



## **26th Annual Report 2004-2005**

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**Ramsarup Industries Limited**



**Ramsarup Industries Limited**

## **ANNUAL REPORT 2004-2005**

### **BOARD OF DIRECTORS**

#### **DIRECTORS**

Ashish Jhunjhunwala - Chairman & Managing Director  
 Naveen Gupta - Whole time Director  
 Suresh Lohia  
 Aayush Lohia  
 Arvind Poddar  
 Souren Mukhopadhyay -Nominee of IDBI Ltd.

#### **AUDITORS**

M/s. P. K. Lilha & Co.  
 Chartered Accountants  
 5, Fancy Lane  
 Kolkata - 700 001

#### **BANKERS & FINANCIAL INSTITUTIONS**

- a) Punjab National Bank
- b) Indian Overseas Bank
- c) Vijaya Bank
- d) The Karur Vysya Bank Ltd.
- e) Allahabad Bank
- f) UCO Bank
- g) ING Vysya Bank Limited
- h) United Bank of India
- i) ICICI Bank Ltd.
- j) Industrial Development Bank of India Ltd.
- k) West Bengal Industrial Development Corporation Ltd.

#### **REGISTERED OFFICE**

Hastings Chambers, 1st Floor  
 7C, Kiran Shankar Roy Road  
 Kolkata - 700 001

#### **MANUFACTURING UNIT**

##### **1) Ramsarup Industrial Corporation**

Plot No. 6 & 7  
 "D" Block, Kalyani, Nadia  
 West Bengal

##### **2) Ramsarup Bars & Rods**

68, East Ghosh Para Road  
 Athpur, Shyamnagar  
 24 Parganas (North) West Bengal

##### **3) Ramsarup Vidyut**

Village Khori, Taluka Sakri  
 Dist. : Dhule, Maharashtra



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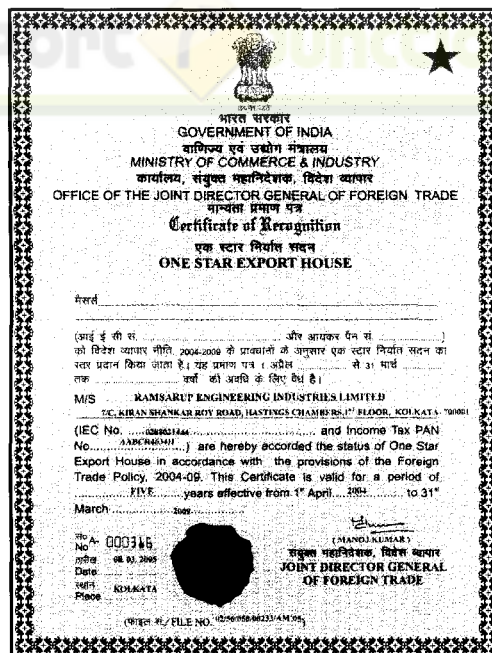
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**Ramsarup Industries Limited**



