

**ANNUAL REPORT  
FOR THE F.Y 2018-19**

**CHANDI STEEL INDUSTRIES LIMITED.**

# CHANDI STEEL INDUSTRIES LIMITED

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### **NOTICE TO THE SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN THAT** the Forty First Annual General Meeting of the Members of Chandi Steel Industries Limited will be held on Thursday, 26<sup>th</sup> September, 2019 at 11:00 a.m. at the Registered Office of the Company situated at 3, Bentinck Street, Kolkata – 700 001 to transact the following businesses:

### **ORDINARY BUSINESS**

#### **Item No. 1**

To receive, consider and adopt the Audited Financial Statement of the Company for the financial year ended 31<sup>st</sup> March, 2019 together with the Report of the Board of Directors and the Auditors thereon.

#### **Item No. 2**

To appoint a Director in place of Shri Susanta Sarkar (holding DIN – 06449312), who retires by rotation and being eligible, offers himself for re-appointment.

### **SPECIAL BUSINESS**

#### **Item No. 3**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), a consolidated remuneration of Rs. 20,000/- (excluding applicable taxes and reimbursement of out-of pocket expenses, if any) as recommended by the Audit Committee and approved by the Board of Directors at its meeting held on 23<sup>rd</sup> August, 2019 to be paid to M/s Mondal & Associates, Proprietor Mr. Amiya Mondal, being the Cost Auditors of the Company, having office at 45, Akhil Mistry Lane, Kolkata – 700 009 for conducting the audit of the cost records of the Company and providing Cost Audit Report and all such reports, annexures, records, documents etc., for the financial year 2019-20, that may be required to be prepared and submitted by the Cost Auditors under applicable statute, be and is hereby confirmed.”

#### **Item No.4**

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other approvals, consents, permissions and

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sanctions of any authorities as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the “Board” which term shall include any Committee thereof constituted by the Board to exercise its powers, including the powers conferred by this Resolution) to enter into contracts, arrangements, transactions including material transactions with its related parties, in any financial year on such terms and conditions as may be mutually agreed upon between the Company and its related parties, as per details given below:

Name of the Related Party	Nature of Relationship	Nature of Contract	Estimated amount per annum (Amount in Crore)
Jai Balaji Industries Limited (JBIL)	JBIL is a Public Company in which Director along with its Relatives holds more than 2% of its paid-up share capital	Purchase/ Sale of goods/materials on an arm's length basis and in ordinary Course of business, Corporate Guarantee given/obtained	30
Jai Salasar Balaji Industries Pvt. Ltd. (JSBIPL)	JSBIPL is a Private Company having common Directorship/Membership	Purchase/Sale of goods/materials on an arm's length basis and in ordinary Course of business	100
Balaji Ispat Udyog (BIU)	BIU is a Proprietorship Firm in which Director's brother is Proprietor	Purchase/Sale of goods/materials on an arm's length basis and in ordinary Course of business	10
Jai Balaji Jyoti Steels Limited (JBJSL)	JBJSL is a Public Company in which Director along with its Relatives holds more than 2% of its paid-up share capital	Purchase/Sale of goods/materials on an arm's length basis and in ordinary Course of business, Corporate Guarantee given/obtained	50
Jai Balaji Infotech Private Limited (JBIPL)	JBIPL is a Private Company in which one of the Director is a Member	Purchase/Sale of goods/materials on an arm's length basis and in ordinary Course of business, Corporate Guarantee given/obtained	10

**RESOLVED FURTHER THAT** pursuant to Regulation 23(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 any material related party transaction already entered by the Company with its related parties as on the date of this resolution be and is hereby approved and ratified.”

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**RESOLVED FURTHER THAT** the Board be and is hereby authorised to decide upon the nature of Related Party Transactions to be entered into with its Related Parties within the aforesaid limit;

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this Resolution.”

Registered Office:  
3, Bentinck Street,  
Kolkata – 700 001

Place : Kolkata  
Date :23<sup>rd</sup> August, 2019

By Order of the Board  
For **Chandi Steel Industries Limited**

Sd/-  
**Seema Chowdhury**  
Company Secretary

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### Notes:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning each item of Special Business under item no. 3 to 4 of the Notice to be transacted at the Twentieth Annual General Meeting ('the meeting') is annexed hereto and forms part of the Notice. The relevant details, pursuant to Regulation 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India, in respect of the Directors seeking re-appointment /appointment at this AGM are also annexed.
2. Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from Friday, 20<sup>th</sup> September, 2019 to Thursday, 26<sup>th</sup> September, 2019 (both days inclusive).
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT PROXY/PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Pursuant to Section 105 of the Companies Act, 2013 and rules made thereunder a person can act as a proxy on behalf of the member or members not exceeding 50 (Fifty) and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. Also, a member holding more than 10% of the total share capital of the Company carrying voting rights, may appoint a single person as a proxy provided that such a person shall not act as a proxy for any other person or member. If a proxy is appointed for more than 50 (fifty) members, he/she shall choose any 50 (fifty) members and confirm the same to the company before the commencement of specified period for inspection. In case, proxy fails to do so, the company shall consider only first 50 (fifty) proxies as valid. The instrument appointing the proxy shall be in writing and be signed by the appointer or his attorney duly authorized in writing or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorized by it and in order to be effective, should be deposited at the registered office of the Company, duly completed stamped and signed, not less than 48 (Forty Eight) hours before the commencement of the meeting. A proxy form is annexed to this Report.

