



# ANNUAL REPORT

2017-18

Impex Ferro Tech Limited

## **Navigating the pages**

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# Notice

**NOTICE** is hereby given that the 23rd Annual General Meeting of the members of the Company will be held on Thursday, 27th September, 2018 at 3.00 P.M. at **ROTARY SADAN**, 94/2, Chowringhee Road, Kolkata - 700 020 to transact the following businesses:

## **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2018, the Statement of Profit and Loss for the year ended on that date and the report of the Auditors' & Directors' thereon.
2. To appoint a Director in place of Mr. Ankit Patni (DIN: 00034907), who retires by rotation and being eligible, offers himself for re-appointment.

## **SPECIAL BUSINESS:**

3. To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** subject to the provisions of section 196,197,198, 203 read with Schedule-V and rules thereof and other applicable provisions of the Companies Act, 2013, including any statutory modification(s) or re-enactment thereof for the time being in force and subject to the approval of the members and such other consents, approvals or permissions as may be required, Mr. Suresh Kumar Patni (DIN: 00032674), be and is hereby re-appointed as Managing Director of the Company for a further period of Five (5) years w.e.f. 1st July, 2018, who shall be subject to liable to be retire by rotation, on the terms and conditions including remuneration as set out in the agreement, draft whereof is placed before the Board and signed by the Chairman for the purpose of identification and the said draft Agreement also be and is hereby approved.

**RESOLVED FURTHER THAT** subject to such approval, consent and permission as may be required, in case of absence or inadequacy of net profits in any financial year, the remuneration payable to Mr. Suresh Kumar Patni shall be restricted to the ceiling provided in Section II of Part II of Schedule - V of the Act.

**RESOLVED FURTHER THAT** Mr. Ankit Patni, Director of the Company be and is hereby authorized to execute the agreement on behalf of the Company and that the common seal of the Company be affixed as per the Articles of Association of the Company."

4. To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** subject to the provisions of Section 196,197,198, 203 read with Schedule-V and rules thereof and other applicable provisions of the Companies Act, 2013, including any statutory modification(s) or re-enactment thereof for the time being in force and subject to the approval of the members and such other consents, approvals or permissions as may be required, Mr. Satish Kumar Singh (DIN: 05295625), be and is hereby re-appointed as Executive Director of the Company for a further period of Three (3) years w.e.f. 24th August, 2018, who shall be subject to liable to be retire by rotation, on the terms and conditions including remuneration as set out in the agreement, draft whereof is placed before the Board and signed by the Chairman for the purpose of identification and the said draft Agreement also be and is hereby approved.

**RESOLVED FURTHER THAT** subject to such approval, consent and permission as may be required, in case of absence or inadequacy of net profits in any financial year, the remuneration payable to Mr. Satish Kumar Singh shall be restricted to the ceiling provided in Section II of Part II of Schedule - V of the Act.

**RESOLVED FURTHER THAT** Mr. Suresh Kumar Patni, Managing Director of the Company be and is hereby authorized to execute the agreement on behalf of the Company and that the common seal of the Company be affixed as per the Articles of Association of the Company."

5. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of section 148(2) and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, the remuneration of ₹ 40,000/- plus applicable taxes and re-imbursement of out of pocket expenses payable to M/s. A.J.S & Associates, Cost Accountants (Registration No. 000106), who has been re-appointed by the Board of Directors of the Company as Cost Auditor to conduct an audit of the cost accounting records maintained by the Company for the year ending 31st March, 2019 be and is hereby ratified."

By Order of the Board  
**For Impex Ferro Tech Limited**

Place: Kolkata  
Date: 13th August, 2018

**Richa Agarwal**  
Company Secretary

# Notice

## NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE, INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE CORPORATE OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other member.
2. The Explanatory Statement pursuant to section 102 of the Companies Act, 2013 and clause 1.2.5 of Secretarial Standards – 2 (SS-2) on General Meeting relating to Special Business to be transacted at the Meeting, is annexed hereto.
3. The relevant details, as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into with the Stock Exchanges; of person seeking appointment/re-appointment as Director under Item No. 2, 3 and 4 is annexed hereto as additional information.
4. Pursuant to section 91 of the Companies Act, 2013 and Rule 10 of the Companies (Management and Administration) Rules, 2014 read with Regulation 42 (5) of the Listing Regulations, the Register of Members and Share Transfer Books shall remain closed from Thursday, 20th September, 2018 to Thursday, 27th September, 2018 (both days inclusive).
5. As required under SS-2 issued by the ICSI, a route map, including a prominent landmark, showing directions to reach the AGM venue is annexed to the Notice.
6. Shareholders holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agent, M/s. Maheshwari Datamatics Private Limited, 23, R. N. Mukherjee Road, 5th Floor, Kolkata – 700 001 and to their respective DPs in respect of Equity Shares held in dematerialised form.
7. Pursuant to section 113 of the Companies Act, 2013 and rules framed thereunder, the Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
8. Members/Proxies are requested to bring their Attendance Slip duly signed as per the specimen signature recorded with the Company/ DPs for attending the Meeting.
9. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
10. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company at least Ten (10) days before the meeting so that the same could be complied in advance.
11. The Securities and Exchange Board of India (SEBI) vide its circular dated 20th April, 2018 has mandated registration of Permanent Account Number (PAN) and Bank Account details for all Members holding shares in physical form. Therefore, the Members are requested to submit their PAN and Bank Account details to the Company at its Corporate Office or to M/s. Maheshwari Datamatics Private Limited, the Registrar and Share Transfer Agent (RTA) of the Company. In this regard, the Members are requested to submit a duly signed letter along with self-attested copy of PAN Card(s) of all the registered Members (including joint holders). Members are also requested to submit original cancelled cheque, bearing the name of the sole/first holder. In case of inability to provide the original cancelled cheque, a copy of Bank Passbook/ Statement of the sole/first holder duly attested by the Bank, not being a date earlier than one month may be provided. Members holding shares in demat form are requested to submit the aforesaid documents to their respective Depository Participant(s).
12. As per Regulation 40(7) of the Listing Regulations read with Schedule VII to the said Regulations, for registration of transfer of shares, the transferee(s) as well as transferor(s) shall mandatorily furnish copies of their Income Tax Permanent Account Number (PAN) Card. Additionally, for securities market transactions and/or for off market/private transactions involving transfer of shares in physical mode for listed Companies, it shall be mandatory for the transferee(s) as well as transferor(s) to furnish copies of PAN Card to the Company/RTA for registration of such transfer of shares. In case of transmission of shares held in physical mode, it is mandatory to furnish a copy of the PAN Card of the legal heir(s)/ Nominee(s).
13. The Ministry of Corporate Affairs (MCA), Government of India, has introduced a 'Green Initiative in Corporate Governance' by allowing paperless compliances by the Companies for service of documents to their members through electronic mode, which will be in compliance with section 20 of the Companies Act, 2013 and rules framed thereunder.

# Notice

Since the securities of the Company are compulsorily tradable in electronic form, to ensure better investor service and elimination of risk of holding securities in physical form, it is requested that the members holding shares in physical form to get their shares dematerialised at the earliest.

14. All documents referred to in the Notice will be available for inspection at the Company's Corporate Office on all working days except Saturday between 11:00 a.m. to 1:00 p.m. upto the date of Annual General Meeting (AGM).
15. Electronic copy of the Annual Report for 2017-18 is being sent to all the members whose e-mail ids are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For the members who have not registered their e-mail address, physical copies of the Annual Report for 2017-18 is being sent in the permitted mode. Rule 18(3)(i) of the Companies (Management and Administration) Rules, 2014 and as amended from time to time requires a Company to provide advance opportunity atleast once in a financial year, to the member to register his e-mail address and any changes therein. In compliance with the same, we request the members who do not have their e-mail id registered with the Company to get the same registered with the Company. Members are also requested to intimate to the Company the changes, if any in their e-mail address. The Annual Report of the Company, circulated to the members of the Company, will also be made available on the Company's website i.e. [www.impexferrotech.com](http://www.impexferrotech.com).
16. Electronic copy of the Notice of the 23rd Annual General Meeting of the Company *inter-alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose e-mail ID's are registered with the Company/Depository Participant(s) for communication purposes. For members who have not registered their e-mail address, physical copies of the Notice of the 23rd Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
17. In compliance with provisions of section 108 of the Companies Act, 2013 and rule 20 of the Companies (Management and Administration) Rules, 2014 and as amended from time to time read with Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards – 2 (SS-2) on General Meetings, the members are informed that the Company is pleased to offer e-voting facility to cast their vote electronically. The Company has made necessary arrangement with the Central Depository Services (India) Limited (CDSL) to facilitate e-voting.

The e-voting facility is available at the link [www.evotingindia.com](http://www.evotingindia.com) vide the EVSN **180811008**.

The e-voting facility will be available during the following voting period:

<b>Commencement of e-voting</b>	From : 9:01 a.m. of 24 <sup>th</sup> September, 2018
<b>End of e-voting</b>	Upto : 5:00 p.m. of 26 <sup>th</sup> September, 2018

E-voting shall not be allowed beyond 5.00 p.m. of 26th September, 2018.

The detailed procedure is mentioned below. For the aforesaid purpose the Company has appointed CS Hanuman Mal Choraria of M/s. H. M. Choraria & Co., Practicing Company Secretaries for scrutinizing the e-voting process in a true and transparent manner.

## 18. E-voting Procedure

**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on 24th September, 2018 at 9:01 a.m. and ends on 26th September, 2018 at 5:00 p.m. During this period shareholders' of the Company holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of 20th September, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on "Shareholders".
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

## Notice

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
<b>PAN</b>	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
<b>Dividend Bank Details or Date of Birth (DOB)</b>	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or Company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <IMPEX FERRO TECH LIMITED> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the resolution and option NO implies that you dissent to the resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non-Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.

# Notice

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

## DISTRIBUTION OF GIFTS

Attention of the Members is drawn that in conformity with recent regulatory requirements, the Company will NOT be distributing any gift, gift coupons or cash in lieu of gifts at the Annual General Meeting (AGM) or in connection therewith.

## EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND CLAUSE 1.2.5 OF SECRETARIAL STANDARDS – 2 (SS-2) ON GENERAL MEETING

### Item No. 3

Mr. Suresh Kumar Patni is Managing Director of the Company. His current term of appointment as Managing Director of the Company was expired on 30th June, 2018. Considering the experience and services rendered by Mr. Suresh Kumar Patni and based on the recommendation of Nomination & Remuneration Committee, the Board of Directors of the Company have re-appointed him as Managing Director of the Company for a further period of Five (5) years w.e.f. 1st July, 2018 on the terms and conditions as set out in the Agreement dated 30th June, 2018 executed between the Company and Mr. Suresh Kumar Patni.

Mr. Suresh Kumar Patni, Managing Director shall be paid the following remuneration for the services rendered by him:

- Basic Salary:** ₹ 50,000/- (Rupees Fifty Thousand Only) per month.
- Perquisites/Allowances:** He shall be entitled to the following Perquisites/Allowances :-
  - House Rent Allowance** : ₹ 25,000/- per month.
  - Transport Allowance** : ₹ 5,000/- per month.
  - Medical Allowance** : ₹ 5,000/- per month.
  - Special Allowance** : ₹ 15,000/- per month.
  - Bonus** : As may be decided by the Board.
  - Leave Encashment** : As per applicable rules of the Company.

Leave encashment and Gratuity shall not be included in the computation of ceiling on remuneration.

However, in case of absence or inadequacy of net profits in any financial year, the remuneration payable to Mr. Suresh Kumar Patni shall be restricted to Section II of Part II of Schedule V of the Companies Act, 2013.

All other terms and conditions are set out in the Agreement referred to above. The relevant Agreement entered into by the Board with Mr. Suresh Kumar Patni is available for inspection by members at the Corporate Office of the Company on any all working days except Saturday between 11.00 a.m to 1.00 p.m. up to the date of Annual General Meeting of the Company.

None of the Directors/Key Managerial Personnel of the Company/their relatives except Mr. Suresh Kumar Patni and Mr. Ankit Patni, being relative of Mr. Suresh Kumar Patni, are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No-3 of the Notice.

The Board recommends the resolution set out at Item No-3 of the Notice for approval by the Shareholders.

# Notice

Statement pursuant to item (iv) under second proviso to clause (B) of Section II of Part II of Schedule V to the Companies Act, 2013 with respect to Item No- 3

## I. GENERAL INFORMATION

- Nature of Industry:** Impex Ferro Tech Limited was incorporated on 7th June, 1995 and is engaged in manufacturing of Ferro Alloys, such as Silico Manganese (SiMn) and Ferro Manganese (FeMn) through Submerged Arc Furnace (SAF) route. The Company is also engaged in Trading of Iron and Steel Products. Ferro Alloys are intermediate products and used as an essential ingredients of making special grade steel having specific properties. Hence growth of these industries is linked with the growth of Iron & Steel Industry sector.
- The Company has a manufacturing facilities located at Kalyaneshwari in West Bengal.
- Date of Commencement of Commercial Production:** The Company commenced its Commercial Production in 1998.
- Financial Performance of the Company:** The Financial Performance of the Company is as follows: (₹ in Crores)

Particulars	2017-18	2016-17	2015-16
Sales and other Income (Net)	130.02	124.30	273.17
Profit before Depreciation, Interest and Tax but after Prior Period Items	(55.22)	(79.81)	(39.83)
Depreciation/Amortization	7.12	7.31	7.30
Interest and Finance Charges	6.00	0.52	34.24
Tax Expenses	-	-	-
Profit/(Loss) before Exceptional items	(68.34)	(87.64)	(47.13)
Exceptional Gain /(Loss)	-	-	-
<b>Profit/(Loss) after Tax</b>	<b>(68.34)</b>	<b>(87.64)</b>	<b>(47.13)</b>

- Foreign Earnings, investments or collaborations:** (₹ in Crores)

Particulars	2017-18	2016-17	2015-16
Foreign Earnings	NIL	NIL	NIL
Foreign Investments or Collaborations	NIL	NIL	NIL

## II. INFORMATION ABOUT APPOINTEE

Sl. No.	Particulars	Mr. Suresh Kumar Patni
1	<b>Background Details</b>	He is a Commerce Graduate with a wide experience of more than two decades in Iron & Steel related Ferro Alloy Industry. He is also a co-promoter of Impex Ferro Tech Limited, Impex Metal & Ferro Alloys Limited, Rohit Ferro-Tech Limited and Ankit Metal & Power Limited. He contributes with his experience and provides guidance to the Senior management of the Company.
2	<b>Past Remuneration</b>	Remuneration received from Impex Ferro Tech Limited Rupees One Lac (₹ 1,00,000/- Only) per month for the year ended 31st March, 2018.
3	<b>Job Profile &amp; his suitability</b>	He is a Promoter Director of the Company. He contributes with his experience and provides guidance to the Senior management of the Company.
4	<b>Remuneration proposed</b>	As detailed above.
5	<b>Comparative remuneration profile with respect to Industry Size of the Company, profile of the position and person</b>	The proposed remuneration is commensurate with the size and nature of business of the Company and the responsibility of the appointee. The remuneration do differ from Company to Company in the Industry depending on the respective operations.
6	<b>Pecuniary relationship, directly or indirectly, with the Company or relationship with the managerial personnel, if any.</b>	Mr. Suresh Kumar Patni does not have any pecuniary relationship apart from getting remuneration from the Company and have not any other relationship with the managerial personnel.



# Notice

## III. OTHER INFORMATION

### *Reason of Loss or inadequate profits*

The operations of the Company are severely impacted by weak steel industry scenario and lack of demand for Company's finished product. Lower utilisation of capacity and drop in finished goods, price realisation has impacted the topline as well as bottom line of the Company. The Company has been facing liquidity issues resulting in fall in capacity utilization and was not able to perform upto the expected level.

### *Steps taken or proposed to be taken for improvement*

The Company undertook several steps to lowering the overheads and aligning resources with current level of operations. The Company is focusing on cost competitiveness. The Company has made an application to State Bank of India, Lead Consortium Member, regarding revival plan of the Company. With the substantial improvement in raw material availability, likely improvement in market scenario with notification of Minimum Import Price on steel, it is expected that the overall financial health would improve considerably.

### *Expected increase in productivity and profits in measurable terms*

The management has adopted focused and aggressive business strategies and functions to improve the sales and profitability of the Company. Considering the present sign of improvement in overall business environment, the Company is expecting an increase in its revenue and profitability. The Management is confident of higher growth ratio in the period to come.

## IV. DISCLOSURES

The detail of remuneration and other information is given in the Corporate Governance attached as the part of the Director's Report.

### **Item No. 4**

Mr. Satish Kumar Singh is an Executive Director of the Company. His current term of appointment as an Executive Director of the Company is expiring on 23rd August, 2018. Considering the experience and services rendered by Mr. Satish Kumar Singh and based on the recommendation of Nomination & Remuneration Committee, the Board of Directors of the Company have re-appointed him as an Executive Director of the Company for a further period of Three (3) years w.e.f. 24th August, 2018 on the terms and conditions as set out in the Agreement dated 13th August, 2018 executed between the Company and Mr. Satish Kumar Singh.

Mr. Satish Kumar Singh, Executive Director shall be paid the following remuneration for the services rendered by him:

- |                                  |   |  |
|----------------------------------|---|--|
| a. <b>Basic Salary</b>           | : | ₹ 1,00,000/- (Rupees One Lac Only) per month.                  |
| b. <b>Perquisites/Allowances</b> | : | He shall be entitled to the following Perquisites/Allowances:- |
| i. <b>House Rent Allowance</b>   | : | ₹ 13,170/- per month.  |
| ii. <b>Transport Allowance</b>   | : | NIL  |
| iii. <b>Medical Allowance</b>    | : | NIL  |
| iv. <b>Special Allowance</b>     | : | NIL  |
| v. <b>Bonus</b>                  | : | As may be decided by the Board.                                |
| vi. <b>Leave Encashment</b>      | : | As per applicable rules of the Company.                        |

Leave encashment and Gratuity shall not be included in the computation of ceiling on remuneration.

However, in case of absence or inadequacy of net profits in any financial year, the remuneration payable to Mr. Satish Kumar Singh shall be restricted to Section II of Part II of Schedule V of the Companies Act, 2013.

All other terms and conditions are set out in the Agreement referred to above. The relevant Agreement entered into by the Board with Mr. Satish Kumar Singh is available for inspection by members at the Corporate Office of the Company on any all working days except Saturday between 11.00 a.m to 1.00 p.m. up to the date of Annual General Meeting of the Company.

Except Mr. Satish Kumar Singh, none of the Directors/Key Managerial Personnel of the Company/their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No-4 of the Notice.

The Board recommends the resolution set out at Item No-4 of the Notice for approval by the Shareholders.

# Notice

Statement pursuant to item (iv) under second proviso to clause (B) of Section II of Part II of Schedule V to the Companies Act, 2013 with respect to Item No-4

## I. GENERAL INFORMATION

- Nature of Industry:** Impex Ferro Tech Limited was incorporated on 7th June, 1995 and is engaged in manufacturing of Ferro Alloys, such as Silico Manganese (SiMn) and Ferro Manganese (FeMn) through Submerged Arc Furnace (SAF) route. The Company is also engaged in Trading of Iron and Steel Products. Ferro Alloys are intermediate products and used as an essential ingredients of making special grade steel having specific properties. Hence growth of these industries is linked with the growth of Iron & Steel Industry sector.
- The Company has a manufacturing facilities located at Kalyaneshwari in West Bengal.
- Date of Commencement of Commercial Production:** The Company commenced its Commercial Production in 1998.
- Financial Performance of the Company:** The Financial Performance of the Company is as follows: (₹ in Crores)

Particulars	2017-18	2016-17	2015-16
Sales and other Income	130.02	124.30	273.17
Profit before Depreciation, Interest and Tax but after Prior Period Items	(55.22)	(79.81)	(39.83)
Depreciation/Amortization	7.12	7.31	7.30
Interest and Finance Charges	6.00	0.52	34.24
Tax Expenses	-	-	-
Profit/(Loss) before Exceptional items	(68.34)	(87.64)	(47.13)
Exceptional Gain/(Loss)	-	-	-
<b>Profit/(Loss) after Tax</b>	<b>(68.34)</b>	<b>(87.64)</b>	<b>(47.13)</b>

- Foreign Earnings, investments or collaborations:** (₹ in Crores)

Particulars	2017-18	2016-17	2015-16
Foreign Earnings	NIL	NIL	NIL
Foreign Investments or Collaborations	NIL	NIL	NIL

## II. INFORMATION ABOUT APPOINTEE

Sl. No.	Particulars	Mr. Satish Kumar Singh
1	<b>Background Details</b>	He is B.Tech (Electrical & Electronic Engineer) and has been actively involved in the overall management of the Company's Manufacturing facility at Kalyaneshwari.
2	<b>Past Remuneration</b>	Remuneration received from Impex Ferro Tech Limited Rupees One Lac Thirteen Thousand One Hundred and Seventy Only per month (₹ 1,13,170/-) for the year ended 31 <sup>st</sup> March, 2018.
3	<b>Job Profile &amp; his suitability</b>	Overall management of the Company's Manufacturing facility at Kalyaneshwari.
4	<b>Remuneration proposed</b>	As detailed above.
5	<b>Comparative remuneration profile with respect to Industry Size of the Company, profile of the position and person</b>	The proposed remuneration is commensurate with the size and nature of business of the Company and the responsibility of the appointee. The remuneration do differ from Company to Company in the industry depending on the respective operations.
6	<b>Pecuniary relationship, directly or indirectly, with the Company or relationship with the managerial personnel, if any,</b>	Mr. Satish Kumar Singh does not have any pecuniary relationship apart from getting remuneration from the Company and have not any other relationship with the managerial personnel.

# Notice

## III. OTHER INFORMATION

### ***Reason of Loss or inadequate profits***

The operations of the Company are severely impacted by weak steel industry scenario and lack of demand for Company's finished product. Lower utilisation of capacity and drop in finished goods, price realisation has impacted the topline as well as bottom line of the Company. The Company has been facing liquidity issues resulting in fall in capacity utilization and was not able to perform upto the expected level.

### ***Steps taken or proposed to be taken for improvement***

The Company undertook several steps to lowering the overheads and aligning resources with current level of operations. The Company is focusing on cost competitiveness. The Company has made an application to State Bank of India, Lead Consortium Member, regarding revival plan of the Company. With the substantial improvement in raw material availability, likely improvement in market scenario with notification of Minimum Import Price on steel, it is expected that the overall financial health would improve considerably.

### ***Expected Increase in productivity and profits in measurable terms***

The management has adopted focused and aggressive business strategies and functions to improve the sales and profitability of the Company. Considering the present sign of improvement in overall business environment, the Company is expecting an increase in its revenue and profitability. The Management is confident of higher growth ratio in the period to come.

## IV. DISCLOSURES

The detail of remuneration and other information is given in the Corporate Governance attached as the part of the Director's Report.

### **Item No. 5**

As recommended by Audit Committee, Board of Directors had appointed M/s. A.J.S & Associates, Cost Accountants (Registration No. 000106), being eligible and having sought re-appointment, as Cost Auditor of the Company, for a remuneration of ₹ 40,000/- plus applicable taxes and re-imbursement of out of pocket expenses incurred by them to conduct an audit of the cost accounting records maintained by the Company for the current financial year beginning from 1st April, 2018 and ending on 31st March, 2019.

In terms of section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the aforesaid remuneration is required to be ratified by members.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.5 of the Notice.

The Board recommends the resolution set out at Item No. 5 of the Notice for approval by the shareholders.

### **ADDITIONAL INFORMATION:**

### **DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT**

The relevant details of Directors seeking appointment/re-appointment as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standards on General Meetings (SS-2) are given below:

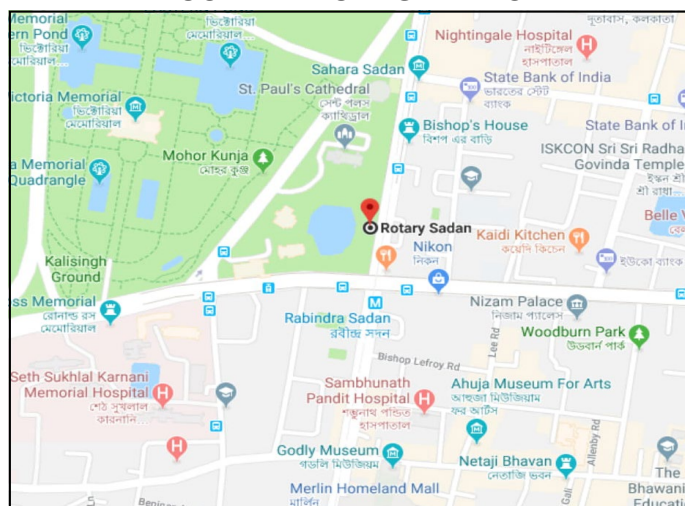
Name of Director	Mr. Ankit Patni	Mr. Suresh Kumar Patni	Mr. Satish Kumar Singh
Date of Birth (age)	13.01.1985 (33 years)	13.07.1959 (59 years)	20.12.1985 (33 years)
Date of first appointment on the Board	30.09.2015	07.06.1995	24.08.2012
Brief Resume including qualification	He is a B.Com, CFA and MBA and had started his career by associating with Ankit Metal & Power Limited.	He is a Commerce Graduate with a wide experience of more than two decades in Iron & Steel related Ferro Alloy Industry. He is also a co-promoter of Impex Ferro-Tech Limited, Impex Metal & Ferro Alloys Limited, Rohit Ferro-Tech Limited and Ankit Metal & Power Limited. He contributes with his experience and provides guidance to the Senior management of the Company.	He is B.Tech (Electrical & Electronic Engineering) and has been actively involved in the overall management of the Company's Manufacturing facility at Kalyaneshwari.

# Notice

Name of Director	Mr. Ankit Patni	Mr. Suresh Kumar Patni	Mr. Satish Kumar Singh
Experience (including nature of his expertise in specific functional areas)	He has good amount of experience in the matters of finance, raw material procurements and marketing.	Wide Technical, Marketing and Management Experience.	Electrical and Electronic Engineer
Terms and conditions of re-appointment	As per Resolution at item No.2 of the Notice convening the meeting read together with Explanatory Statement thereto, Mr. Ankit Patni proposed to be appointed as Director liable to be retire by rotation.	Wide Technical, Marketing and Manage-ment Experience.	As per the Agreement executed between the Company and Mr. Satish Kumar Singh dated 13.08.2018. (It is open for Inspection for all Shareholders on all working days except Saturday between 11.00 a.m. to 1.00 p.m. upto the date of Annual General Meeting of the Company)
Details of remuneration sought to be paid	NA	₹ 1,00,000/- per month	₹ 1,13,170/- per month
Remuneration last drawn	NA	₹ 1,00,000/- per month	₹ 1,13,170/- per month
No. of Meetings of the Board attended during the year	6	6	6
Relationship with other Directors/ Key Managerial Personnel	Mr. Suresh Kumar Patni is father of Mr. Ankit Patni.	Mr. Ankit Patni is son of Mr. Suresh Kumar Patni.	–
Directorships in other Listed Companies	<ul style="list-style-type: none"> <li>• Rohit Ferro-Tech Limited</li> <li>• Ankit Metal &amp; Power Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Rohit Ferro-Tech Limited</li> <li>• Ankit Metal &amp; Power Limited</li> </ul>	NIL
Membership Chairmanships of the Committees** of the Board of other Listed Com-pa-nies	In Ankit Metal & Power Limited - Member in Stakeholders' Relationship Committee	In Rohit Ferro-Tech Limited - Member in Stakeholders' Relationship Committee In Ankit Metal & Power Limited - Member in Nomination & Remu-neration Committee	NIL
Shareholding	1,75,600 Equity Shares	4,66,200 Equity Shares	NIL

\*\* Committee herein refers Audit Committee, Stakeholders' Relationship Committee and Nomination and Remuneration Committee.

