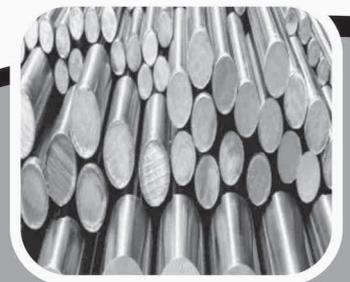


# INDIA STEEL WORKS LTD

Inner Vision. Global Action.





## CORPORATE INFORMATION

### CHAIRMAN

Mr. Ashwinkumar H. Gupta

### MANAGING DIRECTOR

Mr. Sudhir H. Gupta

### DIRECTORS

Mr. Varun S. Gupta - Whole-time Director & CFO  
Mr. Deepak Kumar Gaur - Executive Director  
Mr. T. R. Bajalia - Independent Director  
Mr. Bimal Desai - Independent Director  
Mrs. Kavita R Joshi - Independent Director  
Mrs. Riddhi Shah - Independent Director  
Mr. Anant Badjatya - Nominee Director

### STATUTORY AUDITORS

Thanawala & company  
Chartered Accountants  
505, Abhay Steel House, 5th Floor,  
22, Baroda Street, Iron Market, Mumbai- 400009

### COST AUDITOR

Mr. Vishesh Patani  
601, Madhur Pushpalata CHSL,  
Gokhale Road, Dahanukar wadi,  
Kandivali West, Mumbai 400 067.

### REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.  
C 101, 247 Park, L B S Marg, Vikhroli West,  
Mumbai 400 083

### REGISTERED OFFICE

Zenith Compound, Khopoli, Raigad-410203

### WORKS

Zenith Compound, Khopoli, Raigad - 410203

### CORPORATE OFFICE

304, Naman Midtown, Tower A,  
Senapati Bapat Marg, Elphinstone Road (W),  
Mumbai-400013

### BANKER

Kotak Mahindra Bank Ltd  
Dombivli Nagari Sahakari Bank Ltd

### WEBSITE

[www.indiasteel.in](http://www.indiasteel.in)

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## CHAIRMAN'S MESSAGE

It gives me immense pleasure in presenting to you the 31<sup>st</sup> Annual Report of the Company and thanking you for your continued support and goodwill that is critical to the success of your Company. I and on behalf of the India Steel Board of Directors would now like to highlight some key aspects of the year under review:

- Revenue touched an all-time high of Rs. 99682.86 lakhs in comparison to the last year revenue as Rs. 115911.90 Lakhs, while EBITDA increased by Rs. 419.45 Lakhs. However, PAT was lower due to higher interest and depreciation on account of capitalization of the 120 MW captive power plant.
- Net worth of the Company has increased from Rs. 17493.11 lakhs in F.Y. 2016-17 to Rs. 18001.26 lakhs in F.Y. 2017-18.

Steel being crucial to the development of any modern economy and is also considered to be the backbone of human civilization. The level of per capita consumption of steel is treated as an important index of the level of socio-economic development and living standards of the people in any country. It is a product of a large and technologically complex industry having strong forward and backward linkages in terms of material flows and income generation.

India's economic growth is contingent upon the growth of the Indian steel industry. Consumption of steel is taken to be an indicator of economic development While steel continues to have a stronghold, being a key ingredient in traditional sectors and several industries such as construction, housing and ground transportation, special steels are increasingly being used in engineering industries such as power generation, petrochemicals and fertilizers, will continue to be related closely to the economic prospects of a country or region. India occupies a central position on the global steel map, with the establishment of new state-of-the-art steel mills, acquisition of global scale capacities by players, continuous modernization and up gradation of older plants, improving energy efficiency and backward integration into global raw material sources.

India is mature in the world stainless steel industry, with ever-increasing product-range & capacities. There is a growing pool of skilled labour and technical staff that are capable of managing metallurgical & process parameters of stainless steel. India Steel Works is poised at the forefront of the Indian stainless steel industry, and its strategic location is perfect for capitalizing on this. The plant, located just outside the thriving hub of Mumbai city, is close to the ports, perfect for international shipment and at the hub of the Indian highway system for domestic transport.

We believe that in staying true to our motto of "Inner Vision. Global Action" we will maintain our relationships with all our stakeholders, grow continuously, and match the world's best in stainless steel, having a perfect combination of Dedication, Aim and Route Map.

While our Management team & employees took significant initiatives to improve the operating performance, market challenges offset the benefits of internal improvement efforts leading to significant profit erosion. Our in house testing labs are equipped with world class testing equipment and our quality control team works independently to guarantee that there is no compromise on the quality of steel that we deliver.

Finally, I would like to take this opportunity to thank you as the shareholders of the Company for your support & motivation to the Company during the year. I would also like to thank the lenders, customers, suppliers, various national & provincial governments with whom we have been working, further shall appreciate the employees, workers and Unions of India Steel group Companies who have stood by the Company & I look forward to their continuous dedication and support in the future.

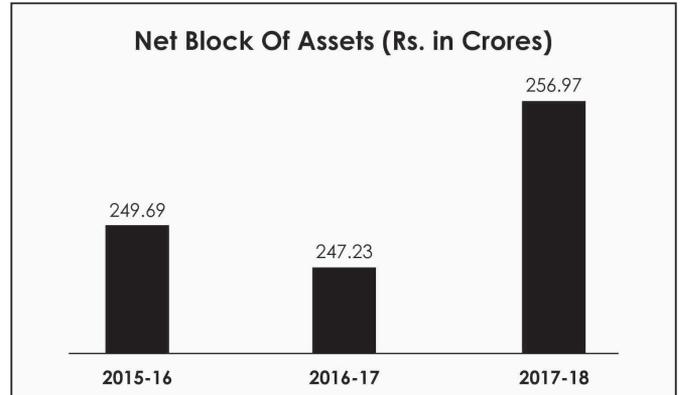
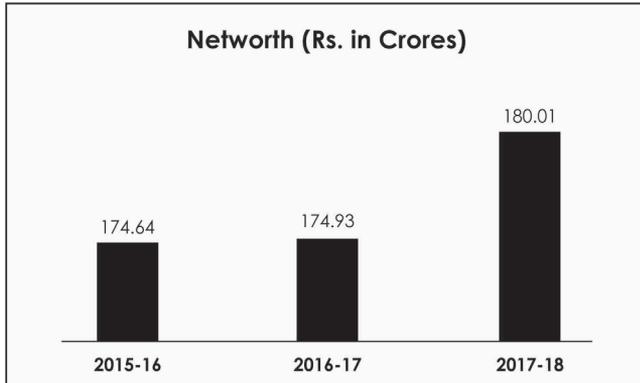
**Yours Sincerely,**

**Ashwinkumar H. Gupta**  
Chairman  
DIN:00010850



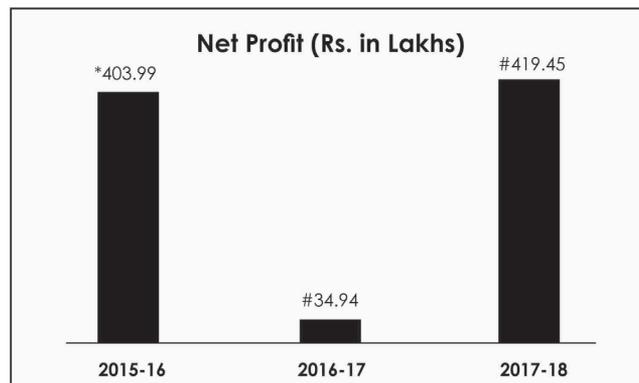
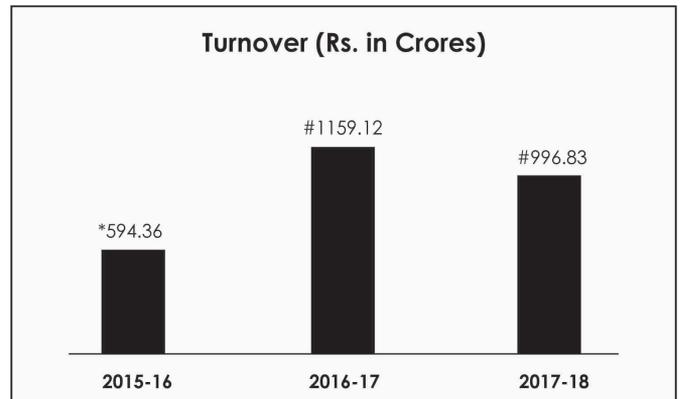
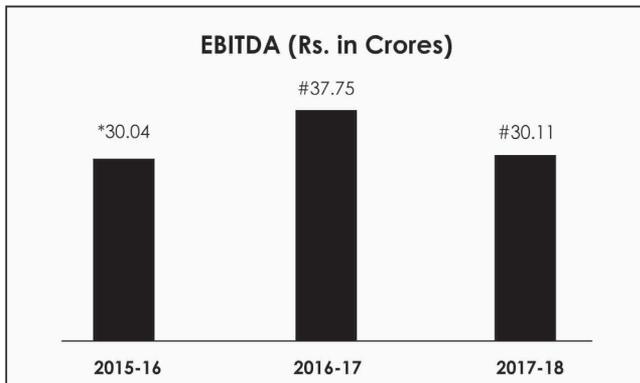
### PERFORMANCE HIGHLIGHTS

#Figures for 2015-16, 2016-17 and 2017-18 are as per new accounting standards (IND-AS) and schedule III of Companies Act, 2013, for Networth and Net Block of Assets



#Figures for 2016-17 and 2017-18 are as per new accounting standards (IND-AS) and schedule III of Companies Act, 2013.

\*Figures for the year 2015-16 are as per previous Indian Generally Accepted Accounting Principles. Hence these numbers are not comparable with previous years





## MANAGEMENT DISCUSSION AND ANALYSIS

### Economic Scenario: Global (business Line)

In 2018, global steel demand will reach 1.616 billion tonnes, while in 2019, it will hit 1.627 billion tonnes, the worldsteel said. The association previously forecast growth of 1.6 per cent this year.

This is as economic growth in the world's second largest economy decelerates mildly and the government continues to steer the country away from investment-led to consumption-led growth.

Global steel equity values have more than doubled since hitting 12-year lows in early 2016 in the worst of the steel sector crisis.

The steel industry, worth about \$900 billion a year, is seen as a gauge of world economic health. It represents more than 160 steelmakers accounting for 85 per cent of global output.

### Economic Scenario: India (as per financial Express) (Ministry of Steel)

It is indeed gratifying for Indian steel industry to have completed FY18 with a consumption growth of 7.8%. Last year steel consumption rose by 3.1% and the year before last the growth was 5.8%. In the current year also till October 2017, the rise in steel consumption for the first 7 months was confined to 4.5%. Thus it was a case of late pushes since November 2017.

The factors that made this possible was the significant increase in global steel prices from November 2017 which began with rise in raw material prices of iron ore, coking coal and scrap i.e. and increase in global oil prices. Coupled with gradual uptick in the economic indicators i.e. GDP, Industrial Production, unemployment rates — the global economy led by the US, the EU, Japan, South Korea and India has forged ahead since the latter half of FY18.

Indian Steel Sector has brought a new hope in Indian economy considering production of steel product as well as employment generation. Vast productions of steel products lead to expansion of export of steel products reducing import dependence which made India a net exporter in current period. The table below shows the trend in production for sale, import, export and actual consumption of finished steel (alloy/stainless + non-alloy) in the country for the last five years and April-December 2017-18:

**Table 5.1 a: Trend of Finished Steel (alloy/stainless+non-alloy)in Last Five years**

(in million tonnes)

Description	2012-13	2013-14	2014-15	2015-16	2016-17	April-December 2017-18*
<b>Production for Sale</b>	<b>81.681</b>	<b>87.675</b>	<b>92.156</b>	<b>90.981</b>	<b>101.81</b>	<b>79.049</b>
Imports	7.925	5.45	9.32	11.712	7.227	6.097
Export	5.368	5.985	5.596	4.079	8.243	7.606
<b>Actual Consumption</b>	<b>73.483</b>	<b>74.096</b>	<b>76.992</b>	<b>81.525</b>	<b>84.042</b>	<b>64.868</b>

Source: JPC; \* Provisionals

### The Steel & Stainless Steel Industry (financial Express and Ministry of steel data)

Ministry of Steel in association with the steel industry put up its Steel Pavillion at India International Trade Fair 2017 with the theme 'Startup India Standup India' where several items of steel and mining sector were showcased.

Steel is crucial to the development of any modern economy and is considered to be the backbone of human civilization. The level of per capita consumption of steel is treated as an important index of the level of socio-economic development and living standards of the people in any country.

India's economic growth is contingent upon the growth of the Indian steel industry. Consumption of steel is taken to be an indicator of economic development. While steel continues to have a stronghold in traditional sectors such as construction, housing and ground transportation, special steels are increasingly being used in engineering industries such as power generation, petrochemicals and fertilizers. India occupies a central position on the global steel map, with the establishment of new state-of-the-art steel mills, acquisition of global scale capacities by players, continuous



modernization and up gradation of older plants, improving energy efficiency and backward integration into global raw material sources.

India is currently the world's 3rd largest producer of crude steel and is expected to become the 2nd largest producer of crude steel in the world soon. Whereas, the country is also the 3rd largest consumer of finished steel (83.5 million tonnes in 2016) in the world preceded by China (681.0 million tonnes in 2016) and the USA (91.6 million tonnes in 2016)

As Indian steel demand is substantially influenced by infrastructure and construction sector which was primarily determined by the growth of investment, the secular decline of GFCF as a percentage of GDP (33.4% in FY13 to 28.5% in FY18) was very much a worrying factor. There was also no improvement in the share of private corporate sector investment which compensates the shortfall in public investment. The silver lining in this otherwise depressing scenario was provided by the rise in manufacturing sector especially in the steel intensive components since November/December 2017.

Accordingly, during the first 10 months of FY18, the growth of manufacturing at 4.3% supported IIP to achieve 4.1% rise in the period. The prominent sub segments of manufacturing — manufacture of machinery and equipment, vessels and trailers, other transport and furniture — exhibited growth rates of 5.9%, 11.8%, 12.7% and 7.5%, respectively during the period. As nearly 38% of steel consumption in the country is accounted for by the manufacturing sector in the form of engineering, fabrication, automobile, other transport (railways, ship building, civil aviation, barges and containers) and packaging sub segments, the growth momentum observed in these areas in the recent period brought some cheers to steel fraternity. The industrial use of steel was clearly discernible by more demand for wire rods, structural and plates.

As the growth of 7.8% consumption was contributed by growth in consumption of Alloy and SS by a large margin of around 24%, the thrust on more industrial use was apparent, although Alloy/SS comprises of only 9.7% of the total steel consumption in the country. Crude steel production in FY18 has reached 102.2 MT, a growth of 4.3% over last year. In order to reach 300 MT of CS production capacity by 2030-31, it would require a 9.4% CAGR during FY19 to FY31 which may be considered high in the current context. The assessment of finished steel availability may be taken as a second alternative. The standard method of calculating finished steel production out of 300MT capacity in FY31 may be taken as 243MT (90% yield from crude to finished and 90% capacity utilisation). The finished steel production in FY18 at 105MT would need an annual average growth rate of 7.2% to reach the target by FY31.

It is seen that South Korea, Japan and China constitute more than 82% of Alloy/SS import sources and for the total steel import it is more than 70%. While import from China primarily contains coated products and pipes, South Korea exports HRC, coated steel, electrical sheets and plates, Japan supplies mostly HRC, coated and ESS. In FY19 the sourcing scenario is likely to follow the same pattern.

**Megatrends driving demand:**

- Economic and population growth
- Mobility and Urbanization
- Climate Change and Limited Resources

**Key Customer Industries:**

Most effective utilization of materials viz. concrete in compression and steel intension under Composite Construction, e.g. four Seasons hotel, tallest hotel in Mumbai. Any bridge, steel or concrete, designed and built as per the provision of the IRCs, the longevity is expected to be well over 120 years.

- Consumer Goods and Catering Industry
- Automotive and Transport Industry
- Mechanical & Plant Engineering
- Power Generation
- Chemical Industry
- Medical Equipment
- Architecture and Building Industry



- Heavy Industries
- Aviation Industry
- Food & Packaging
- Structural & Civil engineering
- Hydraulic elements
- Bright Bar Industry
- Fasteners Industry
- Forging Industry
- Capital Goods Industry

**World Stainless Steel Long Products Market:****Stainless steel long product consumption & demand index development [2010 = 100]****FINANCIAL PERFORMANCE**

During the year the company achieved a Revenue of Rs. 99682.86 lakhs along with Net Profit of Rs. 419.45 Lakhs. Company's Net Worth has increased from Rs. 17493.11 Lakhs in FY 2016-17 to Rs. 18001.26 Lakhs in FY 2017-18. Operating Profit (EBITDA) decreased from Rs. 3774.91 Lakhs in FY 2016-17 to Rs. 3011.09 Lakhs in FY 2017-18. The organization has applied to various financial institutions and Banks for enhancing working capital facilities to support operations & in order to maximum capacity utilization.

**RISK & OPPORTUNITIES**

India Steel Works is exposed to risk and opportunities in equal measures. The company has a robust Enterprise Risk Management (ERM) framework, that allows the organization to take certain risk in order to be competitive and to mitigate other risk to drive sustainable results. By identifying and proactively addressing risk and opportunities, stakeholder value is protected at all times. We do address the risk related to strategy, operational, financial and legal.

The main competitive strength of the company:

- Promoters have more than 50 years of experience in the same line of business.
- Company has large customers base in pan India basis.
- Company has large variety of products in various length and sizes in Billets, Angles, Wire Rods, Wire and Bright Bars.
- High quality products accepted by customers over 50 year and growing acceptability in the quality conscious markets.
- Integrated facilities accredited with quality and ISO certifications such as ISO 9001:2008, TUV NORD, Germany in September 2004 and SIRIM International by Govt. of Malaysia.
- Excellent strategic management in procurement of imported stainless steel Scrap, Alloys and allied materials.
- Cost competitive with good operational efficiency.
- Skill work force with industry expertise with long years of experience.
- All downstream and upstream product lines are consolidated.
- Consistent and growing demand from overseas clients.

**Opportunities:**

- To take advantage of the various initiatives taken by the Government in FY 2017.
- Export potential in traditionally overlooked markets.
- With the Government of India's emphasis on the substitution of imported goods to reduce import bills, sectors such



as Transportation (Railways), Aerospace etc are expected to rely on Indian companies and domestic expertise for procurement.

- Growth in infrastructure and automobile sector.
- Availability of Bank finance providing liquidity for import and capacity utilization.

**CREDIT RATING**

- Dun & Bradstreet (D&B) has rated the company and the risk rating assigned is 5A4. 5A represents that the company has a tangible net worth of more than Rs 6459.50 Lacs.
- Brickwork Ratings has rated the Company as Stable.

**INTERNAL CONTROLS**

The Company has proper and adequate systems of internal control that provides assurance on the efficiency of operations and security of assets. An independent Internal Auditor is in place to check, audit and monitor the process as per the Internal Audit Plan approved by the Audit Committee of the Company.

Further Company is in the process of implementing Enterprise Resource Planning (ERP) at all its plants covering all its businesses, planning and accounting processes. This will help Company to increase the operational efficiency and cost effectiveness of overall operational controls.

**MATERIAL DEVELOPMENT IN HUMAN RESOURCES**

In the year under review, the overall industrial relations have been cordial and conducive to work. The Company recognizes the value and contribution of its employees and earnestly endeavors to create a responsive organization with emphasis on performance with responsibility and accountability. Continuous appraisal of the competencies of the personnel in line with job requirements is carried out to facilitate higher levels of output and productivity.

**DISCLAIMER**

This discussion and analysis have been provided with a view to enable shareholders with a better understanding of the performance of the Company. In certain areas the discussion may cover strategic decision and management expectations from the same. Such forecasts should not be construed as a guarantee of performance and actual results may differ significantly depending upon the operating conditions and external environment.

**DIRECTORS' REPORT**

Dear Members,

Your Directors present their 31<sup>st</sup> Annual Report and the Company's Audited Accounts for the financial year ended 31<sup>st</sup> March, 2018.

**1. FINANCIAL HIGHLIGHTS**

The summarized financial results of the Company for the financial year 2017-18 are given hereunder:

(Rs. in Lakh)

Particulars	Year ended 31.3.2018	Year ended 31.3.2017
Sales including excise duty/Income including Job work operations	96729.01	114907.79
Operating Profit(EBITDA)	3011.09	3774.91
Finance Costs	1674.43	1900.44
Provision for Depreciation	840.68	1836.29
Profit /(Loss) before tax & exceptional items	495.98	38.18
Exceptional Items	-76.53	-
Current tax	-	-3.25
Profit /(Loss) after Tax	419.45	34.94
Items not to be classified to statement of profit or Loss in subsequent years	88.70	-5.86
Exceptional Items	-76.53	-
Total comprehensive income	508.15	29.07

**2. INDIAN ACCOUNTING STANDARDS (Ind AS)**

In accordance with the notification issued by the Ministry of Corporate Affairs (MCA), your Company is required to prepare financial statements under Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act 2013 read with rule 3 of the Companies (Indian Accounting Standards Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 with effect from 1st April 2017. Ind AS has replaced the existing Indian GAAP prescribed under section 133 of the Companies Act, 2013, read with rule 7 of Companies (Accounts) Rules, 2014 Accordingly the Company has adopted Indian Accounting Standard ("Ind AS") with effect from 1st April 2017 with the transition date of 1st April 2016 and the financial Statements for the year ended 31st March 2018 has been prepared in accordance with Ind AS. The financial statements for the year ended 31st March 2017 have been restated to comply with Ind AS to make them comparable.

The effect of the transition from IGAAP to Ind AS has been explained by way of an reconciliation in the Financial Statements.

**3. CHANGE IN THE NATURE OF BUSINESS**

There was no material change in the nature of business of the Company during the year.

**4. OPERATIONS**

During the year under review, the gross revenue has reduced to Rs. 99682.86 lakh as against Rs. 115911.90 lakh in the previous year. The performance of the Company was low in last year due to inadequate supply of raw material. The Company had entered into long term arrangements with Sikkim Ferro Alloys Ltd and Trison Impex for long term benefits of the Company but unexpectedly Sikkim Ferro Alloys Ltd and Trison Impex are not performing. This had a negative effect on performance. The Company has adopted useful life method for calculation of depreciation under IND AS which has resulted in reduction of depreciation expenses.

**5. DIVIDEND**

Keeping in view the need for strengthening financial soundness of the company and considering accumulated losses the Directors regret their inability to declare any dividend on Equity Shares during the year under review. However,



your Directors are pleased to recommend a Final Dividend @ 0.01% on total paid up Preference share capital of the company for the financial year ended 31st March, 2018, payable to those Shareholders whose names appear in the Register of Members as on the Book Closure Date for the Financial Year 2017-18. The final dividend amounting to Rs. 75,513/- on total paid up preference shares inclusive of tax on distributed profits.

**6. FINANCE:****(i) Share Capital**

The paid-up Equity Share Capital as on 31<sup>st</sup> March, 2018 was Rs. 3980.81 Lakh. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

**(ii) Fixed Deposits**

The Company has not accepted any deposits from the shareholders or public under applicable provisions of the Companies Act 2013 or rules made there under.

**(iii) Particulars of loans, guarantees or investments**

The company has not provided any loan or guarantee directly or indirectly to any person or body corporate, during the year under review. The Company also has not invested in the securities of any other Company during the year under review.

**7. CORPORATE SOCIAL RESPONSIBILITY:**

The Company believes in development which is beneficial for the society at large and to practice the corporate values through commitment to grow in socially and environmentally responsible way while meeting the interest of our stake-holders. During the year, the Company voluntarily has undertaken CSR initiatives and contributed 9.46 lakhs for educational support to underprivileged students from poor town, remote rural and conflict afflicted communities in Khopoli town area, distribution of books, note books, scholarship to brilliant students & food and medicine help to poor in khopoli village etc.

**8. VIGIL MECHANISM / WHISTLE BLOWER POLICY:**

Pursuant to Section 177(9) of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company has adopted a Whistle-Blower Policy, whereby employees are free to report violations of laws, rules, and regulations, or unethical conduct to the Audit Committee. The details of the Whistle Blower Policy are explained in the Corporate Governance Report and also posted on the website of the Company. During the year the Audit Committee has not received any reference under the policy.

**9. RISK MANAGEMENT POLICY:**

The Company has a risk management policy to identify, mitigate elements of risk, if any, which in the opinion of the Board may threaten the existence of the company. The Board of Directors and senior management team assess the operations and operating environment to identify potential risks and take necessary mitigation actions.

**10. RELATED PARTIES CONTRACTS OR ARRANGEMENTS:**

The Company has made materially significant Related Party Transactions, as approved by the non-interested shareholders at the 30<sup>th</sup> Annual General meeting of the Company. Further the said material related Party Transactions made during the year under review were on an arm's length basis and in the ordinary course of business. Required disclosures are made in Annexure-D in Form No. AOC 2. On the recommendation of the Audit Committee, the Board of Directors has adopted a policy on Related Party Transactions, which is also uploaded on the website of the Company [www.indiasteel.in](http://www.indiasteel.in) under the head 'Investor Relations' and the weblink is provided in the Corporate Governance Report. The Policy envisages the procedure governing related party transactions required to be followed to ensure compliance with the applicable laws and regulations as well as to ensure that the Related Party Transactions are managed and disclosed in accordance with the legal and accounting requirements.

**11. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

There are no significant and material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.



## 12. DIRECTORS

### (i) Appointment

Mr. Varun Gupta (DIN: 02938137) has been appointed as "Whole Time Director" of the Company subject to approval of the shareholders of the Company for a period of 3 years with effect from 1st July, 2018. The details of the Director are given in the Corporate Governance Report as well as in the Notice of the Annual General meeting.

In accordance with the provisions of the Companies Act, 2013 in accordance with the Articles of Association of the Company Mr. Ashwinkumar Gupta & Mr. Deepak Kumar Gaur retires from office by Rotation, and being eligible, offers themselves as provided in the notice are eligible for reappointment.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulations 16 (1) (B) of SEBI (LODR), 2015.

Attention of the Members is invited to the relevant items in the Notice of the Annual General Meeting seeking your approval to the aforesaid appointments.

### (ii) Board Evaluation

In compliance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Nomination & Remuneration Committee. The manner in which the evaluation was been carried out has been explained in the Corporate Governance Report.

### (iii) Board Meetings

During the year, Six (6) Board Meetings were convened and held. The details are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

### (iv) Nomination & Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a Policy for selection, appointment and remuneration of Directors and Key Managerial Personnel in accordance with Section 178 of the Companies Act, 2013. More details of the same are given in the Corporate Governance Report.

### (v) Audit Committee Policy

The Board has, on the recommendation of the Audit committee, framed a policy for selection, appointment and remuneration of Statutory Auditors and internal Auditor in accordance with the Section 177 of the Companies Act, 2013. More details of the same are given in the Corporate Governance Report.

## 13. DIRECTORS RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of the Section 134(3)(c) of the Companies Act, 2013:

- I. That in the preparation of the annual financial statements for the year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- II. That such accounting policies, as mentioned in the Financial Statements as 'Significant Accounting Policies' have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2018 and of the profit of the Company for the year ended on that date;
- III. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;



- IV. That the annual financial statements have been prepared on a going concern basis;
- V. That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- VI. That proper system's to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

#### 14. AUDITORS

##### (i) Statutory Auditors & Audit Report

M/s Thanawala & Company, Chartered Accountants, the Auditors of the company who hold office upto the conclusion of the ensuing AGM have shown their unwillingness to continue as Auditors of the company and have given their resignation. M/s Laxmikant Kabra & Co., Chartered Accountants have expressed their willingness and eligibility under the provision of the Companies Act, 2013 to act as statutory auditors of the company, which is subject to Shareholders' approval. The Board of Directors has proposed the appointment of M/s Laxmikant Kabra & Co., Chartered Accountants as the statutory Auditor of the company, subject to shareholder approval, pursuant to section 139 of the Companies Act, 2013 (subject to the ratification of their appointment at every AGM of the company), to examine and audit the accounts of the Company, on such remuneration as may be mutually agreed upon between the Board of Directors of the Company.

