T. R. CHADHA & CO.

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To, The Members of VARRSANA ISPAT LIMITED

1. We have audited the attached Balance Sheet of **Varrsana Ispat Limited** as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Department of Company Affairs, Government of India in terms of sub-section (4A) of the Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the said Order to the extent applicable to the company.

4. Further to our comments in the Annexure referred to in para 3 above, we report that:

   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

   ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.

   iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account

   iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.

T. R. CHADHA & CO. AHMEDABAD CHARTERED ACCOUNTANTS

v. On the basis of written representations received from the Directors of the Company and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

5. In our opinion and to the best of our information and according to the explanations given to us, *the said accounts, read together with the Significant Accounting Policies and notes thereon as per Schedules 18 and 19*, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   i) In the case of Balance Sheet, of the state of affairs of the Company, as at 31st March, 2010;

   ii) In the case of the Profit and Loss Account of the Profit for the period ended on that date; and

   iii) In the case of Cash Flow Statement, of the cash flows for the period ended on that date.

For T.R.Chadha & Co.
Chartered Accountants
Firm Regn. No. 006711N

T. R. CHADHA & CO. AHMEDABAD CHARTERED ACCOUNTANTS

Place: Mumbai
Date : 25/6/10

Kashyap I. Vaidya
Partner
Membership No. 37623

T. R. CHADHA & CO.
CHARTERED ACCOUNTANTS

Varrsana Ispat Limited
Annexure to the Auditors' Report for the period ended March 2010
(Referred to in Paragraph 3 of our Report of even date)

I. Fixed Assets

a) The Company has generally maintained proper records showing full particulars including quantitative details and situtation of its fixed assets.

b) The fixed assets have been physically verified by the management during the period under audit, which in our opinion is reasonable. No material discrepancies were noted on such verification.

c) During the period under audit, the company has not sold / disosed off any substantial part of its fixed assets.

II. Inventories

a) The inventory has been physically verified by the management during the period. In our opinion, the frequency of verification is reasonable.

b) In our opinion and according to information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and records were not material in relation to the operation of the company and the same have been properly dealt with in the books of account.

III. Loans given / taken

The Company has granted *interest free* unsecured loans to one company covered in the register maintained under Section 301 of the Companies Act, 1956. Other terms and conditions on which such loans have been granted are not prima facie prejudicial to the interest of the company. The maximum amount involved during the period was Rs. 86.78 Crores and the period-end balance was Rs. Nil in respect of such loans given.

T. R. CHADHA & CO. AHMEDABAD CHARTERED ACCOUNTANTS

Mumbai Branch : 106, Nirman Kendra, Dr. E. Moses Road, Mahalaxmi, Mumbai – 400 011
Tel.:022-26100091, Fax No.022-26100092, Email: mumbai@trchadha.com

Head Office : B-30 Connaught Place, Kuthiala Building, New Delhi – 110 001
Tele: 4325 9900, 4325 9911, 4325 9912, Fax: 4325 9930, Email: delhi@trchadha.com

Branches at : ❖ AHMEDABAD ❖ HYDERABAD ❖ PUNE ❖ CHENNAI ❖ BENGALURU

The Company has taken interest free unsecured loans from three companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the period was Rs. 104.25 Crores and the period-end balance was Rs. 80.25 Crores in respect of such loans taken. The terms and conditions on which such loans have been taken are not prima facie prejudicial to the interest of the company.

There was no stipulation regarding repayment of such loans taken or given by the company from the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. There is no overdue amount of loans taken from the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

IV. Internal Control

According to the information and explanations given to us and in our opinion, there are adequate internal control systems commensurate with the size of the company and the nature of its business, with regard to purchase of inventory, fixed assets and with regard to sales of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

V. Contracts and arrangement under Section 301

According to the information and explanations given to us, the company has not entered into any transactions exceeding the value of five lakh rupees for purchase, sale of supply of goods, materials or services that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956 during the period under audit.

VI. Public Deposit

During the period, the Company has not accepted any deposits from the public under Section 58A of the Companies Act, 1956 and consequently, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the rules framed thereunder are not applicable.

VII. Internal Audit System

In our opinion, the Company has an internal audit system commensurate with size and nature of its business.

T. R. CHADHA & CO. AHMEDABAD CHARTERED ACCOUNTANTS

VIII. Cost Records

We have broadly reviewed the records maintained by the Company pursuant to the order made by the Central Government for maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not however, made a detailed examination of the records with a view to determining whether they are accurate or complete.

IX. Statutory Dues

According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has generally been regular in depositing its undisputed statutory dues including, Provident Fund, Sales Tax, Customs Duty, Excise Duty, Cess, etc. *except TDS and Service Tax, which are deposited with some delay during the period.* As at 31st March 2010, there are no undisputed dues payable, outstanding for a period of more than six months from the date they became payable.

According to the information and explanations given to us, there are no amounts in respect of sales tax, income tax, customs duty, cess and service tax that have not been deposited with the appropriate authorities on account of any dispute.

X) The Company has no accumulated losses. It has not incurred cash losses during the period covered by our audit and the immediately preceding period.

XI) In our opinion and according to information and explanations given to us, the Company has not defaulted in repayment of dues to banks.

XII) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

XIII) As explained, 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.

XIV) As explained, the Company is not dealing or trading in shares, debentures, securities amd other investments.

XV) As per information given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.

T. R. CHADHA & CO. AHMEDABAD CHARTERED ACCOUNTANTS

Mumbai Branch : 106, Nirman Kendra, Dr. E. Moses Road, Mahalaxmi, Mumbai – 400 011
Tel.:022-26100091, Fax No.022-26100092, Email: mumbai@trchadha.com

Head Office : B-30 Connaught Place, Kuthiala Building, New Delhi – 110 001
Tele: 4325 9900, 4325 9911, 4325 9912, Fax: 4325 9930, Email: delhi@trchadha.com

Branches at : ❖ AHMEDABAD ❖ HYDERABAD ❖ PUNE ❖ CHENNAI ❖ BENGALURU

XVI) In our opinion, the term loans have been applied for the purpose for which they were raised.

XVII) According to the information and explanation given to us and on 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.

XVIII) During the period, the company has made prefential allotment of 9,55,555 shares to a company covered in the register maintained under section 301 of the Act. According to the information and explanations given to us, the price at which shares have been issued are not prima facie prejudicial to the interest of the Company.

XIX) The company has not issued any Debentures during the period under audit.

XX) According to the information and explanations given to us, the Company has not raised any money from the public during the period through public issue.

XXI) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period under audit.

