT as compared to 7454 MT in the previous year. The Company sold 7952 MT of Cement compared to 6033 MT in the previous year. The Company's Profit before tax is Rs. 480 lakhs as compared to Rs. 618 lakhs in the previous year.

MANUFACTURING

During the year ended March 31, 2007 the plant produced 99680 MT of Hot Metal against 72969 MT in the previous year. The production of CI Castings was 7945 MT compared to 7982 MT in the previous year. The Company Commissioned its Hot Blast Stove in January, 2007 resulting in fuel efficiency and increasing productivity.

FUTURE OUTLOOK

The Company has come a long way from the days the Unit was producing foundry product. We are now an iron making Unit producing Pig Iron, a part of which is used in the foundry and the balance sold in the market.

The Company is moving forward to reach its ultimate goal of not only steel making unit but also making its steel making capacity at a level comparable to large integrated Mini Steel Plants.

The Steel Policy of Govt. of India envisages a production capacity of 110 million Metric Tonnes per annum in the year 2019/20. But it is expected from the present trend of setting up various big steel plants that the projection, as envisaged in the policy, will be exceeded. The demand of steel will be much higher due to industrial growth, infrastructure development in the country and a large house-building activity and also the per capita consumption of steel in India will go up. At Present India's per capita consumption of steel is very low in comparison to other countries. New Industrial Policy has opened up the Iron & Steel Sector for private investment by removing it from the list of industries reserved for Public Sector and exempting it from compulsory licensing. This has resulted in participation and growth of the Private Sector in the steel industry.

The Company has taken steps by installing Hot Stoves in the Blast Furnace, which is giving dividend to higher Blast Furnace productivity. Further action is envisaged to improve the areas of cost reduction by putting up Sinter Plant to use low priced Iron Ore Fines, putting up Power Plant using the Blast Furnace Gas, which is lost in the atmosphere at the present moment. The major thrust of the Company is to increase the productivity of the present Blast Furnace to the Maximum extent possible. Installation of electric steel making facility to produce steel billet initially and subsequently putting up finishing rolling mills to make the maximum contribution from the available facilities.

Expansion in the various areas as stated would make the Company a mini integrated steel plant of sizeable capacity to produce cheapest steel.

However, rising prices of raw materials and increasing demand-supply gap in all areas are of concern confronting the industry.

INTERNAL CONTROL SYSTEM AND ADEQUACY

The Company has a system of Internal Control comprising authority levels, supervision and procedures. The system is reviewed and updated on a continuous basis with an objective to improve systems and efficiency of operation.

DEVELOPMENT IN HUMAN RESOURCES

The Company has treated its employees as its greatest asset and the HR Policies and strategies have been focused to convert employee potential into performance through proper training and development. The Company had a cordial industrial relation throughout the year.

FINANCES

The Company allotted on October 20 2006, 380000 Equity shares of Rs. 10/- each at a premium of Rs. 45/- per share to promoter as per SEBI Regulation. The Company has also allotted 909000 Convertible warrants of Rs. 10/- each at a premium of Rs. 45/- to promoter on October 20, 2006 convertible within 18 months from the date of allotment.

The Company received a term Loan of Rs. 900 lakhs from SBI & Canara Bank for setting-up Hot Blast Stove.

The Company also repaid Rs. 170 lakhs to IDBI against their Term Loan.

DIRECTORS

Sri P. K. Paul & Dr Deoshlak Sharma retire by rotation from the Board in terms of Article 100 of the Articles of Association of the Company and is eligible for reappointment.

The tenure of Sri Manish Seth, Whole Time Director and designated as Executive Director expired on 31.03.2007. Your Directors recommend his reappointment for a further period of 3 years w.e.f 01.04.2007.

Sri T K Chatterjee resigned as a Director of the Company with effect from August 7, 2006 The Board records its appreciation of the services rendered by Sri Chatterjee during his tenure as a Director of the Company.

AUDITORS

M/s Agarwal Maheshwari & Co., Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and, being eligible, are recommended for reappointment.

NOTES ON ACCOUNTS

The Observation of Auditors and notes on accounts are self-explanatory.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that :

- (i) In the preparation of the annual accounts for year ended 31st March 2007, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2007 and of the profit or loss of the Company for the period.
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Directors had prepared the annual accounts on a going concern basis.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of 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 are given in Annexure 'A' to the Directors Report.

CORPORATE GOVERNANCE

A separate section on Corporate Governance is included in the Annual Report and the certificate from the Companies Auditors confirms the compliance of conditions on Corporate Governance as stipulated in the said clause 49 of the Listing Agreement is annexed hereto.

CODE OF CONDUCT

The Board of Directors of the Company adopted Code of Conduct and ethics for the Directors and Senior Executives of the Company. The code has been duly affirmed by them.

PARTICULARS OF EMPLOYEES

There was no employee receiving remuneration aggregating to Rs. 24,00,000 p.a. or Rs. 2,00,000 p.m. or more, where employed during part of the year. Hence the particulars under Section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company.

APPRECIATION

Your Directors place on records their appreciation of the unstinted support and cooperation received from the Shareholders, Company's Bankers, the Financial Institutions, other Central/State Government Institutions and other concerned parties of the Company.

The Directors warmly place on record their appreciation of the contribution made by all the employees in the progress made by the Company.

For & on behalf of the Board

Place : Kolkata

Dated : May 17, 2007

R. K. KAJARIA

Chairman & Managing Director

Annexure 'A' TO THE DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. CONVERSION OF ENERGY

The plant incorporates the latest technology for the conservation of energy. Particulars with respect to conservation of energy are given in Form-A enclosed .

B. TECHNOLOGY ABSORPTION

Particulars with respect to Technology Absorption are given in Form-B enclosed.

C. a) Activities relating to exports;

Initiative taken to increase exports development of new export market for products & services & export plans
Efforts are being made to increase the exports.

b) FOREIGN EXCHANGE EARNINGS AND OUTGO

	2006-2007	2005-2006
	(Rs. In lakhs)	(Rs. in lakhs)
Earnings	2031.11	1778.16
Outgo	.46	2.54

on behalf of the Board of Directors

Place : Kolkata

Dated : May 17, 2007

R. K. KAJARIA

Chairman & Managing Director

FORM A
(See Rule 2)

Form for disclosure of particulars with respect to conservation of energy

A. Power and fuel consumption

1. Electricity	Current Year (2006 - 2007)	Previous Year (2005 - 2006)
a] Purchased		
Unit (Lacs/KWH)	190.95	163.91
Total amount (Rs. in lacs)	535.87	409.38
Rate/Unit (Rs./KWH)	2.80	2.50
b] Own generation		
ij] Through Diesel Generator		
Unit (Lacs/KWH)	8.65	2.02
Unit per Ltr of Diesel of Oil (KWH)	3.63	3.68
Cost /Unit (Rs. KWH)	9.12	8.60
ii] Through Steam Turbine/Generator	Nil	Nil
Unit per Ltr of Fuel Oil/Gas		
Cost/Unit (Rs/KWH)		
2. Coal (Specify quality and where used)	Nil	Nil
Quantity (Tonnes)		
Total Cost		
Average Rate		
3. Furnace Oil	Nil	Nil
Quantity (K.Ltrs.)		
Total Amount		
Average Rate		
4. Light Diesel oil		
Quantity (K.Ltrs.)	12.00	60.00
Total Amount (Rs. lacs)	4.178	17.75
Average Rate (Rs./K.Ltrs)	34816.60	30044.94
(Rs./Ltr)	34.82	30.04
5. High Speed Diesel oil		
Quantity (K.Ltrs)	238.70	132.00
Total Amount (Rs. in lacs)	78.99	42.66
Average Rate (Rs./Ltrs)	33.09	31.65
6. Others/Internal Generation	Nil	Nil
(Please give details)		
Quantity		
Total/Cost		
Rate/Unit		
B. Consumption per unit of production - per Tonne of Pig Iron		
Electricity (KWH)	200.20	224.63
Light Diesel Oil (Ltr)	0.12	0.82
High Speed Diesel Oil (Ltr)	0.419	1.81