There is no qualification, reservation or adverse remark or disclaimer made by the auditor in his report.

##### (ii) Cost Auditors

The Board has appointed M/s. Vishesh N. Patani (Membership No. 30328) cost Accountants, Mumbai under section 148 of the Companies Act, 2013 for conducting the audit of cost records of the Company for the financial year ending 31<sup>st</sup> March, 2019. Approval of the members by way of ordinary resolution ratifying the remuneration to be paid to the cost auditors is suitable included in the notice calling the Annual General Meeting of the Company. The Cost Auditor have further confirmed that their appointment is within the limits of section 141(3)(g) of the Companies Act, 2013.

##### (iii) Secretarial Auditor & Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mrs. Deepika Arora (ACS 29794 & CP No. 11355) Practicing Company Secretary, to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as "Annexure - A". There is no qualification, reservation or adverse remark or disclaimer made by the Secretarial auditor in her report.

##### (iv) Branch auditor:

The Company has branch outside India and may also open/acquire new branches outside India in future. It may be necessary to appoint branch auditors for carrying out the audit of the accounts of such branches, subject to approval of shareholders.

#### 15. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Your Company's Financial Statements are prepared on the basis of the Significant Accounting Policies that are carefully selected by Management and approved by the Audit Committee and the Board. These Accounting policies are reviewed and updated from time to time. Your Company uses ERP Systems as a business enabler and also to maintain its Books of Account. The transactional controls built into the ERP systems ensure appropriate segregation of duties, appropriate level of approval mechanisms and maintenance of supporting records.

Kindly refer to the write-up in the section Management Discussion and Analysis.

#### 16. EXTRACT OF THE ANNUAL RETURN:

The extract of the annual return in Form No. MGT – 9 annexed as "Annexure-B" forms part of the Board's report.

**17. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The Company has adopted the generally accepted technology for its products. Particulars regarding conservation of energy foreign exchange earnings and outgo are given in "**Annexure – C**" as required under The Companies Act, 2013 read with The Companies (Accounts) Rules, 2014 and forms part of this report.

**18. DISCLOSURE UNDER THE SEXUAL HARRASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has in place an Anti-Sexual harassment Policy in line with the requirements of the Sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013. An internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints pertaining to sexual harassment were received during FY 2017-18.

**19. MANAGEMENT DISCUSSION AND ANALYSIS:**

A detailed analysis of your Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

**20. CORPORATE GOVERNANCE:**

The Company has implemented the provisions of Chapter IV of SEBI (LODR), 2015 relating to the Corporate Governance requirements. A Report on Corporate Governance, the Report of Auditors Certificates thereof is given as annexure to this report.

**21. PARTICULARS OF EMPLOYEES:**

During the year under review, the Company has not employed any individual whose remuneration falls within the purview of the limits prescribed under the provisions of Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are annexed as "**Annexure F**".

**22. INDUSTRIAL RELATIONS:**

During the year under review, industrial relations at the Company's unit continued to remain cordial and peaceful.

**23. ACKNOWLEDGEMENTS:**

The Directors express their appreciation for co-operation and encouragement received from all the Shareholders, Business Associates, Dealers, and Insurers, vendors, investors and bankers during the year. The Directors also place on record their appreciation of the contribution made by our employees at all levels. Our consistent growth was made possible by their hard work, solidarity, cooperation and support.

For and on behalf of the Board of Directors of  
**INDIA STEEL WORKS LIMITED**

**Ashwinkumar H. Gupta**

Chairman

DIN: 00010850

Place: Mumbai

Date: 28th May, 2018



**Annexure-A**  
**SECRETARIAL AUDIT REPORT**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]  
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018**

To,  
**The Members,**  
**India Steel Works Limited**  
India Steel Works Complex,  
Zenith Compound,  
Khopoli 410 203.

Dear Sirs,

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practice by **M/s. India Steel Works Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the financial year ended 31<sup>st</sup> March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company, for the financial year ended on 31<sup>st</sup> March, 2018, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Regulations, 1999, and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28th October 2014 (not applicable to the Company during the Audit period);
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (not applicable to the Company during the Audit period);
  - f. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client,
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (not applicable to the Company during the Audit period), and;
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (not applicable to the Company during the Audit period)
- (vi) For the other applicable laws, our Audit was limited to
  - a. The Factories Act, 1948



- b. The Minimum Wages Act, 1948
- c. The employees Provident Funds and Misc. Provisions Act, 1952
- d. The payment of Bonus Act, 1965
- e. The payment of gratuity Act, 1972
- f. The Contract labour (Regulation and Abolition) Act, 1952
- g. The Industrial Employment (Standing Orders) Act, 1946
- h. The Employees Compensation Act, 1923
- i. The Apprentices Act, 1923
- j. The Air (Prevention and control of pollution) Act, 1981
- k. Industrial Disputes Act, 1947

I have relied on the representation made by the Company, its Officers and authorized representatives during the conduct of the audit, and also on the review of Certificates by respective department Heads/ Company Secretary/ CEO. In my opinion, adequate systems and process and control mechanism exists in the Company to monitor and ensure compliances under other applicable Acts, Laws and Regulations to the Company.

I further report that, the compliance by the Company of applicable financial laws like Direct and Indirect Tax laws has not been reviewed in this Audit since the same have been subject to review by Statutory financial Audit and other designated professionals.

I have also examined compliance with the applicable clause of the following:

- a. Secretarial Standards issued by The Institute of Company Secretaries of India; and
- b. The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited. During the period under review, the Company has complied with the provisions of the Act, Rules, regulations, Guidelines, Standards etc. mentioned above subject to the above observations.

**I further report that:**

The Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

I further report that, as per information provided the Company has generally given adequate notice to all directors to schedule the Board Meetings and agenda were sent at least seven days in advance.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

**I further report that subject to above observations**, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that the management is responsible for compliance of all business laws and other applicable laws. This responsibility includes maintenance of Statutory register/files as required by the concerned authorities and internal control of the concerned department.

I Further report that during the year under review, the Company has no specific Public Issue/ Right Issue/Preferential issue of Shares/ Debentures/Sweat Equity/Redemption/ Buy-Back of Securities/ Merger/ Amalgamation/ Reconstruction/ Foreign Technical Collaborations.

**For Deepika Arora  
Practising Company Secretaries**

**Date:- 28<sup>th</sup> May, 2018  
Place:- Mumbai**

**Deepika Arora  
Proprietor  
(ACS-29794 & COP-11355)**

**Annexure-B**

Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN:- L29100MH1987PLC043186
- ii) Registration Date: 15th April,1987.
- iii) Name of the Company: India Steel Works Limited
- iv) Category / Sub-Category of the Company: Listed Public Limited Company
- v) Address of the registered office and contact details: Zenith Compound Khopoli, Raigad-410203,  
Tel: +91 2192 265 812 F:+91 2192 264 061  
Email: cosec@indiasteel.in,
- vi) Whether listed company: Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:  
LINK INTIME INDIA PVT LIMITED  
C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083.  
Tel No: +91 22 49186000  
Fax: +91 22 49186060  
Email ID: rnt.helpdesk@linkintime.co.in  
Website: www.linkintime.co.in

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name & Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacturing of Metal & Metal ores	C7	52.50%
2	Trading	G2	47.50%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - NIL****IV. SHARE HOLDING PATTERN**

(Equity Share Capital Breakup as percentage of Total Equity)

**i) Category-wise Share Holding**

Category of Shareholders	Shareholding at the beginning of the year:31.03.2017				Shareholding at the end of the year:31.03.2018				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	11259377	0	11259377	2.83	11259377	0	11259377	2.83	0.00
b) Central Govt or State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporates	186622900	700000	187322900	47.06	186622900	700000	187322900	47.06	0.00
d) Bank/FI	0	00	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL:(A) (1)</b>	<b>197882277</b>	<b>700000</b>	<b>198582277</b>	<b>49.88</b>	<b>197882277</b>	<b>700000</b>	<b>198582277</b>	<b>49.88</b>	<b>0.00</b>



Category of Shareholders	Shareholding at the beginning of the year:31.03.2017				Shareholding at the end of the year:31.03.2018				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Foreign</b>									
a) NRI- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/Fl	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other...	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>197882277</b>	<b>700000</b>	<b>198582277</b>	<b>49.88</b>	<b>197882277</b>	<b>700000</b>	<b>198582277</b>	<b>49.88</b>	<b>0.00</b>
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	0	3600	3600	0.00	3600	0	3600	0.00	0.00
b) Banks/Fl	7812075	400	7812475	1.96	7662075	400	7662475	1.92	0.04
c) Foreign Mutual Fund	14334300	0	14334300	3.60	3534300	0	3534300	0.89	2.71
d) Foreign Financial Institutions	0	14900	14900	0.00	0	14900	14900	0.00	0.00
e) Foreign Institutional Investors	14334300	0	14334300	3.60	14334300	0	14334300	3.60	0.00
f) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
g) Unit Trust of India	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL (B)(1):</b>	<b>36480675</b>	<b>18900</b>	<b>36499575</b>	<b>9.17</b>	<b>25530675</b>	<b>18900</b>	<b>25549575</b>	<b>6.42</b>	<b>0.00</b>
<b>(2) Non Institutions</b>									
a) Bodies corporates									
i) Indian	9399144	21950	9421094	2.37	5330132	21950	5352082	1.34	0.00
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	9077591	1063905	10141496	2.55	15643685	0	15643685	3.93	0.39
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	15960280	0	15960280	4.01	30419530	1062255	31481785	7.91	3.9
c) Others (specify)									
Non Resident Indians (Repat)	4666960	15700	4682660	1.18	1119994	15400	1135394	0.29	0.01
Non Resident Indians (Non Repat)	277454	0	277454	0.07	551294	0	551294	0.14	0.00
Foreign Company	119260000	0	119260000	29.96	117718196	0	117718196	29.57	0.00
Clearing Member	2766164	0	2766164	0.69	870706	0	870706	0.22	0.06
Market Makers	36672	0	36672	0.01	83783	0	83783	0.02	0.001
Hindu Undivided Family	453253	0.11	453253	0.11	1112148	0	1112148	0.28	0.17
<b>SUB TOTAL (B)(2):</b>	<b>162887723</b>	<b>111350</b>	<b>162999073</b>	<b>40.95</b>	<b>172849468</b>	<b>37350</b>	<b>173949073</b>	<b>43.70</b>	<b>0.00</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>198378193</b>	<b>1120455</b>	<b>199498648</b>	<b>50.11</b>	<b>198380143</b>	<b>1118505</b>	<b>198380143</b>	<b>50.11</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>396260470</b>	<b>1820455</b>	<b>398080925</b>	<b>100.00</b>	<b>396262420</b>	<b>756250</b>	<b>398080925</b>	<b>100.00</b>	<b>0.00</b>



(ii) Shareholding of Promoters

Sl No.	Promoter's Name	Shareholding at the beginning of the year :31.03.2017			Shareholding at the end of the year :31.03.2018			% change in shareholding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	ASHWIN GUPTA	55,15,825	1.39	0.00	55,15,825	1.39	0.00	0.00
2	SUDHIR GUPTA	53,82,725	1.35	0.00	53,82,725	1.35	0.00	0.00
3	VARUN GUPTA	2,04,800	0.05	0.00	2,04,800	0.05	0.00	0.00
4	PRIYA GUPTA	86,060	0.02	0.00	86,060	0.02	0.00	0.00
5	ANITA GUPTA	47,000	0.01	0.00	47,000	0.01	0.00	0.00
6	SIDDHARTH GUPTA	9,700	0.00	0.00	9,700	0.00	0.00	0.00
7	MALIKA SIDDHARTH GUPTA	5,000	0.00	0.00	5,000	0.00	0.00	0.00
8	PRIYANKA VARUN GUPTA	5,000	0.00	0.00	5,000	0.00	0.00	0.00
9	VIPIN AGARWAL	3,267	0.00	0.00	3,267	0.00	0.00	0.00
10	INDIA STEEL INTERNATIONAL (P) LTD	4,56,34,150	11.46	99.68	4,56,34,150	11.46	99.68	0.00
11	KHAMGAON LAND DEVELOPMENT & TRADING CO (P) LTD	4,36,50,000	10.97	0.00	4,36,50,000	10.97	0.00	0.00
12	YEOTMAL LAND DEVELOPMENT & TRADING CO (P) LTD	4,36,50,000	10.97	0.00	4,36,50,000	10.97	0.00	0.00
13	ISIWORLD STEELS PVT LTD	1,78,37,500	4.48	0.00	1,78,37,500	4.48	0.00	0.00
14	ISISALES (INDIA) PVT LTD	1,74,00,400	4.37	0.00	1,74,00,400	4.37	0.00	0.00
15	ISIMETALS (INDIA) PVT LTD	1,74,00,350	4.37	0.00	1,74,00,350	4.37	0.00	0.00
16	ISICOM TRADERS P LTD	13,12,750	0.33	0.00	13,12,750	0.33	0.00	0.00
17	ISISTAR EXPORTS PVT LTD	4,37,500	0.12	0.00	4,37,500	0.12	0.00	0.00
18	ISINOX LTD	250	0.00	0.00	250	0.00	0.00	0.00
	<b>TOTAL</b>	<b>19,85,82,277</b>	<b>49.89</b>	<b>11.60</b>	<b>19,85,82,277</b>	<b>49.89</b>	<b>11.60</b>	<b>0.00</b>

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company

Note: there is no change in the shareholding of Promoters / Promoters group.



**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No	Name	Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-17 to 31-03-18)	
		No. of Shares at the beginning (01-04-17)/end of the year (31-03-18)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	METAL INDUSTRIAL PTE LTD	92000000	23.11	1.04.2017	1541804	Decrease		
		90458196	22.72	31.03.2018			90458196	22.72
2	TB INVESTMENTS LTD	27000000	6.78	1.04.2017	0	No movement		
		27000000	6.78	31.03.2018			27000000	6.78
3	APMS INVESTMENT FUND LTD	14334300	3.60	1.04.2017	10800000	Decrease		
		3534300	0.89	31.03.2018			3534300	0.89
4	ERISKA INVESTMENT FUND LTD	8400000	2.11	1.04.2017		No Movement		
		8400000	2.11	31.03.2018			8400000	2.11
5	PARVEEN KUMAR GUPTA	7531400	1.89	1.04.2017	0	No movement		
		7531400	1.89	31.03.2018			5934300	1.49
6	LOTUS GLOBAL INVESTMENTS LTD	5934300	1.49	1.04.2017	0	No movement		
		5934300	1.49	31.03.2018			5934300	1.49
7	KOTAK MAHINDRA BANK LTD	5000000	1.26	1.04.2017	0	No movement		
		5000000	1.26	31.03.2018			5000000	1.26
8	ICICI BANK LIMITED	2810925	0.71	1.04.2017	150000	Decrease		
		2660925	0.67	31.03.2018			2660925	0.67
9	SIRIUS SECURITIES PVT LTD	-	-	1.04.2017	0	No movement		
		2500000	0.63	31.03.2018			2500000	0.63
10	VIVEK AGARWAL	-	-	1.04.2017	0	No Movement		
		1300000	0.33	31.03.2018	0		800000	0.33

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Ashwinkumar H. Gupta				
	At the beginning of the year	5515825	1.39	5515825	1.39
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	5515825	1.39	5515825	1.39
2	Mr. Sudhir H. Gupta				
	At the beginning of the year	5382725	1.36	5382725	1.36
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	5382725	1.36	5382725	1.36



Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3	Mr. Varun S. Gupta				
	At the beginning of the year	204800	0.05	204800	0.05
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	204800	0.05	204800	0.05
4	Mr. Deepak Kumar Gaur				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-
5	Mr. T.R. Bajalia				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-
6	Mrs. Kavita Joshi				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-
7	Mrs. Riddhi Shah				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-
8	Mrs. Dipti Vartak				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment: (Rs. in Lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2017)				
<b>i) Principal Amount</b>	63.96	8424.88	-	8488.84
ii) Interest due but not paid	-	-	-	-
ii) Interest accrued but not due	-	-	-	-
TOTAL (i+ii+iii)	63.96	8424.88	-	8488.84
Change in Indebtedness during the financial year				
Addition	5.27	-	-	5.27
Reduction	-	-3019.44	-	-3019.44
Net Change	5.27	-3019.44	-	-3014.17
Indebtedness at the end of the financial year (31.03.2018)				
<b>i) Principal Amount</b>	69.23	5405.44	-	5474.67
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
TOTAL (i+ii+iii)	69.23	5405.44	-	5474.67

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

B. Remuneration to other directors:

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

(Rs.in Lakh)

S. No.	Particulars of Remuneration	Name of MD/WTD/Manger				Total amount
		Mr.Ashwinkumar H. Gupta	Mr.Varun S. Gupta	Mr. Sudhir H. Gupta	Mr. Deepak Kumar Gaur	
1	Gross Salary					
	a) Salary	30.00	24.00	27.00	18.36	<b>99.36</b>
	b) Allowance	22.80	18.24	20.52	36.84	<b>98.40</b>
	b) Perquisites	13.70	3.38	9.45	0	<b>26.53</b>
	c) Profits in lieu of Salary	0	0	0	0	<b>0</b>
2	Stock option	0	0	0	0	<b>0</b>
3	Sweet Equity	0	0	0	0	<b>0</b>
4	Commission	0	0	0	0	<b>0</b>
5	others	0.08	0.08	0.08	0.08	<b>0.32</b>
	Total	<b>66.58</b>	<b>45.70</b>	<b>57.05</b>	<b>55.30</b>	<b>224.63</b>



**B. Remuneration to other/ independent Directors**

Rs. in Lacs

S. No.	Particulars of Remuneration	Name of Independent Directora				Total
		Mr.Bimal Desai	Mr.T.R.Bajalia	Mrs. Kavita Joshi	Mrs. Riddhi Shah	
1	a) fees for attending board Meeting	0.36	0.44	0.55	0.05	1.40
	b) Commission	-	-	-	-	-
	c) other	-	-	-	-	-
	Total	0.36	4.44	0.55	0.05	1.40

**C. Remuneration to other KMP (Rs.in Lacs)**

S. No.	Particulars of Remuneration	Name of KMP
		Dipti Vartak, Company Secretary /Compliance officer
1	Gross Salary	
	a) Salary	5.16
	b) Perquisites	8.14
	c) Profits in lieu of Salary	-
2	Stock option	-
3	Sweet Equity	-
4	Commission	-
5	others	0.08
	Total	13.38

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty			None		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			None		
Punishment					
Compounding					
<b>B.OTHER OFFICERS</b>					
Penalty			None		
Punishment					
Compounding					



## Annexure-C

**(A) Conservation of energy-**

Total energy consumption and energy consumption per unit of production is given in the table below:

**Power & fuel Consumption**

	Particulars	2017-18	2016-17
<b>a</b>	<b>Electricity:</b>		
	Purchase Units ( '000 kwh)	49725	55076
	Total Amount ( ' 000 Rs.)	372644	453440
	Average Rate/Unit (Rs./Kwh)	7.49	8.23
<b>b</b>	<b>Furnace Oil / CBFS / Disale:</b>		
	Quantity (Kilo litres)	5601	5671
	Total Amount (in '000 Rs.)	128366	142017
	Average Rate (Rs./Litre)	22.92	25.04
<b>c</b>	<b>Others</b>		
	<b>LDO:</b>		
	Total amount (in '000 Rs.)	4179	1,071
	<b>Gases:-</b>		
	Total Amount (in '000 Rs.)	70209	72,635
<b>II</b>	<b>Consumption Per Unit Of Production</b>		
	<b>Electricity:</b>		
	Steel Billets	653	636
	Hot Rolled/Bars/rods	308	247
	Cold Finish Bars	156	136
	<b>Furnace Oil / CBFS / Diesel:</b>		
	Steel Billets	15	14
	Hot Rolled/Bars/rods	82	70
	Cold Finish Bars	-	-

**(B) Technology absorption-**

In-house expertise has been used to successfully develop various grades of special steels meeting international standards of quality.

The fume-extraction system of the AOD converter has been upgraded to reduce consequent Air Pollution.

Quality System: To continue in pursuit of quality, Steel and Rolling Mill Division of your Company at Khopoli has been accredited with "TUV CERT" by RWTUV for compliance in accordance with AD-Merkblatt W0/W2/W10 manufacturing process. The Khopoli Plant as well as Purchase and Marketing Departments of your Company remains ISO 9001 certified by IRQS Mumbai.

**(C) Foreign exchange earnings and Outgo-**

The Foreign Exchange earned in terms of actual inflows during the year is Rs. 285,285,750 /- and the Foreign Exchange outgo during the year in terms of actual outflows is Rs. 1,247,109,360/-.

**Annexure-D**

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

## 1. Details of contracts or arrangements or transactions not at arm's length basis

(a)	Name of related party and nature of relationship	Nil
(b)	Nature of contracts/ arrangements / transactions	Nil
(c)	Duration of the contracts/ arrangements / transactions	Nil
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Nil
(e)	Justification for entering into such contracts or arrangements or transactions	Nil
(f)	Date(s) of approval by the Board	Nil
(g)	Amount paid as advances, if any:	Nil
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Nil

## 2. Details of material contracts or arrangements or transactions at arm's length basis

(a)	Name of related party and nature of relationship	Isinox Limited ( Formerly known as Isinox Limited) ISL Global Pte. Ltd. ( WOS of Isinox Limited) UAB ISL Lithuania (WOS of ISL Europe Spolka Zoo.) ISL Europe Spolka Zoo (WOS of Isinox Limited ISL Italia Spa (WOS of ISL Global Pte. Ltd.) G L Engineering Industries Private Limited Shree Vaishnav Industries Private Limited
(b)	Nature of contracts/ arrangements / transactions	Sales / purchase of goods / conversion/ job work etc.
(c)	Duration of the contracts/ arrangements / transactions	Ongoing
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Arm's length basis
(e)	Date(s) of approval by the Board	In the quarterly meetings of the Board.
(f)	Amount paid as advances, if any:	---



## Annexure-E

**DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

(i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company

Secretary during the financial year 2016-17, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No	Name of Director/KMP and Designation	Remuneration of Director/KMP for financial year 2016-17 (Rs.in Lakh)	% increase in Remuneration in the Financial Year 2016-17 (Rs.in Lakh)#	Ratio of remuneration of each Director/ to median remuneration of employees	Comparison of Remuneration of KMP against the performance of the Company
1	Ashwinkumar H. Gupta, Executive Chairman	66.58	-	37.61	Operating profit (EBITDA) improved to Rs. 3011.09 lakh against profit of Rs. 3774.91 lakh Lakh, The net Profit after tax increased to Rs. 419.44 lakh against profit of Rs. 34.93 lakh
2	Sudhir H. Gupta, CEO & Managing Director	57.05	-	32.23	
3	Varun S.Gupta Executive Director	45.70	-	25.82	
5	Deepak Kumar Gaur ( Additional Director)	55.30		31.24	
6	Dipti Vartak Company Secretary & Compliance Officer	13.38	-	7.56	

(ii) The median remuneration of employees of the Company during the financial year was 177000/- pm.

(iii) In the financial year, there was an increase of 10.61% in the median remuneration of employees.

(iv) There were 513 permanent employees on the rolls of Company as on March 31, 2018;

(v) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2017-18 was 10% whereas there is no change in the managerial remuneration as compared to last year.

# The increase in amount is due to re-imbursement to the directors of the company for the perquisites been availed by the Directors, for which shareholders' approval is already been taken for re-imbursement for availment of perquisites.



## REPORT ON CORPORATE GOVERNANCE

### 1. Company's Philosophy on Code of Governance

Corporate Governance at **INDIA STEEL WORKS LIMITED** is demonstrated by fair business and corporate practices with all its stakeholders' integrity, transparent dealings and ethical conduct of affairs of the Company is the basic norm of Corporate Governance practiced here.

The Corporate Governance System includes the mechanisms and procedures required to prevent, identify, and resolve conflicts of competition and of interest, whether of an exceptional or structural and permanent nature. The Company seeks to assure, to the extent it is able to do so, the respectability, capability, expertise, competence, experience, qualifications, training, availability, and commitment to their duties of the directors and senior officers.

A Report on compliance with the Corporate Governance provisions as prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is given below.

### 2. Board of Directors

During financial year 2017-18, the Board consists of Nine Directors comprising of five executive Directors, one nominee Director and four Independent Directors including two Woman Directors during the year.

#### (a) Composition of the Board:

The Board of Directors seeks a proper balance in the composition and the periodic laddered renewal thereof, and has a wide majority of independent directors, with consultative committees that are made up entirely of non-executive directors and chaired by independent directors.

The composition of the Board, attendance at Board Meetings held during the year and at the last Annual General Meeting, number of Directorship in other companies and committees of which the Director is a Member/ Chairman are given below:

Name of the Director	Category/ Inter se relationship	Financial Year 2017-18 attendance in		No of other Directorship in Other Indian Public Ltd Companies@	No of Chairmanship / Membership in other Indian Public Limited Companies#
		Board Meetings	Last AGM		
Mr. Ashwinkumar H. Gupta (DIN: 00010850)	Executive Chairman, Promoter , Brother of Managing Director	6	Yes	NIL	NIL
Mr. Sudhir H. Gupta (DIN: 00010853)	Managing Director, Promoter ,Brother of Executive Chairman	6	Yes	NIL	NIL
Mr. Varun S. Gupta (DIN: 02938137)	Executive Director, Promoter , Son of Managing Director	5	Yes	1	NIL
Mr. Deepak Kumar Gaur (DIN: 07636636)	Executive Additional Director	6	Yes	1	NIL
Mr. Bimal Desai (DIN: 00872271)	Independent Director	5	Yes	1	NIL
Mr. T.R. Bajalia (DIN: 02291892)	Independent Director	5	Yes	7	1
Mrs. Kavita R. Joshi (DIN: 07138704)	Independent Director	6	Yes	1	NIL
Mrs. Riddhi Raju Shah (DIN: 07527966)	Independent Director	1	No	NIL	NIL
Mr. Anant Badjatya** (DIN: 07035836)	Nominee Director	0	No	NIL	NIL

\*\* Mr. Anant Badjatya is the nominee of strategic investor TB Investments.

@Directorship excludes Alternate Directorship, Foreign Company Directorship & Pvt Limited Companies  
#Committee positions of only of Audit Committee and the Stakeholders Relationship Committee have been considered (Excluding committees of India Steel Works Limited) as per SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

**(b) Number of Board Meetings:**

During the Financial year six Meetings were held on 30<sup>th</sup> May, 2017, 28<sup>th</sup> June, 2017, 9<sup>th</sup> August, 2017, 14<sup>th</sup> September, 2017, 14<sup>th</sup> December, 2017 and 9<sup>th</sup> February, 2018. The maximum interval between any two meetings was not more than 4 months.

**(c) Information supplied to the Board:**

The Board of Directors has complete access to any information within the Company. At the Board Meetings, directors are provided with all relevant information on important matters, working of the Company as well as all related details that require deliberations by the members of the Board, inter-alia include:

- Annual business plans,
- Production, sales & financial performance data;
- Business review;
- Quarterly and annual financial results;
- Minutes of the meetings of the Audit and other Committees as well as circular resolutions if any to be passed;
- Significant initiatives and developments relating to labour/human resource relation
- Information on recruitment and remuneration of senior officers just below the Board level,
- Materially important show cause / demand / prosecution / penalty notices and legal proceedings by or against the Company;
- Quarterly details of foreign exchange exposure and the steps taken by the management to limit the risk of adverse exchange rate movement;
- Any other information which is relevant for decision-making by the Board.

