



# **READYMADE STEEL INDIA LIMITED**

ANNUAL REPORT 2010-2011

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS:

<b>SHRI ANIL AGRAWAL</b>	Chairman & Managing Director
<b>SMT. KRISHNA DEVI AGRAWAL</b>	Director
<b>SHRI MAHESH KUMAR GARG</b>	Director
<b>SHRI ABHIJIT VIDYANAND RANADE</b>	Director
<b>SHRI SANDEEP MITTAL</b>	Director

**SHRI UMAKANTA DAS**  
CFO & Company Secretary  
(Compliance Officer)

### STATUTORY AUDITOR

**M/s. M K P S & Associates**  
Chartered Accountants-Mumbai

### BANKERS

**Union Bank of India**

### REGISTERED OFFICE

203, Joshi Chambers,  
Ahmedabad Street, Carnac Bunder,  
Mumbai- 400 009.

### REGISTRAR AND SHARE TRANSFER AGENT (COMMON AGENCY)

**Bigshare Services Pvt. Ltd.,**  
E-2/3, Ansa Industrial Estate, Sakivihar Road,  
Saki Naka, Andheri (E), Mumbai-400 072.  
Tel: 022-2847 3474, 2847 0652

### EQUITY SHARES ARE LISTED AT:

**The Bombay Stock Exchange Ltd (BSE)**  
Website: [www.readymadesteel.com](http://www.readymadesteel.com)

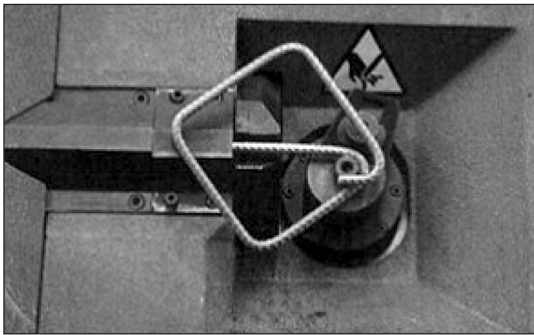
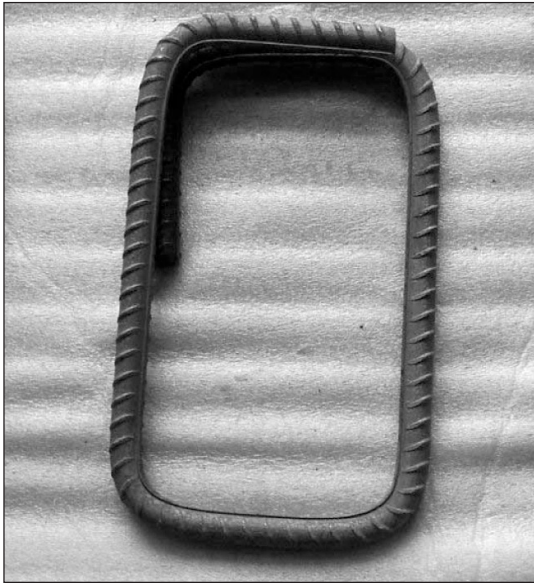


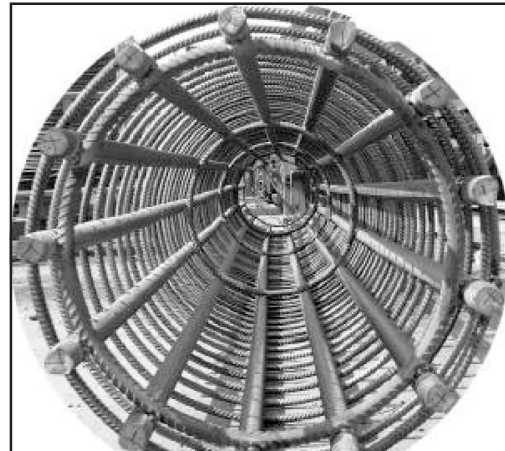
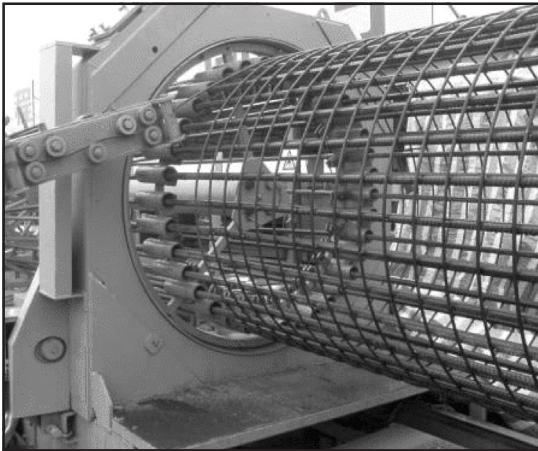
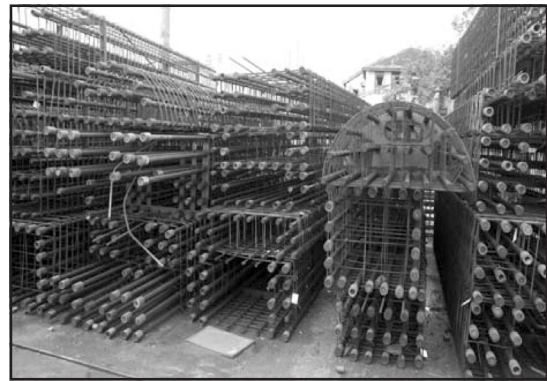
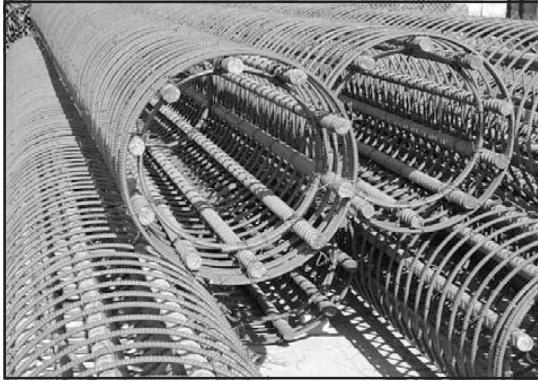
## PRODUCT / SERVICES PORTFOLIO

We supply ready to use steel for construction activities to the growing infrastructure industry. Our products are consumed in construction activities and end users include project contractors, real estate developers etc.

Our product profile includes:

Pre-cut/bend bars (readymade steel bars) from 6 mm to 40 mm diameter





These products find their application in all kinds of construction activities spanning across bridges, monorail, metro rail, airports, malls, hotels, buildings, factories etc.

Our Company is primarily in the business of providing ready to use steel for construction activities to the infrastructure industry.



## CHAIRMAN'S SPEECH

Dear Fellow Shareholders,

I am delighted to welcome you at 5<sup>th</sup> Annual General Meeting of the Company. The Annual Report of the Company is in your hand, which would assist you to understand the overall business performance of your Company for the Financial Year 2010-2011.

It is our endeavor to exhibit, the business model we work upon, our goals, strategy and analysis of our performance vis-à-vis achievement. I would like to begin with the overview of Infrastructure & Construction Industry, to which we are offering solutions in terms of supplying the processed steel for their use.

Last two years has seen a boom in the construction industry and there is an optimism that Infrastructure & construction Industry will continue to grow and do well in near future. Further the projects undertaken/to be undertaken by the Government of India under 11<sup>th</sup> five year plan will create a huge demand for our products at national level. Considering the future momentum in the infrastructure & construction industry, government's initiative for mega-projects, the road ahead for your company looks brighter.

Your Company is one of the pioneer and instrumental player in supply of Readymade Steel (RMS) in Indian market, which is growing at speedy rate. In order to move forward your company has taken conscious decision to go pan- India basis for market penetration. The ongoing phase, after its commissioning, is expected to enhance existing plant capacity by another 63,000 MT apart from proposed plan to set up two new units near New Delhi & Raipur with capacity of 50000 MT each, will further expand our total production capacities on pan India basis.

At this point of time, I would like to mention the fact that most of the plants and machineries for Khopoli expansion has been procured, whereas the factory shed is in its advance stage of completion. The enhanced capacity will get operationalized very soon. The above project was partly funded by Union Bank of India and partly from the IPO proceeds.

Let me appraise you with the financial performances of the Company for FY 2010-11, in comparison to FY 2009-2010, this year performance of your company has witnessed a significant level of market development resulting into net profit of Rs. 228.97 lacs as compared to Rs.78.62 lacs in the corresponding previous year.

The gross income has increased significantly from Rs. 3237.43 lacs to Rs. 10105.63 lacs posting an increase 212.15%. The Earning before Interest, Depreciation & Taxation (EBIDTA) also posted an increase of Rs. 264.68 lacs as compared to previous year. The Profit after Tax (PAT) has increased from Rs. 78.62 lacs to Rs. 228.97 lacs during the year under review.

The Company has an order book of over 1,00,000 MT of supplies of Readymade steel(RMS) for next financial year.

I am very happy to inform you that the Company has successfully raised Rs 3474.53 lacs through an IPO of shares in June 2011 and the shares were listed on the Bombay Stock Exchange Limited (BSE) on 13<sup>th</sup> July 2011. The Company has issued 3,217,153 equity share of Rs. 10/- each at price of Rs. 108/- aggregating to Rs. 3474.53 lacs. The enhanced share capital of the company post IPO now stands at 11,718,353 equity shares of Rs. 10/- each.

Finally, I take this opportunity to thank all our employees, customers, vendors and bankers and above all the stakeholders of the company for their continued support who have played a catalytic role in ensuing success for overall development of the company.

Yours sincerely

Anil Agrawal  
Chairman

## NOTICE

NOTICE is hereby given that the **Fifth Annual General Meeting** of the members of **READYMADE STEEL INDIA LIMITED** will be held at Country Club, A/723, Opp Kia Park, Veera Desai Road, Prathmesh Complex, Andheri ( West), Mumbai – 400 053. on Friday, the 30th day of September, 2011 at 4.00 P.M. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2011 and Profit & Loss Account for the year ended on that date together with the Auditors' and Directors' Report thereon.
2. To appoint a Director in place of Smt. Krishna Devi Agrawal who retires by rotation and being eligible, offers herself for re-appointment.
3. To consider & if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION

“RESOLVED THAT pursuant to the provisions of Sections 224, and other applicable provisions, if any, of the Companies Act, 1956, M/s. M K P S & Associates, Chartered Accountants having Registration No. 302014E issued by the Institute of Chartered Accountants of India, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting of the Company, on a remuneration to be fixed by the Board of Directors of the Company, based on the recommendation of the Audit Committee, in addition to reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the Company for the year ending March 31, 2012”

### Special Business:

4. To consider & if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION

“RESOLVED THAT Mr. Sandeep Mittal, who was appointed by the Board of Directors as an Additional Director and who holds office up to the date of this Annual General Meeting of the Company, in terms of section 260 of the Companies Act, (“the Act”) and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act, proposing the candidature of Mr. Sandeep Mittal for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

By Order of the Board  
For **Readymade Steel India Limited**

Place: Mumbai  
Dated: 3<sup>rd</sup> September, 2011

**Umakanta Das**  
GM- Finance & Company Secretary

### Registered Office:

203, Joshi Chambers,  
Ahmedabad Street, Carnac Bunder,  
Mumbai- 400 009.

