

## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 16th Annual Report of your company on the operations and performance along with the Audited Financial Statements for the year ended on 31st March 2019.

### FINANCIAL HIGHLIGHTS

₹ in Crores

Particulars	March 31, 2019	March 31, 2018
Total Revenues	575.69	448.79
Total Expenditure	566.53	440.86
Profit before interest depreciation, extraordinary item and tax	9.16	7.93
Depreciation and Interest	7.80	7.75
Profit / (Loss) before exceptional, extraordinary item and tax	1.36	0.18
Exceptional & Extraordinary item	(20.01)	63.78
Profit / (Loss) before tax	(18.65)	63.96
Tax Expense / Deferred tax	2.95	21.57
Net Profit / (Loss) for the year	(21.60)	42.39
Total Comprehensive income	0.06	0.16
Profit / (Loss) Brought forward from last year	(101.52)	(144.07)
Balance Carried forward	(123.06)	(101.52)

### STATE OF COMPANY'S AFFAIRS / PERFORMANCE OVERVIEW

During the year under review Total Revenue from operation has been increased from ₹448.79 Crores' to ₹ 575.69 Crores' as compared to previous year's turnover. Company has registered a net Loss of ₹ 21.60 Crores in comparison of profit of ₹ 42.39 Crores during previous year. During the year under review, Company has been regularly paying all the instalment as per the terms of settlement with banks and financial institution

### DIVIDEND

Due to high accumulated loss, your Directors have not recommended dividend for the financial year 2018-19.

### BUSINESS ACTIVITY

The company is engaged in manufacture of sponge iron, ferro alloys and power. Company is generating power on account of waste heat recovery system resulting economic price. Company is having its power plant of 40 MW. Power generated is used for captive consumption. There has been no change in the nature of business of the Company.

### SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The company does not have holding or subsidiary companies during the year and no other company has become holding / subsidiary/ joint venture / associate. The Company is an Associate Company of M/s Shah Alloys Limited as it is holding more than 20% of the Equity Share Capital in the Company as a Promoter Company.

Name of Director or KMP	Designation	Appointment/Resignation /Cessation	Date
Mr. Niraj Jain	Company Secretary	Resignation	03/01/2019
Mr. Manish Daulani	Company Secretary	Appointment	04/01/2019
Mr. Jethalal M. Shah	Non-Executive Independent Director	Cessation (Due to Sudden Demise)	13/01/2019

### MEETINGS OF THE BOARD

During the year under review, total four meetings of Board of Directors were held on the following dates 28/05/2018, 11/08/2018, 14/11/2018, 13/02/2019. Details of meetings are given in the Corporate Governance Report annexed herewith and forms part of this report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received necessary declarations from each Independent Director of the Company confirming that he/she met with the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act, 2013 and under Regulation 16(1)(B) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**BOARD DIVERSITY**

A diverse Board enables efficient functioning through differences in perspective and skill, and also fosters differentiated thought processes at the back of varied industrial and management expertise, gender, knowledge and geographical background. The Company follows diverse Board structure.

**BOARD EVALUATION**

As per the provisions of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, the formal annual evaluation was carried out for the Board's own performance, its committee & Individual directors. The manner and detail in which evaluation was carried out is stated in the Corporate Governance Report which is annexed and forms a part of this report.

**INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY**

The details in respect of internal financial control and their adequacy are included in Management Discussion and Analysis Report, which forms part of this report.

**CORPORATE GOVERNANCE REPORT**

The Company is committed to observe good corporate governance practices. The report on Corporate Governance for the financial year ended March 31, 2019, as per regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report. The requisite Certificate from the Practicing Company Secretary of the Company confirming compliance with the conditions of Corporate Governance is annexed to this Report.

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

As required under Section 134 (3) (m) of the Act read with Rule 8 of The Companies (Accounts) Rules, 2014, particulars relating to conservation of Energy, R & D, Technology absorption and foreign Exchange earnings / outgo are separately provided in the annexure to this report as **Annexure - 1**.

**RISK MANAGEMENT POLICY**

The Company had put in place an enterprise wide risk management framework. This holistic approach provides the assurance that, to the best of its capabilities, the Company identifies, assesses and mitigates risks that could materially impact its performance in achieving the stated objectives. The Audit committee ensures that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities. The Committee reviews strategic decisions of the Company and on regular basis, reviews the Company's portfolio of risks and considers it against the Company's Risk Appetite. The Committee also recommends changes to the Risk Management Technique and / or associated frameworks, processes and practices of the Company.

**VIGIL MECHANISM POLICY**

The Company had implemented a vigil mechanism, whereby employees, directors and other stakeholders can report matters such as generic grievances, corruption, misconduct, fraud, misappropriation of assets and non-compliance of code of conduct to the Company. The policy safeguards the whistle blowers to report concerns or grievances and also provides a direct access to the Chairman of the Audit Committee. During the year under review none of the personnel has been denied access to the Chairman of Audit Committee.

