

**DIRECTORS' REPORT**

Dear Members,

Your Directors present their 33rd Annual Report and the Company's Audited Accounts for the financial year ended 31st March, 2020.

1. FINANCIAL HIGHLIGHTS:

The summarized financial results of the Company for the financial year 2019-20 are given hereunder:

Particulars	Standalone		Consolidated	
	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019
Sales including excise duty/Income including Job work operations	13,953.76	53,179.42	13,953.76	53,179.42
Operating Profit (EBITDA)	111.94	1,880.11	111.94	1,880.11
Finance Costs	964.27	1,330.22	964.27	1,330.22
Provision for Depreciation	1060.87	1,089.90	1060.87	1,089.90
Profit / (Loss) before tax & exceptional items	-1967.55	-540.01	-1969.10	-541.33
Exceptional Items	-	-	-	-
Current tax	-0.14	2.04	-0.14	2.04
Profit / (Loss) after Tax	-1967.70	-537.98	-1969.25	-539.30
Items not to be classified to statement of profit or Loss in subsequent years	10.12	-52.69	10.12	-52.69
Total comprehensive income	-1957.58	-590.67	-1959.13	-591.99

2. CHANGE IN THE NATURE OF BUSINESS:

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

3. Covid-19 :

Towards the end of the financial year, the World Health Organisation (WHO) declared Covid-19 a pandemic and the outbreak, which infected millions, has resulted in deaths of a significant number of people globally. Covid-19 is seen having an unprecedented impact on people and economies worldwide. The Company is taking all necessary measures in terms of mitigating the impact of the challenges being faced in the business. It is focused on controlling the fixed costs, maintaining liquidity and closely monitoring the supply chain to ensure that the manufacturing facilities operate smoothly. The Ministry of Home Affairs, Government of India on March 24, 2020 notified the first ever nationwide lockdown in India to contain the outbreak of Covid-19 pandemic. The operations was disrupted at the manufacturing facilities of the Company.

In view of the outbreak of the pandemic, the Company undertook essential measures to ensure the safety and well-being of its employees at its plant locations and the head office. The Company observed all the government advisories and guidelines.

4. OPERATIONS:

During the year under review, the gross revenue has reduced to Rs.17666.04 Lakh as against Rs.55, 757. 06 in the previous year. The wholly owned subsidiary of the Company has no income during the financial year as well as during the previous financial year. The performance of the Company was low in last year due to working capital need, inadequate supply of raw material and COVID 19 Pandemic situation.

5. DIVIDEND:

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



However, your Directors are pleased to recommend a Dividend @ 0.01% on total paid up Preference share capital of the company for the financial year ended 31st March, 2020, payable to those Shareholders whose names appear in the Register of Members as on the Book Closure Date for the Financial Year 2019-20, dividend amounting to Rs. 75,513/- on total paid up preference shares inclusive of tax on distributed profits.

6. SHARE CAPITAL :

The paid-up Equity Share Capital as on 31st March, 2020 was Rs. 3980.81 Lakh. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

7. FIXED DEPOSITS :

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

8. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS :

The company has not provided any loan or guarantee directly or indirectly to any person or body corporate, during the year under review.

9. SUBSIDIARY :

The Wholly Owned Subsidiary namely Indinox Steels Private Limited was incorporated on 16/06/2018. The Subsidiary Company has no income during the financial year 2019-20.

However, the Consolidated Financial Statements of the Company and its subsidiary, prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 ('Ind AS'), form part of the Annual Report and are reflected in the Consolidated Financial Statements of the Company.

A report on the financial position of the subsidiary company as per the Companies Act, 2013 ('the Act') is provided in Form AOC-1 in Annexure-G which is attached to the financial statements.

10. RELATED PARTY TRANSACTIONS:

The Company has made materially significant Related Party Transactions, as approved by the non-interested shareholders at the 32nd Annual General meeting of the Company. Further the said material related Party Transactions made during the year under review were on an arm's length basis and in the ordinary course of business. Required disclosures are made in **Annexure-E** in Form No. AOC 2. On the recommendation of the Audit Committee, the Board of Directors has adopted a policy on Related Party Transactions, which is also uploaded on the website of the Company www.indiasteel.in under the head 'Investor Relations' and the weblink is provided in the Corporate Governance Report. The Policy envisages the procedure governing related party transactions required to be followed to ensure compliance with the applicable laws and regulations as well as to ensure that the Related Party Transactions are managed and disclosed in accordance with the legal and accounting requirements.

