

CHENNAI FERROUS INDUSTRIES LIMITED



Fourth Annual Report 2013 - 14

CHENNAI FERROUS INDUSTRIES LIMITED

BOARD OF DIRECTORS

Mr. Vishal Bakshi	Chairman
Mr. Kurapati Venkata Ramgopal	Managing Director
Mr. Suresh Kedia	Director

REGISTERED OFFICE :

OPG Nagar, Periya Obulapuram Village,
Nagaraja Kandigai, Madharapakkam Road,
Gummidipoondi,
Thiruvallur District - 601 201.

Website : www.chennaiferrous.com

AUDITORS

M/s. Chaturvedi & Company
Chartered Accountants
Chennai - 600 017.

REGISTRAR & SHARE TRANSFER AGENT

Cameo Corporate Services Limited
Subramanian Building,
No.1, Club House Road
Chennai - 600 002.



NOTICE

NOTICE is hereby given that the FOURTH ANNUAL GENERAL MEETING of the Members of the company will be held on Tuesday, the 30th September, 2014, at 1.00 P.M. at the registered office of the Company at OPG Nagar, Periya Obulapuram village, Nagarajakandigai, Madharapakkam Road, Gummidipoondi - 601201 to transact the following business:

ORDINARY BUSINESS:

1. Adoption of Financial Statements :

To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2014 together with the Statement of Profit and Loss for the financial year ended on that date and the Reports of the Directors and Auditors thereon.

2. Appointment of Auditors :

M/s. Chaturvedi & Company, Chartered Accountants, the retiring auditors of the company are eligible for re-appointment.

SPECIAL BUSINESS:

3. Appointment and Remuneration of Chairman and Managing Director :

“RESOLVED that subject to the provisions of Sections 196, 197 and 203 and all other applicable provisions of the Companies Act, 2013 (“the Act”) (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule V of the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Articles of Association of the Company and subject to such approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the Authorities including the Central Government in granting such approvals, permissions and sanctions, approval of the Company be and is hereby accorded to the appointment and remuneration of Mr. R. Natarajan (DIN: 00595027) as the Chairman and Managing Director of the Company under the Companies Act, 2013 for a period of three years effective from 13th August, 2014, on terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to the “Board” which term shall be deemed to include any committee of the Board) to alter and vary the terms and conditions of the said appointment and /or remuneration as it may deem fit and as may be acceptable to Mr. R. Natarajan, subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

RESOLVED FURTHER that notwithstanding anything herein, where in any financial year during the tenure of Mr. R. Natarajan, as the Chairman and Managing Director of the Company, the Company has no profits or its profits are inadequate, the Company may subject to the requisite approvals including approval of Central Government, if any, pay to Mr. R. Natarajan, the Chairman and Managing Director of the Company, the above remuneration as the minimum remuneration by way of salary, perquisites, other allowances and benefits as specified in the explanatory statement annexed to the Notice convening this Meeting;



RESOLVED FURTHER that the Board be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution without being required to seek any further consent or approval of the members or otherwise to the end and intent that it shall be deemed to have their approval there to expressly by the authority of this resolution.”

4. Remuneration to Cost Auditor :

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditor appointed by the Board of Directors of the Company, to conduct the audit of cost records of the Company for the financial year 2014-15, be paid the remuneration as set out in the Statement annexed to the Notice convening this meeting ;

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all acts and take such steps as may be necessary, proper or expedient to give effect to this Resolution.”

5. Borrowing Powers :

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that pursuant to the provisions of Section 180(1) (c) and any other applicable provisions of the Companies Act, 2013 (including any amendments, statutory modification(s) or re-enactment thereof for the time being in force) and Rules made thereunder subject to such approvals, consents, sanctions and permissions, as may be necessary, and the Articles of Association of the Company and all other provisions of applicable laws, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the “Board”, which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution) to borrow monies in excess of the aggregate of the paid-up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained / to be obtained from the Company’s Bankers in the ordinary course of business, shall not be in excess of Rs.100 Crore (Rupees One Hundred Crore only) ;

RESOLVED FURTHER that the Board of the Company be and is hereby authorized to do or cause to be done all such acts, matters, deeds and other things as it may in its absolute discretion deem fit, required or considered necessary or incidental thereto, for giving effect to the aforesaid resolution.”

6. Mortgage of Assets :

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :



“RESOLVED that pursuant to the provisions of Section 180(1) (a) and any other applicable provisions of the Companies Act, 2013 (including any amendments, statutory modification(s) or re-enactment thereof for the time being in force) and Rules made thereunder subject to such approvals, consents, sanctions and permissions, as may be necessary, and the Articles of Association of the Company and all other provisions of applicable laws, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the “Board”, which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations if any created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the management and concern of the Company in certain events, in favour of Banks / Financial Institutions and / or other Lenders / Investing Agencies / Trustees for Debentures / Bonds to secure borrowings from time to time provided that the aggregate of borrowings so secured shall not exceed Rs.100 crore (Rupees One Hundred crore only) outstanding at any time exclusive of interest, additional interest, compound interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of such borrowings ;

RESOLVED FURTHER that the Board of the Company be and is hereby authorized to do or cause to be done all such acts, matters, deeds and other things as it may in its absolute discretion deem fit, required or considered necessary or incidental thereto, for giving effect to the aforesaid resolution.”