**FORM B
(See Rule 2)**

Form for disclosure of particulars with respect to absorption

Research and Development (R & D)

- | | |
|---------------------------------------------------------------|-----|
| 1. Specific areas in which R & D carried out by the Company | Nil |
| 2. Benefits derived as a result of the above R & D | Nil |
| 3. Future plan of action | Nil |
| 4. Expenditure on R & D | Nil |
| a) Capital | |
| b) Recurring | |
| c) Total | |
| d) Total R & D Expenditures as a percentage of total turnover | |

Technology absorption, adaptation and innovation

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation | Blast Furnace Needs Pre-Heater Air which is introduced into the Furnace Through bustlemain. The Heating of the blast was originally by recuperative system using Glendon Pipe. This was recently changed to regenerative system by installation of Hot Stoves. |
| 2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc. | The Change in the above technology resulted in higher temperature of the blast thereby reducing the consumption of coke. This has also increased the productivity of the blast Furnace resulting in cost reduction of Pig Iron on both accounts. |
| 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished : | Nil |
| a) Technology imported | |
| b) Year of import | |
| c) Has technology been fully absorbed? | |
| d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action | |

**ANNEXURE TO THE DIRECTORS' REPORT
CORPORATE GOVERNANCE REPORT**

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

KIC's philosophy of Corporate Governance is disclosure, transparency, openness and to enhance shareholders value while protecting the interest of other stakeholders.

BOARD OF DIRECTORS

The Board of Directors of the Company consists of the following :

Name of the Directors	Category of Directors	No. of other Directorship Held*	No. of Board Meeting Attended	Attendance at the Last AGM	Remuneration to Directors (Rs.)	Sitting Fees Paid (Rs.)
Shri R K Kajaria Chairman Managing Director	Executive	Nil	6	Yes	9,00,000	Nil
Shri P K Paul	Non-Executive	3	6	No	Nil	16000
Mrs Anushree Kajaria	Non-Executive	Nil	1	No	Nil	Nil
Shri T K Chatterjee (Resigned w.e.f. August 7, 2006)	Non-Executive	Nil	-	No	Nil	Nil
Shri Manish Seth Executive Director	Executive	Nil	1	No	6,60,000	Nil
Dr D Sharma	Non-Executive	Nil	5	No	Nil	14,000
Shri S L Mandal	Non-Executive	Nil	6	Yes	Nil	12,000

* only public Limited Companies.

Except Shri P K Paul, who is the Chairman of the Audit Committee of Orissa Sponge Iron & Steel Ltd, none of the other directors are members or Chairperson of any other Board Committee.

Six Board Meeting were held during the year 2006 - 2007 and the gap between two meetings did not exceed four months.

The dates on which the Board Meeting were held were as follows :

12th June 2006, 7th August 2006, 25th August 2006, 3rd November 2006, 9th February, 2007 & 6th March, 2007.

Brief resume of Directors appointment/reappointment

at the Ensuing Annual General Meeting

Shri P. K. Paul (date of Birth 21/4/1921) holding Nil shares of the Company was appointed on 8th November 2002 is a Graduate in Science and Metallurgical Engineer and is the Former Managing Director of Durgapur Steel Plant, Director of Sail, MECON and IISCO. Shri Paul is also Director of Orissa Sponge Iron & Steel Ltd, Chairman of National Iron & Steel Co Ltd., Chairman, Fusion Engineering Products Ltd, Chairman of SBEG Consultants (P) Ltd.

He is also Chairman of Audit Committee of Orissa Sponge Iron & Steel Ltd. Shri Paul is liable to retirement by rotation and is eligible for reappointment.

Dr Deoshlok Sharma (date of birth 8/4/1959) holding Nil shares of the Company is a Consultant by profession and is appointed on May 6, 2005. Dr Sharma is liable to retire by rotation and is eligible for reappointment.

Shri Manish Seth (date of birth 4.2.1967 holding Nil shares is a B. Com. (Hons) graduate and was reappointed as executive Director for a further period of 3 years w. e.f. April 1, 2007 subject to the approval of the members at the ensuing Annual General Meeting. Shri Seth looks after the affairs of the factory at Raturia, Durgapur.

AUDIT COMMITTEE

The Company has an Audit Committee in accordance with the requirement of Section 292A of the Companies Act, 1956 and terms of reference are in conformity with Clause 49 of the Listing Agreement.

The Composition of the Audit Committee and attendance at its meetings is given hereunder :

Name of the Directors	Position Held	No. of Meetings Held	No. of Meetings attended
Shri P K Paul	Chairman	4	4
Dr D Sharma	Member	4	4
Mrs Anushree Kajaria	Member	4	1

The Audit Sub-Committee meetings were held on 12th June 2006, 7th August 2006, 3rd November 2006 & 9th February 2007.

The Company Secretary acts as the Secretary of the Audit Committee.

REMUNERATION COMMITTEE

The Company has not appointed any Committee of Directors styled as "Remuneration Committee" as this is a Non-mandatory requirement.

SHAREHOLDERS' GRIEVANCE COMMITTEE

The Shareholders' Grievance Committee was constituted specifically for redressal of investors' complaints like transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends, issue of duplicate certificates, transfer and transmission of shares and other allied transactions. Four meetings of Shareholders' Grievance Committee were held during the year 2005 - 2006.

The said Committee comprises of Shri P K Paul, Director as Chairman and Shri R K Kajaria, Managing Director. Shri T P Subramanian, Company Secretary is the compliance officer of the Company

The Company and Share Transfer Agents attend to the investor grievance/correspondence within a period of 15 days from the date of receipt.

No complaints/queries are pending as on 31st March, 2007.

CEO/CFO CERTIFICATION

The Managing Director appointed in terms of the Companies Act, 1956 and the CFO, i.e. the Vice-President (Finance), heading the finance function, certify to the Board that :

- a) The Financial Statements and Cash Flow Statement for the year have been reviewed and, to the best of their knowledge and belief,
 - (i) these statements do not contain any materially incorrect fact, have not omitted any material fact and do not contain any statement that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affair and are in compliance with existing accounting standards, applicable laws and regulations.
- b) To the best of their knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violate the Company's Code of Conduct.
- c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, the deficiencies in the design or operation of internal control, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d) They have indicated to the auditors and the Audit Committee :
 - (i) Significant Changes in Internal Control over financial reporting during the year,
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) There have been no instances of significant fraud either by the management or an employee having a significant role in the Company's internal control system over financial reporting.

GENERAL BODY MEETING OF LAST 3 YEARS

Year	AGMEGM	Venue	Day & Date	Time
2004 - 2005	AGM	Calcutta Chamber of Commerce 18H, Park Street, Kolkata - 700 017	Tuesday 21.09.2004	11.00 A. M.
2004 - 2005	EGM	Calcutta Chamber of Commerce 18H, Park Street, Kolkata - 700 017	Friday 25.02.2005	10.30 A. M.
2005 - 2006	AGM	Calcutta Chamber of Commerce 18H, Park Street, Kolkata - 700 017	Tuesday 27.09.2005	10.00 A. M.
2005 - 2006	EGM	Calcutta Chamber of Commerce 18H, Park Street, Kolkata - 700 017	Thursday 09.03.2006	10.00 A. M.
2006 - 2007	AGM	Calcutta Chamber of Commerce 18H, Park Street, Kolkata - 700 017	Saturday 23.09.2006	10.00 A. M.