All Related Party Transactions that were entered into during the financial year were on arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Act and the Listing Regulations.

All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval of the Audit Committee is obtained on an annual basis for the transactions which are planned / repetitive in nature and omnibus approvals are taken as per the policy laid down for unforeseen transactions. Related Party Transactions entered into pursuant to the omnibus approval so granted are placed before the Audit Committee for its review on a quarterly basis, specifying the nature, value and terms and conditions of the transactions. All the Related Party Transactions under Ind AS-24 have been disclosed at the financial statements forming part of this Annual Report.

11. KEY MANAGERIAL PERSONNEL ('KMP'):

In terms of the provisions of Sections 2(51) and 203 of the Act, the following are the KMPs of the Company:

Mr. Sudhir H. Gupta, Managing Director.

Mr. Varun S. Gupta, Executive Director & Chief Financial Officer.

Mr. Deepak Kumar Gaur, Executive Director

Mr. Dilip Maharana, Company Secretary (effective 31.07.2020)

Mrs. Dipti Vartak, Company Secretary(up to 04.03.2020)



12. CORPORATE SOCIAL RESPONSIBILITY:

The Company believes in development which is beneficial for the society at large and to practice the corporate values through commitment to grow in socially and environmentally responsible way while meeting the interest of our stake-holders. During the year, the Company voluntarily contributed Rs.10000/- towards CSR activities.

13. VIGIL MECHANISM / WHISTLE BLOWER POLICY:

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

14. RISK MANAGEMENT POLICY:

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

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

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

16. DIRECTORS:

(i) Re-Appointment of Mr. T. R. Bajalia for a 2nd term of consecutive five years:

Mr. T. R. Bajalia, Chairman of the Company is a Non-Executive & Independent Director. His 1st term of appointment for a consecutive period of five years ended on 12th February, 2020. He has been re-appointed by your Board of Directors as an Independent Director, for a 2nd term of consecutive five years, up to 12th February, 2025 subject to the members approval at the ensuing Annual General Meeting of the Company.

(ii) Re-Appointment of Mrs. Kavita R. Joshi for a 2nd term of consecutive five years:

Mrs. Kavita R. Joshi, is a Non-executive & Independent Director of the Company. Her 1st term of appointment for a consecutive period of five years ended on 30th May, 2020. She has been re-appointed by your Board of Directors as an Independent Director, for a 2nd term of consecutive five years, up to 29th May, 2025 subject to the members approval at the ensuing Annual General Meeting of the Company.

(iii) Re-Appointment of Mr. Deepak Gaur as director who retires by rotation:

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

The details of the Director are given in the Corporate Governance Report as well as in the Notice of the Annual General meeting.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulations 16 (1) (B) of SEBI (LODR), 2015. Attention of the Members is invited to the relevant items in the Notice of the Annual General Meeting seeking your approval to the aforesaid appointments.

(iv) Board Evaluation

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

**(v) Board Meetings:**

During the year, five (5) Board Meetings were convened and held. The details are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

(vi) Nomination & Remuneration Policy:

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

(vi) Audit committee Policy:

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

17. DIRECTORS RESPONSIBILITY STATEMENT :

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

- I. That in the preparation of the annual financial statements for the year ended March 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- II. That such accounting policies, as mentioned in the Financial Statements as 'Significant Accounting Policies' have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2020 and of the profit of the Company for the year ended on that date;
- III. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- IV. That the annual financial statements have been prepared on a going concern basis;
- V. That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- VI. That proper system's to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

18. AUDITORS**I. STATUTORY AUDITORS & AUDIT REPORT:**

The Company has received a letter from M/s Laxmikant Kabra & Co., Chartered Accountants (Firm Registration No. 117183W), regarding their eligibility for the continuing appointment as statutory Auditors of the Company. The said auditors were appointed effective Annual General Meeting held on 20th August, 2018 for a period of 5 years. Pursuant to the notification dated May 7, 2018 issued by Ministry of Corporate Affairs, the requirement of seeking ratification of appointment of statutory auditors by members at each AGM has been done away with. Accordingly, no such item has been considered in the notice calling the ensuing Annual General Meeting of the Company.

