

## **BIHARIJI ISPAT UDYOG LIMITED**

### **Notice**

Notice is hereby given that the 33rd Annual General Meeting of the Members of Biharji Ispat Udyog Limited will be held on Friday the 24<sup>th</sup> August, 2007 at 10.30 A.M. at the Registered Office of the Company at 602, Chiranjiv Tower, 43 Nehru Place, New Delhi - 110 019 to transact the following business:-

- 1 To receive, consider, approve and adopt the Accounts and Balance Sheet for the year ended 31<sup>st</sup> March, 2007 and the Reports of the Directors and Auditors thereon.
- 2 (i) To appoint director in place of Shri Yogesh Mahur, who retires under Article 134 of the Articles of Association of the Company and, being eligible, offers himself for re-appointment.  
(ii) To appoint director in place of Shri Mohan Lal, who retires under Article 134 of the Articles of Association of the Company and, being eligible, offers himself for re-appointment.
- 3 To appoint Auditors for the current year and fix their remuneration.

602, Chiranjiv Tower, 43, Nehru Place,  
New Delhi - 110 019

Date : 24<sup>th</sup> July, 2007

By Order of the Board  
Biharji Ispat Udyog Ltd.

*Sd/-*  
(N. K. Sureka)  
Managing Director

#### **Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself. The proxy need not be a member of the Company. A Proxy form is attached herewith.
2. The Register of members and share transfer books of the Company will remain closed from Monday the 20<sup>th</sup> August, 2007 to 24<sup>th</sup> August, 2007 (both days inclusive).

## **BHARJI ISPAT UDYOG LIMITED**

### **DIRECTORS' REPORT TO THE MEMBERS**

Your Directors have the pleasure in presenting the 33rd Annual Report together with the Audited Accounts of the company for the year ended 31<sup>st</sup> March, 2007.

#### **FINANCIAL RESULTS**

	Rs. in Lacs	
	2006 - 07	2005 - 06
Profit before Depreciation	1066.89	130.89
Depreciation	2.85	3.06
Profit After Depreciation	<b>1064.04</b>	<b>127.83</b>
Less :- Provision for Income Tax		
(i) Current Tax	1.10	-
(ii) Fringe Benefit Tax	0.02	0.03
Deferred Tax	12.30	1.40
Net Profit for the year	<b>1050.62</b>	126.40
Balance of Profit brought forward from previous years.	450.20	353.80
Amount available for Appropriation	<b>1500.82</b>	480.20
Appropriation:		
Transferred to RBT Reserve Fund - NBFCL	30.00	30.00
Balance of Profit carried to Balance Sheet	<b>1470.82</b>	<b>450.20</b>

#### **DIVIDEND**

In order to conserve the financial resources of the Company, the Directors have not recommended any dividend for the year under review.

#### **FIXED DEPOSITS**

The company has not accepted any deposits from public and is not, therefore, required to furnish information in respect of outstanding Deposits as per Non-Banking Financial Companies (Reserve Bank) Directions.

#### **DIRECTORS**

In pursuance of Article 134 of the Articles of Association of the Company, Shri Yogesh Mathur and Shri Mohan Lal retire by rotation and, being eligible, offer themselves for re-appointment.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

As required Under Section 217(2AA) of the Companies Act, 1956, it is hereby affirmed that :-

- a) in preparation of annual accounts, all applicable accounting standards have been followed.
- b) 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 under report and of the profit and loss of the Company for that period.
- c) the Directors had 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; and
- d) the Directors have prepared the annual accounts on a going concern basis.

## **CORPORATE GOVERNANCE**

A detailed Report on Corporate Governance is given in Annexure-A to this report. The Auditors' Certificate relating to compliance of the conditions of Corporate Governance, as stipulated in clause-49 of the Listing Agreement with the Delhi Stock Exchange where the shares of the Company are listed, is also enclosed.

## **MANAGEMENT DISCUSSION & ANALYSIS**

A Public Limited Company in the name of Biharji Finance and Traders Limited was got incorporated on 19.01.1974 with registration certificate issued by the Registrar of Companies, Delhi and Haryana vide Registration Certificate No. 7047 of 1973-74 with seven subscribers to the Memorandum of Association with the object of finance and trading business. The Certificate of commencement of business was also granted by ROC to the company on the same day. Subsequently, the fresh Certificate of Incorporation was obtained by the company on 20.02.1986 changing the name of the company from Biharji Finance and Traders Limited to Biharji Ispat Udyog Limited with the object of taking up the business of iron & steel products apart from continuing with the finance business since the company was having in its main objects the business of financing industrial enterprises.

On the amendment in the Reserve Bank of India Act relating to the Non-banking Financial Companies according to which all the non-banking financial companies were required to be got registered with the Reserve Bank of India and accordingly the company was registered on 10.03.1998.

The company is listed on Delhi Stock Exchange Association Limited.

Bihariji Ispat Udyog Limited has entered into a partnership in the name of RASHI Developers with M/s Manoshree Properties Pvt. Ltd and M/s Jhunjhunwala Trading Pvt. Ltd, who were having very rich experience in the construction activities, and have made a housing project in Sanheruz with an area of 1 acre. They have constructed 112 flats and the project has been completed successfully by Mid 2006 and possessions of the flats have been handed over to the customers.

It is a cash rich company and has earned substantial profits during the last three years. The management is hopeful that diversification in the real estate business will increase its profits substantially.

The recent growth in capital markets is expected to substantially enhance the value of the company's investment activity and its bottomline/projects.

### **RISKS & CONCERNS**

At Bihariji Ispat Udyog Limited, all key functions and divisions are independently responsible to monitor risk associated within their respective areas of operation such as financing and dealing in the sale/purchase of securities of other body corporates. Since the trading of securities is governed by the fluctuating trend of the market of securities listed on Stock Exchange not only of the country but also of abroad as well as the government policies from time to time, profitability of the company is very much volatile.

### **AUDITORS**

M/s. Salarpuria & Partners, Chartered Accountants, who retire at the conclusion of this Annual General Meeting and, being eligible, offer themselves for re-appointment. Your Directors recommend that they be re-appointed as Auditors of the Company for the Financial Year 2007-2008 on such remuneration as may be fixed by the Shareholders.

Auditors' observations are explained in various notes on the Accounts and therefore do not call for any further comments.

### **FOREIGN EXCHANGE EARNINGS AND OUT GO**

Rs. in Lacs		
	2006 - 07	2005 - 06
a) F.O.B. Value of Exports	Nil	Nil
b) Earning in foreign exchange	Nil	Nil
c) Foreign Exchange out go - Travelling	Nil	Nil

## CONSERVATION OF ENERGY

As the products manufactured by the Company do not fall in the list of industries announced by the Government of India, the information required to be furnished in the prescribed Form 'A' is not required to be given and as such the same is not furnished herewith.

## TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT

Particular of Technology Absorption  
Research and Development in Form 'B' Nil

## EMPLOYEES

As there have been no employees during the year under review who were paid remuneration of Rs. 24,00,000 per annum or more, if employed through out the year or Rs. 2,00,000/- per month and more, if employed for the part of the year the information as required Under Section 217 (2A) of the Companies Act 1956 is thus not called for.