## ROUTE MAP OF AGM VENUE



# Directors' Report

## *Dear Shareholders,*

The Directors are pleased to present the 23rd Annual Report of the Company together with Audited Accounts for the Financial Year ended 31st March, 2018.

### FINANCIAL HIGHLIGHTS

The Company's financial performance for the year ended 31st March, 2018 is summarized below : (₹ in Lacs)

Particulars	Current Year 31.03.2018	Previous Year 31.03.2017
Revenue from Operations (net)	12,923.58	12,131.48
Other Income	78.64	298.68
Total Revenue	13,002.22	12,430.16
<b>Profit before Finance Cost, Depreciation and Tax</b>	<b>(5,522.34)</b>	<b>(7,980.99)</b>
Less: Depreciation & Amortisation	711.93	730.87
Less: Finance Cost	599.87	52.40
Less: Tax Expenses	-	-
<b>Net Profit after Tax</b>	<b>(6,834.14)</b>	<b>(8,764.26)</b>
Less: Exceptional Item	-	-
<b>Other Comprehensive Income/(Loss) (net of Tax)</b>	<b>(11.00)</b>	<b>(15.00)</b>
<b>Total Comprehensive Income/(Loss)</b>	<b>(6,845.14)</b>	<b>(8,779.26)</b>

### FINANCIAL AND OPERATIONAL REVIEW

During the year under review, the Company has achieved Net Sales/Revenue from operation of ₹ 12,923.58 lacs as against ₹12,131.48 lacs in previous year registering an increase of 6.13%. The Company incurred a loss of ₹ 6,834.14 lacs as against ₹ 8,764.26 lacs in the previous year. The losses are mainly attributed due to liquidity crunches and increase in input cost.

### GENERAL RESERVE

The Company has not transferred any amount to the General Reserve due to the losses incurred during the financial year 2017-18.

### DIVIDEND

In view of the losses incurred by the Company, the Directors of the Company do not recommend any dividend for the financial year 2017-18.

### BOARD MEETINGS

The Board met Six (6) times during the year, the details of which are given in the Corporate Governance Report that 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 Obligations and Disclosure Requirements) Regulations, 2015.

### CHANGES IN SHARE CAPITAL

There was no change in the Share Capital of the Company during the financial year 2017-18.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### **Retirement**

In accordance with the provisions of the Companies Act, 2013, Mr. Ankit Patni (DIN: 00034907), retires by rotation and being eligible, offers himself for re-appointment.

#### **Resignation**

During the year Mr. Rohit Jain (DIN: 07129693), Non-Executive Independent Director of the Company has resigned from the directorship of the Company w.e.f. 11th August, 2017.

#### **Appointment/Re-appointment**

Pursuant to the provisions of section 161 of the Companies Act, 2013, read with the relevant provisions in the Articles of Association, Mr. Ravindra Kumar Mehra (DIN: 07898952) was appointed as an Additional Director (Non-Executive Independent) by the Board of Directors of the Company w.e.f. 11th August, 2017 and was regularised as an Independent Director of the Company w.e.f. 21st September, 2017. Further, Mr. Ravindra Kumar Mehra ceased to be the Director of the Company due to sudden demise w.e.f. 11th August, 2018.

# Directors' Report

Pursuant to provisions of section 196, 197, 198, 203 read with Schedule –V and rules thereof and other applicable provisions of the Companies Act, 2013, Mr. Suresh Kumar Patni (DIN: 00032674), Managing Director of the Company, whose terms of appointment expired on 30th June, 2018 has been re-appointed by the Board of Directors for a further period of five (5) years w.e.f. 1st July, 2018, subject to the approval of the shareholders in the ensuing Annual General Meeting.

Pursuant to provisions of section 196, 197, 198, 203 read with Schedule –V and rules thereof and other applicable provisions of the Companies Act, 2013, Mr. Satish Kumar Singh (DIN: 05295625), Executive Director of the Company, whose terms of appointment will expire on 23rd August, 2018 has been re-appointed by the Board of Directors for a further period of three (3) years w.e.f. 24th August, 2018, subject to the approval of the shareholders in the ensuing Annual General Meeting.

## DIRECTOR'S RESPONSIBILITY STATEMENT

Based on the framework of Internal Financial Controls maintained by the Company, work performed by the Internal, Statutory, Cost and Secretarial Auditors and external agencies, the reviews performed by Management and the relevant Board Committees, the Board with the concurrence of the Audit Committee, is of the opinion that the Company's Internal Financial Controls were adequate and effective as on 31st March, 2018.

Accordingly, pursuant to section 134(5) of the Companies Act, 2013, the Board of Directors to the best of their knowledge and ability confirm:

- a) that in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b) that we have selected such accounting policies and applied them consistently and made judgements 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 of the profit and loss of the Company for that period;
- c) 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;
- d) that the annual accounts have been prepared on a "going concern" basis;
- e) that proper internal financial controls were laid down and that such internal financial controls are adequate and were operating effectively; and
- f) that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

## CREDIT RATING

During the year under review Credit Rating has not been done. The Company's credit rating for the year 2015-16 for Long-Term debts/facilities was 'D' and Short-Term facilities was 'A4 (A Four)' given by ICRA Limited.

## DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

During the year under review, no Company has become or ceased to exist as the subsidiary of the Company. The Company has also not entered into any Joint Venture nor become an Associate Company during the year under review.

## EXTRACT OF ANNUAL RETURN

The details of the extract of the Annual Return in Form MGT 9 is annexed herewith and forms part of this Report as **Annexure-I**.

## PUBLIC DEPOSITS

The Company has not accepted any deposits within the meaning of section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

## INSURANCE

The properties and insurable assets and interests of the Company, like building, plant and machinery and stocks, among others are adequately insured.

## STATUTORY AUDITOR

In terms of the provisions of section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 M/s. R. Kothari & Company (FRN: 307069E), Chartered Accountants, the Auditors of the Company shall hold office from the conclusion of the 19th Annual General Meeting till the conclusion of the 24th Annual General Meeting of the Company, at a remuneration fixed by the Board of Directors of the Company in consultation with the Auditors.

# Directors' Report

## STATUTORY AUDITOR OBSERVATION

**The Statutory Auditor has put the qualification remark in their report. The details are as follows:-**

The Company has not provided accrued interest in its books of accounts during the year and reversed interest provided in earlier period pertaining to the period the account was declared NPA by the respective lenders. The unprovided liability in respect of interest on Borrowings amounted to ₹ 6,439.58 lacs. The same have consequential impact on the reported figures of this year as well as earlier periods. Had the aforesaid interest expense been recognised the Finance Cost would have been ₹ 3,773.69 lacs instead of ₹ 599.87 lacs and total comprehensive loss would have been ₹ 10,018.96 lacs instead of ₹ 6,845.14 lacs for the year ended 31st March, 2018. Other Equity and other Current Financial Liabilities as at 31st March, 2018 would have been ₹ 32,983.04 lacs and ₹ 11,992.62 lacs.

**Our comments are as under:**

The lenders have stopped charging interest on debts, since the dues from the Company have been categorized as Non-Performing Asset (NPA). The Company is in active discussion/negotiation with its lenders to restructure its debts at a sustainable level including waiver of unpaid interest. In view of the above, pending finalization of the restructuring plan, the Company has stopped providing interest accrued and unpaid effective 1st April, 2016 in its books. The amount of such accrued and unpaid interest not provided for stands at ₹ 3174 Lacs for the year ended 31st March, 2018 and accordingly the same has not been considered for compilation of Results for the year ended 31st March, 2018.

## COST AUDITOR

In terms of section 148 of the Companies Act, 2013 read with rule 14 of the Companies (Audit and Auditors) Rules, 2014, on the recommendation of Audit Committee, the Board of Directors has re-appointed M/s. A.J.S. & Associates, Cost Accountants (FRN : 000106), as Cost Auditor of the Company, at a remuneration of ₹ 40,000/- plus applicable taxes and re-imbursement of out of pocket expenses incurred by them to conduct an audit of the cost accounting records maintained by the Company for the current financial year beginning from 1st April, 2018 and ending on 31st March, 2019.

As required under section 148 of the Companies Act, 2013 read with rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditor is being placed at the ensuing Annual General Meeting for ratification by the members.

## SECRETARIAL AUDIT REPORT

In terms of section 204 of the Companies Act, 2013 and rules made there under, CS Hanuman Mal Choraria of M/s. H M Choraria & Co., Practicing Company Secretary, have been appointed as Secretarial Auditor of the Company. The report of the Secretarial Auditor in **Form MR-3** is enclosed as **Annexure-II** to this report.

## SECRETARIAL AUDITOR OBSERVATION

The Secretarial Auditor has the following observation in **Form MR-3** enclosed as **Annexure II**

- The Company has defaulted in payment of statutory dues within the prescribed time.

**Our comments is as under:**

Statutory payments were delayed mainly due to poor liquidity position.

## INTERNAL AUDITOR

In terms of section 138 of the Companies Act, 2013 read with rule 13 of the Companies (Accounts) Rules, 2014, on the recommendation of Audit Committee, the Board of Directors has re-appointed M/s. NR & Associates, Cost Accountants, (FRN: 102903) as Internal Auditor of the Company for the financial year 2018-19 at a remuneration fixed by the Board of Directors of the Company in consultation with the Auditors.

## INTERNAL FINANCIAL CONTROL SYSTEM

The Companies Act, 2013 has mandated the Company to have a formal framework of Internal Financial Controls (IFC) and has also laid down specific responsibilities on the Board, Audit Committee, Independent Directors and Statutory Auditors with regard to IFC.

The financial control system and framework is required to ensure:

- The orderly and efficient conduct of its business,
- Safeguarding of its assets,
- The prevention and detection of frauds and errors,
- The accuracy and completeness of the accounting records and
- The timely preparation of reliable financial information.

The Board reviews the effectiveness of controls documented as part of Internal Affairs and Financial Control (IAFC) framework and take necessary corrective actions, where weaknesses are identified as a result of such reviews. This review covers entity level controls, fraud risk controls and information technology environment.

# Directors' Report

The Policies and procedure adopted by the Company ensures the orderly and efficient conduct of its business and adherence to the Company's policies, prevention and detection of frauds and errors, accuracy and completeness of the records and the timely preparation of reliable financial information. Based on this evaluation, no significant events had come to notice during the year that have materially affected, or are reasonably likely to materially affect our IFC. The management has also come to the conclusion that the IFC and other financial reporting was effective during the year and is adequate considering the business operations of the Company.

The Statutory Auditor of the Company has audited the IFC over Financial Reporting and their Audit Report is annexed to the Independent Auditors' Report under Financial Statements.

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

Disclosure pertaining to remuneration and other details as required under section 134(3)(q), 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report as **Annexure-III**.

## **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO**

A statement giving details of Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo as required under section 134(3)(m) of the Companies Act, 2013 read with rule 8 of the Companies (Accounts) Rules 2014, is annexed to this report as **Annexure-IV**.

## **DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT**

The Board has formulated a Code of Conduct for the Board Members and Senior Management of the Company, which has been posted on the website of the Company.

It is hereby affirmed that all the Directors and Senior Management Personnel have complied with the Code and a confirmation to that effect has been obtained from the Directors and the Senior Management.

## **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS/TRIBUNALS**

To the best of our knowledge, the Company has not received any such order by Regulators, Courts or Tribunals during the year under review which may impact the Going Concern status or the Company's operations in future during year under review. The Company has complied with all the requirements of the Uniform Listing Agreement/Listing Regulations with the Stock Exchanges as well as regulations and guidelines of SEBI.

However during the year under review, SEBI vide its circular dated 7th August, 2017 declares 331 Companies as Shell Company including our Company without giving any notice, information and any opportunity of being heard. Subsequently the both Stock Exchanges i.e. National Stock Exchange of India (Ltd.) (NSE) and BSE Ltd. (BSE) had restricted the trading of the Security of the Company on instruction of SEBI on account of suspect of a Shell Company w.e.f. 8th August, 2017. It may be noted by the shareholders that our Company is not a Shell Company as alleged. We are not a Company which can by any stretch of imagination be termed as such and we are a Manufacturing Company having a turnover of ₹ 13,341.41 Lacs in current FY 2017-18 and ₹ 13,456.89 Lacs during the last FY 2016-17. We also have over 12,000 share holders. We have complied with all regulations and at no time have the authorities issued any notices to us in this regard. Further we have no investor complaints which are pending.

Further, on base of our representation made and certain preliminary investigation & enquiry by Exchanges, both NSE and BSE has withdrawn the restrictions on the trading of the Security of the Company vide letter dated 31st January, 2018 subject to certain further audit to be conducted by the NSE in consultation with SEBI. No other strictures or penalty were imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter related to capital markets during the last three years.

## **MATERIAL CHANGES AFFECTING THE COMPANY**

During the year under review, the name of the Company appeared in the list of 331 Shell Companies as declared by SEBI vide its letter dated No. SEBI/HO/ISD/OW/P/2017/18183 dated 7th August, 2017 due to which the Company was put under GSM Stage VI. The Company has responded to the various queries raised by the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) in this connection. The NSE vide their order dated 31st January, 2018 have disposed off the representation submitted by the Company and there after, through its circular dated 15th June, 2018, the Company was update to GSM Stage I.

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

The Company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013. The details of the investments made by Company are given in the notes to the Financial Statements.

## **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the policy of the Company



# Directors' Report

on materiality of related party transactions between the Company and the Directors, the management, or the relatives except for those disclosed in the Financial Statements. The Company has sought omnibus approval for Related Party Transactions as per Regulation 23 (3) of SEBI LODR Regulations, 2015 for the Financial Year 2018-19.

Accordingly, particulars of contracts or arrangements entered into by the Company with related parties referred to in section 188(1) of the Companies Act, 2013 in **Form AOC-2 (Annexure V)** is **NIL**.

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

The Board has on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Key Managerial Personnel and their remuneration. A note on Remuneration Policy has been made a part of the Corporate Governance Report.

## **RISK MANAGEMENT POLICY**

The Company has a defined Risk Management framework to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The Risk Management Policy provides for identification of risk, its assessment and procedures to minimize risk. The policy is periodically reviewed to ensure that the executive management controls the risk as per decided policy.

## **POLICY ON PREVENTION OF SEXUAL HARASSMENT**

The Company has an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of any employee at workplace. The Audit Committee will 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 the financial year 2017-18.

## **STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SECTION 149(6)**

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges.

## **FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS**

The Company proactively keeps its Directors informed of the activities of the Company, its management and operations and provides an overall industry perspective as well as issues being faced by the Industry. The familiarisation programmes policy and details of familiarisation programme provided to the Directors of the Company is available on the Company's website [www.impexferrotech.com](http://www.impexferrotech.com).

## **AUDIT COMMITTEE**

The composition and terms of reference of the Audit Committee has been furnished in the Corporate Governance Report forming part of this Annual Report. There has been no instance where the Board has not accepted the recommendations of the Audit Committee.

## **NOMINATION AND REMUNERATION COMMITTEE**

The composition and terms of reference of the Nomination and Remuneration Committee has been furnished in the Corporate Governance Report forming part of this Annual Report.

## **STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The composition and terms of reference of Stakeholders' Relationship Committee has been furnished in the Corporate Governance Report forming part of this Annual Report.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

In line with the provisions of the Companies Act, 2013, the Company has framed its Corporate Social Responsibility (CSR) policy for the development of programmes and projects for the benefit of weaker sections of the society and the same has been approved by the CSR Committee and the Board of Directors of the Company. The Company has not spent any amount in CSR activities since the Company has incurred losses during the last 3 years eroding the entire net worth.

## **VIGIL MECHANISM POLICY**

In terms of section 177 of the Companies Act, 2013, rules framed there under and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has a vigil mechanism in place for the Directors and Employees of the Company through which genuine concerns regarding various issues relating to inappropriate functioning of the organisation can be communicated. For this purpose, the Board has a Vigil Mechanism Policy and the same has been uploaded on the website of the Company i.e. [www.impexferrotech.com](http://www.impexferrotech.com). The policy provides access to the Chairman of the Audit Committee in certain circumstances. During the year under review, there has been no incidence reported which requires action by the Audit Committee.

# Directors' Report

## PERFORMANCE/BOARD EVALUATION

The Board has carried out an annual evaluation of its own performance, the Directors individually as well as the evaluation of the functioning of various Committees. The Independent Directors also carried out the evaluation of the Chairman and the Non Independent Directors, the details of which are covered in the Corporate Governance Report.

## CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out in Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Report on Corporate Governance as stipulated under the above Regulation forms an integral part of this Annual Report.

## MANAGEMENT DISCUSSION AND ANALYSIS

Management's Discussion and Analysis for the year under review, as stipulated under Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, is presented in a separate section forming part of this Annual Report.

## CEO/CFO CERTIFICATION

As required by Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the CEO/CFO certification has been submitted to the Board and forms an integral part of this Annual Report.

## AWARDS & ACHIEVEMENTS

During the year under review the Company has not received any awards.

## GREEN INITIATIVES IN CORPORATE GOVERNANCE

Ministry of Corporate Affairs has permitted Companies to send electronic copies of Annual Report, notices etc., to the e-mail IDs of shareholders. The Company has accordingly arranged to send the soft copies of these documents to the e-mail IDs of shareholders wherever applicable. In case any shareholder would like to receive physical copies of these documents, the same shall be forwarded upon receipt of written request.

## APPRECIATION

The Directors wish to extend their thanks and appreciation for the valuable and continued support received from the Shareholders, Company's Bankers, Central and State Government Authorities, Stock Exchange(s), Depository Participants (DP's) and all other Business Associates for the growth of the organisation.

The Directors also wish to place on record their deep appreciation to all the employees for their commitment and continued contribution to the Company.

## ANNEXURE FORMING PART OF THE DIRECTORS' REPORT

The Annexures referred to in this Report and other information which are required to be disclosed are annexed herewith and forms part of the Directors Report:

<b>Annexure</b>	<b>Particulars</b>
I	Extract of the Annual Return (Form MGT-9)
II	Secretarial Audit Report (Form MR 3)
III	Particulars of Employees
IV	Prescribed particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo
V	Particulars of Contract or Arrangements with Related Parties (Form AOC 2)

For and on behalf of the Board  
**Impex Ferro Tech Ltd.**

Place: Kolkata  
Date: 13th August, 2018

**Suresh Kumar Patni**  
Chairman cum Managing Director

# Annexure to the Directors' Report

Annexure - I

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on the Financial Year ended on 31st March, 2018

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

## I REGISTRATION AND OTHER DETAILS:

i	CIN	L27101WB1995PLC071996
ii	Registration Date	7th June, 1995
iii	Name of the Company	Impex Ferro Tech Limited
iv	Category/Sub-category of the Company	Public Company (Limited by Shares having Share Capital)
v	Address of the Registered Office & contact details	35, C R Avenue, 4th Floor, Kolkata - 700 012 Phone No.: +91-33-2211 0225/0226
vi	Whether listed Company	Yes (BSE Limited & National Stock Exchange of India Limited)
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Maheshwari Datamatics Pvt. Ltd. 23, R N Mukherjee Road, 5th Floor, Kolkata - 700 001 Phone : 91-33-22435029 / 22482248

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the Company
1	Ferro Alloys	24104	100%

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

Sl. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
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NIL

## IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

### i) CATEGORY-WISE SHAREHOLDING

Category of Shareholders	No of Shares held at the beginning of the year [As on 1st April, 2017]				No of Shares held at the end of the year [As on 31st March, 2018]				% change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	8,51,800	-	8,51,800	0.97	8,51,800	-	8,51,800	0.97	-
b) Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
c) Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	5,99,13,046	-	5,99,13,046	68.14	5,99,13,046	-	5,99,13,046	68.14	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1)</b>	<b>6,07,64,846</b>	<b>-</b>	<b>6,07,64,846</b>	<b>69.10</b>	<b>6,07,64,846</b>	<b>-</b>	<b>6,07,64,846</b>	<b>69.10</b>	<b>-</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-

## Annexure to the Directors' Report

Category of Shareholders	No of Shares held at the beginning of the year [As on 1st April, 2017]				No of Shares held at the end of the year [As on 31st March, 2018]				% change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) Banks/Fl	-	-	-	-	-	-	-	-	-
e) Any other(specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(2)</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>6,07,64,846</b>	-	<b>6,07,64,846</b>	<b>69.10</b>	<b>6,07,64,846</b>	-	<b>6,07,64,846</b>	<b>69.10</b>	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Fund	-	-	-	-	-	-	-	-	-
b) Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
c) Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
d) Venture Capital Fund	-	-	-	-	-	-	-	-	-
e) Insurance Companies	-	-	-	-	-	-	-	-	-
f) FIs	-	-	-	-	-	-	-	-	-
g) Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
h) Any Other (Specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total(B)(1)</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	17,30,333	5,16,000	22,46,333	2.55	16,59,633	5,16,000	21,75,633	2.47	(0.08)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh.	1,18,37,265	42,002	1,18,79,267	13.51	1,16,23,187	44,002	1,16,67,189	13.27	(0.24)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,15,15,110	1,98,100	1,17,13,210	13.32	1,22,30,797	1,98,100	1,24,28,897	14.13	0.81
c) Others									
1. Non Resident Indians	2,61,228	-	2,61,228	0.30	1,10,862	-	1,10,862	0.13	(0.17)
2. Clearing Members	9,88,131	-	9,88,131	1.12	7,51,837	-	7,51,837	0.86	(0.27)
3. Trusts	500	-	500	0.00	500	-	500	0.00	-
4. NBFCs registered with RBI	78,089	-	78,089	0.09	31,840	-	31,840	0.04	(0.05)
<b>Sub-total(B)(2)</b>	<b>2,64,10,656</b>	<b>7,56,102</b>	<b>2,71,66,758</b>	<b>30.90</b>	<b>2,64,08,656</b>	<b>7,58,102</b>	<b>2,71,66,758</b>	<b>30.90</b>	-
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>2,64,10,656</b>	<b>7,56,102</b>	<b>2,71,66,758</b>	<b>30.90</b>	<b>2,64,08,656</b>	<b>7,58,102</b>	<b>2,71,66,758</b>	<b>30.90</b>	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>8,71,75,502</b>	<b>7,56,102</b>	<b>8,79,31,604</b>	<b>100.00</b>	<b>8,71,73,502</b>	<b>7,58,102</b>	<b>8,79,31,604</b>	<b>100.00</b>	-

# Annexure to the Directors' Report

## ii) SHAREHOLDING OF PROMOTERS

Sl. No.	Shareholders Name	Shareholding at the beginning of the year (as on 1st April, 2017)			Shareholding at the end of the year (as on 31st March, 2018)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of shares pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of shares pledged/ encumbered to total shares	
	Directors & their Relatives							
1	Mr. Ankit Patni	1,75,600	0.20	100.00	1,75,600	0.20	100.00	-
2	Mr. Rohit Patni	1,75,000	0.20	100.00	1,75,000	0.20	100.00	-
3	Mr. Suresh Kumar Patni	4,66,200	0.53	100.00	4,66,200	0.53	100.00	-
4	Mrs. Sarita Patni	35,000	0.04	100.00	35,000	0.04	100.00	-
	Bodies Corporate							
5	M/s. Invesco Finance Pvt. Ltd.	1,08,71,250	12.36	100.00	1,08,71,250	12.36	100.00	-
6	M/s. Vasupujya Enterprises Pvt. Ltd.	1,06,00,000	12.05	100.00	1,06,00,000	12.05	100.00	-
7	M/s. Shreyansh Leafin Pvt. Ltd.	39,50,000	4.49	100.00	39,50,000	4.49	100.00	-
8	M/s. Whitestone Suppliers Pvt. Ltd.	24,50,000	2.79	100.00	24,50,000	2.79	100.00	-
9	M/s. Poddar Mech Tech Services Pvt. Ltd.	1,06,33,750	12.09	100.00	1,06,33,750	12.09	100.00	-
10	M/s. Suanvi Trading & Investment Co. Pvt. Ltd.	1,50,73,046	17.14	100.00	1,50,73,046	17.14	100.00	-
11	M/s. Astabhuj Properties Pvt. Ltd.	63,35,000	7.20	100.00	63,35,000	7.20	100.00	-
Total		6,07,64,846	69.10	100.00	6,07,64,846	69.10	100.00	-

## iii) CHANGE IN PROMOTERS' SHAREHOLDING

Sl. No.	Shareholders Name	Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of Shares held as on 1st April, 2017	% of total Shares of the Company	No. of Shares held as on 31st March, 2018	% of total Shares of the Company
	At the beginning of the year	6,07,64,846	69.10	6,07,64,846	69.10
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No Change			
	At the end of the year	6,07,64,846	69.10	6,07,64,846	69.10

## Annexure to the Directors' Report

### iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDR's & ADR's)

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Reason	Cumulative Shareholding at the End of the Year	
		No. of Shares held as on 1st April, 2017	% of total Shares of the Company	Date of transaction	No. of Shares		No. of Shares held as on 31st March, 2018	% of total Shares of the Company
1	M/S. BMA WEALTH CREATORS LTD.	5,60,765	0.64				5,60,765	0.64
	Transfer			12-May-2017	(57)	Sell	5,60,708	0.64
	Transfer			26-May-2017	2,000	Purchase	5,62,708	0.64
	Transfer			21-Jul-2017	(5)	Sell	5,62,703	0.64
	Transfer			22-Sep-2017	3,000	Purchase	5,65,703	0.64
	At the end of the Year						<b>5,65,703</b>	<b>0.64</b>
2	M/S. PRASTAV COMMERCE PVT. LTD.	5,01,000	0.57				5,01,000	0.57
	At the end of the Year						5,01,000	0.57
3	MR. PUNEET KUMAR GIRDHAR	5,00,000	0.57				5,00,000	0.57
	At the end of the Year						5,00,000	0.57
4	MR. K GEORGE THOMAS	2,47,555	0.28				2,47,555	0.28
	At the end of the Year						2,47,555	0.28
5	MS. VIDYASHREE	1,25,000	0.14				1,25,000	0.14
	Transfer			14-Apr-2017	50,000	Purchase	1,75,000	0.20
	Transfer			9-Feb-2018	25,993	Purchase	2,00,993	0.23
	Transfer			16-Feb-2018	44,050	Purchase	2,45,043	0.28
	At the end of the Year						<b>2,45,043</b>	<b>0.28</b>
6	MR. BRAHAM PAL SINGH	88,998	0.10				88,998	0.10
	Transfer			7-Apr-2017	43,000	Purchase	1,31,998	0.15
	Transfer			23-Jun-2017	81,495	Purchase	2,13,493	0.24
	At the end of the Year						<b>2,13,493</b>	<b>0.24</b>
7	MR. SUYOG RAMAKANT KHUDE	2,02,356	0.23				2,02,356	0.23
	At the end of the Year						<b>2,02,356</b>	<b>0.23</b>
8	MR. NARESH KUMAR JAIN	1,98,100	0.23				1,98,100	0.23
	At the end of the Year						<b>1,98,100</b>	<b>0.22</b>
9	M/S. KAYNET FINANCE LIMITED	1,94,196	0.22				1,94,196	0.22
	At the end of the Year						<b>1,94,196</b>	<b>0.22</b>
10	MR. PANKAJ KUMAR	1,50,000	0.17				1,50,000	0.17
	Transfer			9-Mar-2018	5,512	Purchase	1,55,512	0.18
	At the end of the Year						<b>1,55,512</b>	<b>0.18</b>

#### Note:

1. Paid up Share Capital of the Company (Face Value ₹ 10.00) at the end of the year is ₹ 87,93,16,040.
2. The above details was as on 31st March, 2018.
3. The details of holding has been clubbed based on PAN.

