

DIRECTORS' REPORT

To the Members,

The Reconstituted Board of Directors present the Twenty Eighth Annual Report of the Company, along with the financial statements for the financial year ended 31st March, 2018.

1. FINANCIAL SUMMARY

The financial summary and performance highlights of the Company, for the year under review are as follows:

(Rs. in Crores)

S. No.	Particulars	Standalone		Consolidated	
		Year Ended	Year Ended	Year Ended	Year Ended
		31.03.2018	31.03.2017	31.03.2018	31.03.2017
		Audited	Audited	Audited	Audited
1	Income from Operations				
	(a) Net Sales/ Income from operations	1410.93	1372.80	1410.93	1375.08
	(b) Other Operating Income	8.16	2.28	8.16	0.00
2	Total income from operations (net)	1419.09	1375.08	1419.09	1375.08
3	Other Income	12.14	33.54	13.14	37.29
4	Total income (2 + 3)	1431.23	1408.62	1432.23	1412.37
5	Expenses				
	(a) Cost of Materials consumed	1144.79	943.43	1144.79	943.28
	(b) Purchase of stock-in-trade	-	-	-	-
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(24.19)	130.47	(24.19)	130.47
	(d) Employee benefits expense	94.07	101.55	98.89	108.76
	(e) Finance Costs	1181.66	1110.45	1193.26	1133.83
	(f) Depreciation and amortization expense	351.61	356.36	355.02	359.66
	(g) Excise Duty	35.83	137.05	35.83	137.05
	(h) Other expenses	107.89	148.21	124.40	463.60
	Total Expenses	2891.66	2927.52	2928.00	3276.65
6.	Profit / (Loss) from operations before exceptional items and tax (4-5)	(1460.43)	(1518.90)	(1495.77)	(1864.28)
7	Exceptional Items	440.53	209.90	263.52	262.98
8	Profit / (Loss) from ordinary activities before extraordinary item and tax (6 ± 7)	(1900.96)	(1728.80)	(1759.29)	(2127.26)
9	Extraordinary Items	-	-	-	-
10	Profit / (Loss) from ordinary activities before tax (8 ±9)	(1900.96)	(1728.80)	(1759.29)	(2127.26)
11	Tax expense:				
	(i) Current tax	-	5.06	-	5.06
	(ii) Deferred tax	-	-	-	-

12	Net Profit / (Loss) from continuing operations (10 ± 11)	(1900.96)	(1733.86)	(1759.29)	(2132.32)
13	Profit/ (loss) from discontinued operations	-	-	-	-
14	Tax expense of discontinued operations	-	-	-	-
15	Profit/ (loss) from discontinued operations (after tax) (13-14)	-	-	-	-
16	Profit/ (loss) for the period (12+15)	(1900.96)	(1733.86)	(1759.29)	(2132.32)
17	Other Comprehensive Income (after tax)				
	A. (i) Items that will not be reclassified to profit or loss	(30.84)	(4.09)	(30.84)	(3.67)
	(ii) Income tax relating to items that will not be reclassified to profit and loss	-	-	-	-
	B. (i) Items that will be reclassified to profit or loss	-	-	(0.69)	-
	(ii) Income tax relating to items that will be reclassified to profit and loss	-	-	-	-
18	Total Comprehensive Income for the period (16+17) comprising profit/ (loss) and other comprehensive income for the period.	(1931.80)	(1737.95)	(1790.82)	(2135.99)
19	Paid-up equity share capital (Face Value Rs.10/- per Share fully paid-up)	200.79	200.79	200.79	200.79
20	Reserve excluding Revaluation Reserve as per balance sheet of previous accounting year	(3278.48)	(1346.68)	(3277.25)	(1601.67)
21	Earnings Per Share (EPS) (being same before and after extraordinary items) of Rs. 10/- each (not Annualized) (for continuing operations)				
	(a) Basic	(94.68)	(86.39)	(87.63)	(106.39)
	(b) Diluted	(94.68)	(86.39)	(87.63)	(106.39)
22	Earnings per share (for discontinued operations)				
	(a) Basic	-	-	-	-
	(b) Diluted	-	-	-	-
23	Earnings per share (for discontinued & continuing operations)				
	(a) Basic	(94.68)	(86.39)	(87.63)	(106.39)
	(b) Diluted	(94.68)	(86.39)	(87.63)	(106.39)

Previous year's figures have been regrouped/ rearranged wherever considered necessary.

2. FINANCIAL AND OPERATIONAL PERFORMANCE

The Financial Statements for the financial year ("FY" or "the Year") under review was approved by the Resolution Professional ("RP") pursuant to the powers vested in RP under CIRP process as defined later.

In so far as the business operations are concerned, the Company has two facilities namely, one at Raipur and the other at Raigarh. Raipur was running DRI Plant as also other facilities including Captive Power Plant and Ferro Alloys. However, the company's bigger facility at Raigarh which houses an integrated steel plant, was operating DRI Plant only, due to lack of working capital resources.

