

Chase Bright Steel Ltd.

50th
Annual Report
2009 - 2010

Chase Bright Steel Limited

BOARD OF DIRECTORS

Shri Alok Jajodia (*Chairman*)

Shri Avinash Jajodia (*Managing Director*)

Shri O. V. Kuruvilla

Shri N. G. Khaitan

Shri P. L. Dabral

Smt. Manjudevi Jajodia

Auditors :

Messrs A. J. Mehta & Associates

Chartered Accountants

Mumbai

Registered Office & Works:

R-237, TTC Industrial Area,

MIDC, Rabale

Navi Mumbai - 400 701.

NOTE

Conveyance from Thane station to the place of meeting and back will be made available for shareholders desirous of attending the meeting, provided such shareholders notify their intention at least one week in advance to Ms. Sampada Sakpal in writing at the company's registered office address. Company's representative having a banner with the name of the company shall be waiting outside Thane station (East) near Anand Talkies and shall leave the station at 10.30 a.m. sharp for the place of meeting.

NOTICE

Notice is hereby given that the 50th Annual General Meeting of the Members of Chase Bright Steel Limited, shall be held at the Thana Manufacturers' Association, TMA House, P-6 Main Road, Wagle Industrial Estate, Thane – 400604, at 11.30 a.m. on Thursday, 30th September, 2010 to transact the following business:

1. To receive, consider, and adopt the Audited Balance Sheet as at March 31, 2010 and the Profit and Loss Account for the year ended on that date, along with the Reports of the Directors and Auditors thereon.
2. To appoint Shri N. G. Khaitan as a Director of the Company, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Smt Manju Devi Jajodia as a Director of the Company, who retires by rotation and being eligible, offers herself for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s) the following resolution as Ordinary Resolution.

“RESOLVED THAT the retiring auditors, M/s A.J Mehta & Associates Chartered Accountants, who being eligible, offer themselves for re-appointment be and are hereby re-appointed as auditors of the company, to hold office until the conclusion of the next Annual General Meeting on such remuneration and out of pocket expenses as may be mutually agreed between the Board of Directors and the Auditors in connection with the audit of Accounts of the Company for the year ending 31st March, 2011.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification(s) the following resolution as Ordinary Resolution.

“RESOLVED THAT in supersession of the earlier resolutions passed by the Company in General Meeting consent of the Company be and is hereby accorded pursuant to the provisions of section 293(1) (d) of the Companies Act, 1956 and all other enabling provisions, if any, the Board of Directors of the company to borrow from time to time as it may consider necessary any sum or sums of money (apart from temporary loans obtained or to be obtained from the company's Banker(s) in the ordinary course of business), exceeding the aggregate value of the paid up capital of the company and its free reserve, that is to say, reserve not set apart for any specific purpose provided that the maximum sum or sums so borrowed by the Board shall not at any time exceed ₹15 crores (Fifteen Crores Only) and all borrowings accordingly made shall be valid and effectual”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board be and is hereby authorised to do all such acts, matters, and things, as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty or doubt that may arise and further to do all such acts, deeds, matters and things and to finalise and execute all such documents and writing as may be necessary, desirable or expedient.”

By Order of the Board,

Place: Mumbai
 Date: 31st July, 2010
 Registered Office:
 R-237, TTC Industrial Area
 MIDC, Rabale, Navi Mumbai – 400701.

Alok Jajodia
 Chairman

Chase Bright Steel Limited

Notes:-

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF SELF AND THE PROXY NEED NOT BE A MEMBER.
2. The instrument appointing a Proxy should be deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting.
3. The Register of Members and Share transfer Books of the Company will remain closed from Monday, 27th September, 2010 to Thursday, 30th September, 2010 (both days inclusive)
4. Members /proxies should bring the attendance slip duly filled in for attending the meeting.
5. Members are requested to intimate the change of address, if any, atleast one week before the date of the meeting.
6. Members desiring any information as regard Accounts are requested to write to the Company so as to reach atleast one week before the date of the meeting and thus enable the Management to keep the information ready.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO 5.**

Section 293(1)(d) of the Companies Act, 1956 provides that the Board of Directors of the Company shall not without the consent of the Company in General Meeting borrow money, in excess of its aggregate of its paid up capital and free reserve.

In order to meet increased financial requirement, it is proposed to increase the limit to ₹ 15 Crores (Rupees Fifteen Crores)

Your Directors recommend the resolution for approval.

None of the Directors of the Company is, in any way concerned or interested in this resolution.

By Order of the Board,

Alok Jajodia

Chairman

Place: Mumbai

Date: 31st July, 2010

Registered Office:

R-237, TTC Industrial Area

MIDC, Rabale,

Navi Mumbai – 400701.

DIRECTORS' REPORT

To,
the Members,

Your Directors have pleasure in presenting the 50th Annual Report on the business and operations of your company together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2010.

1. FINANCIAL RESULTS

Your Company's performance for the financial year ending 31st March 2010 is stated below:

Particular	For the year ended on March 31, 2010	For the year ended on March 31, 2009
Profit before tax	46,13,307	46,02,124
Less: Provision for tax and FBT	16,25,000	23,10,000
Less: Deferred Tax	4,52,626	(19,50,622)
Add: Excess Provision for I.T. written back	4,09,040	15,00,000
Less: Prior Period Adjustment – Debit (net)	(2,94,498)	(1,50,843)
Net profit for the year after tax	26,50,223	55,91,903
Less: Losses brought down from earlier year	(1,93,78,896)	(2,49,70,799)
Balance Losses carried to Balance Sheet	(1,67,28,673)	(1,93,78,896)

2. WORKING

The company's working result is not as per expectations. This is mainly due to severe pressure on the margins of company's products. Raw material prices continued to rise without any corresponding increase in the selling price of the finished products.

The company has been able to enter into new markets for exports but the prices are not remunerative. Even then efforts to establish company's brand image continues and shall be beneficial in the long run.

The current year's working is expected to be encouraging.

3. DIRECTORS

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Shri N. G. Khaitan and Smt Manju Devi Jajodia retire by rotation, and offer themselves for re-appointment.

None of the Directors are disqualified from being appointed or from holding office as Directors, as stipulated under section 274 of the Companies Act, 1956.

4. PARTICULARS OF EMPLOYEES

During the year under review the Company had no employee whose particulars are required to be mentioned pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the rules there under.

Chase Bright Steel Limited

5. **AUDIT OBSERVATION**

As regards observation of the Auditors, attention is drawn towards the Schedule 19 & 20 Notes on accounts to the Annual Accounts which is self-explanatory.

6. **AUDITORS**

M/s. A. J. Mehta & Associates, Chartered Accountants, present auditors of the Company retire at the forth coming Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a letter from the retiring Auditors to the effect that their appointment, if carried out, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956. Members are requested to appoint them as Auditors.

7. **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, 1956 after due enquiry and on the basis of the information from the operating management and relying upon the report of the Auditors, regarding compliance with Accounting Standards, the Directors confirm that;

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with appropriate explanations relating to material departures.
- b. the accounting policies have been consistently applied and are reasonable and prudent judgments and estimates have been made 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 profit of the company for that year.
- c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. the annual accounts have been prepared on a going concern basis.

8. **PARTICULARS OF ENERGY CONSUMPTION, FOREIGN EXCHANGE AND OUTGOINGS**

As required under 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 the relevant information is given below;

CONSERVATION OF ENERGY

The Company's operations involve low energy consumption. Wherever possible, energy conservation measures are being implemented.

RESEARCH AND DEVELOPMENT

The Company has no specific Research and Development Programme.

FOREIGN EXCHANGE EARINGS/OUTGOINGS.

