



AVSB & ASSOCIATES

CHARTERED ACCOUNTANTS

151, 1st Floor, Rama Complex, Ghanta Ghar, Bhiwani (Haryana) 127021

HO: - B-5/8, Near Alpana Cinema, Model Town-1, New Delhi-110009

• Mob: +91-9813129111 / +91-9991612101

• E-mail: avsbhiwani@gmail.com

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS

KCL IRON & STEELS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **KCL IRON & STEELS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss for the period from March 24, 2014, being date of incorporation to 31st March 2015, and cash flow statement for the period ended on that date 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 and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). 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

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

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

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

Opinion

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

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- in the case of the Profit and Loss Account, of the loss for the period ended on that date.
- in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by section 227(3) of the Act, we report that:
 - 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;
 - 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;
 - 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;
 - 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;





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- e. on the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 or Section 164(2) of the Companies Act, 2013.

Place: Kolkata
Date: May 8, 2015

For AVSB & Associates

Chartered Accountants

Firm Registration No. 027342N



Balwan Singh
Partner

Membership No. 532039



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Annexure to Auditors' Report

The Annexure referred to in our report to the members of **KCL Iron & Steels Limited** ("the Company") for the year ended 31st March 2015. We report that:

- i. The company does not have any fixed assets and as such clauses i(a) to i(c) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- ii. The company does not have any inventories and as such clause ii(a) to ii(c) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- iii. According to the information and explanations to us the company has not taken/given any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and as such clauses iii (a) to iii (g) are not applicable.
- iv. In our opinion and accordance to the information and explanation given to us, there is adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
- v. According to the information and explanations provided by the management, we are of the opinion that there have been no particulars of contracts or arrangement that need to be entered into the register maintained under section 301 and as such clauses v (a) & v (b) are also not applicable.
- vi. The company has not accepted deposit from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956.
- vii. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii. To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956 for the products of the company.
- ix. (a) The Company is generally regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it with the appropriate authorities.
(b) According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, sales tax, service tax, custom duty, cess and excise duty outstanding as at 31st March, 2015, which are outstanding for a period of more than six months from the date they became payable.
(c) According to the information and explanation given to us, there are no dues outstanding of sales tax, service tax, income tax, custom duty, wealth tax, excise duty and cess on account of any dispute.
- x. In our opinion, the Company is registered for a period of less than five years. Accordingly the provisions of clause (x) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xi. In our opinion and according to the information and explanation given to us, the company has not taken any loans from financial institution or a bank nor issued any debentures. Therefore, the provisions of clause (xi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xii. According to the information and explanation given to us, and based on the documents and records produced to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/societies. Therefore, the provisions of clause (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv. In our opinion the company does not deals in shares, securities, debentures and other investment. Therefore, the provisions of clause (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv. According to the information and explanations given to us, the company has not given any guarantee for loans taken by its associates or subsidiaries from bank or financial institutions.
- xvi. There are no term loans outstanding as at the end of the year.





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- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. The company has not made any preferential allotment of shares or parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. The Company did not have any outstanding debentures during the year.
- xx. The Company has not raised any money through a public issue during the year.
- xxi. Based on information and explanation furnished by the management, which have been relied upon by us, there were no fraud on or by the Company noticed or reported during the year.

For AVSB & Associates

Chartered Accountants

Firm Registration No. 027342N



Balwan Singh

Partner

Membership No. 532039

Place: Kolkata

Date: May 8, 2015

KCL IRON & STEELS LIMITED

BALANCE SHEET AS AT MARCH 31, 2015

	Note No.		As at March 31, 2015 ₹
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	500000.00	
Reserves and surplus	3	(28903.00)	471097.00
Current liabilities			
Other current liabilities	4		3850618.00
TOTAL			4321715.00
II. ASSETS			
Non current assets			
Non-current investments	5		3845000.00
Current assets			
Cash and cash equivalents	6		476715.00
TOTAL			4321715.00

Significant accounting policies

1

In terms of our report of the even date annexed hereto:

For A V S B & ASSOCIATES

Chartered Accountants

Firm Registration No. 027342N

For KCL IRON & STEELS LIMITED

KCL Iron & Steels Ltd.

Arnu Thapa
Director

Director

DIN: 00674928

KCL Iron & Steels Ltd.

Director

Director

DIN: 02308414

Balwan Singh
Partner

Membership No. 532039

Place: Kolkata

Date: May 8, 2015

KCL IRON & STEELS LIMITED

PROFIT AND LOSS STATEMENT FOR THE PERIOD FROM MARCH 24, 2014 TO MARCH 31, 2015

	Note No.	Period ended March 31, 2015 ₹
Revenue from operations		-
Total Revenue		-
Expenses:		-
Other expenses	7	28903.00
Total Expenses		28903.00
Profit/(loss) before tax		(28903.00)
Tax expense :- Current tax		-
Profit/(loss) after tax for the year		(28903.00)
Earnings per equity share: Basic and Diluted	8	(0.58)
Weighted average number of shares (face value of ₹10 each)		50000
Significant accounting policies	1	

In terms of our report of the even date annexed hereto:

For A V S B & ASSOCIATES
Chartered Accountants
Firm Registration No. 027342N

For KCL IRON & STEELS LIMITED

Balwan Singh
Partner
Membership No. 532039
Place: Kolkata
Date: May 8, 2015

KCL Iron & Steels Ltd.
Anu Thapa
Director
Director
DIN: 00674928

KCL Iron & Steels Ltd.
BD
Director
Director
DIN: 02308414

KCL IRON & STEELS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

	As at March 31, 2015 ₹
I. Cash flow from Operating Activities	
Net profit/(loss) before tax	
Cash flow before working capital changes	(28903.00)
Other current liabilities	(28903.00)
Cash flow from operating activities before taxes paid	5618.00
Less: Taxes paid	(23285.00)
Net cash provided by operating activities	(23285.00)
II. Cash flow from Investing Activities	
Net cash provided by/(used in) investing activities	
III. Cash flow from Financing Activities	
Proceeds from issue of equity shares	500000.00
Net cash provided by financing activities	500000.00
Net increase/(decrease) in cash flows (I + II + III)	476715.00
Cash and cash equivalents at the end of the year	476715.00

Non Cash Transactions:

1. Investments made in Multifold Plastic Marketing Private Limited for ₹3845000.00 has not been included in the above cash flow statement.

Significant accounting policies

1

In terms of our report of the even date annexed hereto:

For A V S B & ASSOCIATES

Chartered Accountants

Firm Registration No. 027342N

For and on behalf of the board of directors of
For KCL IRON & STEELS LIMITED

KCL Iron & Steels Ltd.

Annu Thapa

Director

Director

DIN: 00674928

KCL Iron & Steels Ltd.

BD

Director

Director

DIN: 02308414

Balwan Singh

Partner

Membership No. 532039

Place: Kolkata

Date: May 8, 2015

KCL IRON & STEELS LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

1. Significant accounting policies

a. Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis, except for certain financial instruments which are measured at fair value.

b. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

d. Income taxes

Income taxes comprise current tax, deferred tax. Current taxes are accrued for on the basis of tax payable to tax authorities in accordance with the Income Tax Act 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

e. Earnings per share

Basic earnings per share are 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. 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.

f. Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

g. Contingent liabilities

Contingent liabilities are not recognised but are disclosed in the notes.

2. Share capital

Authorised:

50000 equity shares of ₹10/- each

Issued, subscribed and paid up:

50000 equity shares of ₹10/- each, fully paid up

March 31, 2015

	₹
	500000.00
	500000.00
	500000.00
	500000.00

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

Equity shares

Capital raised during the year
Closing balance

	March 31, 2015	
	No.	₹
	50000	500000.00
	50000	500000.00

b. Terms/rights attached to equity shares

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



KCL IRON & STEELS LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

c. Shares held by holding company

Kwality Credit & Leasing Ltd, the holding Company

March 31, 2015	
No.	%
50000	100.00

d. Details of shareholders holding more than 5% shares in the Company

Kwality Credit & Leasing Ltd, (including held through its nominees)

50000	100.00
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As per records of the Company, including its register of shareholder/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

3. Reserves and surplus

Surplus/(deficit)

Loss for the year

March 31, 2015

₹

(28903.00)

(28903.00)

4. Other current liabilities

Liability for expenses

Other current liabilities

5618.00

3845000.00

3850618.00

5. Non-current investments

Trade Investments

Investments in Associates

Fully paid up equity shares of ₹10/- each (Unquoted)

Multifold Plastic Marketing Private Limited

No. of shares

384500

3845000.00

3845000.00

Book value of unquoted Investments

3845000.00

6. Cash and cash equivalents

Balance with bank

In current account

Cash on hand

18975.00

457740.00

476715.00

7. Other expenses

Bank charges

Preliminary expenses written off

Filing fees

Payment to auditors: Audit fees

425.00

22060.00

800.00

5618.00

28903.00

8. Earning per share (EPS)

Net profit after tax attributable to equity shareholders (in ₹)

Weighted average no. of equity shares outstanding

Basic and diluted earning per share of ₹10/- each

(28903.00)

50000

(0.58)

9. Related party disclosures

Names of related parties and related parties relationship

Key Management Personnel

a) Mr. Amu Thapa

Holding Company

Kwality Credit & Leasing Ltd

Associate company

Multifold Plastic Marketing Private Limited

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year :

Outstanding balances

Holding Company

Other current liabilities

Associate Company

Investments

Amount in ₹

3800000.00

3845000.00



KCL IRON & STEELS LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

10. Contingent liabilities :- ₹Nil

11. Disclosures pursuant to section 186 of the Companies Act, 2013

Investment made are given under the respective head.

There were no loan, guarantees or securities given during the financial year.

12. The Company was incorporated on 24th March 2014, and this year being its first financial year, comparatives year figures are not applicable.

In terms of our report of the even date
annexed hereto:

For A V S B & ASSOCIATES

Chartered Accountants

Firm Registration No. 027342N

Balwan Singh

Partner

Membership No. 532039

Place: Kolkata

Date: May 8, 2015

For KCL IRON & STEELS LIMITED

KCL Iron & Steels Ltd.

Anu Thapa

Director
Director

DIN: 00674928

KCL Iron & Steels Ltd.

BP

Director
Director

DIN: 02308414