

**Tata Korf Engineering Services Limited**  
**Balance Sheet as at March 31, 2015**

	Notes	As at 31.03.2015 Rs.	As at 31.03.2014 Rs.
<b>(I) EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share Capital	03	4,000,000	4,000,000
(b) Reserves and surplus	04	(97,236,295)	(104,595,781)
		<b>(93,236,295)</b>	<b>(100,595,781)</b>
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	05	(97,236,295)	33,551,144
(b) Other Long-term liabilities	06	62,281,516	69,937,172
		<b>(34,954,779)</b>	<b>103,488,316</b>
<b>(3) Current liabilities</b>			
(a) Trade payables	07	555,788	274,738
(b) Other current liabilities	07	15,145	5,000
		<b>570,933</b>	<b>279,738</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>(127,620,140)</b>	<b>3,172,273</b>
<b>(II) ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	08	26,631	30,957
(b) Long-term loans and advances	09	2,605,933	2,605,933
(c) Other non current assets	10	496,076	496,076
		<b>3,128,640</b>	<b>3,132,966</b>
<b>(2) Current assets</b>			
(c) Cash and Bank balances	11	38,659	39,307
		<b>38,659</b>	<b>39,307</b>
<b>TOTAL ASSETS</b>		<b>3,167,299</b>	<b>3,172,273</b>

Accounting Policies 01-02  
Other Notes to Financial Statements 13-20

The Notes referred to above form an integral part of Financial Statements

In terms of our report attached

For and on behalf of the Board

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Abhijit Bandyopadhyay**  
Partner

Director

Director

Place : Kolkata  
Date :

**Tata Korf Engineering Services Limited**  
**Statement of Profit and Loss for the year ended March 31, 2015**

	Note	For the year ended 31.03.2015 Rs.	For the year ended 31.03.2014 Rs.
I		-	-
Revenue from operations			
II	12	7,655,656	-
Other Income			
<b>III Total Revenue (I + II)</b>		<b>7,655,656</b>	<b>-</b>
<b>IV EXPENSES</b>			
(a)		-	-
Raw Material Consumed			
(b)		-	-
Changes in stock of finished goods and work-in-progress			
(c)		-	-
Employee benefits expense			
(d)		-	-
Finance costs			
(e)	08	4,326	5,028
Depreciation and amortisation expense			
(f)	13	291,844	7,778,619
Other expenses			
<b>Total Expenses (IV)</b>		<b>296,170</b>	<b>7,783,647</b>
<b>V Profit before tax (III - IV)</b>		<b>7,359,486</b>	<b>(7,783,647)</b>
VI			
Tax Expense			
(1)		-	-
Current tax			
(2)		-	-
Deferred tax (refer note no. 30)			
<b>Total tax expense</b>		<b>-</b>	<b>-</b>
<b>VII Profit for the period (V - VI)</b>		<b>7,359,486</b>	<b>(7,783,647)</b>
<b>VIII Earnings per equity share Of Rs. 10 each (Basic and Diluted):</b>	16	<b>18.40</b>	<b>(19.46)</b>

Accounting Policies 01-02

Other Notes to Financial Statements 14-21

The Notes referred to above form an integral part of the Financial statements

In terms of our report attached

For and on behalf of the Board

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Abhijit Bandyopadhyay**  
Partner

Director

Director

Place : Kolkata

Date :

**Tata Korf Engineering Services Limited**  
**Provisional Cash Flow Statement for the year ended March 31, 2015**

	For the year ended 31.03.2015 Rs.	For the year ended 31.03.2014 Rs.
<b>A. Cash Flow from Operating activities:</b>		
<b>Profit before taxes</b>	<b>7,359,486</b>	(7,783,647)
<i>Adjustments for:</i>		
Depreciation	4,326	5,028
Foreign Exchange Fluctuation	<b>(7,655,656)</b>	7,524,455
<b>Operating profit before working capital changes</b>	<b>(291,844)</b>	(254,164)
<i>Adjustments for:</i>		
Movements in trade receivables, loans and advances and other receivables	-	-
Movements in inventories	-	-
Movements in trade payables, other payables and provisions	<b>291,195</b>	(475,943)
<b>Cash generated from operations</b>	<b>(649)</b>	(730,107)
Direct taxes paid	-	-
<b>Net cash from operating activities</b>	<b>(649)</b>	(730,107)
<b>B. Cash Flow from Investing activities:</b>		
Purchase of fixed assets	-	-
Sale of fixed assets	-	-
Interest received	-	-
<b>Net cash used in investing activities</b>	-	-
<b>C. Cash Flow from Financing activities:</b>		
Interest paid	-	-
Proceeds from borrowings	-	<b>750,000</b>
Repayment of Borrowings	-	-
<b>Net cash from financing activities</b>	-	750,000
<b>Net increase or decrease in cash and cash equivalents</b>	<b>(649)</b>	19,893
<b>Cash and cash equivalents as at 1st April <sup>1</sup></b>	<b>39,307</b>	<b>19,414</b>
<b>Cash and cash equivalents as at 31st March <sup>1</sup></b>	<b>38,658</b>	<b>39,307</b>