Foreign Exchange earning through Export aggregate to 200.92 lacs (Previous Year 380.90 lacs). Particulars of foreign Exchange earned and utilized during the year is given in Schedule "20" of the account.

9. LISTING AGREEMENT COMPLIANCE

The Company's securities is listed at The Bombay Stock Exchange Ltd., Mumbai. The outstanding listing fee payable to the stock exchanges as on March 31, 2010 was ₹ Nil.

10. COMPLIANCE CERTIFICATE

In accordance with requirement of Section 383A of the Companies Act, 1956, Certificate from a Practising Company Secretary, is enclosed certifying that all secretarial compliance in respect of the Company for the year ended March 31, 2010 have been complied with and Marked as Annexure - 'A'

11. ACKNOWLEDGEMENT

Your Directors would like to place on record their sincere thanks for the valuable assistance and co-operation received from various agencies of the Government as well as from the Company's Bankers, Shareholders and other business associates. Your directors also wish to place on record their appreciation for the committed services of all the employees of the company.

For & On behalf of the Board

Alok Jajodia
Chairman

Place: Mumbai

Date: 31st July, 2010

Chase Bright Steel Limited

COMPLIANCE CERTIFICATE

To,
The Members,
Chase Bright Steel Limited

I have examined the registers, records, books and papers of Chase Bright Steel Limited, having its registered office at R-237, TTC Industrial Area, MIDC, Rabale, Navi-Mumbai- 400701 as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure `A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure `B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company is a Public Limited Company and hence comments are not required.
4. The Board of Directors duly met Five times on 30/04/2009, 20/06/2009, 29/07/2009, 14/10/2009 and 30/01/2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 28th September, 2009 to 30th September, 2009 during the year under scrutiny in accordance with the provisions of Section 154 of the Companies Act, 1956.
6. The Annual General Meeting for the financial year ended on 31st March, 2009 was held on 30th September, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The company has not advanced any loan to its directors and/or persons or firms or companied referred in the Section 295 of the Act.
9. No contracts were entered during the year attracting the provisions of Section 297 of the Act.
10. The company has made necessary entries in the Register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government, as the case may be.
12. The Company did not issue any duplicate share certificates during the financial year under scrutiny.

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13. The company has:
 - i. delivered all the certificates on lodgments thereof for transfer of shares in accordance with the provisions of the Act.
 - ii. not deposited any amount in a separate bank account as no dividend was declared during the year.
 - iii. not posted warrants to any member of the Company as no dividend was declared during the financial year.
 - iv. No amounts unpaid in dividend account, application money due for refund, matured debentures and the interest accrued thereon which have remained unclaimed of unpaid for a period of seven years and hence transferring of the same to the Investors Education and Protection Fund does not arise.
 - v. Duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and there were no appointment of additional directors, alternate directors or directors to fill casual vacancy during the period under scrutiny..
15. The Company has not made any appointment of any Managing Director/ Whole-time Director/ Manager during the financial year under scrutiny.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and / or such other authorities prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued shares/debentures/other securities during the financial year.
20. The Company has not bought back shares during the financial year under scrutiny.
21. The Company has not redeemed any preference shares during the financial year under scrutiny.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of section 58A read with Companies (Acceptance of Deposit) Rules, 1975 during the financial year.
24. The amount borrowed by the Company from Directors, Members and others during the financial year ending 31st March, 2010 is within the borrowing limits of the company
25. The Company has not made any Loans and Investments, or given guarantees or provided securities to other bodies corporate during the financial year and consequently no entries have been made in the register kept for the purpose.

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26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's Registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny .
31. As explained to us there was no prosecution initiated against or show cause notice received by the company for alleged offences under the Act and no fines, penalties or any other punishments was imposed on the Company during the financial year under scrutiny.
32. The Company has not received any security from its employees during the year under scrutiny.
33. The company is regular in depositing both the Employees and Employers Provident Fund Contribution with prescribed authorities pursuant to Section 418 of the Act.

Leena Agrawal & Co.
Practicing Company Secretaries

Leena Agrawal
Proprietress
Mem. No.: 19600
C.P. No.: 7030

Place : Mumbai

Date : 10/07/2010

ANNEXURE A:

Registers as maintained by the Company are:

1. Register of Charges u/s 143.
2. Register of Members u/s 150.
3. Attendance Register for General Meetings u/s 174.
4. Minutes Books of General Meeting and Board Meetings u/s 193.
5. Attendance Register for Board Meetings u/s 287.
6. Register of Contracts u/s 301.
7. Register of Directors u/s 303.
8. Register of Directors' Shareholding u/s 307.
9. Register of Investments u/s 372.
10. Register of Share Transfer.
11. Register of Accounts.

ANNEXURE 'B'							
Sr. No	Form No/Return	Filing under Section	For	Date of Filing	Whether filed within prescribed time yes/no	If delay in filing whether requisite additional fee Yes/No	
1.	Form 23AC & 23ACA - Balance Sheet and Profit & loss Account	220	For the year ended 31st March, 2009	22nd October, 2009	Yes	-	
2.	Form 66 - Compliance Certificate	383A	For the year ended 31st March, 2009	07th October, 2009	Yes	-	
3.	Form 20B - Annual Return	159	As on the date of the Annual General Meeting held on 30th September, 2009.	14th November, 2009	Yes	-	
4.	Din 3- As per Din rules	266E	As per Companies Act, 1956	2nd January, 2010	Yes	-	

Leena Agrawal & Co.
 Practicing Company Secretaries
Leena Agrawal
 Proprietress
 M.No.: 19600
 C.P.No.: 7030

Place: Mumbai
Date: 10/07/2010

Chase Bright Steel Limited

AUDITORS' REPORT

To,

The Members,

CHASE BRIGHT STEEL LTD.

We have audited the attached Balance Sheet of CHASE BRIGHT STEEL LTD. as at March 31, 2010 the Profit and Loss account and also the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 (CARO 2003) (as amended) issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in Paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (ii) 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.
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account of the Company;
- (iv) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in the section 211(3C) of the Companies' Act, 1956 to the extent applicable;
- (v) On the basis of written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies' Act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the "Significant Accounting Policies" and "Notes to Accounts" and other notes appearing else where in the accounts and subject to Note No. 5 of Schedule 20 relating to non provision for doubtful debts of ₹ 10,09,374/-, give the information required by the Companies' Act, 1956, in the manner so required and present 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 March 31, 2010;

- (b) in the case of the Profit and Loss Account, of the Profit 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.

For A. J. MEHTA & ASSOCIATES
Chartered Accountants
Firm Registration No. 106179W

Place : Mumbai

Dated : July 31, 2010

(ATUL MEHTA)
Proprietor
Membership No.: 36959

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our Report of even date)

On the basis of the records produced to us for our verification / perusal, such checks as we considered appropriate and in terms of information and explanations given to us on our enquiries, we state that

- (1) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all the assets have been physically verified by the management at reasonable intervals during the year. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed off a substantial part of Fixed Assets during the year.
- (2) (a) As explained to us, the inventories have been physically verified by the management at regular intervals during the year and at the close of the year.
- (b) In our opinion and according to the information and explanations given to us the procedures of physical verification of inventories followed by the management as explained to us are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt within the books of account.
- (3) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, Clauses (b), (c) and (d) of paragraph 4(iii) of the Order are not applicable.
- (b) The company has taken loans from seven parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum balance involved during the year was ₹ 333.82 lakhs and the year end balance of loans taken from such parties was ₹ 322.30 lakhs

Chase Bright Steel Limited

- (c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies and other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
 - (d) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest, wherever applicable.
- (4) In our opinion and according to the information and explanations given to us, there are in general adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and also with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (5) (a) On the basis of the audit procedures performed by us and according to the information and explanations provided by the management, the contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party have been made at prices / rates which are reasonable having regard to the prevailing market price / rates at the relevant time.
- (6) The Company has not accepted any deposits from the public and consequently the directives issued by the Reserve Bank of India, the provisions of sections 58A and 58AA or any other relevant provisions of the Act and the Rules framed thereunder are not applicable.
- (7) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (8) According to information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of the manufacturing activities carried on by the Company and therefore, clause 4(viii) of the Order is not applicable.
- (9) (a) According to records of the Company, and on the basis of our examination of the books of accounts and other records, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Employee's State Insurance, income - tax, Service tax, sales tax / VAT, Customs Duty, Excise Duty and other material statutory dues applicable to it but there have been some delays in few instances. However, according to information and explanation given to us, there is no liability towards Investor Education & Protection Fund, Wealth- tax for the year under audit.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at March 31, 2010 for a period of more than six months from the date they became payable except NMMC Cess of ₹ 19,24,420/-.

