

Corporate Management**BOARD OF DIRECTORS****Rajesh Mehta** – Managing Director**Bhavna Mehta** – Whole time Director**Hemang Sampat** - Director**Narendra Sampat** - Director**AUDITORS**

Arvind Darji Associates

COMPANY SECRETARY

Martinho Ferrao & Associates

BANKERS

The Jammu & Kashmir Bank

Canara Bank

Corporation Bank

Union Bank of India

EQUITY SHARES LISTED ON

Bombay Stock Exchange

Ahmedabad Stock Exchange

Hyderabad Stock Exchange

REGISTRAR & TRANSFER AGENTS

System Support Services

209, Shivai Industrial Estate

89, Andheri Kurla Road,

Saki Naka, Andheri (East), 400 072

REGISTERED OFFICE

'H' Wing, Office # 131, Raj Arcade, Mahavir Nagar, Kandivali (W), Mumbai, 400067

SCHEDULED AGM**Venue**Kamla Vihar Sports Complex,
Near Sukh Sagar Hotel,
Mahavir Nagar, Kandivali (W),
Mumbai 400 067**Day & Date**26th Saturday, September, 2009**Time**

11.30 a.m..

Notice to Members

NOTICE is hereby given that the 32nd Annual General Meeting of the members of **KARMA ISPAT LIMITED** will be held on Saturday, the 26th day of September, 2009 at 11.30 am at the Kamala Vihar Sport Club., Mahavir Nagar, Kandivali West, Mumbai –400067 to transact the following business:

Ordinary Business

- 1] To receive, consider and adopt the Audited Balance Sheet as at March 31, 2009 and Profit and Loss Account for the year ended March 31, 2009 together with the Reports of the Directors and Auditors thereon.
- 2] To appoint a Director in place of Mr. Hemang Sampat who retires from office by rotation, and being eligible offers himself for re-appointment.
- 3] To appoint Auditors, to hold the office from the conclusion of this Annual General meeting until the conclusion of the next Annual General Meeting.
- 4) To consider, and if thought fit, to pass, with or without modification as an Ordinary Resolution:

“**RESOLVED THAT** Mr. Narendra Sampat who was appointed as an Additional Director at the meeting of the Board of Directors held on February 04, 2009 and who holds office as such upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Narendra Sampat as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

Regd. Office**Karma Ispat Limited**

H Wing, Office No. 131,Raj Arcade, Mahavir Nagar,
Kandivali West,
Mumbai –400067, Maharashtra, India

Place: Mumbai

Date: 30th June, 2009

For and behalf of the Board of Directors

Karma Ispat Limited
Sd/-

(Rajesh Mehta)
Managing Director

Notes

- 1] A Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself / herself and that proxy need not be a member. of the company.
The instrument appointing a proxy should however be deposited at the registered office of the company duly completed not less than forty-eight hours before the commencement of the meeting.
- 2] The register of Members and the Share Transfer Books of the Company will remain closed from Saturday, September 19, 2009 to Saturday, September 26, 2009 [both days inclusive].
- 3] Members who desire to seek any information concerning the Accounts of the Company are requested to address their queries in writing to the Company at least seven days before the date of the meeting so that the requested information can be made available at the time of the meeting.
- 4] Members / Proxies are requested to please bring their copies of the Annual Report to the meeting since copies of the Annual Report will not be distributed at the meeting.
- 5] The Company its shares are listed on The Stock Exchange, Mumbai, The Stock Exchange, Ahmadabad and The Stock Exchange, Hyderabad.
- 6] Members holding Shares in Physical form are requested to notify immediately any change in their address with PIN CODE to the Registrar and Transfer Agent of the Company at the address given below and in case their shares are held in Demat, this information should be passed on directly to their respective Depository Participants and not to the Company.
- 7] All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all working days except public holidays between 11.00 am and 1.00 pm upto the date of the Annual General Meeting.

- 8] Members / Proxies holding their Shares in Physical mode are requested to fill the enclosed attendance slip and handover the same at the entrance with signature. In the absence thereof, they may not be admitted to the meeting venue.
- 9] Members who are holding shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification at the meeting.
- 10] In all correspondence with the Company, members are requested to quote their Folio No. and in case their shares are held in Demat form, they must quote their DP ID and Client ID Number.
- 11] The explanatory statement U/s. 173 of the Companies Act, 1956 is enclosed herewith.

Explanatory Statement as required U/S 173[2] of the Companies Act, 1956

Item 4:

Mr. Narendra Sampat has been appointed as an additional director of the Company pursuant to section 260 of the Companies Act, 1956 on 04th February, 2009 and would hold office till the date of the ensuing Annual General Meeting.

Mr. Narendra Sampat is an Electronics Engineer. He has vast knowledge and experience in technical and commercial operation in the field of Iron and Steel industry. He does not hold Directorship in any other Company.

Pursuant to section 257 of the Companies Act, 1956 the Company has received notices from members signifying their intention to propose the candidature of Mr. Narendra Sampat for the office of Director. The Board of Directors recommend passing of the resolution set out in item No. 4 of the accompanying Notice.

None of the Directors of the Company other than Mr. Hemang Sampat is deemed to be concerned or interested in the Resolution

Director's Report to the Share Holders

Your Directors have great pleasure in presenting the 32nd Annual Report together with the Audited Accounts for the year ended on March 31, 2009.

Financial Results

| Particulars | 2009 | 2008 |
|---|----------------------|----------------------|
| | Amount in Rs. | Amount in Rs. |
| Sales & Other Income | 2,773,557,443 | 11,91,149,434 |
| Expenditure | 2,757,793,684 | 11,78,010,329 |
| Depreciation | 3,377,396 | 2,905,992 |
| Profit / Loss before tax / appropriations | 12,386,354 | 10,233,113 |
| Profit / Loss after tax | 7,505,187 | 9,790,231 |
| Add: Balance brought forward from previous year | (7,008,640) | (16,798,871) |
| Surplus carried to Balance Sheet | 496,547 | (7,008,640) |

Dividend

With a view to conserve the resources of the Company the Board of Directors have not recommended any dividend for the year ended 31st March 2009.

Operations

The Company has commenced trading in broad range of steel products, including hot and cold rolled sheets and coils, galvanized sheets, electrical sheets, structural, plates, bars and rods, stainless steel and other alloy steels. The Company would be starting manufacturing activity shortly.

The turnover of the Company rose from Rs. 1,19,11,46,132/- in the previous year to Rs. 2,76,69,54,225/- in the year under review. However the Profit after tax declined from Rs. 97,90,231/- in the previous year to Rs. 75,05,187/- for the year ended March 31, 2009, due to high material cost and tight margins arising out of the global recession.

Capital

During the year under review the Company allotted 2,85,00,000 equity shares of Rs. 10/- each at a premium of Rs. 15/- per share and 15,00,000 equity shares of Rs. 10/- at a premium of Rs. 38/- respectively, consequent to the exercise of the option by investors for conversion of convertible warrants into equity shares. The Company's present paid up capital stands at Rs.33,00,00,000/- comprising 3,30,00,000 equity shares of Rs. 10/-. The shares have been listed on the Bombay Stock Exchange.

Board of Directors

Mr. Amish Modi resigned from the Board of Directors of the Company on 04th February, 2009. The Board wishes to place on record its appreciation for the services rendered by them during their tenure with the Company.

Mr. Narendra Sampat was appointed as Additional Director on 04th February, 2009 to hold office upto the ensuing Annual General Meeting.

Mr. Hemang Sampat, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

Corporate Governance

The Company has taken proactive steps to ensure that the conditions of Corporate Governance stipulated in Clause 49 of the Listing Agreement with the Stock Exchange are complied with. A separate report on Corporate Governance together with Auditors' Certificate on its compliance are included in the Annual Report.

Directors Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm that:

- 1] In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- 2] Appropriate accounting policies have been selected and applied consistently and judgments and estimates wherever made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the 31st March 2009.
- 3] Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 4] The Annual Accounts have been prepared on a going concern basis.

Auditors

M/s. Arvind Darji Associates, Chartered Associates, the retiring Auditors have expressed their willingness to be re-appointed. It has been proposed to reappoint M/s. Arvind Darji Associates, Chartered Accountants as Auditors of the Company. The Company has received a Certificate from them that they are qualified under Section 224 (1) of the Companies Act, 1956 for appointment as Auditors of the Company. Members are requested to consider their appointment at a remuneration to be decided by the Board of Directors for the Financial year ending 31st March, 2010 as set out in the Notice convening the Meeting.