### NOTES:

1. **MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE MEMBER OF THE COMPANY.**
2. The proxy form, in order to be effective, must be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The register of members and the share transfer books of the Company will remain closed from 23<sup>rd</sup> September, 2011 to 30<sup>th</sup> September, 2011 (both days inclusive).
4. Members are requested to bring their copy of the Annual Report to the Meeting.
5. Members/proxies attending the Meeting should bring the Attendance Slip, duly filled, for handing over at the venue of the meeting.





6. (a) Members holding shares in physical form are requested to advise immediately change in their address, if any, quoting their folio number(s) to the Registrar & Share Transfer Agent of the Company.  
(b) Members holding shares in the electronic form are requested to advise immediately change in their address, if any, quoting their Client ID no., to their respective Depository Participants.
7. Members may avail dematerialisation facility by opening Demat Accounts with the Depository Participants of either National Securities Depository Limited or Central Depository Services (India) Limited and get the equity share certificates held by them dematerialised. The ISIN No. of the Company is INE524L01018.
8. Members desirous of getting any information in respect of accounts of the Company and proposed resolutions, are requested to send their queries in writing to the Company at its Registered office at least 7 days before the date of the meeting, so that the required information can be made available at the meeting.
9. Members, who have not registered their e-mail addresses, are requested to register their e-mail address in respect of electronic holdings with the depository through their concerned Depository Participants and members who hold shares in physical form are requested to send their details to Bigshare Services Pvt. Ltd (Registrar & Transfer agent) in order to enable the company to serve the notice/Documents including Annual Report through e-mail as a green initiative in consonance with circular issued by Ministry of Corporate Affairs allowing paperless compliances by the companies.

By Order of the Board  
For **Readymade Steel India Limited**

Place: Mumbai  
Dated: 3<sup>rd</sup> September, 2011

Umakanta Das  
CFO - Finance & Company Secretary

**Registered Office:**  
203, Joshi Chambers,  
Ahmedabad Street, Carnac Bunder,  
Mumbai- 400 009.

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

### **ITEM 4**

Mr. Sandeep Mittal was appointed as an Additional Director by the Board of the Company. In terms of Section 260 of the Companies Act, 1956, Mr. Sandeep Mittal shall hold office upto the date of ensuing Annual General Meeting of the Company. The Company has received a valid notice and requisite deposit from a member of the Company under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Sandeep Mittal for office of Director.

Mr. Sandeep Mittal is interested in the resolution as it relates to his appointment. None of the other Director of the company is, in any way, concerned or interested in the said resolution.

Your Directors recommend the Ordinary Resolution for approval of the member.



## DIRECTORS' REPORT

Dear Members,

### Readymade Steel India Limited

Your Directors have immense pleasure in presenting the **5th Annual Report** and Audited Accounts of your Company for the Financial Year ended 31<sup>st</sup> March, 2011, for your perusal, consideration and adoption.

### FINANCIAL RESULTS

The brief highlights of financial results of the Company for the Financial Year 2010-11 as compared to the previous financial year 2009-10 are as under:

	Year Ended 31/03/2011	(Rs. in Lacs) Year Ended 31/03/2010
<b>Sales &amp; Services</b>	<b>10105.63</b>	3237.43
Other Income	<b>1.64</b>	35.57
Profit before Tax	<b>375.43</b>	110.75
<b>Provision for Taxation</b>		
Current Tax	<b>79.76</b>	10.77
Deferred Tax	<b>66.70</b>	21.36
Profit After Tax	<b>228.97</b>	78.62
Add: Balance brought forward	<b>83.47</b>	6.58
Less: Taxation of earlier years	<b>0.00</b>	(1.73)
Less: Provision for gratuity	<b>(1.20)</b>	
Balance carried forward	<b>311.24</b>	83.47

### DIVIDEND

Keeping in view the current economic scenario and future fund requirements of the Company for expansion of Khopoli Plants & setting up of new unit near New Delhi & Raipur and further to conserve resources to attain long term growth objectives of the Company, your directors do not recommend dividend for year under review.

### OPERATING RESULTS AND PROFITS

After a good year 2009-10 during which economies across the world showed signs of recovery, the economic conditions globally continued to be strong and positive in 2010-11. For accelerating the process of economic development and removing regional disparities government stepped up the budgetary support to give thrust to development and proper maintenance of road network and other infra structure facilities, resulting in a strong growth for Infra structure solution providers.

Supported by its distinct product offerings for the infra structure developers your company has recorded a turnover of Rs. 10105.63 lacs, a growth of 212.15% over the previous year. While the company maintained a strong focus on cost control and market pricing, In spite of increase in raw material cost and selling expenses EBITDA increased by Rs. 324.09 lacs as compared to the previous year. The Profit before Tax and Profit after Tax for 2010-11 was Rs. 375.43 lacs and Rs. 228.97 lacs respectively, as compared to Rs. 110.75 lacs and Rs. 78.62 lacs in the previous year. The Company has good order book of supplies of processed steel for next financial year.

### PRE-IPO PLACEMENT

Vide Resolution dated 25<sup>th</sup> August 2010 at its Board of Directors meeting and at the AGM dated 29<sup>th</sup> September 2010, the Company has made a Pre-IPO placement of 761000 Equity shares of Rs. 10 each fully paid up. Of the above 189500 Equity shares were issued at a premium of Rs. 75/- per share and 571500 Equity shares at a premium of Rs. 90/- per share aggregating to Rs. 732.58 lacs.

### INITIAL PUBLIC OFFERING (IPO)

The Company made an Initial Public offer of 3217153 equity shares of Rs 10/- at a price of Rs 108/- aggregating to Rs. 3474.53 lacs during the month of June 2011 to part finance the company's capacity expansion project of 63000 MT at the Existing Factory situated at Khopoli (Maharashtra) and to set up of new plants near New Delhi, Raipur with processing capacity of 50,000 MT each.



The above issue was made after getting clearance from the Securities and Exchange Board of India and Registrar of Companies, Maharashtra at Mumbai. The Issue opened on 27<sup>th</sup> June 2011 and closed on 29<sup>th</sup> June 2011. Consequent upon the allotment of 3217153 equity shares in the IPO, the paid up capital of the Company has increased to Rs 11, 71,83,530/- divided into 11718353 Equity shares of Rs 10/- each. The shares of the Company were listed on Bombay Stock Exchange Limited (BSE) on 13<sup>th</sup> July 2011.

#### **NEW PROJECTS**

The following are new projects envisaged by the Company:-

- a) The Company is enhancing its existing Khopoli plant capacity by another 63000 MT.
- b) The Company is setting up two new plant , one near New Delhi and other near Raipur with processing capacity of 50000 MT each.

#### **FIXED DEPOSITS**

Your Directors report that the Company has not accepted any deposits during the current financial year.

#### **DIRECTORS**

As per the provisions of Section 260 of the Companies Act, 1956, Mr. Sandeep Mittal, Director of the Company shall be liable to retire at the ensuing Annual General Meeting. He being eligible, offered himself for re-appointment, if appointed at ensuing general meeting. Further, Smt. Krishna Devi Agrawal retires by rotation and being eligible, offers herself for re-appointment. The board recommend for their appointment at Annual General Meeting.

#### **EMPLOYEE STOCK OPTIONS:**

The Board of Directors of our Company introduced RMS Employee Stock Option Plan 2010 ("RMS ESOP 2010"). The purpose of ESOP 2010 is to attract, retain, reward, create a sense of partnership/ownership and motivate employees to contribute to the growth and profitability of our Company and its Subsidiaries.

As per scheme of ESOP, Company shall grant such number of options convertible into Equity Shares as may be determined by the Compensation-cum-Remuneration Committee ("the Grant"). The Compensation-cum-Remuneration Committee has granted 1,16,000 options pursuant to its resolution dated November 8, 2010. Each option shall entitle an employee to one Equity Share and the maximum number of options that may be granted under ESOP 2010 is 1,16,000.

Till date Company has not allotted any shares pursuant to scheme of ESOP.

#### **AUDITORS**

M/s. M K P S & Associates, Chartered Accountants who are to retire at the conclusion of the forthcoming Annual General meeting, have offered themselves for re-appointment as Auditors of the Company. A written certificate to the effect that their appointment, if made, would be within the prescribed limits under Section-224(1B) of the Companies Act, 1956, has been obtained by the Company from them. The members are requested to consider their re-appointment and fix remuneration.

#### **AUDITORS REPORT**

The observations of the Auditors in their report read together with the Notes to Accounts are self explanatory and therefore, in the opinion of the Directors, do not call for any further explanation. Further, with reference to observation of auditors as to Internal Audit, your directors place on record the fact that the Company has set up Internal Audit system during first quarter F.Y 2011 – 12. Except this, the auditor's reports do not contain any reservation, qualification & adverse remark for the financial year under review.

#### **HUMAN RESOURCE**

Maintenance of a cordial and supportive environment is a pre-requisite for the smooth functioning of any organization. This requires the management and the employees to fully understand and respect each other. On an ongoing basis the management identifies and implements necessary measures to maintain a positive climate and improve performance levels.

Your Directors also wishes to place on record their appreciation for the dedication and commitment displayed by all executives, officers and staff at all levels of the company.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, is presented in a separate section forming part of the Directors' Report.

## **CORPORATE GOVERNANCE**

The Company is committed to uphold the highest standards of Corporate Governance and adhere to the requirements set out by Clause 49 of the Listing Agreement with Stock Exchange.

Reports on Corporate Governance along with the Certificate from the Auditors' regarding the compliance of Corporate Governance conditions are made part of this Annual Report.

## **INSURANCE**

All insurable assets of the Company including inventories, warehouse premises etc. are adequately insured.

## **BANK**

Your Directors wish to place on record their appreciation for the support from Company's bank namely Union Bank of India.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 217 (2AA) of the Companies Act, 1956, the directors confirm that:

- i) In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departure;
- ii) Appropriate accounting policies have been selected and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2010-2011 and Profit of the Company for that the year ended on 31<sup>st</sup> March, 2011;
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The annual accounts have been prepared on a going concern basis.

## **DEMATERIALIZATION & NOMINATION:**

Your Company has tied up with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) to enable the shareholders to trade and hold shares in an electronic/dematerialized form. Those shareholders holding equity shares in physical form are advised to take benefits of dematerialization. In the best interest of all members, they are advised to register nomination with respective DP or RTA, immediately.

## **GREEN INITIATIVE:**

The Ministry of Corporate Affairs (MCA), has taken a "Green Initiative in Corporate Governance" vide Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011, respectively, by allowing paperless compliances by companies through electronic mode. Companies are now permitted to send various communications / documents (including Notice of General Meetings, Audited Financial Statements, Directors Report, Auditors Report and all other documents including Postal Ballot documents) to its Members through electronic mode, to the registered e-mail address of the Members.

Your Company proposes to henceforth effect all communications / documents, as may be allowed from time to time including Annual Report for the financial year 2010 – 11, in electronic form to its Members, to the e-mail address provided / updated by you and made available to the Company by the Depositories, which will be deemed to be your registered e-mail address for serving the necessary communications / documents. Your Directors also request you to register your e-mail address with your DP for the purpose of serving documents by the Company in electronic mode, if your e-mail address is not registered with your Depository Participant (DP).



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

### **CONSERVATION OF ENERGY:**

The scope for conservation of energy is limited in the type of industry in which your Company is engaged. However, the Company continues to accord high priority to conservation of energy by opting for more power effective replacements of equipments and electrical installations. No specific investment proposals are envisaged.