For T.R.Chadha & Co.
Chartered Accountants
Firm Regn. No. 006711N

T. R. CHADHA & CO. AHMEDABAD CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 30/6/2010

Kashyap I. Vaidya
Partner
Membership No. 037623

VARRSANA ISPAT LIMITED
(Formarly Eureka Rapid Communication Limited)

BALANCE SHEET AS AT 31ST MARCH, 2010 (Amount in Rs.)

	SCHEDULE	AS AT 31.03.2010	AS AT 30.06.2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
CAPITAL	1	189,091,240	179,535,690
RESERVES & SURPLUS	2	2,317,365,484	1,834,334,672
LOAN FUNDS			
SECURED LOANS	3	3,227,895,631	2,896,559,091
UNSECURED LOANS	4	1,062,100,000	800,000,000
DEFERRED TAX LIABILITY		-	34,448,761
TOTAL		6,796,452,355	5,744,878,214
APPLICATION OF FUNDS			
FIXED ASSETS			
GROSS BLOCK	5	4,836,808,896	4,669,884,181
Less: DEPRECIATION		467,859,037	308,782,264
NET BLOCK		4,368,949,859	4,361,101,917
CAPITAL WORK IN PROGRESS		405,232,215	62,473,529
		4,774,182,074	4,423,575,445
INVESTMENT	6	35,375,000	35,375,000
CURRENT ASSETS, LOANS & ADVANCES	7		
INVENTORIES	7A	1,033,863,577	926,861,624
SUNDRY DEBTORS	7B	1,298,649,304	870,761,728
CASH & BANK BALANCES	7C	280,270,470	200,170,962
LOANS & ADVANCES	7D	793,837,171	691,388,853
		3,406,620,523	2,689,183,166
LESS : CURRENT LIABILITIES & PROVISIONS	8		
LIABILITIES		1,323,348,720	1,384,111,453
PROVISIONS		96,376,522	19,143,945
		1,419,725,242	1,403,255,398
NET CURRENT ASSETS		1,986,895,281	1,285,927,768
TOTAL		6,796,452,355	5,744,878,214

SIGNIFICANT ACCOUNTING POLICIES 18
NOTES TO ACCOUNTS 19
As per our report of even dated attached

For T R Chadha & Co.
Chartered Accountants

T. R. CHADHA & CO. AHMEDABAD CHARTERED ACCOUNTANTS

(KASHYAP I VAIDYA)
Partner

Place : Mumbai
Date : 30/6/2010

For and on behalf of Board of Directors

Manoj Mishra
Director

Mahesh Sureka
Director

Jaswant Singh
Company Secretary

VARRSANA ISPAT LIMITED
(Formarly Eureka Rapid Communication Limited)

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2010

(Amount in Rs.)

	SCHEDULE	**PERIOD ENDED 31.03.2010 (9 Months)**	**PERIOD ENDED 30.06.2009 (15 Months)**
INCOME			
SALES	9	5,267,910,268	5,344,383,337
LESS: EXCISE DUTY		209,276,636	438,371,862
NET SALES		5,058,633,632	4,906,011,475
OTHER INCOME	10	963,987	280,107,397
INCREASE/ (DECREASE) IN FINISHED PRODUCTS	11	(83,608,053)	35,245,322
		4,975,989,566	**5,221,364,194**
EXPENDITURE			
RAW MATERIAL CONSUMED / COST OF GOODS TRADED	12	4,032,715,676	3,756,652,182
STORES & SPARES CONSUMED	13	76,280,271	50,524,787
MANUFACTURING EXPENSES	14	151,030,901	614,457,705
EMPLOYEES' EMOLUMENTS	15	76,675,122	93,414,045
SELLING & ADMINSTRATIVE EXPENSES	16	77,728,436	87,119,107
FINANCE CHARGES	17	297,416,244	364,218,393
DEPRECIATION		159,076,773	154,436,394
TOTAL		**4,870,923,422**	**5,120,822,614**
PROFIT/ (LOSS) BEFORE TAX		105,066,144	100,541,580
Less :PROVISION FOR TAXATION		-	-
- FOR CURRENT TAX		76,928,543	11,280,765
- FOR DEFERRED TAX		(34,448,761)	21,056,482
- FOR FRINGE BENEFIT TAX		-	741,228
			-
PROFIT/(LOSS) AFTER TAX		**62,586,362**	**67,463,105**
BALANCE B/F FROM PREVOUS YEAR		101,840,112	34,377,007
BALANCE CARRIED TO BALANCE SHEET		**164,426,474**	**101,840,112**
Basic & Diluted Earning Per Share (in Rs.)		3.49	3.90

SIGNIFICANT ACCOUNTING POLICIES 18
NOTES TO ACCOUNTS 19

As per our report of even dated attached

For T R Chadha & Co.
Chartered Accountants

T. R. CHADHA & CO. AHMEDABAD CHARTERED ACCOUNTANTS

(KASHYAP I VAIDYA)
Partner

Place : Mumbai
Date : 30/6/2010

For and on behalf of Board of Directors

Manoj Mishra
Director

Mahesh Sureka
Director

Jaswant Singh
Company Secretary

VARRSANA ISPAT LIMITED
(Formarly Eureka Rapid Communication Limited)
CASH FLOW STATEMENT FOR THE YEAR ENDED AS ON 31ST MARCH 2010

(Amount in Rs.)

PARTICULARS	PERIOD ENDED 31.03.2010 (9 Months)	PERIOD ENDED 30.06.2009 (15 Months)
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT /(LOSS) BEFORE TAX	**105,066,144**	**100,541,580**
ADJUSTMENT FOR:		
DEPRECIATION	159,076,773	154,273,985
PROVISION FOR GRATUITY & LEAVE ENCASHMENT	304,034	677,479
INCOME FROM SALE OF FIXED ASSETS	-	(103,131)
SUNDRY BALANCES WRITTEN BACK	(963,987)	-
FINANCE CHARGES (NET)	297,416,244	364,218,393
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	**560,899,208**	**619,608,306**
ADJUSTMENT FOR:		
DECREASE/(INCREASE) IN TRADE AND OTHERS RECEIVABLES	(427,887,576)	(647,204,595)
DECREASE/(INCREASE) IN INVENTORIES	(107,001,954)	(12,019,785)
DECREASE/(INCREASE) IN LOAN & ADVANCES	(31,111,691)	(393,705,694)
INCREASE/(DECREASE) IN CURRENT LIABILITIES	(59,798,746)	461,286,286
CHANGES IN WORKING CAPITAL	**(625,799,967)**	**(591,643,788)**
NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE TAX	**(64,900,759)**	**27,964,518**
TAXES PAID	(71,336,628)	**(4,513,378)**
NET CASH FLOW FROM OPERATING ACTIVITIES	**(136,237,387)**	**23,451,140**
B. CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS INCLUDING CAPITALISATION OF EXPENDITURE & CAPITAL WORK IN PROGRESS	**(509,683,401)**	(1,247,513,439)
PROCEEDS ON SALE OF FIXED ASSETS	-	503,910
NET CASH FLOW FROM INVESTING ACTIVITIES	**(509,683,401)**	**(1,247,009,529)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
FINANCE CHARGES (NET)	(297,416,244)	(364,218,393)
PROCEEDS FROM ISSUE OF SHARE CAPITAL	430,000,000	359,999,550
PROCEEDS FROM UNSECURED LOANS	262,100,000	560,000,000
PROCEEDS FROM SECURED LOANS	(25,155,124)	824,813,485
PROCEEDS FROM CC LOANS	356,491,664	(30,770,855)
NET CASH FLOW FROM FINANCING ACTIVITIES	**726,020,296**	**1,349,823,787**
NET CASH FLOW:	**80,099,508**	**126,265,397**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	200,170,962	73,905,565
CASH AND CASH EQUIVALENTS AT THE CLOSING OF THE YEAR	280,270,470	200,170,962
NET INCREASE IN CASH AND CASH EQUIVALENTS	80,099,508	126,265,397