Auditor's Observations

The observations of the Auditors contained in their Report are self explanatory and does not require any clarification..

Audit Committee

In accordance with the provisions of the Section 292A of the Companies Act, 1956 and the Corporate Governance requirements as per the Listing Agreement of the Company has reconstituted the Audit Committee comprising of the following Directors viz., Mr. Hemang Sampat, as Chairman, Mr. Rajesh Mehta and Mr. Narendra Sampat as members. The Audit Committee acts in accordance with the terms of reference specified from time to time by the Board.

Depository Services

The Company's Equity Shares have been admitted to the depository mechanism of the National Securities Depository Limited [NSDL]. As a result the investors have an option to hold the shares of the Company in a dematerialized form. The Company has been allotted ISIN No.INE416F01019. Shareholders therefore are requested to take full benefit of the same and lodge their holdings with Depository Participants [DPs] with whom they have their Demat Accounts for getting their holdings in electronic form.

Particulars regarding conservation of energy, technology absorption and foreign exchange earnings and outgo:

The Company has taken effective steps to conserve and minimize power and fuel consumption and has also installed capacitor for minimizing the power consumption. No Technology was imported during the year by the Company. Foreign Exchange Earning and Outgoing was NIL.

Particulars of Employees

None of the employees of the Company come within the purview of the information required u/s 217[2A] of the Companies Act, 1956 read with the Companies [particulars of Employees] Rules, 1975 as amended.

Listing

The Company has listed its shares on The Stock Exchange, Mumbai, The Stock Exchange, Ahmadabad and The Stock Exchange, Hyderabad.

Research & Development

The Company has been arduously working to improve the R & D so as to provide quality and value for money to the customers in keeping with market trends.

Fixed Deposits

Your Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 from Public and the rules made there under.

Safety, Environmental Control & Protection

The Company has taken all the necessary steps for safety and environmental control and protection.

Acknowledgement

The Directors wish to convey their appreciation to the Company's Shareholders, Customers, Suppliers, Bankers, and Distributors for their support they have given to the Company over the past years and the confidence, which they have reposed in its management and the employees for the commitment and dedication shown by them.

Cautionary Statement

Statement in the Management Discussion and Analysis describing the Company's objectives, expectations, estimates or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, input availability and prices, changes in Government regulations, tax laws, economic developments within the country and other incidental factors. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis, of any subsequent developments, events or information.

Registered Office

H-wing Office No. 131,
Raj Arcade, Mahavir Nagar,
Kandivli West,
Mumbai 400 067, Maharashtra, India

Karma Ispat Limited

sd/-

(Rajesh Mehta)

Chairman & Managing Director

Management Discussions and Analysis

Overview

(1) Global Economy

The global economy initially estimated to grow over 3% in 2008, declined in the second half of 2008 bringing down the overall growth to 2.1%. Even though US economy has been slowing down since 2007 due to sub-prime crisis, the depth and duration of these crisis and the domino effect on the world economy could not be predicted accurately by Experts/Analysts.

The financial system was paralyzed with mounting sub-prime losses leading to collapse of certain large global Financial Institutions in the second half of 2008. The failure of major financial institution had a devastating impact on the real economy with widening credit spreads, liquidity crunch, steep fall in demand and falling margins. The de-coupling theory of developing economies remained unaffected with the recession/slow down in the advanced economies was proved invalid after having seen the swift slow down in these economies. However, developing economies constitute 25% share in the global economy in terms of nominal GDP and about 44% in terms of PPP. The growth in the developing economies even though at a slower pace is expected to cushion the impact of global melt down in the world economy.

Real GDP growth

(%)

| Region | 2004 | 2005 | 2006 | 2007 | 2008 | 2009(F) |
|----------------------|------|------|------|------|------|---------|
| World | 4.0 | 3.4 | 3.9 | 3.8 | 2.1 | (2.5) |
| Advanced economies | 3.2 | 2.6 | 3.0 | 2.7 | 0.9 | (3.8) |
| Developing economies | 7.5 | 7.1 | 8.0 | 8.3 | 6.1 | 1.6 |

(Source: IMF)

IMF estimates that the world economy in 2009 contracts by 2.5% while developing countries continue to grow at a slower pace of 1.6%. The central banks and the governments of various countries acted swiftly to counter the global economic melt down in a coordinated manner by announcing massive stimulus packages and by easing monetary system. These measures are expected to lessen the impact of the crisis and also make the recovery faster.

(2) Global Steel Industry

Steel industry accounts for approximately 2% of the global economy and 3.5% of the global merchandise trade. The Global Steel Industry witnessed two sharply divergent trends in 2008; the first half witnessed a surge in steel demand leading to a record prices followed by a steep slide in demand and prices in the second half.

The slow down in investment activity, the primary driver for steel consumption coupled with lower consumption demand due to declining income caused by job losses led to accelerated fall in demand for steel. Responding to the collapsing demand and prices, the Global Steel Industry announced production cuts, resulting into 25% fall in world steel production in October to December 2008. World Crude Steel production declined by 1.6% from 1,351 Mn tonnes in 2007 to 1,330 Mn tonnes in 2008, as steel output de-grew for the first time in six years and the top ten steel companies declared production cuts in the later part of 2008.

In 2008, steel production declined nearly in all major steel producing regions including the EU, North America, South America and CIS. Overall, Asia produced 750 Mn tonnes of crude steel in 2008, accounting for 56% of world's total production and reporting a 1.6% degrowth over the previous year.

Of the top 10 largest steel producing nations, only China, India and South Korea registered production increases in 2008.

Top-10 steel producing countries (Crude Steel Production)

| Country | Rank | 2008 (Mn Tonnes) | 2007 (Mn Tonnes) | % growth |
|---------------|------|---------------------|---------------------|--------------|
| China | 1 | 500.5 | 489.9 | 2.2 |
| Japan | 2 | 118.7 | 120.2 | (1.2) |
| US | 3 | 91.5 | 98.1 | (6.7) |
| Russia | 4 | 68.5 | 72.4 | (5.4) |
| India | 5 | 55.1 | 53.1 | 3.7 |
| South Korea | 6 | 53.8 | 51.5 | 4.5 |
| Germany | 7 | 45.8 | 48.5 | (5.5) |
| Ukraine | 8 | 37.1 | 42.8 | (13.3) |
| Brazil | 9 | 33.7 | 33.8 | (0.27) |
| Italy | 10 | 30.5 | 31.5 | (3.2) |
| Top-10 | | 1,035.2 | 1,041.8 | (0.6) |
| World | | 1,329.7 | 1,351.3 | (1.6) |

(Source: WSA)

World Finished Steel Consumptions:

The global finished steel consumption showed a negative growth of 1.4% during 2008 as against production degrowth of 1.6% which established the de-stocking of inventory. The fall in production was steeper than the decline in apparent consumption which is a positive sign for the steel industry.

(Mn Tonnes)

| Steel Consumption | 2007 | 2008 |
|--------------------|---------------|---------------|
| Advanced economies | 402.0 | 365.9 |
| China | 413.7 | 425.7 |
| Rest of the world | 398.7 | 405.9 |
| World | 1214.4 | 1197.4 |

(Source: WSA)

Though the decline in consumption was significant in advanced economies, the China and rest of the world registered a growth in consumption in spite of global melt down.

(3) The China Factor

China had a steel manufacturing capacity of 677 Mn tonnes at the end of 2008 compared with 588 Mn tonnes at the end of 2007. China is the first country to produce more than 500 Mn tonnes in a year. Steel Production in 2008 was 500.5 Mn tonnes against 489 Mn tonnes in 2007 even when world steel production de-grew. China's production volume tripled in eight year from 151 Mn tonnes in 2001.

China is a leading player in the world steel industry with production and consumption constituting about 40% of the world. Any slowdown in the Chinese economy is expected to create surplus to be exported to world markets creating further pressure on demand and prices. In view of the massive increase in capacities created in China, the production outpaced the demand and China became the net exporter of steel. It is therefore relevant to track the developments in china to formulate a reasonable steel industry outlook during 2009.

China Outlook:

Even in the current global melt down, China is one of the fastest growing economies in the world. The large stimulus package announced by the Chinese government is expected to mitigate the impact of falling exports replaced by higher incremental domestic demand. While the steel production is expected to be lower in the year 2009, it is estimated that the exports will also be lower in the current year over 2008. Hence China is not expected to increase steel exports during 2009 which was also demonstrated by lower exports in the first quarter of 2009.