At the ensuing Annual General Meeting there is no resolution proposed to be passed by Postal Ballot.

OTHER DISCLOSURES :

- a] Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

None of the transactions with any of the related parties were in conflict with the interests of the Company at large. Transactions with related parties are disclosed in Note No. B(6) of Schedule 19 to accounts in Annual Report.

- b] Details of non-compliance by the Company, penalties, strictures imposed in the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

None

MEANS OF COMMUNICATION

(a)	Whether half-yearly report sent to each household of Shareholders	No
(b)	Quarterly Results	Business Standard, Kolkata, The Economic Times, Kol. Times of India, Kolkata Kalanthar, Dainik Statesman
	(i) Which newspaper normally published in : English	
	Bengali	
	(ii) Any Website displayed : Company's	Yes
(c)	Whether Website also displays official news release	No
(d)	Whether presentation made to institutional investors or to the analysts	No
(e)	Whether MD & A is a part of Annual Report or not	Yes

GENERAL SHAREHOLDER INFORMATION

(a)	AGM : Date , Time & Venue	Tuesday, September 4 th , 2007 Time : 10:00 a.m Venue : Calcutta Chamber of Commerce, 18H, Park Street, Kolkata - 700 017
(b)	Financial Calendar (tentative) Financial reporting for the quarter ending June 30, 2007 Financial reporting for the quarter ending September 30, 2007 Financial reporting for the quarter ending December 31, 2007 Financial reporting for the year ending March 31, 2008	End July, 2007 End October, 2007 End January, 2008 End June, 2008

(c)	Book Closure Period	From August 27 to September 4, 2007 (both days inclusive)
(d)	Dividend Payment Date	The Directors have not recommended any Dividend on ordinary shares for the Financial Year 2006 - 2007.
(e)	Listing on Stock Exchanges The Company's securities are listed at : 1. The Stock Exchange, Mumbai Annual Listing Fee for the year 2007 - 2008 has been paid to the Indian Stock Exchanges	
(f)	ISIN No. INE 434C01019	
(g)	Depository Connectivity : NSDL & CDSL	

(h) **Stock Market Data**

	High	Low	Close	BSE Sensex Close
Apr - 06	67.00	47.00	56.25	12042.56
May - 06	67.00	36.60	42.20	10398.61
June - 06	46.40	28.50	39.65	10609.25
July - 06	41.35	31.60	34.90	10743.88
Aug - 06	49.00	33.00	44.35	11699.05
Sept - 06	55.20	39.00	49.05	12454.42
Oct - 06	76.50	49.60	54.10	12961.90
Nov - 06	62.80	46.50	49.45	13696.31
Dec - 06	51.90	42.15	47.50	13786.91
Jan - 07	66.00	47.80	50.85	14090.92
Feb - 07	58.00	37.00	40.05	12938.09
Mar - 07	40.70	31.25	32.85	13072.10

(i) **Registrar & Transfer Agents** : SK Computers

34/1A, Sudhir Chatterjee Street, Kolkata - 700 006

(j) **Share Transfer System**
:

Physical Shares lodged for transfer/dematerialisation are normally processed and confirmed within 15 days from the date of lodgement, if the documents are clear in all respect by the Share Transfer Committee constituted by the Board. Grievances received from Members and other miscellaneous correspondence on change of address, mandates, etc. are processed by the registrars within 15 days.

(k) **Distribution of Share Holdings as on 31.03.2007 :**

Range of Ordinary Shares	No. of Shares	% to Capital	No. of Holders	% of Holders
1 to 500	573588	12.23	3309	85.53
501 to 1000	247631	5.28	303	7.83
1001 to 10000	620776	13.23	235	6.07
Above 10000	3248205	69.26	22	.57
Total	4690200	100.00	3869	100.00

(l) **Share Holding pattern as on 31.03.2007 :**

Name of the Shareholder	No. of Shares Held	% Holding
Promoters Holding	2049962	43.71
Non-Promoters Holding -		
- Bodies Corporate	928579	19.80
- NRI/ Foreign Company	20241	.43

- Banks	172160	3.67
Indian Public	1519258	32.39
Total	4690200	100.00

(m) **Dematerialization of Shares & Liquidity :**

Electronic holding by members comprised of 75.97% of the paid up Equity share Capital of the Company held through the National Securities Depository limited (65.72%) and Central Depository Securities (India) limited (10.25%) as on March 31, 2007

(n) **Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion date and likely equity :**

The Company has allotted 909000 Warrants convertible into one Equity of Rs. 10/- Each at a premium of Rs. 45/- within 18 months from the date of allotment i.e. 20/10/06 on preferential basis to Promoter as per SEBI Guidelines.

(o) **Plant locations** : Pig Iron Plant Raturia, Durgapur

(p) **Address for Correspondences** : Registered Office
25A, Shakespeare Sarani
3rd Floor, Kolkata 700 017
Phone : 91-33-22836354/55/56/57/58
Fax : 91-33-22836360
E-mail : info@kicmetaliks.com

For and on behalf of the Board

Place : Kolkata
Dated : May 17, 2007

R K KAJARIA
Chairman & Managing Director

Auditors's Certificate on compliance of Corporate Governance as stipulated in clause 49 of the listing agreement.

We have examined the compliance of conditions of Corporate Governance by KIC Metaliks Ltd for the year ended 31st March, 2007 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statement of the Company.

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

As required by the Guidance Note on certification of Corporate Governance issued by the Institute of Chartered Accountants of India, we state that no investor grievance is pending for a period exceeding one month as at 31st March, 2007 against the Company as per records maintained by the Shareholders/Investor Grievance Committee.

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

For AGARWAL MAHESHWARI & CO.

Chartered Accountants

(D R AGARWAL)

Partner

Place : Kolkata

Dated : May 17, 2007

Membership No. 51484

AUDITORS REPORT

TO

The Member of KIC Metaliks Limited.

We have audited the attached Balance Sheet of KIC Metaliks Limited as at 31st March, 2007 and the related Profit & Loss Account and the Cash Flow Statement of the Company 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 statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
2. Further to our comments in the Annexure referred to in Paragraph 1 above, we report that :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account.
 - d) In our opinion, the Profit & Loss Account, Balance Sheet and Cash Flow Statement of the Company comply with the Accounting Standards referred to in sub-section 3(c) of section 211 of the Companies Act, 1956.
 - e) Based on the representations made by all the Directors of the Company as on 31st March, 2007, and taken on record by the Board of Directors of the Company and in accordance with the information and explanations as made available, the Directors of the Company do not, prima facie, have any disqualification as referred to in clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 and
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant Accounting Policies and notes thereon and subject to notes mentioned in Schedule 19B(9) give the information required by the Companies Act, 1956, in the manner so required and present 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, 2007.
 - ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date.
 - iii) In the case of the Cash Flow statement, of the cash flows for the year ended on that date.