## ACKNOWLEDGEMENT

Your Directors wish to express their gratitude to the Banks, Employees as well as Customers for their timely help in smooth functioning of your Company. Your Directors also extend their thanks to all the Shareholders of the Company for their trust and confidence in the Board of Directors of the Company.

By order of the Board of Directors  
BIHARIJI ISPAT UDYOG LIMITED

*Sd/-*  
(K.M. PAI)  
DIRECTOR

*Sd/-*  
(N.K. SUREKA)  
MG DIRECTOR

602, Chiranjiv Tower, 43, Nehru Place,  
New Delhi - 110 019

Dated : 24<sup>th</sup> July, 2007

## **BIHARIJI ISPAT UDYOG LIMITED**

### **REPORT ON CORPORATE GOVERNANCE**

#### **1. The Company's Philosophy on Corporate Governance**

The Board of Directors and Management believe in adopting and practicing principles of good Corporate Governance with a view to :-

- Safeguard shareholders' interest through sound business decisions, prudent financial management and high standard of business ethics; and
- Achieve transparency, accountability and integrity in the dealings and transactions of the Company

#### **2. Board of Directors**

##### **(i) Composition :-**

The Board of Directors comprises of five Directors as under:-

<b>Promoter Group</b>		
<b>Name of Director</b>	<b>Brief Particulars</b>	<b>Category</b>
1. Shri N.K. Sureka	He is an Industrialist having 14 years' experience in the Steel Industry. He joined the Board as promoter director w.e.f. 1 <sup>st</sup> October, 2003 and was appointed as an Honorary Managing Director w.e.f. 1 <sup>st</sup> December, 2000.	<b>Executive</b>
<b>Independent</b>		
2. Shri Deepak Kumar Garg	He is in service having 9 years' working experience in Steel Industry and joined the Board as an independent director w.e.f. 1 <sup>st</sup> December, 2003.	<b>Non-executive</b>
3. Shri Mohan Lal	He is in service having 24 years' working experience in Steel Industry and joined the Board as an independent director w.e.f. 1 <sup>st</sup> December, 2003.	<b>Non-executive</b>
4. Shri K.M. Pai	He is in service having 18 years' working experience in Gas Plant and joined the Board as an independent Director w.e.f. 1 <sup>st</sup> December 2003.	<b>Non-Executive</b>
5. Shri Yogesh Malhotra	He is in service having 18 years' working experience in Gas Plant and joined the Board as an independent Director w.e.f. 1 <sup>st</sup> January, 2004.	<b>Non-Executive</b>

## 2 (ii) Board Meetings and attendance

Eighteen Board Meetings were held during the financial year ended on 31<sup>st</sup> March, 2007 and the gap between two Board Meetings did not exceed four months.

The dates on which Board meetings were held are as follows :-

Sr. No.	Date of Meeting	Board strength	No. of Directors Present
1.	07.04.2006	5	2
2.	20.04.2006	5	3
3.	24.05.2006	5	2
4.	30.06.2006	5	3
5.	07.07.2006	5	2
6.	31.07.2006	5	3
7.	08.08.2006	5	3
8.	22.08.2006	5	3
9.	30.08.2006	5	3
10.	08.09.2006	5	3
11.	30.09.2006	5	3
12.	09.10.2006	5	2
13.	31.10.2006	5	3
14.	28.11.2006	5	2
15.	30.11.2006	5	3
16.	15.12.2006	5	2
17.	05.01.2007	5	2
18.	31.01.2007	5	3

## 2 (iii) Attendance of each Director at the Board meetings and last Annual General Meeting (AGM) and the number of Companies and committees where he is Director/Member:

Name of Director	Category of Directorship	Number of Board Meetings Attended	Attendance at the Last AGM held on 15.09.06	Number of Directorships in other public Ltd. Companies	Number of committee positions held in other Companies
Shri N.K. Sureka	Executive	12	yes	3	-
Shri K.M. Puri	Non-executive	7	No	2	2
Shri Mohan Lal	- do -	7	No	1	2
Shri Deepak Kumar Garg	- do -	14	Yes	5	4
Shri Yogesh Mathur	- do -	6	No	4	2

## 3. Audit Committee

The Audit Committee was constituted in accordance with the code of Corporate Governance and presently consists of three non-executive directors: Shri Deepak Kumar Garg, Shri Mohan Lal and Shri Yogesh Mathur with Shri Deepak Kumar Garg as its Chairman.

- (i) The terms of reference of the Audit Committee are as per the guide lines set out in clause no. 49 of the listing agreement with the Delhi Stock Exchange where the shares of the Company are listed.
- (ii) The Audit Committee had five Meetings during the financial year 2006-07 ended on 31<sup>st</sup> March, 2007 as per details thereof and the names of Directors who attended the said meetings, are as here-under:-

**Details of the Audit Committee Meetings held during the financial year 2006-07 and attended by the Directors:-**

Name of the Director	Date of Meeting				
	30-06-2006	31-07-2006	08-08-2006	31-10-2006	31-01-2007
Shri Deepak Kumar Garg	Yes	Yes	Yes	Yes	Yes
Shri Yogesh Mathur	No	Yes	No	No	Yes
Shri Mohan Lal	Yes	No	Yes	Yes	No

**4. Remuneration Committee**

The Board has not constituted a Remuneration Committee as it is not mandatory. The same will be constituted as and when the need will arise.

**5. Remuneration Policy**

Sitting fees of Rs.200/- for attending Board Meeting is paid to each of the directors, who are not paid any remuneration.

Since Shri N. K. Sureka opted to be an honorary Managing Director of the company, no remuneration in the capacity as Managing Director was paid to him during the financial year 2006-07 ended on 31<sup>st</sup> March, 2007.

Sitting fees paid to Directors for meetings of the Board/Committee :-  
Rs.

Shri N.K. Sureka	2400/-
Shri Deepak Kumar Garg	2800/-
Shri Yogesh Mathur	1200/-
Shri K.M.Lal	1400/-
Shri Mohan Lal	1400/-
<b>Total</b>	<b>9200/-</b>

**6. Code of Conduct for the Directors & Senior Managerial Personnel**

In compliance to the provisions of Clause 49 of the Listing Agreement, the Board has laid down a code of conduct for all the Board Members and Senior Managerial Personnel and all Board Members and Senior Managerial Personnel have affirmed compliance of code of conduct as on 31<sup>st</sup> March, 2007 and a declaration to that effect duly signed by the Managing Director is attached and forms part of this report.

**7. Investors'/ Shareholders' Grievance Committee**

This Committee, was constituted on 30<sup>th</sup> January, 2004, with a view to redress shareholders'/ investors' complaints etc. relating to delay in transfer of shares, demat, non-receipt of annual accounts, delays in balance sheet, split, duplicate, transmission, etc. of the shares issued by the Company. This Committee consists of two Non-executive directors namely Shri Deepak Kumar Garg and Shri Yogesh Mathur with Shri Deepak Kumar Garg as its Chairman.

Shri N.K. Sureka has been nominated as the Compliance Officer.