STANDALONE

The company's operational performance in terms of physical production and sales during the year ended on March 31, 2018, is as under –

Production Data are as under -

Particulars	FY'18	FY'17	Increase / (Decrease)
	MT	MT	+ / (-) Variance [MT]
Sponge Iron	6,11,314	5,93,226	18,088
Billets	2,56,508	2,85,420	(28,912)
Structural Steel	1,06,176	1,62,086	(55,910)
Ferro Alloys	29,004	26,171	2,833
Pig Iron	Nil	69,169	(69,169)

Sales Data are as under–

Particulars	FY'18	FY'17	Increase / (Decrease)
	MT	MT	+ / (-) Variance [MT]
Sponge Iron	4,58,332	4,93,106	(34,774)
Billets	32,861	44,988	(12,126)
Structural Steel	1,00,699	89,691	11,009
Ferro Alloys	24,896	19,517	5,379
Pig Iron	1,877	68,279	(66,402)

During the year under review, the Company's revenue from operations was Rs.1,419.09 crores as against Rs 1375.08 crores in the previous year. The Company's Earning Before Interest Depreciation and Tax ("EBIDTA") was Rs.72.84 crores in the Financial Year ended 31st March, 2018 as opposed to EBITDA loss of Rs. 52.09 crores in immediately preceding year due to better market conditions as also efficient operational performance.

As the EBITDA earned during the year was not sufficient to cover depreciation and interest costs, profit before tax (PBT) was negative and stood at Rs. (-)1900.96 crores as against Rs. (-)1728.80 crores in the previous year and profit after tax (PAT) was Rs. (-)1900.96 crores against Rs. (-)1733.86 crores in the previous financial year.

During the year under review, there were exceptional items aggregating to Rs.(-) 440.53 crores as against Rs.(-) 209.90 crores in the year ended on March 31, 2017. The exceptional items include –

1. Rs.47.62 crores of certain non-recoverable advances written off;
2. Rs. 19.33 crores of inventory write-down and write-off based on physical verification of inventory and technical evaluation of inventory in non-operational divisions of the Company;
3. Rs. 196.57 crores towards impairment of investments in Monnet Power Company Ltd. (MPCL) as MPCL has been admitted to the Corporate Insolvency Resolution Process under the provisions of the Insolvency and Bankruptcy Code 2016;
4. Rs. 177.01 crores towards loss incurred due to appropriation of shares of Odisha Sponge Iron & Steel Limited pledged with the financial creditors of the Company.

CONSOLIDATED

During the year under review, the Company's revenue from operations was Rs. 1,419.09 crores as against Rs. 1375.08 crores in the previous year. Further, in the financial year ended 31st March, 2018, profit before tax (PBT) was negative and stood at Rs.(-)1759.29 crores as against Rs.(-)2127.26 crores in the previous year and profit after tax (PAT) was Rs.(-)1759.29 crores against Rs.(-)2132.32 crores in the previous financial year.

Further, there has been no change in the nature of business during the year under review.

3. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

CORPORATE INSOLVENCY RESOLUTION PLAN & CHANGE OF MANAGEMENT

During the year under review, in accordance with the applicable provisions of the Insolvency and Bankruptcy Code 2016 (“IBC”), the Corporate Insolvency Resolution Process (“CIRP” or “CIRP Process”) of Monnet Ispat & Energy Limited (“Company”) was initiated by the Financial Creditors of the Company. The Financial Creditors petition to initiate the CIRP Process was admitted by the National Company Law Tribunal (“NCLT”), Mumbai Bench on July 18, 2017 (“Insolvency Commencement Date”). Mr. Sumit Binani was appointed as the Interim Resolution Professional (“IRP”) to manage the affairs of the Company. Subsequently, Mr. Sumit Binani was confirmed as the Resolution Professional (“RP”) by the Committee of Creditors (“CoC”). On appointment of the IRP/RP, the powers of the Board of Directors of the Company were suspended and were exercised by the IRP/RP.

The RP invited expressions of interest and submission of a resolution plan in accordance with the provisions of the IBC. The CoC approved the resolution plan submitted by the Consortium of AION Investment Private II Limited and JSW Steel Limited. The RP submitted the CoC approved resolution plan to the NCLT on April 12, 2018 for its approval and the NCLT approved the resolution plan submitted by the Consortium with certain modifications (“Approved Resolution Plan”), on July 24, 2018 (“NCLT Order”).

Upon implementation of the Resolution Plan, the Resolution Applicants i.e. Consortium of AION Investments Private II Limited (“AION”) and JSW Steel Limited (“JSW”)(directly and through their affiliates) took control over the management and ownership of the Company. The reconstituted Board reflects the joint control of the company's management by AION and JSW Steel as both the joint venture partners have appointed their nominees apart from the appointment of Independent Directors.

Post-Acquisition, a new Board was constituted in the current financial year i.e. on August 31, 2018 (“Reconstituted Board” or “Board”) and a new management was put in place. In accordance with the provisions of the IBC and the NCLT order, the approved resolution plan is binding on the Company and its employees, members, creditors, guarantors and other stakeholders involved.

Members may kindly note that, the Directors of the Reconstituted Board (“Directors”) were not in office for the period to which this report primarily pertains. During the CIRP Process (i.e. between July 18, 2017 to July 24, 2018), the RP was entrusted with the management of the affairs of the Company. Prior to the Insolvency Commencement Date, the erstwhile Board of Directors had the oversight on the management of the affairs of the Company. The Reconstituted Board is submitting this report in compliance with the provisions of the Companies Act, 2013, the rules and regulations framed thereunder (“Act”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements),

Regulations 2015 (“SEBI Listing Regulations”).

