

NILACHAL IRON & POWER LIMITED

2014-15

AUDITOR'S REPORT

To the Members of M/s NILACHAL IRON & POWER LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of M/s NILACHAL IRON & POWER LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the disclosures in the financial statements. The procedures selected depend on the auditor's 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31st March, 2015, and its loss and its 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, 2015 issued by the Central Government of India in terms of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.



(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25 to the financial statements;
- ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no amount due to transfer, required to be transferred, to the Investor Education and Protection Fund by the Company.

For B.Chhawchharia & Co.

Chartered Accountants
Firm Registration Number 305123E

Aashish Jaiswal
Aashish Jaiswal
(Partner)
Membership No. 66471

Place : Kolkata
Date : 20th May 2015



NILACHAL IRON & POWER LIMITED

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our Report of even date

- i) a) Proper records showing full particulars including quantitative details and situation of fixed assets are being updated by the company.
- b) Some of the Fixed Assets were physically verified during the year by the Management in accordance with a program of verification which, in our opinion, provides for physical verification of fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- ii) a) According to information and explanation given to us, physical verification of inventory has been conducted by the management at reasonable intervals.
- b) In our opinion, 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 and no material discrepancies were noticed on physical verification of inventories. However, material discrepancies are properly adjusted in the accounts of the company.
- iii) a) The Company has not granted secured or unsecured loans to firms/companies/other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weakness, if any, in internal control system.
- v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public.
- vi) As informed to us the company is maintaining cost records as prescribed under section 209(1)(d) of the Companies Act, 1956 read with Companies (Cost Accounting records) Rules, 2011, to the extent applicable to the company. We have, however, not made a detailed examination of such records.



- vii) a) The company is irregular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, vat, cess and other statutory dues, and the following statutory dues were outstanding as at the last day of the financial year under review for a period of more than six months from the date they became payable.

Name of the statute	Particulars	Amount (₹)	Relating to the year
The Income Tax Act, 1961	Tax deducted at source	12,59,216/-	2013-14
The Income Tax Act, 1961	Tax deducted at source	6,02,179/-	2014-15
The Employee's Provident Funds and Miscellaneous Provisions Act, 1952	Provident Fund	19,91,719/-	2013-14
The Employee's Provident Funds and Miscellaneous Provisions Act, 1952	Provident Fund	12,33,960/-	2014-15
Jharkhand Value Added Tax Act, 2005	Works Contract Tax	1,66,262/-	2012-13
Finance Act, 1994	Service Tax	14,940/-	2013-14
Finance Act, 1994	Service Tax	27,113/-	2014-15
Directorate of Commercial Taxes, Government of West Bengal	Professional Tax	15,325/-	2013-14
Directorate of Commercial Taxes, Government of West Bengal	Professional Tax	4,650/-	2013-14



- b) There are no dues of Sales Tax, Income Tax, Customs Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited on account of any dispute *except as detailed below* :

Name of the Statute	Nature of Dues	Amount (Rs. in Lacs)	Relating to the year	Forum where dispute pending
Central Excise Act, 1944	Disallowance of Cenvat Credit of Excise Duty	68.97	2005 – 2006	CESTAT – Appeal Hearing Pending
Central Excise Act, 1944	Duty demand on scrap on Fabrication of Kiln & Cooler	69.38	2006 – 2007	Commissioner of Central Excise
Central Excise Act, 1944	Passage of Illegal Benefit to TISCO	62.21	2005 – 2006	CESTAT - Appeal Hearing Pending
Central Excise Act, 1944	Irregular Availment of Service Tax	2.63	2005 – 2006	Remand from CESTAT
Central Excise Act, 1944	Irregular Availment of Cenvat Credit on inputs / equipments	83.15	2006 – 2007	CESTAT
Central Excise Act, 1944	Availment of Cenvat Credit relating to low grade Sponge iron	39.09	2005 – 2006	Commissioner of Central Excise (Appeal) – Remand from CESTAT
Central Excise Act, 1944	Availment of Cenvat Credit in respect of bought out Low Grade Sponge Iron	30.75	2005 – 2006	Commissioner of Central Excise (Appeal) – Remand from CESTAT
Central Excise Act, 1944	Duty demand in respect of scrap arose from fabrication of Kiln & Cooler	6.94	2005 – 2006	CESTAT
Central Excise Act, 1944	Availment of Cenvat Credit in respect of bought out Iron ore Pallet	78.64	2010 – 2011	CESTAT
Central Excise Act, 1944	Service Tax on Mutual Fund Distribution (Sub-Brokerage)	50.22	2005-2006 and 2006-2007	CESTAT – Appeal Hearing Pending

- c) There is no such requirement of transfer of amount to investor education and protection fund.

- viii) The accumulated losses in the company is less than fifty percent of its net worth. The company has incurred cash loss during the financial year covered by our audit and also in the immediately preceding financial year.
- ix) In our opinion and according to the information and explanations given to us, the company has generally not defaulted in repayment of dues to a financial institution, bank or debenture holder.



- x) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from Banks or Financial Institutions as at the close of the year.
- xi) In our opinion and according to the information and explanation given to us, term loan have been applied for the purpose for which they were obtained.
- xii) 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 B.Chhawchharia & Co.