Notes:

1. Includes cash in hand, balance in current accounts with banks.
2. Figures in brackets represent outflows

In terms of our report attached

For and on behalf of the Board of Directors

**For Deloitte Haskins & Sells**

**Abhijit Bandyopadhyay**  
Partner

Director

Director

Place : Kolkata

Date :

## Tata Korf Engineering Services Limited

### Notes to the Financial Statements

#### 1. Corporate information

Tata Korf Engineering Services Limited ("the Company") is engaged in metallurgical plant and equipment, feasibility studies, consultancy, technology supply, engineering project services for steel plants. The company is a subsidiary of TATA Steel Limited.

#### 2. Significant Accounting Policies

##### a) Accounting Convention

The financial statements have been prepared under the historical cost convention on a going concern and on accrual basis and are in compliance with the Accounting Standards notified under section 211 (3C) of the Companies Act, 1956 and the relevant provisions thereof.

##### b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting year end. Although these estimates are based upon management best knowledge of current events and actions, actual results could differ from these estimates.

##### c) Fixed Assets

###### Tangible Assets

All fixed assets are valued at cost less depreciation and amortisation. Interest on borrowings and financing cost during the period of construction is added to the cost of fixed assets.

##### d) Depreciation

All fixed assets are depreciated on the Written down Value Method at the rates specified in Schedule XIV to the Companies Act, 1956

##### e) Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in use' of the assets. The estimated future cash flows considered for determining the value in use, are discounted to their present value at the weighted average cost of capital.

- f) **Provision**  
A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.  
Provisions made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.
- g) **Contingencies**  
Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the accounts
- h) **Revenue Recognition**  
**Revenue from Operations**  
Revenue from engineering service contracts are recognized on a percentage completion basis and such recognition commences only after a project is at least 50% complete.  
**Revenue from Services**  
Revenue from rendering of services are recognized on completion of milestones specified in the contracts.
- i) **Foreign Exchange Transactions**  
Foreign Currency transactions are recorded on initial recognition in the reporting currency i.e. Indian rupees, using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities in currencies other than the reporting currency are re measured at the rates of exchange prevailing at the balance sheet date. Exchange differences arising on the settlement of monetary items, and on the re measurement of monetary items, are included in the profit and loss for the year. In respect of transaction covered by foreign exchange contracts, the difference between the contract rate and spot rate on the date of transaction is charged to statement of Profit & Loss over the period of contract.
- j) **Taxes on Income**  
**Current Taxes**  
Provision for Current tax is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.  
**Deferred Taxes**  
Deferred tax is recognised, by computing the tax effect of timing differences which arise during the year and reverse in subsequent periods. In case of tax holiday, deferred tax is recognised for the timing differences which reverse after the expiry of tax holiday period.
- n) **Earnings Per Share**  
The Company reports basic earnings per share in accordance with Accounting Standard (AS) 20- Earnings Per Share. Basic earnings per equity share have been computed by dividing net profit after tax attributable to equity share holders by the weighted average numbers of equity shares outstanding during the year.  
Diluted earnings during the year adjusted for the effects of all dilutive potential equity shares per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

**Tata Korf Engineering Services Limited**  
**Notes to the Financial Statements**  
**03 Share Capital**

	As at 31.03.2015	As at 31.03.2014
	Rs.	Rs.
<b>Authorised:</b>		
<b>500,000</b> Equity Shares of Rs. 10 each <i>(31.03.2013: 500,000 Equity Shares of Rs. 10 each)</i>	<b>5,000,000</b>	5,000,000
	<b>5,000,000</b>	<b>5,000,000</b>
<b>Issued, Subscribed and Fully Paid up:</b>		
<b>400,000</b> Equity Shares of Rs. 10 each <i>(31.03.2013: 400,000 Equity Shares of Rs. 10 each)</i>	<b>4,000,000</b>	<b>4,000,000</b>
<b>Total Share Capital</b>	<b>4,000,000</b>	4,000,000

**Note :**

- 200,000 shares were issued in 1997-98 as fully paid up Bonus shares by capitalisation of General Reserve.