Note :

1 Cash and cash equivalents represents :

	(Amount in Rs.) 31.03.2010	(Amount in Rs.) 30.06.2009
Cash in Hand	465,546	685,244
Balances with Scheduled Banks		
- In Current Accounts	60,433,758	50,917,170
- In Fixed Deposits*	219,371,166	148,568,548
Total	280,270,470	200,170,962

* represents margin money kept with banks and hence not readily available for use by company.

As per our report of even dated attached

For T R Chadha & Co.
Chartered Accountants

T. R. CHADHA & CO. AHMEDABAD CHARTERED ACCOUNTANTS

(KASHYAP I VAIDYA)
Partner

Place : Mumbai
Date : 30/6/2010

For and on behalf of Board of Directors

Manoj Mishra, Director | Mahesh Sureka, Director | Jaswant Singh, Company Secretary

VARRSANA ISPAT LIMITED
(Formarly Eureka Rapid Communication Limited)
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

(Amount in Rs.)

SCHEDULE 1 SHARE CAPITAL	AS AT 31.03.2010	AS AT 30.06.2009
AUTHORISED		
2,00,00,000 (Previous Period -1,80,00,000) Equity Shares of Rs. 10/- each	200,000,000	180,000,000
ISSUED, SUBSCRIBED & PAID UP		
1,89,09,124 (Previous Period 1,79,53,569) Equity Shares of Rs. 10/- each Fully Paid-up	189,091,240	179,535,690
Total	**189,091,240**	**179,535,690**

SCHEDULE 2 RESERVES & SURPLUS		
Profit & Loss Account	164,426,474	101,840,112
Security Premium		
Opening Balance	1,732,494,560	1,380,495,000
Addition during the Period	420,444,450	351,999,560
Closing Balance	2,152,939,010	1,732,494,560
Total	**2,317,365,484**	**1,834,334,672**

SCHEDULE 3 SECURED LOANS		
-Term Loans		
From Banks	2,656,553,640	2,682,166,898
From Others	-	-
(All above loans are secured by creation of first charge on pari-passu basis on Fixed Assets and second pari- passu charge on Current Assets of the company.)		
(Repayment due in one year Rs. 6,352.44 lacs, previous period Rs. 3688.57 lacs)		
-Cash Credit Limits & Short Term Loan		
From Banks	569,806,196	213,314,532
From Others	-	-
(Secured by creation of first charge on pari-passu basis on Current Assets and second pari- passu charge on Fixed Assets)		
-Vehicle Loans		
From Banks	1,535,795	1,077,661
From Others	-	
(Secured by way of hypothecation of Vehicles)		
Total	**3,227,895,631**	**2,896,559,091**

SCHEDULE 4 UNSECURED LOANS		
OTHER LOANS		
Inter Corporate Deposits	1,062,100,000	800,000,000
Total	**1,062,100,000**	**800,000,000**

T. R. CHADHA & CO. AHMEDABAD CHARTERED ACCOUNTANTS

VARRSANA ISPAT LIMITED
SCHEDULE - 5
FIXED ASSETS

(Amount in Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON 01.07.2009	ADDITIONS	DEDUCTIONS	AS ON 31.03.2010	Opening AS ON 01.07.2009	FOR THE PERIOD	DEDUCTIONS	AS ON 31.03.2010	AS ON 31.03.2010	AS ON 30.06.2009
LAND	27,690,028	-	-	27,690,028	-	-	-	-	27,690,028	27,690,028
FACTORY BUILDING	910,078,441	31,495,912	-	941,574,354	55,207,544	22,994,016	-	78,201,560	863,372,794	854,870,898
OTHER BUILDING	5,200,000	-		5,200,000	42,264	63,628	-	105,892	5,094,108	5,157,736
COMPUTER	4,062,632	1,409,604	-	5,472,236	1,263,358	535,214	-	1,798,571	3,673,665	2,799,274
PLANT & MACHINERY	3,692,015,023	128,211,836	-	3,820,226,859	242,922,715	132,904,714	-	375,827,430	3,444,399,429	3,449,092,307
OFFICE EQUIPMENT	1,503,678	239,383	-	1,743,061	129,048	58,753	-	187,802	1,555,259	1,374,630
FURNITURE & FIXTURES	3,471,876	803,437	-	4,275,313	1,783,832	203,054	-	1,986,886	2,288,427	1,688,044
TELEPHONE & TELEX	638,575	136,344	-	774,919	299,035	75,988	-	375,023	399,896	339,540
MOTOR CAR	5,209,959	1,084,888	-	6,294,847	1,140,231	394,695	-	1,534,926	4,759,921	4,069,728
BUS	-	1,407,605		1,407,605	-	14,855		14,855	1,392,750	-
MOULDS & DYES	20,013,969	2,135,706	-	22,149,675	5,994,236	1,831,856	-	7,826,093	14,323,582	14,019,733
TOTAL	4,669,884,181	166,924,715	-	4,836,808,896	308,782,264	159,076,773	-	467,859,037	4,368,949,859	4,361,101,917
Previous Period	2,644,313,961	2,031,295,599	5,725,378	4,669,884,181	154,508,280	154,436,394	162,410	308,782,264	4,361,101,917	2,489,805,681

T. R. CHADHA & CO. ♦ CHARTERED ACCOUNTANTS ♦ AHMEDABAD

VARRSANA ISPAT LIMITED
(Formarly Eureka Rapid Communication Limited)
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

(Amount in Rs.)

