

MARK STEELS LIMITED

AUDITED ANNUAL REPORT

FOR FY 2013-14

MARK STEELS LIMITED

(An ISO 9001 : 2000 Credited company)

2A, GANESH CHANDRA AVENUE, COMMERCE HOUSE, 1ST FLOOR, ROOM NO.4 & 4A, KOLKATA – 700013, Ph:033 30928685, 2213 2299/2124 Fax : 2213 2981, E mail – Marksteels @ vsnl.net

REPORT OF DIRECTORS TO THE MEMBERS OF THE COMPANY:

Your Directors have pleasure in presenting their 13th Annual report together with Audited Accounts of the company for the year ended 31.03.14 and the Auditor's Report thereon.

FINANCIAL HIGHLIGHTS:

The following table sets out the working results during the year under review:-

	(Figures in Rs.)	
	<u>2013-14</u>	<u>2012-13</u>
PROFIT BEFORE TAX	20,132,340	21,778,222
LESS PROVISION FOR TAXATION		
Current	81,00,000	7,362,354
Deferred	(14,59,000)	(1,842,000)
Tax Adjustment for earlier Years	3,98,259	1,092,047
PROFIT AFTER TAX	13,093,081	15,165,821
BALANCE B/F FROM EARLIER YEARS	126,062,022	110,896,201
BALANCE CARRIED TO BALANCE SHEET	139,155,103	126,062,022

DIVIDEND:-

To conserve the resources for future, the Board has decided not recommend any Dividend for the Financial Year ended 31st March 2014.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under section 217(2AA) of the Companies act, 1956 with respect to directors' responsibility statement, it is hereby confirmed:

1. That in the preparation of the annual accounts for the financial year ended 31st March 2014 the applicable Accounting Standards has been followed along with proper explanation relating to material departures.
2. That the directors' have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of the affairs of the company at the end of the financial year and of the profit of the company for the year under review;

3. That the Directors' have taken proper and sufficient care for the maintenance of the adequate accounting records in accordance with the provisions of the companies act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. That the Directors' have prepared the accounts for the financial year ended 31st March 2014 on a going concern basis.

STATUTORY AUDITORS:

The Statutory Auditors Messrs Ajay M L & Co, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and, being eligible offer themselves for re-appointment.

Certificate from the Auditors have been received to the effect that their re-appointment, if made, would be in compliance with the applicable provisions of the Companies Act 2013, and that they are not disqualified for such reappointment.

The Auditors' Report to the shareholders does not contain any qualification.

DIRECTORS

Mr Ashish Jhunjhunwala Director retire by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment. The Board recommends his re-appointment at the ensuing Annual General Meeting.

COST AUDITORS

In terms of the directives of Ministry of Corporate Affairs under Section 148 of the Companies Act, 2013, the Company is in the process of filing necessary application to the Central Government for appointment of the Cost Auditors for products being manufactured by it during the financial year ending 31st March 2015.

COMPLIANCE CERTIFICATE

As required under Section 383A of the Companies Act, 1956, the Compliance Certificate issued by a Practicing Company Secretary is enclosed.

CONSERVATION OF ENERGY, TECHNICAL ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

Information pursuant to section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed herewith.

PARTICULARS OF EMPLOYEES:

During the period under review no employee of the Company drew remuneration in excess of the limits specified under Companies (Particulars of Employees) Amendment Rules, 2011 and hence no disclosure has been made under Section 217 (2A) of the Companies Act 1956 in the Annual Report.

Registered office:

2A, Ganesh Chandra Avenue,
Kolkata – 700013
CIN.U27107WB2001PLC093630

For and On behalf of the Board

Sd/-

Umesh Kumar Jhunjhunwala

Director

DIN. 00448079

Place: Kolkata

Dated: 8th August, 2014

ANNEXURE TO THE DIRECTORS REPORT:

INFORMATION AS PER SECTION 217(1) (e) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE BOARD OF THE DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE ENDED MARCH 31ST 2014.