Further, proxies submitted on behalf of authorized representative of the companies, societies etc. must be supported by appropriate resolution/authority, as applicable. Members who hold shares in dematerialized form are requested to bring their Photo Identity Card for easy identification of attendance at the meeting.

Every member entitled to vote at the meeting shall be entitled during the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged, at any time during business hours between 11 a.m. to 6 p.m., provided that not less than 3 days notice in writing of the intention to inspect is given by the member to the Company.

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4. Corporate members intending to send their authorized representatives to attend the Annual General Meeting, pursuant to Section 113 of Companies Act, 2013 are requested to send to the Company, a certified true copy of the Board Resolution together with respective specimen signature of those representative(s) authorized under said resolution to attend and vote on their behalf at the meeting.
5. Members/ proxies / authorized representatives should bring the duly filled attendance slip to attend the meeting.
6. The Annual Report of the Company for the Financial Year 2018-19, circulated to the members of the Company, is also uploaded on the Company's website "www.chandisteel.com".
7. Members holding shares in physical mode are requested to intimate any change in their address to the Registrar and Share Transfer Agent, Maheshwari Datamatics Private Limited, 23, R.N, Mukherjee Road, 5<sup>th</sup> Floor, Kolkata – 700 001 and members holding shares in demat mode are requested to intimate any change in their address or bank mandates to their respective Depository Participants. Any such changes effected by the Depository Participants will automatically reflect in the Company's subsequent records.

To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holding should be obtained from Depository Participant and holding should be verified.

8. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to write to the Company's Registrar and Share Transfer Agents, Maheshwari Datamatics Private Limited, 23, R.N, Mukherjee Road, 5<sup>th</sup> Floor, Kolkata – 700 001, enclosing their share certificates to enable the Company to consolidate their holdings into single folio.
9. Pursuant to Section 88 of the Companies Act, 2013 the Register of Members is required to be maintained in form MGT -1. In this respect, members holding shares in physical form are requested to inform/update the following additional details to the RTA, Maheshwari Datamatics Pvt. Ltd. of 23, R.N, Mukherjee Road, 5<sup>th</sup> Floor, Kolkata – 700 001, who have not yet so updated.
  - a. E-mail id (of the first holder)
  - b. PAN
  - c. Unique Identification Number (AADHAR NO.)
  - d. Father's/Mother's/Spouse's Name
  - e. Occupation
  - f. In case the member is a minor, Name of the Guardian and date of birth of the Member
  - g. CIN no. (In case the member is a body corporate)

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10. Members are requested to quote the Folio/Client ID & DP ID Nos. in all correspondences.
11. Electronic copy of the Annual Report for the financial year 2018-19 and the Notice of the Forty First Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form and route map is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes. Members of the Company who have registered their email address are also entitled to receive such communication in physical form upon request. However, members who have not yet registered their email address shall be furnished with physical copies of the aforesaid Notice of Forty First Annual General Meeting of the Company in the permitted mode.

Members who have received the Notice of Annual General Meeting, Annual report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the Registration Counter at the Annual General Meeting.

Members are also informed that the Notice of the Forty First Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form as well as the Annual Report for the Financial Year 2018-19 shall also be available on the website of the Company viz. “[www.chandisteel.com](http://www.chandisteel.com)” and on the website of the CDSL for their download.

In keeping view with Ministry of Corporate Affairs “Green Initiatives” measures and applicable provisions of Companies Act, 2013 read with Rules there under, the Company requests members who have not registered their e-mail address so far, to register their e-mail address for receiving all communications including Annual Report, notices etc from the Company electronically.

12. All the documents referred to in the accompanying notice are available for inspection by the members at the Registered Office of the Company on all working days (except Saturdays and Sundays), between 11:00 A.M. to 1:00 P.M. upto the conclusion of this Annual General Meeting.
13. Register of Directors and Key Managerial personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and The Register of Contracts and Arrangements in which Directors are interested under Section 189 of the Companies Act, 2013 shall be made available for inspection at the Annual General Meeting.
14. Members seeking further information on the Accounts or any other matter contained in the Notice are requested to write to the Company at least 7 (Seven) days before the meeting so as to enable the Company to make available relevant information at the meeting.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members

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holding shares in demat mode are, therefore, requested to submit their PAN details to their respective Depository Participant.

Members holding shares in physical mode can submit their PAN and bank account details to the Company's Registrar and Share Transfer Agents, Maheshwari Datamatics Private Limited, 23, R.N, Mukherjee Road, 5<sup>th</sup> Floor, Kolkata – 700 001.