For AGARWAL MAHESHWARI & CO.
Chartered Accountants

Dated : May 17, 2007
Kolkata

(D R Agarwal)
Partner
Membership No. 51484

ANNEXURE TO THE AUDITORS' REPORT

1.
 - a) The Company has maintained proper records showing full particulars including quantitative details and location of the Fixed Assets.
 - b) There is a regular programme of physical verification, which in our opinion is reasonable, having regard to the size of the Company and the nature of fixed assets. No material discrepancies have been noticed in respect of the assets physically verified during the year.
 - c) The Company has not disposed off substantial part of fixed assets during the year.
2.
 - a) Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) The procedures of physical verification of stocks followed by the management are adequate in relation to the size of the Company and the nature of its business.
 - c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of account.
3. The Company has not accepted/granted any loans during the years from/to the parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness was noticed in the internal control system.
5.
 - a) According to the information and explanations given to us, contracts or arrangements that need to be entered into the register maintained in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
 - b) Sub-clause (b) is not applicable as there are not such transactions exceeding the value of five lakh rupees in respect of any part.
6. The Company has not accepted any deposits from the public during the year.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company relating to the manufacture of Cement, pursuant to the notification of the Central Government for the maintenance of cost records under section 209 (l)(d) of the Companies Act, 1956 and, on the basis of the information received, are of the opinion that prima facie the prescribed accounts and records have been maintained/are being made up. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(i)(d) of the Companies Act, 1956 for any other products of the Company.
9. According to the information and explanations given to us and the records examined by us, the Company is regular in depositing undisputed statutory dues except minor delays in few cases including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities and there are no undisputed statutory dues outstanding as at 31st March, 2007, for a period of more than six months from the date they became payable.
10. The Company has not incurred cash loss in the current year and in the immediately preceding financial year and there are no accumulated losses in the Balance Sheet as on 31st March, 2007.
11. Based on the information and explanations given to us, the Company has not defaulted during the year in repayment of dues to any financial institutions or banks.
12. Based on our examination of the records and the information and explanations given 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.
13. As the Company is not a Chit fund, nidhi, mutual benefit fund or society the provision of clause 4(xiii) of the Company (Auditor's Report) Order, 2003 are not applicable to the Company.
14. As the Company is not dealing or trading in shares, securities, debentures and other investments, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations received, the Company has not given any guarantees for loans taken by others from bank or financial institutions.
16. According to informations and explanations received, the term loans were applied for the purpose for which the loans were obtained.
17. Based on our examination of the records and according to the information and explanations received, the Company has not applied short term borrowings for long term use.
18. During the year the Company has made preferential allotment of shares to parties and companies covered in Register maintained under Section 301 of the Companies Act, 1956 and the price at which shares have been issued is not prejudicial to the interest of the company.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. As per the information and explanations given to us, no fraud on or by the Company has been noticed during the year.

Dated : May 17, 2007
Kolkata

For **AGARWAL MAHESHWARI & CO.**
Chartered Accountants
(D R Agarwal)
Partner
Membership No. 51484

Balance Sheet as at 31st March 2007

	Schedule	As at 31.03.2007 Rs. Lakhs	As at 31.03.2006 Rs. Lakhs
SOURCES OF FUND			
Share Holders Fund:			
Share Capital	1	469.02	431.02
Advance against Share Capital		444.63	984.80
Share Application Money		50.00	0
Reserves & Surplus	2	3430.82	2885.98
		4394.47	4301.80
LOANS FUND			
Secured Loans	3	2586.42	1599.92
Unsecured Loans	4	279.61	31.71
Deferred Payment Credit	5	189.40	119.64
TOTAL		7449.90	6053.07
APPLICATION OF FUND			
Fixed assets	6		
Gross Block		7909.99	6430.10
Less : Depreciation		2346.56	2091.75
Net Block		5563.43	4338.35
Investments (at cost)	7	25.00	25.00
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	8	4004.48	3064.35
Sundry Debtors	9	656.65	694.79
Cash & Bank balances	10	377.79	256.13
Loans & Advances	11	764.63	547.89
Other Current Assets	12	135.24	35.94
		5938.79	4599.10
Current Liabilities & Provisions	13	3819.54	2754.95
Net Current Assets		2119.25	1844.15
Deferred Tax			
Deferred Tax Liabilities	41070065		
Deferred Tax Assets	-15291718	257.78	207.41
		1861.47	1636.74
Deferred revenue expenses (to the extent not written off)		0.00	52.98
Total		7449.90	6053.07

ACCOUNTING POLICIES & NOTES**ON ACCOUNTS**

Schedule 1 to 13 and schedule 19 referred to above from part of the Balance Sheet

In terms of our report of even date

For **AGARWAL MAHESHWARI & CO.**

Chartered Accountants

D. R. AGARWAL

(Partner)

Place : Kolkata

Dated the 17th day of May 2007**T. P. SUBRAMANIAN**

Company Secretary

R. K. KAJARIA

Chairman & Managing Director

P. K. PAUL

Director

Profit & Loss Account for the year ended 31st March 2007

	Schedule	Year Ended 31.03.2007 Rs. LAKHS	Year Ended 31.03.2006 Rs. LAKHS
Income			
Sales	14	17419.38	11404.83
Other Income	15	91.29	112.94
Total		<u>17510.67</u>	<u>11517.77</u>
Expenditure			
Operational Expenses	16	16133.54	10040.33
Administrative Expenses	17	363.82	315.83
Interest	18	230.70	248.40
Total		<u>16728.06</u>	<u>10604.56</u>
Profit before depreciation		782.61	913.21
Depreciation		<u>302.25</u>	<u>294.72</u>
Profit before taxation		480.36	618.49
Less : Provision for taxation		54.00	55.50
Less : Provision for Fringe Benefit Tax		1.70	2.30
Less ; Defered tax liabilities		<u>50.38</u>	<u>0.00</u>
Profit after taxation		374.28	560.69
Provision for tax relating to earlier year		0.44	16.27
Balance brought forward		<u>1301.50</u>	<u>1057.08</u>
		1675.34	1601.50
Less : Transferred to Capital Redemtion Reserve		<u>0.00</u>	<u>300.00</u>
Balance available for appropriation		<u>1675.34</u>	<u>1301.50</u>
APPROPRIATION			
Balance carried to Balance Sheet		<u>1675.34</u>	<u>1301.50</u>
		<u>1675.34</u>	<u>1301.50</u>

**ACCOUNTING POLICIES & NOTES
ON ACCOUNTS**

Schedule 14 to 18 & 19 referred to above form part of the Profit & Loss Account

In terms of our report of even date
For **AGARWAL MAHESHWARI & CO.**
Chartered Accountants

D. R. AGARWAL
(Partner)
Place : Kolkata
Dated the 17th day of May 2007

T. P. SUBRAMANIAN
Company Secretary

R. K. KAJARIA
Chairman & Managing Director
P. K. PAUL
Director

Cash Flow Statement for the year ended 31st March, 2007
Pursuant to Clause 32 of the Listing Agreement

	(Rs. in Lakhs) For the year ended 31.03.2007	(Rs. in Lakhs) For the year ended 31.03.2006
A. Cash Flow from Operating Activities :		
Net Profit before taxes and Extraordinary items	480.36	618.49
Deferred Revenue Expenses		
Written Off	52.98	69.77
Depreciation	302.25	294.72
Interest	(12.34)	(21.66)
Interest expenses on Loans	230.70	248.42
	573.59	591.25
	1053.95	1209.74
Operating Profit before Working Capital Changes		
Adjustment for		
Trade and other receivables	(277.92)	40.09
Inventories	(940.13)	(929.96)
Trade Payables	1064.59	329.13
	(153.46)	(560.74)
Cash generated from operations	900.49	649.00
Interest Paid	(230.70)	(248.42)
Direct Taxes paid	(56.14)	(74.07)
	(286.84)	(322.49)
Cash flow before extraordinary items	613.65	326.51
Extraordinary items	-	-
Net Cash from operating activities	613.65	326.51
B. Cash Flow from Investing Activities :		
Capital Work-in-Progress (Stove)	1537.69	98.02
Purchase of Fixed Assets	(3091.63)	(336.34)
Sale of Fixed Assets	26.61	10.38
Interest Received	12.34	21.66
Net Cash used in investing activities	(1514.99)	(206.28)
	(901.34)	120.23
C. Cash Flow from Financing Activities :		
Share Premium	171.00	427.00
Redemption of Preference Shares	-	(300.00)
Increase in Equity Share Capital	38.00	61.00
Advance against share capital	(540.17)	666.14
Share Application Money	50.00	-
Deferred Payment Credit	69.76	(318.60)
Loan from other Body Corporate	247.90	(169.94)
Proceeds from Long Term Borrowings	732.28	(698.36)
Increase/Decrease in Working Capital	254.23	196.60
Net Cash used in Financing Activities	1023.00	(136.16)
Net increase in Cash and Cash Equivalents	121.66	(15.93)
Cash & Cash Equivalents as at (Opening Balance)	256.13	272.06
Cash & Cash Equivalents as at (Closing Balance)	377.79	256.13
	(121.66)	15.93

Notes: (i) Figures in bracket represent Outflows.
(ii) Previous Year figures have been recast/restated wherever necessary.