4) Indian Economic Review

As per estimates of RBI the Indian economy is likely to grow 6.5% in 2008-09 as against 9% in 2007-08. The six core infrastructure segments of finished steel, cement, crude petroleum, petroleum refinery, power and coal grew by 2.7% in 2008-09 compared with 5.9% in 2007-08.

Economy booster shots

The Indian Government announced stimuli packages to revive the economy through monetary, fiscal and export promotion measures. The key features of these packages include:

- Reduced Excise duty by 4% to 10%, this will reduce the cost of goods.
- Reduced Excise duty to 4% on petroleum products.
- Increased infrastructure investment for port and highways. Concessional finance for home loans and loans to small and medium enterprises.
- Incentives to certain ailing sectors to boost demand.

(5) The Indian Steel Industry

Overview

- The Indian steel industry has an installed capacity of 60 Mn tonnes.
- Around 35% of the total steel was produced by the public sector, 35% by large private manufacturers and 30% by small players.
- The Indian steel industry witnessed divergent trends in 2008-09; while the first half was buoyant with steel prices and demand touching an all-time high, the second half was muted as the steel demand contracted.
- Starting 2007-08, India emerged as net steel importing country, giving ample opportunity to domestic players to meet the growing demand.

India's crude steel production registered a growth of 1.2% from 53.9 Mn tones in 2007-08 to 54.5 Mn tonnes in 2008-09 (Source: JPC). The positive growth in steel production even during the period of severe global meltdown is quite encouraging.

The finished steel production for the FY 2008-09 registered a growth of 0.6% over FY 2007-08. Steered by a robust demand from semi-urban and rural area coupled with an accelerating investment-led economic growth, the Indian steel demand was less impacted by global slow down relative to most other economies. The domestic production grew at CAGR of 8.1% for the last 8 years.

The first half of fiscal 2008-09 witnessed an unprecedented demand spurt on account of expanding oil and gas sector, large infrastructure spend and higher disposable incomes triggering demand in housing/ Consumer durables/Auto sectors. Finished steel consumption growth slackened significantly in the third quarter of 2008-09 due to the domino effect of the global financial crisis on the Indian financial markets.

Although the steel demand fell during the third quarter of fiscal 08-09 mainly due to tight liquidity conditions following the various monetary and fiscal initiatives announced by Reserve Bank of India and the Central government the demand started picking up during fourth quarter of fiscal 2008-09. The following are the main reasons for such smart recovery

- Timely announcement of monetary and fiscal stimulus measures with a focus on infrastructure and consumer spending.
- High density of semi-urban and rural demography, that was relatively unaffected by global turmoil, coupled with rising affordability due to the falling inflation.
- Inventory levels nearly bottomed out at the producer, user and dealer level – creating fresh demand.
- Opportunity to substitute imports with domestic supplies.

Per capita consumption

India's per capita steel consumption continued to be low at 46 kg compared to global average of 198 kg in 2008. The National Steel Policy aspires to double the rural per capita steel consumption to 4 kg per person in the next few years. This will present an attractive opportunity for the industry to expand the existing capacities and create further green field capacities, considering that around 70% of the Indian population is rural. (Source: WSA)

Opportunities, Threats, Risks, Concerns And Outlook

Domestic demand is expected to grow at a rate of 7% on a compounded basis over the next decade. Additionally, global demand is expected to grow by over 6%, creating enormous opportunities for being explored by main-line steelmakers. The positive growth outlook is expected to propel additional investment and production of high-grade value-added steel products to meet the growing needs of end-users.

Consolidation has enabled steel Companies to lower production costs and has also allowed stringent supply-side discipline. Value added approach to steel would ensure concentration of efforts on manufacture of high-end products with resultant positive multiplier effect on margins. Better demand forecasting and availability of suitable information on capacity development would enable steelmakers to rapidly change and adjust their product portfolios.

Threats

Indian Steel Industry faces the following threats :-

- a) Tightening of monetary policy to contain rising inflationary pressures, with consequent impact on spending on infrastructure etc.
- b) Per capital consumption of steel continuing to remain low.
- c) Strengthening Rupee denominating lower export realizations.
- d) Continuing exports of iron ore and implications thereof on domestic availability and prices.
- e) High transportation costs.
- f) Higher duties of Excise on Finished Steel Products.
- g) Shortening business cycles and volatile economies.
- h) Growing steel capacity in China and resultant concerns of overcapacity.
- i) Volatility in long-term supplies of raw materials.
- j) Surge in prices of oil.

Performance of the Company

The Company had an overall good performance in the year ended March 31, 2009. However increased material cost and tight margins saw a drop in the profitability of the Company. With the experience of the new management in the Steel business, the Company intends to re-engineer its business processes, establish its cost leadership in a liberalized scenario and modernize its operations to become one of the most efficient steel producers in the world. The Company realizes the need to grow in size and regional diversity to match Indian and global players.

The Company plans to achieve these long term objectives through the following strategic initiatives which is discussed below:

India is one of the best countries to produce steel at a competitive cost by virtue of availability of key raw materials viz. iron-ore, coal (to some extent) and skilled labour. Steel consumption in India is likely to increase at a rapid pace in the future due to large investments planned in infrastructure development, increased urbanization and growth in key steel consuming sectors viz. automotive, construction, capital goods and other manufacturing sectors. The per capita steel consumption in India is quite low compared to the world average and also compared to the countries like China, USA, Europe, Japan and others. Considering the future economic climate in India, the per capita consumption of steel in the next decade is expected to increase significantly from the current levels. As part of its strategy to retain its pre-eminent position in the Indian markets, the Company has drawn elaborate plans to significantly enhance its presence in India in the near future.

The Company's plan to set up its factory at Tarapur.

Human Resources

The Company recognizes the need for continuous growth and development of its employees in order to provide greater job satisfaction and also to equip them to meet growing organizational challenges.

Internal Control System and their Adequacy

Internal Control Systems are designed to ensure the reliability of financial and other record and accountability of executive action to the management's authorization. The Statutory Auditors have evaluated the system of internal controls of the Company and have reported that the same are adequate and commensurate with the size of the Company and nature of its business.

The internal control systems are reviewed by the top Management and by the Audit Committee of the Board and proper follow up action ensured wherever required.

Report on Corporate Governance

1] Company's Philosophy on Corporate Governance

The main object of Corporate Governance is to create transparency and full disclosure regarding the working of the Company. Corporate Governance's aim is to create long-term value for all stakeholders viz. investors, employees, creditors, customers, Government and society at large. It is crucial to the progress of every business enterprise as it builds confidence and trust, which eventually leads to a more stable and sustained resource flow and long-term partnership with its investors and other stakeholders. The Company firmly believes in and continues to practice good corporate Governance. The Company's essential character is shaped by the very values of transparency, professionalism and accountability. The Company continuously endeavors to improve on these aspects on an ongoing basis. The disclosures required by Clause 49 of the Listing Agreement are as under:

2] Board of Directors

As per the listing Agreement the Board should have an optimum combination of both Executive and Non-Executive Directors, and at least one half of the Board has to comprise of independent Directors where the Chairman is Executive.

The Board of your Company as on March 31, 2009 has 2 Executive Director and 2 Non-Executive Directors. The number of independent Directors are 2.

The details of composition of the Board, category, attendance of Directors at Board Meetings and last Annual General Meeting, number of other Directorships and other Committee Memberships are given below:

| Category | | No. of Board Meeting Attended | Attendance At Last AGM | No. of Other Directorships Held Position As on 31.03.09 | | Outside Committee Held As on 31.03.09 | |
|----------------------|---------|-------------------------------|------------------------|---|---------|---------------------------------------|-------|
| | | | | Public | Private | Mem | Chmn. |
| Mr. Rajesh Mehta | MD | 10 | YES | NO | NO | NO | NO |
| Mr. Amish Modi | IND/NED | 8 | YES | NO | NO | NO | NO |
| Mr. Hemang Sampat | IND/NED | 10 | YES | NO | NO | NO | NO |
| Mr. Bhavna Mehta | ED | 10 | YES | NO | NO | NO | NO |
| *Mr. Narendra Sampat | IND/NED | 2 | NO | NO | NO | NO | NO |

- MD stands for Managing Director.
- NED stands for Non Executive Director AND IND for Independent Director.
- During the financial year ended 31st March, 2009, Board meetings were held on 30th April, 2008, 29th July, 2008, 30th July, 2008, 04th September, 2008, 16th October, 2008, 31st October, 2008, 10th November, 2008, 31st January, 2009, 04th February, 2009 and 16th February, 2009.
- *Mr. Narendra Sampat was appointed as Additional Director on 04th February, 2009

3] **Committees of Directors**

Non Executive Directors provide guidance to operating management on policy matters as well as in monitoring the actions of operating management. This involvement provides regular exchange of information and ideas between the non-executive Directors and the operating management

To conform to the requirement of clause 49 of the Listing Agreement with the Stock Exchange and Companies Act, 1956, the Board has constituted the required Committees.