16. Securities and Exchange Board of India (SEBI) has mandated that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN Card to the Company for registration of transfer of securities. Also, as per SEBI notification number SEBI/LAD-NRO/GN/2018/24 dated June 08, 2018 for amendment to SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 requests for effecting transfer of securities of listed companies shall not be processed unless the securities are held in the demat form with a depository, except in case of transmission or transposition of securities.
17. Section 72 of Companies Act, 2013 extends the nomination facility to individual shareholders of the Company. Therefore, the shareholders holding share certificate in physical form and willing to avail this facility may make nomination in Form SH-13 as per Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 which may be sent on request. In case of demat holding, the shareholders should approach their respective Depository Participant for their nomination. Blank forms will be made available on request. The same can also be downloaded from the Company's website.
18. (a) In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and amendments made thereto, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the e-voting facility to members to exercise their right to vote on the resolutions proposed to be passed at the Annual General Meeting as stated in the Notice by electronic means from a place other than venue of the meeting i.e. remote e-voting. The facility of casting the votes by the members using an electronic voting system from a place other than venue of Annual General Meeting (remote e-voting) will be provided by CDSL.

**The detailed process for exercising the e-voting facility is enclosed and is being sent as a part of the Notice. Members are requested to carefully read the instructions of e-voting before exercising their vote.**

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

Commencement of e-voting: From 10:00 a.m. on Monday, 23<sup>rd</sup> September, 2019

End of e-voting: up to 5:00 p.m. on Wednesday, 25<sup>th</sup> September, 2019

At the end of remote e-voting period, the facility shall forthwith be blocked.



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**Members' holding shares either in physical or dematerialized mode as on the cut-off date(i.e. the record date) viz. Thursday, 19<sup>th</sup> September, 2019 may exercise their vote electronically.**

- c) In case a person becomes a member of the Company after the dispatch of the Notice but on or before the cut-off date for e-voting i.e. **Thursday, 19<sup>th</sup> September, 2019** he/she may write to the Registrar requesting for user id and password.
- d) Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently.
- e) Facility of voting through Ballot Paper shall also be made available at the meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting. Members who have cast their vote by remote e-voting shall not be allowed to vote again at the meeting. However, members may attend the meeting and participate in the discussions, if any.
- f) Members can opt for only one mode of voting, i.e. either by e-voting or voting at Annual General Meeting. In case members cast their vote through both the mode, e-voting shall prevail and vote cast at Annual General Meeting shall be invalid.
- g) The voting rights of the members shall be one vote per paid up equity share, registered in the name of the shareholders/beneficial owners as on the cut-off date (i.e. the record date) being **Thursday, 19<sup>th</sup> September, 2019**.
- h) A person who is not a member as on cut-off date should treat this notice for the information purpose only.
- i) The Board of Directors has appointed Ms. Premlata Soni, Practising Company Secretary, (Membership No. FCS: 4385), having its registered office at 55, Ezra Street, 2<sup>nd</sup> Floor, Room No. 4, Kolkata – 700 001, as the Scrutinizer to scrutinize the e-voting process (including the physical ballots received from members who don't have access to the remote e-voting process) and voting at the AGM in a fair and transparent manner.
- j) The scrutinizer shall after the conclusion of meeting count the votes cast at the meeting, thereafter unblock the votes casted by remote e-voting in the presence of at least 2 (Two) witnesses not in employment of the Company and within a period not exceeding 3 days from the conclusion of the meeting submit a consolidated report of voting (e-voting & ballot) of the total votes cast in favour or against, to the Chairman of the meeting, or any person authorized by the Chairman to counter-sign the same. The Chairman of the meeting or the person authorized by the Chairman shall declare the results of the voting forthwith.

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- k) The results of e-voting will be communicated to the Stock Exchange where equity shares of the Company are listed viz. The Calcutta Stock Exchange Limited. Further, the results so declared along with the Scrutinizer's Report shall also be placed on the website of the Company as well as on the website of CDSL immediately after declaration of results by the Chairman or any person authorized by him in writing.

Registered Office:  
3, Bentinck Street,  
Kolkata – 700 001

Place : Kolkata  
Date :23<sup>rd</sup> August, 2019

By Order of the Board  
For **Chandi Steel Industries Limited**

Sd/-  
**Seema Chowdhury**  
Company Secretary

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### Annexure to the Notice

Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013:

#### **Item No. 3**

On the basis of the recommendation of the Audit Committee, the Board of Directors of the Company at its meeting held on 23<sup>rd</sup> August, 2019, has approved the re-appointment of the Cost Auditors of the Company, M/s Mondal & Associates, Proprietor Mr. Amiya Mondal, to conduct audit of the cost records of the Company and providing Cost Audit Report and all such reports, annexures, records, documents etc., for the financial year 2019-20, that may be required to be prepared and submitted by the Cost Auditors under applicable statute at a consolidated remuneration of Rs. 20,000/- (excluding applicable taxes and reimbursement of out-of-pocket expenses, if any).

In terms of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, remuneration payable to the Cost Auditors has to be approved by the Board and subsequently be ratified by the members of the Company.

Accordingly, consent of the members is sought for ratification of the remuneration payable to the Cost Auditors of the Company for the Financial Year 2019-20.

The Board of Directors, therefore, recommend the Resolution under item no. 3 to be passed as an Ordinary Resolution by the members.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution.