7. Adoption of new set of Articles of Association:

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that in accordance with provisions of Sections 14 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendments, statutory modification(s) or re-enactment thereof for the time being in force) and Rules made there under, and subject to necessary approval(s) if any, from the competent authorities, the new regulations contained in the Articles of Association submitted to this meeting be and is hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company ;

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Date : 30th August, 2014

Place: Chennai

By Order of the Board,
VISHAL BAKSHI
Chairman



Notes:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at this 4th Annual General Meeting is annexed hereto.
2. A MEMBER, ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.

3. Members desirous of getting any information in respect of accounts of the company are requested to send their queries in writing to the Company's Registered Office at least seven days before the date of the meeting so that the required information can be made available at the meeting.
4. Members/Proxies attending the meeting are requested to bring their copy of the Annual Report for reference at the meeting and also the attendance slip duly filled in for easy identification of attendance at the meeting.
5. The Register of Members of the Company and Share Transfer Books will remain closed from 26th September 2014 to 30th September, 2014 (both days inclusive).
6. Members holding shares in Physical Form are requested to furnish their address, if any change is there, with Registrar & Transfer Agent of the Company, M/s.Cameo Corporate Services Limited, Chennai, quoting their Folio number and numbers of Shares held. Members holding Shares in Electronic Form may communicate their change of Address to their respective Depository Participants.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No: 3

Mr.R.Natarajan, aged 62 having 35 years of Industry experience in Sugar Industry, Property Development and manufacturing of Iron and steel products. He has a degree in Business Administration. He has also good experience in general management. The Board of Directors is in their opinion considered his experiences on various aspects with respect to the Company's business and appointed him as the Chairman and Managing Director of the Company at their meeting held on 13th August,2014 on the following terms:

I. Salary:

Rs.50,000/- (Rupees Fifty Thousands only) per month inclusive of all Benefits, Perquisites, Allowances determined by the Board from time to time.



II. Minimum Remuneration:

In the event of the Company having no profits or inadequate profits, in any financial year, in which his present term is completed, the payment of salary, perquisites and other allowances shall be restricted to Rs.50,000/- (Rupees Fifty Thousands only) per month.

The Board recommends the resolution as set out in Item No. 3 for approval of the shareholders as a special resolution.

Mr. R.Natarajan is concerned or interested in the said Resolution at item no. 3 of the accompanying notice as it relates to the ratification of his appointment.

Item No: 4

Mr.S.Gopalakrishnan, aged 37 having 15 years' experience in Project Accounting, MIS & Operational Finance. He is a Chartered cum Cost Accountant with more than 15 years of experience. He has been in the renewable sector for 6 years and involved in the financial modeling for both equity and debt funding. He is familiar in developing periodic management information system both for operations and project management. He has got a strong expertise in the treasury side of business and has been deeply involved in it in his past stints. His strength lies in due diligence of projects for investors which includes debt as well as equity.

The Board of Directors is in their opinion considered his experiences on various aspects with respect to the Company's business and appointed him as a Director of the Company at their meeting held on 21st August,2014 under the provisions of Section 161 of the Companies Act, 2013 to hold office till the commencement of this Annual General Meeting.

The Board recommends the resolution as set out in Item No. 4 for approval of the shareholders as a special resolution.

Mr.S.Gopalakrishnan is concerned or interested in the said Resolution at item no. 4 of the accompanying notice as it relates to the ratification of his appointment.

Item No: 5

Your company is engaged in the business of steel manufacturing. The cost records maintained under section 209(1) (d) of the company subjected to an Audit under the Section 233B of the Companies Act, 1956. Cost Auditor for this purpose was appointed with the approval of Central Government.

The Section 148 of the Companies Act, 2013 now mandates for maintenance of cost records and audit thereof. The remuneration for the audit of cost records is determined by the Board of Directors on the recommendations of Audit Committee and shall be ratified by the shareholders at the next General meeting. The approval of Central Government is no longer required under the new law.

The Board of Directors have appointed Mr. R.Sankararaman, Cost and Management Accountant, Chennai for audit of cost records of the Company for the financial year 2014-15 and determined the remuneration at Rs. 25,000/- (Rupees Twenty Five Thousand only) based on the recommendations of the Audit Committee. It is now placed for the approval of shareholders in accordance with Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014.

The Board recommends the ordinary Resolution as set out at item no : 5 for approval of members.



No Director or Key Managerial Personnel of the Company or their relatives of them are concerned or interested financially or otherwise, in this resolution.

Item No: 6&7

The Board of Directors shall be delegated with powers for making borrowings and creating security for such borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs.100 Crore (Rupees One Hundred Crore).

Thus it is recommended to pass necessary special resolutions (as set out in the item no:6&7) at this AGM under Section 180(1)(c) and 180 (1) (a) of the Companies Act, 2013 which confer the powers to Board of Directors to make borrowings and creating security for such borrowings in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business.

The Board recommends the Special Resolutions as set out at item no:6 to 7 for approval of members.

No Director or Key Managerial Personnel of the Company or their relatives of them are concerned or interested financially or otherwise, in these resolutions.

Item No: 8

The existing Articles of Association (AoA) are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act.

With the coming into force of the Companies Act, 2013 several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles. The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model AoA for a company limited by shares.

The proposed new draft AoA is being uploaded on the Company's website and available at the Registered Office of the Company during business hours on any working day for perusal by the shareholders.

The Board recommends the Special Resolution set out at Item No. 8 of the Notice for approval by the shareholders. None of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested in the said resolution.



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 4th Annual Report together with the Audited Accounts for the financial year ended 31st March 2014.

FINANCIAL HIGHLIGHTS :

The summarized Financial Results for the year ended 31st March 2014 and for the previous financial year ended 31st March 2013 are as under:

(Amount in Rs.)

