

Annual Report 2013-14



Rohit Ferro-Tech Limited

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Notice

NOTICE is hereby given that the 14th Annual General Meeting of the members of the Company will be held on Thursday, 25th September, 2014 at 10.00 A.M. at PURBASHREE, Bharatiyam Cultural Multiplex, IB-201, Sector-III, Salt Lake City, Kolkata - 700 106 to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2014, the Statement of Profit and Loss for the year ended on that date and the report of the Auditors & Directors' thereon.
2. To appoint a Director in place of Mr. Suresh Kumar Patni (DIN:00032674), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder and pursuant to the recommendations of Audit Committee, M/s. S. Jaykishan, Chartered Accountants, (FRN : 309005E), be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the Seventeenth (17th) Annual General Meeting of the Company subject to ratification by members at every Annual General Meeting held after this Annual General Meeting on such remuneration as shall be fixed by the Board of Directors."

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and Companies (Appointment & Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Jatindra Nath Rudra (DIN: 00059628) Independent Director of the Company, who retires by rotation at the ensuing Annual General Meeting and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, to hold the office for a term up to 31st March, 2019 and, whose office shall not, henceforth, be liable to determination by retirement of Directors by rotation."

5. To consider and, if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and Companies (Appointment & Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Jay Shanker Shukla (DIN: 06391367) Independent Director of the Company whose period of office is liable to retirement by rotation as per the Companies Act, 1956 and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold the office for a term up to 31st March, 2019 and, whose office shall not, henceforth, be liable to determination by retirement of Directors by rotation."

6. To consider and, if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and Companies (Appointment & Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Jayanta Kumar Chatterjee (DIN: 00059807) Independent Director of the Company whose period

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of office is liable to retirement by rotation as per the Companies Act, 1956 and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, to hold the office for a term up to 31st March, 2019 and, whose office shall not, henceforth, be liable to determination by retirement of Directors by rotation.”

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution** :

“**RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and Companies (Appointment & Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Asoke Kumar Basu (DIN: 02320377) Independent Director of the Company whose period of office is liable to retirement by rotation as per the Companies Act, 1956 and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold the office for a term up to 31st March, 2019 and, whose office shall not, henceforth, be liable to determination by retirement of Directors by rotation.”

8. To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution** :

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198 read with Schedule-V and other applicable provisions of Companies Act, 2013, including any statutory modification(s) or re-enactment thereof for the time being in force and subject to approval of the Central Government and such consents, approvals or permissions as may be required, the approval of the Company be and is hereby accorded for the re-appointment of Mr. Dinesh Biyanee (DIN: 00122369), Executive Director (Works) of the Company for a further period of 1 (one) year w.e.f. 01.04.2014, on the terms and conditions including remuneration as set out in the agreement submitted to this meeting, which agreement also be and is hereby approved.”

“**RESOLVED FURTHER THAT** subject to such approvals, permission and consents as may be required, in the event of loss or inadequacy of profits in any financial year the remuneration payable to Mr. Biyanee shall be restricted to the ceiling provided in Section II of Part II of Schedule V of the Act.”

“**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to alter and vary the terms and conditions of the appointment and/or remuneration, subject to the same not exceeding the limit specified in Schedule V of the Companies Act, 2013.”

9. To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution** :

“**RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013, read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to 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.”

10. To consider and, if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 148(2) and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, the remuneration of ₹ 35,000/- plus applicable taxes and reimbursement of out of pocket expenses payable to Mr. S. Banerjee, Cost Accountant (Membership No. 9780), who

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has been re-appointed by the Board of Directors of the Company as Cost Auditor to conduct an audit of the cost accounting records maintained by the Company for the year ending 31st March, 2015 be and is hereby ratified.”

By Order of the Board
For Rohit Ferro-Tech Limited

Pradip Kumar Agarwal
Company Secretary

Kolkata, 25th August, 2014

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE, INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE CORPORATE OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.** A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other member.
- The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to Special Business to be transacted at the Meeting, is annexed hereto.
- The relevant details, as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges; of person seeking appointment/re-appointment as Director under Item No. 2, 4, 5, 6, 7, and 8 is annexed hereto as additional information.
- The Register of Members and Share Transfer Books shall remain closed from Friday, 19th September, 2014 to Thursday, 25th September, 2014 (both days inclusive).
- Pursuant to the provisions of Section 205C of the Companies Act, 1956, the Company has transferred unpaid/unclaimed dividend for the Financial Year 2005-2006 to Investor Education and Protection Fund (IEPF) established by the Central Government.
- Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed dividend amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company on the website of the Company (www.rohitferrotech.com) and also on the website of the Ministry of Corporate Affairs.
- Members who have so far not claimed the dividend declared as aforesaid are requested to forward their claims to the Company's Registrar and Share Transfer Agents immediately as no claim shall lie against the fund or the Company in respect of individual amounts once credited to the said fund.
- Information in respect of such unclaimed Dividends and due dates for transfer to the Investor Education and Protection Fund of Government of India are given below :

| Financial Year | Date of Declaration | Due date of transfer to IEPF |
|----------------|---------------------|------------------------------|
| 2006-07 | 28.09.2007 | 31.10.2014 |
| 2007-08 | 25.09.2008 | 26.10.2015 |
| 2008-09 | 22.09.2009 | 22.10.2016 |
| 2009-10 | 27.09.2010 | 28.10.2017 |
| 2010-11 | 15.09.2011 | 19.10.2018 |
| 2011-12 | 25.09.2012 | 26.10.2019 |

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9. Shareholders holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agents, M/s. Maheshwari Datamatics (P) Ltd., 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001 and to their respective DPs in respect of Equity Shares held in dematerialized form.
10. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
11. Members/Proxies are requested to bring their Attendance Slip for attending the Meeting.
12. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
13. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company at least ten days before the meeting so that the same could be complied in advance.
14. Since the securities of the Company are compulsorily tradable in electronic form, to ensure better investor service and elimination of risk of holding securities in physical form, it is requested that the members holding shares in physical form to get their shares dematerialised at the earliest.
15. All documents referred to in the Notice will be available for inspection at the Company's Corporate Office during normal business hours on working days upto the date of AGM.
16. Electronic copy of the Annual Report for 2014 is being sent to all the Members whose email ids are registered with the Company/Depository Participant(s) for communication purposes unless any Member has requested for a hard copy of the same. For the Members who have not registered their email address, physical copies of the Annual Report for 2014 is being sent in the permitted mode. Rule 18(3)(i) of the Companies (Management and Administration) Rules, 2014 requires a Company to provide advance opportunity atleast once in a financial year, to the Member to register his email address and any changes therein. In compliance with the same, we request the Members who do not have their email id registered with the Company to get the same registered with the Company. Members are also requested to intimate to the Company the changes, if any in their email address. The Annual Report of the Company, circulated to the Members of the Company, will also be made available on the Company's website i.e. www.rohitferrotech.com.
17. Electronic copy of the Notice of the 14th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes. For members who have not registered their email address, physical copies of the Notice of the 14th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
18. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Members are informed that the Company is pleased to offer e-voting facility to caste the vote electronically. The Company has made necessary arrangements with the Central Depository Services (India) Limited (CDSL) to facilitate e-voting.

The e-voting facility is available at the link www.evotingindia.com vide the EVSN 140806037.

The e-voting facility will be available during the following voting period :

| | |
|--------------------------|---|
| Commencement of e-voting | From : 10.01 a.m. of 19th September, 2014 |
| End of e-voting | Upto : 6.00 p.m. of 21st September, 2014 |

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E-voting shall not be allowed beyond 6.00 p.m. of 21st September, 2014.

The detailed procedure is mentioned below. For the aforesaid purpose the Company has appointed M/s A J & Associates, Practicing Company Secretaries for scrutinizing the e-voting process in a true and transparent manner.

19. e-Voting Procedure

The procedure and instructions for e-Voting are as follows :

A. In case of members receiving email :

- i. Log on to the e-voting website www.evotingindia.com
- ii. Click on “Shareholders” tab.
- iii. Now, select “ROHIT FERRO-TECH LIMITED” from the drop down menu and click on “SUBMIT”
- iv. Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID). Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
- v. If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used. If you are a first time user follow the steps given below.
- vi. Now, fill up the following details in the appropriate boxes :

| | For Members holding shares in Demat Form | For Members holding shares in Physical Form |
|------------------------|--|---|
| PAN* | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) | |
| DOB# | Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format. | |
| Dividend Bank Details# | Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. | |

*Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digit Sequence Number in the PAN field. 8 Digit Sequence number is available on ATTENDANCE SHEET. Eg. If your name is Ramesh Kumar with sequence number 12345678 then enter RA12345678 in the PAN field as mentioned in instruction no. iv above.

Please enter any one of the details in order to login. In case both the details are not recorded with the depository or Company please enter the member id/folio number in the Dividend Bank details field.

- vii. After entering these details appropriately, click on “SUBMIT” tab.
- viii. Members holding shares in physical form will then reach directly to the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

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- x. Click on the EVSN for “ROHIT FERRO-TECH LIMITED” on which you choose to vote.
 - xi. On the voting page, you will see Resolution Description and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - xii. Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
 - xiii. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
 - xiv. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
 - xv. You can also take a print out of the voting done by you by clicking on “Click here to print” option on the Voting page.
 - xvi. If Demat account holder has forgotten the changed password then enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
 - xvii. Institutional shareholders (i.e. other than Individuals, HUF, NRI, etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. A scanned copy of the Registration Form bearing the respective Corporate’s stamp and duly signed should be emailed to helpdesk.evoting@cdslindia.com. After receiving the login details they have to create a compliance user which should be created using the admin login and password. The Compliance user would be able to link the account(s) which they wish to vote on and then cast their vote. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast the vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- B. In case of members receiving the physical copy :**
- i. Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- C.** The voting period begins on 19th September, 2014 from 10.01 a.m. and ends on 21st September, 2014 at 6.00 p.m. During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form as on the cutoff date (record date) of 8th August, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- D.** In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
- E.** The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witness not in employment of the Company and make a Scrutinizer’s Report of the Votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- F.** The results of e-voting shall be declared on or after the AGM of the Company. The results declared along with the Scrutinizer’s Report shall be placed on the Company website : www.rohitferrotech.com and on the website of CDSL and the same be communicated to the Stock Exchange(s).
- G.** Kindly note that once you have casted your vote, you cannot modify or vote on poll at the Annual General Meeting. However, you can attend the meeting and participate in the discussions, if any.

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

Item No. 4 to 7

Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors which came into effect from April 1, 2014, the Independent Directors shall be appointed for not more than two terms of up to five years each and shall not be liable to retire by rotation.

The Board of Directors of the Company have decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the amended Listing Agreement.

Mr. Jatindra Nath Rudra retires by rotation at the ensuing Annual General Meeting under the erstwhile provision of the Companies Act, 1956. Mr. Jay Shanker Shukla, Mr. Jayanta Kumar Chatterjee and Mr. Asoke Kumar Basu are the Directors whose period of office is liable to be determination by retirement of Director by rotation under the erstwhile applicable provision of the Companies Act, 1956.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Jayanta Kumar Chatterjee, Mr. Jay Shanker Shukla, Mr. Jatindra Nath Rudra and Mr. Asoke Kumar Basu are proposed to be appointed as Independent Directors for a term as stated in the respective resolutions.

Mr. Jayanta Kumar Chatterjee, Mr. Jay Shanker Shukla, Mr. Jatindra Nath Rudra and Mr. Asoke Kumar Basu, Non-Executive Independent Directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013. In the opinion of the Board, each of these Directors fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for their appointment as Independent Directors of the Company and they are independent of the management. These Directors are not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and they have given their consent to act as Director.

Notice have been received from member(s) signifying their intention to propose the appointment of these Directors along with a deposit of ₹ 1,00,000/- each. A copy of the draft Letters of Appointment for Independent Directors, setting out terms and conditions of their appointment, is available for inspection at the Corporate Office of the Company during business hours on any working day till the date of Annual General Meeting and is also available on the website of the Company i.e. www.rohitferrotech.com

Except these directors, for their respective appointments, none of the Directors/Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolutions set out at Item No. 4 to 7 of the Notice.

The Board recommends the resolutions in relation to the appointment of these directors as Independent Directors, for the approval by the shareholders.

Item No. 8

Mr. Dinesh Biyanee is an Executive Director (Works) of the Company. His current term of appointment as an Executive Director (Works) of the Company expired on 31st March, 2014. Considering the experience and services rendered by Mr. Biyanee and based on the recommendation of Remuneration Committee the Board of Directors of the Company have re-appointed him as an Executive Director (Works) of the Company for a further period of One (1) year with effect from 1st April, 2014 on the terms and conditions as set out in the Agreement dated 28th March, 2014 executed between the Company and Mr. Dinesh Biyanee.

Mr. Biyanee, Executive Director (Works) shall be paid the following remuneration for the services rendered by him:

- (a) **Salary :** ₹ 75,250/- (Rupees Seventy Five Thousand Two Hundred and Fifty Only) per month.

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(b) **Perquisites/Allowances :** He shall be entitled to the following Perquisites/Allowances:

- i. House Rent Allowance: ₹ 37,625/- per month.
- ii. Transport Allowance: ₹ 7,500/- per month.
- iii. Medical Allowance: ₹ 1,500/- per month.
- iv. Special Allowance: ₹ 66,250/- per month.
- v. Bonus: As may be decided by the Board.
- vi. Leave Encashment: As per applicable rules of the Company.
- vii. Gratuity: As may be decided by the Board, provided that it shall not exceed the ceiling limit envisaged under the Payment of Gratuity Act, 1972

Leave encashment and Gratuity shall not be included in the computation of ceiling on remuneration.

(c) **Leave :** Executive Director (Works) will be entitled to leave as per applicable rule of the Company.

All other terms and conditions are set out in the Agreement referred to above. The relevant Agreement entered into by the Board with Mr. Dinesh Biyanee is available for inspection by members at the Corporate Office of the Company on any working day during business hours till the date of Annual General Meeting.

The Company does not satisfy all the conditions specified in Section II of Part II of Schedule V of the Companies Act, 2013 and accordingly payment of remuneration as above would also require approval of the Central Government.

Except Mr. Dinesh Biyanee, none of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the Notice.

The Board recommends the resolution set out at Item No. 8 of the Notice for approval by the Shareholders.

Statement pursuant to item (iv) under second proviso to clause (B) of Section II of Part II of Schedule V to the Companies Act, 2013 with respect to Item No. 8

I. GENERAL INFORMATION:

1. Nature of Industry : Rohit Ferro-Tech Limited (herein referred as “RFTL/the Company”) was incorporated on 7th April, 2000 and is amongst India’s largest Ferro-Chrome manufacturing Company. The Company is engaged in manufacturing of chromium and manganese-based ferro alloys, such as High Carbon Ferro Chrome (H.C.FeCr), Silico Manganese (SiMn) and Ferro Manganese (FeMn) through Submerged Arc Furnace (SAF) route. The Company has three manufacturing facilities located at Bishnupur in West Bengal, Jajpur in Orissa and Haldia in West Bengal. The Company has commenced its commercial production of High Carbon Ferro Chrome (H.C.FeCr.) in October, 2003.

The Company has acquired 60% equity stake in a coking coal mine in Indonesia owned by M/s. PT Bara Prima Mandiri through its subsidiary M/s. SKP Overseas Pte. Ltd., Singapore. The mine located in Central Kalimantan Province of Indonesia has an estimated coking coal reserve of 10 MN Tonnes. The Company is also having 60% economic interest in a thermal coal mine in Indonesia owned by M/s PT Palopo Indah Raya through its aforesaid Subsidiary. The mine located in Central Kalimantan Province of Indonesia has an estimated thermal coal reserves of 20 MN Tonnes.

2. Date of Commencement of Commercial Production :

The Company commenced its commercial production in 2003.

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3. Financial Performance of the Company:

The Financial Performance of the Company is as follows :

(₹ in Crores)

| Particulars | 2013-14 | 2012-13 | 2011-12 |
|---|----------|---------|---------|
| Sales and other Income | 2494.52 | 2270.22 | 1684.91 |
| Profit before Depreciation, Interest and Tax but after Prior Period Items | (68.87) | 242.81 | 188.15 |
| Depreciation/Amortization | 30.07 | 29.53 | 21.69 |
| Interest and Finance Charges | 166.11 | 143.84 | 106.21 |
| Tax Expenses | (36.45) | 13.91 | 19.94 |
| Profit/(Loss) before Exceptional items | (228.60) | 55.53 | 40.31 |
| Exceptional Gain /(Loss) | - | 26.61 | - |
| Profit/(Loss) after Tax | (228.60) | 28.92 | 40.31 |

4. Foreign Earnings, investments or collaborations :

| Particulars | 2013-14 | 2012-13 | 2011-12 |
|------------------------------------|---------|---------|---------|
| Earnings in Foreign Exchange | 897.22 | 960.26 | 707.61 |
| Investments Abroad (in Subsidiary) | 6.62 | 11.94 | 18.81 |

II. INFORMATION ABOUT APPOINTEE :

| Sl. No. | Particulars | Mr. Dinesh Biyanee |
|---------|---|---|
| 1 | Background Details | He is a B.Com from Calcutta University. He is associated with the Company since May, 2008 and was instrumental in setting up of Haldia unit of the Company. |
| 2 | Past Remuneration | Remuneration received from Rohit Ferro-Tech Limited ₹ 1,88,125/- (Rupees One Lac Eighty Eight Thousand One Hundred and Twenty Five Only) per month for the year ended 31st March, 2014. |
| 3 | Job Profile & his suitability | Overall management of the Haldia Unit of the Company. |
| 4 | Remuneration proposed | As detailed above. |
| 5 | Comparative remuneration profile with respects to Industry Size of the Company, profile of the position and person | The proposed remuneration is commensurate with the size and nature of business of the Company and the responsibility of the appointee. The remuneration do differ from Company to Company in the industry depending on the respective operations. |
| 6 | Pecuniary relationship, directly or indirectly, with the Company or relationship with the managerial personnel, if any, | Mr. Dinesh Biyanee does not have any pecuniary relationship directly and indirectly with the Company as well as relationship with the managerial personnel. |

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III. OTHER INFORMATION:

Reason of Loss or inadequate profits

The Ferro Alloys market was under stress due to recession faced in all major Global Economies, which has impacted the net realization and demand of the Company's principal product. The adverse movement in the foreign currency has also impacted the Company's liability on account of raw material procurement. Administered price increase for energy including power, coal and fuel has also added to the cost structure which could not be passed to the consumers in depressed business environment. The Company has incurred losses due to adverse impact of foreign exchange fluctuation and non-recovery of fixed cost on account of reduction in capacity utilization. The Company has been facing liquidity issues resulting in fall in capacity utilization and was not able to perform upto the expected level.

Steps taken or proposed to be taken for improvement

The Company undertook several steps to lowering the overheads and aligning resources with current level of operations. The Company is focusing on cost competitiveness. The Company is brought under the Corporate Debt Restructuring (CDR) Scheme for nursing it to profitability.

Expected Increase in productivity and profits in measurable terms

The management has adopted focused and aggressive business strategies and functions to improve the sales and profitability of the Company. Considering the present sign of improvement in overall business environment, the Company is expecting an increase in its revenue and profitability. The Management is confident of higher growth in the period to come.

IV. DISCLOSURES:

The detail of remuneration and other information is given in the Corporate Governance attached as the part of the Director's Report.

Item No. 9

The existing Articles of Association (AoA) of the Company are based on the Companies Act, 1956. Accordingly several regulations in the existing AoA either contain references to specific sections of the Companies Act, 1956 or are no longer in conformity with the Companies Act, 2013 (Act).

On 12th September, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on 26th March, 2014, MCA notified most of the remaining Sections (barring those provisions which require sanction / confirmation of the National Company Law Tribunal ("Tribunal") such as variation of rights of holders of different classes of shares (Section 48), reduction of share capital (Section 66), compromises, arrangements and amalgamations (Chapter XV), prevention of oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, inter alia, relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247). However, substantive sections of the Act which deal with the general working of companies stand notified. Therefore, the Companies Act, 2013 is now largely in force.

With the coming into force of the 2013 Act, several regulations of the existing AoA of the Company require either alteration or deletions as the case may be. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles so as to align it in accordance with the provisions of Companies Act, 2013.

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 Articles of Association for a Company limited by shares.

A copy of the draft Articles of Association of the Company is available for inspection by members at the Corporate Office of the Company on any working day during business hours till the date of Annual General Meeting. The proposed new draft AoA is also being uploaded on the Company's website i.e. www.rohitferrotech.com for perusal by the shareholders.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 9 of the Notice.

Notice

The Board recommends the Resolution set out at Item No. 9 of the Notice for approval by the shareholders.

Item No. 10

As recommended by Audit Committee, Board of Directors had reappointed Mr. S. Banerjee, Cost Accountants (Membership No. 9780), being eligible and having sought re-appointed, as cost auditor of the Company, for a remuneration of ₹ 35,000/- plus applicable taxes and re-imburement of out of pocket expenses incurred by them to conduct the audit of the cost accounting records maintained by the Company for the current financial year beginning from 1st April, 2014 and ending on 31st March, 2015.

In terms of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the aforesaid remuneration is required to be ratified by the members.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 10 of the Notice.

The Board recommends the Resolution set out at Item No. 10 of the Notice for approval by the shareholders.

Additional Information

Disclosure pursuant to Clause 49 of the Listing Agreement with regard to the Directors seeking appointment/re-appointment at the ensuing Annual General Meeting (Refer Item No. 2, 4,5, 6, 7 and 8 of the Notice) :

| Name of the Director | Age | Date of Appointment | Brief resume and nature of expertise in functional area | Other Directorships*/Committee Memberships** |
|------------------------|----------|---------------------|--|--|
| Mr. Suresh Kumar Patni | 55 years | 7th April, 2000 | He is a Commerce Graduate from Calcutta University. He has a wide experience of more than two decades in Iron & Steel and Ferro Alloys Industry. He is also the Co-promoter of Impex Ferro Tech Limited and Ankit Metal & Power Limited. | Directorship: <ul style="list-style-type: none"> - Impex Metal & Ferro Alloys Limited - VSN Agro Products Limited - Impex Industries Limited - SKP Power Ventures Limited - Sarita Steel & Power Limited - Ankit Metal & Power Limited - Impex Ferro Tech Limited - SKP Aviation Services Limited - Patni Metal & Ferro Alloys Limited - Dhodwala Enterprises Limited - Gold Mohar Steel Limited - Impex Cements Limited Committee Memberships: <ul style="list-style-type: none"> In Impex Ferro Tech Limited - Stakeholders Relationship Committee |

Notice

| Name of the Director | Age | Date of Appointment | Brief resume and nature of expertise in functional area | Other Directorships*/Committee Memberships** |
|-------------------------|----------|---------------------|--|--|
| Mr. Jatindra Nath Rudra | 78 years | 5th September, 2005 | Mr. Jatindra Nath Rudra is a Bachelor of Civil Engineering from Jadavpur University and has done his Master of Engineering from Calcutta University. He is also a life member of Institute of Surveyors. He was the CEO of WBIIDC, Government of West Bengal. He was deputed by Government of India for 6 years as Town Engineer, Kabwe, Republic of Zambia, and Africa. | Directorships: Ankit Metal & Power Limited Committee Memberships: In Ankit Metal & Power Ltd. - Audit Committee - Nomination and Remuneration Committee - Stakeholders Relationship Committee |
| Mr. Jay Shanker Shukla | 54 years | 9th October, 2012 | He holds a graduate degree in commerce from Calcutta University and Diploma in International Trade. He has wide experience in the field of finance, marketing, production and procurement. | Directorships: - Impex Ferro Tech Limited - Ankit Metal & Power Limited Committee Memberships: In Impex Ferro Tech Limited - Audit Committee - Nomination and Remuneration Committee - Stakeholders Relationship Committee In Ankit Metal & Power Limited - Audit Committee - Nomination and Remuneration Committee - Stakeholders Relationship Committee |

Notice

| Name of the Director | Age | Date of Appointment | Brief resume and nature of expertise in functional area | Other Directorships*/Committee Memberships** |
|------------------------------|----------|---------------------|---|---|
| Mr. Jayanta Kumar Chatterjee | 72 years | 16th May, 2005 | He works as a Consultant having expertise in the field of Ferro Alloys, Coal & Minerals. He is a Science Graduate from Calcutta University, and Graduate degree (B.Met.) in Metallurgy from Jamshedpur Institute of Technical Education, and also of Fellow member of Indian Institute of Metals. He has a wide experience of over 40 years in steel & mining sector while serving in Tata Steel. | Directorship: - Ankit Metal & Power Limited - Impex Metal & Ferro Alloys Limited Committee Memberships: In Ankit Metal & Power Limited - Nomination and Remuneration Committee In Impex Metal & Ferro Alloys Limited - Audit Committee |
| Mr. Asoke Kumar Basu | 63 years | 11th August, 2008 | He is a Bachelor in Engineering (Mechanical) and has 35 years of experience in Ferro Alloys Industry. He has worked with SAIL for 5 years under Alloy Steel Plant in Durgapur, for the expansion project. He also has an experience of 14 years in the field of design, operation and maintenance including commissioning of Cement Industries both in India and abroad. | Directorship: Nil Committee Memberships: Nil |
| Mr. Dinesh Biyanee | 50 years | 1st April, 2013 | He is a B.Com from Calcutta University. He is associated with the Company since May, 2008 and was instrumental in setting up of Haldia unit of the Company. He is looking after the overall management of the Haldia Unit since its inception. | Directorship: Nil Committee Memberships: Nil |

- Mr. Suresh Kumar Patni holds 21,86,403 equity shares in the Company.
- Mr. Jatindra Nath Rudra, Mr. Jay Shanker Shukla, Mr. Jayanta Kumar Chatterjee, Mr. Asoke Kumar Basu and Mr. Dinesh Biyanee do not hold any Equity Shares in the Company.
- * Excludes Directorship in Private/Foreign Companies and Companies under Section 8 of the Companies Act, 2013.
- ** Committee herein refers Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee.

Directors' Report

Dear Shareholders

Your Directors are pleased to present the 14th Annual Report of the Company together with Audited Accounts for the financial year ended 31st March, 2014.

Financial Highlights

(₹ in Crores)

| Particulars | Standalone | |
|---|----------------------------|-----------------------------|
| | Current Year 31-03-2014 | Previous Year 31-03-2013 |
| Revenue from Operation (net) | 2,486.30 | 2,258.54 |
| Other Income | 8.22 | 11.68 |
| Total Revenue | 2,494.52 | 2,270.22 |
| Profit before Finance Cost, Depreciation and Tax | (68.87) | 242.81 |
| Less: Depreciation & Amortisation | 30.07 | 29.53 |
| Less: Finance Cost | 166.11 | 143.84 |
| Less: Tax Expenses | (36.45) | 13.91 |
| Net Profit after Tax | (228.60) | 55.53 |
| Less: Exceptional Item | - | 26.61 |
| Profit for the Year | (228.60) | 28.92 |
| Add: Balance brought forward from previous year | 262.55 | 233.63 |
| Profit/(Loss) available for appropriation | 33.95 | 262.55 |
| Appropriation of Profits | | |
| Proposed Dividend | - | - |
| Corporate Dividend Tax | - | - |
| Balance carried over to Balance Sheet | 33.95 | 262.55 |
| | 33.95 | 262.55 |

Financial and Operational Review

During the year under review the Company has achieved a total revenue from Operation of ₹ 2,486.30 Crores (P.Y. ₹ 2,258.54 Crores) but incurred a net loss of ₹ 228.60 crores due to depressed market price for ferro alloys and increase in input cost impacting the net realisation and margin. Weaker domestic demand and slower growth in several key markets, mining crises and uncontrolled inflation in the country has resulted in the increase in the cost of raw materials and other overheads which could not be passed on to the customers.

Dividend

In view of the losses incurred by the Company, the Directors of the Company do not recommend any Dividend for the Financial Year 2013-14.

Subsidiaries

As on 31st March, 2014, the Company has 2 (two) Subsidiaries i.e. M/s SKP Overseas Pte. Ltd. (Wholly Owned Subsidiary) and M/s PT Bara Prima Mandiri of Indonesia (Step down subsidiary). There is no change in the status of the holding in the financial year under review.

Consolidated Financial Statement

Pursuant to the provisions of Section 212(8) of the Companies Act, 1956 (Act), the Ministry of Corporate Affairs vide its General Circular No 2/2011 dated February 8, 2011, has granted a general exemption subject to certain conditions to holding Companies from complying with the provisions of Section 212 of the Act, which requires attaching of the Balance Sheet, Profit & Loss Account and other documents of its subsidiary companies to its Balance Sheet. Accordingly, the said documents are

Directors' Report

not included in this Annual Report. The financial data of the Subsidiaries forms part of the Annual Report. The Company will make available the said annual accounts and related detailed information of the Subsidiary Companies upon the request by any member of the Company or its Subsidiary Companies. These accounts will also be kept open for inspection by any member at the Corporate Office of the Company and the Registered Office of the Subsidiary Companies.

As stipulated in Clause 41 of the Listing Agreement entered into with the Stock Exchanges, the Company has prepared Consolidated Financial Statements in accordance with the relevant Accounting Standards (AS-21) issued by the Institute of Chartered Accountants of India (ICAI). The Audited Consolidated Financial Statements along with the Auditors Report thereon form part of the Annual Report.

Expansion Projects under Implementation

Jajpur Unit- Odisha

Captive Power Plant of 67.5 MW & 33 MVA Furnace

The basic engineering and civil and structural work of Captive Power Plant of 67.5 MW & 33 MVA Furnace is completed. Due to delay in delivery of the some major equipment's having long lead time the project is not completed in its schedule time. The Company expects to commence the commercial operation of the said projects by the end of September, 2014.

Coal Mines

During the year under review, the coking coal mine in Indonesia owned by M/s. PT Bara Prima Mandiri through the Subsidiary SKP Overseas Pte. Ltd., Singapore has started commercial production. The mine located in Central Kalimantan province of Indonesia has an estimated coking coal reserve of 10 MN Tonnes.

The Company is also having 60% economic interest in a thermal coal mine in Indonesia owned by M/s PT Palopo Indah Raya through its aforesaid Subsidiary. The mine located in Central Kalimantan province of Indonesia has an estimated thermal coal reserves of 20 MN Tonnes.

Credit Rating

The Company's credit rating for Long-Term debts/facilities is BB- (Double B minus), for Long-Term/Short-Term debts/facilities is BB-/A4 (double B minus/A Four) and Short-Term facilities is A4 (A Four), rated by the Credit Analysis & Research Limited (CARE).

Public Deposits

The Company has not accepted any fixed deposits from the public and as such, no amount of principal and interest was outstanding as on the date of the Balance Sheet.

Insurance

The properties and insurable assets and interests of the Company, like building, plant and machinery and stocks, among others, are adequately insured.

Awards & Achievements

During the year under review the Company was awarded for Export Excellence by EEPC INDIA for star performance in 2011-12 in Ferro Alloy Segment (Eastern Region).

Debt Restructuring

The Corporate Debt Restructuring Scheme (CDR) of the Company was approved by the CDR -EG in their meeting held on 24th March, 2014. A debt of ₹ 1,854.56 Crores has been restructured, additional fund provided and future interest funded.

The re-structuring was based on the Techno-Economic Viability study which was conducted by an independent third party consultants appointed by the Monitoring Institute, State Bank of India (SBI).