Form 'A' of Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable as our industry is not included in the Schedule to the said Rules.

### **TECHNOLOGY ABSORPTION:**

Every effort is made by the company to update the technological skills of its technical staff in order to ensure that they possess adequate skills to enable them to serve the Company's clients.

### **FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The relevant information in respect of the foreign exchange earnings and outgo has been given in the Notes forming part of the Accounts for the year ended on 31<sup>st</sup> March, 2011.

### **PARTICULARS OF EMPLOYEES:**

In terms of provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended the Company has no employees who were in receipt of the remuneration of Rs.60,00,000/- or more per annum during the year ended 31<sup>st</sup> March, 2011 or Rs.5,00,000/- or more per month during any part of the said year.

### **ACKNOWLEDGEMENTS**

Your Directors place on record their sincere appreciation for the co-operation and assistance received from the Customers, Bankers, Regulatory bodies, Stakeholders including financial Institutions and other business associates who have extended their valuable sustained support and encouragement during the year under review.

For and on behalf of the Board  
For **Readymade Steel India Limited**

Anil Agrawal  
Managing Director

Krishna Devi Agrawal  
Director

Place : Mumbai

Date : 3<sup>rd</sup> September, 2011

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW OF BUSINESS & COMPANY

Your Company is an ISO 9001:2008 certified steel service provider to the fast growing infrastructure sector of India. To tap the newer business opportunity with changing time, your company is attempting to cater to the niche segment of offering readymade solution of processing of steel used in the construction industry primarily reinforcement bars into various shapes and sizes like cranked bars, stirrups, verticals, column /beam cages etc. Your Company processes these products fulfilling domestic and international design requirements of our customers.

### INDUSTRY BACKGROUND

Traditionally in construction activity, the process of cutting and bending steel and fabrication of cages was done on the construction site through manual process resulting in higher wastage of materials and increased requirement of labour and space at the construction site. Your Company conducts the processing of steel through use of automated machines from its Plant and delivers ready to use cut and bend steel rods, prefabricated cages and other steel products required for construction activities. This process is faster and the output is uniform and easy to handle. We term these ready to use steel products as readymade steel.

At present our product offerings include ready to use steel, primarily re-bars to be used in construction activities in various sectors like roads, power plants, ports, airports, housing, bridges, metros, monorails etc. These product offerings are aimed at overcoming the time and space constraints of construction activities of our clients and therefore there is quicker turnaround time for most of the orders. As a result, our current plant caters to the requirements of adjoining areas of western India only.

The key factor in success of Company's business is the acceptance of the concept of readymade steel and getting the contractors/ developers to switch from labour oriented conventional method to ready to use steel in construction. Over the years Indian construction sector has been largely dependent on conventional methods of construction leading to larger gestation period in construction. The growth of infrastructure sector led to the requirement of faster deliveries and reduction in the construction time to create the infrastructure facilities required by the country especially in the building segment.

The last decade, followed by momentum saw huge potential for your type of Company to create its space and demand for Ready Mix Concrete (RMC) business in India to provide solution of concrete to the construction industry. Availability of RMC could ensure availability of concrete to meet the increasing needs of construction industry as well to speed up the construction process and optimize the use of human resources.

Considering history of last 15 years the RMC has become a lifeline of any large construction in the country and is very commonly used in most of the major cities in the country. Similar need has been felt to mechanise the use of reinforcement steel used in site, to overcome shortcomings in manual method such as requirements of large space and huge labour force and also to speed up the construction activity.

Your Company's effort to provide solutions to improve the construction quality and cycle time, would certainly meet demand of infrastructure industry by facilitating them in their requirement of ready to use cut/bend bars and prefabricated steel cages so as to reduce the construction cycle time .

Your Company enjoys following major benefits like:

- Fast track construction
- Low labour concentration on site
- Better site co-ordination and control
- Reduction in construction cycle time
- Controls material wastage

### NEW PROJECTS

The following are new projects envisaged by the Company:-

- a) The Company is enhancing its existing Khopoli Plant processing capacity by another 63000 MT. The Company has already invested a substantial amount of the cost of Projects of Rs. 1013 lacs in the above expansion project by 31<sup>st</sup> March 2011. The company has procured/ordered most of the plant and machineries. The factory shed is in completion stage.



- b) The Company is setting up two new plant , one near New Delhi and other near Raipur with processing capacity of 50000 MT each.

The cost of the above projects is Rs.6252 lacs, was appraised by Union Bank of India, Bhat Bazar, Mumbai.

#### **INITIAL PUBLIC OFFERING (IPO)**

The company has successfully raised Rs 3474.53 lacs through an IPO of shares in June 2011 and the shares were listed on the Bombay Stock Exchange Limited(BSE) on 13<sup>th</sup> July 2011. The Company has issued 3217153 equity share of Rs 10/- each at price of Rs 108/- aggregating to Rs 3474.53 lacs. The enhanced share capital of the company post IPO now stands at 11718353 equity shares of Rs 10 each.

#### **OPPORTUNITIES AND THREATS**

It is pertinent to note that; concept of ready to use steel is at a very nascent stage in India. The key factor in success of our business is the acceptance of the concept of readymade steel and getting the contractors/ developers to switch from labour oriented conventional method to 'ready-to-use-steel' in construction. Over the years Indian construction sector has been largely dependent on conventional methods of construction. In the event we are unable to successfully convince these developers/constructors, our business, financial position and results of operation of our Company will be adversely affected.

We are dependent on few customers for our business as the concept of ready to use steel is new and the industry is at a nascent stage with only a few of the major infrastructure development companies currently using the ready to use steel products for their construction requirements.

Due to nature of business, your company does not have long term arrangements with any of our customers to purchase our products in the future, at the current prices or at all. There is no assurance that we will be able to maintain historic levels of business from the existing customers or to retain the existing customers, or that we will be able to replace our customer base in a timely manner or at all, in the event our existing customers do not continue to purchase our products. Over the years Indian construction sector has been largely dependent on conventional methods of construction. Unless more of these developers /constructors switch to usage of ready to use steel products, our business, financial position and results of operation of our Company may be adversely affected. Such loss of customers may have an adverse effect on our revenues, cash flows and operations, including an interruption or partial or total work stoppage at our processing facilities.

#### **OUTLOOK**

The business outlook for the current year is very optimistic due to the good progress of the construction industry in India. Potential business from existing and many new Indian customers could strengthen our scale and operations. The company has secured order of 100000 MT of processing of steel from the existing/new clients to be executed over a period of next two year. Further the marketing team is aggressive and confident to book further order of 100000MT in the current financial year.

#### **RISKS & CONCERNS**

The risks are namely labour problems, non- availability of required grade/quality of steels, price of steels, market recession, increase in interest rates, problems associated with construction & infrastructure industries.

However your company is geared up to avert the above risks by adopting appropriate strategies in future.

#### **INTERNAL CONTROL SYSTEM**

The Company maintains an adequate and effective internal control system commensurate with its size and nature of business. These internal policies ensure efficient use and protection of company's assets and resources, compliance with policies and statues as well as promptness of financial and operational report.

#### **ENVIRONMENT AND SAFETY**

The company's environment policy follows strict compliance with the environmental legislations for prevention of pollution in the nature of air and water and to make continuous efforts for improvement in such environmental friendly performance. The company believes that its resources are conserved by minimization of process wastes and also by having an efficient environmental management system for treatment and safe disposal of such wastes. The company provides safe work place within the organization and ensures that safety consciousness is spread amongst all the employees

#### **INDUSTRIAL RELATIONS AND HUMAN RESOURCE DEVELOPMENT**

The Company considers that its relationship with its employees as vital and ensures that employees feel valued and is



endeavoring to create an environment and culture within which every employees can put his best efforts and maximize his contribution.

The company ensures that all its employees remain competent through education, skills, training and experience as necessary. The initiatives taken by the management in this direction will help in attaining professional and productive culture by a blend of technology and highly skilled manpower.

#### **DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The financial performance of the company has significantly improved during the financial year. During the year there has been an increase in Sales & Services from Rs. 3237.43 lacs to Rs. 10105.63 lacs The Company has earned profit after tax and exceptional item of Rs.228.97 lacs in 2010-2011 as compared to Rs.78.62 lacs in the previous year.

#### **CAUTIONARY STATEMENT**

Statement in the “Management’s Discussion & Analysis Report” section describes the Company’s objectives, projections, estimates, expectations or prediction may be “ forward looking statements “ within the meaning of the applicable securities, laws and regulations. Annual results can differ materially from those expressed or implied, depending on the economic and climatic conditions, government policies and other incidental factors.”



## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY

Readymade Steel India Limited is committed to conducting its business based on the established standards of corporate governance. The efficient conduct of its business through transparency and ethics in discharging its corporate responsibility are focus of the company. Good Corporate Governance practices stem from the culture and mindset of the organization. Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values.

Your company continues to focus on good Corporate Governance in line with local and global standards. Its primary objective is to observe the highest level of ethics in all its dealings, create and adhere to a corporate culture of conscience and consciousness, integrity, transparency and accountability for efficient and ethical conduct of business for meeting its obligations towards its shareholders and other stakeholders.

### 2. BOARD OF DIRECTORS

#### Composition of the Board:

The Company's Board comprises of an Executive Director (Chairman & Managing Director) and four Non- Executive Directors, having rich corporate , business acumen and expertise.

The Board of Directors of the Company has an optimum combination of Executive and Non – Executive Directors. The number of Non – Executive Directors is not less than 50% of the Board of the Directors.

The Chairman of Board of Directors is Executive Promoter and more than 50% of the Board members consist of an independent director.

None of the Directors on the Board is a member of more than 10(ten) committees and Chairman of more than 5 (five) committees as per Clause 49 of listing agreement across all Companies in which they are Directors. The directors have made necessary disclosures regarding Committee positions in other public companies as at March 31, 2011.

The particulars of Directors, their category, relationship inter-se, number of shares held, attendance and other directorship, membership / chairmanship of the Board of Directors / Committees are furnished below:

Name of Director	Category	Number of Position held (other than Readymade Steel India Limited)		Number of Board Meetings attended	Attendance at the last AGM
		Board*	Committee@		
Mr. Anil Agrawal#	Managing Director	01	-	15	Yes
Smt. Krishna Devi Agrawal#	Non-Independent / Non-Executive	-	-	15	Yes
Mr. Sandeep Mittal	Independent / Non-Executive Director	-	-	03	NA
Mr. Mahesh Kumar Garg	Independent / Non-Executive Director	01	-	05	Yes
Mr. Abhijit Vidyanand Ranade	Independent/ Non-Executive Director	-	-	04	NA

\* Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956 are excluded for the above purpose.

@ the Committees considered for the purpose those prescribed in the Listing Agreement, i.e Audit Committee and Shareholders / Investors Grievance Committee.

# Mr. Anil Agrawal, Chairman & Managing Director is son of Smt. Krishna Devi Agrawal .

Annual General Meeting (AGM) for the Financial Year 2009-10 was held on 29th September, 2010.

Fifteen Board Meetings were held during the Financial Year 2010-2011 on the following dates:

21<sup>st</sup> April 2010, 2<sup>nd</sup> June 2010, 15<sup>th</sup> June 2010, 28<sup>th</sup> June 2010, 3<sup>rd</sup> July 2010, 21<sup>st</sup> July 2010, 25<sup>th</sup> August 2010, 21<sup>st</sup> September 2010, 30<sup>th</sup> September 2010, 8<sup>th</sup> November 2010, 21<sup>st</sup> December 2010, 11<sup>th</sup> January 2011, 15<sup>th</sup> February 2011, 21<sup>st</sup> February 2011, 22<sup>nd</sup> March 2011.