PARTICULARS	Year Ended 31.03.2014	Year Ended 31.03.2013
Revenue from Operations	296,694,370	453,900,247
Other Income	107,099,359	16,455,172
Total Revenue	403,793,729	470,355,419
Total Expenses	403,120,891	469,810,897
Profit after Interest & Depreciation	672,840	544,521
Current Tax	626,907	133,884
Deferred Tax	(873,136)	760,775
Profit after Tax	919,069	(350,138)
Add: Taxation Adjustments of Previous Years	-	-
Add: Balance of Profit brought from previous year	-	-
Profit available for Appropriation	-	-
APPROPRIATIONS		
Equity Dividend Proposed (Final)	-	-
Dividend Distribution Tax (Final)	-	-
Transfer to General Reserve	-	-
Balance Carried Forward	-	-

LISTING OF SHARES:

The Company has obtained an In-principle approval for listing of shares at Bombay Stock Exchange, Mumbai [BSE]. Securities Exchange Board of India (SEBI) also granted a relaxation of Rule 19(2)(b) of securities contract (Regulations) Rule, 1957. BSE's approval for trading is pending.



DIVIDEND:

During the year, the Board of Directors has not recommended any dividend.

AUDITORS REPORT:

The observations made in the Auditors' Report and Notes on accounts are self-explanatory and do not require any further explanations.

FIXED DEPOSITS :

The Company has not accepted any deposit during the year.

DIRECTORS :

There is no change in directorship during the year under review.

AUDITORS:

The term of office of M/s. CHATURVEDI & COMPANY, Chartered Accountants, Chennai as Statutory Auditors of the Company will expire with the conclusion of 4th Annual General Meeting of the Company and the Auditors are eligible for appointment.

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

Particulars with respect to Conservation of Energy, Technology absorption and Foreign Exchange Earnings and Outgo as required under section 217 (1) (e) of the companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure I.

PARTICULARS OF EMPLOYEES:

In accordance with the provisions of section 217(2A) read with Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are to be set out in the Directors Report, as an addendum thereto. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and accounts as therein set out, are being sent to all members of the Company excluding the aforesaid information about the employees. Any member, who is interested in obtaining such particulars about employees, may write to the Company at the Registered Office of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to requirements under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed that:



- i) the applicable accounting standards have been followed in preparation of annual accounts for financial year ended 31st March, 2014 and proper explanations have been furnished relating to material departures;
- ii) the accounting policies have been selected and applied consistently and reasonably and prudent judgments and estimates have been made so as to give a true and fair view of state of affairs of the Company at end of the financial year and of profit of the Company for year under review;
- iii) the proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the annual accounts for financial year ended 31st March 2014 have been prepared on a going concern basis.

CORPORATE GOVERNANCE:

The Company has voluntarily established the various Clauses mandated in the Listing Agreement. Being the Company is in the process of Listing, the required disclosures of the Listing Agreement are not provided together with this report.

DEMATERIALISATION OF SHARES:

The company has entered into an agreement with National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL) for dematerialization of the Company's shares. Members are requested to hold their shares in demat form since it will help in easy trading in shares even though they are informed that holding of shares in demat form is not compulsory but only optional.

PERSONNEL:

Personnel relations with all employees remained cordial & harmonious throughout the year.

ACKNOWLEDGEMENT:

Your Directors place on record their great appreciation of the fine efforts of all Executives and Employees of the Company which was instrumental in achieving the financial results in a difficult year. Your Directors also express their sincere thanks to various Departments of Central Government, Government of Tamilnadu, TNEB, State Bank of India, the Customers, the Shareholders and other stakeholders for their support and assistance during the year and look forward their continuing support and encouragement in future.

For and on behalf of Board of Directors,

Date : 04.08.2014

Place : Chennai

VISHAL BAKSHI

Chairman



INDEPENDENT AUDITORS' REPORT

To the Members of CHENNAI FERROUS INDUSTRIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Chennai Ferrous Industries Limited, which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:



- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a) 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;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the balance sheet and statement of profit and loss comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and
 - e) On the basis of the written representations received from the directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **CHATURVEDI & COMPANY**
CHARTERED ACCOUNTANTS
FRN 302137E

S. GANESAN
PARTNER
Membership No.: 217119

PLACE : Chennai
DATE : 04-08-2014



Annexure to Independent Auditors' Report

Referred to in Paragraph 1 under the heading of "report on other legal and regulatory requirements" 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) The Fixed Assets have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed on such verification.
- (c) The Company has not disposed of substantial part of the Fixed Assets during the year which could affect the going concern status of the Company.
- (ii) (a) Inventories have been physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company is maintaining proper records of inventory and the discrepancies noticed on physical verification between the physical stock and book records which were not material having regard to the size of the company and nature of its business have been properly dealt with in the books of account.
- (iii) As per the information and explanation given to us and as per the records produced to us, the company has not granted any unsecured loans to companies and parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in the internal controls system.
- (v) (a) We are of the opinion that particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register maintained under the said section;
- (b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit from the public.
- (vii) In our opinion, the company's in-house internal audit system is commensurate with the size and nature of its business.
- (viii) The Central Government under Section 209(1) (d) of the Companies Act, 1956 has not prescribed the maintenance of cost records in respect of the present activities of the company.
- (ix) (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities, wherever applicable and no dues are pending for a period of more than six months from the date they become payable.



