



Annual Report



STEWARTS & LLOYDS OF INDIA LIMITED

Contents

AUDITORS

M/s. Ray & Ray

SOLICITORS

M/s. Victor Moses & Co.

BANKERS

State Bank of India
AXIS Bank Ltd.
Bank of Baroda
HDFC Bank Ltd.

REGISTRAR & SHARE TRANSFER AGENT

M/s. C B Management Services (P) Ltd.

REGISTERED OFFICE

41, Chowringhee Road
Kolkata - 700 071

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BOARD OF DIRECTORS

- Mr. Asim Chandra – Chairman (Non-Executive Director)
- Mr. R K Tripathy – Independent Director
- Mr. K P Brahma – Independent Director
- Mr. Jatin Mavani – Non-Executive Director
- Mr. R Narayanan – Non-Executive Director
- Mr. Ashok Mitra – Independent Director

KEY MANAGERIAL PERSONNEL

- Mr. Prabir Kumar Nag – Chief Executive Officer
- Mr. Samir Bhadra – Company Secretary & V. P. Corporate Affairs
- Mr. Dipankar Banerjee – Chief Financial Officer

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Directors' Report

TO THE MEMBERS,

The Directors hereby present the seventy-sixth Annual Report on business and operations together with Audited Financial Statements of the Company for the year ended 31st March, 2014 :

1. FINANCIAL RESULTS

	2013-2014	2012-2013
	(Rs. in lakhs)	
(i) Total Earnings	3017.88	4136.95
(ii) Total Expenditure	<u>6812.77</u>	<u>3951.55</u>
(iii) Profit/(Loss) before finance cost, depreciation and taxes	(3794.89)	185.40
(iv) Less: (a) Finance cost	585.29	474.68
(b) Depreciation	52.58	57.73
(v) Profit/(Loss) before taxes	(4432.76)	(347.01)
Less : Provision for taxation		
Current Year	-	-
Deferred	17.75	(17.93)
(vi) Profit/(Loss) after taxes	<u>(4450.51)</u>	<u>(329.08)</u>

During the financial year 2013-14, the Company has achieved a turnover of Rs. 3017.88 lakhs, resulting decrease in turnover against previous year's corresponding figures of Rs. 4136.95 lakhs. It is to inform that due to non availability of Banking facility, lack of orders, non realisation of old dues recorded the poor performance of the company during the year under report.

However, management is trying hard to explore the possibilities to boost up the earnings and preparing the strategic plan during the current financial year i.e 2014-15 for survival of the Company.

It may further be mentioned that the Statutory Auditors had suggested for making provisions against old receivables, contract WIP and advance to suppliers which were remained unrealised/unadjusted for more than three years and according to the management there were no chances to recover/adjust the same. As a result, Rs. 3262.09 lakhs have been written off/provided in the accounts under report.

There was no qualification by the Statutory Auditors in their report. However, the Auditors in their note under heading of "Emphasis of Matter" has described the uncertainty related to the outcome of the arbitration proceeding in respect of dispute with IOCL- Bongaigaon, Konkola Copper Mines, Zambia and demand of Kolkata Port Trust (KOPT) respectively in addition to recalling of debts by the Bankers and also erosion of net worth to negative of Rs. 35.24 crores which raised a significant doubt on the Company's ability to continue as going concern.

However, the Company is making a detailed evaluation of the current situation including assessment of potential reschedulement/re-negotiations with creditors and banks and accordingly the financial statements have been prepared on going concern basis.

2. RESERVES AND SURPLUS

The Reserves and Surplus as at 31st March, 2014 stands at negative balance of Rs. 38.24 crores after adjustment of debit balance under the head Surplus.

3. NEW INITIATIVES AND PROSPECTS

In line with the existing business scenario across the country, your Company is exploring various steps and new initiatives in different segments of operation.

All attempts are being made to improve the order booking position. Initiatives are being taken for diversification of Company's product areas. Efforts are being made to enter into business relationship with other big houses in Steel and Power sectors apart from the orders from the principal company and it's associates.

During the month of September 2013, the Kolkata Port Trust due to non payment of their alleged dues, by an eviction order passed by the Registrar of Kolkata Port Trust Authority, took out the possession of both the factories situated at Khidderpore and Jhijnhirapole at Kolkata and your Company has taken appropriate legal recourse against the same. Meanwhile, your Company has taken a piece of land on lease rent for proposed manufacturing unit at Oregram, Burdwan, West Bengal and all the machineries lying at both the workshops at Kolkata have been shifted there and also to DSP site at SAIL, Durgapur. However, due to paucity of fund the progress of setting up the manufacturing unit at Oregram is slow.

4. CONSERVATION OF ENERGY

The disclosures required in Form A of Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to the Company.

5. TECHNOLOGY ABSORPTION

Information in accordance with Provision to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are given in the Annexure "A".

6. FOREIGN EXCHANGE EARNINGS AND OUTGO

Exports	Nil
Foreign Exchange utilised for purchase of materials	Nil
Expenditure in foreign currency	Nil
Foreign Exchange earned	Nil

7. AUDITORS

The retiring Auditors, Messrs Ray & Ray being eligible have expressed their willingness to be re-appointed.

8. DIRECTORS

During the year under report, Mr. S P Saha, Director resigned from the Board on 5th October 2013 and Mr. R Narayanan was appointed as Additional Director of the Company on the same date. Mr. Narayanan, the Additional Director will hold his office up to the ensuing Annual General Meeting. However, your Company has received a Notice under Sec. 160 of the Companies Act, 2013 from a Shareholder proposing his name to be a Director retires by rotation in the Company and the same is placed before the members for approval.

Mr. Narayanan is not disqualified under any provision of Section 164 of the Companies Act, 2013. As required by law, this position is also reflected in the Auditors' Report.

In terms of Companies Act, 2013 and Articles of Association of the Company, Mr. Jatin Mavani, a non-executive director retires by rotation and being eligible, offers himself for reappointment at the ensuing Annual General Meeting.

As per New Companies Act, the Independent Director should be appointed for a consecutive period of five years and the same to be approved by the members in General Meeting. Mr R K Tripathy is a non-executive independent director of the Company. He joined the Board of Directors of the Company on 26th December 2006 and presently his position is of a rotational Director. However, for necessary compliance, to be an Independent Director, Board has recommended his appointment as an Independent Director for a consecutive period of five years and a resolution is proposed in this respect to the members of the Company for their approval.

As per provisions of Sections 149, 150 and 152 of the Companies Act, 2013 your Company being a listed Company should have at least one third of the total number of directors to be independent directors. After demise of Mr. V K Sinha, the Independent Director, there was a shortfall in the strength of the Board of the Company and the Board at its meeting held on 2nd May 2014, appointed Mr. Ashok Mitra, a veteran Engineer having experience of five decades in the project and construction management, as an Independent Director for a consecutive period of five years which is subject to approval of the members of the Company.

9. HUMAN RESOURCES & INDUSTRIAL RELATIONS

In the Company we believe and affirm the importance of development of human resources, which is most valuable and key element in bringing all round improvement and achieving growth of the business. The Company believes in finding solutions through dialogue in a spirit of open work culture and constructive team work. This has enabled us to maintain a cordial and peaceful work environment throughout the organisation.

There is no employee, who received remuneration above the limit as prescribed by Section 217(2A) of the Companies Act, 1956.

10. ENVIRONMENT

Though the Company's operations are not inherently polluting in nature, the Company continues to take adequate precautions to comply with all regulatory measures in this regard at all working units/sites.

In order to maintain the highest standard of safety and security with all levels of employees, the Company has formulated a

STEWARTS AND LLOYDS OF INDIA LIMITED

"Health, Safety, Security and Environmental Policy (HSSE)" which is being strictly complied with. This ensures continuous improvement in the environmental performance, health and safety of the employees through out the year.

11. CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis Report, Corporate Governance Report and Compliance of Condition of Corporate Governance are made a part of the Annual Report.

12. DECLARATION ON COMPLIANCE WITH CODE OF CONDUCTS

The Board has formulated a Code of Conducts for the members of Board and Senior Management team, which has been posted on the website of the Company.

It is hereby affirmed that all the Directors and Senior Management Personnel have complied with the Code and a confirmation to that effect has been obtained from the Directors and the Senior Management Members.

13. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the confirmation received from the Operating Management, confirm that –

- i) in the preparation of annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have 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 at the end of the financial year and of the loss of the Company for that period; Quarterly and Half Yearly Results were also declared and limited reviews were undertaken;
- iii) they have taken proper and sufficient care, to the best of their knowledge and ability, 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;
- iv) they have prepared the annual accounts on a going concern basis.

For and on behalf of the Board

Kolkata
2nd May, 2014

ASIM CHANDRA
Chairman

ANNEXURE - "A"

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION: 2013-2014

1. Specific Areas in which R&D carried out by the Company	NIL
2. Benefits derived as a result of the above R&D	N.A.
3. Future Plan of action	-
4. Expenditure on R&D	
a) Capital	-
b) Recurring	-
c) Total	-
d) Total R&D expenditure as a percentage of total turnover	-

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made towards technology absorption : During the Year 2013-14 there was no technology absorption
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction and product development, import substitution etc. : N.A.
3. Particulars of technology imported during the last five years : NIL

Management Discussion and Analysis

BUSINESS REVIEW

Industrial Structure & Development

Company's performance during the Financial Year 2013-14 and future outlook of the Organization are as under :-

Project & Construction services business

During the financial year 2013-14, the Company has bagged orders aggregating to Rs. 17.26 crores. As reviewed during April 2014, the live offers are around Rs. 32.00 crores out of which, company expects a favourable response of at least Rs. 10.00 crores within September 2014.

Revenue for the financial year ended 31st March 2014 was Rs. 30.18 crores which is much below than Rs. 41.37 crores in the previous year.

Revenue during the period under review were less than that of the corresponding period of the previous year due to non availability of Bank finance, non realization of old dues, lack of orders etc. which resulted in loss of the Company. Moreover, as proposed by the Statutory Auditors and as recommended by the Board of Directors of the Company a sum of Rs. 32.62 crores has been charged off/provided in the accounts which have further caused a negative net worth of Rs. 35.24 crores.

The revenue and profits could not meet the target as set by the management due to some unforeseen developments like delay in materialization/finalization of few contracts, dearth of orders for execution, decrease in order value in major part of works, non availability of Bank finances etc.

Various jobs bagged & being executed

The details of the orders received and are under execution during the period April 2013 to March 2014 are as follows :-

- Fire Fighting Work for IOTIES at IOCL, Paradip Refinery
- Erection of LT Flare for IOTIES at IOCL, Paradip Refinery
- Fabrication, testing, inspection of Matix- KBR Reformer for Ammonia Plant of Matix Fertilizers Chemicals
- Fabrication, supply and erection work at JSW Bengal Steel Limited
- Rehabilitation of conveying system at TATA Power, Trombey

- Maintenance work at HSM and CRM of TATA Steel Limited, Jamshedpur
- Inter Plant Piping for fuel and Industrial Gases at SAIL, Durgapur

Production activities & prospects

In line with the growing business all over the country, management has taken various steps and initiatives in different segments of operation.