The gap between two Board meetings is not more than 4 (four) months as per the Clause-49 of the Listing Agreement.

### **Code of Conduct**

The Board has laid down a Code of Conduct for all the Board Members and Senior Management of the Company. the Code of Conduct is posted on the company's web site [www.readymadesteel.com](http://www.readymadesteel.com).

The Declaration by the Managing Director affirming the compliance of the Code of Conduct by all the Board Members and Senior Management personnel is annexed separately in the Annual Report.

### **Board procedure**

The Board meets at least once in a quarter to inter alia, to review the quarterly performance and the financial results. The Board meetings are generally scheduled well in advance and the notice of each Board meeting is given in writing to directors of the Company. The Board papers, comprising the agenda backed by comprehensive background information are circulated to the Directors in Advance.

The information as specified in annexure IA to clause 49 of the Listing Agreement is regularly placed before / made available to the Board wherever applicable.

The Board periodically reviews compliance reports of various laws applicable to the Company.

### **Appointment and Re-Appointment of Directors**

Details of the Directors seeking appointment / re – appointment at the Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

1. Mr. Sandeep Mittal appointed as an Additional Director under section 260 of the Companies Act, 1956, and his term is getting expired in ensuing Annual General Meeting. Company has received valid notice under Section 257 of the Companies Act, 1956, for his appointment as Director of the Company.

Mr. Sandeep Mittal aged 35 years is an Non-Executive and Independent Director of our Company since September 30, 2010. He holds a bachelor's degree in Commerce and Post Graduate diploma in Business Administration. He has 10 years of experience, which includes working with well known industries.

2. Smt. Krishna Devi Agrawal is a Non - Executive Non – Independent Director getting retire by rotation and eligible and offers herself for re-appointment. Smt. Krishna Devi Agrawal, is a Non-Executive Non-Independent Director of the Company. She has been associated with the family business of manufacturing & trading of iron & steel since the past 20 years. Her involvement with the iron & steel industry in different capacities along with her prior business knowledge acts as a support to the functioning of the Issuer and the group as a whole.

### **I) AUDIT COMMITTEE**

The Audit Committee was constituted by our Board of Directors at their meeting held on August 25, 2010, in line with the provisions of clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292 A of the Companies Act, 1956.

The Committee was, thereafter reconstituted on September 30, 2010. The Committee comprises of:

1. Mr. Sandeep Mittal – Chairman
2. Mr. Mahesh Kumar Garg – Member
3. Mr. Anil Agrawal – Member

### **Composition and Attendance at Meeting**

The Audit Committee has three members, namely Non-Executive, Independent Director as Chairman, non-executive independent director as member and Managing Director as member.

The Statutory Auditors & Chief Financial Officer of the Company were invitees to each meeting of the Audit Committee.

The Company Secretary of the Company has acted as the Secretary to the Committee.

The Internal Auditor of the Company reports to the Audit Committee with regards to the audit programme, observations and recommendations in respect of different areas of operations of the Company.

The Audit Committee generally meets once in a quarter inter-alia, to review the quarterly performance and the financial results.

The Audit Committee met on 15.02.2011 times during the year.

NAME	CATEGORY	Audit committee meeting held during 2010-2011
		15.02.2011
Mr. Sandeep Mittal	Chairman	Present
Mr. Mahesh Kumar Garg	Member	Present
Mr. Anil Agrawal	Member	Present

**The terms of reference / scope / role of the Audit Committee as follows:**

- (a) Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
- (c) Approving payment to statutory auditors for any other services rendered by the statutory auditors;
- (d) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - i. Matters required to be included in the Director's Responsibility Statement to be included in the report of the Board in terms of clause (2AA) of Section 217 of the Companies Act;
  - ii. Changes, if any, in accounting policies and practices along with reasons for the same;
  - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
  - iv. Significant adjustments made in the financial statements arising out of audit findings;
  - v. Compliance with listing and other legal requirements relating to financial statements;
  - vi. Disclosure of any related party transactions;
  - vii. Qualifications in the draft audit report;
- (e) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (f) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- (g) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (h) Discussing with the internal auditors any significant findings and follow up there on;
- (i) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (j) Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (k) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (l) To Review the functioning of the Whistle Blower mechanism, in case the same is existing; and
- (m) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

All the members of the Audit Committee are finance literate and do possess sound knowledge of accounts, finance, audit and taxation.

The minutes of the Audit Committee meeting form part of documents placed before the meeting of the Board of Directors. In addition the Chairman of the Audit Committee appraises the Board members about the significant discussion at Audit Committee meetings.

## II) REMUNERATION COMMITTEE

The Remuneration-cum-Compensation Committee was constituted by our Board of Directors at its meeting held on August 25, 2010. The Remuneration-cum-Compensation Committee was thereafter re-constituted by our Board of Directors at its meeting held on September 30, 2010.

The members of Remuneration-cum-Compensation Committee are:

1. Mr. Mahesh Kumar Garg- Chairman
2. Mr. Sandeep Mittal - Member
3. Mr. Anil Agrawal - Member

### i) Terms of Reference

The Remuneration and Compensation Committee of the Company, reviews, assesses and recommends the performance of managerial personnel on a periodical basis and also reviews their remuneration package and recommends suitable revision to the Board.

### ii) Composition and Attendance at Meeting

The Remuneration and Compensation Committee comprises of Two Non-Executive, Independent Directors and Managing director as Member.

Mr. Mahesh Kumar Garg, Non - Executive Independent Director of the Company is the Chairman of the Committee.

The details of the composition, categories and attendance during the year are as under.

Name of Director/Member	Designation	Category	Committee Meeting held on 08.11.2010
Mr. Mahesh Kumar Garg	Chairman	Independent / Non- Executive Director	Present
Mr. Sandeep Mittal	Member	Independent / Non-Executive Director	Present
Mr. Anil Agrawal	Member	Managing Director, Executive	Present

### iii) Remuneration Policy

The remuneration policy is directed towards rewarding performance, based on review of achievements. It is aimed at attracting and retaining high caliber talent. The remuneration policy is in consonance with the existing practice in the Industry.

#### The role of the Remuneration-cum-Compensation Committee has been defined to include the following:

- (a) The Remuneration Committee recommends to the Board the compensation terms of the Executive Director(s).
- (b) Framing and implementing on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of Executive Directors including ESOP, Pension Rights and any compensation payment;
- (c) To grant options, to vest the options and to exercise the options under the RMS ESOP 2010;
- (d) Considering approving and recommending to the Board the changes in designation and increase in salary of the Executive Director(s)
- (e) Ensure the remuneration policy is good enough to attract, retain and motivate employees.
- (f) Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of our Company and the shareholders.

#### A. Non Executive Director's Remuneration

The Non Executive Directors of the Company do not draw any remuneration from the Company other than sitting fees for attending Board and Audit Committee Meeting. The Company has not paid any sitting fees, for F.Y 2010 – 11.

The payment of remuneration by way of sitting fees is as under.

Name of Director	Category	Sitting Fees(Rs.)
Mr. Mahesh Kumar Garg	Independent /Non Executive Director, Chairman	Nil
Mr. Sandeep Mittal	Independent/ Non Executive director/	Nil
Mr. Abhijit Vidyanand Ranade	Independent/ Non Executive director	Nil

## B. Executive Director's Remuneration

The Managing Director is being paid in accordance with and subject to the limits laid down in the Schedule XIII of the Companies Act, 1956, pursuant to agreement entered with the Company read with resolution passed by the shareholders of the Company.

**Details of remuneration of the Executive Director's of the Company during the year is as follows**

Name of Director	Category	Remuneration (Rs.)
Mr. Anil Agrawal	Promoter/Executive	Nil

1. The Company does not have policy of paying commission on profits to Non -Executive director of the Company.
2. Presently, the Company does not have a scheme for grant of stock options either to the whole-time Directors or Employees of the Company.

## III) SHAREHOLDER'S GRIEVANCE COMMITTEE/ SHARE TRANSFER COMMITTEE

### i) Terms of reference

The terms of reference of the Committee include redressing Shareholders complaints like transfer and transmission of shares, issue of duplicate share certificate, non-receipt of balance sheet, non-receipt of dividend etc. and to ensure expeditious share transfer process.

### ii) Composition of the committee

The members of the Shareholders'/Investors' Grievance Committee are:

1. Mr. Mahesh Kumar Garg - Chairman
2. Mr. Abhijit Vidyanand Ranade - Member
3. Smt. Krishna Devi Agrawal – Member

Mr. Mahesh Kumar Garg, Non- Executive and Independent Director is the Chairman of the Shareholders Grievance Committee/ Share Transfer Committee

Mr. Umakanta Das, Company Secretary of the Company is Compliance Officer of the Company, The Company Secretary is the secretary to the Share Holders' Grievances committee.

During the year under review no compliant (s) have been received by the Company from Investor (s) & no Complaints were pending at the beginning of the year.

## 4. GENERAL BODY MEETING:

Details of Annual General Meetings held during the preceding three years are as follows.

AGM reference	Location	Date	Time	No. of Special Resolutions passed
2009-10 4th AGM	203, Joshi Chambers, Ahmedabad Street, Carnac Bunder, Mumbai- 400 009	9th September 2010	11.00 A.M.	6
2008-09 3rd AGM	203, Joshi Chambers, Ahmedabad Street, Carnac Bunder, Mumbai- 400 009	30th September 2009	11.00 A.M.	Nil
2007-08 2nd AGM	203, Joshi Chambers, Ahmedabad Street, Carnac Bunder, Mumbai- 400 009	30th September 2008	11.00 A.M	Nil

The following Special Resolution passed by the members during the last three general meetings

Sr. No.	General Meetings	Particular of Resolutions
1	4 <sup>th</sup> Annual General Meeting held on 29 <sup>th</sup> September, 2010	Appointment of Mr. Anil Agrawal as Managing Director. Further Issue of Equity shares through IPO. Increase Borrowing Powers of the Board. Change of Place of Keeping Register of member, annual returns etc. Approval for the RMS ESOP scheme 2010. Further issue of equity shares (185000 shares)u/s 81(1A).
2	2008-09 3rd AGM held on 30 <sup>th</sup> September, 2009	NIL
3	2007-08 2nd AGM held on 30 <sup>th</sup> September, 2008	NIL

- During last three financial year, no resolution (s) were passed through Postal Ballot
- No resolution is proposed to be passed by Postal Ballot, during Financial Year 2011-12.

#### 5. DISCLOSURES:

- There are no materially significant related party transactions that may have potential conflict with the interests of the Company at large during the F.Y. 2010-2011. The details of transaction between the Company and the related parties are given for information under Note No (14) of Schedule '20' to the Notes to Accounts in the Annual report.
- The Company had complied with the requirements of the Stock Exchange, SEBI and other statutory authorities on all matters relating to capital market during the last three years. No pecuniary strictures have been imposed on the Company by any of the above mentioned authorities.
- The Company has already put in place a system for employees to report to the management about concerns relating to unethical behavior, any fraud or violation of Company's Code of Conduct and the access has been provided upto the higher level of supervision including the Audit Committee.
- In the preparation of financial statements the Company follows Accounting Standards as prescribed under section 211 (3C) of the Companies Act, 1956.
- The Company has complied with all the mandatory requirements and has disclosed information relating to extend of compliance with non mandatory requirements.
- During the financial year under review, the Company did raise funds through a preferential issue. In July 2011, Company has successfully raised funds through its Initial Public Offer.
- The details in respect of Directors seeking appointment/re-appointment as the case may be are provided as part of the notice convening the ensuing Annual General Meeting.
- The Company has formulated and laid down a procedure on risk assessment and minimization. These procedures have been considered by the Board and a properly defined framework is being laid down to ensure that executive management controls the identified risks.
- Management Discussion and Analysis Report forms part of the Annual Report.