The Company has executed the Master Restructuring Agreement (MRA) and other documents with the lender bankers on 31st March, 2014 and also fulfilled the pre-requisite conditions for the implementation of the CDR Scheme.

Directors' Report

Directors

In accordance with the provisions of the Companies Act, 2013, Mr. Suresh Kumar Patni, retires by rotation and being eligible, offers himself for re-appointment.

Mr. Dinesh Biyanee, Executive Director of the Company, whose terms of appointment expired on 31st March, 2014 has been re-appointed by the Board of Directors for a further period of one year w.e.f. 1st April, 2014, subject to approval of Central Government and the shareholders in the ensuing Annual General Meeting.

Mr. Jatindra Nath Rudra, Independent Director, who retires by rotation at the ensuing Annual General Meeting under the erstwhile provision of the Companies Act, 1956 and Mr. Jay Shanker Shukla, Mr. Jayanta Kumar Chatterjee and Mr. Asoke Kumar Basu, Independent Directors, whose period of office is liable to be determination by retirement of Director by rotation under the erstwhile applicable provision of the Companies Act, 1956, meets all the criteria of independence as laid down under section 149(6) and the Code for Independent Directors in Schedule IV of the Companies Act, 2013.

Accordingly the aforesaid persons shall be appointed as Independent Directors in terms of Section 149 the Companies Act, 2013 at the ensuing Annual General Meeting to hold the office as Independent Director for a term upto 31st March, 2019, and their period of office shall not be liable to determination by retirement of Directors by rotation.

The brief particulars of the said Directors have been given in the notice convening the ensuing Annual General Meeting is annexed as an additional information to the notice as required under clause 49 of the Listing Agreement and your board recommends their appointment/re-appointment as set out in the notice.

Management Discussion & Analysis and Corporate Governance Report

A Management Discussion & Analysis Report and a Report on Corporate Governance along with the certificate from the Company Secretary in Practice regarding compliance with mandatory requirements as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges, is presented in a separate section forming part of the Annual Report.

Directors' Responsibility Statement

The Directors confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period;
- that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that they have prepared the accounts for the financial year on a 'going concern' basis.

Auditors and Auditors' Report

M/s. S. Jaykishan, Chartered Accountants (FRN: 309005E), holds office till the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The members are requested to consider their appointment as the statutory auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the seventeenth (17th) Annual General Meeting of the Company subject to ratification by members at every Annual General Meeting held after this Annual General Meeting on such remuneration as shall be fixed by the Board of Directors

Auditors Observation

Based on the Audit Report issued by the Auditors of the Company's Subsidiary M/s. SKP Overseas Pte Ltd., the Auditors of the Company qualified their report on the Consolidated Accounts of the Company. The observation of the Auditors in case of the Company's subsidiary M/s. SKP Overseas Pte. Ltd. and the comment of the Board of Directors thereon are as here under:

Directors' Report

- a) The Auditors of the Company qualified their report with remarks that due to non receipt of the financial statement of M/s. PT Pacific Samudra Perkasa the Auditors are not able to satisfy themselves on the carrying value of the investment at the end of the year.

The Board of Directors state that due to non availability of the financial statement of M/s PT Pacific Samudra Perkasa, the management of the subsidiary Company were unable to provide the financial statement of the investee Company for the purpose of ascertaining the carrying value of the investment. The Company's investment is however secured by way of pledge of the bond of the said investee Company for acquiring economic interest in a coal mine to the extent of investment made by the Company.

Cost Audit

In terms of section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, on the recommendation of Audit Committee, the Board of Directors has re-appointed Mr. S. Banerjee, Cost Accountant (Membership No. 9780), as cost auditor of the Company, at a remuneration of ₹ 35,000/- plus applicable taxes and reimbursement of out of pocket expenses incurred by them to conduct an audit of the cost accounting records maintained by the Company for the current financial year beginning from 1st April, 2014 and ending on 31st March, 2015.

As required under section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to cost auditor is being placed at the ensuing Annual General Meeting for ratification by the members.

Particulars of Employees

None of the employees of the Company were in receipt of the remuneration in excess of the limit specified under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Amendment Rules, 2011.

Energy Conservation, Technology Absorption and Foreign Exchange Earning and Outgoing

A statement giving details of Conservation of Energy, Technology Absorption and Foreign Exchange Earning 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 annexed to this report.

Acknowledgement

The Board also desires to place on record its appreciation for the support and co-operation received from its Shareholders, Regulatory & Government Authorities, Suppliers, Customers and Bankers. The Company has always looked upon them as partners in its progress. It will be the Company's endeavour to build and nurture strong links with trade based on mutuality, respect and co-operation with each other. The Board wishes to record their deep sense of appreciation for the committed services of all the employees of the Company.

For and on behalf of the Board

Suresh Kumar Patni
Chairman

Kolkata, 25th August, 2014

Annexure to the Directors' Report

A. Conservation of Energy

- a) Energy Conservation Measure:
- Close monitoring of high energy consuming equipments in plants.
 - Using power factor controller/capacitors to maintain power factor.
 - Keeping maximum demand under control by scheduling other load during equipment testing, among others.
 - Installation of HT & LT Capacitor bank.
 - Installation of VVVF driver with ID fans.
 - Installation of energy efficient light fittings in the shop floor, office and other areas.
 - Effective maintenance and daily monitoring of Capacitor bank for improvement of power factor.
 - Replacement of old motors with energy efficient motor.
 - Right sizing of motors.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:
- To install LED lamps, energy efficient equipments, resizing of motors etc. The Company also proposes to install solar power equipments like night lighting systems and solar power pump sets to further conserve carbon emitting thermal power.
- c) Impact of the measures at (a) and (b) above, for reduction of energy consumption and consequent impact on cost of production of goods.
- With the implementation of the above means, energy cost is expected to be reduced and consequently there will be impact on the cost of production.
- d) Total energy consumption and energy consumption per unit of production as per **Form A** attached.

B. Technology Absorption

Particulars with respect to technology absorption as per **Form B** attached.

C. Foreign Exchange Earning and Outgo

- a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans :
- Sizeable income of the Company comes in foreign exchange as a result of export of ferro alloys. The export revenue during the year under review was ₹ 909.52 Crores against ₹ 990.08 Crores during the previous year. The Export team regularly visit the international market, customer and end users. The Export team participates in all major trade fairs and events to improve the Company's visibility amongst the global market and geographies.
- b) Total Foreign Exchange used and earned :

(₹ in Crores)

| Sl. No. | Particulars | 31-03-2014 | 31-03-2013 |
|---------|-------------------------|------------|------------|
| 1 | Foreign exchange earned | 897.22 | 960.26 |
| 2 | Foreign exchange used | 519.77 | 535.47 |

Annexure to the Directors' Report

FORM- A

(Disclosure of Particulars with respect to Conservation of Energy)

| Sl. No. | Particulars | 31-03-2014 | 31-03-2013 |
|-----------|---|----------------|----------------|
| A. | Power and fuel consumption | | |
| | 1. Electricity | | |
| | Total unit Purchased/Consumed | 86,60,97,145 | 95,60,49,614 |
| | Total Cost (₹) | 4,62,54,76,671 | 4,81,80,74,549 |
| | Average rate per unit (₹) | 5.34 | 5.04 |
| | 2. Coal and Coke | | |
| | Quantity (MT) | 1,24,742 | 1,18,784 |
| | Total Cost (₹) | 1,97,26,43,722 | 1,41,94,46,718 |
| | Average rate per MT (₹) | 15,814 | 11,950 |
| B. | Consumption Per Unit of Production - Ferro Alloys | | |
| | 1. Electricity (Unit/MT) | 4,036 | 3999 |
| | 2. Coal and Coke (Kg/MT) | 626 | 528 |
| C. | Consumption Per Unit of Production - Stainless Steel | | |
| | 1. Electricity (Unit/MT) | 598 | 598 |

FORM- B

(Disclosure of Particulars with respect to Technology Absorption)

A. Research and Development (R&D)

a) Specific Areas in which R & D carried out by the Company:

- i. Quality Control Management and Technology
- ii. Cost & Productivity

b) Benefits derived as a result of the above R & D:

- i. High Chromium recovery in finished goods.
- ii. Better Metal recovery from Slag.
- iii. Improvement in the quality of products; safe and environment friendly process.

c) Future plan of Action:

Adoption of new technology to make ore fines suitable for direct charging into furnace.

d) Expenditure on R & D:

- | | |
|--|--------------|
| a) Capital | Nil |
| b) Recurring | ₹ 15.05 lacs |
| c) Total | ₹ 15.05 lacs |
| d) Total R & D expenditure as a percentage of total Turnover | 0.006% |

Annexure to the Directors' Report

B. Technology Absorption, Adaptation and Innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

The Company has adopted and is continually updating the latest available technology. The technical team visit global market periodically to adopt and update the latest available technology.

2. Benefits derived as a result of the above efforts:

The Company is successful in improving the quality of its products.

3. Particulars of imported technology during last 5 years : Nil

For and on behalf of the Board

Suresh Kumar Patni
Chairman

Kolkata, 25th August, 2014

Management Discussion & Analysis Report

Economic Overview

The global economic condition continued to remain sub optimal even during the FY-2013-14. The global economic growth in calendar year 2013 slipped further down to 3.0% from 3.2% in 2012 and 4.0% in 2011. The growth was more robust in second half of 2013 but the pickup was uneven. The recovery was more broad based in advanced economies and was mixed in emerging markets.

The Indian economy registered a GDP growth of 4.7% in FY-14 against 4.5% in FY-13 on account of Agriculture growth of 4.6% in FY-14 against 1.4% in FY-13. The growth in non-agriculture sectors came down in FY-14. The Industry & Infrastructure growth declined further from already a very low level of 1.0% in FY-13 to 0.7% in FY-14. Whereas manufacturing contracted by (-)0.2% in FY-14 against 1.1% in FY-13 and Mining continued at negative 1.9% in FY-14 against negative 2.2% in FY-13

With the political uncertainties appearing to be over and a more stable and decisive government placed at the Centre, the process of economic recovery is expected to begin and hopefully result in long awaited better business conditions and growth.

Ferro-alloys Industry

Ferro alloys are used in the production of steel as de-oxidant and alloying agents and act as an intermediate industry to the iron & steel industry. The demand and prices of ferro alloys depends on the production and consumption of steel which in turn depends upon its user industries. The product mix of ferro alloys consists of Bulk Ferro Alloys - HC Ferro Manganese, Silico Manganese, Ferro Silicon, HC Ferro Chrome, Charge Chrome etc and Noble Ferro Alloys- Ferromolybdenum, Ferro-vanadium, Ferrotungsten, Ferro-silicon magnesium, Ferro-boron and Ferro-titanium.

The average global consumption of manganese alloys is about 10-12 kgs per ton of steel, according to the International Manganese Institute. Over 80% of the world's ferrochrome is utilised in the production of stainless steel. Stainless steel depends on chromium for its appearance and its resistance to corrosion. The average chrome content in stainless steel is approximately 18%.

Having abundant availability of key resources comprising chrome ore and manganese ore, trained and cost-effective manpower and access to key consumption markets both within the country and outside, India has emerged as a significant Ferro-alloys manufacturing nation.

The anticipated infrastructure development, investment plan in road sector, expansion in railway, increase in volume of automobile sector, uses of special steel in power sectors and refocus on manufacturing sector, the demand for Ferro alloys is expected to improve in coming years .

Stainless Steel Industry

The Indian iron and steel industry is nearly a century old with the first integrated plant set up in 1907. It was the first core sector to be completely freed from the licensing regime (in 1990-91) and the pricing and distribution controls. The New Industrial policy adopted by the Government of India has opened up the iron and steel sector for private investment by removing it from the list of industries reserved for public sector and exempting it from compulsory licensing.

Soaring demand by sectors like infrastructure, real estate, automobiles, railways, airports and other transport system at home and abroad, has put India's steel industry on the world map. As per ISSF, the per capita consumption of stainless steel in India is a little more than 2 kg. This low per capita consumption of stainless steel in India represents immense opportunities for growth in domestic stainless steel market.

Management Discussion & Analysis Report

Opportunities and Threats

The demand for ferro alloys is driven by steel production, which in turn depends on growth from the infrastructure, housing, automobile and consumer durable industries. The Industry has tremendous potential for growth as the per capita steel consumption in the Country is one of the lowest in the world. With burgeoning population, drive towards industrialisation and focus on better quality of life, the steel demand in the country is expected to rise significantly which will in turn, drive Ferro-alloys demand as these are key input resources for iron and steel manufacture.

Electrical energy is one of the major input in production of ferro alloys and high power tariff is a threat for the Ferro alloys industry. The element of cross subsidization to agriculture, low power load factor and transmission and distribution losses lead to an increase in power costs. Apart from electrical energy, the industry also faces challenges of acquiring good quality raw materials like high grade ores and coke to compete the integrated producers having captive mines situated in South Africa, Australia, Brazil etc to sell the alloys in the world market. The unavailability of rakes for transportation of raw materials from mines and poor infrastructure at ports result in pile-ups and increase in logistic and inventory cost.

To mitigate the increasing power cost risk the ferro alloys producers are now focusing on setting up their captive power units. This will help to reduce the input cost and ensures continuous supply of power to the downstream project. In the long run this effort of backward integration shall eventually help the domestic ferro alloys producers to compete in the international market. Moreover with India remaining as one of the largest producers of manganese ore, there is adequate availability of the resource for the production of manganese based ferro-alloys.

Further, it is hoped that the new government would recognize the challenges arising out of periodic administered price increases of power and input materials which hamper the competitiveness of this industry and take steps to address them urgently to enable the ferro alloys producers to compete in the domestic as well as international markets.

The usage and application of Stainless Steel is expanding in various fields like house ware, hardware, furniture, machinery, railways, building, construction, and automotive industry. The per capita consumption of stainless steel in India is around 2 kg. The low per capita consumption of stainless steel, provides ample opportunity for growth at domestic level. However, the unremunerative prices, high capital cost, high cost of basic input and services, sluggish economic growth, high inflation, tightening of monetary policy, amongst others may effect the growth of the industry.

Risks and Concerns

The cost-effective availability and quality of essential raw material is a global challenge. The volatility in prices of raw materials including the mismatch between the prices of raw materials and ferro alloys as well as limitation on and disruption in the supply of inputs could adversely affect the profitability of the Company. Maintaining greater raw material security to insulate the Company from the price swing in key inputs and resultant impact on the profitability continues to be a key strategic objective. The Company is maintaining a healthy position for key raw materials having arrangements with domestic and international ore suppliers. The Company continues to closely monitor market conditions and seek to put in place contractual arrangement to ensure security of key inputs. The Company has access to coking and thermal coal mine owned through its wholly owned subsidiary Company.

Electricity comprises a key cost component in the total operating cost structure and the high administered prices of this essential input impact the competitiveness of ferro alloy and iron and steel industry. The ferro-alloys producers are now focusing on making their units self reliant by setting up their own power units. This not only reduces the input cost but also ensure continuous supply of power. The 67.5 MW captive power plant, under implementation shall enable the Company to emerge self-reliant in its power needs and reduce dependence on the expensive grid electricity.

The Steel industry is subject to cyclical swing arising from factors such as excess capacity, regional demand and supply imbalances and volatile swing in demand and supply. In 2013 India remained 4th largest steel producing country in the world behind China, Japan and US. There is enormous scope for increasing the consumption of iron and steel in India in almost all sectors. The untapped potential of increasing the consumption, even to reach at the comparable position of developing

Management Discussion & Analysis Report

economy, a quantum jump in the iron and steel will be required. The Company's sales are well-spread to key consumption centers at the domestic and international level. The Company is developing new market segment and enhancing value added services to its customers.

The Company deals in several currencies and the volatility in the currencies may adversely affect the commercial transactions outcome. The Company is having an adequate exchange hedging policy to safeguard the trading margin against the foreign exchange movement.

Segment-wise Performance

Ferro Alloys

During the year under review the Company has produced 1,99,216 MT of ferro alloys against 2,24,886 MT of ferro alloys in previous year registering a decline of 11.41% over previous year. The gross revenue from the ferro alloys segment was ₹ 1,519.21 crores. The ferro alloys export during the year under review has decreased by 12.88 % to 1,41,137 MT.

Stainless Steel

During the year under review, the Company has produced 1,03,749 MT of stainless steel against 94,722 MT in previous year registering a growth of 9.53% over previous year. The gross revenue from the stainless steel segment was ₹ 1,111.46 crores

The secondary segment details identified as the geographical segment based on the location of customers within India and outside India is given in notes no. 35 to the Annual Accounts

Internal Control and System

The Company has implemented proper and adequate system of internal controls commensurate with the size and nature of its operations to provide reasonable assurance that all assets are safeguarded, transactions are authorised, recorded and reported properly, applicable statutes and corporate policies are duly complied with. Some significant features of internal control systems are :

- Adequate documentation of policies, guidelines, authorities and approval procedures covering all important functions.
- Deployment of an ERP system which covers most operations and is supported by a defined on-line authorisation protocol.
- Ensuring complete compliance with laws, regulations, standards, and internal procedures and systems.
- Ensuring the integrity of the accounting system; the properly authorised recording and reporting of all transactions.
- Ensuring a reliability of all financial and operational information.

The Company has an Audit Committee with majority of independent directors as members. The committee periodically reviews significant audit findings, adequacy of internal control and compliance with Accounting Standards, amongst others. The internal audit reports are placed before the Audit Committee for consideration. The management duly considers and takes appropriate action on the recommendations made by the Statutory Auditors, Internal Auditors and the independent Audit Committee of the Board of Directors. The Company also takes quarterly compliance certificate in respect of various applicable laws from the concerned departmental heads and place the same before the board.

Industrial Relations and Human Resources

Human Resource is a critical asset for a Company's growth. Human resource management is important, owing to a dearth in skilled and experienced manpower. The Company's human capital comprises a prudent mix of youth and experience. The Company employs contract labourers in its manufacturing facilities. The Company recruits judiciously through industry contacts, newspaper advertisements and consultancies. The Company also recruits trainees from reputed ITIs, technical and professional institutes. The Company maintained harmonious relationship with all its workers and there were no strikes or lockouts during the year under review. As on date of this report, the Company has 871 employees on its payroll.

Corporate Governance Report

Corporate Governance Philosophy

We believe that good Corporate Governance is a key driver of sustainable corporate growth and long term value creation of our Stakeholders. Corporate Governance involves being responsive to aspirations of our Stakeholders besides ensuring compliance with regulatory requirements. The Company has always been taking the spirit of various legislations as guiding principles and proposes to go well beyond statutory compliance by establishing such systems and procedures as are required to make the management completely transparent and institutionally sound. We are committed to conduct the business upholding the core values like transparency, integrity, honesty, accountability and compliance of all statutes. We recognize that this is a conscious and continuous process across the Organisation, which enables the Company to adopt best practices as we incorporate improvements based on the past experience.

Board of Directors

As on 31st March, 2014 the Board consisted of 7 (Seven) Directors headed by Mr. Suresh Kumar Patni, Non-Executive Chairman with 2 (Two) Executive Directors and 5 (Five) Non-Executive Directors, of which, 4 (Four) were Independent. The composition of the Board during the year was in conformity with Clause 49 of the Listing Agreement executed with the Stock Exchanges.

None of the Directors on the Board are member of more than ten Committees and they do not act as Chairman of more than five Committees across all the Companies of which they are the Directors. The Directors regularly inform the Company about the changes in their positions as and when changes take place, apart from the annual disclosures.

The composition and category of the Board of Directors of the Company as on 31st March, 2014 along with the number of Board meetings attended by the Directors during the year 2013-14 are given below :

| Name of the Director | Category | No. of Board Meetings Attended | No. of Directorship in other Public Limited Companies incorporated in India | No. of Committee positions held in other Public Limited Companies \$ | | Whether attended the Last AGM |
|------------------------------|----------------------------------|--------------------------------|---|--|-------------|-------------------------------|
| | | | | As Member | As Chairman | |
| Mr. Suresh Kumar Patni | Promoter/ Non-Executive Chairman | 16 | 12 | 2 | - | No |
| Mr. Rohit Patni | Promoter/ Executive | 15 | 10 | - | - | Yes |
| Mr. Jatindra Nath Rudra | Independent/ Non-Executive | 12 | 1 | 1 | 1 | Yes |
| Mr. Jayanta Kumar Chatterjee | Independent/ Non-Executive | 12 | 1 | - | - | Yes |
| Mr. Asoke Kumar Basu | Independent/ Non-Executive | 12 | - | - | - | Yes |
| Mr. Jay Shanker Shukla | Independent/ Non-Executive | 12 | 2 | 2 | 2 | Yes |
| Mr. Dinesh Biyanee # | Executive | 13 | - | - | - | No |

Notes :

\$ Only two committees viz. Audit Committee and Stakeholders Relationship Committee are considered for this purpose.

Based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of Central Government and members in the ensuing Annual General Meeting, Mr. Dinesh Biyanee has been re-appointed as an Executive Director (Works) of the Company for a period of 1 year w.e.f. 1st April, 2014.

Corporate Governance Report

1. None of the Non-Executive Directors have any pecuniary relationship or transactions with the Company except for holding Directorship & receiving sitting fees, save and except Mr. Suresh Kumar Patni who is also the promoter of the Companies, which has a business relation with the Company.
2. Mr. Rohit Patni, Managing Director is the son of Mr. Suresh Kumar Patni. No other Directors in the Board are related to each other.

Meeting

Sixteen (16) Board Meetings were held during the year 2013-14 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

1st April, 2013, 24th April, 2013, 16th May, 2013, 30th May, 2013, 12th June, 2013, 7th August, 2013, 13th August, 2013, 29th August, 2013, 28th October, 2013, 1st November, 2013, 29th November, 2013, 29th January, 2014, 14th February, 2014, 28th March, 2014, 29th March, 2014 and 31st March, 2014.

Notes

1. Board meeting are held at the Corporate Office of the Company. The Agenda along with explanatory notes are sent in advance to the Directors to get their input in the discussion. The information as specified in Annexure- IA to Clause 49 of the Listing Agreement entered into with the Stock Exchange is regularly made available to the Board whenever applicable.
2. The Board periodically reviews compliance reports of all laws applicable to the Company. Steps are taken by the Company to rectify instances of non-compliance, if any.

Code of Conduct

The Code of Conduct for the Board of Directors and Senior Management Personnel as adopted is available on the Company's website www.rohitferrotech.com. All the Members of the Board and Senior Management Personnel have affirmed the compliances of the Code of Conduct.

Declaration

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and Senior Management Personnel of the Company have affirmed compliances with the Code of Conduct of the Company for the year ended 31st March, 2014.

For **Rohit Ferro-Tech Limited**

Rohit Patni

Managing Director

Kolkata, 25th August, 2014

Committees of Directors

1. Audit Committee

The Company has an Audit Committee within the scope as set out in Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956.

The composition of the Audit Committee and the details of meetings attended by the Committee members are given below:

| Name of the Member | Designation | Category | No. of Meetings Attended |
|------------------------------|-------------|---------------------------|--------------------------|
| Mr. Jay Shanker Shukla | Chairman | Independent/Non-Executive | 6 |
| Mr. Jatindra Nath Rudra | Member | Independent/Non-Executive | 6 |
| Mr. Jayanta Kumar Chatterjee | Member | Independent/Non-Executive | 6 |

Corporate Governance Report

The Managing Director and Chief Financial Officer are permanent invitees to the Committee. The Company Secretary acts as Secretary of the Audit Committee. The representative of internal auditors also attends the meeting. The Audit Committee invites, as and when considers appropriate, the representatives from the Statutory Auditors and Cost Auditors to be present at the meeting of the Committee.

The Audit Committee comprises of 3 (three) Directors all of whom are financially literate. All the members of the Committee are Independent/Non-Executive. Mr. Jay Shanker Shukla, Independent Director having expertise in finance, is the Chairman of the Audit Committee. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 28th September, 2013.

During the financial year ended 31st March, 2014 six Audit Committee Meetings were held on 30th May, 2013; 7th August, 2013; 13th August, 2013; 29th August, 2013; 28th October, 2013 and 14th February, 2014.

The Annual Accounts along with the financial statement of the Company's wholly owned subsidiary M/s. SKP Overseas Pte. Ltd. for the year ended 31st March, 2014 were duly reviewed by the Audit Committee prior to adoption by the Board.

In compliance of provisions of Section 177 of the Companies Act, 2013 read with Revised Clause 49 of the Listing Agreement (effective from October 1, 2014), the existing Audit Committee has been re-constituted on 30th day of May, 2014. The terms of reference of the Audit Committee includes the powers as laid down in Clause 49 (III) (C) and the role as stipulated in Clause 49 (III) (D) of the Listing Agreement and review of information as laid down in Clause 49 (III) (E).

The present composition of the committee after re-constitution is given below.

| Name of the Member | Designation | Category |
|------------------------------|-------------|---------------------------|
| Mr. Jay Shanker Shukla | Chairman | Independent/Non-Executive |
| Mr. Jayanta Kumar Chatterjee | Member | Independent/Non-Executive |
| Mr. Asoke Kumar Basu | Member | Independent/Non-Executive |

The terms of reference of the Audit Committee inter alia includes:

1. To oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. To recommend to the Board, the appointment, re-appointment, terms of appointment, replacement or removal and remuneration of the auditors.
3. To examine the Financial Statements and Auditors' Report thereon.
4. To review, with the management, the Quarterly Financial Statements before submission to the board for approval.
5. To approve the payment to statutory auditors for any other services rendered by the statutory auditors.
6. To review, with the management, the Annual Financial Statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of sub-section 3 of Section 134 of the Companies Act, 2013.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
7. To approve or subsequently modify the transactions of the Company with related parties.

Corporate Governance Report

8. To review, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
9. To review, with the management and monitor the auditor's independence and performance of statutory and internal auditors, adequacy of the internal control systems and effectiveness of audit process.
10. To scrutinize inter-corporate loans and investments, if any.
11. To value of undertakings or assets of the Company, wherever it is necessary.
12. To evaluate the internal financial controls and risk management systems.
13. To monitor the end use of funds raised through public offers and related matters, if any.
14. To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
15. To discuss with internal auditors any significant findings and follow up there on.
16. To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
17. To call for comments of the auditors about internal control systems, scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and discuss any related issues with the internal and statutory auditors and the management of the Company.
18. To give an option to the Auditors and the Key Managerial Person of the Company to be heard at the Audit Committee Meeting while considering the Auditors' Report.
19. To discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
20. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
21. To approve the appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
22. To establish a Vigil Mechanism for the directors and employees of the Company to report genuine concerns in certain matters. The Mechanism shall provide adequate safeguard against victimization of persons who use the mechanism. The Chairman of the Audit Committee shall be easily available for the same.
23. To carry out any other function as is mentioned in the terms of reference of the Audit Committee from time to time.

2. Nomination and Remuneration Committee (erstwhile Remuneration Committee)

In compliance of provision of Section 178(1) of the Companies Act, 2013 read with Revised Clause 49 of the Listing Agreement (effective from October 1, 2014), the existing Remuneration Committee has been renamed as Nomination and Remuneration Committee. The Committee consists of 3 (three) Non-Executive/Independent Directors. The Committee met twice during the year i.e., on 1st April, 2013 and 26th March, 2014. The present composition of the Nomination and Remuneration Committee and details of the meeting attended by the member are given below :

Corporate Governance Report

| Name of the Member | Designation | Category | No. of Meetings Attended |
|------------------------------|-------------|---------------------------|--------------------------|
| Mr. Jatindra Nath Rudra | Chairman | Independent/Non-Executive | 2 |
| Mr. Jayanta Kumar Chatterjee | Member | Independent/Non-Executive | 2 |
| Mr. Jay Shanker Shukla | Member | Independent/Non-Executive | 2 |

The terms of reference of the Nomination and Remuneration Committee are as follows:

1. To identify person who are qualified to become Directors and who may be appointed in Senior Management as per their criteria.
2. To recommend to the Board the appointment and removal of the Directors and Senior Management.
3. To carry out evaluation of every Director's performance.
4. To formulate criteria for determining qualification, positive attributes and independence of a Director.
5. Devise a policy on Board diversity.
6. To recommend to the Board a policy relating to remuneration for the Directors, Key Managerial Personnel and other employees.
7. To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.
8. To perform such other functions as may be necessary or appropriate for performance of its duties.

The Chairman of the Committee has attended the last Annual General Meeting for giving replies to shareholder's queries; if any.

Remuneration Policy

A. For Executive Directors :

The Board of Directors on the recommendation made by the Nomination and Remuneration Committee decides the remuneration of the Executive Directors subject to the approval of members. The remuneration structure comprises only of the salary. No severance fees is payable to the Directors on termination of the employment. The Company does not have any scheme for stock-option either for the Directors or for the employees.

B. For Non-Executive Directors :

The Non-executive Directors are paid sitting fees for attending each meeting of the Board and/or Committee thereof and the same is within the limits prescribed by the Companies Act, 1956.

Remuneration of Executive Directors

The Company has paid remuneration only by way of salary to its Executive Directors and the same is within the limits specified under Schedule XIII of the Companies Act, 1956 and duly approved by the Board as well as by the shareholders of the Company. Details of remuneration paid during 2013-14 are as follows :

| Name of the Director and Designation | Salary paid (₹) | Period of Contract | | Notice Period |
|--|-----------------|--------------------|-------------------|---------------|
| | | From | To | |
| Mr. Rohit Patni (Managing Director) | 24,00,000 | 27th August, 2012 | 26th August, 2017 | 2 months |
| Mr. Dinesh Biyanee (Executive Director - Works)* | 22,57,500 | 1st April, 2014 | 31st March, 2015 | 2 months |

* Re-appointed w.e.f. 1st April, 2014.

Corporate Governance Report

Remuneration of Non-Executive Directors

The remuneration of Non-Executive Directors consists of only sitting fees @ ₹ 2,500/- for attending each meeting of the Board of Directors or a Committee thereof. The details of fees paid during the year and the equity shares held by them as on 31st March, 2014 are as follows:

| Name of the Member | Sitting Fees Paid (₹) | No. of Shares held as on 31st March, 2014 |
|------------------------------|-----------------------|---|
| Mr. Asoke Kumar Basu | 30,000 | Nil |
| Mr. Jatindra Nath Rudra | 52,500 | Nil |
| Mr. Jayanta Kumar Chatterjee | 52,500 | Nil |
| Mr. Suresh Kumar Patni | 42,500 | 21,86,403 |
| Mr. Jay Shanker Shukla | 50,000 | Nil |

3. Stakeholders Relationship Committee (*erstwhile* Investor Grievance cum Share Transfer Committee)

In compliance of provision of Section 178(5) of the Companies Act, 2013 read with Revised Clause 49 of the Listing Agreement (effective from October 1, 2014), the existing Investor Grievance cum Share Transfer Committee has been renamed as Stakeholders Relationship Committee.

The Stakeholders Relationship Committee was constituted to specifically look into the redressal of investors' complaints like transfer of shares, non-receipt of balance sheet and non-receipt of declared dividends, etc.

The Stakeholders Relationship Committee consists of three Non-Executive Directors, out of which two are Independent Directors. The Chairman of the Committee is an Independent Director.

