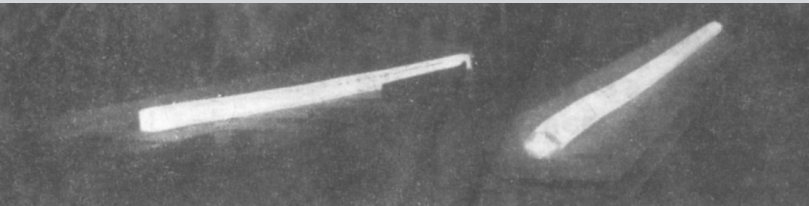


# Annual Report 2017 - 2018



**AKC STEEL INDUSTRIES LIMITED****CORPORATE INFORMATION**

**BOARD OF DIRECTORS** : Mr. Mukesh Chand Bansal  
Mr. Ashok Kumar Bansal  
Mr. Manav Bansal  
Mr. Bhal Chandra Khaitan  
Mr. Brijesh Kumar Dalmia  
Mr. Tapan Kumar Banerjee  
Ms. Shyanthi Sengupta

**BANKERS** : Yes Bank Ltd.

**AUDITORS** : M/s. S. Jaykishan & Co.  
Chartered Accountants

**COMPANY SECRETARY** : Mr. Bishwajit Singh

**REGISTERED OFFICE** : 'Lansdowne Towers'  
2/1A, Sarat Bose Road,  
4<sup>th</sup> Floor, Kolkata: 700 020  
Tel: (033) 4060 4444  
Fax: (033) 2283 3322  
Email: [contact@akcsteel.com](mailto:contact@akcsteel.com)  
Web: [www.akcsteel.com](http://www.akcsteel.com)

**REGISTRAR & SHARE  
TRANSFER AGENT** : M/s. Maheshwari Datamatics Pvt. Ltd.  
23, R. N. Mukherjee Road,  
5th Floor Kolkata-700 001  
Phone: (033) 2243-5029/2248-2248  
Fax : (033) 22484787  
Email: [mdpldc@yahoo.com](mailto:mdpldc@yahoo.com)

**WORKS** : Post: Malkapuram  
Visakhapatnam: 530 011  
Andhra Pradesh  
Tel: (0891)257-7483  
Fax: (0891) 2577 796  
Email: [akcsteelvizag@eth.net](mailto:akcsteelvizag@eth.net)

**MACHINE SHOP/STOCKYARD** : Plot No. 42, 43A, Block-D,  
Autonagar Yard,  
Visakhapatnam: 530 012  
Andhra Pradesh  
Tel: (0891) 2511 595

## DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

Your Directors hereby presents you the 45<sup>th</sup> Annual Report on the business and operations of your Company along with the audited accounts of the Company for the year ended 31<sup>st</sup> March, 2018:

### FINANCIAL RESULTS

(Rs in lakhs)

Particulars	Financial Year 2017-18	Financial Year 2016-17
Revenue from Operations	429.26	561.83
Profit for the Year before Interest, Depreciation & Tax	146.88	106.90
Interest	50.49	59.91
Depreciation	104.46	101.02
<b>Profit / (Loss) Before Taxation</b>	<b>(8.07)</b>	<b>(54.04)</b>
Provision for Tax	-	3.28
Income Tax adjustments	3.28	-
Gratuity /Leave Provisions	-	-
Provision for Tax-Deferred Tax	(59.21)	17.29
<b>Net Profit / (Loss) for the Year</b>	<b>(64.05)</b>	<b>(36.10)</b>
Balance of Profit for the Previous Year	95.34	131.45
Balance available for appropriation	31.29	95.34
Additional Depreciation	-	-
<b>Balance carried forward to next year</b>	<b>31.29</b>	<b>95.34</b>

ANNUAL  
REPORT  
2017-18

03

### RESULTS OF OPERATIONS

During the financial year 2017-18, Global economy was aided by rebound in global trade, investment recovery in advanced economies and continued growth in emerging Asia. While India's crude steel and finished steel production increased to 102.34 MT and 104.98 MT respectively.

Revenue from operations for FY 2017-18 stood at 429.26 Lakhs against revenue of Rs. 561.83 Lakhs as reported during the previous year. In the current year under review the turnover of your Company has declined due to shutdown of operation as well as decline in trading operations. Your Company has almost stopped trading activities as there is least margin of profit in trading. In the meantime your Company is focusing mainly on machining job in which a good margin of profit can be achieved. Your Company has prudently leased out its unutilized land and increased its revenue substantially. The drop in turnover of about Rs. 132.57 Lakhs is mainly on account of decline in trading activities.

There is an increase in operating EBIDTA by 37.39 % to Rs 39.98 Lakhs comparing with the previous year. The net Loss after tax during the year was Rs. 64.05 Lakhs against a loss of Rs. 36.10 Lakhs in the previous Year. The increase in loss during the year was mainly due to change in inventories cost. Your Company's factory was shutdown since the year 2012 due to non-renewal of lease by Andhra Pradesh Port trust and your Company has taken legal recourse to renew the lease. Your Board of Directors has recommended to lease out Company's Land at Parwada, Visakhapatnam for a long term lease of 30 years to the group Company, M/s. Beekay Steel Industries Ltd. from which your Company will earn substantial revenue during the coming years.

### DIVIDEND

In view of loss, your Directors are unable to recommend any dividend for the financial year 2017-18.

Pursuant to the provision of the Companies Act the amount of unpaid and unclaimed dividend lying in the Unpaid Dividend Account becomes due to be transferred to Investor Education & Protection Fund ("IEPF") established by the Central Government after a period of 7 (seven) years from the date of its transfer to the Unpaid Dividend Accounts of the Company. Your Directors therefore suggest you to claim the unpaid dividend before the last date. The unpaid and unclaimed Dividend for the year 2010-11 is due to be transferred to Investor Education & Protection Fund ("IEPF") by 26<sup>th</sup> November, 2018 and last date of claiming the unpaid & unclaimed dividend is 23<sup>rd</sup> September, 2018. The details of unpaid & unclaimed dividend lying in the unpaid dividend account for the years 2010-11 is mentioned in the corporate governance report.

Your Company has taken initiative to transfer equity shares to Investor Education Protection Fund (IEPF) of those shareholders who have not claimed dividend for a period of 7 years with effect from the F.Y. 2009-10, as per the IEPF Rules notified by the Central Govt. from time to time in this respect.

### SHARE CAPITAL:

The paid up equity capital as on March 31, 2018 was Rs. 415.00 Lakhs. The company has neither issued shares with differential voting rights nor granted stock options nor sweat equity during the financial year under review.

**FINANCE:**

The company continues to focus on judicious management of its working capital, and other working capital parameters were kept under strict check through continuous monitoring.

**DEPOSITS:**

The Company has not accepted any fixed deposits during the year to which the provisions of Section 73 of the Companies Act, 2013 are applicable.

**AMOUNT TRANSFERRED TO RESERVES**

The Company has not transferred any amount to the General Reserves out of the profit for the financial year ended 31st March, 2018.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

During the period under review, the Company has neither given any loans or guarantees and has not made any investment. The overall limit is within the powers of the Board as applicable to the Company in terms of section 179 and 186 of the Companies Act, 2013.

The detail of the investments, loans or guarantees made by the company is given in the notes to the financial statements.

**INTERNAL FINANCIAL CONTROLS**

The Company has implemented and evaluated the Internal Financial Controls which provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes and policies, safeguarding of assets, prevention and detection of frauds, accuracy and completeness of accounting records.

The Company has in place an adequate and robust system for internal financial controls commensurate with the size and nature of its business. Internal control systems are integral to the Company's corporate governance policy and no reportable material weaknesses were observed in operations.

The Audit Committee of the Company evaluated the adequacy of internal financial control. During the year such controls were tested with reference to financial statements and no reportable material weakness in the formulation or operations were observed. The Statutory Auditors of the Company conducted audit on the Company's internal financial control over financial reporting and the report of the same is annexed with Auditor's Report

**CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

The Company has generally taken corporate social responsibility (CSR) initiatives under the Group. However, the present financial position of the Company does not mandate the implementation of CSR activities pursuant to the provisions of Section 135 and Schedule VII of the Companies Act, 2013. The Company will constitute CSR Committee, develop CSR policy and implement the CSR initiatives whenever it is applicable to the Company.

**EXTRACT OF ANNUAL RETURN**

In accordance with the provisions of Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 the details forming part of the extract of the annual return in Form No. MGT-9, is marked as 'Annexure – A' and annexed hereto and forms a part of this report.

**NUMBER OF MEETINGS OF THE BOARD**

The Board of Directors met 4 (four) times during the year and the maximum interval between two meetings did not exceed 120 days. The details of the number of meetings of the Board held during the financial year 2017-18 forms part of the Corporate Governance Report.

**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information in accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013, read with rule 8(3) of the Companies (Accounts) Rules, 2014 regarding conservation of energy, technology absorption are not required to be given as the operation of unit has been closed since the year 2012. There is no foreign exchange earnings and outgo during the year under review. The Company has not undertaken any Research & Development activities during the year under review.

**DIRECTORS' RESPONSIBILITY STATEMENT**

As required by Section 134(3) (c) & 134 (5) of the Companies Act, 2013 your Directors state that:

- (a) in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2018, the applicable accounting standards have been followed with proper explanation relating to material departures, if any;
- (b) the accounting policies adopted in the preparation of the annual accounts have been selected and applied consistently except as otherwise stated in the Notes to Financial Statements and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year 2017-18 and of the profit for the year ended 31st March, 2018;

- (c) 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;
- (d) the annual accounts for the year ended 31<sup>st</sup> March, 2018, have been prepared on a going concern basis.
- (e) proper internal financial controls were in place and that the internal financial controls were adequate and were operating effectively.
- (f) proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

#### **DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received necessary declaration from each Independent Director of the Company under Section 149 (7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149 (6) of the Companies Act, 2013 and Regulation 16(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the SEBI (LODR), Regulations, 2015).

#### **COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION**

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and the SEBI (LODR), Regulations, 2015, the Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee, has formulated a Remuneration Policy.

The remuneration policy of the Company, inter alia, includes the aims and objectives, principles of remuneration, guidelines for remuneration/sitting fees to Executive Directors and Non-Executive Directors, fixed and variable components in the remuneration package, criteria for identification of the Board Members and appointment of senior management.

The criteria for identification of the Board Members including that for determining qualification, positive attributes, independence etc. are given here under:

- ❖ The Board Member shall possess appropriate skills, qualification, characteristics and experience. The objective is to have a Board with diverse background and experience in business, government, academics, technology, human resources, social responsibilities, finance, law etc. and in such other areas as may be considered relevant or desirable to conduct the Company's business in a holistic manner.
- ❖ Independent Director shall be person of integrity and possess expertise and experience and/or someone who the Committee/Board believes could contribute to the growth/philosophy/strategy of the Company.
- ❖ In evaluating the suitability of individual Board Members, the Committee takes into account many factors, including general understanding of the Company's business dynamics, global business, social perspective, educational and professional background and personal achievements.
- ❖ Director should possess high level of personal and professional ethics, integrity and values. He should be able to balance the legitimate interest and concerns of all the Company's stakeholders in arriving at decisions, rather than advancing the interests of a particular constituency.
- ❖ Director must be willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively. He must have the aptitude to critically evaluate management's working as part of a team in an environment of collegiality and trust.
- ❖ The Committee evaluates each individual with the objective of having a group that best enables the success of the Company's business and achieve its objectives.

#### **RELATED PARTY TRANSACTIONS**

All transactions entered with related parties during the financial year 2017-18 are on arm's length basis and were in the ordinary course of business and hence not falling under the provisions of Section 188 of the Companies Act, 2013. There have been no materially significant related party transactions with the Company's Promoters, Directors and others as defined in Section 2(76) of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which may have potential conflict with the interest of the Company at large.

The necessary disclosures regarding the transactions as required in Form AOC 2 are given in the notes to accounts. The Company has also formulated a policy on dealing with the Related Party Transactions and necessary approval of the Audit Committee and Board of Directors were taken wherever required in accordance with the Policy. The Company has not entered into any specific contract with related parties.

#### **RISK MANAGEMENT**

Your Company has built a robust risk management framework over the years. The Company has a robust Risk Management framework to identify, evaluate business risks, and opportunities. This framework seeks to minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The framework also defines the risk management approach across the enterprise at various levels. Risk Management forms an integral part of the Company's planning process.

**BOARD EVALUATION & CRITERIA FOR EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 the Board carried out an annual performance evaluation of its own performance, the individual Directors as well as the working of the Committees of the Board. 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 Independent Directors. Details of the same are given in the Report on Corporate Governance annexed hereto.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL****I) Directors-Retirement by Rotation:**

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Mukesh Chand Bansal (DIN : 00103098 ), retires by rotation from the Board at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

**II) Appointment/ Re-appointment of Director :**

The present terms of appointment of Mr. Bhal Chandra Khaitan (DIN: 00343007) as Independent Director would expire on 31<sup>st</sup> March, 2019. The Board of Directors at its meeting held on 13<sup>th</sup> August, 2018 has re-appointed Mr. Bhal Chandra Khaitan as Independent Director pursuant to the provisions of sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Director) Rules, 2014 subject to the approval of members by a special resolution in the ensuing Annual General Meeting of the Company, for a further period of 5 (Five) years being 2<sup>nd</sup> term of his appointment commencing from 1<sup>st</sup> April, 2019 on such terms and conditions. In accordance to the verification made by the Company and its Nomination Committee, the aforesaid Director is not debarred from holding of official Director pursuant to any SEBI Order.

**III) Key Managerial Personnel**

Mr. Bishwajit Singh has resigned from the office of Company Secretary and Compliance Officer of the Company with effect from June 9, 2018. The company has initiated to appoint Company Secretary and Compliance Officer as KMP to fill in the vacancy.

In view of the provisions of Section 203 of the Companies Act, 2013, Mr. Ashok Kumar Bansal, Wholetime Director and Mr. R. Jagadeeswara Rao, Chief Financial Officer (CFO) were identified and designated as Wholetime Key Managerial Personnel.

During the year under review, there was no change in the composition of the Board of Directors.

None of the Directors of the Company are disqualified as per section 164(2) of the Companies Act, 2013 and rules made thereunder. The Directors have also made necessary disclosures to the extent as required under provisions of section 184(1) as applicable

**DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and company's operations in future.

**MATERIAL CHANGES AFFECTING THE COMPANY**

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and date of this Report. There has been no change in the nature of business of the Company.

**Indian Accounting Standards**

The Ministry of Corporate Affairs (MCA), vide its notification in the Official Gazette dated February 16, 2015 notified the Indian Accounting Standards (Ind AS) applicable to certain classes of companies. Ind AS has replaced the existing Indian GAAP prescribed under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. Thus Ind AS is applicable to your Company w.e.f. 1<sup>st</sup> April, 2016.

**VIGIL MECHANISM/WHISTLE BLOWER POLICY**

In compliance with provisions of Section 177(9) of the Companies Act, 2013 and SEBI (LODR) Regulation, 2015, the Company has framed a Vigil Mechanism/Whistle Blower Policy to deal with unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy, if any. The Vigil Mechanism/Whistle Blower Policy has also been uploaded on the website of the Company.

The Audit committee oversees the vigil mechanism and the persons who avail the mechanism are encouraged to escalate to the level of the Audit Committee for any issue of concerns impacting and compromising with the interest of the Company and its stakeholders in any way. This policy also allows the direct access to the Chairperson of the Audit Committee.

**DETAILS RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND EMPLOYEES**

Disclosure pertaining to remuneration and other details 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 is marked as '**Annexure – B**' which is annexed hereto and forms part of the Directors' Report.

## **PARTICULARS OF EMPLOYEES**

As required under the provisions of the Companies Act, 2013 and Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, particulars of the employees concerned forms a part of the Directors' Report. Having regard to the provisions of Section 136 of the Companies Act, 2013, the Annual Report excluding the aforesaid information is being sent to the members of the Company. Any member interested in obtaining such particulars may write to the Company Secretary of the Company.

## **COMPANY'S WEBSITE**

The website of your Company, [www.akcsteel.com](http://www.akcsteel.com), has been designed to present the Company's businesses up-front on the home page. All the mandatory information and disclosures as per the requirements of the Companies Act, 2013 and Companies Rules 2014 and as per the SEBI (LODR), 2015 has been uploaded. The site carries a comprehensive database of information including the Financial Results of your Company, Shareholding pattern, Director's & Corporate profile, details of Board Committees, Corporate Policies and business activities of your Company.

## **AUDITORS & AUDITORS' REPORT**

### **Statutory Auditors :**

The present Statutory Auditors, M/s. S. Jaykishan & Co., Chartered Accountants, holds office upto the conclusion of the Annual General Meeting (AGM) to be held for the financial year 2018-19. With the amendment of Section 139 of the Companies Act, 2013 and Rule 3(7) of The Companies (Audit and Auditors) Rules, 2014 as amended by the Companies (Amendment) Act, 2017 effective from 7<sup>th</sup> May, 2018, the ratification of the Auditors in each of the Annual general meeting has been done away with and they would not be subject to ratification during continuation of in the office of the Auditors' of the Company. Accordingly, requisite modification has been proposed for consideration of the shareholders in the ensuing Annual General Meeting.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.

### **Secretarial Auditor:**

In terms of Section 204 of the Companies Act, 2013 and the rules made there under, the Board had appointed Mr. Santosh Kumar Tibrewalla, Practising Company Secretary to conduct Secretarial Audit of the Company for the Financial Year 2017-18. The Secretarial Audit Report as provided by them is annexed to this Report, vide "Annexure C". The Report is self-explanatory and do not call for any further comments.

## **CORPORATE GOVERNANCE**

Your Company has initiated, by providing the shareholders, to avail the option of receiving online the requisite documents i.e. notices, annual reports, disclosures and all other communications, by registering their e-mail ids. for the success of 'Green Initiative' as per MCA circular no. 17/2011 & No. 18/2011.

The Company continues to comply with the requirements of SEBI (LODR) Regulations, 2015 regarding Corporate Governance. The Report on Corporate Governance together with a certificate from Mr. S.K. Tibrewalla, Practising Company Secretary regarding Compliance of Conditions of Corporate Governance, certification by WTD./CEO and CFO and the Management Discussion & Analysis Report are attached herewith which form part of this Annual Report.

## **STOCK EXCHANGE LISTING**

The Equity Shares of your Company are already listed on the Calcutta Stock Exchange Ltd. and the applicable annual listing fees have been paid to the Stock Exchange till financial year 2017-18. During the year under review, your Company had applied for Voluntary delisting of Company's Equity Shares from Calcutta Stock Exchange Limited, duly approved by the shareholders through Postal Ballot, under the regulations of the Securities and Exchange Board of India ( Delisting ) Regulations, 2009. The "In-Principle" approval for delisting had been received by the Company issued by the Calcutta Stock Exchange. During the year 2017-18, the Company had filed voluntary delisting application with the Calcutta Stock Exchange (CSE ) to delist the Company's equity shares listed with the CSE , duly approved by the members of the Company through Postal Ballot, under the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 as amended from time to time. The "In-Principle Approval" of such delisting had been received from the CSE. The Delisting Proposal was in accordance with the SEBI's Circular for companies exclusively listed on de-recognised/ non-operational/ exited Stock Exchanges vide its Circular No. CIR/MRD/DSA/05/2015 dated April 17, 2015. The Delisting of the Company's shares from CSE (only listed) was unsuccessful due to requisite number of shareholders of the Company did not opt for an exit opportunity as per the SEBI delisting guideline. Hence, the Company's shares are being listed with the CSE.