- (b) According to the information and explanations given to us and the records of the Company, there were no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has been registered for a period less than five years. Accordingly the provisions of clause 4(x) of the Order are not applicable to the company.
- (xi) The company has not defaulted in repayment of loans availed from Banks. The company has no borrowings from financial institution and has not issued debentures.
- (xii) The company has not granted any loan and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly the provisions of Cluase 4(xii) of the order are not applicable to the company.
- (xiii) The Company is not a chitfund, nidhi, mutual benefit fund or society and therefore the requirements pertaining to such class of companies is not applicable.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Investments in shares held by the company in its own name.
- (xv) In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Bank or Financial Institutions and hence the requirement as to reporting whether the terms and conditions are prejudicial to the interest of the Company does not arise.
- (xvi) There is no term loan availed by the Company during the year from any bank or institution and so commenting on its application does not arise.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, we are of the opinion that there are no funds raised on short-term basis which have been used for long term investment by the Company.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) The company has not raised any money by way of public issue during the year.
- (xxi) Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **CHATURVEDI & COMPANY**
CHARTERED ACCOUNTANTS
FIRM REG No. 302137E

PLACE : Chennai
DATE : 04-08-2014

S.GANESAN
PARTNER
Membership No.217119



CHENNAI FERROUS INDUSTRIES LIMITED
BALANCE SHEET AS ON 31.03.2014

PARTICULARS	Note No.	AS AT 31-03-2014 (Amount in Rs.)	AS AT 31-03-2013 (Amount in Rs.)
A. EQUITY AND LIABILITIES			
1. SHAREHOLDERS FUNDS			
a. Share Capital	3	3,60,45,090	3,60,45,090
b. Reserves & Surplus	4	18,10,70,161	18,01,51,092
2. NON CURRENT LIABILITIES			
a. Deferred Tax Liabilities	5	3,28,87,639	3,37,60,775
b. Long Term Provisions (Employees (Benefits))		3,28,093	1,34,500
c. Long Term Loans and advances (Customer Advance)		25,33,33,936	20,20,84,439
3. CURRENT LIABILITIES			
a. Short Term Borrowings	6		1,75,73,124
b. Trade Payables		15,57,44,291	18,47,01,674
c. Other current Liabilities	7	5,68,900	7,61,623
d. Short term provisions	8	34,77,349	1,33,885
		66,34,55,459	65,53,46,202
B. ASSETS			
4. Non Current Assets			
a. Fixed Assets			
Tangible Assets	9	18,21,80,809	19,27,59,127
b. Non Current Investments	10	6,00,000	
c. Long term Loans & Advances	11	6,56,15,300	6,56,15,300
5. Current Assets			
a. Inventories	12	25,86,24,724	21,30,12,394
b. Trade Receivables	13	8,86,43,836	16,33,59,210
c. Cash & Cash Equivalents	14	3,62,23,500	59,14,088
d. Short term Loans & Advances	15	2,24,03,979	61,37,344
e. Other Current Assets	16	91,63,311	85,48,739
		66,34,55,459	65,53,46,202

As per the report of even date annexed
For **CHATURVEDI & COMPANY**
CHARTERED ACCOUNTANTS
FRN 302137E

VISHAL BAKSHI
Chairman

S GANESAN
Partner (Memb.No:217119)
Place : Chennai, Date : 04-08-2014

SURESH KEDIA
Director



CHENNAI FERROUS INDUSTRIES LIMITED
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2014

PARTICULARS	Note No.	PERIOD ENDED 31-03-2014 (Amount in Rs.)	PERIOD ENDED 31-03-2013 (Amount in Rs.)
1. Revenue from Operations	17	32,93,38,392	49,60,52,166
Less : Excise Duty		3,26,44,022	4,21,51,919
Revenue from Operations (Net)		29,66,94,370	45,39,00,247
2. Other Income	18	10,70,99,359	1,64,55,172
3. Total Revenue		40,37,93,729	47,03,55,419
4. Expenses			
a. Cost of Material Consumed	19	26,58,34,528	25,93,86,318
b. Purchases of traded goods	20	2,68,83,111	97,04,649
c. Changes in Inventories of finished goods	21	(2,12,09,240)	(8,49,03,141)
d. Employee benefits expense	22	25,13,164	20,49,712
e. Finance Costs	23	32,37,886	66,28,771
f. Depreciation and Amortisation expenses	9	1,07,77,963	98,03,738
e. Other Expenses	24	11,50,83,477	9,73,34,568
Total Expenses		40,31,20,891	46,98,10,897
5. Profit before tax (3 - 4)		6,72,840	5,44,521
6. Tax Expense			
1. Current Tax		6,09,941	1,33,884
2. Deferred tax		(8,73,136)	7,60,775
7. Earlier year short provision		16,966	-
8. Profit (Loss) for the year (6-7)		9,19,069	(3,50,138)
Earnings Per Share		0.25	(1.01)

As per the report of even date annexed
For **CHATURVEDI & COMPANY**
CHARTERED ACCOUNTANTS
FRN 302137E