# Annexure to the Directors' Report

## V. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Reasons	Cumulative Shareholding at the end of the year	
		No. of Shares held as on 1st April, 2017	% of total Shares of the Company	Date of transaction	No. of Shares		No. of Shares held as on 31st March, 2018	% of total Shares of the Company
1	Mr. Suresh Kumar Patni (Managing Director)	4,66,200	0.53	-	-	-	4,66,200	0.53
2	Mr. Ankit Patni (Non-Executive Promoter Director)	1,75,600	0.20	-	-	-	1,75,600	0.20
3	Mr. Satish Kumar Singh (Executive Director)	-	-	-	-	-	-	-
4	Mr. Rohit Jain (Independent Director) @	-	-	-	-	-	-	-
5	Mr. Ravindra Kumar Mehra (Independent Director) %	-	-	-	-	-	-	-
6	Mr. Nanda Samai (Independent Director)	-	-	-	-	-	-	-
7	Mrs. Sujata Agarwal (Independent Director)	-	-	-	-	-	-	-
8	Mr. Sanjeet Kumar Gupta (Chief Financial Officer)	-	-	-	-	-	-	-
9	Ms. Richa Agarwal (Company Secretary)	-	-	-	-	-	-	-

**Notes:** @ Resigned w.e.f. 11th August, 2017

% Appointed w.e.f. 11th August, 2017

% Ceased to be Director due to sudden demise w.e.f. 11th August, 2018

## VI. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtness at the beginning of the financial year (i.e. as on 1st April, 2017)</b>				
i) Principal Amount	31,094.06	1,184.00	-	32,278.06
ii) Interest due but not paid	99.79	-	-	99.79
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>31,193.85</b>	<b>1,184.00</b>	<b>-</b>	<b>32,377.85</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	-	-	-	-
Reduction	143.25	517.80	-	661.05
<b>Net Change</b>	<b>(143.25)</b>	<b>(517.80)</b>	<b>-</b>	<b>(661.05)</b>
<b>Indebtness at the end of the financial year (i.e. as on 31st March, 2018)</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	31,034.56	666.20	-	31,700.76
iii) Interest accrued but not due	16.04	-	-	16.04
<b>Total (i+ii+iii)</b>	<b>31,050.60</b>	<b>666.20</b>	<b>-</b>	<b>31,716.80</b>

# Annexure to the Directors' Report

## VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole Time Director and/or Manager:

(Amount in ₹)

Sl.No	Particulars of Remuneration	Managing Director	Whole Time Director	Manager	Total Amount
		Mr. Suresh Kumar Patni	Mr. Satish Kumar Singh	N.A.	
1	Gross salary				
	(a) Salary as per provisions contained u/s 17(1) of the Income Tax Act, 1961.	12,00,000.00	13,58,040.00	-	25,58,040.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission as % of profit	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total (A)</b>	<b>12,00,000.00</b>	<b>13,58,040.00</b>	<b>-</b>	<b>25,58,040.00</b>
	Ceiling as per the Act	₹ 1,20,00,000/- p.a.			

### B. Remuneration to other Directors:

(Amount in ₹)

Sl.No	Particulars of Remuneration	Name of the Directors				Total Amount
		Mr. Rohit Jain @	Mr. Nanda Samai	Mrs. Sujata Agarwal	Mr. Ravindra Kumar Mehra %	
1	<b>Independent Directors</b>					
	(a) Fee for attending Board Committee meetings	3,000.00	18,000.00	10,500.00	10,500.00	42,000.00
	(b) Commission	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>3,000.00</b>	<b>18,000.00</b>	<b>10,500.00</b>	<b>10,500.00</b>	<b>42,000.00</b>
2	<b>Other Non Executive Directors</b>	Mr. Ankit Patni				
	(a) Fee for attending Board Committee meetings	18,000.00				18,000.00
	(b) Commission	-				-
	(c) Others, please specify.	-				-
	<b>Total (2)</b>	<b>18,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,000.00</b>
	<b>Total (B)=(1+2)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>60,000.00</b>
	<b>Total Managerial Remuneration</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
	<b>Overall Ceiling as per the Act.</b>	₹ 1,00,000/- (Per Meeting)				

Note: Sitting fees was excluding of TDS. Actual Payment was made after deduction of 10% TDS.

@ Resigned w.e.f. 11th August, 2017.

% Appointed w.e.f. 11th August, 2017.

% Ceased to be Director due to sudden demise w.e.f. 11th August, 2018.



# Annexure to the Directors' Report

## C. Remuneration to Key Managerial Personnel other than - MD/MANAGER/WTD

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary	CFO	
1	Gross Salary	Ms. Richa Agarwal	Mr. Sanjeet Kumar Gupta	
	(a) Salary as per provisions contained u/s 17(1) of the Income Tax Act, 1961.	4,55,024	13,00,000	17,55,024
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961.	-	-	-
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961.	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
5	Others	-	-	-
	<b>Total</b>	<b>4,55,024</b>	<b>13,00,000</b>	<b>17,55,024</b>

## VIII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

# Annexure to the Directors' Report

Annexure - II

## FORM MR-3

### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

The Members

**Impex Ferro Tech Limited**  
**35, C. R. Avenue, 4th Floor**  
**Kolkata - 700 012**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Impex Ferro Tech Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Impex Ferro Tech Limited for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (d) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - (i) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) Other than the fiscal, factory, labour and environmental laws which are generally applicable to all manufacturing / trading Companies, there are no such law that applies specifically to the Company. The examination and reporting of these laws and rules are limited to whether there are adequate system and process in place to monitor and ensure compliance of those laws, after carrying out test checks of the relevant records and documents maintained by the Company.

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

- (i) Secretarial Standards (SS 1 & SS 2) issued by The Institute of Company Secretaries of India,
- (ii) The Listing Agreements entered into by the Company with NSE and BSE Limited,

## Annexure to the Directors' Report

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, save and except the following observation:

1. *It has been observed that the Company has defaulted in the payment of statutory dues, with in the prescribed time.*

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

During the year under review, SEBI vide its circular dated 7th August, 2017 declared 331 companies as Shell Company including the Company without giving any notice and information. Subsequently the both Stock exchanges i.e. NSE and BSE had restricted the trading of the Security of the Company on instruction of SEBI on account of suspect of a Shell Company w.e.f. 8th August, 2017. However, both NSE and BSE has withdrawn the restrictions on the trading of the Security of the Company vide letter dated 31.01.2018 subject to certain audit to be conducted by the NSE in consultation with SEBI.

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

Majority decisions are carried through at the Meetings of the Board and Committees and the dissenting members' views, if any, are captured and recorded as part of the minutes of respective meetings.

**We further report that** as per explanation given to us and the representations made by the Management, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period no specific event has happened and/or no action has been taken by the Company having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above, save and except **that the accumulated losses of the Company have eroded the entire net worth of the Company indicating the uncertainty about the Company's ability to continue on a going concerned basis.**

**H M Choraria & Co.**  
*Practising Company Secretaries*

(H M Choraria)  
*Proprietor*

FCS No: 2398, C P No.: 1499

Place : Kolkata  
Date : 13th August, 2018

# Annexure to the Directors' Report

## Annexure – III

### Particulars of Employees

Sl. No.	Name of Director/ KMP & Designation	Remuneration of Director/KMP for Financial Year 2017-18	% increase in Remuneration in the Financial Year 2017-18	Ratio of remuneration of each Director to median remuneration of employees
1.	Mr. Suresh Kumar Patni (Managing Director)	12,00,000	0.00%	8.31
2.	Mr. Satish Kumar Singh (Executive Director)	13,58,040	39.09%	9.40
3.	Mr. Sanjeet Kumar Gupta (CFO)	13,00,000	8.33%	N.A.
4.	Ms. Richa Agarwal (Company Secretary)	4,55,024	8.33%	N.A.

#### Note:

- No other Director other than the Managing Director and Executive Director received any remuneration other than sitting fees during the FY. 2017-18.
- In the Financial Year, there was an increase of 9.46% in the median remuneration of employees.
- There were 236 permanent employees on the rolls of Company as on 31st March, 2018.
- The remuneration of the Key Managerial Personnel put together is ₹ 43.13 lacs which increased by 13.61 % from ₹ 37.96 lacs.
- The remuneration of Directors/KMPs/Senior Management Personnel for the FY. 2017-18 is as per the Remuneration Policy of the Company.

\*Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company for the year under review.

## Annexure – IV

### Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required pursuant to section 134(3)(m) of the Companies Act, 2013.

#### A) Conservation of Energy

##### i. Steps taken for Conservation of Energy

- Installation of HT & LT Capacitor bank in Submerged Arc Furnace.
- Effective use of waste char for Power Generation.
- Effective maintenance and daily monitoring of capacitor bank for improvement in power factor.

##### ii. Steps taken for Utilising Alternate Source of Energy

- Installation of energy efficient light fittings in shop floor, offices and other areas.
- Replacement of old motors with energy efficient motors.

##### iii. Capital investment on energy conservation equipment

The Company proposes to install solar power equipments like night lighting systems and solar power pump sets to save on energy costs.

#### B) Technology Absorption

##### i. Efforts made towards technology absorption

The Company is continually updating the production processes through the latest technology.

##### ii. Benefits derived like product improvement, cost reduction, product development or import substitution

- Improvement in the quality of its products.
- Improvement in the safe and environment friendly process.

##### iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - NIL.

# Annexure to the Directors' Report

## iv. Expenditure incurred on Research and Development

a) Capital	NIL
b) Recurring	NIL
d) Total R&D expenditure as a percentage of total turnover	NIL

## C) Foreign Exchange Earnings and Outgo

- i. Activities relating to export, initiative taken to increase exports, development of new export markets for the products & services and export plans:

The Company is actively exploring the export market and has taken various initiatives to export its products.

- ii. Total Foreign Exchange used and earned: (₹ in Lacs)

Particulars	31.03.2018	31.03.2017
1. Foreign Exchange earned	630.71	6,103.10
2. Foreign Exchange used	1329.26	4,719.80

Annexure - V

## FORM AOC-2

### 1. Details of Contracts or Arrangements or Transactions not at Arm's Length Basis

Name(s) of the Related Party and Nature of Relationship	Nature of Contracts/ Arrangements/ Transactions	Duration of the Contracts/ Arrangements/ Transactions	Salient Terms of the Contracts or Arrangements or Transactions including the value, if any	Justification for entering into such Contracts or Arrangements or Transactions	Date(s) of Approval by the Board	Amount paid as Advances, if any	Date on which the Special Resolution was passed in General Meeting as required under First Proviso to Section 188
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NIL

### 2. Details of Material Contracts or Arrangements or Transactions at Arm's Length Basis

Name(s) of the Related Party and Nature of Relationship	Nature of Contracts/ Arrangements/ Transactions	Duration of the Contracts/ Arrangements/ Transactions	Salient Terms of the Contracts or Arrangements or Transactions including the value, if any	Date(s) of Approval by the Board	Amount paid as Advances, if any
---	---	---	--	----------------------------------	---------------------------------

NIL

For and on behalf of the Board  
Impex Ferro Tech Ltd.

Place: Kolkata  
Date: 13th August, 2018

Suresh Kumar Patni  
Chairman cum Managing Director

# Management Discussion and Analysis

## Economic Overview

Global growth was 3.9 % in F.Y. 2017-18 and growth is expected to remain steady for the coming years.

The Indian economy grew at 6.7 % during the financial year 2017-18 against 7.1 % for the previous financial year. The lower growth is due to the impact of the demonetisation and other drive. The growth has reduced in all the sectors, except for agriculture due to good monsoon.

## Steel Industry

India was the world's third-largest steel producer in 2017-18. The growth in the Indian steel sector has been driven by domestic availability of raw materials such as iron ore and cost-effective labour. India's finished steel consumption grew at CAGR of 5.69% during financial year 2008 - 2018 to reach 90.68 MT. In 2017-18, the Country's finished steel exports increased 17% year on year to 9.62 MT.

Government of India's focus on infrastructure and undertaking road projects is aiding the boost in demand for steel.

## Industry structure and developments

Ferro-alloys are critical additives in the production of Iron & Steel and the fortune of Ferro Alloys Industry is directly linked with the growth of Iron & Steel Industry. The Company provides manganese based alloys. Manganese alloys viz ferro-manganese (FeMn) and silico manganese (SiMn) are used in the production of steel.

The steel sector has been a major contributor to India's manufacturing output and a key player in infrastructure development and with growth of steel sector, various infrastructure project taken by government the consequent growth of Manganese segment in future is bright.

## Opportunities and Threats

The growth of Ferro-Alloys industry is directly linked with the growth of Iron and Steel Industry. India, at a per capita steel consumption of 60 kg, is much below the global average of 215 kg, thereby reflecting massive under-penetration and immense opportunities for growth, which will in turn, drive ferro-alloys demand.

Electrical energy is one of the major inputs in production of ferro-alloys and high power tariff is a threat for the ferro-alloys industry. The ferro-alloys producers are now focusing on setting up their captive power units. This will reduce the input cost and ensure continuous supply of power.

Further, the government has already initiated so many steps for the betterment of Indian economy and has also undertaken two large initiatives viz. putting more money into the rural economy especially after demonetisation and putting a renewed focus on infrastructure development and this would certainly enable the Ferro alloys and Steel producers to survive and grow in the markets.

## Risks and concerns

The cost-effective availability of key raw material is a global challenge. The volatility in prices of raw materials as well as disruption in the supply of inputs, could adversely affect the profitability of the Company. The Company is having adequate arrangements with domestic and international Ore Suppliers to take care of such exigencies.

Electricity comprises a key cost component in the total operating cost structure and an inability to manage this might impact the Company's operations. The 30 MW Captive Power Plant enables the Company to emerge self-reliant in its power needs and reduce dependence on the expensive grid electricity.

## Segment-wise reporting

The Company is in the business segment of manufacturing & sales of Ferro Alloys. The key financial of the business segments including secondary segment details identified as the geographical segment based on the location of customers within India and outside India is given in notes no. 33 to the Annual Accounts. The Company also generates power from its captive power plant, which is entirely consumed in the manufacture of Ferro Alloys without any sale to third parties.

## Segment-wise performance

### Ferro Alloys:

During the year under review the Company has produced 20573 MT of Ferro Alloys. The Gross revenue from the Ferro Alloys segment was Rs.12923.48 Lacs.

## Internal controls and systems

The Company has implemented proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorised, recorded and reported

# Management Discussion and Analysis

properly, applicable statutes and corporate policies are duly complied with. The Company has an Audit Committee with majority of Independent Directors as members. The committee periodically reviews significant audit findings, adequacy of internal control and compliance with Accounting Standards, amongst others. The management duly considers and takes appropriate action on the recommendations made by the Statutory Auditors, Internal Auditors and the Independent Audit Committee of the Board of Directors. The Company also takes quarterly compliance certificate in respect of various applicable laws from the concerned departmental heads and places the same before the Board.

## **Industrial relations and human resources**

Human resource is the Company's principal asset. The Company provides continual training to its staff to help them upgrade their skills and seeks to balance individual aspirations with Company goals. The Company employs contract labour in its manufacturing facilities. The Company recruits judiciously through Industry contacts, newspaper advertisements and consultants. The Company also recruits trainees from reputed ITIs, technical and professional institutes. The Company maintained harmonious relationship with all its workers and there were no strikes or lockouts during the year under review. As on the date of this Report the Company has 236 employees on its payroll.

## **Cautionary Statement**

Certain statements in the Management Discussion and Analysis Report describing the Company's objective and predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates new regulations and government policies that may impact the Company's business as well as its ability to implement the strategy. The Company doesn't undertake to update the statements.

# Corporate Governance Report

## CORPORATE GOVERNANCE

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the Organisation. Good Corporate Governance leads to long term Shareholder value and enhances interest of other Stakeholders.

The Company understands and respects its fiduciary and trusteeship role and responsibility to its stakeholders and strives hard to meet their expectations. In addition to complying with the statutory requirements, effective governance systems and practices towards improving transparency, disclosures, internal controls and promotion of ethics at work place have been institutionalised.

The Company's Equity shares are presently listed on two Stock Exchanges in India namely BSE Limited and National Stock Exchange of India Limited. Further the Company has complied in all material respects with the features of Corporate Governance Code as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. In accordance with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the details of compliances by the Company for the year ended 31st March, 2018 are as under:

## COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company has endeavoured to benchmark itself against global standards in all areas, including Corporate Governance. Good Corporate Governance implies optimum utilisation of the resources and ethical behaviour of the enterprise to enhance the stakeholders' value with strong emphasis on transparency, accountability and integrity, which are the primary objectives of the Company.

## BOARD OF DIRECTORS

### Composition

The Board has strength of Six (6) Directors as on 31st March, 2018. The Board comprises of optimum combination of Executive, Non-Executive and Independent Directors. Two (2) Directors are Executive and Four (4) were Non-Executive Directors of which Three (3) were Independent including One (1) Woman Director. The Chairman of the Company is an Executive-Promoter-Director. The composition of the Board during the year was in conformity with Regulation 17(1) along with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In compliance with Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, none of the Directors on the Board serve as an Independent Director of more than Seven (7) listed entities across all entities in which he/she is a Director. Further, none of the Director on the Board who is serving as a Whole time Director in any listed entity is serving as an Independent Director of more than Three (3) listed entities across all entities in which he/she is a Director. Further, in compliance with Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, none of the Directors on the Board is a member of more than Ten (10) Committees or Chairman of more than Five (5) Committees across all Public Limited Companies (whether listed or not) in which he/she is a Director. The Directors regularly inform the Company about the changes in their positions as and when changes take place, apart from the annual disclosures. For assessment of these criteria, the membership/chairmanship of the Audit Committee and the Stakeholders' Relationship Committee alone has been considered. Further, in compliance with section 165 of the Companies Act, 2013, none of the Directors on the Board hold directorship in more than Twenty (20) Companies at the same time with the directorship in Public Companies not exceeding Ten (10). All the Directors have made necessary disclosures regarding directorship/ committee positions occupied by them in other listed entities / Public Limited Companies (whether listed or not) in accordance with Regulations 25 and 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

The composition and category of the Board of Directors of the Company as on 31st March, 2018 along with the number of Board meetings attended by the Directors during the year 2017-18 are given below:

Name of the Director	Category	No. of Board Meetings attended	No. of Directorship in other Public Limited Companies incorporated in India #	No. of Committee positions held in other Public Limited Companies \$		Whether attended the last AGM
				As Member	As Chairman	
Mr. Suresh Kumar Patni	Promoter/Executive	6	5	1	-	Yes
Mr. Ankit Patni	Promoter/Non-Executive	6	5	1	-	No
Mr. Satish Kumar Singh	Executive	6	-	-	-	Yes
Mr. Nanda Samai	Independent/Non-Executive	6	1	1	-	Yes
Mrs. Sujata Agarwal	Independent/Non-Executive	6	3	1	1	Yes
Mr. Ravindra Kumar Mehra @	Independent/Non-Executive	3	-	2	-	No



# Corporate Governance Report

## Notes:

- \$ Only two committees viz. Audit Committee and Stakeholders' Relationship Committee are considered for this purpose.  
# Excludes Private Companies, Foreign Companies and Companies registered under Section 8 of the Companies Act, 2013.  
@ Ravindra Kumar Mehra was appointed as an Additional Director w.e.f 11th August, 2017 and subsequently regularised in the previous Annual General Meeting held on 21st September, 2017.  
@ Ceased to be Director of the Company due to sudden demise w.e.f. 11th August, 2018.
- Due to demise of Mr. Ravindra Kumar Mehra as on 11th August, 2018 the Composition of Board of Directors is not properly constituted as per Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The Board is trying to take necessary measures to re-constitute the same.
- None of the Non-Executive Directors have any pecuniary relationship or transactions with the Company except for holding Directorship & receiving sitting fees, save and except Mr. Ankit Patni who is also the promoter of the Company, which has a business relation with this Company.
- Mr. Ankit Patni is the son of Mr. Suresh Kumar Patni. No other Directors in the Board are related to each other.

## MEETINGS OF BOARD OF DIRECTORS

Six (6) Board Meetings were held during the year 2017-18 and the gap between two meetings did not exceed One Hundred and Twenty (120) days. The dates on which the Board Meetings were held are as follows:

30th May, 2017; 11th August, 2017; 14th September, 2017; 24th November, 2017, 14th December, 2017 and 14th February, 2018.

## Notes:

- Board Meetings are held at the Corporate Office of the Company. The agenda along with explanatory notes are sent in advance to the Directors to get their input in the discussion. The information as stipulated in Part A of Schedule II of SEBI Listing Regulations, 2015 read with Regulation 17(7) of the said Regulations entered into with Stock Exchanges is regularly made available on the Board whenever applicable.
- The Board periodically reviews compliance report of all laws applicable to the Company. Steps are taken by the Company to rectify instances of non-compliance, if any.

## INDEPENDENT DIRECTORS

As on 31st March, 2018, the Company has Three (3) Independent Directors on its Board out of the total strength of Six (6) Directors.

Mr. Ravindra Kumar Mehra ceased to be the Independent Director of the Company due to his sudden demise w.e.f. 11th August, 2018.

All the Independent Directors of the Company furnish a declaration at the time of their appointment and also annually they qualify the tests of their being Independent as laid down under section 149(6) of the Companies Act, 2013 and SEBI Listing Regulations, 2015. All requisite declarations were placed before the Board.

## Meeting of Independent Directors

In compliance with the requirements of Schedule IV of the Companies Act, 2013 read with Regulation 25 of the SEBI Listing Regulations, 2015, a separate meeting of the Independent Directors was held on 28th March, 2018, *inter-alia*, to:

- a) Review the Performance of Non-Independent Directors and the Board of Directors as a whole;
- b) Review the performance of the Chairperson of the Company, taking in account the view of Executive and Non-Executive Directors,
- c) Assess the quality, quantity and timelines of flow of information between the Management and the Board, that is necessary for the Board to effectively and reasonably perform their duties

All the Independent Directors were present in the meeting.

## Familiarisation Program of Independent Directors

The Independent Directors are having adequate experience in the field of finance, industry, commerce and administration. Their presence on the Board has been advantageous to the Board and fruitful in taking business decisions.

Periodic presentations are made by senior management on business and performance updates of the Company, global business environment, business risk and its mitigation strategy. The details of such periodic presentation is disclosed on the Company's website [www.impexferrotech.com](http://www.impexferrotech.com).

# Corporate Governance Report

Familiarisation Programmes Policy was uploaded in the Company's website viz. [http://www.impexferrotech.com/familiarization\\_programme\\_policy.pdf](http://www.impexferrotech.com/familiarization_programme_policy.pdf).

## COMMITTEES OF DIRECTORS

Currently, there are Five (5) Board Committees – Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility (CSR) Committee and Executive Committee. The terms of reference of the Committees are determined by the Board from time to time. The terms of reference, role and composition of these Committees, including the number of meetings held and attended by the members during the financial year are provided below:

### AUDIT COMMITTEE

The Company has an Audit Committee within the scope of section 177 of the Companies Act, 2013 and rules framed there under read with Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee meets at least Four (4) times in a year and not more than one hundred and twenty days (120) have elapsed between two meetings. The existing Audit Committee has been reconstituted on 13th August, 2018.

#### A. Terms of Reference

In accordance with the provisions of section 177 of the Companies Act, 2013 and Regulation 18 read with Part-C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the terms of reference of the Audit Committee *inter alia* includes:

1. To oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. To recommend to the Board, the appointment, re-appointment, terms of appointment, replacement or removal and remuneration of the auditors.
3. To examine the Financial Statements and Auditors' Report thereon.
4. To review, with the management, the quarterly financial statements before submission to the Board for approval.
5. To approve the payment to statutory auditors for any other services rendered by the statutory auditors.
6. To review, with the management, the annual Financial Statements before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of sub-section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report.
7. To approve or subsequently modify the transactions of the Company with related parties.
8. To review, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
9. To review, with the management and monitor the auditor's independence and performance of statutory and internal auditors, adequacy of the internal control systems and effectiveness of audit process.
10. To scrutinise inter-corporate loans and investments, if any.
11. To value undertakings or assets of the Company, wherever it is necessary.
12. To evaluate the internal financial controls and risk management systems.
13. To monitor the end use of funds raised through public offers and related matters, if any.
14. To review the adequacy of internal audit function, if any, including the structure of the internal audit department,

# Corporate Governance Report

staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

15. To discuss with internal auditors any significant findings and follow up there on.
16. To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
17. To call for comments of the auditors about internal control systems, scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and discuss any related issues with the internal and statutory auditors and the management of the Company.
18. To give an option to the Auditors and the Key Managerial Person of the Company to be heard at the Audit Committee Meeting while considering the Auditors' Report.
19. To discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
20. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
21. To approve the appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
22. To establish a Vigil Mechanism for the directors and employees of the Company to report genuine concerns in certain matters. The Mechanism shall provide adequate safeguard against victimisation of persons who use the mechanism. The Chairman of the Audit Committee shall be easily available for the same.
23. To carry out any other function as is mentioned in the terms of reference of the Audit Committee from time to time.

## B. Composition, Name of Members and Chairperson with designation, Meetings and Attendance during the year

The Audit Committee comprises of Three (3) Directors all of whom are financially literate. Majority of the members of the Committee are Independent/Non-Executive.

The Composition of the Audit Committee and the details of meetings attended by the Committee members are given below:

Name of the Member	Designation	Category	No. of Meetings Attended
Mr. Rohit Jain \$	Chairman	Independent/Non-Executive	1
Mr. Ravindra Kumar Mehra @	Chairman	Independent/Non-Executive	3
Mrs. Sujata Agarwal #	Chairman	Independent/Non-Executive	-
Mr. Ankit Patni	Member	Promoter/Non-Executive	4
Mr. Nanda Samai	Member	Independent/Non-Executive	4

Notes:

\$ Resigned from the Board of Directors w.e.f 11th August, 2017

@ Ravindra Kumar Mehra was appointed as an Additional Director w.e.f 11th August, 2017 and subsequently regularised in the previous Annual General Meeting held on 21st September, 2017.

@ Ceased to be Director of the Company due to sudden demise w.e.f. 11th August, 2018.

# Mrs. Sujata Agarwal became a Chairman of the Committee on 13th August, 2018.

The Managing Director/Executive Director and Chief Financial Officer are permanent invitees to the Committee as and when available. The Company Secretary acts as Secretary of the Audit Committee. The representative of Internal Auditors also attends the meeting. The Audit Committee invites, as and when considers appropriate, the representatives from the Statutory Auditors and Cost Auditors to be present at the meeting of the Committee.

The Chairman of the Audit Committee was present at the last Annual General Meeting.

During the Financial Year ended 31st March, 2018, Five (5) Audit Committee Meetings were held on:

30th May, 2017; 11th August, 2017; 14th September, 2017, 14th December, 2017 and 14th February, 2018.

# Corporate Governance Report

## NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is conducted in compliance of the provisions of section 178(1) of the Companies Act, 2013 and rules framed thereunder along with Regulation 19 read with Part-D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The existing Nomination and Remuneration Committee is reconstituted on 13th August, 2018.

### A. Terms of Reference

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

1. To identify person who are qualified to become Directors and who may be appointed in Senior Management as per their criteria.
2. To recommend to the Board the appointment and removal of the Directors and Senior Management.
3. To carry out evaluation of every director's performance.
4. To formulate criteria for determining qualification, positive attributes and independence of a Director.
5. Devise a policy on Board diversity.
6. To recommend to the Board a policy relating to remuneration for the Directors, Key Managerial Personnel and other employees.
7. To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.
8. To perform such other functions as may be necessary or appropriate for performance of its duties.

### B. Composition, Name of Members and Chairperson, Meetings and Attendance during the year

The Nomination and Remuneration Committee comprises of Three (3) Non-Executive Directors. Majority of the members of the Committee are Independent/Non-Executive. Mr. Nanda Samai, Independent Director, is the Chairman of the Nomination and Remuneration Committee.

