

BOARD OF DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their 32nd Annual Report on the business and operations of the Company and its Audited Statements of Accounts together with Auditors' Report for the financial year ended 31st March, 2018.

	Current year (31.03.2018)	Previous year (31.03.2017)
	Rupees in Lakhs	Rupees in Lakhs
1. SUMMARY OF FINANCIAL RESULTS AND PERFORMANCE OF THE COMPANY:		
Income from Operations (Including other Income)	2482.97	406.18
Profit before and also after exceptional and Extra-ordinary items and taxes	38.61	81.82
Less: Tax Expenses for the year	21.58	20.26
Add: Deferred Income Tax (Assets)	34.77	14.40
Net Profit for the year after tax	51.79	75.96
Add: Other Comprehensive income	-4.80	-5.75
Total Comprehensive income (including net Post Tax Profit for the year)	46.99	70.21

2. DIVIDEND:

Your Directors do not recommend any dividend for the year under review.

3. RESERVES

No amount has been transferred to the reserve by the Board during the year under review.

4. THE COMPANY'S WORKING/STATE OF AFFAIRS DURING THE FINANCIAL YEAR UNDER REVIEW

The Company's overall working during the Financial Year under review has not been satisfactory. Due to unremunerative and financially unviable operations caused by high/unaffordable prices of iron ore/pellets together with expensive logistics cost for transporting the same from Bellary/Hospet based iron ore mines and pellet plants (Karnataka) to Company's Sponge Iron Plant at Dist. Nalgonda; the management had no option but to keep the said Sponge-Iron plant inoperative for the entire year. The said unit is lying inoperative for the past few years and difficult for it to become economically viable unless the prices of iron ore/pellets fall through competition amongst the suppliers without corresponding fall in the selling prices of Sponge Iron on a sustainable basis. The said plant has been incurring losses since its shut-down as the Company has to bear and pay for its fixed overheads and expenses and hence your board feels and considers that it will be prudent to sell /dispose off the same to any prospective buyer to cut down the continuing losses though it is difficult to get a buyer considering the overall prevailing economic conditions particularly as substantial number of medium sized industrial units of delinquent borrowers having been put on sale by lending banks with a weak response. However, if conditions become favourable; the management will strive to restart the manufacturing operations at this plant.

The Company's Raigarh, chhatisgarh, based gas bottling plant also remained inoperative due to uneconomic operations, limited market and as the same cannot compete with the highly resourceful Government owned oil companies. This plant has also been lying inoperative for several years and incurring losses due to fixed overheads and other expenses and your board considers it prudent to sell/dispose off the same as there is little scope of its turning viable or to give it on lease/rent to any willing party.

In the case of LPG Bottling Plant at Uluberia, Howrah, given on lease; the Lessee has conveyed unwillingness in continuing with the existing lease arrangement. However, the said lessee has shown interest in outright purchase of company's said plant and is in contact with the management and your board will take a decision in the matter upon receipt of any formal and binding offer/proposal from the said lessee.

Your Board's prudent opinion and advisory as above with respect to the said units of the company; can fructify only upon identifying/finding prospective serious/genuine buyers for them under the current difficult economic atmosphere

and receiving definite, formal and binding offers/proposals for the said units and subject to receipt of consent and approval from you as required under the applicable provisions of the companies act,2013 and other laws/regulations, if any. It is pertinent to mention here that the board had taken your approval/consent to sell /dispose off the said units through a special resolution passed and adopted by you through postal ballot process during August 2016 but in absence of any serious and definite formal proposals from any intending buyer(s) ; your board could not do anything in this respect. Your board is considering taking fresh consent and approval from you in this respect through postal ballot procedure.

However, the Company's Sponge Iron Plant at Jamshedpur commenced commercial production from middle of April, 2017 and barring for few interruptions it continued to operate till the year end. The said plant has also been shut down temporarily from April, 2018 onwards to carry out major augmentation of Pollution Control Equipments at a substantial capital cost. The said Sponge Iron Plant is expected to commence production after the end of rainy season of the calendar year 2018.