The broad terms of reference includes the following:

- To review and ensure compliance of statutory provisions of the Companies Act, 1956 and/or Companies Act, 2013, the guidelines of SEBI and the Stock Exchanges and other statutory requirements relating to transfer and transmission of shares/debentures of the Company.
- To review and ensure that the Registrar/Company's Transfer House implements all statutory provisions as above.
- Approve transfers/transmission of shares/debenture and demat/remat of the shares/debenture.
- Approve issue of duplicate shares certificates/debenture certificates, issue of certificates on consolidation/sub-division/rematerialisation.
- To consider and resolve all shareholders queries, grievance and complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. are attended and redressed in an expeditious manner.
- Monitor implementation of Company's Code of Conduct for Prohibition of Insider Trading
- Any other matter referred by the Board relating to equity shareholders of the Company.

During the year under review, the Committee has met once on 31st March, 2014.

The composition of the committee and the attendance of the members in the meeting are given hereunder:

| Name of the Member | Designation | Category | No. of Meetings Attended |
|------------------------------|-------------|---------------------------|--------------------------|
| Mr. Jayanta Kumar Chatterjee | Chairman | Independent/Non-Executive | 1 |
| Mr. Jatindra Nath Rudra | Member | Independent/Non-Executive | 1 |
| Mr. Suresh Kumar Patni | Member | Promoter/Non-Executive | 1 |

Corporate Governance Report

Mr. Pradip Kumar Agarwal, Company Secretary has been designated as Secretary to the Committee and as Compliance Officer of the Company. The Committee has delegated the authority to approve the requests for transfers/transmission, split and remat/demat of shares to the Company Secretary. The Committee reviews the transfer/demat/remat approved by the Company Secretary and take note thereof in their subsequent meeting.

The Company has not received any Investor's grievances/complaint during the year ended 31st March, 2014.

4. Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee of the Board of Directors was constituted on 7th May, 2014 in terms of the provisions of the Companies Act, 2013. The role of the Committee are as under :

1. Formulate and recommend to the Board the CSR Policy and any amendments thereof which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
2. Recommend the amount of expenditure to be incurred on the activities, as per CSR Policy.
3. Be responsible for implementation and monitoring of CSR projects or programmes or activities of the Company.
4. Any other matter/thing as may be considered expedient by the members in furtherance of and to comply with the CSR Policy of the Company.

The composition of the Committee is as under:

| Name of the Member | Designation | Category |
|------------------------|-------------|---------------------------|
| Mr. Asoke Kumar Basu | Chairman | Independent/Non-Executive |
| Mr. Dinesh Biyanee | Member | Executive |
| Mr. Suresh Kumar Patni | Member | Promoter/Non-Executive |

Subsidiary Companies

The Company does not have any material non-listed Indian Subsidiary Company and hence, it is not required to have an Independent Director of the Company on the Board of such Subsidiary Company. Significant issues pertaining to Subsidiary companies are discussed at Audit Committee meetings of the Company.

The minutes of the Subsidiary companies are placed before the Board of Directors of the Company and the attention of the Directors is drawn to significant transactions and arrangements entered into by the Subsidiary companies.

General Body Meetings

The last three Annual General Meetings were held as under :

| Financial Year | Date | Place | Time |
|----------------|----------------------|---|----------|
| 2012-2013 | 28th September, 2013 | 'ROTARY SADAN' 94/2, Chowringhee Road Kolkata - 700 020 | 10.00 AM |
| 2011-2012 | 25th September, 2012 | 'ROTARY SADAN' 94/2, Chowringhee Road Kolkata - 700 020 | 10.00 AM |
| 2010-2011 | 15th September, 2011 | 'ROTARY SADAN' 94/2, Chowringhee Road Kolkata - 700 020 | 10.30 AM |

Corporate Governance Report

Special Resolutions Passed at the last three AGMs :

| Financial Year | Items |
|----------------|--|
| 2012-2013 | None |
| 2011-2012 | Issue of Equity Shares to the Promoter and Non-Promoter Group on Preferential Basis. |
| 2010-2011 | None |

No special resolution was passed through postal ballot in the last year. No special resolution requiring postal ballot is being proposed at the ensuing AGM.

Disclosures

- There are no materially significant related party transactions, i.e. transactions of the Company of material in nature with its Promoters, Directors or the management or relatives etc. that may have potential conflict with the interests of the Company at large. A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the Audit Committee. The pricing of all the transactions with the related parties were on an arm's length basis. A disclosure of related party relationship and transactions as per AS-18 is given in the Note No. : 36 to the Annual Accounts of the Company.
- The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in an Accounting Standard.
- The Company has complied with all the requirements of the Listing Agreement with the Stock Exchanges as well as regulations and guidelines of SEBI. No strictures or penalty were imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets during the last three years.
- The risk assessment and minimisation procedures are in place and the Board is regularly informed by the Senior Executives about the business risks, if any occurs, and the steps taken to mitigate the same.
- Whistle Blower Policy :
In order to strengthen the process of conducting the business in a fair, transparent and ethical manner, the Company has set up a Whistle Blower Policy or the Vigil Mechanism. The policy is intended to establish a mechanism for employees to report to the management genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics, for which a dedicated email id vigil.mechanism@rohitferrotech.com has been established. Mr. Jay Shanker Shukla, Chairman of the Audit Committee of the Company has been nominated by the Board as Ombudsperson for this purpose. The mechanism provides adequate safeguard against victimization of the persons using this mechanism. No employee was denied access to the Audit Committee.
- In terms of clause 49(IV)(F)(ii) of the Listing Agreement, the senior management has disclosed to the Board that they have no personal interest in the material, financial and commercial transactions of the Company that may have potential conflict with the interest of the Company at large.
- The Company has complied with all the mandatory requirements as mandated under Clause 49 of the Listing Agreement. A certificate from the Practicing Company Secretary to this effect has been included in this report. Besides mandatory requirements, the Company has constituted a Nomination and Remuneration Committee to consider and recommend the remuneration of the Directors. The extent of compliance relating to non-mandatory requirements is dealt under the head 'non-mandatory requirements'.

CEO/CFO Certification

The requisite certificate from the Managing Director and the Chief Financial Officer of the Company for the Financial Year ended 31st March, 2014 required to be given under Clause 49 (V) of the Listing Agreement has been placed before the Board meeting held on 30th May, 2014.

Corporate Governance Report

Means of Communication

1. Financial Results

In compliance with the requirements of the Listing Agreements, the Company has intimated Audited Financial Results as well as the Unaudited Quarterly Results to the Stock Exchanges immediately after they are taken on record by the Board. Further coverage has been given for the information of the shareholders and investors by publication of the financial results in English National daily – “Financial Express” and in a local vernacular newspaper – “Dainik Statesman” widely circulated in the state of West Bengal. The results were also placed on the Company’s website at www.rohitferrotech.com.

2. Other Information

The Company has its own website www.rohitferrotech.com wherein other related information is available. The Company has a dedicated help desk email id: grievance@rohitferrotech.com in the secretarial department for providing necessary information to the investors as well as for registering any complaints/grievances. The Company posts on its website all its official news releases, important announcements and presentations made before the press meets, analysts and institutional investors from time to time for the benefit of its investors and public at large.

Profile of Directors Seeking Appointment/Re-appointment

Resume and other information of the Directors seeking appointment/re-appointment at the ensuing Annual General Meeting as required under Clause 49 of the Listing Agreement are given in the notice of ensuing Annual General Meeting as an Additional Information.

Management Discussion & Analysis Report

A Management Discussion & Analysis Report is given separately, and forms part of Annual report.

General Shareholder Information

1. Annual General Meeting (AGM)

Day, Date & Time : Thursday, 25th September, 2014 at 10.00 A.M.
Venue : PURBASHREE, Bharatiyam Cultural Multiplex, IB-201, Sector-III, Salt Lake City, Kolkata - 700 106

2. **Date of Book Closure** : 19th September, 2014 to 25th September, 2014
(both days inclusive)

3. **Dividend payment date** : N.A.

4. Financial Calendar

Indicative calendar of events for the financial year 2014-2015 is as under :

Financial Year : 1st April to 31st March

Financial Reporting for the quarters :

| | |
|-------------------------------------|---|
| First Quarter | Disclosed on 12th August, 2014 |
| Second Quarter and Half Yearly | Within 45 days from the end of the Quarter |
| Third Quarter and Nine Months | Within 45 days from the end of the Quarter |
| Fourth Quarter and Annual (Audited) | Within 60 days from the end of the Quarter/Financial Year |
| Annual General Meeting | On or before 30th September, 2015 |

Corporate Governance Report

5. Listing of the Equity Shares on Stock Exchange

| Name of the Stock Exchange | Address | Stock Code |
|---|---|------------|
| Bombay Stock Exchange Limited (BSE) | "Phiroze Jeejeebhoy Towers" Dalal Street, Mumbai - 400 001 | 532731 |
| The National Stock Exchange of India Ltd. (NSE) | "Exchange Plaza" Bandra - Kurla Complex Bandra (E), Mumbai - 400 051 | ROHITFERRO |

The Company has paid the listing fee for the year 2014-15 to both the Stock Exchanges where the shares of the Company are listed as well as custodial fees to the depository.

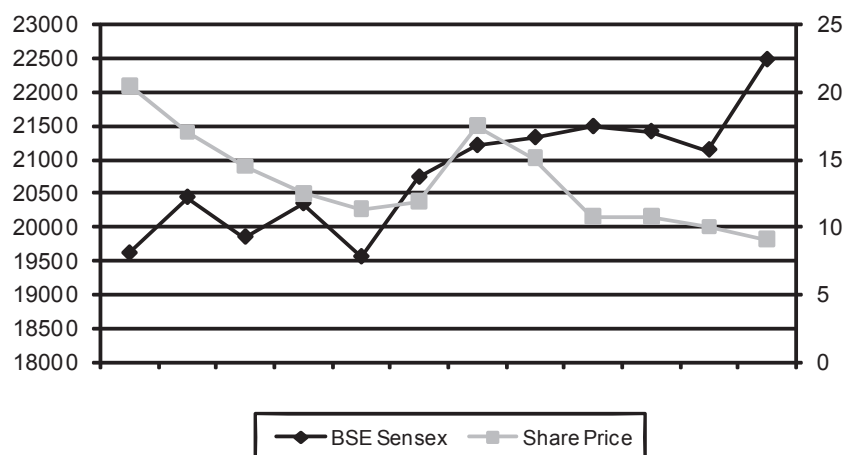
6. The International Security Identification Number (ISIN) for NSDL & CDSL: INE248H01012.

7. Market Price Data

The Stock Market data on BSE & NSE for the last twelve months are provided herein:

| Month | National Stock Exchange of India Limited (₹) | | Bombay Stock Exchange Limited (₹) | |
|-----------------|--|-------|-----------------------------------|-------|
| | HIGH | LOW | HIGH | LOW |
| April, 2013 | 20.35 | 14.44 | 20.45 | 14.60 |
| May, 2013 | 18.00 | 13.55 | 17.00 | 13.75 |
| June, 2013 | 15.90 | 9.30 | 14.49 | 9.40 |
| July, 2013 | 13.45 | 9.15 | 12.50 | 9.36 |
| August, 2013 | 11.20 | 9.15 | 11.30 | 9.17 |
| September, 2013 | 12.00 | 9.80 | 11.89 | 9.90 |
| October, 2013 | 17.15 | 10.25 | 17.45 | 10.40 |
| November, 2013 | 15.10 | 10.40 | 15.10 | 10.45 |
| December, 2013 | 10.85 | 9.80 | 10.80 | 9.81 |
| January, 2014 | 10.75 | 8.85 | 10.75 | 9.00 |
| February, 2014 | 9.90 | 7.30 | 10.00 | 7.34 |
| March, 2014 | 9.00 | 6.90 | 9.08 | 7.02 |

8. Performance of the Company in comparison with BSE Sensex



Corporate Governance Report

9. Shareholding Pattern as on 31st March, 2014

| Category | No. of Shares | % of holding |
|---------------------------|---------------------|---------------|
| Promoter & Promoter Group | 8,19,17,842 | 72.00 |
| Bodies Corporate | 1,07,89,973 | 9.48 |
| Individuals | 1,97,39,134 | 17.35 |
| Non-Resident Individuals | 10,48,349 | 0.92 |
| Clearing Member | 2,80,825 | 0.25 |
| Total | 11,37,76,123 | 100.00 |

10. Distribution of Shareholding as on 31st March, 2014

| Range | No. of Shareholders | % of Total Shareholders | No. of Shares | % of Total |
|-----------------|---------------------|-------------------------|---------------------|---------------|
| Upto 500 | 13,932 | 73.71 | 24,11,767 | 2.12 |
| 501 to 1000 | 2,143 | 11.34 | 18,28,109 | 1.61 |
| 1001 to 2000 | 1,206 | 6.38 | 18,90,457 | 1.66 |
| 2001 to 3000 | 500 | 2.65 | 13,01,698 | 1.14 |
| 3001 to 4000 | 199 | 1.05 | 7,23,420 | 0.64 |
| 4001 to 5000 | 212 | 1.12 | 10,08,500 | 0.89 |
| 5001 to 10000 | 362 | 1.92 | 27,37,663 | 2.40 |
| 10001 and above | 347 | 1.83 | 10,18,74,509 | 89.54 |
| Total | 18,901 | 100.00 | 11,37,76,123 | 100.00 |

11. Dematerialization of shares and Liquidity

The Company's shares are compulsorily traded in dematerialised form which is available for trading on both NSDL and CDSL. As on 31st March, 2014; 11,37,61,521 equity shares representing 99.99 % of the share capital are held in dematerialized form viz., CDSL - 9,35,68,331 equity shares and NSDL - 2,01,93,190 equity shares.

12. Registrar and Share Transfer Agent

M/s. Maheshwari Datamatics Pvt. Ltd. of 6, Mangoe Lane (Surendra Mohan Ghosh Sarani), 2nd Floor, Kolkata - 700 001 are the Registrar and Share Transfer Agent of the Company, both for Physical and Demat Segments. Accordingly, all communications on matters relating to Share Transfers, Dividend etc. may be sent directly to them. Complaints, if any, on these matters may also be sent to the Compliance Officer of the Company.

13. Share Transfer System

The share transfer requests are processed on behalf of the Company by Registrar & Transfer Agent, M/s. Maheshwari Datamatics Pvt. Ltd. and are placed before the Company Secretary who has been delegated the authority by Stakeholders Relationship Committee (erstwhile Investor Grievance cum Share Transfer Committee) to approve transfers. The Company Secretary addresses all the requests fortnightly.

14. Outstanding ADR's & GDR's, Warrants or any other convertible instruments, conversion date and likely impact on equity shares

During the year under review, the Company has not issued any ADR's & GDR's, Warrants or any other convertible instruments. The Company has at present no outstanding ADR's/GDR's/Warrants to be converted that has an impact on the equity shares of the Company.

Corporate Governance Report

15. Name, Designation & Address of Compliance Officer for Complaints & Correspondence

Mr. Pradip Kumar Agarwal

Company Secretary & Compliance Officer

Rohit Ferro-Tech Limited

SKP House,

132A, S. P. Mukherjee Road

Kolkata - 700 026

Phone : +91 33 4016 8000/8100

Fax : +91 33 4016 8189/8107

Email Id : cs@rohitferrotech.com

Address for Correspondence

Registered Office :

Rohit Ferro-Tech Limited

35, C. R. Avenue,

Kolkata - 700 012

Phone : +91 33 4064 0021/0022

Email Id : grievance@rohitferrotech.com

CIN : L27101WB2000PLC091629

Corporate Office :

Rohit Ferro-Tech Limited

SKP House,

132A, S. P. Mukherjee Road

Kolkata - 700 026

Phone : +91 33 4016 8000/8100

Fax : +91 33 4016 8189/8107

16. Plant Locations

| | |
|-----------|---|
| Bishnupur | WBIIDC Road, P.O. Dwarika, Bishnupur - 722 122 Dist : Bankura (West Bengal) |
| Jajpur | Kalinganagar Industrial Complex, Duburi - 755 026 Dist : Jajpur (Odisha) |
| Haldia | Jaynagar, P.O. : Buniaraichak, PS : Durgachak Dist : Purba Medinipur (West Bengal) |

Non-Mandatory Requirements

1. The Board :

The Non-Executive Chairman has an office at the Company's premises.

2. Nomination and Remuneration Committee :

The Company has a Nomination and Remuneration Committee comprising of 3 (three) Independent Non-Executive Directors as stated under 'Committees of Directors' in this report.

3. Audit Qualifications :

The Auditor's Report on Annual Accounts (Consolidated) of the Company includes certain observations which are based on the Auditor's Observations on the Financial Statements of the Company's Subsidiary in Singapore. The necessary explanations by the Board of Directors on the said observation are given in their report attached with the Annual Report.

Corporate Governance Report

4. Other Items :

The rest of the non-mandatory requirements such as Shareholder's Rights, Training of Board members and Mechanism for evaluation of Non-Executive Board members will be implemented by the Company as and when required.

For **Rohit Ferro-Tech Limited**

Kolkata, 25th August, 2014

Suresh Kumar Patni
Chairman

Certificate of Compliance with the Corporate Governance requirements under Clause 49 of the Listing Agreement

To
The members of
Rohit Ferro-Tech Limited

We have examined the compliance of conditions of Corporate Governance by Rohit Ferro-Tech Limited, for the year ended 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance of conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **A J & Associates**
Company Secretaries

Abhijeet Jain
Proprietor
C.P. No. 3426

Kolkata, 25th August, 2014

Independent Auditors' Report

To
The Members of
Rohit Ferro-Tech Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Rohit Ferro-Tech Limited ('the Company') which comprise the Balance Sheet as at 31 March 2014, and the Statement of Profit and Loss and the 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 and cash flows of the Company in accordance with the Accounting Standards notified under 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 results based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements.

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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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.

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (ii) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (iii) in 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"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order to the extent applicable to the Company.

Independent Auditors' Report

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, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (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 written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Kolkata, 30th May, 2014

For **S. Jaykishan**
Chartered Accountants
FRN : 309005E
CA B. K. Newatia
Partner
Membership No : 050251

Annexure to the Auditors' Report

(Annexure referred to in our report of even date to the members of Rohit Ferro-Tech Limited on the financial statements for the year ended 31st March, 2014)

- i) (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of its fixed assets.
- (b) We are informed that fixed assets of significant value have been physically verified by the management at reasonable intervals, in a phased programme and no material discrepancies were noticed in respect of the assets verified.
- (c) The Company has not disposed off any substantial/major part of Fixed Assets during the year.
- (ii) (a) As explained to us, inventories have been physically verified by the management during the year 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) In our opinion, the Company has maintained proper records of inventories and the discrepancies noticed on physical verification as compared to book records were not material.
- (iii) (a) Except loan to subsidiary, the Company has not granted any loans, secured or unsecured, to companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year and the year-end balance of the loan to the subsidiary amounted to ₹ 11.50 crores.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which the loan has been granted as aforesaid are prima facie not prejudicial to the interest of the Company.
- (c) In case of loan granted, the terms do not stipulate repayment schedule. Accordingly, paragraph 4(iii)(c) of the Order is not applicable to the Company.
- (d) There is no overdue amount of more than ₹ 1 lakh in respect of the above loan.
- (e) The Company has taken interest free Unsecured Loans from four companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of the said loans amounted to ₹ 46.54 crores.
- (f) In our opinion and according to the information and explanations given to us, the terms and conditions of loans taken as aforesaid are prima facie not prejudicial to the interest of the Company.
- (g) In respect of the above loans, there are no stipulations as to repayment thereof.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of the contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956, have been so entered.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

Annexure to the Auditors' Report

- (vi) The Company has not accepted any deposit during the year from the public within the meaning of the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account and records maintained by the Company pursuant to the Order made by the Central Government for maintenance of cost records u/s 209(1)(d) of Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us.
- (ix) (a) According to the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Income-tax, Sales-tax, Vat, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues. According to the information and explanations given to us, there are no undisputed outstanding statutory dues as at 31st March, 2014 for a period exceeding six months from the date they became payable except for Central Sales Tax ₹ 3,04,063, Sales Tax Deducted at Source ₹ 33,68,717 and Differential Excise Duty payable ₹ 16,63,399.
- (b) On the basis of our examination of records and according to explanations given to us, there are no dues as on 31st March, 2014 of Sales Tax, Vat, Income Tax, Customs Duty, Service Tax, Provident Fund, Employees' State Insurance, Excise Duty and Cess which have not been deposited on account of any dispute except for the following :

| Name of Statute | Nature of Dues | Amount in ₹ | Forum where dispute is pending |
|---|---------------------------------------|--------------|---|
| Odisha VAT Act, 2004 | Odisha VAT | 5,27,442 | Division Bench, Appellate Tribunal |
| Odisha VAT Act, 2004 | Odisha VAT | 3,23,48,781 | Additional Commissioner (Revision) |
| Odisha VAT Act, 2004 | Odisha VAT | 10,14,184 | Additional Commissioner (Appeal) |
| Odisha VAT Act, 2004 | Odisha VAT | 11,95,403 | Commissioner (Appeal) |
| Odisha Entry Tax Act, 1999 | Entry Tax | 12,32,156 | Additional Commissioner (Revision) |
| Central Sales Tax Act, 1956 and West Bengal VAT Act, 2005 | Central Sales Tax and Value Added Tax | 4,48,94,908 | Member of West Bengal Taxes Appellate Board, Kolkata |
| Central Sales Tax Act, 1956 and West Bengal VAT Act, 2005 | Central Sales Tax and Value Added Tax | 15,09,03,861 | Additional Commissioner of Commercial Taxes, |
| Central Sales Tax Act, 1956 and West Bengal VAT Act, 2005 | Central Sales Tax and Value Added Tax | 43,33,412 | Sr Joint Commissioner of Commercial Taxes, |
| Central Excise Act, 1944 | Excise Duty | 84,85,850 | CESTAT, Kolkata |
| Central Excise Act, 1944 | Excise Duty | 49,27,146 | Commissioner of Central Excise (Appeals)-IV, Kolkata |
| Central Excise Act, 1944 | Excise Duty | 10,000 | Sr. Commissioner of Central Excise, Kolkata |
| Central Excise Act, 1944 | Excise Duty | 14,56,177 | Additional Commissioner of Central Excise, Kolkata |
| Central Excise Act, 1944 | Excise Duty | 51,80,698 | Commissioner (Appeal), Bhubaneswar |
| Central Excise Act, 1944 | Excise Duty | 4,09,58,756 | Appellate Tribunal, Bhubaneswar |
| Foreign Trade (D&R) Act, 1992 | Central Sales Tax Reimbursement | 1,80,251 | Development Commissioner of Falta Special Economic Zone |
| Employees Provident Fund Organisation of India | Provident Fund | 83,522 | Assistant/Regional Provident Fund Commissioner of EPFO |
| Employees State Insurance Act, 1948 | Employees' State Insurance | 25,512 | Assistant Director of Employee's State Insurance Corporation, West Bengal Kolkata |

| Name of Statute | Nature of Dues | Amount in ₹ | Forum where dispute is pending |
|-------------------|----------------------------------|----------------|--|
| Finance Act, 1994 | Input Service Credit not allowed | 28,40,821 | Additional Commissioner, Service Tax Commissionerate |
| Finance Act, 1994 | Input Service Credit not allowed | 3,40,996 | Commissioner of Central Excise (Appeals)- IV |

- (x) The Company does not have accumulated losses at the end of the financial year under report. It has, however, incurred cash losses in the financial year under report but has not incurred any cash losses in the immediately preceding financial year.
- (xi) Based on the records examined by us and as per the information and explanations given to us, the Company has during the year defaulted in repayment of dues to the banks. However, the Company's proposal for restructuring of credit facilities has been approved by the Corporate Debt Restructuring- Empowered Group and there is no default as at Balance Sheet date on implementation of CDR Package.
- (xii) As explained to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) Clause (xiii) of the Order is not applicable, as the Company is not a chit fund company or nidhi/mutual benefit fund/society.
- (xiv) In respect of shares, securities, debentures and mutual fund units dealt or traded by the Company and held as investments, proper records have been maintained of the transactions and contracts and timely entries have been made therein. All the investments have been held by the Company in its own name.
- (xv) According to the information and explanations given to us, the Company has given Corporate Guarantee to secure financial assistance to SKP Overseas Pte. Ltd, a wholly owned subsidiary, which is not prima facie considered prejudicial to the interest of the Company.
- (xvi) On the basis of review of utilisation of funds pertaining to term loans on an overall basis and related information as made available to us, we are of the opinion that the Company has applied the term loans for the purpose for which they were obtained during the year.
- (xvii) In our opinion, and according to the information and explanations given to us, the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year to companies/firms/parties covered in the register maintained u/s 301 of the Companies Act, 1956.
- (xix) No debentures have been issued by the Company and hence the question of creating security or charge in respect thereof does not arise.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

Kolkata, 30th May, 2014

For **S. Jaykishan**
Chartered Accountants
FRN : 309005E
CA B. K. Newatia
Partner
Membership No : 050251

Balance Sheet as at 31st March, 2014

(₹ in Lacs)

| PARTICULARS | Note No. | 31-03-2014 | 31-03-2013 |
|------------------------------------|----------|--------------------|--------------------|
| I EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share Capital | 2 | 11,377.61 | 11,377.61 |
| (b) Reserves & Surplus | 3 | 46,580.30 | 69,365.71 |
| | | 57,957.91 | 80,743.32 |
| (2) Non-Current Liabilities | | | |
| (a) Long-Term Borrowings | 4 | 1,29,600.48 | 60,685.38 |
| (b) Deferred Tax Liabilities (Net) | 5 | - | 5,541.14 |
| (c) Other Long-Term Liabilities | 6 | 2,181.20 | 3,921.41 |
| | | 1,31,781.68 | 70,147.93 |
| (3) Current Liabilities | | | |
| (a) Short-Term Borrowings | 7 | 61,172.50 | 68,323.23 |
| (b) Trade Payables | 8 | 23,203.72 | 38,986.06 |
| (c) Other Current Liabilities | 9 | 18,274.30 | 20,924.12 |
| (d) Short-Term Provisions | 10 | 871.17 | 857.00 |
| | | 1,03,521.69 | 1,29,090.41 |
| Total | | 2,93,261.28 | 2,79,981.66 |
| II ASSETS | | | |
| (1) Non-Current Assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 11 | 53,923.84 | 55,995.00 |
| (ii) Capital Work-in-Progress | 12 | 54,647.21 | 38,883.27 |
| | | 1,08,571.05 | 94,878.27 |
| (b) Non-Current Investments | 13 | 7,725.41 | 7,063.40 |
| (c) Long-Term Loans and Advances | 14 | 13,251.09 | 14,194.37 |
| | | 1,29,547.55 | 1,16,136.04 |
| (2) Current Assets | | | |
| (a) Inventories | 15 | 78,835.50 | 89,290.70 |
| (b) Trade Receivables | 16 | 47,177.32 | 39,653.32 |
| (c) Cash and Bank Balances | 17 | 3,323.26 | 5,196.23 |
| (d) Short-Term Loans and Advances | 18 | 26,845.49 | 20,910.46 |
| (e) Other Current Assets | 19 | 7,532.16 | 8,794.90 |
| | | 1,63,713.73 | 1,63,845.61 |
| Total | | 2,93,261.28 | 2,79,981.66 |
| Significant Accounting Policies | 1 | | |

Accompanying notes form an integral part of the Financial Statements

As per our report of even date attached

For **S. Jaykishan**

Chartered Accountants

FRN : 309005E

CA B. K. Newatia

Partner

Membership No : 050251

Kolkata, 30th May, 2014

For and on behalf of the Board

S. K. Patni

Chairman

Rohit Patni

Managing Director

Pradip Kumar Agarwal

Company Secretary

Statement of Profit & Loss for the year ended 31st March, 2014

(₹ in Lacs)

| PARTICULARS | Note No. | 31-03-2014 | 31-03-2013 |
|---|----------|--------------------|--------------------|
| I INCOME : | | | |
| Revenue From Operations (Gross) | 20 | 2,59,452.81 | 2,36,326.30 |
| Less : Excise Duty | | 10,822.48 | 10,471.84 |
| Revenue From Operations (Net) | | 2,48,630.33 | 2,25,854.46 |
| II Other Income | 21 | 821.91 | 1,168.20 |
| III Total Revenue (I + II) | | 2,49,452.24 | 2,27,022.66 |
| IV EXPENSES : | | | |
| Cost of Materials Consumed | 22 | 1,27,181.68 | 1,08,446.62 |
| Purchases of Stock-in-Trade | 23 | 49,757.24 | 21,388.28 |
| Changes in Inventories of Finished Goods, Work-in-Progress & Stock-in-Trade | 24 | 3,015.26 | (2,140.54) |
| Employee Benefits Expense | 25 | 2,449.12 | 2,311.35 |
| Finance Costs | 26 | 16,611.30 | 14,384.47 |
| Depreciation and Amortisation Expense | | 3,007.48 | 2,953.48 |
| Other Expenses | 27 | 73,935.13 | 72,734.79 |
| Total Expenses (IV) | | 2,75,957.21 | 2,20,078.45 |
| PROFIT/ (LOSS) BEFORE TAX (III-IV) | | (26,504.97) | 6,944.21 |
| Less : Tax Expense | | | |
| Current Tax | | - | 857.00 |
| MAT Credit Entitlement | | 1,896.53 | (389.00) |
| Earlier Years' Tax | | - | 1.46 |
| Deferred Tax | | (5,541.14) | 921.74 |
| PROFIT/ (LOSS) AFTER TAX | | (22,860.36) | 5,553.01 |
| Less : Exceptional Items (Refer Note No. 40) | | - | 2,660.91 |
| PROFIT/ (LOSS) FOR THE YEAR | | (22,860.36) | 2,892.10 |
| Earnings Per Equity Share [Nominal Value of Share - ₹ 10/-] | | | |
| Basic & Diluted | 29 | (20.09) | 3.16 |
| Significant Accounting Policies | 1 | | |

Accompanying notes form an integral part of the Financial Statements

As per our report of even date attached

For **S. Jaykishan**

Chartered Accountants

FRN : 309005E

CA B. K. Newatia

Partner

Membership No : 050251

Kolkata, 30th May, 2014

For and on behalf of the Board

S. K. Patni

Chairman

Rohit Patni

Managing Director

Pradip Kumar Agarwal

Company Secretary

Cash Flow Statement for the year ended 31st March, 2014

(₹ in Lacs)

| | Year Ended 31st March, 2014 | | Year Ended 31st March, 2013 | |
|---|--------------------------------|--------------------|--------------------------------|--------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net Profit Before Tax & Extra-Ordinary Items | | (26,504.97) | | 4,283.30 |
| Adjustments for : | | | | |
| Depreciation | 3,007.48 | | 2,953.48 | |
| Finance Costs | 16,611.30 | | 14,384.47 | |
| Interest Received | (791.65) | | (889.06) | |
| Loss/(Profit) on Redemption of Mutual Funds | - | | (51.81) | |
| Loss on sale of Fixed Assets | 24.90 | | 2.99 | |
| Sundry Balances written off / (back) | 19.03 | | 4.74 | |
| | | 18,871.06 | | 16,404.81 |
| Operating Profit before Working Capital Changes | | (7,633.91) | | 20,688.11 |
| Adjustments for : | | | | |
| (Increase)/Decrease in Inventories | 10,455.20 | | (24,375.72) | |
| (Increase)/Decrease in Trade Receivables | (7,543.03) | | (19,982.54) | |
| (Increase)/Decrease in Loans and Advances | (9,197.76) | | 4,086.49 | |
| (Increase)/Decrease in Other Assets | 1,262.74 | | (5,883.65) | |
| Increase/(Decrease) in Trade Payables | (15,782.35) | | 15,922.71 | |
| Increase/(Decrease) in Other Liabilities | (156.85) | | 7,532.07 | |
| | | (20,962.03) | | (22,700.64) |
| Cash generated from operations | | (28,595.95) | | (2,012.53) |
| Direct Tax Paid | | (179.39) | | (1,298.64) |
| Net Cash from Operating Activities | | (28,775.34) | | (3,311.18) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of Fixed Assets (including Capital Work-in-Progress and Capital Advances) | (13,109.15) | | (31,383.25) | |
| Sale of Fixed Assets | 29.98 | | 3.50 | |
| Interest Income | 1,212.51 | | 640.95 | |
| Purchase of Investment | (662.01) | | (1,194.24) | |
| Redemption of Mutual Funds | - | | 551.81 | |
| Loan to Subsidiary | (168.22) | | (35.65) | |
| (Increase) / Decrease in Fixed Deposits with Banks | 2,596.86 | | 1,617.95 | |
| Net Cash used in Investing Activities | | (10,100.03) | | (29,798.93) |

Cash Flow Statement for the year ended 31st March, 2014 (Contd.)