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- (c) According to the information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, excise duty, service tax or custom duty which have not been deposited on account of any dispute.
- (10) As on March 31, 2010, the accumulated losses of the Company are more than 50% of its net worth. The Company has not incurred cash losses during the year ended on that date and in the immediately preceding financial year.
- (11) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions or banks. Further, the Company has not issued any debentures and hence clause 4 (xi) of the Order, to that extent, is not applicable.
- (12) In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (13) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the company.
- (14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the company.
- (15) According to the information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institutions.
- (16) The Company has raised new loans during the year. The loans so raised have been utilized for the purpose for which they were raised.
- (17) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the Company has utilised short term funds towards financing of losses incurred in the past.
- (18) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (19) The Company has not issued any debentures. Accordingly, clause 4(xix) of the Order is not applicable.
- (20) The Company has not raised any money by way of public issue during the year.
- (21) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For A. J. MEHTA & ASSOCIATES
Chartered Accountants
Firm Registration No. 106179W

Place : Mumbai
Dated : July 31, 2010

(ATUL MEHTA)
Proprietor
Membership No.: 36959

Chase Bright Steel Limited

BALANCE SHEET AS AT MARCH 31, 2010

	Schedules	As at March 31, 2010 ₹	As at March 31, 2009 ₹
SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS :			
Share Capital	1	16,950,000	16,950,000
Reserves and Surplus	2	<u>1,516,000</u>	<u>1,516,000</u>
		<u>18,466,000</u>	<u>18,466,000</u>
LOAN FUNDS :			
Secured Loans	3	1,237,906	808,657
Unsecured Loans	4	<u>42,486,837</u>	<u>38,389,141</u>
		<u>43,724,743</u>	<u>39,197,798</u>
TOTAL		<u>62,190,743</u>	<u>57,663,798</u>
APPLICATION OF FUNDS :			
FIXED ASSETS :			
Gross Block	5	26,464,263	24,534,613
Less: Depreciation		<u>10,188,317</u>	<u>8,305,721</u>
Net Block		16,275,946	16,228,892
Capital Work in Progress		0	147,326
INVESTMENTS :	6	5,580	5,580
DEFERRED TAX ASSETS	7	1,300,246	1,752,872
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	8	39,182,645	15,981,454
Sundry Debtors	9	40,821,967	27,162,177
Cash and Bank Balances	10	452,948	1,086,566
Loans and Advances	11	<u>8,276,715</u>	<u>8,462,503</u>
		88,734,275	52,692,700
LESS: CURRENT LIABILITIES AND PROVISIONS	12	<u>61,787,017</u>	<u>35,341,604</u>
		<u>26,947,258</u>	<u>17,351,096</u>
GOODWILL ON AMALGAMATION (to the extent not written off or adjusted)	13	933,040	2,799,136
PROFIT AND LOSS ACCOUNT DEBIT BALANCE		<u>16,728,673</u>	<u>19,378,896</u>
TOTAL		<u>62,190,743</u>	<u>57,663,798</u>
SIGNIFICANT ACCOUNTING POLICIES			
NOTES ON ACCOUNTS			
As per our report even date	For and on behalf of the Board of Directors		
For A.J. MEHTA & ASSOCIATES	Alok Jajodia	Chairman	
Chartered Accountants	Avinash Jajodia	Managing Director	
Firm Registration No. 106179W	N. G. Khaitan	} Directors	
Atul J. Mehta	O. V. Kuruvilla		
Proprietor	Manju Devi Jajodia		
Membership No.: 36959			
Place : Mumbai	Place : Mumbai		
Dated : July 31, 2010	Dated : July 31, 2010		

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

	Schedules	For the Year ended March 31, 2010 ₹	For the Year ended March 31, 2009 ₹
INCOME			
Sales (Less Returns) Including Processing Charges		240,179,162	234,378,319
Less : Excise Duty recovered on Sales		17,568,205	22,497,944
Net Sales		222,610,957	211,880,375
Other Income	14	964,855	2,175,751
Increase / (Decrease) in Stocks	15	5,860,465	(4,618,985)
	TOTAL	229,436,277	209,437,141
EXPENDITURE			
Consumption of Raw Materials	16	185,467,026	164,380,207
Manufacturing, Administrative and Other Expenses	17	33,091,808	35,104,124
Financial Expenses	18	2,515,444	1,580,847
Depreciation		1,882,596	1,903,743
Goodwill on Amalgamation written off		1,866,096	1,866,096
	TOTAL	224,822,970	204,835,017
PROFIT / (LOSS) before Tax		4,613,307	4,602,124
Less: Provision for Tax - Current		1,625,000	2,150,000
- Fringe Benefit Tax		0	160,000
- Deferred		452,626	(1,950,622)
Add: Excess Provision for Income-tax Written Back		409,040	1,500,000
Less: Prior Period Adjustment - credit/(Debit) (net)		(294,498)	(150,843)
PROFIT / (LOSS) after Tax		2,650,223	5,591,903
Add : PROFIT / (Loss) brought down from earlier years		(19,378,896)	(24,970,799)
		(16,728,673)	(19,378,896)
PROFIT CARRIED TO BALANCE SHEET			
SIGNIFICANT ACCOUNTING POLICIES	19		
NOTES ON ACCOUNTS	20		
As per our report even date		For and on behalf of the Board of Directors	
For A.J. MEHTA & ASSOCIATES Chartered Accountants Firm Registration No. 106179W		Alok Jajodia Avinash Jajodia	Chairman Managing Director
Atul J. Mehta Proprietor Membership No.: 36959		N. G. Khaitan O. V. Kuruvilla Manju Devi Jajodia	} Directors
Place : Mumbai Dated : July 31, 2010		Place : Mumbai Dated : July 31, 2010	

Chase Bright Steel Limited

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010 ₹	As at March 31, 2009 ₹
SCHEDULE - 1 :		
SHARE CAPITAL		
Authorised :		
20,00,000 Equity Shares of ₹ 10/- each	20,000,000	20,000,000
Issued :		
16,75,000 Equity Shares of ₹ 10/- each	16,750,000	16,750,000
1,00,000 - 15% Redeemable Cumulative Preference Shares of ₹ 10/- each	1,000,000	1,000,000
	<u>17,750,000</u>	<u>17,750,000</u>
Subscribed :		
16,75,000 Equity Shares of ₹ 10/- each	16,750,000	16,750,000
(Out of the above, 11,25,000 equity shares of ₹ 10/- each were allotted as per the Scheme of Amalgamation of Chase Atherton Steel Pvt. Ltd. with the Company.)		
(Refer Note No. 6 of Schedule - 20)		
1,00,000 - 15% Redeemable Cumulative Preference Shares of ₹ 10/- each	1,000,000	1,000,000
Less: 80,000 Shares redeemed	<u>800,000</u>	800,000
	<u>200,000</u>	<u>200,000</u>
	<u>16,950,000</u>	<u>16,950,000</u>
SCHEDULE - 2 :		
RESERVES AND SURPLUS		
Share Premium Account -		
As per last Balance Sheet	450,000	450,000
Capital Redemption Reserve		
As per last Balance Sheet	800,000	800,000
Capital Cash Subsidy		
As per last Balance Sheet	266,000	266,000
	<u>1,516,000</u>	<u>1,516,000</u>