Chartered Accountants
Firm Registration Number 305123E

Aashish Jaiswal
Aashish Jaiswal
(Partner)

Membership No. 66471

Place : Kolkata
Date : 20th May 2015



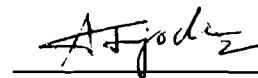
NILACHAL IRON & POWER LIMITED

Balance Sheet as at 31st March, 2015

Particulars	Note	As at 31.03.2015		As at 31.03.2014	
		₹	₹	₹	₹
EQUITY AND LIABILITIES					
Shareholders' funds					
Share Capital	1	3494,87,270		3494,87,270	
Reserves and Surplus	2	<u>3011,86,839</u>	6506,74,109	<u>4983,09,826</u>	8477,97,096
Non-current liabilities					
Long-term Borrowings	3	7498,46,306		7261,36,562	
Long-term Provisions	4	<u>29,42,396</u>	7527,88,702	<u>(11,41,673)</u>	7249,94,889
Current liabilities					
Short-term Borrowings	5	1651,10,589		1417,43,058	
Trade Payables	6	1561,98,639		1560,28,107	
Other current Liabilities	7	<u>2561,61,089</u>	5774,70,317	<u>573,07,736</u>	3550,78,901
			<u>19809,33,128</u>		<u>19278,70,886</u>
ASSETS					
Non-current assets					
Fixed Assets	8				
Tangible Assets		<u>11099,48,585</u>		<u>11951,29,105</u>	
Capital Work-in-Progress		1483,32,835		1460,30,414	
		12582,81,420		13411,59,519	
Non-current Investments	9	26,86,239		26,86,239	
Deferred Tax Assets (Net)	10	1631,58,700		847,99,800	
Long-term Loans and Advances	11	<u>177,26,617</u>	14418,52,976	<u>168,64,057</u>	14455,09,615
Current assets					
Inventories	12	3178,64,517		3018,04,958	
Trade Receivables	13	807,85,506		702,70,018	
Cash and Bank Balances	14	243,31,037		221,27,032	
Short-term Loans and Advances	15	<u>1160,99,092</u>	5390,80,152	<u>881,59,263</u>	4823,61,271
			<u>19809,33,128</u>		<u>19278,70,886</u>
SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO ACCOUNTS	25				

The Notes referred above form an integral part of the accounts.
In terms of our report of even date attached herewith.

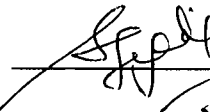
For B.Chhawchharia & Co.
Chartered Accountants
Firm Registration No. 305123E



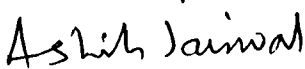
Aashish Jajodia
(Wholetime Director)



Aditya Jajodia
(Director)

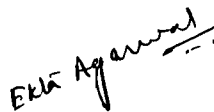


Sanjiv Jajodia
(Director)



Aashish Jaiswal
Partner
Membership No. 66471
Place : Kolkata
Dated : 20th May, 2015





Ekta Agarwal
(Company Secretary)

NILACHAL IRON & POWER LIMITED
Statement of Profit and Loss for the period ended 31st March, 2015

Particulars	Note	2014-2015		2013-2014
		₹		₹
Income				
Revenue from Operations	16	3909,67,384		372,76,357
Less: Excise Duty		(353,82,416)		-
		<u>3555,84,968</u>		<u>372,76,357</u>
Other Income	17	44,57,215		21,62,695
		<u>3600,42,183</u>		<u>394,39,052</u>
Expense				
Cost of Materials Consumed	18	3782,27,672		-
Manufacturing Expenses	19	282,42,118		314,85,732
Excise Duty on Finished Stock		10,11,979		329
Changes in Inventories	20	(22,28,375)		(2,994)
Employee Benefits Expense	21	390,94,676		349,61,004
Finance Costs	22	888,63,792		887,23,459
Depreciation		827,28,460	790,78,697	
Less: Transfer from State Capital Subsidy		<u>36,04,386</u>	<u>28,74,821</u>	762,03,876
Prior Period Expenses		38,14,209		3,90,272
Other Expenses	23	130,83,217		169,64,411
		<u>6292,33,362</u>		<u>2487,26,089</u>
Loss before tax		2691,91,179		2092,87,037
Tax expense:				
Current Tax	24	(2,34,262)		(21,45,295)
Deferred Tax		776,01,213		691,30,200
Loss for the year		<u>1918,24,228</u>		<u>1423,02,132</u>
Earnings per Equity Share:				
Basic and Diluted		(5.49)		(4.07)

The Notes referred above form an integral part of the accounts.
In terms of our report of even date attached herewith.

For B.Chhawchharia & Co.
Chartered Accountants
Firm Registration No. 305123E

Aashish Jaiswal
Aashish Jaiswal
Partner
Membership No. 66471
Place : Kolkata
Dated : 20th May, 2015



Ekta Agarwal
Ekta Agarwal
(Company Secretary)

Aashish Jaiswal
Aashish Jaiswal
(Wholetime Director)

Aditya Jaiswal
Aditya Jaiswal
(Director)

Sanjiv Jaiswal
Sanjiv Jaiswal
(Director)