SCHEDULE: 6 INVESTMENTS		
(LONG TERM & NON-TRADE) (At Cost)		
Unquoted		
40,08,800 (Previous Period 40,08,800) Equity Shares of Octal Suppliers Pvt Ltd of Rs. 10 each fully paid-up.	35,245,000	35,245,000
13,000 (Previous Period 13,000) Equity Shares of Varrsana Energy Infrastructure Ltd of Rs. 10 each fully paid-up.	130,000	130,000
Total	**35,375,000**	**35,375,000**

SCHEDULE 7 CURRENT ASSTES,LOAN & ADVANCES		
SCHEDULE 7A INVENTORIES		
Finished Goods	460,785,923	544,393,977
Raw Materials (including trading goods)	540,006,784	349,061,444
Stores & Spares	33,070,870	33,406,203
Total	**1,033,863,577**	**926,861,624**

SCHEDULE 7B SUNDRY DEBTORS		
(Unsecured - Considered Good)		
Debts due for a period exceeding six months	99,613,016	23,620,399
Other Debts	1,199,036,288	847,141,329
Total	**1,298,649,304**	**870,761,728**

SCHEDULE 7C CASH & BANK BALANCES		
Cash in Hand	465,546	685,244
Balances with Scheduled Banks		
- In Current Accounts	60,433,758	50,917,170
- In Fixed Deposits (For Margin Money)	219,371,166	148,568,548
Total	**280,270,470**	**200,170,962**

T. R. CHADHA & CO. CHARTERED ACCOUNTANTS AHMEDABAD

VARRSANA ISPAT LIMITED

(Formarly Eureka Rapid Communication Limited)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

(Amount in Rs.)

SCHEDULE 7D LOANS & ADVANCES		
(UNSECURED - CONSIDERED GOOD)		
Advances recoverable in Cash or in kind or for value to be received	258,527,824	242,387,499
Security Deposits	83,701,388	87,064,551
VAT, Excise & Service Tax Receivable	360,356,744	346,737,368
TDS Receivable & Self Assessment Tax	81,047,020	9,710,392
Other Receivables	10,204,195	5,489,043
Total	**793,837,171**	**691,388,853**

SCHEDULE 8 CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors		
- For Goods Supplied	109,745,703	357,762,806
- For Capital Expenditure	71,841,657	46,877,655
- For Expenses & Others	168,973,405	183,001,007
- For LC Acceptance	972,787,955	796,469,985
	1,323,348,720	**1,384,111,453**
PROVISIONS		
- For Taxation	94,076,441	17,147,898
- FBT Payable	141,228	141,228
- Gratuity	1,996,500	1,337,288
- Leave Encashment	162,353	517,531
	96,376,522	**19,143,945**
Total	**1,419,725,242**	**1,403,255,398**

T. R. CHADHA & CO. CHARTERED ACCOUNTANTS AHMEDABAD

VARRSANA ISPAT LIMITED
(Formarly Eureka Rapid Communication Limited)

SCHEDULES FORMING PART OF THE PROFIT & LOSS A/C FOR THE PERIOD ENDED 31ST MARCH, 2010

(Amount in Rs.)

	PERIOD ENDED 31.03.2010 (9 Months)	PERIOD ENDED 30.06.2009 (15 Months)
SCHEDULE: 9 SALES & SERVICES		
Sales Manufacturing	3,122,802,655	4,352,370,443
Sales Trading	2,142,405,484	970,794,392
Job Work Income	2,702,129	21,218,501
Total	**5,267,910,268**	**5,344,383,337**

SCHEDULE: 10 OTHER INCOME		
Profit on Sale of Fixed Assets	-	103,131
Profit from Future & Option Trading	-	280,004,266
Sundry Balances Written Back (Net)	963,987	-
Total	**963,987**	**280,107,397**

SCHEDULE: 11 INCREASE / (DECREASE) IN FINISHED INVENTORY		
Opening Stock of Finished Goods	544,393,977	509,148,654
Closing Stock of Finished Goods	460,785,923	544,393,977
INCREASE/(DECREASE) IN INVENTORY	**(83,608,053)**	**35,245,322**

SCHEDULE: 12 RAW MATERIAL CONSUMED / COST OF GOODS TRADED		
Raw Material Consumed		
Opening Stock	349,061,444	390,834,589
Add: Purchases(Net of Sales)	2,351,896,218	2,889,462,405
Less: Closing Stock	528,442,784	349,061,444
Sub-Total (A)	**2,172,514,879**	**2,931,235,549**
Cost of Goods Traded		
Opening Stock	-	-
Add: Purchase of Trading Goods	1,871,764,797	825,416,633
Less: Closing Stock	11,564,000	-
Sub-Total (B)	**1,860,200,797**	**825,416,633**
Total (A + B)	**4,032,715,676**	**3,756,652,182**

SCHEDULE: 13 STORES & SPARES CONSUMED		
Opening Stock	33,406,203	14,858,595
Add: Purchases	75,944,938	69,072,394
Less: Closing Stock	33,070,870	33,406,203
Total	**76,280,271**	**50,524,787**

T. R. CHADHA & CO. AHMEDABAD CHARTERED ACCOUNTANTS

VARRSANA ISPAT LIMITED
(Formarly Eureka Rapid Communication Limited)

SCHEDULES FORMING PART OF THE PROFIT & LOSS A/C FOR THE PERIOD ENDED 31ST MARCH, 2010

(Amount in Rs.)

SCHEDULE: 14		
Manufacturing Expenses		
Electricity Expenses, Power & Fuel Charges	41,035,457	506,687,518
Water Charges	2,874,177	3,042,645
Labour Charges	70,901,032	95,358,690
SI Charges (For Power)	14,337,071	-
Inspection Charges	6,124,419	11,180,751
Material Handling Charges	11,852,071	13,580,840
Tower Erection Expenses	190,761	4,113,866
Repair & Maintenance		
- Plant & Machinery	2,251,545	1,767,312
- Building	-	-
- Others	62,936	172,303
Excise duty on stock of finished goods (net)	1,401,432	(21,446,220)
Total	**151,030,901**	**614,457,705**

SCHEDULE: 15		
Employees' Emoluments		
Salary & Wages	67,857,597	83,928,884
Bonus	3,622,969	3,870,136
Contribution to Provident Fund	2,696,346	3,254,828
Gratuity & Leave Encashment	304,034	677,479
Staff Welfare	2,194,176	1,682,718
Total	**76,675,122**	**93,414,045**