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SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010	As at March 31, 2009
	₹	₹
SCHEDULE - 3 :		
SECURED LOANS		
Car Loans From Tata Capital Ltd. against hypothecation of Motor Cars (installment due within one year ₹ 3,42,034.21 - Previous year ₹ 3,05,047.92)	496,537	801,585
Accrued Interest on Above	4,381	7,072
Hydra Crane Loans From Kotak Mahindra Bank Ltd. against hypothecation of Motor Cars (installment due within one year ₹ 2,50,191.00 - Previous year ₹ Nil)	734,552	0
Accrued Interest on Above	2,436	0
	<u>1,237,906</u>	<u>808,657</u>
SCHEDULE - 4 :		
UNSECURED LOANS		
From Directors	23,626,465	24,786,141
From Corporate Bodies	13,691,467	8,468,718
From Others	5,168,905	5,134,282
	<u>42,486,837</u>	<u>38,389,141</u>

Chase Bright Steel Limited

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE - 5 : FIXED ASSETS	At Cost		Depreciation			Net Block	
	As at April 01, 2009	Additions / (Deduction) during the yr.	As at March 31, 2010	Upto March 31, 2009	For the Year Adjustments	As at March 31, 2010	As at March 31, 2009
Lease hold Lands	3,104,734	0	3,104,734	0	0	3,104,734	3,104,734
Factory Building	9,247,907	297,326	9,545,233	3,240,142	620,327	3,860,469	6,007,765
Plant & Machinery	7,762,766	1,466,007	9,228,773	2,746,318	765,638	3,511,956	5,016,448
Electric Installation	448,201	0	448,201	260,338	26,131	286,469	187,863
Furniture & Fixture	166,482	24,081	190,563	26,817	9,603	36,420	139,065
Office Equipments	387,875	60,449	448,324	148,407	39,982	188,389	239,468
Computers	307,990	81,787	389,777	261,195	36,151	297,346	46,795
Motor Cars	3,108,658	0	3,108,658	1,622,504	384,764	2,007,268	1,486,154
		0					
	24,534,613	1,929,650	26,464,263	8,305,721	1,882,596	10,188,317	16,228,892
As at March 31, 2009	23,047,972	1,406,641	24,534,613	6,812,156	1,903,743	8,305,721	16,228,892
					(410,178)		16,235,016

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SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010 ₹	As at March 31, 2009 ₹
SCHEDULE - 6 :		
INVESTMENTS		
Unquoted Shares - Non Trade		
166 Shares of the Bombay Mercantile Co. Op. Bank Ltd. @ ₹ 30/- per Shares		
	4,980	4,980
12 Shares of Steel Chamber Kalamboli Business and Office Premises Co. Op. Soc. Ltd.		
	600	600
	<u>5,580</u>	<u>5,580</u>
Notes : Aggregate of Unquoted Investments - Cost	<u>5,580</u>	<u>5,580</u>
SCHEDULE - 7 :		
DEFERRED TAX ASSETS		
(Refer Note No. 22 of Schedule - 20)		
Deferred Tax Assets (Net)		
Per last Balance Sheet	1,752,872	(197,750)
Add: Deferred Tax Assets (Net) for Current Year	<u>(452,626)</u>	<u>1,950,622</u>
	<u>1,300,246</u>	<u>1,752,872</u>
SCHEDULE - 8 :		
INVENTORIES		
(As taken, valued and certified by the management)		
Raw Materials including goods in transit	23,645,794	6,305,068
Stock In Process	7,981,140	7,493,384
Finished Goods including goods lying at docks	<u>7,555,711</u>	<u>2,183,002</u>
	<u>39,182,645</u>	<u>15,981,454</u>
SCHEDULE - 9 :		
SUNDRY DEBTORS		
(Unsecured and considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months		
Considered doubtful	1,009,374	3,417,724
Less : Provision for Doubtful Debts	<u>0</u>	<u>0</u>
	1,009,374	3,417,724
Considered good	<u>11,049,772</u>	<u>2,929,549</u>
	12,059,146	6,347,279
Other Debts - considered good	<u>28,762,821</u>	<u>20,814,904</u>
	<u>40,821,967</u>	<u>27,162,177</u>

Chase Bright Steel Limited

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010	As at March 31, 2009
	₹	₹
SCHEDULE - 10 :		
CASH AND BANK BALANCES		
Cash in Hand	401,225	418,435
With Scheduled Banks on -		
Current Accounts	51,723	668,131
	<u>452,948</u>	<u>1,086,566</u>
SCHEDULE - 11 :		
LOANS AND ADVANCES		
(Unsecured and considered good unless otherwise stated)		
Advance recovered in cash or in kind or for value to be received	3,598,871	4,541,841
Advances Given to Suppliers / Others	131,029	109,149
Deposits	859,526	834,610
Income-tax / Fringe Benefit Tax paid	3,687,289	2,976,903
	<u>8,276,715</u>	<u>8,462,503</u>
SCHEDULE - 12 :		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors and Other Liabilities	43,923,412	27,035,796
Advance Received From Customers	7,447,484	3,565,500
Other Liabilities	4,944,297	177,656
	<u>56,315,193</u>	<u>30,778,952</u>
Provisions		
Provision for Tax / Fringe Benefit Tax	4,155,000	3,355,000
Provision for Gratuity	1,316,824	1,207,652
	<u>5,471,824</u>	<u>4,562,652</u>
	<u>61,787,017</u>	<u>35,341,604</u>
SCHEDULE - 13 :		
GOODWILL ON AMALGAMATION		
(Refer Note No. 06 of Schedule - 20)		
Goodwill arising on Amalgamation as per the Scheme	9,330,471	9,330,471
	9,330,471	9,330,471
Less : Written Off till date	8,397,431	6,531,335
	<u>933,040</u>	<u>2,799,136</u>

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SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	For the Year ended MARCH 31, 2010 ₹	For the Year ended March 31, 2009 ₹
SCHEDULE - 14 :		
OTHER INCOME		
Profit On Sale of DEPB Licences	727,200	811,907
Profit on Sale of Fixed Assets	0	20,999
Interest Received (TDS ₹ 2,241/- - Previous Year ₹ 5,909/-)	22,538	67,833
Miscellaneous Income	25,798	65,877
Exchange Difference	0	499,826
Sundry Debit / Credit Balances Written back	189,319	709,309
	<u>964,855</u>	<u>2,175,751</u>
SCHEDULE - 15 :		
INCREASE / (DECREASE) IN STOCKS		
Closing Stock -		
Finished Goods	7,555,711	2,183,002
Stock - in - Process	7,981,140	7,493,384
	<u>15,536,851</u>	<u>9,676,386</u>
Less : Opening Stock -		
Finished Goods	2,183,002	5,689,670
Stock - in - Process	7,493,384	8,605,701
	<u>9,676,386</u>	<u>14,295,371</u>
Increase / (Decrease) in Stocks	<u>5,860,465</u>	<u>(4,618,985)</u>
SCHEDULE - 16:		
RAW MATERIALS CONSUMED		
Raw Materials		
Opening Stock	6,305,068	7,671,902
Purchases of Raw Materials	205,171,322	167,740,558
	211,476,390	175,412,460
Less : Sale of Raw Materials	2,363,570	4,727,185
	<u>209,112,820</u>	<u>170,685,275</u>
Less: Closing Stock of Raw Materials	23,645,794	6,305,068
	<u>185,467,026</u>	<u>164,380,207</u>