#### **Item No. 4**

Pursuant to the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and amendments made thereto, from time to time, the Board can enter into specified Related Party Transactions in excess of the limits prescribed under the said rules, only with the Consent of the Members. Further, pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company can enter into material related party transactions i.e. the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeding ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, only with the consent of the Members by means of an Ordinary Resolution.

The Company proposes to enter into transactions with its related parties, from time to time, subject to the approval of the Audit Committee and the Board, wherever required, on such terms and conditions as may be mutually agreed upon between the Company and its related parties within an annual limit and such transactions may qualify as material transactions. Details of the Related Parties are tabled herein below:

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Name of the Related Party	Name of the Director or Key Managerial Personnel who is related	Nature of Relationship
Jai Balaji Industries Limited (JBIL)	Shri Sanjiv Jajodia Shri Rajiv Jajodia Shri Gaurav Jajodia	Shri Sanjiv Jajodia and Shri Rajiv Jajodia are Brothers and Shri Gaurav Jajodia is Son of Shri Devendra Prasad Jajodia, Managing Director of Chandi Steel Industries Limited and they along with their relatives more than 2 % of the paid-up share capital of JBIL.
Jai Salasar Balaji Industries Pvt. Ltd. (JSBIPL)	Shri Devendra Prasad Jajodia	Shri Devendra Prasad Jajodia is a Director and Member of JSBIPL.
Balaji Ispat Udyog (BIU)	Shri Sanjiv Jajodia	Shri Sanjiv Jajodia, Brother of Shri Devendra Prasad Jajodia, Managing Director of Chandi Steel Industries Limited is a proprietor of the firm, BIU.
Jai Balaji Jyoti Steels Limited (JBJSL)	Shri Rajiv Jajodia	Shri Rajiv Jajodia, Brother of Shri Devendra Prasad Jajodia, Managing Director of Chandi Steel Industries Limited is Director of JBJSL.
Jai Balaji Infotech Private Limited	Shri Devendra Prasad Jajodia	Shri Devendra Prasad Jajodia is a Member of JSBIPL.

1) Nature, Material Terms, monetary value, and particulars of the contract or arrangement:

Nature of Contract/arrangement/transaction and estimated per annum monetary value of the same is stated in the resolution.

2) Any other information relevant or important for the members to take decision:

The Company enters /proposes to enter into related party transactions with the Bodies Corporate as per the table above, on an arm's length basis and in ordinary course of business with the intention to further the Company's interest. Section 188 of the Companies Act, 2013 is not applicable to transactions entered into by the Company in its ordinary course of business and on an arm's length basis. However as a matter of abundant precaution, the Board considers it suitable to take the consent of the members for the aforesaid related party transactions within the estimated limits.

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The Board of Directors, therefore, recommend the Resolution under item no. 4 to be passed as a Ordinary Resolution by the Members.

Except the aforesaid Promoter Directors and their relatives (to the extent of their shareholding interest in the Company), no other Directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution.

Registered Office:  
3, Bentinck Street,  
Kolkata – 700 001

Place : Kolkata  
Date :23<sup>rd</sup> August, 2019

By Order of the Board  
For **Chandi Steel Industries Limited**

Sd/-  
**Seema Chowdhury**  
Company Secretary

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Annexure to the notice pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Brief profile of Director Seeking appointment/re-appointment at the ensuing Forty First Annual General Meeting**

<b>Name of Director</b>	<b>Shri Susanta Sarkar</b>
<b>DIN</b>	06449312
<b>Date of Birth</b>	15 <sup>th</sup> October, 1970
<b>Date of Appointment as Director</b>	19 <sup>th</sup> November, 2012
<b>Qualification</b>	Higher Secondary, Draughtmanship (Mach. & Civil)
<b>Expertise in Specific functional area</b>	Central and Excise
<b>Membership of the Committees of the Board of Directors of the Company</b>	NIL
<b>Directorship held in any other listed Companies</b>	NIL
<b>Membership in the Committees of the Board of Directors of other Listed Entity in which he is a Director</b>	Nil
<b>No. of Equity Shares held in the Company</b>	NIL
<b>Inter-se Relationships between Director</b>	None

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### Process and manner of e-voting

#### **A. In case of Members receiving Notice of the Annual General Meeting by email and who wish to vote using the e-voting facility:**

- i) Email contains your user ID and PAN/ Sequence No. for e-voting.
- ii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- iii) Now click on “Shareholders” tab to cast your votes.
- iv) Now Enter your User ID

For CDSL: 16 digits beneficiary ID,

For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

For Members holding shares in Physical Form: Members should enter Folio Number registered with the Company.

- v) Next enter the Image Verification as displayed and Click on Login.

- vi) 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.

- vii) If you are a first time user, follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department when prompted by the system while e-voting (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. e.g: If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	<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 for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>If 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 (v).</li> </ul>

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- viii) After entering these details appropriately, click on “SUBMIT” tab.
- ix) Members holding shares in Physical form will then reach directly to the Company selection screen.
- x) 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.
- Shareholders holding shares in demat form and have logged in for an earlier instance of e-Voting and voted on [www.evotingindia.com](http://www.evotingindia.com) should use their existing login and password. Such shareholders who have already logged in earlier would be required to enter only the password after entering the user ID and characters displayed.
- 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 <Chandi Steel Industries Limited> 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) Repeat the voting process for all the resolutions on which you intend to vote.
- xvii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xvii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xix) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xx) 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. Please follow the instructions as prompted by the mobile app while voting on your mobile.