I. CONSERVATION OF ENERGY:

a) ENERGY CONSERVATION MEASURE TAKEN:

The Company has effected an intensified vigil against to eliminate wastage and towards building awareness for energy conservation. Training programs have been held at the works of the company towards this end. The Company has also made a successful changeover to energy efficient luminaries from conventional modes.

b) ADDITIONAL INVESTMENTS AND PROPOSAL, IF ANY BEING IMPLEMENTED FOR REDUCTION OF CONSERVATION OF ENERGY:

The steps are being constantly taken to identify new areas for savings and for this purpose, while procuring new machinery under phased modernization/replacement program, the impact on energy consumption is always kept in view, so as to keep total energy consumption within acceptable limits.

c) IMPACTS OF MEASURES AS ABOVE FOR REDUCTION OF ENERGY CONSUMPTION AND CONSEQUENT IMPACT ON THE COST OF PRODUCTION OF GOODS

The steps, as aforesaid have resulted in more energy efficient operations.

d) TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION:

FROM "A" not applicable to the Company

II. TECHNOLOGY ABSORPTION:-

Efforts made in technology absorption:

(A) RESEARCH AND DEVELOPMENT (R & D)

(a) Specific area in which R & D carried out by the company

- Product Development
- Process Control & Development
- Quality improvement and damage control
- Environment Control

(b) Benefit derived as a result of the above R & D

- Operation of Plants at higher capacities with better efficiencies.
- Waste percentage have come down
- Cost reduction through better utilization of equipment
- Helped to improve customer satisfaction with investment protection
- Enhanced indigenous capability

(c) Future plan of Action:

- Efforts are continuing towards energy conservation, cost reduction, environment improvement and waste reduction

(d) Expenditure on R & D :

- Expenditure incurred for R & D was Rs.1,30,000 during the year under review.

(B) TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

(a) EFFORTS:-

- R & D Division is involved in studying and establishing new routes for the product.

(b) BENEFITS DERIVED:-

- Improvement of product.

III) FOREIGN EXCHANGE EARNING AND OUTGO:

- | | |
|---|----------------|
| • Foreign Exchange Earning – | RS. NIL |
| • Foreign Exchange Outgo:- | |
| - CIF Value of Imports: | RS. NIL |
| - Expenditure in Foreign Currency
Foreign Travel | RS. 4,70,000/- |

Registered office:

2A, Ganesh Chandra Avenue,
Kolkata – 700013
CIN.U27107WB2001PLC093630
Place: Kolkata
Dated: 8th August, 2014

For and On behalf of the Board
Umesh Kumar Jhunjhunwala

Sd/-
Director
DIN. 00448079

**Independent Auditors' Report
To The Members of Mark Steels Ltd**

Report on Financial Statements

1. We have audited the accompanying Financial Statements of Mark Steels Ltd ("The Company"), which comprise the Balance Sheet as at 31st March, 2014, Profit and Loss Account and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

2. The Company's 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") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. 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.

Auditor's Responsibility

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

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

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

Opinion

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

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

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.



8. 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 the audit
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).;
 - (e) On the basis of the written representations received from the directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 30, 2014, from being appointed as a director in terms of Section 274(1)(g) of the Act.

Kolkata, the 14/4/2014



For, Ajay M L & Co
Chartered Accountants

A handwritten signature in black ink, appearing to read "Ajay Agrawal".

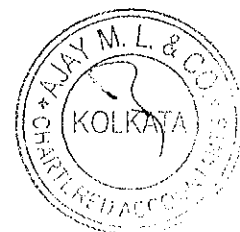
Ajay Agrawal
Proprietor
Membership No. 53384
FRN.325464E

Annexure to Independent Auditors' Report

Referred to in Paragraph 7 under the heading of "report on other legal and regulatory requirements" of our report of even date

- i. In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) As explained to us the fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c) The Company has not disposed off any substantial or major portion of fixed assets during the year so as to effect the going concern assumption.
- ii. In respect of its inventory:
 - a) As explained to us, the inventories held by the Company were physically verified during the year by the management at reasonable intervals.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. Discrepancies noticed on physical verification of stocks as compared to the book records were not material in relation to the operations of the Company and have been properly dealt with in the books of account.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956;
- iv. According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, except for a loan taken from one party, which is also its Step up Holding Company. The year-end balance for such loan account was Rs. NIL, and the maximum amount due during the year was Rs.49lacs
 - a) The rate of interest and other terms and conditions of such Loan are, in our opinion, prima facie not prejudicial to the interest of the Company.
 - b) The payment of principal amounts and interest during the year has been regular as per stipulations.
- v. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventories, fixed assets and for the sale of goods and services. We have not observed any continuing failure to correct major weaknesses in such internal controls.
- vi. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that section.