SCHEDULE: 16		
Selling & Adminstrative Expenses		
Carriage Outward	16,717,679	34,795,278
Brokerage & Export Duty	1,933,220	7,522,129
Power Selling Expenses	12,623,080	1,247,338
Insurance	1,425,869	1,553,846
Rates & Taxes	355,910	444,889
Auditors Remuneration	686,000	475,000
Travelling & Conveyance	9,082,483	13,579,779
Rent	1,344,866	990,440
Security Charges	2,551,999	4,383,113
Service Tax	825,090	2,138,308
VAT Expenses	11,391,082	5,489,292
Misc Expenditure	18,791,158	14,499,695
Total	**77,728,436**	**87,119,107**

SCHEDULE: 17		
FINANCE CHARGES (NET)		
Interest On Term Loan	198,143,516	223,358,207
Interest On Working Capital	93,165,869	134,541,794
Interest On Car Loans	103,774	47,986
Other Finance Charges	6,003,085	6,270,406
Total	**297,416,244**	**364,218,393**

T. R. CHADHA & CO.
AHMEDABAD
CHARTERED ACCOUNTANTS

Schedule: 18

(A) SIGNIFICANT ACCOUNTING POLICIES

1. **Accounting Convention:**

   a) The financial statement of the company have been prepared under the historical cost convention and on the assumption of going concern in compliance with the accounting standards referred to in section 211 (3C) to the Companies Act 1956.

   b) The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis.

2. **Revenue Recognition:**

   a) Sales are inclusive of excise duty, VAT, export benefits and waste sales, and are net of returns, discounts and claims.

   b) Profit/Loss on future and option transactions for commodities is booked on the basis of contract notes for sale of shares and commodities, respectively.

   c) Dividend and other income are accounted for when the right to receive the payment is established.

3. **Fixed Assets:**

   a) Fixed Assets are stated at cost less accumulated depreciation / amortization.

   b) Land is stated at cost of acquisition inclusive of incidental expenses thereto.

   c) The cost includes taxes and duties (excluding Cenvat claimed) cost of acquisition/construction, installation and pre-operative expenditure including trial run period *i.e.* attributable direct expenses as well as indirect expenses incurred for bringing the asset to its working condition for its intended use and borrowing costs incurred during pre-operational period.

   d) When assets are sold /disposed off / discarded, their cost and accumulated depreciation are removed from fixed assets and any gain/ loss resulting from disposal is included in profit & loss account.

4. **Expenditure during the Construction Period:**

   Expenditure (net) incurred on Project(s) under construction is carried forward as expenditure during Construction Period (pending capitalization/allocation) and will be allocated to fixed assets on completion of Project(s).

5. **Depreciation:**

   a) Depreciation on assets is provided on straight-line method (SLM) at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, except in case of Rolls used in

T. R. CHADHA & CO. ◆ CHARTERED ACCOUNTANTS ◆ AHMEDABAD rolling plant where the life of asset is assumed as equivalent to other types of Plant and Machinery based on the Technical Engineers assessment.

b) Depreciation on fixed assets added / disposed off / discarded during the period has been provided on a pro-rata basis with reference to the month of addition / disposal / discarding.

6. **Borrowing Costs:**

Borrowing costs attributable to acquisition / construction of qualifying assets are capitalized with the respective assets till the date of asset put to commercial use and other borrowing costs are charged to Profit and Loss Account.

7. **Investments:**

Long Term Investments are stated at cost. Provision for diminution in value of long term investments is made, if the diminution is other than temporary.

8. **Inventories**

a) Inventories are valued as under:

A.	Raw Material	At Cost on FIFO Basis
B.	Stores and Spare Parts	Cost or Net Realisable Value, which is lower.
C.	Work in Progress and Finished Goods	Cost or Net Realisable Value, which is lower.

b) Excise Duty on closing stock of finished goods lying in the factory is provided for.

c) Finished goods and work-in-progress include Cost of Conversion incurred in bringing the inventories to its present conditions and locations.

9. **Taxes on Income**

The provision for current tax is based on the assessable profits of the Company computed in accordance with the applicable provisions of the Income Tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent years. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future.

10. **Employees Benefits:**

The Liability for Gratuity to Employees, which is a defined benefit plan, is determined on the basis of actuarial valuation based on project unit credit method. Actuarial gain / (loss) in respect of the same are charged to profit & loss account.

Leave Encashment Benefits to eligible employees has been ascertained on actuarial basis and provided for. Actuarial gain / (loss) in respect of the same are charged to profit & loss account.

T. R. CHADHA & CO. CHARTERED ACCOUNTANTS AHMEDABAD

Contribution to recognized provident fund is accounted for on accrual basis.

11. Foreign Currency Transactions

Transactions in foreign currency are recorded on the basis of exchange rates prevailing on the date of their occurrence. Foreign currency assets and liabilities are converted into rupee equivalent at the exchange rates prevailing on the Balance Sheet date and exchange difference arising there from is charged to the revenue.

12. Impairment of Assets:

The carrying amount of the Company's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of assets. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount & post impairment, depreciation is provided on the revised carrying value of the assets over the remaining useful life of assets. Reversal of impairment loss recognized in prior period is recorded when there is an indication that the impairment loss recognized from the assets no longer exists.

13. Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical evaluation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Contingent assets are neither recognized nor disclosed in the financial statements. Contingent liabilities are not recognized but are disclosed by way of notes.

14. Earning Per Share:

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax available to equity shareholders. The number of shares used for computing Basic & Diluted EPS is the weighted average number of shares outstanding during the period.

15. Use of Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting period. Examples of such estimates include estimates of income taxes, employment retirement benefit plans, provision for doubtful debts and advances and estimates useful life of fixed assets. Actual results could differ from estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

T. R. CHADHA & CO. AHMEDABAD CHARTERED ACCOUNTANTS

Schedule : 19

(B) Notes on accounts

1. Last year the Board of Directors had approved a change in the Accounting Year of the company to end on 30th June 2009. Accordingly, the accounts were prepared for the fifteen months period from 1st April 2008 to 30th June 2009 and accounts of current period are prepared for nine months period from 1st July 2009 to 31st March 2010. Thus figures in respect of current period are for 9 months and hence not directly comparable with the figures in respect of the previous period, which are for 15 months.

2. **Contingent Liabilities:**

   a) Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) Rs.16.32 Crores (Previous period Rs. 13.21 Crores).

   b) Towards custom duty on imported turbines – Rs. 2.35 Crores. (Previous period Rs. 2.35 Crores).

   c) Bills discounted with banks Rs. 7.69 Crores (Previous period Rs. 13.58 Crores)

3. Based on the information available with the Company, there are no dues to micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006.

4. Balances of unsecured loans, sundry debtors, sundry creditors, loans & advances, etc. are subject to confirmation / reconciliation. The impact of reconciliation of the same, if any, will be accounted for as and when ascertained.