The present Composition of the Nomination & Remuneration Committee and the details of meetings attended by the Committee members are given below:

Name of the Member	Designation	Category	No. of Meeting Attended
Mr. Rohit Jain \$	Chairman	Independent/Non-Executive	-
Mr. Ravindra Kumar Mehra @	Chairman	Independent/Non-Executive	-
Mr. Nanda Samai #	Chairman	Independent/Non-Executive	-
Mr. Sujata Agarwal	Member	Independent/Non-Executive	-
Mr. Ankit Patni	Member	Promoter/Non Executive	-

Note:

\$ Resigned from the Board of Directors w.e.f 11th August, 2017.

@ Ravindra Kumar Mehra was appointed as an Additional Director w.e.f 11th August, 2017 and subsequently regularised in the previous Annual General Meeting held on 21st September, 2017.

@ Ceased to be Director of the Company due to demise w.e.f. 11th August, 2018.

# Mr. Nanda Samai became a Chairman of the Committee on 13th August, 2018.

Mr. Nanda Samai, Chairman of the Nomination & Remuneration Committee was present at the last Annual General Meeting.

### C. Nomination and Remuneration Policy

#### ➤ For Non-Executive Directors/ Independent Directors

#### i. Sitting fees

The Non- Executive/Independent Director may receive remuneration by way of fees for attending meetings of Board or Committees thereof, provided that the amount of such fees shall not exceed ₹ 1 Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

#### ii. Commission

No Commission shall be paid.

# Corporate Governance Report

## iii. Stock Options

An Independent Director shall not be entitled to any stock option as per the Companies Act, 2013.

## ➤ For Executive Directors/KMP's

### i. Fixed pay

- The Managing Director/Executive Directors/ KMP's and Senior Management Personnel shall be eligible for a monthly remuneration and perquisites as may be approved by the Board on the recommendation of the Committee. The statutory and retiral benefits shall be paid as per the applicable laws.
- The remuneration to be paid to the Managing Director/Executive Director shall be paid on recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

### ii. Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director/ Executive Director in accordance with the provisions of Part-II of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government

### iii. Provisions for excess remuneration

If any Managing Director/Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

## D. Performance Evaluation

Pursuant to the provisions of section 178 of the Companies Act, 2013 read with Rules framed thereunder along with Schedule IV of the Act and Regulation 17(10), 19(4) and Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Board Evaluation Policy has been framed and approved by the Nomination and Remuneration Committee and by the Board.

The Chairman and Managing Director is evaluated on key aspects of the role which includes *inter-alia* effective leadership to the Board and adequate guidance to the each level of Management. Based on prescribed criteria as laid down, the performance of the Board, various Committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility (CSR) Committee and individuals were evaluated at satisfaction level. During the year under review, the Independent Directors of the Company reviewed the performance of Non-Independent Directors and Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors. The Board as a whole is a balanced unit where diverse views are expressed and dialogued whenever required. All the directors are participative, interactive and communicative. The Chairman has abundant knowledge experience, skills and understanding of the Board's functioning processes. The information flow between the Company's Management and the Board is timely and sufficient.

## E. Remuneration of Directors

### a. Non-Executive Directors

The remuneration of Non-Executive Directors consists of only sitting fees @ ₹ 1,500/- for attending each meeting of the Board of Directors or a Committee thereof. The details of fees paid during the year and the equity shares held by them as on 31st March, 2018 are as follows:

Name of the Director	Sitting Fee paid (₹)	No. of Shares held as on 31st March, 2018
Mr. Ankit Patni	18,000	1,75,600
Mr. Nanda Samai	18,000	NIL
Mr. Rohit Jain	3,000	NIL
Mr. Ravindra Kumar Mehra @	10,500	NIL
Mrs. Sujata Agarwal	10,500	NIL

@ Ceased to be Director of the Company due to sudden demise w.e.f. 11th August, 2018.

# Corporate Governance Report

## b. Executive Directors

The Company has paid remuneration only by way of salary to its Managing Director/Executive Director and the same is within the limits specified under Schedule V of the Companies Act, 2013 and duly approved by the Board as well as by the Shareholders of the Company. Details of remuneration paid during 2017-18 are as follows:

Name of the Director and Designation	Salary paid (₹)	Period of Contract		Notice Period
		From	To	
Mr. Suresh Kumar Patni	12,00,000/-	01.07.2018	30.06.2023	2 months
Mr. Satish Kumar Singh	13,58,040/-	24.08.2018	23.08.2021	2 months

## STAKEHOLDERS' RELATIONSHIP COMMITTEE

In compliance with the provisions of section 178(5) of the Companies Act, 2013 and Regulation 20 read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Stakeholders' Relationship Committee was constituted to specifically look into the redressal of Investors' complaints like transfer of shares, non-receipt of Balance Sheet and non-receipt of declared dividends, etc. The existing Stakeholders' Relationship Committee is reconstituted on 11th August, 2018.

### A. Terms of Reference

The terms of reference of the Stakeholders' Relationship Committee are as follows:

1. To review and ensure compliance of statutory provisions of the Companies Act, 2013, the guidelines of SEBI and the Stock Exchanges and other statutory requirements relating to transfer and transmission of shares/debentures of the Company.
2. To review and ensure that the Registrar/Company's Transfer House implements all statutory provisions as above.
3. Approve transfers/transmission of shares/debenture and demat/remat of the shares/debenture.
4. Approve issue of duplicate shares certificates/debenture certificates, issue of certificates on consolidation/sub-division/rematerialisation.
5. To consider and resolve all shareholders queries, grievance and complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. are attended and redressed in an expeditious manner.
6. Monitor implementation of Company's Code of Conduct for Prohibition of Insider Trading.
7. Any other matter referred by the Board relating to equity shareholders of the Company.

### B. Composition, Name of Members and Chairperson with designation, Meetings and Attendance during the year

The Stakeholders Relationship Committee consists of Three (3) Directors, out of which Two (2) are Independent Directors and One (1) is Executive Director. The Chairman of the Committee is an Independent Director. During the year under review, the Committee has met once on 14th December, 2017.

The composition of the Committee and the attendance of the members in the meeting are given hereunder:

Name of the Member	Designation	Category	No. of Meeting Attended
Mrs. Sujata Agarwal	Chairman	Independent/Non-Executive	1
Mr. Suresh Kumar Patni	Member	Promoter/Executive	1
Mr. Rohit Jain \$	Member	Independent/Non-Executive	-
Mr. Ravindra Kumar Mehra @	Member	Independent/Non-Executive	1
Mr. Nanda Samai #	Member	Independent/Non-Executive	-

Note:

\$ Resigned from the Board of Directors w.e.f 11th August, 2017.

@ Ravindra Kumar Mehra was appointed as an Additional Director w.e.f 11th August, 2017 and subsequently regularised in the previous Annual General Meeting held on 21st September, 2017.

@ Ceased to be Director of the Company due to sudden demise w.e.f. 11th August, 2018.

# Mr. Nanda Samai became a Member of the Committee on 13th August, 2018.

# Corporate Governance Report

## C. Name and Designation of Compliance Officer

Ms. Richa Agarwal, Company Secretary has been designated as Secretary to the Committee and as Compliance Officer of the Company. The Committee has delegated the authority to approve the requests for transfers/transmission, split and remat/demat of shares to the Company Secretary. The Committee reviews the transfer/demat/remat approved by the Company Secretary and take note thereof in their subsequent meeting.

## D. Prohibition of Insider Trading

With a view to regulate trading in securities by the directors and designated employees, the Company has adopted a Code of Conduct for Prohibition of Insider Trading.

## E. Investor's Grievances

In compliance with the requirements of the SEBI Circular No. CIR/OIAE/2/2011 date 3rd June, 2011, the Company has registered itself in a centralised web based SEBI Complaints Redress System named as 'SCORES' for processing investor complaints online and enabling the investors to view the status of any action taken up by the Company on their specific complaints or the current status whereof, by logging on to the SEBI's website [www.sebi.gov.in](http://www.sebi.gov.in). No shareholder's complaint was received by the Company as on 31st March, 2018 under 'SCORES'.

The details of the complaints during the year 2017-18, excluding correspondences which are not in the nature of complaints are given below:

Number of complaints received from the shareholders	0
Number of complaints redressed	0
Number of complaints not solved/pending	0

## CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Corporate Social Responsibility (CSR) Committee has been constituted by the Board of Directors of the Company as per the provisions of section 135 of the Companies Act, 2013 read with Corporate Social Responsibility (CSR) Rules, 2014 as amended from time to time. The Corporate Social Responsibility Committee was re-constituted on 30th September, 2015.

### A. Terms of Reference

The terms of reference of the Corporate Social Responsibility (CSR) Committee are as follows:

1. Formulate and recommend to the Board the CSR Policy and any amendments thereof which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
2. Recommend the amount of expenditure to be incurred on the activities, as per CSR Policy.
3. Be responsible for implementation and monitoring of CSR projects or programmes or activities of the Company.
4. Any other matter/thing as may be considered expedient by the members in furtherance of and to comply with the CSR Policy of the Company.

### B. Composition, Name of Members and Chairperson with designation, Meetings and Attendance during the year

The Corporate Social Responsibility (CSR) Committee consists of Three (3) Directors, out of which One (1) is Independent Director, One (1) is a Non-Executive Director and One (1) is Executive Director. The Chairman of the Committee is an Independent Director. During the year under review, the Committee has met once on 27th March, 2018.

The composition of the Committee and the attendance of the members in the meeting are given hereunder:

Name of the Member	Designation	Category	No. of Meeting Attended
Mr. Nanda Samai	Chairman	Independent/Non-Executive	1
Mr. Satish Kumar Singh	Member	Executive	1
Mr. Ankit Patni	Member	Promoter/Non-Executive	1

# Corporate Governance Report

## EXECUTIVE COMMITTEE

The Executive Committee of the Board of Directors was originally constituted on 14th February, 2015 and reconstituted on 30th September, 2015 with necessary powers delegated to it with a view to conduct the affairs of the Company smoothly.

### A. Terms of Reference

The terms of reference of the Executive Committee are as follows:

1. To review and follow up on the action taken on the Board decisions.
2. To review the operations of the Company in general.
3. To review the systems followed by the Company.
4. To review, propose and monitor annual budget including additional budget, if any, subject to the ratification of the Board.
5. To review capital expenditure against the budget.
6. To authorise opening and closing of bank accounts; to authorise additions/deletions to the signatories pertaining to banking transactions.
7. To approve transactions relating to foreign exchange exposure including but not limited to forward cover and derivative products.
8. To delegate and authorise the Company officials to represent and appear before the various courts, government authorities on behalf of the Company.
9. To attend to any other responsibility as may be entrusted by the Board to investigate any activity within terms of reference.
10. To execute Power of Attorney in favour of Company officials to represent and appear before the various courts, government authorities on behalf of the Company.
11. To seek information from any employee as considered necessary.
12. To obtain outside legal professional advice as considered necessary.
13. To secure attendance of outsiders with relevant expertise; and
14. To investigate any activity within terms of reference.

### B. Composition, Name of Members and Chairperson with Designation

The Executive Committee consists of Three (3) Directors, out of which Two (2) is Executive Directors and One (1) is Non-Executive Promoter Director. The Chairman of the Committee is an Executive Director.

The composition of the Committee are given hereunder:

Name of the Member	Designation	Category
Mr. Suresh Kumar Patni	Chairman	Promoter/Executive
Mr. Satish Kumar Singh	Member	Executive
Mr. Ankit Patni	Member	Promoter/Non-Executive

## GENERAL BODY MEETING

### A. Details of the location and time of the last three Annual General Meeting held

Date	Financial Year	Place	Time
21st September, 2017	2016-17	Paschim Banga Bangla Academy, <b>RABINDRA OKAKURA BHAVAN</b> , DD-27/A/1, DD Block, Salt Lake Sector-I, Kolkata- 700 064	3.00 PM
27th September, 2016	2015-16	<b>AIKATAN</b> , Eastern Zonal Cultural Center (EZCC), IA-290, Sector-III, Salt Lake City, Kolkata- 700 097	10.00 AM
28th September, 2015	2014-15	<b>PURBASHREE</b> , Bhartiya Cultural Multiplex, IB-201, Sector-III, Salt Lake City, Kolkata – 700 106	10.00 AM



# Corporate Governance Report

## B. Special Resolutions Passed at the last three Annual General Meetings

Financial Year	Items
2016-17	NIL
2015-16	NIL
2014-15	<ul style="list-style-type: none"> <li>Re-appointment of Executive Director.</li> <li>Approval, Ratification and Confirmation of the Corporate Debt Restructuring Scheme by and between the Company and the Rupee Lenders of the Company.</li> <li>Conversion of Loan into Equity.</li> <li>Increase in Authorised share Capital of the Company and consequential amendment to the Memorandum of Association of the Company.</li> <li>Issue of Equity Shares on Preferential basis to the Promoters.</li> </ul>

No Resolution was passed during the financial year 2017-18 through Postal Ballot under section 110 of the Companies Act, 2013 and Rules framed thereunder. The Company does not propose to conduct any Special Resolution through postal ballot at the ensuing AGM.

## MEANS OF COMMUNICATION

### A. Quarterly Results

In compliance with the requirements of the Listing Agreements/SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, prior intimation of Board Meeting for consideration and approval of Unaudited / Audited Financial Results of the Company is given to Stock Exchanges where the Company is listed and the same is also uploaded on the website of the Company [www.impexferrotech.com](http://www.impexferrotech.com). The Results after being approved at the Board Meeting are immediately intimated to the Stock Exchanges. In terms of Regulation 10 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company files all the required reports and statements online through the electronic filing platforms of BSE Limited (BSE) viz. BSE Corporate Listing Centre and National Stock Exchange of India Limited (NSE) viz. NSE Electronic Application Processing System (NEAPS).

### B. Newspapers

The aforesaid Financial Results are published in English National daily—“**Financial Express**” and in a local vernacular newspaper—“**Dainik Statesman**” widely circulated in the state of West Bengal.

### C. Website

The Company's website [www.impexferrotech.com](http://www.impexferrotech.com) contains a separate section ‘Investor's Corner’ which contains details of all the necessary information's for the stakeholders to enable them to update their know-how about the Company as and when required. . The shareholders/investors can also view the details of the reports and statements uploaded through electronic filing platform by the Company on the websites of BSE Limited i.e. [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Limited i.e. [www.nseindia.com](http://www.nseindia.com) respectively. The Company has a dedicated e-mail id: [investors@impexferrotech.com](mailto:investors@impexferrotech.com) for providing necessary information to the investors as well as for registering any compliance/grievances.

### D. Annual Report

The Annual Report containing, *inter alia*, Audited Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management's Discussion and Analysis (MDA) Report forms part of the Annual Report.

## GENERAL SHAREHOLDER INFORMATION

### A. Annual General Meeting

- i. **Day, Date & Time** : Thursday, 27th September, 2018, 3.00 P.M.
- ii. **Venue** : 'ROTARY SADAN' 94/2, Chowringhee Road, Kolkata - 700 020

### B. Financial Year

Financial Calendar (Tentative)

#### ➤ Financial Reporting for 2018-19

- First Quarter\* : 13th August, 2018.
- Second Quarter and Half Yearly \* : Within 45 days from the end of the quarter.
- Third Quarter and Nine Months : Within 45 days from the end of the quarter.
- Fourth Quarter and Annual (Audited) : Within 60 days from the end of the quarter Financial Year.

- **Annual General Meeting for the year ending on 31st March, 2019** : On or before 30th September, 2019

# Corporate Governance Report

C. Dividend Payment Date : N.A.

D. Listing of the Equity Shares on Stock Exchange

Name of the Stock Exchange	Address	Stock Code
BSE Ltd. (BSE)	"Phiroze Jeejeebhoy Tower" Dalal Street, Mumbai - 400 001	532614
National Stock Exchange of India Ltd. (NSE)	"Exchange Plaza" Bandra – Kurla Complex Bandra (E), Mumbai - 400 051	IMPEXFERRO

The Company has paid the listing fee for the year 2017-18 to both the Stock Exchanges where the shares of the Company are listed.

E. Date of Book Closure : 20th September, 2018 to 27th September, 2018

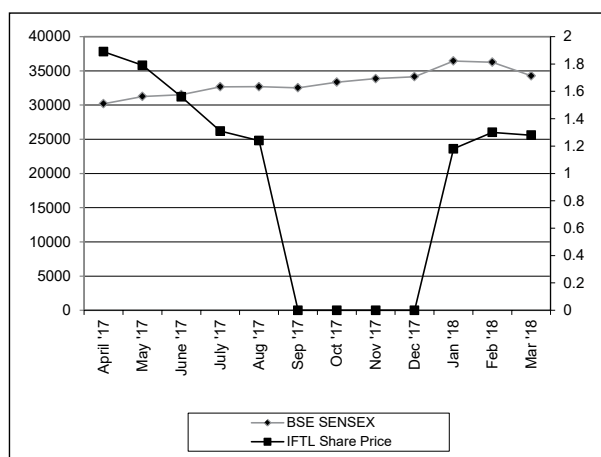
F. Market Price Data

The Stock Market data on BSE & NSE for the last Twelve (12) months are provided herein

Month	National Stock Exchange of India Ltd. (₹)		BSE Ltd. (₹)	
	HIGH	LOW	HIGH	LOW
April, 2017	1.90	1.70	1.89	1.67
May, 2017	1.80	1.40	1.79	1.54
June, 2017	1.45	1.10	1.56	1.33
July, 2017	1.25	1.05	1.31	1.17
August, 2017	1.25	1.10	1.24	1.18
September, 2017	NA	NA	NA	NA
October, 2017	NA	NA	NA	NA
November, 2017	NA	NA	NA	NA
December, 2017	NA	NA	NA	NA
January, 2018	1.10	1.10	1.18	1.18
February, 2018	1.30	1.00	1.30	1.12
March, 2018	1.40	1.00	1.28	1.14

- The Name of the Company appeared in the list of 331 Shell Companies as declared by SEBI vide its letter No. SEBI/HO/ISD/OW/P/2017/18183 dated 7th August, 2017. The Company has responded to various queries raised by the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) in this connection. NSE vide their order dated 31st January, 2018 has disposed of the representation submitted by the Company.

G Performance of the Company in comparison with BSE Sensex



# Corporate Governance Report

## H. The International Security Identification Number (ISIN) for NSDL & CDSL : INE691G01015

## I. Registrar and Share Transfer Agent

The Company has availed the services of M/s. Maheshwari Datamatics Pvt. Ltd, 23, R N. Mukherjee Road, 5th Floor, Kolkata - 700 001 for processing the transfers, transmission etc. and to process the member's request for dematerialization / rematerialisation of shares. Accordingly, all communications on matters relating to Share Transfers, Dividend etc. may be sent directly to them. In compliance with Regulation 7 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we comply with half yearly with a certificate to both the stock exchanges duly signed by the Company secretary and Authorized Representative of the Registrar and Share Transfer Agent that activities relating to both physical and electronic share transfer facility are maintained by the above mentioned Share Transfer Agent who is registered under SEBI.

## J. Share Transfer System

The share transfer/transmissions/splits and/or issue of duplicate share certificate requests are processed on behalf of the Company by Registrar & Share Transfer Agent, M/s. Maheshwari Datamatics Pvt. Ltd. The transfer of shares process is usually addressed within fifteen days from the date of receipt. The Director or the Company officials, i.e. Chief Financial Officer or Company Secretary duly authorized by the Board approves all the transfers made and are noted under subsequent Board Meetings. In compliance with the provisions of Regulation 40 (9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Practicing Company Secretary audits the Share Operation System of the Company maintained at the office of the RTA and provides a certificate in compliance of the same to be uploaded on both the Stock Exchanges i.e. NSE & BSE.

## K. Distribution of Shareholding as on 31st March, 2018

Range	No. of Shareholders	% of Shareholders	No. of Shares	% of Total
Upto 500	6,235	56.08	13,74,567	1.56
501 to 1000	1,860	16.73	16,81,076	1.91
1001 to 2000	1,165	10.48	19,60,492	2.22
2001 to 3000	469	4.22	12,50,993	1.43
3001 to 4000	216	1.94	7,93,988	0.90
4001 to 5000	319	2.87	15,52,579	1.77
5001 to 10000	417	3.75	32,51,600	3.70
10001 and above	438	3.94	7,60,66,309	86.51
<b>Total</b>	<b>11,119</b>	<b>100.00</b>	<b>8,79,31,604</b>	<b>100.00</b>

## L. Dematerialisation of shares and Liquidity

The Company's shares are compulsorily traded in dematerialised form which is available for trading on both NSDL and CDSL. As on 31st March, 2018, 8,71,73,502 Equity Shares representing 99.14% of the share capital are held in dematerialised form viz., CDSL – 7,05,75,693 Equity Shares and NSDL –1,65,97,809 Equity Shares.

## M. Outstanding ADR's & GDR's, Warrants or any other convertible instruments, conversion date and likely impact on Equity Shares

During the year under review, the Company has not issued any ADR's & GDR's, Warrants or any other convertible instruments. The Company has at present no outstanding ADR's/GDR's/Warrants to be converted that has an impact on the Equity Shares of the Company.

## N. Shareholding Pattern as on 31st March, 2018

Category	No. of Shares	% of holding
Promoter & Promoter Group	6,07,64,846	69.10
Bodies Corporate	22,07,473	2.52
Individuals	2,40,96,086	27.40
Non-Resident Individuals	1,10,862	0.13
Clearing Member	7,51,837	0.85
Trusts	500	0.00
<b>Total</b>	<b>8,79,31,604</b>	<b>100.00</b>

# Corporate Governance Report

## O. Plant Locations

Kadavita Dendua Road  
P.O. Kalyaneshwari, P.S. Kulti  
Dist. – Burdwan, West Bengal – 713 369  
Phone : +91-341-2522248/49  
Fax : +91-341-2522961

## P. Name, Designation & Address of Compliance Officer for Complaints & Correspondence

### Ms. Richa Agarwal

Company Secretary & Compliance Officer  
Impex Ferro Tech Limited  
SKP House,  
132A, S.P. Mukherjee Road,  
Kolkata – 700 026  
Ph.: +91-33-4016-8000/8100  
Fax: +91-33-4016-8191/8107  
Email Id: [cs@impexferrotech.com](mailto:cs@impexferrotech.com)

### Address for Correspondence

#### Registered Office:

Impex Ferro Tech Limited  
35, C. R. Avenue  
Kolkata – 700 012  
Phone: +91-33-2211-0225/0226  
Email Id: [info@impexferrotech.com](mailto:info@impexferrotech.com)  
CIN: L27101WB1995PLC071996

#### Corporate Office:

Impex Ferro Tech Limited  
SKP House,  
132A, S. P. Mukherjee Road,  
Kolkata – 700 026  
Phone: +91-33-4016-8000/8100  
Fax: +91-33-4016-8191/8107

## OTHER DISCLOSURES

### a. Related Party Transactions

The Company obtains Omnibus approval of the Audit Committee for all Related Party Transactions for the F.Y. 2018-19. During the financial year 2018-19, the Company did not have any materially significant related party transactions, i.e. transactions of the Company of material in nature with its Promoters, Directors or the Management or relatives etc. that may have potential conflict with the interests of the Company at large. A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the Audit Committee. The pricing of all the transactions with the related parties were on an arm's length basis.

The Board of Directors of the Company adopts a Related Party Transaction policy in compliance with requirements of Section 188 of the Companies Act, 2013 and Rules thereunder along with Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Disclosure on Related Party Transactions as per Ind AS-24 forms integral part of the Notes to Financial Statements of the Company for financial year ended 31st March, 2018 as part of the Annual Audited Accounts of the Company.

- b. No strictures or penalty were imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets during the last three years.

### c. Vigil Mechanism

In order to strengthen the process of conducting the business in a fair, transparent and ethical manner, the Company has set up a Vigil Mechanism or Whistle Blower Policy. The policy is intended to establish a mechanism for employees to report to the management genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics, for which a dedicated email id [vigil.mechanism@impexferrotech.com](mailto:vigil.mechanism@impexferrotech.com) has been established. Mrs. Sujata Agarwal (upon cessation of Mr. Ravindra Kumar Mehra due to sudden demise w.e.f. 11th August, 2018) became the Chairman of the Audit Committee of the Company nominated by the Board as Ombudsperson for this purpose. The mechanism provides adequate safeguard against victimization of the persons using this mechanism. No employee was denied access to the Audit Committee.

# Corporate Governance Report

## d. Details of Mandatory and Non – Mandatory Corporate Governance Requirements

The Company has complied with all the quarterly/yearly reports in compliance with Corporate Governance and the same has been submitted to Stock Exchanges where the shares of the Company are listed within prescribed time limit. The Company has complied with all mandatory requirements to the extent applicable to the Company.

## e. The Company does not have any Subsidiary.

## f. Web link of Related Party Transactions Policy

The Related Party Transactions Policy is available on the website of the Company i.e. [http://www.impexferrotech.com/related\\_party\\_transaction\\_policy.pdf](http://www.impexferrotech.com/related_party_transaction_policy.pdf)

## g. The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and in the preparation of Financial Statements, the Company has not adopted a treatment different from that prescribed in the Accounting Standards

## h. A Risk Management Policy has been formed by the Company on 30th May, 2015. The risk assessment and minimisation procedures are in place and the Board is regularly informed by the Senior Executives about the business risks, if any occurs, and the steps taken to mitigate the same.

## i. Management Discussion & Analysis Report

A Management Discussion and Analysis Report is given separately, and forms part of Annual report.

## DISCRETIONARY CORPORATE GOVERNANCE REQUIREMENTS

In terms of Regulation 27(1) of the SEBI (LODR) Regulations, 2015 read with Schedule II of the said Regulation, the disclosure on account of the extent to which the discretionary requirements as specified in Part E of Schedule II are given below:

### A. The Board

The Executive Chairman has an office at the Company's premises.

### B. Shareholder's Right

The Company does not consider circulating the Half Yearly declaration of financial results separately to each household of the Shareholders.

### C. Modified opinion (s) in audit report

The Company's Financial Statements has been accompanied with Auditor's qualification for financial year ended 31st March, 2018.

### D. Separate Posts of Chairperson and Chief Executive Officer

The Company has same individual as the Chairman and the Managing Director or Chief Executive Officer of the Company.

### E. Reporting of Internal Auditor

The Internal Auditor of the Company reports all the matters considered to its audit directly to the Audit Committee.

## DISCLOSURE OF THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND CLAUSES (B) TO (I) OF REGULATION 46(2) OF SEBI (LODR) REGULATIONS, 2015

Pursuant to Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company hereby confirms that it has complied with the Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) *inter-alia* covering the following subject matter/heads:

- a. Board of Directors
- b. Audit Committee
- c. Nomination and Remuneration Committee
- d. Stakeholders' Relationship Committee
- e. Risk Management Committee : **NA**
- f. Vigil Mechanism
- g. Related Party Transactions
- h. Corporate Governance requirements with respect to subsidiary of Company : **NA**
- i. Obligations with respect to Independent Directors
- j. Obligations with respect to Directors and senior management

# Corporate Governance Report

- k. Other Corporate Governance requirements as stipulated under the Regulations
- l. Dissemination of various information on the website of the Company w.r.t clauses (b) to (i) of Regulation 46(2).

## CODE OF CONDUCT OF DIRECTORS AND SENIOR MANAGEMENT

The Code of Conduct for the Board of Directors and Senior Management Personnel as adopted is available on the Company's website [www.impexferrotech.com](http://www.impexferrotech.com). All the Members of the Board and Senior Management Personnel have affirmed the compliances of the Code of Conduct.

### DECLARATION

In accordance with Regulation 26 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that the Board Members and Senior Management Personnel of the Company have affirmed compliances with the Code of Conduct of the Company for the year ended 31st March, 2018.