IBC is a new legislation in India and the Approved Resolution Plan of the Company is one of the few such resolution plans approved under the IBC. Members are requested to read this report in light of the fact that the Reconstituted Board and the new management is currently implementing the resolution plan.

Steering Committee of lenders, pursuant to approval of Resolution Plan by Hon'ble NCLT, Mumbai Bench, appointed an Interim Board on 30th July, 2018 to implement the approved resolution plan. The Interim Board consisted of Mr. Sumit Binani, non-executive Director, Mr. Jyotin Kantilal Mehta and Mrs. Anuradha Ambar Bajpai as Independent Directors of the Company. Mr. Sumit Binani ceased to be director of the Interim Board of the Company w.e.f. 31st August, 2018 on conclusion of Corporate Insolvency Resolution Proceedings.

On 31st August, 2018, the composition of Board of Directors of the Company was re-constituted and as on date the Board of Directors of the Company consists of the following Directors:

Sl. No.	Name of Director	Designation
1	Mrs. Anuradha Ambar Bajpai	Non-Executive Independent Director
2	Mr. Jyotin Kantilal Mehta	Non-Executive Independent Director
3	Mr. Kalpesh Pankaj Kikani	Non-Executive Director
4	Mr. Nikhil Omprakash Gahrotra	Non-Executive Director
5	Mr. Ravichandar Moorthy Dhakshana	Whole-time Director
6	Mr. Sanjay Kumar	Non-Executive Director
7	Mr. Seshagiri Rao MVS	Non-Executive Director
8	Mrs. Sutapa Banerjee	Non-Executive Independent Director

Salient features of the Resolution Plan approved and implemented during the current financial year (2018-19) are as follows:

Pursuant to the corporate insolvency resolution process under the Insolvency and Bankruptcy Code, 2016 initiated on 18 July 2017, the NCLT on 24 July 2018 (Order date) approved (with modifications), the Resolution Plan (the Plan) submitted by the consortium of AION Investments Private II Limited and JSW Steel Limited, which, inter alia, resulted in the following :

- Extinguishment of 5,07,32,841 equity shares of Rs. 10 each and 1,75,00,000 preference shares of Rs. 100 each held by the erstwhile promoters.
- Reduction in the face value of the balance 36,52,33,620 equity shares (including the equity

shares issued under (c) and (d) below) held by the non-promoter equity shareholders to Rs. 3.30 per share and their consolidation into 12,05,27,534 equity shares of Rs. 10 each.

- Settlement of debts of financial creditors amounting to Rs. 10,247.86 crores, partly by issue of 20,00,56,892 equity shares of Rs. 10 each, partly by cash payment of Rs. 2,457.00 crores, and partly by the effective purchase of the remaining debt, (on deemed conversion into Optionally Convertible Preference shares), for a sum of Rs. 199.85 crores by a company of the Consortium, namely Milloret Steel Limited (“MSL”).
- Settlement of corporate guarantees issued to financial creditors amounting to Rs 767.05 crores, partly by issue of 1,51,41,327 equity shares of Rs. 10 each and cash payment of Rs. 20.07 crores.
- Settlement of operational creditors, (other than employees and workmen), amounting to Rs. 114.81 crores for a sum of Rs. 25 crores payable by the Company within one year from the NCLT Order date.
- Extinguishment of other current and non-current liabilities amounting to Rs. 128.36 crores standing as on the NCLT Order date.
- Extinguishment of all contingent liabilities, commitments and other claims and obligations including all taxes and other government dues standing as on the effective date (i.e. 31 August 2018).
- Merger of MSL into the Company, resulting in the extinguishment of the deemed Optionally Convertible Preference Shares, contemporaneously with (c) above. The shareholders of MSL were issued 34,90,20,000 equity shares of Rs. 10 each and 52,59,80,000 Compulsorily Convertible Preference Shares of Rs. 10 each. The compulsorily convertible preference shares issued to the shareholders of Milloret Steel Limited pursuant to the merger have a term of 20 (twenty) years and can be converted by the holders into an equivalent numbers of equity shares of the company at any time during their term.

Fractional entitlements of equity shares of the Company resulting from such consolidation of the equity shares has been consolidated into equity shares having a face value of INR 10 each and has been held by a director of the Company as a trustee (“Trustee”) on behalf of the equity shareholders of the Company entitled to such fractional entitlements for the purpose of sale in the open market. The sale proceeds realized

by the Trustee from such sale (less the costs incurred by the Trustee to carry out such sale) shall be distributed to the original equity shareholders entitled to such fractional entitlements in the same proportion as their respective fractional entitlements. Further, in terms of NCLT Order, every retail shareholder of the Company holding 3 (three) or less equity shares of the Company as on the date of NCLT order, i.e., July 24, 2018, has been allotted one Equity Shares.

4. SHARE CAPITAL

Authorised Share Capital of the Company as on 31st March, 2018 was Rs. 386,00,00,000/- (Rupees Three Hundred Eighty Six Crores Only), divided into 21,10,00,000 (Twenty One Crores Ten Lacs) equity shares of Rs. 10/- (Rupees Ten) each and 1,75,00,000 (One Crore Seventy Five Lacs) Preference Shares of Rs. 100/- (Rupees One Hundred) each.