Ramsarup Industries Limited is an ISO 9001 : 2000 Company

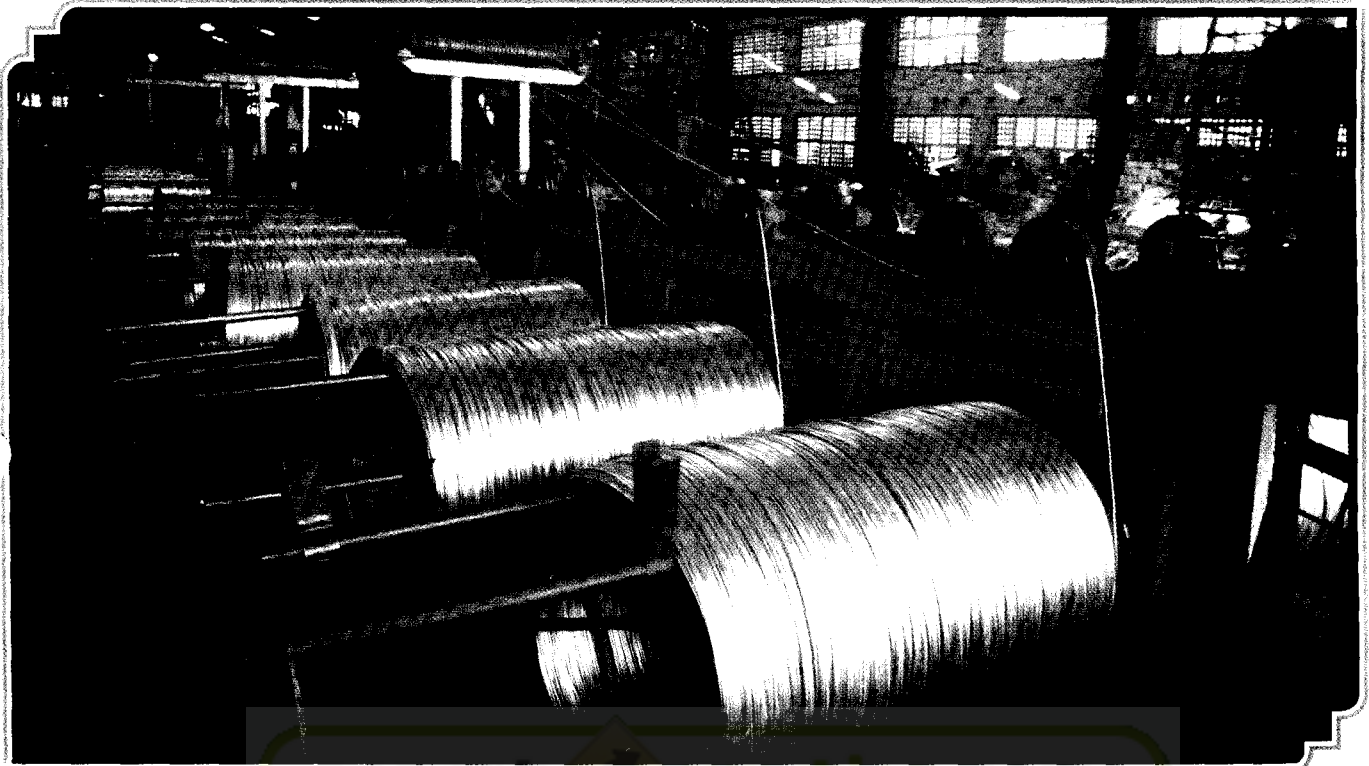


Ramsarup has been accorded One Star Export House by the JDGFT, Ministry of Commerce and Industry of the Government of India. This status was conferred in March 2005 based upon the export performance of Ramsarup for Steel Wires.



## **COMPANY'S MISSION**

- ❖ To serve customers providing them best quality products and service at competitive prices.
- ❖ To strive to be leader in our area of operation.
- ❖ To uphold the interest of shareholders.
- ❖ To work in direction of socio – economic development of the country.



## **QUALITY POLICY**

**To manufacture Galvanised and Ungalvanised Steel Wire Products and TMT Bars & Rods meeting National and International Standards ensuring customers' satisfaction and delight through continuous improvement by providing training to all the employees.**

# *Directors Report & Report on Corporate Governance*





## Ramsarup Industries Limited

### DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the 26th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2005.

#### PERFORMANCE OF THE COMPANY

The Company is having three manufacturing Units namely Ramsarup Industrial Corporation ( RIC) situated at Kalyani, West Bengal , Ramsarup Bars & Rods (RBR) situated at Shyamnagar, West Bengal, and Ramsarup Vidyut (RV) for Wind Turbine Generator project situated at Dhule , Maharashtra. As the Company is in process of further expansion and engaged in various activity , the name of the Company has been changed from Ramsarup Engineering Industries Limited to RAMSARUP INDUSTRIES LIMITED with effect from 30th March 2005 vide R O C Letter No. NCR/CN/32113/2005.

The Highlights of the Performance of the Company as a whole during the Financial Year Ended 31st March 2005 are appended below :-

( Rs. in lacs)

Particulars	2004-05	2003-04
Gross Sales & Services	<b>87754</b>	<b>58756</b>
Profit before Interest Depreciation & Tax	4029	1998
Less : Interest	1320	1021
<b>Cash Profit</b>	<b>2709</b>	<b>977</b>
Less : Depreciation ( Net of transfer from Reserve)	599	399
Profit Before Tax	2110	578
Provision for - Current Tax	350	65
<b>Profit before provision for deferred tax</b>	<b>1760</b>	<b>513</b>
Provision for - Deferred Tax	392	140
<b>Profit after Tax</b>	<b>1368</b>	<b>373</b>
Add :- Balance brought forward from Previous Year	1	5
Profit available for appropriation	<b>1369</b>	<b>378</b>





## Ramsarup Industries Limited

Which we recommend to be appropriated as follows :		
Transfer to General Reserve	1311	351
Proposed Dividend	47	21
Tax on Dividend	6	4
Surplus Carried to next Year	5	2
	1369	378
<b>Net Worth (excluding Revaluation Reserve)</b>	<b>10407</b>	<b>4432</b>

### OPERATING RESULTS

The financial performance of the Company during the year under review was noteworthy. Following improved production and better price realisation, your Company has achieved total Sales & Services of various Iron & Steel Materials to the tune of Rs. 87754 Lacs , which was 49% higher than the previous year. With cost control and other measures, profit before Interest, Depreciation and tax was higher by 102% from Rs. 1998 lacs to Rs. 4029 Lacs . As industry is Capital intensive , interest on borrowing and depreciation has been higher. Consequent to the adoption of AS-22, your Company has made a provision for deferred tax of Rs. 392 lacs in addition to the provision for current tax including adjustment for earlier years . As a result , the net profit after tax for the current year ( after deferred tax of Rs. 392 lacs) was Rs. 1368 lacs as compared to Rs. 373 lacs in the previous year registering growth of 267%. During the current year the net profit after tax without the impact of deferred tax was higher by 243% at Rs. 1760 lacs against previous years of Rs. 513 lacs, since the Deferred Tax Liability has arisen on account of timing difference between the depreciation admissible under Income Tax laws and accounting depreciation. ***Though provision is being made in accordance with AS-22 , considering the normal capital expenditure which the company is expected to make in the future years, the timing difference is not expected to be reversed and no cash outgo is expected to materialise towards such liability in foreseeable future .***