For Impex Ferro Tech Limited

Place: Kolkata  
Date: 29th May, 2018

**Suresh Kumar Patni**  
Chairman cum Managing Director

## CODE OF CONDUCT OF INDEPENDENT DIRECTORS

As per the provisions of section 149(8) of the Companies Act, 2013, the Independent Directors shall abide by the provisions specified in Schedule IV. Further, Schedule IV lays down a Code for Independent Directors of the Company. Pursuant to the said provisions of the Companies Act, 2013, the Company has drafted a Code for Independent Directors of the Company and ensures that all the Independent Directors of the Company follows the same.

## CEO/CFO CERTIFICATION

Pursuant to Regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31st March, 2018 and that to the best of our knowledge and belief, we state that:

- a. (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- (ii) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- c. we accept responsibility for establishing and maintaining Internal Controls for Financial Reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to Financial Reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. we have indicated to the Auditors and the Audit Committee
  - i. significant changes in internal control over financial reporting during the year if any.
  - ii. significant changes in accounting policies during the year if any and that the same have been disclosed in the notes to the Financial Statements if any and
  - iii. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's Internal Control System over Financial Reporting.

## CORPORATE GOVERNANCE COMPLIANCE

The Company has complied with all the mandatory requirements as mandated under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, for the purpose of ensuring Corporate Governance. A Certificate from M/s. H. M. Choraria & Co. (Prop. Mr. H. M. Choraria), Practicing Company Secretary to this effect has been included in this report.

For Impex Ferro Tech Limited

Place: Kolkata  
Date: 29th May, 2018

**Suresh Kumar Patni**  
Chairman cum Managing Director

### **Auditors' Certificate on Corporate Governance**

To,  
The Members of  
**Impex Ferro Tech Limited**

We have examined the compliance of conditions of Corporate Governance by Impex Ferro Tech Limited for the year ended March 31, 2018 as stipulated in regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of schedule V of the SEBI (Listing obligations and disclosures Requirements) 2015.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied in general with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement and Listing Regulations.

We state that in respect of Investors' grievances received during the financial year ended on 31st March, 2018, no Investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/ Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **H M CHORARIA & CO.**  
*Practising Company Secretaries*

**(H M Choraria)**  
*Proprietor*

F.C.S. No. 2398, C. P. No. 1499

Place: Kolkata  
Date: 13th August, 2018

# Independent Auditors' Report

To  
The Members of  
**Impex Ferro Tech Limited**

## **Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS Financial Statements of **IMPEX FERRO TECH LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year ended and a summary of the Significant Accounting Policies and other explanatory information.

## **Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the State of affairs (financial position), Profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the Accounting Principles Generally Accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate Internal Financial Controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS Financial Statements based on our audit.

We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Ind AS Financial Statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

## **Basis of Qualified opinion**

We draw your attention to Note no.12 of the Ind AS Financial Statements with regard to non recognition of interest expense amounting to ₹ 3,173.82 lacs on the borrowings of the Company for the year ended 31st March, 2018 which is not in accordance with the requirements of Ind AS 23: Borrowing Costs read with Ind AS 109 : Financial Instruments.

The Company has not provided accrued interest in its books of accounts during the year and reversed interest provided in earlier period pertaining to the period the account was declared NPA by the respective lenders. The unprovided liability in respect of interest on Borrowings amounted to ₹ 6,439.58 lacs. The same have consequential impact on the reported figures of this year as well as earlier periods. Had the aforesaid interest expense been recognised the Finance Cost would have been ₹ 3,773.69 lacs instead of ₹ 599.87 lacs and total comprehensive loss would have been ₹ 10,018.96 lacs instead of ₹ 6,845.14 lacs for the year ended 31st March, 2018. Other Equity and other Current Financial Liabilities as at 31st March, 2018 would have been ₹ 32,983.04 lacs and ₹ 11,992.62 lacs.

## **Qualified Opinion**

In our opinion, and to the best of our information and according to the explanations given to us, *except for the effects of our observation stated above in the Basis of Qualified opinion* the aforesaid Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting Principles Generally Accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2018, and its loss, (financial performance including other comprehensive loss), Cash Flows and the changes in equity for the year ended on that date.



# Independent Auditors' Report

## Emphasis of Matter

1. We draw your attention to Note no. 36 of the Financial Statements which indicate that as at 31st March, 2018, the Accumulated Losses amounting to ₹ 31,923.94 lacs has eroded the entire Net Worth of the Company, indicating the existence of a material uncertainty about the Company's ability to continue as a Going Concern. These Financial Statements have been prepared on a Going Concern basis for the reasons stated in the said note.
2. As referred in Note no. 31 of the Financial Statements, the balance of Sundry Debtors, Advances, Creditors etc. includes balances remaining outstanding for a substantial period. The balances are subject to confirmations and reconciliation. The reported Financials might have consequential impact which remains unascertained.

Our report is not qualified in this matter.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of subsection (11) of the section 143 of the Act, we give in "**Annexure A**", a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report, to the extent applicable that:
  - a. We have sought and, *except for the possible effects of the matters described in the basis of qualified opinion paragraph above*, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, except for the possible effects of the matters described in the basis of qualified opinion paragraph above proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of accounts.
  - d. *Except for the effects of the matters described in the basis of qualified opinion paragraph above*, in our opinion, the aforesaid Ind AS Financial Statements comply with the Indian Accounting Standards specified under section 133 of the Companies Act, 2013; read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. The matters described in the basis for the Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - f. On the basis of written representations received from the directors as on 31st March, 2018, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2018, from being appointed as a Director in terms of section 164(2) of the Act.
  - g. With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**"; and
  - h. In our opinion and to the best of our information and according to the explanation given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
    - i. The Company has disclosed the impact of pending litigations on the financial position in the Ind AS Financial Statements- Refer Note 27 (a) to (c) to its Ind AS Financial Statements.
    - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred by the Company to the Investor Education and Protection Fund.

For **R. Kothari & Company**  
Chartered Accountants  
FRN: 307069E

**CA Manoj Kumar Sethia**  
Partner

Membership Number: 064308

Place: Kolkata  
Date: 29th May, 2018

# Annexure to the Independent Auditors' Report

## "ANNEXURE A"

The Annexure A referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirements' of our report of even date to the Financial Statements of the Company for the year ended 31st March, 2018, we report that:

- (i)
  - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
  - (b) According to the information and explanation given to us, majority portion of the property, plant and equipment of the Company have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) According to the information and explanation given to us, the inventory has been physically verified by the management during the year at reasonable intervals. In our opinion the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the operations of the Company and the same have been properly dealt with in the books of accounts.
- (iii) The Company has not granted any loans, secured or unsecured to Companies, Firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013. Therefore, the reporting under Paragraph 3 (iii) of the said Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) The Company has not accepted any deposits from the public and consequently, the directives issued by Reserve Bank of India and provisions of section 73 to section 76 or any other relevant provisions of the Companies Act 2013 and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of manufacture of Iron & Steel product & Power generation unit pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, and we are of the opinion that prima facie, the records have been maintained. We have however not made a detailed examination of the records with a view to determining whether they are accurate and complete.
- (vii)
  - (a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company has generally delayed in depositing undisputed statutory dues including Goods & Service Tax, Provident Fund, Income Tax, Sales Tax, Service Tax, Duty of Customs, Value Added Tax, Cess and other Statutory dues during the year with appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at 31st March, 2018 for a period of more than six months from the date on when they become payable except the following:

Sl. No.	Nature of Dues	Amount Involved ₹ (Lacs)
1.	Income Tax Deducted at Source	19.45
2.	Service Tax	148.39
3.	CGST Payable	0.79
4.	SGST Payable	0.79
<b>TOTAL</b>		<b>169.42</b>

- (b) According to the information and explanations given to us, there are no dues of Income Tax, Goods & Services Tax, Sales Tax, Value Added Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited with the appropriate authorities on account of any dispute except the following cases:

## Annexure to the Independent Auditors' Report

Name of the Statute	Nature of Dues	Financial Year	₹ in lacs	Forum where Dispute is pending
Central Excise Act, 1994	Excise Duty	2005-06	12.36	Commissioner of Central Excise(Appeals)(III)
		2007-08	15.55	CESTAT, Calcutta Bench
		2013-14	6.05	Excise, Asansol Division
		2013-14	7.96	Excise, Asansol Division
Total			41.92	₹ 12.69 Lacs paid under protest
Central Sales Tax and Local Sales Tax	VAT and CST	2005-06	304.13	WBCT, Appellate and Revisional Board
		2006-07	479.91	WBCT, Appellate and Revisional Board
		2008-09	748.45	WBCT, Appellate and Revisional Board
		2009-10	211.18	Sr. Joint Commissioner of Commercial Taxes
		2014-15	83.63	Sr. Joint Commissioner of Commercial Taxes
		2015-16	38.41	Joint Commissioner of Commercial Taxes
Total			1865.71	
W.B Entry Tax Act	Entry Tax	2012-13 & 2013-14	504.91	Hon'ble High Court of Calcutta
Total			504.91	
Income Tax Act, 1961	Income Tax	2011-12	1606.46	Commisioner of Income Tax (Appeals), Kolkata
		2009-10	4306.41	Commisioner of Income Tax (Appeals), Kolkata
		2013-14	5122.98	Commisioner of Income Tax (Appeals), Kolkata
		2014-15	3134.64	Commisioner of Income Tax (Appeals), Kolkata
Total			14170.49	

There were no other dues of duty which have not been deposited as at 31st March, 2018 on account of dispute.

- (viii) Based upon the audit procedures performed and according to the records of the Company examined by us and the information and explanation given to us, the Company has defaulted in payment of interest and repayment of principal on borrowings to banks as follows:

(₹ in lacs)

Name of Bank	Funded Interest Term Loan	Restructured Term Loan	Working Capital Term Loan	TOTAL	Period of Default
State Bank of India	366.51	142.29	1,316.32	1,825.12	February, 2016 to March, 2018
Bank of Baroda	89.68	22.95	347.32	459.95	February, 2016 to March, 2018
Punjab National Bank	70.87	47.52	210.71	329.10	January, 2016 to March, 2018
United Bank of India	105.26	-	467.40	572.66	April, 2016 to March, 2018
<b>Grand Total</b>	<b>632.32</b>	<b>212.76</b>	<b>2,341.75</b>	<b>3,186.83</b>	

Name of Bank	Funded Interest Term Loan	Restructured Term Loan	Working Capital Term Loan	Cash Credit	Period of Default
State Bank of India	404.72	392.90	1,628.54	1,552.78	February, 2016 to March, 2018
Bank of Baroda	63.93	68.54	466.62	385.79	February, 2016 to March, 2018
Punjab National Bank	64.95	148.21	295.38	271.44	January, 2016 to March, 2018
United Bank of India	143.55	-	535.07	218.33	April, 2016 to March, 2018
<b>Grand Total</b>	<b>677.15</b>	<b>609.65</b>	<b>2,925.61</b>	<b>2,428.35</b>	

The Company does not have any loans and borrowings from Government and has not issued any debentures.

- (ix) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not raised moneys by way of initial public issue/ follow-on offer (including debt instruments) and term loans.

## Annexure to the Independent Auditors' Report

- (x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, the reporting under Paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Ind AS Financial Statements as required by the applicable Accounting Standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares of fully or partly convertible debentures and hence reporting under paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, the reporting under Paragraph 3 (xv) of the Order is not applicable to the Company and hence not commented upon.
- (xvi) In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

For **R. Kothari & Company**  
Chartered Accountants  
FRN: 307069E

**CA Manoj Kumar Sethia**  
Partner  
Membership Number: 064308

Place: Kolkata  
Date: 29th May, 2018

# Annexure to the Independent Auditors' Report

## **"ANNEXURE B"**

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

We have audited the Internal Financial Controls over financial reporting of **IMPEX FERRO TECH LIMITED** ("the Company") as of 31st March, 2018 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining Internal Financial Controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on Audit of Internal Financial Controls over financial reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate Internal Financial Controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's Internal Financial Controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of Internal Financial Controls over financial reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing issued by ICAI and prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls system over financial reporting and their operating effectiveness. Our audit of Internal Financial Controls over financial reporting included obtaining an understanding of Internal Financial Controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A Company's Internal Financial Control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS Financial Statements for external purposes in accordance with Generally Accepted Accounting Principles. A Company's Internal Financial Control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS Financial Statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of Internal Financial Controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the Internal Financial Controls over financial reporting to future periods are subject to the risk that the Internal Financial Control over Financial Reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has in all material respects, an adequate Internal Financial Controls System over financial reporting and such Internal Financial Controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **R. Kothari & Company**  
Chartered Accountants  
FRN: 307069E

**CA Manoj Kumar Sethia**  
Partner

Place: Kolkata  
Date: 29th May, 2018

Membership Number: 064308

# Balance Sheet as at 31st March, 2018

(₹ in Lacs)

PARTICULARS	NOTES	31st March, 2018	31st March, 2017	1st April, 2016
<b>I ASSETS</b>				
<b>(1) NON-CURRENT ASSETS</b>				
(a) Property, Plant & Equipment	4	16,982.85	17,361.66	17,909.53
(b) Intangible Assets	4	1.34	2.59	3.41
(c) Financial Assets				
(i) Other Financial Assets	5A	35.50	30.75	30.05
(d) Other Non-Current Assets	5B	10.39	-	139.23
<b>Total Non-Current Assets</b>		<b>17,030.08</b>	<b>17,395.00</b>	<b>18,082.22</b>
<b>(2) CURRENT ASSETS</b>				
(a) Inventories	6	3,855.30	6,345.27	8,246.51
(b) Financial Assets				
(i) Trade Receivables	7	515.18	9,282.41	20,184.37
(ii) Cash And Cash Equivalents	8A	90.42	126.18	53.54
(iii) Other Bank Balances	8B	-	327.58	527.13
(iv) Other Financial Assets	9A	30.70	144.09	334.49
(c) Current Tax Assets (Net)	9B	267.95	266.71	266.28
(d) Other Current Assets	10	740.84	2,229.04	3,299.30
<b>Total Current Assets</b>		<b>5,500.39</b>	<b>18,721.28</b>	<b>32,911.62</b>
<b>Total Assets</b>		<b>22,530.47</b>	<b>36,116.28</b>	<b>50,993.84</b>
<b>II EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity Share Capital	11	8,793.16	8,793.16	8,793.16
<b>Other Equity</b>				
Reserves & Surplus		(26,543.47)	(19,698.33)	(10,919.07)
<b>Total Equity</b>		<b>(17,750.31)</b>	<b>(10,905.17)</b>	<b>(2,125.91)</b>
<b>LIABILITIES</b>				
<b>(1) NON-CURRENT LIABILITIES</b>				
(a) Financial Liabilities				
(i) Borrowings	12	12,565.98	15,434.15	22,651.25
(b) Deferred Government Grant	13	140.26	150.29	160.18
(c) Deferred Tax Liabilities/(Assets)	14	-	-	-
<b>Total Non-Current Liabilities</b>		<b>12,706.24</b>	<b>15,584.44</b>	<b>22,811.43</b>
<b>(2) CURRENT LIABILITIES</b>				
(a) Financial Liabilities				
(i) Borrowings	15	13,597.78	13,657.28	12,015.47
(ii) Trade Payables	16	7,497.76	12,645.53	13,491.45
(iii) Other Financial Liabilities	17A	5,553.04	3,286.79	1,645.56
(b) Other Current Liabilities	17B	670.88	1,664.83	3,056.85
(c) Provisions	18	255.07	182.58	98.98
<b>Total Current Liabilities</b>		<b>27,574.53</b>	<b>31,437.01</b>	<b>30,308.31</b>
<b>Total Equity &amp; Liabilities</b>		<b>22,530.47</b>	<b>36,116.28</b>	<b>50,993.84</b>
<b>Summary of Significant Accounting Policies</b>	3			

Accompanying notes are an integral part of the Financial Statements

As per our report of even date

For and on behalf of the Board

For **R. Kothari & Company**

Chartered Accountants

FRN: 307069E

**CA Manoj Kumar Sethia**

Partner

Membership No: 064308

Kolkata, 29th day of May, 2018

**Suresh Kumar Patni**

Managing Director

**Ankit Patni**

Director

**Richa Agarwal**

Company Secretary

**S. K. Gupta**

Chief Financial Officer

# Statement of Profit and Loss for the year ended 31st March, 2018

(₹ in Lacs)

S.N.	PARTICULARS	NOTES	31st March, 2018	31st March, 2017
I	<b>INCOME</b>			
	Revenue from Operations (Gross)	19	13,341.41	13,456.89
II	Other Income	20	78.64	298.68
III	<b>Total Income (I+II)</b>		<b>13,420.05</b>	<b>13,755.57</b>
IV	<b>EXPENSES</b>			
	Cost of Materials Consumed	21	10,002.86	8,220.32
	Changes in Inventories of Finished Goods and Work in Progress	22	586.59	2,669.40
	Excise Duty		417.83	1,325.41
	Employee Benefits Expense	23	602.95	509.29
	Finance Costs	24	599.87	52.40
	Depreciation and Amortisation Expense	4	711.93	730.87
	Other Expenses	25	7,332.16	9,012.14
	<b>Total Expenses (IV)</b>		<b>20,254.19</b>	<b>22,519.83</b>
V	<b>Profit/(Loss) before Tax (III-IV)</b>		<b>(6,834.14)</b>	<b>(8,764.26)</b>
VI	<b>Tax Expenses</b>			
	Current Tax		-	-
	MAT Credit entitlement		-	-
	Earlier Years Tax		-	-
	Deferred Tax		-	-
VII	<b>Profit/(Loss) for the Year (V-VI)</b>		<b>(6,834.14)</b>	<b>(8,764.26)</b>
VIII	<b>Other Comprehensive Income</b>			
A.	(i) Items that will not be reclassified to profit or loss			
	Remeasurement gains/(losses) to defined benefit plans		(11.00)	(15.00)
	(ii) Income taxes on items that will not be reclassified to profit or loss			
B.	(i) Items that will be reclassified to profit or loss		-	-
	(ii) Income taxes on items that will be reclassified to profit or loss			
	<b>Total Other Comprehensive Income (Net of Taxes)</b>		<b>(11.00)</b>	<b>(15.00)</b>
IX	<b>Total Comprehensive Income/(Loss) for the year (VII+VIII)</b>		<b>(6,845.14)</b>	<b>(8,779.26)</b>
	<b>Earning Per Equity Share (Nominal Value of Share - ₹ 10/-)</b>			
X	Basic & Diluted	35	(7.77)	(9.98)
	<b>Summary of Significant accounting policies</b>	3		

Accompanying notes are an integral part of the Financial Statements

As per our report of even date

For **R. Kothari & Company**

Chartered Accountants

FRN: 307069E

**CA Manoj Kumar Sethia**

Partner

Membership No: 064308

Kolkata, 29th day of May, 2018

For and on behalf of the Board

**Suresh Kumar Patni**

Managing Director

**Ankit Patni**

Director

**Richa Agarwal**

Company Secretary

**S. K. Gupta**

Chief Financial Officer

# Cash Flow Statement for the year ended 31st March, 2018

(₹ in Lacs)

	31st March, 2018	31st March, 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax & Extra-Ordinary Items	(6,834.14)	(8,764.26)
Adjustments for :		
Depreciation	711.93	730.87
Finance costs	599.87	52.40
Interest Received	(14.71)	(21.95)
Amortisation of Government Grant	(10.02)	(10.02)
Provision/(Reversal) for supplement payment on retirement	(11.00)	(15.00)
Foreign Exchange Fluctuation Loss/(Gain)	(38.44)	(19.13)
	<b>1,237.63</b>	<b>717.17</b>
Operating Profit before Working Capital Changes	(5,596.51)	(8,047.10)
Adjustments for :		
(Increase)/Decrease in Inventories	2,489.98	1,901.24
(Increase)/Decrease in Trade Receivables	8,767.23	10,901.96
(Increase)/Decrease in Other Financial Assets	98.24	328.93
(Increase)/Decrease in Other Assets	1,488.19	1,070.27
Increase/(Decrease) in Trade Payables	(5,075.30)	(762.32)
Increase/(Decrease) in Other Liabilities	(993.95)	(1,392.02)
	<b>6,774.39</b>	<b>12,048.05</b>
Cash generated from operations	<b>1,177.88</b>	<b>4,000.95</b>
Direct Tax Paid	(1.23)	(0.41)
Foreign Exchange Fluctuation Loss/(Gain)	38.44	19.13
Net Cash from Operating Activities	<b>1,215.09</b>	<b>4,019.65</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(331.88)	(182.06)
Interest Income	14.71	21.95
Maturity Proceeds of Fixed Deposits	327.58	199.56
Net Cash used in Investing Activities	<b>10.41</b>	<b>39.45</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Shares	-	-
Increase/(Decrease) in Short Term Borrowings	(577.65)	(3,811.46)
Proceeds from Non Current Borrowings	-	100.16
Repayment of Non Current Borrowings	-	-
Finance Costs	(683.60)	(275.17)
Net Cash from Financing Activities	<b>(1,261.28)</b>	<b>(3,986.47)</b>
Net Increase/(Decrease) in Cash & Cash Equivalents	(35.76)	72.64
Cash & Cash Equivalents at the beginning of the year	126.18	53.54
(Refer Note No.8 to the Accounts)		
Cash & Cash Equivalents at the end of the year	<b>90.42</b>	<b>126.18</b>
(Refer Note No. 8 to the Accounts)		

## Notes :

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard 7 (Ind AS-7), "Statement of Cash Flows"
- Cash comprises cash in hand, Current Accounts and deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

As per our report of even date

For and on behalf of the Board

For **R. Kothari & Company**

Chartered Accountants

FRN: 307069E

**CA Manoj Kumar Sethia**

Partner

Membership No: 064308

Kolkata, 29th day of May, 2018

**Suresh Kumar Patni**

Managing Director

**Ankit Patni**

Director

**Richa Agarwal**

Company Secretary

**S. K. Gupta**

Chief Financial Officer



# Statement of changes in Equity for the year ended 31st March, 2018

## A. EQUITY SHARE CAPITAL

(₹ in Lacs)

Particulars	Numbers	Amount
Balance as at 1st April, 2016	879.32	8,793.16
Changes in equity share capital during 2016-17	-	-
<b>Balance as at 31st March, 2017</b>	879.32	8,793.16
Changes in equity share capital during 2017-18	-	-
<b>Balance as at 31st March, 2018</b>	<b>879.32</b>	<b>8,793.16</b>

## B. OTHER EQUITY

For the year ended 31st March, 2018

Attributable to the owners of the Company

Particulars	Reserve and Surplus				Remeasurement of defined benefit liability	Total
	Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings		
<b>Balance as at 1st April, 2017</b>	133.80	5,246.67	-	(25,063.80)	(15.00)	(19,698.33)
Profit /(Loss) for the year	-	-	-	(6,834.14)	-	(6,834.14)
Other Comprehensive Income	-	-	-	-	(11.00)	(11.00)
<b>Total Comprehensive Income</b>	<b>133.80</b>	<b>5,246.67</b>	<b>-</b>	<b>(31,897.94)</b>	<b>(26.00)</b>	<b>(26,543.47)</b>
Depreciation charge	-	-	-	-	-	-
<b>Balance as at 31st March, 2018</b>	<b>133.80</b>	<b>5,246.67</b>	<b>-</b>	<b>(31,897.94)</b>	<b>(26.00)</b>	<b>(26,543.47)</b>

For the year ended 31st March, 2017

Attributable to the owners of the Company

Particulars	Reserve and Surplus				Remeasurement of defined benefit liability	Total
	Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings		
<b>Balance as at 1st April, 2016</b>	133.80	5,246.67	-	(16,299.54)	-	(10,919.07)
Profit/(Loss) for the year	-	-	-	(8,764.26)	-	(8,764.26)
Other Comprehensive Income/(Loss)	-	-	-	-	(15.00)	(15.00)
<b>Total Comprehensive Income</b>	<b>133.80</b>	<b>5,246.67</b>	<b>-</b>	<b>(25,063.80)</b>	<b>(15.00)</b>	<b>(19,698.33)</b>
Depreciation charge	-	-	-	-	-	-
<b>Balance as at 31st March, 2017</b>	<b>133.80</b>	<b>5,246.67</b>	<b>-</b>	<b>(25,063.80)</b>	<b>(15.00)</b>	<b>(19,698.33)</b>

Significant Accounting Policies: Note no. 3

The accompanying notes form an integral part of these Financial Statements

As per our report of even date

For and on behalf of the Board

For **R. Kothari & Company**

Chartered Accountants

FRN: 307069E

**CA Manoj Kumar Sethia**

Partner

Membership No: 064308

Kolkata, 29th day of May, 2018

**Suresh Kumar Patni**

Managing Director

**Ankit Patni**

Director

**Richa Agarwal**

Company Secretary

**S. K. Gupta**

Chief Financial Officer

# Notes to and forming part of the Financial Statements as at 31st March, 2018

## NOTE 1 COMPANY OVERVIEW

Impex Ferro Tech Ltd, "the Company" is domiciled in India and was incorporated in June, 1995 under the provisions of the Companies Act, 1956. The Company has its registered office situated in Kolkata and manufacturing facility at Kalyaneshwari, Burdwan, West Bengal. The Company is primarily engaged in manufacture of Ferro Alloys (ferro-manganese/silico manganese), trading in iron & steel products. As a part of backward integration, the Company has 30 MW Power Plant.

## NOTE 2 BASIS OF PREPARATION

### a) Statement of Compliance

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

The Company has adopted all the Ind AS standards and adoptions was carried out in accordance with Ind AS 101- First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP) which was the previous GAAP. Reconciliations and descriptions of the effect of transition has been summarised in Note 41.

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

### b) Functional and presentation currency

The Financial Statements are presented in Indian Rupees (₹) which is Company's presentation currency. The functional currency of the Company is also Indian Rupees (₹).

### c) Basis of measurement

The Financial Statements have been prepared on historical cost convention on the accrual basis, except for the following item:

- (i) Employee's defined benefit plan as per actuarial valuation.

### d) Use of judgments and estimates

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

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

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

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

The Company reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. During the current Financial Year, the management determined that there were no changes to the useful lives and residual values of the property, plant and equipment.

##### (ii) Allowances for doubtful debts

The Company makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

##### (iii) Allowances for inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the Financial Statements for any obsolete and slow-moving items.

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

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

# Notes to and forming part of the Financial Statements as at 31st March, 2018

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

### (v) Defined benefit plans:

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

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

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

### e) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments.

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

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

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

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

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

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

### f) Standard issued but not yet effective

Ind AS 115 - Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1st April, 2018. Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and the related Interpretations when it becomes effective.

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The amendments apply prospectively for annual periods beginning on or after 1st April, 2018. The Company is still in the process of evaluating the impact of the above standard on the financial statements.

## NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

### a) Operating Cycle

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

### b) Financial instruments

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

# Notes to and forming part of the Financial Statements as at 31st March, 2018

NOTE	3	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
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## i. Financial Assets

### Initial recognition and measurement

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

### Subsequent measurement

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

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

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

### Financial assets at amortised cost

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

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

### Financial assets at FVTOCI

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

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

### Financial assets at FVTPL

A financial asset which is not classified in any of the above categories are measured at FVTPL. Financial assets included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit & Loss.

### Derecognition

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

## ii. Financial liability

### Initial recognition and measurement

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

### Subsequent measurement

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

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

### Financial liabilities through FVTPL

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

# Notes to and forming part of the Financial Statements as at 31st March, 2018

## NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Financial liabilities at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

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

### Derivative financial instruments and Hedge Accounting

The Company uses various derivative financial instruments to mitigate the risk of changes in interest rates, exchange rates and commodity prices. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are also subsequently measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss, except for the effective portion of cash flow hedges which is recognised in Other Comprehensive Income and later to Statement of Profit and Loss when the hedged item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial assets or non-financial liability.