In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements and exceeding Rupees five lakh in respect of any party during the year, which have been made at prices which are not reasonable having regard to the prevailing market prices at the relevant time.



- vii. The Company has not accepted any deposits from the public during the year to which the directives issued by the Reserve Bank of India and the provisions of sections 58 A and 58 AA or any other relevant provisions of the Companies Act, 1956, and the rules framed there under are applicable.
- viii. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- ix. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima-facie the prescribed records have been made and maintained.
- x.
- According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, income tax, wealth tax, Sales Tax, Custom Duty, Excise Duty, Service Tax, cess and other material statutory dues applicable to it, with the appropriate authorities during the year.
 - According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, wealth tax, Sales Tax, Custom Duty, Excise Duty, Service Tax, cess which were outstanding as at the year ended on 31st March, 2014 for a period of more than six months from the date they became payable.
 - According to the information and explanations given to us, there are no dues of Wealth tax, Custom Duty, Service Tax and Cess, which have not been deposited on account of any dispute other than disputed Sales Tax and Income Tax as indicated below.

Sl. No.	Name of the Statute	Nature of dues	Forum where pending	Amount (Rs. In Lacs)
1	Central Sales Tax Act and West Bengal Sales Tax Act	Local & Central Sales Tax for 2005-06	W.B. Commercial Taxes Appellate and Revisional Board	8.47
2	Central Sales Tax Act and West Bengal Sales Tax Act	Local & Central Sales Tax for 2007-08	W.B. Commercial Taxes Appellate and Revisional Board	62.71
3	West Bengal Sales Tax Act	Local Sales Tax for 2008-09	W.B. Commercial Taxes Appellate and Revisional Board	3.67
4	West Bengal Sales Tax Act	Local Sales Tax for 2009-10	W.B. Commercial Taxes Appellate and Revisional Board	9.54
5	West Bengal Sales Tax Act	Local Sales Tax for 2010-11	Senior Joint Commissioner of Commercial Taxes	4.72
6	Income Tax Act.1961	Income Tax for F.Y.2010-11	Commissioner of Income-tax (Appeals)-I,KOL.	10.60
7	Central Excise Act 1944	Reversal of cenvat . For 2003-04 & 2004-05	In the High Court at Calcutta	33.92

- xi. The Company does not have any accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- xii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions or banks. There were no borrowings from debentures.
- xiii. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.



- xv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- xvi. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions during the year.
- xvii. In our opinion and according to the information and explanations given to us on an overall basis, the term loans have been applied for the purpose for which they were obtained.
- xviii. In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, no funds raised on short-term basis have been used for long-term investment.
- xix. As informed to us, the company has not made any preferential allotment of shares during the Year.
- xx. The company has not issued any debenture during the year.
- xxi. The company has not raised any money by public issues during the year.
- xxii. On the basis of the audit procedures carried out by us and information and explanations given by the management, no material fraud on or by the Company were noticed or reported in the course of our audit.

Kolkata, the 14/4/2014



For, Ajay M L & Co
Chartered Accountants

A handwritten signature in black ink, appearing to read "Ajay Agrawal".

Ajay Agrawal
Proprietor
Membership No. 53384
FRN. 325464E

MARK STEELS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2014

	Note	As At 31.03.2014 Rs.	As At 31.03.2013 Rs.
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS :			
Capital	1	42,857,140	42,857,140
Reserve & Surplus	2	273,386,744	257,335,169
NON CURRENT LIABILITIES			
Long Term borrowings	3	246,659	710,474
Defered tax liabilities(Net)	4	37,014,000	38,473,000
CURRENT LIABILITIES			
Short-term borrowings	5	77,926,864	79,063,268
Trade Payable	6	195,047,847	237,296,108
Other Current Liabilities	7	66,640,339	70,140,310
Short Term Provision	8	9,283,613	5,091,223
TOTAL		702,403,206	730,966,692
ASSETS			
NON - CURRENT ASSETS			
FIXED ASSETS			
Tangible assets	9		
Gross Block		370,927,416	370,305,823
Less: Depreciation		164,774,535	148,505,392
Net Block		206,152,881	221,800,431
NON -CURRENT INVESTMENT	10	425,000	425,000
CURRENT ASSETS			
Current Investments	11	-	19,600,000
Inventories	12	256,831,967	287,052,112
Trade Receivable	13	37,088,767	74,657,365
Cash & Cash Equivalents	14	6,743,253	4,456,159
Short-term Loans & Advances	15	195,161,338	122,975,625
		495,825,325	508,741,261
TOTAL		702,403,206	730,966,692