Chase Bright Steel Limited

SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	For the Year ended MARCH 31, 2010	For the Year ended March 31, 2009
	₹	₹
SCHEDULE - 17 :		
MANUFACTURING AND OTHER EXPENSES		
Job Work Charges Paid	1,773,796	1,857,898
Acid, Chemicals, Stores, Spares and Loose Tools Consumed	5,852,463	5,439,350
NMMC Cess Paid	373,854	1,831,945
Power, Fuel and Water Charges	4,239,077	3,339,717
Export Duty on Exports	0	1,312,828
Salary and Wages	7,232,386	6,467,312
Staff Welfare Expenses	420,328	390,014
Co's Contribution to P.F., ESIC & Labour Welfare Fund	1,131,008	1,052,132
Ex-gratia Payment	78,000	93,123
Gratuity Paid	304,766	14,400
Provision for Gratuity	109,172	267,496
	9,275,660	8,284,477
Transport, Octroi, Forwarding & Clearing Charges	1,851,600	2,944,539
Repairs and Maintenance		
To Plant & Machinery	1,193,648	1,131,321
To Building	31,509	353,489
To Electrical	52,509	25,153
To Others	119,261	172,956
	1,396,927	1,682,919
Insurance Charges	323,202	65,921
Rent, Rates and Taxes	174,998	960,462
Directors' Remuneration and Perquisites	2,545,144	2,366,279
Exchange Difference	341,107	0
Bank Charges	62,025	71,422
Temporary Shed Charges (Hire Charges)	0	194,600
Crane Hire Charges	114,200	59,200
Advertisement and Business Promotion Expenses	210,292	258,824
Rebate and Discount	0	39,476
Directors' Travelling Expenses	1,680,606	1,035,688

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	For the Year ended MARCH 31, 2010	For the Year ended March 31, 2009
	₹	₹
Travelling Expenses - Others	11,744	12,744
Conveyance Expenses and Allowance	291,583	256,457
Communication Expenses	475,458	473,813
Membership and Subscription	104,512	121,856
Motor Car Expenses	257,523	434,676
Service Charges	140,972	206,488
Printing and Stationery	107,863	83,617
Legal and Professional Charges	818,215	1,105,131
Commission and Brokerage	4,538	17,735
Miscellaneous, General and Administrative Expenses	187,196	167,956
Security Charges	25,000	0
VAT paid / Written Off	0	253,005
Auditors' Remuneration (Net of Service Tax)	190,000	160,000
MVAT Audit Fees	15,000	15,000
Bad Debts	172,402	0
Penalty on NMMC Assessment / Profesion Tax	27,350	0
Donation	47,501	50,101
	<u>33,091,808</u>	<u>35,104,124</u>
SCHEDULE - 18 :		
FINANCIAL CHARGES		
Interest On :		
On Term Loan - to Banks and Others	95,844	61,257
Interest to Others	2,419,600	1,519,590
	<u>2,515,444</u>	<u>1,580,847</u>

Chase Bright Steel Limited

SCHEDULE 19:

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES IN COMPILATION OF ACCOUNTS :

01 Basis for preparation of Financial Statements :

The Financial Statements are prepared in accordance with the Accounting Principles generally accepted in India and comply with the Accounting Standards specified by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

02 Method of Accounting :

The Financial Statements are based on historical costs and are prepared on Accrual basis except where impairment is made.

03 Fixed Assets :

- a) All Fixed Assets are capitalised at costs of acquisition which includes taxes, duties (net of tax credits as applicable) and other identifiable direct expenses. Interest on borrowed funds attributable to the qualifying asset upto the date the asset is put to use is included in the cost.
- b) Impairment Loss is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

04 Depreciation :

Except for items on which 100% depreciation rates are applicable, depreciation is provided on Written Down Value Method for the period of use of the assets in the manner and at the rates prescribed in Schedule XIV of the Companies Act, 1956.

05 Investments :

- a) Investments, being long term, are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is not temporary in the opinion of the management.
- b) Investments are capitalized at cost plus expenses by applying specific identification method.

06 Valuation of Inventories :

Inventories are valued at Lower of Cost and Net Realisable Value except scrap and rejected duty paid goods which are valued at net realizable value. Cost comprises all cost of purchase and all other costs incurred in bringing the inventories to their present location and condition. The cost is arrived at on First In First Out (FIFO) basis. Due allowance is estimated and made for defective and obsolete items, wherever considered necessary.

07 Excise Duty :

- a) The excise duty is paid / provided on Bright Steel Bars manufactured during the year. The same has been included in the valuation of closing inventory of finished goods.
- b) Cenvat credit available on Raw Materials, Fuel and Packing materials, stores, spares and capital goods and Service Tax credits on services availed are accounted for by reducing purchase cost of the related materials or the expenses respectively.

08 Foreign Currency Transactions :

- a) Income and expenses in foreign currencies are recorded at the exchange rates prevailing on the date of the transactions.
- b) Foreign Currency monetary assets and liabilities are translated at the exchange rates prevailing on the Balance Sheet date.
- c) In respect of transactions covered by forward exchange contracts, the difference between the forward rate and the exchange rate on the date of the transaction is recognised as income or expense over the life of the contract. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or expense for the year.
- d) Transactions not covered by forward contracts and outstanding at the year end are translated at exchange rates prevailing at the year end and the profit / loss so determined is recognized in the Profit and Loss Account.

09 Borrowing Costs :

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Profit and Loss Account in the year in which they are incurred.

10 Employee Benefits :

- a) The Company's Contribution in respect of Provident and other Funds is charged to the Profit and Loss Account on accrual basis.
- b) Provision for Gratuity to Employees is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method. Actuarial gains and losses which comprises experience adjustment and the effect of changes in actuarial assumptions are recognised in the Profit and Loss Account.
- c) The Employees of the Company are entitled to leave as the leave policy of the Company. The liability in respect of unutilized leave balances is provided on actual basis at the year end and charged to the Profit and Loss Account.

11 Taxation :

- a) Provision for current income-tax / wealth-tax / Fringe Benefit Tax is computed as per 'Total Income' returnable under the Income-tax Act, 1961 taking into account available deductions and exemptions.

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- b) In accordance with Accounting Standard 22 – Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India, the deferred tax for timing difference is accounted for, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.
- c) Deferred Tax Assets arising from timing difference are recognised only on the consideration of prudence.

12 Treatment of Goodwill arising on Amalgamation :

The Goodwill arising on Amalgamation of Chase Atherton Steel Pvt. Ltd. with the Company is treated as an asset and amortised over a period of five years commencing from 6 months period ended March 31, 2006.