NILACHAL IRON & POWER LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

PARTICULARS	2014 - 2015	2013 - 2014
	₹	₹
CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit/(Loss) before tax and extraordinary items	(2691,91,179)	(2092,87,037)
<u>Adjusted for :</u>		
Depreciation	791,24,074	762,03,876
Irrecoverable Debts and Advances Written Off	135	8,79,848
Liabilities no longer required Written Back	(19,24,109)	(2,02,788)
Interest on Term Loan and Others	888,63,792	865,18,347
Prior Period Expenditure (Net)	38,14,209	3,90,272
Operating Profit before Working Capital Changes	(993,13,078)	(454,97,482)
Movement in Working Capital		
Sundry Debtors	(105,15,488)	271,96,245
Loans and Advances and Other Current Assets	(288,25,137)	34,27,050
Inventories	(160,59,559)	78,244
Trade Payables and other payables	1571,22,021	57,50,750
Cash Generated From Operating Activities	24,08,759	(90,45,193)
Direct Taxes paid / adjusted	(2,11,514)	(21,45,295)
Net cash from Operating activities (A)	21,97,245	(111,90,488)
CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(23,02,421)	(58,53,152)
Net Cash from investing activities (B)	(23,02,421)	(58,53,152)
CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from long term and other borrowings	911,72,973	1006,08,237
Interest Paid	(888,63,792)	(865,18,347)
Net Cash used in Financing activities (C)	23,09,181	140,89,890
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+ B+ C)	22,04,005	(29,53,750)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	221,27,032	250,80,782
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	243,31,037	221,27,032

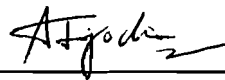
01. Proceeds from long term and other borrowings are shown net of repayment.

02. Cash and Cash equivalents represent cash and bank balances only including Fixed Deposits.

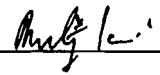
In terms of our report of even date attached herewith.

For and on behalf of the Board

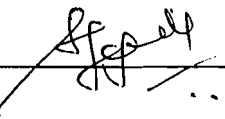
For B.Chhawchharia & Co.
Chartered Accountants
Firm Registration No. 305123E



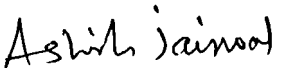
Aashish Jajodia
(Wholetime Director)



Aditya Jajodia
(Director)

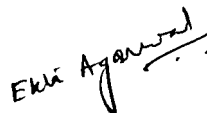


Sanjiv Jajodia
(Director)



Aashish Jaiswal
Partner
Membership No. 66471
Place : Kolkata
Dated : 20th May, 2015





Ekta Agarwal
(Company Secretary)

Notes to the Financial Statements

	As at 31.03.2015	As at 31.03.2014
	₹	₹
1 SHARE CAPITAL		
<u>Authorised :</u>		
35000000 Equity Shares of ₹ 10/- each	3500,00,000	3500,00,000
500000 Preference Shares of ₹ 10/- each	50,00,000	50,00,000
	<u>3550,00,000</u>	<u>3550,00,000</u>
<u>Issued, Subscribed & Paid up :</u>		
34948727 Equity shares of ₹ 10/- each fully paid up		
[Held by M/s Jai Balaji Industries Limited, the Holding Company]	<u>3494,87,270</u>	<u>3494,87,270</u>

Notes:

1 The details of Shareholders holding more than 5% Equity Shares

Name of Shareholder	As at 31.03.2015		As at 31.03.2014	
	No. of shares	% Holding	No. of shares	% Holding
Jai Balaji Industries Limited	349,48,727	100	349,48,727	100

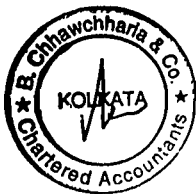
2 Terms/rights attached to Equity Shares:

The company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts.

The distribution will be in proportion to the number of equity shares held by the shareholders.

	As at 31.03.2015	As at 31.03.2014
	₹	₹
2 RESERVES & SURPLUS		
<u>Capital Reserve:</u>		
<u>State Capital Subsidy</u>		
As per Last Account	326,47,242	355,22,063
Less:- Allocated to Depreciation	<u>36,04,386</u>	<u>28,74,821</u>
	290,42,856	326,47,242
<u>General Reserve:</u>		
As per last Account	1350,00,000	2737,31,000
Less : Transfer to Statement of Profit and Loss	<u>(1350,00,000)</u>	<u>(1387,31,000)</u>
	-	1350,00,000
<u>Securities Premium Reserve</u>	3287,12,548	3287,12,548
<u>Surplus/(Deficit) in the Statement of Profit and Loss:</u>		
Balance as per last Account	19,50,036	55,21,168
Transfer from General Reserve	1350,00,000	1387,31,000
Depreciation adjustment as per Companies Act, 2013 (Net of Deferred Tax ₹ 757687/- thereon)	(16,94,373)	-
Loss for the year	<u>1918,24,228</u>	<u>1423,02,132</u>
Net Surplus/ (Deficit) in the Statement of Profit and Loss	<u>(565,68,565)</u>	<u>19,50,036</u>
	<u>3011,86,839</u>	<u>4983,09,826</u>



Notes to the Financial Statements (Contd.)