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xxi) Note for Non-Individual Shareholders and Custodians:

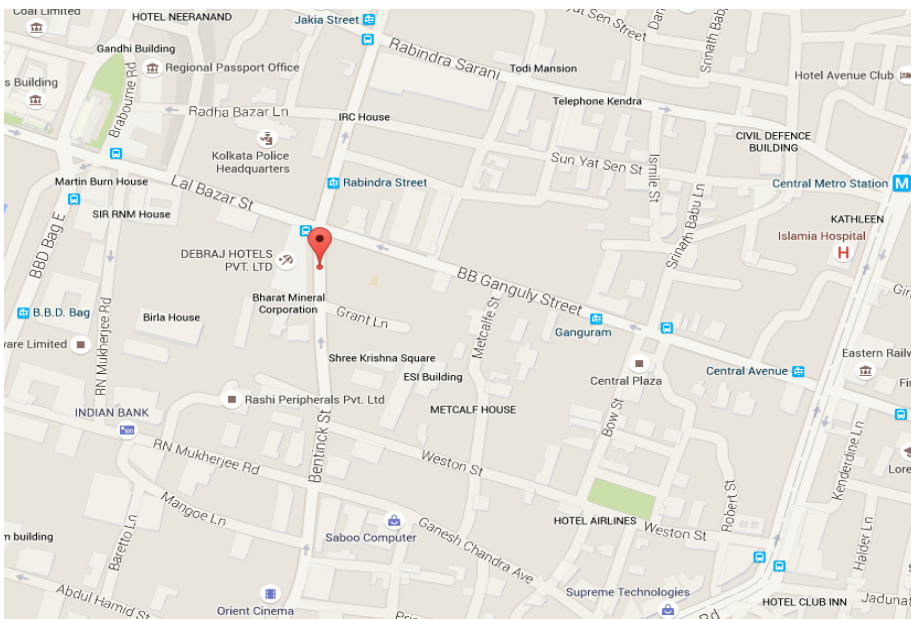
- Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details they have to create a compliance user who would be able to link the account(s) which they wish to vote on.
- The list of accounts 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.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

### **B. In case of Members receiving Notice of the Annual General Meeting by post and who wish to vote using the e-voting facility:**

Please follow all steps from Sr. No. (ii) to Sr. No. (xix) above, to cast your vote.

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). Or can contact at CDSL helpdesk: 1800225533

### **Route Map to the AGM Venue**



3, Bentinck Street, Kolkata-700001.

# CHANDI STEEL INDUSTRIES LIMITED

## ANNUAL REPORT 2018-19

### DIRECTORS' REPORT

*Dear Members*

Your Directors take pleasure in presenting the Forty First Annual Report along with the summary of the Audited Financial Statement of your Company for the financial year ended 31<sup>st</sup> March, 2019.

### FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	Financial Year ended 31 <sup>st</sup> March, 2019	Financial Year ended 31 <sup>st</sup> March, 2018
<b>Revenue from Operations (Net) and Other Income</b>	<b>24,285.69</b>	<b>18,150.60</b>
Less: Total Expenses	23,466.64	18,028.02
<b>Profit/(Loss) before exceptional items and tax</b>	<b>819.05</b>	<b>122.58</b>
Less: Exceptional items	-	-
<b>Profit before Tax (PBT)</b>	<b>819.05</b>	<b>122.58</b>
Less: Current Tax Expenses (Net)	223.47	24.75
Deferred Tax	8.30	17.99
Total Tax Expense	231.77	42.74
<b>Profit after Tax (PAT)</b>	<b>587.28</b>	<b>79.84</b>
<b>Other Comprehensive Income</b>	<b>(0.33)</b>	<b>-</b>
<b>Total Comprehensive Income</b>	<b>586.95</b>	<b>79.84</b>
<b>Earnings per share (excluding extraordinary items) (of Rs. 10/- each)</b>		
Basic and Diluted	5.57	0.76

### FINANCIAL PERFORMANCE AND STATE OF COMPANY AFFAIRS

The net revenue from operations and other income stands at Rs. 24,285.69 lacs in 2018-19 in comparison to Rs. 18,150.60 in 2017-18 and showed a growth of 33.8%. The Profit before Tax (PBT) for the year increased to Rs. 819.05 lacs as compared to Rs. 122.58 lacs in the previous year. The net profit of your Company for the year 2018-19 has been positively impacted on account of saleable steel production i.e. Rs. 586.95 lacs as compared to Rs. 79.84 lacs in the previous year.

### DIVIDEND

In aspect of the uncertain market situations, ability of the Company to act viably and profitably and in lieu of requirement of funds for total fixed expenses and operations of the Company, your Directors do not recommend a dividend for the financial year 2018-19.

### TRANSFER TO RESERVES

Your Company is focused to balance cost, quality and aspiration for consumer affordability at every price point. The Company has preserved an amount of Rs. 587.28 Lacs in the Statement of Profit and Loss and thus no sum has been sent to the General Reserves.