## **CODE OF CONDUCT**

The Code of Conduct for Directors, KMPs and Senior Executive of the Company is already in force and the same has been placed on the Company's website: [www.akcsteel.com](http://www.akcsteel.com).

## **CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING**

In terms of the Regulation 8 of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 your Company has adopted the Code of Conduct for Prevention of Insider Trading and the same is also placed on the Company's website: [www.akcsteel.com](http://www.akcsteel.com).

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The world economy was aided by rebound in global trade, investment recovery in advanced economies and continued growth in emerging Asian countries. Growth in advanced economies was driven by strong domestic demand and improved labour markets while emerging markets witnessed strong consumption and trade momentum. Global manufacturing activity continued to grow on account of favourable financing conditions globally, accommodative policies, rising investor confidence and increase in commodity prices. Advanced economies are expected to maintain their growth momentum in 2018. During 2017, global steel demand grew by nearly 2% to 1.58 billion tonnes while the global crude steel production increased by 4% to 1.7 billion tonnes, as compared to the previous year.

India is the largest producer of direct reduced iron (DRI) or sponge iron in the world. The country is also the 3rd largest consumer of finished steel in the world preceded by China and the USA. India witnessed growth in steel demand about 7.8% due to strong demand in sectors i.e. Automobile, Construction and Consumer durables etc. India is expected to become the world's second largest steel producer soon based on increased capacity addition in anticipation of upcoming demand, and the new steel policy, that has been approved by the Union Cabinet in May 2017, is expected to boost India's steel production. India's steel output is expected to grow at a CAGR of 8.9 per cent during 2017-21 and India is expected to become top global steel producer. Steel production in India is forecast to double by 2031, with growth rate expected to go above 10 per cent in FY18.

India's steel production in 2017 stood at 101.4 MT and finished steel consumption grew at a CAGR of 5.69 per cent during FY08-FY18 to reach 90.68 MT. During the Financial Year 2017-18 India's crude steel and finished steel production increased to 102.34 MT and 104.98 MT respectively. Steel manufacturing output of India is expected to increase to 128.6 MT by 2021, accelerating the country's share of global steel production from 5.4 per cent in 2017 to 7.7 per cent by 2021. India's steel output is expected to grow at a CAGR of 8.9 per cent during 2017-21 and India is expected to become top global steel producer. Steel production in India is forecast to double by 2031, with growth rate expected to go above 10 per cent in FY18. In 2017-18, the country's finished steel exports increased 17 per cent year-on-year to 9.62 million tonnes (MT), as compared to 8.24 MT in 2016-17. Exports and imports of finished steel stood at 0.99 MT and 1.22 MT, during Apr-May 2018. India's per capita consumption of steel grew at a CAGR of 3.96 per cent from 46 kgs in FY08 to 65.25 kgs in FY17. The figure stood at 68 kgs during April-February 2017-18. National Steel Policy 2017 seeks to increase per capita steel consumption to the level of 160 kgs.

There has been an acceleration in growth in advanced economies, primarily owing to reduced inventories and marginal recovery in manufacturing output. During the Financial Year 2017-18 India's crude steel and finished steel production increased to 102.34 MT and 104.98 MT respectively, India's steel output is expected to grow at a CAGR of 8.9 per cent during 2017-21 and India is expected to become top global steel producer. Steel production in India is forecast to double by 2031, with growth rate expected to go above 10 per cent in FY18. In 2017-18, the country's finished steel exports increased 17 per cent year-on-year to 9.62 million tonnes (MT), as compared to 8.24 MT in 2016-17.

The future outlook of steel seems to be quite promising for India. The construction, automobile, and white goods industries will attract a high demand for steel over the next decade. The construction sector will be the key consumer of steel over the forecast period (2015-2025) as we predict growth above the global trend. India is a developing economy with a large population. The forces of economic growth will require continued investments in new infrastructure, new and larger cities, machinery and production to employ more people and drive the economy forward.

Implementation of the Goods and Services Tax (GST) and applicability of Insolvency and Bankruptcy Code, 2016 are the major events that occupied the headlines for much of the year. While the former is a significant step in the reform of indirect taxation in India and the later is correction of NPA in the Banking Sector. From the consumer point of view, the biggest advantage is expected to be in terms of a reduction in the overall tax burden on goods. In the short term, there are apprehensions with regard to the preparedness of businesses, especially in the small and medium segments, to make the transition. However, in the long run, the overall benefits to consumers, businesses and the economy as a whole, are expected to be substantial. After the demonetization & GST shock, the Indian economy has witnessed another big surprise of applicability of Insolvency and Bankruptcy Code, 2016, the said IBC Code has won praise from multilateral institutions such as the World Bank and the International Monetary Fund and is one of the prime reasons for India's big 30-notch leap up the ease of doing business rankings. The IBC represented a big change in the power equation between creditors and debtors.

Presently your Company is engaged in Machining operation and major income of your Company comes from leasing of its land at Visakhapatnam. Your Company is looking for a turnaround so that the operations of the Company may be resumed. The management is also exploring new business opportunities for future outlook.

The Company's turnover was hampered during the previous year due to severe decline in trading activities & unfavourable market condition. Your Company has a Machine Shop at Autonagar Yard for undertaking specialized Machining on Job work basis and your company is forming on machining job. Wherein the margin in profit is good to improve its bottomline end significantly reduced trading activities. Availability of desired order for machining job as well as proper utilization of purchased land for smooth running of the Company is considered as a major threat. All the assets of your Company are properly insured against expected risks involved. Your Company's factory has been shut down from August, 2012 due to labour unrest, low order position etc. and the trading activities of your Company have also reduced significantly which threatens the survival of the Company.



**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has put in place a proper and adequate system of internal controls, to ensure the safeguarding of assets and their usage, maintenance of proper records, adequacy and reliability of operational information is commensurate with the size, scale and complexity of its operations. The internal control is supplemented by an extensive audit by internal and external audit teams and periodic review by the top management, Audit Committee and Board of Directors. Internal audit department evaluates legal and compliance issues and supports in assessment of Internal Control Systems and identification of other important issues as a powerful tool for risk control and governance. The system is designed to adequately ensure the reliability of financial and other records for preparing financial information and other data and for maintaining accountability of our assets. The external auditors have evaluated the system of internal controls in the Company and have reported that the same is adequate and commensurate with the size of the Company and the nature of its business.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

**HUMAN RESOURCES MANAGEMENT AND INDUSTRIAL RELATIONS**

Human Resource functions in the organization has seen a paradigm shift and evolved to embody modern day practices with proper use of technology and automation. This has had a profound impact on the morale and motivation of the employees who are the prime-movers. Thus the symbiotic relationship of the employees and the management is leading towards transformation of the organization. There is a well-calibrated reward and recognition mechanism bringing in meritocracy. Learning and development initiative for employees are greatly emphasized to enable all round good performance by individuals. Encouraging cordial working relation and maintaining good industrial relations have been the philosophy and endeavour of the HR Department. On the whole, industrial relation scenario has been good. Statutory compliances related to labour laws have been followed with due emphasis. There is a continuous effort for better Human Resource (HR) service delivery in order to better serve the customers with simpler well executed processes with proper use of technology. HR service delivery has become all the more critical in the organization due to rise in customer expectation.

The organization has a mechanism to provide employees with feedback on a continuous basis. Based on the organization's strategic plan, HR planning processes map the capacity of the organization. The knowledge, skills and abilities of the employees are identified.

**DISCLOSURES AS PER APPLICABLE ACT, LISTING AGREEMENT AND SEBI LODR REGULATIONS, 2015:****i) Composition of Audit Committee:**

The Board has constituted the Audit Committee under the Chairmanship of Mr. Bhal Chandra Khaitan. Complete details of the Committee are given in the Corporate Governance Report, attached as Annexure to this Board's Report.

**ii) Post Balance Sheet events:**

There are no material changes in commitments affecting the financial position of the Company occurred since the end of the financial year 2017-18.

**iii) Subsidiaries, Associates or Joint Ventures:**

Your Company does not have any subsidiaries, associates or joint ventures, during the year under review.

**iv) Nomination, Remuneration and Evaluation Policy:**

The Company on recommendation of its Nomination & Remuneration Committee has laid down a Nomination, Remuneration and Evaluation Policy, in compliance with the provisions of the Companies Act, 2013 read with the Rules made therein and the SEBI (LODR) Regulations, 2015. This Policy is formulated to provide a framework and set standards in relation to the followings and details on the same are given in the Corporate Governance Report **attached to this Board's Report**:

- a. Criteria for appointment and removal of Directors, Key Managerial Personnel (KMP) and Senior Management Executives of the Company.
- b. Remuneration payable to the Directors, KMPs and Senior Management Executives.
- c. Evaluation of the performance of the Directors.
- d. Criteria for determining qualifications, positive attributes and independence of a Director.

**APPRECIATION**

Your Directors take this opportunity to convey their appreciation for the co-operation, support and assistance extended by the Government/Statutory Bodies, Bankers, Company's customers, vendors and investors during the year. The Directors also wish to place on record their gratitude and appreciation for the sincere and hard work put in by all employees of the Company.

**Registered Office:**

'Lansdowne Towers'  
4<sup>th</sup> Floor, 2/1A, Sarat Bose Road  
Kolkata – 700 020

**Date: 13<sup>th</sup> August, 2018**

**For and on behalf of the Board**  
**For AKC Steel Industries Ltd.**

Sd/-

**Ashok Kumar Bansal**  
**Mukesh Chand Bansal**

*Whole Time Director (DIN:00283193)*  
*Director (DIN:00103098)*

## ANNEXURE 'A' TO DIRECTOR'S REPORT

Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2018

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

<b>I. REGISTRATION AND OTHER DETAILS</b>	
i) CIN	L27109WB1957PLC023360
ii) Registration Date	20-02-1957
iii) Name of the Company	<b>AKC Steel Industries Limited</b>
iv) Category / Sub-Category of the Company	Public Company / Limited by shares
v) Address of the Registered office and contact details	2/1A, Sarat Bose Road, Lansdowne Towers, 4 <sup>th</sup> Floor, Kolkata-700020 Tel: +91 33 40604444 Fax: +91 33 22833322 Email: contact@akcsteel.com
vi) Whether listed company	Yes / No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	<b>Maheswari Datamatics Private Limited</b> 23, R. N. Mukherjee Road, 5 <sup>th</sup> Floor Kolkata-700001 Tel: 033 22482248, 22435029 Fax: +91 33 2248 4787
<b>II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY</b>	
All the business activities contributing 10% or more of the total turnover of the company	As per Attachment A
<b>III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES</b>	
	As per Attachment B
<b>IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)</b>	
i) Category-wise Share Holding	As per Attachment C
ii) Shareholding of Promoters	As per Attachment D
iii) Change in Promoters' Shareholding	As per Attachment E
iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	As per Attachment F
v) Shareholding of Directors and Key Managerial Personnel	As per Attachment G
<b>V. INDEBTEDNESS</b>	
Indebtedness of the Company including interest outstanding/accrued but not due for payment	As per Attachment H
<b>VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL</b>	
A. Remuneration to Managing Director, Whole-time Directors and/or Manager	As per Attachment I
B. Remuneration to other directors	As per Attachment J
C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD	As per Attachment K
<b>VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES</b>	
	As per Attachment L

## ATTACHMENT - A

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company are given below :-

Sl. No.	Name and Description of main products/services	NIC Code of the Product service	% to total turnover of the company
1.	Steel	2714 / 2715	100

## ATTACHMENT - B

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares held	Applicable Section
N.A.					

**ATTACHMENT - C**

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i) Category-wise Share Holding**

Category of Shareholdings	No. of Shares held at the beginning of the year (as on 01.04.2017)				No. of Shares held at the end of the year(as on 31.03.2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A1) Promoters									
(a) Individual/HUF	745154	0	745154	17.9555	745154	0	745154	17.9555	0.0000
(b) Central Govt									
(c) State Govt (s)									
(d) Bodies Corp.	2360100	0	2360100	56.8699	2360100	0	2360100	56.8699	0.0000
(e) Banks I FI									
(f) Any Other..									
Sub-total (A) (1) :-	3105254	0	3105254	74.8254	3105254	0	3105254	74.8254	0.0000
2) Foreign									
(a) NRIs - Individuals									
(b) Other - Individuals									
(c) Bodies Corp.									
(d) Banks I FI									
(e) Any Other.. Sub-total (A) (2) :-	0	0	0	0.0000	0	0	0	0.0000	0.0000
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	3105254	0	3105254	74.8254	3105254	0	3105254	74.8254	0.0000
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds									
(b) Banks/I FI	0	100	100	0.0024	0	100	100	0.0024	0.0000
(c) Central Govt									
(d) State Govt(s)									
(e) Venture Capital Funds									
(f) Insurance Companies									
(g) FIIs									
(h) Foreign Venture Capital Funds									
(i) Others (specify)									
Sub-total (B)(1) :-	0	100	100	0.0024	0	100	100	0.0024	0.0000
2. Non-Institutions									
(a) Bodies Corp.									
(i) Indian	13830	344385	358215	8.6317	13830	344385	358215	8.6317	0.0000
(ii) Overseas									
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹1 lakh	76042	595089	671131	16.1718	76942	594189	671131	16.1718	0.0000
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	0	14600	14600	0.3518	0	14600	14600	0.3518	0.0000
(c) Others (specify)									
(i) Trust	0	700	700	0.0169	0	700	700	0.0169	0.0000
Sub-total (B)(2) :-	89872	954774	1044646	25.1722	90772	953874	1044646	25.1722	0.0000
Total Public Shareholding (B)=(B)(1)+(B)(2)	89872	954874	1044746	25.1746	90772	953974	1044746	25.1746	0.0000
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	3195126	954874	4150000	100.0000	3196026	953974	4150000	100.0000	0.0000

**ATTACHMENT - D****IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2017)			Shareholding at the end of the year (as on 31.03.2018)			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered total Shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered total Shares	
1	CONCAST STEELS AND ALLOYS LIMITED	1200100	28.9181	0.0000	1200100	28.9181	0.0000	0.0000
2	BEEKAY STEEL INDUSTRIES LIMITED	1160000	27.9518	0.0000	1160000	27.9518	0.0000	0.0000
3	BASHESHAR LAL BANSAL	161360	3.8882	0.0000	161360	3.8882	0.0000	0.0000
4	SURESH CHAND BANSAL	103425	2.4922	0.0000	103425	2.4922	0.0000	0.0000
5	MUKESH CHAND BANSAL	90400	2.1783	0.0000	90400	2.1783	0.0000	0.0000
6	BHAWANI BANSAL	88769	2.1390	0.0000	88769	2.1390	0.0000	0.0000
7	VIKAS BANSAL	66750	1.6084	0.0000	66750	1.6084	0.0000	0.0000
8	MANAV BANSAL	61550	1.4831	0.0000	61550	1.4831	0.0000	0.0000
9	INDU BANSAL	49200	1.1855	0.0000	49200	1.1855	0.0000	0.0000
10	GAUTAM BANSAL	48350	1.1651	0.0000	48350	1.1651	0.0000	0.0000
11	ARUNA BANSAL	48250	1.1627	0.0000	48250	1.1627	0.0000	0.0000
12	B.L.BANSAL	25100	0.6048	0.0000	25100	0.6048	0.0000	0.0000
13	SARIKA BANSAL	2000	0.0482	0.0000	2000	0.0482	0.0000	0.0000
	<b>TOTAL</b>	<b>3105254</b>	<b>74.8254</b>	<b>0.0000</b>	<b>3105254</b>	<b>74.8254</b>	<b>0.0000</b>	<b>0.0000</b>

**ATTACHMENT - E****IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****(iii) Change in Promoters' Shareholding**

Sl. No.		Shareholding at the beginning of the year (as on 01.04.2017)		Cumulative Shareholding during the year (as on 01.04.2017 to 31.03.2018)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	3105254	74.8254	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease	No change in Promoters shareholding during the period from 01.04.2017 to 31.03.2018			
	At the end of the year	—	—	3105254	74.8254

**ATTACHMENT - F****IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) :**

Sl. 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) and end of the year (31.03.18)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	KAMLESH MERCANTILE CREDIT PVT LTD	240000	5.7831	01.04.2017	NA	Nil movement during the year	240000	5.7831
		240000	5.7831	31.03.2018				
2	JEWEL MOULDERS & HOLDINGS PVT LTD	60000	1.4458	01.04.2017	NA	Nil movement during the year	60000	1.4458
		60000	1.4458	31.03.2018				
3	RITESH PROJECTS PVT LTD	40000	.9639	01.04.2017	NA	Nil movement during the year	40000	.9639
		40000	.9639	31.03.2018				
4	INDRA KUMAR BAGRI	12470	.3004	01.04.2017	100	Purchase during the year	12570	.3029
		12570	.3029	31.03.2018				
5	3A CAPITAL SERVICES LIMITED	11760	.2833	01.04.2017	NA	Nil movement during the year	11760	.2833
		11760	.2833	31.03.2018				
6	JAYVADEN ANUPCHAND SHAH	2400	.0578	01.04.2017	NA	Nil movement during the year	2400	.0578
		2400	.0578	31.03.2018				
7	JAYESH KANTILAL VORA	2900	.0699	01.04.2017	NA	Nil movement during the year	2900	.0699
		2900	.0699	31.03.2018				
8	RAJESH MUKTILAL PALDIWAL	2700	.0651	01.04.2017	NA	Nil movement during the year	2700	.0651
		2700	.0651	31.03.2018				
9	KAMLA B LULLA	2500	.0602	01.04.2017	NA	Nil movement during the year	2500	.0602
		2500	.0602	31.03.2018				
10	RITESH JINDAL	15250	.3675	01.04.2017	NA	Nil movement	15250	.3675
				31.03.2018				

## ATTACHMENT G

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(v) Shareholding of Directors and Key Managerial Personnel :

Sl. No.	Name of the Director	Date	Reason	Shareholding at the beginning of the year (01.04.2017)		Cumulative Shareholding during the year	
				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Shri Ashok Kumar Bansal	1.4.17	At the beginning of the year	Nil	N.A.	Nil	N.A.
		31.3.18	At the end of the year	Nil	N.A.	Nil	N.A.
2	Shri Mukesh Chand Bansal	1.4.17	At the beginning of the year	90400	2.18	90400	2.18
		31.3.18	At the end of the year	90400	2.18	90400	2.18
3	Shri Manav Bansal	1.4.17	At the beginning of the year	61550	1.48	61550	1.48
		31.3.18	At the end of the year	61550	1.48	61550	1.48
4	Shri Brijesh Kumar Dalmia	1.4.17	At the beginning of the year	Nil	N.A.	Nil	N.A.
		31.3.18	At the end of the year	Nil	N.A.	Nil	N.A.
5	Shri Bhal Chandra Khaitan	1.4.17	At the beginning of the year	Nil	N.A.	Nil	N.A.
		31.3.18	At the end of the year	Nil	N.A.	Nil	N.A.
6	Shri Tapan Kumar Banerjee	1.4.17	At the beginning of the year	Nil	N.A.	Nil	N.A.
		31.3.18	At the end of the year	Nil	N.A.	Nil	N.A.
7	Ms. Shyanthi Sengupta	1.4.17	At the beginning of the year	Nil	N.A.	Nil	N.A.
		31.3.18	At the end of the year	Nil	N.A.	Nil	N.A.
<b>B</b>	<b>KEY MANAGERIAL PERSONNEL (KMP) :</b>						
1	Shri Ashok Kumar Bansal (WTD)	1.4.17	At the beginning of the year	Nil	N.A.	Nil	N.A.
		31.3.18	At the end of the year	Nil	N.A.	Nil	N.A.
2	Shri R Jagadeeswara Rao (CFO)	1.4.17	At the beginning of the year	Nil	N.A.	Nil	N.A.
		31.3.18	At the end of the year	Nil	N.A.	Nil	N.A.
2	Shri Bishwajit Singh(CS)	1.4.17	At the beginning of the year	Nil	N.A.	Nil	N.A.
		31.3.18	At the end of the year	Nil	N.A.	Nil	N.A.