The Company's income from operations (net of excise, VAT and GST) for the year ended 31.03.2018 stood at Rs.2304.54 lacs (previous year Rs.185.13 lacs). The Company has also earned other income of Rs.178.42 lacs (previous year Rs.215.30 lacs). The Company's Sponge-Iron Plant at Jamshedpur produced a total of 13477 MT of Sponge Iron (previous year nil). After taking into account of the incomes and related expenses including Income Tax; the Company earned a net profit of Rs.51.79 lacs (previous year Rs.75.96 lacs). The other comprehensive income/(loss) pursuant to adoption of new Indian Accounting Standards (IND AS) w.e.f. 1.4.2017 amounted to Rs. (4.80) lacs and consequently the total comprehensive income including profit after tax stood at Rs.46.99 lacs. Your directors are continuing their best efforts to improve the overall working and financial performance of the Company.

5. CHANGE IN NATURE OF BUSINESS OF THE COMPANY:

None during the year

6. MATERIAL CHANGES AND COMMITMENTS AFTER THE END OF THE FINANCIAL YEAR 31.03.2018 TILL THE DATE OF THIS BOARD REPORT:

The Company's Sponge Iron Plant at Jamshedpur has been temporarily shut down from April, 2018 onwards for augmentation of Pollution Control Equipments as stated in Para 4 above. Barring this; there are no other material changes.

7. SIGNIFICANT MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS AGAINST THE COMPANY:

None.

8. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO COMPANY'S FINANCIAL STATEMENTS:

In the opinion of the Board, the Company has adequate Financial Controls in place with respect to Company's Financial Statements and Operations. Kindly refer to Annexure 'B' of the Statutory Auditors report dated 29th May, 2018.

9. DETAILS OF NAMES OF COMPANIES WHICH HAVE BECOME OR CEASE TO BE THE COMPANY'S SUBSIDIARY COMPANIES/ JOINT VENTURE/ ASSOCIATE COMPANIES DURING THE YEAR UNDER REVIEW AND THEIR FINANCIAL PERFORMANCE:

The Company neither has nor had in the past any subsidiary, associate or joint venture Company.

10. FIXED DEPOSIT :

The Company has not accepted any deposits during the year from the Public under section 73 or 74 (Chapter V) of the Companies Act, 2013 nor did it receive the same in any of the previous years and hence there are no overdue/ outstanding Deposits or any interest payable thereon and therefore the prescribed details under the Companies Act, 2013 are not required to be furnished.

11. STATUTORY AUDITORS :

The Board of Directors recommend re-appointment of M/s. M.R. Singhwi & Company (bearing firm Registration no. 312121E) as the statutory auditors of the company for the financial year 2018-19 beginning from the conclusion of 32nd AGM and upto the conclusion of 33rd AGM. The declaration to the effect that their appointment, if made, would be within the prescribed limits and they are eligible for appointment as such and do not suffer from any disqualifications as specified in section 141 of the Companies Act, 2013 and the relevant rules made thereunder has been received from them and accordingly the members are requested to consider adoption of the respective ordinary resolution as set out in the notice convening the next 32nd AGM.

12. AUDITOR'S REPORT :

The observations made in the Auditor's Report are self-explanatory and do not call for any further comments u/s 134(3) (f) of the Companies Act, 2013. The Auditors have not made any materially significant qualifications in their Report.

13. EXTRACT OF THE ANNUAL RETURN OF FINANCIAL YEAR ENDED 31.03.2018:

The same is annexed with this Report in the prescribed FORM NO. MGT-9.

14. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, EXPORTS AND FOREIGN EXCHANGE EARNINGS AND OUTGOINGS.

The information's required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules 2014, are as under:-

(A) CONSERVATION OF ENERGY :

The Power requirement at Company's Gas Bottling Plant is negligible as only bottling of gases is being done. For Sponge Iron Plants, the Capacitor Panels of adequate size and number have been installed and are maintained to save and economise on power consumption. The Company has not made any fresh investments on this account nor was there any need to take any fresh initiatives on this account.