### Derecognition

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

An exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

### iii. Offsetting of financial instruments

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

## c) Property, plant and equipment

### i. Recognition and measurement

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

Property, plant & equipment is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Cost of the tangible assets not ready for their intended use at the Balance Sheet date together with all related expenses are shown as Capital Work-in-Progress.

### ii. Transition to Ind AS

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

# Notes to and forming part of the Financial Statements as at 31st March, 2018

## NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### iii. Subsequent expenditure

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

### iv. Depreciation and amortisation

Depreciation and amortisation for the year is recognised in the Statement of Profit and Loss. Depreciation on fixed assets are provided on straight line method over the useful lives of assets, at the rates and in the manner specified in Part C of Schedule II of the Act. The rates of depreciation as prescribed in Part C of Schedule II of the Act are considered as the minimum rates. Freehold land is not depreciated. Leasehold land (includes development cost) is amortised on a straight line basis over the period of respective lease, except land acquired on perpetual lease. Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted as appropriate.

### d) Inventories

Inventories are valued at lower of cost and net realisable value. Cost of inventories comprises material cost on FIFO basis, labour and manufacturing overheads incurred in bringing the Inventories to their present location and condition. Cost of finished goods includes excise duty till 30/06/2017. The cost of Work-In-Progress and finished goods includes the cost of labour, material and a proportion of manufacturing overheads.

### e) Impairment

#### i. Impairment of financial instruments: financial assets

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

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

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

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

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

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

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

### f) Foreign Currency Transactions

#### (a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### (b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

#### (c) Exchange Differences

Exchange differences arising on the settlement of monetary items are recognised as income or as expense in the year in which they arise.

# Notes to and forming part of the Financial Statements as at 31st March, 2018

## NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (d) Forward Exchange Contracts

Forward Exchange Contracts outstanding as at the year end on account of firm commitment transactions are translated at period end exchange rates and the resultant gains and losses as well as the gains and losses on cancellation of such contracts are recognised in the Statement of Profit and Loss.

### g) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

### h) Employee Benefits

#### i. Short-term employee benefits

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

#### ii. Defined contribution plans

Contributions as per the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 towards provident fund and family pension fund are charged to the Statement of Profit and Loss for the year when the contributions to the respective funds are due. There is no other obligation other than the contribution payable to the respective funds.

#### iii. Defined benefit plans

The Company has an Employees Gratuity Fund managed by the Life Insurance Corporation of India. The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services. Re-measurement of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income. Short-Term Compensated Absences are provided for based on estimates.

### i) Provisions (other than for employee benefits)

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

### j) Revenue Recognition

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

Sales are net of trade discounts. Domestic sales are recognised at the time of dispatch of materials to the buyer. Export sales are recognised on the issue of bill of lading.

Export Incentives arising out of Export Sales are accounted for an and when the receipt of such incentive is crystallised.

Purchases are inclusive of freight and net of Input Tax Credit, Trade Discount and Claims.

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

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

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

### l) Leases

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. The minimum lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Statement of Profit and Loss. Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e.

# Notes to and forming part of the Financial Statements as at 31st March, 2018

## NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

operating leases) are not recognised in the Company's Balance Sheet. Payments made under operating leases are recognized in the Statement of Profit or Loss on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with general inflation.

### m) Income tax

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

#### i. Current tax

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

#### ii. Deferred tax

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

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

### n) Research and Development Expenses

Revenue expenditure on Research and Development is charged as an expense through the normal heads of account in the year in which the same is incurred. Capital expenditure incurred on equipment and facilities that are acquired for research and development activities is capitalised and is depreciated according to the policies followed by the Company.

### o) Borrowing costs

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

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

### p) Earnings per Share

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

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

### q) Expenditure on new projects & substantial expansion

Preliminary project expenditure, capital expenditure, indirect expenditure incidental and related to construction/ implementation, interest on term loans to finance fixed assets and expenditure on start-up of the project are capitalised upto the date of commissioning of project to the cost of the respective assets.



# Notes to and forming part of the Financial Statements as at 31st March, 2018

## NOTE 4 PROPERTY, PLANT & EQUIPMENT

(₹ in Lacs)

Particulars	Tangible Assets									Intangible Assets
	Freehold land	Leasehold land	Building	Plant & Machinery	Furniture & Fixtures	Vehicles	Office Equipments	Others	Total	ERP Software
Gross carrying amount										
As at 1st April, 2016	154.41	30.21	2,940.60	14,764.54	10.36	1.38	2.58	5.47	17,909.53	3.41
Additions	-	-	150.06	24.40	0.06	-	0.53	7.13	182.18	-
Disposals	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2017	154.41	30.21	3,090.66	14,788.94	10.42	1.38	3.11	12.60	18,091.72	3.41
Additions	-	-	21.86	295.00	-	-	11.60	3.42	331.88	-
Disposals/Adjustments	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2018	154.41	30.21	3,112.52	15,083.94	10.42	1.38	14.71	16.02	18,423.60	3.41
Accumulated depreciation										
As at 1st April, 2016	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	124.79	600.09	0.81	1.15	1.89	1.32	730.05	0.82
Deductions / Adjustments	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2017	-	-	124.79	600.09	0.81	1.15	1.89	1.32	730.05	0.82
Depreciation for the year	-	0.60	125.23	580.29	0.75	-	1.76	2.05	710.68	1.25
Deductions / Adjustments	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2018	-	0.60	250.02	1,180.38	1.56	1.15	3.65	3.37	1,440.73	2.07
Net carrying amount										
As at 1st April, 2016	154.41	30.21	2,940.60	14,764.54	10.36	1.38	2.58	5.47	17,909.53	3.41
As at 31st March, 2017	154.41	30.21	2,965.88	14,188.85	9.61	0.23	1.22	11.28	17,361.66	2.59
As at 31st March, 2018	154.41	29.61	2,862.51	13,903.56	8.86	0.23	11.06	12.65	16,982.85	1.34

	31st March, 2018	31st March, 2017	1st April, 2016
<b>NOTE 5A OTHER FINANCIAL ASSETS</b>			
Security Deposits	35.50	30.75	30.05
	<b>35.50</b>	<b>30.75</b>	<b>30.05</b>

	31st March, 2018	31st March, 2017	1st April, 2016
<b>NOTE 5B OTHER NON CURRENT ASSETS</b>			
(Unsecured, Considered good)			
Capital Advances	10.39	-	139.23
	<b>10.39</b>	<b>-</b>	<b>139.23</b>

	31st March, 2018	31st March, 2017	1st April, 2016
<b>NOTE 6 INVENTORIES</b>			
(As taken, valued and certified by the management)			
Raw Materials [includes in transit ₹ 570.35 Lacs (31.03.2017 : ₹ 432.62 Lacs and 01.04.2016 : ₹ 550.71 Lacs)]	3,334.90	5,320.31	4,566.64
Work In Progress	106.29	463.69	3,405.73
Finished Goods	121.48	350.67	62.86
Stores & Spares	285.95	209.90	208.29
Packing Material	6.68	0.70	2.99
	<b>3,855.30</b>	<b>6,345.27</b>	<b>8,246.51</b>

Notes: a) For details of Inventory pledged as security against secured borrowings refer note no. 12 (IV).

# Notes to and forming part of the Financial Statements as at 31st March, 2018

(₹ in Lacs)

	31st March, 2018	31st March, 2017	1st April, 2016
<b>NOTE 7 TRADE RECEIVABLES</b>			
<b>(Unsecured)</b>			
Outstanding for a period exceeding six months from the date they became due for payment:			
Considered Good	116.38	8,895.20	11,314.48
Considered Doubtful	97.50	1,860.15	-
	<b>213.88</b>	<b>10,755.35</b>	<b>11,314.48</b>
Other Debts			
Considered Good	398.80	387.21	8,869.89
<b>Total</b>	<b>612.68</b>	<b>11,142.56</b>	<b>20,184.37</b>
Less: Allowance for expected credit loss	(97.50)	(1,860.15)	-
	<b>515.18</b>	<b>9,282.41</b>	<b>20,184.37</b>

## Notes:

- The Trade Receivable includes ₹ NIL Lacs (31.03.2017 ₹ 975.05 Lacs and 01.04.2016 ₹ 1,428.17 Lacs) due to Related Party (Refer Note No. 34)
- For details of Book debts pledged as security against secured borrowings refer note no. 12 (IV).
- The Company's exposure to credit risk and loss allowance to trade receivables is disclosed in note 39.3

	31st March, 2018	31st March, 2017	1st April, 2016
<b>NOTE 8A CASH AND CASH EQUIVALENTS</b>			
(A) Cash in Hand (as Certified)	2.49	6.51	30.58
(B) Balance With Banks			
In Current Accounts	87.93	119.67	22.96
Cash and cash equivalents in the statement of cash flows	<b>90.42</b>	<b>126.18</b>	<b>53.54</b>

	31st March, 2018	31st March, 2017	1st April, 2016
<b>NOTE 8B OTHER BANK BALANCES</b>			
- Term Deposits with Banks with original maturity more than 3 months but less than or equal to 12 months from the reporting date	-	327.58	527.13
	<b>-</b>	<b>327.58</b>	<b>527.13</b>

## Notes :

Term Deposits amounting to NIL (31.03.2017 ₹ NIL Lacs and 01.04.2016 ₹ 527.31 Lacs) have been pledged as margin money against Letter of Credit and Bank guarantee facilities.

	31st March, 2018	31st March, 2017	1st April, 2016
<b>NOTE 9A OTHER FINANCIAL ASSETS</b>			
(Unsecured, Considered good, unless otherwise stated)			
Interest/charges Refundable from banks	-	83.74	83.74
Incentives Receivable	30.70	60.35	250.75
	<b>30.70</b>	<b>144.09</b>	<b>334.49</b>

# Notes to and forming part of the Financial Statements as at 31st March, 2018

(₹ in Lacs)

	31st March, 2018	31st March, 2017	1st April, 2016
<b>NOTE 9B CURRENT TAX ASSET (NET)</b>			
Income Tax Payments	74.65	73.41	72.98
MAT Credit Entitlement	193.30	193.30	193.30
	<b>267.95</b>	<b>266.71</b>	<b>266.28</b>

	31st March, 2018	31st March, 2017	1st April, 2016
<b>NOTE 10 OTHER CURRENT ASSETS</b>			
(Unsecured, Considered good, unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received			
Considered Good	435.57	1,417.47	2,195.51
Considered Doubtful	-	318.52	-
Less: Provision for doubtful Debts	-	(318.52)	-
	<b>435.57</b>	<b>1,417.47</b>	<b>2,195.51</b>
Balance with Central Excise & CENVAT Receivable	201.67	406.64	823.96
VAT Credit Receivable / Refundable	98.52	120.93	128.56
Other Current Assets	5.08	284.00	151.27
	<b>740.84</b>	<b>2,229.04</b>	<b>3,299.30</b>

	31st March, 2018	31st March, 2017	1st April, 2016
<b>NOTE 11 EQUITY SHARE CAPITAL</b>			
<b>Authorised:</b>			
950.00 Lacs (31.03.2017 : 950.00 Lacs and 01.04.2016 : 950 Lacs) Equity Shares of ₹ 10/- each	9,500.00	9,500.00	9,500.00
<b>Issued, Subscribed and Paid-up capital:</b>			128.56
879.32 Lacs (31.03.2017 : 879.32 Lacs and 01.04.2016 : 879.32 Lacs) Equity Shares of ₹ 10/- each fully paid up.	8,793.16	8,793.16	8,793.16

## (a) Reconciliation of shares outstanding at the beginning and at the end of the year

Equity Shares	31st March, 2018		31st March, 2017		1st April, 2016	
	No. in Lacs	Amt (₹ in Lacs)	No. in Lacs	Amt (₹ in Lacs)	No. in Lacs	Amt (₹ in Lacs)
At the beginning of the year	879.32	8,793.16	879.32	8,793.16	879.32	8,793.16
Issued during the year	-	-	-	-	-	-
<b>At the end of the year</b>	<b>879.32</b>	<b>8,793.16</b>	<b>879.32</b>	<b>8,793.16</b>	<b>879.32</b>	<b>8,793.16</b>

## (b) Terms/Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. Each holder of equity shares is entitled to one vote per share. The equity shares are entitled to receive dividend as declared from time to time. Company declares and pays dividends in Indian Rupees. The dividend, if any proposed by the Board of Directors is subject to the approval of the share holders in the ensuing Annual General Meeting. However, no dividend has been proposed by the Board for the current year.

Failure to pay any amount called up on shares lead to forfeiture of shares. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amount in proportion to the number of equity shares held.

# Notes to and forming part of the Financial Statements as at 31st March, 2018

(₹ in Lacs)

## (c) Details of shareholders holding more than 5% shares in the Company

Name of the Shareholder	31st March, 2018		31st March, 2017		1st April, 2016	
	No. of Shares	% holding	No. of Shares	% holding	No. of Shares	% holding
Suanvi Trading & Investment Co. Pvt. Ltd	1,50,73,046	17.14	1,50,73,046	17.14	1,50,73,046	17.14
Vasupujya Enterprises Pvt. Ltd.	1,06,00,000	12.05	1,06,00,000	12.05	1,06,00,000	12.05
Poddar Mech-Tech Services Pvt.Ltd	1,06,33,750	12.09	1,06,33,750	12.09	1,06,33,750	12.09
Invesco Finance Pvt. Ltd.	1,08,71,250	12.36	1,08,71,250	12.36	1,08,71,250	12.36
Astabhuja Properties Private Limited	63,35,000	7.20	63,35,000	7.20	63,35,000	7.20

## OTHER EQUITY

Below are the other components of other equity:

Components	Note No.	1st April, 2017	Movement during the year	31st March, 2018	1st April, 2016	Movement during the year	31st March, 2017
Capital Reserve	a	133.80	-	133.80	133.80	-	133.80
Securities Premium Account	b	5,246.67	-	5,246.67	5,246.67	-	5,246.67
Retained Earnings	c	(25,063.80)	(6,834.14)	(31,897.94)	(16,299.54)	(8,764.26)	(25,063.80)
Other Comprehensive Income		(15.00)	(11.00)	(26.00)	-	(15.00)	(15.00)
		<b>(19,698.33)</b>	<b>(6,845.14)</b>	<b>(26,543.47)</b>	<b>(10,919.07)</b>	<b>(8,779.26)</b>	<b>(19,698.33)</b>

(a) Capital reserve: Capital reserves consists of Deposits forfeited against share warrants.

(b) Securities Premium Account: Securities premium account represents the premium received on issue of shares over and above the face value of equity shares. The account is available for utilisation in accordance with the provisions of the Companies Act, 2013.

(c) Retained earnings: It comprise of accumulated profit/ (loss) of the Company. The movement is on account of following:  
{31st March, 2018 - (₹ 6,834.14) lacs 31 March 2017: ₹ (8,764.26 lacs)} was on account of profit/ (loss) incurred by the Company.

		31st March, 2018		31st March, 2017		1st April, 2016	
<b>NOTE 12 LONG-TERM BORROWINGS</b>		<b>31st March, 2018</b>	<b>31st March, 2017</b>	<b>31st March, 2018</b>	<b>31st March, 2017</b>	<b>31st March, 2018</b>	<b>31st March, 2017</b>
<b>Secured Loans</b>							
<b>Loan from Banks</b>							
Restructured Term Loans		1,857.90	2,093.90	2,235.90	449.00	213.00	71.00
Funded Interest Term Loans		1,722.89	2,172.89	2,438.72	1,082.00	632.00	266.00
Working Capital Term Loans		8,318.99	9,982.99	11,338.99	4,006.00	2,342.00	986.00
<b>Loans from Related Party (Refer Note No. 34)</b>							
From Bodies Corporate (Unsecured)		218.00	218.00	218.00	-	-	-
From Directors & Promoters (Unsecured)		417.00	417.00	417.00	-	-	-
<b>Other Loans &amp; Advances</b>							
From Bodies Corporate (Unsecured)		31.20	549.37	6,002.64	-	-	-
		<b>12,565.98</b>	<b>15,434.15</b>	<b>22,651.25</b>	<b>5,537.00</b>	<b>3,187.00</b>	<b>1,323.00</b>
The above amount includes							
Secured Borrowings		11,899.78	14,249.78	16,013.61	5,537.00	3,187.00	1,323.00
Unsecured Borrowings		666.20	1,184.37	6,637.64	-	-	-
Amount disclosed under the head - "Other Financial Current Liabilities" (Refer Note No. 17A)		-	-	-	(5,537.00)	(3,187.00)	(1,323.00)
		<b>12,565.98</b>	<b>15,434.15</b>	<b>22,651.25</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Notes to and forming part of the Financial Statements as at 31st March, 2018

## (A) Details of Security

### Terms of Repayment

#### (I) Term Loans

(₹ in lacs)

Terms of Repayment	Nature of Securities	Interest Rate (p.a.)	Loan Amount as at
			31st March, 2018
<b><u>Restructured Term Loans</u></b> In equal quarterly installments of respective years as follows starting from July, 2016. ₹ 0.71 Crores in 2016-17, ₹ 1.42 Crores in 2017-18, ₹ 2.36 Crores in 2018-19, ₹ 2.84 Crores in 2019-20, ₹ 3.07 Crores in 2020-21, ₹ 3.31 Crores in 2021-22, ₹ 4.26 Crores in 2022-23, ₹ 5.67 Crores in 2023-24.	See note below	11.05 % (Linked to MI Base Rate) (subject to be reset after completion of 2 years)	2,306.90
<b><u>Funded Interest Term Loans</u></b> In equal quarterly installments of respective years as follows starting from July, 2016. ₹ 2.66 Crores in 2016-17, ₹ 3.66 Crores in 2017-18, ₹ 4.49 Crores in 2018-19, ₹ 5.32 Crores in 2019-20, ₹ 5.66 Crores in 2020-21, ₹ 5.49 Crores in 2021-22, ₹ 4.99 Crores in 2022-23, ₹ 1.00 Crores in 2023-24.	- Do -	10.55% (Linked to MI Base Rate) (subject to be reset after completion of 2 years)	2,804.89
<b><u>Working Capital Term Loans-I</u></b> In equal quarterly installments of respective years as follows starting from July, 2016. ₹ 4.80 Crores in 2016-17, ₹ 6.59 Crores in 2017-18, ₹ 8.09 Crores in 2018-19, ₹ 9.59 Crores in 2019-20, ₹ 10.19 Crores in 2020-21, ₹ 9.89 Crores in 2021-22, ₹ 8.99 Crores in 2022-23, ₹ 1.80 Crores in 2023-24.	- Do -	10.55% (Linked to MI Base Rate) (subject to be reset after completion of 2 years)	10,987.00
<b><u>Working Capital Term Loans-II</u></b> In equal quarterly installments of respective years as follows starting from July, 2016. ₹ 5.06 Crores in 2016-17, ₹ 6.96 Crores in 2017-18, ₹ 8.55 Crores in 2018-19, ₹ 10.13 Crores in 2019-20, ₹ 10.76 Crores in 2020-21, ₹ 10.44 Crores in 2021-22, ₹ 9.50 Crores in 2022-23, ₹ 1.90 Crores in 2023-24.	- Do -	10.55% (Linked to MI Base Rate) (subject to be reset after completion of 2 years)	1,338.00
<b><u>Unsecured Loans from Bodies Corporates</u></b> a) Repayable after 30th June 2023	N.A.	Interest Free	218.00
b) Others	N.A.	12%-13%	31.20

Terms of Repayment	Nature of Securities	Interest Rate (p.a.)	Loan Amount as at
			31st March, 2017
<b><u>Restructured Term Loans</u></b> In equal quarterly installments of respective years as follows starting from July, 2016. ₹ 0.71 Crores in 2016-17, ₹ 1.42 Crores in 2017-18, ₹ 2.36 Crores in 2018-19, ₹ 2.84 Crores in 2019-20, ₹ 3.07 Crores in 2020-21, ₹ 3.31 Crores in 2021-22, ₹ 4.26 Crores in 2022-23, ₹ 5.67 Crores in 2023-24.	See note below	11.05 % (Linked to MI Base Rate) (subject to be reset after completion of 2 years)	2,306.90
<b><u>Funded Interest Term Loans</u></b> In equal quarterly installments of respective years as follows starting from July, 2016. ₹ 2.66 Crores in 2016-17, ₹ 3.66 Crores in 2017-18, ₹ 4.49 Crores in 2018-19, ₹ 5.32 Crores in 2019-20, ₹ 5.66 Crores in 2020-21, ₹ 5.49 Crores in 2021-22, ₹ 4.99 Crores in 2022-23, ₹ 1.00 Crores in 2023-24."	- Do -	10.55% (Linked to MI Base Rate) (subject to be reset after completion of 2 years)	2,804.89
<b><u>Working Capital Term Loans-I</u></b> In equal quarterly installments of respective years as follows starting from July, 2016. ₹ 4.80 Crores in 2016-17, ₹ 6.59 Crores in 2017-18, ₹ 8.09 Crores in 2018-19, ₹ 9.59 Crores in 2019-20, ₹ 10.19 Crores in 2020-21, ₹ 9.89 Crores in 2021-22, ₹ 8.99 Crores in 2022-23, ₹ 1.80 Crores in 2023-24.	- Do -	10.55% (Linked to MI Base Rate) (subject to be reset after completion of 2 years)	10,987.00

# Notes to and forming part of the Financial Statements as at 31st March, 2018

(₹ in Lacs)

Terms of Repayment	Nature of Securities	Interest Rate (p.a.)	Loan Amount as at
			31st March, 2017
<b><u>Working Capital Term Loans-II</u></b> In equal quarterly installments of respective years as follows starting from July, 2016. ₹ 5.06 Crores in 2016-17, ₹ 6.96 Crores in 2017-18, ₹ 8.55 Crores in 2018-19, ₹ 10.13 Crores in 2019-20, ₹ 10.76 Crores in 2020-21, ₹ 10.44 Crores in 2021-22, ₹ 9.50 Crores in 2022-23, ₹ 1.90 Crores in 2023-24.	- Do -	10.55% (Linked to MI Base Rate) (subject to be reset after completion of 2 years)	1,338.00
<b><u>Unsecured Loans from Bodies Corporates</u></b>	N.A.	Interest Free	218.00
a) Repayable after 30th June, 2023			
b) Others	N.A.	12%-13%	549.37

Terms of Repayment	Nature of Securities	Interest Rate (p.a.)	Loan Amount as at
			1st April, 2016
<b><u>Restructured Term Loans</u></b> In equal quarterly installments of respective years as follows starting from July, 2016. ₹ 0.71 Crores in 2016-17, ₹ 1.42 Crores in 2017-18, ₹ 2.36 Crores in 2018-19, ₹ 2.84 Crores in 2019-20, ₹ 3.07 Crores in 2020-21, ₹ 3.31 Crores in 2021-22, ₹ 4.26 Crores in 2022-23, ₹ 5.67 Crores in 2023-24.	See note below	11.05 % (Linked to MI Base Rate) (subject to be reset after completion of 2 years)	2,306.90
<b><u>Funded Interest Term Loans</u></b> In equal quarterly installments of respective years as follows starting from July, 2016. ₹ 2.66 Crores in 2016-17, ₹ 3.66 Crores in 2017-18, ₹ 4.49 Crores in 2018-19, ₹ 5.32 Crores in 2019-20, ₹ 5.66 Crores in 2020-21, ₹ 5.49 Crores in 2021-22, ₹ 4.99 Crores in 2022-23, ₹ 1.00 Crores in 2023-24.	- Do -	10.55% (Linked to MI Base Rate) (subject to be reset after completion of 2 years)	2,804.89
<b><u>Working Capital Term Loans-I</u></b> In equal quarterly installments of respective years as follows starting from July, 2016. ₹ 4.80 Crores in 2016-17, ₹ 6.59 Crores in 2017-18, ₹ 8.09 Crores in 2018-19, ₹ 9.59 Crores in 2019-20, ₹ 10.19 Crores in 2020-21, ₹ 9.89 Crores in 2021-22, ₹ 8.99 Crores in 2022-23, ₹ 1.80 Crores in 2023-24.	- Do -	10.55% (Linked to MI Base Rate) (subject to be reset after completion of 2 years)	10,987.00
<b><u>Working Capital Term Loans-II</u></b> In equal quarterly installments of respective years as follows starting from July, 2016. ₹ 5.06 Crores in 2016-17, ₹ 6.96 Crores in 2017-18, ₹ 8.55 Crores in 2018-19, ₹ 10.13 Crores in 2019-20, ₹ 10.76 Crores in 2020-21, ₹ 10.44 Crores in 2021-22, ₹ 9.50 Crores in 2022-23, ₹ 1.90 Crores in 2023-24.	- Do -	10.55% (Linked to MI Base Rate) (subject to be reset after completion of 2 years)	1,338.00
<b><u>Unsecured Loans from Bodies Corporates</u></b>	N.A.	Interest Free	218.00
a) Repayable after 30th June, 2023			
b) Others	N.A.	12%-13%	6,002.64

## (II) Working Capital Term Loan (WCTL) :

Upon implementaion of the CDR Package (Refer Note 26), the overdrawn portion of the Cash Credit Accounts of the Company has been carved out into separate Working Capital Term Loans (WCTL).

## (III) Funded Interest Term Loan (FITL) :

Upon implementaion of the CDR Package (Refer Note 26), funding of interest had been provided for:

- Interest on existing term loans for a period of 24 months from the Cut-Off Date i.e from 1st May, 2014 to 30th April, 2016;
- Interest on WCTL for a period of 24 months from the Cut-Off Date i.e from 1st May, 2014 to 30th April, 2016.

The lenders have stopped charging interest on debts, since the dues from the Company have been categorised as Non Performing Asset. The Company is in active discussion/negotiation with its lenders to restructure its debt at a sustainable level. In view of the above, pending finalisation of the restructuring plan, the Company has not provided accrued interest in its books during the year as the NPA by the respective lenders. The amount of interest has been recognised in the books

## Notes to and forming part of the Financial Statements as at 31st March, 2018

of accounts to the extent the amount charged/realised by the banks only. The amount of interest not so provided stands ₹ 3,173.82 Lacs for the year ended 31st March, 2018 and penal interest and charges therefore (amount remaining uncertain) has not been provided for. The unprovided liability in respect of interest on long term and short term borrowings as on 31st March, 2018 amounted to ₹ 6,439.58 Lacs. The same have consequential impact on the reported figures of the Financial Year ending 31st March, 2018 as well as earlier periods. The Statutory Auditor have qualified their Audit Report in respect of this matter.

### (IV) Details of Security

- (i) In terms of the CDR package, Rupee Term Loans, Working Capital Term Loans, Funded Interest Term Loans and Working Capital Loan (Refer Note 26) are pooled together and secured as under:
  - a) First *pari-passu* charge on fixed assets by way of equitable mortgage of the land & building / shed along with all movable and immovable plant & machinery and other fixed assets thereon at Kalyaneshwari, Dist: Burdwan, West Bengal.
  - b) First *pari-passu* charge on the entire Current Assets of the Company comprised of stock of raw materials, semi finished and finished goods and book debts, outstanding moneys, receivables, both present and future pertaining to the Company's manufacturing units/divisions at Kalyaneshwari, Dist: Burdwan, West Bengal.
  - c) Collateral Security of equitable mortgage on office space at 35, C. R. Avenue, Kolkata standing in the name of the Company on *pari passu* basis.
  - d) Additional Security of Equitable mortgage of Two Floors at the Corporate office of the group at SKP House, 132A, S.P. Mukherjee Road, Kolkata - 700 026 standing in the name of Marble Arch Properties Pvt Ltd on *pari passu* basis.
  - e) Personal guarantee of Promoters / Director - Mr. Suresh Kumar Patni, Mr. Rohit Patni, & Mr. Ankit Patni.
  - f) Further, the restructured facilities has been secured by pledge of promoter & promoter group stake in Company (in Demat Form), representing 69.10% (PY 66.71%) of paid up capital of Company. Out of that, 63.35 lac shares were issued during the year ended 31st March, 2016 pursuant to CDR package have been pledged.