### OPERATIONS

The Company during the year under review has installed TMT project under Thermax technology of Germany at its Shyamnagar unit to produce higher dia TMT bars which has been accepted well in the market and command premium since higher dia TMT bars under the thermax technology are not being produced presently by other manufacturers.

The products of the Company i.e Black & Galvanised steel wires, Wire rod & TMT Bars are being well accepted in the market and also command premium over the other products. The management continued its efforts during the course of the year to promote products under its own brand name '**RAMSARUP**' through promotional activity in the long term interest of the Company and easy identification for its customers. During the year there was tremendous thrust given for improving productivity and energy conservation to maintain the Company's competitive advantage. In view of the constant endeavour of the Company on reducing cost of production and improving quality of its products, the management is quite optimistic about the future of the Company. Business outlook of 2005-06 continues to be good.

Considering the potential and future growth, the Company has installed 3 Nos Wind Turbine Generators at Dist. Dhule in Maharashtra to produce wind power , which has commenced production w.e.f 25.03.2005.

The Company enjoys ISO Certification for its both manufacturing unit at Kalyani and Shyamnagar and thus follow stringent quality norms to provide quality product to its customers.

During the year there has been a remarkable achievement in the Export front. Total export turnover of Rs. 1920 Lacs during the year against Rs. 414 lacs of previous year showed a growth of 364% over previous year. Accordingly the company has been awarded One Star Export House Certificate of Recognition by Ministry of Commerce & Industry, Government of India.



## Ramsarup Industries Limited

### FUTURE EXPANSION PLANS

Steel Wires being one of the Company's Finished Product are primarily used in the Power sector and power is one of the prime movers of economic development. The Govt of India has realised that if the economy has to grow at the rate of 6-7% the manufacturing sector needs to expand substantially. This is only possible with availability of electricity which at present is in short supply. The Government is envisaging additions of one lakh Megawatt to the power generation capacity and this would entail a matching increase in the transmission and distribution capacities. The Company enjoys vast customer base having various requirement of steel products. The Company caters the requirement of various sectors of economy such as Power, Railways, Construction, Defence, Automobile etc and is in process of augmenting its existing capacity as well as adding new products to offer single window shopping facility its customers. In view of the same the Company has undertaken expansion project for setting up 1,35,000 MTs per annum capacity of Steel Structural such as Angles, Channels, Beams etc at its Shyamnagar unit. The expansion would also enable the company to utilise its idle infrastructure to the maximum potential, which will lead to reduction of overheads and will bring in the economies of scale. The Company expects commercial production within financial year 2005-06. Your Company is also actively evaluating and pursuing takeovers, expansions for augmenting its Wire drawing, TMT production capacity.

### DIVIDEND

Considering the ongoing modernisation and expansion plans your Board of Directors have recommended payment of Dividend @ 5% on the Paid up Preference Share Capital of Rs. 1,30,00,000/- consisting of 13,00,000 Preference Shares of Rs. 10/- each, 4 % on Paid up Preference Shares of 3,16,00,000 consisting of 31,60,000 Preference Shares of Rs. 10/- each and @ 5.00 % on the Paid Up Equity Share Capital of the Company of Rs. 5,64,69,000/- consisting of 56,46,900 Equity Shares of Rs. 10/- each for consideration of the shareholders the members in the ensuing Annual General Meeting.

### INTERNAL CONTROL SYSTEMS

We have always believed that transparency, system and controls are important systems and controls are important factors in the success and growth of any organisation. Towards this end, a system and internal Audit Department has been set up. This department assumes great significance given the size, scope and rapid rate of growth of the company. The team is headed by a Chartered Accountant along with a number of senior officers.

### HUMAN RESOURCES

The biggest strength of the company has always been its people. Only with their participation we have managed to achieve a healthy work culture, transparency in working, fair business practices and passion for efficiency. Thus development of human resources at all levels is taken on priority to upgrade knowledge and skill of employees and sensitise them towards productivity, quality, cost reduction, safety and environment protection.

### INDUSTRIAL RELATIONS

Cordial Industrial relations were maintained throughout the year. The Board wishes to place on record its appreciation for the devoted services of all the employees of the company in improving capacity utilisation and operational efficiencies.

### PARTICULARS FOR EMPLOYEES

During the year under review, no employees of your company was in receipt of remuneration in excess of the limits prescribed under the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975.