**(d) Directors Profile seeking appointment / re-appointment**

As required, a brief profile and other particulars of the following Directors seeking appointment / re-appointment are given in the Notice of the 31<sup>st</sup> Annual General Meeting and form a part of this Report for:

1. Mr. Varun Gupta for re-appointment as Whole-time Director of the Company
2. Mr. Ashwin Kumar Gupta for re-appointment eligible for retire by rotation
3. Mr. Deepak Kumar Gaur for re-appointment eligible after retire by rotation

**(e) Induction & Familiarization Programs for Independent Directors:**

The Directors on appointment are issued a letter of Appointment setting out in detail, the terms of appointment, duties and responsibilities. Each newly appointed Independent Director is taken through a familiarization programme. The program aims to familiarize the Directors with the Company, their role and responsibilities, business model of the Company etc. The details of such familiarization programme have been displayed on the website and the weblink of the same is: <http://www.indiasteel.in/pdfs/Familiarisation%20programme.pdf>

**(f) Performance Evaluation:**

In compliance with the provisions of Section 134 of the Companies Act, 2013 ('the Act') read with the Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board during the year adopted a formal mechanism for evaluation of its performances as well as that of its committees and individual Directors, including the Chairman of the Board.

A questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on various parameters. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

**(g) Independent Directors' Meeting:**

In compliance with Section 149(8) of the Act read along with Schedule IV of the Act and Regulation 25 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 with the stock exchange, the Independent Directors met on 9<sup>th</sup> February, 2018, inter alia, to discuss:



- (a) Evaluation of the performance of non- Independent Directors and the Board as a whole;
- (b) Evaluation of the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- (c) Evaluation of the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties. All the Independent Directors on the Board as on the date of the meeting were present at the meeting.

**(h) Code of Conduct:**

The Board of Directors of the Company has adopted Code of Business Conduct & Ethics and is applicable to all the Directors and senior management personnel. In terms of the requirements of Regulation 17(5) of the SEBI ( Listing Obligations and Disclosures Requirements) Regulations, 2015, the Code of Business Conduct & Ethics, as approved by the Board of Directors, has been displayed at the website of the company, **www.indiasteel.in**, under the heading 'Investors Relations'. The weblink of the same is: [http://www.indiasteel.in/pdfs/Code\\_of\\_Conduct\\_for\\_Company\\_Board\\_of\\_Directors\\_Senior\\_Management.pdf](http://www.indiasteel.in/pdfs/Code_of_Conduct_for_Company_Board_of_Directors_Senior_Management.pdf)

All the members of the Board and senior management personnel have affirmed compliance with the Code for the year ended 31<sup>st</sup> March, 2018 and a declaration to that effect signed by the Chairman & Managing Director is attached and forms part of this report.

The Company has a Code of Conduct for Prevention of Insider Trading in the shares and securities of the Company. This Code, inter-alia, prohibits purchase / sale of shares of the Company by Directors and employees while in possession of unpublished price sensitive information in relation to the Company. This Code is available on the Company's website **www.indiasteel.in**.

All the Board Members and senior management personnel of the Company have affirmed compliance of the Code of Conduct for the year ended 31<sup>st</sup> March, 2018. A declaration to that effect signed by the Managing Director is attached and forms part of the Annual Report of the Company.

**3. Committees of the Board**

The Board has constituted various mandatory and other Committees from time to time. The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. The minutes of the Committee meetings are circulated / tabled at the Board meetings.

**(a) Audit Committee**

## • Composition:

During the financial year, the Audit Committee of Directors comprised of Four Non-Executive Independent Directors and one Executive Director viz., Mr. T R Bajalia - Chairman, Mr. Bimal Desai, Mrs. Kavita Joshi and Mrs. Riddhi Shah all independent wherein Mr. Sudhir H. Gupta and Mr. Varun S. Gupta Executive Director as member.

## • Brief description of terms of reference:

The terms of reference of this committee covers the matters specified for Audit Committees under Regulation 18 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 as well as Section 177 of the Companies Act, 2013.

## • Meetings and attendance during the year:

During the year, Five Audit Committee Meetings were held on 30<sup>th</sup> May, 2017, 9<sup>th</sup> August, 2017, 14<sup>th</sup> September, 2017, 14<sup>th</sup> December, 2017 and 9<sup>th</sup> February, 2018. The Composition of Audit Committee and the attendance at the meetings as given hereunder:

Name of the Director	Status	No. of meetings attended
Mr. T.R.Bajalia	Chairman, Non-Executive Independent Director	5
Mr. Bimal Desai	Member, Non-Executive Independent Director	4
Mr. Sudhir H. Gupta	Managing Director, Promoter	5
Mr. Varun Gupta	Member, Whole-time Director	3
Mrs. Kavita Joshi	Member, Non-Executive Independent Director	5
Mrs. Riddhi Shah	Member, Non-Executive Independent Director	1



- **Whistle Blower Policy**

The Company has been formulated Whistle Blower Policy to establish a Vigil Mechanism for directors and employees of the Company. This Policy covers misuse or abuse of authority, fraud or suspected fraud, violation of company rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies and other matters or activity on account of which the interest of the Company is affected and formally reported by whistle blowers.

The vigil mechanism provides a channel to the employees and directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Code of Conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and directors to avail of the mechanism and also provide for direct access to the Chairperson of the Audit Committee in exceptional cases.

This policy, however, neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations against people in authority and/or colleagues in general. It is affirmed that no personnel has been denied access to the Audit Committee. The Whistle Blower Policy of the Company has been uploaded and can be viewed on the Company's website, [www.indiasteel.in](http://www.indiasteel.in).

- **CFO Certification**

The Managing Director & CFO has issued a Certificate pursuant to the provisions of Clause 17 (8) of the Securities Exchange Board of India (Listing Obligation and Disclosures Requirements) Regulations, 2015 certifying the Financial Statements, the Cash Flow Statements and the Internal Financial Control Systems for financial Year ended March 31<sup>st</sup>, 2018 and the same was placed before the Board of Directors at their meeting held on 28<sup>th</sup> May, 2018.

**(b) Stakeholders Relationship Committee:**

In compliance with the provisions of Section 178 of the Act and Regulation 20 of the Securities Exchange Board of India (Listing Obligation and Disclosures Requirements) Regulations, 2015, the Board has renamed the existing Shareholders/Investors Grievance Committee as "Stakeholders Relationship Committee". This Committee ensures speedy disposal of all grievances/complaints relating to shareholders/investors. The terms of reference of the Committee include the following:

- To specifically look into complaints received from the shareholders of the Company;
- To oversee the performance of the Registrar and Transfer Agent of the Company;
- To recommend measures for overall improvement in the quality of services to the investors;

The Committee comprised of:

Name of the Director	Status	No. of meetings attended
Mr. Ashwinkumar H. Gupta	Member, Independent Director	4
Mr. Bimal Desai	Member, Independent Director	4
Mr. T R Bajalia	Member, Independent Director	4
Mrs. Kavita Joshi	Member, Independent Director	4
Mrs. Riddhi Shah	Member, Independent Director	1

Three meetings were held during the year i.e. 30<sup>th</sup> May, 2017, 9<sup>th</sup> August, 2017, 14<sup>th</sup> December, 2017 and 9<sup>th</sup> February, 2018. During the year 2017-18, the Company has received one shareholders' complaints and the same was resolved, there were no requests for dematerialization were pending as on 31<sup>st</sup> March, 2018.

Share Transfers in physical form can be lodged with Link Intime India Private Ltd. A summary of transfer / transmission of securities of the Company so approved as placed at every Stakeholders Relationship Committee. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Regulation 7(3) of the Securities Exchange Board of India (Listing Obligation and Disclosures Requirements) Regulations, 2015 and files a copy of the said certificate with Stock Exchange.

**(c) Nomination and Remuneration Committee:**

In accordance with Section 178 of the Act read along with the applicable Rules thereto and Regulation 19 of the Securities Exchange Board of India (Listing Obligation and Disclosures Requirements) Regulations, 2015, the Board has "Nomination and Remuneration Committee", the composition of which is as follows:

Name of the Director	Status	No. of meetings attended
Mr. Bimal Desai	Chairman, Non-Executive Independent Director	3
Mr. T R Bajalia	Member, Non-Executive Independent Director	4
Mrs. Kavita Joshi	Member, Non-Executive Independent Director	4
Mrs. Riddhi Shah	Member, Non-Executive Independent Director	1

The objective of this Policy is to lay down a framework and set standards in relation to nomination, remuneration and evaluation of Directors, Key Managerial Personnel (KMP) and such other senior management personnel in the organization. The terms of reference of the Committee inter alia, include the following:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and senior management personnel;
- To evaluate the performance of the members of the Board as well as Key Managerial Personnel and senior management personnel and to provide rewards linked directly to their efforts, performance, dedication and achievement relating to Company's operations;
- To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and senior management personnel;
- Assessing the independence of Independent Directors;

During the financial year 2017-18, the Nomination & Remuneration Committee met on 30<sup>th</sup> May, 2017, 28<sup>th</sup> June, 2017 and 9<sup>th</sup> February, 2018.

**(c) Internal Complaint Committee:**

In compliance with the provisions of The Sexual harassment of Women at Workplace (Prevention, prohibition and Redressal) Act, 2013, the Board has formed an internal Complaints Committee. The constitution of this committee is as mentioned below:

Name of the Director	Status	Contact Details
Mrs. Thankamani Sreenivasan	Presiding officer, Dy. Gen. Manager – Exports	tpanicker@indiasteel.in
Mr. Vinay Mishra	Member, HR Head	vmishra@indiasteel.in
Mrs. Dipti Vartak	Member, Company Secretary	cosec@indiasteel.in

The Committee will be considering the following issues also:

- Sexual Harassment
- Redressal of employee complaints
- Safety and Job Security

The same has been conveyed through placing an official mail. Further, the ICC meets regularly to review the complaints and disputes arise, if any. The Committee has not received any Complaint during the year. The noting of the Committee meeting is also noted in Board Meeting.

**Appointment & Remuneration Policy:****A. Policy for appointment and removal of directors, KMP and senior management personnel****(i) Appointment Criteria and Qualifications**

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as director, KMP or senior management personnel and recommend to the Board his/her appointment.
- A person should possess adequate qualifications, expertise and experience for the position he / she is considered for appointment.



- c) The Company shall not appoint or continue the employment of any person as Managing/ Whole-time Director who has attained the age of seventy years, provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of the shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

**(ii) Term/Tenure**

**a) Managing Director / Whole-time Director**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Whole-time Director for a term subject to the provisions of the Companies act 2013 & rules made there under, not exceeding three years at a time for the time-being. No re-appointment shall be made earlier than one year before the expiry of term.

**b) Independent Director**

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms of upto a maximum of five years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director, provided that the Independent Director shall not, during the said period of three years be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

**(iii) Evaluation**

The Committee shall carry out evaluation of performance of every Director, Key Managerial Personnel and senior management personnel at regular intervals.

**(i) Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules & Regulations thereunder, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, Key Managerial Personnel or senior management personnel subject to the provisions and compliance of the said Act, Rules & Regulations.

**(v) Retirement**

The Directors, KMP and senior management personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP and senior management personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**B. Policy for remuneration to directors, KMP and senior management personnel**

**(i) Remuneration to Managing/Whole-time Directors, KMP and senior management personnel**

The remuneration/ compensation/ commission etc. to be paid to Managing/Whole-time Directors shall be governed as per provisions of the Companies Act, 2013 and Rules made there under or any other enactment for the time-being in force.

**(ii) Remuneration to Non-Executive/ Independent Director**

The non-executive Independent /Non-Independent Director may receive remuneration/ compensation/ commission as per the provisions of the Act. The amount of sitting fees shall be subject to ceiling/limits as provided under the Act and Rules made thereunder or any other enactment for the time being in force.

The Nomination & Remuneration Policy of the Company has been uploaded and can be viewed on the Company's website, [www.indiasteel.in](http://www.indiasteel.in).

**(c) Details of remunerations paid to the Directors during the financial year 2017-18:**

Name of the Director	Salary & Perquisites Rs.in Lacs #	Contribution to PF	Commission	Sitting Fees Rs. in Lacs
Mr. Ashwinkumar H. Gupta	66.58	Nil	Nil	Nil
Mr. Sudhir H. Gupta	57.05	Nil	Nil	Nil
Mr. Varun S. Gupta	45.70	Nil	Nil	Nil
Mr. Deepak Kumar Gaur	55.30	Nil	Nil	Nil
Mr. Bimal Desai	Nil	Nil	Nil	0.36
Mr. T R Bajalia	Nil	Nil	Nil	0.44
Mrs. Kavita Joshi	Nil	Nil	Nil	0.55
Mrs. Riddhi Shah	Nil	Nil	Nil	0.05
Mr. Anant Badjatya	Nil	Nil	Nil	Nil

# The increase in amount is due to re-imbusement to the directors of the company for the perquisites been availed by the Directors, for which shareholders' approval is already been taken for re-imbusement for availment of perquisites.

**4. Annual General Meetings**

The last three Annual General Meetings of the Company were as under:

Financial Year	Date	Location	Time
2016-17	09.08.2017	India Steel Works Complex, Zenith Compound, Khopoli, Raigad-410203	11.00 a.m.
2015-16	26.09.2016	India Steel Works Complex, Zenith Compound, Khopoli, Raigad-410203.	11.00 a.m
2014-15	28.09.2015	India Steel Works Complex, Zenith Compound, Khopoli, Raigad-410203.	11.30 a.m

Special resolutions:

- At the 30<sup>th</sup> Annual General Meeting held on 9<sup>th</sup> August, 2017, the following Special resolutions were passed:
  - a. Appointment of Mr. Ashwinkumar Gupta as Chairman of the Company
  - b. Appointment of Mr. Sudhir H. Gupta as Managing Director
  - c. Appointment of Mr. Deepak Kumar Gaur as Whole-time Director
  - d. Approval of borrowing powers
  - e. Approval of related party transactions

**5. Disclosures**

- (i) There were transactions of material nature with related party. The transactions were made during ordinary course of business on arm's length basis. The details of related party transactions have been reported in the Notes to Accounts. Company has in place a policy on Related Party Transactions and the same is displayed on the Company's website and the weblink of the same is [http://www.indiasteel.in/pdfs/poicy\\_on-dealing-with-the-related-party-transaction.pdf](http://www.indiasteel.in/pdfs/poicy_on-dealing-with-the-related-party-transaction.pdf):
- (ii) The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013 and in conformity, in all material respects, with the generally accepted accounting principles and standards in India. The estimates/judgments made in preparation of these financial statement are consistent, reasonable and on prudent basis so as to reflect true and fair view of the state of affairs and results/operations of the Company.
- (iii) The Company has formulated Whistle Blower Policy to establish a Vigil Mechanism for directors and employees of the Company and the details are provided elsewhere in this report.
- (iv) The Company has Risk Management Policies for the businesses, duly approved by the Board, which are periodically reviewed to ensure that the executive management controls risk by means of a properly defined framework.
- (v) The Company has not raised any funds from the capital market (public/rights/preferential issues etc.) during the financial year under review.



- (vi) Disclosure under Regulation 39 and Schedule VI of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 in respect of unclaimed shares of India Steel Works Limited

Sr. No.	Particulars	No. of Shareholders	No. of Shares
1	No. of Shareholders and Shares outstanding as at 31.03.2017	237	43600
2	Requests received from the shareholders and subsequently transfer of shares from the suspense account	Nil	nil
3	No. of Shareholders and Shares outstanding as at 31.03.2018	237	43600

The voting rights on the shares outstanding in the suspense account as on March 31, 2018 are freeze till the rightful owner of such shares claims the shares. Whenever the shareholders shall claim the shares, after proper verification, the share certificates will be dispatched to them or as the case may be, the shares will be credited to the beneficiary account.

- (vii) There was no instance of non-compliance of any matter relating to the capital markets by the Company. No penalties or strictures have been imposed on the Company by the stock exchange, SEBI or any other statutory authorities on any matter relating to the capital market during the last three years.
- (viii) The details of the equity shares of the Company held by the Directors as on 31st March, 2018 are as under:  
 Mr. Ashwinkumar H. Gupta -5515825  
 Mr. Sudhirkumar H. Gupta -5382725  
 Mr. Varun S. Gupta -204800

#### General Shareholders Information:

##### A. Annual General Meeting:

Date: Thursday 16<sup>th</sup> August, 2018

Time: 11: 00 a.m.

Venue: India Steel Works Complex, Zenith Compound, Khopoli, Raigad-410203.

##### B. Date of Book Closure and Dividend Payment:

- Date of Book closure Tuesday 14<sup>th</sup> August 2018 to Monday 20<sup>th</sup> August 2018.
- Dividend Payment Date: Final Dividend @ 0.01% on total paid up Preference share capital of the company for the financial year ended 31<sup>st</sup> March, 2018, payable to those Shareholders whose names appear in the Register of Members as on the Book Closure Date for the Financial Year 2017-18, shall be deposited into the account of the Shareholder by 20<sup>th</sup> September, 2018.

##### C. Company Identification Number (CIN): L29100MH1987PLC043186

##### D. Stock Exchange Listing: The Stock Exchange, Mumbai

##### E. Stock Code:

1. ISIN: INE072A01029
2. The Stock Exchange, Mumbai: 513361

##### F. Stock Price Data:

Month	High	Low
April, 2017	5.04	3.70
May 2017	4.50	3.50
June 2017	4.20	3.00
July, 2017	4.30	3.30
Aug, 2017	3.68	2.69
Sep, 2017	3.36	2.50
Oct, 2017	3.86	2.19
Nov, 2017	4.89	2.99
Dec, 2017	3.25	2.52
Jan, 2018	4.70	3.23
Feb, 2018	3.95	2.95
Mar, 2018	3.20	2.48



**G. Registrar & Share Transfer Agents**

Members are requested to correspond with the Company's Registrar & Transfer Agent:

**LINK INTIME INDIA PVT LIMITED** Phone: 022 25946970,

C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083.

Tel No: +91 22 49186000 Fax: +91 22 49186060 Email ID: rnt.helpdesk@linkintime.co.in

Mumbai-400 078 Website: www.linkintime.co.in

**H. Compliance Officer**

**Mrs. Dipti Vartak**

304, Tower A, Naman Midtown, Senapati Bapat Marg, Elphinstone (West), Mumbai - 400013

**I. Share Transfer System**

Share Transfers in physical forms can be lodged with Link Intime India Pvt Ltd. The transfers are normally processed within a period of 15 days from the date of the receipt if the documents are complete in all respects. Requests for dematerialization if shares are processed and confirmation is given to the respective depositories. i.e. NSDL & CDSL within 15 days. The Company obtains from a Company Secretary in practice half-yearly certificate of compliance with the share transfer formalities as required under Regulation 7(3) of the Securities Exchange Board of India (Listing Obligation and Disclosures Requirements) Regulations, 2015 and files a copy of the said certificate with Stock Exchange.

**J. Distribution of shareholding as on 31st March, 2018.**

SHAREHOLDING OF SHARES	NUMBER OF SHAREHOLDERS	PERCENTAGE OF TOTAL	SHARES	PERCENTAGE OF TOTAL
1 -- 500	10601	60.9884	2273844	0.5712
501 -- 1000	2288	13.1630	2079043	0.5223
1001 -- 2000	1468	8.4455	2450832	0.6157
2001 -- 3000	695	3.9984	1870780	0.4699
3001 -- 4000	290	1.6684	1067254	0.2681
4001 -- 5000	536	3.0836	2627000	0.6599
5001 -- 10000	735	4.2285	5881167	1.4774
10001 & above	769	4.4241	379831005	95.4155
Total:	<b>17382</b>	<b>100.0000</b>	<b>398080925</b>	<b>100.0000</b>

**K. Shareholding Pattern**

Category Code	Category of shareholder	Number of shareholders	Total number of shares	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
				As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage (IX) = (VIII)/(IV)*100
(I)	(II)	(III)	(IV)	(VI)	(VII)	(VIII)	(VIII)/(IV)*100
<b>(A)</b>	<b>Promoter and Promoter Group</b>						
<b>1</b>	<b>Indian</b>						
(a)	Individuals/Hindu Undivided Family	9	11259377	2.83	2.83	0	0.00
(b)	Central Government/State Government(s)	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	9	187322900	47.06	47.06	45487600	24.28
(d)	Financial Institutions / Banks	0	0	0.00	0.00	0	0.00
(e)	Any Other (specify)	0	0	0.00	0.00	0	0.00
	<b>Sub Total (A)(1)</b>	<b>18</b>	<b>198582277</b>	<b>49.88</b>	<b>49.88</b>	<b>45487600</b>	<b>22.90</b>
<b>2</b>	<b>Foreign</b>						
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	0	0	0.00	0.00	0	0.00
(c)	Institutions	0	0	0.00	0.00	0	0.00
(d)	Qualified Foreign Investors	0	0	0.00	0.00	0	0.00
(e)	Any Other (specify)	0	0	0.00	0.00	0	0.00
	<b>Sub Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>	<b>18</b>	<b>198582277</b>	<b>49.88</b>	<b>49.88</b>	<b>45487600</b>	<b>22.90</b>



Category Code	Category of shareholder	Number of shareholders	Total number of shares	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
				As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX) = (VIII)/(IV)*100
(I)	(II)	(III)	(IV)	(VI)	(VII)	(VIII)	(VIII)/(IV)*100
<b>(B)</b>	<b>Public shareholding</b>						
<b>1</b>	<b>Institutions</b>						
(a)	Mutual Funds/UTI	3	3600	0.00	0.00	0	0.00
(b)	Financial Institutions / Banks	6	7662475	1.92	1.92	0	0.00
(c)	Central Government/State Government(s)	0	0	0.00	0.00	0	0.00
(d)	Foreign Mutual Fund	1	3534300	0.8878	0.8878	0	0.00
(e)	Foreign Financial Institutions	4	14900	0.0037	0.0037	0	0.00
(f)	Foreign Institutional Investors	2	5934300	1.4907	1.4907	0	0.00
(g)	Foreign Venture Capital Investors	0	0	0.00	0.00	0	0.00
(h)	Qualified Foreign Investors	0	0	0.00	0.00	0	0.00
(I)	Any Other (specify)	0	0	0.00	0.00	0	0.00
	Foreign Portfolio Investors	1	8400000	0.89	0.89	0	0.00
	<b>Sub Total (B) (1)</b>	<b>16</b>	<b>25549575</b>	<b>6.42</b>	<b>6.42</b>	<b>0</b>	<b>0.00</b>
<b>2</b>	<b>Non-institutions</b>						
(a)	Bodies Corporate	191	5352082	1.3445	1.3445	0	0.00
(b) (i)	Individuals - shareholders holding nominal share capital up to Rs 2 Lakh	16651	36438664	9.04	9.15	0	0.00
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 2 Lakh	8	10686806	2.68	2.68	0	0.00
(c)	Qualified Foreign Investors	0	0	0.00	0.00	0	0.00
(d)	<b>Any Other</b>						
	i Non Resident Indians (Repat)	116	1135394	0.2852	0.2852	0	0.00
	ii Non Resident Indians (Non Repat)	42	551294	0.1385	0.1385	0	0.00
	iii Foreign Companies	3	117718196	29.5714	29.5714	0	0.00
	iv Clearing Member	60	870706	0.2187	0.2187	0	0.00
	v Hindu Undivided Family	265	1112148	0.2794	0.2794	0	0.00
	vi Market Makers	5	83783	0.0210	0.0210	0	0.00
	<b>Sub Total (B)(2)</b>	<b>17119</b>	<b>173949073</b>	<b>43.7</b>	<b>43.7</b>	<b>0</b>	<b>0.00</b>
	<b>Total Public Shareholding Public Group (B)=(B)(1)+(B)(2)</b>	<b>17135</b>	<b>199498648</b>	<b>50.12</b>	<b>50.12</b>	<b>NA</b>	<b>NA</b>
	<b>Total (A)+(B)</b>	<b>17153</b>	<b>398080925</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>
(C)	<b>Shares held by custodians and against which Depository Receipts have been issued</b>						
i	Promoter and Promoter group	0	0	0.00	0.00	0	0.00
ii	Public	0	0	0.00	0.00	0	0.00
	<b>Sub Total ( C )</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>11685</b>	<b>398080925</b>	<b>100.00</b>	<b>100.00</b>	<b>45487600</b>	<b>11.43</b>

**Dematerialization of shares and liquidity**

The Company has arrangements with National Securities Depository Ltd. (NSDL) as well as the Central Depository Services(India) Ltd. (CDSL) for a demat facility. 99.543% of the Company's Listed Equity Share Capital was dematerialized as on 31.03.2018. The Company's shares are traded on the Stock Exchange, Mumbai.

**M. Plant Locations:**

**Special Steel and Rolling Mill Division**

Zenith Compound, Khopoli, Dist. Raigad, Maharashtra-410203

Tel. No. +91 21 92265812 Fax No. +91 21 92264061

**N. Address for correspondence:**

India Steel Works Limited

304, Naman Midtown, Tower A, Senapati Bapat Marg, Elphinstone Road (W), Mumbai-400013

Tel: +91 22 62 304 361/ 364; Email: cosec@indiasteel.in Website: [www.indiasteel.in](http://www.indiasteel.in)



**CERTIFICATE OF COMPLIANCE WITH CODE OF CONDUCT**

As provided under Regulation 17(5) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 relating to corporate Governance with Stock Exchanges, all the Board members and senior management personnel of the Company have affirmed compliance with the Company's Code of Conduct for the financial year 2017-18.

For **India Steel Works Limited**

**Place: Mumbai**

**Dated: 28<sup>th</sup> May, 2018**

sd/-

**Sudhir H. Gupta**

**Managing Director**

**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

To,

The Shareholders of India Steel Works Ltd.

We have reviewed the records concerning the Company's Compliance with Regulation 27 and Schedule II of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 entered into by the Company with the Stock Exchanges of India for the financial year beginning April 1, 2017 and ending on March 31st, 2018.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for review and the information and explanations given to us by the Company.

Based on such review, in our opinion, the Company has complied with Regulation 17 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 of the Stock Exchanges of India except (i) composition of Board of Directors of the Company, as Independent Directors are less than fifty percent of the total strength of the Board of Directors of the Company (ii) Appointment of Women Director.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of

**Thanawala & Company**

Chartered Accountants

Firm registration No. 110948W

Place: Mumbai

Dated: 28<sup>th</sup> May, 2018

**[V.K. Thanawala]**

Proprietor

Membership No. 15632



## INDEPENDENT AUDITOR'S REPORT

To

The Members

INDIA STEEL WORKS LIMITED

### 1. Report on the standalone Financial Statements

We have audited the accompanying standalone financial statements of **INDIA STEEL WORKS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (Other Comprehensive Income) the Cash Flow statement and the statement of change in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information in which is incorporated the unaudited financial statement of overseas branch.

### 2. Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone INDAS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified (INDAS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of standalone INDAS the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### 3. Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone INDAS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone 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 financial controls relevant to the Company's preparation of the standalone INDAS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone INDAS financial statements.

### 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone INDAS 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, of the state of affairs of the Company as at 31 March 2018, its **PROFIT** including other comprehensive income, changes in equity and its cash flows for the year ended on that date.



## 5. Emphasis of Matters

The unaudited financial statement of overseas branch included in the financial statement, which constitute the total current assets of Rs. 253,306,897/- and net assets of Rs. 3,074,497/- as at 31st March 2018, total revenue of Rs. 2,750,604,192/-, net Loss of Rs. 18,006,537/- and net cash flow amounting to Rs. 932,280/- for the period ended on that date, as considered in the financial statement.