Pursuant to the implementation of the Resolution Plan sanctioned by the NCLT, Authorized Share Capital of the Company has since been increased to Rs. 1550,00,00,000 (Rupees One thousand five hundred and fifty crore only) comprising 82,50,00,000 (Eighty Two Crore Fifty lakh only) Equity Shares of Rs. 10/- (Rupees Ten) each and 55,00,00,000 (Fifty Five Crore only) Preference Shares of Rs. 10/- (Rupees Ten) each and 175,00,000 (One Crore Seventy five Lakh) Preference Shares of Rs 100/- (Rupees Hundred) each.

Further, post implementation of the resolution plan the paid up capital stands at 46,95,47,534 equity shares of Rs. 10 (Rupees Ten) each and 52,59,80,000 Compulsory Convertible Preference Shares of Rs. 10 (Rupees Ten) each.

Considering the business plans and fund requirements of the Company, it is proposed to reclassify the Authorised Share Capital of the Company from the existing Authorised capital to Rs. 1550,00,00,000 (Rupees One thousand five hundred and fifty crore only) comprising 100,00,00,000 (One Hundred Crore only) Equity Shares of Rs. 10 (Rupees Ten) each and 55,00,00,000 (Fifty Five Crore) Preference Shares of Rs. 10/- (Rupees Ten) each.

The Company has sought the approval of members of the Company in respect of the aforesaid reclassification in ensuing Annual General Meeting.

5. CREDIT RATING

The Company was undergoing the CIRP under the provisions of the IBC. The Insolvency commencement date was July 18, 2017. During the said process, no credit rating was carried out for the FY 2017-18. Post implementation of the resolution plan, the Company is currently in the process of obtaining a credit rating.

6. NON-CONVERTIBLE DEBENTURES

As on 31st March, 2018, the Company had 9200 Secured Redeemable Non-Convertible Debentures (NCDs) of Rs. 10,00,000/- each aggregating to Rs. 920 crores, the details of which are given in Note No 16(b) of the Standalone Financial Statement.

As on the date of report, the Company does not have any outstanding debentures.

Pursuant to the implementation of the Resolution Plan sanctioned by the NCLT, debts of eligible financial creditors were also paid in the manner provided in the Approved Resolution Plan.

7. DIVIDEND AND RESERVES

The RP, in view of the losses incurred by the Company has not recommended any Dividend for the year under review. As the Company has incurred losses during the year, no amount has been transferred to Reserves.

8. PUBLIC DEPOSITS

The Company has not accepted or renewed any fixed deposits during the period under review. It has not accepted any deposits from the public within the meaning of the provisions of Section 73 of the Companies Act, 2013 and Rules made thereunder.

9. SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

As on 31st March, 2018, the Company has seven subsidiary Companies (including 2 step-down subsidiaries), four joint ventures and an associate Company. The consolidated financial statements presented by the Company include financial information of its subsidiaries, joint ventures and associate companies and prepared in compliance with applicable Ind AS.

Further, during the year under review, Monnet Power Company Limited, ceased to be a subsidiary of the Company, however it continues to be an associate of the Company. Further, during the financial year under review, Odisha Sponge Iron and Steel Limited ceased to be an associate of the Company.

A gist of financial performance of these companies is contained in form AOC-1 and forms part of this report and annexed as **Annexure 1**. The separate unaudited financial statements of these subsidiaries are available on the website of the Company.

The annual accounts of the subsidiary companies are open for inspection by any Shareholder at the Company's Registered Office situated at Monnet Marg, Mandir Hasaud, Raipur, Chhattisgarh -492101 and the Company will make available these documents and the related detailed information upon request by any Shareholder of the Company or any Shareholder of its subsidiaries, joint ventures and associate companies who may be interested in obtaining the same. Also, the standalone financial statements, consolidated financial statements and financial statements of subsidiaries are available on the website of the Company www.aionjsw.in

Further, the consolidated financial statements of the Company and all its subsidiaries, joint ventures and associate company for the year under review is prepared in compliance with the applicable provisions of the Companies Act, 2013, Ind AS and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulation, 2015") which forms part of the Annual Report.

10. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

With the commencement of CIRP, no significant and material order was passed by any regulator or court or tribunal impacting the going concern status and its operations in future. However, Members attention is drawn to the statement of contingent liabilities, commitments in the note forming part of financial statement.

The Resolution Plan approved by Hon'ble NCLT provides for extinguishment of the pending litigation by and against the Company.

The Nominated Authority, Ministry of Coal Head, vide their letter dated 30th December, 2017 ("The Letter") issued for termination of coal mines development and

production agreement and vesting order in respect of Gare Palma IV/7 coal mine, and the termination is effective on completion of notice period of 15 business days as stated in the letter i.e. on 19th January, 2018. The Hon'ble National Company Law Appellate Tribunal ("NCLAT") vide its order dated 08th February, 2018 has restrained the Nominated Authority Ministry of Coal, Government of India from allotting the mine in question, in favour of any person, without the permission of the Hon'ble NCLAT. As on date of this Report the matter is sub-judice and the mine is in possession of the Company.