# CHANDI STEEL INDUSTRIES LIMITED

## ANNUAL REPORT 2018-19

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### MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

### CHANGE IN NATURE OF BUSINESS, IF ANY

During the year there was no change in the nature of business of the Company.

### SUBSIDIARIES, ASSOCIATES OR JOINT VENTURE COMPANIES

As on the date of reporting, your Company does not have any subsidiaries, associates or joint venture companies.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Changes in Directors and KMP

In accordance with the provisions of Section 152 of the Companies Act, 2013 and in terms of the Articles of Association of the Company, Shri Susanta Sarkar (DIN – 06449312) retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. The proposal regarding the re-appointment of the aforesaid director sought members approval. The Board of Directors recommend his re-appointment.

At the 40<sup>th</sup> AGM of the Company held on 27<sup>th</sup> September, 2018 the shareholders have reappointed Shri Devendra Prasad Jajodia (DIN: 00045166) as the Managing Director of the Company for further term of 5 years with effect from 1st April, 2018 to 31<sup>st</sup> March, 2023.

A brief resume of the Directors seeking appointment/re-appointment at the ensuing Annual General Meeting is incorporated in the Notice calling the said meeting.

Also, the details of the remuneration paid to the Key Managerial Personnel appointed by your Company in accordance with the provisions of Section 203 of the Companies Act, 2013 forms a part of the Annual Report.

None of the directors are disqualified for being appointed as Directors, as specified in Section 164(2) of the Companies Act, 2013 and Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

#### B. Statement of declaration given by independent directors

All the Independent Directors have furnished the requisite declarations under Section 149(7) of the Companies Act, 2013 read with the rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 that each of them meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and there has been no

# CHANDI STEEL INDUSTRIES LIMITED

## ANNUAL REPORT 2018-19

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change in the circumstances which may affect their status as Independent Director during the year.

### **C. Separate Meeting of Independent Directors of the Company**

Details of separate meeting of Independent directors held in terms of Schedule IV of the Companies Act, 2013 and Regulation 25(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are given in the Corporate Governance Report.

### **D. Performance evaluation**

Your Company understands the requirements of an effective Board Evaluation process and accordingly during the year under review, they have carried out performance evaluation of Board's own performance, the directors individually and the evaluation of the working of its Committees pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The manner in which evaluation has been carried out is explained in the Corporate Governance Report attached as Annexure to this report.

### **E. Familiarization programme for Independent Directors**

The familiarization program was imparted to the Independent Directors by the Company to state their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters.

Pursuant to Regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company should familiarise the independent directors through various programmes about the Company. During the year under review, a familiarization programme was conducted with the presence of all Independent Directors of the Company. The details of the familiarisation programmes are available at the website of the Company at: "[www.chandisteel.com](http://www.chandisteel.com)".

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

The Company has formulated a policy on dealing with Related Party Transactions. The Policy is also available on the Company's Website "[www.chandisteel.com](http://www.chandisteel.com)". The policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its related parties. All the contracts/ arrangements/transactions entered into with Related Parties during the financial year 2018-19 as defined under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were in the ordinary course of business and on arms length basis.

It is to be stated that the Company has entered into certain related party transactions as defined under Section 188(1) of the Companies Act, 2013 and material related party transactions exceeding ten percent of the annual turnover as per the last audited financial statements. Approval for these related party transactions as stated above and defined under SEBI (Listing Obligations and Disclosure

# CHANDI STEEL INDUSTRIES LIMITED

## ANNUAL REPORT 2018-19

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Requirements) Regulations, 2015 with the Stock Exchange have been sought vide special resolution passed at the last Annual General Meeting of the Company held on 27<sup>th</sup> September, 2018. Further pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of the members is sought to be taken at the ensuing Annual General Meeting for material related party transactions.

All related party transactions are placed quarterly before the Audit Committee for consideration and approval. Further, prior Omnibus Approval has been obtained from the Audit Committee of the Company at the committee meeting held on 22<sup>nd</sup> March, 2019 in respect of related party transactions whose value does not exceed one crore per transaction.

All Related Party Transactions in accordance with Indian Accounting Standard (Ind AS) 24 are disclosed are annexed into the notes to financial statements forming part of the Annual Report. Particulars of contracts or arrangements with related parties along with the justification for entering into such contract or arrangement is annexed as “**Annexure A**” in form AOC – 2 and forms a part of Board’s Report.

### **NOMINATION AND REMUNERATION POLICY**

In accordance with the provisions of Section 178 and 134(3)(e) of the Companies Act, 2013 read with relevant rules thereunder and Regulation 19 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 your company has formulated a ‘Nomination and Remuneration’ Policy which includes the criteria for determining qualifications, positive attributes and independence of a director, sets out the terms and conditions for appointment and remuneration of the Directors, Key Managerial Personnel and other employees. The said Policy has been hosted on the Company’s website under the weblink “[www.chandisteel.com](http://www.chandisteel.com)”. The same is attached as “**Annexure – B**” and forms an integral part of this Report.