There was major set back in the business of the Company i.e. manufacturing activities both at the Jhijhirapole and Khidderpore units at Kolkata had been stopped since the leasehold land of both units had been taken away by Kolkata Port Trust during September 2013 by an eviction order passed by the Estate Officer of the Kolkata Port Trust Authority for their alleged dues. However, the Company has taken a piece of Land at Oregram, Burdwan, West Bengal and gradually developing the same as a manufacturing unit but due to paucity of fund the progress is slow.

Moreover, due to encashment of Bank Guarantees by Indian Oil Corporation- Bongaigaon Refinery resulting estoppels in Bank finance since mid of the financial year 2013-2014, the management could not bag any sizable order except some small one.

However, in the changed scenario, management is trying hard to get the order of maintenance and the job of subcontracting with small supplies.

The management has also established a new business relation with the following companies from whom some orders are expected:-

- I. SAIL
- II. TATA Power
- III. JSW

Management Information System

MIS department has been formulated for collecting information, analyzing the same and reporting to the management for prompt and quick decision.

Marketing

Marketing group has been strengthened to focus on company's business for project related areas and also for maintenance jobs.



Opportunities & Threats

The business growth is directly linked with capital investments which the Company is presently lacking. However, thrust has been given where very low capital is required.

However, one of the major threats in this area is stiff competition from small companies, who are offering their services in lower rate and the Company has to overcome these barriers by total control over its overhead cost.

Segmentwise Performance

The Company is mainly engaged in Project Management and Construction in various projects sites and fabrication of structural materials thereat. The project & construction services business deal with overall Project Management, Design & Engineering, procurement of bought-out items, Fabrication & erection of pipes & equipments at various sites including civil, structural, electrical and instrumentation.

Outlook

Management is processing the plan for survival and growth of the Company and hope by the business help from the Principal Company and it's associates, Company will grow gradually.

Internal Control Systems

The company has in place adequate systems of internal control and documented procedures covering all financial and operating functions. These have been designed to facilitate the function of maintaining proper accounting controls, monitoring economy and efficiency of operations, protecting

assets from losses and ensuring reliability of financial and operational information. The Company constantly endeavors to upgrade the system of internal control to ensure optimum utilization of its resources.

The Company has also an integrated computer system in commensurate with the operations of the company. The Audit Committee of the Board of Directors reviews the operations and financial reports of the Company at periodical intervals.

Industrial Relation & Human Resource Management

Human resource has the key role in the growth and development of our organization. S&L have few experienced senior level as well as middle level management professionals, useful to meet the challenges of the jobs undertaken. The company's relationship with its employees has taken heartening step forward. However, management will increase its appropriate strength of human resource keeping in parity with the future business.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable Securities Laws and Regulation. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions, change in the Government regulations, tax laws and other statutes and other incidental factors.

INDEPENDENT AUDITORS' REPORT

To
The Members of
Stewarts & Lloyds of India Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Stewarts & Lloyds of India Limited ('the Company'), which comprise the Balance Sheet as at 31st March, 2014, 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 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 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, 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:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- b) in the case of the Statement of Profit and Loss, of the 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.

Emphasis of Matter

We draw attention to Note 23.14 to the Notes regarding the financial statements being prepared on a going concern basis, notwithstanding the fact that the Company's net worth is eroded (net worth as at 31st March, 2014 is negative Rs. 35.24 Crores), Note 23.3(b), 23.3(c) and 23.3(f) of the financial statement which describes the uncertainty related to the outcome of the arbitration proceeding in respect of dispute with IOCL-Bongaigaon, Konkola Copper Mines, Zambia and demand from Kolkata Port Trust respectively. In addition the consortium banks have recalled their debts to the Company. These events cast significant doubt on the ability of the Company to continue as a going concern. The appropriateness of the said basis is interalia dependent on the Company's ability to realise its assets and to discharge its liabilities out of the surplus generated. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 ('the Order'), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act 1956 ('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 said Order.



2. As required by section 227(3) of the Companies Act, 1956, we report that:
- we have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report, comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
 - on the basis of written representations received from the Directors as on 31st March, 2014 and taken on

record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2014 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act, 1956; and

- the Central Government has neither issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid. However, no cess is due and payable by the Company.

For RAY & RAY

Chartered Accountants
(Firm's Registration No. 301072E)

K. K. GHOSH
Partner

Place : Kolkata

Dated : **2nd May, 2014**

Membership No. : 59781

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 1 of the Auditors' Report on "Other Legal and Regulatory Requirements" of even date to the Members of 'STEWARTS & LLOYDS OF INDIA LIMITED' on the financial statements for the year ended 31st March, 2014.

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year. As explained to us there is a programme of verification which in our opinion needs to be further strengthened. The management has further explained that discrepancies noticed on such verification, which were not material, have been properly dealt with in the books of accounts.
- (c) During the first quarter of the year a part of fixed assets (W.D.V. Rs. 36.10 Lacs) has been disposed off by the company. This disposal relates to the shifting of the factory works from Jhijhirapole and Hide Road, Khidderpore in Kolkata, West Bengal to Oregram in Burdwan, West Bengal, which constitutes a substantial part of fixed assets of the company and which in the opinion of the management is non-operational and has no impact on the manufacturing activities of the Company and does not directly affect the going concern status of the Company.
- ii. (a) The inventory has been physically verified and certified by the Management during the year / at the year end. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and as explained to us, the procedures of physical verification of inventory followed by the Management are generally reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. (a) As far as we can ascertain from the relevant register maintained by the company and based on management representation, the company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the Register, maintained under section 301 of the "Act". As such, clauses (iii)(b) to (iii)(d) of paragraph 4 of the aforesaid Order are not applicable.
- (b) As far as we can ascertain from the relevant register maintained by the Company and based on management representation, 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 Act. As such, clauses (iii) (f) and (iii) (g) of paragraph 4 of the aforesaid Order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. (a) According to the information and explanation given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Act, have been so entered.
- (b) In our opinion and according to the information and explanation given to us, transactions made in pursuance of contract or arrangements entered in the register maintained under section 301 of the Act, have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.
- vi. The Company has not accepted any deposits from the public during the year within the meaning of sections 58A and 58AA of 'the Act' and the Companies (Acceptance of Deposits) Rules, 1975 framed there under.
- vii. The Company did not have an Internal Audit function during the year. In our opinion this function needs to be introduced to ascertain the validity and working of the stated internal controls.



- viii. The Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the "Act" for any of the products of the Company.
- ix. (a) According to the information and explanations given to us and from the records of the Company examined by us, the Company has generally been regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues as applicable with the appropriate authorities. However, arrears of outstanding for more than six months was observed in respect of VAT for Rs. 16.53 Lacs and arrears outstanding for four months in respect of Service Tax for Rs. 46.07 Lacs.
- (b) As far as we can ascertain from the relevant records/documents, so produced and according to the information and explanations given to us the particulars of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess as at Balance Sheet date which have not been deposited on account of a dispute are given in **Appendix – 1**.
- x. The Company's accumulated losses at the end of the financial year were more than fifty percent of its Net worth. The company has incurred cash losses during the financial year and in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanations given by the management, the Company has defaulted in repayment of loans and interest to banks. Estimated unpaid overdue interest and loan amount to banks as at 31st March, 2014 aggregated to Rs. 10,80,34,677/- including invoked Bank Guarantees as at date. The overdues relate to the financial year 2012-2013 and 2013-2014.
- xii. 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. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
- xiv. In our opinion the Company is not a dealer or trader in shares, securities, debentures and other investments.
- xv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi. The Company has not obtained any term loan during the year.
- xvii. On the basis of an overall examination of the Balance Sheet and Cash Flow Statement of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis that have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the "Act" during the year.
- xix. The Company has not issued any debentures during the year and no debentures are outstanding at the year-end. Accordingly, creation of securities in this regard does not arise.
- xx. The Company has not raised any money by public issues during the year.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the management.

For RAY & RAY

Chartered Accountants
Registration No. 301072E

(K. K. GHOSH)

Partner

Membership No. 59781

Place : Kolkata

Date : **2nd May, 2014**

APPENDIX 1 TO THE AUDITORS' REPORT

Name of the Statute	Nature of dues	Period	Amount (Rs.)	Forum where the dispute is pending
West Bengal Sales Tax Act, 1994	Declaration forms due, disallowance of erection, freight and other charges	1996-1997	51,09,552	West Bengal Commercial Taxes Appellate and Revision Board
Central Sales Tax Act, 1956	Declaration forms due, disallowance of erection, freight and other charges	1996-1997	23,89,705	West Bengal Commercial Taxes Appellate and Revision Board
Orissa Sales Tax Act	Disallowance of exemptions towards labour services	2002-2003	33,140	Assistant Commissioner of Commercial Taxes
West Bengal VAT Act, 2003	Enhancement of Gross Turnover, disallowance of erection, freight and other charges	2007-2008	65,35,664	West Bengal Commercial Taxes Appellate and Revision Board
Central Sales Tax Act, 1956	Declaration forms due, disallowance of erection, freight and other charges	2007-2008	3,17,084	West Bengal Commercial Taxes Appellate and Revision Board
West Bengal VAT Act, 2003	Enhancement of Gross Turnover, disallowance of erection, freight and other charges	2008-2009	57,25,827	West Bengal Commercial Taxes Appellate and Revision Board
Central Sales Tax Act, 1956	Declaration forms due, disallowance of erection, freight and other charges	2008-2009	2,91,00,529	West Bengal Commercial Taxes Appellate and Revision Board
West Bengal VAT Act, 2003	Enhancement of Gross Turnover, disallowance of erection, freight and other charges	2009-2010	29,22,569	Sr. Jt. Comm. of Commercial Taxes
Central Sales Tax Act, 1956	Declaration forms due, disallowance of erection, freight and other charges	2009-2010	1,57,231	Sr. Jt. Comm. of Commercial Taxes
The Income Tax Act, 1961	Under Assessment of Capital gains for determination of cost of acquisition of the capital assets	2004-2005	1,01,05,270	Income Tax Appellate Tribunal
The Income Tax Act, 1961	Disallowance of certain expenditure	2007-2008	1,02,95,851	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Disallowance of certain expenditure	2005-2006	20,73,370	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Disallowance of certain expenditure	2008-2009	1,21,25,010	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Disallowance of certain expenditure	2009-2010	2,51,82,780	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Disallowance of certain expenditure	2010-2011	9,510	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Disallowance of certain expenditure	2011-2012	1,88,330	Commissioner of Income Tax (Appeals)
Wealth Tax Act, 1957	Wealth Tax Liability on Land	2002-2003	3,16,688	Commissioner of Wealth Tax (Appeals)
Finance Act, 1994 – Service Tax	Service Tax on erection, Commissioning and installation services	2003-2004 & 2004-2005	86,12,083	Customs, Excise & Service Tax Appellate Tribunal
Finance Act, 1994 – Service Tax	Service Tax on erection, Commissioning and installation services	2005-2006	25,88,299	Commissioner, Central Excise
Finance Act, 1994 – Service Tax	Service Tax on Business auxiliary services	2008-2009	35,13,226	Commissioner, Central Excise
Finance Act, 1994 – Service Tax	Service Tax short paid on Erection sales from 2006-2007 to 2009-2010 Tisco Yard Piping	2006-2007 to 2009-2010	5,38,182	Commissioner, Central Excise