## 6. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in exercise of powers conferred by sub-section (11) of Section 143 of the Act, we give in the "**Annexure A**" a statement on the on the matters specified in para 3 and 4 of the said order,
2. As required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The report on the unaudited account of overseas branch U/s 143(8) of the Act has been properly dealt by us in preparing this report. Our opinion on the financial statements is not modified in respect of unaudited report.
  - d. The Balance Sheet, the Statement of Profit and Loss, statement of change in equity and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - e. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - f. on the basis of the written representations received from the directors as at 31 March 2018 and taken on record by the Board of Directors, none of the directors is disqualified as at 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
  - g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**"
  - h. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company has disclosed the impact of pending litigation on its financial position in its standalone financial statement Refer Note No. 33A to the financial statement.
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
    - iii. there are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

For and on behalf of –  
**Thanawala & Company**  
Chartered Accountants  
Firm Reg. No. 110948W

Place : Mumbai  
Date : 28th May 2018

[ CA V.K. Thanawala ]  
Proprietor  
Membership No. 15632

**Annexure A to the Independent Auditors Report**

ANNEXURE A REFERRED TO IN INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF THE COMPANY ON THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 MARCH, 2018

We Report That -

1. a. The Company has maintained proper records, showing full particulars including quantitative details and situation of fixed asset.
- b. As explained to us the Company has a phased program for physical verification of the fixed asset of the company to cover all locations. In our opinion, the frequency of verification is reasonable, considering the size of the Company. No material discrepancies were noticed on such verification carried on during the year, as compared with the available records.
- c. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable's and movable properties are held in the name of the company except certain motor vehicles having carrying value of Rs. 11 lakhs as at 31/03/2018, is held in the name of directors of company's behalf.
2. The inventory have been physically verified by the management, except those lying with third parties at reasonable intervals during the year. No material discrepancies were noticed on physical verification of inventories as compared to book records.
3. According to the information and explanation given to us, the Company's has not granted any loans secured or unsecured during the period to companies firms or other parties covered in the register maintained under section 189 of the companies Act 2013. Accordingly the provision of clause 3(iii) Of the order are not applicable to the company.
4. In our opinion and according to the information and explanation given to us, the company has complied the provisions of section 185 and 186 of the Companies Act 2013 to the extend applicable with respect to the loans & investment made.
5. The company has not accepted any deposit from the public in accordance with the provisions of section 73 to 76 of the Act or any other relevant provisions of the Act and rules framed there under.
6. According to the information and explanation given to us, cost records were maintain by the company pursuant to the order of the Central Government under Section 148(1) of the Act.
7. a. According to and on the basis of our examination of the records the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Custom Duty, Cess, Excise Duty, Service Tax, Value added tax, and other material statutory dues during the year with the appropriate authorities. According to the records of the company and information and explanations given to us there were no arrears of outstanding statutory dues as at 31st March 2018 for a period of more than six months from the date they became payable.
- b. According to the records of the Company and information and explanations given to us the following are the particulars of disputed amounts payable in respect of Sales tax and Central Sales Tax and other statutory dues as at the last day of the period ending 31<sup>st</sup> March, 2018 -

Name of Status	Nature of dues	Amount (In Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax Act	Sales Tax	11.24	F.Y.-2002/2003	Sales Tax Officer
Central Excise Act	Excise	53.53	F.Y.-2012/2013	DGCI
Central Excise Act	Excise	406.30	F.Y.-2012/2013	FTWL
Central Excise Act	Excise	37.99	F.Y.-2005/2006	Comm.of Cen Excise
Central Excise Act	Excise	9.64	F.Y.-2012/2013	Addl. Com of Cen. Excise

8. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to banks and governments. The company did not have any outstanding dues to debenture holders during the year.



9. The company has not raised any money by way of public issue or further public offer during the year or in the recent past. Based on the information and explanations given to us by the management.
10. 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, its officers or employees, noticed or reported during the period, nor have been informed of such case by the management.
11. According to the information and explanation given to us and based on our examination of the books and records of the Company, we are the opinion that the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Company Act.
12. In our opinion, the company is not a Nidhi Companies, Therefore, provision of clause 3(xii) of the Order are not applicable to the Company.
13. According to the information and explanation given to us and based on our examination of the records, all the transactions with related parties are in compliance with section 177 and 188 of the Companies Act, 2013 and all the details have been disclosed in the financial statement as per Accounting Standard in Note No. 41 to the Financial Statement.
14. According to the information and explanation given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debenture during the year under review.
15. According to the information and explanation given to us and based on our examination of the records of the Company has not entered into any non-cash transactions prescribed U/s 192 of the Act the year with directors or persons connected with them during the year.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For and on behalf of –  
**Thanawala & Company**  
Chartered Accountants  
Firm Reg. No. 110948W

**[ CA V.K. Thanawala ]**  
Proprietor  
Membership No. 15632

Place : Mumbai  
Date : 28th May 2018

## Annexure – B to the Auditors Report

### ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF INDIA STEEL WORKS LIMITED

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of India Steel Works Limited

We have audited the internal financial controls over financial reporting of India Steel Works Limited ("the Company") as of March 31, 2018, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation



of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For and on behalf of –  
**Thanawala & Company**  
Chartered Accountants  
Firm Reg. No. 110948W

Place : Mumbai  
Date : 28th May 2018

**[ CA V.K. Thanawala ]**  
Proprietor  
Membership No. 15632



Balance Sheet as at 31<sup>st</sup> March, 2018

(Rs. in lakhs)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>ASSETS</b>				
<b>Non - Current Assets</b>				
Property, Plant & Equipment	3	24,132.29	22,789.51	23,136.53
Capital Work - In - Progress	3	1,212.77	1,674.81	1,652.49
Other Intangible Assets	3	351.57	15.61	68.63
Intangibles under development	3	-	243.43	108.52
Financial Assets				
Investments	4	214.77	214.77	214.77
Others	5	1,120.27	1,120.27	1,120.27
Non - Current Tax Assets	6	266.50	161.41	107.19
Other Non - Current Assets	7	5,467.17	4,819.42	3,511.67
<b>Total Non - Current Assets</b>		<b>32,765.34</b>	<b>31,039.23</b>	<b>29,920.06</b>
<b>Current Assets</b>				
Inventories	8	19,184.74	16,641.50	13,564.07
Financial Assets				
Trade Receivables	9	3,806.98	2,876.38	5,293.92
Cash & Cash Equivalents	10	35.22	202.23	212.33
Bank Balance other than above	11	28.68	55.46	87.64
Loans	12	251.12	236.97	505.08
Other Financial Assets	13	394.46	842.50	1,639.12
Other Current Assets	14	1,290.80	3,084.11	2,667.29
<b>Total Current Assets</b>		<b>24,991.99</b>	<b>23,939.16</b>	<b>23,969.45</b>
<b>TOTAL ASSETS</b>		<b>57,757.33</b>	<b>54,978.39</b>	<b>53,889.51</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital	15	3,980.81	3,980.81	3,980.81
Other Equity		14,020.45	13,512.30	13,483.23
<b>Total Equity</b>		<b>18,001.26</b>	<b>17,493.11</b>	<b>17,464.04</b>
<b>Liabilities</b>				
<b>Non - Current Liabilities</b>				
Financial Liabilities				
Borrowings	16	5,474.67	8,488.84	8,019.00
Other Financial Liabilities	17	7,221.08	4,205.28	3,665.38
Provisions	18	87.78	114.16	83.26
<b>Total Non - Current Liabilities</b>		<b>12,783.53</b>	<b>12,808.28</b>	<b>11,767.65</b>
<b>Current Liabilities</b>				
Financial Liabilities				
Borrowings	19	4,183.42	3,045.16	3,000.24
Trade Payables	20	21,904.05	19,674.80	19,864.90
Other Financial Liabilities	21	536.35	524.72	398.31
Other Current Liabilities	22	109.99	504.15	137.30
Provisions	23	238.73	928.16	1,257.08
<b>Total Current Liabilities</b>		<b>26,972.54</b>	<b>24,676.99</b>	<b>24,657.83</b>
<b>Total Liabilities</b>		<b>39,756.07</b>	<b>37,485.27</b>	<b>36,425.47</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>57,757.33</b>	<b>54,978.39</b>	<b>53,889.51</b>
CORPORATE INFORMATION	1			
SIGNIFICANT ACCOUNTING POLICIES	2			
The accompanying notes are an integral part of these financial statements.	3-44			

As per Our Report Of Even Date Attached

For Thanawala & Company

Chartered Accountants

Firm Registration No. 110948W

Vijay K.Thanawala

Proprietor

M.N.015632

Place : Mumbai

Date : 28<sup>th</sup> May 2018

Ashwinkumar H Gupta

Chairman

DIN: 00010850

Sudhirkumar H Gupta

Managing Director

DIN: 00010853

For and on behalf of the Board

Varun S. Gupta

Chief Financial Officer

DIN: 02938137

Dipti Vartak  
Company Secretary  
FCS 9057

Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2018

(Rs. in lakhs)

Particulars	Note. No.	Year ended March 31, 2018	Year ended March 31, 2017
<b>Income</b>			
Revenue from Operations	24	96,729.01	114,907.79
Other Income	25	2,953.85	1,004.11
<b>Total Income</b>		<b>99,682.86</b>	<b>115,911.90</b>
<b>Expenses</b>			
Cost of Material Consumed	26	50,218.62	49,260.24
Excise Duty on Sale of Goods		1,813.29	6,330.48
Purchase of Stock In Trade	27	35,706.06	50,730.14
Changes in Inventories of Finished Goods / Stock in Trade	28	-2,538.13	-5,895.41
Employee Benefit Expenses	29	2,198.51	2,092.97
Finance Cost	30	1,674.43	1,900.44
Depreciation and Amortization	3	840.68	1,836.29
Other Expenses	31	9,273.43	9,618.57
<b>Total Expenses</b>		<b>99,186.88</b>	<b>115,873.72</b>
<b>Profit Before Tax and Exceptional Item</b>		<b>495.98</b>	<b>38.18</b>
<b>Exceptional Item</b>	32	<b>-76.53</b>	<b>-</b>
<b>Profit Before Tax</b>		<b>419.45</b>	<b>38.18</b>
<b>Tax Expenses</b>			
Current Tax		-	(3.25)
<b>Profit After Tax</b>		<b>419.45</b>	<b>34.94</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of net defined benefit plans		88.70	-5.86
<b>Total Other Comprehensive Income for the year</b>		<b>88.70</b>	<b>-5.86</b>
<b>Total Comprehensive Income for the year</b>		<b>508.15</b>	<b>29.07</b>
<b>Earnings Per Share - Basic</b>		<b>0.11</b>	<b>0.01</b>
<b>CORPORATE INFORMATION</b>	1		
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	2		
The accompanying notes are an integral part of these financial statements.	3-44		

As per Our Report Of Even Date Attached  
For Thanawala & Company  
Chartered Accountants  
Firm Registration No. 110948W

For and on behalf of the Board

Vijay K.Thanawala  
Proprietor  
M.N.015632

Ashwinkumar H Gupta  
Chairman  
DIN: 00010850

Sudhirkumar H Gupta  
Managing Director  
DIN: 00010853

Varun S. Gupta  
Chief Financial Officer  
DIN: 02938137

Place : Mumbai  
Date : 28<sup>th</sup> May 2018

Dipti Vartak  
Company Secretary  
FCS 9057



Cash Flow Statement For The Year Ended 31<sup>st</sup> March, 2018

(Rs. in lakhs)

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit / (Loss) Before Tax		419.45		38.18
<b>Add / (Less):- Adjustments for Non-Cash / Non-Operating Items:</b>				
Depreciation & Amortization	836.52		1,832.13	
Finance Cost	1,674.43		1,900.44	
Interest Income	-50.66		-52.31	
Dividend Income	-0.06		-0.07	
Non-operating income	-2,903.13		-951.73	
Other Comprehensive Income not to be reclassified to Profit & Loss	88.70		-5.86	
		-354.20		2,722.60
<b>Operating Profit Before Changes in Working Capital</b>		<b>65.25</b>		<b>2,760.78</b>
<b>Adjustment for Changes in Working Capital</b>				
(Increase) / Decrease in Trade Receivables	-930.59		2,417.54	
(Increase) / Decrease in Inventories	-2,543.23		-3,077.43	
(Increase) / Decrease in Other Current Financial Assets	433.89		1,064.73	
(Increase) / Decrease in Other Current Assets	1,793.31		-416.82	
(Increase) / Decrease in Other Non - Current Assets	-752.84		-1,361.98	
Increase / (Decrease) in Trade Payables	2,229.25		-190.11	
Increase / (Decrease) in Other Current Financial Liabilities	11.63		126.41	
Increase / (Decrease) in Other Current Liabilities	-394.17		366.85	
Increase / (Decrease) in Provisions	-715.81		-298.02	
Increase / (Decrease) in Other Non - Financial Liabilities	3,015.80		539.90	
		2,147.24		-828.92
<b>Cash Generated from Operations</b>		<b>2,212.49</b>		<b>1,931.86</b>
Less: Taxes Paid (Net of refund received)				-3.25
<b>NET CASH FLOW FROM OPERATING ACTIVITY (A)</b>		<b>2,212.49</b>		<b>1,928.62</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Property, Plant & Equipment & Intangible Assets	-1,809.94		-1,659.40	
Sale of Property, Plant & Equipment & Intangible Assets	0.14		70.08	
Movement in other bank balances	26.78		32.18	
		-1,783.01		-1,557.14
<b>NET CASH FLOW FROM INVESTING ACTIVITY (B)</b>		<b>-1,783.01</b>		<b>-1,557.14</b>
<b>C CASH FLOW FROM FINANCING ACTIVITY</b>				
Receipt of Long Term Borrowings	35.48		69.99	
Repayment of Long Term Borrowings	-3,049.65		399.84	
Increase / (Decrease) in Short Term Borrowings	1,138.26		44.92	
Finance Cost	1,279.42		-896.33	
		-596.49		-381.57
<b>NET CASH FLOW FROM FINANCING ACTIVITY (C)</b>		<b>-596.49</b>		<b>-381.57</b>
<b>NET CASH FLOW FOR THE YEAR (A + B + C)</b>		<b>-167.01</b>		<b>-10.10</b>
Add: Opening Balance of Cash & Cash Equivalents		202.23		212.33
<b>CLOSING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>		<b>35.22</b>		<b>202.23</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENT</b>				
<b>TOTAL CASH AND BANK BALANCE AS PER BALANCE SHEET</b>		<b>35.22</b>		<b>202.23</b>
<b>CASH AND CASH EQUIVALENT COMPRISES AS UNDER:</b>				
Balance with banks in current accounts		30.50		195.19
Cash on Hand		4.72		7.04
<b>CASH AND CASH EQUIVALENT AT THE END OF THE YEAR</b>		<b>35.22</b>		<b>202.23</b>
The accompanying notes are an integral part of these financial statements.				

As per Our Report Of Even Date Attached

For Thanawala & Company

Chartered Accountants

Firm Registration No. 110948W

Vijay K.Thanawala

Proprietor

M.N.015632

Place : Mumbai

Date : 28<sup>th</sup> May 2018

Ashwinkumar H Gupta

Chairman

DIN: 00010850

Sudhirkumar H Gupta

Managing Director

DIN: 00010853

Varun S. Gupta

Chief Financial Officer

DIN: 02938137

Dipti Vartak  
Company Secretary  
FCS 9057

For and on behalf of the Board



Statement of Changes In Equity For The Year Ended March 31, 2018

A. Equity Share Capital

Particulars	As at 31 <sup>st</sup> March, 2018		As at 31 <sup>st</sup> March, 2017		As at 1 <sup>st</sup> April, 2016	
	No. of Shares	Amount (In Lakhs)	No. of Shares	Amount (In Lakhs)	No. of Shares	Amount (In Lakhs)
Balance as the beginning of the reporting period	398,080,925	3,980.81	398,080,925	3,980.81	398,080,925	3,980.81
Add: Changes in Equity Capital during the year	-	-	-	-	-	-
<b>Balance at the end of the reporting period</b>	<b>398,080,925</b>	<b>3,980.81</b>	<b>398,080,925</b>	<b>3,980.81</b>	<b>398,080,925</b>	<b>3,980.81</b>

B. Other Equity

(Rs. in lakhs)

Particulars	Capital Redemption Reserve	Securities Premium	Capital Reserve	General Reserve	Retained Earnings	Total
<b>Balance as on April 01, 2016</b>	500.00	18,019.38	4,451.30	2,040.00	-11,527.45	<b>13,483.23</b>
Profit for the period					34.94	<b>34.94</b>
Other comprehensive income	-	-	-	-	-	-
- Remeasurements gains / (loss) on defined benefit plans	-	-	-	-	-5.86	<b>-5.86</b>
<b>As at March 31, 2017</b>	<b>500.00</b>	<b>18,019.38</b>	<b>4,451.30</b>	<b>2,040.00</b>	<b>-11,498.38</b>	<b>13,512.30</b>
Profit for the period					419.45	<b>419.45</b>
Other comprehensive income					88.70	<b>88.70</b>
- Remeasurements gains / (loss) on defined benefit plans						
<b>As at March 31, 2018</b>	<b>500.00</b>	<b>18,019.38</b>	<b>4,451.30</b>	<b>2,040.00</b>	<b>-10,990.23</b>	<b>14,020.45</b>



Notes forming part of the financial statements

NOTE 3: PROPERTY, PLANT & EQUIPMENT, INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

DESCRIPTION	GROSS BLOCK (AT COST)			DEPRECIATION / AMORTIZATION			NET BLOCK		
	As At April 01, 2017	Additions / Transfers	Deductions	As At March 31, 2018	As At April 01, 2017	For The Year	On Deductions	As At March 31, 2018	As At March 31, 2017
<b>(A) TANGIBLE ASSETS</b>									
Land - Freehold	7,529.22	-	-	7,529.22	-	-	-	7,529.22	7,529.22
Factory Buildings	2,519.86	-	-	2,519.86	143.81	139.51	-0.33	2,236.87	2,376.05
Non-Factory Buildings	135.36	-	-	135.36	5.40	5.89	-	124.07	129.96
Plant & Machinery	14,037.64	2,156.99	-	16,194.63	1,643.31	647.96	0.47	2,291.74	12,394.34
Furniture & Fixture	190.08	0.25	-	190.33	16.17	16.17	0.01	32.34	173.91
Vehicles	165.34	10.98	-	176.32	15.29	20.16	-0.00	35.45	150.04
Office Equipments	38.77	7.41	-	46.18	2.80	3.01	-	5.81	35.98
Computers									
<b>Total - Tangible Assets</b>	<b>24,616.28</b>	<b>2,175.63</b>	<b>-</b>	<b>26,791.91</b>	<b>1,826.77</b>	<b>832.70</b>	<b>0.14</b>	<b>2,659.62</b>	<b>24,132.29</b>
<b>(B) CAPITAL WORK IN PROGRESS</b>									
Real estate Division	14.30	-	-	14.30	-	-	-	-	14.30
Plant & Machinery	1,660.51	1,694.94	2,156.99	1,198.46	-	-	-	1,198.46	1,660.51
<b>Total - Capital Work in Progress</b>	<b>1,674.81</b>	<b>1,694.94</b>	<b>2,156.99</b>	<b>1,212.77</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,212.77</b>	<b>1,674.81</b>
<b>(C) INTANGIBLE ASSETS</b>									
Softwares	19.02	339.78	-	358.81	3.41	3.82	-	7.23	351.57
<b>Total - Intangible Assets</b>	<b>19.02</b>	<b>339.78</b>	<b>-</b>	<b>358.81</b>	<b>3.41</b>	<b>3.82</b>	<b>-</b>	<b>7.23</b>	<b>351.57</b>
<b>(D) INTANGIBLES UNDER DEVELOPMENT</b>									
SAP ERP	243.43	96.35	339.78	-	-	-	-	-	243.43
<b>Total - Intangibles under development</b>	<b>243.43</b>	<b>96.35</b>	<b>339.78</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>243.43</b>
<b>TOTAL(A)+(B)+(C)</b>	<b>26,553.54</b>	<b>4,306.71</b>	<b>2,496.77</b>	<b>28,363.48</b>	<b>1,830.19</b>	<b>836.52</b>	<b>0.14</b>	<b>2,666.85</b>	<b>25,696.63</b>
Previous Year's Total									<b>24,723.35</b>

Notes:

- i. The management has technically reviewed the estimated useful life of Plant & Machinery as 20 years which is different from those prescribed under Part C of Schedule II to the Companies Act 2013
- ii. Motor Vehicle includes Rs.10.98 lakhs is in the name of one of the directors of the company
- iii. Refer Note No.16 & 19 for assets provided as security.

NOTE 3: PROPERTY, PLANT & EQUIPMENT, INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT



Notes forming part of the financial statements

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTIZATION			NET BLOCK	
	As At April 01, 2016	Additions / Transfers	Deductions	As At March 31, 2017	As At April 01, 2016	For The Year	On Deductions	As At March 31, 2017	As At March 31, 2016
<b>(A) TANGIBLE ASSETS</b>									
Land - Freehold	7,529.22	-	-	7,529.22	-	-	-	7,529.22	7,529.22
Factory Buildings	2,507.93	11.93	-	2,519.86	143.81	-	-	2,376.05	2,507.93
Non-Factory Buildings	150.82	-	15.46	135.36	7.34	1.94	1.94	129.96	150.82
Plant & Machinery	12,641.61	1,396.04	-	14,037.64	1,643.31	-	-	12,394.34	12,641.61
Furniture & Fixture	189.94	0.14	-	190.08	16.17	-	-	173.91	189.94
Vehicles	82.14	83.19	-	165.34	15.29	-	-	150.04	82.14
Office Equipments	34.87	3.90	-	38.77	2.80	-	-	35.98	34.87
<b>Total - Tangible Assets</b>	<b>23,136.53</b>	<b>1,495.21</b>	<b>15.46</b>	<b>24,616.28</b>	<b>1,828.72</b>	<b>1.94</b>	<b>1,826.77</b>	<b>22,789.51</b>	<b>23,136.53</b>
<b>(B) CAPITAL WORK IN PROGRESS</b>									
Real estate Division	11.80	3.90	1.40	14.30	-	-	-	14.30	11.80
Plant & Machinery	1,640.69	1,403.44	1,383.62	1,660.51	-	-	-	1,660.51	1,640.69
<b>Total - Capital Work in Progress</b>	<b>1,652.49</b>	<b>1,407.34</b>	<b>1,385.02</b>	<b>1,674.81</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,674.81</b>	<b>1,652.49</b>
<b>(C) INTANGIBLE ASSETS</b>									
Overseas Project	56.57	-	56.57	-	-	-	-	-	56.57
Software Licenses	12.06	6.96	-	19.02	3.41	3.41	3.41	15.61	12.06
<b>Total - Intangible Assets</b>	<b>68.63</b>	<b>6.96</b>	<b>56.57</b>	<b>19.02</b>	<b>3.41</b>	<b>3.41</b>	<b>3.41</b>	<b>15.61</b>	<b>68.63</b>
<b>(D) INTANGIBLES UNDER DEVELOPMENT</b>									
SAP ERP	108.52	134.91	-	243.43	-	-	-	243.43	108.52
<b>Total - Intangibles under development</b>	<b>108.52</b>	<b>134.91</b>	<b>-</b>	<b>243.43</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>243.43</b>	<b>108.52</b>
<b>TOTAL(A)+(B)+(C)+(D)</b>	<b>24,966.17</b>	<b>3,044.42</b>	<b>1,457.05</b>	<b>26,553.54</b>	<b>1,832.13</b>	<b>1.94</b>	<b>1,830.19</b>	<b>24,723.35</b>	<b>24,966.17</b>

Notes:

- i. Refer Note No.16 & 19 for assets provided as security.
- ii. On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment, including intangible assets, recognised as at 1 April 2016, as per the previous GAAP and used that carrying value as its deemed cost of such property, plant and equipment and intangible assets



## Notes forming part of the financial statements

### 1 CORPORATE INFORMATION

India Steel Works Limited is a public limited incorporated and domiciled in India, under the Indian Companies Act, 1956. Its Equity shares are listed on BSE Limited. Its registered office is situated at India Steel Works Complex, Zenith Compound, Khopoli, Raigad 410 203, Maharashtra, India.

The Company is engaged in manufacturing and trading of steel products like hot rolled, bars and rods, bright bars, etc.

### 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the Significant Accounting Policies adopted in the preparation of these Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 BASIS FOR PREPARATION OF ACCOUNTS

##### a) Statement of Compliance with Ind AS

The Financial Statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. The Financial statements up to year ended 31st March 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These Financial Statements for the year ended 31st March, 2018 are the first financial statements of the Company under IND AS. The date of transition to Ind AS is 1st April, 2016. Accordingly, the Company has followed the provisions of Ind AS 101, 'First Time Adoption of Indian Accounting Standards', in preparing its opening Ind AS Balance Sheet as of the date of transition, i.e. 1 April 2016. Certain of the Company's Ind AS accounting policies used in the Opening Balance sheet differed from its previous GAAP policies applied as at 31 March 2016, and accordingly adjustments were made to restate the opening balances as per Ind AS. The resulting adjustments arose from events and transactions before the date of transition to Ind AS. Therefore, as required by Ind AS 101, those adjustments were recognized directly through retained earnings as at 1 April 2016.

Refer Note No.32 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and Cash Flows.

##### b) Current versus Non-Current classification

All assets and liabilities have been classified as Current or Non Current as per the Company's normal operation cycle i.e. twelve months and other criteria set out in the Schedule III of the Act.

##### c) Historical Cost Convention

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with Generally Accepted Accounting Principles in India and the relevant provisions of the Companies Act, 2013 including Indian Accounting Standards notified there under, except for the following:

- Certain financial assets and liabilities that are measured at fair value
- Defined benefit plans - plan assets measured at fair value

### 2.2 USE OF ESTIMATES

In preparation of the financial statements, the Company makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities include useful lives of property, plant and equipment and intangible assets, impairment of property, plant and equipment, intangible assets and investments, impairment of trade receivables, provision for employee benefits and other provisions, recoverability of deferred tax assets, commitments and contingencies.



## Notes forming part of the financial statements

### 2.3 REVENUE RECOGNITION

a) Sale of Goods

Revenue from the sale of goods is recognised when property in the goods, or all significant risks and rewards of ownership of the goods have been transferred to the buyer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods as well as its collection. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, related discounts and volume rebates. It includes excise duty and subsidy and excludes Value Added Tax / Sales Tax/ GST.

b) Rendering of services

Revenue of services are recognized when the performance of agreed contractual obligation has been completed.

c) Dividend

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

d) Interest Income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.

e) Insurance Claims

Insurance claims are accounted on acceptance of the claim and when it can be measured reasonably, and it is reasonable to expect the ultimate collection. The Shortfall in respect of final claim shall be accounted in the profit and loss account as an when finally settled.

### 2.4 FOREIGN CURRENCY TRANSACTIONS

a) Functional and Presentation Currency

The financial statements are presented in Indian Rupee (INR), which is company's functional and presentation currency.

b) Initial Recognition

Transactions in foreign currencies are recorded at the exchange rate prevailing on the dates of the transactions. Exchange difference arising on foreign exchange transaction settled during the year are recognized in the Statement of profit and loss of the year.

c) Measurement of foreign currency items at the Balance sheet date

Monetary assets and liabilities denominated in foreign currencies are re-translated into functional currency at the exchange rate prevailing at the end of the reporting period. Non monetary assets and liabilities that are measured based on a historical cost in a foreign currency are not re-translated. Exchange differences arising out of these transaction are charged to the profit and loss.