S GANESAN
Partner (Memb.No:217119)
Place : Chennai, Date : 04-08-2014

VISHAL BAKSHI
Chairman

SURESH KEDIA
Director



CHENNAI FERROUS INDUSTRIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014

PARTICULARS	YEAR ENDED 31-3-2014 (Amount in Rs.)		YEAR ENDED 31-3-2013 (Amount in Rs.)	
	A. CASH FLOW FROM OPERATING ACTIVITIES :			
Net Profit before Tax and Extraordinary Items		6,72,840		5,44,521
Depreciation	1,07,77,963		98,03,738	
Interest / Discount Paid	28,81,055	1,36,59,018	34,66,425	1,32,70,163
Operating Profit before Working Capital Changes				
Adjustments for movement in Working Capital (Increase) / Decrease in Inventories	(45,612,330)	1,43,31,858	12,74,19,427	1,38,14,685
(Increase)/Decrease in Receivables	74,715,375		(5,70,08,523)	
Short Term Loans & Advances (Assets)	(16,268,635)		10,83,25,286	
Other Current Assets	(614,571)		18,75,047	
Trade Payables	(28,957,383)		3,40,72,163	
Other current liabilities	(192,723)		7,39,254	
		(16,928,267)		(111,310,620)
Less : Direct Taxes Paid		(2,596,411)		(97,495,935)
Net Cash flow from operating activities (A)		(2,716,557)		-
		120,146		(97,495,935)
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Sale / (Purchase) of Fixed Asset	(1,99,645)		959,860	
Non current Investments	(600,000)			
Long term loans & advance (Assets)	-		(65,615,300)	(64,655,440)
Net Cash Flow from investing activities (B)		(799,645)		(162,151,375)
		(679,499)		
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Shor term borrowings	(17,573,124)		(13,955,661)	
Interest paid	(2,881,055)		(3,466,425)	
Movement in Unsecured Loan (Net)			-	
Movement in Term Loan (Net)			179,812,267	
Movement in Long Term Liabilities	51,249,497			
Long term Provisions	193,593		(23,500)	162,366,682
Net Cash Flow from Financing activities (C)		30,988,911		
		30,309,412		215,307
Net Increase in cash Equivalents (A)+(B)+(C)				
Cash & Cash Equivalents (Opening Balance)	5,914,088		496,017	
Cash transfer from demerged company	-		5,202,764	
Cash & Cash Equivalents (Closing Balance)	36,233,500	30,309,412	5,914,088	
Net Increase (Decrease) in Cash & Cash Equivalents	-			215,307

As per the report of even date annexed

For **CHATURVEDI & COMPANY****CHARTERED ACCOUNTANTS**

FRN 302137E

S GANESAN

Partner (Memb.No:217119)

Place : Chennai, Date : 04-08-2014

VISHAL BAKSHI

Chairman

SURESH KEDIA

Director



Notes attached to and forming part of the Balance Sheet as at 31-3-2014 and the Profit and Loss account for the period ended on that date:

1. CORPORATE INFORMATION:

Chennai Ferrous Industries Limited (the company) incorporated under the Companies Act, 1956, in the year 2010, is manufacturer of Sponge Iron and allied products. The company is in the process of listing its shares in Bombay Stock Exchange Limited. Chennai Ferrous Industries Limited is one of the resulting companies of demerged Kanishk Steel Industries Limited.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation:

The financial statements are prepared in accordance with Generally Accepted Accounting Principles in India(GAAP) under historical cost convention on the accrual method of accounting except as disclosed in the notes and materially comply with the mandatory Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI) and the Institute of Chartered Accountants of India except to the extent disclosed in the following notes. The accounting policies adopted in preparation of financial statements are consistent with those of previous year except for change in accounting policy initially adopted or a revision to the existing accounting policy that requires a change as against the one hitherto in use.

2.2 Use of Estimates

The preparation of financial statements requires the Company to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as of the date of financial statements and the reported amounts of income and expenses during the reporting period. The Company believes that the estimates used in the preparation of the financial statements as prudent and reasonable. Future results could differ from these estimates.

2.3 Revenue Recognition:

Sale is recognized on dispatch of goods. Sale is net of trade discount, includes excise duty and excludes sales tax recovered. Insurance claim is accounted in the year of receipt.

2.4 Depreciation:

Depreciation is provided on straight-line method as per the rates specified under Schedule XIV of the Companies Act, 1956 on pro-rata basis.

2.5 Fixed Assets

Fixed Assets are stated at cost of acquisition inclusive of inland freight, duties taxes and incidental expenses related to acquisition with due adjustments for Cenvat / VAT credits and as adjusted by revaluation and related expenditure less accumulated depreciation.

Capital work in progress includes cost of Machinery to be installed, construction & erection materials and unallocated preoperative expenses.



2.6 Impairment :

At each Balance Sheet date, the Company assesses whether there is any indication that Fixed Asset have suffered an impairment loss. If any such indication exists, the recoverable amount of the Asset is estimated in order to determine the extent of the impairment, if any. Where it is not possible to estimate the recoverable amount of individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

As per the assessment conducted by the company at March 31, 2014, there was no indications that fixed asset have suffered an impairment loss.

2.7 Foreign Exchange Transactions:

Transactions in foreign currencies are recorded at the exchange rates prevailing at the date of the transactions. In respect of the transactions covered by Forward Exchange Contracts, the difference between the forward rate and the exchange rate on the date of the transaction is recognized as Income or Expense over the life of the Contract. Transactions not covered by forward exchange rates and outstanding at year end are translated at exchange rates prevailing at the year end and the profit/loss so determined and also the realized exchange gain/losses are recognized in the Profit & Loss Account.

2.8 Borrowing Cost:

All borrowing costs are charged to revenue except to the extent they are attributable to qualifying assets, which are capitalized. During the year under review, there was no borrowing attributable to qualifying assets and hence no borrowing cost was capitalized.

2.9 Segment Accounting:

Segments are identified based on the types of products and the internal organization. The company has identified business segments as its primary reporting segment. The company's primary segment is Sponge Iron and allied products. Further there is no reportable secondary segment. i.e. Geographical segment.

2.10 Taxes on Income:

- (a) Provision for current tax is made in accordance with the Income Tax Act, 1961.
- (b) In accordance with the Accounting Standard AS-22 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India, Deferred Tax Liability / Asset arising from timing differences between book and income tax profits is accounted for at the current rate of tax to the extent these differences are expected to crystallize in later years. However, Deferred Tax Assets are recognized only if there is a reasonable / virtual certainty of realization thereof.