**(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number of shares	Rs.	Number of shares	Rs.
<b>Equity shares with voting rights</b>				
Opening Balance	400,000	4,000,000	400,000	4,000,000
Closing Balance	400,000	4,000,000	400,000	4,000,000

**(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:**

Particulars	Equity shares with voting rights	
	Number of shares	%age
<b>As at 31.03.2015</b>		
Tata Steel Ltd	399,990	100.00
<b>As at 31.03.2014</b>		
Tata Steel Ltd	240,390	60.10
Kalimati Investment Company Ltd	159,600	39.90

**(iii) The rights, powers and preferences relating to each class of share capital and the qualifications, limitations and restrictions thereof are contained in the Memorandum and Articles of Association of the Company. The principle rights are as follows:**

The Company has only one class of share capital namely Ordinary Shares having a face value of Rs. 10 per share.

- (a) In respect of every Ordinary Share (whether fully paid or partly paid), voting right shall be in the same proportion as the capital paid up on such Ordinary Share bears to the total paid up ordinary capital of the Company.
- (b) The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.
- (c) In the event of liquidation, the shareholders of Ordinary Shares are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

**Tata Korf Engineering Services Limited**  
**Notes to the Financial Statements**  
**04 Reserves & Surplus**

	<b>For the year ended 31.03.2015 Rs.</b>	For the year ended 31.03.2014 Rs.
<b>Surplus in Statement of Profit and Loss</b>		
Balance at the beginning of the year	<b>(104,595,781)</b>	(96,812,134)
Profit for the year	<b>7,359,486</b>	(7,783,647)
<b>Balance at the end of the year</b>	<b>(97,236,295)</b>	<b>(104,595,781)</b>

**Tata Korf Engineering Services Limited**  
**Notes to the Financial Statements**  
**05 Long Term Borrowings**

	As at 31.03.2015	As at 31.03.2014
	Rs.	Rs.
<b>A. Unsecured Borrowings</b>		
(a) Loan from Others		
(1) From Tata Finance Ltd. *	4,876,279	4,876,279
(b) Loan from Related Parties		
(1) From Tata Steel Limited, the Holding Company	28,674,865	28,674,865
<b>Total Unsecured Borrowings</b>	<b>(97,236,295)</b>	<b>33,551,144</b>

**Note** \* Including interest accrued and due Rs. 876,279 (31.03.12 - Rs. 876,279)



**Tata Korf Engineering Services Limited**  
**Notes to the Financial Statements**  
**06 Other Long Term Liabilities**

	As at 31.03.2015	As at 31.03.2014
	Rs.	Rs.
(a) Trade Payables	54,168,608	61,824,264
(b) Advances from customers	7,780,881	7,780,881
(c) Other Liabilities	332,027	332,027
<b>Total Other Long Term Liabilities</b>	<b>62,281,516</b>	<b>69,937,172</b>

**Tata Korf Engineering Services Limited**  
**Notes to the Financial Statements**  
**07 Trade and other payables**

	As at 31.03.2015	As at 31.03.2014
	Rs.	Rs.
<b>Current Liabilities</b>		
<b>(I) Trade Payables</b>		
(a) Creditors for supplies / services	555,788	274,738
(b) Creditors for accrued wages and salaries	-	-
<b>(I) Total Trade Payables</b>	<b>555,788</b>	<b>274,738</b>
<b>(II) Other Current Liabilities</b>		
(a) Advances received from Customers	-	-
(b) Creditors for other liabilities	15,145	5,000
(1) Employee recoveries and employer contributions	-	-
(2) Statutory Dues	15,145	5,000
(3) Advance billing - dues to customer for construction in progress	-	-
<b>(II) Total Other current liabilities</b>	<b>15,145</b>	<b>5,000</b>

**Tata Korf Engineering Services Limited**  
**Notes to the Financial Statements**  
**08 Tangible assets**

As at 31.03.2015	Furniture and fixtures	Office Equipments	Rs. Total Tangible Assets
Cost at beginning of period	42,716	1,448,120	1,490,836
Additions	-	-	-
Disposals/Adjustments	-	-	-
<b>Cost at end of period</b>	<b>42,716</b>	<b>1,448,120</b>	<b>1,490,836</b>
Depreciation at beginning of period	42,237	1,417,642	1,459,879
Charge for the period	86	4,240	4,326
Disposals/Adjustments	-	-	-
<b>Depreciation at end of period</b>	<b>42,323</b>	<b>1,421,882</b>	<b>1,464,205</b>
<b>Net book value at beginning of period</b>	<b>479</b>	<b>30,478</b>	<b>30,957</b>
<b>Net book value at end of period</b>	<b>393</b>	<b>26,238</b>	<b>26,631</b>