### 2.5 PROPERTY, PLANT AND EQUIPMENTS AND INTANGIBLE ASSETS

a) Property, plant and equipment (PPE)

i) Recognition and measurement

Freehold land is carried at cost. All other items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenses directly attributable to the acquisition of the assets. The cost of an item of a PPE comprises its purchase price including import duty, and other non-refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition of its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

ii) Subsequent expenditure

Expenditure incurred on substantial expansion upto the date of commencement of commercial production are capitalised. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

**Notes forming part of the financial statements**

## b) Capital Work-In-Progress And Pre-Operative Expenses During Construction Period

Capital work-in progress includes expenditure directly related to construction and incidental thereto. The same is transferred or allocated to respective Property, Plant and Equipment on their completion / commencement of commercial production.

## c) Intangible assets

Intangible assets are held on the balance sheet at cost less accumulated amortisation and impairment loss if any.

**Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment, including intangible assets, recognised as at 1 April 2016, as per the previous GAAP and used that carrying value as its deemed cost of such property, plant and equipment and intangible assets

**2.6 IMPAIRMENT OF NON- FINANCIAL ASSETS**

The Company's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of time value of money and the risks specific to the CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment losses recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets of the CGU on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognized in prior periods, the Company reviews at reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**2.7 DEPRECIATION AND AMORTISATION**

Depreciation is provided on the Straight Line Method (SLM) applying the useful lives as prescribed in part C of Schedule II to the Companies Act, 2013.

Useful lives of the items of Property, Plant and Equipment are as follows:

Asset	Estimated Useful Life
Building	30 Years
Plant & Machinery	20 Years
Furniture and Fixtures	10 Years
Vehicles	8 Years
Other equipment	5 Years

Intangible Assets are amortized over their individual estimated useful lives on a Straight Line basis, commencing from the year in which the same are available to the Company for its intended use. The useful life so determined is as follows:

Assets	Amortisation period
Software Licenses	5 years
Product Licenses	5 years
Usage Rights	5 years



## Notes forming part of the financial statements

The Management believes that the useful life as given above the best represent the period over which the management expect to use these assets. The Company reviews the useful lives and residual value at each reporting date. Depreciation on assets added/sold or discarded during the year is being provided on pro-rata basis up to the date on which such assets are added/sold or discarded. Depreciation is not provided on Freehold Land. Gain/Losses on disposals/de-recognition of property, plant and equipment are determined by comparing proceeds with carrying amount and these are recognized in statement of profit and loss.

### 2.8 FINANCIAL INSTRUMENTS

#### I. **Financial Assets**

##### a) Classification of financial assets

The Company classifies financial assets as subsequently measures at amortised cost, fair value through other comprehensive income or fair value through profit & loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

##### i) *Debt instrument at amortised cost:*

A 'debt Instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objectives is to hold assets for collecting contractual cash flow and
- Contractual terms of the asset give rise on specified dates to cash flow that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or cost that are an integral part of the EIR. The EIR. Amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. The category generally applies to trade and other receivable.

##### ii) *Debt instrument at fair value through other comprehensive income (FVOCI):*

Assets that are held for collection of contractual cash flow and selling the financial assets, where the assets' cash flow represents solely payments of principal and interest are measuring at FVOCI, movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue or foreign exchange gains and losses which are recognised in profit and loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the EIR method. The company does not have any instruments classified as fair value through other comprehensive income (FVOCI).

##### iii) *Debt instrument measured at fair through profit and loss (FVTPL):*

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/ (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

##### iv) *Equity investments:*

Investment in associates are accounted using equity method.

All other equity investments which are in scope of Ind-AS 109 are measured at fair value. Equity instrument which are held for trading are classified as at FVTPL. For all other equity investments, the Company decide to classify the same either as at fair value through other comprehensive income (FVOCI) or FVTPL. The company makes such election on an instrument-by- instrument basis. The classification is made on initial recognition and is irrevocable.

For equity investments classified as FVOCI, all fair value changes on the instruments, excluding dividend, are recognized in other comprehensive income (OCI). There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of such investment

Equity investments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit and loss.

Costs of certain unquoted equity instruments has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.



## Notes forming part of the financial statements

The company does not have any equity investments designated at FVOCI or FVTPL

### b) Initial recognition and measurement

All financial assets are recognised initially at fair value and for those instruments that are not subsequently measured at FVTPL, plus/minus transaction cost that are attributable to the acquisition of the financial assets.

Trade receivable are carried at original invoice price as the sales arrangements do not contain any significant financial component. Purchase or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the assets.

### c) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) primarily derecognised (i.e. removed from the company's balance sheet) when :

- The rights to receive cash flows from the asset have expired, or
- The Company has neither transferred nor retained substantially all the risks and rewards all the assets, but has transferred control of the assets.

When the company has transferred its rights to receive cash flow from an asset or has entered into a pass-through arrangement, it evaluates whether it has transferred substantially all the risks and rewards of ownership. In such cases, the financial asset is derecognised. When it has neither transferred nor retained substantially all of the risks and rewards of the assets, nor transferred control of the assets, the Company continues to recognise the transferred asset to the extent of the company's continuing involvement. In the case, the company recognises and associated liability. The transferred asset and the associated liability are measured on a basis that reflect the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and maximum amount of consideration that the company could be required to repay.

### d) Impairment of financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loan, debt security, deposits, and bank balance.
- Trade Receivables

The company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application simplified approach does not require the company to track change in risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivable. The provision matrix based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, historically observed default rate updated and change in the forward looking estimates are analysed.

## II. Financial Liabilities and equity instruments

Debt and equity instruments issued by an entity are classified as either financial liability or as equity in accordance with substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

### a) *Equity instruments:*

An equity instruments is any contract the evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by an entity are recognised at the proceeds received, net of direct issue costs.

An equity instruments is any contract the evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by an entity are recognised at the proceeds received, net of direct issue costs.



## Notes forming part of the financial statements

### b) *Financial liabilities :- Classification*

Financial liabilities are classified as either's at FVTPL' or' other financial liabilities consists of derivative financial instruments, wherein the gain/losses arising from remeasurement of these Instruments of recognized in the statements of profit and loss. Other financial liability (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

### c) Initial recognition and measurement:

All financial liability are recognised initially at fair value and for those instruments that are not Subsequently measured at FVTPL, plus/minus transaction cost that are attributable to issue of these instruments.

### d) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires .When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of the new liability. The difference in the respective carrying amounts is recognised in the statement of Profit and Loss.

## III. Fair Value

The Company determines the fair value of its financial instruments on the basis of the following hierarchy

- a) Level 1 : The fair value of financial instruments quoted in active markets is based on their quoted closing price at the balance sheet date. Examples include exchange traded commodity derivatives and other financial instruments in equity and debt securities which are listed in a recognised stock exchange
- b) Level 2 : The fair value of financial instruments that are not traded in active markets is determined by using valuation techniques using observable market data. Such valuations techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm's length transactions. For example, the fair value of forward exchange contracts, currency swaps and interest rate swaps is determined by discounting estimated future cash flows using a risk-free interest rate
- c) Level 3 : The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs)

## IV. Accounting for day 1 differences

If the fair value of the financial asset or financial liability at initial recognition differs from the transaction price, this if it is not consideration for goods or services or a deemed capital contribution or deemed distribution, is accounted as follows :

- i) If the fair value is evidence by a quoted price in an active market for an identical asset or liability (ie Level 1 input) or based on a valuation technique that uses data from observable market, the entire day 1 gain/loss is recorded immediately in the statement of profit and loss; or
- ii) in all other cases, the difference between the fair value at initial recognition and transaction price is deferred. After initial recognition, the deferred difference is recorded as gain or loss in the statement profit and loss only to the extent that is arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

In case difference represents :

- i) deemed capital contribution - it is recorded as investment in subsidiary
- ii) deemed distribution - It is recorded in equity
- iii) deemed consideration for goods and services - it is recorded as an asset or liability. This amount is amortised / accredited to the statement of profit and loss as per the substance of the arrangement (generally straight line basis over the duration of the arrangement)

## 2.9 INVENTORIES

Inventories are stated at the lower of cost and net realizable value.

Cost of Raw Material is determined on a First In First Out (FIFO) basis.



## Notes forming part of the financial statements

Stores and Consumables are valued at cost or net realizable value (NRV) whichever is lower.

Waste/ Scrap inventory is valued at Net Realisable Value (NRV).

NRV is estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

Finished goods are valued at cost or net realizable value whichever is lower. Cost comprises direct materials and where applicable, direct labour costs, those overheads but excluding borrowing cost that have been incurred in bringing the inventories to their present location and condition. Cost is arrived on weighted average cost basis.

Work in Progress is valued at cost or net realizable value whichever is less. Cost comprises direct materials and appropriate portion of direct labour costs, manufacturing overheads but excluding borrowing cost that have been incurred in bringing the inventories to their present location and condition.

### 2.10 BORROWING COSTS

Borrowing Costs that are interest and other costs that the company incurs in connection with the borrowings of funds and is measured with reference to the effective interest rate applicable to the respective borrowing. Borrowing costs include interest cost measured at EIR and exchange difference arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets, wherever applicable, till the assets are ready for their intended use. Such capitalisation is done only when it is probable that the asset will result in future economic benefits and the costs can be measured reliably. Capitalisation of borrowing cost is suspended and charged to statement when active development is interrupted

Capitalisation of borrowing costs commences when all the following conditions are satisfied:

- i. Expenditure for the acquisition, construction or production of a qualifying asset is being incurred;
- ii. Borrowing costs are being incurred; and
- iii. Activities that are necessary to prepare the asset for its intended use are in progress.

A qualifying asset is one which necessarily takes substantial period to get ready for intended use. All other borrowing costs are charged to revenue account.

### 2.11 EMPLOYEE BENEFITS

- a) Short term employee benefit obligations

Liabilities for wages, salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are to be settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

- b) Other long term employee benefit obligations

- i) Compensated absences

The liabilities for earned leave is not expected to be settled wholly within 12 months after the end of the period in which employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of reporting period using the projected unit credit method. The benefits are discounted using the market yield at the end of reporting period that have terms approximating to the terms of related obligation. Remeasurement as a result of experience adjustments and changes in actuarial assumptions are recognised in the other comprehensive income.

The obligations are presented as current liabilities in the balance sheet if the Company does not have unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

- c) Post-employment obligations

The Company operates the following post-employment schemes:

- A. Defined benefit plans such as Gratuity



## Notes forming part of the financial statements

### B. Defined contribution plan such as Provident Fund

#### Defined Benefit Plans

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expenses in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in present value of the defined benefit obligation resulting from plan amendment or curtailments are recognised immediately in profit or loss as past service cost.

#### Defined Contribution Plans

The Company pays provident fund contributions to publicly administered funds as per the local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expenses when they are due.

## 2.12 ACCOUNTING FOR TAXES ON INCOME

### a) Income Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in Deferred Tax Assets and Liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period i.e. as per the provisions of the Income Tax Act, 1961, as amended from time to time. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on the rates and tax laws enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Current tax assets and liabilities are offset only if, the Company :

- i) has legally enforceable right to set off the recognised amounts; and
- ii) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### b) Deferred Taxes

Deferred tax is recognised in respect of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purpose

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences only if it is probable that future taxable profits will be available against which they can be used. Accordingly, in the absence of certainty of sufficient future taxable income, net deferred tax asset has not been recognised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised; such reductions are reversed when the probability of future taxable profits improves



## Notes forming part of the financial statements

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

Deferred Tax Assets and Liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and Deferred Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Any tax credit including MAT credit available is recognised as Deferred Tax to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised. The said asset is created by way of credit to the Statement of Profit and Loss and shown under the head deferred tax asset

The carrying amount of Deferred Tax Assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the Deferred Tax Asset to be utilised. Unrecognised Deferred Tax Assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset only if, the Company :

- i) has legally enforceable right to set off the recognised amounts; and
- ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

### 2.13 PROVISIONS AND CONTINGENT LIABILITIES

#### a) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

#### b) Contingent Liability

Contingent liabilities are not provided for and if material, are disclosed by way of notes to accounts. Contingent Liability is disclosed in the case of:

- i. A present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- ii. A present obligation arising from the past events, when no reliable estimate is possible;
- iii. A possible obligation arising from the past events, unless the probability of outflow of resources is remote.

Contingent assets are not recognized in financial statements as this may result in the recognition of income that may never be realised. However, Contingent assets (if any) are disclosed in the notes to the financial statements



## Notes forming part of the financial statements

### 2.14 EARNING PER SHARE

#### Basic Earnings Per Share

Basic Earnings Per Share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the company's earnings per share is the net profit for the period after deducting preference dividends, if any, and any attributable distribution tax thereto for the period.

### 2.15 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise cash and deposits with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known of cash to be cash equivalents.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 2.16 STATEMENT OF CASH FLOWS

Cash Flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing Cash Flows. The cash flows from operating, investing and financing activities of the Company are segregated.

#### Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

### 2.17 DIVIDEND

The Company recognises a liability for dividends to equity holders of the Company when the dividend is authorised and the dividend is no longer at the discretion of the Company. As per the corporate laws in India, a dividend is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### 2.18 ROUNDING OFF

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs, unless otherwise stated.

### 2.19 EVENTS OCCURRING AFTER THE REPORTING DATE

Adjusting events (that provides evidence of condition that existed at the balance sheet date) occurring after the balance sheet date are recognized in the financial statements. Material non adjusting events (that are inductive of conditions that arose subsequent to the balance sheet date) occurring after the balance sheet date that represents material change and commitment affecting the financial position are disclosed in the Directors' Report.

### 2.20 EXCEPTIONAL ITEMS

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

### 2.21 OPERATING CYCLE

All assets and liabilities have been classified as current or non-current as per each Company's normal operating cycle and other criteria set out in the Schedule III to the Act



Notes forming part of the financial statements

NOTE 4 : FINANCIAL ASSETS - INVESTMENTS (NON - CURRENT) (Rs. in lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of Shares	Amt Rs.	No. of Shares	Amt Rs.	No. of Shares	Amt Rs.
<b>Investment in Equity Instruments</b>						
<b>Others (Unquoted At Cost)</b>						
Sai Wradha Power Ltd.	2,122,764	212.28	2,122,764	212.28	2,122,764	212.28
DNSB.	5,330	0.53	5,330	0.53	5,330	0.53
Interfit India Limited	25,000	1.96	25,000	1.96	25,000	1.96
<b>TOTAL</b>		<b>214.77</b>		<b>214.77</b>		<b>214.77</b>
<b>Aggregate Amount of Quoted Investment &amp; Market Value thereof</b>		-		-		-
<b>Aggregate amount of Unquoted Investments</b>		<b>214.77</b>		<b>214.77</b>		<b>214.77</b>
<b>Aggregate amount of impairment in value of Investments</b>		-		-		-

NOTE 5: FINANCIAL ASSETS - OTHERS (NON-CURRENT) (Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Insurance Claim Receivable	1,120.27	1,120.27	1,120.27
<b>TOTAL</b>	<b>1,120.27</b>	<b>1,120.27</b>	<b>1,120.27</b>

NOTE 6: NON - CURRENT TAX ASSETS (Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
TDS Receivable	266.50	161.41	107.19
	<b>266.50</b>	<b>161.41</b>	<b>107.19</b>

NOTE 7: OTHER NON-CURRENT ASSETS (Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Security Deposits	342.09	342.09	367.09
Others			
Preliminary Expenses	-	4.16	8.31
Balances with Govt. Authorities under litigation	342.49	256.78	329.41
Inventory**			
Raw materials (including Consumables/Stores/Tools )	351.51	-	1,759.75
Work-in-progress	4,320.69	4,106.01	936.72
Finished goods	31.38	31.38	31.38
Stock in Trade	79.01	79.01	79.01
<b>TOTAL</b>	<b>5,467.17</b>	<b>4,819.42</b>	<b>3,511.67</b>

\*\* Non and slow moving inventory as per the management policy at cost.



Notes forming part of the financial statements

NOTE 8: INVENTORIES

(Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>At Lower of Cost or Net Realisable Value</b>			
Raw Materials	3,403.28	1,158.40	424.12
Raw Materials - Goods in Transit	68.46	1,532.94	2,013.16
Work in Process	11,559.95	10,044.34	8,519.18
Finished Goods	2,915.10	2,005.27	988.14
Finished Goods - Goods In Transit	-	101.99	109.13
Stock in Trade (Trading)	675.56	675.56	484.59
Stores and Spares	562.39	1,123.00	1,025.76
<b>TOTAL</b>	<b>19,184.74</b>	<b>16,641.50</b>	<b>13,564.07</b>

NOTE 9: FINANCIAL ASSETS - TRADE RECEIVABLES

(Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Trade Receivables</b>			
Unsecured - Considered Good	3,806.98	2,876.38	5,293.92
Unsecured Considered for Doubtful	1,183.97	1,402.96	1,463.31
	4,990.95	4,279.34	6,757.23
Less :- Allowance for unsecured doubtful debts	-1,183.97	-1,402.96	-1,463.31
<b>TOTAL</b>	<b>3,806.98</b>	<b>2,876.38</b>	<b>5,293.92</b>

Notes :-

- The Company has called for balance confirmation of Trade Receivables on random basis. Out of which the Company has received response from some of the parties, which are subject to reconciliation with Company's account. The other balances of Trade Receivables are subject to confirmation
- Refer Note No.41 for Related party balances.
- Refer Note No.38 for information about impairment, credit risk and market risk of trade receivables.
- There are no outstanding dues from directors or other officers of the Company.

NOTE 10: FINANCIAL ASSETS - CASH & CASH EQUIVALENTS

(Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Balances with Banks in Current Accounts	30.50	195.19	61.56
Cash on Hand	4.72	7.04	150.77
<b>TOTAL</b>	<b>35.22</b>	<b>202.23</b>	<b>212.33</b>

NOTE 11: FINANCIAL ASSETS - BANK BALANCES OTHER THAN CASH & CASH EQUIVALENTS

(Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Fixed Deposits due to mature within 12 months of reporting date*	28.68	55.46	87.64
<b>TOTAL</b>	<b>28.68</b>	<b>55.46</b>	<b>87.64</b>

Notes : Fixed Deposit of Rs. 28.68 lakhs as at 31st March 2018 (Previous Year as at 31st March 2017 Rs. 55.46 lakhs and as at 1st April 2016 Rs. 87.64 lakhs) have been earmarked by bank against guarantee issued for MPCB.



Notes forming part of the financial statements

NOTE 12: FINANCIAL ASSETS - LOANS (CURRENT ASSETS)

(Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured, considered good			
Loans to related party	37.27	33.35	29.85
Loans to Employees	213.85	203.62	77.24
Inter-corporate deposits	-	-	398.00
<b>TOTAL</b>	<b>251.12</b>	<b>236.97</b>	<b>505.08</b>

NOTE 13: FINANCIAL ASSETS - OTHERS (CURRENT)

(Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Interest Receivable	52.99	34.51	17.61
Security Deposits	195.80	225.74	221.80
Claims Receivable from Suppliers	45.50	-	170.42
Insurance Claim Receivable	100.18	582.24	1,229.29
<b>TOTAL</b>	<b>394.46</b>	<b>842.50</b>	<b>1,639.12</b>

NOTE 14: OTHER CURRENT ASSETS

(Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Capital Advances	102.35	108.23	141.58
Advances other than capital advances			
Advance to Employees	22.91	16.51	24.79
Advance to Suppliers / Expenses	626.96	1,641.93	860.12
Others			
Prepaid expenses	150.87	62.91	112.93
Export Incentive Receivable	1.75	1.75	1.17
Balances with Excisem, VAT and GST Authorities	335.29	999.85	950.20
FMS / FPS / MEIS Licence	7.07	0.06	3.63
Job Work Charges Accrued on FG	42.63	252.24	572.87
TDS Receivable from NBFC	0.98	0.63	-
<b>TOTAL</b>	<b>1,290.80</b>	<b>3,084.11</b>	<b>2,667.29</b>

NOTE 15: EQUITY SHARE CAPITAL

(Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Authorised</b>			
Equity shares of Re 1/- each with voting rights	4,200.00	4,200.00	4,200.00
<b>TOTAL AUTHORIZED SHARE CAPITAL</b>	<b>4,200.00</b>	<b>4,200.00</b>	<b>4,200.00</b>
<b>Issued, Subscribed &amp; Paid Up</b>			
Equity shares of Re 1/- each with voting rights	3,980.81	3,980.81	3,980.81
<b>TOTAL ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>	<b>3,980.81</b>	<b>3,980.81</b>	<b>3,980.81</b>



Notes forming part of the financial statements

a) Reconciliation of the number of shares outstanding :

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of Shares	Amount (Lakhs)	No. of Shares	Amount (Lakhs)	No. of Shares	Amount (Lakhs)
Shares at the beginning	398,080,925	3,980.81	398,080,925	3,980.81	398,080,925	3,980.81
Add: Shares Issued	-	-	-	-	-	-
Less: Shares Forfeited / buyback	-	-	-	-	-	-
<b>Shares at the end</b>	<b>398,080,925</b>	<b>3,980.81</b>	<b>398,080,925</b>	<b>3,980.81</b>	<b>398,080,925</b>	<b>3,980.81</b>

b) Rights, Preferences and restrictions attached to shares

The company has one class of equity shares having a par value Re 1/- per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding

c) Details of Shareholders holding more than 5% equity shares

Name of the Shareholder	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Equity shares with voting rights :-						
Indiasteel International P.Ltd.	45,634,150	11.46%	45,634,150	11.46%	98,134,150	24.65%
TB Investments Ltd.	27,000,000	6.78%	27,000,000	6.78%	27,000,000	6.78%
UD Industrial Holding Pte Ltd.			92,000,000	23.11%	92,000,000	23.11%
Metal Industrial Pte Ltd (Formerly known as "UD Industrial Holding Pte Ltd.")	90,458,196	22.76%				
Khamgaon Land Development and Trading Co.Pvt.Ltd.	43,650,000	10.97%	43,650,000	10.97%	17,400,000	4.37%
Yeotmal Land Development and Trading Co.Pvt.Ltd.	43,650,000	10.97%	43,650,000	10.97%	17,400,000	4.37%
<b>TOTAL</b>	<b>250,392,346</b>	<b>62.94%</b>	<b>251,934,150</b>	<b>63.29%</b>	<b>251,934,150</b>	<b>63.28%</b>

NOTE 16: FINANCIAL LIABILITIES (LONG TERM BORROWINGS)

(Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>SECURED :</b>			
Term Loans			
Financial Institutions	69.23	63.96	61.33
Banks	-	-	163.68
	69.23	63.96	225.01
<b>UNSECURED :</b>			
Loans from Others	1,214.81	3,223.20	3,117.94
Preference Shares	4,190.63	5,201.68	4,676.05
	5,405.44	8,424.88	7,793.99
<b>TOTAL</b>	<b>5,474.67</b>	<b>8,488.84</b>	<b>8,019.00</b>

**Notes forming part of the financial statements****Notes :-****A Term Loans :**

- 1 Loans from Kotak Mahindra Prime Ltd. @9.75% p.a. interest are secured against hypothecation of motor vehicles. These loans are repayable in 48 equated monthly months installment of Rs.2.20 lakhs.
- 2 Loans from Toyota Financial Services Ltd @10.25% p.a. interest are secured against hypothecation of motor vehicles. These loans are repayable in 48 equated monthly months installment of Rs.0.54 lakhs.
- 3 Loans from Sundaram Finance Ltd. @7.10% p.a. interest are secured against hypothecation of komatsu hydraulic excavator machine. These loans are repayable in 36 equated monthly months installment of Rs.0.82 lakhs.
- 4 Loan from SREI Equipment Finance Limited @12.00% p.a. interest is solely secured against SAP License and is repayable in 12 equated monthly installments of Rs.7.91 lakhs.
- 5 Loans from Kotak Mahindra Bank Ltd @18% p.a. interest are secured/to be secured by first mortgage & charges on all immovable & moveable properties both present & future & personal guarantees of some of the promoter directors of the company & are repayable in 48 equated monthly instalments of Rs.34.46 lakhs.

**B Preference Shares :****a) Details of Preference Shares**

Particulars	No of Shares	Amount (Lakhs)	No of Shares	Amount (Lakhs)
(a) Authorised Preference shares of Re 10/- each without voting rights	64,500,000	6,450.00	64,500,000	6,450.00
(b) Issued, Subscribed and fully paid up 14% Cumulative Redeemable Preference shares of Re 10/- each without voting rights	2,000,000	200.00	2,000,000	200.00
0.01% Cumulative Redeemable Preference shares of Rs.10/- each without voting rights	53,671,310	3,231.36	53,671,310	4,316.84
0.01% Cumulative Redeemable Preference shares (Option Series) of Re 10/- each without voting rights	8,514,574	759.27	8,514,574	684.84
<b>TOTAL</b>	<b>64,185,884</b>	<b>4,190.63</b>	<b>64,185,884</b>	<b>5,201.68</b>

**b) Terms of Issue of Preference Shares**

- i) 14% Cumulative Redeemable Shares are redeemable in the year 2018.
- ii) 0.01% Cumulative Redeemable Shares are redeemable 25% in the year 2017, 25% in the year 2018, & 50% in the year 2019.
- iii) 0.01% Cumulative Redeemable Shares ( Option Series) are redeemable 25% in the year 2017, 25% in the year 2018, & 50% in the year 2019.
- iv) The company is in the negotiations with the preference shareholders for revised terms of redemption.
- v) Subject to the approval of shareholders at the Annual General Meeting, board of directors have recommended dividend of 0.01% on @ 2,00,000 14% CRPS; 5,36,71,310 @ 0.01% CRPS without option and 85,14,574 @ 0.01% CRPS with option

**c) Effective interest rate for the above preference shares is in the range of 11%-14%**



**Notes forming part of the financial statements**

**d) Details of preference shareholder holding more than 5% shares:**

**Class of shares / Name of shareholder**

Class of shares / Name of shareholder	As at 31st March, 2018		As at 31 March, 2017	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Preference shares without voting rights</b>				
IDBI Ltd.	37,547,800	58.50%	37,547,800	58.50%
Punjab & Sind Bank	12,138,000	18.91%	12,138,000	18.91%
Oriental Bank of Commerce	5,698,413	8.88%	5,698,413	8.88%
<b>TOTAL</b>	<b>55,384,213</b>	<b>86.29%</b>	<b>55,384,213</b>	<b>86.29%</b>

**NOTE 17: FINANCIAL LIABILITIES - OTHERS (NON-CURRENT)**

(Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Others			
Long term creditors	6,661.14	3,726.24	3,257.89
Interest accrued but not due on borrowings	559.94	479.04	407.49
<b>TOTAL</b>	<b>7,221.08</b>	<b>4,205.28</b>	<b>3,665.38</b>

**Notes:-**

Refer Note No.41 for Related party balances.

**NOTE 18: PROVISIONS (NON-CURRENT)**

(Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Provision for Employee Benefits</b>			
Gratuity	65.80	82.76	56.91
Compensated absences	21.99	31.40	26.35
<b>TOTAL</b>	<b>87.78</b>	<b>114.16</b>	<b>83.26</b>

**NOTE 19: FINANCIAL LIABILITIES - SHORT TERM BORROWING**

(Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>SECURED :</b>			
Loans repayable on demand			
From banks (Refer Note below)	2,628.77	3,045.16	3,000.24
	2,628.77	3,045.16	3,000.24
<b>UNSECURED :</b>			
Preference Shares	1,554.65	-	-
	1,554.65	-	-
<b>TOTAL</b>	<b>4,183.42</b>	<b>3,045.16</b>	<b>3,000.24</b>

**Notes:** Kotak Mahindra Bank Ltd & DNS Bank Ltd. has sanctioned Cash Credit/WCDL facilities against the security by way of first pari passu charge on the fixed assets of the company, hypothecation of stock and book debts of the company and personal guarantees of some of the promoter directors of the Company.