3.1] **Audit Committee**

The Company has a qualified and independent Audit Committee comprising of 3 Non Executive Director. The broad terms of reference of the Audit Committee are in consonance with the provisions of Clause 49 of the Listing Agreement.

The Committee held 5 meetings during the year on 30th April, 2008, 29th July , 2008, 30th July, 2008, 31st October, 2008 and 31st January, 2009.

The audit committee was reconstituted on February 04, 2009. The names of Members of the present Committee and their attendance are as follows:

| Name of the Members | Status | No. of Meetings Attended |
|----------------------------|---------------|---------------------------------|
| Mr. Hemang Sampat | CHAIRMAN | 5 |
| Mr. Narendra Sampat | MEMBER | - |
| Mr. Rajesh Mehta | MEMBER | 5 |

Note:

- 1) Mr. Amish Modi was the chairman of the audit committee till 04th February, 2009 and he attended 5 meeting during his tenure.
- 2) Mr. Narendra Sampat was appointed on the audit committee with effect from 04th February, 2009

Terms of reference:

All the members of Audit Committee are financial literate and have accounting and financial management expertise. The Committee invites Senior Management personnel and statutory auditors to attend these meetings.

The functions of the Audit Committee include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. 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.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. Viewing, with the management, the quarterly financial statements before submission to the board for approval .Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

6. 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.
7. Discussion with internal auditors any significant findings and follow up there on.
8. 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.
9. Discussion with 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.
10. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
11. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
12. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee has reviewed the following information:

1. Management Discussion & Analysis of financial condition and results of operations.
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management
3. Internal Audit Reports relating to internal control weaknesses

3.2] **Remuneration**

Although Remuneration Committee has been constituted by the Company, all matters relating to review and approval of compensation payable to the Executive and Non Executive Directors are considered by the Board within the overall limits approved by the Members.

The Managing Director is entitled to Salary, perquisites and allowances. Salary is paid within the range as approved by the Shareholders. However considering the present situation of the Company the Managing Director has not drawing any salary for the financial year under consideration. The Committee approves all the revisions in salary, allowances and perquisites subject to the overall ceiling prescribed by Section 198, 309 and Schedule XIII of the Companies Act, 1956

Given below are the details of remuneration paid to Directors during the financial year 2008-09:

| Director | Sitting Fees Rs. | Salary & allowances Rs. | Perquisites Rs. |
|---------------------|------------------|-------------------------|-----------------|
| Shri Rajesh Mehta | NIL | 20,87,120 | NIL |
| Smt. Bhavna Mehta | NIL | 9,49,825 | NIL |
| Shri. Amish Modi | NIL | 2,30,000 | NIL |
| Shri. Hemang Sampat | NIL | 1,65,038 | NIL |

Note: The Directors have voluntarily waived the sitting fees for attending meeting

3.3] **Share Holder's Grievance Committee**

The Company has constituted a Shareholders' Committee to specifically look into Investors' complaints, if any, and to redress the same expeditiously. The Committee redresses complaints of investors like transfer of shares, non-receipt of Balance Sheet and non-receipt of declared Dividend etc. The Shareholder's Grievance Committee met 1 [Once] during the year ended 31st March 2009.

The composition of the Shareholder's Grievances Committee and details of the meetings attended by the Directors are given below:

| Name of Members | Category | No. Of Meetings attended during the year 2007-2008 |
|-----------------------|----------|--|
| Shri. Hemang Sampat | Chairman | 1 |
| Shri. Narendra Sampat | Member | 1 |
| Shri. Rajesh Mehta | Member | 1 |

Mr. Krishnat Desai is the Compliance Officer of the Company.

4] Details of the Investor Complaints received during the year

| Sr. No | Nature of Complaints | Received | Disposed | Pending |
|--------|---|----------|----------|---------|
| 1. | Non-receipt of Dividend Warrants. | NIL | NIL | NIL |
| 2. | Non-receipt of Share Certificate after Transfer | NIL | NIL | NIL |
| 3. | Non -receipts of annual report | NIL | NIL | NIL |
| | Total | NIL | NIL | NIL |

5] General Body Meetings

The last three Annual General Meetings were held as under:

| Financial Year | Date | Time | Venue |
|----------------|------------|------------|-------------------|
| 31.03.2008 | 27.09.2008 | 11.30 A.M | Registered Office |
| 31.03.2007 | 29.09.2007 | 11.30 A.M | Registered Office |
| 31.03.2006 | 30.09.2006 | 11.30 A.M. | Registered Office |

All the matters as set out in the respective notices were passed by the Shareholders

No Special resolutions passed in the last three Annual General meetings.

Extra Ordinary General Meeting

During the year under review the following Extra Ordinary General Meeting was held on March 16, 2009 for approving the preferential issue of convertible warrants:

Postal Ballot

Special resolution was passed on October 08, 2008 through postal ballot, pursuant to Section 192A of the Companies Act, 1956, read with the Companies (Passing of resolution by postal ballot) Rules, 2001, for Alteration of Memorandum of Association was incorporating clauses on trading in currency derivatives under Section 17 and 149(2A) of the Companies Act, 1956 and mortgage of the Company's assets under Section 293(1)(a)

6] Disclosures

During the year, the Company did not enter into any materially significant related party transactions with its Promoters, Directors or the Management, their Subsidiaries or relatives etc., which may have a potential conflict with the interest of the Company at large. Transaction with related parties as per the requirements of Accounting Standards 18 are disclosed in the Schedule to the balance sheet

The company has complied with the requirements of the Stock Exchange, SEBI, and other Statutory Authorities on all matters relating to Capital Markets during the last three years. The Company has paid its listing fees for the 2008-09.

7] Means of Communication

Quarterly results are published in prominent daily newspapers viz., Free Press & Nav Shakti/Economics Times/Maharashtra Times All items required to be covered in the Management Discussion and Analysis have been included in the Management Discussion and Analysis as attached to this Report.

The Company has its own website and all the vital information relating to the Company and its products are displayed on the website. Address of the website is www.karmaispat.com

So far, the company has not displayed the results on its website.

8] General Share Holders Information

| | |
|--------------------------------|--|
| Annual General Meeting: | 32 nd Annual General Meeting |
| Day & Date : | Saturday, September 26, 2009 |
| Time : | 11.30 a.m. |
| Venue : | Kamala Vihar Sports Club, Mahavir Nagar, Kandivli (West). Mumbai 400 067 |

9] Financial Charges

- * Financial reporting for the quarter ended June 30, 2009: End of July 2009
- * Financial reporting for the quarter ended Sept. 30, 2009: End of Oct. 2009
- * Financial reporting for the quarter ended Dec. 31, 2009: End of Jan. 2010
- * Financial reporting for the Year ended March 31, 2010: End of April 2010

10] Date of Book Closure

21/09/2009 to 26/09/2009 [Both days inclusive]
Dividend payment date – not applicable

11] Share Transfer System

The turnaround time for completion of transfer of shares in physical mode is generally 15 days, if the documents are clear in all respects. The Board has delegated the responsibility of Share Transfers to Share Transfer Committee & Registrar & transfer agent under Demat mode are transferred by the Registrar for this purpose within 15 days.

12] Transfer under Physical and Demat Mode**M/S. System Support Services**

[Unit: Karma Ispat Limited]
209, Shivai Industrial Estate, 89, Andheri Kurla Road,
Sakinaka, Andheri [East], Mumbai – 400 072
Telephone No. 022-28500835

13] Compliance Officer**Mr. Krishnat Desai**

H -Wing, Office No. 131,
Raj Arcade, Mahavir Nagar,
Kandivali West, Mumbai 400067
E-mail: krishnat@karmaispat.com
Telephone No.022- 67251166/77

14] Address for Correspondence**Karma Ispat Limited**

H Wing, Office No. 131,
Raj Arcade, Mahavir Nagar,
Kandivali West, Mumbai 400067
E-mail: support@karmaispat.com
Telephone No. 022-67251166/77

15] **Listing**

The Stock Exchange, Mumbai.

The Stock Exchange, Ahmedabad.

The Stock Exchange, Hyderabad.