### (V) Amount of default of Principal portion as on the Balance Sheet Date :

(₹ in Lacs)

Name of Bank	Funded Interest Term Loan	Restructured Term Loan	Working Capital Term Loan	TOTAL	Period of Default
State Bank of India	366.51	142.29	1,316.32	1,825.12	February, 2016 to March, 2018
Bank of Baroda	89.68	22.95	347.32	459.95	February, 2016 to March, 2018
Punjab National Bank	70.87	47.52	210.71	329.10	January, 2016 to March, 2018
United Bank of India	105.26	-	467.40	572.66	April, 2016 to March, 2018
<b>Grand Total</b>	<b>632.32</b>	<b>212.76</b>	<b>2,341.75</b>	<b>3,186.83</b>	

Since the SBT has been merged with SBI, SBT's Bank interest default has been merged with SBI.

### (VI) Amount of default of Interest portion as on the Balance Sheet Date :

Name of Bank	Funded Interest Term Loan	Restructured Term Loan	Working Capital Term Loan	TOTAL	Period of Default
State Bank of India	404.72	392.90	1,628.54	2,426.16	February, 2016 to March, 2018
Bank of Baroda	63.93	68.54	466.62	599.09	February, 2016 to March, 2018
Punjab National Bank	64.95	148.21	295.38	508.54	January, 2016 to March, 2018
United Bank of India	143.55	-	535.07	678.62	April, 2016 to March, 2018
<b>Grand Total</b>	<b>677.15</b>	<b>609.65</b>	<b>2,925.61</b>	<b>4,212.41</b>	

Since the SBT has been merged with SBI, SBT's Bank interest default has been merged with SBI.

# Notes to and forming part of the Financial Statements as at 31st March, 2018

(₹ in Lacs)

	31st March, 2018	31st March, 2017	1st April, 2016
<b>NOTE 13 DEFERRED GOVERNMENT GRANT</b>			
Deferred Government Grant	140.26	150.29	160.18
	<b>140.26</b>	<b>150.29</b>	<b>160.18</b>

	31st March, 2018	31st March, 2017	1st April, 2016
<b>NOTE 14 DEFERRED TAX LIABILITIES/(ASSETS)</b>			
Deferred Tax Liabilities	2,729.11	2,459.93	1,527.19
Deferred Tax Assets	(11,107.92)	(9,846.35)	(7,044.32)
<b>Deferred Tax Liabilities/(Assets)</b>	<b>(8,378.81)</b>	<b>(7,386.42)</b>	<b>(5,517.13)</b>

## 2017-18

Deferred Tax Liabilities/(Assets) in relation to:	Opening Balance	Recognised in Statement of Profit & Loss	Closing Balance
Provision for doubtful debts and advances/other write off	673.21	30.13	703.34
Property, Plant & Equipment	1,786.72	239.05	2,025.77
Unabsorbed Depreciation	(1,954.66)	(465.82)	(2,420.48)
Unabsorbed Business Loss	(7,891.69)	(795.75)	(8,687.44)
<b>Total</b>	<b>(7,386.42)</b>	<b>(992.39)</b>	<b>(8,378.81)</b>

## 2016-17

Deferred Tax Liabilities/(Assets) in relation to:	Opening Balance	Recognised in Statement of Profit & Loss	Closing Balance
Provision for doubtful debts and advances/other write off		673.21	673.21
Property, Plant & Equipment	1,527.19	259.53	1,786.72
Unabsorbed Depreciation	(1,487.76)	(466.90)	(1,954.66)
Unabsorbed Business Loss	(5,556.56)	(2,335.13)	(7,891.69)
<b>Total</b>	<b>(5,517.13)</b>	<b>(1,869.29)</b>	<b>(7,386.42)</b>

Net Deferred Tax Asset has not been recognised as a matter of Prudence, in accordance with the Ind AS-12 (Income Taxes) issued by the Institute of Chartered Accountants of India.

	31st March, 2018	31st March, 2017	1st April, 2016
<b>NOTE 15 BORROWINGS, CURRENT</b>			
Loan guaranteed by promoters & directors	-	-	-
Working Capital Loans from Banks (Secured)	-	-	-
Rupee Loans	13,597.78	13,657.28	12,015.47
	<b>13,597.78</b>	<b>13,657.28</b>	<b>12,015.47</b>

## Details of security :

- Pari-passu* 1st charge on all movable & immovable assets of the Company, both present & future which is pooled and charges thereon created to secure all the facilities of the Company which will rank *Pari-passu* with the other lenders. All the aforesaid facilities will also be secured by personal guarantee of Mr. Suresh Kumar Patni, Mr. Rohit Patni and Mr. Ankit Patni.
- Working Capital facilities from banks carries interest of 11.05% p.a. (Linked to MI base rate), subject to reset of every year.



# Notes to and forming part of the Financial Statements as at 31st March, 2018

## Period & amount of continuing default in payment of interest

### Interest default on working capital

(₹ in Lacs)

Particulars	Type	Amount of default as at the balance sheet date (₹ in lacs)	Period of default
State Bank of India	Cash Credit	1552.78	February, 2016 to March, 2018
Bank of Baroda		385.79	February, 2016 to March, 2018
Punjab National Bank		271.44	January, 2016 to March, 2018
United Bank of India		218.33	April, 2016 to March, 2018

Since the SBT has been merged with SBI, SBT's Bank interest default has been merged with SBI.

	31st March, 2018	31st March, 2017	1st April, 2016
<b>NOTE 16 TRADE PAYABLES</b>			
Acceptances	-	-	1,754.79
Sundry creditors for goods, services etc.	7,497.76	12,645.53	11,736.66
	<b>7,497.76</b>	<b>12,645.53</b>	<b>13,491.45</b>

- a) There are no micro, small and medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2018. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
- b) The trade payable includes ₹ 708.76 Lacs (31.03.2017 : ₹ 123.47 Lacs and 01.04.2016: ₹ 2,325.40 Lacs) due to related parties (Refer Note No. 34)

(₹ in Lacs)

	31st March, 2018	31st March, 2017	1st April, 2016
<b>NOTE 17A OTHER CURRENT FINANCIAL LIABILITIES</b>			
Current Maturities of Long Term Debts (Refer Note No. 12)	5,537.00	3,187.00	1,323.00
Interest accrued and due on Borrowings	16.04	99.79	322.56
	<b>5,553.04</b>	<b>3,286.79</b>	<b>1,645.56</b>

	31st March, 2018	31st March, 2017	1st April, 2016
<b>NOTE 17B OTHER CURRENT LIABILITIES</b>			
Advance from Customers	74.17	1,352.41	2,819.08
Other Payables			
For Statutory Dues	370.54	186.24	65.46
For Capital Goods	216.15	116.17	162.29
Deferred Government Grant-Current	10.02	10.02	10.02
	<b>670.88</b>	<b>1,664.84</b>	<b>3,056.85</b>

	31st March, 2018	31st March, 2017	1st April, 2016
<b>NOTE 18 PROVISIONS</b>			
Provisions for Employee Benefits	100.41	79.90	60.54
Provisions for Expenses	154.66	102.67	38.44
	<b>255.07</b>	<b>182.57</b>	<b>98.98</b>

# Notes to and forming part of the Financial Statements as at 31st March, 2018

(₹ in Lacs)

	31st March, 2018	31st March, 2017
<b>NOTE 19 REVENUE FROM OPERATIONS (GROSS)</b>		
<b>Sale of Products</b>		
Sale of Manufactured Goods - Ferro Alloys	12,234.76	12,627.96
Sale of Raw Materials		
Manganese Ore	1,097.41	680.85
Coal & Coke	-	94.53
<b>Other Operating Revenues</b>		
Export Incentives	9.24	53.55
	<b>13,341.41</b>	<b>13,456.89</b>

	31st March, 2018	31st March, 2017
<b>NOTE 20 OTHER INCOME</b>		
Interest Income		
- On Fixed Deposits	14.71	21.95
- On others	3.98	7.10
Foreign Exchange Fluctuation Gain	38.44	19.13
Sale of Scrap	10.56	54.92
Discount on DEPB	0.93	-
Sundry Balances Written Back	-	185.56
Government Grant-Current	10.02	10.02
	<b>78.64</b>	<b>298.67</b>

	31st March, 2018	31st March, 2017
<b>NOTE 21 COST OF MATERIALS CONSUMED</b>		
Raw Materials at the beginning of the year	5,137.55	4,560.92
Add : Purchases	8,070.25	8,796.95
	<b>13,207.80</b>	<b>13,357.87</b>
Less : Raw materials at the end of the year	3,204.94	5,137.55
<b>Cost of Materials Consumed</b>	<b>10,002.86</b>	<b>8,220.32</b>

	31st March, 2018	31st March, 2017
<b>NOTE 22 CHANGES IN INVENTORIES OF FINISHED GOODS &amp; WORK-IN-PROGRESS</b>		
<b>Inventories at the beginning of the period</b>		
Finished Goods	350.67	62.86
Work-In-Progress	463.69	3,405.73
	<b>814.36</b>	<b>3,468.59</b>
<b>Inventories at the closing end of the period</b>		
Finished Goods	121.48	350.67
Work-In-Progress	106.29	463.69
	<b>227.77</b>	<b>814.36</b>
Less: Excise Duty on increase/ ( Decrease) of Finished Goods	-	15.18
	<b>586.59</b>	<b>2,669.40</b>

# Notes to and forming part of the Financial Statements as at 31st March, 2018

(₹ in Lacs)

	31st March, 2018	31st March, 2017
<b>NOTE 23 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages & bonus	552.39	472.95
Contribution to provident & other Funds	47.34	31.03
Staff Welfare Expenses	3.22	5.31
	<b>602.95</b>	<b>509.29</b>

	31st March, 2018	31st March, 2017
<b>NOTE 24 FINANCE COSTS</b>		
Interest Expense	570.54	36.43
Other Borrowing Costs	29.33	15.97
	<b>599.87</b>	<b>52.40</b>

	31st March, 2018	31st March, 2017
<b>NOTE 25 OTHER EXPENSES</b>		
Consumption of Stores and Spare Parts	355.27	408.68
Packing Materials	34.18	27.40
Power [Refer Note (a) below]	4,163.91	4,410.24
Rent	6.77	7.90
Rates & Taxes	6.73	26.48
Repairs & Maintenance		
- Building	2.55	6.52
- Plant and Machinery	31.15	14.96
- Others	38.01	1.49
Insurance	16.20	20.12
Manufacturing Expenses	399.90	294.52
Vehicle Hire & Maintenance Charges	53.69	80.42
Directors' Sitting Fees	0.62	0.72
Auditors' Remuneration [Refer Note (b) below]	8.89	9.10
Travelling & Conveyance	5.12	7.15
Sales Commission	8.91	7.56
Legal & Professional Charges	35.84	27.60
Security Charges	92.51	96.77
Miscellaneous Expenses	27.68	40.89
Freight & Forwarding	19.63	76.10
Testing Charges	0.70	7.96
Sundry Balances Written off	1,926.40	1,260.89
Allowances for expected credit loss	97.50	2,178.67
	<b>7,332.16</b>	<b>9,012.14</b>

# Notes to and forming part of the Financial Statements as at 31st March, 2018

(₹ in Lacs)

## a) Power includes following expenses incurred on the operation of Captive Power Plant :

	31st March, 2018	31st March, 2017
<b>Cost of Materials Consumed - Coal, Coke and Dolochar</b>		
Inventory at the beginning of the year	182.76	5.72
Add: Purchases during the year	3,546.21	4,057.20
Less: Inventory at the end of the year	129.96	182.76
Consumption	3,599.01	3,880.16
Consumption of Stores and Spares	309.99	272.92
Repairs & Maintenance		
- Building	1.78	11.04
- Plant and Machinery	25.63	11.02
- Others	129.42	170.31
Vehicle Hire & Maintenance Charges	98.08	64.81
	<b>4,163.91</b>	<b>4,410.25</b>

## b) Auditor's Remuneration

	31st March, 2018	31st March, 2017
i) To Statutory Auditor		
a) For Audit (including Tax Audit)	5.15	5.15
b) For Certification work & other services	1.34	1.55
ii) To other Auditors	2.40	2.40
	<b>8.89</b>	<b>9.10</b>

### NOTE 26 CORPORATE DEBT RESTRUCTURING

As a part of its financial revival process, the lenders of the Company have already approved the Corporate Debt Restructuring of debts. CDR EG vide its letter dated 10th November, 2014 has approved the loan restructuring scheme for the Company. The CDR Package includes reliefs / measures such as reduction in interest rates, funding of interest, rearrangement of securities etc., the salient features of which are as follows:

- Cut off date for implementation: 30th April, 2014 and upon implementation, the financial effect thereof has duly been taken into accounts. The said accounts are subject to confirmation and reconciliation with the Lenders. The reported financials would have consequential impact once the reconciliation is completed, the quantum where of remains unascertained.
- Waiver of liquidated damages/compounding interest/penal interest for the period from 30th April, 2014 till implementation of the CDR package.
- Restructuring of existing loans into Restructured Term Loans, conversion of irregular portion of working capital facilities into Working Capital Term Loan of ₹ 12,324 lacs and creation of Funded Interest Term Loan (FITL) of ₹ 3,328 lacs from interest on Restructured Term Loan and working capital term loan for the period from 1st May, 2014 to 30th April, 2016.
- Restructuring of existing fund based and non fund based financial facilities.
- Rate of interest on Term Loans/WCTL/FITL would be reset after completion of 2 years and rate of interest on working capital would be reset every year.
- The option of selling off the 30 MW CPP or part thereof may be explored and considered with prior approval of the lenders and the CDR EG to liquidate the bank's dues.
- The CDR Package as well as the provisions of the Master Circular on Corporate Debt Restructuring issued by the Reserve Bank of India, gives a right to the CDR Lenders to get a recompense of their waivers and sacrifices made as part of the CDR Proposal. The recompense payable by the Company is contingent on various factors, the outcome of which currently is materially uncertain and hence the proportionate amount payable as recompense has been treated as a contingent liability. The aggregate present value of the outstanding sacrifice made/ to be made by CDR Lenders as per the CDR package is approximately ₹ 15,117 lacs.
- Contribution of ₹ 1,267.00 lacs in the Company by the promoters in lieu of bank sacrifices. The contribution is to be brought initially in the form of unsecured loan and the same has to be converted into equity.

# Notes to and forming part of the Financial Statements as at 31st March, 2018

## NOTE 27 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities not provided for in the books of accounts in respect of :-

(₹ in Lacs)

Particulars	31st March, 2018	31st March, 2017	1st April, 2016
<b>Claims against the Company not acknowledged as debts :</b>			
<b>(a) Government Claims</b>			
(i) Excise demand disputed under appeal ( deposits made under protest 31st March, 2018 : ₹ 12.69 lacs, 31st March, 2017 ₹ 20.92 Lacs, 1st April, 2016 ₹ 20.92 Lacs)	41.92	27.67	36.67
(ii) Income Tax demand disputed under appeal (deposits made under protest 31st March, 2018: Nil, 31st March, 2017: Nil, 1st April, 2016 : Nil)	14,170.49	1,606.46	1,606.46
(iii) Central Sales Tax and Local Sales Tax disputed under appeal (deposits made under protest 31st March, 2018: 88.43 lacs, 31st March, 2017: ₹ 88.43 lacs, 1st April, 2016 ₹ 104.56 lacs	1,865.71	1,743.67	1,743.67
(iv) W.B Entry Tax Act	504.91	272.51	272.51
<b>(b) Other claims</b>			
Legal suit filed against the Company **	2,999.09	2,927.66	2,650.16
c) Right to recompense to CDR lenders for the relief and sacrifice.	4,803.00	3,437.00	2,154.00

\*\* Several parties including the Company have disputed the basis of levy of Fuel Surcharge in the electric bills of Damodar Valley Corporation (DVC). Pending finalisation of the outcome of the matter, an amount of ₹ 2999.09 Lacs (after considering waiver of electricity duty admitted by DVC) has not been provided for by the Company.

	31st March, 2018	31st March, 2017
<b>NOTE 28 FOREIGN EXCHANGE EARNINGS AND OUTGO</b>		
<b>Foreign Exchange Earnings :</b>		
F.O.B. Value of Exports	630.71	6,103.10
<b>CIF Value of Imports:</b>		
Raw Materials	1,329.26	4,713.16
<b>Expenditure in Foreign Currency :</b>		
Sales Commission	-	6.64
Compensation	-	-

## NOTE 29 AMOUNTS RECEIVABLE / PAYABLE IN FOREIGN CURRENCY

(a) Forward contracts/ hedging instruments outstanding as at the Balance Sheet date are ₹ NIL. (31.03.2017 ₹ NIL and 31.03.2016 ₹ NIL)

(b) Particulars of unhedged foreign currency exposures as at 31.03.18 are as follows:

Particulars	Currency	31st March, 2018	31st March, 2017
Amount payable in foreign currency	USD Lacs	-	7.48
Amount receivable in foreign currency	USD Lacs	-	-

## NOTE 30

A fire has occurred in the Captive Power Plant damaging turbine, alternator, etc and a surveyor has been appointed by an insurance Company to assess the loss. A preliminary repairing estimate of loss is ₹ 525 Lacs. Pending assessment of actual loss, no effect has been given in the reported financials which may have consequential impact. The necessary provisions would be made once the assessment is done and settled by the Insurance Company or at the year end, whichever is earlier.

# Notes to and forming part of the Financial Statements as at 31st March, 2018

## NOTE 31

The current and non-current assets, in the opinion of the management, have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the accounts. Adequate provisions have been made for all known losses and liabilities. Certain Balances of the sundry creditors, sundry debtors, unsecured loans and advances are subject to confirmation and reconciliation. The reported financials might have consequential impact once the reconciliation is completed, the quantum where of remains unascertained.

## NOTE 32

### Defined Contribution Plan :

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

(₹ in Lacs)

Particulars	31st March, 2018	31st March, 2017
<b>Reconciliation of the Present Value of the Defined Benefit Obligation and the Fair Value of Plan Assets:</b>		
Present Value of funded obligation at the end of the year	114.77	78.09
Fair Value of Plan Assets at the end of the year	86.57	81.30

### Net Asset /( Liability) recognised in the Balance Sheet

#### (i) Reconciliation of Opening and Closing balances of the Present Value of the Defined Benefit Obligation :

Particulars	31st March, 2018	31st March, 2017
(a) Balance at the beginning of the year	78.09	54.80
(b) Current service cost	13.12	9.13
(c) Interest cost	5.18	4.08
(d) Actuarial (gains) / losses recognised in other comprehensive income		
- financial assumptions	(7.41)	6.18
- experience adjustment	24.69	8.88
- demographic assumptions	(4.99)	-
(e) Past service cost - (vested benefit)	7.45	-
(f) Benefits paid	(1.36)	(4.99)
Balance at the end of the year	114.77	78.09

#### (ii) Changes in the Fair Value of Plan Assets and reconciliation thereof:

Particulars	31st March, 2018	31st March, 2017
(a) Balance at the beginning of the year	81.30	80.13
(b) Interest income	5.39	6.06
"(c) Remeasurements due to: Actual return on plan asset less interest on plan asset"	1.24	0.10
(d) Contributions by the employer	-	-
(e) Actuarial Gain/(loss)		
(f) Benefits paid	(1.36)	(4.99)
Fair Value of Plan Assets at the close of the year	86.57	81.30

#### (iii) Amount Recognised in the Balance Sheet including a reconciliation of the present value of the defined obligation in (i) and the fair value of the plan assets in (ii) to assets and liabilities recognised in the Balance Sheet :

(₹ in Lacs)

Particulars	31st March, 2018	31st March, 2017
Present value of defined benefit obligation	114.77	78.09
Fair value of plan assets	86.57	81.30
Net defined benefit obligations in the Balance Sheet	(28.20)	3.21

## Notes to and forming part of the Financial Statements as at 31st March, 2018

(iv) Amount recognised in the Profit and Loss Account are as follows :

(₹ in Lacs)

Particulars	31st March, 2018	31st March, 2017
Current service cost	13.12	9.13
Interest cost	(0.21)	(1.98)
Past service cost- vested benefits	7.45	-
Actuarial Gain/(loss)	-	-
Amount charged to Statement of Profit and Loss	20.35	7.15

(v) Remeasurements recognised in other comprehensive income :

Particulars	31st March, 2018	31st March, 2017
Actuarial loss (gain) arising on defined benefit obligation from	12.24	15.10
Actual return on plan asset less interest on plan asset	(1.24)	(0.10)
Amount recognised in other comprehensive income	11.00	15.00

(vi) Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The results of sensitivity analysis is given below :

Particulars	31st March, 2018	
	Decrease	Increase
Increase/ (Decrease) on present value of defined benefits obligation at the end of the year		
Discount rate (-/+%) (% change compared to base due to sensitivity)	123.16	107.43
Salary escalation rate (-/+%) (% change compared to base due to sensitivity)	107.99	122.20

(vii) Maturity

The defined benefit obligations shall mature as follows :

Particulars	31st March, 2018
Year 1	13.28
Year 2	10.68
Year 3	10.26
Year 4	12.04
Year 5	11.46
Next 5 Years	59.22

(viii) Broad Categories of Plan Assets as a percentage of total assets as at 31st March, 2018 :

Particulars	31st March, 2018	31st March, 2017
Qualifying Insurance Policy	100%	100%

(ix) Actuarial assumptions

Particulars	Gratuity (Funded)	
	Decrease	Increase
a. Discount Rate	7.58%	6.69%
b. Salary Escalation Rate	10.00%	10.00%
c. Mortality Rate (% of IALM 06-08)	100%	100%

# Notes to and forming part of the Financial Statements as at 31st March, 2018

## NOTE 33 SEGMENT REPORTING

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's management to make decisions about resources to be allocated to the segments and assess their performance.

**Business segments:** The Company is mainly engaged in the business segment of manufacture & sale of Ferro Alloys, Trading in Iron & steel and Generation of Power.

The Company has identified One broad reportable segments viz "Ferro Alloys". Segments have been identified and reported taking into account nature of products, the different risks and returns and the internal business reporting segments. These business segments are reviewed by the Management of the Company (Chief Operating Decision Maker). Activities not meeting the quantitative thresholds specified in Ind AS 108 - "Operating Segments" are reported as 'Others'. The accounting policies adopted for segment reporting are in line with the Accounting Policies of the Company. As per Ind AS 108 - "Operating Segments", the Company has reported segment information as per the following basis.

(₹ in Lacs)

Particulars	31st March, 2018	31st March, 2017
<b>Segment Revenue</b>		
Ferro Alloys	12,923.58	12,131.49
Iron and Steel	-	-
Power	4,241.34	5,137.13
	17,164.92	17,268.62
Less: Inter Segment Revenue	4,241.34	5,137.13
<b>Total</b>	<b>12,923.58</b>	<b>12,131.49</b>
<b>Segment Results (Profit/(Loss) before Finance Cost &amp; Tax)</b>		
Ferro Alloys	(5,907.69)	(9,306.90)
Iron and Steel	-	-
Power	(326.58)	595.04
<b>Total segment Profit/(Loss) before Finance Cost and Tax</b>	<b>(6,234.27)</b>	<b>(8,711.86)</b>
Less: Finance Costs	599.87	52.40
<b>Profit/(Loss) before tax</b>	<b>(6,834.14)</b>	<b>(8,764.26)</b>
Less: Tax Expenses	-	-
<b>Profit after tax</b>	<b>(6,834.14)</b>	<b>(8,764.26)</b>

### Other Information

Particulars	Assets	Liabilities	Capital Expenditure	Depreciation	Non-cash Expenses (other than Depreciation)
<b>For the Financial Year 2017-18</b>					
Ferro Alloys	8,013.47	8,246.00	72.74	308.28	-
Iron and Steel	-	184.00	-	-	-
Power	14,250.00	-	259.14	403.65	-
Unallocated	267.00	-	-	-	-
<b>Total</b>	<b>22,530.47</b>	<b>8,430.00</b>	<b>331.88</b>	<b>711.93</b>	-
<b>For the Financial Year 2016-17</b>					
Ferro Alloys	13,665.10	8,994.00	140.95	326.32	-
Iron and Steel	7,493.47	4,909.01	-	-	-
Power	14,692.00	306.00	41.23	404.55	-
Unallocated	265.71	-	-	-	-
<b>Total</b>	<b>36,116.28</b>	<b>14,209.01</b>	<b>182.18</b>	<b>730.87</b>	-



# Notes to and forming part of the Financial Statements as at 31st March, 2018

**Geographical segments:** The Company's secondary geographical segments have been identified based on the location of customers and are disclosed based on revenues within India and revenues outside India. Secondary segment assets are based on the location of such assets.

(₹ in Lacs)

		Segment Revenue (Based on Location of Customers)	Segment Assets (Based on Location of Assets)	Capital Expenditure
Within India	Year ended 31st March, 2018	12,292.87	22,530.48	331.88
	Year ended 31st March, 2017	5,966.65	36,116.28	182.18
Outside India	Year ended 31st March, 2018	630.71	-	-
	Year ended 31st March, 2017	6,164.84	-	-
Total	Year ended 31st March, 2018	<b>12,923.58</b>	<b>22,530.48</b>	<b>331.88</b>
	Year ended 31st March, 2017	<b>12,131.49</b>	<b>36,116.28</b>	<b>182.18</b>

## NOTE 34 RELATED PARTY DISCLOSURE

A. Related Parties where control exists Nil

B. Related Parties with whom transactions have taken place :

(i) Name of the related parties where control exists irrespective of whether transactions have occurred or not

(a) Key Managerial Personnel (KMP)

1. Mr. Suresh Kumar Patni	Managing Director
2. Mr. Satish Kumar Singh	Executive Director
3. Mr. Ankit Patni	Non-Executive Director
4. Mrs. Sujata Agarwal	Independent Director
5. Mr. Ravindra Kumar Mehra	Independent Director
6. Mr. Nanda Samai	Independent Director
7. Mr. Sanjeet Kumar Gupta	Chief Financial Officer
8. Ms. Richa Agarwal	Company Secretary

(b) Enterprises in which director is interested

1. Rohit Ferro-Tech Ltd.
2. Ankit Metal & Power Ltd.
3. Impex Metal & Ferro Alloys Ltd.

(c) Enterprises owned or significantly influenced by the Key managerial Personnel or their relatives :

Astabhuja Properties Pvt. Ltd.

(C) Transactions with related parties referred to above, in ordinary course of the business, are as under:

(₹ in Lacs)

Particulars	31st March, 2018	31st March, 2017
<b>Managerial Remuneration</b>		
Suresh Kumar Patni	12.00	12.00
Satish Kumar Singh	11.74	9.76
<b>Purchase of Goods</b>		
Impex Metal & Ferro Alloys Limited	11.14	31.35
Rohit Ferro-Tech Limited	85.98	3,337.76
<b>Sales of Finished Goods</b>		
Impex Metal & Ferro Alloys Limited	-	29.70
Rohit Ferro-Tech Limited	66.14	2,498.94
<b>Purchase of DEPB Licence</b>		
Impex Metal & Ferro Alloys Limited	-	-
Rohit Ferro-Tech Limited	11.25	26.34

## Notes to and forming part of the Financial Statements as at 31st March, 2018

(₹ in Lacs)

Particulars	31st March, 2018	31st March, 2017
<b>Sale of DEPB Licence</b>		
Impex Metal & Ferro Alloys Limited	-	40.89
<b>Sitting Fees</b>		
Mr. Ankit Patni	-	0.15
<b>Outstanding Balances as at 31.03.2017</b>		
<b>Trade Receivable</b>		
Impex Metal & Ferro Alloys Limited	-	975.05
<b>Trade Payable</b>		
Rohit Ferro-Tech Limited	633.65	-
Ankit Metal & Power Limited	75.11	123.47
<b>Unsecured Loan</b>		
Astabhuja Properties Private Limited	218.00	218.00
Suresh Kr. Patni	112.00	112.00
Rohit Patni	100.00	100.00
Ankit Patni	205.00	205.00

Transactions with related parties have been disclosed for the period of existence of relationship. Previous year transactions with parties that have ceased to be related parties in the current year have been excluded in above details as the relationship did not exist.