3 LONG-TERM BORROWINGS

Secureda) Term Loans

From Banks

As at
31.03.2015As at
31.03.2014

₹

₹

7419,46,306

6735,87,903

Name of Bank	Primary Security	Collateral Security	Other Securities	Terms of repayment
State Bank of India	First charge on existing and future fixed assets of the company on pari passu basis with other term lenders by way of - i) Equitable Mortgage on company's land and building at Ratanpur, Jharkhand ii) Hypothecation of plant & machinery iii) Hypothecation of machinery installed at Coal Mining Block created/to be created out of bank finance, iv) Negative lien to be created on the Coal Block at North Karanpura Block (Dumri Block) allocated to the company by Government of India.	Second charge on current assets (both present and future) of the company on pari passu basis with other term lenders.	<u>Personal Guarantee</u> : Sri Aditya Jajodia Sri Ashish Jajodia Sri Sanjiv Jajodia <u>Corporate Guarantee</u> : M/s Chandi Steel Industries Limited	32 quarterly Installments commencing from 30.06.2015.
Axis Bank	First Charge over the entire fixed assets (both present and future) of the company on pari passu with other term lenders.	Second charge on current assets (both present and future) of the company on pari passu basis with other term lenders.	<u>Personal Guarantee</u> : Sri Aditya Jajodia Sri Ashish Jajodia Sri Sanjiv Jajodia <u>Corporate Guarantee (Only for Term Loan)</u> : M/s Jai Balaji Industries Limited	32 quarterly Installments commencing from 30.06.2015.
Canara Bank	First Charge over the entire fixed assets (both present and future) of the company on pari passu with other term lenders.	Second charge on current assets (both present and future) of the company on pari passu basis with State Bank of India	<u>Personal Guarantee</u> : Sri Aditya Jajodia Sri Ashish Jajodia Sri Sanjiv Jajodia <u>Corporate Guarantee</u> : M/s Jai Balaji Industries Limited	32 quarterly Installments commencing from 30.06.2015.
UCO Bank	First charge on the immovable fixed assets & first hypothecation charge on entire movable fixed assets (both existing and future) of the company's factory at Ratanpur, Jharkhand ranking pari passu with all the term lenders.	Second charge on current assets (both present and future) of the company on pari passu basis with other term lenders.	<u>Personal Guarantee</u> : Sri Aditya Jajodia Sri Ashish Jajodia Sri Sanjiv Jajodia	32 quarterly installments commencing from 01.04.2015.

b) Vehicle Loan - From HDFC Bank

Hypothecated against the Vehicle financed by them

48,659

6,01,620

Terms of Repayment - Under 36 EMI Scheme

7419,94,965

6741,89,523

Less : Current Maturity (Refer Note 7)

446,48,659

5,52,961

6973,46,306

6736,36,562

Unsecured

Debentures

525000 Zero Interest Unsecured Optionally fully Convertible Debentures of ₹ 100/-each fully paid Convertible at the option of the debenture holder anytime after the date of allotment (03.01.2014) but within 20 years from the date of allotment at the Net Asset Value per equity share as per the last Audited Balance Sheet as on the date of Conversion or redeemable at par or Premium as may be mutually decided by the Company and the debenture holder anytime after 12 months but within 20 years from the date of allotment.

- From a Related Party

525,00,000

525,00,000

7498,46,306

7261,36,562



Notes to the Financial Statements (Contd.)

	As at 31.03.2015 ₹	As at 31.03.2014 ₹
4 LONG TERM PROVISIONS		
Provision for Gratuity	29,42,396	(11,41,673)
5 SHORT-TERM BORROWINGS		
Secured		
Loans Repayable on Demand		
From Banks - Cash Credit	1651,10,589	1417,43,058
Terms of Security:		
i) Secured by way of hypothecation of all current assets, both present and future, ranking pari passu with other banks, second charge on all fixed assets, present and future, ranking pari passu with other banks and Corporate guarantee of related Companies.		
ii) The above Loans from banks are guaranteed by three Directors of the Company.		
	<u>1651,10,589</u>	<u>1417,43,058</u>
6 TRADE PAYABLES		
Sundry Creditors		
- For Raw Materials	528,24,098	583,05,023
- For Capital Goods	453,51,410	453,61,538
- For others	580,23,131	523,61,546
	<u>1561,98,639</u>	<u>1560,28,107</u>
7 OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings	446,48,659	5,52,961
Advance from Customers	1251,66,898	19,22,368
Due to Holding Company (Interest Free)	233,71,754	118,86,536
Other Liabilities	629,73,778	429,45,871
	<u>2561,61,089</u>	<u>573,07,736</u>



Notes to the Financial Statements (Contd.)