## ATTACHMENT - H

### V. Indebtedness

Indebtedness of the company including interest outstanding or accrued but not due for payment

(In ₹)

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtness
Indebtedness at the beginning of the financial year				
i) Principal Amount as on 1.04.2017	19,255,768	47,965,239	0	67,221,007
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due as on 31.03.2017	0	0	0	0
<b>TOTAL (i+ii+iii)</b>	<b>19,255,768</b>	<b>47,965,239</b>	<b>0</b>	<b>67,221,007</b>
Change in Indebtness during the financial year *				
ADDITION	0	0	0	0
REDUCTION	(12,211,567)	(2,677,989)	0	(14,889,556)
Exchange Difference	0	0	0	0
<b>Net Change</b>	<b>(12,211,567)</b>	<b>(2,677,989)</b>	<b>0</b>	<b>(14,889,556)</b>
Indebtedness at the end of the financial year				
i) Principal Amount as on 31.03.2018	7,044,201	45,287,250	0	52,331,451
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due as on 31.03.2018	0	0	0	0
<b>TOTAL (i+ii+iii)</b>	<b>7,044,201</b>	<b>45,287,250</b>	<b>0</b>	<b>52,331,451</b>

Note : Loan & Interest in Foreign currency is considered at closing Rate for respective years.

\* Including refinance of foreign currency term loan.

**ATTACHMENT - I**

(VI) DETAILS OF REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL :

A. Remuneration to Managing Director, Whole-time Directors and/or Manager : (₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Mr. Ashok Kumar Bansal (Whole-time Director)
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	3.00 0.00 0.00
2.	Stock Option	0.00
3.	Sweat Equity	0.00
4.	Commission - as % of profit - others	0.00
5.	Others, please specify	0.00
	<b>Total (A)</b>	<b>3.00</b>

**ATTACHMENT - J**

(VI) DETAILS OF REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

B. Remuneration to other directors :

(₹ in Lakhs)

1. Independent Directors :

Particulars of Remuneration	NAME OF THE DIRECTORS				
	Shri Bhal Chandra Khaitan	Shri Brijesh Kumar Dalmia	Shri Tapan Kumar Banerjee	Smt. Shyanthi Sengupta	Total
• Fee for attending board committee meetings	0.060	0.070	0.025	0.025	0.180
• Commission	0	0	0	0	0
• Others	0	0	0	0	0
Total (B)(1)	0.060	0.070	0.025	0.025	0.180

2. Other Non-Executive Directors

(₹ in Lakhs)

Particulars of Remuneration	Name of Director		Total
	Shri Mukesh Chand Bansal	Shri Manav Bansal	
• Fee for attending board committee meetings	0.055	0.055	0.110
• Commission	0.000	0.000	0.000
• Others	0.000	0.000	0.000
Total (B)(2)	0.055	0.055	0.110

Total (B)=(B1)+(B2) = ₹ 0.290 lacs

**ATTACHMENT - K**

(VI) DETAILS OF REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD :

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Mr. Ashok Kumar Bansal (Whole Time Director)	Mr. Bishwajit Singh (Company Secretary)*	Mr. R Jagadeeswara Rao (Chief Financial Officer)**	Total Amount
1.	<b>Gross salary</b> (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	3.00 0.00 0.00	3.10 0.00 0.00	5.70 0.00 0.00	11.80 0.00 0.00
2.	Stock Option	--	--	--	--
3.	Sweat Equity	--	--	--	--
4.	Commission - as % of profit - others	-- --	-- --	-- --	-- --
5.	Others, please specify	--	--	--	--
	<b>Total</b>	<b>3.00</b>	<b>3.10</b>	<b>5.70</b>	<b>11.80</b>

**ATTACHMENT - L**

(VII) DETAILS OF PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

There were no penalties, punishment or compounding of offences during the year ended March 31, 2017.

## ANNEXURE 'B' TO THE DIRECTOR'S REPORT

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

Sl. No.	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for financial year 2017-18 (Rs. in lakhs)	% increase in Remuneration in the financial year 2017-18	Ratio of remuneration of each Director/ to median remuneration of employees
1	Mr. Ashok Kumar Bansal (Whole Time Director)	3.00	NIL	1.67:1
2	Mr. R Jagadeeswara Rao (Chief Financial Officer)	5.70	9.20	3.17:1
3	Mr. Bishwajeet Singh (Company Secretary)*	3.10	9.15	1.73:1

\* Resigned w.e.f. 09.06.2018

**Note:** No other Director other than the Whole time Director received any remuneration other than sitting fees during the financial year 2017-18.

- ii) The median remuneration of employees of the Company during the financial year was Rs. 1.79 Lakhs
- iii) In the financial year, there was increase of 8.73% in the median remuneration of employees;
- iv) There were 11 permanent employees on the rolls of Company as on March 31, 2018.
- v) Average percentage increase made in the salaries of the employees other than the managerial personnel in the financial year 2017-18 was 9.31 % whereas there was no change in the managerial remuneration of Wholetime Director for the financial year
- vi) It is hereby affirmed that the remuneration paid during the year ended 31<sup>st</sup> March, 2018 as per the Remuneration Policy of the Company.
- vii) List of top 10 (Ten) Employees in terms of remuneration drawn :

Sl. No.	Name	Designation	Qualification	Date of Commencement of Employment	Age	Remuneration 2017-18	Experience (In Yrs)	Last employment held
1	R JAGADEESWARA RAO	CFO	B.COM	01.07.2015	52	570,000	27	Beekay Steel Industries Ltd
2	BISHWAJIT SINGH*	Company Secretary	B.COM(H), ACS	30.05.2015	27	310,264	3	-
3	G SRINIVAS RAO	Sr. Accounts Officer	B.COM	01.05.2005	41	205,075	13	-
4	PRASANTA POREL	In-Charge Machine Shop	-	16.08.2012	35	184,196	6	-
5	K K PATNAIK	Yard Incharge	B.A	01.07.2002	48	172,775	11	-
6	RANJAN KUMAR PAUL	QC-IC-MC Shop	B.A	16.08.2012	45	171,647	6	-
7	BIJAY KUMAR THAKUR	ASST.	-	01.04.2010	49	125,909	30	Beekay Steels & Power Ltd.
8	NARASIMHA RAJU MATHA	Sr. Accounts Asst	M.COM	23.07.2015	31	122,984	6	-
9	BINOD KUMAR SINGH	ASST.	-	01.11.2006	49	115,817	25	Beekay International
10	TAPAN KUMAR BANIK	ASST.	-	01.07.2017	59	83,661	-	Hindustan Shipyard

\* Resigned w.e.f. 09.06.2018

**ANNEXURE -C TO THE DIRECTORS' REPORT****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2018*****[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]***

**To,**  
**The Members,**  
**A K C Steel Industries Ltd.**  
 Lansdowne Towers, 4th Floor,  
 2/1A, Sarat Bose Road,  
**Kolkata – 700 020**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. A K C Steel Industries Ltd. (hereinafter called 'the Company') bearing CIN: L27109WB1957PLC023360. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the M/s. A K C Steel Industries Limited's books, papers, minute 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 audit period covering the financial year ended on 31<sup>st</sup> March, 2018, has 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 AKC Steel Industries Limited ('the Company') for the financial year ended on 31<sup>st</sup> March, 2018, to the extent Acts / provisions of the Acts applicable, 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, 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'), to the extent applicable:-
  - (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, 2015;
  - (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) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars 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;
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) I further report that, having regards to compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test check basis and on representation made by the Company and its officers for compliances under other applicable Acts, laws and Regulations to the Company, the Company has complied with the laws applicable to the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The Listing Agreement entered into by the Company with the Calcutta Stock Exchange Ltd.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that -**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There is no change in the composition of the Board of Directors during the period under review and the composition of Board of Directors of the Company is in conformity with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.



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** 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 except certain delays in compliance in other applicable laws to the Company.

**I further report that** during the audit period the Company has no other reportable specific events, actions having a major bearing on the Company's affairs in pursuance of the laws, regulations, guidelines, standards, etc. referred to above.

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, **to the extent Acts / provisions of the Acts applicable**, 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, 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'), to the extent applicable :-
  - (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, 2015;
  - (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) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars 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;
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) I further report that, having regard to compliance system prevailing in the Company and on examination of relevant documents and records in pursuance thereof, on test check basis and on representation made by the Company and its officers for compliances under other applicable Acts, laws and Regulations to the Company, the Company has complied with the laws as applicable to the Company. No law is specifically applicable to the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with the Calcutta Stock Exchange Ltd.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that -**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

None of the Directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.

**I further report that** subject to our observation above 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.

**Place :** Kolkata

**Date:** 1<sup>st</sup> August, 2018

**Sd/-**  
**(SANTOSH KUMAR TIBREWALLA)**  
Practising Company Secretary  
Membership No. : 3811  
Certificate of Practice No. : 3982.

**ANNEXURE TO THE DIRECTORS' REPORT****REPORT ON CORPORATE GOVERNANCE****COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

A good Governance process provides creation and enhancement of long-term sustainable value for our stakeholders, transparency of corporate policies and the decision making process and also strengthens internal control system and helps in building good relationship with all stakeholders. We at AKC Steel believe in being transparent and commit ourselves to adherence of good corporate governance at all times. It aims at align interest of the Company with its shareholders and other stakeholders. The Company adheres to the highest standards of business ethics, compliance with all statutory and legal requirements and commitment to transparency in business dealings. The code of conduct highlights corporate governance as the corner stone for sustained management performance, for serving all the stakeholders.

Your Company is committed to protect the rights of its shareholders, conducting its business in a fair and transparent manner to achieve long term growth to enhance shareholders value and also value of other stakeholders. It is also imperative that the Company disclose timely, adequate and accurate information regarding its financials and performance. The Company maintains a high degree of transparency in all its dealings with stakeholders through sustained disclosures. The Company adheres to the highest standards of business ethics, compliance with all statutory and legal requirements and commitment to transparency in business dealings. The code of conduct highlights corporate governance as the cornerstone for sustained management performance, for serving all the stakeholders.

The report containing the details of Corporate Governance systems and processes at AKC Steel Industries Ltd. that is in accordance with the SEBI (LODR), Regulations, 2015 is as follows:

The Board of Directors of the Company governs the Company and deliberately creates a culture of leadership to provide a long-term vision to improve the quality of governance. The Company adheres to ethical standards to ensure integrity, transparency, independence and accountability in all its dealings. Therefore, the Board has adopted various codes and policies, i.e. code of conduct, code of conduct for prohibition of Insider Trading, Vigil Mechanism and Whistle Blower Policy, Policy on Materiality of Related Party Transactions etc., to carry out its duties and responsibilities in a fair and ethical manner.

The Company adheres to ethical standards to ensure integrity, transparency, independence and accountability in all its dealings. Therefore, the Board has adopted various codes and policies to carry out its duties and responsibilities in a fair and ethical manner, some of these codes and policies are 'Code of Conduct', 'Code of Conduct for Prohibition of Insider Trading', 'Vigil Mechanism and Whistle Blower Policy', 'Corporate Social Responsibility Policy', 'Policy on Materiality of Related Party Transactions' and 'Remuneration Policy for Directors, Key Managerial Personnel and other Employees' etc.

**BOARD OF DIRECTORS****a) Composition and category of Directors as on 31<sup>st</sup> March, 2018**

The Board of Directors of the Company has a combination of Executive & Non-Executive & Independent Directors on the Board and are in accordance with the Corporate Governance Practices. The Board Comprised of 7 (Seven) Directors as on 31<sup>st</sup> march, 2018 out of which 4 (Four) are Independent Directors including 1 (One) Independent Woman Director and two are non-executive and one is Wholetime Director.

The number of Independent Directors is 4(four) which is in compliance with the stipulated one half of the total number of Directors. All Independent Directors are professional with specialization from their respective fields having wide range of skills and experiences to the Board which helps the Board for good decision making thereby ensuring the best interest of stakeholders and the Company. All Independent Directors meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and (under erstwhile Clause 49 of the Listing Agreement) SEBI LODR Regulations, 2015.

Mr. Bhal Chandra Khaitan was appointed as an Independent Director of the Company w.e.f. 1<sup>st</sup> April, 2014 for a period of 5 (five) years i.e. till 31<sup>st</sup> March, 2019. The Board proposes to appoint him for a further period of 5(five) years w.e.f. 1<sup>st</sup> April, 2019.

The Board and Nomination and Remuneration Committee has carried out performance evaluation of Independent Director and recommended to re-appoint him for a further term of 5 (five) years.

The Directors of the Company are appointed by the shareholders at General Meetings. 1/3rd of such Directors are liable to retire by rotation, if eligible, generally offer themselves for re-election, in accordance with the provisions of Section 152 of the Companies Act, 2013 and that of the Articles of Association of the Company.

The details of composition of the Board as at 31.03.2018 are given as under:

Name of the Director	Category	
Mr. Ashok Kumar Bansal	Executive – Promoter	Whole Time Director
Mr. Mukesh Chand Bansal Mr. Manav Bansal	Non-Executive – Promoter	Director
Mr. Brijesh Kumar Dalmia Mr. Bhal Chandra Khaitan Mr. Tapan Kumar Banerjee Ms. Shyanthi Sengupta	Non – Executive	Independent Director

**b) Board Meetings:**

Attendance of each Director at Board Meeting and attendance at the last Annual General Meeting held on 15.09.2017 and Number of other Directorship and Chairmanship/ Membership of Committee of each Director in various Companies are as under:

Category	Name of Director	Position	Date of Joining the Board	No. of Board Meetings held	No. of Board Meetings attended	Attendance at the last AGM	No. of Directorship in other Indian Public Ltd. Cos.	No. of other Chairmanship(s)/ Membership(s) of Committees in other Indian Public Ltd. Cos. as on 31 <sup>st</sup> March, 2018	
								Chairmanship(s)	Membership(s)
Executive Directors	Mr. Ashok Kumar Bansal	Wholetime Director	30.01.1999	4	4	No	NIL	NIL	NIL
<b>Non-Executive Directors</b>									
Non-Independent Directors	Mr. Mukesh Chand Bansal	Director	08.05.1999	4	4	YES	2	3	4
	Mr. Manav Bansal	Director	30.01.1999	4	3	YES	2	NIL	4
Independent Directors	Mr. Bhal Chandra Khaitan	Director	29.12.2005	4	4	NO	4	4	5
	Mr. Brijesh Kumar Dalmia	Director	16.12.2005	4	4	NO	2	1	5
	Mr. Tapan Kumar Banerjee	Director	31.03.2015	4	4	YES	1	NIL	2
	Ms. Shyanthi Sengupta	Director	31.03.2015	4	4	YES	1	NIL	NIL
(*) Excludes Directorships in Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013.									

During the year under review, the Board of Directors of the Company met four (4) times on 30<sup>th</sup> May 2017, 12<sup>th</sup> August 2017, 13<sup>th</sup> December, 2017 and 13<sup>th</sup> February 2018. Board Meetings were held and the gap between two Board Meetings did not exceed four months one hundred and twenty days in terms of Regulation 17 (2) of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Secretarial Standards and the provision of Companies Act, 2013.

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees as specified in the SEBI (LODR), Regulations, 2015 (erstwhile Clause 49) of the Listing Agreement across all the Companies in which he/ she is a Director. The necessary disclosures regarding committee positions have been made by the Directors.

**c) Board Committees, Meetings and Procedures:**

The Board of Directors of the Company oversees the overall functioning of the Company. The Wholetime Director and promoter Directors are entrusted with wide range of functions from operation, marketing & administration and duly assisted by the Chief Financial Officer, Company Secretary including Senior Managerial Personnel in overseeing the functional matters of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interests of the stakeholders are being served.

The Board of Directors has constituted Four Standing Committees, namely, Audit Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee & Share Transfer Committee. A strategy meet of the Board of Directors is generally held at appropriate intervals to formulate, evaluate and approve the business strategy of the Company. The meeting focuses on strategic goals, financial management policies, management assurances and control aspects and the growth plan of the Company and compliance management.

The meetings are usually held at the Company's Registered Office at "Lansdowne Towers", 4<sup>th</sup> Floor, 2/1A, Sarat Bose Road, Kolkata – 700 020. A minimum of four Board Meetings are held every year. Dates for the Board Meetings in the ensuing quarter are decided well in advance and communicated to the Directors alongwith the agenda items and necessary documents & information were provided to all Directors beforehand to make able the Board of Directors to take proper decision. The Board is also provided with Audit Committee observations on the internal audit findings and matters required to be included in the Director's Responsibility Statement. The Company Secretary is the Secretary to all the above Committees of the Board.

**d) Separate Meeting of Independent Directors:**

The Independent Directors of the Company meet once in a year informally through a Meeting called Independent Directors Meeting. This meeting is conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to the affairs of the Company and put forth their views to the Chairman and Managing Director.

During the year under review, the Independent Directors met on 13<sup>th</sup> February 2018, inter alia, to discuss:

Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;

Review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors; and

Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

The performance of the Chairperson of the Company, taking into account the views of executive Directors and non-executive Directors; and

The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties.

**e) Shares held by non-executive Directors**

The shareholdings of Non-Executive Directors are given hereunder:-

Name of Directors	Category	No. of Shares held as on 31-03-2018
Mr. Mukesh Chand Bansal	Non-Executive (Promoter Director)	90400
Mr. Manav Bansal		61550
Mr. Bhal Chandra Khaitan	Non-Executive Independent Director	Nil
Mr. Brijesh Kumar Dalmia		Nil
Mr. Tapan Kumar Banerjee		Nil
Ms. Shyanthi Sengupta		Nil

**f) Familiarization Programme imparted to Independent Directors**

As required under Regulation 25 of the SEBI (LODR) Regulations, 2015 the Company has familiarized Independent Directors with their roles, rights and liabilities in the Company, nature of the industry in which the Company operates, business models, updates and developments including various measures and other relevant information pertaining to the Company's business through familiarization programmes. Details of the familiarisation programmes of the Company have been disclosed on the Company's website: [www.akcsteel.com](http://www.akcsteel.com).

**Code of Conduct**

The Company has framed Code of Conduct for the Directors and Senior Management of the Company. The Directors and Senior Management have affirmed compliance of the said Code of Conduct as on 31<sup>st</sup> March, 2018. The Code is displayed on the Company's website: [www.akcsteel.com](http://www.akcsteel.com).

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1992 (as amended), the Board has approved the 'Code of Conduct for prevention of Insider Trading' and entrusted the Audit Committee to monitor the compliance of the code.

**Whistle Blower/ Vigil Mechanism Policy**

The Company has established necessary vigil mechanism and adopted a whistle blower policy for Directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the code of conduct or ethics. Further, no employee has been denied direct access to the Audit Committee. The Audit Committee is committed to ensure the flawless work environment by providing a platform to report any suspected or confirmed incident of fraud/ misconduct.