2.11 Provisions and Contingencies:

Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the accounts by way of a note. Contingent assets are neither recognized nor disclosed in the financial statements.

Contingencies are recorded when it is probable that a liability will be incurred and the amounts can reasonably be estimated.

Differences between the actual results and estimates are recognized in the year in which the results are known materialized.



PARTICULARS	AS AT 31-03-2014		AS AT 31-03-2013	
	No. of Shares	(Amount in Rs.)	No. of Shares	(Amount in Rs.)
NOTE 3				
Authorised Share Capital				
Equity Shares of Rs.10 each	3,750,000	37,500,000	3,750,000	37,500,000
Issued, subscribed and Paid Up Capital				
Equity Shares of Rs. 10/- each	3,604,509	36,045,090	3,604,509	36,045,090
Total	3,604,509	36,045,090	3,604,509	36,045,090
NOTE 3 A				
Movement in Equity Shares :				
Shares are outstanding at the beginning of the year	3,604,509	36,045,090	50,000	500,000
Shares issued during the year	-	-	3,554,509	35,545,090
Shares outstanding at the end of the year	3,604,509	36,045,090	3,604,509	36,045,090

a) Movement of Shares

There is no movement of shares during the reporting period

b) Terms / rights attached to equity shares:

The company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive the assets of the company, in proportion to the number of equity shares held by the shareholders.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive the assets of the company, in proportion to number of equity shares held by the shareholders.

NOTE 3 B

Details of shareholders holding more than 5% shares in the company

Name of the Share holder	AS AT 31-03-2014		AS AT 31-03-2013	
	No. of Shares	%	No. of Shares	%
Tamilnadu Property Developers Ltd.	300,000	8.32	300,000	8.32
Tamilnadu Enterprises & Investments Pvt. Ltd.	251,937	6.99	251,937	6.99
Ameena Bagum	250,000	6.94	250,000	6.94
Radiant Solutions Private Ltd.	250,000	6.94	250,000	6.94
Chennai Material Recycling and Trading Company Private Ltd.	186,198	5.17	186,198	5.17



PARTICULARS	AS AT 31-03-2014 (Amount in Rs.)	AS AT 31-03-2013 (Amount in Rs.)
4. RESERVES AND SURPLUS		
a) General reserve :		
Opening Balance	17,44,62,564	-
Additions during the year	-	17,44,62,564
Closing Balance	17,44,62,564	17,44,62,564
b) Surplus :		
Opening Balance	56,88,528	(1,84,352)
Profit for the year	9,19,069	(3,50,138)
Profit transferred from Demerged company	-	62,23,018
Closing Balance	66,07,597	56,88,528
	18,10,70,161	18,01,51,092
5. Deferred Tax Liabilities		
Deferred Tax Liability	3,37,60,775	3,30,00,000
Fixed Asset - Impact of Difference between tax depreciation and depreciation charged in the financial statement	(8,73,136)	7,60,775
Gross Deferred Tax Liability	3,28,87,639	3,37,60,775
6. Short Term Borrowings		
From Banks		
State Bank of Patiala WCDL A/c	-	1,75,73,124
	-	1,75,73,124
7. OTHER CURRENT LIABILITIES		
a. Outstanding Expenses	324,119	204,813
b. Statutory Liabilities	244,781	556,810
	568,900	761,623
8. SHORT TERM PROVISIONS		
a. Taxation	609,941	133,884
b. Excise Duty	2,867,408	-
	3,477,349	133,884

Note 9 : FIXED ASSET

Amount in Rs.

PARTICULARS	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	AS ON 01-04-13	Addi- tions	Dele- tions/ Refund	AS ON 31-3-14	AS ON 01-4-13	For the Period	With drawn	Upto 31-3-14	AS ON 31-3-14	AS ON 31-03-13
Land - Free Hold	17,421,794	-	-	17,421,794	-	-	-	-	17,421,794	17,421,794
Factory Buildings	58,929,891	-	-	58,929,891	12,571,197	1,968,258	-	14,539,455	44,390,436	46,358,694
Plant & Machinery	165,048,778	-	-	165,048,778	49,423,154	7,839,817	-	57,262,971	107,785,807	115,625,624
Electrical Installations	17,818,721	-	-	17,818,721	6,188,489	846,389	-	7,034,878	10,783,843	11,630,232
Office Equipments	1,397,620	199,645	-	1,597,265	117,453	72,594	-	190,047	1,407,218	1,280,167
Furniture & Fittings	523,266	-	-	523,266	193,929	33,123	-	227,052	296,214	329,337
Vehicles	187,177	-	-	187,177	73,898	17,782	-	91,680	95,497	113,279
	261,327,248	199,645	-	261,526,893	68,568,120	10,777,963	-	79,346,084	182,180,809	192,759,127
	262,036,495	-	1,572,473	261,327,248	58,977,000	9,803,738	212,618	68,568,120	192,759,127	203,059,495