SCHEDULE 20 :

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

- 1 Contingent Liabilities not provided for :
 - a) Arrears of Redeemable Cumulative Preference Shares Dividend – ₹ 3,08,750/- (Previous year – ₹ 3,08,750/-)
 - b) Purchase of Raw Material viz 108 tonnes of steel was cleared by the company at a lower rate of duty i.e. at 75% (i.e. at pre- budget rate) against 175% (as increased by the budget proposal 1981) as per the orders passed by a division bench of the High Court at Delhi in the matter of a writ petition filed by the Company, challenging the validity of the budget proposal. As per the said orders, the Company has furnished a bond, till further order of the court. The said writ petition has been disposed off for adjudication by customs. There is a contingent liability of ₹ 17.52 lakhs (Previous Year ₹ 17.52 lakhs)
 - c) Estimated amounts of contracts remaining to be executed on capital accounts and not provided for – ₹ NIL (Previous year– ₹ 2,20,000).
- 2 The amounts of certain Sundry Debtors, Sundry Creditors, Advances and Lenders are subject to confirmations / reconciliation and adjustments, if any. The management does not expect any material difference affecting the current year's financial statements.
- 3 In the opinion of the Board of Directors, unless otherwise stated in the Balance Sheet, the current assets, loans and advances have value of realisation, in the ordinary course business, at least equal to the amount stated in the Balance Sheet.
- 4 Unsecured Loans include that of the Directors and their Associates
- 5 The Company has not made provision for doubtful debts of ₹ 10,09,374/- (Previous year ₹ 34,17,724/-) as the Company is taking required steps for recovery of the amounts from the parties.
- 6 The Scheme of Amalgamation :
 - a) In accordance with the Scheme of Amalgamation Scheme ("the Scheme") as approved by the Hon'ble Bombay High court vide Order dated 10.02.2006, all the assets and liabilities of erstwhile

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Chase Atherton Steel Pvt. Ltd. (CASPL) whose principal business was of manufacturing of bright steel bars, has been transferred to and vested with the Company with effect from appointed date 01.04.2004. The Scheme has been given effect to in the accounts for the period ended March 31, 2006

- b) The amalgamation has been accounted for under "Purchase Method" of accounting as prescribed by Accounting Standard (AS) 14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India.
- c) The difference of ₹ 93,30,471/- arising between the assets transferred as of 01.04.2004 and the equity shares to be issued in terms of the Scheme of Amalgamation (as computed below) has been debited to "Goodwill on Amalgamation"

Fixed Assets	₹	1,13,14,573
Current Assets	₹	58,05,432
Preliminary Expenses	₹	18,000
	₹	<u>1,71,38,005</u>

Less ; Secured Loans	₹	4,35,366
Unsecured Loans	₹	68,92,833
Share Application Money	₹	17,97,000
Deferred Tax Liability	₹	1,97,750
Current Liability & Prov.	₹	<u>58,95,526</u>

	₹	1,52,18,475
Net Assets transferred to the Company	₹	19,19,529
Amount of Equity Shares to be issued to the Shareholders of erstwhile CASPL	₹	1,12,50,000
Goodwill arising on Amalgamation	₹	<u>93,30,471</u>

- d) The aforesaid difference, as per AS – 14 "Accounting for Amalgamation" has been debited to Goodwill on Amalgamation Account and shown separately in the Balance Sheet. Further, as per the said Accounting Standard, the said Goodwill on Amalgamation is to be written off over a period of 5 years and hence a sum of ₹18,66,094/- (Previous Year ₹18,66,094/-) is written off in the Profit and Loss Account.
- e) From April 01, 2004, the erstwhile CASPL had carried on its business in "Trust" on behalf of the Company. Profit for the 18 months period April 01, 2004 to September 30, 2005 of erstwhile CASPL after making the following adjustments has been added to the Profit and Loss Account as disclosed in the Profit and Loss Account :

Profit and Loss Before Tax	₹	50,06,793
Less : Provision for Tax (FBT)	₹	2,10,000
Less : Prior Period Expenses	₹	4,46,666
Add: Excess Prov. For Depreciation written back	₹	3,098
Net Profit for the 18 months Period	₹	<u>43,53,225</u>

- f) In terms of the Scheme, 11,25,000 equity shares of ₹ 10/- each of the Company were to be issued and allotted to the shareholders of the erstwhile CASPL in the ratio

Chase Bright Steel Limited

of 450 shares of the Company for every 100 shares of CASPL. The Company has issued the said shares to the shareholders of the erstwhile Chase Atherton Steel Pvt. Ltd during the year 2006 – 2007.

- g) Certain leasehold rights, buildings, licenses, agreements, loan documents etc. are in the process of being transferred in the name of the Company.
- h) In terms of the Scheme, all employees in service of the erstwhile CASPL have become employees of the Company without any break or interruption in service. All rights, duties, power and obligations of erstwhile CASPL in relation to Provident Fund etc. are in the process of being transferred in the name of the Company.
- 7 The sales-tax assessment of the Company has been finalised upto and including the accounting year 2007 – 2008.
- 8 The Income-tax Assessments of the Company are completed upto March 31, 2007 (Assessment Year 2007 – 2008).
9. a) The Company has been advised that the computation of net profits for the purpose of Directors' Remuneration under section 349 of the Companies Act, 1956 need not be enumerated since no commission has been paid to Directors. Fixed monthly remuneration has been made to the Executive Chairman / Managing Director.
- b) Executive Chairman / Managing Director's Remuneration :

	For the year ended March 31, 2010	For the year ended March 31, 2009
	₹	₹
Remuneration to Executive Chairman	6,00,000	6,00,000
Remuneration to Managing Director	15,00,000	13,93,500
Gratuity paid to Directors	1,50,289	NIL
Contribution to Provident and Other Funds	2,52,000	2,39,220
Estimated value of perquisites as per Income-tax Rules	4,45,144	3,72,779

10. The Balance 20,000 - 15% Preference Shares of ₹ 10 each are yet to be redeemed. The time for redemption was extended upto 10.05.1999 vide resolution passed at the Board Meeting of the Company held on 16.07.1991. Further extension is being sought for.
11. Sundry Creditors include ₹ NIL (Previous Year ₹ NIL) due to Small Scale Industrial Undertakings (SSI's) to the extent such parties have been identified from the available information / documents with the company.
12. As per the information available with the Company in response to the enquiries from all existing suppliers with whom the Company deals, none of the suppliers are registered under the Micro, Small and Medium Enterprises Development Act, 2006.
13. Some of the creditors of the Company have filed legal cases against the Company for recovery of dues, However, the same are being contested by the Company.
14. The Company has filed legal cases or is in the process of filing legal cases against various parties to recover amounts due from them.

Annual Report 2009-2010

15. The Company does not expect any shortfall on realisation of assets on aggregate basis, despite accumulated losses as on March 31, 2010.

16. Disclosures pursuant to Accounting Standard – 15 : Employees' Benefit

2009-2010 2008-2009

₹ ₹

A Defined Contribution Plan

The Company has recognised the following amounts in the Profit & Loss Accounts for the year :

1 Contribution to Employees' Provident Fund / Employees' Family Pension Fund	11,25,698	10,46,948
--	-----------	-----------

B Define Benefits Plan

Net Assets / (Liability) recognized in the Balance Sheet

A Funded Status

a) Present Value of Defined Benefit Obligations	13,16,824	12,07,652
b) Fair Value of Plan Assets	6,51,370	9,55,710
c) Net Assets / (Liability) Recognised in the Balance Sheet	6,65,454	2,51,942

Total Expenses recognized in the statement of Profit & Loss A/c.