In terms of our report of even date
For **AGARWAL MAHESHWARI & CO.**
Chartered Accountants

D. R. AGARWAL
(Partner)

Place : Kolkata
17th May, 2007

T. P. SUBRAMANIAN
Company Secretary
Auditors Certificate

R. K. KAJARIA
Chairman & Managing Director

P. K. PAUL
Director

We have examined the attached Cash Flow Statement of KIC Metaliks Ltd. for the year ended 31st March, 2007. The statement has been prepared by the Company in accordance with the requirements of Listing Agreement Clause 32 with the Stock Exchanges and is based on and in agreement with the corresponding Profit & loss Account and Balance Sheet of the Company covered by our report of May 17, 2007 to the members of the Company.

May 17, 2007

Place : Kolkata

For **AGARWAL MAHESHWARI & CO.**
Chartered Accountants

(D R AGARWAL)
Partner

SCHEDULE 1 TO 19 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007

	As at 31.03.07 Rs. LAKHS	As at 31.03.06 Rs. LAKHS
SCHEDULE-1		
Share Capital		
Authorised :		
1,50,00,000 Equity Shares of Rs. 10/- each	1500.00	1500.00
50,00,000 Preference Shares of Rs. 10/- each	500.00	500.00
	<u>2000.00</u>	<u>2000.00</u>
Issued, Subscribed & Paid up		
4690200 (P.Y. 4310200) Equity Shares of Rs. 10/- each fully paid up. (out of the above 2639900 Equity Shares of Rs. 10/- each are allotted as fully paid up Bonus Shares by Capitalisation of General reserve)	469.02	431.02
During the year 380000 equity shares were issued on preferential basis.	<u>469.02</u>	<u>431.02</u>
SCHEDULE-2		
Reserves & Surplus		
Share Premium Account (During the year 380000 equity share issued on preferential basis to promoters at a premium of Rs.45 per share)	869.82	698.82
	<u>869.82</u>	<u>698.82</u>
General Reserve	585.66	585.66
Capital Redemption Reserve	300.00	300.00
	<u>885.66</u>	<u>885.66</u>
Profit & Loss Account (Balance as per Annexed Account)	1675.34	1301.50
	<u>3430.82</u>	<u>2885.98</u>
SCHEDULE-3		
SECURED LOANS		
A. TERM LOANS		
1] INDUSTRIAL DEVELOPMENT BANK OF INDIA	482.58	653.81
2] State Bank of India	540.00	-
3] Canara Bank	363.51	-
B. WORKING CAPITAL		
1] Canara Bank	714.62	409.96
2] State Bank of India	485.71	536.15
	<u>2586.42</u>	<u>1599.92</u>
NOTE : 1		
The Term loan of IDBI is secured by a joint Mortgage by deposit of title deeds of all the immovable properties of the Company situated at Raturia & Angadpur Village, Durgapur and hypothecation of all the movable properties of the Company (save & except Book Debts) including movable machineries, present & future, subject to the prior charge on current assets created in favour of the Bankers of Company for securing the borrowing for working capital requirement in the ordinary course of business and by personal guarantee of Managing Director of the Company. The Term Loan received from SBI & Canara Bank is secured by hypothecation of plant & Machineries relating to hot Blast stove on pari-passu 1 st charge basis.		
NOTE : 2		
Working Capital Loan with Canara Bank and State Bank of India are secured by first charge by way of hypothecation of stock, debtors and other movable assets and 2nd charges on Fixed Assets of the Company and by personal guarantee of Managing Director of the Company		
SCHEDULE-4		
Unsecured Loans	279.61	31.71
From body Corporate	<u>279.61</u>	<u>31.71</u>
SCHEDULE-5		
DEFERRED PAYMENT CREDIT	189.40	119.64
For purchase of Motor Car & Heavy commercial vehicles.	<u>189.40</u>	<u>119.64</u>

SCHEDULE-6

Rs. Lakhs

Description	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	Cost as at 01.04.06	Additions/ Capitalised during the year	Deduction during the year	Total Cost as at 31.03.2007	Upto 31.03.2006	For the year	Adjustment during the year	Upto 31.03.2007	As on 31.03.2007
PIG IRON DIVISION									
Lease hold Land	187.19	0.00	0.00	187.19	24.22	3.74	0.00	27.97	159.23
Factory Building	573.75	0.00	0.00	573.75	155.93	19.16	0.00	175.09	398.66
Plant & Machinery	3105.41	1537.69	0.00	4643.10	1285.51	181.61	0.00	1467.11	3175.99
Electrical Installation	759.87	0.00	0.00	759.87	322.77	40.06	0.00	362.83	397.04
Office Building	36.00	0.00	0.00	36.00	2.95	0.59	0.00	3.54	32.46
Motor Cars	66.41	18.03	8.53	75.91	17.34	6.78	3.26	20.86	55.05
Office Equipment	18.11	0.83	0.00	18.94	8.86	0.89	0.00	9.75	9.19
Computers	17.38	0.94	0.00	18.32	16.10	0.09	0.00	16.19	2.12
Weighing Scale	10.94	2.55	0.00	13.49	1.10	0.64	0.00	1.75	11.75
Motor Bikes	4.50	0.00	0.00	4.50	2.86	0.43	0.00	3.29	1.21
Furniture & Fixtures	37.88	0.00	0.00	37.88	24.34	2.40	0.00	26.74	11.14
Dalmia Resort	0.49	0.00	0.00	0.49	0.00	0.00	0.00	0.00	0.49
Heavy Com'cial Vehicles	138.13	97.44	65.51	170.05	48.46	13.46	44.17	17.75	152.30
Generator Set	84.13	0.00	0.00	84.13	31.09	4.44	0.00	35.54	48.59
G Slag Plant	10.34	0.00	0.00	10.34	3.82	0.55	0.00	4.37	5.97
Coke Oven Plant	626.45	0.00	0.00	626.45	13.97	0.00	0.00	13.97	612.48
Guest House	27.24	0.00	0.00	27.24	0.12	0.44	0.00	0.57	26.67
Stove	103.55	1434.14	1537.69	0.00	0.00	0.00	0.00	0.00	0.00
FOUNDRY DIVISION									
Building & Shed	256.48	0.00	0.00	256.48	43.12	8.57	0.00	51.68	204.80
Coupla	39.70	0.00	0.00	39.70	14.26	2.10	0.00	16.36	23.34
Electrical Installation	8.24	0.00	0.00	8.24	2.92	0.44	0.00	3.36	4.88
Furniture & Fixtures	0.15	0.00	0.00	0.15	0.06	0.01	0.00	0.07	0.08
Plant & Machineries	38.06	0.00	0.00	38.06	6.92	2.01	0.00	8.93	29.13
Tubewell	0.30	0.00	0.00	0.30	0.11	0.02	0.00	0.12	0.17
Weighing Scale	1.45	0.00	0.00	1.45	0.43	0.07	0.00	0.50	0.95
Pollution Control Equipment	11.54	0.00	0.00	11.54	3.50	0.61	0.00	4.11	7.42
CEMENT DIVISION									
Building & shed	47.08	0.00	0.00	47.08	8.25	1.57	0.00	9.83	37.25
Plant & Machineries	219.33	0.00	0.00	219.33	52.70	11.58	0.00	64.28	155.06
TOTAL	6430.09	3091.63	1611.73	7909.99	2091.75	302.25	47.44	2346.56	5563.43
Previous Year	6209.02	464.78	243.70	6430.10	1803.90	294.72	6.87	2091.75	4338.35