16] **Stock Code of the Company**

The Stock Exchange, Mumbai

Script Name : **Karma Ispat Limited**

Script Code : 512585

Electronic Mode: INE416F01019.

17] **Depository Connectivity**

NSDL & CDSL.

18] **ISIN No. for the Company's Security**

INE416F01019.

19] **Dematerialization of Shares**

As on March 31, 2009, 21,68,700 Shares representing 6.57% of total Equity Shares were held in dematerialized form with NSDL. Member can hold shares in electronic forms and trade the same in Depository System. However, they may hold the same in physical form also.

20] **Stock Price Data**

Stock Market price data for the year

Company's Share

| Month | High (Rs.) | Low (Rs.) | No. of Shares |
|----------------|------------|-----------|---------------|
| April 2008 | 31.65 | 15.85 | 34,200 |
| May 2008 | 37.00 | 27.15 | 41,700 |
| June 2008 | 38.00 | 24.90 | 72,600 |
| July 2008 | 26.70 | 19.85 | 14,000 |
| August 2008 | 38.75 | 28.00 | 21,788 |
| September 2008 | 32.50 | 25.70 | 26,061 |
| October 2008 | 35.30 | 25.05 | 61,638 |
| November 2008 | 26.65 | 15.80 | 18,980 |
| December 2008 | 38.60 | 18.20 | 2,72,057 |
| January 2009 | 46.80 | 31.10 | 1,05,909 |
| February 2009 | 42.85 | 31.70 | 35,795 |
| March, 2009 | 54.55 | 43.00 | 3,18,319 |

21] **Share Holding pattern as on March 31, 2009**

| Category | No. of shares held | % of shareholding |
|---------------------------|--------------------|-------------------|
| Promoters | 48,37,500 | 14.66 |
| Private Bodies Corporate | 2,20,844 | 0.67 |
| Banking / Financial Inst. | 1,500 | 0.00 |
| Indian Public | 2,79,40,156 | 84.67 |
| NRI / OCBs | - | - |
| Total | 3,30,00,000 | 100.00 |

22] **Distribution of Share Holding as on March 31, 2009**

| No. of Equity Shares held | No. of Share Holders | No. of Shares held | % of Equity Capital |
|---------------------------|----------------------|--------------------|---------------------|
| Upto 500 | 5145 | 8,07,003 | 2.445 |
| 500 - 1000 | 176 | 1,52,695 | 0.463 |
| 1001 - 2000 | 66 | 1,00,060 | 0.303 |
| 2001 - 3000 | 17 | 44,900 | 0.136 |
| 3001 - 4000 | 05 | 18,800 | 0.057 |
| 4001 - 5000 | 09 | 43,800 | 0.133 |
| 5001 - 10000 | 17 | 1,37,747 | 0.417 |
| 10001 - 100000 | 20 | 8,57,495 | 2.598 |
| 100001 & Above | 25 | 3,08,37,500 | 93.447 |
| Total | 5480 | 3,30,00,000 | 100.00 |

23] **Compliance**

A certificate has been obtained from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance and is attached to this report.

Registered Office

H-wing Office No. 131,
Raj Arcade, Mahavir Nagar,
Kandivli West,
Mumbai 400 067 Maharashtra, India

Karma Ispat Limited

sd/-

**(Rajesh Mehta)
Managing Director**

NOTE: Non-mandatory requirements not implemented.

Managing Director Certification

We hereby certify that, to the best of our knowledge and belief.

- a) We have reviewed the financial statements and cash flow statement for the year and that to the best of our knowledge and belief :
 - i. These statements do not contain any materially untrue statement or omit any material fact nor do they 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 the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year that are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee that :
 - i. There are no significant changes in internal control over financial reporting during the year
 - ii. There are no significant changes in accounting policies during the year; and
 - iii. There are no instances of significant fraud, of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Company's Internal Control Systems over financial reporting.

For Karma Ispat Limited

Sd/-

**Rajesh Mehta
Managing Director**

**Place: Mumbai
Date: June 30, 2009**

DECLARATION ON CODE OF CONDUCT

To

The Members of

Karma Ispat Limited, Mumbai

I, Rajesh Mehta, Managing Director of Karma Ispat Limited declare that to the best of my knowledge and belief, all the members of the Board of Directors and the designated personnel in the senior management of the Company have affirmed compliance with the Code of Conduct for the financial year ended 31st March 2009.

For Karma Ispat Limited

Sd/-

**Rajesh Mehta
Managing Director**

**Place: Mumbai,
Date: 30th June, 2009**

Auditor's Report

The Members of **Karma Ispat Limited,**

1. We have audited the attached Balance Sheet of Karma Ispat Limited, as at 31st March 2009 and the Profit and Loss Account for the years 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 (Auditors Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further 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 purpose of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - (iii) The Balance Sheet and Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet and Profit and Loss Account 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;
 - (v) On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 subject to,
 - (a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2009;
 - (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date.
 - (c) In case of cash flow statement, of the cash flows for the year ended on that date.

For Arvind Darji Associates

Chartered Accountants

Sd/-

Arvind M Darji

Proprietor

Membership No.: 41748

Place: Mumbai

Date: 30th June, 2009

Annexure to the Auditors Report

Referred to in paragraph 3 of our report of even date,

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management at reasonable intervals during the year. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off a major part of the fixed assets.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of 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 stocks and the book records were not material.
- (iii) (a) The company has not granted any loan secured or unsecured to companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act 1956.
- (iv) (a) The Company has taken loan from one party covered in the register maintained under Section 301 of the Companies Act 1956. The Maximum amount involved during the year was Rs.10,22,000 and the year end balance of loan taken from such parties was Rs. 3,81,013.
- (b) No interest has been charged to the company and other terms and conditions of such loans are not prima-facie prejudicial to the interest of the company.
- (c) Company is regular in payment of principal and the amount overdue does not exceed one lakh rupees.
- (v) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods.
- (vi) According to the information and explanations given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered in the register required to be maintained under that section.
- (vii) The company has not accepted the deposit from public.
- (viii) The company has in-house Internal Audit system, which needs further improvements.
- (ix) Central Government has not prescribed any rules for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956.
- (x) (a) The company is regular in depositing with appropriate authorities undisputed Statutory dues including income tax, sales tax, cess and other material statutory dues applicable to it. Company has been advised that provisions of Provident fund is not applicable.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, and cess were in arrears, as at 31st March, 2009 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of sale tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- (xi) In our opinion, company does not have accumulated losses at the end of the financial year which is less than fifty percent of the Net Worth.
- (xii) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xi) Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xii) In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiii) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) The company has not given guarantees for loans taken by others from banks or financial institutions.
- (xv) The company has not raised any term loans during the years under consideration

(xvi) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that the 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.

(xvii) During the year the company has made following preferential allotments to parties covered under register maintained under section 301 of the companies Act 1956.

| | No. of Shares | Face Value (In Rs.) | Issue Price (In Rs.) |
|---|-------------------|---------------------|----------------------|
| Shares issued against conversion of preferential convertible warrants | 285,00,000 | 10 | 15 |
| Shares issued against conversion of preferential convertible warrants | 15,00,000 | 10 | 38 |
| Total | 300,00,000 | | |

According to the information and explanation given to us these shares are issued in terms of SEBI (Disclosure And Investor Protection) Guidelines, 2000 and accordingly, the prices at which these shares are issued are not prima facie prejudicial to the interest of the Company.

(xviii) According to the information and explanations given to us, during the period covered by our audit report, the company had not issued debentures.

(xix) Company has not received any fund by way of public issues

(xx) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Arvind Darji Associates

Chartered Accountants

Sd/-

Arvind M Darji

Proprietor

Membership No.: 41748

Place: Mumbai

Date: 30th June, 2009

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

The Members of
KARMA ISPAT LIMITED

We have examined the compliance of the condition of Corporate Governance by **Karma Ispat Limited**, for the year ended March 31, 2009 as stipulated in Clause 49 of Listing Agreement of the Company with the Stock Exchanges in India.

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

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

We state that no investors grievances are pending for the period exceeding one month against the Company as per the records maintained by the Shareholder / Investor Grievances Committee. We further state that such compliance is neither an assurance as to the future liability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Arvind Darji Associates
Chartered Accountants

Arvind M Darji
Proprietor
Membership No.: 41748

Place: Mumbai
Date: 30th June, 2009.