## Notes forming part of the financial statements

## NOTE 20: FINANCIAL LIABILITIES - TRADE PAYABLES

(Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Due to Micro, Small and Medium Enterprises	-	-	-
Due to Others (Refer Notes Below)	21,904.05	19,674.80	19,864.90
<b>TOTAL</b>	<b>21,904.05</b>	<b>19,674.80</b>	<b>19,864.90</b>

Notes:

- Based on the information in possession with the Company, no supplier has been identified as being covered under Micro, Small and Medium Enterprise Development Act, 2006 ("the Act"). Accordingly, no amount of dues outstanding as at 31st March 2018 have been identified as relating to Micro and Small Enterprises referred to in the said Act.
- The Company has called for balance confirmation of Trade Payables on random basis. Out of which the Company has received response from some of the parties, which are subject to reconciliation. The other balances of Trade Payables are also subject to confirmation.
- Trade Payables includes amount due to Related Parties Rs. 3.68 lakhs as at 31st March 2018 (Previous Year as at 31st March 2017 Rs.3.68 lakhs and as 1st April 2016 Rs. 3.68 lakhs)

## NOTE 21: FINANCIAL LIABILITIES - OTHERS (CURRENT)

(Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Interest accrued	0.91	-	9.22
Others			
Capital Creditors	240.16	223.14	246.94
Employee Benefits payables	295.27	301.58	142.14
<b>TOTAL</b>	<b>536.35</b>	<b>524.72</b>	<b>398.31</b>

## NOTE 22: OTHER CURRENT LIABILITIES

(Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Advance from Customer	82.57	99.30	31.52
Statutory Liabilities	27.41	404.86	105.78
<b>TOTAL</b>	<b>109.99</b>	<b>504.15</b>	<b>137.30</b>

## NOTE 23: PROVISIONS (CURRENT)

(Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Provision for Employee Benefits</b>			
Bonus	30.38	30.97	31.94
Compensated absences	15.20	27.90	14.64
Gratuity	26.70	32.47	21.55
	72.28	91.34	68.13
<b>Others Provision</b>			
Electricity Expenses	-	718.13	987.54
Purchase Bills Not Booked	-	-	162.11
Others	166.46	118.69	39.29
	166.46	836.82	1,188.95
<b>TOTAL</b>	<b>238.73</b>	<b>928.16</b>	<b>1,257.08</b>



## Notes forming part of the financial statements

## NOTE 24: REVENUE FROM OPERATIONS

(Rs. in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Sale of Products including excise	91,828.44	112,586.92
Sale of Services	4,900.57	2,318.05
Other Operating Income	-	2.82
<b>TOTAL</b>	<b>96,729.01</b>	<b>114,907.79</b>

## NOTE 25: OTHER INCOME

(Rs. in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Finance Income	50.66	52.31
Dividend Income	0.06	0.07
Other non-operating income**	2,903.13	951.73
<b>TOTAL</b>	<b>2,953.85</b>	<b>1,004.11</b>

\*\*Other non-operating income includes liabilities no more payable

## NOTE 26: COST OF MATERIALS CONSUMED

(Rs. in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Raw Material Consumed	15,853.73	39,485.27
Stores / Spares / Packing Material Consumed	2,489.31	2,284.64
Steel Billets	31,746.14	7,330.74
Wire Rods/Coils	129.44	159.59
<b>TOTAL</b>	<b>50,218.62</b>	<b>49,260.24</b>

## NOTE 27: PURCHASE OF STOCK IN TRADE

(Rs. in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Purchase of Stock in Trade	35,706.06	50,730.14
<b>TOTAL</b>	<b>35,706.06</b>	<b>50,730.14</b>

## NOTE 28: CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK IN TRADE

(Rs. in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Opening Stocks :</b>		
Finished Goods	2,138.64	1,019.52
Work in Progress	14,150.35	9,455.89
Stock In Trade	754.57	672.73
<b>Less : Closing Stocks :</b>		
Finished Goods	2,946.48	2,138.64
Work in Progress	15,880.65	14,150.35
Stock In Trade	754.57	754.57
<b>NET CHANGE IN INVENTORIES</b>	<b>-2,538.13</b>	<b>-5,895.41</b>



## Notes forming part of the financial statements

## NOTE 29: EMPLOYEE BENEFIT EXPENSES

(Rs. in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, Wages and Bonus	1,763.21	1,685.68
Directors Remuneration	224.63	200.90
Contribution to Provident and Other Funds	61.33	52.04
Gratuity Expenses (Refer Note No.40)	32.38	26.45
Leave Encashment Expenses (Refer Note No.40)	40.96	28.78
Staff Welfare Expenses	76.00	99.12
<b>TOTAL</b>	<b>2,198.51</b>	<b>2,092.97</b>

## NOTE 30: FINANCE COST

(Rs. in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest Expense		
On Borrowings	1,530.33	1,696.54
Others (Including Interest on delay / deferred payment)	50.39	64.41
Dividend on redeemable preference shares	82.58	71.55
Bank and other finance charges	11.13	67.95
<b>TOTAL</b>	<b>1,674.43</b>	<b>1,900.44</b>

## NOTE 31: OTHER EXPENSES

(Rs. in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Power, Fuel and Utilities	5,753.98	6,691.63
Processing Charges	1,246.80	1,364.59
Lease Rent / Hire Charges	18.69	51.02
Water	9.46	7.14
Repairs to Building	39.51	48.87
Repairs to Plant and Machinery	179.01	254.47
Other Repairs	14.08	15.85
Packing Materials	69.13	52.78
Commission & Brokerage	34.32	61.75
Exhibition Expenses	16.23	70.20
Sales Promotion	14.33	13.00
Other Selling Expenses	0.25	0.83
Outward Freight Charges	432.86	372.31
Bad Debts Written off net of provisions	5.38	-60.36
Travelling and Conveyance	176.53	158.83
Communication Expenses	18.14	26.15
Insurance	40.18	37.63
Rates and Taxes	185.92	140.01
Legal and Professional Fees	194.36	145.28



## Notes forming part of the financial statements

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Printing & Stationery	14.07	14.99
Service Charges	9.60	12.31
Directors Sitting Fees	1.40	1.44
Motor Vehicle Expenses	79.85	77.50
Service Tax	5.82	19.49
Penalty	-	2.50
CSR Expenses (Refer Note No.34)	9.46	-
Payment to Auditors		
- Audit Fees	5.00	5.00
- Tax Audit Fees	2.50	2.50
- Other Services	0.30	1.00
Foreign Exchange Fluctuation (Net)	486.49	-313.54
Loss on Sale of Fixed Assets (Net)	-	4.71
Miscellaneous Expenses	209.79	338.70
<b>TOTAL</b>	<b>9,273.43</b>	<b>9,618.57</b>

**NOTE 32(i): FIRST TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS (IND AS)**

"These are the Company's first financial statements prepared in accordance with Ind AS

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31st March 2018, the comparative information presented in these financial statements for the year ended 31 March, 2017 and in the preparation of an opening Ind AS Balance Sheet at 1 April, 2016 (the Company's date of transition).

In preparing its opening Ind AS Balance Sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and Cash Flows is set out in the following tables and notes"

**Exemptions applied**

Ind AS 101 "First-time adoption of Indian Accounting Standards" allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions in transition from previous GAAP to Ind AS:

**Optional Exemption****(i) Deemed cost - Fair Value of Property, Plant and Equipment**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per previous GAAP and use that as its deemed cost as at the date of transition.

Accordingly, the Company has elected to measure continue with the carrying values under previous GAAP for carrying value

**Mandatory Exemption****(i) Estimates**

An entity's estimates in accordance with Ind AS's at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were an error.



**Notes forming part of the financial statements**

Ind AS estimates as at 1 April 2016 and 31 March 2017 are consistent with the estimates as at the same date made in conformity with the previous GAAP

The Company made estimates for the following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP

- Impairment of financial assets based on expected credit loss model

**(ii) Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of Financial Assets on the basis of facts and circumstances that exist at the date of transition to Ind AS.

**NOTE 32(ii): RECONCILIATION OF EQUITY AS AT APRIL 01, 2016 AND MARCH 31, 2017**

(Rs. in lakhs)

Particulars	Note. No.	As at March 31, 2017			As at April 01, 2016		
		Indian GAAP	Adjustments	Ind AS	Indian GAAP	Adjustments	Ind AS
<b>ASSETS</b>							
<b>Non - Current Assets</b>							
Property, Plant & Equipment		22,789.51		22,789.51	23,136.53		23,136.53
Capital Work - In - Progress		1,674.81		1,674.81	1,652.49		1,652.49
Other Intangible Assets		15.61		15.61	68.63		68.63
Intangible Assets under Development	2	243.43		243.43	110.88	-2.36	108.52
Financial Assets		-		-	-		-
Investments		214.77		214.77	214.77		214.77
Others		1,120.27		1,120.27	1,120.27		1,120.27
Deferred Tax Assets	8	361.09	-361.09	-	178.03	-178.03	-
Non - Current Tax Assets		161.41		161.41	107.19		107.19
Other Non - Current Assets		4,819.42		4,819.42	3,511.67		3,511.67
<b>Total Non - Current Assets</b>		<b>31,400.32</b>	<b>-361.09</b>	<b>31,039.23</b>	<b>30,100</b>	<b>-180.39</b>	<b>29,920.06</b>
<b>Current Assets</b>							
Inventories		16,641.50		16,641.50	13,564.07		13,564.07
Financial Assets		-		-	-		-
Trade Receivables	5	4,114.34	-1,237.96	2,876.38	6,592.23	-1,298.31	5,293.92
Cash & Cash Equivalents		202.23		202.23	212.33		212.33
Bank Balance other than above		55.46		55.46	87.64		87.64
Loans	6,7	264.64	-28	236.97	537.41	-32.33	505.08
Others		842.50		842.50	1,639.29	-0.17	1,639.12
Current Tax Assets (Net)		-		-	-		-
Other Current Assets	6,7	3,075.44	8.67	3,084.11	2,657.11	10.18	2,667.29
<b>Total Current Assets</b>		<b>25,196.11</b>	<b>-1,256.95</b>	<b>23,939.16</b>	<b>25,290</b>	<b>-1,320.63</b>	<b>23,969.45</b>
<b>TOTAL ASSETS</b>		<b>56,596.43</b>	<b>-1,618.04</b>	<b>54,978.39</b>	<b>55,390.54</b>	<b>-1,501.03</b>	<b>53,889.51</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
Equity Share Capital	1	10,399.40	-6,418.59	3,980.81	10,399.40	-6,418.59	3,980.81
Other Equity		14,102.16	-589.85	13,512.30	13,302.43	180.80	13,483.23
<b>Total Equity</b>		<b>24,501.56</b>	<b>-7,008.44</b>	<b>17,493.11</b>	<b>23,701.82</b>	<b>-6,237.78</b>	<b>17,464.04</b>



Notes forming part of the financial statements

Particulars	Note. No.	As at March 31, 2017			As at April 01, 2016		
		Indian GAAP	Adjustments	Ind AS	Indian GAAP	Adjustments	Ind AS
<b>Liabilities</b>							
<b>Non - Current Liabilities</b>							
Financial Liabilities							
(i) Borrowings	1,2	3,464.42	5,024	8,488.84	3,556.90	4,462	8,019.00
(ii) Other Financial Liabilities	3	3,727.01	478	4,205.28	3,257.89	407	3,665.38
Provisions	4	226.45	-112	114.16	216.10	-133	83.26
<b>Total Non - Current Liabilities</b>		<b>7,417.88</b>	<b>5,390.40</b>	<b>12,808.28</b>	<b>7,030.89</b>	<b>4,736.76</b>	<b>11,767.65</b>
<b>Current Liabilities</b>							
Financial Liabilities							
(i) Borrowings		3,045.16	-	3,045.16	3,000.24	-	3,000.24
(ii) Trade Payables		19,674.80	-	19,674.80	19,864.90	-	19,864.90
(iii) Other Financial Liabilities		524.72	-	524.72	398.31	-	398.31
Other Current Liabilities		504.15	-	504.15	137.30	-	137.30
Provisions		928.16	-	928.16	1,257.08	-	1,257.08
<b>Total Current Liabilities</b>		<b>24,676.99</b>	<b>-</b>	<b>24,676.99</b>	<b>24,657.83</b>	<b>-</b>	<b>24,657.83</b>
<b>Total Liabilities</b>		<b>32,094.87</b>	<b>5,390.40</b>	<b>37,485.27</b>	<b>31,688.72</b>	<b>4,736.76</b>	<b>36,425.47</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>56,596.43</b>	<b>-1,618.04</b>	<b>54,978.39</b>	<b>55,390.54</b>	<b>-1,501.03</b>	<b>53,889.51</b>

NOTE 32(iii): RECONCILIATION OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(Rs. in lakhs)

Particulars	Note. No.	For the year ended March 31, 2017		
		Indian GAAP	Adjustment	Ind AS
<b>Income</b>				
Revenue from Operations	9	108,577.31	6,330.48	114,907.79
Other Income	6, 7	997.45	6.66	1,004.11
<b>Total Income</b>		<b>109,574.76</b>	<b>6,337.14</b>	<b>115,911.90</b>
<b>Expenses</b>				
Excise Duty on Sale of Goods	9	-	6,330.48	6,330.48
Cost of Material Consumed		49,260.24	-	49,260.24
Purchase of Stock In Trade		50,730.14	-	50,730.14
Changes in Inventories of Finished Goods / Stock in Trade		-5,895.41	-	-5,895.41
Employee Benefit Expenses	4, 6	2,076.77	16.19	2,092.97
Finance Cost	1, 2, 3	1,268.93	631.51	1,900.44
Depreciation and Amortization		1,836.29	-	1,836.29
Other Expenses	7, 5	9,677.10	-58.53	9,618.57
<b>Total Expenses</b>		<b>108,954.06</b>	<b>6,919.65</b>	<b>115,873.72</b>
<b>Profit Before Tax and Exceptional Item</b>		<b>620.69</b>	<b>-582.51</b>	<b>38.18</b>
<b>Exceptional Item</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit Before Tax</b>		<b>620.69</b>	<b>-582.51</b>	<b>38.18</b>



## Notes forming part of the financial statements

Particulars	Note. No.	For the year ended March 31, 2017		
		Indian GAAP	Adjustment	Ind AS
<b>Tax Expenses</b>				
Current Tax		-3.25	-	-3.25
Deferred Tax	8	183.05	-183.05	-
<b>Profit After Tax</b>		<b>800.50</b>	<b>-765.57</b>	<b>34.94</b>
<b>Other Comprehensive Income not to be reclassified to Profit &amp; Loss in subsequent years</b>				
Re-measurement of Gains / (Losses) on Defined Benefit Plans	4, 10	-	-5.86	<b>-5.86</b>
<b>Total Other Comprehensive Income for the year</b>		<b>-</b>	<b>-5.86</b>	<b>-5.86</b>
<b>Total Comprehensive Income for the year</b>		<b>800.50</b>	<b>-771.43</b>	<b>29.07</b>

**NOTE 32 (iv): NOTES TO RECONCILIATION OF EQUITY AS AT APRIL 01, 2016 AND MARCH 31, 2017 AND PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2017****1 Cumulative Redeemable Preference Shares**

Under previous GAAP, preference shares were shown as part of equity and carried at cost. Redeemable preference shares contain a contractual obligation to deliver cash to the holders. Accordingly, under Ind AS the same is classified as financial liability and measured in accordance with the principles provided in note 2 below

**2 Borrowings****i. Transaction Cost**

Under previous GAAP, transaction costs incurred in connection with the borrowings were charged to profit and loss or capitalised to qualifying as the case may be. Under Ind AS, transaction costs are deducted from the initial recognition amount of financial liability and charged to statement of profit and loss over the tenure of the borrowings using effective interest rate method

**ii. Initial Measurement**

Under previous GAAP, borrowings and other financial liabilities were recognised at historical cost / transaction value. Under Ind AS financial liabilities are measured at fair value at the inception less any transaction costs directly attributable to the issue of the liability which is not a FVPTL. The difference in transaction value and fair value, if any, is recognised in the profit and loss account (commonly referred to as day one gain / (loss)). Accordingly the company has measured all its financial liabilities at fair value on initial recognition and day one gain / (loss) has been recognised in retained earnings

After initial measurement the company measures the financial liabilities at amortised cost or fair value based on their classification criteria. Subsequently financial expense on the financial liability measured at amortised cost is recognised by way of Effective Interest Rate method

**3 Cumulative Dividend Payable**

Under previous GAAP cumulative dividend on preference shares not declared by the company was reflected as contingent liability. The company has a contractual obligation to deliver the cash to the preference shares holder. Accordingly, under Ind AS same is recognised as financial expense and financial liability (classified at amortised cost) using effective interest method.

**4 Remeasurement of Defined Benefit Employee Plans**

Under previous GAAP company measured the defined benefit obligations internally. On adoption of Ind AS the company has obtained actuarial valuation for its defined benefit obligation. The difference defined benefit obligation as per actuarial valuation under Ind AS 19 and as measured under previous GAAP is recognised under retained earnings on transition to Ind AS. Consequently, provisions for employee benefit has been reduced with a corresponding increase in retained earnings on the date of transition and there has been further reduction in provision in the year ended 31 March, 2017



## Notes forming part of the financial statements

Further under previous GAAP the company actuarial gains and losses in the statement of profit and loss in the period in which they occur. Under Ind AS, the company recognised all measurement gains and losses arising from defined benefit plans in Other Comprehensive Income in the period in which they occur

### 5 Expected Credit Loss Allowance

Under previous GAAP, the group had recognised provision on trade receivables based on the expectation of the company. Under Ind AS, the group provides loss allowance on receivables based on Expected Credit Loss (ECL) model which is measured following the "Simplified Approach" at an amount equal to the lifetime ECL at each reporting date.

Consequently, trade receivable have been reduced with a corresponding decrease in retained earnings on the date of transition and there has been an incremental provision for the year ended 31 March, 2017

### 6 Loans and advances

Under previous GAAP, loans and advances given were recognised at transaction value. Under Ind AS loans being financial assets are measured at fair value at the inception. The difference in transaction value and fair value, if any, is recognised in the profit and loss account (commonly referred to as day one gain / (loss)). Accordingly the company has measured all its financial assets at fair value on initial recognition and day one gain / (loss) has been recognised in retained earnings

### 7 Security Deposits

Under previous GAAP, the group accounted for deposits at transaction value. Under Ind AS, the deposits with inherent significant financing element are initially recorded at fair value with difference between transaction value and fair value being treated as prepaid expenses. The deposits are subsequently measured at amortised cost and deferred rent is amortised over contract period on a straight line basis. This has resulted to an decrease in equity on the transition date The profit before tax for the year ended March 31, 2017 has increased.

### 8 Deferred Tax

Indian GAAP requires Deferred Tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or through other comprehensive income.

### 9 Excise Duty

Under previous GAAP, revenue from sale of goods was presented net of the Excise Duty. Under Ind AS, revenue from sale of goods is presented inclusive of Excise Duty. Accordingly, Excise Duty has been presented in the statement of Profit and Loss as an expense

### 10 Other Comprehensive Income

Under Indian GAAP, the Company has not presented Other Comprehensive Income (OCI) separately. Hence, it has reconciled Indian GAAP Profit or Loss to Ind AS Profit or Loss. Further, Indian GAAP Profit and Loss account is reconciled to total Comprehensive Income as per Ind AS.

### 11 Other adjustments

Assets and Liabilities as well as items of Income and Expenses have been regrouped / re-classified wherever necessary to align with the provisions of Ind AS.

**Notes forming part of the financial statements****12 Reconciliation of Equity**

The impact of the above Ind AS adjustment on the Equity is as below

**(Rs. in lakhs)**

Particulars	Note	As at March 31, 2017	As at April 01, 2016
<b>Indian GAAP Equity</b>		<b>24,501.56</b>	<b>23,701.82</b>
Reclassification of preference shares from equity to borrowings and Impact of Fair Valuation	1, 2	-5,679.95	-5,083.54
Fair Valuation of financial Liabilities as per Ind AS 109	2, 3	177.26	211.59
Fair Valuation of financial assets as per Ind AS 109	6	-18.99	-22.32
Impairment (mainly based on expected credit loss)	5	-1,237.96	-1,298.31
Re-measurement of net defined (liability) / asset	4, 10	112.28	132.83
Tax Adjustments	8	-361.09	-178.03
<b>Net Impact on Retained Earnings</b>		<b>-7,008.44</b>	<b>-6,237.78</b>
<b>Ind AS Equity</b>		<b>17,493.11</b>	<b>17,464.04</b>

**NOTE 33: CONTINGENT LIABILITIES AND COMMITMENTS AND ASSETS****A. CONTINGENT LIABILITIES****Claims against the company not acknowledged as debts****(Rs. in lakhs)**

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Claims against the company/disputed liabilities but not acknowledged as debts	2,315.92	1,697.82	168.16
Excise/Customs/Matters decided in the companies favour in earlier years, in respect of which show cause notices have been received & contested	1,038.31	1,038.31	1,016.64
Sales Tax matters in respect of which show cause notices have been received & contested	11.24	11.24	136.30
Property Tax Disputed	224.84	184.81	230.00
Appeal in income tax pending for hearing	-	-	7.34

**Notes :-**

- (i) It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgments/decisions pending with various forums/authorities
- (ii) The Company does not expect any reimbursements in respect of the above contingent liabilities
- (iii) Most of the issues of litigation pertaining to Central Excise/Sales Tax/Customs are based on interpretation of the respective Law & Rules thereunder. Management has been opined by its counsel that many of the issues raised by revenue will not be sustainable in law as they are covered by judgments of respective judicial authorities which supports its contention.

**B. COMMITMENTS****(Rs. in lakhs)**

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Estimated amount of contracts remaining to be executed on capital account & not provided for	100.25	200.67	107.96
<b>Net Capital Commitments</b>	<b>100.25</b>	<b>200.67</b>	<b>107.96</b>

**Notes forming part of the financial statements****C. CONTINGENT ASSETS**

Contingent assets are not recognized in financial statements as this may result in the recognition of income that may never be realised. However, Contingent assets (if any) are disclosed in the notes to the financial statements.

The Company has lodged a claim of Rs.9836.07 lakhs against suppliers on account of Contract Cancellation, Detention & Demurrage, Low recovery of material claims, Rate Difference ,etc. but not acknowledged by parties. The company is in process taking appropriate legal steps in this regard.

**NOTE 34: CORPORATE SOCIAL RESPONSIBILITY****(Rs. in lakhs)**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Amount required to be spent as per Section 135 of the Companies Act, 2013	9.44	
Amount spent during the year on:		
Construction / Acquisition of any Asset	9.46	-
On purposes other than (1) above		
<b>Total Paid</b>	<b>9.46</b>	<b>-</b>
<b>Gross Total</b>	<b>9.46</b>	<b>-</b>

**NOTE 35: EXCEPTIONAL ITEMS****(Rs. in lakhs)**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Insurance Claim written off	76.53	-
	<b>76.53</b>	

**NOTE 36: EARNINGS PER SHARE****(Rs. in lakhs)**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Profit for the year as per Statement of Profit & Loss	419.45	34.94
Weighted Average No. of Equity Shares for of Face Value Rs. 10 each	398,080,925	398,080,925
<b>Earnings Per Share - Basic</b>	<b>0.11</b>	<b>0.01</b>

**NOTE 37: CAPITAL MANAGEMENT**

The Company's objective for Capital Management is to maximise shareholder value, safeguard business continuity, and support the growth of the Company. Capital includes, Equity Capital, Securities Premium and other reserves and surplus attributable to the equity shareholders of the Company. The Company determines the capital requirement based on annual operating plans and long term and strategic investment and capital expenditure plans. The funding requirements are met through a mix of equity, operating cash flows generated and debt. The operating management, supervised by the Board of Directors of the Company regularly monitors its key gearing ratios and other financials parameters and takes corrective actions wherever necessary. The relevant quantitative information on the aforesaid parameters are disclosed in these financial statements.

**(Rs. in lakhs)**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Total interest bearing financial liabilities	8,443.28	8,310.80
Less : Cash and Cash Equivalents	35.22	202.23
<b>Adjusted Net Debt</b>	<b>8,408.06</b>	<b>8,108.57</b>
Total Equity	18,001.26	17,493.11
<b>Adjusted Equity</b>	<b>18,001.26</b>	<b>17,493.11</b>
Adjusted Net Debt to adjusted Equity Ratio	<b>0.47</b>	<b>0.46</b>

**Notes forming part of the financial statements****NOTE 38: FINANCIAL RISK MANAGEMENT AND POLICIES**

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the managing board. The details of different types of risk and management policy to address these risks are listed below:

**(a) Market Risk:-**

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs

**(a) (i) Market Risk - Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The company's exposure to the risk of changes in market interest rates primarily to the Company's borrowings, both short term and long term obligations with floating interest rates.

The company is also exposed to interest rate risk on its financial assets that include fixed deposits (which are part of cash and cash equivalents) since all these are generally for short durations, there is no significant interest rate risks pertaining to these deposits

**Exposure to interest rate risk****(Rs. in lakhs)**

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Fixed-rate instruments</b>		
Financial Liabilities - Borrowings	5,474.67	8,488.84
<b>Total</b>	<b>5,474.67</b>	<b>8,488.84</b>

**Sensitivity analysis to interest rate risk**

The company doesn't account for any fixed rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

**(a) (ii) Market Risk - Price Risk**

The Company has no surplus for investment in debt mutual funds, deposits etc. The Company does make deposit with the banks to provide security against guarantee issued by bank to company's trade payables. Deposit is made in fixed rate instrument. In view of this it is not susceptible to market price risk, arising from changes in interest rates or market yields which may impact the return and value of the investments.

**(a) (iii) Market Risk - Currency Risk**

The fluctuation in foreign currency exchange rates may have a potential impact on the statement of profit and loss and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company. The company is exposed to currency risk on account of its trade payables in foreign currency. The functional currency of the company is Indian Rupees. The Company follows a natural hedge driven currency risk mitigation policy to the extent possible

**Exposure to Currency risk**

The summary quantitative data about the Company's exposure to currency risk are reported to management of the company are as follows:

**Notes forming part of the financial statements***Foreign Currency in lakhs*

Particulars	Foreign Currency	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Financial Assets</b>				
Trade and other receivables	USD	48.38	16.08	6.52
<b>Financial Liabilities</b>				
Trade and other payables	USD	181.51	149.79	73.55
	EURO	39.55	44.67	32.60

**Sensitivity analysis to currency risk***(Rs. in lakhs)*

Foreign Currency	As at March 31, 2018		As at March 31, 2017	
	3% increase	3% Decrease	3% increase	3% Decrease
USD	-259.77	259.77	-260.10	260.10
EURO	-95.66	95.66	(92.79)	92.79
<b>Total</b>	<b>-355.43</b>	<b>-355.43</b>	<b>-352.89</b>	<b>352.89</b>

**(b) Credit Risk**

Credit Risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of Financial Assets represents the maximum credit exposure

**Trade Receivables**

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, industry information, business intelligence and in some cases bank references.

Trade Receivables of the Company are typically unsecured, except to the extent of the security deposits received from the customers or financial guarantees provided by the market organizers in the business. Credit Risk is managed through credit approvals and periodic monitoring of the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company performs ongoing credit evaluations of its customers' financial condition and monitors the creditworthiness of its customers to which it grants credit terms in the normal course of business. The Company has no concentration of Credit Risk as the customer base is geographically distributed in India.