	As At 31.03.2007 Rs. Lakhs	As At 31.03.2006 Rs. Lakhs
SCHEDULE-7		
Investment (Unquoted, Long term, At Cost) (Other than trade investment) Eastern Resources Pvt. Ltd. (250000 Nos. Equity Shares @Rs. 10 each)	25.00	25.00
	<u>25.00</u>	<u>25.00</u>
SCHEDULE-8		
Inventories (As valued and certified by the Management at Cost or estimated market price whichever is lower)		
PIG IRON DIVISION		
Raw Material	2699.21	1905.36
Finished goods	660.67	463.27
Stores & Spares	166.30	128.16
FOUNDRY DIVISION		
Raw Materials	7.53	30.17
Finished goods	295.15	425.72
Stores & Spares	6.63	4.80
CEMENT DIVISION & OTHERS		
Raw Material	120.22	71.16
Finished goods	37.07	35.05
Stores & Spares	11.70	0.66
	<u>4004.48</u>	<u>3064.35</u>
SCHEDULE-9		
Sundry Debtors (Unsecured, Considered Goods)		
(i) Debts Outstanding for a period exceeding six months	295.78	4.83
(ii) Other Debts	360.87	689.96
	<u>656.65</u>	<u>694.79</u>
SCHEDULE-10		
Cash & Bank Balances		
Cash in hand	4.36	1.68
Bank Balances		
With Scheduled Banks		
On Current A/C	28.24	0.23
On Fixed Deposit A/C Pledged with Bank as margin money for letter of credit and for Foreign Bill Purchases)	345.19	254.22
	<u>377.79</u>	<u>256.13</u>
SCHEDULE-11		
Loans & Advances (Unsecured, Considered good)		
Advances recoverable in Cash or in kind or for value to be received	605.98	390.52
Security Deposit	6.53	7.86
Tax Deducted at Source	65.53	74.01
Advance Income Tax	64.98	53.61
Prepaid Bank Interest	4.22	-
Advance for Purchases of capital assets	17.39	21.89
	<u>764.63</u>	<u>547.89</u>

	As at 31.03.2007 Rs. Lakhs	As at 31.03.2006 Rs. Lakhs
SCHEDULE-12		
Other Current Assets		
Export Benefits Receivable	35.55	19.41
Cenvat Credit Receivable(Capital Goods)	2.44	0.16
Cenvat Credit Receivable(Stores)	1.72	1.71
Cenvat Credit Receivable(Export Goods)	10.95	10.95
Cenvat Credit Receivable 50% Against (Stores)	79.60	0.00
Service Tax Receivable	4.98	3.71
	<u>135.24</u>	<u>35.94</u>
SCHEDULE-13		
Current Liabilities & Provisions		
Current Liabilities		
Sundry Creditors		
For Raw materials & Stores	2192.80	1628.73
For Expenses	0.00	44.04
For Others	171.74	238.97
Advance from Customers	1159.52	582.62
Bank Over Draft(Due to Reconciliation)	0.00	21.38
T.D.S. Payable	1.68	1.13
Provision for Gratuity	25.43	20.54
Provision for Taxation	171.34	151.34
Provision for Fringe Benefit Tax	4.00	2.30
Provision for Excise Duty	93.03	63.90
	<u>3819.54</u>	<u>2754.95</u>
SCHEDULE-14		
SALES	Year ended	year ended
EXPORT	31.03.2007	31.03.2006
C. I. Castings & Other Materials	2031.11	1778.16
DOMESTIC		
Pig Iron	14663.87	9187.23
Granulated Slag	40.83	25.38
Cement	161.09	117.99
C. I. Ingot	13.21	17.30
Others (including Metcoke & Fines)	509.27	278.77
	<u>17419.38</u>	<u>11404.83</u>
SCHEDULE-15		
OTHER INCOME		
Export Benefits	60.93	53.23
Brokerage & Commission	16.29	32.03
Interest on Fixed Deposit	12.34	21.66
Other Sundry Liabilities relating to earlier years	1.73	6.02
Written Back	91.29	112.94
	<u>91.29</u>	<u>112.94</u>

		Year ended 31.03.2007 Rs. Lakhs	Year ended 31.03.2006 Rs. Lakhs
SCHEDULE-16			
OPERATIONAL EXPENSES			
Raw Material Consumed			
Opening Stock			
For C. I. Castings/Other Goods		30.17	13.83
For Pig Iron		1905.36	1343.53
For Cement		71.16	25.81
		<u>2006.69</u>	<u>1383.17</u>
Add : Purchases			
For C. I. Castings/Other Goods	8571001		
For Pig Iron	1345715989		
Less : Trading	<u>40549161</u>	1305166828	7378.04
For Cement	<u>21180996</u>	<u>13349.19</u>	<u>8761.21</u>
Less : Closing Stock		15355.88	2006.69
For C. I. Castings/Other Goods	753072		
For Pig Iron	269921276	2826.97	
For Cement	12022310		
Consumption		12528.91	6754.52
Consumption of Raw material for Conversion		0.00	1443.84
Purchase for Trading		405.49	0.00
Excise Duty		2144.10	1345.45
Export Expenses		98.37	41.69
Electrical Charges		516.72	417.22
Stores & Spares Consumed		176.48	130.22
Insurance & Inspection Charges		13.27	6.28
Power & Fuel		128.66	60.42
Labour Charges		113.01	70.47
Water Charges		14.01	20.24
Terminal Handling Charges		8.26	9.28
Repairs to Plant & Machinery		55.10	71.51
	A	<u>16202.38</u>	<u>10371.14</u>
Increase/(Decrease) in Stock (Finished & Trading Goods)			
Opening Stock			
For C. I. Castings/Other Goods		425.72	280.55
For Pig Iron		463.27	275.11
For Cement & Others		35.05	37.57
		<u>924.04</u>	<u>593.23</u>
Less : Closing Stock			
For C. I. Castings/Other Goods	29514558		
For Pig Iron	66066607	992.88	924.04
For Cement & Others	3707377	-68.84	-330.81
Increase/(Decrease) in Stock	B	<u>-68.84</u>	<u>-330.81</u>
	A+B	<u>16133.54</u>	<u>10040.33</u>