Balance sheet as at 31st March 2009**(Rs. In Lacs)**

| | Schedules | 2009 | 2008 |
|--|------------------|--------------------|--------------------|
| Sources of Funds | | | |
| Share Holders Funds | | | |
| Share Capital | 1 | 330,000,000 | 30,000,000 |
| Reserves and Surplus | 2 | 200,265,606 | 15,269,059 |
| Convertible Warrant Application Money | | - | 103,988,000 |
| Deferred Tax (Net) | | 1,287,986 | 1,596,809 |
| Loan Funds | | | |
| Secured Loan | 3 | 4,592,741 | - |
| Unsecured Loans | 3 | 25,170,943 | 289,930 |
| Total | | 561,317,276 | 151,143,798 |
| Application of Funds | | | |
| Fixed Assets | | | |
| Gross Block | 4 | 77,094,570 | 60,990,864 |
| Less: Depreciation | | 57,104,922 | 53,727,526 |
| Net Block | | 19,989,648 | 7,263,338 |
| Investments | 5 | 47,260,000 | - |
| Current Assets, Loans and Advances | | | |
| Stock in Hand | | 9,678,083 | 22,047,853 |
| Sundry Debtors | 6 | 551,601,713 | 291,044,087 |
| Cash and Bank Balance | 7 | 22,334,854 | 14,553,908 |
| Loans and Advances | 8 | 55,974,741 | 3,984,586 |
| | | 639,589,389 | 331,630,434 |
| Less: Current Liabilities and Provisions | | | |
| Current Liabilities | 9 | 140,067,335 | 194,914,378 |
| Provisions | 10 | 6,715,000 | 1,525,000 |
| Net Current Assets | | 492,807,054 | 135,191,056 |
| | Schedules | 2009 | 2008 |
| Miscellaneous Expenditure | | | |
| (To the extent not written off) | | | |
| Expenses for Increase in Authorized Capital | | 1,260,573 | 1,680,764 |
| Profit & Loss A/C (Dr. Balance) | | - | 7,008,640 |
| Total | | 561,317,276 | 151,143,798 |
| Significant Accounting Policies & Notes to the Accounts | 15 | | |
| | 17 | | |

As per Our Report of even date attached

For Arvind Darji Associates
Chartered AccountantsSd/-
Arvind M Darji
Proprietor

Place: Mumbai

Date : 30th June, 2009

For and on behalf of the Board of Directors

Sd/-
Rajesh Mehta
DirectorHemang Sampat
Director

Place: Mumbai

Date : 30th June, 2009

Profit & Loss Account for the year ended 31st March 2009**(Rs. In Lacs)**

| | Schedules | 2009 | 2008 |
|---|-----------|----------------------|----------------------|
| Income | | | |
| Sales | | 2,766,954,225 | 1,191,146,132 |
| Other Income | 11 | 6,603,218 | 3,302 |
| | | 2,773,557,443 | 1,191,149,434 |
| Expenditure | | | |
| Material Cost | 12 | 2,734,647,394 | 1,168,935,612 |
| Other Expenses | 13 | 14,120,416 | 4,960,839 |
| Interest | 14 | 8,605,682 | 3,693,687 |
| Preliminary Expenses written off | | 420,191 | 420,191 |
| | | 2,757,793,684 | 1,178,010,329 |
| Profit before Depreciation | | 15,763,759 | 13,139,105 |
| Depreciation | | 3,377,396 | 2,905,992 |
| Profit Before Tax | | 12,386,364 | 10,233,113 |
| Less: Provision for Taxation | | 5,100,000 | 1,510,000 |
| Provision for FBT | | 90,000 | 15,000 |
| Add : Deferred Tax | | 308,823 | 1,082,118 |
| Profit/(Loss) after Tax | | 7505187 | 9,790,231 |
| Balance in P & L Account B/F | | (7,008,640) | (16,798,871) |
| Surplus/(Deficit) carried to Balance Sheet | | 496,547 | (7,008,640) |
| Earnings Per Share (Rs.) | | 0.23 | 3.26 |
| Significant Accounting Policies & | 15 | | |
| Notes to the Accounts | 17 | | |

As per Our Report of even date attached

For Arvind Darji Associates

Chartered Accountants

Sd/-

Arvind M Darji

Proprietor

Place: Mumbai

Date : 30th June, 2009

For and on behalf of the Board of Directors

Rajesh Mehta

Director

Sd/-

Hemang Sampat

Director

Place: Mumbai

Date : 30th June, 2009

| SCHEDULE 1 | 2009 | 2008 |
|--|--------------------|-------------|
| <i>Authorized Share Capital</i> | | |
| 33,25,000 Equity Shares of Rs. 10/- each | 332,500,000 | 332,500,000 |
| <i>Issued, Subscribed and Paid-up Share Capital</i> | | |
| 330,00,000 (30,00,000) Equity Shares of Rs. 10/- each | 330,000,000 | 30,000,000 |
| SCHEDULE 2 | | |
| | 2009 | 2008 |
| <i>Reserve and Surplus</i> | | |
| Share Premium Account | 195,500,000 | 11,000,000 |
| General Reserve | 4,067,445 | 4,067,445 |
| Investment Allowance Reserve Utilized | 201,614 | 201,614 |
| Balance in Profit and Loss A/c | 496,547 | - |
| | 200,265,606 | 15,269,059 |
| SCHEDULE 3 | | |
| | 2009 | 2008 |
| <i>Secured Loan</i> | | |
| Jammu and Kashmir Bank (Car Loan) | 71,283 | - |
| Jammu and Kashmir Bank (Property Loan) | 4,521,458 | - |
| | 4,592,741 | - |
| <i>Unsecured Loan</i> | | |
| Other loans | 25,170,943 | 289,930 |

KARMA ISPAT LIMITED

SCHEDULE-4

FIXED ASSETS

| DESCRIPTION | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | RATE |
|---------------------------|----------------------------|-------------------|-----------------------------|----------------------------|------------------|-----------------------------|-----------------------------|-----------------------------|-------------|
| | AS ON 1st APRIL 2008 | ADDI- TIONS | AS ON 31st March 2009 | AS ON 1st April 2008 | FOR THE YEAR | AS ON 31st March 2009 | AS ON 31st March 2009 | AS ON 31st March 2008 | |
| 1. Plant & Machinery | 58,793,493 | - | 58,793,493 | 52,137,267 | 2,792,691 | 54,929,958 | 3,863,535 | 6,656,226 | 4.75% |
| 2. Electric Installations | 1,234,176 | 47,412 | 1,281,588 | 918,171 | 59,561 | 977,732 | 303,856 | 316,005 | 4.75% |
| 3. Furniture & Fixtures | 842,555 | - | 842,555 | 670,744 | 53,334 | 724,078 | 118,477 | 171,811 | 6.33% |
| 4. Computers | 55,640 | 667,689 | 723,329 | 838 | 151,349 | 152,187 | 571,142 | 54,802 | 16% |
| 5. Office Equipments | 65,000 | 627,024 | 692,024 | 506 | 11,331 | 11,837 | 680,187 | 64,494 | 4.75% |
| 6. Motor car | - | 1,904,633 | 1,904,633 | - | 156,423 | 156,423 | 1,748,210 | - | 9.50% |
| 7. Office building | - | 12,856,948 | 12,856,948 | - | 152,707 | 152,707 | 12,704,241 | - | 1.63% |
| TOTAL | 60,990,864 | 16,103,706 | 77,094,570 | 53,727,526 | 3,377,396 | 57,104,922 | 19,989,648 | 7,263,338 | |