#### 6. MEANS OF COMMUNICATION

The Company would communicate Un-audited and Audited Financial Results, through news papers having wide circulation in regional and English language.

The said financial results would be displayed on the Company's website i.e. [www.readymadesteel.com](http://www.readymadesteel.com)

#### 7. GENERAL SHAREHOLDERS INFORMATION

- a. **Date and Time of AGM** : Friday, 30<sup>th</sup> September, 2011 at 4.00 P. M.
- b. **Venue** : Country Club  
A / 723, Opp Kia Park,  
Veera Desai Road, Prathmesh Complex  
Andheri (West), Mumbai-400 053.
- c. **Financial Year** : 1st April 2010 to 31st March 2011

**d. FINANCIAL CALENDAR (Provisional) for 1st April, 2011 – 31st March, 2012**

- 1<sup>st</sup> Quarterly Result : On or before 14<sup>th</sup> August, 2011.  
 2<sup>nd</sup> Quarterly Result : On or before 14<sup>th</sup> November, 2011.  
 3<sup>rd</sup> Quarterly Result : On or before 14<sup>th</sup> February, 2012.  
 4<sup>th</sup> Quarterly Result : On or before 14<sup>th</sup> June, 2012
- e. Book Closure dates** : 23<sup>rd</sup> September, 2011 to 30<sup>th</sup> September, 2011 (both days inclusive)
- f. Listing on Stock Exchanges** : The Bombay Stock Exchange Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 023
- g. Listing Fees** : Listing fees of BSE have been paid.
- h. Stock Code (BSE)** : 533482
- i. ISIN No.** : INE524L01018 (For dematerialization of shares)
- j. Registered Office** : 203, Joshi Chambers, Ahmedabad Street, Carnac Bunder, Mumbai- 400 009
- k. Market Price Data** : NA

**Distribution of shareholding: as on 31<sup>st</sup> March, 2011.**

No. of Equity Shares Held	No of Shareholders	% of Shareholders	No. of shares held	% of shareholding
1 to 500	-	-	-	-
501 to 1000	4	25	4000	0.05
1001 to 2000	-	-	-	-
2001 to 3000	-	-	-	-
3001 to 4000	-	-	-	-
4001 to 5000	-	-	-	-
5001 to 10000	7	43.75	67000	0.85
10001 & Above	5	31.25	7858700	99.10
<b>Total</b>	<b>16</b>	<b>100.00</b>	<b>79,29,700</b>	<b>100.00</b>

**l. Categories of Shareholding as on 31<sup>st</sup> March, 2011**

SHAREHOLDING PATTERN		
Category of Shareholders	No. of shares held	%
Promoters and Promoters Group	7,55,1200	95.23
Bodies Corporate	3,17,500	4.00
Indian Public	61,000	0.77
<b>TOTAL</b>	<b>7,929,700</b>	<b>100.00</b>

- m. Registrar and Share Transfer Agents** (Common agency for Demat and Share Transfer) : **Bigshare Services Pvt. Ltd.**  
 E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri(E), Mumbai-400 072.  
 Tel: 022-2847 3474, 022-2847 0652  
 Fax: 022-2847 5207  
 Email: info@bigshareonline.com
- n. Dematerialization of Equity shares** : NA
- o. Out-standing GDRs/ADRs/ Warrants or any Convertible Instruments** : NIL
- p. Plant Location** : Village – Vanwathe, Khopoli, Taluka Khalapur, District Raigad, Maharashtra



**q. Address for correspondence** : With the Company  
READYMADE STEEL INDIA LIMITED,  
203, Joshi Chambers, Ahmedabad Street, Carnac Bunder,  
Mumbai- 400 009.

**With the Registrar and Share Transfer Agent:**  
Bigshare Services Private Limited  
E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka,  
Andheri (E), Mumbai-400 072.  
Tel : 022-2847 3474, 2847 0652

**r. Designated e-mail ID for registering complaints by the investor.** : rms@readymadesteel.com

**8. COMPLIANCE WITH NON-MANDATORY REQUIREMENTS:**

The extent of compliance with non mandatory requirements as are under

**(1) Shareholder Rights**

Details of significant event if any are put up on the Company's website.

The Company's annual, half yearly and quarterly results henceforth would be published in English and Marathi newspapers. The same would be also made available on the website of the Company and stock exchanges.

**(2) Audit Qualifications**

During the period under review, there is no reservation, qualification and adverse remark in the Auditors Report for the financial year under review. The Company continues to adopt best practices to ensure regime of unqualified financial statements.

**(3) Training of Board Members**

The Directors interact with the management in a very free and open manner on information that may be required by them for orientation with the business of the Company.

**(4) Whistle Blower Policy**

The Company has adopted the Whistle Blower Policy pursuant to which employees of the Company can raise their concerns relating to the unethical behavior, actual or suspected fraud, violation of the Company's code of conduct/ ethics policy, malpractices or any other activity or event which is against the interest of the Company or Society as a whole.

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**Compliance with Code of Conduct**

As the Chief Financial Officer of the Company and as required by the clause 49 of Listing Agreement, I hereby certify that all the Board Members and Senior Management personnel have affirmed their compliance with the Code of Conduct as laid down by the Board for the Financial Year ended 31<sup>st</sup> March 2011.

Place: Mumbai  
Date: 3<sup>rd</sup> September, 2011

Umakanta Das  
CFO - Finance & Company Secretary



## **CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To the Members of **READYMADE STEEL INDIA LIMITED**

We have examined the compliance of conditions of Corporate Governance by READYMADE STEEL INDIA LIMITED, for the year ended on 31<sup>st</sup> March, 2011, 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 was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of the Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement. 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 generally complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For **MKPS & Associates**

Chartered Accountants

Firm Regn. No 302014E

**Narendra Khandal**

Partner

Membership No. 065025

Place: Mumbai

Date: 3<sup>rd</sup> September, 2011

### **Certification by Chief Financial Officer**

As the Chief Financial Officer of the Company and as required by the clause 49 of the Listing Agreement, I hereby certify the following that:

- A) I have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March 2011 and that to the best of my knowledge, information and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading:
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- B) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C) The Company's other officers and I are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify those deficiencies.
- D) I have indicated to the auditors and the Audit Committee that:
  - (i) No significant changes in internal control over financial reporting have taken place during the year.
  - (ii) There have been no significant changes in the accounting policies made during the year and that the same have been disclosed suitably in the notes to the financial statements; and
  - (iii) There were no frauds during the year.

Place: Mumbai  
Date: 3<sup>rd</sup> September, 2011

Umakanta Das  
CFO - Finance & Company Secretary

## **AUDITORS' REPORT TO THE MEMBERS OF READYMADE STEEL INDIA LIMITED**

We have audited the attached Balance Sheet of Readymade Steel India Limited (the Company) as at 31<sup>st</sup> March 2011 and the Profit and Loss account and 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 statements based on our audit.

- 1) We have conducted our audit in accordance with auditing standards generally accepted in India. These 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our report.
- 2) As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to information and explanation given to us during the course of our audit, we enclose in the Annexure, our report on the matters specified in paragraph 4 & 5 of the said order to the extent applicable to the company.
- 3) We report that :
  - a) We have obtained all the information and the 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 account, as required by law have been kept by the Company, so far as appears from our examination of the books;
  - c) The Balance Sheet and the Profit and Loss account dealt with by this report are in agreement with the Books of Account;
  - d) In our opinion, the Balance Sheet and the Profit and Loss account, read together with the Notes thereon, dealt with by this report comply in material respects with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956
  - e) On the basis of the written representations received from the Directors, which have been taken on the record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 from being appointed as a Director in terms of clause (g) of sub-section(1) of Section 274 of the Companies Act, 1956.
  - f) In our opinion, and to the best of our information and according to the explanations given to us and subject to our comments above, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view :
    - (i) In the case of the Balance Sheet, of the state of the Company's affairs as at March 31, 2011;
    - (ii) In the case of the Profit and Loss account, of the profit of the company for the year ended on that date.
    - (iii) In the case of the Cash flow statements of the cash flows for the period ended March 31, 2011

**For MKPS & Associates**  
Chartered Accountants  
Firm Regn. No. 302014E

**CA. Narendra Khandal**  
Partner  
M No. 065025

Place: Mumbai

Date: 3<sup>rd</sup> September 2011

## ANNEXURE TO AUDITORS' REPORT

Annexure referred to in paragraph 2 of the Auditors' Report to the members of Readymade Steel India Limited, on the accounts for the year ended on March 31, 2011

- 1) a) The Company is maintaining proper records showing full particulars, quantitative details and situation of Fixed Assets.
  - b) As explained to us, the assets have been physically verified by the management during the year. There were no material discrepancy on such verification.
  - c) The Company did not dispose off a substantial part of the Fixed Assets during the Financial Year under review.
- 2) a) The inventory has been physically verified during the period by the management. In our opinion, the frequency of verification is reasonable.
  - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
  - c) As explained to us, the Company has been maintaining records of inventories. In our opinion, the maintenance of records are prima-facie reasonable in relation to the size and nature of business of the company.
- 3) As explained to us, during the period under audit the company has not given or taken loan or advances to party covered under the register maintained pursuant to section 301 of the Companies Act, 1956.
- 4) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchases of inventory, Fixed Assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
- 5) a) According to the information and explanations given to us, we are of the opinion that 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 explanations given to us, the Company has not entered into any contracts or arrangements exceeding Rs. 5.00 Lakh in respect of any party in pursuance of contracts or arrangements entered in the register to be maintained under section 301 of the Companies Act, 1956 except for the contracts for sale / purchase which, as explained, are at the prevailing market prices
- 6) The company has not accepted public deposits to which the provisions of section 58A and 58AA of the Companies Act, 1956 apply.

On the basis of written representation received from the management, we state that the company has not received any order for the contravention of the provisions from the Company Law Board or RBI or any court or any other Tribunal in this respect.
- 7) The Company does not have an Internal Audit System.
- 8) As explained to us the company is not required to maintain cost records under Section 209 (1) (d) of the Companies Act, 1956.
- 9) a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.
  - b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duties and Excise Duties, which have remained outstanding as at 31<sup>st</sup> March 2011 for a period of more than six months from the date they become payable.
  - c) According to the information and explanations given to us, there are no disputed statutory dues which have not been deposited by the company.
- 10) There are no accumulated losses of the company and company has not incurred cash losses during the period covered by our audit and the immediately preceding financial year.