(₹ in Lacs)

| | Year Ended 31st March, 2014 | | Year Ended 31st March, 2013 | |
|--|--------------------------------|------------------|--------------------------------|------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Proceeds from Issue of Shares | - | | 20,100.00 | |
| Increase/ (Decrease) in Long-Term Borrowings | 5,337.83 | | 16,908.87 | |
| Increase/ (Decrease) in Short-Term Borrowings | 43,477.89 | | 8,590.82 | |
| Finance Costs | (9,215.71) | | (13,877.51) | |
| Dividend Paid | - | | (401.38) | |
| Corporate Dividend Tax | - | | (65.11) | |
| Net Cash from Financing Activities | | 39,600.01 | | 31,255.69 |
| Net Increase/(Decrease) in Cash & Cash Equivalents | | 724.64 | | (1,854.41) |
| Cash & Cash Equivalents at the beginning of the year (Refer Note No.17 to the Accounts) | | 361.17 | | 2,215.58 |
| Cash & Cash Equivalents at the end of the year (Refer Note No.17 to the Accounts) | | 1,085.81 | | 361.17 |

Notes :

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on 'Cash Flow Statement' notified by the Companies (Accounting Standards) Rules, 2006.
2. Cash and Cash Equivalents include cash in hand and bank balances on current accounts [Refer Note No.17 to the Accounts].
3. Figures in brackets indicate cash outflows.
4. Previous year's figures have been regrouped/rearranged, wherever considered necessary to conform to this year's classification.

As per our report of even date attached

For **S. Jaykishan**
Chartered Accountants
FRN : 309005E

CA B. K. Newatia
Partner
Membership No : 050251
Kolkata, 30th May, 2014

For and on behalf of the Board

S. K. Patni
Chairman

Rohit Patni
Managing Director

Pradip Kumar Agarwal
Company Secretary

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

- (a) The financial statements are prepared in accordance with Generally Accepted Accounting Principles (Indian GAAP) under the historical cost convention on accrual basis and on principles of going concern. The accounting policies are consistently applied by the Company.
- (b) The financial statements are prepared to comply in all material respects with the accounting standards notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.
- (c) All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI (Revised) to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current non-current classification of assets and liabilities.
- (d) The preparation of the financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialize.

1.2 Revenue Recognition

- (a) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- (b) Sales are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are inclusive of excise duty but net of trade discounts and VAT. However, excise duty relating to sales is reduced from gross turnover for disclosing net turnover. Domestic sales are recognised at the time of despatch of materials to the buyer. Export sales are recognised on the issue of bill of lading.
- (c) Export Incentives arising out of Export Sales are accounted for on accrual basis.
- (d) Purchases are inclusive of freight and net of CENVAT / VAT Credit, Trade Discount and Claims.
- (e) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

1.3 Fixed Assets

- (a) Fixed Assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price (net of CENVAT / duty credits availed or available thereon) and any attributable cost of bringing the asset to its working condition for the intended use.
- (b) Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher. No write off is made in respect of leasehold land as these are long term leases.
- (c) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use, which is determined by the present value of the estimated future cash flows.
- (d) Cost of the fixed assets not ready for their intended use at the Balance Sheet date together with all related expenses are shown as Capital Work-in-Progress.

1.4 Investments

Investments classified as long-term investments are stated at cost. Provision is made to recognise any diminution other than temporary in the value of such investments. Current investments are carried at lower of cost and fair value.

1.5 Inventories

Inventories are valued at lower of cost and net realisable value. Cost of inventories comprises material cost on FIFO basis, labour and manufacturing overheads incurred in bringing the inventories to their present location and condition. Cost of finished goods includes excise duty.

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

1.6 Foreign Currency Transactions

(a) **Initial Recognition :**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(b) **Conversion :**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

(c) **Exchange Differences :**

Exchange differences arising on the settlement of monetary items are recognised as income or as expense in the year in which they arise.

(d) **Forward Exchange Contracts :**

Forward Exchange Contracts (other than those entered into hedge foreign currency risk of future transactions in respect of which firm commitments are made or are highly probable forecast transactions) are translated at period end exchange rates and the resultant gains and losses as well as the gains and losses on cancellation of such contracts are recognised in the Statement of Profit and Loss.

1.7 Derivative Instruments and Hedging

The Company enters into derivative financial instruments to hedge foreign currency risk of firm commitments and highly probable forecast transactions. All derivative contracts outstanding at the period end are marked to market. The Company has applied the hedge accounting principles set out in AS-30 "Financial Instruments : Recognition and Measurement". The method of recognising the resultant gain or loss depends on whether the derivative is designated as hedging instrument. The gains or losses on designated hedging instruments that qualify as effective hedges are recorded in the Hedging Reserve Account and are recognised in the Statement of Profit and Loss in the period during which the underlying forecasted transactions occur. Gains or losses on the ineffective transactions are immediately recognised in the Statement of Profit and Loss. When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised in the Hedging Reserve are transferred to the Statement of Profit and Loss immediately.

1.8 Government Grants

Government grants are recognised when there is a reasonable assurance that the Company will comply with the conditions attached thereto and the grants will be received.

Government grant in the form of promoters' contribution is credited to capital reserve. Capital grant relating to specific assets is reduced from the gross value of the respective fixed assets. Government grants related to revenue are recognised by credit over the period to match them on a systematic basis to the costs, which it intended to compensate.

1.9 Employee Benefits

(a) **Defined Contribution Plan :**

Contributions as per the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 towards provident fund and family pension fund are charged to the Statement of Profit and Loss for the year when the contributions to the respective funds are due. There is no other obligation other than the contribution payable to the respective funds.

(b) **Defined Benefit Plan :**

Liability with regard to long-term employee benefits is provided for on the basis of an actuarial valuation at the Balance Sheet date. Actuarial gain / loss is recognised immediately in the statement of profit and loss. The Company has an Employees Gratuity Fund managed by the Life Insurance Corporation of India.

(c) **Short-term Compensated Absences** are provided for based on estimates.

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

1.10 Research & Development Expenses

Revenue expenditure on Research and Development is charged as an expense through the normal heads of account in the year in which the same is incurred. Capital expenditure incurred on equipment and facilities that are acquired for research and development activities is capitalized and is depreciated according to the policy followed by the Company.

1.11 Borrowing Costs

- (a) Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs and are shown as "Applicable Net Gain/Loss in Foreign Currency Transactions and Translations" (under "Finance Costs").
- (b) Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalised for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use.
- (c) Other Borrowing costs are recognised as expense in the period in which they are incurred.

1.12 Expenditure on new projects & substantial expansion

Preliminary project expenditure, capital expenditure, indirect expenditure incidental and related to construction/implementation, interest on term loans to finance fixed assets and expenditure on start-up of the project are capitalised upto the date of commissioning of project to the cost of the respective assets.

1.13 Taxes on Income

Tax expense comprises of current tax and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities, computed in accordance with the applicable tax rates and tax laws. In case of tax payable as per provisions of MAT under Section 115JB of the Income Tax Act, 1961, MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

Deferred Tax arising on account of "timing differences" and which are capable of reversal in one or more subsequent periods is recognised, using the tax rates and tax laws that are enacted or substantively enacted. Deferred tax asset is recognised only to the extent there is reasonable certainty with respect to reversal of the same in future years as a matter of prudence.

1.14 Earnings per Share (EPS)

- (a) Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the period.
- (b) For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential Equity Shares.

1.15 Prior Period Items

Prior Period and Extraordinary items and Changes in Accounting Policies having material impact on the financial affairs of the Company are disclosed.

1.16 Provisions / Contingencies

- (a) Provision involving substantial degree of estimation in measurements is recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.
- (b) Contingent Liabilities are shown by way of notes to the Accounts in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable.
- (c) A Contingent Asset is not recognised in the Accounts.

1.17 Preliminary & Share Issue Expenses

Share Issue expenses incurred during the year are adjusted with the balance available in Securities Premium in accordance with Section 78 of the Companies Act, 1956.

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 2 SHARE CAPITAL

(₹ in Lacs)

| PARTICULARS | 31-03-2014 | 31-03-2013 |
|---|------------|------------|
| Authorised | | |
| 15,00,00,000 (P.Y. 15,00,00,000) Equity Shares of ₹ 10/- each | 15,000.00 | 15,000.00 |
| Issued, Subscribed and Paid-up | | |
| 11,37,76,123 (P.Y. 11,37,76,123) Equity Shares of ₹ 10/- each fully paid up | 11,377.61 | 11,377.61 |

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

| Equity Shares | 31-03-2014 | | 31-03-2013 | |
|--------------------------------|--------------|-------------|--------------|-------------|
| | Nos. | (₹ in Lacs) | Nos. | (₹ in Lacs) |
| At the beginning of the Period | 11,37,76,123 | 11,377.61 | 8,02,76,123 | 8,027.61 |
| Issued during the Period | – | – | 3,35,00,000 | 3,350.00 |
| At the end of the Period | 11,37,76,123 | 11,377.61 | 11,37,76,123 | 11,377.61 |

b) 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 Shares 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 remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to the number of Equity Shares held by the share holders.

c) Details of the shareholders holding more than 5% shares in the Company

| | 31-03-2014 | | 31-03-2013 | |
|--|---------------|-----------|---------------|-----------|
| | No. of Shares | % holding | No. of Shares | % holding |
| Equity shares of ₹ 10 each fully paid | | | | |
| Suanvi Trading and Investment Co. Pvt. Ltd. | 1,12,37,501 | 9.88 | 1,12,37,501 | 9.88 |
| Vasupujya Enterprises Pvt. Ltd. | 1,13,59,538 | 9.98 | 1,13,59,538 | 9.98 |
| Invesco Finance Pvt. Ltd. | 1,10,39,317 | 9.70 | 1,10,39,317 | 9.70 |
| Poddar Mech Tech Services Pvt. Ltd. | 1,29,79,933 | 11.41 | 1,29,79,933 | 11.41 |
| Shreyansh Leafin Pvt. Ltd. | 1,09,93,150 | 9.66 | 1,09,93,150 | 9.66 |
| Whitestone Suppliers Pvt. Ltd. | 1,09,07,765 | 9.59 | 1,09,07,765 | 9.59 |

d) As per the CDR Package approved by CDR Empowered Group (Refer Note No. 28) on March 24, 2014, the Company has during the year received unsecured loan amounting to ₹ 4,653 Lacs (Refer Note No. 4), which is to be converted to Equity by March 31, 2015. The conversion price will be determined in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations.

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 3 RESERVES AND SURPLUS

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|--|------------------|------------------|
| Capital Reserve | | |
| As per last account | | |
| - Capital Investment Subsidy | 240.00 | 240.00 |
| - Forfeiture of Deposit against Share Warrants | 128.14 | 128.14 |
| | 368.14 | 368.14 |
| Securities Premium Account | | |
| At the beginning of the accounting period | 42,403.10 | 25,653.10 |
| Additions during the year | - | 16,750.00 |
| At the end of the accounting period | 42,403.10 | 42,403.10 |
| Hedge Reserve (Refer Note No. 39) | | |
| At the beginning of the accounting period | (110.48) | - |
| Movement during the year | 74.96 | (110.48) |
| At the end of the accounting period | (35.52) | (110.48) |
| General Reserve | | |
| As per last account | 450.00 | 450.00 |
| Surplus (Balance in the Statement of Profit & Loss) | | |
| Balance as per last Financial Statement | 26,254.94 | 23,362.85 |
| Profit / (Loss) for the year | (22,860.36) | 2,892.10 |
| Closing Balance | 3,394.58 | 26,254.95 |
| | 46,580.30 | 69,365.71 |

NOTE 4 LONG-TERM BORROWINGS

| | Non-Current portion | | Current Maturities | |
|---|---------------------|------------------|--------------------|-----------------|
| | 31-03-2014 | 31-03-2013 | 31-03-2014 | 31-03-2013 |
| Term Loans from Banks (Secured) | | | | |
| Rupee Term Loans | 58,844.73 | 51,056.87 | - | 3,908.82 |
| Working Capital Term Loan (WCTL) | 50,628.61 | - | - | - |
| Funded Interest Term Loan (FITL) | 8,969.48 | - | - | - |
| | 1,18,442.82 | 51,056.87 | - | 3,908.82 |
| Loans from Related Parties (Unsecured) | | | | |
| From Body Corporates | 4,653.50 | - | - | - |
| | 4,653.50 | - | - | - |
| Other Loans and Advances | | | | |
| Loans from Body Corporates (Unsecured) | 6,487.34 | 9,534.50 | - | - |
| Loans against Vehicles & Equipments (Secured) | 16.82 | 94.01 | 88.72 | 159.09 |
| | 6,504.16 | 9,628.51 | 88.72 | 159.09 |
| | 1,29,600.48 | 60,685.38 | 88.72 | 4,067.91 |

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 4 LONG-TERM BORROWINGS (Contd.)

(₹ in Lacs)

| | Non-Current portion | | Current Maturities | |
|--|---------------------|------------------|--------------------|------------|
| | 31-03-2014 | 31-03-2013 | 31-03-2014 | 31-03-2013 |
| The above amount includes | | | | |
| Secured Borrowings | 1,18,459.64 | 51,150.87 | 88.72 | 4,067.91 |
| Unsecured Borrowings | 11,140.84 | 9,534.50 | - | - |
| Amount disclosed under the head - "Other Current Liabilities" (Refer Note No. 9) | - | - | (88.72) | (4,067.91) |
| | 1,29,600.48 | 60,685.38 | - | - |

(A) Working Capital Term Loan :

Upon implementaion of the CDR Package (Refer Note No. 28), the overdrawn portion of the Cash Credit Accounts of the Company has been carved out into separate Working Capital Term Loans (WCTL).

(B) Funded Interest Term Loan :

Upon implementaion of the CDR Package (Refer Note No. 28), funding of interest has been provided for :

- Interest on existing term loans for a period of 24 months from the Cut-Off Date i.e from October 01, 2013 to September 30, 2015;
- Interest on WCTL for a period of 24 months from the Cut-Off Date i.e from October 01, 2013 to September 30, 2015;
- Interest on residual cash credit limit for a period of 9 months from the Cut-Off Date i.e from October 01, 2013 to June 30, 2014;

(C) Details of security :

- (i) In terms of the CDR package, Rupee Term Loans, Working Capital Term Loans, Funded Interest Term Loans and Working Capital Loan (Refer Note No. 7) are pooled together and secured as under:
 - a) First pari-passu charge on the entire Fixed Assets of the Company (excluding value of vehicles), both present and future, including equitable mortgage of factory land & building at Bishnupur (West Bengal), Jajpur (Odisha) and Haldia (West Bengal). Also, secured by way of mortgage on Freehold land at New Town, District : North 24 Parganas measuring 50 Cottahs.
 - b) First pari-passu charge on the entire Current Assets of the Company comprised of stock of raw materials, semi finished and finished goods and book debts, outstanding moneys, receivables, both present and future pertaining to the Company's manufacturing units/divisions at Bishnupur (West Bengal), Jajpur (Odisha) and Haldia (West Bengal) and at other Units.
 - c) Collateral security by equitable mortgage on Land & Building at 1/26, Vidyadhar Nagar, Jaipur, Rajasthan held in the name of Shubham Complex Pvt. Ltd., Office space measuring 835 sq. ft. located at Flat no. 21B, 4th Floor, Bowbazar, 35, C.R. Avenue, Kolkata-12, held in the name of Mr. S.K.Patni and Flat No. A-52, Block-A, 35, Dr. Abani Dutta Road, Salkia, Howrah, held in the name of Mr. Rohit Patni.
 - d) Pledge of 100% of the promoter's shares representing 72% of the paid up Capital of the Company on pari passu basis (pending creation).
 - e) Personal Guarantee of the Promoters - Mr. S.K.Patni, Mr. Rohit Patni and Mr. Ankit Patni.
 - f) Corporate Guarantee of the Group Companies - Vasupujya Enterprises Pvt. Ltd., Shubham Complex Pvt. Ltd., Poddar Mech Tech Services Pvt. Ltd., Invesco Finance Pvt. Ltd. and Suanvi Trading and Investment Co. Pvt. Ltd.
- (ii) Loans against Vehicles & Equipments are secured by way of hypothecation of the underlying asset financed.

(D) Terms of Repayment of Loans :

- (i) **Terms of Repayment of Rupee Term Loans availed for Haldia Project, 33 MVA Furnace and Stainless Steel Plant of the Company and Working Capital Term Loan :**

Upon implementaion of the CDR Package, the existing Rupee Term Loan amounting to ₹ 32,434.42 lacs in respect of Haldia Project, 33 MVA Furnace and Stainless Steel Project and Working Capital Term Loan are to be repaid over a period of 8 years by way of 32 structured quarterly installments commencing from December 31, 2015 upto September 30, 2023 as per the Repayment Schedule given below. Further, such loans carry the interest rate @ 11% p.a. linked to the Base Rate of the State Bank of India, with annual reset option with the approval of CDR-EG.

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 4 LONG-TERM BORROWINGS (Contd.)

| Financial Year | Quarters | Repayment per Quarter | Total |
|----------------|----------|-----------------------|----------------|
| 2015-2016 | 2 | 1.00% | 2.00% |
| 2016-2017 | 4 | 1.00% | 4.00% |
| 2017-2018 | 4 | 1.50% | 6.00% |
| 2018-2019 | 4 | 1.50% | 6.00% |
| 2019-2020 | 4 | 1.50% | 6.00% |
| 2020-2021 | 4 | 4.00% | 16.00% |
| 2021-2022 | 4 | 4.50% | 18.00% |
| 2022-2023 | 4 | 6.00% | 24.00% |
| 2023-2024 | 2 | 9.00% | 18.00% |
| | | Total | 100.00% |

(ii) Terms of Repayment of Term Loan availed for 67.5 MVA Captive Power Plant project of the Company :

Upon implementaion of the CDR Package, the Rupee Term Loan amounting to ₹ 26,410.32 lacs in respect of 67.5 MVA Captive Power Plant is to be repaid by way of 38 equal quarterly installments commencing from December 31, 2015 upto March 31, 2025. Further, the loan carries the interest rate @ 11% p.a. linked to the Base Rate of the State Bank of India, with annual reset option with the approval of CDR-EG.

(iii) Terms of Repayment of Funded Interest Term Loan :

Repayment of FITL is to be made in 18 equal quarterly installments commencing from December 31, 2015 with the last installment due on March 31, 2020. FITL carries interest @11% p.a. linked to the Base Rate of the State Bank of India, with annual reset option with the approval of CDR-EG.

(iv) Unsecured Loans from Related Parties (Interest free) are to be converted into Equity by March 31, 2015 as per CDR package. [Refer Note No. 2]

(v) Unsecured Loan from Body Corporates (Other than related parties) aggregating to ₹ 6,487.34 Lacs (P.Y. ₹ 9,184.50 Lacs) are interest free. Such loans are repayable at the option of the Company and are stated by the management to be in the nature of Long-term borrowings.

(vi) Loans against Vehicles and Equipments are repayable by way of Equated Monthly Installments subsequent to taking of such loan. The original period of such loans is 3 years.

NOTE 5 DEFERRED TAX LIABILITIES (NET)

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|---|-------------------|-----------------|
| Deferred Tax Liability | | |
| -Related to Fixed Assets | 5,853.66 | 5,541.14 |
| Deferred Tax Asset | | |
| -Unabsorbed Depreciation & Business Losses | 8,766.84 | - |
| Net Deferred Tax Liability / (Asset) | (2,913.18) | 5,541.14 |

Deferred Tax Liability recognised in earlier year has been written back as there exists virtual certainty of reversal of Deferred Tax Liability in future years to that extent for the reason of unabsorbed Depreciation and Business Losses. Net Deferred Tax Asset on account of balance of Unabsorbed Depreciation and Business Loss has not been recognised as a matter of prudence.

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 6 OTHER LONG-TERM LIABILITIES

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|--------------------------------------|-----------------|-----------------|
| Derivative Contracts Payable | - | 511.72 |
| Other Payables- For Accrued Expenses | 2,181.20 | 3,409.69 |
| | 2,181.20 | 3,921.41 |

NOTE 7 SHORT-TERM BORROWINGS

| | 31-03-2014 | 31-03-2013 |
|--|------------------|------------------|
| Working Capital Loans from Banks (Secured) | | |
| - Rupee Loans | 60,455.54 | 65,446.96 |
| - Foreign Currency Loans - Buyer's Credit | - | 1,930.59 |
| Other Loans and Advances | | |
| - Bridge Loan from WBIDC Ltd. (against interest subsidy receivable) | - | 21.37 |
| - SBI Global Factors Limited under factoring facility secured against specific debts | 716.96 | 924.30 |
| | 61,172.50 | 68,323.23 |

(A) Details of security

The rate of interest on the working capital loans from banks is 11% linked to the base rate of State Bank of India. For details of security given for short-term borrowings, Refer Note No. 4(C) above.

NOTE 8 TRADE PAYABLES

| | 31-03-2014 | 31-03-2013 |
|---|------------------|------------------|
| Due to Micro, Small & Medium Enterprises [Refer Note below] | - | - |
| Due to others | 23,203.72 | 38,986.06 |
| | 23,203.72 | 38,986.06 |

There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2014. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

Trade Payables include ₹ 5,590.43 Lacs (P.Y. ₹ 4,171.64 Lacs) against pledge of stock of raw materials.

NOTE 9 OTHER CURRENT LIABILITIES

| | 31-03-2014 | 31-03-2013 |
|---|------------------|------------------|
| Current maturities of long-term debt (Refer Note No. 4) | 88.72 | 4,067.91 |
| Interest Accrued and due on Borrowings | 1.84 | 653.96 |
| Interest Accrued but not due on Borrowings | 29.62 | 43.42 |
| Income Received in Advance | 5.42 | 11.32 |
| Advance from Parties | 943.06 | 3,113.80 |
| Unclaimed Dividend * | 10.04 | 10.68 |
| Share Application Money Refundable* | - | 0.10 |
| Derivative Contracts Payable | 410.83 | 13.97 |
| Other Payables | | |
| - For Statutory Dues | 952.06 | 1,431.73 |
| - For Capital Goods | 3,320.65 | 2,827.11 |
| - For Accrued Expenses | 12,512.06 | 8,750.12 |
| | 18,274.30 | 20,924.12 |

* Includes uncashed warrants/ECS rejected. There is no amount due and outstanding to be credited to Investor Education & Protection Fund.

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 10 SHORT-TERM PROVISIONS

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|--------------|---------------|---------------|
| For Taxation | 871.17 | 857.00 |
| | 871.17 | 857.00 |

NOTE 11 TANGIBLE ASSETS

| | Land | | Building | Plant & Equipment | Furniture & Fixtures | Vehicles | Office Equipments | Others | Total |
|--|-----------------|-----------------|------------------|-------------------|----------------------|---------------|-------------------|-------------|------------------|
| | Freehold | Leasehold | | | | | | | |
| Gross Block | | | | | | | | | |
| As at 31st March, 2012 | 1,080.73 | 4,059.42 | 13,328.68 | 45,855.39 | 433.96 | 416.90 | 355.66 | 0.30 | 65,531.05 |
| Additions | 0.77 | - | 67.63 | 47.89 | 2.70 | 62.06 | 30.93 | - | 211.98 |
| Disposals | - | - | - | - | - | 13.19 | - | - | 13.19 |
| Other Adjustments | | | | | | | | | |
| - Borrowing Costs | - | - | - | - | - | - | - | - | - |
| As at 31st March, 2013 | 1,081.50 | 4,059.42 | 13,396.31 | 45,903.28 | 436.66 | 465.77 | 386.59 | 0.30 | 65,729.84 |
| Additions | - | 45.00 | 33.84 | 858.93 | 5.64 | 41.72 | 11.13 | - | 996.26 |
| Disposals | - | - | - | - | - | 91.00 | 1.36 | - | 92.37 |
| Other Adjustments | | | | | | | | | |
| - Borrowing Costs | - | - | - | - | - | - | - | - | - |
| As at 31st March, 2014 | 1,081.50 | 4,104.42 | 13,430.15 | 46,762.21 | 442.30 | 416.49 | 396.36 | 0.30 | 66,633.73 |
| Depreciation & Amortisation | | | | | | | | | |
| As at 31st March, 2012 | - | - | 1,187.45 | 5,368.63 | 68.54 | 77.08 | 81.24 | 0.12 | 6,783.07 |
| For the year* | - | - | 439.52 | 2,405.17 | 27.57 | 41.86 | 44.35 | 0.01 | 2,958.48 |
| Deductions | - | - | - | - | - | 6.70 | - | - | 6.70 |
| As at 31st March, 2013 | - | - | 1,626.97 | 7,773.80 | 96.11 | 112.24 | 125.59 | 0.13 | 9,734.85 |
| For the year* | - | - | 441.49 | 2,451.20 | 27.82 | 45.34 | 46.66 | 0.01 | 3,012.52 |
| Deductions | - | - | - | - | - | 37.30 | 0.19 | - | 37.49 |
| As at 31st March, 2014 | - | - | 2,068.45 | 10,224.99 | 123.93 | 120.29 | 172.06 | 0.14 | 12,709.89 |
| Net Block | | | | | | | | | |
| As on 31st March, 2013 | 1,081.50 | 4,059.42 | 11,769.35 | 38,129.49 | 340.55 | 353.53 | 261.01 | 0.17 | 55,995.00 |
| As on 31st March, 2014 | 1,081.50 | 4,104.42 | 11,361.70 | 36,537.22 | 318.37 | 296.20 | 224.29 | 0.16 | 53,923.84 |

Note : The original cost of vehicles & equipments includes ₹ 370.60 Lacs (P.Y. ₹ 607.34 Lacs) acquired under vehicle and equipment finance scheme from banks & financial institutions, of which ₹ 105.54 Lacs (P.Y. ₹ 253.09 Lacs) were outstanding as at year end.

* Includes ₹ 5.05 Lacs (P.Y. ₹ 4.99 Lacs) debited to Capital Work-in-Progress.

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 12 CAPITAL WORK-IN-PROGRESS

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|-----------------------------------|------------------|------------------|
| At the beginning of the year | 38,883.27 | 7,977.74 |
| Add: Incurred during the year | 16,651.51 | 30,905.53 |
| Less: Capitalised during the year | 887.57 | - |
| At the end of the year | 54,647.21 | 38,883.27 |

Capital work-in-progress includes Pre Operative Expenses as below relating to project under implementation, pending allocation to Fixed Assets :

| | 31-03-2014 | 31-03-2013 |
|---|------------------|-----------------|
| Opening Balance | 6,250.34 | 1,889.38 |
| Add : Expenditure incurred during the period | | |
| Salaries | 113.58 | 118.76 |
| Rent | 8.37 | 10.38 |
| Rates & taxes | - | 0.31 |
| Insurance | 17.95 | 25.90 |
| Electricity Charges | 0.92 | 0.89 |
| Printing & Stationary | 0.21 | 0.07 |
| Telephone Expenses | 0.78 | 0.70 |
| Travelling & Conveyance | 4.80 | 15.19 |
| Repairs & Maintainance | 0.97 | 2.35 |
| Labour charges | 28.84 | 46.12 |
| Security Service Charges | 63.65 | 38.21 |
| Hiring Charges - Equipment | 62.03 | 30.01 |
| Legal, Professional & Consultancy Charges | 35.25 | 147.48 |
| General Expenses | 1.12 | 2.30 |
| Bank Charges | 1.66 | 135.75 |
| Interest on Term Loan from Banks | 5,255.63 | 3,781.54 |
| Depreciation | 5.05 | 4.99 |
| Closing Balance | 11,851.13 | 6,250.34 |

NOTE 13 NON-CURRENT INVESTMENTS

| | Number of shares for 31-03-2014 | Number of shares for 31-03-2013 | 31-03-2014 | 31-03-2013 |
|---|---------------------------------|---------------------------------|-----------------|-----------------|
| Long - Term Investments (valued at cost) | | | | |
| Trade Investments | | | | |
| Equity Shares - Unquoted (Fully Paid Up) | | | | |
| In Subsidiaries | | | | |
| SKP Overseas Pte Ltd. (Shares of S\$ 1 each fully paid up) | 2,10,75,000 | 1,97,00,000 | 7,724.41 | 7,062.40 |
| Others | | | | |
| SKP Power Ventures Ltd. (F.V. ₹ 10 /-) | 10,000 | 10,000 | 1.00 | 1.00 |
| Total of Non-Current Investments | | | 7,725.41 | 7,063.40 |

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 14 LONG-TERM LOANS & ADVANCES

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|--|------------------|------------------|
| (Unsecured, Considered good) | | |
| To Related Parties | | |
| - Capital Advances [Refer Note No. 30 (ii)] | 330.17 | - |
| - Security Deposits | 168.00 | 168.00 |
| To Parties other than Related Parties | | |
| - Capital Advances [Refer Note No. 30 (ii)] | 8,840.83 | 12,323.46 |
| - Security Deposits | 3,912.09 | 1,702.91 |
| | 13,251.09 | 14,194.37 |

NOTE 15 INVENTORIES

| | 31-03-2014 | 31-03-2013 |
|--|------------------|------------------|
| (As taken, valued and certified by the management) | | |
| Raw Materials | 58,157.52 | 66,917.52 |
| Intermediates | 6,360.99 | 4,869.75 |
| Work-in-Process | 7,346.92 | 10,153.94 |
| Finished Goods* | 4,712.00 | 5,135.00 |
| Traded Goods | 319.43 | 104.67 |
| Stores & Spares | 1,815.32 | 1,982.46 |
| Packing Materials | 123.32 | 127.36 |
| | 78,835.50 | 89,290.70 |

* Includes in transit ₹ 1,414.58 Lacs (P.Y. ₹ 1,642.83 Lacs)

NOTE 16 TRADE RECEIVABLES

| | 31-03-2014 | 31-03-2013 |
|--|------------------|------------------|
| (Unsecured, Considered Good) | | |
| Debts outstanding for a period exceeding six months from the date they are due for payment | 8,260.30 | 824.73 |
| Other Debts | 38,917.02 | 38,828.59 |
| | 47,177.32 | 39,653.32 |

Trade Receivables include ₹ 1,015.43 Lacs (P.Y. ₹ 123.78 Lacs) due from Related Parties and ₹ 120.20 Lacs (P.Y. ₹ 145.04 Lacs) due from the Subsidiary.