**BOARD COMMITTEES**

**AUDIT COMMITTEE**

The Audit Committee reviews the financial accounting policies, adequacy of internal control system of quarterly and annual financial statements before submission to the Board, review of observations of auditors and to ensure compliance of internal control systems, authority for investigation and access for full information and external professional advice for discharge of the functions delegated to the Committee by the Board. All the members of the Committee are financially literate.

The Audit Committee reviews the financial accounting policies, adequacy of internal control systems before submission to the Board and interacts with the statutory auditors and internal auditors, review of observations of auditors and to ensure compliance of internal control systems, authority for investigation and access for full information and external professional advice for discharge of the functions delegated to the Committee by the Board. Senior Executives and functional heads are invitees to the committee meetings.

Audit Committee of the Board comprises three Directors and all are non-executive Directors out of which two are Independent Directors & one is Non-Executive Director. The composition of the Audit Committee meets the requirements as per Section 177 of the Companies Act, 2013 and SEBI (LODR), Regulations, 2015. The Company Secretary is the Secretary of the Committee.

Composition of the Audit Committee and attendance of the members at Committee meetings as on 31<sup>st</sup> March 2018 are as follows:

Constitution	Category	No. of Meetings Held	No. of Meetings Attended
Mr. Bhal Chandra Khaitan	Non- Executive–Independent Director –Chairman	4	4
Mr. Brijesh Kumar Dalmia	Non- Executive–Independent Director –Member	4	4
Mr. Manav Bansal	Non- Executive–Non-Independent Director–Member	4	4

Mr. Bishwajeet Singh was acting as the Secretary to the Committee. till 9<sup>th</sup> June, 2018.

Four (4) meetings of the Audit Committee were held during the financial year 2017-18, as against the minimum requirement of four meetings, held on 30<sup>th</sup> May 2017, 12<sup>th</sup> August 2017, 24<sup>th</sup> October, 2017, 13<sup>th</sup> December, 2017 & 13<sup>th</sup> February, 2018.

The Audit Committee meetings are usually held at Company's Registered Office and attended by members of the Committee, other Accounts Heads and Unit Head. The representative of the Statutory Auditors also attend the meeting as and when required.

The terms of reference of Audit Committee are as per Section 177 of the Companies Act, 2013 and SEBI (LODR), Regulations, 2015. The broad terms of reference of Audit Committee are:

- a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- b) Reviewing with the management the financial statements before submission to the Board, focusing primarily on:
  - (1) Matters to be included in the Directors Responsibility Statement of Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act.
  - (2) Changes to any accounting policies and practices.
  - (3) Major accounting entries based on the exercise of judgement by Management.
  - (4) Significant adjustments if any, arising out of audit.
  - (5) Compliance with respect to accounting standards, listing agreements and legal requirements concerning financial statements.
- c) Recommending to the Board, the appointment, re-appointment, remuneration and terms of appointment of statutory auditors, cost auditors of the Company.
- d) To review reports of Internal Auditors and discussion on any significant findings and follow up there on;
- e) Reviewing with the management, external and internal auditors, the adequacy of internal control systems, and the Company's statement on the same prior to endorsement by the Board.
- f) Evaluation of the internal financial controls and risk management systems.
- g) To review the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- h) To approve transactions of the Company with related parties and subsequent modifications of the transactions with related parties.
- i) In addition, the powers and role of the Audit Committee are as laid down under SEBI (LODR) Regulation, 2015 and Section 177 of the Companies Act, 2013.

#### **NOMINATION & REMUNERATION COMMITTEE**

The terms of reference and constitution of the Nomination & Remuneration Committee (NRC) are compliance with Section 178 of the Companies Act, 2013 and pursuant to Regulation 19 and Part D of Schedule II of SEBI (LODR) Regulations, 2015. The Committee has formulated the criteria for evaluation of the Board and Non-Independent Directors including framing of specific remuneration package of Executive Directors and sitting fees for Non-Executive Directors etc. and approval of remuneration to the managerial personnel as per the Company's policy on the same.

The terms of reference of the Nomination & Remuneration Committee are as follows:

- i. To identify persons who are qualified to become Directors and who may be appointed in the Senior management in accordance with the criteria laid down and to recommend to the Board their appointment, terms of appointment and/or removal;
- ii. To formulating a criteria for determining the qualification, positive attitudes, independence of a Director and evaluation of Independent Directors and the Board;
- iii. To evaluate every Directors performance;
- iv. To recommend to the Board a policy, relating to the remuneration for the Directors, key managerial persons and other employees;

- v. To ensure that the level of composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- vi. To ensure that the relationship of remuneration to performance is clear and meets the appropriate performance benchmarks;
- vii. To ensure that the remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals;
- viii. To devise a policy on Board diversity.
- ix. To Carry out any other function as is mandated by the Board of Directors of our Company or prescribed by the Listing Agreement, as amended, from time to time.
- x. To invite any employee or such document as it may deem fit for exercising of its functions
- xi. To obtain such outside or professional advice as it may consider necessary to carry out its duties.

The Committee comprises of three Directors , two Non-Executive Independent Directors and one Non Executive Director. During the year under review One meeting of the Committee was held on 13<sup>th</sup> February 2018.

The composition of the Nomination & Remuneration Committee & attendance of its members as at March 31, 2018 are as given below:

Constitution	Category	No. of Meetings Held	No. of Meetings Attended
Mr. Bhal Chandra Khaitan	Non- Executive–Independent Director –Chairman	1	1
Mr. Brijesh Kumar Dalmia	Non- Executive–Independent Director –Member	1	1
Mr. Mukesh Chand Bansal	Non- Executive Director–Member	1	1

Mr. Bishwajeet Singh was acting as the Secretary to the Committee.

The Board decided and fixes the powers and roles of the Committee from time to time.

The Company Secretary is the Secretary of the Committee.

The Company follows the policy to fix remuneration of Managing Director/ Whole Time Director by taking into account the financial position of the Company, trend in the Industry, qualification, experience, past performance and past remuneration of the respective Directors in the manner to strike a balance between the interest of the Company and the Shareholders.

#### **Performance Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR), Regulations, 2015 of the Listing Agreement a Board Evaluation Policy has been framed and approved by the Nomination and Remuneration Committee (NRC) and by the Board. The Board carried out an annual performance evaluation of its own performance, the Independent Directors individually as well as the evaluation of the working of the Committees of the Board. The performance evaluation of all the Directors was carried out by the Nomination and Remuneration Committee. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Directors were satisfied with the evaluation process which reflects the overall engagement of the Board and its committees with the Company.

#### **Performance evaluation criteria of Independent Directors and the Board :**

The basic criteria which assist in determining the effective performances of the Directors are Leadership & Managerial abilities; Contribution to the corporate objectives & plans; Communication of expectations & concerns clearly with subordinates; review & approval of strategic & operational plans of the Company - its objectives and budgets; regular monitoring of corporate results against projection; Identification, monitoring & mitigation of significant corporate risks; direct, monitor & evaluate KMPs, senior officials; regularity in attending meetings of the Company and inputs therein; review & maintenance of corporation's ethical conduct etc.

#### **Remuneration to Directors:**

##### **Remuneration Policy /Criteria**

- i) **Executive Directors** : The Company follows the policy to fix remuneration to Whole Time Director by taking into account the financial position of the Company, trend in the Industry, qualification, experience, past performance and past remuneration of the respective Directors in the manner to strike a balance between the interest of the Company and the Shareholders. The Whole Time Director of the Company is appointed on contractual basis, on terms approved by the shareholders. Their remuneration comprises salary, allowances, commission and perquisites etc.
- ii. **Non-Executive Directors** : The Non-executive Directors (including Independent Directors) are paid compensation by way of sitting fees on uniform basis. The sitting fees payable to the Non-Executive Directors is based on the

number of meetings of the Board & other Committees of the Board attended by them. The Company pays sitting fees at the rate of Rs. 500/- for each meeting of the Board and Committees attended by them.

- iii. **KMPs & Senior Management Personnel** : The Board on the recommendation of the NRC fix the remuneration payable to the Key Managerial Personnel and Senior Management Personnel. The criteria also oversees the industry trend, quality and experience of the personnel. These factors not only contributes to the Company but makes their job satisfaction.

The details of remuneration paid /payable to the Wholetime Director and Sitting Fees paid/ payable to Non-Executive Directors are given hereunder:-

Name of Directors	Remuneration paid/payable for the year ended 31st March, 2018				Service Contract		
	Salary (Rs.)	Bonus (Rs.)	Benefits (Rs.)	Sitting Fees (Rs.)	Pay Scale per Month (Rs.)	Period	Effective
Mr. Ashok Kumar Bansal	3,00,000	--	--	--	25,000	5 Years	01-10-2017
Mr. Mukesh Chand Bansal	--	--	--	5,500	--	--	--
Mr. Manav Bansal	--	--	--	5,500	--	--	--
Mr. Bhal Chand Khaitan	--	--	--	6,000	--	--	--
Mr. Brijesh Kumar Dalmia	--	--	--	7,000	--	--	--
Mr. Tapan Kumar Banerjee	--	--	--	2,500	--	--	--
Ms. Shyanthi Sengupta	--	--	--	2,500	--	--	--

#### **STAKEHOLDERS RELATIONSHIP COMMITTEE**

The main tasks of Stakeholders Relationship Committee is to looks into redressing of shareholders' and investors grievances like non transfer / transmission of Shares, non- receipt of declared Dividend, Balance Sheet, dematerialization & re-materialization of Shares, etc. The Company has registered with SCORES of SEBI for Redressal of Investors' Grievances on-line.

The terms of reference and constitution of the Stakeholders Relationship Committee are in compliance with the provisions of the Companies Act, 2013 and pursuant to Regulation 20 and Part D of Schedule II of SEBI LODR Regulations, 2015.

The Board has also modified the scope of the Committee to align it with and SEBI (LODR), Regulations, 2015, which is as follows:

- 1) To review the reports submitted by the Registrars and Share Transfer Agents of the Company at Half yearly intervals.
- 2) To interact periodically and as & when required with the Registrars and Share Transfer Agents to ascertain and look into the quality of the Company's Shareholders/ Investors grievance redressal system and to review the report on the functioning of the said Investor grievances redressal system.
- 3) To consider and resolve the grievances of the security holders of the company.
- 4) To periodically report to the Board about serious concerns if any.
- 5) To follow-up on the implementation of suggestions for improvement.

The Stakeholders Relationship Committee met Four (4) times during the financial year 2017-18 on 30<sup>th</sup> May 2017, 12<sup>th</sup> August 2017, 13<sup>th</sup> December, 2017 & 13<sup>th</sup> February 2018. The composition of the Committee as at March 31, 2018 and the number of meetings attended by the Members are as given below:

The Stakeholders Relationship Committee comprises of 3 Directors out of whom One is Independent Director & Mr. Mukesh Chand Bansal is the Chairman of the Committee. The Committee comprises of the following Directors:

Name of Directors	Category	No. of Meetings Held	No. of Meetings Attended
Mr. Mukesh Chand Bansal	Non- Executive – Chairman	4	4
Mr. Brijesh Kumar Dalmia	Non- Executive–Independent Director –Member	4	4
Mr. Manav Bansal	Non- Executive Director–Member	4	4

Mr. Bishwajit Singh was acting as the Secretary to the Committee. till 9<sup>th</sup> June, 2018.

The Company Secretary was the Compliance Officer for complying with the requirements of SEBI Regulations and SEBI (LODR), Regulations, 2015. His address and contact details are as given below:

Address : Lansdowne Towers, 4<sup>th</sup> Floor, 2/1A, Sarat Bose Road, Kolkata-700020

Phone : 033-4060 4444

Fax : 033-2283 3322

Email : [contact@akcsteel.com/rksahoo@beekaygroup.co.in](mailto:contact@akcsteel.com/rksahoo@beekaygroup.co.in)

Number of complaints from members received and resolved during the period under review and pending as on 31-03-2018 are as follows:

#### Shareholders' Complaints

The numbers of shareholders'/ investors' complaints received, resolved/ replied and pending during the year under review are as under :

Nature of complaints	Received	Resolved/Replied	Pending
Non-receipt of share certificates	2	2	Nil
Non-receipt of annual reports	Nil	Nil	Nil
Others	Nil	Nil	Nil
<b>Total</b>	Nil	Nil	Nil

No request for Share transfer remains pending for registration for more than 15 days except in one case which is delayed beyond 15 days. No complaint / query is received by the Company during the financial year and no complaint is pending as on 31st March, 2018.

#### Securities and Exchange Board of India ('SEBI') Complaints Redress System ("SCORES") :

As per the SEBI directive, the investors desirous of making complaints pertaining to the listed Companies has to be made electronically and sent through SCORES and the Companies or their appointed Registrar & Share Transfer Agent (R&TA/ STA) are required to view the pending complaints and submit 'Action Taken Report' ('ATRs') along with necessary documents electronically in SCORES. Further, there is no need to file any physical ATRs with SEBI. **The Company is already registered under SCORES to efficiently and effectively redress the investors/ shareholders complaints in time.**

#### SHARE TRANSFER COMMITTEE

The functions of the Committee include approval of share transfers and transmissions taking actions and any other matter(s) out of and incidental to these functions and such other acts assigned by the Board.

During the period under review 2 (Two) meetings of the share transfer committee were held on 09<sup>th</sup> November, 2017 and 1<sup>st</sup> February, 2018.

The Share Transfer Committee comprises of 3 Directors and the Chairman of the Committee is Non-executive Director. The Composition of the Committee are as follows:

Name of the Directors	Category	No. of Meetings Held	No. of Meetings Attended
Mr. Mukesh Chand Bansal	Non- Executive – Chairman	2	2
Mr. Bhal Chandra Khaitan	Non- Executive–Independent Director –Member	2	2
Mr. Manav Bansal	Non- Executive Director–Member	2	2

Generally, the meetings of the Committee are held whenever necessary for transfer / transmission of shares, issue of duplicate share certificates, change of name/status, transposition of names, sub-division/ consolidation of share certificates, de-materialisation/ re-materialisation of shares, etc. Mr. Bishwajeet Singh was acting as the Secretary to the Committee.

As at 31<sup>st</sup> March, 2018, 31,96,026 nos. of equity shares constitutes 77.01 % (previous year – 76.99 %) of the Company's equity shares are held in dematerialized form.



**GENERAL BODY MEETINGS**

**Date, Time and Location where last three Annual General Meeting held:**

Year	Type of Meeting	Date of Meeting & Time	Venue	If Special Resolution(s) Passed
2016-17	44 <sup>th</sup> AGM	15-09-2017 at 12.30 pm	'EIPC India Conference Room', EIPCINDIA, Vanijya Bhavan, ITFC Building, Ground Floor, 1/1, Wood Street, Kolkata: 700 016.	Yes
2015-16	43 <sup>rd</sup> AGM	17-09-2016 at 1.00 P.M.	'EIPC India Conference Room', EIPCINDIA, Vanijya Bhavan, ITFC Building, Ground Floor, 1/1, Wood Street, Kolkata: 700 016.	Yes
2014-15	42 <sup>nd</sup> AGM	26-09-2015 at 11.00 A.M	Somany Conference Hall, MCC Chamber of Commerce & Industry, 15-B, Hemanta Basu Sarani, Kolkata – 700 001.	Yes

**a) Extraordinary general meeting:**

No extraordinary general meeting of the members was held during the year 2016-17 & 2017-18.

No Special Resolution was passed through Postal Ballot Meeting during the financial year 2017-18.

1 (one) Special Resolution was passed by the Company during the last three AGMs.

No special resolution proposed to be transacted at the ensuing Annual General Meeting is required to be passed by Postal Ballot in terms of Section 110 of the Companies Act, 2013 and Rules made thereunder in view of the amendment made in Section 110 by Companies (Amendment) Act, 2017 which inter alia provides that 'any item proposed to be transacted by Postal Ballot may be transacted at the general meeting by a Company provided that the Company is providing facility of e-voting to its members under section 108 of the Companies Act, 2013'.

In compliance with section 108 of the Companies Act, 2013 read with rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (LODR) Regulations, 2015 Members of the Company were provided with the facility to cast their vote electronically through the e-voting services provided by CDSL, on all resolutions set forth in the Notice of 44<sup>th</sup> Annual General Meeting. Members were also given options to cast their vote physically in that Annual General Meeting.

**DISCLOSURES****i) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, Directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of listed entity at large :**

All transactions entered into with related parties as defined under the Act and SEBI LODR Regulations 2015 during the financial year were in the ordinary course of business. **No related party transactions of materially significant nature were entered into by the Company with its promoters, the Directors or the management, their subsidiaries/associates or relatives, etc. which could conflict with the interests of the Company.**

None of the transactions with any of the related parties were in conflict with the interest of the Company.

**ii) Details of non-compliance by the Listed Entity, penalties, strictures imposed on the Listed Entity by Stock Exchange(s) or Securities and Exchange Board of India or any Statutory Authority, on any matter related to the capital markets, during the last three years :**

The Company has complied with various rules and regulations prescribed by the Stock Exchange, Securities and Exchange Board of India or any other Statutory Authority on any matter related to the capital markets during last four years. No penalty or strictures have been imposed by them on the Company during the last three financial years.

iii) The Company has adopted a whistle blower policy and has established the necessary vigil mechanism for employees and directors to report concerns about unethical behaviour. No person has been denied access to the Chairman of the Audit Committee. The said policy has been also put up on the website of the Company.

iv) The Company has identified risk involved in respect to its products, quality, cost, location and finance. It has also adopted the procedures / policies to minimize the risk and the same are reviewed and revised as per the needs to minimize and control the risk.

v) The Company has complied with the **mandatory requirements and non-mandatory requirements of the Corporate Governance** as prescribed and SEBI (LODR), Regulations, 2015:

- The statutory financial statements of the Company are unqualified.
- Mr. Ashok Kumar Bansal is the Wholetime Director & KMP of the Company and.
- The CEO / CFO certification as required and SEBI (LODR), Regulations, 2015 is annexed hereto which forms part of this report.
- The Management Discussion and Analysis Report as required under SEBI (LODR), Regulations, 2015 is annexed hereto which forms part of this report.

**vi) Reconciliation of share capital audit:**

A qualified Practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the national securities depository limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. The report is also placed before the Board of Directors of the Company.

**Policy for determining 'material' Subsidiary:**

The Company does not have any material non-listed Indian Subsidiary as defined in Regulation 16 and 24 of SEBI (LODR), Regulations, 2015.

**Risk Management :**

The Company has identified risk involved in respect to its products, quality, cost, location and finance. It has also adopted the procedures / policies to minimize the risk and the same are reviewed and revised as per the needs to minimize and control the risk.

**Details of Directors seeking appointment / re-appointment**

The Details of Directors seeking appointment / re-appointment as required under SEBI (LODR), Regulations, 2015 and Secretarial Standard 2 as issued by the Institute of Company Secretaries of India with the Stock Exchanges) is given in annexure to the notice which forms part of this Report and other details of the aforesaid Director is stated hereunder :

**Mr. Mukesh Chand Bansal**

Mr. Mukesh Chand Bansal is a Commerce Graduate having 35 years of rich experience in the field of operation, marketing, production and administration. He takes active participation in deciding various business plans of the group. He is a Director in 16 (sixteen) other Companies. He holds 90,400 Equity Shares of the Company.