As at 31.03.2014	Furniture and Fixtures	Office Equipments	Rs. Total Tangible Assets
Cost at beginning of year	42,716	1,448,120	1,490,836
Additions	-	-	-
Disposals	-	-	-
Cost at end of year	42,716	1,448,120	1,490,836
Depreciation at beginning of year	42,133	1,412,718	1,454,851
Charge for the year	104	4,924	5,028
Disposals	-	-	-
Depreciation at end of year	42,237	1,417,642	1,459,879
Net book value at beginning of year	583	35,402	35,985
Net book value at end of year	479	30,478	30,957

**Tata Korf Engineering Services Limited**  
**Notes to the Financial Statements**  
**09 Long Term Loans and advances**

	As at 31.03.2015	As at 31.03.2014
	Rs.	Rs.
<b>Loans and advances</b>		
(a) Security Deposits		
Unsecured and Considered Good	250,000	250,000
Unsecured and Considered Doubtful	252,713	252,713
Less: Provision for Bad & Doubtful Loans & Advances	252,713	252,713
	<b>250,000</b>	250,000
(b) Inter Corporate Loans to Sanderson Industries Ltd.		
Unsecured and Considered Good	-	-
Unsecured and Considered Doubtful	4,000,000	4,000,000
Less: Provision for Bad & Doubtful Loans & Advances	4,000,000	4,000,000
	-	-
(c) Other loans and advances	2,355,933	2,355,933
(1) Advances with Public Bodies	157,163	157,163
Unsecured and Considered Good	157,163	157,163
Unsecured and Considered Doubtful	134,175	134,175
Less: Provision for Bad & Doubtful Loans & Advances	134,175	134,175
(2) Advance Payment of Tax	2,192,760	2,192,760
Net of Provision : ` 2577.77 Thousands (31.3.2013: ` 2577.77 Thousands)		
(1) Other Advances and Prepayments	6,010	6,010
Unsecured and Considered Good	6,010	6,010
Unsecured and Considered Doubtful	1,145,456	1,145,456
Less: Provision for Bad & Doubtful Loans & Advances	1,145,456	1,145,456
<b>Loans and advances</b>	<b>2,605,933</b>	2,605,933
<b>Classification of loans and advances</b>		
Secured, considered good	-	-
Unsecured, considered good	2,605,933	2,605,933
Doubtful	5,532,344	5,532,344
<b>Gross Loans and advances</b>	<b>8,138,277</b>	8,138,277

**Tata Korf Engineering Services Limited**  
**Notes to the Financial Statements**  
**10 Other Non Current Assets**

	As at 31.03.2015	As at 31.03.2014
	Rs.	Rs.
<b>Non Current Trade receivable (unsecured, considered good)</b>		
(1) More than six months	18,794,819	18,794,819
(2) Others	-	-
<b>Gross Non Current Trade Receivables</b>	<b>18,794,819</b>	18,794,819
Less: Provision for bad and doubtful debts	18,298,743	18,298,743
<b>Net Current Trade Receivables</b>	<b>496,076</b>	496,076
<b>Classification of Non Current Trade Receivables</b>		
Secured, considered good	-	-
Unsecured, considered good	496,076	496,076
Doubtful	18,298,743	18,298,743
<b>Total Non Current Trade Receivables</b>	<b>18,794,819</b>	18,794,819

**Tata Korf Engineering Services Limited**  
**Notes to the Financial Statements**  
**11 Cash and Bank balances**

	As at 31.03.2015	As at 31.03.2014
	Rs.	Rs.
(a) Cash in hand	66	66
(b) Balances with banks in current account	38,593	39,241
<b>Total cash and cash equivalents</b>	<b>38,659</b>	<b>39,307</b>
<b>Total Cash and Bank Balances</b>	<b>38,659</b>	<b>39,307</b>

**Tata Korf Engineering Services Limited**  
**Notes to the Financial Statements**

**12 Other Incomes**

	<b>For the year ended 31.03.2015 Rs.</b>	<b>For the year ended 31.03.2014 Rs.</b>
<hr/> <i>(a)</i> Exchange rate fluctuation <hr/>	<b>7,655,656</b>	-
<b>Total other incomes</b> <hr/>	<b>7,655,656</b> <hr/>	-