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 17 CASH AND BANK BALANCES

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|--|-----------------|-----------------|
| i) Cash & Cash Equivalents | | |
| (A) Cash In Hand (as certified) | 27.25 | 181.04 |
| (B) Balances With Banks | | |
| - In Current Accounts | 1,058.56 | 180.13 |
| Cash & Cash Equivalents | 1,085.81 | 361.17 |
| ii) Other Bank Balances | | |
| (A) Term Deposits with Banks * | 2,227.41 | 4,824.27 |
| (Includes ₹ 1,282.47 Lacs (P.Y. ₹ 3,790.04 Lacs) having maturity greater than 12 months) | | |
| (B) Earmarked Balances with Banks | 10.04 | 10.79 |
| Other Bank Balances | 2,237.45 | 4,835.06 |
| TOTAL | 3,323.26 | 5,196.23 |

* Held as Margin against Bank guarantee and letter of credit.

NOTE 18 SHORT-TERM LOANS & ADVANCES

| | 31-03-2014 | 31-03-2013 |
|---|------------------|------------------|
| (Unsecured, Considered Good) | | |
| Loan to Subsidiary | 1,150.26 | 982.04 |
| Advances recoverable in cash or in kind or for value to be received | | |
| - To Related Parties | 955.00 | 52.50 |
| - To Subsidiary | 90.15 | 245.44 |
| - To Others | 15,399.05 | 5,995.88 |
| Balance with Central Excise and Cenvat Receivable | 3,671.89 | 5,373.22 |
| Sales Tax / VAT Receivable/ Refundable | 5,123.86 | 5,498.23 |
| Income Tax Payments (Including TDS) | 297.08 | 103.34 |
| Income Tax Refundable | 22.68 | 22.86 |
| MAT Credit Entitlement [Refer Note below] | - | 1,896.53 |
| Prepaid Expenses | 64.06 | 166.76 |
| Derivative Contracts Receivable | - | 75.43 |
| Accrued Interest on Deposits | 71.46 | 498.22 |
| | 26,845.49 | 20,910.46 |

MAT credit was recognized as an asset in earlier years by way of credit to the Statement of Profit & Loss and shown as MAT Credit Entitlement. In view of losses, the same has been reversed as a matter of prudence.

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 19 OTHER CURRENT ASSETS

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|------------------------------------|-----------------|-----------------|
| (Unsecured, Considered Good) | | |
| Export Incentive Receivable | 3,320.17 | 4,330.08 |
| Subsidy/Power Incentive Receivable | 4,211.99 | 4,464.82 |
| | 7,532.16 | 8,794.90 |

NOTE 20 REVENUE FROM OPERATIONS

| | 31-03-2014 | 31-03-2013 |
|---|--------------------|--------------------|
| Sale of Products | | |
| Sale of Manufactured Goods | | |
| - Export Sales | 90,952.12 | 99,007.63 |
| - Domestic Sales | 98,428.50 | 95,212.32 |
| Sale of Raw Materials and Slag | 13,250.23 | 10,902.35 |
| Sale of Traded Goods | | |
| - Export Sales | 801.87 | - |
| - Domestic Sales | 51,753.11 | 24,537.51 |
| | 2,55,185.83 | 2,29,659.81 |
| Other Operating Revenues | | |
| - Export Incentives (includes Nil (P.Y. ₹ 698.14 Lacs) for earlier years) | 4,266.98 | 6,666.50 |
| | 2,59,452.81 | 2,36,326.30 |
| Details of Sale of Products | | |
| Sale of Manufactured Goods | | |
| - Ferro Alloys | 121,052.46 | 131,084.02 |
| - Iron and Steel Products | 68,328.17 | 63,135.93 |
| Sale of Raw Materials and Slag | | |
| - Manganese Ore | 9,678.57 | 7,783.64 |
| - Coal & Coke | 2,777.30 | 1,794.02 |
| - Others | 794.36 | 1,324.69 |
| Sale of Traded Goods | | |
| - Ferro Alloys | 2,328.72 | 76.36 |
| - Manganese Ore | 523.82 | 423.43 |
| - Iron and Steel Products | 49,702.44 | 24,037.72 |
| | 2,55,185.83 | 2,29,659.81 |

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 21 OTHER INCOME

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|---|---------------|-----------------|
| Interest Income | | |
| - On Credit Sales | 121.60 | 121.62 |
| - On Fixed Deposits | 413.79 | 442.62 |
| - Other Deposits | 191.15 | 260.61 |
| - On Loan given | - | 25.27 |
| - On Loan to Subsidiary | 65.11 | 38.93 |
| Commission Income | - | 152.00 |
| Profit on redemption of Current Investments - Mutual Funds | - | 51.81 |
| Prior Period Income [Refer Note (a) Below] | - | 34.17 |
| Lease Rent Received | 3.60 | 3.60 |
| Insurance Claim Received | 26.38 | 37.44 |
| Miscellaneous Income | 0.28 | 0.13 |
| | 821.91 | 1,168.20 |
| a) Prior Period items for the year comprise of the following : | | |
| Purchases | - | 150.61 |
| Insurance | - | 2.00 |
| Power & Fuel | - | (118.44) |
| | - | 34.17 |

NOTE 22 COST OF MATERIALS CONSUMED

| | 31-03-2014 | 31-03-2013 |
|--|--------------------|--------------------|
| (including Cost of Raw Materials sold) | | |
| Opening Stock of Raw Materials & Intermediates | 71,787.26 | 49,890.51 |
| Purchases during the year (including freight) | 1,19,912.93 | 1,30,343.38 |
| | 1,91,700.19 | 1,80,233.89 |
| Less : Closing Stock of Raw Materials | 58,157.52 | 66,917.52 |
| | 1,33,542.67 | 1,13,316.37 |
| Less : Closing Stock of Intermediates | 6,360.99 | 4,869.75 |
| Cost of Materials consumed | 1,27,181.68 | 1,08,446.62 |
| Details of Materials Consumed | | |
| Chrome Ore | 37,923.96 | 26,839.94 |
| Manganese Ore | 30,978.30 | 32,491.68 |
| Coal & Coke | 19,726.44 | 16,183.21 |
| Sponge Iron, Scrap & Billets | 20,688.09 | 20,990.40 |
| Others | 17,864.89 | 11,941.39 |
| | 1,27,181.68 | 1,08,446.62 |

| | 31-03-2014 | | 31-03-2013 | |
|--|---------------|--------------------|---------------|--------------------|
| | % | (₹ in Lacs) | % | (₹ in Lacs) |
| Break up into Imported & Indigenous | | | | |
| Imported | 47.65 | 60,607.82 | 49.49 | 53,672.98 |
| Indigenous | 52.35 | 66,573.86 | 50.51 | 54,773.64 |
| | 100.00 | 1,27,181.68 | 100.00 | 1,08,446.62 |

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 23 PURCHASES OF STOCK-IN-TRADE

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|-------------------------|------------------|------------------|
| Ferro Alloys | | |
| Manganese Ore | 2,084.29 | 175.11 |
| Iron and Steel Products | 506.73 | 349.10 |
| | 47,166.22 | 20,864.07 |
| | 49,757.24 | 21,388.28 |

NOTE 24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS & STOCK-IN-TRADE

| | 31-03-2014 | 31-03-2013 |
|-------------------------|------------------|-------------------|
| Opening Stock | | |
| Finished Goods | | |
| - Ferro Alloys | 3,636.79 | 3,432.17 |
| - Iron & Steel Products | 1,498.22 | 1,488.03 |
| Work-In-Progress | | |
| - Ferro Alloys | 8,011.63 | 7,231.92 |
| - Iron & Steel Products | 2,142.31 | 1,098.07 |
| Traded Goods | | |
| - Ferro Alloys | 104.67 | 2.89 |
| | 15,393.62 | 13,253.08 |
| Closing Stock | | |
| Finished Goods | | |
| - Ferro Alloys | 3,274.35 | 3,636.79 |
| - Iron & Steel Products | 1,437.66 | 1,498.22 |
| Work-In-Progress | | |
| - Ferro Alloys | 5,532.89 | 8,011.63 |
| - Iron & Steel Products | 1,814.03 | 2,142.31 |
| Traded Goods | | |
| - Ferro Alloys | 4.71 | 104.67 |
| - Iron & Steel Products | 314.72 | - |
| | 12,378.36 | 15,393.62 |
| | 3,015.26 | (2,140.54) |

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 25 EMPLOYEE BENEFITS EXPENSE

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|---|-----------------|-----------------|
| Salaries, Wages, Bonus & Allowances | 2,217.62 | 2,067.70 |
| Contribution to Provident & Other Funds | 106.04 | 86.96 |
| Gratuity [Refer Note No. 34] | 9.74 | 21.06 |
| Directors' Remuneration | 46.58 | 69.50 |
| Welfare Expenses | 69.14 | 66.13 |
| | 2,449.12 | 2,311.35 |

NOTE 26 FINANCE COSTS

| | 31-03-2014 | 31-03-2013 |
|--|------------------|------------------|
| Interest Expense | | |
| - To Banks [Refer Note (a) below] | 14,482.71 | 11,686.65 |
| - To Others | 733.08 | 707.48 |
| Other Borrowing Costs | 1,136.25 | 1,451.99 |
| Vehicles and Equipment Finance Charges | 21.66 | 36.51 |
| Applicable Net Gain/Loss on Foreign Currency Transactions and translations | 237.60 | 501.84 |
| | 16,611.30 | 14,384.47 |

a) Interest to Banks is net of Nil (P.Y. ₹ 600 lacs) receivable as Interest Subsidy recognised on receipt of Eligibility Certificate under the West Bengal Incentive Scheme, 2000.

NOTE 27 OTHER EXPENSES

| | 31-03-2014 | 31-03-2013 |
|--|------------|------------|
| Labour Charges | 3,041.67 | 2,505.87 |
| Power & Fuel | 46,254.77 | 48,180.75 |
| Water Supply Charges | 86.71 | 86.15 |
| Stores, Spares and Consumables [Refer Note (a) below] | 7,428.43 | 7,414.39 |
| Packing Materials | 497.31 | 509.27 |
| Material Handling Expenses | 1,487.81 | 1,535.96 |
| Excise Duty on Variation in Stock [Refer Note (b) below] | (59.20) | (33.06) |
| Repairs | | |
| - To Factory Shed & Building | 111.28 | 56.07 |
| - To Plant & Machinery | 562.29 | 450.23 |
| Rent | 102.10 | 104.19 |
| Rates & Taxes | 35.37 | 17.42 |
| Electricity Expenses | 25.66 | 28.83 |
| Insurance | 190.54 | 176.78 |
| Printing and Stationery | 33.39 | 49.05 |
| Postage and Courier | 11.81 | 12.02 |
| Telephone Charges | 63.42 | 58.53 |
| Travelling & Conveyance | 119.31 | 132.44 |
| Car Running and Maintenance | 131.95 | 130.87 |

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 27 OTHER EXPENSES (Contd.)

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|--|------------------|------------------|
| Other Repairs and Maintenance | 126.31 | 110.34 |
| Security Service Charges | 347.33 | 331.80 |
| Membership and Subscription | 43.59 | 41.91 |
| Internal Audit Fees | 1.20 | 8.50 |
| Legal and Professional Charges | 444.47 | 256.60 |
| Auditors' Remuneration [Refer Note (c) below] | 16.75 | 14.83 |
| Directors' Sitting Fees | 2.28 | 1.75 |
| Miscellaneous Expenses | 79.80 | 147.31 |
| Short Realisation/ Loss on sale of DEPB | 346.92 | 96.63 |
| Processing Fees to WBIDC Ltd. | - | 3.92 |
| Testing & Inspection Charges | 210.65 | 172.79 |
| Donations | 9.57 | 8.14 |
| Advertisement & Sales Promotion | 58.63 | 71.67 |
| Freight & Forwarding on Export | 4,152.98 | 4,453.20 |
| Transportation & Delivery Charges | 3,212.60 | 3,152.79 |
| Commission on Sales | 335.97 | 233.20 |
| Excise Duty / Sales Tax for earlier years | 112.01 | 10.93 |
| Corporate Social Responsibility | 4.37 | 12.38 |
| Loss on Sale of Fixed Assets | 24.90 | 2.99 |
| Short Recovery & Damages | 278.01 | 222.51 |
| Sundry Balances Written Off | 19.03 | 4.74 |
| Forfeiture of Earnest Money Deposit | 291.16 | - |
| Foreign Exchange Fluctuation Loss | 3,593.49 | 1,909.50 |
| Irrecoverable Claims / Receivables written off | 98.52 | 50.60 |
| | 73,935.13 | 72,734.79 |

a) Stores, Spares & Consumables

| | 31-03-2014 | | 31-03-2013 | |
|--|---------------|-----------------|---------------|-----------------|
| | % | (₹ in Lacs) | % | (₹ in Lacs) |
| Break up into Imported & Indigenous | | | | |
| Imported | 4.98 | 369.73 | 4.48 | 332.18 |
| Indigenous | 95.02 | 7,058.70 | 95.52 | 7,082.21 |
| | 100.00 | 7,428.43 | 100.00 | 7,414.39 |

b) Amount of excise duty on variation in stock represents differential excise duty on opening and closing stock of finished goods.

c) Auditors' Remuneration :

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|---|--------------|--------------|
| i) As Auditor [includes tax audit fees of ₹ 2.00 Lacs (P.Y. ₹ 2.00 Lacs)] | 10.00 | 10.00 |
| ii) For Taxation matters | 1.50 | 0.80 |
| iii) For Other services | 5.25 | 4.03 |
| | 16.75 | 14.83 |

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 28 CORPORATE DEBT RESTRUCTURING

During the year, at the request of the Company, the Corporate Debt Restructuring Proposal (CDR Proposal) was referred to CDR Empowered Group (CDR EG) by the consortium of lenders led by State Bank of India (SBI). The CDR Proposal as recommended by SBI was approved by CDR EG on March 24, 2014 and communicated vide Letter of Approval dated 28th March, 2014, as amended / modified from time to time. Under CDR package, the Company's debts were restructured / rescheduled and additional credit facilities have been sanctioned as set out in the said Letter of Approval. The cut off date for CDR package was September 30, 2013 and the implementation is under progress. Pending implementation, the financial effect thereof has been taken into accounts.

The CDR Package includes reliefs / measures such as reduction in interest rates, funding of interest, rearrangement of securities etc. The key features of the CDR Proposal are as follows:

- (i) Repayment of Rupee Term Loans (RTL) (except term loan for Captive Power Plant of the Company) after moratorium of 2 years from the cut-off date in 32 structured quarterly installments commencing from December 31, 2015 to September 30, 2023.
- (ii) Repayment of Rupee Term Loans for Captive Power Plant of the Company after moratorium of 2 years from the cut-off date in 38 structured quarterly installments commencing from December 31, 2015 to March 31, 2025.
- (iii) Conversion of various irregular/outstanding/devolved financial facilities into Working Capital Term Loan ('WCTL'). Repayment of WCTL after moratorium period of 2 years from cut-off date in 32 structured quarterly installments commencing from December 31, 2015 to September 30, 2023.
- (iv) Restructuring of existing fund based and non fund based financial facilities.
- (v) Interest on RTL and WCTL during the moratorium period of 2 years from cut-off date and interest on Cash Credit limit for a period of 9 months from the cut-off date shall be converted to FITL. Repayment of FITL would be done in 18 equal quarterly installments commencing from December 31, 2015 to March 31, 2020.
- (vi) The rate of interest on RTL, WCTL, FITL and Fund Based Working Capital Facilities shall be 11% (linked to the base rate of SBI) with the right to reset the rate of the Term loan(s) and FITL every year with the approval of CDR-EG.
- (vii) Waiver of penal interest for irregularities in the Cash Credit accounts for the period from cut-off date to the date of implementation of the package.
- (viii) Contribution of ₹ 5,664 lacs in the Company by the promoters in lieu of bank sacrifices and ₹ 8,577 lacs to meet the additional cost over run towards the Captive Power Plant project of the Company. The contribution is to be brought initially in the form of unsecured loan by September 30, 2014 and the same is to be converted into equity by March 31, 2015.
- (ix) The CDR Package as well as the provisions of the Master Circular on Corporate Debt Restructuring issued by the Reserve Bank of India, gives a right to the CDR Lenders to get a recompense of their waivers and sacrifices made as part of the CDR Proposal. The recompense payable by the Company is contingent on various factors, the outcome of which currently is materially uncertain and hence the proportionate amount payable as recompense has been treated as a contingent liability. The aggregate present value of the outstanding sacrifice made/ to be made by CDR Lenders as per the CDR package is approximately ₹ 69,987 lacs.

NOTE 29 EARNINGS PER EQUITY SHARE

| | 31-03-2014 | 31-03-2013 |
|---|----------------|-------------|
| Weighted average number of Equity Shares outstanding during the year | 11,37,76,123 | 9,15,65,164 |
| Number of Shares considered as weighted average shares and potential shares outstanding for calculation of Diluted Earnings Per Share | 11,37,76,123 | 9,15,65,164 |
| Profit after Tax attributable to Equity Shareholders (₹ Lacs) | (22,860.36) | 2,892.10 |
| Nominal Value of Ordinary Shares (₹) | 10 | 10 |
| Earnings Per Share (Basic) (₹) | (20.09) | 3.16 |
| Earnings Per Share (Diluted) (₹) | (20.09) | 3.16 |

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 30 CONTINGENT LIABILITIES AND COMMITMENTS

(i) Contingent Liabilities not provided for in the books of accounts in respect of :

- (a) Bills discounted, outstanding as on 31st March, 2014 - ₹ 2,389.29 Lacs (P.Y. - ₹ 4,521.85 Lacs)
- (b) Corporate Guarantee to Indian Overseas Bank, Hongkong to secure the financial assistance to SKP Overseas Pte Ltd, a Wholly Owned Subsidiary. Amount payable by SKP Overseas Pte Ltd. to Indian Overseas Bank, Hongkong as on 31st March, 2014 is USD. 4.20 Million (P.Y. USD. 5.35 Million).
- (c) Right of Recompense to CDR Lenders for the relief and sacrifice extended, subject to provisions of CDR Guidelines, amounting to ₹ 69,987 lacs (Refer Note No. 28)
- (d) Claims against the Company not acknowledged as debt : (₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|---|------------|------------|
| Disputed Excise Duty / Service Tax under appeal | 720.86 | 546.07 |
| Disputed Sales Tax/ VAT under appeal | 2,393.98 | 836.77 |
| Disputed VAT Refund claim under appeal | 1,305.99 | - |
| Disputed Entry Tax under appeal | 16.03 | 16.03 |
| Excise Duty demand for which show cause notice issued | 59.61 | 20.78 |
| Disputed Provident Fund demand under appeal | 0.84 | - |
| Disputed ESI demand under appeal | 0.26 | - |
| Excise Demand, pending show cause | 20.00 | 20.00 |
| Irregular Claim of Export Incentives, pending show cause from DRI | - | 150.00 |

(ii) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advances) - ₹ 8,008.36 Lacs (P.Y. ₹ 9,551.28 Lacs).

(iii) Estimated amount of export obligations to be fulfilled in respect of goods imported under Export Promotion Capital Goods Scheme (EPCG) - ₹ Nil (P.Y. ₹ 1,849.09 Lacs).

NOTE 31

In the opinion of the Board of Directors, the Current Assets, Loans & Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the accounts. Adequate provisions have been made for all known losses and liabilities.

NOTE 32

Certain balances of Trade Payable, Trade Receivables and Advances are subject to confirmation. Advance from Parties includes ₹ 185.68 lacs (P.Y. ₹ 1,450.49 lacs) being certain receipts lying under suspense account in absence of information as to the credits in the bank account.

NOTE 33 RESEARCH AND DEVELOPMENT EXPENSES

Research and Development expenses aggregating to ₹ 15.05 Lacs (P.Y. ₹ 30.19 Lacs) in the nature of revenue expenditure have been included under the appropriate account heads.

NOTE 34 EMPLOYEE BENEFITS

Disclosure pursuant to Accounting Standard - 15 (Revised) "Employee Benefits" :

(a) Contribution to Defined Contribution Plan, recognised as expense for the year is as under :

| | 31-03-2014 | 31-03-2013 |
|--|------------|------------|
| Employer's Contribution to Provident and Other Funds | 106.04 | 86.96 |

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 34 EMPLOYEE BENEFITS (Contd.)

- (b) The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as on 31st March, 2014 which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(₹ in Lacs)

| | Gratuity (Funded) 31-03-2014 | Gratuity (Funded) 31-03-2013 |
|--|---------------------------------|---------------------------------|
| (i) Reconciliation of Opening and Closing Balances of the present value of Defined Benefit Obligation : | | |
| Defined Benefit obligation at beginning of the year | 79.99 | 58.00 |
| Interest Cost | 6.40 | 4.64 |
| Current Service Cost | 20.49 | 17.54 |
| Actuarial (Gain)/Loss | 19.97 | (0.20) |
| Benefits paid | (0.99) | - |
| Defined Benefit obligation at the year end | 125.86 | 79.99 |
| (ii) Reconciliation of Opening and Closing Balances of fair value of plan assets : | | |
| Fair value of plan assets at beginning of the year | 107.70 | 79.38 |
| Expected return on plan assets | 9.41 | 7.27 |
| Actuarial Gain/(Loss) | - | - |
| Employers' contribution | 2.53 | 21.06 |
| Benefits paid | (0.99) | - |
| Fair value of plan assets at the year end | 118.66 | 107.70 |
| Actual return on plan assets | 9.41 | 7.27 |
| (iii) Reconciliation of fair value of assets and obligation : | | |
| Fair value of plan assets | 118.66 | 107.70 |
| Present value of obligation | 125.86 | 79.99 |
| Amount recognised as liability/ (asset) in Balance Sheet* | 7.20 | - |
| (*Excess of assets not recognised as the same is lying in an irrevocable trust fund) | | |
| (iv) Expenses recognised during the year in the Statement of Profit & Loss : | | |
| (shown in Note No. 25 under the head 'Gratuity') | | |
| Current Service Cost | 20.49 | 17.54 |
| Interest Cost | 6.40 | 4.64 |
| Expected return on plan assets | (9.41) | (7.27) |
| Actuarial (Gain)/Loss | 19.97 | (0.20) |
| Net asset (surplus) not recognised/adjusted | (27.71) | 6.34 |
| Recognised in the Statement of Profit and Loss | 9.74 | 21.06 |
| (v) Break-up of Plan Assets as a percentage of total plan assets : | | |
| Insurer Managed Funds | 100% | 100% |
| (vi) Actuarial Assumptions : | | |
| Mortality Table | LIC 1994-96 Ultimate | |
| Discount rate (per annum) | 8% | 8% |
| Rate of escalation in salary (per annum) | 4% | 4% |

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 34 EMPLOYEE BENEFITS (Contd.)

(vii) Other Disclosures

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 | 31-03-2012 | 31-03-2011 | 31-03-2010 |
|---|------------|------------|------------|------------|------------|
| Defined Benefit Obligation | 125.86 | 79.99 | 58.00 | 27.80 | 23.46 |
| Plan Assets | 118.66 | 107.70 | 79.38 | 40.73 | 30.34 |
| Surplus/(Deficit) | (7.20) | 27.72 | 21.37 | 12.93 | 6.88 |
| Experience Adjustment on Plan Liabilities | 19.97 | (0.20) | 17.82 | (4.39) | (1.98) |

(viii) (a) The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

(b) The discounting rate is considered based on market yield on government bonds having currency and terms consistent with the currency in terms of the post employment benefit obligations.

(c) Expected rate of return assumed by the insurance company is generally based on their investment pattern as stipulated by the Government of India.

(ix) The above information is certified by the actuary.

(x) The Company expects to contribute ₹ 46.98 Lacs to the Gratuity Fund managed by the Life Insurance Corporation of India during the Financial Year 2014 - 2015.

NOTE 35 SEGMENT REPORTING

i) **Business segments** : Based on the synergies and in terms of Accounting Standard - 17, the Company is mainly engaged in the business segment of manufacture & sale of Ferro Alloys and Iron & Steel Products. The risks and returns of Captive Power Plant is directly associated with the manufacturing operations of Ferro Alloys and hence treated as a part of Ferro Alloys segment.

| | 31-03-2014 | 31-03-2013 |
|------------------------------|--------------------|--------------------|
| Segment Revenue (Net) | | |
| - Ferro Alloys | 1,51,921.09 | 1,59,093.62 |
| - Iron and Steel | 1,11,146.35 | 80,805.20 |
| - Inter Segment Revenue | (14,437.12) | (14,044.36) |
| Total | 2,48,630.33 | 2,25,854.46 |

| | 31-03-2014 | 31-03-2013 |
|---|--------------------|------------------|
| Segment Results (Profit before Finance Cost & Tax) | | |
| - Ferro Alloys | (11,549.18) | 13,861.52 |
| - Iron and Steel | 1,586.53 | 7,411.62 |
| - Unallocated | 68.99 | 55.54 |
| Total | (9,893.66) | 21,328.68 |
| Less : Finance Cost | 16,611.30 | 14,384.47 |
| Less : Exceptional Items | - | 2,660.91 |
| Profit before tax | (26,504.96) | 4,283.30 |
| Less : Income Tax | (3,644.61) | 1,391.20 |
| Profit after tax | (22,860.35) | 2,892.10 |

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 35 SEGMENT REPORTING (Contd.)

Other Information

(₹ in Lacs)

| | Assets | Liabilities | Capital Expenditure | Depreciation | Non-cash Exps (other than Depreciation) |
|---------------------------|--------------------|------------------|---------------------|-----------------|---|
| Ferro Alloys | 2,23,119.62 | 32,271.11 | 16,759.85 | 2,502.94 | - |
| | 2,15,928.65 | 44,834.18 | 31,058.30 | 2,450.38 | - |
| Iron and Steel | 62,096.49 | 12,014.50 | 0.34 | 504.54 | - |
| | 54,966.87 | 15,199.84 | 59.21 | 503.10 | - |
| Unallocated | 8,045.17 | 871.17 | - | - | - |
| | 9,086.13 | 6,398.14 | - | - | - |
| Total (31-03-2014) | 2,93,261.28 | 45,156.79 | 16,760.20 | 3,007.48 | - |
| Total (31-03-2013) | 2,79,981.65 | 66,432.16 | 31,117.51 | 2,953.48 | - |

figures in italics represent data for Previous Year.

- (ii) **Geographical segments** : The Company's secondary geographical segments have been identified based on the location of customers and are disclosed based on revenues within India and revenues outside India. Secondary segment assets are based on the location of such asset.

| Segment | Period | | Segment Revenue (Gross) | Segment Assets | Capital Expenditure |
|---------------|------------|------------|-------------------------|----------------|---------------------|
| Within India | Year ended | 31-03-2014 | 1,67,698.82 | 279,480.26 | 16,760.20 |
| | Year ended | 31-03-2013 | 1,37,318.67 | 266,049.46 | 31,117.51 |
| Outside India | Year ended | 31-03-2014 | 91,753.99 | 13,781.02 | - |
| | Year ended | 31-03-2013 | 99,007.63 | 13,932.19 | - |
| Total | Year ended | 31-03-2014 | 2,59,452.81 | 2,93,261.28 | 16,760.20 |
| | Year ended | 31-03-2013 | 2,36,326.30 | 2,79,981.65 | 31,117.51 |

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 36 RELATED PARTY DISCLOSURE

i) Name of the related parties where control exists irrespective of whether transactions have occurred or not

(a) Enterprise on which the Company has control

| | |
|-----------------------|-------------------------------------|
| SKP Overseas Pte Ltd. | Wholly Owned Subsidiary |
| PT Bara Prima Mandiri | Subsidiary of SKP Overseas Pte Ltd. |

(b) Entities / Individuals owning directly or indirectly an interest in the voting power that gives them control

None

ii) Names of the other related parties with whom transactions have taken place during the year

(a) Key Managerial Personnel

Mr. Suresh Kumar Patni
Mr. Rohit Patni
Mr. Dinesh Biyanee

(b) Relatives of Key Managerial Person

Mr. Ankit Patni
Mrs. Sarita Patni

(c) Enterprises owned or significantly influenced by KMP or their relatives

Impex Metal & Ferro Alloys Ltd.
Impex Ferro Tech Ltd.
Ankit Metal & Power Ltd.
Nucore Exports Pvt. Ltd.
Arthodock Vinimay Pvt. Ltd.
Whitestone Suppliers Pvt. Ltd.
Vasupujya Enterprises Pvt. Ltd.
Marble Arch Properties Pvt. Ltd.
SKP Power Ventures Ltd.
VNG Mercantiles Pvt. Ltd.
Invesco Finance Pvt. Ltd.
Poddar Mech Tech Services Pvt. Ltd.
Suanvi Trading & Investment Co.Pvt. Ltd.
Shreyansh Leafin Pvt. Ltd.
Relybulls Stock Broking Pvt. Ltd.
Sarita Steel & Power Ltd.
Shubham Complex Pvt. Ltd.

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 36 RELATED PARTY DISCLOSURE (Contd.)

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|---|------------|------------|
| iii) Nature of Transactions | | |
| Investment in Equity Shares | | |
| - SKP Overseas Pte Ltd. | 662.01 | 1,194.24 |
| Loans Given | | |
| - SKP Overseas Pte Ltd. | - | 582.24 |
| Loans Refunded | | |
| - SKP Overseas Pte Ltd. | - | 613.88 |
| Advance Given | | |
| - SKP Overseas Pte Ltd. | 90.89 | 242.89 |
| - Sarita Steel & Power Ltd. | - | 50.00 |
| - Relybulls Stock Broking Pvt. Ltd. | - | 2.50 |
| Advance Refunded | | |
| - Relybulls Stock Broking Pvt. Ltd. | 2.50 | - |
| - Suanvi Trading & Investment Co. Pvt. Ltd. | - | 73.53 |
| - SKP Overseas Pte Ltd. | 245.44 | - |
| Loans Taken* | | |
| - Shreyansh Leafin Pvt. Ltd. | 1,789.50 | - |
| - Invesco Finance Pvt.Ltd. | - | 0.19 |
| - Suanvi Trading & Investment Co. Pvt. Ltd. | 150.00 | - |
| - Vasupujya Enterprises Pvt. Ltd. | 1,598.00 | - |
| - Whitestone Suppliers Pvt.Ltd. | 1,407.00 | - |
| (*Excludes subsequent transfer to share application money) | | |
| Loans Repaid | | |
| - Shreyansh Leafin Pvt. Ltd. | 291.00 | - |
| - Invesco Finance Pvt.Ltd. | - | 100.19 |
| Share Application money received & Share allotted* | | |
| - Ankit Patni | - | 210.00 |
| - Rohit Patni | - | 210.00 |
| - Sarita Patni | - | 270.00 |
| - Suresh Kumar Patni | - | 390.00 |
| - Arthodock Vinimay Pvt. Ltd. | - | 2,400.00 |
| - Invesco Finance Pvt. Ltd. | - | 1,800.00 |
| - Nucore Exports Pvt. Ltd. | - | 660.00 |
| - Poddar Mech Tech Services Pvt. Ltd. | - | 1,500.00 |
| - Vasupujya Enterprises Pvt. Ltd. | - | 1,800.00 |
| - VNG Mercantiles Pvt. Ltd. | - | 306.00 |
| - Shreyansh Leafin Pvt. Ltd. | - | 1,800.00 |
| - Suanvi Trading & Investment Co. Pvt. Ltd | - | 1,800.00 |
| - Whitestone Suppliers Pvt. Ltd. | - | 1,800.00 |
| (*Includes conversion of loans) | | |
| Interest Received on Loan | | |
| - SKP Overseas Pte Ltd. | 65.11 | 38.93 |

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 36 RELATED PARTY DISCLOSURE (Contd.)