**Relationship between the Directors inters se:**

Non-executive Director, Mr. Manav Bansal is related to Mr. Mukesh Chand Bansal. No other Directors in the Board are related to each other.

**MEANS OF COMMUNICATION**

The quarterly, half yearly & yearly results of the Company are also published in the prescribed format within 48 hours of the conclusion of the meetings of the Board in both English and Bengali Newspapers.

The unaudited / audited quarterly & half yearly financial results as approved by the Board of Director at its meeting are furnished to the stock Exchanges where the Company's shares are listed within the prescribed time-frame of the close of every quarter together with limited review report and yearly audited results alongwith Auditors Report as provided by the Auditors in compliance with SEBI (LODR) Regulations, 2015 and are published in leading newspapers in India which include 'Business Standard' and 'Arthik Lipi' and in leading regional/vernacular languages in Bengali within 48 hours of conclusion of Board Meeting. The results are also displayed on the Company's website "[www.akcsteel.com](http://www.akcsteel.com)".

**Website:** The Company's web site is [www.akcsteel.com](http://www.akcsteel.com) where the quarterly / annual results and other statutory & non-statutory information are displayed.

No presentation has been made to Institutional Investors or Analysts

**GENERAL INFORMATIONS FOR MEMBERS:****a. Annual General Meeting :**

(Date, Time & Venue)

Date : 28-09-2018

Time : 04.00 P. M.

Venue :

**ROTARY SADAN**

S.S. Hall, 94/2, Chowringhee Road,

Kolkata – 700 020

**b. Date of Book Closure : 22nd September, 2018 to 28th September, 2018 (Both days inclusive) - For AGM****c. Financial Year & Calendar : April-March**

Financial Year 2018-19

Unaudited Results for the quarter ending 30th June, 2018 - By middle of August, 2018

Unaudited Results for the quarter ending 30th Sept., 2018 - By middle of November, 2018

Unaudited Results for the quarter ending 31st Dec., 2018 - By middle of February, 2019

Audited Annual Accounts for 2018-19 - By end of May, 2019

Annual General Meeting for the year Ending 31st March, 2019 - Middle of Sept, 2019

**d. Dividend payment : The Board have not recommended any Dividend on Equity Shares for the financial year ended on 31<sup>st</sup> March, 2018.**

**DETAILS OF UNCLAIMED & UNPAID DIVIDEND**

The Company will transfer the unclaimed & unpaid dividend for the financial year 2010-11 to the Investor Education & Protection Fund (IEPF) amounting Rs. 1,23,359.

The last dates for claiming of unpaid and unclaimed dividend lying in the Unpaid Dividend Account for the respective years are as follows:

YEAR	AGM DATE	LAST DATE FOR CLAIMING OF DIVIDEND	DUE DATE FOR TRANSFER TO IEPF	AMOUNT AS ON 31.03.2018 (Rs.)
2010-11	23.09.2011	22.09.2018	26.11.2018	1,23,359

**FILING OF UNCLAIMED DIVIDEND WITH MINISTRY:** As per the Investor Education & Protection Fund (IEPF) Rules, 2012, the detailed list of shareholders in respect of unpaid and unclaimed dividend are filed with the Ministry of Corporate Affairs ("MCA") every year within the due time period. The same has also been updated in the website of the Company for your reference.

**e. Listing & Delisting :**

The equity shares of your Company continues to be listed on The Calcutta Stock Exchange Ltd. (CSE), Kolkata. The Company has paid annual listing fees for the financial year 2018-19 to The Calcutta Stock Exchange (CSE).

During the year 2017-18, the Company had filed voluntary delisting application with the Calcutta Stock Exchange (CSE) to delist the Company's equity shares listed with the CSE, duly approved by the members of the Company through Postal Ballot, under the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 as amended from time to time. The "In-Principle Approval" of such delisting had been received from the CSE. The Delisting Proposal was in accordance with the SEBI's Circular for companies exclusively listed on de-recognised/ non-operational/ exited Stock Exchanges vide its Circular No. CIR/MRD/DSA/05/2015 dated April 17, 2015. The Delisting of the Company's shares from CSE (only listed) was unsuccessful due to requisite number of shareholders of the Company did not opt for an exit opportunity as per the SEBI delisting guideline. Hence, the Company's shares are being listed with the CSE.

The name and address of the Stock Exchange and the Company's Stock Code are given below.

The Calcutta Stock Exchange Ltd.: 7, Lyons Range, Kolkata - 700 001.

Stock Code: 10011019

**f. Market price Data**

Monthly High/ Low price during the Financial Year 2017-18 at the Calcutta Stock Exchange Ltd. depicting liquidity of the Equity Shares is given hereunder:

Month	Share Price		Month	Share Price	
	High	Low		High	Low
April,2017	No Trading		October,2017	No Trading	
May,2017	—do—		November,2017	—do—	
June,2017	—do—		December,2017	—do—	
July,2017	—do—		January,2018	—do—	
August,2017	—do—		February,2018	—do—	
September,2017	—do—		March,2018	—do—	

Note: 'No Trading' in the Stock Exchange due to non-functional of trading platform of the CSE

**g. Performance in comparison**

No comparison to broad based indices such as BSE Sensex / CRISIL to broad based indices, Index, etc. could be drawn since there is no trading in the Calcutta Stock Exchange during the financial year.

**h. Registrar and Share Transfer Agent:**

M/s. Maheshwari Datamatics Pvt. Ltd.  
23 R. N. Mukherjee Road, 5th Floor, Kolkata - 700001.  
Phone Nos. 91-33-2243-5029/ 5809, 2248-2248 Fax No. 91-33-2248-4787,  
E-Mail – mdpldc@yahoo.com, Website : www.mdpl.in  
Contact Person:- Mr. Rajagopal.

**Shares Transfer System :**

Share Transfer assignment has been given to the Registrars and Share Transfer Agents. The Shares Transfer Committee is empowered to approve the Share transfers. Transfer Committee Meeting is held as and when required.

The Share Transfers/ transmissions, issue of duplicate certificate etc. are endorsed by Directors / Executives / Officers as may be authorised by the Transfer Committee. Grievances received from members and miscellaneous correspondences are processed by the Registrars within 15 days.

**i. Distribution of Share as on 31<sup>st</sup> March, 2018.**

Share Limit Notional Value of (Rs.)		No of Live Accounts	Percentage	Total No. of Shares	Percentage of Total Shares
From	To				
1	5000	3483	94.8529	502126	12.0994
5001	10000	120	3.2680	90400	2.1783
10001	20000	46	1.2527	66550	1.6036
20001	30000	4	0.1089	9800	0.2361
30001	40000	Nil	N.A.	Nil	N.A.
40001	50000	1	0.0272	41550	0.1001
50001	100000	1	0.0271	8215	0.1980
100001	Above	17	0.4630	3468754	83.5844
<b>Grand Total</b>		<b>3672</b>	<b>100.0000</b>	<b>4150000</b>	<b>100.000</b>

**j. Share Holding Pattern as on 31<sup>st</sup> March, 2018:**

Category	No. of Shares	Percentage of Holding
Promoters & Associates	3105254	74.8254
Mutual Funds & UTI	—	—
Banks, Financial Institutions, Insurance Companies (Central/ State Govt, Institutions, Govt. Institutions)	100	0.0024
FIs	—	—
Private Corporate Bodies	358215	8.6317
Indian Public	685731	16.5236
Trust	700	0.0169
NRIs / OCBs	—	—
<b>Total</b>	<b>4150000</b>	<b>100.000</b>

**k. Dematerialisation of Shares:** 3196026 Nos. of shares consisting 77.01 % (previous year- 76.99 %) of the total paid up equity share capital are held in dematerialized form with Central Depository Services (India) Ltd. (CDSL) and National Securities Depository Ltd. as on 31-03-2018.

**Code No. allotted by NSDL and CDSL:**

The Company's shares are activated for dematerialization with Central Depository Services (India) Ltd. (CDSL) and National Securities Depository Ltd. (NSDL).

Under the Depository System, the International Securities Identification Number (ISIN) of the Company's Shares is **INE169D01019**.

**l. Outstanding Instruments:**

The Company has not issued any GDRs / ADRs / Warrants or any convertible Instrument. As such, there is no impact on Equity of the Company.

- m. Plant Location** : Malkapuram Post, Vishakhapatnam, Andhra Pradesh – 530 011.
- n. Machine Shop/Stockyard** : Plot No. 42, 43A, Block-D, Autonagar Yard,  
Visakhapatnam: 530 012, Andhra Pradesh  
Tel: (0891) 2511 595
- o. Address for Correspondence** : AKC Steel Industries Ltd., 'Lansdowne Tower', 2/1A, Sarat Bose Road,  
Kolkata 700 020. Phone Nos. (033) 30514444, Fax No: (033) 2283 3322
- p. Compliance Officer:**  
*Company Secretary,*  
AKC Steel Industries Ltd.  
'Lansdowne Towers' 4th Floor, 2/1A, Sarat Bose Road, Kolkata: 700 020,  
Phone Nos. (033) 3051 4444, Fax No: (033) 2283 3322

**OTHER DISCLOSURES :****i) Details of compliance with mandatory requirements and adoption of non-mandatory requirements of the Corporate Governance :**

The Company has complied with all the applicable mandatory requirements of the applicable Regulations of SEBI (LODR) Regulations, 2015 and has adopted the following non-mandatory requirements of the aforesaid clause :-

**Reporting of Internal Auditor : The Internal Auditors reports directly to the Audit Committee.**

The Company has taken cognizance of other non - mandatory requirements as set out in applicable Regulations of SEBI (LODR) Regulations, 2015 and shall consider adopting the same at an appropriate time.

**ii) Web link where policy on dealing with related party transactions :**

**Policy on dealing with related party transaction is displayed at the website of the Company**  
[www.akcsteel.com](http://www.akcsteel.com)

**iii) Disclosures of commodity price risks and commodity hedging activities :**

The Company is not associated with hedging activities.

**iv) Accounting Treatment in preparation of financial statement :**

The Company has followed the guidelines of accounting standards as prescribed by the Institute of Chartered Accountants of India in preparation of financial statement.

**v) CEO / CFO certification :**

The CEO / CFO certification as required under Regulation 17(8) of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed hereto which forms part of this report.

**DISCLOSURE OF NON-COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE REPORT OF SUB-PARAS AS DETAILED ABOVE, WITH REASONS THEREOF :**

There is no non-compliance of any requirement of Corporate Governance Report of sub-paras as detailed above, thus no explanations need to be given.

## **ANNEXURE TO THE DIRECTORS' REPORT**

### **Certification by Wholetime Director/CEO and Chief Financial Officer of the Company**

**The Board of Directors,**  
AKC Steel Industries Ltd.,  
'Lansdowne Tower', 2/1A, Sarat Bose Road,  
**Kolkata - 700 020.**

Dear Sirs,

In terms of applicable Regulations of SEBI (LODR), Regulations, 2015 We, Ashok Kumar Bansal, Wholetime Director / CEO and R. Jagadeeswara Rao, CFO, Certify that :

1. We have reviewed financial statements and the cash flow statements for the financial year 2017-18 and to our best of knowledge, belief and information –
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading ;
  - ii) these statement together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. To the best of knowledge, belief and information, no transaction entered into by the Company during the financial year 2017-18 are fraudulent, illegal, or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls which we are aware and we have taken and propose to take requisite steps to rectify the deficiencies, if any.
4. We have indicated to the Auditors and the Audit Committee :
  - i) significant changes in internal control during the financial year ;
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements ; and
  - iii) that we have not come across any instances of significant fraud and the involvement therein of the management or an employee having significant role in the Company's internal control system over financial reporting.
5. We have not come across any instances of significant fraud committed by the management or an employee having significant role in the Company's internal control system.

We further declare that all the Board members and Senior management personnel have affirmed compliance of Code of Conduct for the year 2017-18.

Place : Kolkata	<i>For AKC Steel Industries Ltd.</i>	<i>For AKC Steel Industries Ltd.</i>
<b>Dated : 13<sup>th</sup> August, 2018</b>	Sd/- <b>Ashok Kumar Bansal</b> Wholetime Director (DIN:00283193)	Sd/- <b>R Jagadeeswara Rao</b> Chief Financial Officer

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## **ANNEXURE TO THE DIRECTORS' REPORT**

### **Declaration for Compliance with the Code of Conduct of the Company as per Regulations 26 (3) of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

I, Ashok Kumar Bansal, Wholetime Director of M/s. AKC Steel Industries Ltd. declare that as of 31<sup>st</sup> March, 2018 all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company.

Place : Kolkata	<i>For AKC Steel Industries Ltd.</i>
<b>Dated : 13<sup>th</sup> August, 2018</b>	Sd/- <b>Ashok Kumar Bansal</b> Wholetime Director (DIN:00283193)

## ANNEXURE TO THE DIRECTORS' REPORT

### CERTIFICATE OF COMPLIANCE OF CORPORATE GOVERNANCE AS REQUIRED UNDER REGULATION 34(3) READ WITH SCHEDULE V OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

**To The Members AKC Steel Industries Ltd.**

I have examined the Compliance of Corporate Governance by M/S. AKC Steel Industries Limited for the financial year 2017-18, as stipulated in applicable Regulations of SEBI LODR Regulations, 2015 and Listing Agreement entered into by the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is responsibility of the Management. My examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with conditions of the Corporate Governances. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanation given to me, I certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in erstwhile Clause 49 of the abovementioned Listing Agreement / applicable Regulations of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I 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.

**Place : Kolkata**  
**Dated : 13<sup>th</sup> August, 2018**

**Sd/-**  
**(SANTOSH KUMAR TIBREWALLA)**  
Practising Company Secretary  
Membership No. : 3811  
Certificate of Practice No. : 3982.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF** **AKC STEEL INDUSTRIES LIMITED**

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying Ind AS financial statements of **AKC Steel Industries Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss including the statement of Other Comprehensive Income, the Cash Flow Statement and Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

### **MANAGEMENT'S RESPONSIBILITY FOR THE IND AS 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 Ind AS financial statements that give a true and fair view of the affairs (financial position), profit and loss (financial performance), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under Section 133 of the Act, read Companies (Indian Accounting Standard) Rules, 2015 as amended. 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 the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the Ind AS 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 financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS 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 control relevant to the Company's preparation of the 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 opinion on the In AS financial statements.

### **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid In AS 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 loss including other comprehensive income and its cash flows for the year ended on that date.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

- 1) **As required by 'the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order")', and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure-I, a statement on the matters specified in paragraphs 3 and 4 of the 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 purposes 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 Balance Sheet, the Statement of Profit and Loss including statement of Other Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read Companies (Indian Accounting Standard) Rules, 2015 as amended.
  - e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) 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-II; and.
  - g) 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 litigations on its financial position in its standalone Ind AS financial statements – Refer Notes 26 to the standalone Ind AS financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There is no amount required to be transferred to the Investor and Protection Fund during the year ended March 31, 2018.

**For S.JAYKISHAN**

Chartered Accountants

Firm's Registration Number: 309005E

Sd/-

**CA Vivek Bagrodia**

Partner

Membership Number: 160694

Date: The 30<sup>th</sup> day of May, 2018

Place: Kolkata



## ANNEXURE – I TO THE INDEPENDENT AUDITOR'S REPORT

**Referred to in paragraph 1 of the Report on Other Legal and Regulatory Requirements of Independent Auditor's Report of even date to the members of AKC Steel Industries Limited on the financial statements as of and for the year ended March 31, 2018**

- i.
  - a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipments.
  - b) As explained to us, property, plant and equipments have been physically verified by the management at regular intervals during the year and no material discrepancies were noticed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipments. No material discrepancies were noticed on such verification.
  - c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.
- ii. In our opinion and according to the information and explanations given to us, the physical verification of inventory has been conducted by the management at reasonable intervals and no material discrepancies were noticed.
- iii. On the basis of examination of records and according to the information and explanations given to us, the Company has during the year not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, clause iii (a), (b), (c) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013. Accordingly, the provisions of clause 3(iv) of the Order are not applicable to the Company and hence not commented upon.
- v. The Company has not accepted any deposits from the public. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company and hence not commented upon.
- vi. Maintenance of cost records as specified under sub-section (1) of Section 148 of the Companies Act, 2013 is not applicable to the Company.
- vii.
  - a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues, including provident fund, income-tax, goods and services tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.  
  
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, goods and services tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31<sup>st</sup> March 2018 for a period of more than six months from the date they became payable.
  - b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Goods and Services Tax, Value added Tax, service tax and Custom duty which have not been deposited with the appropriate authorities on account of any dispute, except for the following:

Statute	Nature of Dues	PERIOD TO WHICH THE AMOUNT RELATES	FORUM WHERE DISPUTE IS PENDING	Amount
The Central Sales Tax Act, 1956	Sales Tax	01/2009 to 03/2011	Appellate Joint Commissioner, Vijayawada	15,52,976/-
	Sales Tax	04/2011 to 07/2012	Appellate Deputy Commissioner (CT) Visakhapatnam	10,47,503/-

- viii. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowings to any financial institution, banks or government during the year. The Company has no outstanding debentures.
- ix. The Company has not raised any money way of initial public offer or further public offer during the year. According to the information and explanations given to us, the term loans raised by the company have been utilised for the purpose for which they were obtained.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or on the company by the officers and employees of the Company has been noticed or reported during the year.
- xi. According to the information and explanations given to us, managerial remuneration during the year has been paid or provided in accordance with the approvals as per section 197, read with Schedule V of the Companies Act, 2013.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and the records of the Company examined by us, all transactions with related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 and the details have been disclosed in the financial statements as required by the applicable Accounting Standards.
- xiv. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares/debentures during the year under review and accordingly clause (xiv) of the order is not applicable.
- xv. According to the information and explanations given to us and the records of the company examined by us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. According to the information and explanations given to us and on the basis of review on an overall basis, the Company is not engaged in financing activity and hence is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For S.JAYKISHAN**  
Chartered Accountants  
Firm's Registration Number: 309005E

Sd/-  
**CA Vivek Bagrodia**  
Partner  
Membership Number: 160694

Date: The 30<sup>th</sup> day of May, 2018  
Place: Kolkata

## **ANNEXURE – II TO THE INDEPENDENT AUDITOR'S REPORT**

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

We have audited the internal financial controls over financial reporting of AKC Steel Industries Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the Ind AS 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 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.