Number of pending transfers	Nil
Number of Shareholders'	Nil
Complaints received	
Number of Complaints not solved	Nil

## 8. General Body Meetings

(j) Details of Location and time of holding of last three AGMs

AGM for the financial Year ended	Venue	Date	Time
2003-2004 91 <sup>st</sup> AGM	602, Chiranjiv Tower, 43 Nehru Place, New Delhi-110019	30.09.2004	2.00 P.M.
2004 -2005 91 <sup>st</sup> AGM	602, Chiranjiv Tower 43, Nehru Place, New Delhi-110019	30.09.2005	2.00 P.M.
2005 -2006 102 <sup>nd</sup> AGM	602, Chiranjiv Tower, 43, Nehru Place, New Delhi-110019	15.09.2006	11.00 A.M.

## 9. Brief Resume of Directors seeking re-appointment

1. Shri Yogesh Mathur :-

Shri Yogesh Mathur is in service having 17 years working experience in Gas Plant. He was appointed as a director of the company on 1<sup>st</sup> January, 2004. He is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

2. Shri Mohan Lal :-

Shri Mohan Lal is having 24 years' working experience in the Steel Industry. He was appointed as a director of the company on 1<sup>st</sup> December, 2003. He is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

## 10. Disclosure

### (a) Materially Significant related party transactions

During the period, no transaction of material nature, had been entered into by the Company with the management or their relatives that may have potential conflict with the interests of the Company.

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

There was no instance of penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority as well as non-compliance of any matter related to the capital markets during the last three years.

## 11. Means of Communication

The quarterly, half yearly and yearly results are published in English in widely circulating "Money Makers" and in Hindi in "Maha Laxmi" from Delhi & Haryana.

## 12. General Shareholder Information

AGM : Date, time and venue	33rd AGM to be held on Friday the 24 <sup>th</sup> August, 2007 at 10.30 A.M. at 602, Chiranjiv Tower, 43, Nehru Place, New Delhi-110019
Financial Calendar (Tentative)	
Results for quarter ending June 30, 2007	31 <sup>st</sup> day of July, 2007
Results for quarter ending September 30, 2007	Last week of October, 2007
Results for quarter ending December 31, 2007	Last week of January, 2008
Results for quarter ending March 31, 2008	Last week of April, 2008
Date of Book closure	20 <sup>th</sup> August, 2007 to 24 <sup>th</sup> August, 2007 (both days inclusive)
<ul style="list-style-type: none"><li>• Stock Code – Physical Demat ISIN Number for NSDL and CDSL.</li></ul>	3506 on Delhi Stock Exchange INE073F01018
<ul style="list-style-type: none"><li>• High/low of market price of the Company's shares traded on the Stock Exchange during the financial year ended 31<sup>st</sup> March, 2007</li></ul>	The shares have not been traded during the financial year 2006-07. The last quoted price was of Rs.24/- per Share as per transaction on Delhi Stock Exchange held on 28-08-2001. Since the Delhi Stock Exchange was not conducting any trading of securities of its listed companies, the securities of the Company were traded on the Gauhati Stock Exchange during the financial year 2002-03 @ 3.50 per share as per the transaction held on 10-02-2003.
<ul style="list-style-type: none"><li>• Registrar &amp; Transfer Agents</li></ul>	M/s. RCMC Share Registry Pvt. Ltd. 1515, (1 <sup>st</sup> Floor) Bhisum Pitamah Marg Kotha Mubarakpur, (Near South Extn.), New Delhi – 110003 Phone No. 24692346, 24601017 Fax No. 24692345
<ul style="list-style-type: none"><li>• Share Transfer System</li></ul>	All the transfers received are processed by the Registrar and Share Transfer Agent. Share Transfers are registered and returned within maximum of 30 days from the date of lodgment if documents are complete in all respect. In case the shares are transferred through Demat mode, the procedure is adopted as stated in Depositories Act, 1996.

• Share holding pattern as on 31-03-2007

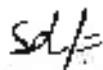
Category	No. of Shares	Percentage
Promoters	13,78,760	26.31
Persons acting in concert	-	-
Mutual Funds and L.F.I	-	-
Banks, Financial Institution & Insurance Companies	-	-
FII's	-	-
Private Corporate Bodies	35,84,100	59.74
Indian Public	8,37,140	13.95
NRI's/OCDs	-	-
Total	60,00,000	100.00

• Distribution of shareholding as on 31<sup>st</sup> March, 2007.

No. of Shares From To	Folios		Amount	
	Number	% to Total	Rs.	% to Total
(1)	(2)	(3)	(4)	(5)
1 - 500	214	67.30	1,18,900	0.20
501 - 1000	9	2.83	87,500	0.14
1001 - 2000	-	-	-	-
2001 - 3000	2	0.63	48,000	0.08
3001 - 4000	-	-	-	-
4001 - 5000	-	-	-	-
5001 - 10000	12	3.77	11,98,340	2.00
10001 to above	81	25.17	5,85,47,260	97.58
Total	318	100.00	6,00,00,000	100.00

### 13. Declaration of Managing Director

The Code of Conduct for the Directors and the Senior Managerial Personnel was adopted by the Board of Directors. All the Board Members and Senior Managerial Personnel have affirmed that they have complied with the code of conduct during the financial year ended on 31<sup>st</sup> March, 2007.



N. K. Sureka  
Managing Director

Place : New Delhi

Date : 24<sup>th</sup> July, 2007

**Salarpuria & Partners**  
CHARTERED ACCOUNTANTS

**ANNEXURE TO THE REPORT OF THE DIRECTORS CERTIFICATE FROM  
AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE  
GOVERNANCE**

ANNEXURE-A

To the Shareholders of the **Biharji Ispat Udyog Limited**.

We have examined the compliance of conditions of Corporate Governance by **Biharji Ispat Udyog Limited** for the period ended on 31<sup>st</sup> March, 2007, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

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

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

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievances is pending for a period exceeding one month against the company as per the records maintained by the Investors' Grievance Committee.

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

FOR **SALARPURIA & PARTNERS**  
CHARTERED ACCOUNTANTS

- *Sd* -  
(**KAMAL KUMAR GUPTA**)  
PARTNER

PLACE : NEW DELHI  
DATED : 30<sup>th</sup> June, 2007

# SALARPURIA & PARTNERS

## CHARTERED ACCOUNTANTS

### AUDITOR'S REPORT

1. We have audited the attached Balance Sheet of BIHARIJI ISPAT UDYOG LIMITED as on 31<sup>st</sup> March, 2007 and also the Profit and Loss Account 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 have 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 (Auditors' Report) Order, 2003 issued by the Central Government of India of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph (4) & (5) of the said Order.
4. Further to our comments in Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii) 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;
  - (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
  - (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

# SALARPURIA & PARTNERS

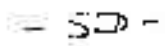
## CHARTERED ACCOUNTANTS

- (vi) Subject to our comments above in our opinion and to the best of our information and according to the explanation given to us, the said statements of account read together with the Notes appearing in Schedule "L" 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;
- (a) in the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2007, and
  - (b) in the case of Profit and Loss Account, of the Profit for the year ended on that date;
  - (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For SALARPURIA & PARTNERS  
CHARTERED ACCOUNTANTS