5. **Auditors' Remuneration:**

Particulars	**(Amount in Rs.)**	
	Period Ended 31.03.2010 (9 Months)	**Period Ended 30.06.2009 (15 Months)**
Audit Fee	6,11,000	4,00,000
Tax Audit	75,000	75,000
Certification Fees	NIL	42,500
Out of Pocket Expenses	56,714	54,402
Service Tax	75,876	51,232
Total	**8,18,590**	**6,23,134**

T. R. CHADHA & CO. ★CHARTERED ACCOUNTANTS★ AHMEDABAD

6. Details of Capital Work-in-Progress:

Particulars	(Amount in Rs.)	
	Period Ended 31.03.2010 (9 Months)	Period Ended 30.06.2009 (15 Months)
Capital Expenditure	393,848,558	60,296,626
Interest to be Capitalized	5,957,412	-
Other Revenue Expenditure to be Capitalized	5,426,245	2,176,903
Total	**405,232,215**	**62,473,529**

7. Earnings per Share:

Particulars	(Amount in Rs.)	
	Period Ended 31.03.2010 (9 Months)	Period Ended 30.06.2009 (15 Months)
Net Profit available for Equity shareholders (Rs.)	6,25,86,362	6,74,63,105
Weighted No. of Shares	1,79,57,056	1,73,08,930
Basic Earning Per Share (Rs.)	3.49	3.90

8. A) Related Party disclosures:

i. Names of Related Parties:

Names of Party	Relation
REI Agro Limited	Associate Concern
Ramdhan Merchandise Pvt. Ltd.	Associate Concern
Mahavir Tie Up Pvt. Ltd.	Associate Concern
Sh. Manoj Mishra	Key Management Personnel

ii. Details of Transactions made with Related Parties:

(Amount in Rs. Lacs)

Nature of Transactions	Associate Firms/Company	
	Period Ended 31.03.2010 (9 Months)	Period Ended 30.06.2009 (15 Months)
Purchase of DEPB License	Nil	(21.20)
Purchase of Scrap	0.01	Nil
Unsecured loan (Accepted and given)	22336.14	6660.44
Issue of Shares	4300.00	Nil

T. R. CHADHA & CO. ✦ CHARTERED ACCOUNTANTS ✦ AHMEDABAD

B) Segment Reporting

BUSINESS SEGMENT

Based on the guiding principles given in the Accounting Standard on Segment Reporting (AS-17) issued by The Insitiute of Chartered Accountants of India, the company's primary business segment are as follows:-

a) Steel
b) Power
c) Other Activities

(Amount in Rs.)

Particulars	Period	Steel	Power	Derivative Transactions	Un.Allocable Expenditure/ Revenue	Eliminations	Total
Revenue							
External Sales / Income from Operations	2009-10	4,77,75,83,607	28,10,50,025	-	-	-	5,05,86,33,632
	2008-09	4,90,60,11,474	-	28,00,04,266	1,03,131	-	5,18,61,18,871
Inter Segment Revenue	2009-10	-	41,78,37,812	-	-	(41,78,37,812)	-
	2008-09	-	-	-	-	-	-
Total Revenue	2009-10	4,77,75,83,607	69,88,87,837	-	-	(41,78,37,812)	5,05,86,33,632
	2008-09	4,90,60,11,474	-	28,00,04,266	1,03,131	-	5,18,61,18,871
Segment Result Profit(+)/Loss(-) before tax, Interest & Depreciation from each	2009-10	35,92,17,131	20,23,42,030	-	-	-	56,15,59,161
	2008-09	33,90,88,971	-	28,00,04,266	1,03,131	-	61,91,96,368
Interest & Depreciation from each segment							
Less: 1) Interest	2009-10	18,51,15,527	11,23,00,717	-	-	-	29,74,16,244
	2008-09	36,42,18,393	-	-	-	-	36,42,18,393
2) Depreciation	2009-10	9,42,38,906	6,48,37,867	-	-	-	15,90,76,773
	2008-09	15,44,36,394	-	-	-	-	15,44,36,394
Total Profit before tax	2009-10	7,98,62,699	2,52,03,446	-	-	-	10,50,66,144
	2008-09	(17,95,65,816)	-	28,00,04,266	1,03,131	-	10,05,41,581
Segment Assets	2009-10	6,21,87,78,250	1,96,18,31,037	1,93,310	3,53,75,000	-	8,21,61,77,597
	2008-09	7,11,08,43,038	-	19,15,574	3,53,75,000	-	7,14,81,33,612
Segment liabilities	2009-10	4,06,34,55,294	1,54,98,89,057	-	9,63,76,522	-	5,70,97,20,873
	2008-09	5,09,98,14,489	-	-	3,44,48,761	-	5,13,42,63,250
Addition to Segment Fixed Assets	2009-10	4,22,19,867	12,47,04,848	-	-	-	16,69,24,715
	2008-09	2,03,12,95,599	-	-	-	-	2,03,12,95,599

Notes :

1. Inter Segment transfer from the power segment is measured at the rate of Energy Charges at which power is purchased from the respective Electricity Board.
2. Since this is first year for disclosure of Power as a separate segment, corresponding figures relating to power for previous period are not disclosed separately and are included in "Steel" Segment.
3. Figures for 2009-10 are for 9 months (Jul'09 to Mar'10) and figures for 2008-09 are for 15 months (Apr'08 to Jun'09)

GEOGRAPHICAL SEGMENT NOT APPLICABLE

T. R. CHADHA & CO. AHMEDABAD CHARTERED ACCOUNTANTS

9. **Deferred Tax Assets / (Liabilities):**

Particulars	(Amount in Rs.)	
	As At 31.03.2010	As At 30.06.2009
a) Deferred Tax Liabilities :		
--- Due to Depreciation	(306,048,228)	(220,924,888)
b) Deferred Tax Assets :		
--- Due to carried forward losses / Depreciation	214,186,875	167,335,683
--- Others	962,39,162	191,40,444
Total Deferred Tax Asset	310,426,037	186,476,127
Net (Liability)/Asset	**4,377,809**	**(34,448,761)**

Net Estimated Deferred Tax Assets amounting to Rs. 43,77,809 as on 31st March, 2010 has not been recognized in accounts in the absence of reasonable certainity that the deffered tax assets will be realized in future.