ACCOUNTING POLICIES & NOTES

22-23

The Notes referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

Ajay M L & Co
Chartered Accountants

Sd/-
Umesh Kumar Jhunjhunwala
Director
DIN-00448079

sdi-
Ajay Agrawal
Prop
Memb No 53384
FRN 325464E

Sdi-
Vineet Agrawal
Director
DIN-00441223

Kolkata, the 14th April 2014

MARK STEELS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2014

	Note	Year ended 31.03.2014 Rs.	Year ended 31.03.2013 Rs.
Revenue from Operation	16	873,807,454	1,014,300,311
Other Income	17	8,122,192	5,424,564
Total		881,929,646	1,019,724,875
EXPENDITURE :			
Cost of Materials Consumed	18	691,875,167	833,552,609
Employees' Remuneration & Benefits	19	17,213,985	15,124,960
Finance cost & Interest (net)	20	6,424,936	9,224,451
Depreciation	9	18,011,066	18,547,436
Other Expenses	21	128,272,152	121,497,197
Total		861,797,306	997,946,653
Profit(Loss) before Tax		20,132,340	21,778,222
Less:			
Provision for Taxation	- Current Income Tax	8,100,000	7,362,354
	- Tax Adjustment for Earlier Years	398,259	1,092,047
	- Deferred Income Tax	(1,459,000)	(1,842,000)
Profit(Loss) after Tax		13,093,081	15,165,821
Basic earning per share Rs. (See (xviii) of Note 23)		3.06	5.04

ACCOUNTING POLICIES & NOTES

22-23

The Notes referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

Sd/-
Ajay M L & Co
Chartered Accountants

Sd/-
Umesh Kumar Jhunjhunwala
Director
DIN-00448079

Kolkata, the 14th April ' 2014

Sd/-
Ajay Agrawal
Prop
Memb No 53384
FRN .325464E

Sd/-
Vineet Agrawal
Director
DIN-00441223

Note : 4DEFERED TAX LIABILITIES(Net)

The Provisions for Deferred Income Tax comprise of the following.

<u>Deferred Tax Liability</u>		
Relating to Fixed Asset	37,323,624	38,518,000
<u>Deferred Tax Asset</u>		
Relating to Accumulated Losses and Disallowances under the Income Tax Act, 1961.	309,624	45,000
	<u>37,014,000</u>	<u>38,473,000</u>

Note : 5SHORT-TERM BORROWINGSSecured

Cash Credit from Bank - 8,832,229

Unsecured

From Bodies Corporate 77,926,864 70,231,039

77,926,864 79,063,268

Short term loan from Bank is secured by first charge on current assets, both present and future, and a second charge on fixed assets, both present and future, of the Company, personal guarantee of Director

Note : 6TRADE PAYABLES

Others	195,047,847	237,296,108
	<u>195,047,847</u>	<u>237,296,108</u>

In the absence of necessary information with the company, relating to the registration status of suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, the information required under the said Act could not be compiled & disclosed

Principal Amount due and remaining unpaid	-	-
Interest due on above and the unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding years	-	-

Note : 7OTHER CURRENT LIABILITIES

Current maturities of Long Term Borrowings (Refer Note No. 3)

- from Banks	1,270,984	793,114
- from other	27,661	625,764
	<u>1,298,645</u>	<u>1,418,878</u>

Advance against Sales	45,603,114	55,315,151
Other Liabilities	18,774,412	10,770,893
Excise Duty Payable on Closing Stock of Finished Goods	964,168	2,635,388
	<u>66,640,339</u>	<u>70,140,310</u>

Note : 8SHORT TERM PROVISION

Provision for Taxation	7,608,842	4,363,374
Provision for gratuity	1,674,771	727,849
	<u>9,283,613</u>	<u>5,091,223</u>

Note : 10NON-CURRENT INVESTMENT

Long Term(Trade)

Unquoted

42500 (42500/-) Equity share of Bengal Sponge Manuf.Mining(P)Ltd. of Rs.10/-each

425,000 425,000

Note 9:

DETAILS OF FIXED ASSETS AS AT 31/03/2014

Particulars	GROSS BLOCK		DEPRECIATION		NET BLOCK			
	Cost as at 01.04.2013	Addition During the Year	Deletion During the Year	Cost as at 31.03.2014	As at 01.04.2013	For the Year	As at 31.03.2014	As at 31.03.2013
Land	10,261,236	-	-	10,261,236	-	-	10,261,236	10,261,236
Factory Building	42,893,458	-	-	42,893,458	11,071,396	1,432,641	30,389,421	31,822,062
Plant & Machinery	251,384,563	1,070,138	-	252,454,701	106,334,607	12,978,259	133,141,835	145,049,956
Electrical Installation	31,491,023	-	-	31,491,023	11,739,178	1,488,767	18,263,078	19,751,845
Elec. Generator	9,930,796	-	-	9,930,796	3,639,299	471,713	5,819,784	6,291,497
Computer	1,020,623	34,313	-	1,054,936	1,008,642	34,762	11,532	11,981
Office Equipment	421,737	2,100	-	423,837	234,003	20,085	169,749	187,734
Furniture & Fixtures	1,042,749	12,400	-	1,055,149	666,427	66,663	322,059	376,322
Vehicles	21,859,638	1,336,245	1,833,603	21,362,280	13,811,840	1,518,176	7,774,187	8,047,798
TOTAL	370,305,823	2,455,196	1,833,603	370,927,416	148,505,392	18,011,066	206,152,881	221,800,431
Previous Year	369,787,910	3,192,825	2,674,912	370,305,823	132,499,122	18,547,436	206,152,881	221,800,431

Note : 11**CURRENT INVESTMENT**

Investment in Mutual Fund -Unquoted, Fully Paid up

- HDFC Cashmanagement Fund-Savings (Nil , Prev Year 1042509.194 Units)

19,600,000

Note :12**INVENTORIES**

(As taken, valued and certified by the Management)

Raw material	163,485,832	229,104,251
Finished Goods	87,360,440	51,561,991
Consumables Stores	5,985,695	6,385,870
	256,831,967	287,052,112

Note : 13**TRADE RECEIVABLE**

(Unsecured, Considered Good)

Outstanding over six months	14,894,099	13,133,698
Other Debts	22,194,668	61,523,667
	37,088,767	74,657,365

Note : 14**CASH AND CASH EQUIVALENTS**

Cash in Hand (As certified by the Management)

Balances with Scheduled Banks -

In Current Accounts

In Cash Credit Accounts

In Fixed Deposit

(Pledged as Margin Money for Issue of Bank Gurantees)

1,716,305	1,058,572
389,742	120,412
2,808,534	-
1,828,672	3,277,175
6,743,253	4,456,159

Note : 15**SHORT TERM LOANS AND ADVANCES**

(Unsecured - Considered good)

Loans	77,978,630	27,857,413
Advance - Recoverable in cash or in kind or for value to be received	47,626,575	29,594,456
Balances with Statutory Authorities	69,136,033	64,612,498
MAT Credit Entitlement	-	491,158
Security Deposit	420,100	420,100
	195,161,338	122,975,625

Note : 16**REVENUE FROM OPERATION**

Sale of Products

Income from Services

Less/(Add):

Excise Duty

Changes in Excise Duty on Closing Stock of Finished Goods

Commercial Taxes

Net Sales

983,021,859	1,129,722,220
6,695,206	14,160,011
93,154,259	103,685,307
(1,671,220)	1,944,496
24,426,572	23,952,117
873,807,454	1,014,300,311

Note : 17**OTHER INCOME**

Sundry Balance Written Off (Net)

Profit On sale of Fixed Assets

Profit on Sale Of Current Investment In Mutual Fund

Interest Income :

From Other [TDS Rs. 664496 /-(Prev.Year Rs.293242]

38,887	2,050,895
218,320	441,254
1,220,025	-
6,644,960	2,932,416
8,122,192	5,424,565

Note : 18**COST OF MATERIALS CONSUMED**

Raw Materials Consumed

Decrease/(Increase) in stock of Finished goods

opening stock

less: closing stock

727,673,616	830,119,095
51,561,991	54,995,505
(87,360,440)	(51,561,991)
691,875,167	833,552,609