#### **Auditors' 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, issued by ICAI and deemed to be prescribed 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 judgment, 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 Company's 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 31 March 2018, 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 S.JAYKISHAN**  
Chartered Accountants  
Firm's Registration Number: 309005E

Sd/-  
**CA Vivek Bagrodia**  
Partner  
Membership Number: 160694

Date: The 30<sup>th</sup> day of May, 2018  
Place: Kolkata

**BALANCE SHEET as at 31 March, 2018**

Particulars	Note	As at 31 March, 2018 Amount (₹)	As at 31 March, 2017 Amount (₹)	As at 1st April, 2016 Amount (₹)
<b>I ASSETS</b>				
1) <b>NON-CURRENT ASSETS</b>				
(a) Property, plant and equipment	4	119,820,687	94,049,461	104,703,340
(b) Capital work-in-progress	4	-	40,051,102	36,066,793
(c) Deferred tax assets (net)	25	-	5,919,570	3,050,065
(d) Non Current Tax Assets (Net)	5	4,474,277	3,500,640	4,326,159
		124,294,964	143,520,773	148,146,357
2) <b>CURRENT ASSETS</b>				
(a) Inventories	6	5,447,032	13,589,792	16,857,522
(b) Financial assets				
(i) Trade receivables	7	3,052,046	2,900,834	8,194,812
(ii) Cash and cash equivalents	8	3,296,518	951,566	389,262
(iii) Other Bank Balances	9	123,359	294,333	294,333
(iv) Other financial assets	10	952,050	946,050	1,512,869
(c) Other current assets	11	13,352,571	17,562,847	19,746,909
		26,223,575	36,245,422	46,995,707
<b>TOTAL</b>		150,518,539	179,766,195	195,142,064
<b>II EQUITY AND LIABILITIES</b>				
1) <b>EQUITY</b>				
(a) Equity share capital	12	41,500,000	41,500,000	41,500,000
(b) Other equity	13	3,785,710	10,191,019	13,801,243
		45,285,710	51,691,019	55,301,243
2) <b>NON-CURRENT LIABILITIES</b>				
(a) Financial liabilities				
(i) Borrowings	14	32,480,290	41,137,129	51,508,127
		32,480,290	41,137,129	51,508,127
3) <b>CURRENT LIABILITIES</b>				
(a) Financial liabilities				
(i) Trade payables	15	50,265,029	58,616,988	54,734,504
(ii) Other financial liabilities	16	21,313,831	27,283,103	31,756,063
(b) Other Current Liabilities	17	790,496	506,372	930,532
(c) Provisions	18	383,183	531,585	911,595
		72,752,540	86,938,048	88,332,694
<b>TOTAL</b>		150,518,539	179,766,195	195,142,064

The accompanying notes are an integral part of the financial statements

In terms of our Report of even date attached

For **S. Jaykishan**

Chartered Accountants

Firm Regn. No. :- 309005E

Sd/-

**CA Vivek Bagrodia**

Partner

Membership No: 160694

Kolkata, 30<sup>th</sup> May, 2018

On behalf of the Board

**For AKC Steel Industries Ltd.**

Sd/-

**Ashok Kumar Bansal-Whole Time Director** (DIN-00283193)

**Manav Bansal-Director** (DIN-00103024)

**R. Jagadeeswara Rao-CFO**

**Bishwajit Singh-Company Secretary**

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

Particulars	Note	For the year ended 31 March, 2018 Amount (₹)	For the year ended 31 March, 2017 Amount (₹)
<b>INCOME:</b>			
I Revenue From Operations	19	30,401,160	46,400,845
II Other Income	20	12,525,313	9,782,634
<b>III Total Revenue (I + II)</b>		<b>42,926,473</b>	<b>56,183,479</b>
<b>IV EXPENSES:</b>			
Purchases of Stock in Trade		5,897,684	31,122,180
Changes in inventories of Finished Goods, Stock-in-process and Stock-in-Trade	21	8,236,033	2,009,530
Excise Duty		-	230,467
Employee benefits expense	22	3,654,495	3,575,631
Finance costs	23	5,049,368	5,991,620
Depreciation and amortisation expense	4	10,445,632	10,102,398
Other expenses	24	10,450,036	8,556,117
<b>Total expenses</b>		<b>43,733,249</b>	<b>61,587,943</b>
<b>V PROFIT/ (LOSS) BEFORE TAX (III-IV):</b>		<b>(806,776)</b>	<b>(5,404,464)</b>
<b>VI Tax expenses</b>			
Current Tax		-	(328,050)
<b>Net Current Tax</b>		-	(328,050)
<b>Tax expense relating to previous year</b>		328,050	-
<b>Deferred Tax</b>		(5,921,376)	1,729,597
<b>VII PROFIT/(LOSS) FOR THE YEAR (V - VI)</b>		<b>(6,400,102)</b>	<b>(4,002,917)</b>
<b>VIII OTHER COMPREHENSIVE INCOME</b>			
A. (i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of defined benefit liability/ (asset)		(7,013)	528,879
(ii) Income taxes on items that will not be reclassified to profit or loss		1,806	(136,186)
B. (i) Items that will be reclassified to profit or loss		-	-
(ii) Income taxes on items that will be reclassified to profit or loss		-	-
<b>TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAXES</b>		<b>(5,207)</b>	<b>392,693</b>
<b>IX TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR (VII + VIII)</b>		<b>(6,405,309)</b>	<b>(3,610,224)</b>
<b>Earnings per Equity Share [Nominal Value of Share - Rs. 10/-] Basic &amp; Diluted</b>		<b>-1.54</b>	<b>-0.87</b>

*The accompanying notes are an integral part of the financial statements*

In terms of our Report of even date attached

For **S. Jaykishan**  
Chartered Accountants  
Firm Regn. No. :- 309005E  
Sd/-  
**CA Vivek Bagrodia**  
Partner  
Membership No: 160694

On behalf of the Board  
**For AKC Steel Industries Ltd.**  
Sd/-  
**Ashok Kumar Bansal-Whole Time Director** (DIN-00283193)  
**Manav Bansal-Director** (DIN-00103024)  
**R. Jagadeeswara Rao-CFO**  
**Bishwajit Singh-Company Secretary**

Kolkata, 30<sup>th</sup> May, 2018

**A. EQUITY SHARE CAPITAL**

(Amount in Rs.)

Particulars	Numbers	Amount
Balance as at 1 April 2016	4,500,000	45,000,000
Changes in equity share capital during 2016-17	-	-
<b>Balance as at 31 March 2017</b>	<b>4,500,000</b>	<b>45,000,000</b>
Changes in equity share capital during 2017-18	-	-
<b>Balance as at 31 March 2018</b>	<b>4,500,000</b>	<b>45,000,000</b>

**B. OTHER EQUITY**

For the year ended 31 March 2017

(Amount in Rs.)

	Reserves and Surplus		Total
	Retained Earnings	Capital Reserve	
<b>Balance as at 1 April 2016</b>	13,144,572	656,671	13,801,243
Profit /(Loss) for the year	(4,002,917)	-	(4,002,917)
Other comprehensive income	392,693	-	392,693
<b>Balance as at 31 March 2017</b>	<b>9,534,348</b>	<b>656,671</b>	<b>10,191,019</b>

For the year ended 31 March 2018

(Amount in Rs.)

	Reserves and Surplus		Total
	Retained Earnings	Capital Reserve	
<b>Balance as at 1 April 2017</b>	9,534,348	656,671	10,191,019
Profit /(Loss) for the year	(6,400,102)	-	(6,400,102)
Other comprehensive income	(5,207)	-	(5,207)
<b>Balance as at 31 March 2018</b>	<b>3,129,039</b>	<b>656,671</b>	<b>3,785,710</b>

*The accompanying notes form an integral part of these financial statements*

In terms of our Report of even date attached

For **S. Jaykishan**  
Chartered Accountants  
Firm Regn. No. :- 309005E  
Sd/-  
**CA Vivek Bagrodia**  
Partner  
Membership No: 160694

Kolkata, 30<sup>th</sup> May, 2018

On behalf of the Board  
For **AKC Steel Industries Ltd.**  
Sd/-  
**Ashok Kumar Bansal-Whole Time Director** (DIN-00283193)  
**Manav Bansal-Director** (DIN-00103024)  
**R. Jagadeeswara Rao-CFO**  
**Bishwajit Singh-Company Secretary**

**CASH FLOW STATEMENTS  
FOR THE YEAR ENDED 31st MARCH, 2018**

Particulars	For the year ended 31st March, 2018		For the year ended 31st March, 2017	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax		(806,776)		(5,404,464)
<i>Adjustments for:</i>				
Depreciation and amortisation	10,445,632		10,102,398	
Deferred Tax			-	
(Profit)/Loss on sale of Fixed assets	(288,315)		-	
Finance costs	5,049,368		5,991,620	
		15,206,686		16,094,018
Operating profit / (loss) before working capital changes		<b>14,399,910</b>		<b>10,689,554</b>
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	8,142,760		3,267,730	
Trade receivables	(151,212)		5,293,978	
Financial and Other Assets	4,204,276		2,750,881	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	(8,351,958)		3,882,484	
Financial and Other Liabilities	(749,059)		(4,897,119)	
Provisions	(155,415)		(1,48,869)	
		2,939,392		10,446,823
Cash generated from operations		<b>17,339,302</b>		<b>21,136,376</b>
Net income tax (paid) / refunds		(645,586)		(778,625)
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>16,693,716</b>		<b>20,357,751</b>
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets		2,978,558		(4,400,690)
Proceeds from sale of fixed assets		1,144,000		967,860
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>4,122,558</b>		<b>(3,432,830)</b>
<b>C. Cash flow from financing activities</b>				
Repayment of Non Current borrowings	(13,592,928)		(10,370,998)	
Unpaid Dividend Transferred to Investor Protection Fund	170,974		-	
Finance cost	(5,049,368)		(5,991,620)	
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>(18,471,322)</b>		<b>(16,362,618)</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		2,344,952		562,303
Cash and cash equivalents at the beginning of the year		951,566		389,262
<b>Cash and cash equivalents at the end of the year</b>		<b>3,296,518</b>		<b>951,566</b>

**Notes:**

- Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 specified under section 133 of the Companies Act, 2013.
- Figures in brackets indicate cash outflows.

In terms of our Report of even date attached

For **S. Jaykishan**

Chartered Accountants

Firm Regn. No. :- 309005E

Sd/-

**CA Vivek Bagrodia**

Partner

Membership No: 160694

Kolkata, 30<sup>th</sup> May, 2018

On behalf of the Board  
**For AKC Steel Industries Ltd.**

Sd/-

**Ashok Kumar Bansal-Whole Time Director** (DIN-00283193)

**Manav Bansal-Director** (DIN-00103024)

**R. Jagadeeswara Rao-CFO**

**Bishwajit Singh-Company Secretary**

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

### 1 Company Overview

AKC Steel Industries Limited ("the Company") is a listed company incorporated in India on 20th February, 1957 having its registered office at 2/1A, Sarat Bose Road, Lansdowne Towers, 4th Floor, Kolkata-700020. The Company is principally engaged in the business of trading and machining iron and steels. The Company's equity shares are listed on the Calcutta Stock Exchange since 18th October, 1973.

### 2 Basis of preparation

#### a) Statement of Compliance

These financial statements are prepared in accordance with the provisions of the Companies Act, 2013 ('Act') (to the extent notified) and Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. The Ind AS are prescribed under section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

The Company has adopted all the Ind AS standards and adoption was carried out in accordance with Ind AS 101- First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP) which was the previous GAAP. Reconciliations and descriptions of the effect of transition has been summarised in Note 30.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use.

#### b) Functional and presentation currency

The financial statements are presented in Indian Rupees ('Rs') which is Company's presentation currency. The functional currency of the Company is also Indian Rupees ('Rs').

#### c) Basis of measurement

The financial statements have been prepared on historical cost convention on the accrual basis, except for the following items:

- (i) Certain financial assets and financial liabilities measured at fair value;
- (ii) Employee's defined benefit plan as per actuarial valuation.

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

#### d) Use of judgments and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

#### Critical accounting judgements and key sources of estimation uncertainty: Key assumptions :-

##### (i) Useful lives of Property, plant and equipment:

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

##### (ii) Fair value measurement of financial instruments:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using certain valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

##### (iii) Defined benefit plans:

The cost of the defined benefit plan includes gratuity and the present value of the gratuity obligation are determined using actuarial valuations using projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

##### (iv) Recognition and measurement of provisions and contingencies:

The certain key assumptions about the likelihood and magnitude of an outflow of resources. Provision is towards known contractual obligation, litigation cases and pending assessments in respect of taxes, duties and other levies, if any, in respect of which management believes that there are present obligations and the settlement of such obligations are expected to result in outflow of resources, to the extent provided for.



**e) Measurement of fair values**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

The management regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**f) Standard issued but not yet effective****Revenue from contracts with customers- Ind AS 115**

Ind AS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The effective date of Ind AS 115 is yet to be announced.

**3 Significant accounting policies****a) Operating Cycle**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

**b) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**i. Financial Assets****Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Trade receivables are initially measured at transaction price. Regular way purchase and sale of financial assets are accounted for at trade date.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in three categories:

- Amortised cost
- Fair value through other comprehensive income (FVTOCI)
- Fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

**Financial assets at amortised cost**

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest rate (EIR) amortisation is included in finance income in the profit or loss.

**Financial assets at FVTOCI**

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value.

Fair value movements are recognized in the other comprehensive income (OCI).

**Financial assets at FVTPL**

A financial asset which is not classified in any of the above categories are measured at FVTPL.

Financial assets included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit & Loss.

**Other equity investments**

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'.

**Derecognition**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

**ii. Financial liability****Initial recognition and measurement**

Financial liabilities are initially recognised at fair value plus any transaction cost that are attributable to the acquisition of the financial liabilities except financial liabilities at fair value through profit or loss which are initially measured at fair value.

**Subsequent measurement**

For purposes of subsequent measurement, financial liabilities are classified in following categories:

- Financial liabilities through profit or loss (FVTPL)
- Financial liabilities at amortised cost

**Financial liabilities through FVTPL**

A financial liability is classified as at FVTPL if it is classified as held for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

**Financial liabilities at amortised cost**

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and any gain or loss on derecognition are recognised in profit or loss.

Interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

**Derecognition**

A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

**iii. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**c) Property, Plant and Equipment****i. Recognition and measurement**

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. Borrowing costs directly attributable to the acquisition or construction of those qualifying property, plant and equipment, which necessarily take a substantial period of time to get ready for their intended use, are capitalised.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate components of property, plant and equipment.

Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and shown under 'Other current assets'.

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital Work - in - Progress.

**ii. Transition to Ind AS**

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

**iii. Subsequent expenditure**

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

**iv. Depreciation and amortisation**

Depreciation and amortisation for the year is recognised in the Statement of Profit and Loss.

Depreciation on fixed assets are provided on straight line method over the useful lives of assets, at the rates and in the manner specified in Part C of Schedule II of the Act.

Freehold land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted as appropriate.

**d) Intangible Assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Estimated useful life of the Computer Software is 5 years.

**e) Inventories**

Inventories are valued at the lower of cost and net reasonable value. Cost is computed on a weighted average basis. Cost of finished goods and work-in-progress include all costs of purchases, conversion costs and other costs in normal in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

**f) Impairment****i. Impairment of financial instruments: financial assets**

Expected credit losses are recognized for all financial assets subsequent to initial recognition other than financial assets in FVTPL category.

For financial assets other than trade receivables, as per Ind AS 109, the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. The Company's trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

**ii. Impairment of non-financial assets**

The Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest Company of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**g) Employee Benefits****i. Short-term employee benefits**

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

**ii. Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which the Company makes specified monthly contributions towards Provident Fund. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

**iii. Defined benefit plans**

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act 1972.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Re-measurement of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income.

**h) Provisions (other than for employee benefits)**

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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**i) Revenue Recognition**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

**j) Leases**

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower

of their fair value and the present value of the minimum lease payments. The minimum lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Statement of Profit and Loss.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's Balance Sheet. Payments made under operating leases are recognized in the Statement of Profit or Loss on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with general inflation.

**k) Recognition of dividend income, interest income or expense**

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

Interest income or expense is recognised using the effective interest method.

**l) Income tax**

Income tax expense comprises of current and deferred tax. Current tax and deferred tax is recognized in the statement of profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

**i. Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

**ii. Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

**m) Borrowing costs**

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Where there is an unrealised exchange loss which is treated as an adjustment to interest and subsequently there is a realised or unrealised gain in respect of the settlement or translation of the same borrowing, the gain to the extent of the loss previously recognised as an adjustment is recognised as an adjustment to interest.

**n) Earnings per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**4 Property, Plant and Equipment**

(Amount in Rs.)

	Land	Building	Plant & Machinery	Motor Vehicles	Furniture	Office Equipments	Computer	Total
<b>Cost or deemed cost (Gross carrying amount)</b>								
As on 1st April 2016	40,341,860	39,538,473	162,574,234	2,277,178	975,051	2,234,045	4,279,543	252,220,384
Additions	-	-	402,379	-	-	-	14,000	416,379
Disposals	-	-	-1,679,705	-818,695	-	-	-	-2,498,400
As on 31st March 2017	<b>40,341,860</b>	<b>39,538,473</b>	<b>161,296,908</b>	<b>1,458,483</b>	<b>975,051</b>	<b>2,234,045</b>	<b>4,293,543</b>	<b>250,138,362</b>
Additions	-	36,378,449	666,268	-	6,828	20,999	-	37,072,544
Disposals	-	-	-2,400,000	-	-	-	-	-2,400,000
As on 31st March 2018	<b>40,341,860</b>	<b>75,916,922</b>	<b>159,563,176</b>	<b>1,458,483</b>	<b>981,879</b>	<b>2,255,044</b>	<b>4,293,543</b>	<b>284,810,907</b>
<b>Accumulated Depreciation / Amortisation</b>								
As on 1st April 2016	-	22,260,033	116,207,457	1,932,738	874,203	2,044,290	4,198,323	147,517,044
Charge for the year	-	1,586,048	8,296,860	102,956	26,110	34,863	55,562	10,102,398
Adjustments on Disposal	-	-	-881,845	-648,695	-	-	-	-1,530,540
As on 31st March 2017	-	23,846,081	123,622,472	1,386,999	900,313	2,079,152	4,253,885	156,088,902
Charge for the year	-	3,445,365	6,863,926	18,906	19,350	73,037	25,048	10,445,632
Adjustments on Disposal	-	-	-1,544,315	-	-	-	-	-1,544,315
As on 31st March 2018	-	27,291,446	128,942,084	1,405,905	919,662	2,152,190	4,278,933	164,990,219
<b>Carrying amounts (net)</b>								
As on 31st March 2016	40,341,860	17,278,439	46,366,777	344,440	100,848	189,755	81,220	104,703,340
As on 31st March 2017	40,341,860	15,692,392	37,674,435	71,484	74,738	154,893	39,658	94,049,461
As on 31st March 2018	40,341,860	48,625,476	30,621,092	52,578	62,217	102,854	14,610	119,820,687

(Amount in Rs.)