PARTICULARS	AS AT 31-03-2014 (Amount in Rs.)	AS AT 31-03-2013 (Amount in Rs.)
10. Non Trade Investments		
Trade Investments (stated at Cost)		
Investments in unquoted Equity Shares		
60,000 Equity shares of Rs.10/- each of OPG Renewable Energy Private Limited	6,00,000	-
	6,00,000	-
11. LONG TERM LOANS & ADVANCES (Unsecured, Considered good)		
a. Capital Advances	3,80,000	3,80,000
b. Other Deposits	6,20,00,000	6,20,00,000
c. Security Deposits	32,35,300	32,35,300
	6,56,15,300	6,56,15,300
CURRENT ASSETS		
12. INVENTORIES (Valued at lower of Cost and Net Realisable Value) (as valued and certified by the management)		
a) Raw Materials	22,51,00,086	20,59,60,199
b) Finished Goods	2,60,66,504	48,57,264
c) Stores and Spares	74,58,134	21,94,931
	25,86,24,724	21,30,12,394
13. TRADE RECEIVABLES (Unsecured Considered Good)		
Debts Outstanding for a period exceeding six months	1,22,19,074	25,67,100
Other Debts	7,64,24,762	16,07,92,110
	8,86,43,836	16,33,59,210
14. CASH & CASH EQUIVALENTS		
a) Cash on Hand	31,07,975	1,91,866
b) Cash at Bank		
In Current Account	3,26,39,876	5,62,631
In Deposit Account		
Deposit with bank with 3-12 months maturity	4,75,649	51,59,591
	3,62,23,500	59,14,088
15. SHORT TERM LOANS AND ADVANCES (Unsecured, Considered Good)		
Others	2,24,03,979	61,37,344
	2,24,03,979	61,37,344
16. OTHER CURRENT ASSETS		
a. Balance with Excise Authorities	14,18,637	18,75,047
b. Balance with Income Tax	10,70,981	
c. Capital Advance	66,73,693	66,73,692
	91,63,311	85,48,739



PARTICULARS	AS AT 31-03-2014 (Amount in Rs.)	AS AT 31-03-2013 (Amount in Rs.)
17. REVENUE FROM OPERATIONS		
Sale of Manufactured products	27,37,61,062	45,67,43,922
Sale of Traded Products :	2,74,40,490	1,62,40,316
Other Direct Income	2,81,36,840	2,30,67,928
Income Received on Ware Housing	32,93,38,392	49,60,52,166
18. OTHER INCOME		
Foreign Exchange Fluctuation Gain	-	2,31,534
Interest Received	11,160	2,08,516
Liabilities No Longer Required - Written Off	1,35,94,863	1,58,02,504
Profit on sale of asset	-	2,12,618
Commissining&Maintenance Charges	5,34,93,336	-
Compensation for land	4,00,00,000	-
	10,70,99,359	1,64,55,172
19. COST OF MATERIALS CONSUMED		
Opening Stock	20,59,60,199	22,98,83,917
Add: Purchases	28,49,74,416	23,54,62,600
Less: Closing Stock	22,51,00,086	20,59,60,199
	26,58,34,528	25,93,86,318
(i) Details of Raw materials consumed :		
Iron ore	12,42,99,520	14,39,40,139
Coal	14,15,35,008	11,80,12,819
	26,58,34,528	26,19,52,958
(ii) Details of Raw Material Inventory :		
Iron ore	13,80,49,451	14,65,31,376
Coal	8,70,50,635	5,94,28,823
	22,51,00,086	20,59,60,199
20. DETAILS OF TRADED GOODS PURCHASED		
Coal	2,68,83,111	97,04,649
	2,68,83,111	97,04,649
21. CHANGES IN INVENTORIES OF FINISHED GOODS		
Closing Stock of Finished Goods	2,60,66,504	48,57,264
Opening Stock of Finished Goods	48,57,264	8,97,60,405
Decrease / (Increase) in Stocks	(2,12,09,240)	(8,49,03,141)
22. EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages and Bonus	13,93,148	11,07,586
Contribution to Provident & other funds	5,55,442	4,98,715
Employee Benefits	1,93,593	1,34,500
Staff and Labour Welfare	3,70,981	3,08,911
	25,13,164	20,49,712



23. FINANCE COSTS		
Bank charges	3,56,831	19,45,087
Interest paid to Banks	28,81,055	30,11,377
Interest - Others	-	12,17,259
LC Discounting Charges		4,55,048
	32,37,886	66,28,778
24. OTHER EXPENSES		
a. Material & Manufacturing expenses		
Stores and Spares consumed	81,65,305	1,99,69,602
Power and Fuel	1,06,07,181	1,27,41,906
Freight Charges	6,45,37,002	4,36,22,509
Testing Charges	3,85,331	2,90,236
Clearing and Forwarding Charges	1,63,98,990	1,03,55,731
Customs Duty	76,95,808	25,66,640
b. Repairs & Maintenance		
Machinery Maintenance	10,32,294	33,07,971
Electrical Maintenance	1,06,446	1,00,659
Building Repairs & maintenance	83,797	2,24,735
Vehicle Maintenance	58,752	63,214
c. Administrative Expenses		
Printing and Stationery	1,74,560	1,38,073
Directors Remuneration	4,80,000	
Demerger Expenses	-	9,61,978
Filing Fees	2,10,786	1,37,500
Professional & Consultancy	1,72,034	1,15,066
Rebate & Discount	-	1,10,411
Rent	1,91,000	55,000
Rates & Taxes	6,59,547	6,12,837
Travelling & Conveyance	4,69,941	3,63,044
Membership & Subscription	50,562	-
Postage Expenses	1,76,704	-
Security Charges	21,31,688	-
Share Transfer Charges	1,29,214	-
Insurance	1,92,394	2,29,953
Donation	2,000	5,001
Payment to Auditors		
- As Audit Fees	39,326	39,326
- As Tax Audit Fees	16,854	16,854
Telephone Charges	5,15,919	3,22,643
Office Maintenance	75,233	65,168
Selling and Distribution Expenses		
Sales Commission paid	1,96,078	1,01,984
Finished Good Expenses	1,28,732	8,16,527
Loading and Unloading Charges	-	-
	11,50,83,477	9,73,34,568



13. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

i) Contingent liability not provided for:

(a) Counter Guarantees furnished to the bank Rs.2,82,350 (Previous year 5,00,000)

(b) Towards outstanding Letter of Credit Nil (Previous year Nil) on account of import of raw materials.

ii) Estimated amount of contracts remaining to be executed on capital accounts and not provided for Rs.13,59,00,000/- (Previous year Rs. 13,59,00,000/- pertaining to resulting company) and for others is nil.

iii) Claims against the Company not acknowledged as Debt Rs. Nil. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. Nil. Contingent liabilities not provided for: Nil

iv) Employee Benefits :

a) **Defined Contribution plan:**

Contribution to defined contribution plan recognized as expenses for the year 2014-15 accordingly an amount of Rs.5,55,442/- is debited toward contribution to PF & ESI.

b) **Defined Benefit plan:**

As per the explanations given by the management of the company except for gratuity there are no other plans for the employees of the company. The present value of gratuity obligation is determined during the year based on actuarial valuation using projected unit credit method. Accordingly, provision of Rs.328093 has been made.



Particulars	2013-14
I Expenses recognized in the statement of profit and loss for the year ended	
1. Current Service Cost	92,536
2. Interest Cost	-
3. Expected return on plan assets	-
4. net Actuarial (gains)/losses	2,35,557
5. Total Expenses	3,28,093
(out of Rs.328093/- an amount of Rs.134500/- recognised during 2013-14 on estimated basis & Rs.193593 recognised during the year based on actuarial valuation)	
II Net Asset/(Liability)recognized in the balance sheet as on 31-03-2014	
1. Present Value of Defined Benefit Obligation	3,28,093
2. Fair Value of plan assets as at 31-03-2014	-
3. Funded Status(Surplus/Deficit)	-
4. Net liability as at 31-03-2014	3,28,093
III Change in obligation during the year ended	
1. Present Value of Defined Benefit Obligation at the beginning of the year	-
2. Current Service Cost	92,536
3. Interest Cost	-
4. Actuarial(Gains)/losses	2,35,557
5. Benefit payments	-
6. Present Value of Defined Benefit Obligation at the end of the year	3,28,093\
IV Changes in Asset during the year ended	
1. Plan assets at the beginning of the year	-
2. Expected return on plan assets	-
3. Contribution by the Employer	-
4. Actual Benefits paid	-
5. Actuarial gains/(losses)	-
6. Plan assets at the end of the year	-
V Actuarial Assumptions	
1. Discount Rate	8%
2. Expected rate of Return on plan assets	-
3. Morality	ILAM(2006-08)Ult.
4. Attrition rates	5%-1%
5. Salary Escalator	6.50%



- i) There are no dues to enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006, as at March 31, 2014 which is on the basis of such parties having been identified by the management and relied upon by the auditors.
- ii) Company has circularized/sought confirmation of balance letters to/from sundry debtors & advance parties / sundry creditors. In the absence of negation, the balances appearing the books are taken as confirmed.
- iii) Value of Imported & Indigenous Raw Materials, Spare Parts Components consumed

	Amount in Rs.	%	Amount in Rs.	%
Imported	-	-	27512701	11%
Indigenous	265834528	100	234440257	89%

- iv) CIF Value of Imports: Nil (Previous year: Rs. 46453126/-)
- v) Remittance in Foreign Currency towards Dividend Nil
- vi) Earnings in Foreign Currency Rs. Nil (Previous year Rs. Nil) Expenditure in Foreign Currency Rs. Nil (Previous year Nil)
- vii) **RELATED PARTY DISCLOSURES**
Details of related parties including summary of transactions entered into by the Branch during the year ended 31 March 2014 are summarized below:

Names of related parties and description of relationship:	
Key management personnel	Mr. K Ramgopal
Other Related Party	Kanishk Steel Industries Limited

Note: Related party relationship is as identified by the Company and relied upon by the Auditors

Related party transactions:

Nature of transaction	Amount in Rs.
Sales of Sponge	53,42,532
Purchase of Iron Ore and Coal	4,08,52,731
Directors Remuneration	4,80,000

viii) SEGMENT INFORMATION FOR THE YEAR ENDED 31st MARCH 2014.

Business Segment:

The Company operates in Single Business Segment of 'Sponge Iron'. Therefore, the Company is of the view that the disclosure requirement of Accounting Standard AS-17 issued by the Institute of Chartered Accountants of India is not applicable to the Company

- (b) The Company has not yet been successful in its efforts to appoint a Company Secretary to fulfill the requirements of Section 383A of the Companies Act, 1956.



xiv) Earnings Per Share:	2013-14	2012-13
a) Weighted Average No. of Equity Shares of Rs.10/- each		
I. No. of Shares at the beginning of the year	3604509	50000
II. No. of Shares at the end of the year	3604509	36,04,509
Weighted average number of equity shares outstanding during the year	3604509	388524
b) Net profit after tax available for equity shareholders (Rs.)	919067	(350,138)
c) Basic and diluted earnings per share (Rs.)	0.25	(0.90)

xv) Previous year figures:

Previous year's figures have been regrouped /reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per the report of even date annexed

For **CHATURVEDI & COMPANY**

CHARTERED ACCOUNTANTS

FRN 302137E

VISHAL BAKSHI

Chairman

S GANESAN

Partner (Memb.No:217119)

Place : Chennai, Date : 04-08-2014

SURESH KEDIA

Director