A) Component of Employer Expenses

a) Current Service Cost	1,56,330	1,52,443
b) Interest Cost	79,145	70,512
c) Expected Return on Plan Assets	(72,300)	NIL
d) Actuarial Losses / (Gains)	(1,78,463)	(44,541)
e) Actuarial Losses / (Gain) on Plan Assets	(71,874)	1,154
f) Total Expenses recognized in Statement of Profit & Loss A/c.	4,13,512	2,66,342
g) Short Term Compensated absences paid during the year charged to Profit & Loss A/c.	NIL	NIL

Reconciliation of Defined Benefit Obligation and Fair Value of Assets

A Change in Defined Benefit of Obligations

a) Present Value of DBO at beginning of the year	12,07,652	9,40,156
b) Current Service Cost	1,56,330	1,52,443
c) Interest Cost	79,145	70,512
d) Actual (Gains) / Losses	1,78,463	44,541
e) Benefits paid	(3,04,766)	NIL
f) Present value of DBO at the end of the year	13,16,824	12,07,652

B Change in the Fair Value of Assets

a) Plan Assets at the beginning of the year	9,55,710	9,40,156
b) Expected Return on Plan Assets	72,300	NIL
c) Actual Company Contributions	NIL	14,400
d) Employees Contributions	NIL	NIL
e) Actuarial gains / (Losses) on Plan Assets	(71,874)	1,154
f) Benefits paid	(3,04,766)	NIL
g) Plan Assets at the end of year	6,51,370	9,55,710

Chase Bright Steel Limited

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand factors in the employment markets.

17. Provisions for Current tax / Fringe Benefit Tax have been made based on the current tax rates and other provisions of the Income-tax Act, 1961.
18. Auditor' Remuneration (Excluding Service tax)

	For the Year ended March 31, 2010	For the Year ended March 31, 2009
Statutory Audit Fees	70,000	50,000
In Other Capacities – Tax Audit	20,000	15,000
For Taxation	20,000	20,000
For Certificates and Other matters	80,000	75,000
Total	<u>1,90,000</u>	<u>1,60,000</u>

19. The Company's operations relate to manufacture of Bright Steel Bars. The Company does not have any separate business segments.
20. Additional information pursuant to para 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956,

a) Details of Licensed Capacity, Installed Capacity, Production, Purchases, Turnover and Stocks etc. :

	For the year ended 31-Mar-10		For the Year ended 31-Mar-09	
	Quantity	Value	Quantity	Value
BRIGHT STEEL BARS	MT	₹	MT	₹
Licensed Capacity	Not Applicable		Not Applicable	
Installed Capacity	Not Applicable		Not Applicable	
Production –				
Bright Bars	3,674	-	2,802	-
Scrap generated # \$	28	-	21	-
Job Work Processing	4,109	-	3,976	-
Sales –				
Bright Bars	3,590	20,88,70,996	2,845	19,43,62,680
Scrap # \$	38	14,18,455	55	21,04,656
Opening Stock –				
Bright Bars	24	13,96,591	67	36,26,442
Scrap # \$	17	7,86,411	47	20,63,228
Closing Stock –				
Bright Bars	108	66,30,708	24	13,96,591
Scrap # \$	19	9,25,003	17	7,86,411

Including generated out of own production and job work production

\$ Including reject bright bars sold as scrap.

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b) Details of Raw-Materials / Intermediates Consumed :

	Quantity	Value	Quantity	Value
	MT	₹	MT	₹
Raw Materials	4,076	18,54,67,026	2,902	16,43,80,207

c) Value of Imported and Indigenous Consumption :

		Value		Value
	%	₹	%	₹
A Raw Materials :				
Imported	NIL	NIL	1.36	22,30,371
Indigenous	100.00	18,54,67,026	98.64	16,21,49,836
Total	100.00	18,54,67,026	100.00	16,43,80,207
B Stores, Spares and Loose Tools				
Imported	NIL	NIL	NIL	NIL
Indigenous	100.00	58,52,463	100.00	54,39,350
Total	100.00	58,52,463	100.00	54,39,350

		For the Year ended March 31, 2010	For the Year ended March 31, 2009
		₹	₹
d)	C. I. F. Value of Imports	NIL	22,30,371
e)	Earnings in Foreign Exchange – Exports	2,00,92,254	3,80,90,230
f)	Expenditure in Foreign Currencies (on accrual basis)		
	Travelling	6,93,218	3,96,896

Other Additional information is either NIL or Not Applicable

21. Prior Period Adjustment represents Debit relating to earlier years ₹ 5,99,839/- (Previous Year ₹ 2,16,126/-) and credits relating to earlier years ₹ 3,05,341/- (Previous Year ₹ 65,283/-)

Chase Bright Steel Limited

22. TAXATION :

a. Deferred taxation

		Accumulated As at March 31, 2009	Charge / Credit During the Year	Accumulated As at March 31, 2010
		Rupees	Rupees	Rupees
Deferred Tax Liability on account of:				
1	Depreciation	(1,90,306)	65,678	(1,24,628)
TOTAL (A)		(1,90,306)	65,678	(1,24,628)
Deferred Tax Assets on account of:				
1	Employees' benefit / Expenses Under Section 43B / 40(ia) of the Income-tax Act, 1961	15,62,566	(3,86,948)	11,75,618
TOTAL (B)		15,62,566	(3,86,948)	11,75,618
Net Deferred Tax Liability / (Assets) (A-B)		(17,52,872)	4,52,626	(13,00,246)

- b. The Deferred Tax Liability (Net) for the year of ₹ 4,52,626/- (Previous Year – Deferred Tax Assets of ₹ 19,50,622/-) is added to the Current Year's Profit and shown as Deferred Tax Assets after adjusting opening Deferred Tax Liability.

23. Related Party Information

Disclosures in respect of related parties (as defined in Accounting Standard 18), with whom transactions have taken place during the year given below :

1) Relationship

- a) Enterprise where control of Key Management Personnel and / or their relatives exists.
- 1 Rose Investments Pvt. Ltd.
 - 2 Avanti Traders Pvt. Ltd.
- b) Key Management Personnel
- 1 Shri Alok Kumar Jajodia – Executive Chairman
 - 2 Shri Avinash Jajodia - Managing Director
 - 3 Smt. Manjudevi Jajodia – Director
- c) Relatives of Key Management Personnel
- 1 Smt. Shamoli Malhotra
 - 2 Smt. Rajnidevi Jajodia

Note : Related Party relationship is as identified by the company and relied upon by the auditors.

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2) Transaction with Related Parties

Particulars	Related Parties Referred in 1(a) above	Related Parties Referred in 1(b) above	Related Parties Referred in 1(c) above	Total
	₹	₹	₹	₹
Expenses	NIL	35,45,840	4,50,000	39,95,840
	(NIL)	(31,57,123)	(4,62,465)	(36,19,588)
Income received	NIL	NIL	NIL	NIL
	(NIL)	(NIL)	(NIL)	(NIL)
Finance received	NIL	32,00,000	NIL	32,00,000
	(NIL)	(75,50,000)	NIL	(75,50,000)
Finance repaid	NIL	43,00,000	1,00,000	44,00,000
	(NIL)	(52,00,000)	(5,00,000)	(57,00,000)
Amount receivable	NIL	NIL	NIL	NIL
	(NIL)	(NIL)	(NIL)	(NIL)
Loan amount payable	34,35,000	2,31,91,333	50,00,000	3,16,26,333
	(34,35,000)	(2,42,91,333)	(51,00,000)	(3,28,76,333)
Other amounts payable	26,25,000	5,51,832	1,68,905	33,45,737
	(26,75,000)	(8,39,702)	(34,282)	(35,48,984)

The figures in brackets are for previous year.