**Expected credit loss for trade receivable:**

The allowance for impairment of Trade receivables is created to the extent and as and when required, based upon the expected collectability of accounts receivables. On account of adoption of Ind AS 109, the Company uses lifetime Expected Credit Loss (ECL) model for assessing the impairment loss. For this purpose, the Company uses a provision matrix to compute the expected credit loss amount for trade receivables. Loss rates are based on actual credit loss experience and past trends. The provision matrix takes into account external and internal credit risk factors and historical experience / current facts available in relation to defaults and delays in collection thereof

The movement of the expected loss provision (allowance for bad and doubtful loans and receivables etc.) made by the company are as under:



## Notes forming part of the financial statements

(Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Opening balance of expected loss provision</b>	<b>1,402.96</b>	<b>1,463.31</b>
Add : Provisions made (net)	5.38	-19.99
Less : Utilisation for impairment / de-recognition	224.37	40.36
<b>Closing balance</b>	<b>1,183.97</b>	<b>1,402.96</b>

**Other Financial Assets**

The company maintains its Cash and Cash equivalents and Bank deposits with banks having good reputation, good past track record and high quality credit rating and also reviews their credit-worthiness on an on-going basis.

**Expected credit loss on financial assets other than trade receivable:**

With regards to all financial assets with contractual cash flows other than trade receivable, management believes these to be high quality assets with negligible credit risk. The management believes that the parties from whom these financial assets are recoverable, have strong capacity to meet the obligations and where the risk of default is negligible and accordingly no provision for expected credit loss has been provided on such financial assets. Break up of financial assets other than trade receivables have been disclosed on balance sheet

The Company's maximum exposure to credit risk as at 31st March, 2018, 2017 and 1st April, 2016 is the carrying value of each class of financial assets.

**(c) Liquidity Risk**

Liquidity Risk is the risk that the Company will face in meeting its obligation associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach in managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Any short term surplus cash generated, over and above the amount required for working capital and other operational requirements is retained as Cash and Cash Equivalents (to the extent required).

**Exposure to Liquidity Risk**

The following table shows the maturity analysis of the Company's Financial Liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet Date

(Rs. in lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months
Long Term Borrowings	-	7,029.32	-	8,488.84	-	8,019.00
Interest accrued but not due on borrowings	559.94	-	479.04	-	407.49	-
Working Capital Loans from Banks	2,628.77	-	3,045.16	-	3,000.24	-
Trade Payables	21,904.05	-	19,674.80	-	19,864.90	-
Other Financial Liabilities	536.35	6,661.14	524.72	3,726.24	398.31	3,257.89
	<b>25,629.11</b>	<b>13,690.46</b>	<b>23,723.72</b>	<b>12,215.08</b>	<b>23,670.94</b>	<b>11,276.89</b>
	-	-	-	-	-	-

**Notes forming part of the financial statements****(d) Collateral**

The Company has pledged its Non-Current as well as Current Assets to a consortium of lenders as collateral towards borrowings by the Company. Refer Note No. 16 and Refer Note No. 19 for the detailed terms and conditions of the collaterals pledged.

**NOTE 39: FINANCIAL INSTRUMENTS - CLASSIFICATION AND FAIR VALUE MEASUREMENT****(a) Classification of Financial Assets and Liabilities**

The carrying value of financial instruments by categories as at March 31, 2018 is as follows:

*(Rs. in lakhs)*

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Financial Assets</b>			
<u>At amortised Cost</u>			
Investments	214.77	214.77	214.77
Loans	251.12	236.97	505.08
Trade Receivables	3,806.98	2,876.38	5,293.92
Cash & Cash Equivalents	35.22	202.23	212.33
Other Bank Balances	28.68	55.46	87.64
Other Financial Assets	1,514.73	1,962.77	2,759.39
<b>Total Financial Assets</b>	<b>5,851.50</b>	<b>5,548.58</b>	<b>9,073.13</b>
<b>Financial Liabilities</b>			
<u>At amortised Cost</u>			
Borrowings	9,658.09	11,534.00	11,019.24
Trade Payable	21,904.05	19,674.80	19,864.90
Other Financial Liabilities	7,757.43	4,730.00	4,063.69
<b>Total</b>	<b>39,319.57</b>	<b>35,938.79</b>	<b>34,947.83</b>

Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.

**(b) Fair Value Hierarchy**

Costs of certain unquoted equity instruments has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

For Assets and Liabilities which are measured at Fair Values as at the Balance Sheet date, the classification of fair value calculations by category is summarized below:

*(Rs. in lakhs)*

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Financial Assets</b>			
<u>Level 2</u>			
Loans	61.12	44.24	37.08
Security Deposits	-	-	29.79
<b>Total</b>	<b>61.12</b>	<b>44.24</b>	<b>66.87</b>



Notes forming part of the financial statements

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Financial Liability</b>			
<u>Level 2</u>			
Borrowings	5,954.09	5,372.44	4,812.30
Other Financial Liability	559.94	479.04	407.49
<b>Total</b>	<b>6,514.03</b>	<b>5,851.48</b>	<b>5,219.80</b>

**Measurement of Fair Values:**

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair values of loans taken from banks and other parties, and preference shares is estimated by discounting cash flows using rates currently available for debt/instruments with similar terms, credit risks and remaining maturities. Management regularly assesses a range of reasonably possible alternatives for those significant observable inputs and determines their impact on the total fair value

- The fair values of loans given to employees and other parties, and security deposit given is estimated by discounting cash flows using rates currently available for instruments with similar terms, credit risks and remaining maturities. Management regularly assesses a range of reasonably possible alternatives for those significant observable inputs and determines their impact on the total fair value

**Financial Instruments measured at fair value**

Type	Valuation Technique
Loans & Security Deposits given	Discounted Cash Flows :The valuation model considers the present value pf expected receipt /payment discounted using appropriate discounting rates
Preference Shares	
Loans from others	

**NOTE 40: EMPLOYEE BENEFITS**

**Retirement Benefits**

As per Ind AS 19 the Company has recognized "Employees Benefits" ,in the financial statements in respect of Employee Benefits Schemes as per Actuarial Valuation as on 31st March 2018

**(A) Details of defined benefit obligation and plan assets**

**(a) Retiring Gratuity**

I Components of Employer Expenses		Rs. In Lakhs	
Particulars	Gratuity		
	31st March 2018	31st March 2017	
Current Service Cost	24.97	20.80	
Interest Cost	7.41	5.64	
Actuarial (Gain)/Loss	-46.04	19.31	
Total Expenses/(Gain) recognized in the Profit & Loss Account	-13.66	45.75	
II Net Asset/ (Liability) recognized in Balance Sheet		Rs. In Lakhs	
Particulars	Gratuity		
	31st March 2018	31st March 2017	1st April 2016
Present value of Funded Obligation	92.50	115.23	71.55
Fair Value of Plan Assets	-	-	-
<b>Assets/(Liability) recognized in the Balance Sheet</b>	<b>-92.50</b>	<b>-115.23</b>	<b>-71.55</b>



Notes forming part of the financial statements

III Change in Defined Benefit Obligations (DBO) Rs. In Lakhs

Particulars	Gratuity		
	31st March 2018	31st March 2017	1st April 2016
Opening Balance of Present Value of Obligation	115.23	71.55	
Current Service Cost	24.97	20.80	10.79
Interest Cost	7.41	5.64	
Actuarial (Gain)/Loss	-46.04	19.31	60.77
Benefit Paid	-9.08	-2.07	
Closing Balance of Present Value of Obligation	<b>92.50</b>	<b>115.23</b>	<b>71.55</b>

IV Changes in the Fair Value of Plan Assets Rs. In Lakhs

Particulars	Gratuity		
	31st March 2018	31st March 2017	1st April 2016
Opening Balance of Present Value of Obligation	-	-	-
Expected Return on Plan Assets	-	-	-
Actuarial Gain/(Loss)	-	-	-
Contribution by Employer	9.08	2.07	-
Benefit Paid	-9.08	-2.07	-
Fair Value of Plan Assets as at 31st March	-	-	-

V Acturaial Assumption Rs. In Lakhs

Particulars	Gratuity		
	31st March 2018	31st March 2017	1st April 2016
Discount Rate (Per Annum)	7.20%	6.69%	8.00%
Expected Rate of Return on Assets Per Annum	6.00%	6.00%	6.00%
Attrition Rate	Upto Age 45: 15%	Upto Age 45: 15%	Upto Age 45: 15%
	46 to 50: 10%	46 to 50: 10%	46 to 50: 10%
	51 and above: 5%	51 and above: 5%	51 and above: 5%

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 in the employment market.

VI Major Categories of plan assets as a percentage of total plan assets

Not applicable since the company has Nil Plan assets

VII Movement in net liability recognized in Balance Sheet Rs. In Lakhs

Particulars	Gratuity		
	31st March 2018	31st March 2017	1st April 2016
Net Opening Liability	115.23	71.55	-
Employer expenses as above	32.38	26.45	10.79
Contribution paid	-9.08	-2.07	-
Other Comprehensive Income (OCI)	-46.04	19.31	60.77
<b>Closing Net Liability</b>	<b>92.50</b>	<b>115.23</b>	<b>71.55</b>



Notes forming part of the financial statements

VIII Gratuity - Sensitivity Analysis

Rs. In Lakhs

Particulars	31st March 2018		31st March 2017	
	Increase	Decrease	Increase	Decrease
Salary Growth Rate (1% movement)	96.54	88.77	120.82	109.99
Discount Rate (1% movement)	88.64	96.75	109.79	121.28

(b) Compensated Absences

I Components of Employer Expenses

Rs. In Lakhs

Particulars	Compensated Absence (PL)	
	31st March 2018	31st March 2017
Current Service Cost	26.20	24.55
Interest Cost	3.66	3.70
Actuarial (Gain)/Loss	-42.67	-13.44
<b>Total Expenses/(Gain) recognized in the Profit &amp; Loss Account</b>	<b>-12.81</b>	<b>14.80</b>

II Net Asset/ (Liability) recognized in Balance Sheet

Rs. In Lakhs

Particulars	Compensated Absence (PL)		
	31st March 2018	31st March 2017	1st April 2016
Present value of Funded Obligation	37.19	59.31	47.90
Fair Value of Plan Assets	-	-	-
<b>Assets/(Liability) recognized in the Balance Sheet</b>	<b>-37.19</b>	<b>-59.31</b>	<b>-47.90</b>

III Change in Defined Benefit Obligations (DBO)

Rs. In Lakhs

Particulars	Compensated Absence (PL)		
	31st March 2018	31st March 2017	1st April 2016
Opening Balance of Present Value of Obligation	59.31	47.90	-
Current Service Cost	26.20	24.55	10.07
Interest Cost	3.66	3.70	-
Actuarial (Gain)/Loss	-42.67	-13.44	37.83
Benefit Paid	-9.30	-3.40	-
<b>Closing Balance of Present Value of Obligation</b>	<b>37.19</b>	<b>59.31</b>	<b>47.90</b>

IV Changes in the Fair Value of Plan Assets

Rs. In Lakhs

Particulars	Compensated Absence (PL)		
	31st March 2018	31st March 2017	1st April 2016
Opening Balance of Present Value of Obligation	-	-	-
Expected Return on Plan Assets	-	-	-
Actuarial Gain/(Loss)	-	-	-
Contribution by Employer	9.30	3.40	-
Benefit Paid	-9.30	-3.40	-
<b>Fair Value of Plan Assets as at 31st March</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Notes forming part of the financial statements

## V Actuarial Assumption

Rs. In Lakhs

Particulars	Compensated Absence (PL)		
	31st March 2018	31st March 2017	1st April 2016
Discount Rate (Per Annum)	7.20%	6.69%	8.00%
Expected Rate of Return on Assets Per Annum	6.00%	6.00%	6.00%
Attrition Rate	Upto Age 45: 15% 46 to 50: 10% 51 and above: 5%	Upto Age 45: 15% 46 to 50: 10% 51 and above: 5%	Upto Age 45: 15% 46 to 50: 10% 51 and above: 5%

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 in the employment market.

## VI Major Categories of plan assets as a percentage of total plan assets

Not applicable since the company has Nil Plan assets

## VII Movement in net liability recognized in Balance Sheet

Rs. In Lakhs

Particulars	Compensated Absence (PL)		
	31st March 2018	31st March 2017	1st April 2016
Net Opening Liability	59.31	47.90	-
Employer expenses as above	29.85	28.25	10.07
Contribution paid	-9.30	-3.40	
Other Comprehensive Income (OCI)	-42.67	-13.44	37.83
Closing Net Liability	<b>37.19</b>	<b>59.31</b>	<b>47.90</b>

## VIII Compensated Absence (PL) - Sensitivity Analysis

Rs. In Lakhs

Particulars	31st March 2018		31st March 2017	
	Increase	Decrease	Increase	Decrease
Salary Growth Rate (1% movement)	38.52	35.97	49.48	46.45
Discount Rate (1% movement)	35.91	38.61	46.39	49.57

## (B) Defined Contribution Plans

Amount recognised as expenses on account of "Contribution / Provision to and for Provident and other Funds" of Statement of Profit and Loss - 61.33 Lakhs (Previous year 52.04 Lakhs)

## NOTE 41: RELATED PARTY

## List of related parties

## A Enterprise in which Key Managerial Personnel and their relatives have significant Influence :

01. Isinox Limited
02. ISL Global PTE Ltd.
03. Inoxware P.Ltd.
04. Indiasteel International P.Ltd.
05. Isiworld Steel (I) P.Ltd.
06. Isicom Traders P.Ltd.
07. Isistar Exports P.Ltd.
08. Isimetal (I) P.Ltd.
09. Isisales India Pvt. Ltd.



Notes forming part of the financial statements

- 10. Emgee Homes P.Ltd.
- 11. Gupta Housing P.Ltd.
- 12. Yeotmal Land Development & Trading Co.P.Ltd.
- 13. Shree Vaishnav Industries Pvt.Ltd.
- 14. G.L.Engineering Industries Pvt.Ltd.
- 15. India Steel Industries
- 16. Indiasteel International

**B Key Managerial Personnel :**

**Executive Directors :**

- 01. Mr.Ashwin H. Gupta
- 02. Mr.Sudhir H Gupta
- 03. Mr.Varun S.Gupta
- 04. Mr.Dipak Gaur

**Independent Directors :**

- 01. Mr.T R Bajalia

(Rs. in lakhs)

Particulars	Enterprise in which Key Managerial Personnel and their relatives have significant Influence		Key Management Personnel		Total	
	31st March 2018	31st March 2017	31st March 2018	31st March 2017	31st March 2018	31st March 2017
<b>PURCHASE</b>						
Purchase of Goods	3,790.95	11,693.63			3,790.95	11,693.63
Purchase of FMS / MEIS Licence	137.93	87.37			137.93	87.37
Purchase of Plant & Machinery		79.46			-	79.46
			-	-	-	-
<b>Total</b>	<b>3,928.88</b>	<b>11,860.46</b>	<b>-</b>	<b>-</b>	<b>3,928.88</b>	<b>11,860.46</b>
<b>SALES</b>						
Sale of Goods	53,036.13	31,715.21			53,036.13	31,715.21
			-	-	-	-
<b>Total</b>	<b>53,036.13</b>	<b>31,715.21</b>	<b>-</b>	<b>-</b>	<b>53,036.13</b>	<b>31,715.21</b>
<b>LICENCE FEES</b>						
Licence Fees Paid	168.84	41.40			168.84	41.40
			-	-	-	-
<b>Total</b>	<b>168.84</b>	<b>41.40</b>	<b>-</b>	<b>-</b>	<b>168.84</b>	<b>41.40</b>
<b>LABOUR CHARGES INCOME</b>						
Labour Charges Received	5,547.74	2,341.80			5,547.74	2,341.80
	-		-	-	-	-
<b>Total</b>	<b>5,547.74</b>	<b>2,341.80</b>	<b>-</b>	<b>-</b>	<b>5,547.74</b>	<b>2,341.80</b>



Notes forming part of the financial statements

Particulars	Enterprise in which Key Managerial Personnel and their relatives have significant Influence		Key Management Personnel		Total	Total
	31st March 2018	31st March 2017	31st March 2018	31st March 2017	31st March 2018	31st March 2017
<b>LABOUR CHARGES EXPENSES</b>						
Labour Charges Paid	437.53	407.80	-	-	437.53	407.80
<b>Total</b>	<b>437.53</b>	<b>407.80</b>	<b>-</b>	<b>-</b>	<b>437.53</b>	<b>407.80</b>
<b>PROFESSIONAL FEES</b>						
Professional Fees - Legal Advice	-	-	4.98	-	4.98	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4.98</b>	<b>-</b>	<b>4.98</b>	<b>-</b>
<b>DIRECTORS REMUNERATION</b>						
Mr.Ashwin H. Gupta			52.88	52.80	52.88	52.80
Mr.Sudhir H Gupta			47.60	47.52	47.60	47.52
Mr.Varun S.Gupta			42.32	42.24	42.32	42.24
Mr.Dipak Gaur			55.30	39.50	55.30	39.50
Mr.Rahul Yenukar			-	18.84	-	18.84
Director Perquisites			26.53	-	26.53	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>224.63</b>	<b>200.90</b>	<b>224.63</b>	<b>200.90</b>
<b>OUTSTANDING BALANCES</b>						
<b>RECEIVABLES</b>						
Isinox Limited	-	365.98	-	-	-	365.98
ISL Global PTE Ltd.	623.90	781.30	-	-	623.90	781.30
Isisales India Pvt. Ltd.	420.53	-	-	-	420.53	-
<b>Total</b>	<b>1,044.43</b>	<b>1,147.27</b>	<b>-</b>	<b>-</b>	<b>1,044.43</b>	<b>1,147.27</b>
<b>PAYABLES</b>						
Inoxware P.Ltd.	3.68	3.68	-	-	3.68	3.68
Shree Vaishnav Industries Pvt.Ltd.	508.82	-	-	-	508.82	-
<b>Total</b>	<b>512.50</b>	<b>3.68</b>	<b>-</b>	<b>-</b>	<b>512.50</b>	<b>3.68</b>
<b>DEPOSITS</b>						
India Steel Industries	37.27	33.35	-	-	37.27	33.35
<b>Total</b>	<b>37.27</b>	<b>33.35</b>	<b>-</b>	<b>-</b>	<b>37.27</b>	<b>33.35</b>

Notes.

- (a) Related party relationship is identified by the management and relied upon by the auditors.
- (b) Amount in respect of related parties have been made provisions for doubtful debts of Rs.420.53 lakhs.



**Notes forming part of the financial statements**

42 Loans given, Investments made and Corporate Guarantees given u/s 186(4) of the Companies Act, 2013 are disclosed under the respective notes.

**43 Segment Information :**

The company is exclusively in the steel business segment and as such there are no reportable segments as defined by AS-17 on segment reporting, as issued by the Institute of Chartered Accountants of India (ICAI).

44 Figures in brackets indicate previous year's figures.

<b>CORPORATE INFORMATION</b>	<b>1</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	<b>2</b>
<b>The accompanying notes are an integral part of these financial statements</b>	<b>3-44</b>

As per Our Report Of Even Date Attached  
For Thanawala & Company  
Chartered Accountants  
Firm Registration No. 110948W

For and on behalf of the Board

Vijay K.Thanawala  
Proprietor  
M.N.015632

Ashwinkumar H Gupta  
Chairman  
DIN: 00010850

Sudhirkumar H Gupta  
Managing Director  
DIN: 00010853

Varun S. Gupta  
Chief Financial Officer  
DIN: 02938137

Place : Mumbai  
Date : 28<sup>th</sup> May 2018

Dipti Vartak  
Company Secretary  
FCS 9057



## NOTICE

**NOTICE** is hereby given that the Thirty First Annual General Meeting of **INDIA STEEL WORKS LIMITED (CIN:L29100MH1987 PLC043186)** will be held on Monday 20<sup>th</sup> August, 2018 at 11.00 a.m. at the Registered office of the Company at India Steel Works Complex, Zenith Compound, Khopoli, Raigad-410203, to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2018, the Statement of Profit & Loss for the year ended on that date, together with the Reports of the Board of Directors and the Auditors' thereon.
2. To declare dividend @0.01% amounting on total paid up Preference share capital of the company for the financial year ended 31<sup>st</sup> March, 2018
3. To appoint a Director in place of Mr. Ashwinkumar Gupta (DIN- 00010850) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Deepak Kumar Gaur (DIN-7636636) who retires by rotation and being eligible, offers himself for re-appointment.
5. Appointment of Auditor.

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

**"RESOLVED THAT** in accordance with applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) M/s Laxmikanth Kabra & Co., Chartered Accountants (Firm Registration No. 117183W), be and are hereby appointed as Statutory Auditors of the Company for the period of 5 years , subject to ratification by the members at every Annual General Meeting of the Company and eligibility of the firm, to hold office from the conclusion of this Annual General Meeting until the conclusion of thirty sixth Annual General Meeting of the Company, on such remuneration to be fixed by the Board of Directors."

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, things and to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

### SPECIAL BUSINESS:

#### 6. REAPPOINTMENT OF MR. VARUN S. GUPTA AS A WHOLE-TIME DIRECTOR OF THE COMPANY

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as **an Special Resolution:**

**"RESOLVED THAT** subject to the provisions of sections 2(94), 161, 196, 197 and 203 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V to the Companies Act, 2013 and the Rules made there under (including any statutory modification or re-enactment thereof) and subject to such approvals as may be necessary in this regard and subject to such conditions as may be imposed by any authority while granting such consent, approvals and permissions and as are agreed to by the Board of Directors (Hereinafter referred to as the Board, which term shall be deemed to include any committee thereof and any person authorized by the Board in this behalf) approval be and is hereby accorded to appoint Mr. Varun Gupta (DIN-02938137), as a "Whole-time Director" of the Company upon the terms and conditions as set out herein below:

Period: 3 years with effect from 1<sup>st</sup> July, 2018 with liberty to either party to terminate by giving two month notice in writing to the other.

A. Salary: Rs. 2 Lakhs p.m.

B. Perquisites: In addition to salary the Whole-time Director shall also be entitled to following perquisites and allowances:

- a. Accommodation: Furnished or otherwise shall be provided by the Company the expenditure on which shall be subject to a limit of sixty percent of the salary over and above ten percent payable by him or House Rent Allowance in lieu thereof subject to a limit of sixty percent of annual salary.
- b. Medical Reimbursement: For self and family in accordance with the rules of the Company, and shall further also includes reimbursement of Life insurance, accidental insurance and Mediclaim Insurance for self and family.
- c. Leave Travel Assistance: For self and family in accordance with the rules of the Company.



- d. Leave: Leave on full pay as per rules of the Company
- e. Provident Fund/ Gratuity/ pension: As per the rules of the Company
- f. Insurance: Personal Accident insurance of an amount, the total annual premium of which does not exceed to Rs. 0.20 Lacs per annum.
- g. Car: Free use of Company's car including maintenance and operations together with driver for official purpose.
- h. Telephone: Free telephone facility at residence.
- i. Entertainment: Reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.
- j. Other Perquisites: Travelling and halting allowances for self and spouse on actual basis.

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rules perquisites shall be evaluated at actual cost. The Board of Directors / Nomination and Remuneration committee shall have authority to approve annual increment of salary effective 1<sup>st</sup> April each year from time to time at a rate not exceeding Rs.0.50 Lacs p.m.

**RESOLVED FURTHER THAT** during the currency of tenure of the Whole-time Director, if the company has no profits or its profits are inadequate in any financial year, Mr. Varun S. Gupta shall be entitled to aforesaid remuneration as Minimum Remuneration subject to the limit specified in Section II of Part II of the said Schedule V of the Companies Act, 2013."

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized, in the event of any statutory modification or of relaxation by the Central Government in Schedule V to the Companies Act, 2013, to vary or increase the Remuneration including salary, perquisites, allowances etc. within such prescribed limits or ceiling without any further reference to the members of the Company in General Meeting.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary to give effect to the above resolution."

#### 7. INCREASE IN REMUNERATION PAYABLE TO MR. DEEPAK KUMAR GAUR, WHOLE-TIME DIRECTOR OF THE COMPANY

To consider and if thought fit, to pass with or without modification(s), the following resolution as **a Special Resolution**.

**"RESOLVED THAT** subject to the provisions of sections 2(94), 196, 197 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V to the Companies Act, 2013 and the Rules made there under (including any statutory modification or re-enactment thereof) and subject to such approvals as may be necessary in this regard and subject to such conditions as may be imposed by any authority while granting such consent, approvals and permissions and as are agreed to by the Board of Directors (Hereinafter referred to as the Board, which term shall be deemed to include any committee thereof and any person authorized by the Board in this behalf) approval be and is hereby accorded to increase the remuneration payable to Mr. Deepak Kumar Gaur (DIN-07636636), as "Whole-time Director" of the Company upon the terms and conditions as set out herein below:

Period: 3 years with effect from 9<sup>th</sup> November, 2016 with liberty to either party to terminate by giving three months' notice in writing to the other:

Remuneration and Perquisites

- A) Salary: Rs. 6,13,327 Lakhs p.m.
- B) Perquisites: in addition to salary the Whole Time Director shall also entitled to following perquisites and allowances
  - a. Bonus: Annual Bonus as declared by the Company.
  - b. Leave: Leave on full pay as per the rules of the Company.
  - c. Provident fund / Gratuity /Pensions: as per rules of the Company.
  - d. Insurance: Personal Accident Insurance of an amount as per the Company policy
  - e. Car: free use of Company's car including maintenance and operations together with Driver for official purpose.
  - f. Other perquisites: Chauffeur Driven car with fully reimbursed petrol and maintenance expenses.

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rules perquisites shall be evaluated at actual cost. The Board of Directors / Nomination and Remuneration committee shall have authority to approve annual incentive in the range of 15 to 30 percent of the CTC, minimum of 15 %.



**RESOLVED FURTHER THAT** during the currency of tenure of the Whole-time Director, if the company has no profits or its profits are inadequate in any financial year, Mr. Deepak Kumar Gaur shall be entitled to aforesaid remuneration as Minimum Remuneration subject to the limit specified in Section II of Part II of the said Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized, in the event of any statutory modification or of relaxation by the Central Government in Schedule V to the Companies Act, 2013, to vary or increase the Remuneration including salary, perquisites, allowances etc. within such prescribed limits or ceiling without any further reference to the members of the Company in General Meeting."

#### 8. APPROVAL OF REMUNERATION PAYABLE TO COST AUDITOR

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Vishesh Naresh Patani (Membership No. 30328) the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31st, 2019, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

#### 9. APPROVAL OF ARRANGEMENTS/TRANSACTIONS WITH RELATED PARTIES

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**.

**"RESOLVED THAT** pursuant to the provisions of the clause 49(VII) of the Equity Listing Agreement with the Stock Exchange and Section 188 of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014 as applicable and any amendments thereto and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors to ratify / approve all existing contracts / arrangements / agreements and to enter into contract (s) / transaction(s) with "G L Engineering Industries private Limited", " Shree Vaishnav Industries Private Limited", "Isinox Limited", "ISL Global Pte Ltd", "UAB ISL Lithuania" "ISL Europe Spolka Z.o.o" and "ISL Italia Spa" related party within the meaning of the aforesaid law, the value of which either singly or all taken together may exceed ten per cent of the annual consolidated turnover of the Company as per audited financial statements of financial year 2017-18; having the following details and as detailed in the Explanatory Statement annexed hereto:

Description of Contract	Total cumulative contract value with Related Party (Rs. In Crore)
Sale, purchase, supply of any goods, including raw materials, finished products, scrap and capital goods, carrying out / availing job-work and hire of facilities, availing / rendering of marketing/ business transfer and other services, leasing of factory / office premises/facilities or any other transactions.	1626

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory or contractual, in relation to the above and be authorized to approve aforesaid transactions and the terms & conditions thereof.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds and things, to sign, execute all such documents, instruments in writing on an ongoing basis as may be required in its absolute discretion pursuant to the above Resolution."