8 FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01.04.2014	Additions /(Deductions)	As at 31.03.2015	Upto 31.03.2014	For the Year	Upto 31.03.2015	As at 31.03.2015	As at 31.03.2014
	₹	₹	₹	₹	₹	₹	₹	₹
I. Tangible Assets								
Freehold Land	194,10,124	-	194,10,124	-	-	-	194,10,124	194,10,124
Building	2100,12,676	-	2100,12,676	316,39,014	65,72,922	382,11,936	1718,00,740	1783,73,662
Plant & Machinery	12133,34,618	-	12133,34,618	3323,88,189	412,32,761	3736,20,950	8397,13,668	8809,46,429
Electrical Installations	1442,50,785	-	1442,50,785	326,29,639	352,51,958	678,81,597	763,69,188	1116,21,146
Air Conditioners	9,39,249	-	9,39,249	3,42,035	4,89,857	8,31,892	1,07,357	5,97,214
Furniture & Fixtures	22,08,385	-	22,08,385	15,16,487	2,81,355	17,97,842	4,10,543	6,91,898
Vehicles	107,33,891	-	107,33,891	84,10,967	4,27,949	88,38,916	18,94,975	23,22,924
Office Equipments	19,10,683	-	19,10,683	8,46,501	8,81,111	17,27,612	1,83,071	10,64,182
Computers	11,60,661	-	11,60,661	10,59,135	42,607	11,01,742	58,919	1,01,526
Total (I)	16039,61,072	-	16039,61,072	4088,31,967	851,80,520 *	4940,12,487	11099,48,585	11951,29,105
II. Capital Work-in-Progress								
Mining Land	1423,94,332	23,02,421	1446,96,753	-	-	-	1446,96,753	1423,94,332
Railway Sidings	36,36,082	-	36,36,082	-	-	-	36,36,082	36,36,082
Total (II)	1460,30,414	23,02,421	1483,32,835	-	-	-	1483,32,835	1460,30,414
Grand Total (I+II)	17499,91,486	23,02,421	17522,93,907	4088,31,967	851,80,520	4940,12,487	12582,81,420	-
Previous Year Figures	17441,38,335	58,53,152	17499,91,486	3297,53,270	790,78,697	4088,31,967	-	13411,59,519

(*) Includes ₹ 24,52,060/- adjusted with Retained Earnings (Note 2)



Notes to the Financial Statements (Contd.)

9 **NON-CURRENT INVESTMENTS**

Particulars	Face Value	No. of Shares	As at 31.03.2015	No. of Shares	As at 31.03.2014
	₹		₹		₹
<u>Others</u>					
<u>In fully paid up Equity shares of Companies</u>					
<u>Quoted</u>					
Shyama Infosys Limited	10/-	366200	25,90,974	366200	25,90,974
Shri Nidhi Trading Co. Limited	10/-	10500	95,265	10500	95,265
			<u>26,86,239</u>		<u>26,86,239</u>
<i>Market value of quoted Investments</i>			<u>25,07,631</u>		<u>27,56,628</u>

10 **DEFERRED TAX ASSETS (NET)**

	As at 31.03.2015	As at 31.03.2014
	₹	₹
Deferred Tax Assets on		
Unabsorbed losses and provisions	3209,70,700	2484,55,500
Employee Benefits	19,70,600	10,34,100
Less : Deferred Tax Liability on Fiscal allowance of fixed assets	1597,82,600	1646,89,800
	<u>1631,58,700</u>	<u>847,99,800</u>

11 **LONG TERM LOANS AND ADVANCES**

(Unsecured, considered good)		
Capital Advances	62,95,697	62,95,697
Deposits	114,30,920	105,68,360
	<u>177,26,617</u>	<u>168,64,057</u>

12 **INVENTORIES**

(As taken, valued and certified by the management)		
Raw Materials [Includes stock in transit (*) ₹ 2,11,06,200/- P.Y ₹ 3,21,17,606/-]	2602,50,447	2467,72,596
Finished Goods	86,12,320	5,86,901
By Products	290,56,474	348,53,518
Stores & Consumables	199,45,276	195,91,943
	<u>3178,64,517</u>	<u>3018,04,958</u>
* Awaiting Custom Clearance	211,06,200	321,17,606

13 **TRADE RECEIVABLES**

(Unsecured, considered good)		
Due for less than six months	115,35,778	22,21,250
Others	692,49,728	680,48,768
	<u>807,85,506</u>	<u>702,70,018</u>

14 **CASH AND BANK BALANCES**

(i) Cash & Cash Equivalents		
Cash-in-hand	27,79,737	17,95,929
Balances with Scheduled Banks in Current Account	20,926	2,96,009
	28,00,663	20,91,938
(ii) Other Bank Balances		
In Fixed Deposits (Pledged)	215,30,374	200,35,094
(Maturity after 12 months ₹ NIL; P.Y. 30,00,000)		
	<u>243,31,037</u>	<u>221,27,032</u>

15 **SHORT-TERM LOANS AND ADVANCES**

(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	731,14,269	450,62,761
Balances with Government Authorities	109,36,446	110,25,377
Taxation Advances and Refundable (Net of Provision)	15,87,725	16,10,473
MAT Credit Entitlement	304,60,652	304,60,652
	<u>1160,99,092</u>	<u>881,59,263</u>



Notes to the Financial Statements (Coitd.)