| SCHEDULE 5 | 2009 | | | 2008 | |
|---|-------------------|------------------|--------------------|--------------------|------------|
| Investments | | | | | |
| Investment in Unquoted Investments) | Face Value | Nos. | Rs. | Nos. | Rs. |
| Condot Systems Pvt Ltd (Equity Shares) | 100 | 5,000 | 5,000,000 | - | - |
| Elpro Packaging Ltd (Preferential Shares) | 100 | 1,316,000 | 42,260,000 | - | - |
| Total | | 1,321,000 | 47,260,000 | - | - |
| Aggregate market value of Quoted Investment | | | | | |
| SCHEDULE 6 | | | | | |
| | | | 2009 | 2008 | |
| Sundry Debtors | | | | | |
| (Unsecured, considered goods) | | | | | |
| Debts Outstanding For a Period Exceeding 6 Months | | | 438,881,835 | | |
| Other Debts | | | 112,719,878 | 291,044,087 | |
| | | | 551,601,713 | 291,044,087 | |
| SCHEDULE 7 | | | | | |
| Cash and Bank Balances | | | | | |
| Cash In Hand | | | 433,954 | 6,346,955 | |
| Balance with Schedule Bank in Current Account | | | 19,900,899 | 8,206,953 | |
| Fixed Deposits | | | 2,000,000 | - | |
| | | | 22,334,853 | 14,553,908 | |
| SCHEDULE 8 | | | | | |
| | | | 2009 | 2008 | |
| Deposits, Loans and Advances | | | | | |
| (Unsecured Considered Good) | | | | | |
| Advance Tax | | | 3,836,933 | 3,315 | |
| Advance for office building | | | 6,100,000 | | |
| Advance for Capital Expenditure | | | 6,300,000 | | |
| Loans and Advances | | | 1,499,456 | 3,302,277 | |
| Deposits | | | 24,670 | 5,000 | |
| Advance to Supplier | | | 25,776,886 | 673,994 | |
| Prepaid Expenses | | | 11,774,770 | - | |
| Refund for Excess Payment of Car | | | 7,496 | - | |
| Input Vat 4% carried forward | | | 399,690 | - | |
| MVAT carried forward | | | 227,510 | - | |
| Accrued Interest on FD | | | 27,330 | | |
| | | | 55,974,741 | 3,981,271 | |

| SCHEDULE 9 | 2009 | 2008 |
|----------------------------------|--------------------|-------------|
| Current Liabilities | | |
| Sundry Creditors | 138,811,518 | 189,330,981 |
| Creditors for Expenses | 1,255,817 | 2,022,012 |
| Advance from Customers | - | 3,561,385 |
| | 140,067,335 | 194,914,378 |
| SCHEDULE 10 | 2009 | 2008 |
| Provisions | | |
| Provision for Income Tax | 6,610,000 | 1,510,000 |
| Provision for Fringe Benefit Tax | 105,000 | 15,000 |
| | 6,715,000 | 1,525,000 |

**Schedule forming part of Profit and Loss Account for the year ended on
31st March, 2009**

| SCHEDULE 11 | 2009 | 2008 |
|--|----------------------|----------------------|
| <i>Other Income</i> | | |
| Discount Received | 68,797 | |
| Interest on Fixed Deposit | 34,421 | 3,302 |
| Profit on Surrender of Land Purchase Right | 6,500,000 | |
| | 6,603,218 | 3,302 |
| SCHEDULE 12 | 2009 | 2008 |
| <i>Material Cost</i> | | |
| Opening Stock | 22,047,853 | - |
| Add : Purchases | 2,690,748,487 | 1,187,765,518 |
| Carriage Inward | 12,570,434 | 3,583,910 |
| Freight Charges | 157,130 | |
| Loading & Unloading Charges | 18,801,573 | |
| | 2,744,325,477 | 1,191,349,428 |
| Less: Closing Stock | 9,678,083 | 22,047,853 |
| Less: VAT @ 4% | - | 365,963 |
| | 2,734,647,394 | 1,168,935,612 |
| SCHEDULE 13 | 2009 | 2008 |
| <i>Other Expenses</i> | | |
| Salaries, Bonus | 2,038,443 | 482,000 |
| Directors Remuneration | 3,431,983 | 910,000 |
| Bank Charges | 609,696 | 306,081 |
| Staff Welfare Expenses | 163,402 | 79,619 |
| Brokerage & Commission | 2,157,902 | 705,581 |
| Computers Maintenance charges | 28,920 | 4,800 |
| Computer Software Expenses | 166,453 | 66,100 |
| Office Expenses | 29,671 | - |
| Postage and Courier Expenses | 104,213 | 1,840 |
| Printing and Stationery | 278,643 | 52,610 |

| Schedule 13 (Continued) | 2009 | 2008 |
|---|-------------------|------------------|
| Discount Allowed | - | 296 |
| Donations | 25,000 | 1,476,111 |
| Electricity Charges | 283,562 | 83,160 |
| Entertainment | 52,534 | - |
| Advertisement Expenses | 120,165 | 42,614 |
| Subscription & Membership Fees | 550 | 1,500 |
| Telephone Expenses | 607,380 | 83,179 |
| Pest control expense | 14,045 | - |
| Warehousing Charges | 1,336,101 | 302,089 |
| CDSL & NSDL Fees | 40,098 | 10,141 |
| Internet Charges | 43,079 | - |
| Club Membership Fees | 19,388 | - |
| Miscellaneous Expenses | 5,755 | - |
| Insurance Expenses | 14,045 | - |
| Rounded off | 180 | - |
| Trade Mark & Copyrights W/off | 37,500 | - |
| Travelling and Conveyance Expenses | 2,43,968 | 44,268 |
| Motor car Expense | 4,04,304 | 78,631 |
| Repairs & Maintenance Charges | 1,41,610 | 280 |
| Legal Fees | 12,45,442 | 1,41,174 |
| Listing Fees | 3,66,084 | 17,765 |
| Payment to Auditors: | - | - |
| Audit fees | 77,210 | 60,000 |
| Tax Audit Fees | 33,090 | 11,000 |
| | 14,120,416 | 4,960,839 |
| SCHEDULE 14 | 2009 | 2008 |
| Interest Cost | | |
| L/C Discounting charges | 7,963,197 | 3,648,802 |
| Interest on Office Loan | 503,042 | - |
| Interest on Car Loan | 63,333 | - |
| Bank Interest | 76,110 | 44,885 |
| | 8,605,682 | 3,693,687 |

SCHEDULES FORMING PART OF ACCOUNTS**SCHEDULE A: SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Presentation**

The financial statements have been prepared and presented under the historical cost convention on accrual basis of accounting, in accordance with the accounting principles generally accepted in India and comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 except where otherwise stated, the accounting principles have been consistently applied.

2. Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. The difference between the actual results and estimates are recognized in the period in which results are known/materialized.

3 Revenue Recognition

Revenue are recognized when it is earned and no significant uncertainty exist as to its ultimate collection. Interest income is recognized on a time proportion basis. Dividend is recognized when right to receive is established.

4 Fixed Assets

- I. Fixed asset are stated at cost of acquisition or construction less accumulated depreciation. The cost of fixed asset includes non refundable taxes and levies, freight and other incidental expenses related to the acquisition and installation of the respective assets and reducing there from modvat credit received/receivable, if any. Borrowing cost attributable to acquisition or construction of fixed assets are capitalized to respective assets.
- II. Expenditure relating to existing fixed assets is added to the cost of the Assets, where it increases the performance / life of the asset as assessed earlier.
- III. Advances paid towards the acquisition of fixed assets outstanding at each Balance Sheet date and the cost of fixed assets not put for their intended use before such date are disclosed under advances for capital asset.

5 Depreciation

Depreciation on fixed assets is provided at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956, on Straight Line method.

6 Inventories

Inventories are valued at the lower of cost or net realizable value whichever is lower.

7 Foreign Exchange Earning/Expenditure

The company does not have any earning and expenditure in foreign currency.

8 Retirement Benefits

Provision for / contribution to retirement benefit schemes are not done since the Company does not have more than ten employees. The rules of the company do not provide for encashment of unutilized leave.

9 Investments

- I. Long Term Investments are stated at cost and provision is made to recognize any diminution in value other than that of a temporary nature.
- II. Company does not have any current investments during the year.
- III. Income from Investments is accounted for on accrual basis.

10 Borrowing Cost

Borrowing cost are attributable to acquisition or construction of a qualifying asset (net of income earned on temporary deployment of funds) are capitalized as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing cost are charged to Profit and Loss account.

11 Taxes On Income

- a. Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessments / appeals.
- b. Deferred tax is recognized on timing differences between the accounting income and the estimated taxable income for the year and quantified using the tax rates and laws enacted or substantially enacted as on the balance sheet date.
- c. Deferred tax assets/Liabilities, other than brought forward business loss and unabsorbed depreciation are recognized and carried forward to the extent there is reasonable certainty that sufficient future taxable income will be available against which deferred tax assets/Liabilities can be adjusted.

12 Fringe Benefit Tax :

Provision for fringe benefit tax has been recognized on the basis of harmonious, Contextual, interpretation of provision of Income Tax Act, 1961.

13 Provisions, Contingent Liabilities And Contingent Assets:

- a. The company has made adequate provision for all expenses for which bills have been received but not accounted / services rendered etc. during the period ended 31st March, 2009.
- b. Accounting for contingencies (gains and losses) arising out of contractual obligation, are accounted on the basis of mutual acceptances.
- c. Contingent Assets are neither recognized nor disclosed.
- d. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

14 Events Occurring After The Balance Sheet Date

Where material, events occurring after the date of the Balance Sheet are considered upto the date of approval of accounts by the Board of Directors.