**Balance Sheet as at 31st March, 2014**

Particulars	Note No.	31st March 2014 Rs.	31st March 2013 Rs.
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds:			
Share Capital	1	3,00,00,000	3,00,00,000
Reserves and Surplus	2	(38,24,40,207)	6,26,10,831
Total Shareholders' Funds		(35,24,40,207)	9,26,10,831
2 Non-current Liabilities:			
Other Long-term Liabilities	3	53,25,420	61,60,162
Long-term Provisions	4	11,83,462	19,26,222
Total Non-current Liabilities		65,08,882	80,86,384
3 Current Liabilities:			
Short-term Borrowings	5	34,99,85,798	29,32,30,686
Trade Payables	6	13,79,98,775	13,95,37,177
Other Current Liabilities	7	33,28,08,334	35,46,33,728
Total Current Liabilities		82,07,92,907	78,74,01,591
TOTAL EQUITY AND LIABILITIES		47,48,61,582	88,80,98,806
II. ASSETS			
1 Non-current Assets:			
Fixed Assets	8		
- Tangible Assets		1,53,28,965	2,15,12,298
- Intangible Assets		16,64,244	34,99,232
- Capital Work-in-Progress		56,06,884	19,14,120
		2,26,00,093	2,69,25,650
Non-current Investments	9	1,002	1,002
Deferred Tax Asset (net) (Refer Other Notes on Accounts 23.2)		79,48,465	97,23,694
Long-term Loans and Advances	10	33,03,873	79,41,573
Total Non-current Assets		3,38,53,433	4,45,91,919
2 Current Assets:			
Inventories	11	9,61,679	2,02,70,916
Trade Receivables	12	24,70,61,591	43,75,33,707
Cash and Bank Balances	13	63,06,222	1,03,53,407
Short-term Loans and Advances	14	15,23,96,549	20,67,26,225
Other Current Assets	15	3,42,82,108	16,86,22,632
Total Current Assets		44,10,08,149	84,35,06,887
TOTAL ASSETS		47,48,61,582	88,80,98,806

Significant Policies & Other Notes on Accounts : 23
This is the Balance Sheet referred to in our report of even date.

The Notes referred to above form an integral part of the Balance Sheet.

For RAY & RAY

Chartered Accountants

Firm Registration Number – 301072E

K. K. GHOSH

Partner

Membership Number : 59781

Kolkata, 2nd May, 2014

R. K. TRIPATHY

Director

ASIM CHANDRA

Chairman

DIPANKAR BANERJEE

Chief Financial Officer

SAMIR BHADRA

Company Secretary

PRABIR KUMAR NAG

Chief Executive Officer

STEWARTS AND LLOYDS OF INDIA LIMITED

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

Particulars	Note No.	2013- 2014 Rs.	2012- 2013 Rs.
I. Revenue from Operations	16	29,70,07,646	36,82,31,390
II. Other Income	17	47,80,735	4,54,63,313
III. Total Revenue (I+II)		30,17,88,381	41,36,94,703
IV. Expenses:			
Cost of Materials Consumed	18	3,37,449	18,39,817
Change in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	19	71,51,093	53,04,980
Employee Benefits Expense	20	3,36,73,284	4,39,68,700
Finance Costs	21	5,85,28,596	4,74,68,443
Depreciation and Amortisation Expense on			
- Tangible Assets		34,23,338	39,38,129
- Intangible Assets		18,34,988	18,34,988
Other Expenses	22	64,01,15,442	34,40,40,213
Total Expenses		74,50,64,190	44,83,95,270
V. Profit/(Loss) before Tax (III-IV)		(44,32,75,809)	(3,47,00,567)
VI. Tax Expense:			
(1) Current Tax		—	—
(2) Deferred Tax		17,75,229	(17,93,016)
		17,75,229	(17,93,016)
VII. Profit/(Loss) for the period (V - VI)		(44,50,51,038)	(3,29,07,551)
VIII. Earnings per Equity Share:			
Basic and Diluted (Refer Other Notes on Accounts 23.12)		(148.35)	(10.97)
Significant Policies & Other Notes on Accounts :	23		

This is the Statement of Profit and Loss referred to in our report of even date.

The Notes referred to above form an integral part of the Statement of Profit and Loss

For RAY & RAY

Chartered Accountants
Firm Registration Number – 301072E

K. K. GHOSH

Partner
Membership Number : 59781
Kolkata, 2nd May, 2014

DIPANKAR BANERJEE
Chief Financial Officer

R. K. TRIPATHY
Director

SAMIR BHADRA
Company Secretary

ASIM CHANDRA
Chairman

PRABIR KUMAR NAG
Chief Executive Officer

Notes to Balance Sheet as at 31st March 2014

	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
1 Share Capital		
Authorised :		
2,00,00,000 Equity Shares of Rs. 10/- each (March 2013 : 2,00,00,000 Equity Shares of Rs. 10/- each)	20,00,00,000	20,00,00,000
Issued, Subscribed and Paid Up:		
30,00,000 Equity Shares of Rs. 10/- each, fully paid up (March 2013 : 30,00,000 Equity Shares of Rs. 10/- each, fully paid up)	3,00,00,000	3,00,00,000
	<u>3,00,00,000</u>	<u>3,00,00,000</u>

Notes:

- a. Reconciliation of number of shares at the end of the period:
- | | | |
|--|------------------|------------------|
| Number of Shares at the beginning of the year | 30,00,000 | 30,00,000 |
| Number of Shares issued during the period | — | — |
| Number of Shares bought back during the period | — | — |
| Number of Shares at the end of the period | <u>30,00,000</u> | <u>30,00,000</u> |
- b. Shares held by Holding Company:
16,63,754 Equity Shares (Previous year: 16,63,754) are held by IOT Infrastructure & Energy Services Limited (Formerly Indian Oiltanking Limited), Holding Company
- c. Shareholders holding more than 5% shares

Name of Shareholder	As at 31st March, 2014		As at 31st March, 2013	
	Numbers	%	Numbers	%
IOT Infrastructure & Energy Services Ltd.	16,63,754	55.46	16,63,754	55.46
National Insurance Company Limited	—	3.43	1,52,985	5.10

- d. Shares allotted other than cash and bought back:

Particulars	Year (Aggregate number of Shares)				
	2013-14	2012-13	2011-12	2010-11	2009-10
Fully paid up Equity Shares pursuant to contract(s) without payment being received in cash	—	—	—	—	—
Fully paid up Equity Shares by way of Bonus Shares	—	—	—	—	—
Shares bought back	—	—	—	—	—

STEWARTS AND LLOYDS OF INDIA LIMITED

Notes to Balance Sheet as at 31st March 2014 (Contd.)

2 Reserves and Surplus

	Balance 31st March 2013 Rs.	Additions During the Period Rs.	Deductions During the Period Rs.	Balance 31st March 2014 Rs.
Capital Reserve	4,16,401	–	–	4,16,401
Security Premium Account	12,13,970	–	–	12,13,970
General Reserve	8,81,55,507	–	–	8,81,55,507
Surplus (As per note below)	(2,71,75,047)	(44,50,51,038)	–	(47,22,26,085)
	<u>6,26,10,831</u>	<u>(44,50,51,038)</u>	–	<u>(38,24,40,207)</u>

Note:	As at 31st March 2014	As at 31st March 2013
Net Profit/(Loss) for the period	(44,50,51,038)	(3,29,07,551)
Add: Transfer from Reserves	–	–
Less: 1. Proposed Dividends	–	–
2. Tax on Proposed Dividends	–	–
3. Transfer to Reserves	–	–
Closing balance	<u>(44,50,51,038)</u>	<u>(3,29,07,551)</u>

3 Other Long-term Liabilities

Others	53,25,420	61,60,162
	<u>53,25,420</u>	<u>61,60,162</u>

4 Long-term Provisions

Provision for Retirement Benefits	11,83,462	19,26,222
	<u>11,83,462</u>	<u>19,26,222</u>

5 Short-term Borrowings Secured

Loans repayable on demand from Banks:		
Working Capital Facility	34,99,85,798	29,32,30,686
Total Short-term Borrowings	<u>34,99,85,798</u>	<u>29,32,30,686</u>

Working capital including interest accrued & due thereon and non-fund based facilities to the extent utilised aggregating to Rs.44,82,33,457 (March 2013: Rs. 41,13,17,349) from banks are secured by pari passu first charge among Working Capital Bankers on the whole of the hypothecated current assets and movable assets including Plant and Machinery (other than Propane Gas Project at Jamshedpur), both present and future.

Period and amount of default as on the Balance Sheet date in respect of Borrowings and Interest:

Interest on Borrowings and invoked Bank Guarantee	10,80,34,677	53,61,841
Period of default	March 2013 to March 2014	February 2013 to March 2013

6 Trade Payable

Trade Payable		
Due to Micro Enterprises and Small Enterprises	6,68,085	5,40,080
Others	13,73,30,690	13,89,97,097
	<u>13,79,98,775</u>	<u>13,95,37,177</u>



Notes to Balance Sheet as at 31st March 2014 (Contd.)