	<u>2014 - 2015</u>	<u>2013 - 2014</u>
	₹	₹
16 REVENUE FROM OPERATIONS		
<u>Sale of Products</u>		
- Sale of Sponge Iron	3134,10,075	-
- Sale of Raw Materials	717,53,238	-
- Sale of By-Products	27,62,043	-
<u>Sale of Scrap</u>	30,42,028	7,03,177
	3909,67,384	7,03,177
Less : Excise Duty	(353,82,416)	-
	3555,84,968	7,03,177
<u>Sale of Services</u>	-	365,73,180
	<u>3555,84,968</u>	<u>372,76,357</u>
16.1 Sale of Raw Material		
- Coal	22,18,017	-
- Iron Ore	695,35,221	-
	<u>717,53,238</u>	<u>-</u>
16.2 Sale of By-Products		
- Coal fines	20,57,131	-
- Others	7,04,912	-
	<u>27,62,043</u>	<u>-</u>
16.3 Sale of Services		
- Job Works Charges	-	365,73,180
	<u>-</u>	<u>365,73,180</u>
17 OTHER INCOME		
Interest		
- On Fixed Deposit	2,29,546	19,52,312
- On Security Deposit	23,00,160	-
Liabilities written back	19,24,109	2,02,788
Miscellaneous Income	3,400	7,595
	<u>44,57,215</u>	<u>21,62,695</u>
18 COST OF MATERIALS CONSUMED		
Raw Material Consumed		
- Coal	1306,56,790 *	-
- Iron Ore	921,92,290	-
- Iron Ore Pellets	1545,45,338	-
- Dolomite	8,33,254	-
	<u>3782,27,672</u>	<u>-</u>
18.1 Raw Material Consumed		
- Imported	2228,49,080	-
% of total consumption	58.92%	-
- Indegenous	1553,78,592	-
% of total consumption	41.08%	-
	<u>3782,27,672</u>	<u>-</u>
	100.00%	-
* Includes Rs. 3,21,17,606/- inventory deteriorated		
19 MANUFACTURING EXPENSES		
Consumption of Stores and Spare parts (Indegenous)	33,62,250	42,98,180
Power and Fuel	196,52,679	231,33,366
Repairs & Maintenance:		
- For Plant & Machinery	3,20,101	2,40,537
- For Others	1,02,805	77,268
Machinery Hire Charges	34,56,408	30,53,301
Processing Charges	13,47,875	6,83,080
	<u>282,42,118</u>	<u>314,85,732</u>
20 CHANGES IN INVENTORIES		
Opening Stock :		
- Finished Goods	5,86,901	5,83,907
- By products	348,53,518	348,53,518
	354,40,419	354,37,425
Less : Closing Stock :		
- Finished Goods	86,12,320	5,86,901
- By products	290,56,474	348,53,518
	<u>(22,28,375)</u>	<u>(2,994)</u>



Notes to the Financial Statements (Contd.)**21 EMPLOYEE BENEFITS EXPENSE**

Director's Remuneration	42,00,000	46,40,000
Salary, Wages, bonus and allowances	310,68,468	261,95,392
Contribution to Provident & Other Funds	33,49,660	32,60,872
Staff & Labour welfare expenses	4,76,548	8,64,740
	<u>390,94,676</u>	<u>349,61,004</u>

22 FINANCE COSTS

Interest :		
On Term Loans	786,01,751	593,97,735
On Others	102,62,041	271,20,612
Loan Processing & other financial charges	-	22,05,112
	<u>888,63,792</u>	<u>887,23,459</u>

23 OTHER EXPENSES

Rent	20,67,823	21,58,773
Rates and Taxes	3,06,355	3,34,609
Insurance	12,61,978	10,10,451
Commission and Brokerage	80,212	-
Travelling and Conveyance	8,25,446	24,39,289
Legal and Professional expenses	9,80,547	6,94,784
Hire Charges	22,99,583	30,57,695
Security Guard Charges	26,56,431	28,69,341
Auditors' Remuneration :		
For Statutory Audit	1,50,000	1,50,000
For Internal Audit	24,000	24,000
For Tax Audit	50,000	50,000
For Other Services	30,000	5,000
Miscellaneous expenses	23,50,706	32,90,621
Irrecoverable debts and advances written off	135	8,79,848
	<u>130,83,216</u>	<u>169,64,411</u>

24 CURRENT TAX

Tax Adjustments	<u>2,34,262</u>	<u>21,45,295</u>
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25 **SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO THE ACCOUNTS**

1 **SIGNIFICANT ACCOUNTING POLICIES**

a) **BASIS OF ACCOUNTING:**

The Financial Statements are prepared under historical cost convention, on accrual basis, in accordance with the generally accepted accounting principles in India, the Accounting Standards prescribed in the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current, wherever applicable, as per the normal operating cycle of the company as set out in the Schedule III to the Companies Act, 2013

b) **USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates/ 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. Difference between actual results and estimates are recognised in the period in which the results are known/ materialised.

c) **FIXED ASSETS AND DEPRECIATION :**

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes purchase price and all other attributable cost of bringing the assets to working condition for intended use.

Depreciation is provided on Straight Line Method (SLM) at the rates determined based on useful life of the asset as prescribed under Schedule II of The Companies Act, 2013.

d) **CAPITAL WORK IN PROGRESS :**

a) Capital work in progress is stated at cost.

b) Construction and other materials purchased for capital addition are treated as consumed.

c) Bills of Contractors are adjusted to the extent bills received and settled.

d) Direct expenses on expansion are capitalized and indirect expenses thereof are shown under "Preoperative Expenditure" which will be allocated to various items of fixed assets on completion of expansion.

e) **INVESTMENTS :**

Non Current investments are carried at acquisition cost and investments intended to be held for less than one year are classified as current investments and are carried at lower of cost and market value. Non Current Investments which have attained the stage of permanent diminution in their value are revalued at their current value.

f) **GOVERNMENT GRANTS :**

a) State Capital Subsidy received on account of fixed assets is credited to Capital Reserve Account out of which Subsidies in relation to depreciable assets are allocated to income over the useful life of the respective assets by deduction from depreciation for the year.

b) Grants related to revenue is recognized in the profit & loss account by deduction from the respective expense or shown separately as income.