	Year ended 31.03.2007 Rs. lakhs	Year ended 31.03.2006 Rs. lakhs
SCHEDULE-17		
ADMINISTRATIVE EXPENSES		
Salary, Bonus & Allowance	151.85	154.56
Directors Remuneration	15.60	12.60
Providend Fund & ESI	13.75	13.09
Travelling & Conveyance	17.78	18.93
Rent, Rates & Taxes	20.79	21.44
Security & Service Charges	29.02	11.08
Postage & Stamp	1.35	1.15
Telephones	8.08	8.33
Printing & Stationery	2.89	0.63
Filing Fees	0.04	0.05
Legal & Professional Charges	8.77	6.89
Books, Periodicals & Subscription	0.68	0.93
Bank & Other Charges	52.11	40.84
Motor Car Expenses	4.45	2.40
Advertisement & Publicity	5.00	5.39
Office repairs & maintenance	2.06	1.37
Staff Tea & Beverages	2.58	0.64
Auditors Remunerations		
Audit Fees	2.25	2.24
Tax Audit Fees	0.56	0.56
Certification & Taxation	0.56	0.56
Internal Audit Fees	0.67	0.22
Sitting Fees	0.42	0.24
Listing fees	0.86	0.10
Charity & Donation	0.74	0.03
Computer Expenses	1.07	0.14
Exchange Rate Difference	0.00	6.29
Loss on sale of fixed assets	17.51	4.82
West Bengal Labour Welfare	0.02	0.01
Service Tax Paid	2.36	0.30
	<u>363.82</u>	<u>315.83</u>
SCHEDULE-18		
INTEREST		
Bank interest	113.02	105.27
Over due Bank interest on Foreign bill purchase	0.24	5.46
Interest on term Loan	115.82	119.13
Interest on unsecured Loan	1.62	18.54
	<u>230.70</u>	<u>248.40</u>

SCHEDULE-19

ACCOUNTING POLICIES AND NOTES ON ACCOUNT

A. SIGNIFICANT ACCOUNTING POLICIES :

1. BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention on accrual basis, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956 as adopted consistently by the Company.

2. FIXED ASSETS AND DEPRECIATION

- a] Fixed assets are stated at cost less Modvat Credit on specific Fixed Assets and subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation are added to the cost of fixed assets.
- b] Depreciation on fixed assets is provided on straight line method at rates which are in conformity with the requirements of Schedule XIV of the Companies Act, 1956. Provision for depreciation on Blast Furnace Plant as a whole has been computed at the rates prescribed for Continuous Process Plant as per Schedule XIV of the Companies Act, 1956.
- Leasehold Assets are amortised over the period of lease.

3. INVESTMENTS

Long Term Investments are valued at cost.

4. INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average basis and where applicable, include the cost of material (net of available Modvat), labour and factory overheads. Finished products also include Excise Duty on product manufactured.

5. SALES

Sales include excise duty and are accounted for on passing of property of goods irrespective of actual despatches. Rebates, discounts, claim and other non recoverables are excluded therefrom.

6. RESEARCH & DEVELOPMENTS

Revenue expenditure on Research and Developments is charged in the year in which it is incurred. Expenditure which results in creation of Assets is included in Fixed Assets and depreciation is provided on Assets as applicable.

7. FOREIGN CURRENCY TRANSACTIONS

Foreign Currency Transactions in respect of exports are accounted at daily rates of conversion and actual gain or loss arising on remittances is charged to the Profit & Loss Account in the year of actual realisation of sale proceeds.

8. BORROWING COST

Borrowing Cost incurred in relation to the acquisition, construction of assets are capitalised as the part of the cost of such assets upto the date when such assets are ready for intended use. Other borrowing costs are charged as an expense in the year in which these are incurred.

9. TAXATION

Provision for tax is made for both current and deferred taxes. Current Tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing difference and which are capable of reversal in subsequent periods, are recognised using the tax rates and tax laws that have been enacted or substantively enacted.

10. PRIOR PERIOD ADJUSTMENT

Income and expenditure pertaining to prior period have been accounted under respective heads of Profit & Loss Account. However, net effect of such amount, where material is disclosed separately in Notes on Accounts.

11. RETIREMENT BENEFITS

- i] Liability for gratuity has been provided in the books as per actuarial valuation.
- ii] Retirement benefit other than gratuity in respect of employees are accounted for as and when the liability for the same become due for payment.

12. TREATMENT OF CONTINGENT LIABILITIES

Contingent liabilities if any are disclosed by way of Notes.

B. NOTES ON ACCOUNTS :

1. Travelling expenses include Directors travelling Rs. nil (previous year Rs. 3,79,047/-)
2. Sales include Rs. nil (P.YRs. 2291 lakhs) inclusive of Excise duty Rs. nil (P.Y Rs. 321 lakhs) being the invoice value for net value addition of Rs. nil (P.YRs.526 lakhs (gross) TDS Rs.11.67 lakhs in pursuance of contract with TISCO for conversion of Pig Iron. The value of raw material for conversion amounting to Rs. nil (P.Y Rs.1444 lakhs) has been charged to Profit & Loss Account.
3. **Retirement Benefits**
Liabilities for gratuity has been provided on the basis of actuarial valuation. There is no liability on account of leave encashment as on 31.03.2007.
4. Deferred Tax (Asset)/Liability (Net)

	As at 1.04.2006	Current Year Charge/Credit	(Rs. in Lakhs) Deferred Tax Liability/(Assets)
Deferred Tax Liability			
Depreciation	189.07	68.21	257.28
Misc. Expenditure	18.33	17.83	.50
(A)	<u>207.40</u>	<u>50.38</u>	<u>257.78</u>

Pursuant to Accounting Stand (AS) 22 - Accounting for taxes on Income, the Company has a Deferred Tax Liability of Rs.50.38 lakhs (Previous Year Rs.nil) for the year ended 31.03.07.

5. i) The Company is engaged in the main business of steel products, which in the context of Accounting Standards -17 "Segment Reporting" issued by the ICAI is considered the only business segment as other business is less than 10% of the total revenue.
ii) Geographical Segments

a) The Following table shows the distribution of the Company's Sales by Geographical Market :-

Revenue	Year Ended	(Rs. in Lakhs)
	31.03.2007	Year Ended 31.03.2006
India	15388.27	9626.67
Outside India	2031.11	1778.16
	17419.38	11404.83

b) The Company's tangible Fixed Assets are located entirely in India.

6. Related Party Disclosures

A. Name of the Related Party	Relationship
Key Management Personnel	
Mr. R K Kajaria	Managing Director
Mr. Manish Seth	Executive Director

B. Transaction during the year

1. Details of remuneration paid to Directors is disclosed in the report on Corporate Governance.

7. Deferred Revenue Expenditure towards Relining and other repairing expenses incurred in 2001-02 is being written off over a period of 5 years. Accordingly a sum of Rs. 52.98 lakhs (previous years Rs. 69.77 lakhs) has been debited to Profit & Loss A/c being proportionate cost for the year. The balance amount yet to be written off is Rs. Nil.
8. The Company has allotted on 20/10/2006, 380000 Equity Shares of Rs. 10/- each at a premium of Rs. 45/- per share to promoter. The Company has also issued 909000 Convertible Warrants of Rs. 10/- each at a premium of Rs. 45/- to Promoter on 20/10/2006 convertible within 18 months from the date of allotment.
9. Depreciation on Coke Oven Plant has not been provided during the year since the plant was not in operation due to commercial reason.
10. Contingent Liability not provided for :

	As at 31.03.2007	Rs. in lakhs As at 31.03.2006
a) Estimated amount of contracts remaining to be executed on Capital Account and not provided (Net of advances) as certified by Management	Nil	1397.00

11. ADDITIONAL INFORMATION PURSUANT TO THE PROVISION OF THE COMPANIES ACT, 1956

(A)		Licence Capacity	Installed Capacity (MT)
i] Pig Iron		NA	110000
ii] Slag Cement		NA	33000
iii] C. I. Casting		NA	18000
iv] Coke Oven Plant		NA	144000

(B) PARTICULARS IN RESPECT OF PRODUCTION, SALES & STOCK OF FINISHED GOODS

CLASS OF GOODS	OPENING STOCK		PRODUCTION/ CONVERSION		SALES	CLOSING STOCK		
	QTY (MT)	VALUE (Rs.in lakhs)	QTY (MT)	QTY (MT)	VALUE (Rs. in lakhs)	QTY (MT)	VALUE (Rs.in lakhs)	
C. I.	2006-07	1478.955	377.13	7945.262	8383.921	2031.11	1040.296	265.28
CASTING	2005-06	951.426	214.07	7982.077	7454.548	1778.16	1478.955	377.13
OTHER	2006-07	198.869	48.59	-	68.999	13.21	129.87	29.87
PRODUCTS	2005-06	282.449	66.48	-	83.580	17.30	198.869	48.59