	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
7 Other Current Liabilities		
Interest accrued and due on Borrowings	5,01,16,043	53,61,841
Unpaid Dividends	2,44,473	3,28,035
Other Liabilities	28,24,47,818	34,89,43,852
	<u>33,28,08,334</u>	<u>35,46,33,728</u>
8 Fixed Assets		
A Tangible Assets		
Gross Block	9,10,09,117	11,71,03,701
Depreciation	7,56,80,152	9,55,91,403
Net Block	<u>1,53,28,965</u>	<u>2,15,12,298</u>
B Intangible Assets		
Gross Block	91,74,936	91,74,936
Amortisation	75,10,692	56,75,704
Net Block	<u>16,64,244</u>	<u>34,99,232</u>

	Gross Block at Cost				Depreciation and Amortisation				Net Block	
	As at 31.03.2013	Addition	Deduction/ Adjustment	As at 31.03.2014	As at 31.03.2013	For the Year	Deduction/ Adjustment	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Tangible Assets :										
Leasehold Land	1,74,300	—	—	1,74,300	82,995	1,645	—	84,640	89,660	91,305
Buildings	68,99,612	—	—	68,99,612	62,90,266	55,893	—	63,46,159	5,53,453	6,09,346
Plant and Equipment	9,39,76,622	—	2,55,96,867	6,83,79,755	7,51,13,859	25,44,766	2,20,50,899	5,56,07,726	1,27,72,029	1,88,62,763
Furniture and Fixtures	48,51,951	12,000	4,00,757	44,63,194	41,53,100	1,25,936	3,79,599	38,99,437	5,63,757	6,98,851
Vehicles	40,43,487	8,38,387	3,01,199	45,80,675	39,12,976	5,38,510	3,01,198	41,50,288	4,30,387	1,30,511
Office Equipment	21,82,406	—	—	21,82,406	17,40,101	65,385	—	18,05,486	3,76,920	4,42,305
Electrical Equipment	29,16,633	—	5,20,918	23,95,715	25,84,899	47,837	5,20,196	21,12,540	2,83,175	3,31,734
Air Conditioning Plant	14,12,041	—	1,25,230	12,86,811	10,80,943	41,919	82,697	10,40,165	2,46,646	3,31,098
Railway Sidings	6,46,649	—	—	6,46,649	6,32,264	1,447	—	6,33,711	12,938	14,385
Sub-total	11,71,03,701	8,50,387	2,69,44,971	9,10,09,117	9,55,91,403	34,23,338	2,33,34,589	7,56,80,152	1,53,28,965	2,15,12,298
Previous year	11,67,30,378	9,08,853	5,35,530	11,71,03,701	9,19,00,856	39,38,129	2,47,582	9,55,91,403	2,15,12,298	
Intangible Assets :										
Computer Software - Acquired	91,74,936	—	—	91,74,936	56,75,704	18,34,988	—	75,10,692	16,64,244	34,99,232
Sub-total	91,74,936	—	—	91,74,936	56,75,704	18,34,988	—	75,10,692	16,64,244	34,99,232
Previous year	91,74,936	—	—	91,74,936	38,40,716	18,34,988	—	56,75,704	34,99,232	
Capital work in progress:										
Plant and Equipment under installation									26,18,548	19,14,120
Building under construction									29,88,336	—
Sub-total									56,06,884	19,14,120
Previous year									19,14,120	

STEWARTS AND LLOYDS OF INDIA LIMITED

Notes to Balance Sheet as at 31st March 2014 (Contd.)

	<u>As at 31st March 2014 Rs.</u>	<u>As at 31st March 2013 Rs.</u>
9 Non-current Investments		
Other than Trade - Unquoted		
At cost :		
National Savings Certificate (Lodged as Security Deposit - Matured but not encashed)	1,000	1,000
At written down value :		
Rs.7000, 5% Non-redeemable Registered Mortgage Debenture Stock 1957 - Woodlands Hospital and Medical Research Centre Ltd.	1	1
33 Nos. 1/2% Debentures of Rs.100 each - Woodlands Hospital and Medical Research Centre Ltd.	1	1
	<u>1,002</u>	<u>1,002</u>
10 Long-term Loans and Advances		
(Unsecured, Considered Good)		
Security Deposits	33,03,873	79,41,573
	<u>33,03,873</u>	<u>79,41,573</u>
11 Inventories		
(Valued at lower of cost and estimated net realisable value)		
Raw Materials	3,26,659	6,64,108
Work-in-process (Fabrication)	—	1,10,79,558
Stores and Spare Parts	5,07,646	74,50,166
Loose Tools	1,27,374	10,77,084
	<u>9,61,679</u>	<u>2,02,70,916</u>
12 Trade Receivables		
(Unsecured)		
Trade Receivables outstanding for a period exceeding six months -		
Considered Good	19,92,29,128	32,14,77,039
Considered Doubtful	18,76,38,471	2,79,85,625
	<u>38,68,67,599</u>	<u>34,94,62,664</u>
Less: Provision for Doubtful Debts	18,76,38,471	2,79,85,625
	<u>19,92,29,128</u>	<u>32,14,77,039</u>
Other Debts - Considered Good	4,78,32,463	11,60,56,668
	<u>24,70,61,591</u>	<u>43,75,33,707</u>
13 Cash and Bank Balances		
Cash and Cash Equivalents:		
Balance with Banks:		
- In Current Account	55,29,900	45,08,128
- In Term Deposit	—	50,00,000
Cash on hand	97,467	98,706
	<u>56,27,367</u>	<u>96,06,834</u>
Other Bank Balances:		
- In Fixed Deposit	8,629	7,979
- In Margin Money Account	4,25,753	4,10,559
- In Unpaid Dividend Account	2,44,473	3,28,035
	<u>6,78,855</u>	<u>7,46,573</u>
	<u>63,06,222</u>	<u>1,03,53,407</u>

Notes to Balance Sheet as at 31st March 2014 (Contd.)

	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
14 Short-term Loans and Advances (Unsecured, Considered Good)		
Tax payments and tax deducted at source less provision for taxation	6,88,06,983	6,05,68,225
Other Advances	8,35,89,566	14,61,58,000
	<u>15,23,96,549</u>	<u>20,67,26,225</u>
Considered Doubtful	-	-
	<u>15,23,96,549</u>	<u>20,67,26,225</u>
Less: Provision for Doubtful Advances	-	-
	<u>15,23,96,549</u>	<u>20,67,26,225</u>

Note :

Tax payments and tax deducted at source are net off provisions for taxation of Rs.13,78,30,588 (Previous year: Rs.13,78,30,588)

15 Other Current Assets (Unsecured, Considered Good)		
Tender and Other Deposits	88,577	41,53,395
Prepaid Expenses	2,97,344	23,41,065
Work-in-progress (Construction Contracts)	3,38,96,187	16,21,28,172
	<u>3,42,82,108</u>	<u>16,86,22,632</u>

Note

Information in accordance with the requirement of the revised Accounting Standard-7 on Construction Contracts prescribed by the Companies Act, 1956:

Contract revenue recognised for the year	27,14,77,218	28,37,04,792
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to the year end for all the contracts in progress	43,33,24,760	88,06,34,458
The amount of customer advances outstanding for contracts in progress as at the year end	3,40,54,234	3,85,00,000
The amount of retention due from customers for contracts in progress as at the year end	4,00,63,183	4,26,13,965
Gross amount due from customers	3,38,96,187	16,21,28,172
Gross amount due to customers	NIL	NIL

STEWARTS AND LLOYDS OF INDIA LIMITED

Notes to Statement of Profit and Loss for the year ended 31st March 2014

	2013-2014	2012-2013
	Rs.	Rs.
16 Revenue from Operations		
Sale of Products	3,39,58,053	12,45,72,123
Sale of Services	27,14,77,218	28,37,04,792
Other Operating Revenues	70,27,454	28,78,654
	<u>31,24,62,725</u>	<u>41,11,55,569</u>
Less: Excise Duty	1,54,55,079	4,29,24,179
	<u>29,70,07,646</u>	<u>36,82,31,390</u>
17 Other Income		
Interest Income	15,843	9,84,161
Profit on Sale of Fixed Assets	47,64,892	4,44,79,152
	<u>47,80,735</u>	<u>4,54,63,313</u>
Expenses		
18 Cost of Material Consumed		
Opening Stock	6,64,108	8,53,141
Add: Purchases	—	16,50,784
	<u>6,64,108</u>	<u>25,03,925</u>
Less: Closing Stock	3,26,659	6,64,108
	<u>3,37,449</u>	<u>18,39,817</u>
19 Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade		
Work-in-progress (Erection)	(39,28,465)	(7,04,784)
Work-in-process (Fabrication)	1,10,79,558	60,09,764
	<u>71,51,093</u>	<u>53,04,980</u>
20 Employee Benefits Expense		
Salaries, Wages & Bonus etc.	3,11,11,563	4,04,62,026
Contribution to Provident and Other Funds	9,04,402	10,84,118
Workmen's Insurance	1,98,926	6,92,906
Workmen & Staff Welfare Expenses	14,58,393	17,29,650
	<u>3,36,73,284</u>	<u>4,39,68,700</u>
21 Finance Costs		
Interest Expenses	5,70,93,764	4,58,56,527
Other Borrowing Costs	14,34,832	16,11,916
	<u>5,85,28,596</u>	<u>4,74,68,443</u>

**Notes to Statement of Profit and Loss for the year ended 31st March 2014 (Contd.)**

	2013-2014	2012-2013
	Rs.	Rs.
22 Other Expenses		
Sub-Contractor Payments	16,01,21,781	20,09,50,379
Freight & Handling Charges	2,53,09,801	2,15,07,938
Advertising	1,39,388	1,75,960
Consumption of Stores & Tools	13,58,32,217	3,82,87,669
Insurance	15,46,410	7,04,490
Power and Fuel	63,82,630	1,33,57,786
Rent	94,74,505	2,31,41,497
Rates & Taxes	44,26,286	13,82,423
Repairs to Building	3,66,547	25,17,099
Repairs to Machinery	28,87,688	14,76,358
Repairs Others	97,051	27,800
Travelling Expenses	29,20,287	42,16,429
Works Contract Tax Expenses	—	1,79,268
Hire Charges of Equipments	70,18,330	1,40,26,519
Bank Charges	15,21,362	17,23,400
Service Charges	33,96,144	62,39,480
Printing & Stationery	5,13,992	6,26,512
Auditor's Remuneration	7,25,000	21,59,890
Postage & Telephone	8,94,158	12,70,083
Vehicle Expenses	30,52,288	30,88,498
Inspection Charges	2,10,614	6,29,093
Legal Expenses	94,51,296	34,95,639
Miscellaneous Expenses	28,21,963	28,56,003
Provision for Doubtful Debts	15,96,52,846	—
Construction WIP Written Off	10,13,52,858	—
	<u>64,01,15,442</u>	<u>34,40,40,213</u>

23 Significant Policies & Other Notes on Accounts

23.1 Significant Accounting Policies :

a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared on accrual basis under the historical cost convention (except where impairment is made) on the basis of going concern and is in accordance with Accounting Standard notified under the Companies (Accounting Standards) Rules, 2006 pursuant to section 211 (3C) of the Companies Act, 1956.

(b) USE OF ESTIMATES

In preparing the Financial Statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of Financial Statements and the amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to such estimates is recognised in the period the same is determined.

(c) FIXED ASSETS - Tangible

(i) Assets other than those acquired on lease are stated at cost of acquisition and related expenditure. The cost of fixed assets acquired on finance lease comprises present value of minimum lease payments at the inception of lease, lease management fees and residual value of the related assets. The discounting factor considered in calculating the present value of the minimum lease payments is the rate of interest implicit in the lease. An impairment loss is recognised if and when the carrying amount of the fixed assets of a cash generating unit exceeds its net selling price or value in use whichever is higher. Depreciation on fixed assets (including those acquired on finance lease) is provided on written down value method at the rates which are in conformity with the requirements of the Companies Act, 1956. Leasehold land is amortised over the period of lease under written down value method.