11. INTERNAL FINANCIAL CONTROLS

The Reconstituted Board/ Management believes that based on the knowledge/ information gained by them about affairs of the company in a limited period of time from records of the company, the Company has effective internal financial control systems and policies and such controls are operating effectively. The internal control systems include documented policies, checks and balances, guidelines and procedures that are supplemented by robust internal audit processes and monitored continuously through periodical reviews by management to provide reasonable assurance that all assets of the company are safeguarded; and all transactions entered into by company are authorized, recorded and reported properly. Post acquisition, the Reconstituted Board/ Management is in the process reviewing the internal controls framework of the company with an objective to have a robust internal control framework commensurate with the size, scale and nature of business of the company.

12. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

With effect from the Insolvency Commencement Date, Mr. Sumit Binani was appointed as the Interim Resolution Professional ("IRP") to manage the affairs of the Company. Subsequently, Mr. Sumit Binani was confirmed as the Resolution Professional ("RP") by the Committee of Creditors ("CoC"). On appointment of the IRP/RP, the powers of the Board of Directors of the Company were suspended and were exercised by the IRP/RP.

Resignations During the year

During the year under review IDBI Bank Ltd. withdrew

its Nominee Director Mr. Shantanu Prasad and accordingly Mr. Shantanu Prasad ceased to be a Director w.e.f. 05.08.2017. The Independent Directors of the erstwhile Board Ms. Ankita Wadhawan and Mr. Suman Jyoti Khaitan ceased to be Director w.e.f. 29.12.2017 and 06.02.2018 respectively.

Appointments

Upon approval of the Resolution Plan by the Hon'ble NCLT Mumbai, the then existing Board of Directors of the Company was deemed to have resigned and as provided in the approved Resolution Plan, a new Interim Board had been constituted for the purpose of implementation of the Resolution Plan. Subsequently, on the effective date of the Plan the Interim Board has been reconstituted and the present composition of the Board of Directors consists of:

Sl. No.	Name of Director	Designation
1	Mrs. Anuradha Ambar Bajpai	Non-Executive Independent Director
2	Mr. Jyotin Kantilal Mehta	Non-Executive Independent Director
3	Mr. Kalpesh Pankaj Kikani	Non-Executive Director
4	Mr. Nikhil Omprakash Gahrotra	Non-Executive Director
5	Mr. Ravichandar Moorthy Dhakshana	Whole-time Director
6	Mr. Sanjay Kumar	Non-Executive Director
7	Mr. Seshagiri Rao MVS	Non-Executive Director
8	Mrs. Sutapa Banerjee	Non-Executive Independent Director

All the Directors have been appointed as Additional Directors and shall hold office until the date of forthcoming Annual General Meeting. The Company has received notices under Section 160 of the Companies Act, 2013 from shareholders signifying intention to propose their candidature as Directors of the Company.

The Board recommends their appointment at the forthcoming Annual General Meeting.

The Brief Resume/Profile of each Director recommended by the Board for appointment is attached with the Notice for the ensuing Annual General Meeting.

Key Managerial Personnel

During the year under review, in terms of the provisions of Section 2(51) and 203 of the Companies Act, 2013, the Key Managerial Personnel (KMP) of the Company were as under: -

1. Mr. Sandeep Kumar Jajodia – Chairman & Managing Director

2. Mr. Sanjay Kumar Garodia– Chief Financial Officer
3. Mr. Hardeep Singh – Company Secretary

Post implementation of the resolution plan, the following are the Key Managerial Personnel, appointed by the Board of Directors of the Company:

1. Mr. Ravichandar Moorthy Dhakshana- Whole Time Director
2. Mr. Sanjay Kumar Garodia - Chief Financial Officer
3. Mr. Hardeep Singh - Company Secretary

13. DIRECTORS' RESPONSIBILITY STATEMENT

Members may kindly note that, the Directors of the Reconstituted Board were not in office for the period to which this report primarily pertains. During the CIRP Process (i.e. between July 18, 2017 to July 24, 2018), RP and prior to the Insolvency Commencement Date, the erstwhile Board of Directors were entrusted with and responsible for the management of the affairs of the Company.

The Reconstituted Board is submitting this report in compliance with the Act and Listing Regulations and the Directors, as on date, are not to be considered responsible for the fiduciary duties discharged with respect to the oversight on financial and operational health of the Company and performance of the management for the period prior to the acquisition.

As pointed out above, the Reconstituted Board of Directors have been in office only since August 31, 2018. Consequently, the Reconstituted Board has only a limited overview of the effectiveness of the internal financial and other controls of the Company since then.

Accordingly, as required under Section 134 (5) of the Act, the Reconstituted Board of Directors, based on the knowledge/ information gained by them about the actions of the erstwhile directors of the Company (i.e. the directors of the Company prior to the Acquisition) and the affairs of the Company in a limited period of time from the records of the Company, state that:

- (a) in the preparation of the annual accounts for the financial year ended March 31, 2018, the applicable accounting standards have been followed and a proper explanation has been provided in relation to any material departures;
- (b) Such accounting policies have been applied consistently and made judgments and estimates

that are reasonable and prudent so as to give a reasonably true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2018 and of the profit or loss of the Company for that period;

- (c) the erstwhile directors of the Company (i.e. the directors of the Company prior to the Acquisition) had taken proper and sufficient care for the 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 fraud and other irregularities;
- (d) The annual accounts for the financial year ended March 31, 2018 have been prepared on a going concern basis;
- (e) the erstwhile directors of the Company (i.e. the directors of the Company prior to the Acquisition) had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively; and
- (f) the erstwhile directors of the Company (i.e. the directors of the Company prior to the Acquisition) had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

14. BOARD PERFORMANCE EVALUATION

Pursuant to applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations, the Board has formulated a framework containing, *inter-alia*, the criteria for performance evaluation of the entire Board of the Company, its Committees and individual Directors, including Independent Directors.