**CORPORATE SOCIAL RESPONSIBILITY**

Company has accumulated Losses in the year under review, Provisions related to expenditure of at least two percent of the average net profits in CSR activities is presently not applicable to the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In Compliance with Section 134(5) of the Companies Act, 2013, the Board of Directors to the best of their knowledge and hereby confirm the following:

- a) In the preparation of the annual accounts for the financial year ended 31st March 2019, as far as possible and to the extent, if any, accounting standards mentioned by the auditors in their report as not complied with, all other applicable accounting standards have been followed along with proper explanation relating to material departure;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year

and profit and loss account of the Company for that period;

- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts on a going concern basis; and
- e) The directors in the case of a listed company had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

The policy of the Company on Director's appointment and remuneration, including criteria for determining qualifications, independence and other matters as provided under subsection (3) of Section 178 of the Companies Act, 2013 is available on the Company's website at [www.salsteel.co.in](http://www.salsteel.co.in)

#### **DISCLOSURE UNDER SECTION 22 OF THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL), ACT, 2013**

There were no complaints pending for the Redressal at the beginning of the year and no complaints received during the financial year.

#### **PARTICULARS OF THE EMPLOYEES**

Information pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this report as **Annexure- 2**. Further, particulars of employees remuneration, as prescribed under section 197(12) of the Companies Act, 2013, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are not attached with this report since there was no employee who was in receipt of excess remuneration as prescribed.

#### **DETAILS OF RELATED PARTIES TRANSACTIONS PURSUANT TO SECTION 188(1) OF THE COMPANIES ACT, 2013**

During the financial year, all transactions entered into with the Related Parties as defined under Companies Act, 2013, were in the ordinary course of business and on an arm's length basis and as such did not attract provisions of Section 188 (1) of Companies Act, 2013. The Company has formulated policy on related party transactions. Particular of related party transactions in prescribed Form AOC-2 is attached at **Annexure-3**. Approvals from the Audit Committee are obtained even for transactions which are in ordinary course of business and repetitive in nature. Further, on quarterly basis, disclosures are made to the Audit Committee and to the Board. Details of related party transactions are given in the notes to financial statements.

#### **IND AS**

Your company has adopted IND AS w.e.f. 1st April 2017 pursuant to Notification of the Ministry of Corporate Affairs dated 16th February 2015 in place of Accounting Standards.

#### **AUDITORS AND AUDIT REPORTS**

##### **a. Cost Auditors**

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Rules made there under M/s. Ashish Bhavsar & Associates, Cost Accountants were appointed for auditing cost accounting records of the Company for the year ending 31st March, 2019. Board has further appointed M/s. Ashish Bhavsar & Associates, Cost Accountants as Cost Auditors for the year ending 31st March 2020 subject to approval of remuneration in the forthcoming Annual General Meeting.

##### **b. Internal Auditor**

The Company has appointed an Independent firm of Chartered Accountants to act as an Internal Auditor as per suggestion of auditors and recommendation of the Audit Committee in order to strengthen the internal control system for the Company.

##### **c. Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with rules made thereunder, the Board of Directors has appointed M/s Kamlesh Shah & Co., Practicing Company Secretaries, as Secretarial Auditor to conduct Secretarial Audit of the Company for the Financial Year 2019-20. The report submitted by the Secretarial Auditor in Form MR-3 for the financial year ended as on 31st March, 2019 is attached to this report as **Annexure - 4**. Remarks of secretarial auditor are self-explanatory.

##### **d. Statutory Auditors**

There are no Qualifications, Reservations or Adverse remarks in the Auditor's Report for the year under review.

**MATERIAL CHANGES / INFORMATION:**

1. No material changes have taken place after the closure of the financial year up to the date of this report which may have substantial effect on the business and financial of the Company.
2. No significant and material orders have been passed by any of the regulators or courts or tribunals impacting the going concern status and companies operations in future.

**EXTRACT OF ANNUAL RETURN**

An extract of the Annual Return in Form MGT-9 in compliance with Section 92 of the Companies Act 2013 read with applicable rules made thereunder is annexed to this report at **Annexure - 5**.

**APPRECIATION**

Your Directors place on record their sincere appreciation for the valuable support and co-operation as received from government authorities, Financial Institutions, Banks and ARCs during the year. Directors are also thankful for the support extended by Customers, Suppliers and contribution made by the employees at all level. Directors would also like to acknowledge continued patronage extended by Company's shareholders in its entire endeavor.

For and on behalf of the Board  
Sd/-

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Rajendra V. Shah  
Chairman  
(DIN: 00020904)

Date: 30th May 2019  
Place: Santej