- 11) The Company has taken various facility from their Banks / FI for the purpose of its business. The company is regular in paying the interest and principal amount in respect of the loans taken from the Banks / FI.
- 12) The Company has not granted any secured loans or advances to any person against security by way of pledge of shares or securities.
- 13) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
- 14) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- 15) The Company has not given any Guarantee on behalf of others to any Bank or Financial Institution.
- 16) In our opinion, the term loans, taken from the bankers, have been prima-facie applied for the purpose for which they were raised.
- 17) According to information and explanations given to us, and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment. No long term funds have been used to finance short term assets except permanent working capital.
- 18) a) During the year under audit the company has allotted 378500 Equity Shares on preferential basis at the price at which the same are not prejudicial to the company.  
b) According to the information made available to us, the company has not raised any fund by way of public issue, the end use of which is required to be disclosed in the notes to the financial statement and to be verified by us.
- 19) During the course of our audit and on the basis of our test check, we did not come across any case of fraud on or by the company noticed or reported during the period under audit.

**For MKPS & Associates**

Chartered Accountants  
Firm Regn. No. 302014E

**CA. Narendra Khandal**

Partner  
M No. 065025

Place: Mumbai

Date: 3<sup>rd</sup> September 2011

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2011**

Particulars	Schedule	As at 31.03.2011 Amount (Rs.)	As at 31.03.2010 Amount (Rs.)
<b>I SOURCES OF FUNDS</b>			
<b>(i) SHAREHOLDERS FUNDS</b>			
Share Capital	1	79,297,000	75,512,000
Reserves & Surplus	2	55,466,617	8,347,272
<b>(ii) LOANS FUNDS</b>			
Secured Loans	3	163,407,114	72,764,818
Deffered Tax Liability (Net)		9,482,522	2,812,422
<b>TOTAL</b>		<b>307,653,253</b>	<b>159,436,512</b>
<b>II APPLICATION OF FUNDS</b>			
<b>(i) FIXED ASSETS</b>			
Gross Block	4	165,117,527	90,837,563
Less: Depreciation		8,799,391	4,962,934
Net Block		<b>156,318,136</b>	<b>85,874,629</b>
<b>(ii) CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
a) Inventories	5	34,297,454	72,705,572
b) Sundry Debtors	6	337,683,345	170,638,323
c) Cash & Bank Balances	7	58,935,967	2,338,171
d) Other Current Assets	8	12,889,110	5,655,067
e) Loans and Advances	9	19,670,893	2,948,860
		<b>463,476,769</b>	<b>254,285,993</b>
<b>Less: CURRENT LIABILITIES &amp; PROVISIONS</b>			
a) Current Liabilities	10	315,192,595	180,149,423
b) Provisions	11	8,209,181	1,548,981
		<b>323,401,776</b>	<b>181,698,404</b>
<b>NET CURRENT ASSETS</b>		<b>140,074,993</b>	<b>72,587,589</b>
<b>(iii) MISCELLANEOUS EXPENDITURE (to the extent not written off)</b>	12	11,260,124	974,294
<b>TOTAL</b>		<b>307,653,253</b>	<b>159,436,512</b>
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS	20		

As per our report of even date

**For MKPS & Associates**  
Chartered Accountants  
Firm's Regn. No. 302014E

**CA Narendra Khandal**  
Partner  
M No 065025  
Place: **Mumbai**  
Date: 3<sup>rd</sup> September 2011

For and on behalf of the Board

**(Anil Agrawal)**  
Managing Director

**(Umakanta Das)**  
CFO - Finance & Company Secretary

**(Krishna Devi Agrawal)**  
Director



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011**

Particulars	Schedule	Year Ended 31.03.2011 Amount (Rs.)	Year Ended 31.03.2010 Amount (Rs.)
<b>INCOME</b>			
Sales & Services	13	1,010,562,604	323,743,469
Other Income	14	163,712	3,557,166
<b>Total</b>		<b>1,010,726,316</b>	<b>327,300,635</b>
<b>EXPENDITURES</b>			
Material Cost	15	893,950,403	269,050,069
Manufacturing Expenses	16	29,277,330	19,441,335
Employees Cost	17	9,693,354	8,478,235
Selling and Administrative Expenses	18	21,469,344	6,404,765
Financial Charges	19	15,293,347	9,880,951
Depreciation		3,453,792	2,924,744
Preliminary Expenses W/off		45,715	45,715
<b>Total</b>		<b>973,183,285</b>	<b>316,225,814</b>
<b>Profit Before Tax</b>		<b>37,543,031</b>	<b>11,074,821</b>
<b>Provision For Taxes</b>			
Current Tax		7,975,751	1,076,630
Deferred Tax		6,670,100	2,136,408
<b>Profit After Tax</b>		<b>22,897,180</b>	<b>7,861,783</b>
Balance as per Last Balance Sheet		8,347,272	658,168
Demand for AY 2007-08		-	(172,679)
Provision for Gratuity		(120,335)	
<b>Carried to Balance Sheet</b>		<b>31,124,117</b>	<b>8,347,272</b>
Earning Per Share (Equity Shares of Rs.10/- each)			
Basic (in Rs.)		2.99	1.84
Dilluted (in Rs.)		2.99	1.84
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS	20		

As per our report of even date

**For MKPS & Associates**  
Chartered Accountants  
Firm's Regn. No. 302014E

For and on behalf of the Board

**(Anil Agrawal)**  
Managing Director

**(Krishna Devi Agrawal)**  
Director

**CA Narendra Khandal**  
Partner  
M No 065025  
Place: **Mumbai**  
Date: 3<sup>rd</sup> September 2011

**(Umakanta Das)**  
CFO - Finance & Company Secretary

## CASH FLOW STATEMENT

	As at 31.03.2011	As at 31.03.2010
<b>Cash flow from Operating Activities</b>		
Net Profit before tax & adjustment of extraordinary items	37543031	11074821
Adjustments for		
Depreciation	3453792	2924744
Preliminary expenses	45715	45715
Excess Depreciation charged earlier	(2661079)	
Profit / (loss) on sale of assets	(4646)	0
Exchange Gain	(10045)	
Interest received	(92673)	(75041)
Interest & Finance charges	15293347	9880951
<b>Operating Profit before working capital changes</b>	<b>56228521</b>	<b>21190111</b>
Working Capital Changes / Adjustments for		
Inventories	38408118	(55460474)
Receivables	(167045022)	(158152497)
Loans & Advances and Other Current Assets	(25061229)	1168292
Trade Payables and Other current liabilities	135109796	141496598
<b>Cash generated from operations</b>	<b>(18588337)</b>	<b>(70948081)</b>
Net cash from (used in) operating activities (A)	37640183	(49757970)
Cash flow From Investing Activities		
Purchase of Fixed Assets	(74329964)	(6370695)
Sale of Fixed Assets	50000	23505000
Interest received	92673	75041
<b>Net Cash from (used in) investing activities</b>	<b>(74187291)</b>	<b>17209346</b>
Cash flow From Financing Activities		
Proceed from issue of share Capital & Share Premium	28127500	32762000
Proceed from Borrowings	90642296	12031233
Interest and finance charges	(15293347)	(9880951)
Preliminary expenses	(10331545)	(700000)
<b>Net cash from financing activities</b>	<b>93144904</b>	<b>34212282</b>
<b>Total Cash Inflow( 1+2+3)</b>	<b>56597797</b>	<b>1663658</b>
<b>Net Increase/Decrease in cash or cash Equivalent</b>	<b>56597797</b>	<b>1663658</b>
Cash & Cash Equivalent at the beginning of the Year	2338170	674512
<b>Cash and Cash Equivalent at the end of the year</b>	<b>58935967</b>	<b>2338170</b>

As per our report of even date

**For MKPS & Associates**  
Chartered Accountants  
Firm's Regn. No. 302014E

**CA Narendra Khandal**  
Partner  
M No 065025  
Place: **Mumbai**  
Date: 3<sup>rd</sup> September 2011

For and on behalf of the Board

**(Anil Agrawal)**  
Managing Director

**(Krishna Devi Agrawal)**  
Director

**(Umakanta Das)**  
CFO - Finance & Company Secretary

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

Particulars	As at 31.03.2011 Amount (Rs.)	As at 31.03.2010 Amount (Rs.)
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>Authorized Capital</b>		
15000000 Equity Shares of Rs 10 each (1500000 equity share of Rs. 100 each)	<u>150,000,000</u>	<u>150,000,000</u>
<b>Issued, Subscribed &amp; Paid up</b>		
7929700 Equity Shares of Rs. 10 each (755120 Equity share of Rs 100 Each)	79,297,000	75,512,000
	<u>79,297,000</u>	<u>75,512,000</u>
<b>SCHEDULE - 2 :RESERVES AND SURPLUS</b>		
Securities Premium Account	24,342,500	-
Profit and Loss Account	31,124,117	8,347,272
	<u>55,466,617</u>	<u>8,347,272</u>
<b>SCHEDULE - 3 : SECURED LOANS</b>		
Term Loan from Union Bank of India (Secured by Equitable Mortgage of the Factory Land & Building Situated at Village Vanwathe, Khopli, Taluka, Khalapur, Raigad, Maharashtra Further secured by charge on Plant & Machinerries of the company)	115,411,424	36,860,771
Vehicle Loan from Union Bank of India (Secured against Hypothecation of Motor car)	952,631	190,321
Vehicle Loan From L & T Finance Limited (Secured against Hypothecation of Vehicles)	2,996,010	-
Cash Credit from Union Bank of India (Secured by Charge on the Current Assets of the Company & Personal Guarantee of Directors)	44,047,049	35,713,726
	<u>163,407,114</u>	<u>72,764,818</u>

## SCHEDULES FORMING PART OF THE BALANCE SHEET

### SCHEDULE - 4 : FIXED ASSETS

Name of the Asset	GROSSBLOCK			DEPRECIATION			NET BLOCK		
	As on 01-04-10	Addition	Deduction	As on 31-03-11	For the year	Adjustment	Profit on sale	As on 31-03-11	As on 31-03-10
Land & Land Development	21,116,459	800,594	-	21,917,053	-	-	-	21,917,053	21,116,459
Factory Building	11,416,550	-	-	11,416,550	381,313	(382,664)	-	1,333,395	10,847,132
Plant & Machineries	53,650,446	51,679,387	3,753,181	101,576,652	2,511,684	-	-	6,468,754	49,693,376
Computer & Accessories	674,182	5,594,141	-	6,268,323	146,422	-	-	305,614	514,990
Furnitures & Fixtures	3,460,763	128,161	-	3,588,924	222,326	-	-	420,803	3,262,286
Vehicles	519,163	1,302,014	-	1,821,177	110,396	-	-	189,173	440,386
Temporary Structure	-	9,613,041	-	9,613,041	81,652	-	-	81,652	-
Trade Mark	-	34,000	-	34,000	-	-	-	-	-
Capital Work in Progress	90,837,563	69,151,338	3,753,181	156,235,720	3,453,792	(382,664)	-	8,799,391	85,874,629
<b>Total</b>	<b>90,837,563</b>	<b>78,033,145</b>	<b>3,753,181</b>	<b>165,117,527</b>	<b>3,453,792</b>	<b>(382,664)</b>	<b>-</b>	<b>8,799,391</b>	<b>85,874,629</b>
<i>Previous Year Figures</i>	<i>108,234,395</i>	<i>8,020,526</i>	<i>25,417,358</i>	<i>90,837,563</i>	<i>2,924,744</i>	<i>2,278,414</i>	<i>164,616</i>	<i>4,962,934</i>	<i>85,874,629</i>