g) **INVENTORIES :**

Inventories are Valued as follows:

a) Raw Material, Stores & Consumables	Lower of Cost and Net Realisable Value, however, materials and other items held for use in production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on 'Weighted Average Basis.
b) Finished Goods	Lower of Cost or Net Realisable Value. Cost includes direct materials, labour and Cost of finished goods manufacturing overheads. Cost of Finished Goods include Excise Duty.
c) By Products	At Net Realisable Value.

h) **SALES :**

i) Sales include Excise duty but excludes Sales tax/VAT.

ii) Revenue from sale of goods is recognized on passing of the title which generally coincides with the delivery of goods.

i) **OTHER INCOME :**

Other Income is accounted on accrual basis except where the receipt of income is uncertain.

j) **EMPLOYEES BENEFITS :**

i) Short Term employee benefits are charged off at the undiscounted amount in the year in which related service is rendered.

ii) Post employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognized at the present value of the amounts payable determined using actuarial valuation technique. Actuarial gain and losses in respect of post employment and other long term benefits are charged to the "Profit and Loss Account."

k) **FOREIGN CURRENCY TRANSACTIONS :**

Foreign Currency loans are restated at the year end exchange rates or at the rate of forward cover and the resultant difference are charged to "Profit and Loss Account."

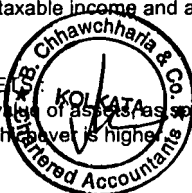
l) **TAXES ON INCOME :**

i) Current tax is determined as the amount of tax payable in respect of taxable income for the year.

ii) Deferred Tax is recognised, subject to consideration of prudence, in respect of Deferred Tax assets/liabilities arising on timing differences, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent period.

m) **IMPAIRMENT OF ASSETS**

Impairment loss in the value of assets as specified in Accounting Standard – 28 is recognized whenever carrying value of such assets exceeds the market value or value in use, whichever is higher.



Notes to the Financial Statements (Contd.)

2 Estimated amount of the contracts remaining to be executed on capital account and not provided for amounts to ₹ 387.54 Lacs (₹387.54 Lacs); advance thereagainst ₹ 62.95 Lacs (₹62.95 Lacs).

3 PROVISIONS AND CONTINGENT LIABILITIES :

A provision is recognised when the company has a present obligation as a result of past results and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Contingent Liability, not provided for, In respect of :	As at	As at
	31.03.2015	31.03.2014
Contested demand of :	₹	₹
a) Excise Duty	439.13 lakhs	439.13 lakhs
b) Service tax	52.85 lakhs	52.85 lakhs

4 Certain balance appearing under Sundry Creditors, Advance from Customers, Capital Advances, Trade Receivables and Advance recoverable in cash or in kind or for value to be received, are subject to confirmation.

5 a) As per the information available to the management, no amount is due to SSI and ancillary units.

b) Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

	2015	2014
a. Principal amount remaining unpaid as on 31st March	NIL	NIL
b. Interest due thereon as on 31 st March	NIL	NIL
c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of payment made to the suppliers beyond the appointed day during the period	NIL	NIL
d. Interest due and payable for the period of delay in making payments (which have been paid but beyond the appointed day during the period) but without adding to the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	NIL	NIL
e. Interest accrued and remaining unpaid as on 31 st March	NIL	NIL
f. Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises (As certified by the management)	NIL	NIL

6 Company's plant was non-operational during the year except for the period 15.10.2014 to 31.03.2015 due to ongoing major alignment works in the factory and unfavourable market conditions which affected the production substantially.

7 On the basis of physical verification of assets, as specified in Accounting Standard - 28 and cash generation capacity of those assets, in the management perception there is no impairment of such assets as appearing in the balance sheet as on 31.03.2015.

8 The Earning Per Share (EPS) has been calculated as specified in Accounting Standard - 20 prescribed under Companies (Accounting Standards) Rules, 2006 and related disclosures in this regard are:

	2014-2015	2013-2014
a) Amount used as numerator in calculating basic and diluted EPS: Profit/(Loss) after tax (₹)	<u>(1918,24,228)</u>	<u>(1423,02,132)</u>
b) Weighted average no. of shares used as the denominator in calculating EPS (Nos.) <u>For Basic and Diluted EPS</u> Equity Shares- Opening	<u>349,48,727</u>	<u>349,48,727</u>

9 In terms of the provisions of The Companies Act, 2013, the rate of depreciation on tangible assets on straight line method have been recalculated based on useful life of the assets as prescribed under Schedule II of the said Act. Consequently, depreciation for the year is higher by ₹ 32.67 Lacs.

10 In accordance with Accounting Standard 17 "Segment Reporting" as prescribed under Companies (Accounting Standards) Rules, 2006, the Company has determined its business segment as Manufacturing of Sponge Iron. Since there are no other business segments in which the company operates, there are no other primary reportable segments. Therefore, the segment revenue, segment results, segment assets, segment liabilities, total cost incurred to acquire segment assets, depreciation charges are all as is reflected in the financial statements.

11 Related parties and transactions with them as specified in Accounting Standard 18 on "Related Parties Disclosure" prescribed under Companies (Accounting Standards) Rules, 2006 has been identified and given below on the basis of the information available with the company.