### **MEETINGS OF THE BOARD HELD DURING THE YEAR**

It is to be noted that your Company followed the prescribed rules and provisions of the Companies Act, 2013, Secretarial Standard – 1 (SS-1) as issued by the Institute of Company Secretaries of India and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board meets at regular intervals to discuss and decide on business policy and strategy apart from other Board Business. During the year under review, 8 (Eight) Board Meetings were convened and the intervening gap between two consecutive meetings did not exceed 120 days. The dates of the meetings of the Board of Directors of the Company convened were 15<sup>th</sup> May, 2018; 20<sup>th</sup> June, 2018; 10<sup>th</sup> August, 2018; 20<sup>th</sup> August, 2018; 27<sup>th</sup> September, 2018; 14<sup>th</sup> November, 2018; 8<sup>th</sup> February, 2019 and 22<sup>nd</sup> March, 2019, the details of which are given in the Corporate Governance Report.

The detail and the number of board meetings attended by each Director during the financial year 2018-19 has been provided in the Corporate Governance Report forming part of this report.

# **CHANDI STEEL INDUSTRIES LIMITED**

## **ANNUAL REPORT 2018-19**

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### **BOARD COMMITTEES**

In compliance with the requirements of Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 your company has three board level committees comprising of Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee. The Board periodically evaluates the performance of all committees as a whole. Further, composition of the various committees of the Board is also hosted on the website of the Company viz “[www.chandisteel.com](http://www.chandisteel.com)”.

### **AUDIT COMMITTEE**

As on 31<sup>st</sup> March, 2019, the Audit Committee comprises of Smt. Swati Agarwal (Non-Executive Independent Director), the Chairman of the Committee, Shri Devendra Prasad Jajodia (Executive Director) and Shri Ashok Kumar Choudhary (Non-Executive Independent Director). The Board has accepted all recommendations made by the Audit Committee during the year.

Other details about the Audit Committee and other Committees of the Board are provided in the Report on Corporate Governance forming part of this Annual Report.

### **WHISTLE BLOWER /VIGIL MECHANISM**

The Company has adopted and formulated a formal mechanism for all directors, employees and vendors of the Company termed vigil mechanism for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. It requires every Director or employees to swiftly report to the management any actual or possible violation of the code or any event wherein he or she becomes aware of that which could affect the business or reputation of the Company and also report instances of leak of unpublished price sensitive information. The Policy safeguards the whistle blower to report concerns or grievances and also provides direct access to the Chairman of the Audit Committee. The said policy has been made available on the website of the Company viz. “[www.chandisteel.com](http://www.chandisteel.com)”.

Your Company annually reviews any instances of fraud and mismanagement inside the affairs of the Company. During the year 2018-19, there has been no such instances. Further, there has been no change to the whistle blower policy during the financial year.

### **FRAUDS REPORTED BY AUDITORS**

The Statutory Auditors of the Company have not reported any fraud as specified in Section 143(12) of the Companies Act.

### **SECRETARIAL STANDARD**

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

# CHANDI STEEL INDUSTRIES LIMITED

## ANNUAL REPORT 2018-19

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### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3) and 134(5) of the Companies Act, 2013, the Board of Directors to the best of their knowledge and ability confirm:

- i. In the preparation of annual accounts for the financial year ended 31<sup>st</sup> March, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii. We have selected such accounting policies and applied them consistently and made judgments and made estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2019 and of the profit of the Company for the year ended on that date;
- iii. We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The annual accounts for the financial year ended 31<sup>st</sup> March, 2019, have been prepared on a going concern basis;
- v. Internal financial controls to be followed by the Company were laid down and that such internal financial controls are adequate and were operating effectively;
- vi. Proper systems were devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### RISK MANAGEMENT

Risk management is the process of identifying, assessing and controlling threats to an organization's capital and earnings. These threats, or risks, could stem from a wide variety of sources, including financial uncertainty, legal liabilities, strategic management errors, accidents and natural disasters. IT security threats and data-related risks, and the risk management strategies to alleviate them, have become a top priority for digitized companies. As a result, a risk management plan increasingly includes companies' processes for identifying and controlling threats to its digital assets, including proprietary corporate data, a customer's personally identifiable information and intellectual property.

Your Company is exposed to inherent uncertainties owing to the sectors in which it operates and the Company has a framework in line with risk management process of identifying, prioritizing and mitigating risks which may impact attainment of short and long term business goals of the Company. Your Company has been periodically assessing the key risks areas which may affect the business goals and periodically revisits the relevance of the identified risks and progress of the mitigation plans undertaken. The risk management framework is interwoven with strategic planning, deployment and capital project process of the Company. The process aims to analyse the internal and external environment and manage economic, financial, market, operational, compliance and sustainability risks and capitalizes opportunities for business success.

# CHANDI STEEL INDUSTRIES LIMITED

## ANNUAL REPORT 2018-19

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The Board of Directors of your Company has approved and adopted a Risk Management Policy of the Company. The policy contains a detailed framework of risk assessment by evaluating the probable threats taking into consideration the business line of the Company, monitoring the risks so assessed and managing them well within time so as to avoid hindrance in its growth objectives that might in any way threaten the existence of your Company. The said policy is also available on the website of the Company “[www.chandisteel.com](http://www.chandisteel.com)”.