## SCHEDULES FORMING PART OF THE BALANCE SHEET

Particulars	As at 31.03.2011 Amount (Rs.)	As at 31.03.2010 Amount (Rs.)
<b>SCHEDULE - 5 : INVENTORIES</b>		
<b>(As certified and valued by the management)</b>		
Consumables & General Stores	261,172	487,425
Stock in Hand	34,036,282	72,218,147
	<b>34,297,454</b>	<b>72,705,572</b>
<b>SCHEDULE - 6 : SUNDRY DEBTORS</b>		
<b>Unsecured, Considered Good</b>		
Debts outstanding for :		
Less than six months	335,045,129	156,437,907
More than six months	2,638,216	14,200,416
	<b>337,683,345</b>	<b>170,638,323</b>
<b>SCHEDULE - 7 : CASH &amp; BANK BALANCES</b>		
Cash in Hand	3,556,624	897,417
(as certified by the management)		
Balances with Scheduled Banks:		
In Current Accounts	52,196,437	39,179
In Term Deposits	3,182,906	1,401,574
	<b>58,935,967</b>	<b>2,338,170</b>
<b>SCHEDULE - 8: OTHER CURRENT ASSETS</b>		
Sundry Deposits	3,404,819	1,959,411
TDS/Advance Tax/Service Tax Cenvat (Deferred)	4,682,051	2,281,671
Retention Receivable	4,802,240	1,413,986
	<b>12,889,110</b>	<b>5,655,067</b>
<b>SCHEDULE - 9 : LOAN AND ADVANCES</b>		
<b>Unsecured, Considered Good</b>		
Advance recoverable in cash or in kind or for value to be received		
Advance to Suppliers/Contractors	9,938	538,590
Advance against Capital Contract	18,045,623	180,000
Other Advances	1,544,156	2,205,434
Pre- Paid Expenses	71,176	24,836
	<b>19,670,893</b>	<b>2,948,860</b>

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

Particulars	As at 31.03.2011 Amount (Rs.)	As at 31.03.2010 Amount (Rs.)
<b>SCHEDULE - 10 : CURRENT LIABILITIES:</b>		
Sundry Creditors	267,871,739	179,217,800
Advance from Customers	36,767,505	-
Other Liabilities	10,553,351	931,623
	<u><b>315,192,595</b></u>	<u><b>180,149,423</b></u>
<b>SCHEDULE - 11 : PROVISIONS</b>		
Provision for Tax	7,975,751	1,482,398
Provision for FBT	-	66,583
Provision for Gratuity	233,431	-
	<u><b>8,209,182</b></u>	<u><b>1,548,981</b></u>
<b>SCHEDULE - 12 : MISCELLANEOUS EXPENDITURE</b>		
<i>(To the extent not written off or adjusted )</i>		
Preliminary Expenses as per Last Balance Sheet	974,294	320,009
Deferred Revenue Expenditure	-	700,000
	<u>974,294</u>	<u>1,020,009</u>
Less: Written off during the year	45,715	45,715
	<u>928,579</u>	<u>974,294</u>
Issue Expenses	10,331,545	-
	<u><b>11,260,124</b></u>	<u><b>974,294</b></u>

**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT**

<b>Particulars</b>	<b>Year Ended 31.03.2011</b>	<b>Year Ended 31.03.2010</b>
<b>SCHEDULE - 13 : SALES</b>		
Sales	893,539,677	298,427,588
Services	117,022,927	25,315,881
	<b>1,010,562,604</b>	<b>323,743,469</b>
<b>SCHEDULE - 14 : OTHER INCOME</b>		
Interest on F.D. with Union Bank of India{TDS Rs. 9267(Rs.10445)}	92,673	75,041
Excess Depreciation charged earlier year	-	2,661,079
Exchange Gain	10,045	
Other Income	60,994	821,046
	<b>163,712</b>	<b>3,557,166</b>
<b>SCHEDULE - 15 : MATERIAL COST</b>		
Purchases including incidental expenses	856,029,710	324,899,287
	<b>856,029,710</b>	<b>324,899,287</b>
<b>INCREASE / DECREASE IN STOCK</b>		
Opening Stock	72,218,147	16,368,929
Closing Stock	34,297,454	72,218,147
(Increase)/Decrease in stock	<b>37,920,693</b>	<b>(55,849,218)</b>
	<b>893,950,403</b>	<b>269,050,069</b>
<b>SCHEDULE - 16 : MANUFACTURING COST</b>		
Power & Fuel	1,380,062	564,951
Consumable Stores & Spares	5,606,819	5,167,532
Factory Expenses	556,353	509,124
Loading, Unloading & Transportation charges	13,084,960	3,921,364
Wages	6,625,586	5,833,467
Hire Charges	1,228,035	2,453,333
Octroi	230,940	618,782
Repairs & Maintenance	564,575	372,782
	<b>29,277,330</b>	<b>19,441,335</b>
<b>SCHEDULE - 17 : EMPLOYEE COST</b>		
Salary, Allowances and Termination Benefits	7,214,784	7,630,649
Contribution towards Provident Fund & Gratuity	362,946	213,185
Staff Recruitment Expenses	20,000	-
Staff Welfare Expenses	2,095,624	634,401
	<b>9,693,354</b>	<b>8,478,235</b>

**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT**

Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
<b>SCHEDULE - 18 : SELLING &amp; ADMINISTRATIVE EXPENSES</b>		
Advertisement Expenses	7,392	-
Business Promotion Expenses	491,311	294,486
General Expenses	939,746	961,526
Audit Fees	100,000	48,000
Commission & Brokerage	10,600,589	5,157
Conveyance, Travelling & Vehicle Exp	2,287,015	1,118,625
Electricity charges- Office	218,700	126,600
Rent, Rates & Taxes	2,729,307	1,582,146
Insurance	144,288	39,854
Printing & Stationery	455,888	306,272
Profession Tax	2,500	2,500
Legal & Professional Charges	1,070,441	395,620
Security Charges	1,480,810	990,199
Service Tax on Transport	237,161	-
Interest on Tax	26,508	-
Telephone Charges	677,688	533,780
	<u><b>21,469,344</b></u>	<u><b>6,404,765</b></u>
<b>SCHEDULE - 19 : FINANCIAL CHARGES</b>		
Bank Charges	1,275,444	128,985
Bills Discounting Charges	53,447	459,094
Interest on Cash Credit Account	7,618,350	3,986,692
Interest on Term Loan	5,819,489	4,884,956
Interest on car loan	73,755	32,676
LC Commission	102,200	388,548
Processing Charges	350,662	-
	<u><b>15,293,347</b></u>	<u><b>9,880,951</b></u>



## SCHEDULE - 20 : NOTES TO ACCOUNTS

### 1) **Significant Accounting Policies:**

#### (a) **Basis of Accounting**

The Financial Statements have been prepared and presented under the historical cost convention on accrual basis of accounting principles generally accepted in India (GAAP) and comply in material respect with the mandatory Accounting Standards ("AS") issued by the Institute of Chartered Accountants of India and notified under the Companies Accounting Statndard Rules, to the extent applicable and with the relevant provisions of the Companies Act, 1956 except accounting for tax demands and Bonus which are accounted for on cash basis.

#### (b) **Use of Estimates**

The preparation of Financial statements in conformity with GAAP requires management to make estimates and assumption that affect the reported amounts of Assets and Liabilities and disclosure of contingent liabilities on the date of the financial statements and reported amounts of the revenue and expenses for the year. Actual result could differ from these estimates is recognised prospectively in the current and future periods.

#### (c) **Fixed Assets**

Fixed Assets are capitalised at acquisition cost and any cost directly attributable to bringing the assets to their working condition for the intended use.

(d) Depreciation on Fixed Assets is provided on straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956.

#### (e) **Inventories**

Inventories comorising of saleable stock are valued at cost or net realisable value, which ever is lower.

Consumbale stock are valued at Cost

#### (f) **Revenue Recognition**

Revenue is recognised when the property in the goods is transferred in favor of the customer, which normally coincides with the date of physical delivery. In case of transit sales where goods are transferred by transfer of the documents of title, revenue is recognised on the transfer of the document of title.

Interest on Fixed Deposits is recognised on accrual basis.

Income from sale of Scrap is accounted on cash basis.

#### (g) **Foreign Currency Transactions**

Transactions in foreign currencies are accounted at the prevailing exchange rates. Year end balances of payables are translated at applicable year end rates and resultant translation differences are recognised in the Profit and Loss account.

#### (h) **Retirement Benefits**

Gratuity expenses are accounted for on accrual basis. Provident fund contribution are charged in the year / period the same are incurred.

#### (i) **Borrowing Costs**

Interest/Finance Cost on loans specifically borrowed for and expansion of projects, upto the point when the project is ready for start of commercial production is charged to the capital cost of the projects concerned. All other borrowing costs are charged to revenue.

#### (j) **Impairment of Assets**

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

**SCHEDULE - 20 : NOTES TO ACCOUNTS (Contd...)**

(k) **Prior period and Extraordinary items**

The nature and amount of prior period items and extraordinary items are separately disclosed in the statement of profit and loss in a manner that their impact on current profit and loss account can be perceived.

(m) **Income Tax Expenses**

Income Tax expense comprise of current tax and deferred tax charge or credit.

**Current Tax**

The current charge for Income taxes is calculated in accordance with the relevant tax regulations applicable to Company.

**Deferred Tax**

Deferred Tax charge or credit reflects the tax effects of timing difference between accounting income and taxable income for the period. The deferred tax charges or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and is written -up to reflect the amount that is reasonably or virtually certain, as the case may be, to be realised in future.

The break-up of the major components of the deferred tax assets and liabilities as at balance sheet date has been arrived at after setting off deferred tax assets and liabilities where the Company has a legally enforceable rights to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

(n) **Earnings per Share**

The basic Earnings Per Share (EPS) is computed by dividing the annualised net profit after tax for the period by the weighted average number of equity shares outstanding as at the end of the period. For the purpose of calculating diluted earnings per share, net profit after tax for the period and the weighted average number of outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares).

(o) **Provisions, Contingent Liability and Assets**

Provisions are recognized in terms of Accounting Standard-29 "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, where there is a present legal or statutory obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent Liabilities are recognized only when there is a possible obligation from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent Assets are neither recognised nor disclosed.

2)	<b><u>Contingent Liabilities not provided for;</u></b>	(Rs. In lacs)
	Counter guarantees in respect of Bank Guarantees given to the parties	147.58
	Corporate Guarantees issued to parties	60.00
	Income tax and sales tax liabilities in respect of pending assessments, remain unprovided.	Not Ascertainable
3)	Fixed Assets, Stocks and Cash balance have been physically verified by the management.	

**SHCHEDULE 20 : NOTES TO ACCOUNTS (CONTD...)**

- 4) Current Assets, Loans and Advances have a values at least equal to the amount at which they are stated in the Balance sheet on their realisation in the ordinary course of business. Provisions for all known liabilities are adequate and not in excess of the amount reasonably necessary.
- 5) Balances of Current Assets and Current Liabilities are subject to confirmation and consequential adjustment, if any.
- 6) As of March 2011, the Company has not received any information as to the status as a Micro, Small & Medium Enterprises from any of the suppliers , with a copy of the Memorandum filed as per the Provision of section 8 of the Micro, Small & Medium Enterprises Development Act 2006.
- 7) The company had incurred a sum of Rs. 11,57,153 towards preliminary expenses and other legal expenses including stamp duty and fee for increase in the authorised capital, which are amortised over a period of ten years from the date the same are being incurred. The unamortised balance of Rs. 928,579 is being carried forward as on 31st March 2011. The company has incurred a sum of Rs 1,03,31,545 towards Public Issue Expenses.
- 8) In view of the nature of the business of the company being as per the specification of the customers, the quantitative details are given to the extent available and are not of comparable items.