10. **Employee Benefits:**

a) Defined Contribution Plan

Company's Contribution to Provident Fund Rs. 26.96 Lacs (Previous Period Rs. 32.55 Lacs).

b) Defined Benefit Plans:

(Amount in Rs. Lacs)

Sr. No.	Particulars	Privilege Leave Benefits		Gratuity	
		(Apr'09 – Mar'10)	(Apr'08 – Mar'09)	(Apr'09 – Mar'10)	(Apr'08 – Mar'09)
A	Present Value of funded obligation	Nil	Nil	Nil	Nil
	Fair Value of plan assets	Nil	Nil	Nil	Nil
	Present value of unfunded obligations	1.62	1.29	19.97	13.28
	Net Liability	1.62	1.29	19.97	13.28
B	Expenses recognized for the year				
	Current Service Cost	0.02	0.07	9.78	7.17
	Interest on obligations	0.11	0.13	1.33	0.92
	Expected return on plan assets	Nil	Nil	Nil	Nil
	Net actuarial losses (gains) recognized in the year	0.20	(0.95)	(4.42)	(4.55)
	Total included in employee benefit	0.33	(0.75)	6.69	3.54

T. R. CHADHA & CO. CHARTERED ACCOUNTANTS AHMEDABAD

Sr. No.	Particulars	Privilege Leave Benefits		Gratuity	
		(Apr'09 – Mar'10)	(Apr'08 – Mar'09)	(Apr'09 – Mar'10)	(Apr'08 – Mar'09)
	expenses				
	Actual return on Plan assets	Nil	Nil	Nil	Nil
C	Changes in the present value of defined benefit obligations representing reconciliation of opening and closing balances				
	Opening defined benefit obligation	1.29	2.04	13.28	9.74
	Service Cost	0.02	0.07	9.78	7.17
	Interest Cost	0.11	0.13	1.33	0.92
	Actuarial losses (gains)	0.20	(0.95)	(4.42)	(4.55)
	Benefits Paid	Nil	Nil	Nil	Nil
	Closing defined benefit obligation	1.62	1.29	19.97	13.28
D	Changes in the fair value of defined benefit obligations representing reconciliation of opening and closing balances				
	Opening fair value of plan assets	Nil	Nil	Nil	Nil
	Expected returns	Nil	Nil	Nil	Nil
	Actuarial losses (gains)	Nil	Nil	Nil	Nil
	Contribution by Employer	Nil	Nil	Nil	Nil
	Benefits Paid	Nil	Nil	Nil	Nil
	Closing balance of fair value of plan assets	Nil	Nil	Nil	Nil
E	Major categories of Plan assets representing reconciliation of opening and closing balances thereof	Nil	Nil	Nil	Nil
F	Principal Actuarial assumptions at the balance sheet date				
	Discount rate	8.00%	8.00%	8.00%	8.00%

T. R. CHADHA & CO. AHMEDABAD CHARTERED ACCOUNTANTS

Sr. No.	Particulars	Privilege Leave Benefits		Gratuity	
		(Apr'09 – Mar'10)	(Apr'08 – Mar'09)	(Apr'09 – Mar'10)	(Apr'08 – Mar'09)
	Expected return on plan assets	Nil	Nil	Nil	Nil
	Proportion of employees opting for early retirements	Nil	Nil	Nil	Nil
	Annual increase in salary costs	5.00%	5.00%	5.00%	5.00%

11. There is no other known liability except those stated in the Balance Sheet. Further, there is no other contingent liability except those disclosed by way of notes of accounts.

12. **Additional Information pursuant to Part-II of Schedule VI of the Companies Act, 1956**

a) Licensed & Installed Capacity

(As certified by management and accepted by auditors, being a technical matter)

(Metric Tons per annum)

Installed capacity*	Current Period (July'09 – Mar'10)	Previous Period (Apr'08 – Jun'09)
Steel Melt Shop	2,16,000	2,16,000
Rolling Mill	4,80,000	4,80,000
Sponge Iron	96,000	96,000
Tower Plant	14,400	14,400
Power Plant	36MW	36MW
*De-licensed as per Government of India Notification		

T. R. CHADHA & CO. CHARTERED ACCOUNTANTS AHMEDABAD

b) Quantitative Details

Sr. No.	Particulars	Item	Period Ended 31/3/2010 (9 Months)		Period Ended 30/06/2009 (15 Months)	
			Qty	Amount	Qty	Amount
			In Mt	Rs. In Thousands	In Mt	Rs. In Thousands
1)	**Production , Sales & Stock**					
a)	**Opening Stock**					
	Power Division	Power	-	-	-	-
	Sponge Iron Division	Sponge*	595.58	7,065.53	-	-
	Steel Melting Division	Billet	9,145.40	197,603.31	1,658.05	50,446.00
	Rolling Mill Division	TMT	2,000.10	47,775.86	7,883.50	260,708.00
	Rolling Mill Division	Beam	4,109.61	128,111.28	1,301.68	42,176.00
	Rolling Mill Division	Angel	3,304.45	91,345.56	839.12	32,357.00
	TLT Division	Tower	1,328.17	64,242.74	698.72	35,670.00
	All Division	Scrap & Waste	791.53	15,315.22	952.52	25,145.00
	Others					62,647.00
	Total			**551,459.51**		**509,149.00**
	* Sponge produced and used captively is included in stock of raw materials in balance sheet.					
b)	**Production**					
	Power Division	Power (kwh)	176076660.00	-	-	-
	Sponge Iron Division	Sponge	39,855.47	-	68,801.44	-
	Steel Melting Division	Billets	95,676.08	-	124,607.19	-
	Rolling Mill Division	TMT Bar	50,498.18	-	20,490.42	-
	Rolling Mill Division	Beam	6,729.88	-	28,082.79	-
	Rolling Mill Division	Angel	5,038.30	-	14,902.93	-
	TLT Division	Towers	1186.31	-	4,284.78	-
	All Division	Others	3,592.22	-	4,515.12	-
c)	**Sales**					
	Power Division	Power (kwh)	75392850.00	281,050.03		
	(incl internal consumption of 100683810 kwh)					
	Sponge Iron Division	Sponge	40,451.05	-	68,205.86	-
	(incl. internal transfer of 40,451.05 MT)					
	Steel Melting Division	Billets	98,609.31	861,305.56	117,119.84	1,621,042.14
	(incl. internal transfer of 65674.27 MT)					
	Rolling Mill Division	TMT Bar	49,270.67	1,358,038.13	26,373.82	907,678.92
	(incl. internal transfer of 3065.66 MT)					
	Rolling Mill Division	Beam	8,775.93	262,228.36	25,274.86	986,241.89
	(incl. internal transfer of 266.87 MT)					