(B) TECHNOLOGY ABSORPTION :

The Company is using in-house technology and expertise for its Hydrocarbon Gas Bottling Plants. The technology to manufacture Sponge Iron was provided by an outside agency long ago. The said technology is fully indigenous, is now well established, and has been fully absorbed by the Company. The Company has not so far made use of any imported technology for its products/plants. The Company has not made nor felt necessary to absorb any fresh technology and the Company has not incurred any expenditure on Research and Development.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO :

Earnings: Nil (Previous Year : Nil)

Outgo : Nil (Previous Year : Nil)

D) Annual Evaluation:

Pursuant to the provisions of the Sec 134 (3) (p) of the Companies Act, 2013 and clause 2 (f) (9) of chapter II of SEBI (Listing Obligations and disclosure requirements) regulations, 2015 (hereinafter in this board report called and referred to as "SEBI LODR REGULATIONS "); your 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 Audit, Nomination and Remuneration Committees as per a suitably conceived manner. During the year under review, the Independent Directors met on 28th March, 2018 inter alia, to discuss the Performance evaluation of Non Independent Directors and Board of Directors as a whole and of the Chairman & Managing Director and Evaluation of the quality of flow of information between the Management and Board for effective performance by the Board and were satisfied overall. The Board has carried out the performance evaluation of all Independent Directors of the Company and is satisfied with their performance.

15. CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY:

As per criteria prescribed under section 135 of the Companies Act, 2013; the CSR is not applicable to the Company in respect of the financial year 2016-17 covered under this Report. The Company will, however, formulate and implement CSR Policy as and when it gets applicable to the Company.

16. DIRECTORS :**A) Changes in Directors and Key Managerial Personnel:**

Mr. Suresh Kumar Agarwal and Mrs. Sushma Chhibbar were re-appointed as Directors of the Company by the members in the last Annual General Meeting held on 18th September, 2017. Mr. Vishesh Chhibbar and Mr. Puranmal Agarwal, the Directors, retire by rotation and are eligible for re-appointment in the ensuing 32nd AGM. The brief resume about the Directors seeking re-appointment is enclosed with the notice of AGM. Mr. Nikhil Deora, Company Secretary had resigned during the year due to personal reasons. Miss Shweta Mishra has been appointed as the new Company Secretary by the Board with effect from 29.05.2018, being the date of this Board Report.

B) Declaration by an Independent Director(s) and Re-appointment, if Any:

Declaration given by Independent Directors meeting the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 and Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 has been received and taken on record. The Independent Directors are serving the Company for the past few years and over the period they have been well familiarized with every functional, operational and

financial aspects of the Company. During the year no new Independent Director was appointed and no existing Independent Director had resigned.

17. BOARD MEETINGS HELD DURING THE YEAR :

During the year the Board of Director's Meetings were held on four occasions e.g. on 19.05.2017, 09.08.2017, 24.10.2017 and 02.02.2018. The Independent Directors held their separate annual meeting on 28.03.2018.

18. AUDIT COMMITTEE, NOMINATION & REMUNERATION COMMITTEE, STAKEHOLDERS RELATIONSHIP COMMITTEE & VIGIL MECHANISM :

As stated in the Corporate Governance Report annexed hereto.

19. LOANS, GUARANTEES AND INVESTMENTS:

Refer Note:11 in the Financial Statements of Accounts.

20. PARTY TRANSACTIONS AS REQUIRED UNDER SECTION 188(1) COMPANIES ACT, 2013:

The company has paid office rent of Rs.1.5 lacs to a related party as rent and has also paid Rs.8.4 lacs as remuneration to the Managing Director. There are no other related party transactions. Please refer to Form AOC-2 annexed with this Board Report and forms part of it.

21. MANAGERIAL/DIRECTOR'S REMUNERATION:

The particulars of the same are as mentioned in the Corporate Governance Report annexed to this Board Report.

22. STATEMENT OF COMPLIANCE WITH NEW SECRETARIAL STANDARDS AS NOTIFIED AND EFFECTIVE FROM 01.10.2017.

The Company has adopted and complied with the new secretarial standards for general meetings (SS-2) and with regard to meetings of the Board of Directors (SS-1) w.e.f. 01.10.2017 as issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118 (10) of the Companies Act, 2013.

23. SECRETARIAL AUDIT REPORT:

A Secretarial Audit Report given by J. Patnaik & Associates, a Company Secretary in Practice, is annexed hereto in the prescribed Form No. MR-3 of Companies Act, 2013 and forms part of this Board Report.