There is no qualification, reservation or adverse remark or disclaimer made by the auditor in the Statutory Audit Report issued by him to the members of the Company.

II. SECRETARIAL AUDITOR & AUDIT REPORT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mrs. Deepika Arora (ACS 29794 & CP No. 11355) Practicing Company Secretary, was appointed to undertake the Secretarial Audit of the Company for the financial year 2019-20. The Report of the Secretarial Audit is annexed herewith as "**Annexure - A**".



Qualifications/observations:

1. During the year *Company Secretary* and Compliance officer Mrs. Dipti Vartak has resigned from 04th March, 2020 however the Company has appointed Mr. Dilip Maharana w.e.f. 31st July, 2020.
2. Non Compliance under Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 pertaining to Composition of Board.
3. Non Compliance under Regulation 33 of S0EBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 pertaining to un-audited standalone Financial results.

Managements Reply:

1. During the year *Company Secretary* and Compliance officer Mrs. Dipti Vartak had resigned effective 04th March, 2020. Due to pandemic situation, appointment of Mr. Dilip Maharana was considered at the next Board Meeting held on 31st July, 2020.
2. Mr. Tilak Raj Bajalia was appointed as the Non-executive Chairman of the Company during the year. Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 pertaining to Composition of Board was complied.
3. Due to unavoidable causes, un-audited financial results pertaining to the quarter ended 30th June, 2019 could not be taken on record & submitted with Stock Exchanges on or before the due date 14.08.2019, which was complied later. The fine levied by the Stock Exchange was waived later.

Secretarial Compliance Report Pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015 the Company has obtained annual Secretarial Compliance Report for the financial year ended 31st March, 2020. The report has been annexed herewith as “**Annexure – B**”.

III. COST AUDITORS:

The Board has appointed Mr. Vishesh N. Patani (Membership No. 30328) cost Accountants, Mumbai under section 148 of the Companies Act, 2013 for conducting the audit of cost records of the Company for the financial year ending 31st March, 2020. Approval of the members by way of ordinary resolution ratifying the remuneration to be paid to the cost auditors is suitable included in the notice calling the Annual General Meeting of the Company. The Cost Auditor have further confirmed that their appointment is within the limits of section 141(3)(g) of the Companies Act, 2013.

IV. BRANCH AUDITOR:

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

19. REPORTING OF FRAUDS BY AUDITORS :

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its Officers or Employees, to the Audit Committee under Section 143(12) of the Act, details of which needs to be mentioned in this Report.

20. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY:

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

21. ANNUAL RETURN:

The extract of the annual return in Form No. MGT – 9 annexed as “**Annexure-C**” forms part of the Board's report and the same are being hosted on the website of the Company at www.indiasteel.in.



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

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

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

The Company has in place an Anti-Sexual harassment Policy in line with the requirements of the Sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013. An internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints pertaining to sexual harassment were received during FY 2019-20.

24. SECRETARIAL STANDARDS OF ICSI :

The Directors have devised proper systems and processes for complying with the requirements of applicable Secretarial Standards issued by the Institute of Company Secretaries of India ('ICSI') and that such systems were adequate and operating effectively.

25. MANAGEMENT DISCUSSION AND ANALYSIS:

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

26. CORPORATE GOVERNANCE:

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

25. PARTICULARS OF EMPLOYEES:

During the year under review, the Company has not employed any individual whose remuneration falls within the purview of the limits prescribed under the provisions of Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are annexed as “Annexure F”.

26. INDUSTRIAL RELATIONS:

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

27. ACKNOWLEDGEMENTS:

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

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

Sudhir H. Gupta
Managing Director
(DIN: 00010853)

Varun S. Gupta
Executive Director & CFO
(DIN: 02938137)

Address:

Address:

Place: Mumbai
Date: 25/09/2020

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