Schedule IV to the Companies Act, 2013 also provides for the performance evaluation of Independent Directors by the entire Board of Directors, excluding the Directors being evaluated.

Since post appointment of Interim/Resolution Professional, there was no meeting of Directors, hence annual performance evaluation of the Board and its committees has not been carried out.

15. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the year, till 18th July, 2017, i.e. commencement of Corporate Insolvency Resolution Process (“CIRP”), only 2(Two) Board Meetings were duly convened and held, the details of which are given in the Corporate Governance Report which forms part of this Annual Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and the SEBI Listing Regulations.

After commencement of CIRP, Mr. Sumit Binani was appointed as Interim Resolution Professional (“IRP”), who was later on confirmed as Resolution Professional (“RP”) by the Committee of Creditors. As per Section 17 of the Insolvency & Bankruptcy Code 2016, upon appointment of the IRP, the powers of the Board of Directors stands suspended and, thereafter, such powers are exercised by the IRP/ RP appointed for the Company.

16. COMMITTEES OF THE BOARD

Pursuant to the Resolution Plan approved by the Hon’ble NCLT, the Composition of Board of Directors of the Company and their committees were re-constituted.

AUDIT COMMITTEE

Only two meetings of the Audit Committee prior to commencement of CIRP were held during the year.

Post implementation of the resolution plan, the Audit Committee has been re-constituted, in accordance with the provisions of Companies Act, 2013 & SEBI Listing Regulations, with effect from 31st August, 2018, as detailed below:

1. Mr. Jyotin Kantilal Mehta, Non-Executive Independent Director - Chairman
2. Mr. Nikhil Omprakash Gahrotra, Non-Executive Director – Member
3. Mrs. Anuradha Ambar Bajpai, Non-Executive Independent Director - Member

The composition, terms of the reference and number of meetings of the Audit Committee during the year is covered in the Corporate Governance Report.

NOMINATION & REMUNERATION COMMITTEE:

Post implementation of the resolution plan, the Nomination and Remuneration Committee was re-constituted in accordance with Section 178 of the Act & SEBI Listing Regulations, w.e.f August 31, 2018, as under:-

1. Mrs. Anuradha Ambar Bajpai, Non-Executive Independent Director – Chairperson
2. Nikhil Omprakash Gahrotra, Non-Executive Director – Member
3. Mr. Jyotin Kantilal Mehta, Non-Executive Independent Director - Member

The composition, terms of the reference and number of meetings of the Nomination and Remuneration Committee during the year is covered in the Corporate Governance Report.

STAKEHOLDERS' RELATIONSHIP COMMITTEE:

Post implementation of the resolution plan, the Stakeholder's Relationship Committee was re-constituted in accordance with Section 178 of the Act & SEBI Listing Regulations, w.e.f August 31, 2018, as under:-

1. Mrs. Anuradha Ambar Bajpai, Non Executive Independent Director – Chairperson
2. Mr. Nikhil Omprakash Gahrotra, Non-executive Director – Member
3. Mr. Jyotin Kantilal Mehta, Independent Directors – Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

Post implementation of the resolution plan, the Corporate Social Responsibility Committee was re-constituted in accordance with Section 135 of the Act & SEBI Listing Regulations, w.e.f August 31, 2018, as under:-

1. Mr. Nikhil Omprakash Gahrotra, Non Executive Director – Chairman
2. Mrs. Sutapa Banerjee, Independent Director – Member
3. Mr. Ravichandra Moorthy Dhakshana, Whole-Time Director – Member

The composition, terms of the reference and details on

meetings of the Corporate Social Responsibility Committee during the year is covered in the Corporate Governance Report.

FINANCE COMMITTEE

Post implementation of the resolution plan, the Finance Committee was re-constituted w.e.f August 31, 2018 as under:-

1. Mr. Ravichandra Moorthy Dhakshana – Member
2. Mr. Seshagiri Rao MVS – Member
3. Mr. Kalpesh Pankaj Kikani – Member

INTERNATIONAL TRADE PRACTICES AND CORPORATE GOVERNANCE COMMITTEE

Post implementation of the resolution plan, the International Trade Practices and Corporate Governance Committee has been re-constituted w.e.f August 31, 2018 as under:-

1. Mrs. Anuradha Ambar Bajpai – Chairperson
2. Mr. Ravichandra Moorthy Dhakshana – Member
3. Mr. Nikhil Omprakash Gahrotra – Member

The details of the Committees along with their composition, number of meetings held during the year under review, terms of reference and attendance of members at the meetings are provided in the Corporate Governance Report which forms part of this Annual Report. Further, during the year under review, the Board has accepted all the recommendations of the Audit Committee.

17. STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS

Post implementation of Approved Resolution Plan, the Company has received the necessary declaration from each Independent Director who are part of reconstituted Board confirming that he/she meets the criteria of Independence as laid out in Section 149(6) of the Companies Act, 2013 read with the Schedules, rules made thereunder and Regulation 25 of SEBI Listing Regulations, 2015.

18. NOMINATION AND REMUNERATION POLICY

Pursuant to applicable provisions of Companies Act, 2013 & SEBI Listing Regulations, 2015, the erstwhile

Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members. The details of this policy are explained in the Corporate Governance Report which forms part of this Annual Report.

The Nomination and Remuneration Policy, as approved by the erstwhile Board of Directors, has also been uploaded on the website of the Company viz:- <https://www.aionjsw.in/documents/default.aspx?f=investor-relations/nomination-remuneration--board-diversity-policy-46.pdf>

The reconstituted Board is in process of reviewing the policy and would carry out necessary changes as may be required in due course of time.

19. VIGIL MECHANISM Cum WHISTLE BLOWER POLICY

The Company has a vigil mechanism named Vigil Mechanism Cum Whistle Blower Policy, framed by erstwhile Board of the Company, to deal with instances of fraud and mismanagement, if any. Details of the same are given in the Corporate Governance Report.

The same has also been disclosed on the website of the Company viz :- <https://www.aionjsw.in/documents/default.aspx?f=investor-relations/vigil-mechanism-cum-whistle-blower-policy-50.pdf>

The reconstituted Board is in process of reviewing the policy and would carry out necessary changes as may be required in due course of time.

20. RELATED PARTY TRANSACTIONS

There were no material related party transactions nor any related party transactions which are not on arms length basis between the Company and related parties during the year under review and hence disclosure in Form AOC-2 in terms of Section 134 of the Companies Act, 2013 is not required and does not form part of this report. The necessary disclosures for related party transactions as required by the Ind AS has been made in the notes to the accompanying Financial Statements. The secretarial auditor has made certain observations relating to related party transactions in their Secretarial Audit report. These observations pertain to period prior to commencement of CIRP process. Pursuant to the Acquisition and the IBC Order dated July 24, 2018 passed by the NCLT, there has been a change in the

Board and the management of the Company. Given that the observations pertain to the prior period, the Board does not have any additional comments on the said observations.

The policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company viz <https://www.aionjsw.in/documents/default.aspx?f=investor-relations/material-related-party-policy-49.pdf>

The reconstituted Board is currently in a process of reviewing the policy and carrying out necessary changes as may be required in due course of time.

21. CORPORATE SOCIAL RESPONSIBILITY

In compliance with Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, the erstwhile Board of the Company has formed Corporate Social Responsibility ("CSR") Committee. Details of CSR Committee along with their composition, number of meetings, terms of reference and attendance of members at the meetings are provided in the Corporate Governance Report. The policy on CSR as approved by the erstwhile Board of Directors is also uploaded on the website of the Company i.e. www.aionjsw.in.

Pursuant to Section 135 of the Companies Act, 2013 read with CSR policy of the Company, it is required to spend two percent of the average net profit of the Company for three immediately preceding financial years. As the average net profit of the Company during previous three financial years is negative, the company is not required to spend any amount for the CSR purpose during the year under review.

Annual Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, have been annexed as **Annexure -2** and forms integral part of this Report.

The reconstituted Board is in process of reviewing the policy and would carry out necessary changes as may be required in due course of time.

22. AUDITORS

a) Statutory Auditor

Members of the Company at the Annual General Meeting ("AGM") held on September 28, 2017, approved the appointment of M/s. APAS & Co., Chartered Accountants (FRN No. 000340C) as the

statutory auditor from the conclusion of the 27th AGM till the conclusion of the 32nd AGM.

The Statutory Auditors have in their report drawn attention to Note no 47 and 48 and certain matters relating to investments made in Monnet Power Company Limited of the Standalone and Consolidated Financial Statements of the Company. The notes on financial statements referred to in the Auditors Report are self-explanatory and do not call for any further comments.

Pursuant to the acquisition and the NCLT Order dated July 24, 2018 passed by the NCLT, there has been a change in the Board and the management of the Company. Given that the emphasis of matter pertains to the prior period, the reconstituted Board does not have any additional comments on the said matter. The Board is however working towards analyzing the financial and operational affairs of the Company and will take steps to address the relevant issues, if any.

b) Secretarial Auditor

Section 204 of the Act inter-alia requires every listed company to annex with its Board's report, a secretarial audit report given by a Company Secretary in practice, in the prescribed form. The erstwhile Board had appointed M/s Sanjay Grover & Associates, practicing Company Secretaries, as secretarial auditor to conduct a secretarial audit of the Company for the financial year 2017-18. The secretarial auditor has made certain observations in their report on certain non compliances. Pursuant to the NCLT Order dated July 24, 2018, there has been a change in the Board and the management of the Company. Given that the observations pertain to the prior period, the Board does not have any additional comments on the said observations and in the process of addressing these observations. The composition of Reconstituted Board is in accordance with applicable law and comprises of women directors and sufficient number of Independent Directors as required under the Act and SEBI Listing Regulations.