Place: 1008, Chiranjiv Tower  
43, Nehru Place,  
New Delhi-110019

Date : 30.06.2007

  
(KAMAL KUMAR GUPTA)  
PARTNER  
M. No. 89190

# SALARPURIA & PARTNERS

## CHARTERED ACCOUNTANTS

### ANNEXURE TO AUDITOR'S REPORT (Referred to in paragraph (3) of our report of even date)

- i. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. Fixed Assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. As informed, no material discrepancies were noticed on such verification.
- c. During the year, the Company has not disposed off any substantial part of its fixed assets, which has effect on going concern of the Company.
- ii. a. The inventories of the Company have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. On the basis of our examination of record of inventory, in our opinion, the Company has maintained proper records of inventory and the discrepancies noticed on physical verification between the physical stocks and the book records were not material in relation to the operations of the Company.
- iii. a) The Company has given unsecured loans to 3 (three) parties covered under the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.2119.03 Lacs and the balance outstanding at the close of the year is Rs. 1544.17 Lacs.
- b) In our opinion the rate of interest, wherever applicable, and other terms and conditions of unsecured loans taken by the company are prima facie not prejudicial to the interests of the company.
- c) The Loans given are recovered as stipulated.

# SALARPURIA & PARTNERS

## CHARTERED ACCOUNTANTS

- d) There is no over due amount of loans given to companies, firms or other parties listed in the register maintained U/s.301 of the Companies Act, 1956.
  - e) The Company has taken unsecured loans from 4 (four ) parties covered under the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.1184.44 Lacs and the balance outstanding at the close of the year is Rs. NIL.
  - f) There are no terms and condition for repayment of loans taken. As explained to us these loans are repayable on demand with mutual consent, keeping in view, in our opinion the rate of interest, wherever applicable, and other terms and conditions of unsecured loans taken by the company are prima facie not prejudicial to the interests of the company.
  - g) In our opinion the terms and conditions of unsecured loans taken by the Company are prima facie not prejudicial to the interests of the Company.
  - h) The Company is regular in repayment of loan and interest thereon.
- 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 the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.
- v. a. According to the information and explanations given to us, the transactions that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us the company has complied with the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (acceptance of deposit) Rules 1975 with regard to the deposits from the public.
- vii. In our Opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. According to the information and explanations given to us, the Central Government of India has not prescribed the maintenance of Cost Records under Clause (d) of Sub-section (1) of the Section 209 of the Companies Act, 1956.

# SALARPURIA & PARTNERS

## CHARTERED ACCOUNTANTS

- ix. a. Undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Service Tax, Cess have generally been regularly deposited with the appropriate authorities though there has been slight delay in few cases.
- b. As at 31<sup>st</sup> March, 2007, according to the records of the Company, there are no disputed dues on account of sales tax, income tax, custom duty, wealth tax, excise duty, service tax and cess that have not been deposited at the close of the year under report.
- x. The Company has neither accumulated losses as at 31<sup>st</sup> March, 2007 nor it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. Based on our audit procedures and on the information and explanations given by management, we are of the opinion that the company has not defaulted in repayment of its dues to any financial institution, bank during the year.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any special statute for Chit Fund and Nidhi Companies as specified under clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
- xiv. In respect of dealing/trading in shares, securities and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares and other securities have been held by the Company in its own risk.
- xv. According to the information and explanations given to us, keeping in view the strategic investments the guarantees given by the company for loan taken by others from any Bank or Financial Institutions are prima-facie not prejudicial to the interests of the company.
- xvi. In our opinion and according to the information and explanations given to us, the term loans obtained during the year and continued to remain outstanding during the financial year under report are applied for the purpose for which the loans were obtained.
- xvii. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment.
- xviii. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

# SALARPURIA & PARTNERS

## CHARTERED ACCOUNTANTS

- xix. In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report.
- xx. During the period covered by our audit report, the Company has not raised any money by public issue.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For SALARPURIA & PARTNERS  
CHARTERED ACCOUNTANTS

- 57 -

1008, Chiranjiv Tower  
43, Nehru Place  
New Delhi-110019

(KAMAL KUMAR GUPTA)  
PARTNER  
M.NO.89190

Date: 30.06.2007

## BALANCE SHEET AS AT 31ST MARCH, 2007

Schedules	As at 31st March, 2007		As at 31st March, 2006	
	Rs.	Rs.	Rs.	Rs.
<b>SOURCES OF FUNDS</b>				
<b>SHARE HOLDERS' FUNDS:</b>				
Share Capital	A	60,000,000	60,000,000	
Reserves and Surplus	B	<u>238,098,317</u>	<u>133,036,581</u>	193,036,581
<b>LOANS FUNDS:</b>				
Secured Loans	C	9,000,047	4,000,000	
Unsecured Loans	D	<u>22,276,740</u>	<u>31,285,587</u>	<u>28,143,660</u>
			<u>329,383,904</u>	<u>221,180,241</u>
<b>APPLICATION OF FUNDS</b>				
<b>FIXED ASSETS</b>				
Gross Block	E	8,731,991	8,731,991	
Less: depreciation		<u>3,608,912</u>	<u>3,323,508</u>	
Net Block			5,123,079	5,408,483
<b>INVESTMENTS</b>				
	F		167,193,267	102,808,932
<b>CURRENT ASSETS LOANS &amp;</b>				
Inventories	G	43,854,705	41,643,149	
Sundry Debtors		240,573	279,216	
Cash & Bank Balances		3,255,787	582,143	
Loans & Advances		<u>266,729,223</u>	<u>298,265,306</u>	
		<u>312,880,288</u>	<u>340,979,814</u>	
Less:				
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>				
Liabilities	H	406,612	255,077	
Due to firms where Company is partner		156,440,351	230,150,000	
Provisions		<u>200,000</u>	<u>90,000</u>	
		<u>157,049,963</u>	<u>230,495,077</u>	
<b>NET CURRENT ASSETS</b>			155,830,326	110,464,767
Deferred Tax Assets			1,203,333	2,432,859
<b>MISCELLANEOUS EXPENDITURE</b>				
	I		33,900	45,200
			<u>329,383,904</u>	<u>221,180,241</u>
<b>ACCOUNTING POLICIES &amp; NOTES ON ACCOUNTS</b>				
	N			

Schedules referred herein above form an integral part of Balance Sheet

As per our report of even date  
For SALARPURIA & PARTNERS  
CHARTERED ACCOUNTANTS

-SD-  
(KAMAL KUMAR GUPTA)  
PARTNER  
M.NO.69190  
Place : New Delhi  
Date : 30th June, 2007