Note : 19**EMPLOYEES REMUNERATION & BENEFITS**

Salary, Wages and Bonus	16,158,426	14,085,282
Contribution to Provident & Other Funds	895,875	867,348
Welfare Expenses	159,684	172,330
	<u>17,213,985</u>	<u>15,124,960</u>
Salary, Wages and Bonus includes :-		
Directors Remuneration - Salary	1,800,000	1,050,000

Note : 20**FINANCE COST & INTEREST**

Interest Charge		
To Financial Institution		
On Fixed loan	-	-
On others	842,044	2,568,167
To Others	5,844,123	6,860,499
	<u>6,686,167</u>	<u>9,428,666</u>
Less: Interest Income		
From Bank [TDS Rs.26123 /- (Prev.Year Rs.20421-)]	(261,231)	(204,215)
	<u>6,424,936</u>	<u>9,224,451</u>

Note : 21**OTHER EXPENSES**

Stores & Consumables	19,396,875	18,573,551
Power & Fuel	91,712,350	89,098,665
Repairs to Machinery	1,041,016	1,280,289
Other Manufacturing Exp.	4,369,533	4,127,792
Rates & Taxes	969,907	728,784
Telephone & Telex	290,099	299,188
Postage & Courier	49,712	51,449
Travelling & Conv	718,036	723,357
Rent	475,000	443,500
Insurance	282,598	235,634
Bank Charges	441,447	586,567
Auditors' Remuneration		
- As Auditors	50,000	40,000
- For Tax Audit	31,500	26,500
-For Other Services	52,640	1,000
Miscellaneous Exp	922,323	1,744,335
Security Service Charges	2,309,335	2,185,976
Freight, Forwarding & Handling Exp.	4,404,244	564,617
Donation	415,642	433,115
Printing & Stationery	176,853	217,036
Professional & Consultancy ch.	142,691	135,842
Commercial taxes for Earlier Year	20,351	-
	<u>128,272,152</u>	<u>121,497,197</u>

MARK STEELS LTD.

22. Accounting Policies:

1) Basis of Accounting

The accounts are prepared under Historical Cost Convention on accrual basis and going concern assumption, except as otherwise stated, in accordance with the normally accepted accounting policies.

i) Revenue Recognition

Revenue from sale of goods is recognized upon passage of title and is inclusive of applicable taxes & duties.

ii) Fixed assets

Fixed assets are stated at their original cost, net of Cenvat, less accumulated depreciation. Additions include purchase cost, freight, duties and other expenses wherever incurred for acquisition and installation.

iii) Depreciation

Depreciation on fixed asset is calculated under straight-line method at the rates and in the manner specified in schedule XIV of the Companies Act, 1956. Depreciation is calculated on pro-rata basis on additions and deletions of fixed assets during the year.

iv) Borrowing Cost

Borrowing Costs that are attributable to the acquisition of qualifying assets are capitalized as part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use.

v) Investment

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as Non-Current or long-term. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost, but provision for diminution in value is made to recognise a decline other than temporary in the value of such investments

vi) Inventories

Raw materials, finished goods, stock-in-trade and stores and spares are valued at lower of cost and net realizable value.

vii) Retirement Benefits

i) Short term employee benefits are charged off at the undiscounted amount in the year in which the related services are rendered.

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

viii) Taxation

Provision for Income Tax comprises of current tax and deferred tax charge. Deferred tax is recognized subject to the consideration of Prudence, on timing differences, being difference between taxable and accounting income/expenditure that originate in one period and are capable of reversal in one or more subsequent periods.

Minimum Alternative Tax (MAT) credit is recognized 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. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India.

MARK STEELS LTD.

22 Continued.

- ix) Segment Reporting
The company is engaged in the business of manufacture of Sponge Iron & MS Ingots. This is considered as one single primary segment.
- x) Impairment of Assets
Impairment of assets, if any, are recognized in accordance with the accounting standard issued in this regard by The Institute of Chartered Accountants of India.
- xi) Provisions, Contingent Liabilities and Contingent Assets
Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements

23. Other Notes on Accounts:

- x) Previous year's figures have been regrouped or rearranged wherever necessary.
- xi) Contingent Liabilities, not provided for in respect of; (Rs. In lacs)
- | Nature of Liabilities | 2013-14 | 2012-13 |
|--|---------|---------|
| Counter guarantees given in favour of company's Bankers for Bank Guarantees issued | 119.67 | 93.02 |
| Sales Tax demand under appeal | 89.11 | 125.54 |
| Income Tax demand under appeal | 10.60 | - |
| Central Excise demand under appeal | 33.92 | 33.92 |
- xii) Advances include advance for capital goods amounting to Rs 0.45 Lacs. (Previous year ended Rs 0.45 Lacs).
- xiii) In the opinion of the Management there is no Impairment of any of the Fixed Assets of the Company in terms of Accounting Standard AS-28 on Impairment of Assets.
- xiv) Sundry creditors include Rs. 19.73 lacs (Pre. Year ended Rs 19.89 lacs) towards capital goods.
- xv) Deposit with Central Excise includes an amount of Rs. 12.28 Lacs, (Pre. Year ended Rs. 9.57 Lacs) being part of Cenvat paid on capital goods, credit for which will be availed next year.
- xvi) The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) rules 2006, are given below:

- i) Defined contribution Plan
Contributions to defined contribution plan, recognized are charged off during the year as follows:
- | | (2013-14) | (2012-13) |
|---|-------------|-------------|
| | Rs. In Lacs | Rs. In Lacs |
| Employees' contribution to Provident Fund | 8.96 | 8.67 |
- ii) Defined benefit plan
Gratuity is paid to employees under the Payment of Gratuity Act 1972 through unfunded scheme. The present value of obligation is determined based on actuarial valuation using projected unit credit method, which recognizes 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.
- a) Reconciliation of opening and closing balances of defined obligation:
- | | (2012-13) | (2011-12) |
|--|-------------|--------------|
| | Rs. In Lacs | Rs. In Lacs. |
| 1) Defined benefit obligation at the beginning of the year | 7.28 | 5.81 |

MARK STEELS LTD.

23 Continued..

2) Adjustment in opening balance due to change in method of calculation as prescribed by AS-15 issued by The Institute of Chartered Accountants of India, reduced from General Reserves (Refer Schedule 'B')	0.00	0.00
3) Current service cost	2.78	1.08
4) Interest cost	0.66	0.48
5) Actuarial (gain) / loss	6.58	(0.09)
6) Benefit paid	(0.55)	0.00
7) Defined benefit obligation at the year end	16.75	7.28
b) Reconciliation of fair value assets and obligations:		
1) Fair value of plan assets as at 31st March 2014	NIL	NIL
2) Present value of obligations as at 31st March 2014	16.75	7.28
3) Amount recognized in balance sheet	16.75	7.28
c) Expenses recognized during the year (under the head salaries, wages & Bonus schedule – P)		
1) Current service cost	2.78	1.08
2) Interest cost	0.66	0.48
3) Actuarial (gain) / Loss	6.58	(0.09)
4) Net amount	10.02	1.47
d) Actuarial assumptions		
1) Mortality table	LIC	LIC
2) Discount rate (per annum)	9.00	8.25%
3) Rate of escalation in salary (per annum)	5%	5%
4) Expected average remaining working lives of employees (years)	19.71	17.65

The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors. The above information is certified by the actuaries.

- xvii) The balances in party accounts are subject to confirmation.
- xviii) Earning per share – The numerator and denominators used to calculate Basic/Diluted Earning Per Share:

	31.03.2014	31.03.2013
a) Amount used as numerators (Rs.)		
Profit After Tax (A)	130,93,083	151,65,820
b) Number of Equity Shares as the denominator (B)	42,85,714	30,07,045
c) Nominal Value of Equity Shares (Rs)	10	10
d) Basic earning per share (A/B) (Rs)	3.06	5.04

- xix) The project of the Company has been approved as Mega Project under the West Bengal Incentive Scheme, 2000. The Company has become eligible to the Mega Project status on reaching the threshold investment level of Rs. 25 Crores stipulated in this regard. The package includes an Industrial Promotion Assistance @75% of the Sales Tax paid in the previous year on sales of Finished Goods subject to a stipulated cap. Accordingly such incentive receivable for the year, amounting Rs,2,13,44,501/- (Previous Year Rs. Rs1,61,17,748 /-) has been recognized during the year.

MARK STEELS LTD.

23 Continued..

xx) Particulars of transaction entered with related party :-
(Rs.)