FIXED ASSETS - Intangible

(ii) Cost of Computer Software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and cost of implementation/system integration services. The costs are capitalised in the year in which the relevant software is implemented for use. Expenses incurred on upgradation/enhancement is charged off as revenue expenditure unless it enable the software to generate future economic benefits in excess of its originally assessed standard.

(iii) Computer Software cost is amortised on a straight line basis over a period of five years.

(d) LONG TERM investments are valued at cost less provision for permanent diminution, if any, in carrying amount of such investments.

(e) INVENTORIES are valued at lower of cost and net realisable value. The costs are, in general, determined under "First in First out" formula. Work in progress/process and Finished Goods include applicable fabrication charges and allocable overheads. Obsolete, slow and non moving inventories are identified at the time of physical verification and, where necessary, adequate provision is made for such inventories.

(f) REVENUE from erection contracts are recognised on the percentage of completion method, in proportion that the contract costs incurred for work performed (as techno-commercially assessed by the management) up to the reporting date bear to the estimated total contract costs. Revenue recognised in excess of billing and billing in excess of revenue recognised as per Accounting Standard-7, prescribed by the Companies Act, 1956, have been reflected under 'Other Current Assets' and 'Current Liabilities' respectively in the Balance Sheet. Escalation and other claims in respect of these contracts are accounted for on their acceptance by the customers. Adequate provision for foreseeable losses are made in the accounts.

OTHER SALES are recognised on completion of sale of goods, rendering of services and/or use of Company's resources by third parties.

23. Significant Policies & Other Notes on Accounts (Contd.)

(g) EMPLOYEE BENEFITS

i) Short term Employee Benefits :

The undiscounted amount of Short-term Employee Benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service.

ii) Post Employment Benefit Plans :

Contributions under Defined Contribution Plans payable in keeping with the related schemes are recognised as expenses for the year.

For Defined Benefit Plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

iii) Other Long-term Employment Benefits (unfunded) :

The cost of providing long term employee benefits is determined using Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date. Actuarial gains and losses and past service cost are recognised immediately in the Statement of Profit and Loss for the period in which they occur. Other long term employee benefit obligation recognised in the Balance Sheet represents the present value of related obligation.

h) TRANSACTIONS IN RESPECT OF FOREIGN CURRENCIES are recorded at exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currencies outstanding at the Balance Sheet date are restated at the exchange rate prevailing on the Balance Sheet date. Foreign currency non-monetary items carried in terms of historical cost are reported using the exchange rate at the date of transactions. Exchange differences arising on settlement of transactions and/or restatements are dealt with in the Statement of Profit and Loss. In respect of Forward Exchange Contracts with underlying transaction, the premium or discount arising at the inception of such contract is amortised as expense or income over the life of contract.

(i) BORROWING COSTS other than those directly attributable to acquisition and construction of fixed assets are recognised as an expense in the period in which they are incurred.

(j) PROVISIONS are recognised when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources or there is a present obligation, reliable estimate of the amount of which cannot be made. Where there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure for contingent liability is made.

(k) CURRENT TAX in respect of taxable income is provided for the year based on applicable tax rates and laws. Deferred tax is recognised subject to the consideration of prudence in respect of deferred tax assets, on timing differences, between taxable income that originate in one period and are capable of reversal in one and more subsequent periods and is measured using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date to re-assess realisability thereof. Fringe Benefit Tax is accounted for based on the estimated fringe benefits for the period as per the related provisions of the Income-tax Act, 1961.

STEWARTS AND LLOYDS OF INDIA LIMITED

23. Significant Policies & Other Notes on Accounts (Contd.)

23.2 Year-end Deferred Tax balance comprises the following :	31st March 2014	31st March 2013
	(Rs.)	(Rs.)
Tax impact due to timing differences resulting in (liabilities)/ assets on account of :		
Payment under Voluntary Retirement Scheme	16,59,535	26,47,337
Depreciation as per tax law and book	(29,76,628)	(28,07,201)
Provision for doubtful debts	86,47,558	86,47,558
Items allowable for tax purpose on payment	6,18,000	12,36,000
Net Deferred Tax Assets/(Liability)	79,48,465	97,23,694

23.3 Contingent Liabilities :

23.3 (a) Claims not acknowledged as debts :	31st March 2014	31st March 2013
	(Rs.)	(Rs.)
(i) Disputed Sales Tax *	41,89,047	45,30,906
(ii) Disputed Income Tax	5,99,80,121	5,97,91,791
(iii) Disputed Wealth Tax	3,16,688	3,16,688
(iv) Disputed Service Tax	1,67,51,790	1,62,13,608

* On account of certain reliefs claimed which are under dispute and pending sales tax declaration forms.

23.3 (b) The Company has completed all the four contracts at IOCL-Bongaigaon (IOCL-BGR) and has submitted its final bills and other claims etc. during the financial year 2012-13, to IOCL-BGR, who is deriving commercial benefit out of the same. IOCL-BGR without settling the said final bills and other claims, has unilaterally encashed four bank guarantees aggregating to Rs. 5.80 Crores which the Company has considered as recoverables in the books, in respect of three contracts, towards their alleged recovery. Being aggrieved, the Company has initiated the arbitration proceedings at Indian Council of Arbitration(ICA), New Delhi, in respect of three contracts, as per terms of the relevant General Conditions of Contract (GCC) to adjudicate the case and the same is pending settlement.

23.3 (c) The Company had exported rubber lined pipes to Konkola Copper Mines, Zambia (KCM) during 2007 and 2008. The KCM went into International Arbitration Proceedings claiming damages for the alleged defects in the supplied rubber lined pipes and the Company was awarded to pay US \$ 3.36 Million plus running interest @1.5% p.a. (total equivalent to INR 21.74 Crores) approximately based on alleged seven years guarantee which the Company had never given. Being aggrieved, the Company has filed an appropriate application at the Competent Court challenging the award and the same is pending for hearing.

23.3 (d) The Company had initiated Arbitration Proceedings against three customers for recovery of an amount of Rs. 17.91 crores (included in Trade Receivables - refer Note No. 12) and also for other damages and claims. The Company has received favourable order against one customer (Receivable amount being Rs. 0.12 crores) who has preferred appeal in Hon'ble High Court at Madras against the said order. The recoverability of the total amount is subject to the outcome of the Arbitration/Court proceedings.

23.3 (e) There are few litigations initiated by some sub-contractors involving Rs. 4.61 crores which have not been acknowledged by the Company as debts. However, Company had also initiated its counter claim amounting to Rs. 1.66 crores against some of said sub-contractors which are pending before various Courts.

23.3 (f) There is a demand from Kolkata Port Trust towards alleged interest on unpaid lease rent for Rs. 3.19 crores which the Company has disputed in the absence of proper basis for such demand and the same has not been acknowledged as a debt.

23. Significant Policies & Other Notes on Accounts (Contd.)

- 23.3 (g)** Liquidated Damages, as may be levied for completion of certain contracts beyond stipulated time and other claims, for which negotiations on reasonable grounds are on and of interest, if any, on determination of the above matters, amount of which is presently not ascertainable. In the opinion of the Management amount, if any, payable would not be significant.
- 23.4 (a)** Outstanding Bank Guarantees Rs. 4,81,31,616 (Previous Year: Rs. 11,27,24,822) are secured by a charge created on assets as recited under Short-term borrowings (Refer Note 5 to Balance Sheet).
- (b)** In the opinion of the Board, all assets other than fixed assets and non current investments, have a realisable value in the ordinary course of business which is not different from the amount at which it is stated.
- (c)** Pursuant to the eviction order of The Estate Officer, Kolkata Port Trust, the Company has relocated its facilities from Jhijhirapole, Kolkata and Hide Road, Kolkata to Oregram, Burdwan in the State of West Bengal. However, the asset item of building (Net Block - Rs. 1.94 lakhs) in the said abandoned facilities are now in the category of disused assets as the same cannot be sold off or otherwise acted upon due to order of the Hon'ble High Court at Bombay. No impairment has been considered in respect of these assets as the same have been valued at a higher figure by a certified engineer.

23.5 (a) Information on Sale of products under broad heads (Net of Excise duty) :

Particulars	2013-2014	2012-2013
	(Rs.)	(Rs.)
Industrial Pipework	1,85,02,974	7,99,57,171
Engineering and Procurement	—	16,90,773
	1,85,02,974	8,16,47,944

23.5 (b) Information on Work-in-Progress (Fabrication) :

Particulars	Year	Opening Stock	Closing Stock
		(Rs.)	(Rs.)
Industrial Pipework	2013-14	1,10,79,558	—
	2012-13	1,70,89,322	1,10,79,558

23.6 Consumption of Materials under broad heads :

Particulars	2013-2014	2012-2013
	(Rs.)	(Rs.)
Tubes	2,30,549	13,05,810
Plates	1,06,900	2,82,726
Paints	—	2,50,093
Miscellaneous	—	1,188
	3,37,449	18,39,817

- (a) Above represents bought out items also which are ultimately used for erection services.
- (b) Miscellaneous include items which individually do not constitute more than 10% of the total consumption.

STEWARTS AND LLOYDS OF INDIA LIMITED

23. Significant Policies & Other Notes on Accounts (Contd.)

23.7 Value of Imported and Indigenous Materials Consumption as a percentage of Total Consumption :

Particulars	2013-2014		2012-2013	
	(Rs.)	%	(Rs.)	%
Indigenous	3,37,449	100.00	18,39,817	100.00
Imported	—	—	—	—
	3,37,449	100.00	18,39,817	100.00

23.8 Consumption of Imported and Indigenous Stores, Tools, Spare Parts and Components as a percentage of Total Consumption :

Particulars	2013-2014		2012-2013	
	(Rs.)	%	(Rs.)	%
Indigenous	13,58,32,217	100.00	3,24,90,760	84.86
Imported	—	—	57,96,909	15.14
	13,58,32,217	100.00	3,82,87,669	100.00

23.9 Earnings and Expenditure in Foreign Currency :

Particulars	2013-2014	2012-2013
	(Rs.)	(Rs.)
a) Value of Imports calculated on C.I.F. basis		
Materials	—	—
Stores, Tools, Spare Parts and Components	—	42,95,501
b) Expenditure in Foreign Currency		
Travelling	—	3,05,453
Technical Services	—	—
c) Earnings in Foreign Currency		
F.O.B. Value of Export	—	—

23. Significant Policies & Other Notes on Accounts (Contd.)
23.10 Details of Dues to Micro Enterprises and Small Enterprises :

			2013-2014	2012-2013
			(Rs.)	(Rs.)
a)	The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the year	Principal Interest	1,39,770 5,28,315	1,46,152 3,93,928
b)	The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year	Principal Interest	6,382 Nil	Nil Nil
c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006		Nil	Nil
d)	The amount of interest accrued and remaining unpaid at the end of accounting year	Interest accrued Interest remaining unpaid	1,34,387 5,28,315	1,26,559 3,93,928
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006		1,34,387	1,26,559

The above information has been compiled in respect of parties to the extent to which they could be identified as Micro and Small Enterprises under Micro, Small and Medium Enterprise Development Act, 2006 on the basis of information available with the Company.