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|---|------------|------------|
| iii) Nature of Transactions (Contd.) | | |
| Purchases | | |
| - Ankit Metal & Power Ltd. | 6,300.40 | 2,094.06 |
| - Impex Ferro Tech Ltd. | 6,696.58 | 3,754.11 |
| - Impex Metal & Ferro Alloys Ltd. | 8,791.84 | 6,842.89 |
| - SKP Overseas Pte Ltd. | - | 92.18 |
| Purchases of Capital Goods | | |
| - Ankit Metal & Power Ltd. | 121.33 | 575.48 |
| Sales of Goods | | |
| - Ankit Metal & Power Ltd. | 2,995.36 | 1,487.49 |
| - Impex Ferro Tech Ltd. | 7,278.94 | 6,015.11 |
| - Impex Metal & Ferro Alloys Ltd. | 3,461.79 | 3,096.75 |
| - SKP Overseas Pte Ltd. | 494.80 | 145.04 |
| DEPB/Focus Licence Purchased | | |
| - Ankit Metal & Power Ltd. | 32.06 | 5.23 |
| - Impex Ferro Tech Ltd. | - | 39.58 |
| - Impex Metal & Ferro Alloys Ltd. | 169.24 | 111.18 |
| DEPB/Focus Licence Sold | | |
| - Impex Ferro Tech Ltd. | 12.54 | - |
| - Impex Metal & Ferro Alloys Ltd. | 23.25 | 14.25 |
| Lease Rent Received | | |
| - Impex Metal & Ferro Alloys Ltd. | 3.60 | 3.60 |
| Rent Paid | | |
| - Marble Arch Properties Pvt.Ltd. | 6.74 | 6.00 |
| Managerial Remuneration | | |
| - Rohit Patni | 24.00 | 50.00 |
| - Ankit Patni | - | 10.00 |
| - Dinesh Biyanee | 22.58 | - |
| - Binit Jain | - | 9.50 |
| Sitting Fees | | |
| - Suresh Kumar Patni | 0.43 | 0.33 |

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 36 RELATED PARTY DISCLOSURE (Contd.)

(₹ in Lacs)

iv) Outstanding Balances

| | 31-03-2014 | 31-03-2013 |
|---|------------|------------|
| Nature of Transactions | | |
| Trade Payables/Payables for Accrued Expenses | | |
| - Impex Metal & Ferro Alloys Ltd. | - | 8.17 |
| - Marble Arch Properties Pvt. Ltd. | 4.55 | 1.46 |
| Trade Receivables | | |
| - Ankit Metal & Power Ltd. | - | 13.62 |
| - Impex Ferro Tech Ltd. | 1,015.43 | 39.34 |
| - SKP Overseas Pte Ltd. | 120.20 | 145.04 |
| Loan Given* | | |
| - SKP Overseas Pte Ltd. | 1,150.26 | 982.04 |
| (*Including accrued interest) | | |
| Loan Taken | | |
| - Suanvi Trading & Investment Co. Pvt. Ltd. | 150.00 | - |
| - Shreyansh Leafin Pvt. Ltd. | 1,498.50 | - |
| - Vasupujya Enterprises Pvt. Ltd. | 1,598.00 | - |
| - Whitestone Suppliers Pvt. Ltd. | 1,407.00 | - |
| Advances/Deposits Given | | |
| - Ankit Metal & Power Ltd. | 676.89 | - |
| - Impex Metal & Ferro Alloys Ltd. | 558.28 | - |
| - SKP Overseas Pte Ltd. | 90.15 | 245.44 |
| - Sarita Steel & Power Ltd. | 50.00 | 50.00 |
| - Relybulls Stock Broking Pvt. Ltd. | - | 2.50 |
| Investment in Equity Shares | | |
| - SKP Overseas Pte Ltd. | 7,724.41 | 7,062.40 |
| - SKP Power Ventures Ltd. | 1.00 | 1.00 |
| Security Deposit | | |
| - Marble Arch Properties Pvt. Ltd. | 168.00 | 168.00 |

Term Loans, Working Capital Term Loan, Funded Interest Term Loans and Working Capital Facilities from banks are secured by way of Corporate Guarantee of the Related Parties - Vasupujya Enterprises Pvt. Ltd., Shubham Complex Pvt. Ltd., Poddar Mech Tech Services Pvt. Ltd., Invesco Finance Pvt. Ltd. and Suanvi Trading & Investment Co. Pvt. Ltd. and Personal Guarantee of the Promoters - Mr. S. K. Patni, Mr. Rohit Patni and Mr. Ankit Patni.

Corporate Guarantee to Indian Overseas Bank, Hongkong to secure the financial assistance to SKP Overseas Pte Ltd. Amount payable by SKP Overseas Pte Ltd. to Indian Overseas Bank, Hongkong as on 31st March, 2014 is USD. 4.20 Million (P.Y. USD. 5.35 Million).

Notes to and forming part of Financial Statements as at 31st March, 2014

NOTE 37 INFORMATION PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENTS WITH STOCK EXCHANGES

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 | Maximum balance during the current year | Maximum balance during the previous year |
|---|------------|------------|---|--|
| Loans and advances in the nature of loans to subsidiary companies * | | | | |
| SKP Overseas Pte Ltd. | 1,150.26 | 982.04 | 1,150.26 | 982.04 |
| (*Including accrued interest) | | | | |

NOTE 38 FOREIGN EXCHANGE EARNINGS AND OUTGO

| | 31-03-2014 | 31-03-2013 |
|--|------------|------------|
| Earnings in Foreign Currency : | | |
| - F.O.B. Value of Exports | 89,721.78 | 96,026.11 |
| - Interest on Loan to Subsidiary | 65.11 | 38.93 |
| Expenditure in Foreign Currency : | | |
| - Travelling & Conveyance | 4.80 | 23.98 |
| - Membership & Subscription | 32.73 | 22.40 |
| - Commission on Purchase | - | 1.11 |
| - Interest on Buyer's Credit | 26.24 | 168.72 |
| - Interest on Purchase | 112.28 | 222.05 |
| - Analysis Charges | 45.61 | 11.15 |
| - Commission on Sales | 121.39 | 105.58 |
| - Clearing and Forwarding Expenses | 69.79 | - |
| - Advertisement & Sales Promotion | 4.54 | 0.98 |
| CIF Value of Imports : | | |
| - Raw Materials | 51,166.10 | 52,662.52 |
| - Stores & Spares | 393.71 | 328.72 |

NOTE 39 AMOUNTS RECEIVABLE / PAYABLE IN FOREIGN CURRENCY

Forward contracts/ hedging instruments outstanding as at the Balance Sheet date are as follows :

| Nature (Nos.) of Contract | Foreign Currency | Buy/ Sell | Amount in Foreign Currency (in Lacs) | Purpose |
|---------------------------------|------------------|-----------|--------------------------------------|-----------------|
| Forward Contracts (Nil, P.Y. 1) | EURO | Sell | - (P.Y.- 13.24) | Hedging Purpose |
| Forward Contracts (4, P.Y. 12) | USD | Sell | 53.53 (P.Y.- 158.78) | Hedging Purpose |

All derivative contracts outstanding as at the year end are marked to market. The Company has applied the hedge accounting principles set out in the Accounting Standard (AS) 30 Financial Instruments: Recognition and Measurement. Accordingly, loss aggregating to ₹ 35.52 lacs (P.Y. ₹110.48 lacs), being the effective portion of the contracts designated as effective hedges for future cash flows has been recognised in the Hedging Reserve Account to be ultimately recognised in the Statement of Profit and Loss, depending on the exchange rate fluctuation till and when the underlying forecasted transactions occur.

Notes to and forming part of Financial Statements as at 31st March, 2014

Gain/loss on contracts not designated as effective hedges and ineffective portion of the contracts designated as effective hedges are included in foreign exchange fluctuation account.

Particulars of unhedged foreign currency exposure as at the year end are as follows :

(in Lacs)

| | Currency | 31-03-2014 | 31-03-2013 |
|--|----------|------------|------------|
| a) Amount receivable in foreign currency | EURO | 2.26 | - |
| b) Amount receivable in foreign currency | USD | 44.13 | - |
| c) Amount payable in foreign currency | EURO | 0.20 | 0.92 |
| d) Amount payable in foreign currency | USD | 162.99 | 2,258.82 |

NOTE 40

Exceptional Item in earlier year represents provision for additional power charges on retrospective revision of power tariff, net of waiver of Electricity Duty and Power Incentive recognised, on receipt of Eligibility Certificate, under the West Bengal Incentive Scheme 2000 and other approvals. The Current tax figure of P.Y. is net of ₹ 863.33 Lacs, being the tax effect on the Exceptional item.

NOTE 41

The Company has not made any remittance in foreign currencies on account of dividend during the year and does not have information as to the extent to which remittance in foreign currencies on account of dividends have been made on behalf of non – resident shareholders.

NOTE 42

The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February, 2011 and 21st February, 2011 respectively read with General Circular No. 08/2014 dated 4th April, 2014 has granted a general exemption from compliance with Section 212 of the Companies Act, 1956, subject to fulfilment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

NOTE 43

Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever considered necessary to conform to this year's classification. Accordingly, amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to amounts and other disclosures relating to the current year.

As per our report of even date attached

For **S. Jaykishan**

Chartered Accountants

FRN : 309005E

CA B. K. Newatia

Partner

Membership No : 050251

Kolkata, 30th May, 2014

For and on behalf of the Board

S. K. Patni

Chairman

Rohit Patni

Managing Director

Pradip Kumar Agarwal

Company Secretary

Independent Auditors' Report

To
The Members of
Rohit Ferro-Tech Limited

We have audited the accompanying consolidated financial statements of Rohit Ferro-Tech Limited ("the Company"), and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2014, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards notified under 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated 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 the effectiveness of the Group's internal control. 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 consolidated financial statements.

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

Basis for Qualified Opinion

In the case of the Company's subsidiary, SKP Overseas Pte Ltd., the audit report issued by their auditor includes the following observation:

Due to non receipt of audited financial statements relating to the investment in PT Pacific Samudra Perkasa amounting to USD 6 million (INR 3,605.99 lacs), they are not able to satisfy themselves on the carrying value of the investment as at year end.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

Independent Auditors' Report

- (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2014;
- (ii) in the case of the Consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other matters

We did not audit the financial statements and other financial information of subsidiaries incorporated outside India. These subsidiaries account for 3.00% of total assets and 4.18% of total revenues and other income as shown in these consolidated financial statements. The financial statements and other financial information of these subsidiaries, as drawn up in accordance with the generally accepted accounting principles of the respective countries ('the local GAAP') have been audited by other auditors duly qualified to act as auditors in those countries. For the purposes of preparation of consolidated financial statements, the aforesaid local GAAP financial statements have been restated by the management so that they conform to the generally accepted accounting principles in India. Our opinion on the consolidated financial statements, in so far as it relates to these subsidiaries, is based solely on the reports of these other auditors.

Kolkata, 30th May, 2014

For **S. Jaykishan**
Chartered Accountants
FRN : 309005E

CA B. K. Newatia
Partner
Membership No : 050251

Consolidated Balance Sheet as at 31st March, 2014

(₹ in Lacs)

| PARTICULARS | Note No. | 31-03-2014 | 31-03-2013 |
|--|----------|--------------------|--------------------|
| I EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share Capital | 2 | 11,377.61 | 11,377.61 |
| (b) Reserves & Surplus | 3 | 47,495.12 | 69,792.42 |
| | | 58,872.73 | 81,170.03 |
| (2) Minority Interest | | 118.26 | 152.18 |
| (3) Non-Current Liabilities | | | |
| (a) Long-Term Borrowings | 4 | 1,31,553.72 | 61,881.93 |
| (b) Deferred Tax Liabilities (Net) | 5 | - | 5,541.14 |
| (c) Other Long-Term Liabilities | 6 | 2,585.36 | 4,335.02 |
| | | 1,34,139.08 | 71,758.10 |
| (4) Current Liabilities | | | |
| (a) Short-Term Borrowings | 7 | 63,271.62 | 69,354.20 |
| (b) Trade Payables | 8 | 24,941.54 | 39,180.43 |
| (c) Other Current Liabilities | 9 | 20,126.25 | 23,734.44 |
| (d) Short-Term Provisions | 10 | 871.17 | 857.00 |
| | | 1,09,210.59 | 1,33,126.06 |
| Total | | 3,02,340.67 | 2,86,206.37 |
| II ASSETS | | | |
| (1) Non-Current Assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 11 | 54,603.04 | 56,726.01 |
| (ii) Intangible Assets | 12 | 2,962.75 | 2,962.75 |
| (iii) Capital Work-in-Progress | 13 | 54,647.21 | 38,910.99 |
| (iv) Intangible Assets under Development | 14 | 4,397.88 | 3,318.14 |
| | | 1,16,610.87 | 1,01,917.89 |
| (b) Non-Current Investments | 15 | 3,606.99 | 3,264.36 |
| (c) Long-Term Loans and Advances | 16 | 13,259.54 | 14,236.58 |
| (d) Other Non-Current Assets | 17 | 1,816.60 | 1,456.71 |
| | | 1,35,294.00 | 1,20,875.54 |
| (2) Current Assets | | | |
| (a) Inventories | 18 | 78,835.50 | 89,290.70 |
| (b) Trade Receivables | 19 | 48,551.20 | 40,130.52 |
| (c) Cash and Bank Balances | 20 | 3,917.70 | 5,490.07 |
| (d) Short-Term Loans and Advances | 21 | 27,755.97 | 21,624.64 |
| (e) Other Current Assets | 22 | 7,986.31 | 8,794.90 |
| | | 1,67,046.68 | 1,65,330.83 |
| Total | | 3,02,340.67 | 2,86,206.37 |
| Significant Accounting Policies | 1 | | |

Accompanying notes form an integral part of the Consolidated Financial Statements

As per our report of even date attached

For **S. Jaykishan**

Chartered Accountants

FRN : 309005E

CA B. K. Newatia

Partner

Membership No : 050251

Kolkata, 30th May, 2014

For and on behalf of the Board

S. K. Patni

Chairman

Rohit Patni

Managing Director

Pradip Kumar Agarwal

Company Secretary

Consolidated Statement of Profit & Loss for the year ended 31st March, 2014

(₹ in Lacs)

| PARTICULARS | Note No. | 31-03-2014 | 31-03-2013 |
|--|----------|--------------------|--------------------|
| I INCOME : | | | |
| Revenue From Operations (Gross) | 23 | 2,70,119.94 | 2,37,587.79 |
| Less : Excise Duty | | 10,822.48 | 10,471.84 |
| Revenue From Operations (Net) | | 2,59,297.46 | 2,27,115.95 |
| II Other Income | 24 | 1,037.26 | 1,181.20 |
| III Total Revenue (I + II) | | 2,60,334.72 | 2,28,297.15 |
| IV EXPENSES : | | | |
| Cost of Materials Consumed | 25 | 1,27,181.69 | 1,08,354.44 |
| Purchases of Stock-in-Trade | 26 | 60,098.62 | 22,168.59 |
| Changes in Inventories of Finished Goods, Work-in-Progress & Stock-in-Trade | 27 | 3,015.26 | (2,140.56) |
| Employee Benefits Expense | 28 | 2,581.59 | 2,386.85 |
| Finance Costs | 29 | 16,918.74 | 14,664.22 |
| Depreciation and Amortisation Expense | | 3,007.48 | 2,953.48 |
| Other Expenses | 30 | 74,024.81 | 72,941.41 |
| Total Expenses (IV) | | 2,86,828.19 | 2,21,328.43 |
| PROFIT/ (LOSS) BEFORE TAX (III-IV) | | (26,493.47) | 6,968.72 |
| Less : Tax Expense | | | |
| Current Tax | | 3.82 | 857.00 |
| MAT Credit Entitlement | | 1,896.53 | (389.00) |
| Earlier Years' Tax | | - | 1.46 |
| Deferred Tax | | (5,544.97) | 921.74 |
| PROFIT/ (LOSS) AFTER TAX (BEFORE ADJUSTMENT OF MINORITY INTEREST & EXCEPTIONAL ITEMS) | | (22,848.85) | 5,577.52 |
| Less : Exceptional Items (Refer Note No. 42) | | - | 2,660.91 |
| PROFIT/ (LOSS) FOR THE YEAR (BEFORE ADJUSTMENT OF MINORITY INTEREST) | | (22,848.85) | 2,916.61 |
| MINORITY INTEREST | | (28.01) | (23.90) |
| PROFIT/ (LOSS) FOR THE YEAR | | (22,820.85) | 2,940.51 |
| Earnings Per Equity Share [Nominal Value of Share - ₹ 10/-] | | | |
| Basic & Diluted | 32 | (20.06) | 3.121 |
| Significant Accounting Policies | 1 | | |

Accompanying notes form an integral part of the Consolidated Financial Statements

As per our report of even date attached

For **S. Jaykishan**

Chartered Accountants

FRN : 309005E

CA B. K. Newatia

Partner

Membership No : 050251

Kolkata, 30th May, 2014

For and on behalf of the Board

S. K. Patni

Chairman

Rohit Patni

Managing Director

Pradip Kumar Agarwal

Company Secretary

Consolidated Cash Flow Statement for the year ended 31st March, 2014

(₹ in Lacs)

| | Year Ended 31st March, 2014 | | Year Ended 31st March, 2013 | |
|---|--------------------------------|--------------------|--------------------------------|--------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net Profit Before Tax & Extra-Ordinary Items | | (26,465.47) | | 4,331.71 |
| Adjustments for : | | | | |
| Depreciation | 3,007.48 | | 2,953.48 | |
| Foreign Currency Translation Reserve | 448.60 | | 376.07 | |
| Finance Costs | 16,918.74 | | 14,664.22 | |
| Interest Received | (731.92) | | (852.99) | |
| Loss/(Profit) on Redemption of Mutual Funds | - | | (51.81) | |
| Loss on sale of Fixed Assets | 24.90 | | 2.99 | |
| Sundry Balances written off / (back) | 19.03 | | 4.74 | |
| | | 19,686.82 | | 17,096.70 |
| Operating Profit before Working Capital Changes | | (6,778.65) | | 21,428.40 |
| Adjustments for : | | | | |
| (Increase)/Decrease in Inventories | 10,455.20 | | (24,375.72) | |
| (Increase)/Decrease in Trade Receivables | (8,439.71) | | (20,459.75) | |
| (Increase)/Decrease in Loans and Advances | (9,565.97) | | 7,627.33 | |
| (Increase)/Decrease in Other Assets | 1,262.75 | | (5,883.65) | |
| Increase/(Decrease) in Trade Payables | (14,238.89) | | 15,710.66 | |
| Increase/(Decrease) in Other Liabilities | 17.65 | | 9,039.82 | |
| | | (20,508.96) | | (18,341.31) |
| Cash generated from operations | | (27,287.61) | | 3,087.09 |
| Direct Tax Paid | | (178.74) | | (1,299.30) |
| Net Cash from Operating Activities | | (27,466.35) | | 1,787.79 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of Fixed Assets (including Capital Work-in-Progress and Capital Advances) | (14,075.36) | | (35,499.58) | |
| Sale of Fixed Assets | 29.98 | | 3.50 | |
| Interest Income | 1,155.62 | | 602.04 | |
| Purchase of Investment | (342.63) | | (598.90) | |
| Redemption of Mutual Funds | - | | 551.81 | |
| (Increase) / Decrease in Fixed Deposits with Banks | 2,414.93 | | 1,346.01 | |
| Net Cash used in Investing Activities | | (10,817.46) | | (33,595.12) |

Consolidated Cash Flow Statement for the year ended 31st March, 2014 (Contd.)

(₹ in Lacs)

| | Year Ended 31st March, 2014 | | Year Ended 31st March, 2013 | |
|---|--------------------------------|------------------|--------------------------------|------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Proceeds from Issue of Shares | - | | 20,100.00 | |
| Increase/(Decrease) in Long-Term Borrowings | 4,952.20 | | 15,547.13 | |
| Increase/(Decrease) in Short-Term Borrowings | 44,546.03 | | 8,610.82 | |
| Increase/(Decrease) in Minority Interest | (33.92) | | 152.18 | |
| Deferred Expenses | (814.04) | | (86.58) | |
| Finance Costs | (9,523.15) | | (14,157.26) | |
| Dividend Paid | - | | (401.38) | |
| Corporate Dividend Tax | - | | (65.11) | |
| Net Cash from Financing Activities | | 39,127.12 | | 29,699.80 |
| Net Increase/(Decrease) in Cash & Cash Equivalents | | 843.31 | | (2,107.52) |
| Cash & Cash Equivalents at the beginning of the year (Refer Note No. 20 to the Accounts) | | 383.06 | | 2,490.58 |
| Cash & Cash Equivalents at the end of the year (Refer Note No. 20 to the Accounts) | | 1,226.37 | | 383.06 |

Notes :

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on 'Cash Flow Statement' notified by the Companies (Accounting Standards) Rules, 2006.
2. Cash and Cash Equivalents include cash in hand and bank balances on current accounts [Refer Note No. 20 to the Accounts].
3. Figures in brackets indicate cash outflows.
4. Previous year's figures have been regrouped/rearranged, wherever considered necessary to conform to this year's classification.

As per our report of even date attached

For **S. Jaykishan**

Chartered Accountants

FRN : 309005E

CA B. K. Newatia

Partner

Membership No : 050251

Kolkata, 30th May, 2014

For and on behalf of the Board

S. K. Patni

Chairman

Rohit Patni

Managing Director

Pradip Kumar Agarwal

Company Secretary

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these consolidated financial statements.

1.1 Basis of accounting and preparation of consolidated financial statements

The consolidated financial statements relate to Rohit Ferro-Tech Limited ('the Company') and its subsidiaries (collectively referred to as 'the Group'). The consolidated financial statements are prepared in accordance with Accounting Standard 21 - "Consolidated Financial Statements" prescribed in the Companies (Accounting Standard), Rules 2006 notified by the Central Government. The consolidated financial statements are prepared by adopting uniform accounting policies between the group companies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements. Appropriate disclosure, as applicable, is made of significant deviations from the Company's accounting policies, which have not been adjusted.

The consolidated financial statements are prepared under the historical cost convention, on the accrual basis of accounting to comply with the applicable accounting principles in India, the mandatory Accounting Standards prescribed by the Companies (Accounting Standard), Rules 2006, the relevant provisions 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 and the guidelines issued by the Securities and Exchange Board of India (SEBI). The consolidated financial statements are presented in Indian rupees (in Lakhs), in the same format as that adopted by the Parent Company for its standalone financial statements.

Subsidiaries considered in the consolidated financial statements:

| Name of the Company | Country of incorporation | Current Year Percentage Holding - Share | Previous Year Percentage Holding - Share |
|--------------------------|--------------------------|---|--|
| SKP Overseas Pte Limited | Singapore | 100% | 100% |
| PT Bara Prima Mandiri | Indonesia | 60% | 60% |

1.2 Principles of consolidation

The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiaries are consolidated on a line-by-line basis after fully eliminating the intra-group transactions and intra-group balances in accordance with Accounting Standard 21 - "Consolidated Financial Statements" prescribed by the Companies (Accounting Standard), Rules 2006.
- The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries, is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Exchange Translation Reserve.
- The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the Consolidated Statement of Profit and Loss as exceptional item being the profit or loss on disposal of investment in subsidiary.

1.3 Investment

Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 "Accounting for Investments".

1.4 Intangible Asset

Intangible Asset includes Goodwill which represents the excess of the cost of the acquisition over the fair value of identifiable net assets of a subsidiary at the date of acquisition. It is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Mine Development Expenses has been recognised as intangible assets under development and includes expenses on account of prospecting, expenses for regulatory clearances, exploration and evaluation of mines etc. These expenses are carried forward and will be capitalised once the mine starts the commercial production.

1.5 Other Accounting Policies

These are set out under “Significant Accounting Policies” as given in the Standalone Financial Statements of Rohit Ferro-Tech Limited.

NOTE 2 SHARE CAPITAL

(₹ in Lacs)

| PARTICULARS | 31-03-2014 | 31-03-2013 |
|---|------------|------------|
| Authorised | | |
| 15,00,00,000 (P.Y. 15,00,00,000) Equity Shares of ₹ 10/- each | 15,000.00 | 15,000.00 |
| Issued, Subscribed and Paid-up | | |
| 11,37,76,123 (P.Y. 11,37,76,123) Equity Shares of ₹ 10/- each fully paid up | 11,377.61 | 11,377.61 |

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

| Equity Shares | 31-03-2014 | | 31-03-2013 | |
|--------------------------------|--------------|-------------|--------------|-------------|
| | Nos. | (₹ in Lacs) | Nos. | (₹ in Lacs) |
| At the beginning of the Period | 11,37,76,123 | 11,377.61 | 8,02,76,123 | 8,027.61 |
| Issued during the Period | – | – | 3,35,00,000 | 3,350.00 |
| At the end of the Period | 11,37,76,123 | 11,377.61 | 11,37,76,123 | 11,377.61 |

b) 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 Shares 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 remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to the number of Equity Shares held by the share holders.

c) Details of the shareholders holding more than 5% shares in the Company

| | 31-03-2014 | | 31-03-2013 | |
|--|---------------|-----------|---------------|-----------|
| | No. of Shares | % holding | No. of Shares | % holding |
| Equity shares of ₹ 10 each fully paid | | | | |
| Suanvi Trading and Investment Co. Pvt. Ltd. | 1,12,37,501 | 9.88 | 1,12,37,501 | 9.88 |
| Vasupujya Enterprises Pvt. Ltd. | 1,13,59,538 | 9.98 | 1,13,59,538 | 9.98 |
| Invesco Finance Pvt. Ltd. | 1,10,39,317 | 9.70 | 1,10,39,317 | 9.70 |
| Poddar Mech Tech Services Pvt. Ltd. | 1,29,79,933 | 11.41 | 1,29,79,933 | 11.41 |
| Shreyansh Leafin Pvt. Ltd. | 1,09,93,150 | 9.66 | 1,09,93,150 | 9.66 |
| Whitestone Suppliers Pvt. Ltd. | 1,09,07,765 | 9.59 | 1,09,07,765 | 9.59 |

d) As per the CDR Package approved by CDR Empowered Group (Refer Note No. 31) on March 24, 2014, the Company has during the year received unsecured loan amounting to ₹ 4,653 Lacs (Refer Note No. 4), which is to be converted to Equity by March 31, 2015. The conversion price will be determined in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations.

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

NOTE 3 RESERVES AND SURPLUS

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|--|------------------|------------------|
| Capital Reserve | | |
| As per last account | | |
| - Capital Investment Subsidy | 240.00 | 240.00 |
| - Forfeiture of Deposit against Share Warrants | 128.14 | 128.14 |
| | 368.14 | 368.14 |
| Securities Premium Account | | |
| At the beginning of the accounting period | 42,403.10 | 25,653.10 |
| Additions during the year | - | 16,750.00 |
| At the end of the accounting period | 42,403.10 | 42,403.10 |
| Hedge Reserve (Refer Note No. 41) | | |
| At the beginning of the accounting period | (110.48) | - |
| Movement during the year | 74.96 | (110.48) |
| At the end of the accounting period | (35.52) | (110.48) |
| General Reserve | | |
| As per last account | 450.00 | 450.00 |
| Foreign Currency Translation Reserve | | |
| At the beginning of the accounting period | 976.18 | 600.11 |
| Additions during the year | 448.60 | 376.07 |
| Deductions during the year | - | - |
| At the end of the accounting period | 1,424.78 | 976.18 |
| Surplus (Balance in the Statement of Profit & Loss) | | |
| Balance as per last Financial Statement | 25,705.46 | 22,764.97 |
| Profit / (Loss) for the year | (22,820.85) | 2,940.51 |
| Closing Balance | 2,884.62 | 25,705.48 |
| | 47,495.12 | 69,792.42 |

NOTE 4 LONG-TERM BORROWINGS

| | Non-Current portion | | Current Maturities | |
|---|---------------------|------------------|--------------------|-----------------|
| | 31-03-2014 | 31-03-2013 | 31-03-2014 | 31-03-2013 |
| Term Loans from Banks (Secured) | | | | |
| Rupee Term Loans | 58,844.73 | 51,056.87 | - | 3,908.82 |
| Working Capital Term Loan (WCTL) | 50,628.61 | - | - | - |
| Funded Interest Term Loan (FITL) | 8,969.48 | - | - | - |
| Foreign Currency Loan | 1,953.24 | 1,196.56 | 570.95 | 1,713.26 |
| | 1,20,396.06 | 52,253.43 | 570.95 | 5,622.08 |
| Loans from Related Parties (Unsecured) | | | | |
| From Body Corporates | 4,653.50 | - | - | - |
| | 4,653.50 | - | - | - |
| Other Loans and Advances | | | | |
| Loans from Body Corporates (Unsecured) | 6,487.34 | 9,534.50 | - | - |
| Loans against Vehicles & Equipments (Secured) | 16.82 | 94.00 | 88.72 | 159.09 |
| | 6,504.16 | 9,628.50 | 88.72 | 159.09 |
| | 1,31,553.72 | 61,881.93 | 659.67 | 5,781.17 |

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

NOTE 4 LONG-TERM BORROWINGS (Contd.)

(₹ in Lacs)

| | Non-Current portion | | Current Maturities | |
|--|---------------------|------------------|--------------------|------------|
| | 31-03-2014 | 31-03-2013 | 31-03-2014 | 31-03-2013 |
| The above amount includes | | | | |
| Secured Borrowings | 1,20,412.88 | 52,347.43 | 659.67 | 5,781.17 |
| Unsecured Borrowings | 11,140.84 | 9,534.50 | - | - |
| Amount disclosed under the head - "Other Current Liabilities" (Refer Note No. 9) | - | - | (659.67) | (5,781.17) |
| | 1,31,553.72 | 61,881.93 | - | - |

(A) Working Capital Term Loan :

Upon implementaion of the CDR Package (Refer Note No. 31), the overdrawn portion of the Cash Credit Accounts of the Company has been carved out into separate Working Capital Term Loans (WCTL).