(Amount in

Relationship	Name of The Party	Nature of Transaction	31.03.14	31.03.13
Holding Company of Manaksia Ferro Industries Ltd.	Manaksia Ltd.	Purchase of Goods & Services	-	-
		Amount Receivable/ (Payable)	-	(2,93,38,605)
		Balance of Loan Received Accounts.	-	49,00,000
		(Maximum Amount due as loan during the year)	49,00,000	5,99,00,000
		Interest on Loan for the year	NIL	NIL
Holding Company	Manaksia Ferro Industries Ltd.	NIL	NIL	NIL
Associated as share holder	Ishaan Technologies P.Ltd.	Allotment of Shares	-	13,49,99,970
Key Managerial Personnel	Umesh Kumar JhunJhunwala	Remuneration	12,00,000	7,00,000
	Ashish JhunJhunwala	Remuneration	6,00,000	3,50,000
Relative of Key Managerial Personnel	Rohit JhunJhunwala	Remuneration	7,20,000	4,20,000

xii) Earnings in Foreign Currency; Rs Nil /- (Previous year Rs Nil)

xiii) Expenditure in F-oreign Currency – Foreign Travel Rs 4,70,000/- (Previous year Rs 340491/-)

For. Ajay M L & Co
Chartered Accountants

Sd/-
Umesh Kumar JhunJhunwala
Director
DIN-00448079

Sd/-
Ajay Agrawal
Proprietor

Sd/-
Vineet Agrawal

Kolkata, the 14th April 2014 Membership No. 53384

FRN 325464E

Director
DIN-00441223

MARK STEELS LIMITED		
CASH FLOW STATEMENT		
PARTICULARS	2013-14 Amount (Rs.)	2012-13 Amount (Rs.)
Cash flows from operating activities		
Net profit before taxation, and extraordinary item	20,132,340	21,778,222
Adjustments for:		
Depreciation	18,011,066	18,547,436
Interest income	(6,906,191)	(3,136,631)
Income on sale of current investment in Mutual Fund	(1,220,025)	-
Preliminary Expenses Written Off	-	-
Charge on account of transitional provisions under Accounting Standard -15		
Profit/Loss on Fixed Assets Sold	218,320	441,254
Provision for gratuity	946,922	146,545
Interest expense	6,686,167	9,428,666
Operating profit before working capital changes	37,868,599	47,205,492
Change in Trade Receivable	(34,617,115)	35,644,531
Change in inventories	30,220,145	(52,607,964)
Change in Trade Payable	(45,628,001)	43,744,593
Cash generated from operations	(12,156,371)	73,986,652
Income taxes paid	(5,252,791)	(3,741,370)
Cash flow before extraordinary item	(17,409,162)	70,245,282
Extraordinary items		
Net cash from operating activities	(17,409,162)	70,245,282
Cash flows from investing activities		
Purchase of fixed assets	(2,581,836)	(3,500,331)
Proceeds from sale of equipment		
Sale/(Purchase) of Investment	19,600,000	(19,600,000)
Interest received	6,906,191	3,136,631
Income on sale of current investment in Mutual Fund	1,220,025	-
Dividends received	-	-
Received of capital Subsidy	2,958,494	3,848,440
Net cash from investing activities	28,102,874	(16,115,260)
Cash flows from financing activities		
Proceeds from long-term borrowings	7,111,777	6,130,250
Repayment of long-term borrowings	(8,832,228)	(50,727,913)
Interest paid	(6,686,167)	(9,428,666)
Dividends paid		
Net cash used in financing activities	(8,406,618)	(54,026,329)
Net increase in cash and cash equivalents	2,287,094	103,693
Cash and cash equivalents at beginning of period (see Note 2)	4,456,159	4,352,466
Cash and cash equivalents at end of period (see Note 2)	6,743,253	4,456,159
Notes :		
his statement has been prepared by using Indirect Method.		
Cash and Cash Equivalents		
Cash on hand	1,716,305	1,058,572
Balances with banks in current account	3,198,276	120,412
in Fixed Deposit	1,828,672	3,277,175
Cash and cash equivalents	6,743,253	4,456,159
3. Figure in brackets represents Cash Outflow.		

For, Ajay M L & Co
Chartered Accountants

Sd/-
Umesh Kumar Jhunjhunwala
Director
DIN-00448079

Sd/-
Ajay Agrawal
Proprietor

Sd/-
Vineet Agrawal
Director
DIN-00441223

Kolkata, the 14th April 2014 Membership No. 53384
FRN .325464E