(C) PARTICULARS IN RESPECT OF PRODUCTION, SALES & STOCK OF PIG IRON, SLAG CEMENT

FOUNDRY								
GRADE	2006-07	2936.680	463.27	99680.770**	98767.020*	14663.87	3850.430	660.67
PIG IRON	2005-06	1975.580	275.11	72969.250**	72008.150*	9187.23	2936.680	463.27
CEMENT	2006-07	-	-	7952.250	7952.250	161.09	-	-
	2005-06	-	-	6033.500	6033.500	117.99	-	-
OTHERS	2005-07	-	-	-	-	40.83	-	-
	2005-06	-	-	-	-	25.38	-	-

Note : *Include captive consumption 8813.430 MT (previous year 9024.410 MT) & Converted to TISCO Nil MT (previous year 13496.380 MT)

**Include conversion for TISCO Nil MT (previous year 13496.380 MT)

(D) PARTICULARS IN RESPECT OF TRADED GOODS

CLASS OF GOODS	OPENING STOCK		PURCHASE/REALISATION		SALES		CLOSING STOCK	
	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE
	(MT)	(Rs.0)	(MT)	(Rs.)	(MT)	(Rs.)	(MT)	(Rs.)
IRON ORE 2006-07	3504.957	35.05	11182.880	-	10980.460	108.20	3707.377	37.07
FINES 2005-06	6261.121	37.57	9888.596	-	12644.760	278.77	3504.957	35.05
OTHERS								
MET COKE 2006-07	-	-	4853.504	405.49	4853.504	401.08	-	-
2005-06	-	-	-	-	-	-	-	-

E. PARTICULARS OF RAW MATERIALS CONSUMED

I] Raw Materials Consumed
for C. I. Castings

(Rs. in Lakhs)
2005-2006

ITEM	2006-2007		2005-2006	
	QTY. (MT)	VALUE (Rs.)	QTY. (MT)	VALUE (Rs.)
I] Pig Iron (Captive)	8888.795	-	8983.720	-
ii] Others	3752.500	108.35	3259.011	29.58
	12641.295	108.35	12242.731	29.58
ii] Details of Raw Material consumed for Pig Iron				
a) Iron Ore	167321.444	3994.25	103583.980	1578.65
b) Met Coke	88075.240	7871.38	46387.962	4775.63
c) Others	35812.602	392.18	34082.271	306.58
	291209.286	12257.81	184054.213	6660.86
iii] Raw Materials consumed for Cement				
a) Clinker	5820.435	162.19	2977.910	63.50
b) Gypsum	79.522	0.55	60.335	0.58
	5899.957	162.74	3038.245	64.08

F. Particulars of Imported and Indigenous Materials consumed

	Amount		Amount	
	(Rs. in lakhs)	%	(Rs. in lakhs)	%
i] Consumption of Raw Materials				
Imported	7574.64	60.45	2564.10	37.95
Indigenous	4954.27	39.55	4190.42	62.05
	12528.91	100.00	6754.52	100.00
ii] Consumption of Stores & Spares				
Imported	-	-	-	-
Indigenous	176.48	100	130.22	100
	176.48	100	130.22	100

G. Earnings in Foreign Currency

	2006-2007	2005-2006
	Rs. in lakhs	Rs. in lakhs
FOB Value of exports	2031.11	1778.16

H. Expenditure in Foreign Currency

	2006-2007	2005-2006
	Rs. in lakhs	Rs. in lakhs
Travelling	.46	2.54
12. Salary includes following remuneration to the Managing Director & Executive Director		
a) Managing Director	9.00	9.00
b) Executive Director	6.60	3.60
	15.60	12.60

13. The outstanding balances of Contractors, Suppliers, Debtors, Creditors and others are subject to confirmation and reconciliation.
14. In the opinion of the Board and to the best of their knowledge and belief, the value of the realisation of Current Assets, Loan and Advances, in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet.
15. Sundry Creditors include Rs. 18.48 lakhs (31.03.2006-Rs. 22.88 lakhs) due to Small Scale Industrial Undertakings. There are no dues of Small Scale Undertakings to whom the Company owes a sum of exceeding Rs. 1 lakh and which is outstanding for more than 30 days.
16. As required by Accounting Standard AS-20 "Earnings per Share" necessary figures are furnished below :

	<u>2006-2007</u>	<u>2005-2006</u>
Basic and Diluted Earnings per Share (Rs.)	8.35	15.10

17. Balance Sheet Abstract and Company General Business Profile (in terms of amendment to Schedule VI Part IV) is annexed herewith.
18. Previous year figures have been regrouped/rearranged wherever necessary.
19. Figures have been shown in lakhs only in accordance with the Notification 46/116/2002 - CL III dt. 01.08.2002 .

Signature to schedules 1 to 19 referred to above which form part of the
Balance Sheet and Profit and Loss Account

In term of our report of even date
for **AGARWAL MAHESHWARI & CO.**
Chartered Accountants

D. R. AGARWAL
(Partner)
Membership No. 51484
Place : Kolkata
Dated : 17th May, 2007

R. K. KAJARIA
Chairman & Managing Director

T. P. SUBRAMANIAN
Company Secretary

P. K. PAUL
Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(In terms of amendment to Schedule VI part IV)

I. Registration details

Registration No.	41169	State Code	21
Balance Sheet Date	31.03.2007		

II. Capital raised during the year (Amount in Rs. thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	20900

III. Position of mobilisation and deployment of funds : (Amount in Rs. thousands)

Total Liabilities	744990	Total Assets	744990
Source of Funds		Reserve & Surplus	343082
Paid up equity Capital	46902	Unsecured Loans	27961
Secured Loans	258642		
Reedemable Preference	-		
Share Capital		Advance against Share Capital	44463
		Share Application Money:	5000
		Deferred Payment credit :	18940
Application of Funds			
Net Fixed Assets	556343	Investments	2500
Net Current Assets	186147	Deferred Revenue	
Accumulated Losses	Nil	Expenditure to the extent	
not written off		Not written off	Nil

IV. Performance of Company (Amount in Rs. thousands)

Turnover & other		Total Expenditure	:	1703031	
Income	:	1751067	Profit/ (Loss) before tax	:	48036
Profit/ (Loss) after tax	:	37384			
Earning per share (in Rs.)	:	8.35			
Dividend Rate (%)	:	Nil			

V. Generic names of three principal/services of company

(as per monetary terms)		
Item Code No. (ITC Code)	:	732599.09
Product Description	:	C I Industrial Castings
Item Code No. (ITC Code)	:	732690.11
Product Description	:	C I Sanitary Castings
Item Code No. (ITC Code)	:	72011000
Product Description	:	Pig Iron and its By-products
Item Code No. (ITC Code)	:	25232940
Product Description	:	Slag Cement

**Signature to Schedules 1 to 19 referred to above which form part of the
Balance Sheet and Profit & Loss Account**

For AGARWAL MAHESHWARI & CO.
Chartered Accountant

D. R. AGARWAL
(Partner)

Place : Kolkata
Dated : 17th May , 2007

T. P. SUBRAMANIAN
Company Secretary

R. K. KAJARIA
Chairman & Managing Director

P. K. PAUL
Director

BOOK - POST

If undelivered please return to :

S. K. COMPUTERS

34/1A, Sudhir Chatterjee Street

Kolkata - 700 006