	3/31/2018	3/31/2017	4/1/2016
<b>Capital Work-in-Progress</b>	-	40,051,102	36,066,793

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2018**

	31 March, 2018 Amount (₹)	31 March, 2017 Amount (₹)	1st April, 2016 Amount (₹)
<b>5 Non Current Tax Assets (Net)</b>			
Advance Tax, TDS and TCS	4,567,185	3,865,190	3,086,565
Provision for Income Tax	(92,908)	(364,550)	(36,500)
	<b>4,474,277</b>	<b>3,500,640</b>	<b>3,050,065</b>
<b>6 Inventories</b> (At lower of cost and net realisable value)			
Raw Materials	-	-	676,458
Finished Goods	-	2,261,200	4,270,730
Trading Goods	3,107,480	9,082,313	9,216,664
Scrap	68,200	68,200	68,200
Consumable Stores	2,271,352	2,178,080	2,625,470
<b>Total</b>	<b>5,447,032</b>	<b>13,589,792</b>	<b>16,857,522</b>
(i) The mode of valuation of inventories has been stated in Note 3(e).			
(ii) Cost of inventory recognised as an expense			
<b>Particulars</b>			
Changes in inventories of finished goods, work-in-progress and stock-in-trade	8,236,033	2,009,530	
Stores and spares	1,722,789	1,134,096	
<b>7 Trade Receivables</b>			
Unsecured, considered good	3,052,046	2,900,834	8,194,812
	<b>3,052,046</b>	<b>2,900,834</b>	<b>8,194,812</b>
<b>8 Cash And Cash Equivalent</b>			
Cash in hand (As certified by the management)	243,534	291,388	213,695
Balances with banks In current accounts	3,052,984	660,179	175,567
	<b>3,296,518</b>	<b>951,566</b>	<b>389,262</b>
<b>9 Other bank balances</b>			
Earmarked balances (on unclaimed dividend account)	123,359	294,333	294,333
	<b>123,359</b>	<b>294,333</b>	<b>294,333</b>
<b>10 Other Financial Assets (Current)</b>			
<b>To parties other than related parties</b>			
Deposit	731,145	773,645	1,270,464
Gratuity ( Under group gratuity scheme with LIC)	127,945	127,945	127,945
Advance To Staff	92,960	44,460	114,460
	<b>952,050</b>	<b>946,050</b>	<b>1,512,869</b>
<b>11 Other Current Assets</b>			
<b>Advances other than Capital Advance</b>			
Balances with government authorities	4,983,167	8,443,957	8,253,998
Amount paid under protest	4,332,384	4,235,224	4,235,224
Other Advances (Prepaid Expense, Advance to Supplier, and others)	3,938,841	4,778,295	7,143,019
Interest Receivable -Electricity Deposit	98,179	105,371	114,668
	<b>13,352,571</b>	<b>17,562,847</b>	<b>19,746,909</b>
<b>12 Equity Share Capital</b>			
<b>Authorised</b>			
45,00,000 (31st March 2017: 45,00,000; 1st April 2016: 45,00,000)			
Equity shares of Rs. 10/- each with voting rights	<b>45,000,000</b>	<b>45,000,000</b>	<b>45,000,000</b>
<b>Issued, Subscribed and Paid-up</b>			
41,50,000 (31st March 2017: 45,00,000; 1st April 2016: 45,00,000)			
Equity shares of Rs. 10/- each with voting rights	<b>41,500,000</b>	<b>41,500,000</b>	<b>41,500,000</b>

a) There has been no movement in shares during the year 2016-2017 and 2017-2018.

b) Terms/Rights attached to equity shares

The Company has Equity Shares having par value of Rs. 10/- per share. Each holder of Equity Shares is entitled to one vote per share. Holders of Equity Shares are entitled to dividend, in proportion to the paid up amount, proposed by Board of Directors subject to approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of Equity Shares will be entitled 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% shares in the Company

	As at 31 March, 2018 Amount (₹)		As at 31 March, 2017 Amount (₹)		As at 1 April, 2016 Amount (₹)	
	No. of Shares	% holding	No. of Shares	% holding	No. of Shares	% holding
<b>Equity shares of Rs 10 each fully paid</b>						
Concast Steels & Alloys limited	1,200,100	28.92%	1,200,100	28.92%	1,200,100	28.92%
Beekay Steel Industries Limited	1,160,000	27.95%	1,160,000	27.95%	1,160,000	27.95%
Kamlesh Mercantile Credit Pvt. Ltd.	240,000	5.78%	240,000	5.78%	240,000	5.78%

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

### 13 Other equity

Below are the components of other equity:

(Amount in Rs.)

	1st April 2017	Movement during the year	31st March 2018	1st April 2016	Movement during the year	31st March 2017
Retained Earnings	9,534,348	(6,405,309)	3,129,039	13,144,572	(3,610,224)	9,534,348
Capital Reserve	656,671	-	656,671	656,671	-	656,671
	<b>10,191,019</b>	<b>(6,405,309)</b>	<b>3,785,710</b>	<b>13,801,243</b>	<b>(3,610,224)</b>	<b>10,191,019</b>

**Retained Earnings:** It comprise of accumulated profit/ (loss) of the Company. The movement of Rs. (3,610,224) [31st March 2017: Rs. (6,405,309)] was on account of profit/ (loss) incurred by the Company.

**Capital Reserve:** Revaluation reserve created earlier on revaluation of Property, Plant and Equipment has been transferred to Capital Reserve.

	31 March, 2018 Amount (₹)	31 March, 2017 Amount (₹)	1st April, 2016 Amount (₹)
<b>14 <u>Borrowings (Non Current)</u></b>			
<b>Rupee Term Loan</b>			
From Banks (secured)	7,044,201	19,137,129	31,008,127
Less: Current Maturities Of Long Term Borrowings	(7,063,911)	(12,000,000)	(12,000,000)
From Bodies Corporate (unsecured)	32,500,000	34,000,000	32,500,000
	<b>32,480,290</b>	<b>41,137,129</b>	<b>51,508,127</b>
Secured Loan of Rs. 70,63,911/- (Rs. 1,92,55,768/-) from Yes Bank Ltd secured against Equitable Mortgage of Office space of Emerald Suppliers (P) Ltd., and personal Guarantee of two directors.			
Unsecured Loan from body corporates, repayable after 3 years carrying interest at the rate of 12% p.a to 13% p.a.			
<b>15 <u>Trade Payable</u></b>			
<b>Dues to Micro And Small Enterprises</b> (as per the intimation received from vendors)			
a. Principal and interest amount remaining unpaid	-	-	-
b. Interest due thereon remaining unpaid	-	-	-
c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-	-
e. Interest accrued and remaining unpaid	-	-	-
f. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-	-
<b>Dues to Others</b>			
Trade Payables			
- For Expenses	50,265,029	58,616,988	54,734,504
	<b>50,265,029</b>	<b>58,616,988</b>	<b>54,734,504</b>
<b>16 <u>Other Financial Liabilities (Current)</u></b>			
Investor Education and protection Fund (as and when due)			
- Unpaid Dividend	123,359	294,333	294,333
Current Maturity of Long term Borrowings	7,063,911	12,000,000	12,000,000
Interest Accrued and due	12,787,250	13,965,239	18,366,007
Creditors for Capital goods	1,152,941	848,270	924,716
Salary & Wages Payables	186,370	175,261	171,007
	<b>21,313,831</b>	<b>27,283,103</b>	<b>31,756,063</b>
<b>17 <u>Other Current Liabilities</u></b>			
Statutory Liabilities	662,648	480,364	493,160
Advance From Customers	127,848	26,008	437,372
	<b>790,496</b>	<b>506,372</b>	<b>930,532</b>
<b>18 <u>Provisions</u></b>			
<b>Provision for Employee Benefit</b>			
Provision for Gratuity	342,901	490,546	904,037
Provision for Leave Pay	40,282	41,039	7,558
	<b>383,183</b>	<b>531,585</b>	<b>911,595</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2018**

	31 March, 2018 Amount (₹)	31 March, 2017 Amount (₹)
<b>19 Revenue from operations</b>		
Sale of Products (including excise duty)		
Finished Goods	4,723,322	2,074,177
Traded Goods	12,714,706	29,999,035
Other Operating Revenue	12,963,132	14,327,632
	<b>30,401,160</b>	<b>46,400,845</b>
Sales from July 1, 2017 is net of Goods and Service Tax (GST). However, sales till period ended June 30, 2017 and for the previous year ended March 31, 2017 is gross of Excise Duty.		
<b>20 Other Income</b>		
Interest	98,179	111,671
Dividend	-	957
Other non operating income*	12,119,973	6,302,877
Liabilities no longer required written back	307,161	3,367,129
	<b>12,525,313</b>	<b>9,782,634</b>
*Other non operating income include:		
Rent Charges	5,417,685	72,000
Facility Management Charges	6,001,380	5,576,062
Miscellaneous Income	412,593	654,815
Profit on Sale of Property, Plant and Equipments	288,315	
<b>21 Change in Inventories of Finished Goods and Stock in Trade</b>		
<b>Inventories at the end of the year:</b>		
Finished goods	-	2,261,200
Trading goods	3,107,480	-
	<b>3,107,480</b>	<b>2,261,200</b>
<b>Inventories at the beginning of the year:</b>		
Finished goods	2,261,200	4,270,730
Trading goods	9,082,313	-
	11,343,513	4,270,730
<b>Net (increase) / decrease</b>	<b>8,236,033</b>	<b>2,009,530</b>
<b>22 Employee Benefit Expenses</b>		
Salaries and wages	2,541,853	2,543,840
Contributions to provident and other funds	380,365	335,531
Staff welfare expenses	732,277	696,260
	<b>3,654,495</b>	<b>3,575,631</b>
<b>23 Finance Cost</b>		
Interest expense on:		
Borrowings	1,596,274	3,237,165
Others	3,453,094	2,754,455
	<b>5,049,368</b>	<b>5,991,620</b>
<b>24 Other Expenses</b>		
Power and fuel	1,781,330	1,309,979
Stores Consumption	1,722,789	1,134,096
Rent	357,307	353,707
Repairs and maintenance	353,658	358,101
Insurance	294,809	189,166
Rates & Taxes	483,416	473,055
Director's Remuneration	329,000	370,895
Telephone & Mobile Expenses	117,197	116,173
Travelling & Conveyance	70,938	83,275
Coolie & Cartage	93,670	108,625
Printing & Stationery	116,150	104,275
Freight & Forwarding	132,911	67,148
Vehicle Maintenance	165,534	280,946
Legal & Professional	252,149	277,023
Delisting Charges	583,292	-
Security Service Charges	941,027	727,384
Miscellaneous Expenses	415,615	688,257
Machine Shop Expenses	2,189,245	1,856,462
Payment to Auditors		
<b>- Audit Fees</b>	50,000	57,550
	<b>10,450,036</b>	<b>8,556,117</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

### 25 Income and Deferred Taxes (net)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deferred tax asset	-	10,778,692	10,884,137
Less: Deferred tax liability	-	(4,859,122)	(6,557,978)
	-	5,919,570	4,326,159

#### Income taxes

##### A. Amount recognised in profit or loss

	As at 31 March 2018	As at 31 March 2017
<b>Current tax</b>		
Current period	-	328,050
Changes in respect of current income tax of previous year	(328,050)	-
A	(328,050)	328,050
<b>Deferred tax</b>		
Attributable to-		
Origination and reversal of temporary differences	5,921,376	(1,729,597)
B	5,921,376	(1,729,597)
<b>Tax expense reported in the Standalone Statement of Profit and Loss [(A)+(B)]</b>	5,593,326	(1,401,547)
<b>B. Income tax recognised in other comprehensive income</b>		
<b>Deferred tax</b>		
On items that will not be reclassified to profit or loss		
- Remeasurements of defined benefit plans	1,806	(136,186)
<b>Income tax expense reported in the Standalone Statement of Profit and Loss</b>	1,806	(136,186)
<b>C. Reconciliation of effective tax rate for the year ended 31 March 2018</b>		
Profit/(Loss) before tax (a)	(806,776)	(5,404,464)
Income tax rate as applicable (b)	30.90%	30.90%
Calculated taxes based on above, without any adjustments for deductions [(a) x (b)]	(249,294)	(1,669,979)
<b>Permanent tax differences due to:</b>		
Effect of expenses that are not deductible in determining taxable profit	(249,294)	(1,669,979)
<b>Tax effect of:</b>		
Adjustments in prior year taxes	(328,050)	-
Deferred tax assets not recognized as realization is not probable	6,170,670	-
Others	-	268,432
	5,593,326	(1,401,547)

##### D. Recognised deferred tax assets and liabilities

	Balance as on 1 April 2017	(Charged) / credited to profit or loss	(Charged) / credited to OCI	Balance as on 31 March 2018
Property, plant and equipment	(4,828,572)	4,828,572	-	-
Provisions	692,827	(694,633)	1,806	-
Items allowed on payment basis	(30,550)	30,550	-	-
Unused Tax Losses and Unabsorbed Depreciation *	10,085,865	(10,085,865)	-	-
	5,919,570	(5,921,376)	1,806	-
	Balance as on 1 April 2016	(Charged) / credited to profit or loss	(Charged) / credited to OCI	Balance as on 31 March 2017
Property, plant and equipment	(6,444,453)	1,615,881	-	(4,828,572)
Provisions	798,272	30,741	(136,186)	692,827
Items allowed on payment basis	(113,525)	82,975	-	(30,550)
Unused Tax Losses and Unabsorbed Depreciation *	10,085,865	-	-	10,085,865
	4,326,159	1,729,597	(136,186)	5,919,570

\* The above Unused Tax Losses will expire from A.Y. 2020-21 to A.Y. 2025-26.

**Note:** Deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

The Company offsets tax assets and tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same authority.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2018**

**26 Contingent Liabilities**

Sl. No	Particulars	Financial Year	Forum	Amount	Case No./ Remarks
1	Non Agricultural Land Tax	2007-08	Honorable High Court of Andhra Pradesh	3,41,185/-	Visakhapatnam Mandel Revenue Office has levied Rs. 3,41,185/- (previous Year Rs. 3,41,185/-) up to Financial Year 2007-08 as Non- Agricultural Land Tax on Factory Land. The Company paid Rs. 2,66,765/- (Previous Year Rs. 2,66,765/-) and filed an appeal which is pending before Hon'ble High Court of Andhra Pradesh.
2	Arbitration award	01.04.1983 to 01.04.1995	Honorable High Court of Andhra Pradesh	15,22,347/-	The company has received arbitration award to pay Rs. 15,22,347/- (Previous Year Rs. 15,22,347/-) being enhanced lease rent for the period from 01.04.1983 to 01.04.1995 levied by Visakhapatnam Port Trust. The Company has filed an appeal before the Hon'ble High Court of Andhra Pradesh challenging the said arbitration award. If the judgement goes in favour of Visakhapatnam Port Trust, the company is liable to pay Rs. 15,22,347/- (Previous Year Rs. 1522347/-) along with interest @ 18% p.a.
3	Electricity	Sep 1991 to Feb 1992	Honorable High Court of Andhra Pradesh	25,17,925/-	EPDC OF AP LTD (APSEB), Visakhapatnam issued demand notice towards charge for short billing during the period Sep, 1991 to Feb 1992 amounted to Rs. 25,17,925/- (Previous Year Rs. 25,17,925/-). The Company has paid Rs. 12,00,000/- (Previous Year Rs. 12,00,000/-) and filed an appeal before the Honorable High Court of Andhra Pradesh. In the facts and circumstances of the case, the High Court categorically stated that the dispute has to be decided by the electrical inspector within a period of 8 weeks only from the date of receipt of the original order of the high court dated 17.11.2001. The copy of the order was obtained from Andhra Pradesh High Court with a request to direct the APSEB (APEPDCL) to pay the amount held by them with Interest.
4	Sales Tax	2010-11	Sales Tax Appellate Tribunal, Hyderabad	1,30,713/-	While the goods are in Transit from RINL to Beekay Special Steel on A/c sales of the unit on 24.02.11, the Deputy Commercial Tax officer, Dwarka nagar circle verified the documents relating to sales and came to conclusion that materials transporting to customer with our valid documents were not proper and levied VAT 4% (Rs.1,30,713/-) and one time penalty equal to VAT amount of Rs. 130713/-. The unit has taken Rs. 1,30,713 as input credit and on penalty of Rs. 1,30,713/- the unit has gone for appeal before the Appellate Tribunal, Visakhapatnam on 24.08.2011.
5	Sales Tax	01/2009 to 03/2011	Appellate Deputy Commissioner (CT) Visakhapatnam	28,73,841/-	The Commercial tax Officer, Visakhapatnam issued a demand notice to the company for payment of 30,25,133/- towards input credit excess taken on sales to SEZ units and conversion job work for others. The company has paid Rs. 14,29,207/- UNDER PROTEST upto 31.03.2015, and the disputed tax is in appeals before the appellate tribunal (CT), Visakhapatnam.
6	Sales Tax	01/2009 to 03/2011	Appellate Deputy Commissioner (CT) Visakhapatnam	1,44,463/-	The Commercial tax Officer, Visakhapatnam issued a demand notice to the company toward penalty on input credit excess taken on Rs. 30,25,133/-. The company has gone for appeals before the Appellate deputy Commissioner, Visakhapatnam
7	Sales Tax	04/2011 to 07/2012	Appellate Deputy Commissioner (CT) Visakhapatnam	2,10,890/-	The cross audit conducted by CTO, suryabagh circle, Visakhapatnam for the period from April 2011 to July 2012 and issue a demand notice to the company against sales to SEZ units & on conversion job work. The company has paid Rs.10,87,719/- UNDER PROTEST upto 31.03.2015, and the disputed tax is in appeals before the appellate tribunal (CT), Visakhapatnam.
8	Sales Tax	2015-16	Commercial Tax Department, Integrated Check Post, BV Palem, Thada	94,458/-	While the goods are in Transit to the customers the assessing authorities of Integrated Check Post, BV Palem, Thada, Andhra Pradesh, had objected the waybill issued by the company due to some technical reasons on 25.03.2016. and passed order towards penalty and compound fee equal to tax liability. The Company has received the order on 30.03.2016 and filing an appeal before additional deputy commission (CT), Visakhapatnam in the month of May 2016

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

### 27 Employee Benefits

#### Statement of Assets and Liabilities for defined benefit obligation

(Amount in Rs.)

	Leave Encashment			Gratuity		
	31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016
Net defined benefit asset - Gratuity Plan		-	-	-	-	-
Net defined benefit obligation - Gratuity Plan	(40,282)	(41,039)	(7,558)	(342,901)	(490,546)	(904,037)
Total employee benefit liabilities	(40,282)	(41,039)	(7,558)	(342,901)	(490,546)	(904,037)
Non-current	(3,538)	(4,973)	(242)	(43,668)	(208,660)	(353,125)
Current	(36,744)	(36,066)	(7,316)	(299,233)	(281,886)	(550,912)

#### Defined contribution

Contribution to Defined Contribution Plan, recognized as expense for the period is as under:

	31 March 2018	31 March 2017
Employer's Contribution to Provident and Other Funds	380,365	335,531

#### Defined benefits - Gratuity

The Company's gratuity benefit scheme for its employees in India is a defined benefit plan (unfunded).

The Company provides for gratuity from employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of completed service.

The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as on 31st March, 2018 which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The Company's gratuity expense is recognized under the head – "Employee Benefit Expense"

These defined benefit plans expose the Company to actuarial risks, such as interest rate risk, liquidity risk, salary escalation risk and regulatory risk.

#### Inherent risk

The plan is defined benefit in nature which is sponsored by the Company and hence it underwrites all the risk pertaining to the plan. In particular, this exposes the Company, to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to longevity risk.

The following tables analyze present value of defined benefit obligations, expense recognised in statement of Profit and Loss, actuarial assumptions and other information.

#### Reconciliation of the net defined benefit (asset) liability

##### (i) Reconciliation of present value of defined benefit obligation

(Amount in Rs.)