The Secretarial Audit report for financial year ended 31st March, 2018 is annexed to this report (Annexure – 3). Post-implementation of resolution plan, the Board, at its meeting held on October 15, 2018 has appointed M/s S. Srinivasan & Co., a Company Secretaries Firm to conduct a secretarial audit of the Company for the

financial year 2018-19.

c) Cost Auditor

In terms of Section 148 of the Act, the Company is required to maintain cost records and have the audit of its cost records conducted by a cost accountant. Cost records are made and maintained by the Company as required under Section 148(1) of the Act. The Board of Directors at its meeting held on May 30, 2017 appointed M/s. N. K. Jain and Associates (Firm Registration Number: 101952), Cost Auditors to conduct the Cost Audit for the Financial Year 2017-2018.

For the financial year ending March 31, 2019, the Board of Directors of the Company has, on the recommendation of the Audit Committee, approved the appointment of M/s Shome & Banerjee, Cost Accountants (Firm Reg. No. 00001) as the cost auditors of the Company. M/s Shome & Banerjee, Cost Accountants (Firm Reg. No. 00001) have vast experience in the field of cost audit.

In accordance with the provisions of Section 148(3) of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditors as recommended by the Audit Committee and approved by the Board has to be ratified by the members of the Company.

Accordingly, an appropriate resolution for the proposed remuneration of Rs. 3,00,000 per annum plus applicable taxes and out-of-pocket expenses payable to the cost auditors for the Financial Year ending March 31, 2019, forms part of the notice of ensuing Annual General Meeting for ratification.

23. OTHER INFORMATION

a) Details in respect of frauds reported by Auditors other than those which are reportable to the Central Government

The Statutory Auditors, Secretarial Auditors, Cost Auditors or Internal Auditors of the Company have not reported any frauds to the Audit Committee or to the Board of Directors under Section 143(12) of the Companies Act, 2013, including rules made thereunder.

b) Stock Options Scheme

The Company does not have any Scheme of Stock Option for its employees, Directors etc.

c) Disclosure under Section 43(a)(iii) and Section 54(1)(d) of the Companies Act, 2013

During the year under review, the Company has not issued any shares with differential voting rights and sweat equity shares and hence, no information as required under Section 43(a)(iii) & Section 54(1)(d) of the Companies Act, 2013 read with applicable rules is required to be disclosed.

d) Risk Management

The Reconstituted Board/management is reviewing the Risk management framework of the Company. The Company would put in place a suitable enterprise risk management framework for identifying and evaluating risks and opportunities that may have bearing on the organization. The Company recognises that these risks needs to be managed and mitigated to protect the shareholders and other stakeholders interest.

e) Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo

In accordance with Section 134(3)(m) of the Companies Act, 2013, read with the Rule 8(3) of the Companies (Accounts) Rules, 2014, as amended, the information on conservation of energy, technology absorption and foreign exchange earnings and outgo are annexed as **Annexure - 4** hereto and forms an integral part of this Report.

f) Particulars of Employees and Related Disclosures

Disclosures pertaining to the remuneration and other details of the employees as required under Section 197(12) of the Companies Act 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, are annexed to this report as **Annexure -5**.

g) Extract of Annual Return

In accordance with the provisions of the Companies Act, 2013 and amendments thereto, the extract of the annual return in Form No. MGT – 9 placed on the website of the Company and web link of the same is given below.

<https://www.aionjsw.in/investors/mgt9>

h) Management Discussion & Analysis Report

A detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report and annexed as **Annexure-6**

i) Particulars of Loans, Guarantees or Investments under Section 186

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the note no 5, 6 & 12 to the Financial Statements.

j) Corporate Governance Report

The Company has complied with requirements of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A report on the Corporate Governance practices followed by the Company, together with a certificate from the Practicing Company Secretary regarding compliance are given as an **Annexure 7** to this report.

k) Disclosure under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013.

The Company has laid down Anti Sexual Harassment policy on Gender Equality, Gender Protection, Prevention of Sexual Harassment and Redressal System 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, Apprenticeship) are covered under this policy. The following is a summary of sexual harassment complaints received and disposed of during the year under review-

- No. of complaints received: Nil
- No. of complaints disposed off: NA

l) Secretarial Standards

The Company has in place proper systems to ensure compliance with the provisions of the applicable secretarial standards issued by the Institute of Company Secretaries of India and such systems are adequate and operating effectively.

24. CAUTIONARY NOTE

Certain Statements in the 'Management Discussion and Analysis' section may be forward-looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which would be different from what the Directors envisage in terms of the future performance and outlook. Investors are cautioned that this discussion contains forward looking statement that involve risks and uncertainties including, but not limited to, risks inherent in the Company's growth strategy, dependence on certain businesses, dependence on availability of qualified and trained manpower and other factors discussed. The discussion and analysis should be read in conjunction with the Company's financial statements and notes on accounts.

25. ACKNOWLEDGEMENT

The Directors wish to place on record their gratitude to the Authorities, Banks, Business Associates, Debenture holders and Shareholders for their unstinted support, assistance and co-operation. The Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment.

The Board acknowledges the contribution made by Mr. Sumit Binani, RP during the CIRP Process.

**By order of the Board
For Monnet Ispat and Energy Limited**

**Jyotin Kantilal Mehta
Chairman
DIN: 00033518**

**Place: Mumbai
Date: 15 October, 2018**