#### 10. APPOINTMENT OF BRANCH AUDITORS:

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

**"RESOLVED that** pursuant to the provisions of section 143(8) and other applicable provisions, if any, of the Companies Act, 2013 (Act), as amended from time to time, the Board be and is hereby authorized to appoint as Branch Auditors of any branch office of the Company, whether existing or which may be opened/acquired hereafter, outside India, in consultation with the Company's Auditors, any person(s) qualified to act as Branch Auditor within the provisions of section 143(8) of the Act and to fix their remuneration."

**11. TRANSFER OF STEEL-WORKS BUSINESS OF THE COMPANY TO ITS WHOLLY OWNED SUBSIDIARY:**

To consider and if thought fit, to give assent/dissent to the passing of the following resolution as a Special resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 180(1)(a) and any other applicable provisions, if any of the Companies Act, 2013 (“the Act”) (including any statutory modification or re-enactment thereof for the time being in force) read with the Companies (Management and Administration) Rules, 2014, the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“SEBI LODR Regulations”), the provisions of the Memorandum and Articles of Association of the Company, and such other approvals, consents and permissions being obtained from the appropriate authorities to the extent applicable and necessary, the consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred as the “Board” which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute from time to time to exercise its powers including the power conferred by this resolution), to sell / transfer / or otherwise dispose of the entire Steel-Works Business of the Company being conducted by and through the plant located at Khopoli, Raigad district of Maharashtra, including all Steel-Works Business employees, orders, prospects, receivables, payables, loans, inventory, contracts, intellectual property etc. as a going concern together with the use of all the licenses, permits, consent and approvals whatsoever, and all related assets and liabilities except (a) all immovable property consisting of land and buildings (b) plant & machinery and (c) assets and liabilities not belonging to the steel- works business on the terms and conditions as may be decided by the Board to and for the benefit of Indinox Steels Private Limited, a wholly owned subsidiary of the Company for a lump sum consideration upto Rs. 25,00,00,000/- (Rupees Twenty Five Crores only) subject to certain adjustments after closing, as agreed between the parties in terms of the definitive documents.

**RESOLVED FURTHER THAT** the Company shall also enter into a lease agreement for the immovable property and plant and machinery situated at Khopoli, Raigad district, Maharashtra with Indinox Steels Private Limited, a wholly owned subsidiary of the Company at a terms and conditions as may be determined between the Company and the Indinox Steels Private Limited.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to undertake all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be deemed necessary, proper, desirable and expedient in its absolute discretion, for the purpose of giving effect to this resolution and to settle any question, difficulty or doubt that may arise in this regard.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any committee of Directors or to any Director or Officer(s) or Authorised Representative(s) of the Company in order to give effect to this resolution.”

Regd. Office:  
India Steel Works Complex,  
Zenith Compound,  
Khopoli, Raigad-410203

Place: Mumbai  
Date: 15<sup>th</sup> June, 2018

By order of the Board  
India Steel Works Limited

Sudhir Gupta  
Managing Director  
DIN:00010853

**NOTES:**

- A. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.
- B. The instrument appointing the proxy (duly completed, stamped and signed) must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, member would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than 3 days written notice is given to the Company.
- C. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
- D. Statement as required under section 102 (1) of the Companies Act, 2013, in respect of special business is annexed hereto.
- E. The Register of Members and the share transfer books of the Company will remain closed from **Tuesday 14<sup>th</sup> August, 2018 to Monday 20<sup>th</sup> August, 2018** both days inclusive.
- F. The dividend, if declared at the Annual General Meeting, would be paid/dispatched after 20<sup>th</sup> August, 2018 to those persons or their mandates: (a) whose names appear as Beneficial Owners as at the end of the business hours on Monday 13<sup>th</sup> August, 2018 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and (b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/its Registrar and Transfer Agents on or before Monday 13<sup>th</sup> August, 2018.
- G. The Registrar and Transfer Agent of the Company M/s. Link Intime India Pvt Ltd is handling registry work in respect of shares held both in physical form and in electronic / demat form.
- H. Pursuant to Section 72 of the Companies Act, 2013, shareholders holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer Agent. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.
- I. Electronic copy of the 31<sup>st</sup> Annual Report (including the Notice) of the Company inter alia indicating the process and manner of e-voting along with attendance slip and proxy form is being sent to all the Members whose E-mail Ids are registered with the Company/Depository Participants(s) for communication purposes. For Members other than the above, physical copies of the Annual Report are being sent in the permitted mode. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
- J. Members may also note that an electronic copy of the 31<sup>st</sup> Annual Report including Notice along with attendance slip and proxy form will be available on the Company's website at [www.indiasteel.in](http://www.indiasteel.in). Even after registering for e-communication, Members are entitled to receive such communication in physical form, upon making such a request for the same free of cost. For any communication, the shareholders may also send their request to the Company's investor E-mail Id: [cosec@indiasteel.in](mailto:cosec@indiasteel.in)
- K. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Registrar/Company.
- L. Non-Resident Indian Members are requested to inform Link Intime India Pvt Limited, immediately of change in their residential status on return to India for permanent settlement.
- M. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
- N. Members/Proxies/Representatives are requested to bring the attendance slip enclosed to the annual report / notice for attending the meeting.



- O. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- P. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.

**Q. Voting through electronic means**

1. In compliance with the provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Amendment Rules, 2015, the Company is pleased to provide its Shareholders with the facility to exercise their right to vote at the 31<sup>st</sup> Annual General Meeting (AGM) of the Company by 'remote e-voting' (e voting at a place other than the venue of the AGM). The business may be transacted through remote e-voting services provided by the Central Depository Services Limited (CDSL).
2. The facility for voting through polling paper shall also be made available to those shareholders who are present at the 31<sup>st</sup> AGM, but have not cast their votes by availing the remote e-voting facility. The Members who have exercised their voting through the remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.
3. The Company has appointed Ms. Khyati Shah, Practicing Company Secretary (C.P.No. 9574) as Scrutinizer for conducting the remote e- voting and voting process at the AGM in a fair and transparent manner.
4. The instructions to members for voting electronically are as under :
  - (i) The remote e-voting period begins on **17<sup>th</sup> August, 2018 at 09.00 a.m. (IST) and ends on 19<sup>th</sup> August, 2018 at 5.00 p.m. (IST)**. During this period shareholder of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date **13<sup>th</sup> August, 2018**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (iii) Click on Shareholders.
  - (iv) Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (v) Next enter the Image Verification as displayed and Click on Login.
  - (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
  - (vii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible



to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Company Name i.e. India Steel Works Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

**(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

General:

- (a) During the e-voting period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 13<sup>th</sup> August, 2018 may cast their votes electronically. Once the vote on a resolution is cast by the shareholder, he shall not be allowed to change it subsequently.
- (b) The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of 13<sup>th</sup> August, 2018.
- (c) Ms. Khyati Shah, Practicing Company Secretary, Membership No:- 22662 CP No:- 9574 Mumbai, [cskhyatishah@gmail.com](mailto:cskhyatishah@gmail.com) has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (d) The scrutinizer shall within a period of not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

**ANNEXURE TO THE NOTICE****Statement pursuant to section 102 of Companies Act, 2013 in respect of special business and details pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015:****ITEM NO.6: REAPPOINTMENT OF MR. VARUN S. GUPTA AS A WHOLE-TIME DIRECTOR OF THE COMPANY**

Mr. Varun Gupta is a graduate in Business administration from the Bond University, Gold Coast, Australia. He started his career as a sales representative in Australia and later joined the Company in 2007 as a Management Trainee. On December 29, 2008 he was appointed as Management Executive. On 17 December, 2009 he was appointed as an Additional Director by the Board and appointed as Executive Director w.e.f. 1.07.2010 for a period of 3 years, ended on 30th June, 2012 instead of 30th June, 2013.

The Board of Directors of the Company at its meeting held on 28<sup>th</sup> May, 2018 has, subject to the approval of members, re-appointed Mr. Varun S. Gupta, as Whole-time Director of the Company, for a period of 3 (three) years with effect from 1<sup>st</sup> July, 2018 at the remuneration approved by the Nomination & Remuneration Committee and also by the Board.

In accordance to the provisions of Section 2(94), 196,197,198 and 203 read with schedule V and other applicable provisions including rules, regulations made there under, if any, of the Companies Act, 2013, ("the Act"), that the terms and conditions of such appointment and remuneration payable be approved by the Board of Directors at a meeting which shall be subject to approval by shareholders at ensuing general meeting.

Broad particulars of the terms of re-appointment of and remuneration payable to Mr. Varun S. Gupta as Whole-time Director are more specifically mentioned in the Resolution.

The said Director will perform such duties as shall from time to time be entrusted to him by the Board of Directors and subject to superintendence, guidance and control of the Board. The appointment may be terminated by giving the other 2 (two) months' prior notice in writing. Mr. Varun S. Gupta satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his re-appointment. He is not disqualified from being appointed as Directors in terms of Section 164 of the Act.

The statement as required under Part II of Section II, of the Schedule V of the Companies Act, 2013 with reference to:

- i. Payment of Remuneration is approved by the Board as well as the Nomination & remuneration committee of the Company.
- ii. The Company has not made any default in repayment of any of its debts or interest payable thereon for a continuous period of thirty days in the preceding financial year before the date of appointment of such managerial person;
- iii. a statement along with a notice calling the general meeting referred to in clause (iii) is given to the shareholders containing the following information, namely:-
  - I. General Information:
    - (1) Nature of Industry: Manufacturing of Stainless Steel and alloy steel long products.
    - (2) Date or expected date of commencement of commercial production: Existing Company, already commenced from 1987.
    - (3) Financial performance based on given indicators

(Rs. In Lakhs)

Sr. No	Particulars	For the year ended 31.03.2017	For the year ended 31.03.2018
1	Net sales / Income	114,907.79	96,729.01
2	Other operating Income	1004.11	2,953.85
3	Total Expenditure	115,873.72	99,186.88
4	Finance Cost	1900.44	1,674.43



Sr. No	Particulars	For the year ended 31.03.2017	For the year ended 31.03.2018
5	Profit/(loss) before Tax	38.18	419.45
6	Tax Expenses	3.25	-
7	Net Profit/(loss): For the year	34.94	419.45
8	Total comprehensive income for the year	29.07	508.15

(4) Export performance and net foreign exchange earnings: on FOB basis is Rs. Rs.285,285,750/-

(5) Foreign Investments or Collaborators, if any: Nil

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any: NIL

Mr. Varun S. Gupta is a Promoter Director holding 204800 Equity shares consisting of the paid-up capital of the Company. Apart from receiving remuneration as stated above he does not receive any emoluments from the Company. Besides Isinox Limited, public limited company he has no Directorship in other public limited Companies in India. Mr. Varun Gupta (Whole-time Director) is Son of Mr. Sudhir H. Gupta. No other managerial personnel have any relationship with Mr. Varun S. Gupta.

#### ITEM NO.7: INCREASE IN REMUNERATION PAYABLE TO MR. DEEPAK KUMAR GAUR, WHOLE-TIME DIRECTOR OF THE COMPANY

The Board of Directors of the Company appointed, pursuant to the provisions of sub-section (1) of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company, and on the basis of the recommendation of Nomination & Remuneration Committee, Mr. Deepak Kumar Gaur ( DIN 07636636), who was appointed as an Additional Director w.e.f. 9th November, 2016 and regularized as Whole-time Director in the Annual General Meeting held on 9th August, 2017 under section 152, 196 and 197 of the Companies Act, 2013. Further, the said increase in remuneration was passed in the Board Meeting 9<sup>th</sup> February, 2018 with the approval of shareholders in the ensuing General Meeting, where the said increase in placed before the shareholder for its approval.

Period: 3 years with effect from 9<sup>th</sup> November, 2016 with liberty to either party to terminate by giving three months' notice in writing to the other:

Remuneration and Perquisites

- A) Salary: Rs. 6,13,327 Lakhs p.m.
- B) Perquisites: in addition to salary the Whole Time Director shall also entitled to following perquisites and allowances
- g. Bonus: Annual Bonus as declared by the Company.
  - h. Leave: Leave on full pay as per the rules of the Company.
  - i. Provident fund / Gratuity /Pensions: as per rules of the Company.
  - j. Insurance: Personal Accident Insurance of an amount as per the Company policy
  - k. Car: free use of Company's car including maintenance and operations together with Driver for official purpose.
  - l. Other perquisites: Chauffeur Driven car with fully reimbursed petrol and maintenance expenses.

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rules perquisites shall be evaluated at actual cost. The Board of Directors / Nomination and Remuneration committee shall have authority to approve annual incentive in the range of 15 to 30 percent of the CTC, minimum of 15 %.

Mr. Deepak Kumar Gaur does not hold any shares directly or indirectly in the Company. He is an Director in a Public Limited Company, Isinox Limited.

Copy of draft letters for appointment of Mr. Deepak Kumar Gaur as Director, setting out the terms and conditions are available for inspection by members at the registered Office of the Company.

**DETAILS OF DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT:**

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the stock exchange details of the Directors seeking re-appointment are as follows:

Mr. Ashwinkumar H. Gupta is a Chairman, Promoter and Whole-time Director of the Company since 2009. B. Tech from the Bombay University and has been associated with the Company since incorporation. He holds 5515825 shares consisting of 1.39% of the Equity share Capital of the Company. He has other Directorships in following Private Companies and none in Public Limited Companies:

Watertight Developers Private Limited  
Yeotmal Land development And Trading Co Private Limited  
Isicom Traders Private Limited  
Isistar Exports Private Limited  
India Steel International Private Limited  
Emgee Homes Private Limited  
Isimetals (India) Private Limited  
Isiworld Steels Private Limited  
Gupta Housing Private Limited  
Harbour View Realty Private Limited  
Gupta Re-Developers LLP

Mr. Deepak Kumar Gaur is a whole-time Director of the Company since 9<sup>th</sup> November, 2016. Graduate in Science and Mechanical Engineering .He has also completed his Master degree in Business Administration with specialisation in Marketing and Human Resource from Nagpur University. He has rich experience of over 21 years in Operations of Various Iron and Steel Plants. He does not hold any shares in the Company.

None of the Directors are concerned or interested in the resolution.

**ITEM NO.8: APPROVAL OF REMUNERATION PAYABLE TO COST AUDITOR**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31<sup>st</sup>, 2019 as per the following details:

Name of the Cost Auditor: Vishesh N. Patani

Audit fees: Rs. 150,000/-

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 8 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31<sup>st</sup>, 2018.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at the Notice.

The Board recommends the Ordinary Resolution set out at the Notice for approval by the shareholders.

**ITEM NO.9: APPROVAL OF ARRANGEMENTS/TRANSACTIONS WITH RELATED PARTIES**

Pursuant to Section 188 of the Companies Act, 2013 ("the Act"), read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 the Company is required to obtain consent of the Board and prior approval of the members by special resolution in case certain Related Party Transactions exceed such sum as is specified in the rules. The aforesaid provisions are not applicable in respect transactions entered into by the Company in the ordinary course of business on arm's length basis.



However, pursuant to Regulation 23 with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the shareholders through special resolution is required for all 'material related party transactions (RPT) even if they are entered into in the ordinary course of business on arm's length basis. For this purpose, a RPT will be considered 'material' if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year 10% or more of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

The following transactions to be entered into by the Company, together with transactions already entered into by the Company with "G L Engineering Industries private Limited", " Shree Vaishnav Industries Private Limited", "Isinox Limited", "ISL Global Pte Ltd", "UAB ISL Lithuania" "ISL Europe Spolka Z.o.o" and "ISL Italia Spa". related party, during the current financial year, even though are in the ordinary course of business and on an arm's length basis, are estimated to 10% or more of the annual consolidated turnover of the Company as per the audited financial statements of the Company for the year ended 31<sup>st</sup> March, 2018:-

Sl. No	Nature of Transaction	FY: 2017-18 Estimated Annual Value of Contracts & Services [in Rs. crore]
<b>Sale of Goods &amp; rendering of Services by the Company to Isinox Limited (Formerly Known as Isinox Steels Limited)</b>		
1	Sale	1080
2	Job Work Income	120
<b>Total Income</b>		<b>1200</b>
<b>Purchase of Goods &amp; receiving of Services by the Company from Isinox Limited(Formerly Known as Isinox Steels Limited)</b>		
1	Purchase	360
2	Job Work Charges / Hire Charges	60
3	Rent	6
<b>Total Expenditure</b>		<b>426</b>
<b>Total Transaction Value</b>		<b>1626</b>

The other particulars of the transaction pursuant to para 3 of Explanation (1) to Rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014 are as under:

1. Name of the related parties: "G L Engineering Industries Private Limited", "Shree Vaishnav Industries Private Limited", "Isinox Limited", "ISL Global Pte Ltd", "UAB ISL Lithuania" "ISL Europe Spolka Z.o.o" and "ISL Italia Spa".
2. Name of the director or key managerial personnel who is related, if any: Mr. Ashwin H Gupta, Mr. Sudhir H Gupta, Mr. Varun S Gupta, Mr. Deepak Kumar Gaur, Mr. T R Bajalia, Mrs. Kavita Joshi and Ms. Sowmya Prabhu
3. Nature of relationship: Isinox Ltd., is owned by the aforesaid Promoter Directors and their relatives. Mr. Deepak Kumar Gaur is a Technical Director on Board of both the Companies though he does not have any shareholding in either of the Companies. ISL Global Pte Ltd is a wholly owned subsidiary of Isinox limited.
4. Nature of the Contract or arrangement : purchases, sells, availing services and also rendering services, giving advances against its orders, providing and accepting short term Inter Corporate Deposits to/from the Company in normal course of business at commercial terms, from time to time, on an on-going concern basis. Isinox Ltd. has also entered into a long-term 'Conversion Agreement' JOB WORK AGREEMENT with the Company with effect from 1st April 2014.
5. Material Terms of the Contract or arrangement including the value: The Contracts/arrangements/Agreements are renewable mutually for further periods as the Board may deem fit. The business value of the transactions could be up to Rs.1626 crores. p.a.(based on last year's operational value).
6. Any other information relevant or important for the members to take a decision on the proposed resolution: All transactions are mutually beneficial to the business of both the Companies wherein pricing and other commercial terms are determined on the basis of prevalent market terms. Both the Companies are also subject to the transfer pricing norms prevalent in the Country.



Except Mr. Ashwin H Gupta, Mr. Sudhir H Gupta, Mr. Varun S Gupta, Mr. Deepak Kumar Gaur, Mr. T R Bajalia and Mrs. Kavita Joshi, none of the other Directors, Key Managerial Personnel of the Company or their respective relatives are in any way concerned or interested in the said Resolution.

The above transactions are approved by the Audit Committee as per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges. In view the above, it is proposed to seek approval of the members of the Company through Special resolution for the above transactions and the related parties are abstained from voting on the said resolution. None of the Directors, Key Managerial Personnel or their relatives is interested or concerned in the said resolution except for their holdings in the shares of the Company and to the extent of their memberships and/ or directorships in the Isinox Limited and ISL Global Pte Ltd.

The Board recommends the Resolution at the Notice for approval of the Members.

**ITEM NO. 10. APPOINTMENT OF BRANCH AUDITORS**

The Company has branch outside India and may also open/acquire new branches outside India in future. It may be necessary to appoint branch auditors for carrying out the audit of the accounts of such branches. The Members are requested to authorize the Board of Directors of the Company to appoint NATARAJAN & SWAMINATHAN, Chartered Accountants of Singapore, branch auditors in consultation with the Company's Auditors and fix their remuneration.

The Board recommends the Resolution at Item No.10 for approval by the Members.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP is concerned or interested in the Resolution at Item No.10 of the accompanying Notice.

**ITEM NO. 11 : TRANSFER OF STEEL-WORKS BUSINESS OF THE COMPANY TO ITS WHOLLY OWNED SUBSIDIARY**

After considering and discussing in deep about the current situation being faced by the Company during the board meeting held on 15<sup>th</sup> June 2018, the Board is contemplating to reorganize the business to achieve among other matters a) operational ease of manufacturing and compliance, b) better funding and utility of the manufacturing facility of Company, c) efficient business model and other transaction benefits.

Consequent to this the board seeks approval of shareholders of the Company for

- (i) The sale of the Steel-Works Business and all related assets and liabilities except (a) all immovable properties consisting of land and buildings (situated at Khopoli, Raigad district, Maharashtra) (b) plant & machinery and (c) assets and liabilities not belonging to the Steel-Works Business, on a going concern to Indinox Steels Private Limited, a wholly owned subsidiary of the Company ("WOS") in accordance with the terms as may be agreed between the Company and the Transferee and agreed under the definitive agreements.
- (ii) To enter into a lease agreement for the immovable property and plant and machinery situated at Khopoli, Raigad district, Maharashtra with Indinox Steels Private Limited, a wholly owned subsidiary of the Company at a terms and conditions as may be determined between the Company and WOS.

Accordingly, the Company and the Transferee shall enter into suitable documentation which shall inter-alia provide for the terms for transfer of Steel-Works Business and Lease of immovable property of the Company to the WOS.

The transfer of Steel-Works Business would primarily result into segregation of the Steel-Works Business into a wholly-owned subsidiary thereby, (a) enabling enhanced focus on marketing and development of newer markets by the wholly-owned subsidiary; (b) ability to attract new investments on account of an asset-light operation being conducted by the wholly-owned subsidiary; (c) enhancing cost competitiveness by improving focus on facilities management; (d) enhanced ability to raise debt resources.



Key terms of proposed transfer:

- a. Effective date of proposed transfer is 21<sup>st</sup> August 2018, subject to change as per terms agreed between the Company and WOS.
- b. Effective date of proposed lease is 21<sup>st</sup> August 2018, subject to change as per terms agreed between the Company and WOS.
- c. To transfer the Steel-Works Business, as mentioned above, for a lump sum consideration upto Rs. 25,00,00,000/- (Rupees Twenty Five Crores only) plus/minus any adjustments upto the closing date.["**Sale Consideration**"];
- d. Completion of the transfer and settlement of the purchase consideration shall be subject to receipt of approval of the Company and such regulatory/other approvals as may be required.
- e. The transfer of Steel-Works Business includes transfer of all assets, liabilities, employees, licences, permits etc., except for such assets, liabilities, employees and other resources which have been specifically excluded.
- f. The assets and liabilities being transferred to the Transferee with the Steel-Works Business may not include assets and liabilities relating to any other businesses of the Company.
- g. The Board of the Company shall be authorised to identify the assets and liabilities that may be transferred as a part of the transfer to wholly-owned subsidiary and finalise the sale consideration.

The total income of the business for the year ended March 31, 2018 was Rs. 99682.86 Lakhs. The profit before tax of the business for the year ended March 31, 2018 was Rs. 419.45 Lakhs.

Based on the position as on March 31, 2018, the book value of net assets being transferred is approx..Rs. 15 crores; which would further undergo change depending on the actual position as on closing date. The Sale Consideration under the definitive agreement shall be determined on the basis of position as on completion date.

The afore-mentioned excluded immovable properties being land, buildings and plant & machinery which shall be given on lease basis to Indinox Steels Private Limited, a wholly owned subsidiary of the Company at terms as may be agreed between the Company through Board of Directors and the WOS.

In terms of Section 180(1)(a) of the Act, shareholders' approval is required by a company to sell or otherwise dispose-off the whole or substantially the whole of the undertaking of the company. An undertaking is defined to mean an undertaking in which the investment of a company exceeds 20% of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates 20% of the total income of a company during the previous financial year. Given that the undertaking being transferred generated more than 20% of the total income during the previous financial year ended March 31, 2018, the sale / transfer of the Steel-Works Business requires approval of the members by a special resolution under Section 180(1)(a) of the Act, Hence The approval of the members of the Company is accordingly being sought for the proposed transaction.

None of the Directors, Key Managerial Personnel of the Company and their respective relatives are interested or concerned in the said Resolution except to the extent of their respective shareholding, if any, in the Company.

Regd. Office:  
India Steel Works Complex,  
Zenith Compound,  
Khopoli, Raigad-410203

By order of the Board  
India Steel Works Limited

Place: Mumbai  
Date: 15<sup>th</sup> June 2018

Sudhir Gupta  
Managing Director  
DIN:00010853





## INDIA STEEL WORKS LIMITED

(CIN: L29100MH1987PLC043186)

**Regd. Office:** India Steel Works Complex, Zenith Compound, Khopoli, Raigad-410203

**Tel :**+912192265812; **Fax :** +912192264061/+912249102099 **Website:** [www.indiasteel.in](http://www.indiasteel.in) **E-mail:** [cosec@indiasteel.in](mailto:cosec@indiasteel.in)

### ATTENDANCE SLIP

Reference Folio No./ Client ID \_\_\_\_\_

No. of Shares \_\_\_\_\_

Name of shareholder \_\_\_\_\_

I/We hereby record my/our presence at the 31<sup>st</sup> ANNUAL GENERAL MEETING of the Company held on Monday 20<sup>th</sup> August, 2018 at 11:00 a. m. at the Registered Office of the Company at India Steel Works Complex, Zenith Compound, Khopoli, Raigad - 410203, Maharashtra.

\_\_\_\_\_

Signature of the Shareholder/Proxy

Please fill attendance slip and hand it over at the entrance of the meeting hall.

TEAR HERE





# INDIA STEEL WORKS LIMITED

(CIN: L29100MH1987PLC043186)

**Regd. Office:** India Steel Works Complex, Zenith Compound, Khopoli, Raigad-410203

**Tel :**+912192265812; **Fax :** +912192264061/+912249102099 **Website:** www.indiasteel.in **E-mail:** cosec@indiasteel.in

## PROXY FORM-MGT-11

Name of the member(s):

E-mail ID:

Registered address:

Folio No/DP ID-Client ID:

I/We, being the member (s) of .....shares of the above named company, hereby appoint

( 1 )

Name:	
E-mail Id:	
Address	
Signature	

or failing him

( 2 )

Name:	
E-mail Id:	
Address	
Signature	

or failing him

( 3 )

Name:	
E-mail Id:	
Address	
Signature	

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 31<sup>st</sup> Annual General Meeting of the Company, to be held on the Monday 20<sup>th</sup> August, 2018 at 11:00 a.m at India Steel Works Complex, Zenith Compound, Khopoli, Raigad - 410203 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr.No.	Resolutions	For	Against
<b>ORDINARY BUSINESS</b>			
1	Adoption of Financial Statements for the year ended 31 <sup>st</sup> March, 2018.		
2	Declaration of Dividend on fully paid up Preference shares.		
3	Re-appointment of Mr. Ashwinkumar H. Gupta who retires by rotation.		
4	Re-appointment of Mr. Deepak Kumar Gaur who retires by rotation.		
5	Appointment of M/s, Laxmikanth Kabra & Co., Chartered Accountants, Auditors of the Company & fixing remuneration.		
6	Approval to the re-appointment of Mr. Varun S. Gupta as Whole-time Director of the Company.		
7	Increase in remuneration to be payable to Mr. Deepak Kumar Gaur, whole time Director of the Company.		
8	Ratification of Remuneration payable to Cost Auditor.		
9	Approval of arrangements / transactions with related parties.		
10	Appointment of Branch Auditors.		
11	Transfer of Steel-Works Business of the Company to its Wholly owned Subsidiary.		

Signed.....this..... day of.....2018.

Signature of Shareholder

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

Affix Revenue Stamp not less than ₹ 1

Notes:

1. Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to Notice of the 30<sup>th</sup> Annual General Meeting.
3. It is optional to put a 'X' in the appropriate column against the resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.

TEAR HERE





If undelivered Please Return to :



**Registered Office :** India Steel Works Complex, Zenith Compound, Khopoli,  
Raigad-410203, Maharashtra.  
Telephone : 02192 266005/ 02192 266007 Fax : 02192 264061 E Mail : [info@indiasteel.in](mailto:info@indiasteel.in)  
**Website :** <http://www.indiasteel.in>