23.11 Employees Benefits :
Post Employment Defined Contribution Plans :

During the year an amount of Rs.4,09,754 (2012-2013 : Rs.5,09,025) has been recognised as expenditure towards Defined Contribution plans of the Company.

Post Employment Defined Benefit Plans :
Gratuity (Funded)

The Company's Gratuity Scheme, a defined benefit plan, covers the eligible employees and is administered through a trust fund under group administration plan. Such gratuity fund, whose investments are managed by insurance companies/ trustees themselves, make payments to vested employees or their nominees upon retirement, death, incapacitation or cessation of employment, of an amount based on the respective employee's eligible salary and tenure of employment as per the provision of "The Payment of Gratuity Act, 1972". Liabilities with regard to Gratuity Plan are determined by actuarial valuation as set out in Note 23.1.g.(iii) above based upon which the Company makes contribution to Gratuity Fund.

STEWARTS AND LLOYDS OF INDIA LIMITED

23. Significant Policies & Other Notes on Accounts (Contd.)

The following Table sets forth the particulars in respect of Post Employment and other Defined Benefit Plans of the Company for the year ended 31st March, 2014 and corresponding figures for the previous year :

(Rupees)

	Description	Gratuity (Funded)		Leave Encashment (Unfunded)	
		31st March 2014	31st March 2013	31st March 2014	31st March 2013
(a)	Reconciliation of Opening and Closing balances of the Present Value of the Defined Benefit Obligation :				
	Present Value of Obligation at the beginning of the year	24,89,299	32,27,046	20,99,898	25,71,437
	Current Service Cost	2,11,588	2,31,499	2,20,227	3,61,651
	Past Service Cost	—	—	—	—
	Interest Cost	1,98,166	2,77,526	1,71,479	2,21,144
	Actuarial (Gains)/Losses	(5,22,047)	(1,33,536)	(12,13,865)	(5,87,714)
	Benefits Paid	(4,49,082)	(11,13,236)	(2,80,266)	(4,66,620)
	Present Value of Obligation at the end of the year	19,27,924	24,89,299	9,97,473	20,99,898
(b)	Reconciliation of the Opening and Closing balances of Plan Assets :				
	Fair Value of Plan Assets at the beginning of the year	24,94,761	32,27,046	—	—
	Expected Return on Plan Assets	2,18,292	3,80,951	—	—
	Actuarial Gains/(Losses)	20,37,589	—	—	—
	Contributions	—	—	—	—
	Benefits paid	(4,49,082)	(11,13,236)	—	—
	Fair Value of Plan Assets at the end of the year	43,01,560	24,94,761	—	—
(c)	Reconciliation of the Present Value of the Defined Benefit Obligation and the Fair Value of Plan Assets :				
	Present Value of Obligation at the end of the year	19,27,924	24,89,299	9,97,473	20,99,898
	Fair Value of Plan Assets at the end of the year	43,01,560	24,94,761	—	—
	Assets/(Liabilities) recognised in the Balance Sheet	23,73,636	5,462	(9,97,473)	(20,99,898)
(d)	Expense recognised in the Statement of Profit and Loss :				
	Current Service Cost	2,11,588	2,31,499	2,20,227	3,61,651
	Past Service Cost	—	—	—	—
	Interest Cost	1,98,166	2,77,526	1,71,479	2,21,144
	Expected Return on Plan Assets	(2,18,292)	(3,80,951)	—	—
	Actuarial (Gains)/Losses	(25,59,636)	(1,33,536)	(12,13,865)	(5,87,714)
	Total Expense recognised	(23,68,174)	(5,462)	(8,22,159)	(4,919)
(e)	Category of Plan Assets :				
	Fund with LIC	33,28,526	34,88,402	—	—
	Central Government Securities	—	—	—	—
	State Government Securities	—	—	—	—
	Others (including bank balances)	(9,05,285)	(9,93,641)	—	—
	Total	24,23,241	24,94,761	—	—
(f)	Actual Return on Plan Assets	2,18,292	3,80,951	—	—
(g)	Actuarial Assumptions :				
	Discount Rate (Per annum)	8.75%	8.00%	8.75%	8.00%
	Expected Rate of Return on Assets (Per annum)	8.75%	9.15%	—	—
	Mortality Rate	IALM 2006-2008 ULTIMATE	LIC (1994-96)	IALM 2006-2008 ULTIMATE	LIC (1994-96)

23. Significant Policies & Other Notes on Accounts (Contd.)
Net Asset/(Liability) recognised in Balance Sheet including experience adjustment impact :

	Gratuity			Leave Encashment		
	2014	2013	2012	2014	2013	2012
Present value of funded obligation	19,27,924	24,89,299	32,27,046	-	-	-
Present value of unfunded obligation	-	-	-	9,97,473	20,99,898	25,71,437
Fair Value of Plan Assets	43,01,560	24,94,761	32,27,046	-	-	-
Status [Surplus/(Deficit)]	23,73,636	5,462	-	-	-	-
Experience Adjustment of Plan Assets [Gain/(Loss)]	Not Available			Not Available		
Experience Adjustment of Obligation [Gain/(Loss)]	Not Available			Not Available		

The estimates of future salary increases, considered in actuarial valuations, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The expected return on plan assets is based on actuarial expectation of the average long term rate of return expected on investment of funds during the estimated term of the obligation.

23.12 Basic and Diluted Earning/(Loss) Per Share :

i)	Basic	2013-2014	2012-2013
a)	Number of Equity Shares at the beginning of the year	30,00,000	30,00,000
	Number of Equity Shares at the end of the year	30,00,000	30,00,000
	Weighted average number of Equity Shares outstanding during the year	30,00,000	30,00,000
	Face value of each Equity Share (Rs.)	10	10
b)	Profit/(Loss) after tax available for Equity Shareholders (Rs.)	(44,50,51,038)	(3,29,07,551)
	Basic Earning/(Loss) per Share (Rs.)	(148.35)	(10.97)
ii)	Dilutive Potential Equity Shares		
	Diluted Earning/(Loss) per Share (Rs.)	(148.35)	(10.97)

23.13 Related Party Disclosures in accordance with Accounting Standard 18 :
List of Related Parties
i) Parties where control exists :

IOT Infrastructure & Energy Services Ltd., (Formerly Indian Oiltanking Ltd.) – Holding Company
 IOT Engineering Projects Limited – Fellow Subsidiary
 IOT Design & Engineering Ltd. – Fellow Subsidiary
 IOT Anvesha Engineering & Construction Limited – Fellow Subsidiary
 Newsco International Energy Services Inc. – Fellow Subsidiary

ii) Key Managerial Personnel :

Mr. S P Saha - Chief Executive Officer from 01.04.2012 to 02.09.2012
 Mr. S P Saha - Chief Executive Officer & Director from 03.09.2012 to 12.02.2013
 Mr. Nilanjan Mukhopadhyay - Chief Executive Officer from 12.02.2013 to 13.11.2013
 Mr. P. K. Nag - Chief Executive Officer from 13.11.2013 to 31.03.2014

STEWARTS AND LLOYDS OF INDIA LIMITED

23. Significant Policies & Other Notes on Accounts (Contd.)

Transactions with Related Parties

	2013-2014 (Rs.)	2012-2013 (Rs.)
a) Sales and Services billed		
Holding Company	5,80,59,220	20,23,67,500
Fellow Subsidiaries	1,23,90,340	3,34,56,665
b) Purchase of Raw Materials and Components and Services		
Fellow Subsidiaries	7,49,99,879	—
c) Other Income – Rental Income		
Holding Company	—	3,75,000
Fellow Subsidiary	12,90,000	7,20,000
d) Expenditure on other services (Net)		
Holding Company	1,18,14,382	78,30,410
Fellow Subsidiary	40,33,898	7,69,303
e) Outstanding Balances as at the end of Financial Year		
Receivables (Net) :		
Fellow Subsidiary	—	33,732
Payables (Net) :		
Holding Company	4,10,65,401	1,18,86,169
Fellow Subsidiaries	8,57,51,898*	6,98,50,935
f) Remuneration to Key Managerial Personnel	12,28,941	34,80,266

* Includes b/f unreconciled balance of Rs. 22.73 lacs with a fellow subsidiary.

23.14 The Company has accumulated losses of Rs.47.22 Crores as at 31st March, 2014 and its net worth as at that date is negative by Rs. 35.24 Crores. The Consortium banks have recalled their debts to the Company. These events or condition cast significant doubt on the company's ability to continue as a going concern. However, the management is making a detailed evaluation of the current situation, including assessment of potential reschedulement / renegotiations with creditors and banks. Accordingly, the Financial Statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

23.15 The Company is primarily engaged in execution of erection projects, which, in most cases involve supply of materials (procured or manufactured). Manufactured items are also supplied for servicing of refurbishment projects of clients and in a few cases to other customers. The management considers the entire activity process to be an integrated one. Further, the Company is managed organisationally as a single unit. Therefore, according to the management, the Company's operations are carried out in a single segment.

23.16 Previous year's figures have been re-arranged/re-grouped, where necessary to make the same comparable with the current year's figures.

Signatures to Notes 1 to 23.