T. R. CHADHA & CO.
AHMEDABAD
CHARTERED ACCOUNTANTS

	Rolling Mill Division	Angel	6,642.71	205,402.98	12,437.60	453,241.23
	(incl. internal transfer of 254.51 MT)					
	TLT Division	Towers	1,463.01	73,324.09	3,655.33	201,474.24
	All Division	Scrap & Waste	3,875.97	24,286.37	4,676.11	18,126.36
	(incl. internal transfer of 1861.18 MT)					
		Others		57,167.14		164,565.67
		Total		**3,122,802.65**		**4,352,370.44**
d)	**Closing Stock**					
	Power Division		-	-	-	
	Sponge Iron Division	Sponge	-		595.58	7065.53
	Steel Melting Division	Billets	6,212.17	168,984.22	9,145.40	197,603.31
	Rolling Mill Division	TMT Bar	3,227.61	99,577.74	2,000.10	47,775.86
	(incl internal transfer of 2619.30mt)					
	Rolling Mill Division	Beam	2,063.56	64,094.39	4,109.61	128,111.28
	Rolling Mill Division	Angel	1,700.04	58,379.67	3,304.45	91,345.56
	TLT Division (includes nut & bolts 79.45 MT)	Towers	1,130.92	58,926.98	1,328.17	64,242.74
	Rolling Mill Division	Others	507.78	10,822.92	791.53	15,315.22
	Others					
		Total		**460,785.92**		**551,459.51**
e)	**Trading Activities**					
	Opening Stock	Steel	-	-	-	-
	Purchase	Steel	52227.07	17,11,297.15	28,019.72	819,099.71
	Sales	Steel	52227.07	19,80,787.37	28,019.72	970,794.39
	Closing Stock	Steel	-	-	-	-
	Opening Stock	Coal / Scrap	-	-		
	Purchase	Coal / Scrap	72,349.42	1,60,467.65		
	Sales	Coal / Scrap	67,349.42	1,61,618.11		
	Closing Stock	Coal / Scrap	5,000.00	11,564.00		
2)	**Raw Material Consumed**					
	Power Plant	Coal	129,715.87	368,015.26	-	-
		Lignite	11,717.25	20,106.13		
		Charcoal	11,766.18			
		(Inter Transfer)				
	Sponge Iron Division	Iron Ore	67,392.22	398,689.93	118,126.36	583,393.20
		Pellets	1,453.07	8,136.72	8,497.82	48,836.43
		Coal	44,063.80	235,354.48	78,516.10	518,052.08

T. R. CHADHA & CO. AHMEDABAD CHARTERED ACCOUNTANTS

	Steel Melting Division	Scrap	53,393.03	872,636.60	61,721.77	1,043,033.37
		Scrap (internal)	2,477.58	-	8,174.76	-
		Sponge	12,284.33	170,860.29	6,246.74	110,116.57
		Sponge (Internal)	40,451.05	-	68,205.86	-
	Rolling Mill Division	Billet Purchase	1,440.68	36,381.62	9,171.90	266,899.99
		Billet Internal	65,674.28		60,261.62	-
	TLT Division	Structure Steel	1,157.23	32,206.45	4,284.26	143,322.63
		Zinc	72.63	4,587.75	242.65	22,949.65
						-
	All Division	Others*		25,539.65		194,631.62
	* Net of gain due to exchange rate fluctuations amounting to Rs. 65121.58 thousands (previous period inclusive of loss due to exchange rate fluctuations amounting to Rs. 26892.57 thousands) and also net of TMT & Structure internally used for project and also gain due to exchange rate fluctuations					
		Total		**2,172,514.88**		**2,931,235.55**
			%	**Amount Rs. In Thousands**	**%**	**Amount Rs. In Thousands**
3)	**Raw Material Consumed**	Imported	36.60	795,102.32	24.40	715,191.32
		Indigenous	63.40	1,377,412.56	75.60	2,216,044.23
		Total	**100.00**	**2,172,514.88**	**100.00**	**2,931,235.55**
4)	**Stores & Spares Consumed**	Imported	0.79	604.41	-	-
		Indigenous	99.21	75,675.86	100.00	50,531.28
		Total	**100.00**	**76,280.27**	**100.00**	**50,531.28**
5)	**CIF VALUE OF IMPORT**					
	A) Raw Material & Stores			863,640.55		867,184.51
	B) Capital Goods			1,829.68		1,481.13
6)	**Other Expenditure in Foreign Currency**			Nil		Nil
7)	**Earning in Foreign Currency**			Nil		Nil

T. R. CHADHA & CO. AHMEDABAD CHARTERED ACCOUNTANTS

13 In the opinion of the Board of Directors, Current Assets, Loans and Advances (including capital advances) have a value on realization in the ordinary course of business at least equal to the amount at which they are stated. Adequate provisions have been made in accounts for all the known liabilities.

14 In the opinion of management, there is no indication of impairment loss in accordance with the provisions of Accounting Standard 28 "Impairment of Assets" issued by the Institute of Chartered Accountants of India.

15 Figures of previous period are rearranged / regrouped wherever considered necessary.

Signatures to Schedule 1 to 19

As per our separate report of even date annexed herewith

For T. R. CHADHA & CO.	**For and on behalf of Board of Directors**
Chartered Accountants	

T. R. CHADHA & CO. AHMEDABAD CHARTERED ACCOUNTANTS

(Kashyap I. Vaidya)	**Manoj Mishra**	**Mahesh Sureka**	**Jaswant Singh**
Partner	**Director**	**Director**	**Company Secretary**
M No. 37623			

Place: Mumbai
Date: 30/6/2010

VARRSANA ISPAT LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31.3.2010

Part IV of Schedule -VI

Balance Sheet Abstract and Company's General Business Profile:

I	**Registration Details**			
	Registration No.	124804	State Code	2.
	Balance Sheet Date	31.03.2010 DD-MM-YY		
II	**Capital raised during the year (Amount in Rs. Thousands)**			
	Public Issue	Nil	Right Issue	Nil
	Bonus Issue	Nil	Private Placement	9556
III	**Position of mobilization and deployment of funds (Amount in Rs. Thousand)**			
	Total Liabilites	6796452	Total Assets	679645.
	Source of funds			
	Paid-up capital	189091	Secured Loan	32?7896
	Share Application Money	Nil	Un secured Loans	10621C
	Reserve & Surplus	2317365		
	Applicartion of funds			
	Net Fixed Assets	4368950	Investments	35375
	Capital work in Progress	405232	Misc. Expenditure	-
	Net current Assets	1986895	Accumulated Profit / (Losses)	-
IV	**Performance of the Company**			
	Turnover	5058634	Total Expenditure	487092?
	Profit/(Loss) before Tax	105066	Profit/(Loss) after Tax	6258.
	Earning per share in Rs.	3.49	Dividend Rate (%)	Nil
V	**Generic Names of three Principal Products/Services of the Company**			

Item Code No. (ITC Code)	For the description
72.07	Billet
72.14	TMT
N.A.	Power

T. R. CHADHA & CO. CHARTERED ACCOUNTANTS AHMEDABAD

For and on behalf of Board of Directors

Manoj Mishra
Director

Mahesh Sureka
Director

Jaswant Singh
Company Secretary