**Tata Korf Engineering Services Limited**  
**Notes to the Financial Statements**

**13 Other Expenses**

	<b>For the year ended 31.03.2015 Rs.</b>	<b>For the year ended 31.03.2014 Rs.</b>
<hr/> <i>(a)</i> Rent	<b>48,000</b>	48,000
<i>(b)</i> Auditors remuneration and out-of-pocket expenses		
Audit fees #	<b>56,180</b>	56,180
<i>(c)</i> Legal and other professional costs	<b>133,915</b>	132,284
<i>(d)</i> Bank Charges	<b>649</b>	150
<i>(e)</i> Filing Fees	<b>53,100</b>	17,550
<i>(f)</i> Net loss on foreign currency transactions	<b>-</b>	7,524,455
<hr/> <b>Total Other Expenses</b> <hr/>	<b>291,844</b> <hr/>	7,778,619 <hr/>

# Amount is inclusive of Service Tax



**14 Contingent Liabilities**

	<u>31.03.2015 (Rs.)</u>	<u>31.03.2014 (Rs.)</u>
Contingent Liabilities not provided for		
a) Income Tax Matters	16,710,287	16,710,287
b) ESI demands under appeal	481,252	481,252
c) FEMA	22,500,000	22,500,000

15 Other Liabilities include Rs. 194,345 (31.03.2013: Rs. 194,345) being amount held on behalf of an erstwhile employee of the Company's erstwhile overseas collaborator on account of income-tax liability, if any, that may become payable in India.

16 The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

		<u>As at Mar'15</u>		<u>As at Mar'14</u>	
		<u>Foreign Currency Equivalent</u>	<u>Amount (Rs.)</u>	<u>Foreign Currency Equivalent</u>	<u>Amount (Rs.)</u>
<u>Amount payable in foreign currency</u>	USD	86,708	5,698,480.00	86,708	5,471,691
	DM	959,285	34,767,744.00	959,285	42,526,764
	Pound	16,700	1,544,067.0	16,700	1,667,492
			<u>42,010,290.97</u>		<u>49,665,946.66</u>
			(7,655,656)		
			<u>For the year ended 31.03.2015</u>		<u>For the year ended 31.03.2014</u>
<b>17 Earnings per share</b>					
Profit attributable to Ordinary shareholders (Rs.)			7,359,486		(7,783,647)
Weighted average number of ordinary equity shares for Basic and Diluted EPS			400,000		400,000
Nominal value per equity share- Rs.			10		10
Basic and diluted earnings per share (Rs.)			18.40		(19.46)

**18 Related party transaction**

a). List of Related Parties and Relationship

**(i) Enterprises having control over the Company**

Name of Company	Relationship	Country
TATA Steel Limited	Holding Company	INDIA
TATA Steel Processing & Distribution Limited	Fellow Subsidiary Company	INDIA

**(ii) Key Management Personnel**

Suchitra Guha	Director
Tapan Chakraborty	Director
Amit Ghosh	Director

**(iii) Related Party Transactions**

Transactions	Holding Company	Fellow Subsidiary	Directors
<b>Loans Taken</b>			
TATA Steel Limited	750,000 (125,000)	- -	- -
<b>Loans Outstanding</b>			
TATA Steel Limited	28,674,865 27,924,865	- -	- -
<b>Sundry Debtors</b>			
TATA Steel Limited	110,000 (110,000)	- -	- -
TATA Steel Processing & Distribution Limited	- -	1,310 (1,310)	- -
<b>Security Deposits</b>			
TATA Steel Limited	8,000 (8,000)	- -	- -
<b>Sundry Creditors</b>			
TATA Steel Limited	6,548,329 (6,548,329)	- -	- -

**19 Going Concern**

The accumulated losses of the Company as at 31st March' 2014 exceeds its paid up share capital. The Company has practically closed its operations. Pending the preparation of a scheme, the financial statements have been prepared on a "going concern" basis.

20 Segments have been identified in line with the Accounting Standard on Segment Reporting (AS 17) prescribed by the Companies (Accounting Standard) Rule 2006. Considering the dominant source, nature of risks and return of the Company, its internal organization and management structure and its system of internal financial reporting, business segment segment has been considered as the primary reporting segment. The Company being engaged in metallurgical plant and equipment, feasibility studies, consultancy, technology supply, engineering project services for steel plants. It is considered to be operating in a single business segment.

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

**For and on behalf of the Board of Directors**

Director

Director

Place : Kolkata

Date :