R. K. TRIPATHY
Director

ASIM CHANDRA
Chairman

DIPANKAR BANERJEE
Chief Financial Officer

SAMIR BHADRA
Company Secretary

PRABIR KUMAR NAG
Chief Executive Officer

CASH FLOW STATEMENT

(PREPARED PURSUANT TO LISTING AGREEMENT)

	For the Year ended 31st March 2014		For the Year ended 31st March 2013	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit/(Loss) Before Tax and Extraordinary Items :		(44,32,75,809)		(3,47,00,567)
Adjustments for –				
Depreciation	52,58,326		57,73,117	
Liability written back	(21,75,467)		(1,33,093)	
Profit/Loss on Sale of Fixed Assets	(47,64,892)		(4,42,22,552)	
Interest (Net) - shown separately	5,85,12,753		4,64,84,282	
Provision for Doubtful Debts	15,96,52,846		—	
Contract WIP Written Off	10,13,52,858		—	
		<u>31,78,36,424</u>		<u>79,01,754</u>
Operating Profit before Working Capital Changes		<u>(12,54,39,385)</u>		<u>(2,67,98,813)</u>
Adjustment for –				
Trade and Other Receivables	13,10,13,070		(2,27,32,052)	
Inventories	1,93,09,237		41,61,103	
Trade Payable	(2,26,82,269)		6,23,52,282	
		<u>12,76,40,038</u>		<u>4,37,81,333</u>
Cash generated/(used in) from operation		<u>22,00,653</u>		<u>1,69,82,520</u>
Direct Taxes Paid (Net of refunds)	(82,38,758)		(86,66,921)	
		<u>(82,38,758)</u>		<u>(86,66,921)</u>
Net Cash from/(used in) operating activities		<u>(60,38,105)</u>		<u>83,15,599</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	(45,43,151)		(28,22,973)	
Sale of Fixed Assets	83,75,274		4,45,10,500	
Interest Received	15,843		9,84,161	
Net Cash from /(used in) investing activities		<u>38,47,966</u>		<u>4,26,71,688</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from Short Term Bank Borrowing (Net)	5,67,55,112		21,25,054	
Interest Paid	(5,85,28,596)		(4,74,68,443)	
Dividend Paid (including Tax thereon)	(83,562)		(96,310)	
Net Cash from/(used in) financing activities		<u>(18,57,046)</u>		<u>(4,54,39,699)</u>
Carried forward		<u>(40,47,185)</u>		<u>55,47,588</u>

STEWARTS AND LLOYDS OF INDIA LIMITED

CASH FLOW STATEMENT (Contd.)

(PREPARED PURSUANT TO LISTING AGREEMENT)

	For the Year ended 31st March 2014		For the Year ended 31st March 2013	
	Rs.	Rs.	Rs.	Rs.
Brought forward		(40,47,185)		55,47,588
NET CHANGES IN CASH AND CASH EQUIVALENT (A+B+C)		<u>(40,47,185)</u>		<u>55,47,588</u>
CASH AND CASH EQUIVALENTS				
– Opening Balance (Refer Note 13 to Balance Sheet)	1,03,53,407		48,05,819	
CASH AND CASH EQUIVALENTS				
– Closing Balance (Refer Note 13 to Balance Sheet)	<u>63,06,222</u>	<u>(40,47,185)</u>	<u>1,03,53,407</u>	<u>55,47,588</u>

- Notes :
- (i) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statement prescribed by the Companies Act, 1956.
 - (ii) For the purpose of Cash Flow Statement, Cash and Cash Equivalents include Other Bank Balances.
 - (iii) The Note referred to above forms an integral part of the Cash Flow Statement.
 - (iv) Previous year's figures have been re-grouped/re-arranged wherever necessary.

This is the Cash Flow Statement referred to in our report of even date.

For RAY & RAY

Chartered Accountants

Firm Registration Number – 301072E

K. K. GHOSH

Partner

Membership Number : 59781

Kolkata, 2nd May, 2014

R. K. TRIPATHY

Director

ASIM CHANDRA

Chairman

DIPANKAR BANERJEE

Chief Financial Officer

SAMIR BHADRA

Company Secretary

PRABIR KUMAR NAG

Chief Executive Officer

Report of the Directors on Corporate Governance

1.0 A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company continues to focus on good Corporate Governance with emphasis on its further betterment on a continuous basis. Corporate Governance is an integral part of Management. Any practical Corporate Governance Policy must provide empowerment to the Management to meet their obligations to the stakeholders at all levels together with a system for the management to ensure that the power vested on them are used with utmost care and responsibilities and not misused. Your Company's management believes in continuous attainment of excellence, growth and value creation and in pursuit of that it continuously endeavors to leverage resources to transform opportunities into reality as much as possible.

2.0 BOARD OF DIRECTORS

The Board of Directors of the Company have six members. Out of this strength, there is one non-executive Chairman, two non-executive Directors, three independent Directors inclusive of one nominee of General Insurance Corporation of India. All of the Directors are Non-Executive Directors.

However, due to resignation of Mr.S P Saha, a Director of the Company, Mr.R Narayanan, a Chartered Accountant and Company Secretary has been introduced in the Board on 5th October 2013 as an Additional Director and the Board has recommended him as a Director to be retired by rotation for the approval of the members .

As per new Companies Act, 2013, one-third of the total number of Directors should be Independent Directors. Due to vacancy of one Independent Director and as per clause 49 of the Listing Agreement, the Board at its meeting held on 2nd May 2014, selected and appointed Mr. Ashok Mitra, (a veteran Engineer having experience of five decades in the project and construction management) as an Independent Director which is subject to approval of the Members of the Company.

As per new Companies Act, 2013, the existing non-executive Independent Director Mr. R K Tripathy requires to be appointed for a period of Five years and for compliance of the same, Board recommended the resolution for the approval of the Members.

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees across all Companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors. None of the Directors are related between themselves.

The Company did not have any pecuniary relationship or transactions with the non-executive Directors during 2013-14 except some transactions carried on with M/s. IOT Anwasha Engineering and Construction Limited wherein the Chairman of the Company is also the CEO and Director of the said company and due declaration had already been given by the Chairman as per Companies Act, 1956 and the same was recorded by the Board.

The names and categories of the Directors on the Board, their attendances at Board Meetings during the year and at the last Annual General Meeting as also the number of Directorships and Committee Memberships held by them in other Companies are given below:

Name	Category	No. of Board Meetings attended during 2013-14	Whether attended AGM held on 26th July 2013	No. of Directorships in other Indian Public Limited Companies as on 31st March 2014	No. of Committee* position held in other Indian Public Limited Companies as on 31st March 2014	
					Chairman	Member
Mr. Asim Chandra	Non-Executive Chairman	4	Yes	1	Nil	Nil
Mr. Radhakant Tripathy	Independent Non-Executive	4	Yes	Nil	Nil	Nil
Mr. Jatin Mavani	Non-Independent Non-Executive	4	Yes	3	1	Nil

STEWARTS AND LLOYDS OF INDIA LIMITED

Mr. K P Brahma	Independent Non-Executive (GIC Nominee)	3	No	1	Nil	4
Mr. R Narayanan (Date of appointment on 05.10.2013)	Non-Independent Non-Executive	2	N.A.	1	Nil	Nil
Mr. S. P. Saha (Cessation on 05.10.2013)	Non-Independent Non-Executive	2	Yes	1	Nil	Nil

- Committee positions held in Audit Committees and Shareholders'/ Investors' Grievance Committees are considered.

Four 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:

29th April 2013, 25th July 2013, 13th November 2013 and 14th February 2014.

The information as required under Annexure IA to Clause 49 was being made available to the Board.

3.0 AUDIT COMMITTEE

The Audit Committee of the Board has been functioning since 1997. The broad terms of reference of the Audit Committee are to review the unaudited and audited financial results of the Company and recommend/suggest the same for the approval and adoption by the Board, to review the Internal Audit Reports, discuss with the Auditors periodically, review and implement their suggestions and other related matters, to review weaknesses in internal controls, if any, reported by Internal Auditors and Statutory Auditors.

The terms of reference of the Audit Committee include the powers as stipulated in Clause 49II(C) of the Listing Agreement and the role as laid out in Clause 49II(D) of the Listing Agreement.

Composition of Audit Committee

Name of the Members	Category	No. of Meetings attended during the year 2013-14
Mr. Radhakant Tripathy (Chairman)	Non-Executive, Independent	4
Mr. Jatin Mavani	Non-Executive, Non-Independent	4
Mr. K. P. Brahma	Non-Executive, Independent	3

Mr. Jatin Mavani, Director, a member of the Audit Committee is a Chartered Accountant and has the requisite financial and accounting expertise.

Number of Audit Committee Meetings held during the year: 4

Dates of Audit Committee Meetings: 29th April 2013, 25th July 2013, 13th November 2013, and 14th February 2014.

The Audit Committee meetings were attended by the Head of Finance, the Chief Executive Officer and representatives of Auditors.

The Company Secretary acted as the Secretary to the Audit Committee.

At the Audit Committee Meeting held on 2nd May 2014, the Annual Accounts for the year ended 31st March 2014, were reviewed by the Audit Committee and recommended to the Board. The unaudited quarterly financial results for each quarter were also reviewed by the Audit Committee during the year before recommendation to the Board for its adoption.

4.0 REMUNERATION COMMITTEE

The Remuneration Committee was constituted in the year 1997. The broad terms of reference of the Remuneration Committee are to recommend to the Board in regard to salary (including annual increments), perquisites and performance linked remuneration to be paid to the Executive Director(s) and Manager(s) depending upon merit, Company's performance and the terms of appointment as to be approved by the shareholders at the General Meeting.

Composition of Remuneration Committee

Name of the Members	Category	No. of Meetings attended during the year 2013-14
Mr. Asim Chandra (Chairman)	Non-Executive, Non-Independent	1
Mr. Radhakant Tripathy	Non-Executive, Independent	1
Mr. K. P. Brahma	Non-Executive, Independent	1

No. of Remuneration Committee Meeting held during the year: 1

Date of Remuneration Committee Meeting: 29th April 2013

Remuneration Policy : The Committee is fully enable to ensure that non-executive directors make decision on remuneration and progress of Chief Executive Officer (CEO). Remuneration of the CEO is recommended by the Committee to the Board of the Company.

Details of remuneration paid to all Directors during the year 2013-14 :

Non-Executive Directors :

Sl. No.	Name	Sitting Fees (Rs.)	Commission (Rs.)
1	Mr. Asim Chandra	42,500	—
2	Mr. Jatin Mavani	80,000	—
3	Mr. Radhakant Tripathy	82,500	—
4	Mr. R. Narayanan	20,000	—
5	Mr. K P Brahma*	62,500	—
6	Mr. S. P. Saha	20,000	—
		3,07,500	—

* Amount paid to National Insurance Co. Ltd.

Sitting fee paid to Directors for attending Board and Audit Committee Meeting was Rs. 10,000/- per meeting. However, for attending Remuneration Committee Meeting, sitting fee was Rs. 2,500/- per meeting.

None of the Directors hold any shares in the Company.

5.0 SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Shareholders'/Investors' Grievance Committee was constituted in the year 2000 to specifically look into the redressal of investor's complaints like transfer of shares, non-receipt of declared dividend and other issues and shares transfer/transmission matters including issue of duplicate share certificates.