Related Parties & Relationship	Transactions	
--------------------------------	--------------	--

a) Enterprises that directly or indirectly through one or more intermediaries, control or controlled by or are under common control with the company (including holding company):

	2014 - 15	2013 - 14
<u>Jai Balaji Industries Limited (Holding Company)</u>	₹	₹
Year end payable (Net)	233,71,754	118,86,536
<u>Jai Salasar Balaji Industries Private Limited</u>		
Sales during the year	101,30,774	-
Unsecured Debentures	525,00,000	525,00,000
<u>Jai Balaji Jyoti Steels Limited</u>		
Sales during the year	111,53,302	-

(c) Individuals owing directly or indirectly, an interest in the voting power of the company that gives control or significant influence over the company and relatives of any such individual.

(d) Key Management personnel and their relatives :

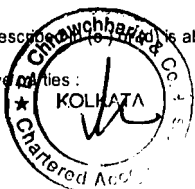
Sri Aashish Jajodia	Whole time Director Remuneration	42,00,000	42,00,000
Ms. Ekta Agarwal	Company Secretary	2,75,924	35,158

(e) Enterprises over which any person described in (d) is able to exercise significant influence :

(f) Amount written off in respect of above entities :

12 Expenditure in Foreign Currency
Travelling Expenses
CIF Value of Imports

₹ NIL (P.Y. ₹ 7.75 lacs)
2,182.58 lacs



Notes to the Financial Statements (Contd.)

- 13 The disclosure required under Accounting Standard -15, Employees Benefit, notified in the Companies (Accounting Standard) Rules, 2006 are given below:

I. Expenses recognized in the statement of Profit & Loss Account for the year ended 31st March 2015

Particlars	Gratuity (₹ In lacs)	
	2014-15	2013-14
Current service cost	3.88	8.4
Interest cost on benefit obligation	1.76	3.91
Expected return on plan assets	(2.75)	(2.76)
Net actuarial loss / (gain) recognised in the year	38.16	(37.41)
Past Service cost	0.00	0.00
Total Expenses / (Income)	41.05	(27.86)

II. Net Liability / (Assets) recognized in the Balance Sheet as at 31st March 2015

Particulars	Gratuity (₹ In lacs)	
	As at 31 st March, 2015	As at 31 st March, 2014
Present value of Defined Benefits Obligation	59.51	22.50
Fair value of plan assets	30.09	33.91
	29.42	(11.41)
Less: Unrecognised past service cost	0.00	0.00
Net liability/ (asset)	29.42	(11.41)

III. Change in the present value of the defined benefit obligation during the year ended 31st March 2015

Particulars	Gratuity (₹ In lacs)	
	2014-15	2013-14
Present value of Defined Benefits Obligation at the beginning of the year	22.50	47.76
Current service cost	3.88	8.40
Interest cost on benefit obligation	1.76	3.91
Benefits Paid	(6.80)	(0.12)
Net actuarial loss / (gain) recognised in the year	38.16	(37.45)
Current service cost	0.00	0.00
Present value of Defined Benefits Obligation at the end of the year	59.51	22.50

IV. Change in the Fair Value of Plan Assets during the year ended 31st March 2015

Particulars	Gratuity (₹ in lacs)	
	2014-15	2013-14
Fair value of Defined Benefits Obligation at the beginning of the year	33.92	30.16
Expected return	2.75	2.76
Interest cost on benefit obligation	0.00	0.00
Contribution by Employer	0.21	1.16
Benefits paid	(6.80)	(0.12)
Actuarial Gains/ (Losses)	0.00	(0.04)
Present value of Defined Benefits Obligation at the end of the year	30.08	33.92

V. The major categories of plan assets as a percentage of the fair value of the total plan assets

Particulars	Gratuity (₹ In lacs)	
	2014-15	2013-14
Investment with the insurer	100%	100%



Notes to the Financial Statements (Contd.)

VI. The principal assumptions used in determining gratuity and leave obligations for the Company's plans are shown below.

Particulars	Gratuity (₹ In lacs)	
	2014-15	2013-14
Discount Rate (per annum) compounded	7.80%	9.25%
Expected Return on Assets	9.00%	9.00%
Rate of escalation in salary (per annum)	7.50%	7.50%
Mortality Table	LIC (1994-96) ultimate	

VII. Amounts for the current and previous year are as follows:

Particulars	Gratuity (₹ In lacs)	
	As at 31 st March, 2015	As at 31 st March, 2014
Defined Benefits Obligation	(59.51)	(22.50)
Plan Assets	30.08	33.92
Surplus/ (Deficit)	(29.43)	11.42
Experience Gain/ (Loss) Adjustments on plan liabilities	(38.16)	37.45
Experience Gain/ (Loss) Adjustments on plan assets	0.00	0.00

Particulars	(₹ in lacs)	
	2014-15	2013-14
Contribution to Provident Fund	30.87	32.14

14 a) Previous year figures above are indicated in brackets.

b) Previous year figure have been regrouped/rearranged, wherever found necessary.

Signature to notes "1 to 25"

For B.Chhawchharia & Co.
Chartered Accountants
Firm Registration No. 305123E

Aashish Jaiswal
Aashish Jaiswal
Partner
Membership No. 66471
Place : Kolkata
Dated : 20th May, 2015



Aashish Jajodia
Aashish Jajodia
(Wholetime Director)

Aditya Jajodia
Aditya Jajodia
(Director)

Ekta Agarwal
Ekta Agarwal
(Company Secretary)

Sanjiv Jajodia
Sanjiv Jajodia
(Director)