24. Earnings per Share:

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The number used in calculating the basic and diluted earnings per equity share are as stated below

		For the Year ended March 31, 2010	For the Year ended March 31, 2009
		₹	₹
a)	Profit after tax available for Equity Shareholders	26,50,224	55,91,903
b)	Weighted average number of Equity Shares for Basic Earnings per Share	16,75,000	16,75,000
	For Diluted Earnings per Share	16,75,000	16,75,000
c)	Basic and Diluted Earnings per Equity Share of ₹ 10/-	1.58	3.34

Chase Bright Steel Limited

25. Disclosures in respect of Derivative Instruments :

- a. There are no derivative instrument like Forward Exchange Contracts etc. outstanding at the end of the year as on March 31, 2010 and at the end of the year as on March 31, 2009
- b. The foreign currency exposures that are not hedged by a derivative instrument are as follows :

Details	Currency	Amount outstanding as on March 31, 2010	
Export Debtors	USD	NIL	NIL
Import Creditors / Expenses.	USD	NIL	NIL
Details	Currency	Amount outstanding as on March 31, 2009	
Export Debtors / Advance to Suppliers	USD	97,500	49,67,625
Import Creditors / Expenses.	USD	NIL	NIL

26. Figures of the previous year have been regrouped / reclassified / rearranged, wherever necessary, to conform with the current year's presentation. Amounts and other disclosures for the preceding year are included as an integral part of the current year's financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

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27. Information required as per part IV of Schedule VI of the Companies Act, 1956.

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE.

1. Registration Details :

Registration No.	11479	State Code	11
Balance Sheet Date :	31.03.2010		

2. Capital Raised during the year : (₹ in Thousands)

Public Issue	NIL	Right issue	NIL
Bonus Issue	NIL	Private Placement	NIL

3. Position of mobilisation and deployment of funds : (₹ in Thousands)

Total Liabilities	62,191	Total Assets	62,191
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Sources of Funds :

Paid up Capital	16,950	Reserves & Surplus	1,516
Secured Loans	1,238	Unsecured Loans	42,487
Deferred Tax Liability	0		

Application of Funds :

Net Fixed Assets	16,276	Capital Work in Progress	0
Investments	6	Deferred Tax Assets	1,300
Net Current Assets	26,947	Goodwill on Amalgamation	933
Miscellaneous Expenditure	0	Accumulated Loss	16,729

4. Performance of the Company : (₹ in Thousand)

Sales including processing charges net of excise duty and including other income			2,23,576
Total Expenditure	2,18,963	Profit/(Loss) Before tax	4,613
Provision for Income Tax (Current/Deferred)	2,078	Prior Period Income / (Expenses)	(294)
Excess Prov. For Income-tax written back	409	Profit/(Loss) after tax	2,650
Earning per Shares (₹)	1.58	Dividend Rate	NIL

5. Generic Names of Principal Products / Services of the Company (As per monetary terms)

Item Code No. (ITC Code)	7215.10	7215.20
	7228.50	7222.20

Product Description BRIGHT STEEL BARS

Signature to Schedule 1 to 20

As per our report even date

For A.J. MEHTA & ASSOCIATES

Chartered Accountants

Firm Registration No. 106179W

Atul J. Mehta

Proprietor

Membership No.: 36959

Place : Mumbai

Dated : July 31, 2010

For and on behalf of the Board of Directors

Alok Jajodia

Chairman

Avinash Jajodia

Managing Director

N. G. Khaitan

O. V. Kuruvilla

Manju Devi Jajodia

} Directors

Place : Mumbai

Dated : July 31, 2010

Chase Bright Steel Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010
 (Pursuant to amendment to clause 32 of the listing agreement)

	2009 - 2010		2008 - 2009
	₹	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before Tax & extraordinary items		4,613,307	4,602,124
Adjusted for :			
Depreciation	1,882,596		1,903,743
Goodwill on Amalgamation Written Off	1,866,096		1,866,096
Effect of Exchange Rate Change	341,107		(499,826)
Financial Charges	2,515,444		1,580,847
Interest received	(22,538)		(67,833)
Profit / Loss on Fixed Asset Scraped	0		(20,999)
		<u>6,582,705</u>	<u>4,762,028</u>
OPERATING PROFIT / (LOSS) BEFORE WORKING CAPITAL CHANGES		11,196,012	9,364,152
adjusted for :			
CHANGES IN -			
Trade and Other Receivables	(12,763,616)		(11,217,992)
Inventories	(23,201,191)		5,985,819
Trade Payable	<u>25,229,453</u>		<u>(3,220,126)</u>
		<u>(10,735,354)</u>	<u>(8,452,299)</u>
CASH GENERATED FROM OPERATIONS		460,658	911,853
Direct Taxes paid	710,386		451,973
Effect of Exchange Rate Change	<u>341,107</u>		<u>(499,826)</u>
		<u>1,051,493</u>	<u>959,706</u>
Prior Period Items and adjustments		(590,835)	(150,843)
		<u>(294,498)</u>	<u>(150,843)</u>
NET CASH FROM OPERATING ACTIVITIES	(A)	<u>(885,333)</u>	<u>808,863</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :			
Additions to Fixed Assets	(1,929,650)		(2,045,820)
Sale of Fixed Assets	0		170,000
Capital Work in Progress	147,326		(88,693)
Preliminary Expenses Incurred	0		0
Interest Received	<u>22,538</u>		<u>67,833</u>
NET CASH USED IN INVESTING ACTIVITIES	(B)	<u>(1,759,786)</u>	<u>(1,896,680)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES			
Unsecured Loans	4,097,696		1,995,939
Proceeds From Secured Loans	429,249		808,657
Interest Paid	<u>(2,515,444)</u>		<u>(1,580,847)</u>
NET CASH USED IN FINANCING ACTIVITIES	(C)	<u>2,011,501</u>	<u>1,223,749</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		<u>(633,618)</u>	<u>135,932</u>
Cash and Cash Equivalents at beginning of the year		1,086,566	950,634
Cash and Cash Equivalents at the end of the year		452,948	1,086,566
As per our report even date	For and on behalf of the Board of Directors		
For A.J. MEHTA & ASSOCIATES	Alok Jajodia	Chairman	
Chartered Accountants	Avinash Jajodia	Managing Director	
Firm Registration No. 106179W			
Atul J. Mehta	N. G. Khaitan	} Directors	
Priproprietor	O. V. Kuruvilla		
Membership No.: 36959	Manju Devi Jajodia		
Place : Mumbai	Place : Mumbai		
Dated : July 31, 2010	Dated : July 31, 2010		

Chase Bright Steel Ltd.

Regd. Office : R-237, TTC Industrial Area, MIDC, Rabale, Navi Mumbai - 400 701.

PROXY FORM

I/We.....of
in the district ofbeing a member/members of the above
named Company, hereby appoint Mr./Mrs.....of
in the district ofOr failing him/her Mr./Mrs.....of
..... in the district of

as my/our proxy to attend and vote for me/us and on my/our behalf at the Fiftieth Annual General Meeting of the Company to be held at 11.30 a.m. on Thursday, 30th September, 2010 at the premises of Thana Manufacturers' Association, TMA House, P-6 Main Road, Wagle Industrial Estate, Thane - 400 604 and any adjournment thereof.

As witness my/our hands this day of 2010

Signature.....

Affix a
Revenue
Stamp

Registered Folio.....

No of Shares held.....

Note : The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the Scheduled time for holding the meeting.

Chase Bright Steel Ltd.

Regd. Office : R-237, TTC Industrial Area, MIDC, Rabale, Navi Mumbai - 400 701.

ATTENDANCE SLIP

(Please complete the Attendance Slip and hand it over at the entrance of the Meeting Hall).

I hereby record my attendance at the Fiftieth Annual General Meeting of the Company being held on September 30, 2010.

Member's/Proxy's name (In Block Letters)

Signature of the Shareholder/Proxy

Registered Folio No.....

No. of Shares held.....

Cut here

U.C.P.

If undelivered, please return to :

Chase Bright Steel Ltd.

R-237, TTC Industrial Area, MIDC,
Rabale, Navi Mumbai - 400 701.

GP Offset Pvt. Ltd. © : 2850 7766 / 2850 7056