	Leave Encashment		Gratuity	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
(a) Balance at the beginning of the year	41,039	7,558	490,546	904,037
(b) Current service cost	26,515	30,197	36,961	43,969
(c) Interest cost	2,720	597	28,535	71,419
(d) Actuarial (gains) / losses				
- financial assumptions	(1,134)	2,178	(7,502)	12,987
- experience adjustment	(19,318)	509	14,515	(541,866)
(e) Benefits paid	(9,540)	-	(220,154)	-
<b>Balance at the end of the year</b>	<b>40,282</b>	<b>41,039</b>	<b>342,901</b>	<b>490,546</b>
<b>(ii) Reconciliation of present value of plan assets</b>				
(a) Balance at the beginning of the year	-	-	-	-
(b) Interest income	-	-	-	-
(c) Remeasurements due to: Actual return on plan asset less interest on plan asset	-	-	-	-
(d) Contributions by the employer	9,540	-	220,154	-
(e) Benefits paid	(9,540)	-	(220,154)	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2018**

**(iii) Net Asset / (Liability) recognised in the Balance Sheet**

	(Amount in Rs.)			
	Leave Encashment		Gratuity	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Present value of defined benefit obligation	(40,282)	(41,039)	(342,901)	(490,546)
Fair value of plan assets	-	-	-	-
<b>Net defined benefit obligations in the Balance Sheet</b>	<b>(40,282)</b>	<b>(41,039)</b>	<b>(342,901)</b>	<b>(490,546)</b>

**(iv) Expense recognised in Statement of Profit and Loss**

Current service cost	26,515	30,197	36,961	43,969
Interest cost	2,720	597	28,535	71,419
Expected return on plan assets	-	-	-	-
Immediate recognition of (gain)/ loss on other long term employee benefits	(20,452)	2,687	-	-
<b>Amount charged to Statement of Profit and Loss</b>	<b>8,783</b>	<b>33,481</b>	<b>65,496</b>	<b>115,388</b>

**(v) Remeasurements recognised in other comprehensive income**

Actuarial loss (gain) arising on defined benefit obligation from				
- financial assumptions	(1,134)	2,178	(7,502)	12,987
- experience adjustment	(19,318)	509	14,515	(541,866)
Actual return on plan asset less interest on plan asset				
Immediate recognition of (gain)/ loss on other long term employee benefits	20,452	(2,687)	-	-
<b>Amount recognised in other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>7,013</b>	<b>(528,879)</b>

**(vi) Maturity profile of defined benefit obligation**

Within the next 12 months	3,672	5,156	45,318	216,343
Between 1 and 5 years	4,360	4,213	9,115	12,801
Between 5 and 10 years	136,028	42,416	5,494	5,388
More than 10 years	-	-	-	-

**(vii) Sensitivity analysis**

Defined benefit obligation on discount rate plus 100 basis points	(5,045)	(5,127)	(34,204)	(31,039)
Defined benefit obligation on salary growth rate plus 100 basis points	6,265	6,396	40,716	36,813
Defined benefit obligation on discount rate minus 100 basis points	6,155	6,294	40,016	36,251
Defined benefit obligation on salary growth rate minus 100 basis points	(5,208)	(5,283)	(35,330)	(32,007)

**(viii) Actuarial assumptions**

Discount rate	7.70%	7.50%	7.70%	7.50%
Expected rate of salary increase	5.00%	5.00%	5.00%	5.00%
Retirement age (years)	58	58	58	58

Assumptions regarding future mortality experience are set in accordance with the published rates under Indian Assured Lives Mortality (2006-08).

<b>(ix) Weighted average duration of defined benefit obligation</b>	16 Years	9 Years	16 Years	9 Years
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**28. Earnings Per Share:**

**Basic earnings per share**

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding and calculated as follows:

	For the year ended 31 March	
	2018	2017
<b>Profit attributable to ordinary shareholders (basic and diluted)</b>		
Profit after Tax attributable to Equity Shareholders (Rs.)	(6,405,309)	(3,610,224)
<b>Weighted average number of ordinary shares (basic and diluted)</b>		
Weighted average number of ordinary shares	4,150,000	4,150,000
<b>Earnings/ (Loss) per share</b>		
Basic EPS of Rs. 10 each	(1.54)	(0.87)
Diluted EPS of Rs. 10 each	(1.54)	(0.87)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

### 29 Related Party Disclosures

#### (A) Enterprise under common control with whom transactions have taken place during the year

Beekay Steel Industries Ltd

#### (B) Key Managerial Personnel and their relatives

Ashok Bansal

Manav Bansal

The following transactions were carried out with related parties in the ordinary course of business:

Nature of Transactions	Transaction for the year ended		Balance at the year ended	
	31/3/2018 Amount (Rs.)	31/3/2017 Amount (Rs.)	31/3/2018 Amount (Rs.)	31/3/2017 Amount (Rs.)
<b>(A) Enterprise under common control</b>				
Sundry Debtors	-	-	13,446,003	6,063,307
<u>Current Liabilities</u>				
Creditors	-	-	59,632,362	61,308,839
Sales (Goods)	9,262,561	30,064,653	-	-
Sales (Capital Goods)	1,144,000	378,300	-	-
Purchase (Goods)	5,897,684	30,387,783	-	-
Purchase (service, stores, spares & capital goods)	330,400	38,378	-	-
Conversion/ Machining charges received	6,138,412	5,751,036	-	-
Rent Received	5,417,685	72,000	-	-

#### Compensation of Key Management Personnel of the Company

Key management personnel compensation comprised the following :

##### Nature of transaction

	Year ended 31 March 2018	Year ended 31 March 2017
Short-term employee benefits	300,000	551,160
Other long-term benefits (Refer Note below)	*	*
<b>Total Compensation paid to key management personnel</b>	<b>300,000</b>	<b>551,160</b>

\* As the future liability for gratuity and compensated encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the key management personnel is not ascertainable and, therefore, not included above.

All decisions relating to the remuneration of the directors are taken by the board of directors of the Company, in accordance with shareholder approval, wherever necessary.

#### Terms and conditions of transactions with related parties

The purchase from related party are made in the ordinary course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash.

### 30 Financial instruments and related disclosures

#### 30.1 Fair values vs carrying amounts

The following table shows fair values of financial assets and liabilities, including their levels in financial hierarchy, together with the carrying amounts shown in the statement of financial position. The table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note No.	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
			Level 3		Level 3		Level 3
<b>Financial assets:</b>							
Trade receivables		3,052,046	-	2,900,834	-	8,194,812	-
Cash and cash equivalents		3,296,518	-	951,566	-	389,262	-
Other Bank Balances		123,359	-	294,333	-	294,333	-
Other financial assets		952,050	-	946,050	-	1,512,869	-
<b>Financial liabilities:</b>							
Borrowings		32,480,290	-	41,137,129	-	51,508,127	-
Trade payables		50,265,029	-	58,616,988	-	54,734,504	-
Other financial liabilities		21,313,831	-	27,283,103	-	31,756,063	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

### 30.2 Fair value measurement

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale.

The Company has established the following fair value hierarchy that categories the value into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

**Level 1:** The hierarchy uses quoted (adjusted) prices in active markets for identical assets or liabilities.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on company specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The management assessed that trade receivables, cash and cash equivalent, other bank balances, trade payable and other financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

### 30.3 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

#### **Risk management frame work**

The Company's principal financial liabilities comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company operations. The Company's principal financial assets include trade and other receivables and cash and cash equivalents that derive directly from its operations.

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

#### **(i) Credit risk**

Credit risk is the risk of financial loss of the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company receivables from customers. Credit arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing/investing activities, including deposits with bank and financial guarantees. The Company has no significant concentration of credit risk with any counterparty. The carrying amount of financial assets represent the maximum credit risk exposure.

#### **Trade receivable**

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

### Exposure to credit risks

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. Details of concentration percentage of revenue generated from top customer and top five customers are stated below :

Particulars	Year ended 31 March 2018		Year ended 31 March 2017	
	%	Amount (₹)	%	Amount (₹)
Revenue from top customer	50.66%	15,400,973	77.19%	35,815,689
Revenue from top five customers	99.73%	30,320,377	100%	46,400,845

Trade receivables are primarily unsecured and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and by continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. As per simplified approach, the Company makes provision of expected credit loss on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provisions at each reporting date whenever is for longer period and involves higher risk.

### (ii) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's finance team is responsible for liquidity, funding as well as settlement management. In addition, Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

### Exposure to liquidity risk

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments

31 March 2018	Amount (₹)			
	Less than 1 year	1-5 years	5 years	Total
Borrowings	7,063,911	32,480,290	-	39,544,201
Trade payables	50,265,029	-	-	50,265,029
Other financial liabilities	14,249,921	-	-	14,249,921

31 March 2017	Amount (₹)			
	Less than 1 year	1-5 years	5 years	Total
Borrowings	12,000,000	41,137,129	-	57,137,129
Trade payables	58,616,988	-	-	58,616,988
Other financial liabilities	15,283,103	-	-	15,283,103

1st April 2016	Amount (₹)			
	Less than 1 year	1-5 years	5 years	Total
Borrowings	12,000,000	51,508,127	-	63,508,127
Trade payables	54,734,504	-	-	54,734,504
Other financial liabilities	19,756,063	-	-	19,756,063

**(iii) Market risk**

Market risk is the risk of loss of future earnings, fair value 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 and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments, receivables, payables and borrowings.

**(a) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates related primarily to the Company's short term borrowing with floating interest rates. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

**Exposure to interest rate risk**

The interest rate profile of the Company's interest bearing financial instruments at the end of the reporting period are as follows:

Particulars	Amount (₹)		
	31 March 2018	31 March 2017	1 April 2016
<b>Fixed rate instruments</b>			
Financial assets	-	-	-
Financial liabilities	32,500,000	34,000,000	32,500,000
	<b>32,500,000</b>	<b>34,000,000</b>	<b>32,500,000</b>
<b>Variable rate instruments</b>			
Financial assets	-	-	-
Financial liabilities	7,044,201	19,137,129	31,008,127
	<b>7,044,201</b>	<b>19,137,129</b>	<b>31,008,127</b>

**Sensitivity analysis**

Fixed rate instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of sensitive analysis.

**Cash flow sensitivity analysis for variable rate instruments**

A reasonably possible change of 100 basis points in variable rate instruments at the reporting dates would have increased or decreased profit or loss by the amounts shown below.

Particulars	Amount (₹)			
	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2017</b>				
Variable rate instruments	70,442	(70,442)	48,675	(48,675)
<b>Cash flow sensitivity (net)</b>	<b>70,442</b>	<b>(70,442)</b>	<b>48,675</b>	<b>(48,675)</b>
<b>31 March 2016</b>				
Variable rate instruments	191,371	(191,371)	132,238	(132,238)
<b>Cash flow sensitivity (net)</b>	<b>191,371</b>	<b>(191,371)</b>	<b>132,238</b>	<b>(132,238)</b>

**(b) Equity price risk**

The Company is not exposed to equity risks arising from equity investments. The Company have not made any equity investments.

**(c) Currency risk**

The Company does not have currency risks since it is not exposed to any foreign currency transaction.

**31 Capital management**

The Company's management objective are :

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products commensurately with the level of risk.

The Company monitors capital on the basis of carrying amount of equity including retained earnings as presented on the face of Balance Sheet. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. There is no change in the overall capital risk management strategy as compared to the last year.

The Company monitors capital using debt-equity ratio, which is total debt less investments divided by total equity.

Particulars		Amount (₹)		
		31 March 2018	31 March 2017	1 April 2016
Total debt (Bank and other borrowings)	A	39,544,201	53,137,129	63,508,127
Equity	B	45,285,710	51,691,019	55,301,243
Liquid investments including bank deposits	C	3,296,518	951,566	389,262
<b>Debt to Equity (A / B)</b>		0.87	1.03	1.15
<b>Debt to Equity (net) [(A-C) / B]</b>		0.80	1.01	1.14

In addition the Company has financial covenants relating to the banking facilities that it has taken from all the lenders like interest service coverage ratio, Debt to EBITDA, current ratio etc. which is maintained by the Company.

### 32 **Explanation of transition to Ind AS**

These are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2017, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in note have been applied in preparing these financial statements for the year ended 31 March 2018 including the comparative information for the year ended 31 March 2017 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2016.

In preparing its Ind AS balance sheet as at 1 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

#### **Optional exemptions availed and mandatory exceptions**

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

#### **A. Optional exemptions availed**

##### **1 Property plant and equipment**

The Company has elected to avail exemption under Ind AS 101 to use India GAAP carrying value as deemed cost at the date of transition for all items of property, plant and equipment and intangible assets as per the statement of financial position prepared in accordance with previous GAAP.

##### **2 Fair value measurement of financial assets or liabilities at initial recognition**

The Company has applied the requirements of Ind AS 109, "Financial Instruments: Recognition and Measurement", wherever applicable.

#### **B. Mandatory exceptions**

##### **1 Estimates**

The estimates at 1 April 2016 and at 31 March 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:- Fair valuation of financial instruments carried at FVTPL and/ or FVOCI.- Impairment of financial assets based on the expected credit loss model.-Determination of the discounted value for financial instruments carried at amortised cost. The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2016, the date of transition to Ind AS and as of March 31, 2017.

##### **2 Derecognition of financial assets and liabilities**

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, *Financial Instruments*, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the derecognition principles of Ind AS 109 retrospectively as reliable information was available at the time of initially accounting for these transactions.

##### **3 Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

### 32 Explanation of transition to Ind AS (continued)

#### C. Effect of Ind AS adoption on the standalone balance sheet as at 31st March 2017 and 1st April 2016

Amount (₹)

Particulars	Note	31 March 2017			1 April 2016		
		Previous GAAP	Adjustment on Transition to Ind AS	Ind AS	Previous GAAP	Adjustment on Transition to Ind AS	Ind AS
<b>ASSETS</b>							
<b>(1) Non-current assets</b>							
(a) Property, plant and equipment		99,405,985	(5,356,525)	94,049,461	104,703,340	-	104,703,340
(b) Capital work-in-progress		40,051,102	-	40,051,102	36,066,793	-	36,066,793
(c) Deferred tax assets (net)	(d)	4,787,583	1,131,987	5,919,570	4,656,451	(330,292)	4,326,159
(d) Non Current Tax Assets (Net)		3,500,640	-	3,500,640	3,050,065	-	3,050,065
<b>Total Non-current assets</b>		<b>147,745,311</b>	<b>(4,224,538)</b>	<b>143,520,773</b>	<b>148,476,649</b>	<b>(330,292)</b>	<b>148,146,357</b>
<b>(2) Current assets</b>							
(a) Inventories		13,589,792	-	13,589,792	16,857,522	-	16,857,522
(b) Financial assets							
(i) Trade receivables		2,900,834	-	2,900,834	8,194,812	-	8,194,812
(ii) Cash and cash equivalents		951,566	-	951,566	389,262	-	389,262
(iii) Other Bank Balances		294,333	-	294,333	294,333	-	294,333
(iv) Other financial assets		946,050	-	946,050	1,512,869	-	1,512,869
(c) Other current assets		17,562,847	-	17,562,847	19,746,909	-	19,746,909
<b>Total Current assets</b>		<b>36,245,422</b>	<b>-</b>	<b>36,245,422</b>	<b>46,995,707</b>	<b>-</b>	<b>46,995,707</b>
<b>TOTAL ASSETS</b>		<b>183,990,733</b>	<b>(4,224,538)</b>	<b>179,766,195</b>	<b>195,472,355</b>	<b>(330,292)</b>	<b>195,142,064</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
(a) Equity share capital		41,500,000	-	41,500,000	41,500,000	-	41,500,000
(b) Other equity		14,296,917	(4,105,898)	10,191,019	13,799,632	1,610	13,801,243
<b>Total Equity</b>		<b>55,796,917</b>	<b>(4,105,898)</b>	<b>51,691,019</b>	<b>55,299,632</b>	<b>1,610</b>	<b>55,301,243</b>
<b>Liabilities</b>							
<b>(1) Non-current liabilities</b>							
(a) Financial liabilities							
(i) Borrowings	(b)	41,255,768	(118,639)	41,137,129	51,875,521	(367,394)	51,508,127
<b>Total Non-current liabilities</b>		<b>41,255,768</b>	<b>(118,639)</b>	<b>41,137,129</b>	<b>51,875,521</b>	<b>(367,394)</b>	<b>51,508,127</b>
<b>(2) Current liabilities</b>							
(a) Financial liabilities							
(i) Trade payables		58,616,988	-	58,616,988	54,734,504	-	54,734,504
(ii) Other financial liabilities		27,283,103	-	27,283,103	31,756,063	-	31,756,063
(b) Other Current Liabilities		506,372	-	506,372	930,532	-	930,532
(c) Provisions		531,585	-	531,585	876,103	35,492	911,595
<b>Total Current liabilities</b>		<b>86,938,048</b>	<b>-</b>	<b>86,938,048</b>	<b>88,297,202</b>	<b>35,492</b>	<b>88,332,694</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>183,990,733</b>	<b>(4,224,537)</b>	<b>179,766,195</b>	<b>195,472,355</b>	<b>(330,292)</b>	<b>195,142,064</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

### 32 Explanation of transition to Ind AS (continued)

#### D. Reconciliation of total comprehensive income for the year ended 31st March, 2017 Amount (₹)

Particulars	Note	Indian GAAP	Adjustments	Ind AS
I Revenue from operations	(c)	46,170,378	230,467	46,400,845
II Other income		9,782,634	-	9,782,634
III Total income (I + II)		<b>55,953,012</b>	<b>230,467</b>	<b>56,183,479</b>
IV Expenses				
Purchases of Stock in Trade		31,122,180	-	31,122,180
Changes in inventories of Finished Goods, Stock-in-process and Stock-in-Trade		2,009,530	-	2,009,530
Excise Duty	(c)	-	230,467	230,467
Employee benefits expense	(a)	3,082,244	493,387	3,575,631
Finance costs	(b)	5,742,865	248,755	5,991,620
Depreciation and amortisation expense		4,745,875	5,356,523	10,102,398
Other expenses		8,556,117	-	8,556,117
Total expenses (IV)		<b>55,258,811</b>	<b>6,329,132</b>	<b>61,587,943</b>
V Profit/ (loss) before tax (III-IV)		694,201	-6,098,665	-5,404,464
VI Tax expenses				
Current Tax		(328,050)	-	-328,050
Tax expense relating to previous year		-	-	-
Deferred Tax	(d)	131,131	1,598,466	1,729,597
VIII Other comprehensive income		<b>497,282</b>	<b>(4,500,199)</b>	<b>(4,002,917)</b>
A. (i) Items that will not be reclassified to profit or loss				
(a) Remeasurements of defined benefit liability/ (asset)	(a)	-	528,879	528,879
(ii) Income taxes on items that will not be reclassified to profit or loss	(d)	-	(136,186)	(136,186)
B. (i) Items that will be reclassified to profit or loss		-	-	-
(ii) Income taxes on items that will be reclassified to profit or loss		-	-	-
Total other comprehensive income, net of taxes		-	<b>392,693</b>	<b>392,693</b>
IX Total Comprehensive income/ (loss) for the year (VII + VIII)		<b>497,282</b>	<b>(4,107,506)</b>	<b>(3,610,224)</b>

#### E. Reconciliation of Statement of cash flows for the year ended 31 March 2016

There were no significant reconciliation items between cash flows prepared under previous GAAP and those prepared under Ind AS.

#### F. Notes to the reconciliations

##### (a) Actuarial gain and loss

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP the Company recognised actuarial gains and losses in profit or loss. However, this has no impact on the total comprehensive income and total equity as on 1 April 2016 or as on 31 March 2017.

##### (b) Borrowings at amortised cost

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability measured at amortised cost and charged to Statement of Profit and Loss using the Effective Interest Rate (EIR) method.

##### (c) Excise duty

Under previous GAAP, revenue from sale of goods was presented net of the excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty is presented in the Statement of Profit and Loss as an expense. This has resulted in an increase in the revenue from operations and expenses for the year ended 31 March 2017. The total comprehensive income for the year ended and equity as at 31 March 2016 has remained unchanged.

##### (d) Deferred Tax

The impact of transition adjustments together with Ind AS mandate of using balance sheet approach (against profit and loss approach in the previous GAAP) for computation of deferred taxes has resulted in charge to the Reserves, on the date of transition, with consequential impact to the Statement of Profit and Loss for the subsequent periods.

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