-SD-  
(N.K. SUREKA)  
MANAGING DIRECTOR

-SD-  
(K.M. PAI)  
DIRECTOR

## CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31.3.2007

	2006-07 Rs.	2005-06 Rs.
<b>A. Cash Flow from operating activities:</b>		
Net Profit / (Loss) before tax & Extra Ordinary Items	106,403,847	12,783,480
<b>Adjustment for:</b>		
Depreciation	285,404	305,758
Public/Preferential Share Issue Expenses Written off	11,300	11,300
Dividend Received	(28,186,406)	(14,770,925)
Interest Received	(8,163,342)	(3,637,117)
Interest Paid	5,311,092	2,220,787
Operating Profit/(Loss) before Working Capital changes	77,361,895	(3,116,737)
<b>Adjustment for:</b>		
Trade & Other Receivables	88,347,487	(154,736,139)
Inventories	(1,811,556)	49,900,967
Trade payables	151,535	146,500,643
<b>Cash Generated from Operations</b>	<b>164,043,360</b>	<b>38,608,734</b>
Direct Taxes Paid (Net)	(1,586,951)	952,526
<b>Net Cash from Operating Activities</b>	<b>162,457,409</b>	<b>39,561,260</b>
<b>B. Cash Flow from Investing Activities:</b>		
Purchases/Sale of Investments(Net)	(64,384,335)	(84,639,979)
Amount Due to Partnership firm Where Company is also Partner	(73,706,849)	41,500,000
Loans given/Received back(Net)	(54,183,364)	(46,798,937)
Interest Received	6,463,342	3,667,117
Dividend Received	28,186,406	14,770,926
<b>Net Cash generated in Investing Activities</b>	<b>(157,624,600)</b>	<b>(71,500,873)</b>
<b>C. Cash Flow from Financing Activities:</b>		
Increase/decrease in unsecured Borrowings	3,141,927	25,793,311
Interest paid	(5,311,092)	(2,220,787)
<b>Net cash generated in Financing Activities</b>	<b>(2,169,165)</b>	<b>23,572,524</b>
<b>Not Change in Cash and Cash Equivalents (A+B+C)</b>	<b>2,663,644</b>	<b>(8,367,089)</b>
Cash and Cash Equivalents as at 1st April(Opening Balance)	592,143	8,959,232
Cash and Cash Equivalents as at 31st March (Closing Balance)	3,255,787	592,143
	3,255,787	

As per our report of even date  
For SALARPURIA & PARTNERS  
CHARTERED ACCOUNTANTS

-SD-  
(KAMAL KUMAR GUPTA)  
PARTNER  
M.NO.89190  
Place : New Delhi  
Date : 30th June, 2007

-SD-  
(N.K. SUREKA)  
MANAGING DIRECTOR

-SD-  
(K.M. PAI)  
DIRECTOR

**Schedule - A : SHARE CAPITAL**

	As at 31st Mar.2007 Rs.	As at 31st Mar.2006 Rs.
<b>AUTHORISED</b> 6,000,000 (6,000,000) Equity Shares of Rs.10/- each	<u>60,000,000</u>	<u>60,000,000</u>
<b>ISSUED SUBSCRIBED AND PAID UP</b> 6,000,000 (6,000,000) Equity Shares of Rs. 10/- each fully	<u>60,000,000</u>	<u>60,000,000</u>
	<u><u>60,000,000</u></u>	<u><u>60,000,000</u></u>

**Schedule - B : RESERVES AND SURPLUS**

<b>RBI RESERVE FUND FOR NBFC</b>				
Balance Brought Forward	12,415,850		9,415,850	
Add: Transferred from Profit & Loss Account	<u>3,000,000</u>	15,415,850	<u>3,000,000</u>	12,415,850
<b>SHARE PREMIUM ACCOUNT</b>				
Balance brought forward		75,600,000		75,600,000
<b>PROFIT &amp; LOSS ACCOUNT</b>				
Balance as per Account annexed		147,082,467		46,020,731
		<u><u>230,090,317</u></u>		<u><u>133,036,581</u></u>

**Schedule - C : SECURED LOANS**

From ICICI Bank Ltd. Secured against First Charge and deposit of the title deeds for mortgage in respect of the Property at apartment No. PNA 011, The Pinnacle In DLF City Gurgaon	6,198,668	4,000,000
From Life Insurance Corporation of India. Secured against Key man Policies taken by the Company and Promoters guarantee of one of the Director	2,649,250	-
Interest accrued & due on above	162,929	-
	<u><u>9,008,847</u></u>	<u><u>4,000,000</u></u>

**Schedule - D : UNSECURED LOANS**

From Bodies Corporate	22,276,740	24,143,660
	<u><u>22,276,740</u></u>	<u><u>24,143,660</u></u>

## Schedule - E : FIXED ASSETS

DESCRIPTION	ORIGINAL COST				DEPRECIATION WRITTEN OFF				WRITTEN DOWN VALUE	
	As at 31st March, 2006	Additions during the year	Deductions during the year	As at 31st March, 2007	Upto 31st March, 2006	For the year	Adjusted on deductions	Upto 31st March, 2007	As at 31st March, 2007	As at 31st March, 2006
	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.
Land	269,825	-	-	269,825	-	-	-	-	269,825	269,825
Factory Shed	5,000	-	-	5,000	4,281	72	-	4,353	647	719
Ownership Flats	6,520,515	-	-	6,520,515	1,706,743	240,739	-	1,946,482	4,574,033	4,614,772
Plant & Machinery	1,371,939	-	-	1,371,939	1,151,621	30,646	-	1,182,267	189,672	220,318
Electricity Installations	1,06,261	-	-	1,06,261	99,256	977	-	100,233	6,048	7,025
Computer	187,060	-	-	187,069	163,997	1,229	-	185,226	1,843	3,072
Office Equipments	203,362	-	-	203,362	140,301	8,772	-	149,073	54,289	63,061
Tube Well	68,000	-	-	68,000	38,309	2,969	-	41,278	26,722	29,691
	8,731,991	-	-	8,731,991	3,323,508	285,404	-	3,608,912	5,123,079	5,408,483
	(12,029,051)	(-)	(-)	(8,731,991)	(3,017,750)	(306,758)	(-)	(3,323,508)	(5,408,483)	(5,714,241)