Particulars	31st March, 2018	31st March, 2017
<b>NOTE 35 EARNINGS PER SHARE</b>		
Weighted average number of Equity Shares outstanding during the year (No. in Lacs)	879.32	879.32
Number of Shares Considered as weighted average shares and potential shares outstanding for calculation of Diluted Earnings Per Share (in Lacs)	879.32	879.32
Profit after Tax attributable to Equity Shareholders (₹ in Lacs)	(6,834.14)	(8,764.26)
Nominal Value of Ordinary Shares (₹)	10.00	10.00
<b>Earnings Per Share (Basic) (₹)</b>	<b>(7.77)</b>	<b>(9.98)</b>
<b>Earnings Per Share (Diluted) (₹)</b>	<b>(7.77)</b>	<b>(9.98)</b>

### NOTE 36

The operations of the company are severely impacted by weak steel industry scenario and lack of demand for Company's finished product. Lower utilisation of capacity and drop in finish goods price realisation has impacted the topline as well as bottom line of the Company. The Company has incurred loss of ₹ 6,845.14 Lacs for year ended 31st March, 2018. The accumulated loss as on 31st March, 2018 is ₹ 31,923.94 Lacs which is in excess of the entire net worth of the Company. The Company has made an application to State Bank of India, Lead Consortium Member, regarding revival plan of the company. With the substantial improvement in raw material availability, likely improvement in market scenario with notification of Minimum Import Price on steel, it is expected that the overall financial health would improve considerably. Considering the above developments and favourable impact thereof on the Company's operations and financials, the Company has prepared the financial results on the basis of Going Concern assumption.

### NOTE 37

The Company had made a reference to the erstwhile Board for Financial and Industrial Reconstruction (BIFR) as per provisions of Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 in terms of Resolution passed by Circulation on 23rd November, 2016. However, vide Notifications S.O. 3568(E) and S.O. 3569(E), both dated 25th November, 2016, the Ministry of Finance had notified 1st December, 2016 as the date on and from which any reference made to BIFR shall be repealed.

# Notes to and forming part of the Financial Statements as at 31st March, 2018

## NOTE 38

The Company has not made any remittance in foreign currencies on account of dividend during the year and does not have information as to the extent to which remittance in foreign currencies on account of dividends have been made on behalf of non - resident shareholders.

## NOTE 39

### FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

#### 39.1 Fair values vs carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position of 31st March, 2018 are as follows:

(₹ in lacs )

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying amount	Fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
<b>Financial assets:</b>							
Other Non Current Financial Assets	35.50	-	-	-	-	35.50	35.50
Trade Receivables	515.18	-	-	-	-	515.18	515.18
Cash and Cash Equivalents	90.42	-	-	-	-	90.42	90.42
Other Bank Balances	-					-	-
Other Current Financial Assets	30.70	-	-	-	-	30.70	30.70
<b>Financial liabilities:</b>							
Borrowings	26,163.76	-	-	-	-	26,163.76	26,163.76
Trade payables	7,497.76	-	-	-	-	7,497.76	7,497.76
Other Current Financial Liabilities	5,553.04	-	-	-	-	5,553.04	5,553.04

## Notes to and forming part of the Financial Statements as at 31st March, 2018

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position of 31st March 2017 are as follows:

(₹ in lacs)

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying amount	Fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
<b>Financial assets:</b>							
Other Non Current Financial Assets	30.75	-	-	-	-	30.75	30.75
Trade Receivables	9,282.41	-	-	-	-	9,282.41	9,282.41
Cash and Cash Equivalents	126.18	-	-	-	-	126.18	126.18
Other Bank Balances	327.58					327.58	327.58
Other Current Financial Assets	144.09	-	-	-	-	144.09	144.09
<b>Financial liabilities:</b>							
Borrowings	29,091.43	-	-	-	-	29,091.43	29,091.43
Trade payables	12,645.53	-	-	-	-	12,645.53	12,645.53
Other Current Financial Liabilities	3,286.79	-	-	-	-	3,286.79	3,286.79

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position of 1 April, 2016 are as follows:

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying amount	Fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
<b>Financial assets:</b>							
Other Non Current Financial Assets	30.05	-		-	-	30.05	30.05
Trade Receivables	20,184.37	-	-	-	-	20,184.37	20,184.37
Cash and Cash Equivalents	53.54	-	-	-	-	53.54	53.54
Other Bank Balances	527.13	-	-	-	-	527.13	527.13
Other Current Financial Assets	334.49	-	-	-	-	334.49	334.49
<b>Financial liabilities:</b>							
Borrowings	34,666.72	-	-	-	-	34,666.72	34,666.72
Trade payables	13,491.45	-	-	-	-	13,491.45	13,491.45
Other Current Financial Liabilities	1,645.56	-	-	-	-	1,645.56	1,645.56

# Notes to and forming part of the Financial Statements as at 31st March, 2018

## 39.2 Fair value measurement

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

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

Level 1: The hierarchy uses quoted (adjusted) prices in active markets for identical assets or liabilities. The fair value of all bonds which are traded in the stock exchanges is valued using the closing price or dealer quotations as at the reporting date.

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

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

### Financial Assets and Liabilities measured at fair value - recurring fair value measurements as at 31st March, 2018

(₹ in lacs)

Particulars	Level 1	Level 2	Level 3	Total
Total Financial Assets	-	-	-	-
Total Financial Liabilities	-	-	-	-

### Financial Assets and Liabilities measured at fair value - recurring fair value measurements as at 31 March 2017

Particulars	Level 1	Level 2	Level 3	Total
Total Financial Assets	-	-	-	-
Total Financial Liabilities	-	-	-	-

### Financial Assets and Liabilities measured at fair value - recurring fair value measurements as at 1 April 2016

Particulars	Level 1	Level 2	Level 3	Total
Total Financial Assets	-	-	-	-
Total Financial Liabilities	-	-	-	-

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

## 39.3 Financial risk management

### Risk management framework

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

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

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

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

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

# Notes to and forming part of the Financial Statements as at 31st March, 2018

## (i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans. In addition, credit risk arises from finance guarantees. Company's credit risk arises principally from the trade receivables and cash & cash equivalents. Customer credit risk is managed centrally by the Company through credit approvals establishing credit limits and continuously monitoring the credit worthiness of the customers to whom the credit is extended in the normal course of business. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. The company estimates the Expected Credit Losses on the basis of its evaluation of each case. Provision is being made as per the Company's expected credit loss policy in the manner mentioned below:

Overdue for more than 1 year but not more than 2 years: 5%

Overdue for more than 2 years but not more than 4 years: 15%

Overdue for more than 4 years: 50%

Credit risks from balances with banks are managed in accordance with the Company's policy.

### Exposure to credit risks

The carrying amount of financial assets represents the Company's maximum exposure to credit risk. The maximum exposure to credit risk as of 31st March, 2018, 31st March, 2017 and 1st April, 2016 are as follows:

(₹ in lacs)

	31st March, 2018	31st March, 2017	1st April, 2016
Cash and cash equivalents	90.42	126.18	53.54
Other Bank Balances	-	327.58	527.13
Loans and other receivables	771.55	2,373.13	3,633.79
Trade accounts and notes receivable, net	515.18	9,282.41	20,184.37
<b>Total</b>	<b>1,377.14</b>	<b>12,109.30</b>	<b>24,398.83</b>

The ageing of trade accounts and notes receivable as of 31st March, 2018, 31st March, 2017 and 1st April, 2016 are as follows:

	31st March, 2018	31st March, 2017	1st April, 2016
Not Due	-	-	-
Over due less than 3 months	78.37	334.14	3,308.93
3 months - 12 months	345.57	105.71	5,560.97
Over 12 months	91.24	8,842.55	11,314.48

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

Movement in impairment loss account is as follows:

For the year ended

	For the year ended		
	31st March, 2018	31st March, 2017	1st April, 2016
Balance at the beginning	1,860.15	-	-
Impairment loss recognised/ reversed	97.50	1,860.15	-
Amounts written-back	1,860.15	-	-
<b>Balance at the end</b>	<b>97.50</b>	<b>1,860.15</b>	<b>-</b>

## (ii) Liquidity risk

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

## Notes to and forming part of the Financial Statements as at 31st March, 2018

rolling forecasts on the basis of expected cash flows. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity, subject to its restructuring proposals, to meet its liabilities when due, under both normal and stressed conditions.

In the opinion of the management, the Company's cash flow from business, borrowing or financing would be sufficient to meet the cash requirements for its operation with support of its lenders.

### Exposure to liquidity risk

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

(₹ in lacs)

31st March, 2018	Less than 1 year	1-5 years	> 5 years	Total
Borrowings	13,597.78	11,293.00	1,272.99	26,163.77
Trade payables	7,497.76	-	-	7,497.76
Other Non-Current Financial Liabilities	-	-	-	-
Other Current Financial Liabilities (Including current maturities of borrowings)	5,553.04	-	-	5,553.04
31st March, 2017	Less than 1 year	1-5 years	> 5 years	Total
Borrowings	13,657.28	11,293.00	4,141.65	29,091.93
Trade payables	12,645.53	-	-	12,645.53
Other Non-Current Financial Liabilities	-	-	-	-
Other Current Financial Liabilities (Including current maturities of borrowings)	3,286.79	-	-	3,286.79
1st April, 2016	Less than 1 year	1-5 years	> 5 years	Total
Borrowings	12,015.47	11,293.00	11,358.25	34,666.72
Trade payables	13,491.45	-	-	13,491.45
Other Non-Current Financial Liabilities	-	-	-	-
Other Current Financial Liabilities (Including current maturities of borrowings)	1,645.56	-	-	1,645.56

### (iii) Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings. The goal of market risk management is optimisation of profit and controlling the exposure to market risk within acceptable limits.

#### (a) Currency risk

Foreign currency risk is the risk impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the import of raw materials and spare parts, and exports of finished goods.

# Notes to and forming part of the Financial Statements as at 31st March, 2018

## Exposure to currency risk

The Company's exposure to foreign currency are at the end of the reporting period are as follows: (₹ in lacs)

Particulars	In original currency (USD/EURO)	In Rupees
<b>31st March, 2018</b>		
Trade receivables	-	-
Cash and cash equivalents	-	-
Other financial assets	-	-
<b>Borrowings (including current maturities of long-term debt)</b>		
Trade payables	-	-
Derivatives	-	-
<b>Net exposure in respect of recognised financial assets and liabilities</b>	-	-

Particulars	In original currency (USD/EURO)	In Rupees
<b>31st March, 2017</b>		
Trade receivables	-	-
Cash and cash equivalents	-	-
Other financial assets	-	-
<b>Borrowings (including current maturities of long-term debt)</b>		
Trade payables	7.48	484.99
Derivatives	-	-
	7.48	484.99
<b>Net exposure in respect of recognised financial assets and liabilities</b>	<b>(7.48)</b>	<b>(484.99)</b>

Particulars	In original currency (USD/EURO)	In Rupees
<b>1st April, 2016</b>		
Trade receivables	0.27	17.91
Cash and cash equivalents	-	-
Other financial assets	-	-
	0.27	17.91
<b>Borrowings (including current maturities of long-term debt)</b>		
Trade payables	5.52	366.16
Derivatives	-	-
	5.52	366.16
<b>Net exposure in respect of recognised financial assets and liabilities</b>	<b>(5.25)</b>	<b>(348.25)</b>

## Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD against Indian rupee at 31st March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(₹ in lacs)

Particulars	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31st March, 2018</b>				
USD (5% Movement)	NIL	NIL	NIL	NIL
<b>31st March, 2017</b>				
USD (5% Movement)	(24.25)	24.25	(16.75)	16.75



# Notes to and forming part of the Financial Statements as at 31st March, 2018

## (b) Interest rate risk

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

### Exposure to interest rate risk

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

(₹ in lacs)

	31st March, 2018	31st March, 2017	1st April, 2016
<b>Fixed rate instruments</b>			
Financial Assets	-	-	-
Financial Liabilities	-	-	-
	-	-	-
<b>Floating rate instruments</b>			
Financial Assets	-	-	-
Financial Liabilities	31,700.77	32,278.43	35,989.72
	<b>31,700.77</b>	<b>32,278.43</b>	<b>35,989.72</b>

### Sensitivity analysis

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

### Cash flow sensitivity analysis for variable rate instruments

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

(₹ in lacs)

Particulars	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31st March, 2018</b>				
Variable rate instruments	310	(310)	214	(214)
Cash flow sensitivity (net)	310	(310)	214	(214)
<b>31st March, 2017</b>				
Variable rate instruments	311	(311)	215	(215)
Cash flow sensitivity (net)	311	(311)	215	(215)

## (c) Equity price risks

The Company is not exposed to equity risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

## (d) Hedge accounting

### Currency risk-Transactions in foreign currency

The Company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales and interest rate exposures are denominated. The currencies in which these transactions are primarily denominated are US dollars. The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out as per the risk management policy of the Company.

The Company holds derivative financial instruments such as foreign currency forward to mitigate the risk of changes in exchange rates on foreign currency exposures. The Company's risk management policy is to hedge its foreign currency exposure in respect of firm commitments and highly probable forecasted transactions and interest rate risks. The counterparty for these contracts is generally a bank or a financial institution.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Company assesses whether the derivative

# Notes to and forming part of the Financial Statements as at 31st March, 2018

designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item. In order to designate a derivative contract as an effective hedge, the management objectively evaluates and evidence with appropriate underlying documents of each contract whether the contract is effective in offsetting cash flow attributable to the hedged risk.

In these hedging relationships, the main sources of ineffectiveness are :

- the effect of the counterparty and the Company's own credit risk on the fair value of the forward exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- changes in the timing of the hedged transactions.

## Interest rate risk

The Company adopts a policy of hedging its certain interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional of hedging instruments or par amounts of hedged items.

### NOTE 40

#### Capital Management (Ind AS 1)

The Board of Directors has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management of deployed funds and leveraging opportunities in domestic and international financial markets so as to maintain investor, creditor and market confidence and to sustain future development of the business.

For the purpose of Company's capital management, capital includes issued capital and all other equity reserves. The Company manages its capital structure in light of changes in the economic and regulatory environment and the requirements of the financial covenants. The Company applied the same capital risk management strategy that was applied in the previous period.

The Company manages its capital on the basis of net debt to equity ratio which is net debt (total borrowings net of cash and cash equivalents) divided by total equity.

(₹ in lacs)

	31st March, 2018	31st March, 2017	1st April, 2016
Debt (i)	31,716.81	32,378.22	36,312.28
Cash and bank balances	90.42	453.76	580.67
<b>Net Debt</b>	<b>31,626.39</b>	<b>31,924.45</b>	<b>35,731.61</b>
<b>Total Equity</b>	<b>(17,750.31)</b>	<b>(10,905.17)</b>	<b>(2,125.91)</b>
Net debt to equity ratio	(1.74)	(2.81)	(13.53)

### NOTE 41

#### Explanation of transition to Ind AS

As stated in note 2a, these are the Company's first Financial Statements prepared in accordance with Ind AS. For the year ended 31st March, 2016, the Company had prepared its Financial Statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in note no. 3 have been applied in preparing these Financial Statements for the year ended 31st March, 2018 including the comparative information for the year ended 31st March, 2017 and the opening Ind AS balance sheet on the date of transition i.e. 1st April, 2016.

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

# Notes to and forming part of the Financial Statements as at 31st March, 2018

## Optional exemptions availed and mandatory exceptions

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

### A. Optional exemptions availed

#### 1. Property plant and equipment

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

#### 2. Determining whether an arrangement contains a lease

Appendix C to Ind AS-17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS-17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS-101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

#### 3. Fair value measurement of Financial Assets or Liabilities at initial recognition

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

### B. Mandatory exceptions

#### 1. Estimates

The estimates at 1st April, 2016 and at 31st March, 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- Fair valuation of financial instruments carried at FVTPL and/ or FVOCI.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1st April, 2016, the date of transition to Ind AS and as of 31st March, 2017.

#### 2. Derecognition of Financial Assets and Liabilities

As per Ind AS-101, an entity should apply the derecognition requirements in Ind AS-109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS.

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

#### 3. Classification and measurement of Financial Assets

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

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

# Notes to and forming part of the Financial Statements as at 31st March, 2018

## C. Reconciliation of Balance Sheet

(₹ in lacs)

Particulars	Note	31st March, 2017			1st April, 2016		
		Previous GAAP*	Adjustment on transition to Ind AS	Ind AS	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
<b>I. ASSETS</b>							
<b>(1) Non-Current Assets</b>							
(a) Property, Plant and Equipment		17,361.66	-	17,361.66	17,909.53	-	17,909.53
(b) Other Intangible Assets		2.59	-	2.59	3.41	-	3.41
(c) Financial Assets							
(i) Loans & Advances		30.75	-	30.75	169.29	-	169.29
(d) Other Non-Current Assets		-	-	-	-	-	-
		<b>17,395.00</b>	<b>-</b>	<b>17,395.00</b>	<b>18,082.23</b>	<b>-</b>	<b>18,082.23</b>
<b>(2) Current Assets</b>							
(a) Inventories		6,345.27	-	6,345.27	8,246.50	-	8,246.50
(b) Financial Assets							
(i) Trade Receivables		9,282.41	-	9,282.41	22,105.87	1,921.50	20,184.37
(ii) Cash and Cash equivalents		126.18	-	126.18	53.54	-	53.54
(iii) Other Bank Balances		327.58	-	327.58	527.13	-	527.13
(iv) Other Financial Assets		-	144.09	144.09	-	334.49	334.49
(c) Current Tax Assets (Net)		266.71	-	266.71	266.28	-	266.28
(d) Other Current Assets		2,373.13	(410.80)	2,229.04	3,900.07	(600.77)	3,299.30
		18,987.99	(266.71)	18,721.29	35,099.39	1,655.22	32,911.62
<b>TOTAL ASSETS</b>		<b>36,382.99</b>	<b>(266.71)</b>	<b>36,116.28</b>	<b>53,181.62</b>	<b>1,655.22</b>	<b>50,993.84</b>
<b>II. EQUITY AND LIABILITIES</b>							
<b>EQUITY</b>							
(a) Equity Share capital		<b>8,793.16</b>	-	8,793.16	8,793.00	-	8,793.16
(b) Other Equity	(d)	(19,538.02)	(160.31)	(19,698.33)	(8,827.37)	(2,091.70)	(10,919.07)
		<b>(10,744.86)</b>	<b>(160.31)</b>	<b>(10,905.17)</b>	<b>(34.37)</b>	<b>(2,091.70)</b>	<b>(2,125.91)</b>
<b>Liabilities</b>							
<b>(1) Non-Current Liabilities</b>							
(a) Financial Liabilities							
(i) Borrowings		<b>15,434.15</b>	-	15,434.15	22,651.25	-	22,651.25
(b) Deferred Tax Liabilities (Net)		-	-	-	-	-	-
(c) Deferred Government Grant		-	150.29	150.29	-	160.18	160.18
		<b>15,434.15</b>	<b>150.29</b>	<b>15,584.45</b>	<b>22,651.25</b>	<b>160.18</b>	<b>22,811.43</b>
<b>(2) Current Liabilities</b>							
(a) Financial Liabilities							
(i) Borrowings		13,657.28	-	13,657.28	12,015.47	-	12,015.47
(ii) Trade Payables		12,645.53	-	12,645.53	13,491.45	-	13,491.45
(iii) Other Financial Liabilities		-	3,286.79	3,286.79	-	1,645.56	1,645.56
(b) Other Current Liabilities		4,941.60	(3,276.77)	1,664.83	4,692.40	(1,635.55)	3,056.85
(c) Provisions		182.58	-	182.58	98.98	-	98.98
		<b>31,426.98</b>	<b>10.02</b>	<b>31,437.01</b>	<b>30,298.30</b>	<b>10.00</b>	<b>30,308.31</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>36,116.28</b>	<b>-</b>	<b>36,116.29</b>	<b>52,915.18</b>	<b>(1,921.51)</b>	<b>50,993.84</b>

\* The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

# Notes to and forming part of the Financial Statements as at 31st March, 2018

## D. Effect of Ind AS adoption on the Statement of Profit & Loss for the year ended 31st March, 2017

(₹ in lacs)

Sl. No	Particulars	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
	<b>INCOME:</b>			
I	Revenue From Operations	13,456.89	-	13,456.89
II	<b>Other Income</b>	288.65	10.02	298.67
III	<b>Total Revenue ( I + II)</b>	<b>13,745.54</b>	<b>10.02</b>	<b>13,755.56</b>
IV	<b>EXPENSES:</b>			
	Cost of Materials Consumed	8,220.32	-	8,220.32
	Changes in Inventories of Finished Goods & Work-in-Progress	2,669.40	-	2,669.40
	Excise Duty	1,325.41	-	1,325.41
	Employee Benefits Expense	524.29	(15.00)	509.29
	Finance Costs	52.40	-	52.40
	Depreciation and Amortization Expense	730.87	-	730.87
	Other Expenses	10,933.64	(1,921.50)	9,012.14
	<b>Total Expenses</b>	<b>24,456.33</b>	<b>(1,936.50)</b>	<b>22,519.83</b>
V	<b>PROFIT/(LOSS) BEFORE TAX (III - IV)</b>	<b>(10,710.79)</b>	<b>1,946.52</b>	<b>(8,764.27)</b>
VI	<b>Tax Expense</b>			
	Current Tax	-	-	-
	MAT Credit Entitlement	-	-	-
	Earlier Years' Tax	-	-	-
	Deferred Tax	-	-	-
VII	<b>PROFIT/(LOSS) FOR THE YEAR (V - VI)</b>	<b>(10,710.79)</b>	<b>1,946.52</b>	<b>(8,764.27)</b>
VIII	<b>Other Comprehensive Income</b>			
	A. (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of defined benefit liability/ (asset)	-	(15.00)	(15.00)
	(ii) Income taxes on items that will not be reclassified to profit or loss	-	-	-
	B. (i) Items that will be reclassified to profit or loss	-	-	-
	(ii) Income taxes on items that will be reclassified to profit or loss	-	-	-
	<b>Total Other Comprehensive Income, net of taxes</b>	-	(15.00)	(15.00)
IX	<b>Total Comprehensive Income/ (Loss) for the year (VII + VIII)</b>	<b>(10,710.79)</b>	<b>1,931.52</b>	<b>(8,779.27)</b>

\* The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

## E. Effects of Ind AS adoption on Total Equity

Particulars	31st March, 2017	1st April, 2016
Net Worth as per IGAAP	(10,744.86)	(34.21)
Ind AS Adjustments	(160.31)	(2,091.70)
Net Worth under Ind AS	(10,905.17)	(2,125.91)

## F. Effects of Ind AS adoption on Cash Flows for year ended 31 March, 2017

(₹ in lacs)

Particulars	Amount as per previous GAAP	Effect of Transition to Ind AS	Amount as per Ind AS
Net Cash from Operating Activities	4,003.84	15.81	4,019.65
Net Cash from Investing Activities	39.31	0.14	39.45
Net Cash from Financing Activities	(3,970.50)	(15.97)	(3,986.47)
Net Increase/(Decrease) in cash and cash equivalents	72.63	-	72.63
<b>Cash and cash equivalents at the beginning of the year</b>	<b>53.54</b>	<b>-</b>	<b>53.54</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>126.19</b>	<b>-</b>	<b>126.19</b>

# Notes to and forming part of the Financial Statements as at 31st March, 2018

## G. Notes to the reconciliations

### (a) Actuarial gain and loss

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

### (b) Excise duty

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

### (c) Fair valuation of investments

The Company has valued financial assets (other than Investment in subsidiaries which are accounted at cost), at fair value. Impact of fair value changes as on the date of transition, is recognised in retained earnings and changes thereafter are recognised in Statement of Profit and Loss or Other Comprehensive Income, as the case may be.

### (d) Accounting for Government Grants

The government grant related to Property, Plant and Equipment was shown as Capital Reserve under the previous GAAP. Ind AS-20 does not recognise the concept of recognising government grants directly in capital reserve. It requires all government grants to be categorised either as asset related or revenue related grant. Accounting for all grants depends on such categorisation. Accordingly, the "Capital Investment Subsidy" received by the Company shown under the head Capital Reserve has been recognised in the Statement of Profit or Loss as deferred income on a systematic basis over the useful life of the property, plant and equipment.

### (e) Lease

Previously, lease of land was excluded from the scope of AS-19. Accordingly, leasehold land was shown as a part of the Company's fixed assets (now, property, plant and equipment) and no further adjustments were made with respect to it. Under Ind AS-17, leasehold land are now presented as a part of property, plant and equipment and amortised over the period of the lease.

#### NOTE 42

Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever considered necessary to confirm to this year's classification. Accordingly, amounts and other disclosures for the preceding years are included as an integral part of the current year Financial Statements and are to be read in relation to amounts and other disclosures relating to the current year.

As per our report of even date

**For R. Kothari & Company**

*Chartered Accountants*

**FRN: 307069E**

**CA Manoj Kumar Sethia**

*Partner*

**Membership No: 064308**

Kolkata, 29th day of May, 2018

For and on behalf of the Board

**Suresh Kumar Patni**

*Managing Director*

**Ankit Patni**

*Director*

**Richa Agarwal**

*Company Secretary*

**S. K. Gupta**

*Chief Financial Officer*

# Corporate Information

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## Board of Directors

Mr. Suresh Kumar Patni  
Mr. Satish Kumar Singh  
Mr. Ankit Patni  
Mrs. Sujata Agarwal  
Mr. Nanda Samai

Chairman cum Managing Director  
Executive Director  
Promoter/Non-Executive Director  
Independent/Non-Executive Director  
Independent/Non-Executive Director

## Chief Financial Officer

Mr. Sanjeet Kumar Gupta

## Company Secretary & Compliance Officer

Ms. Richa Agarwal

## Statutory Auditor

M/s. R. Kothari & Company  
*Chartered Accountants*  
16A, Shakespeare Sarani, Kolkata - 700 071

## Secretarial Auditor

CS H. M. Choraria  
M/s. H. M. Choraria & Co.  
*Practising Company Secretaries*  
14/2, Old China Bazar Street  
4th Floor, Room No. 401, Kolkata - 700 001

## Cost Auditors

M/s. A.J.S & Associates  
Cost Accountants  
65B, S.P. Mukherjee Road  
Kolkata- 700 023

## Internal Auditors

M/s. NR & Associates  
*Cost Accountants*  
16A, Shakespeare Sarani, 5th Floor  
New B.K Market  
Kolkata-700071

## Bankers

State Bank of India  
United Bank of India  
Bank of Baroda  
Punjab National Bank

## Registered office

35, C.R. Avenue, 4th Floor, Kolkata -700 012  
Phone: +91 33 2211 0225/0226

## Corporate office

SKP House, 132A, S. P. Mukherjee Road,  
Kolkata - 700 026  
Phone: +91 33 4016 8000/8100  
Fax: +91 33 4016 8191/8107  
E-mail: [info@impexferrotech.com](mailto:info@impexferrotech.com)  
Website: [www.impexferrotech.com](http://www.impexferrotech.com)

## Plant Information

Kadavita Dendua Road  
P.O.: Kalyaneshwari, P.S.: Kult  
Dist.: Burdwan  
West Bengal - 713 369

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## **DISCLAIMER**

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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