Composition of Shareholders'/Investors' Grievance Committee

Name	Category	No. of meetings attended during the year 2013-14
Mr. Jatin Mavani	Non-Executive, Non-Independent	4
Mr. K. P. Brahma	Non-Executive, Independent	3
Mr. Asim Chandra	Non-Executive, Non-Independent	4

Compliance Officer : Mr. S Bhadra, Company Secretary and Vice President- Corporate Affairs

No. of shareholder's complaints received during 2013-14: NIL

No. of pending shareholder's complaints: NIL

No. of pending share transfer: NIL

STEWARTS AND LLOYDS OF INDIA LIMITED

6.0 GENERAL BODY MEETINGS

Location and time where last three Annual General Meetings were held :

	2011	2012	2013
Date	29th July 2011	27th July 2012	26th July 2013
Time	11.30 a.m.	11.30 a.m.	11.30 a.m.
Venue	"RABINDRA-OKAKURA BHABAN", 27/A/1, DD Block, Salt Lake, Kolkata-700 064	"BIRLA ACADEMY OF ART AND CULTURE", Ground Floor, 108 Southern Avenue, Kolkata – 700 029	"RABINDRA-OKAKURA BHABAN", 27/A/1, DD Block, Salt Lake, Kolkata-700 064

Special Resolutions passed in the last three Annual General Meetings are as follows:

2010-2011 : Three Special Resolutions were passed .

2011-2012 : NIL

2012-2013 : One Special Resolution was passed.

No special resolution was put through postal ballot in the previous year and no postal ballot is proposed for this year.

7.0 DISCLOSURES

- a) There has been no transaction of the Company with its promoters, their subsidiaries, Directors, their relatives or the management that may have potential conflict with the interest of the Company at large.
Transactions with the related parties are disclosed in note no 23.13 to the accounts in the Annual Report.
- b) The members of management have informed the Board as per the requirements of Clause 49IV(F) of the Listing Agreement regarding their not having any personal interest in any material, commercial and financial transactions of the Company that may have potential conflict with the interests of the Company at large. They have also informed about their compliance with the Code of Conduct as laid down by the Company.
- c) There are no instance of non-compliance by the Company for which any strictures imposed on it by the Stock Exchanges, SEBI or any other statutory authority or any matter related to capital market during the last three years.
- d) The Company has adopted a whistle blower policy for the employees across the Company, as suggested by the Non-mandatory requirements of Clause 49 of the Listing Agreement. All the employees of the Company were informed about the policy and their access to the Audit Committee, if they feel necessary and the policy is also available in the website of the Company.
- e) The Company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement. Further, it has also complied with some of the non-mandatory clauses of Clause 49 such as formation of Remuneration Committee, Whistle Blower Policy etc.
- f) While preparation of financial statements for the year under review, no accounting treatment, which was different from that prescribed in the various applicable Accounting Standards, was followed.
- g) The Company has laid down procedures to inform the Board Members about the risk assessment and minimisation procedures. A register has been formulated and that has been adopted at the Board at their meeting held on 28th April 2006 and is being placed before the Board at their meetings at the end of each quarter.
- h) A certificate had been placed before the Board of Directors at their Meeting held on 2nd May 2014 in compliance with Clause 49 (V) of the Listing Agreement duly signed by the Chief Executive Officer and the Chief Financial Officer of the Company.
- i) A code of conduct for prevention of insider trading in equity shares of the Company applicable to the employees and directors of the Company in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992 has been formulated and adopted by the Company since 2002.

- j) The Company has an established Internal Control System and Procedures which are being reviewed periodically.

8.0 MEANS OF COMMUNICATION

1. The quarterly unaudited financial results of the Company are announced within 45 days from the end of the respective quarter, after its 'Limited Review' by the Statutory Auditors, review by the Audit Committee and adoption by the Board of Directors. Audited Annual Results are announced within 60 days from the end of the financial year on 31st March of each year.

The results are published in two widely circulated newspapers in and around West Bengal, generally in 'Business Standard' (in English version) and in 'Aajkal' (in Bengali version), within 48 hours from the conclusion of the Board Meeting. The results are also made available at the website of the Company (www.slofindia.com), within the same period. All these results are also being posted on SEBI's Electronic Data Information Filing and Retrieval System (EDIFAR) website, within the time period as specified by SEBI.

2. The corporate website of the Company (www.slofindia.com) displays any official news release on the Company.
3. Presentations are made to Institutional Investors on their specific request and the same are also made available on the website of the Company.

9.0 GENERAL SHAREHOLDERS' INFORMATION

1.0 AGM :

Date & Time	: 30th July 2014 at 11.30 A.M.
Venue	: Birla Academy of Art and Culture Ground Floor, 108 Southern Avenue Kolkata - 700 029

2.0 Financial Calendar (tentative)

Financial Results for the quarter ending 30th June, 2014	: 14th August, 2014
Financial Results for the quarter/half year ending 30th September, 2014	: 15th November, 2014
Financial Results for the quarter ending 31st December, 2014	: 14th February, 2015
Audited Results for the year ending 31st March, 2015	: 30th May, 2015

3.0 Date of Book Closure

: from 19th July, 2014 to 30th July, 2014 (Both days inclusive)

4.0 Dividend Payment Date

: N.A.

5.0 Listing on Stock Exchanges :

- | | |
|---|--|
| 1) The Calcutta Stock Exchange Association Limited
7, Lyons Range
Kolkata-700 001 | 2) The Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai-400 001 |
|---|--|

(Note: Annual Listing Fees for the year 2014-2015 are yet to be paid to both these Stock Exchanges)

6.0 A. Demat ISIN Number in NSDL and CDSL

: INE356D01012

B. Stock Code

The Bombay Stock Exchange Ltd.	: Physical Segment 4960
	: Demat Segment 504960
The Calcutta Stock Exchange Association Limited	: Physical Segment 29962
	: Demat Segment 10029962

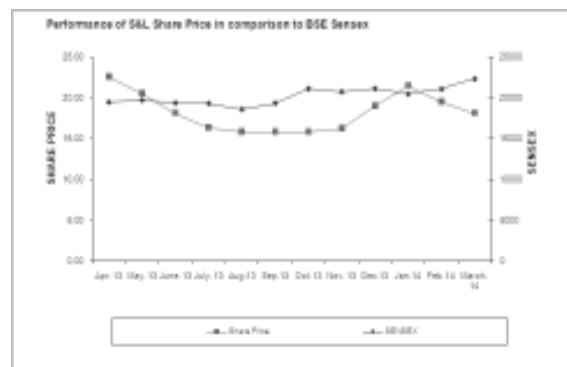
STEWARTS AND LLOYDS OF INDIA LIMITED

7.0 Market Price Data : The high and low market prices of shares of the Company during each month of the financial year 2013 -14 at the Bombay Stock Exchange Ltd., Mumbai were as follows :

Month	High (Rs.)	Low (Rs.)
April'13	23.20	22.05
May'13	21.00	20.10
June'13	20.00	16.35
July'13	16.40	16.30
Aug'13	16.25	15.50
Sept'13	—*	—*
Oct'13	—*	—*
Nov'13	17.05	15.50
Dec'13	20.90	17.20
Jan'14	24.05	19.00
Feb'14	20.95	18.15
Mar'14	19.00	17.25

* No transaction.

Performance of S&L Share Price in comparison to BSE Sensex.



8.0 Registrar and Transfer Agent (for Physical and Demat)

: C B Management Services (P) Limited
P-22, Bondel Road
Kolkata-700 019
Tel.: (033) 4011-6700 (100 lines)
Fax: (033) 4011-6739
E-mail: rta@cbmsl.com

9.0 Share Transfer System :

Share transfer in physical form can be lodged with C B Management Services (P) Limited at the above mentioned address or at the Registered Office of the Company.

Share transfers are registered and despatched within a period of 15 days from the date of receipt if technically found to be in order and complete in all respects. As per directives issued by SEBI, it is compulsory to trade in the Company's Equity Shares in dematerialised form.

10.0 Distribution of Shareholding as on 31.03.2014

No. of Shares held	No. of Shareholders	Total No. of Shares
Upto 2500	2961	480296
2501-5000	18	61100
5001-50000	20	272080
50001-100000	1	53189
Above 100000	5	2133335
Total	3005	3000000

Categories of Shareholders as on 31.03.2014

Category	No. of Shares held	% of Capital
Promoters	1663754	55.46
FIs incl. Banks	267760	8.92
Indian Individuals	911272	30.38
Bodies Corporate	116615	3.89
NRIs	40599	1.35
Total	3000000	100.00

11.0 Dematerialisation of shares and liquidity

The equity shares of the Company are available for dematerialisation with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Total no. of shares dematerialised till 31st March 2014 : 29,04,841

% of shares dematerialised till 31st March 2014 : 96.83%



12.0 Outstanding GDR/ADRs/Warrants & Convertible Instruments, Conversion date and likely impact on equity : Not Applicable

13.0 Plant Locations :

Following Plants are now in possession of Kolkata Port Trust (KOPT) w.e.f. 3rd September 2013. Due to non payment of alleged dues, KOPT took possession of the units towards the eviction order passed by the Estate Officer of Kolkata Port Trust Authority and the Company has taken appropriate legal recourse against the same.

- (a) 39, Hide Road
Kolkata-700 043

- (b) 43/2, Hide Road Extn.
Kolkata-700 088

However, the Company is in process to build one manufacturing unit at Oregram, Burdwan, West Bengal.

14.0 Address for Correspondence:

Mr. S Bhadra
Company Secretary and Vice President Corporate Affairs
Stewarts and Lloyds of India Limited
CIN – L28999WB1937PLC009099
41, Chowringhee Road,
Kolkata - 700 071

Phone: 033 2288 8194 to 96
Fax: 033 2288 8236
E-Mail: slical@slofindia.com
Website : www.slofindia.com

Certificate of Compliance with Code of Conduct Policy

I declare that in terms of Clause 49(ID) of the Listing Agreement with Stock Exchanges, the Company has received affirmation of Compliance with Code of Conduct from all Directors and Senior Management Personnel of the Company for the financial year ended 31st March 2014.

Kolkata
Date : 2nd May 2014

For Stewarts and Lloyds of India Limited

Prabir Kr. Nag
Chief Executive Officer

STEWARTS AND LLOYDS OF INDIA LIMITED

Corporate Governance Compliance Certificate

Registration No. of the Company : 21-9099

ISIN : INE 035600102

Nominal Capital : Rs. 20,00,00,000/-

Paid up Capital : Rs. 3,00,00,000/-

To

The Members

Stewarts and Lloyds of India Limited

41, Chowringhee Road,

Kolkata- 700 071

I have examined all relevant records of M/s. Stewarts and Lloyds of India Limited (The Company) for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with Calcutta Stock Exchange Ltd. and Bombay Stock Exchange Ltd. for the financial year ended 31st March 2014. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the procedure and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

On the basis of my examination of the records produced, explanations and information furnished, I certify that the Company has complied with all the mandatory conditions of Clause 49 of the Listing Agreement.

Place: Kolkata

Date : 02.05.2014

Debasish Mukhopadhyay

Practising Company Secretary

Membership No. ACS-9680

Certificate of Practice No. 5323



STEWARTS & LLOYDS OF INDIA LIMITED
(A SUBSIDIARY OF IOT INFRASTRUCTURE & ENERGY SERVICES LIMITED)
CIN - L28999WB1937PLC009099

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