24. CORPORATE GOVERNANCE :

The Company files quarterly Corporate Governance Report with BSE Ltd. as required under SEBI LODR REGULATION-24. Corporate Governance Report along with the Certificate of the Secretarial Auditors confirming compliance of conditions of Corporate Governance as required under the relevant Regulations of SEBI LODR Regulations - 2015 is annexed to and forms part of this Board Report.

25. RISK MANAGEMENT POLICY:

The Company's biggest risk is with regard to procurement of critical raw materials namely Iron-Ore and Coal at reasonable/affordable rates but it has virtually no control on the same as several of the Iron-Ore Mines in the Country still remain closed and no significant new commercial iron ore and/or coal mines have come up in the last several years and Coal has to be sourced mainly from Government-Owned Companies who decide and fix the prices arbitrarily. The other risks are the wide fluctuations in the selling price of Sponge-Iron which again depend on Demand and Supply and your Company being a nominal player has no control or influence on the same. The Company has, however, laid down procedures to inform the Board of Directors about Risk Assessments and it's minimization procedures. The Board has also framed and implemented the Risk Management Plan for the Company to the extent it was possible, feasible and practical. The formation of Risk Management Committee is not applicable to the Company as the requirement is applicable to only top 100 listed entities on BSE Ltd. as per Regulation 21 of SEBI LODR REGULATIONS, 2015.

26. DISCLOSURES ABOUT REMUNERATION TO DIRECTORS VIS-À-VIS EMPLOYEES AND OTHER PARTICULARS AS REQUIRED UNDER SECTION 197 OF THE COMPANIES ACT 2013 READ WITH RULE 5 OF COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:

A. During the year a remuneration of Rs 8,40,000/- was paid to Managing Director and sitting fees of Rs 33,000/- was paid to the Independent Directors for attending the Board Meetings and none of the other directors received any remuneration and therefore, the computation of ratio of remuneration of each Director to the median remuneration of the employees of the Company are not furnished.

The remuneration paid and/or payable to the Key Managerial Personnel's are very reasonable and is commensurate with their performances. The remuneration paid to the employees is as per the remuneration policy of the Company, which is dynamic in nature and changes as per the financial performance of the Company and of an individual employee including their work experience, competency, job profile, skill and seniority.

- B. No employee of the Company during the financial year was in receipt of remuneration aggregating to Rs.60 lacs or more if employed for the whole year and Rs.5 lacs per month if employed for a part of the financial year. No employee of the Company is holding 2% or more of the Equity Shares of the Company. The number of permanent employees as at year end were twenty and the ratio of remuneration paid to Managing Director to median remuneration of the employees was 4.32 :1.

27. DISCLOSURE UNDER SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:

The Board of Directors and/or the Management of the Company has not received any complaint on this account from any of the employees of the Company or from any other person.

28. DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, states:-

- (i) That in the preparation of the annual accounts for the financial year ended 31st March, 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 of the profit of the Company for the year under review.
- (iii) That the Directors had taken proper and sufficient care 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 Directors have prepared the accounts for the financial year ended 31st March, 2018 on a going concern basis.
- (v) That the Directors had laid down internal financial controls, which are to be followed by the Company, and that such internal financial controls are adequate and were operating effectively.
- (vi) That the Directors had devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

29. ADOPTION OF NEW ACCOUNTING STANDARDS – IND-AS :

The Company has adopted the new accounting standards being called as IND-AS w.e.f. 01.04.2017 (with transition period being 01.04.2016) in compliance with the requirement of Section 133 of the Companies Act, 2013 and Companies (Indian accounting Standards) Rules 2015 vide notification dated 16.02.2015 and accordingly the current year's financial figures and audit thereof are as per requirements of new IND-AS to the extent the same were applicable to the Company's financial transactions and found practical to adopt with use of optional exemptions. The comparatives of the previous financial year 2016-17 and as on 01.04.2016 have also been furnished.

30. ACKNOWLEDGEMENT:

Your Directors would like to convey their sincere appreciation for the assistance and co-operation received from all Stakeholders during the year under review. Your Directors also wish to place on record their appreciation for the contribution of the employees at all levels.

**For and on behalf of the Board
Ashirwad Steels & Industries Limited**

**Dalbir Chhibbar
Chairman & Managing Director
(DIN : 00550703)**

**Place: Kolkata
Dated: 29th May, 2018**