9) **LICENSED AND INSTALLED CAPACITIES AND PRODUCTION:**

Class of products	Licensed Capacity	Installed Capacity
Cutting and beinding of steel products	90000 (w.e.f. 28-03-11)	27000

10) **CONSUMPTION OF RAW MATERIALS**

	Value (in Rs.)
Imports	2,595,685
	(0)
Indigenious	891,354,718
	(269,050,069)
	<u>893,950,403</u>

11)

- a) The Company has no non resident shareholders.
- b) Expenditure in Foreign Currency:

	Raw Materials C.I.F Value (in Rs.)	Machinery, Consumables and others C.I.F Value (in Rs.)
(i) Value of Imports -		
Opening Stock	0	0
	(0)	(0)
Imports during the period	2,595,685	4,358,207
	(0)	0
Less : Consumed during the period	2,595,685	0
	(0)	0
Closing Stock	0	0
	(0)	(0)

**SHCHEDULE 20 : NOTES TO ACCOUNTS (CONTD...)**

(ii) Expenses on consultancy 2,80,000  
(1,12,000)

c) There were no earnings in foreign currency during the period.

12) <b>PAYMENTS TO AUDITORS*</b>	<b>2010 - 2011</b>	<b>2009 - 2010</b>
a) For Statutory Audit	75,000	30,000
b) For Tax Audit	25,000	10,000
b) As Adviser or in any other capacity	0	8,000
	100,000	48,000

\*net of service tax

**13) SEGMENT REPORTING**

The company operates in only one segment. Hence, there are no other reportable segment as per AS - 17 issued by the Institute of Chartered Accountants of India.

**14) RELATED PARTY TRASACTIONS**

Sr. No.	Name of the Party	Relationship	Nature of Transaction	Volume of Transaction during the year	Amount outstanding as on 31-03-11
1	Anil Agrawal	KMP	Shares Alloted	Nil (1,00,00,000)	NA (NA)
2	Kridhan Infrastructures (P) Ltd	KMP intrested concern	Shares Alloted	Nil (2,27,62,000)	NA (NA)
3	Krishna Devi Agrawal	KMP	Nil	Nil	Nil
4	Krishna Trading Corporation	KMP intrested concern	Purcahses	28,965,159 (113,089,485)	Nil (Nil )
5	Krishna Trading Corporation	KMP intrested concern	Loan taken / repaid	(Nil) 923,071	Nil (Nil)
6	Kridhan Infrsolutions (P) Ltd	KMP intrested concern	Sales	(Nil) 6,455,003	Ni (Nil)
7	Kridhan Infrsolutions (P) Ltd	KMP intrested concern	Purchases	(Nil) 563,220	Nil (Nil)
8	Kridhan Infrsolutions (P) Ltd	KMP intrested concern	Loan taken / repaid	(Nil) 400,000	Nil (Nil)
9	Trikal Theaters & Realty India (P) Ltd.	KMP intrested concern	Shares allotted including Share Premium	13,687,500 (Nil)	Nil (Nil)
10	Easy Accountants (P) Ltd	KMP intrested concern	Recd from party	83,511 (Nil)	Nil (83511)

Figures in the bracket indicate that for the year ended as at March 31, 2010

**SHCHEDULE 20 : NOTES TO ACCOUNTS (CONTD...)**

**15) EARNINGS PER SHARE (EPS)**

The Computation of EPS is set out below :

Particulars	2010 - 2011		2009 - 2010	
	Basic & Diluted			
Earnings				
Net Profit for the year		22,897,180		7,861,783
Shares				
Number of Shares at the beginning of the year		7,551,200		427,500
Equity Shares allotted during the year		375,800		327,620
Total number of Equity Shares outstanding during the year		7,927,0000		755,120
Weighted average number of equity shares outstanding during the year - Basic		7,668,380		428,400
Weighted average number of equity shares outstanding during the year - Diluted		7,668,380		428,400
Face Value		10		100
Earnings per share - Basic (Rs.)		2.99		18.35
Earnings per share -Diluted (Rs.)		2.99		18.35
Weighted avergae number of share		7,668,698		

Note:

- EPS figures for the two periods are not comparable as the face value of the share have been changed during the period. The shares have been converted from face value of Rs 100 to Rs 10. Consequently, the number of shares have changed in the current period vis-a-vis the last year.
- Diluted EPS has been calculated by increasing the weighted avergae shares corresponding to the shares under ESOP

**16) DEFERRED TAX**

Components of Deferred Tax	2010 - 2011		2009 - 2010	
	Assets	Liabilities	Assets	Liabilities
Timing difference on account of difference in the depreciation in the balance sheet & Gratuity	0	9,482,522	0	2,812,422
Deferred tax liability debited to P&L	6,670,100	2,136,408		
<b>Net Deferred tax (Asset) / Liability</b>	0	9,482,522	0	2,812,422

- 17) The company was accounting for gratuity on cash basis. During the period the company has carried out an actuarial valuation and based upon the same provision for gratuity has been accounted for. The cumulative provision as on March 31, 2010 amounting to Rs. 1.20 lacs has been adjusted against the opening balance of reserves as per AS - 15 and the provision for the year ended March 31, 2011 amounting to Rs.1.13 lacs has been charged to expenses in the year.

Other Disclosures as required under AS - 15 are as under  
Defined Benefit Plan - Gratuity

**SHCHEDULE 20 : NOTES TO ACCOUNTS (CONTD...)**

Particulars	2010 - 2011	2009 - 2010
Defined Contribution Plan - Provident fund		
Assumptions for Gratuity		
Discount rate (p.a.)	8%	8%
Rate of increase in compensation level	5%	5%
Rate of return on planned assets	NA	NA
Mortality rates	As per the 1994-96 LIC mortality rates	
Expected average remaining working life of employees (in years)	27	27
(i) Change in present value of obligation :		
Opening Balance of present value of obligation	1.20	-
Interest Cost	-	-
Current Service cost	1.13	
Accumulated service cost	-	1.20
Actuarial Gain / (loss)	-	-
Closing Balance of present value of obligation	2.33	1.20
(ii) Changes in Fair value of Plan Assets	Not Applicable in view of the liability not being funded till the date of the Balance sheet.	
(iii) Percentage of each category of Plan assets to total fair value of Plan assets as at March 31, 2011	Nil	Nil
(iv) Amounts recognized in the Balance Sheet:		
Closing Balance of Present Value of Obligation	2.33	1.20
Closing Balance of Fair Value of Plan Assets	-	-
Funded (Asset) / Liability recognized in the Balance Sheet	-	-
Unfunded Liability recognized in the Balance Sheet	2.33	1.20
18) During the period under audit the company has vested a scheme of Employee Stock Option under which 116000 shares are / will be offered to the employees over a period of five years at defined prices. The option is exercisable by the employee starting from the year 2011-12.		
19) Figures have been rounded off to a nearest rupee. Previous year's figures have been regrouped, reclassified and rearranged wherever necessary. Figures in the brackets are for the year ended March 31, 2010.		

As per our report of even date

**For MKPS & Associates**  
Chartered Accountants  
Firm's Regn. No. 302014E

For and on behalf of the Board

**(Anil Agrawal)**  
Managing Director

**(Krishna Devi Agrawal)**  
Director

**CA Narendra Khandal**  
Partner  
M No 065025  
Place: **Mumbai**  
Date: 3<sup>rd</sup> September 2011

**(Umakanta Das)**  
CFO - Finance & Company Secretary

**Balance Sheet Abstract and Company's General Business Profile** (As per Schedule VI of the Companies Act, 1956)

**a) Registration Details**

Registration Number **U27100MH2006PLC160602**  
State Code : 11 Balance Sheet Date 31/03/2011

**b) Capital Raised during the year (Amounts in Rs Thousand)**

Public Issue	<b>NIL</b>	Right Issue	<b>NIL</b>
Bonus Issue	<b>NIL</b>	Private Placement	<b>3785</b>

**c) Position of Mobilisation and Deployment of Funds (Amounts in Rs. thousand)**

Total Liabilities	<b>307653</b>	Total Assets	<b>307653</b>
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**Sources of Funds: Application of Funds:**

Paid-up Capital	<b>79297</b>	Reserves and Surplus	<b>55467</b>
Secured Loans	<b>16341</b>	Unsecured Loans	<b>NIL</b>
Deferred Tax Liability	<b>9482</b>		

**Application of Funds:**

Net Fixed Assets:	<b>156318</b>	Net Current Assets	<b>140075</b>
Investments	<b>NIL</b>	Misc. Expenditure	<b>11260</b>
Accumulated Losses			

**d) Performance of Company (Amounts in Rs. Thousands)**

Turnover (Including Other Income)	<b>1010726</b>
Total Expenditure	<b>973183</b>
Profit Before Tax	<b>37543</b>
Profit After Tax	<b>22897</b>
Earning Per Share	<b>2.99</b>

**e) Generic Names of the Principal Products/Services of Company**

**(As per monetary terms)**

- 1) Item code No.(ITC Code) Business Auxiliary Services  
Product Description :

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For and on behalf of the Board

**(Anil Agrawal)**  
Managing Director

**(Krishna Devi Agrawal)**  
Director

**(Umakanta Das)**  
CFO - Finance & Company Secretary

Place: Mumbai  
Date: 3<sup>rd</sup> September 2011





**READYMADE STEEL INDIA LIMITED**

**Regd. Office:** 203, Joshi Chambers, Ahmedabad Street, Carnac Bunder, Mumbai- 400 009.

**ATTENDANCE SLIP**

(To be presented at the entrance)

Regd. Folio No. /Client ID No. \_\_\_\_\_

No. of shares held \_\_\_\_\_

DP ID No. \_\_\_\_\_

I certify that I am a Member/Proxy for the member of the Company.

I hereby record my presence at the FIFTH ANNUAL GENERAL MEETING of the Company to be held at Country Club, A/723, Opp Kia Park, Veera Desai Road, Prathmesh Complex Andheri (West), Mumbai – 400 053 on Friday, the 30th day of September, 2011 at 4. 00 P.M.

\_\_\_\_\_  
Member's/ Proxy's name in BLOCK Letters

\_\_\_\_\_  
Signature of Member/Proxy

**NOTE:** Please fill up this attendance slip and hand it over at the entrance of the venue for the meeting.

Members are requested to bring their copy of the Annual Report to the meeting.

----- TEAR HERE -----

**READYMADE STEEL INDIA LIMITED**

**Regd. Office:** 203, Joshi Chambers, Ahmedabad Street, Carnac Bunder, Mumbai- 400 009.

**PROXY FORM**

Reg. Folio No. /Client ID No. \_\_\_\_\_

DP ID No. \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member/members of the above named Company hereby appoint \_\_\_\_\_

of \_\_\_\_\_ or failing

him \_\_\_\_\_ of \_\_\_\_\_ as

my/our proxy to vote for me/us on my/our behalf at the FIFTH ANNUAL GENERAL MEETING of the Company to be held on Friday, the 30th day of September , 2011 at 4.00 P.M. and at any adjournment(s) thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

Affix  
Rupee 1/-  
Revenue  
Stamp

Signature \_\_\_\_\_

**NOTE:** This proxy form, in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 HOURS BEFORE the meeting.