## Schedule - F : INVESTMENTS (AT COST)

As at 31st March, 2006 Rs.	Name of the Company	No. of Shares	Paid up and Face Value Rs.	C O S T As at 31st March, 2007 Rs.	Market Value of quoted Investment Rs.
<b>A. IN SHARES &amp; SECURITIES - LONG TERM INVESTMENTS</b>					
Quoted:					
982 709	Jelliera Steel & Tubes Limited	252300 (252300)	13/-	982 708	1038,400 (655 692)
19 128	Bihariji International Limboz	10000 (10000)	10/-	19 128	1/- (-)
991 850	Kamadhri Synthetics Limited	85000 (85000)	10/-	991 850	824,800 (821,800)
1,508 184	Duality Synthetic Industries Ltd.	205000 (205000)	10/-	1,605,164	27 007,505 (2760755)
127 820	Mauro Udyog Limited	45000 (45000)	10/-	127 820	124,500 (145,200)
15 000	Crudo Finance Limbec	800 (800)	10/-	15,000	1,200 (1,200)
858 750	Bil Sarayan Ra. Kumar Merchants Ltd.	100000 (100000)	10/-	855,750	9 388,500 (808500)
5 123	Oswal Agro Furen Ltd.	1100 (1100)	10/-	5,123	3,630 (8,500)
4,303,342				4,303,342	38,122,646 (3738869)
34,209	Less: Provision for permanent decrease in market value of quoted investment.			34,209	
4,269,133				4,269,133	38,122,646
<b>B Unquoted</b>					
251 250	Chakra Exports Pvt. Ltd.	2500 (2500)	100/-	251,250	(N.A.) (11 A)
40 000	Heldiram Manufacturing Co. Pvt. Ltd. (Company Promoters Pvt. Ltd.)	24 (4000)	10/- 100/-	40,000	(11 A) (N.A)
-	Jalindia Steel & Tubes Limited	250000 (-)	10/-	12,600,000	(11 A) (N.A)
40 000	Shresthree Properties (P) Limited	400 (400)	100/-	40,000	(N.A) (N.A)
10,000,000	ASA Steel & Energy (India) Ltd.	100000 (100000)	100/-	10,000,000	(N.A) (11 A)
-	Shree Sri Properties Pvt. Ltd.	200000 (-)	10/-	2,000,000	(11 A) (N.A)
4,000,000	SL Express Pvt. Ltd.	20000 (20000)	200/-	4,000,000	(11 A) (N.A)
14,831,250				20,037,250	
<b>C Mutual Fund</b>					
25,612,372	HDFC Capital Builders -Fund	1 441,000 (1 441,350)		25 612,072	20,908 357 (84,496,000)
9,605,308	Sundaram Growth Focus -Fund	1 355,147 (984,250)		17 213,632	17,377 398 (13,836 851)
22,751,748	Sundaram Small Cap Fund -Fund	2 509,503 (1 270,191)		35 526 708	38,225 802 (25,935,100)
57 869,428				61,062,382	(73,088 100) (73 088,100)
<b>D Share Application Money</b>					
4 475 000	Bihariji Cylinder Pvt. Ltd.	(-) (-)		20,400,000	(N.A) (N.A)
10,000,000	Bihariji Faris Fibres & Fabrics Ltd	(-) (-)		21,820,000	(11 A) (N.A)
200,000	M.D. Constructions Pvt. Ltd.	(-) (-)		200,000	(N.A) (N.A)
25,375,000				52,420,000	
102 208,932			Grand Total (A + B + C + D)	102 208,932	

(1) Refer note No 2 of Schedule N)

**E In Partnership Firms**

Sr. No.	Name of Partners	Profit sharing Ratio
1	M/s Rashli Developers Bihariji Ispat Udyog Limited. Shresthree Trading (P) Ltd. Malostree Properties (P) Ltd.	50% 25% 25%
2	M/s Annapal Grand Ispat Udyog Limited. Ultra Home Constructions (P) Ltd.	50% 50%

Note :- Received 24 Share after amalgamation with Heldiram Manufacturing Co. Pvt. Ltd. against 4000 Share Company Promoters Pvt. Ltd.



**Schedule - G : CURRENT ASSETS, LOANS AND ADVANCES**

	As at 31st March, 2007 Rs.		As at 31st March, 2006 Rs.	
<b>CURRENT ASSETS</b>				
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
<b>A. Current Assets</b>				
(i) Stock in hand: (As per inventories taken, valued and certified by the management) (Details As per Schedule 'G 1' annexed)		42,654,705		41,843,149
(ii) Sundry Debtors: (Unsecured, considered good) Debit outstanding for more than 6 months Other Debts	240,573	240,573	279,218	279,216
(iii) Cash Balance in hand: As per books and certified	116,362		204,637	
(iii) Balances with Scheduled Banks: In Current Accounts	3,140,435	3,245,767	387,606	692,143
<b>B. Loans And Advances (Unsecured, considered good)</b>				
<b>LOANS</b>				
Considered good	153,388,233		99,204,989	
Considered doubtful	203,862		203,862	
Less: Provisions	(203,862)	153,388,233	(203,862)	99,204,989
<b>Advances recoverable in cash or in kind or for value to be received.</b>				
Considered good	109,361,454		197,664,758	
Considered doubtful	97,048		97,048	
Less: Provisions	(97,048)	109,361,454	(97,048)	197,664,758
Tax Deducted at Source	2,907,870		1,329,817	
Foreign Benefit Tax (Not of Provision)	5,513			
Security and other deposits	66,262	2,979,535	65,352	1,366,768
		<u>312,880,280</u>		<u>340,679,344</u>

**Schedule - H : CURRENT LIABILITIES & PROVISIONS**

<b>CURRENT LIABILITIES</b>				
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
<b>A. Current Liabilities:</b>				
Sundry Creditors		366,346		255,977
Interest accrued but not due		41,267		
Due to firms where Company is partner :				
M/s Raahi Developers	5,143,361		79,891,000	
M/s Amrapal Brand	151,300,000	156,443,351	151,000,000	230,150,000
	A	<u>156,443,351</u>		<u>230,405,977</u>
<b>B. Provisions:</b>				
For Income Tax	B	200,000		93,000
	A+B	<u>157,043,351</u>		<u>230,498,977</u>

**Schedule - I : MISCELLANEOUS EXPENDITURE ( To the extent not written off or adjusted)**

<b>Public Issue Expenses:</b>				
Balance brought forward			6,051	
Less: Written off during the year			6,051	
<b>Preferential Share Issue Expenses:</b>				
Balance brought forward	45,200		56,500	
Less: Written off during the year	(11,300)	33,900	11,300	45,200
		<u>33,900</u>		<u>45,200</u>

**SCHEDULE 'N' OF ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****1. ACCOUNTING POLICIES****(a) Basis of Accounting**

The accounts of the company are prepared under the historical cost convention. The company follows mercantile system of accounting i.e. all expenses and income are accounted for on accrual basis except interest income on customers overdue payments due to uncertainty of its realisation.

**(b) Fixed Assets**

Fixed Assets are stated at cost less depreciation.

**(c) Investments**

Investments are stated at purchase price. Provision has been made for diminution in market value of long terms investments being permanent in nature. Investment in partnership firm has been stated at Book Value as appearing in the Balance Sheet of Firm. Loss/Profit of the firm are recognised on accrual basis.

**(d) Valuation of Inventories**

Shares and Securities & Finished goods

**(e) Share Issue expenses**

Share issue expenses are amortised over a period of ten years.

**(f) Depreciation**

The Company has charged depreciation on written down value method at the rates and basis prescribed in Schedule XIV to the Companies Act, 1956 to write off assets upto 95% of original cost.

**(g) Dividend**

Dividend declared within the close of the accounting year only are accounted for.

**(h) Foreign Currency Translation**

Transactions in foreign currencies are recorded at the exchange rate prevailing at the time of transaction. Foreign Currency transactions settled during the year are adjusted with actual payments/realisation under respective head of accounts transaction remaining unsettled at the end of year are translated at the year end exchange rates. Exchange difference arising there from as compared to actual payments/receipts in next year are debited/credited to Profit and Loss Account.

**(i) Contingent Liabilities**

Disputed liabilities and claims against the company including claims by taxation authorities are treated as contingent liabilities and are shown by way of notes.

**(j) Taxes on Income**

Tax expenses for the relevant period comprises of current tax and deferred tax. Deferred tax asset is recognized, subject to consideration of prudence, on all timing difference between taxable income and accounting income that originate in one period and are capable of being reversed in one or more subsequent periods. The accumulated deferred tax liability is adjusted by applying the tax rates and tax laws applicable at the year end.