15 Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

SCHEDULE B: NOTES ON ACCOUNTS

1. Contingent liabilities not provided for:
 - I. Guarantees given to various authorities / customers Rs. Nil (previous year Rs.Nil)
 - II. Cheque Purchase / Bill discounted – Rs. Nil (previous year Rs. Nil)

2. In the year 2007-08 the Company has issued 300,00,000 Preferential convertible warrant (Exercise price of Rs. 15 each for 285,00,000 warrant and Rs.38 each for 15,00,000 warrant) on preferential basis to various investor, against which it has received Rs.10,39,88,000 till March 31st 2008. Each warrant carries a right to convert the same into one equity share of Rs.10 each at a premium of Rs.5 each (285, 00,000 shares) and Rs.28 each (15, 00,000 shares) as per formula prescribed under SEBI (DIP) guidelines.

All the above warrants have been converted into equity shares before 31st March 2009.

3. Vehicle/House loan are secured by hypothecation of related Vehicle/House property.
4. **Managerial Remuneration charged to accounts (included in employee cost):**

| Particulars | 2008-09 | 2007-08 |
|---------------|-----------|----------|
| Rajesh Mehta | 20,87,120 | 6,60,000 |
| Bhavna Mehta | 9,49,825 | 1,72,000 |
| Hemang Sampat | 1,65,038 | 48,000 |
| Amish Modi | 2,30,000 | 30,000 |

The computation of net profit for the purpose of Director Remuneration under Section 349 of the Companies Act, 1956 have not been enumerated no commission has been paid any of the directors. Managerial Remuneration has been paid to whole time directors as per Schedule XIII of the Companies Act,1956.

5 Auditors Remuneration

| Particulars | 2008-09 | 2007-08 |
|----------------|---------|---------|
| Audit Fees | 77210 | 60,000 |
| Tax Audit Fees | 33090 | 11,000 |
| Total | 110300 | 71,000 |

6. Estimated amount of contracts remaining to be executed on capital account and not Provided for (net of advances) is Rs.500,00,000/(Previous year Rs.Nil)
7. The Company has not incurred any borrowing cost as per Accounting Standard 16 "Borrowing Costs".
8. Sundry debtors, Loans and Advances and creditors balances are subject to Confirmation, reconciliation and consequent adjustments, if any.
9. In the opinion of the Board, the provisions for known liabilities are adequate and current assets in the ordinary course of business have a value at least equal to the amount at which they are stated.

11. Earnings per Share:

| | Current Year (Rs.) | Previous Year (Rs.) |
|--|--------------------|---------------------|
| a) Numerator Profit after tax and taxation adjustments of earlie years | 75,05,187 | 97,90,232 |
| b) Denominator Weighted average number of equity shares | 330,00,000 | 30,00,000 |
| c) Earnings per equity share (EPS) (Basic and diluted) Numerator EPS = Denominator | 0.23 | 3.26 |
| d) Nominal value of equity share | Rs.10 | Rs.10 |

12. Deferred tax liability

| Particulars | As at March 31, 2009 | As at March 31, 2008 |
|---|----------------------|----------------------|
| <u>Deferred Tax Liabilities:</u> | | |
| Related to Fixed Assets | <u>12,87,986</u> | <u>15,96,809</u> |
| Total | 12,87,986 | 15,96,809 |
| <u>Deferred Tax Assets:</u> | | |
| Unabsorbed Depreciation | - | - |
| Disallowance under Income Tax | <u>-</u> | <u>-</u> |
| Total | <u>-</u> | <u>-</u> |
| Net Deferred Tax Liability / (Asset) | 12,87,986 | 15,96,809 |

In compliance with Accounting Standard 22 on "Accounting for Taxes on Income" issued by the "Institute of Chartered Accountants of India", the company has recognised deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

13. There were no Micro, Small and Medium Enterprise to whom the company owes Dues which were outstanding for more than 45 days as at 31st March, 2009. The said information pertaining to small scale industrial undertakings have been determined to the extent such parties have been identified on the basis of the information available with the company.
14. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.
15. In accordance with the Accounting Standard (AS-28) on "Impairment of Assets" the Management during the year carried out an exercise of identifying the assets that may have been impaired. On the basis of this review carried out by the management, there as no impairment loss on fixed assets during the year ended 31st March, 2009.
16. Figures for the current year have been regrouped / reclassified wherever necessary.
17. Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956.

Balance Sheet Abstract and Company's General business profile:

| | | |
|------------|--|------------------------------|
| I. | Registration Details: | |
| | Registration No. | 019837 |
| | State Code | 011 |
| | Balance Sheet Date | 31 st March, 2009 |
| II. | Capital Raised during the Year: | (Amounts in Thousands) |
| | Public Issue | Nil |
| | Rights Issue | Nil |
| | Bonus Issue | Nil |
| | Private Placement | 30,00,000 |
| II. | Position of Mobilization and Deployment of Funds: | (Amount in Thousands) |
| | Total Liabilities | 1,76,546 |
| | Total Assets | 7,08,100 |
| | Sources of funds | |
| | Paid-up Capital | 33,00,000 |
| | Share Application Money | Nil |
| | Reserves and Surplus | 2,00,543 |
| | Secured Loans | 4,593 |
| | Unsecured Loans | 25,171 |
| | Deferred Tax Liability | 1,288 |
| | Application Of Funds | |
| | Fixed Assets | 19,990 |
| | Deferred tax Asset | Nil |
| | Investments | 47,260 |
| | Net Current Assets | 4,92,807 |
| | Miscellaneous Expenditure | 1,261 |
| | Accumulated Losses | Nil |
| IV. | Performance of the Company: | (Amount in Thousands) |
| | Turnover (including other income) | 27,73,557 |
| | Total Expenditure | 27,61,171 |
| | Profit / (Loss) before tax | 12,386 |
| | Profit / (Loss) after tax and tax adjustment | 7,505 |
| | Earnings per Equity Share in Rs. (Refer Note 11 of Schedule B) | 0.23 |
| | Dividend Rate (Interim Dividend) (%) | Nil |
| V | Generic Names of Three Principal Products/Services of the Company (as per monetary terms) | |
| | Item code No. (ITC CODE) | |
| | Product | Iron and Steel Products |
| | Description | Iron and Steel Trading |

For Arvind Darji Associates
Chartered Accountants

Sd/-

Arvind M Darji
Proprietor.
Membership No. 41748

Place: Mumbai
Date: 30/06/2009

For and on Behalf of Board of Directors

Sd/-
Rajesh Mehta
Director

Sd/-
Hemang Sampat
Director

Place: Mumbai
Date:30/06/2009

Karma Ispat Limited

'H' Wing, Office # 131, Raj Arcade, Mahavir Nagar, Kandivali (W), Mumbai 400 067, Maharashtra, India

Attendance Slip 32nd Annual General Meeting**Share holder Details**

| | | | |
|---------|-------|--------------------|-------|
| Name | ..... | D.P Id | ..... |
| Address | ..... | Registered Folio # | ..... |
|  | ..... | Client Id | ..... |
|  | ..... | No. of shares held | ..... |

I hereby record my presence at the 32nd Annual General Meeting of the company held on **Saturday, 26th day of September, 2009 at 11.30 a.m. at the Kamla Vihar Sports Club, Mahavir Nagar, Kandivali (W), Mumbai 400067.**

Signature of the Share holder / Proxy

Cut Here

Karma Ispat Limited

'H' Wing, Office # 131, Raj Arcade, Mahavir Nagar, Kandivali (W), Mumbai 400 067

Proxy Form**Proxy Details**

| | | | |
|---------|-------|--------------------|-------|
| Name | ..... | D.P Id | ..... |
| Address | ..... | Registered Folio # | ..... |
|  | ..... | Client Id | ..... |
| | | | |

I / We [Name of the Proxy (s) of being a member (s) of limited hereby appoint of or failing him of as my / our proxy to vote for me / us and on my / our behalf at the 32nd Annual General Meeting to be held on Saturday, 26th September, 2009 at 11.30 a.m. and at any adjournment thereof.

Signed:

Date:

Place:

Note: For this form to be effective, form should be:

1. **Duly filled**
2. **Stamped & Signed**
3. **Sent to the registered address of the office before 48 hours of the meeting**
4. **The proxy should not be a member of the Company**
5. **Please fill this slip and return it at the entrance of the meeting hall, Thank you.**