(B) Funded Interest Term Loan :

Upon implementaion of the CDR Package (Refer Note No. 31), funding of interest has been provided for :

- Interest on existing term loans for a period of 24 months from the Cut-Off Date i.e from October 01, 2013 to September 30, 2015;
- Interest on WCTL for a period of 24 months from the Cut-Off Date i.e from October 01, 2013 to September 30, 2015;
- Interest on residual cash credit limit for a period of 9 months from the Cut-Off Date i.e from October 01, 2013 to June 30, 2014;

(C) Details of security :

- (i) In terms of the CDR package, Rupee Term Loans, Working Capital Term Loans, Funded Interest Term Loans and Working Capital Loan (Refer Note No. 7) are pooled together and secured as under:
 - a) First pari-passu charge on the entire Fixed Assets of the Company (excluding value of vehicles), both present and future, including equitable mortgage of factory land & building at Bishnupur (West Bengal), Jajpur (Odisha) and Haldia (West Bengal). Also, secured by way of mortgage on Freehold land at New Town, District : North 24 Parganas measuring 50 Cottahs.
 - b) First pari-passu charge on the entire Current Assets of the Company comprised of stock of raw materials, semi finished and finished goods and book debts, outstanding moneys, receivables, both present and future pertaining to the Company's manufacturing units/divisions at Bishnupur (West Bengal), Jajpur (Odisha) and Haldia (West Bengal) and at other Units.
 - c) Collateral security by equitable mortgage on Land & Building at 1/26, Vidyadhar Nagar, Jaipur, Rajasthan held in the name of Shubham Complex Pvt. Ltd., Office space measuring 835 sq. ft. located at Flat no. 21B, 4th Floor, Bowbazar, 35, C.R. Avenue, Kolkata-12, held in the name of Mr. S.K.Patni and Flat No. A-52, Block-A, 35, Dr. Abani Dutta Road, Salkia, Howrah, held in the name of Mr. Rohit Patni.
 - d) Pledge of 100% of the promoter's shares representing 72% of the paid up Capital of the Company on pari passu basis (pending creation).
 - e) Personal Guarantee of the Promoters - Mr. S.K.Patni, Mr. Rohit Patni and Mr. Ankit Patni.
 - f) Corporate Guarantee of the Group Companies - Vasupujya Enterprises Pvt. Ltd., Shubham Complex Pvt. Ltd., Poddar Mech Tech Services Pvt. Ltd., Invesco Finance Pvt. Ltd. and Suanvi Trading and Investment Co. Pvt. Ltd.
- (ii) Foreign Currency Term Loan from Indian Overseas Bank is secured by assignment of shares of mining companies, pledge of investments in exchangeable bonds of PT Pacific Samudra Perkasa, personal guarantees given by certain promoters and directors of the parent company and as well as 25% of deposit margin for working capital limits. Foreign Currency Term Loan and Working Capital Loan from Indian Overseas Bank is secured by first charge on entire current assets of the Company - SKP Overseas Pte Limited.
- (iii) Loans against Vehicles & Equipments are secured by way of hypothecation of the underlying asset financed.

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

NOTE 4 LONG-TERM BORROWINGS (Contd.)

(D) Terms of Repayment of Loans :

(i) Terms of Repayment of Rupee Term Loans availed for Haldia Project, 33 MVA Furnace and Stainless Steel Plant of the Company and Working Capital Term Loan :

Upon implementaion of the CDR Package, the existing Rupee Term Loan amounting to ₹ 32,434.42 lacs in respect of Haldia Project, 33 MVA Furnace and Stainless Steel Project and Working Capital Term Loan are to be repaid over a period of 8 years by way of 32 structured quarterly installments commencing from December 31, 2015 upto September 30, 2023 as per the Repayment Schedule given below. Further, such loans carry the interest rate @ 11% p.a. linked to the Base Rate of the State Bank of India, with annual reset option with the approval of CDR-EG.

| Financial Year | Quarters | Repayment per Quarter | Total |
|----------------|----------|-----------------------|----------------|
| 2015-2016 | 2 | 1.00% | 2.00% |
| 2016-2017 | 4 | 1.00% | 4.00% |
| 2017-2018 | 4 | 1.50% | 6.00% |
| 2018-2019 | 4 | 1.50% | 6.00% |
| 2019-2020 | 4 | 1.50% | 6.00% |
| 2020-2021 | 4 | 4.00% | 16.00% |
| 2021-2022 | 4 | 4.50% | 18.00% |
| 2022-2023 | 4 | 6.00% | 24.00% |
| 2023-2024 | 2 | 9.00% | 18.00% |
| | | Total | 100.00% |

(ii) Terms of Repayment of Term Loan availed for 67.5 MVA Captive Power Plant project of the Company :

Upon implementaion of the CDR Package, the Rupee Term Loan amounting to ₹ 26,410.32 lacs in respect of 67.5 MVA Captive Power Plant is to be repaid by way of 38 equal quarterly installments commencing from December 31, 2015 upto March 31, 2025. Further, the loan carries the interest rate @ 11% p.a. linked to the Base Rate of the State Bank of India, with annual reset option with the approval of CDR-EG.

(iii) Terms of Repayment of Funded Interest Term Loan :

Repayment of FITL is to be made in 18 equal quarterly installments commencing from December 31, 2015 with the last installment due on March 31, 2020. FITL carries interest @11% p.a. linked to the Base Rate of the State Bank of India, with annual reset option with the approval of CDR-EG.

(iv) Terms of Repayment of Foreign Currency Loan :

Repayment of Foreign Currency Loan is to be made in 1 quarterly installment of ₹ 120.20 Lacs, 6 quarterly installments of ₹ 150.25 Lacs each, 3 quarterly installments of ₹ 180.30 Lacs each and 4 quarterly installments of ₹ 240.40 Lacs each. The loan carries effective interest rate @ 6 months Libor+ 4.5%.

- (v) Unsecured Loans from Related Parties (Interest free) are to be converted into Equity by March 31, 2015 as per CDR package. [Refer Note No. 2]
- (vi) Unsecured Loan from Body Corporates (Other than related parties) aggregating to ₹ 6,487.34 Lacs (P.Y. ₹ 9,184.50 Lacs) are interest free. Such loans are repayable at the option of the Company and are stated by the management to be in the nature of Long-term borrowings.
- (vii) Loans against Vehicles and Equipments are repayable by way of Equated Monthly Installments subsequent to taking of such loan. The original period of such loans is 3 years.

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

NOTE 5 DEFERRED TAX LIABILITIES (NET)

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|---|-------------------|-----------------|
| Deferred Tax Liability | | |
| -Related to Fixed Assets | 5,853.66 | 5,541.14 |
| Deferred Tax Asset | | |
| -Unabsorbed Depreciation & Business Losses | 8,766.84 | - |
| Net Deferred Tax Liability / (Asset) | (2,913.18) | 5,541.14 |

Deferred Tax Liability recognised in earlier year has been written back as there exists virtual certainty of reversal of Deferred Tax Liability in future years to that extent for the reason of Unabsorbed Depreciation and Business Losses. Net Deferred Tax Asset on account of balance of Unabsorbed Depreciation and Business Loss has not been recognised as a matter of prudence.

NOTE 6 OTHER LONG-TERM LIABILITIES

| | 31-03-2014 | 31-03-2013 |
|--------------------------------------|-----------------|-----------------|
| Derivative Contracts Payable | - | 511.72 |
| Advance from Parties | 395.07 | 413.61 |
| Other Payables- For Accrued Expenses | 2,190.29 | 3,409.69 |
| | 2,585.36 | 4,335.02 |

NOTE 7 SHORT-TERM BORROWINGS

| | 31-03-2014 | 31-03-2013 |
|--|------------------|------------------|
| Working Capital Loans from Banks (Secured) | | |
| - Rupee Loans (Secured) | 60,455.54 | 65,446.96 |
| - Foreign Currency Loans - Buyer's Credit (Secured) | - | 1,930.59 |
| - Foreign Currency Loan - Bank Overdraft (Secured) | 1,826.66 | 1,030.98 |
| - Foreign Currency Loan - Bank Overdraft (Unsecured) | 272.46 | - |
| Other Loans and Advances | | |
| - Bridge Loan from WBIDC Ltd. (against interest subsidy receivable) | - | 21.37 |
| - SBI Global Factors Limited under factoring facility secured against specific debts | 716.96 | 924.30 |
| | 63,271.62 | 69,354.20 |

(A) Details of security

The rate of interest on the working capital loans from banks is 11% linked to the base rate of State Bank of India. The rate of interest on the Foreign Currency Working Capital Loan from Indian Overseas Bank is higher of (Libor +1)% or (Prime +0.5)%. For details of security given for Short-term borrowings, Refer Note No. 4(C) above.

NOTE 8 TRADE PAYABLES

| | 31-03-2014 | 31-03-2013 |
|---|------------------|------------------|
| Due to Micro, Small & Medium Enterprises [Refer Note below] | - | - |
| Due to others | 24,941.54 | 39,180.43 |
| | 24,941.54 | 39,180.43 |

There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2014. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

Trade Payables include ₹ 5,590.43 Lacs (P.Y. ₹ 4,171.64 Lacs) against pledge of stock of raw materials.

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

NOTE 9 OTHER CURRENT LIABILITIES

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|---|------------------|------------------|
| Current maturities of long-term debt (Refer Note No. 4) | 659.67 | 5,781.17 |
| Interest Accrued and due on Borrowings | 1.84 | 653.96 |
| Interest Accrued but not due on Borrowings | 29.62 | 43.42 |
| Income Received in Advance | 5.42 | 11.32 |
| Advance from Parties | 2,166.69 | 4,210.02 |
| Unclaimed Dividend * | 10.04 | 10.68 |
| Share Application Money Refundable* | - | 0.10 |
| Derivative Contracts Payable | 410.83 | 13.97 |
| Other Payables | | |
| - For Statutory Dues | 965.42 | 1,431.74 |
| - For Capital Goods | 3,320.65 | 2,827.11 |
| - For Accrued Expenses | 12,556.07 | 8,750.93 |
| | 20,126.25 | 23,734.44 |

* Includes uncashed warrants/ECS rejected. There is no amount due and outstanding to be credited to Investor Education & Protection Fund.

NOTE 10 SHORT-TERM PROVISIONS

| | 31-03-2014 | 31-03-2013 |
|--------------|---------------|---------------|
| For Taxation | 871.17 | 857.00 |
| | 871.17 | 857.00 |

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

NOTE 11 TANGIBLE ASSETS

(₹ in Lacs)

| | Land | | Building | Plant & Equipment | Furniture & Fixtures | Vehicles | Office Equipments | Others | Total |
|--|-----------------|-----------------|------------------|-------------------|----------------------|---------------|-------------------|-------------|------------------|
| | Freehold | Leasehold | | | | | | | |
| Gross Block | | | | | | | | | |
| As at 31st March, 2012 | 1,080.73 | 4,059.42 | 13,328.68 | 45,855.39 | 433.96 | 416.90 | 355.66 | 0.30 | 65,531.05 |
| Acquisition | - | 365.46 | 15.36 | 333.56 | - | 144.51 | 34.69 | - | 893.59 |
| Additions | 0.77 | - | 67.63 | 47.89 | 2.70 | 62.68 | 30.97 | - | 212.63 |
| Disposals | - | - | - | - | - | 13.19 | - | - | 13.19 |
| Other Adjustments | | | | | | | | | |
| - Exchange translation adjustments | - | (6.62) | (0.28) | (6.04) | - | (2.61) | (0.63) | - | (16.18) |
| - Borrowing Costs | - | - | - | - | - | - | - | - | - |
| As at 31st March, 2013 | 1,081.50 | 4,418.26 | 13,411.39 | 46,230.80 | 436.66 | 608.29 | 420.69 | 0.30 | 66,607.90 |
| Additions | - | 45.26 | 61.20 | 858.93 | 5.64 | 42.41 | 25.05 | - | 1,038.49 |
| Disposals | - | - | - | - | - | 91.70 | 1.36 | - | 93.07 |
| Other Adjustments | | | | | | | | | - |
| - Exchange translation adjustments | - | (16.10) | (1.56) | (14.68) | - | (6.39) | (1.98) | - | (40.71) |
| - Borrowing Costs | - | - | - | - | - | - | - | - | - |
| As at 31st March, 2014 | 1,081.50 | 4,447.42 | 13,471.03 | 47,075.05 | 442.30 | 552.61 | 442.40 | 0.30 | 67,512.61 |
| Depreciation & Amortisation | | | | | | | | | |
| As at 31st March, 2012 | - | - | 1,187.45 | 5,368.63 | 68.54 | 77.08 | 81.24 | 0.12 | 6,783.07 |
| Acquisition | - | - | 0.77 | 69.62 | - | 46.11 | 13.05 | - | 129.55 |
| For the year* | - | - | 439.70 | 2,415.38 | 27.57 | 49.17 | 46.42 | 0.01 | 2,978.25 |
| Deductions | - | - | - | - | - | 6.70 | - | - | 6.70 |
| Exchange translation adjustments | - | - | (0.01) | (1.23) | - | (0.81) | (0.23) | - | (2.28) |
| As at 31st March, 2013 | - | - | 1,627.91 | 7,852.40 | 96.11 | 164.85 | 140.48 | 0.13 | 9,881.89 |
| For the year* | - | - | 443.94 | 2,487.48 | 27.82 | 58.37 | 56.11 | 0.01 | 3,073.73 |
| Deductions | - | - | - | - | - | 37.30 | 0.19 | - | 37.49 |
| Exchange translation adjustments | - | - | (0.12) | (4.69) | - | (2.78) | (0.97) | - | (8.56) |
| As at 31st March, 2014 | - | - | 2,071.73 | 10,335.19 | 123.93 | 183.14 | 195.44 | 0.15 | 12,909.57 |
| Net Block | | | | | | | | | |
| As on 31st March, 2013 | 1,081.50 | 4,418.26 | 11,783.48 | 38,378.42 | 340.55 | 443.45 | 280.22 | 0.17 | 56,726.01 |
| As on 31st March, 2014 | 1,081.50 | 4,447.42 | 11,399.31 | 36,739.86 | 318.37 | 369.47 | 246.96 | 0.15 | 54,603.04 |

Note : The original cost of vehicles & equipments includes ₹ 370.60 Lacs (P.Y. ₹ 607.34 Lacs) acquired under vehicle and equipment finance scheme from banks & financial institutions, of which ₹ 105.54 Lacs (P.Y. ₹ 253.09 Lacs) were outstanding as at year end.

* Includes ₹ 5.05 Lacs (P.Y. ₹ 4.99 Lacs) debited to Capital Work-in-Progress and ₹ 61.21 Lacs (P.Y. ₹ 19.78 Lacs) debited to Intangible Assets under Development.

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

NOTE 12 INTANGIBLE ASSETS

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|------------------------------|------------|------------|
| Goodwill | | |
| At the beginning of the year | 2,962.75 | - |
| Add: On Acquisition | - | 2,962.75 |
| At the end of the year | 2,962.75 | 2,962.75 |

NOTE 13 CAPITAL WORK-IN-PROGRESS

| | 31-03-2014 | 31-03-2013 |
|--|------------------|------------------|
| At the beginning of the year | 38,910.99 | 7,977.74 |
| Add: On Acquisition | - | 28.23 |
| Add: Incurred during the year | 16,651.51 | 30,905.53 |
| Less: Exchange translation adjustments | - | (0.51) |
| Less: Capitalised during the year | 915.29 | - |
| At the end of the year | 54,647.21 | 38,910.99 |

Capital work-in-progress includes Pre Operative Expenses as below relating to project under implementation, pending allocation to Fixed Assets :

| | 31-03-2014 | 31-03-2013 |
|---|------------------|-----------------|
| Opening Balance | 6,250.34 | 1,889.38 |
| Add : Expenditure incurred during the period | | |
| Salaries | 113.58 | 118.76 |
| Rent | 8.37 | 10.38 |
| Rates & taxes | - | 0.31 |
| Insurance | 17.95 | 25.90 |
| Electricity Charges | 0.92 | 0.89 |
| Printing & Stationary | 0.21 | 0.07 |
| Telephone Expenses | 0.78 | 0.70 |
| Travelling & Conveyance | 4.80 | 15.19 |
| Repairs & Maintainance | 0.97 | 2.35 |
| Labour charges | 28.84 | 46.12 |
| Security Service Charges | 63.65 | 38.21 |
| Hiring Charges - Equipment | 62.03 | 30.01 |
| Legal, Professional & Consultancy Charges | 35.25 | 147.48 |
| General Expenses | 1.12 | 2.30 |
| Bank Charges | 1.66 | 135.75 |
| Interest on Term Loan from Banks | 5,255.63 | 3,781.54 |
| Depreciation | 5.05 | 4.99 |
| Closing Balance | 11,851.13 | 6,250.34 |

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

NOTE 14 INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|--|-----------------|-----------------|
| Intangible Assets under development represents expenses incurred for development of mines under the following heads: | | |
| Opening Balance | 3,318.14 | - |
| Add: On Acquisition | - | 3,255.00 |
| Add: Expenditure incurred during the period | | |
| Salaries & Wages | 167.78 | 28.00 |
| Rent | 18.60 | 0.66 |
| Rates & taxes | 152.91 | 1.03 |
| Insurance | 5.04 | 1.32 |
| Travelling & Conveyance | 25.36 | 5.54 |
| Field Operations | 88.78 | 18.76 |
| License and Permit Fees | 47.74 | 38.66 |
| Environment Analysis | 15.50 | 0.13 |
| Interest and Foreign Exchange Fluctuation loss | 594.53 | 4.00 |
| General Expenses | 72.29 | 3.11 |
| Depreciation | 61.21 | 19.78 |
| Total | 4,567.88 | 3,375.98 |
| Exchange translation adjustments | (170.00) | (57.84) |
| Closing Balance | 4,397.88 | 3,318.14 |

NOTE 15 NON-CURRENT INVESTMENTS

| | Number of shares for 31-03-2014 | Number of shares for 31-03-2013 | 31-03-2014 | 31-03-2013 |
|--|---------------------------------|---------------------------------|-----------------|-----------------|
| Long - Term Investments (valued at cost) | | | | |
| Trade Investments | | | | |
| Equity Shares - Unquoted (Fully Paid Up) | | | | |
| SKP Power Ventures Ltd.(F.V. ₹ 10 /-) | 10,000 | 10,000 | 1.00 | 1.00 |
| Exchangeable Bonds- Unquoted* | | | | |
| PT Pacific Samudra Perkasa (F.V. 10,00,000 USD) | 6 | 6 | 3,605.99 | 3,263.36 |
| Total of Non-Current Investments | | | 3,606.99 | 3,264.36 |

* Investments in PT Pacific Samudra Perkasa (Incorporated under the laws of Republic of Indonesia) represent investments in exchangeable bonds which can be exchanged for shares in the subsidiaries of that Company. These subsidiaries hold mining rights in coal mines in Indonesia.

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

NOTE 16 LONG-TERM LOANS & ADVANCES

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|--|------------------|------------------|
| (Unsecured, Considered good) | | |
| To Related Parties | | |
| - Capital Advances [Refer Note No. 34 (ii)] | 330.17 | - |
| - Security Deposits | 168.00 | 168.00 |
| To Parties other than Related Parties | | |
| - Capital Advances [Refer Note No. 34 (ii)] | 8,846.29 | 12,362.90 |
| - Security Deposits | 3,915.08 | 1,705.68 |
| | 13,259.54 | 14,236.58 |

NOTE 17 OTHER NON-CURRENT ASSETS

| | 31-03-2014 | 31-03-2013 |
|-----------------------------|-----------------|-----------------|
| Unamortised Expenses | | |
| Deferred Expenses | 1,816.60 | 1,456.71 |
| | 1,816.60 | 1,456.71 |

NOTE 18 INVENTORIES

| | 31-03-2014 | 31-03-2013 |
|--|------------------|------------------|
| (As taken, valued and certified by the management) | | |
| Raw Materials | 58,157.52 | 66,917.52 |
| Intermediates | 6,360.99 | 4,869.75 |
| Work-in-Process | 7,346.92 | 10,153.94 |
| Finished Goods* | 4,712.00 | 5,135.00 |
| Traded Goods | 319.43 | 104.67 |
| Stores & Spares | 1,815.32 | 1,982.46 |
| Packing Materials | 123.32 | 127.36 |
| | 78,835.50 | 89,290.70 |

* Includes in transit ₹ 1,414.58 Lacs (P.Y. ₹ 1,642.83 Lacs)

NOTE 19 TRADE RECEIVABLES

| | 31-03-2014 | 31-03-2013 |
|--|------------------|------------------|
| (Unsecured, Considered Good) | | |
| Debts outstanding for a period exceeding six months from the date they are due for payment | 8,140.10 | 693.47 |
| Other Debts | 40,411.10 | 39,437.05 |
| | 48,551.20 | 40,130.52 |

Trade Receivables include ₹ 1,660.00 Lacs (P.Y. ₹ 123.78 Lacs) due from Related Parties.

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

NOTE 20 CASH AND BANK BALANCES

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|--|-----------------|-----------------|
| i) Cash & Cash Equivalents | | |
| (A) Cash in Hand (as certified) | 30.31 | 185.69 |
| (B) Balances with Banks | | |
| - In Current Accounts | 1,196.06 | 197.37 |
| Cash & Cash Equivalents | 1,226.37 | 383.06 |
| ii) Other Bank Balances | | |
| (A) Term Deposits with Banks * | 2,681.29 | 5,096.22 |
| [Includes ₹ 1,282.47 Lacs (P.Y. ₹ 3,790.04 Lacs) having maturity greater than 12 months] | | |
| (B) Earmarked Balances with Banks | 10.04 | 10.79 |
| Other Bank Balances | 2,691.33 | 5,107.00 |
| TOTAL | 3,917.70 | 5,490.07 |

* Held as Margin against Bank Guarantee and Letter of Credit.

NOTE 21 SHORT-TERM LOANS & ADVANCES

| | 31-03-2014 | 31-03-2013 |
|---|------------------|------------------|
| (Unsecured, Considered Good) | | |
| Loan to Subsidiary | - | - |
| Advances recoverable in cash or in kind or for value to be received | | |
| - To Related Parties | 955.00 | 52.50 |
| - To Subsidiary | - | - |
| - To Others | 17,518.73 | 7,844.02 |
| Balance with Central Excise and Cenvat Receivable | 3,671.89 | 5,373.22 |
| Sales Tax / VAT Receivable/ Refundable | 5,123.86 | 5,498.23 |
| Income Tax Payments (Including TDS) | 297.08 | 103.99 |
| Income Tax Refundable | 22.68 | 22.86 |
| MAT Credit Entitlement [Refer Note below] | - | 1,896.53 |
| Prepaid Expenses | 87.90 | 252.41 |
| Derivative Contracts Receivable | - | 75.43 |
| Accrued Interest on Deposits | 71.46 | 501.05 |
| Other Deposits | 7.37 | 4.40 |
| | 27,755.97 | 21,624.64 |

MAT credit was recognised as an asset in earlier years by way of credit to the Statement of Profit & Loss and shown as MAT Credit Entitlement. In view of losses, the same has been reversed as a matter of prudence.

NOTE 22 OTHER CURRENT ASSETS

| | 31-03-2014 | 31-03-2013 |
|------------------------------------|-----------------|-----------------|
| (Unsecured, Considered Good) | | |
| Export Incentive Receivable | 3,320.17 | 4,330.08 |
| Subsidy/Power Incentive Receivable | 4,211.99 | 4,464.82 |
| Unamortised Deferred expenditure | 454.15 | - |
| | 7,986.31 | 8,794.90 |

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

NOTE 23 REVENUE FROM OPERATIONS

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|---|--------------------|--------------------|
| Sale of Products | | |
| - Sale of Manufactured Goods | 1,89,380.63 | 1,94,074.90 |
| - Sale of Raw Materials and Slag | 12,745.30 | 10,902.35 |
| - Sale of Traded Goods | 63,727.03 | 25,447.82 |
| | 2,65,852.96 | 2,30,425.07 |
| Other Operating Revenues | | |
| - Export Incentives [includes Nil (P.Y. ₹ 698.14 Lacs) for earlier years] | 4,266.98 | 6,666.50 |
| - Compensation | - | 496.22 |
| | 2,70,119.94 | 2,37,587.79 |
| Details of Sale of Products | | |
| Sale of Manufactured Goods | | |
| - Ferro Alloys | 1,21,052.46 | 1,30,938.98 |
| - Iron and Steel Products | 68,328.17 | 63,135.93 |
| Sale of Raw Materials and Slag | | |
| - Manganese Ore | 9,678.57 | 7,783.64 |
| - Coal & Coke | 2,272.37 | 1,794.02 |
| - Others | 794.36 | 1,324.69 |
| Sale of Traded Goods | | |
| - Ferro Alloys | 2,930.21 | 776.59 |
| - Manganese Ore | 2,355.77 | 423.43 |
| - Coal & Coke | 8,738.62 | 210.09 |
| - Iron and Steel Products | 49,702.44 | 24,037.71 |
| | 2,65,852.96 | 2,30,425.07 |

NOTE 24 OTHER INCOME

| | 31-03-2014 | 31-03-2013 |
|---|-----------------|-----------------|
| Interest Income | | |
| - On Credit Sales | 121.60 | 121.62 |
| - On Fixed Deposits | 419.17 | 445.47 |
| - Other Deposits | 191.15 | 260.61 |
| - On Loan given | - | 25.27 |
| Commission Income | 262.04 | 201.08 |
| Profit on redemption of Current Investments - Mutual Funds | - | 51.81 |
| Prior Period Income [Refer Note (a) Below] | - | 34.17 |
| Lease Rent Received | 3.60 | 3.60 |
| Insurance Claim Received | 26.38 | 37.44 |
| Miscellaneous Income | 13.32 | 0.13 |
| | 1,037.26 | 1,181.20 |
| a) Prior Period items for the year comprise of the following : | | |
| Purchases | - | 150.61 |
| Insurance | - | 2.00 |
| Power & Fuel | - | (118.44) |
| | - | 34.17 |

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

NOTE 25 COST OF MATERIALS CONSUMED

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|--|--------------------|--------------------|
| (including Cost of Raw Materials sold) | | |
| Opening Stock of Raw Materials & Intermediates | 71,787.27 | 49,890.51 |
| Purchases during the year (including freight) | 1,19,912.93 | 1,30,251.20 |
| | 1,91,700.20 | 1,80,141.71 |
| Less : Closing Stock of Raw Materials | 58,157.52 | 66,917.52 |
| | 1,33,542.68 | 1,13,224.19 |
| Less : Closing Stock of Intermediates | 6,360.99 | 4,869.75 |
| Cost of Materials consumed | 1,27,181.69 | 1,08,354.44 |
| Details of Materials Consumed | | |
| Chrome Ore | 37,923.96 | 26,839.94 |
| Manganese Ore | 30,978.30 | 32,491.68 |
| Coal & Coke | 19,726.44 | 16,091.03 |
| Sponge Iron, Scrap & Billets | 20,688.09 | 20,990.40 |
| Others | 17,864.90 | 11,941.39 |
| | 1,27,181.69 | 1,08,354.44 |

| | 31-03-2014 | | 31-03-2013 | |
|--|---------------|--------------------|---------------|--------------------|
| | % | (₹ in Lacs) | % | (₹ in Lacs) |
| Break up into Imported & Indigenous | | | | |
| Imported | 47.65 | 60,607.82 | 49.45 | 53,580.80 |
| Indigenous | 52.35 | 66,573.87 | 50.55 | 54,773.64 |
| | 100.00 | 1,27,181.69 | 100.00 | 1,08,354.44 |

NOTE 26 PURCHASES OF STOCK-IN-TRADE

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|-------------------------|------------------|------------------|
| Ferro Alloys | 2,100.49 | 680.26 |
| Manganese Ore | 2,210.00 | 349.10 |
| Coal & Coke | 8,621.92 | 275.16 |
| Iron and Steel Products | 47,166.22 | 20,864.07 |
| | 60,098.62 | 22,168.59 |

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

NOTE 27 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS & STOCK-IN-TRADE

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|-------------------------|------------------|-------------------|
| Opening Stock | | |
| Finished Goods | | |
| - Ferro Alloys | 3,636.79 | 3,432.17 |
| - Iron & Steel Products | 1,498.22 | 1,488.03 |
| Work-In-Progress | | |
| - Ferro Alloys | 8,011.63 | 7,231.92 |
| - Iron & Steel Products | 2,142.31 | 1,098.07 |
| Traded Goods | | |
| - Ferro Alloys | 104.67 | 2.89 |
| | 15,393.62 | 13,253.08 |
| Closing Stock | | |
| Finished Goods | | |
| - Ferro Alloys | 3,274.35 | 3,636.79 |
| - Iron & Steel Products | 1,437.66 | 1,498.22 |
| Work-In-Progress | | |
| - Ferro Alloys | 5,532.89 | 8,011.63 |
| -Iron & Steel Products | 1,814.03 | 2,142.31 |
| Traded Goods | | |
| - Ferro Alloys | 4.71 | 104.67 |
| - Iron & Steel Products | 314.72 | - |
| | 12,378.36 | 15,393.62 |
| | 3,015.26 | (2,140.56) |

NOTE 28 EMPLOYEE BENEFITS EXPENSE

| | 31-03-2014 | 31-03-2013 |
|---|-----------------|-----------------|
| Salaries, Wages, Bonus & Allowances | 2,307.24 | 2,099.77 |
| Contribution to Provident & Other Funds | 106.04 | 86.96 |
| Gratuity [Refer Note No. 38] | 9.74 | 21.06 |
| Directors' Remuneration | 89.07 | 99.36 |
| Welfare Expenses | 69.50 | 79.70 |
| | 2,581.59 | 2,386.85 |

NOTE 29 FINANCE COSTS

| | 31-03-2014 | 31-03-2013 |
|--|------------------|------------------|
| Interest Expense | | |
| - To Banks (Refer Note (a) below) | 14,719.20 | 11,960.82 |
| - To Others | 733.08 | 707.48 |
| Other Borrowing Costs | 1,207.20 | 1,457.57 |
| Vehicles and Equipment Finance Charges | 21.66 | 36.51 |
| Applicable Net Gain/Loss on Foreign Currency Transactions and Translations | 237.60 | 501.84 |
| | 16,918.74 | 14,664.22 |

a) Interest to Banks is net of Nil (P.Y. ₹ 600 lacs) receivable as Interest Subsidy recognised on receipt of Eligibility Certificate under the West Bengal Incentive Scheme, 2000.