2. The company has entered into a Partnership Deed cum Joint Venture Agreement with M/s.Ultra Home Construction Ltd. for construction of Residential Housing Project in the name and style of "Amarpali Grand" at Greater Noida at Plot No.GH -09, Sector Zata -I Greater Noida. The land measuring 11.3 Acres approx. originally allotted in the name of Bihariji Ispat Udyog Ltd. To facilitate the transaction bank accounts was opened in the name of Bihariji Ispat Udyog Ltd. with Allahabad Bank, Anand Vihar, Delhi where deposits were received from advance booking etc. and utilised for payment of Land Dues and other project expenses. Since, all such transactions are done for the Joint Venture hence, are not accounted for in the books of the Company as the same are accounted in the books of the aforesaid Joint Venture.
3. The board of Directors of the company vide their resolution dated 01-04-2005 have decided to transfer the Amount invested through the Mutual Funds amounting to Rs.6,50,19,998. held as stock in trade to investments as these investments are held for long term purposes.
4. The market value of following quoted investments have been declined substantially. However, in the opinion of the management no provision for diminution in value is required since these investments are of strategic importance to the company. The decline in market value of investments is considered to be temporary:

Name of the Company	No. of shares	Decrease in market value
Kamadgin Synthetics Limited	37000	107,550
Oswal Agro Furen. Ltd.	1100	1,493
Onida Finance Limited	300	1,493
		<b>110,536</b>

5. Debit/Credit balances of parties accounts are subject to confirmations

6. Estimated amount of capital contracts remaining to be executed Re Nil (NIL) against which advances paid ..... (Rs. 93,97,875)

7. Deferred Tax Assets has been created on:-

PARTICULAR	As On 31.03.2006	For the year	As On 31.03.2007
Depreciation	759,963	86,094	(871,057)
Provision for Doubtful Debts & Loans	101,282	3	101,285
Unabsorbed loss and depreciation	3,091,539	(1,318,423)	1,773,116
Net deferred tax asset	2,432,855	(1,229,526)	1,203,329

8. RELATED PARTY DISCLOSURE (AS IDENTIFIED BY THE MANAGEMENT), AS REQUIRED BY ACCOUNTING STANDARD 'AS-18' ARE GIVEN BELOW:

i) LIST OF RELATED PARTY

(a) Where control exists:-

(i) Jotindra Steel & Tubes Limited	(xiv)	Sureka Tube Industries Pvt. Ltd
(ii) Quality Synthetic Industries Ltd	(xv)	Vaishodevi Properties Pvt. Ltd.
(iii) J.S.T. Engineering Services Ltd	(xvi)	Sri Naryan Rajkumar Merchants Ltd.
(iv) Aakshi Exports (P) Ltd.	(xvii)	Dwarkadish Construction Pvt. Ltd
(v) V.K. Flats Pvt. Ltd	(xviii)	Srinarayan Raj Kumer Merchants Ltd.
(vi) Saroj Metal Works Private Ltd.	(xix)	Bihariji Fancy Filters & Fabrics Ltd.
(vii) Chakra Exports (P) Ltd.	(xx)	Bhama Properties (P) Ltd.
(viii) Ram Forgings Pvt. Ltd	(xxi)	P.D. Metal Industries (P) Ltd.
(ix) Radha Estate (P) Ltd.	(xxii)	Udayanchal Leasing Exports (P) Ltd.
(x) Suthalaxini Properties (P) Ltd	(xxiii)	Vee Kay Surgicals Pvt. Ltd.
(xi) A to Z Solutions Beyond Software (P) Ltd.	(xxiv)	V.L. Estate (P) Ltd
(xii) Sunraj Farms Pvt. Ltd.	(xxv)	VEE EM Info center (P) Ltd.
(xiii) Mauris Udyog Limited		

(b) Key Management Personnel

Mr. N.K. Sureka

(c) Relative of Key Management Personnel

(with

whom transaction have taken place during the year).

Nil

(d) Other related parties

Nil

ii) TRANSACTION WITH RELATED PARTIES

TYPE OF RELATED PARTY	DESCRIPTION OF THE TRANSACTION	VOLUME OF THE TRANSACTIONS		AMOUNT OUTSTANDING RECEIVABLE / (PAYABLE)	
		Current Year	Previous Year	Current Year	Previous Year
Where Control Exists	Investment made (Partnership)	73,793,643	83,900,000	150,443,151	(83,900,000)
	Loans & Advances given	320,253,837	110,600,000	64,417,275	52,035,445
	Loans & Advances received back	220,793,668	68,400,000	-	-
	Loan taken	232,105,471	328,250,000	-	-
	Loan repaid	181,602,545	326,250,000	-	-
	Interest received	7,643,342	2,332,102	-	-
	Rent received	353,000	362,000	-	-
	Purchases of goods / stores for investments	750,000	345,750	-	-
	Investment	36,330,000	-	-	-
	Sale of Goods	10,978,505	700,250	-	-
Key Management Personnel	Directors' Fees	2,603	2,500	-	-
Other Related Party					

NOTE:

- In respect of above parties, there is no provision for doubtful debts as on 31<sup>st</sup> March, 2007 and no amount has been written off or written back during the year in respect of debts due from them.
- Out of above certain transaction requires approval from members and Central Government, which are yet to be taken.

9. SEGMENT REPORTING

There has been no separately reportable Segment

10. Earning Per Share:

Particulars	Current year	Previous year
Profit after tax as per Profit and Loss Account	₹REF!	12,793,460
Average number of Equity Shares (Face value) of Rs.10/- each.	6,000,000	5,030,000
Basic and Diluted EPS (In rupees)	₹REF!	2.53

11. Figures for the previous year have been regrouped and recast wherever necessary and figures in brackets represent previous year figures.

**12. Additional Information:**

**(a) Capacities and Productions:**

Name of Goods	UNITS	LICENSED CAPACITY	INSTALLED CAPACITY	INSTALLED CAPACITY
Steel Tube & Pipe	M.T.	Not Applicable	See Note Below	Nil (Nil)

Note: The company has installed machinery for repairing of defective Steel Tubes but during the year no such steel tubes have been repaired and it is not practicable on the part of management to quantify installed capacity.

**(b) Quantitative Details:**

Name of Goods In Trade	UNITS	OPENING STOCKS		PURCHASES		SALES and Transfers (See Foot Note)		CLOSING STOCKS	
		QUANTITY	AMOUNT Rs.	QUANTITY	AMOUNT Rs.	QUANTITY	AMOUNT Rs.	QUANTITY	AMOUNT Rs.
Land	See Note Below			See Note Below	25,500,000	See Note Below	141,504,988		
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Shares & Securities	Nos.	921,819	41,843,145	2,071,125	170,911,751	2,052,028	58,944,208	970,919	42,654,705
		(4,848,190)	(50,856,109)	(30,005,105)	(455,935,527)	(30,600,715)	(442,028,964)	(4,260,584)	(52,860,358)
			41,843,145		197,411,701		300,549,197		43,654,705
			(50,856,109)		(455,935,527)		(442,028,964)		(52,860,358)

Note: Due to numerous various parameters the details of properties are not given

**(c) C.I.F. Value of Import, F.O.B. Value of Export**

**(d) Earnings, Expenditure and remittance on account of dividend in foreign currency** Nil (Nil)  
Nil (Nil)

**13 BALANCE SHEET ABSTRACT AND THE COMPANY'S GENERAL BUSINESS PROFILE:**

**a) REGISTRATION DETAILS:**

Registration No. : 7047 State Code : 21  
Balance Sheet Date : 31.03.2007

**b) CAPITAL RAISED DURING**

Public Issue : Nil Right Issue : Nil  
Bonus Issue : Nil Private Placement : Nil

**c) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (RUPEES IN THOUSANDS):**

**Total Liabilities** : 329,384 **Total Assets** : 329,384  
**Source of Funds:**  
Paid-up Capital : 60,000 Reserves & surplus : 238,098  
Secured Loans : 9,009 Unsecured Loans : 22,277  
**Application of Funds:**  
Net Fixed Assets : 5,123 Investments : 187,193  
Net Current Assets : 155,830 Misc. Expenditure : 1,237  
Accumulated Losses : Nil

**d) PERFORMANCE OF THE COMPANY:**

Turnover/Receipts : 312,516 Total Expenditure : 206,112  
Profit before Tax : 106,404 Profit After Tax : 105,062  
Earning per Share in Rs : 17.73 Dividend Rate : Nil

**e) GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY:**

ITEM CODE (ITC CODE)	PRODUCT DESCRIPTION
N.A.	Shares & Securities
N.A.	Dividend
N.A.	Interest

Signature to schedules A to M  
As per our report attached  
For **SALARPURIA & PARTNERS**  
CHARTERED ACCOUNTANTS

-SD-  
(**KAMAL KUMAR GUPTA**)  
PARTNER  
M.NO.89190

-SD-  
(**N.K. SUREKA**)  
MANAGING DIRECTOR

-SD-  
(**K.M. PAI**)  
DIRECTOR

Place : New Delhi

Date : 30th June, 2007

Schedule to the balance sheet of a non-banking financial company as required in terms of paragraph 9bb of non banking financial companies prudential norms (reserve bank) directions, 1998

SL. NO.	PARTICULARS	(RS. IN LACS)	
		AMOUNT OUTSTANDING	AMOUNT OVERDUE
	<b>LIABILITIES SIDE :</b>		
1	<b>Loans and Advances</b> available by the NBFCs inclusive of interest accrued thereon but not paid:		
	(a) DEBENTURES : Secured	NIL	NIL
	: Unsecured	NIL	NIL
	(Other than falling within the meaning of public deposits)*		
	(b) Deferred Credits	NIL	NIL
	(c) Term Loans	NIL	NIL
	(d) Inter-corporate Loans and Borrowing	222.77	NIL
	(e) Commercial Paper	NIL	NIL
	(f) Public Deposits*	NIL	NIL
	(g) Other Loans (Specify Nature)-	NIL	NIL
	* Please see Note 1 below		
2	<b>Break up of (1) (f) above (outstanding public deposits inclusive of interest accrued thereon but not paid):</b>		
	(a) In the form of Unsecured debentures	NIL	NIL
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security.	NIL	NIL
	(c) Other public deposits	NIL	NIL
	* Please see Note 1 below		
	<b>ASSETS SIDE :</b>		<b>AMOUNT OUTSTANDING</b>
3	<b>Break up of Loans and Advances including bills receivables [other than those included in (4) below]:</b>		
	(a) Secured		NIL
	(b) Unsecured		1,533.88
4	<b>Break up of Leased Assets and stock on hire and hypothecation loan counting towards EL/HP</b>		
	(i) Lease assets including lease		
	(a) Financial Lease		NIL
	(b) Operating Lease		NIL
	(ii) Stock on hire including hire charges under sundry		
	(a) Assets on Hire		NIL
	(b) Repossessed Assets		NIL
	(iii) Hypothecation loans counting towards EL/HP activities		
	(a) Loan where assets have been repossessed		NIL
	(b) Loan other than (a) above		NIL
5	<b>Break up of Investments :</b>		
	<b>Current Investments</b>		
	1. Quoted:		
	(i) Shares : (a) Equity		414.50
	: (b) Preference		NIL
	(ii) Debentures and Bonds		NIL
	(iii) Units of Mutual Funds		NIL
	(iv) Government Securities		NIL
	(v) Others (please specify)		NIL

SLNO.	PARTICULARS	(RS. IN LACS)		
	<b>ASSETS SIDE :</b>	<b>AMOUNT OUTSTANDING</b>		
2.	<b>Unquoted:</b>			
	(i) Shares : (a) Equity			22.04
	(b) Preference			NIL
	(ii) Debentures and Bonds			NIL
	(iii) Units of Mutual Funds			NIL
	(iv) Government Securities			NIL
	(v) Others (please specify) in partnership firm			NIL
	<b>Long Term Investments</b>			
1.	<b>Quoted:</b>			
	(i) Shares : (a) Equity			42.88
	(b) Preference			NIL
	(ii) Debentures and Bonds			NIL
	(iii) Units of Mutual Funds			816.62
	(iv) Government Securities			NIL
	(v) Others (please specify)			NIL
2.	<b>Unquoted:</b>			
	(i) Shares : (a) Equity			288.31
	(b) Preference			NIL
	(ii) Debentures and Bonds			NIL
	(iii) Units of Mutual Funds			NIL
	(iv) Government Securities			NIL
	(v) Others (please specify) Share Application Money			524.30
6	<b>Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances:</b> Please see Note 2 below			
	Category	Amount net of provisions		
		Secured	Unsecured	Total
1.	Related Parties **			
	(a) Subsidiaries	NIL	NIL	NIL
	(b) Companies in the same group	NIL	NIL	NIL
	(c) Other related parties	NIL	NIL	NIL
2	Other than related parties	NIL	1533.88	1533.88
	Total		1,533.88	1,533.88
7	<b>Investor group-wise classification of all investments (Current and long term) in shares and securities</b> ( both quoted and unquoted) Please see Note 3 below:			
	Category	Amount net of provisions		
1.	Related Parties **			
	(a) Subsidiaries			NIL
	(b) Companies in the same group			1,867.83
	(c) Other related parties			NIL
2	Other than related parties			140.53
	Total			2,108.46
**	As per Accounting Standard of ICAI ( Please See)			
*	Cost or market value whichever is lower.			

SL.NO.	PARTICULARS	(RS. IN LACS)
8	Other Information	AMOUNT OUTSTANDING
	i) Gross Non-Performing Assets	
	(a) Related Parties	NIL
	(b) Other than related parties	NIL
	ii) Net Non-performing Assets	
	(a) Related Parties	NIL
	(b) Other than related parties	NIL
	iii) Assets acquired in satisfaction of	NIL

**Notes:**

- 1 As defined in Paragraph 2(1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- 2 Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
- 3 All accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and breakup/ fair val

As per our report of even date  
For **SALARPURIA & PARTNERS**  
CHARTERED ACCOUNTANTS

-SD-  
( **KAMAL KUMAR GUPTA** )  
PARTNER  
M.NO.89190

-SD-  
( **N.K. SUREKA** )  
MANAGING DIRECTOR

-SD-  
( **K.M. PAI** )  
DIRECTOR

Place : New Delhi  
Date : 30th June, 2007