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

NOTE 30 OTHER EXPENSES

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|--|------------------|------------------|
| Labour Charges | 3,041.67 | 2,505.87 |
| Power & Fuel | 46,254.77 | 48,180.75 |
| Water Supply Charges | 86.71 | 86.15 |
| Stores, Spares and Consumables [Refer Note (a) below] | 7,428.43 | 7,414.39 |
| Packing Materials | 497.31 | 509.27 |
| Material Handling Expenses | 1,487.81 | 1,535.96 |
| Excise Duty on Variation in Stock [Refer Note (b) below] | (59.20) | (33.06) |
| Repairs | | |
| - To Factory Shed & Building | 111.28 | 56.07 |
| - To Plant & Machinery | 562.29 | 450.23 |
| Rent | 122.03 | 104.19 |
| Rates & Taxes | 35.37 | 17.42 |
| Electricity Expenses | 25.66 | 28.83 |
| Insurance | 190.54 | 177.03 |
| Printing and Stationery | 33.65 | 49.06 |
| Postage and Courier | 12.59 | 12.27 |
| Telephone Charges | 74.18 | 59.47 |
| Travelling & Conveyance | 127.94 | 152.58 |
| Car Running and Maintenance | 131.95 | 130.87 |
| Other Repairs and Maintenance | 126.31 | 110.34 |
| Security Service Charges | 347.33 | 331.80 |
| Membership and Subscription | 43.59 | 41.91 |
| Internal Audit Fees | 1.20 | 8.50 |
| Legal and Professional Charges | 470.65 | 391.01 |
| Auditors' Remuneration [Refer Note (c) below] | 19.19 | 16.74 |
| Directors' Sitting Fees | 2.28 | 1.75 |
| Miscellaneous Expenses | 85.25 | 149.33 |
| Short Realisation / Loss on sale of DEPB | 346.92 | 96.63 |
| Processing Fees to WBIDC Ltd. | - | 3.92 |
| Testing & Inspection Charges | 210.65 | 172.79 |
| Donations | 9.57 | 8.14 |
| Advertisement & Sales Promotion | 60.35 | 73.55 |
| Freight & Forwarding on Export | 4,152.98 | 4,453.20 |
| Transportation & Delivery Charges | 3,213.33 | 3,152.79 |
| Commission on Sales | 347.40 | 233.20 |
| Excise Duty / Sales Tax for earlier years | 112.01 | 10.93 |
| Corporate Social Responsibility | 4.37 | 12.38 |
| Loss on Sale of Fixed Assets | 24.90 | 2.99 |
| Short Recovery & Damages | 278.01 | 222.51 |
| Sundry Balances Written Off | 19.03 | 4.74 |
| Forfeiture of Earnest Money Deposit | 291.16 | - |
| Foreign Exchange Fluctuation Loss | 3,594.83 | 1,954.30 |
| Irrecoverable Claims / Receivables written off | 98.52 | 50.60 |
| | 74,024.81 | 72,941.41 |

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

a) Stores, Spares & Consumables

| | 31-03-2014 | | 31-03-2013 | |
|--|---------------|-----------------|---------------|-----------------|
| | % | (₹ in Lacs) | % | (₹ in Lacs) |
| Break up into Imported & Indigenous | | | | |
| Imported | 4.98 | 369.73 | 4.48 | 332.18 |
| Indigenous | 95.02 | 7,058.70 | 95.52 | 7,082.21 |
| | 100.00 | 7,428.43 | 100.00 | 7,414.39 |

b) Amount of excise duty on variation in stock represents differential excise duty on opening and closing stock of finished goods.

c) Auditors' Remuneration

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|---|--------------|--------------|
| i) As Auditor [includes tax audit fees of ₹ 2.00 Lacs (P.Y. ₹ 2.00 Lacs)] | 12.44 | 11.91 |
| ii) For Taxation matters | 1.50 | 0.80 |
| iii) For Other services | 5.25 | 4.03 |
| | 19.19 | 16.74 |

NOTE 31 CORPORATE DEBT RESTRUCTURING OF LOANS (OTHER THAN FOREIGN CURRENCY LOAN)

During the year, at the request of the Company, Rohit Ferro-Tech Limited, the Corporate Debt Restructuring Proposal (CDR Proposal) was referred to CDR Empowered Group (CDR EG) by the consortium of lenders led by State Bank of India (SBI). The CDR Proposal as recommended by SBI was approved by CDR EG on March 24, 2014 and communicated vide Letter of Approval dated 28th March, 2014, as amended / modified from time to time. Under CDR package, the Company's debts were restructured / rescheduled and additional credit facilities have been sanctioned as set out in the said Letter of Approval. The cut off date for CDR package was September 30, 2013 and the implementation is under progress. Pending implementation, the financial effect thereof has been taken into accounts.

The CDR Package includes reliefs / measures such as reduction in interest rates, funding of interest, rearrangement of securities etc. The key features of the CDR Proposal are as follows:

- Repayment of Rupee Term Loans (RTL) (except term loan for Captive Power Plant of the Company) after moratorium of 2 years from the cut-off date in 32 structured quarterly installments commencing from December 31, 2015 to September 30, 2023.
- Repayment of Rupee Term Loans for Captive Power Plant of the Company after moratorium of 2 years from the cut-off date in 38 structured quarterly installments commencing from December 31, 2015 to March 31, 2025.
- Conversion of various irregular/outstanding/devolved financial facilities into Working Capital Term Loan ('WCTL'). Repayment of WCTL after moratorium period of 2 years from cut-off date in 32 structured quarterly installments commencing from December 31, 2015 to September 30, 2023.
- Restructuring of existing fund based and non fund based financial facilities.
- Interest on RTL and WCTL during the moratorium period of 2 years from cut-off date and interest on Cash Credit limit for a period of 9 months from the cut-off date shall be converted to FITL. Repayment of FITL would be done in 18 equal quarterly installments commencing from December 31, 2015 to March 31, 2020.
- The rate of interest on RTL, WCTL, FITL and Fund Based Working Capital Facilities shall be 11% (linked to the base rate of SBI) with the right to reset the rate of the Term loan(s) and FITL every year with the approval of CDR-EG.
- Waiver of penal interest for irregularities in the Cash Credit accounts for the period from cut-off date to the date of implementation of the package.

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

- (viii) Contribution of ₹ 5,664 lacs in the Company by the promoters in lieu of bank sacrifices and ₹ 8,577 lacs to meet the additional cost over run towards the Captive Power Plant project of the Company. The contribution is to be brought initially in the form of unsecured loan by September 30, 2014 and the same is to be converted into equity by March 31, 2015.
- (ix) The CDR Package as well as the provisions of the Master Circular on Corporate Debt Restructuring issued by the Reserve Bank of India, gives a right to the CDR Lenders to get a recompense of their waivers and sacrifices made as part of the CDR Proposal. The recompense payable by the Company is contingent on various factors, the outcome of which currently is materially uncertain and hence the proportionate amount payable as recompense has been treated as a contingent liability. The aggregate present value of the outstanding sacrifice made/ to be made by CDR Lenders as per the CDR package is approximately ₹ 69,987 lacs.

NOTE 32 EARNINGS PER EQUITY SHARE

| | 31-03-2014 | 31-03-2013 |
|---|----------------|--------------|
| Weighted average number of Equity Shares outstanding during the year | 11,37,76,123 | 9,15,65,164 |
| Number of Shares considered as weighted average shares and potential shares outstanding for calculation of Diluted Earnings Per Share | 11,37,76,123 | 9,15,65,164 |
| Profit after Tax attributable to Equity Shareholders (₹ Lacs) | (22,820.85) | 2,940.51 |
| Nominal Value of Ordinary Shares (₹) | 10 | 10 |
| Earnings Per Share (Basic) (₹) | (20.06) | 3.21 |
| Earnings Per Share (Diluted) (₹) | (20.06) | 3.121 |

NOTE 33

The Consolidated Financial Statement includes the financial statements of the Parent Company, its wholly-owned subsidiary, SKP Overseas Pte Ltd., incorporated in Singapore and its step down subsidiary, PT Bara Prima Mandiri, incorporated in Indonesia. Subsidiaries are consolidated from the date on which effective control is acquired and are excluded from the date of transfer/disposal.

Further the details of the subsidiary in terms of General circular no. 2/2011 dtd: 8th February, 2011 issued by Government of India, Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956, are disclosed in Annexure I to these financial statements.

NOTE 34 CONTINGENT LIABILITIES AND COMMITMENTS

- (i) Contingent Liabilities not provided for in the books of accounts in respect of :
- Bills discounted, outstanding as on 31st March, 2014 - ₹ 2,389.29 Lacs (P.Y. - ₹ 5,446.15 Lacs)
 - Right of Recompense to CDR Lenders for the relief and sacrifice extended, subject to provisions of CDR Guidelines, amounting to ₹ 69,987 lacs (Refer Note No. 31)
 - Claims against the Company not acknowledged as debt : (₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|---|------------|------------|
| Disputed Excise Duty / Service Tax under appeal | 720.86 | 546.07 |
| Disputed Sales Tax/ VAT under appeal | 2,393.98 | 836.77 |
| Disputed VAT Refund claim under appeal | 1,305.99 | - |
| Disputed Entry Tax under appeal | 16.03 | 16.03 |
| Excise Duty demand for which show cause notice issued | 59.61 | 20.78 |
| Disputed Provident Fund demand under appeal | 0.84 | - |
| Disputed ESI demand under appeal | 0.26 | - |
| Excise Demand, pending show cause | 20.00 | 20.00 |
| Irregular Claim of Export Incentives, pending show cause from DRI | - | 150.00 |

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

- (ii) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advances) - ₹ 8,008.36 Lacs (P.Y. ₹ 9,551.28 Lacs).
- (iii) Estimated amount of export obligations to be fulfilled in respect of goods imported under Export Promotion Capital Goods Scheme (EPCG) - ₹ Nil (P.Y. ₹ 1,849.09 Lacs).

NOTE 35

In the opinion of the Board of Directors, the Current Assets, Loans & Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the accounts. Adequate provisions have been made for all known losses and liabilities.

NOTE 36

Certain balances of Trade Payable, Trade Receivables and Advances are subject to confirmation. Advance from Parties includes ₹ 185.68 lacs (P.Y. ₹ 1,450.49 lacs) being certain receipts lying under suspense account in absence of information as to the credits in the bank account.

NOTE 37 RESEARCH AND DEVELOPMENT EXPENSES

Research and Development expenses aggregating to ₹ 15.05 Lacs (P.Y. ₹ 30.19 Lacs) in the nature of revenue expenditure have been included under the appropriate account heads.

NOTE 38 EMPLOYEE BENEFITS

Disclosure pursuant to Accounting Standard - 15 (Revised) "Employee Benefits" :

- (a) Contribution to Defined Contribution Plan, recognised as expense for the year is as under :

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|--|------------|------------|
| Employer's Contribution to Provident and Other Funds | 106.04 | 86.96 |

- (b) The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as on 31st March, 2014 which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

| | 31-03-2014 | 31-03-2013 |
|--|------------|------------|
| (i) Reconciliation of Opening and Closing Balances of the present value of Defined Benefit Obligation : | | |
| Defined Benefit obligation at beginning of the year | 79.99 | 58.00 |
| Interest Cost | 6.40 | 4.64 |
| Current Service Cost | 20.49 | 17.54 |
| Actuarial (Gain)/Loss | 19.97 | (0.20) |
| Benefits paid | (0.99) | - |
| Defined Benefit obligation at the year end | 125.86 | 79.99 |
| (ii) Reconciliation of Opening and Closing Balances of fair value of plan assets : | | |
| Fair value of plan assets at beginning of the year | 107.70 | 79.38 |
| Expected return on plan assets | 9.41 | 7.27 |
| Actuarial Gain/(Loss) | - | - |
| Employers' contribution | 2.53 | 21.06 |
| Benefits paid | (0.99) | - |
| Fair value of plan assets at the year end | 118.66 | 107.70 |
| Actual return on plan assets | 9.41 | 7.27 |

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|---|----------------------|------------|
| (iii) Reconciliation of fair value of assets and obligation : | | |
| Fair value of plan assets | 118.66 | 107.70 |
| Present value of obligation | 125.86 | 79.99 |
| Amount recognised as liability/ (asset) in Balance Sheet* | 7.20 | - |
| (*Excess of assets not recognised as the same is lying in an irrevocable trust fund) | | |
| (iv) Expenses recognised during the year in the Statement of Profit & Loss : | | |
| (shown in Note No. - 25 under the head 'Gratuity') | | |
| Current Service Cost | 20.49 | 17.54 |
| Interest Cost | 6.40 | 4.64 |
| Expected return on plan assets | (9.41) | (7.27) |
| Actuarial (Gain)/Loss | 19.97 | (0.20) |
| Net asset (surplus) not recognised /adjusted | (27.71) | 6.34 |
| Recognised in the Statement of Profit and Loss | 9.74 | 21.06 |
| (v) Break-up of Plan Assets as a percentage of total plan assets : | | |
| Insurer Managed Funds | 100% | 100% |
| (vi) Actuarial Assumptions : | | |
| Mortality Table | LIC 1994-96 Ultimate | |
| Discount rate (per annum) | 8% | 8% |
| Rate of escalation in salary (per annum) | 4% | 4% |

(vii) Other Disclosures

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 | 31-03-2012 | 31-03-2011 | 31-03-2010 |
|---|------------|------------|------------|------------|------------|
| Defined Benefit Obligation | 125.86 | 79.99 | 58.00 | 27.80 | 23.46 |
| Plan Assets | 118.66 | 107.70 | 79.38 | 40.73 | 30.34 |
| Surplus/(Deficit) | (7.20) | 27.72 | 21.37 | 12.93 | 6.88 |
| Experience Adjustment on Plan Liabilities | 19.97 | (0.20) | 17.82 | (4.39) | (1.98) |

(viii) (a) The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

(b) The discounting rate is considered based on market yield on government bonds having currency and terms consistent with the currency in terms of the post employment benefit obligations.

(c) Expected rate of return assumed by the insurance company is generally based on their investment pattern as stipulated by the Government of India.

(ix) The above information is certified by the actuary.

(x) The Company expects to contribute ₹ 46.98 Lacs to the Gratuity Fund managed by the Life Insurance Corporation of India during the Financial Year 2014 - 2015.

NOTE 39 SEGMENT REPORTING

i) **Business Segments :** Based on the synergies and in terms of Accounting Standard - 17, the Company is mainly engaged in the business segment of manufacture & sale of Ferro Alloys and Iron & Steel Products. The risks and returns of Captive Power Plant is directly associated with the manufacturing operations of Ferro Alloys and hence treated as a part of Ferro Alloys segment.

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|------------------------------|--------------------|--------------------|
| Segment Revenue (Net) | | |
| - Ferro Alloys | 1,62,588.23 | 1,60,355.11 |
| - Iron and Steel | 1,11,146.35 | 80,805.20 |
| - Inter Segment Revenue | (14,437.12) | (14,044.36) |
| Total | 2,59,297.46 | 2,27,115.95 |

| | 31-03-2014 | 31-03-2013 |
|---|--------------------|------------------|
| Segment Results (Profit before Finance Cost & Tax) | | |
| - Ferro Alloys | (11,178.18) | 14,165.79 |
| - Iron and Steel | 1,586.53 | 7,411.62 |
| - Unallocated | 16.92 | 55.54 |
| Total | (9,574.73) | 21,632.95 |
| Less : Finance Cost | 16,918.74 | 14,664.22 |
| Less : Exceptional Items | - | 2,660.91 |
| Profit before tax | (26,493.46) | 4,307.82 |
| Less : Income Tax | 3,644.61 | 1,391.20 |
| Profit after tax | (22,848.85) | 2,916.62 |
| Share of profit/(loss) transferred to Minority Interest | (28.01) | (23.90) |
| Profit after tax | (22,820.85) | 2,940.52 |

Other Information

| | Assets | Liabilities | Capital Expenditure | Depreciation | Non-cash Exps (other than Depreciation) |
|---------------------------|--------------------|------------------|---------------------|-----------------|---|
| Ferro Alloys | 2,34,046.68 | 34,977.15 | 14,075.02 | 2,502.94 | - |
| | 2,24,495.05 | 45,614.92 | 35,440.37 | 2,450.38 | - |
| Iron and Steel | 62,096.49 | 12,014.50 | 0.34 | 504.54 | - |
| | 54,966.87 | 15,199.84 | 59.21 | 503.10 | - |
| Unallocated | 6,197.50 | 871.17 | - | - | - |
| | 6,744.45 | 6,398.14 | - | - | - |
| Total (31-03-2014) | 3,02,340.67 | 47,862.82 | 14,075.36 | 3,007.48 | - |
| Total (31-03-2013) | 2,86,206.37 | 67,212.90 | 35,499.58 | 2,953.47 | - |

figures in italics represent data for Previous Year.

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

- (ii) **Geographical Segments** : The Company's secondary geographical segments have been identified based on the location of customers and are disclosed based on revenues within India and revenues outside India. Secondary segment assets are based on the location of such asset. (₹ in Lacs)

| Segment | Period | | Segment Revenue (Gross) | Segment Assets | Capital Expenditure |
|---------------|-------------------|-------------------|-------------------------|--------------------|---------------------|
| Within India | Year ended | 31-03-2014 | 1,67,698.82 | 2,79,480.26 | 13,109.15 |
| | Year ended | 31-03-2013 | 1,37,318.67 | 2,66,049.47 | 31,117.51 |
| Outside India | Year ended | 31-03-2014 | 1,02,421.12 | 22,860.41 | 966.21 |
| | Year ended | 31-03-2013 | 1,00,269.12 | 20,156.91 | 4,382.07 |
| Total | Year ended | 31-03-2014 | 2,70,119.94 | 3,02,340.67 | 14,075.36 |
| | Year ended | 31-03-2013 | 2,37,587.79 | 2,86,206.37 | 35,499.58 |

NOTE 40 RELATED PARTY DISCLOSURE

- i) **Name of the related parties where control exists irrespective of whether transactions have occurred or not**

- (a) **Enterprise on which the Company has control**

None

- (b) **Entities / Individuals owning directly or indirectly an interest in the voting power that gives them control**

None

- ii) **Names of the other related parties with whom transactions have taken place during the year**

- (a) **Key Managerial Personnel**

Mr. Suresh Kumar Patni
Mr. Rohit Patni
Mr. Pramod Kumar Jain

- (b) **Relatives of Key Managerial Person**

Mr. Ankit Patni
Mrs. Sarita Patni

- (c) **Enterprises owned or significantly influenced by KMP or their relatives**

Impex Metal & Ferro Alloys Ltd.
Impex Ferro Tech Ltd
Ankit Metal & Power Ltd.
Nucore Exports Pvt. Ltd.
Arthodock Vinimay Pvt. Ltd.
Whitestone Suppliers Pvt. Ltd.
Vasupujya Enterprises Pvt. Ltd.
Marble Arch Properties Pvt. Ltd.
SKP Power Ventures Ltd.
VNG Mercantiles Pvt. Ltd.
Invesco Finance Pvt. Ltd.
Poddar Mech Tech Services Pvt. Ltd.
Suanvi Trading & Investment Co. Pvt. Ltd
Shreyansh Leafin Pvt. Ltd.
Relybulls Stock Broking Pvt. Ltd.
Sarita Steel & Power Ltd.
Impex Metal (Singapore) Pte Ltd.
Shubham Complex Pvt. Ltd.

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

NOTE 40 RELATED PARTY DISCLOSURE (Contd.)

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|---|------------|------------|
| iii) Nature of Transactions | | |
| Advances Received | | |
| Impex Ferro Tech Ltd. | 156.26 | 135.97 |
| Impex Metal & Ferro Alloys Ltd. | - | 135.97 |
| Ankit Metal & Power Ltd. | 1,229.46 | 135.97 |
| Impex Metal (Singapore) Pte Ltd. | - | 13.60 |
| Advances Repaid | | |
| Impex Ferro Tech Ltd. | 135.97 | - |
| Ankit Metal & Power Ltd. | 932.30 | - |
| Impex Metal & Ferro Alloys Ltd. | 135.97 | - |
| Advance Given | | |
| Sarita Steel & Power Ltd. | - | 50.00 |
| Relybulls Stock Broking Pvt. Ltd. | - | 2.50 |
| Advance Refunded | | |
| Relybulls Stock Broking Pvt. Ltd. | 2.50 | - |
| Suanvi Trading & Investment Co. Pvt. Ltd | - | 73.53 |
| Loans Taken* | | |
| Shreyansh Leafin Pvt. Ltd. | 1,789.50 | - |
| Invesco Finance Pvt.Ltd. | - | 0.19 |
| Suanvi Trading & Investment Co.Pvt. Ltd | 150.00 | - |
| Vasupujya Enterprises Pvt. Ltd. | 1,598.00 | - |
| Whitestone Suppliers Pvt. Ltd. | 1,407.00 | - |
| (*Excludes subsequent transfer to share application money) | | |
| Loans Repaid | | |
| Shreyansh Leafin Pvt. Ltd. | 291.00 | - |
| Invesco Finance Pvt. Ltd. | - | 100.19 |
| Share Application money received & Share allotted* | | |
| Ankit Patni | - | 210.00 |
| Rohit Patni | - | 210.00 |
| Sarita Patni | - | 270.00 |
| Suresh Kumar Patni | - | 390.00 |
| Arthodock Vinimay Pvt. Ltd. | - | 2,400.00 |
| Invesco Finance Pvt. Ltd. | - | 1,800.00 |
| Nucore Exports Pvt. Ltd. | - | 660.00 |
| Poddar Mech Tech Services Pvt. Ltd. | - | 1,500.00 |
| Vasupujya Enterprises Pvt. Ltd. | - | 1,800.00 |
| VNG Mercantiles Pvt. Ltd. | - | 306.00 |
| Shreyansh Leafin Pvt. Ltd. | - | 1,800.00 |
| Suanvi Trading & Investment Co. Pvt. Ltd. | - | 1,800.00 |
| Whitestone Suppliers Pvt. Ltd. | - | 1,800.00 |
| (*Includes conversion of loans) | | |

NOTE 40 RELATED PARTY DISCLOSURE (Contd.)

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|--|------------|------------|
| Purchases | | |
| Ankit Metal & Power Ltd. | 6,300.40 | 2,094.06 |
| Impex Ferro Tech Ltd. | 6,696.58 | 3,769.24 |
| Impex Metal & Ferro Alloys Ltd. | 11,180.63 | 6,979.87 |
| Purchases of Capital Goods | | |
| Ankit Metal & Power Ltd. | 121.33 | 575.48 |
| Sales of Goods | | |
| Ankit Metal & Power Ltd. | 3,648.94 | 1,487.49 |
| Impex Ferro Tech Ltd. | 7,577.85 | 6,015.11 |
| Impex Metal & Ferro Alloys Ltd. | 3,461.79 | 3,096.75 |
| DEPB/Focus Licence Purchased | | |
| Ankit Metal & Power Ltd. | 32.06 | 5.23 |
| Impex Ferro Tech Ltd. | - | 39.58 |
| Impex Metal & Ferro Alloys Ltd. | 169.24 | 111.18 |
| DEPB/Focus Licence Sold | | |
| Impex Ferro Tech Ltd. | 12.54 | - |
| Impex Metal & Ferro Alloys Ltd. | 23.25 | 14.25 |
| Lease Rent Received | | |
| Impex Metal & Ferro Alloys Ltd. | 3.60 | 3.60 |
| Rent Paid | | |
| Marble Arch Properties Pvt. Ltd. | 6.74 | 6.00 |
| Managerial Remuneration | | |
| Rohit Patni | 24.00 | 50.00 |
| Ankit Patni | - | 10.00 |
| Dinesh Biyanee | 22.58 | - |
| Pramod Kumar Jain | 42.49 | 29.86 |
| Binit Jain | - | 9.50 |
| Sitting Fees | | |
| Suresh Kumar Patni | 0.43 | 0.33 |
| iv) Outstanding Balances | | |
| Trade Payables/ Payables for Accrued Expenses | | |
| Impex Ferro Tech Ltd. | - | 15.09 |
| Impex Metal & Ferro Alloys Ltd. | 202.94 | 8.17 |
| Marble Arch Properties Pvt. Ltd. | 4.55 | 1.46 |
| Pramod Kumar Jain | 30.05 | - |
| Trade Receivables | | |
| Ankit Metal & Power Limited | 644.57 | 13.62 |
| Impex Ferro Tech Ltd. | 1,015.43 | 39.34 |
| Loan Taken | | |
| Suanvi Trading & Investment Co. Pvt. Ltd. | 150.00 | - |
| Shreyansh Leafin Pvt. Ltd. | 1,498.50 | - |
| Vasupujya Enterprises Pvt. Ltd. | 1,598.00 | - |
| Whitestone Suppliers Pvt. Ltd. | 1,407.00 | - |

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

NOTE 40 RELATED PARTY DISCLOSURE (Contd.)

(₹ in Lacs)

| | 31-03-2014 | 31-03-2013 |
|------------------------------------|------------|------------|
| Advances Received | | |
| Impex Metal & Ferro Alloys Ltd | - | 135.97 |
| Impex Ferro Tech Ltd. | 156.26 | 135.97 |
| Ankit Metal & Power Ltd. | 433.14 | 135.97 |
| Impex Metal (Singapore) Pte Ltd. | 13.60 | 13.60 |
| Advances / Deposits Given | | |
| Ankit Metal & Power Ltd. | 676.89 | - |
| Impex Metal & Ferro Alloys Ltd. | 558.28 | - |
| Sarita Steel & Power Ltd. | 50.00 | 50.00 |
| Relybulls Stock Broking Pvt. Ltd. | - | 2.50 |
| Investment in Equity Shares | | |
| SKP Power Ventures Ltd. | 1.00 | 1.00 |
| Security Deposit | | |
| Marble Arch Properties | 168.00 | 168.00 |

Term Loans, Working Capital Term Loan, Funded Interest Term Loans and Working Capital Facilities from banks are secured by way of Corporate Guarantee of the Related Parties - Vasupujya Enterprises Pvt. Ltd., Shubham Complex Pvt. Ltd., Poddar Mech Tech Services Pvt. Ltd., Invesco Finance Pvt. Ltd. and Suanvi Trading and Investment Co. Pvt. Ltd. and Personal Guarantee of the Promoters - Mr. S.K.Patni, Mr. Rohit Patni and Mr. Ankit Patni.

NOTE 41 AMOUNTS RECEIVABLE/PAYABLE IN FOREIGN CURRENCY

Forward contracts/hedging instruments outstanding in respect of Rohit Ferro-Tech Limited as at the Balance Sheet date are as follows:

| Nature (Nos.) of Contract | Foreign Currency | Buy/ Sell | Amount in Foreign Currency (in Lacs) | Purpose |
|---------------------------------|------------------|-----------|--------------------------------------|-----------------|
| Forward Contracts (Nil, P.Y. 1) | EURO | Sell | - (P.Y.- 13.24) | Hedging Purpose |
| Forward Contracts (4, P.Y. 12) | USD | Sell | 53.53 (P.Y.- 158.78) | Hedging Purpose |

All derivative contracts outstanding as at the year end are marked to market. The Company has applied the hedge accounting principles set out in the Accounting Standard (AS) 30 Financial Instruments: Recognition and Measurement. Accordingly, loss aggregating to ₹ 35.52 lacs (previous year ₹ 110.48 lacs), being the effective portion of the contracts designated as effective hedges for future cash flows has been recognised in the Hedging Reserve Account to be ultimately recognised in the Statement of Profit and Loss, depending on the exchange rate fluctuation till and when the underlying forecasted transactions occur. Gain/loss on contracts not designated as effective hedges and ineffective portion of the contracts designated as effective hedges are included in foreign exchange fluctuation account.

Particulars of unhedged foreign currency exposure in respect of Rohit Ferro Tech Limited as at the year end are as follows:

| | Currency | 31-03-2014 | 31-03-2013 |
|--|----------|------------|------------|
| a) Amount payable in foreign currency (in Lacs) | EURO | 0.20 | 0.92 |
| b) Amount payable in foreign currency (in Lacs) | USD | 162.99 | 2,258.82 |
| c) Amount receivable in foreign currency (in Lacs) | EURO | 2.26 | - |
| d) Amount receivable in foreign currency (in Lacs) | USD | 44.13 | - |

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

NOTE 42

Exceptional Item in earlier year represents provision for additional power charges on retrospective revision of power tariff, net of waiver of Electricity Duty and Power Incentive recognised, on receipt of Eligibility Certificate, under the West Bengal Incentive Scheme 2000 and other approvals. The Current tax figure of previous year is net of ₹ 863.33 Lacs, being the tax effect on the Exceptional item.

NOTE 43

Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever considered necessary to conform to this year's classification. Accordingly, amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to amounts and other disclosures relating to the current year.

As per our report of even date attached

For **S. Jaykishan**

Chartered Accountants

FRN : 309005E

CA B. K. Newatia

Partner

Membership No : 050251

Kolkata, 30th May, 2014

For and on behalf of the Board

S. K. Patni

Chairman

Rohit Patni

Managing Director

Pradip Kumar Agarwal

Company Secretary

Notes to and forming part of Consolidated Financial Statements as at 31st March, 2014

Annexure - I

The details of Subsidiary in terms of General Circular No. 2/2011 Dated 8th February, 2011 issued by Government of India, Ministry of Corporate Affairs under Section 212 (8) of the Companies Act, 1956, is as under :

Table - A

(in Lacs)

| Particulars | SKP Overseas Pte Ltd. | PT Bara Prima Mandiri |
|------------------------------|--------------------------|--------------------------|
| 1. Reporting Currency | USD | IDR |
| 2. Share Capital | 9,749.27 | 800.60 |
| 3. Reserves and Surplus | (764.65) | (504.95) |
| 4. Total Assets | 17,788.65 | 5,690.29 |
| 5. Total Liabilities | 8,804.03 | 5,394.64 |
| 6. Details of Investments | | |
| Bonds | 3,605.99 | - |
| Subsidiary | 3,545.89 | - |
| 7. Turnover and Other Income | 11,439.32 | 0.17 |
| 8. Profit before Taxation | 22.49 | (70.02) |
| 9. Provision for Taxation | - | - |
| 10. Profit after Taxation | 22.49 | (70.02) |
| 11. Proposed Dividend | - | - |

Note :

Table - A

- Items Nos. 2 - 6 are translated at exchange rate as on 31st March, 2014, 1 USD = ₹ 60.0998 and 1 INR = 187.36 IDR.
- Items Nos. 7 - 11 are translated at annual average rate of 1 USD = ₹ 60.94 and at an average rate of 1 INR = 181.32 IDR.

Notes

[illegible]

Notes

[illegible]

Corporate Information

Board of Directors

Mr. Suresh Kumar Patni

Mr. Rohit Patni

Mr. Dinesh Biyanee

(Re-appointed w.e.f.1st April, 2014)

Mr. Jatindra Nath Rudra

Mr. Jayanta Kumar Chatterjee

Mr. Asoke Kumar Basu

Mr. Jay Shanker Shukla

Non-Executive Chairman

Managing Director

Executive Director

Independent/Non-Executive Director

Independent/Non-Executive Director

Independent/Non-Executive Director

Independent/Non-Executive Director

Company Secretary

Mr. Pradip Kumar Agarwal

Auditors

M/s. S. Jaykishan

Chartered Accountants

12, Ho-Chi Minh Sarani

Kolkata - 700 071

Bankers

State Bank of India

State Bank of Travancore

State Bank of Hyderabad

United Bank of India

UCO Bank

Allahabad Bank

Canara Bank

Bank of Baroda

Punjab National Bank

Central Bank of India

Export Import Bank of India

Andhra Bank

Registered office

35, Chittaranjan Avenue

Kolkata - 700 012

Phone : +91 33 4064 0021/0022

CIN : L27104WB2000PLC091629

Corporate office

SKP House, 132A, S. P. Mukherjee Road

Kolkata - 700 026

Phone : +91 33 4016 8000/8100

Fax : +91 33 4016 8189/8107

Email : grievance@rohitferrotech.com

Website : www.rohitferrotech.com

Plant Information

Bishnupur

WBIIDC Road, P.S. : Bishnupur

P.O. : Dwarika - 722 122

Dist : Bankura, West Bengal

Jajpur

Kalinganagar Industrial Complex

P.O. : Duburi - 755 026

Dist : Jajpur, Odisha

Haldia

Jaynagar, PS : Durgachak

P.O. : Buniaraichak

Dist : Purba Medinipur, West Bengal

DISCLAIMER

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Kolkata - 700 026