### **INTERNAL AUDIT AND INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY**

A vigorous system of internal control, which is compatible with the range and nature of its business, forms an integral part of the Company’s Corporate Governance policies. The Board has devised systems and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the 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 disclosures.

We, at Chandi Steel, have an internal audit function that inculcates best standards and practices. The scope of work, authority and resources of Internal Audit are regularly reviewed by the Audit Committee and its work is supported by the services of accountancy firms. The members of the Audit Committee of your Company are well versed with the financial management. The Internal Audit conducted also provides assurance to the Board on the effectiveness of relevant internal controls.

The Committee calls for comments of the internal and statutory auditors about the Company’s internal audit and scope of audit. During the year under review, such controls were tested and no material weaknesses in the operations were discovered.

### **AUDITORS AND AUDITORS’ REPORT**

#### **Statutory Auditors**

In terms of the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014, M/s. B Y Jatania & Co., Chartered Accountants (Firm Registration No. 311010E), were appointed as Statutory Auditors of the Company to hold office from the conclusion of 39<sup>th</sup> Annual General Meeting of the Company held on 23<sup>rd</sup> September, 2017 till the conclusion of the 44<sup>th</sup> Annual General Meeting of the Company.

The Auditors’ Report to the shareholders for the financial year 2018-19 does not contain any qualification, reservation, adverse remark or disclaimer. Comments/Qualification of the Auditors in their report and the notes forming part of the Accounts are self-explanatory and further do not call for any clarification or comments. During the year under review, the Auditors had not reported any matter under Section 143(12) of the Companies Act, 2013, therefore no detail is required to be disclosed under 134(3)(ca) of the Act.

#### **Cost Auditors**

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, as amended, the cost audit record maintained by the Company is required to be



# CHANDI STEEL INDUSTRIES LIMITED

## ANNUAL REPORT 2018-19

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audited. The Board of Directors, on the recommendation of the Audit Committee, appointed M/s. Mondal & Associates, Cost Accountants, Kolkata for conducting the cost audit of the Company for Financial Year 2019-20.

As required under the Companies Act, 2013, the remuneration payable to the Cost Auditors for the financial year 2019-20 is required to be ratified by the members of the Company. Accordingly, resolution seeking members ratification for remuneration to be paid to Cost Auditors is included in the Notice convening Annual General Meeting.

Your Company has filed the Cost Audit Report for the financial year 2017-18 with the Registrar of Companies, Ministry of Corporate Affairs in the XBRL mode during the year under review.

### **Internal Auditor**

In line with the requirements of Section 138 of the Companies Act, 2013 and rules made there under M/s. D. Sikaria & Co., Chartered Accountants of 112, Chittaranjan Avenue, 3<sup>rd</sup> Floor, Kolkata - 700 073, were appointed as the Internal Auditor at the meeting of the Board of Directors held on 15<sup>th</sup> May, 2018 for the Financial Year 2018-19 to conduct internal audit of the functions and activities of the Company. The Audit Committee of the Company periodically reviews the Internal Audit Report and checks for any findings and follow up thereon.

### **Secretarial Auditor**

Ms. Priti Todi (ACS:14611), Practising Company Secretary, Partner of P.S. & Associates, was appointed to conduct the secretarial audit of the Company as required under Section 204 of the Companies Act, 2013, and rules made thereunder. The Secretarial Audit Report in Form MR-3 as prescribed, issued by Ms. Priti Todi is annexed as “**Annexure C**” and forms a part of this report.

The secretarial audit report to the shareholders for the year under review does not contain any qualifications, reservations and adverse remark or disclaimer. The observations made in the secretarial auditor’s report are self explanatory and therefore do not call for further elucidation.

## **EXTRACT OF ANNUAL RETURN**

Pursuant to the provisions of Section 92(3) and 134(3)(a) of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules 2014, an extract of the Annual Return in Form MGT-9 is annexed as “**Annexure D**” and forms part of this report .

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

Particulars of Loans, Guarantees and Investments as on the financial year ended 31<sup>st</sup> March, 2019 as covered under the provisions of Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are given in Note No. 4,7, 7.4 and 30 of the notes to Financial Statements provided in the Annual Report.

# **CHANDI STEEL INDUSTRIES LIMITED**

## **ANNUAL REPORT 2018-19**

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### **DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

As the provisions of Section 134 and 135 of the Companies Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) 2014 were not applicable for the Company during the financial year under review, the Company has not developed and implemented any Corporate Social Responsibility initiatives.

### **DEPOSITS**

During the year under review, your Company has not accepted/received any deposits from the public within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014. Further, no amount of deposit remained unpaid or unclaimed at the end of the year i.e. as on 31<sup>st</sup> March, 2019. Subsequently, no default has been made in repayment of deposits or payment of interest thereon during the year.

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS OF THE COMPANY**

There were no significant and material orders passed by the Regulators or Courts or Tribunals during the year under review impacting the going concern status and the future operations of the Company.

### **CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS**

The Company is committed to observing good corporate governance practices and adhere to Corporate Governance guidelines as laid out in the Listing Regulations. In terms of Regulation 34 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Report on Corporate Governance along with Compliance Certificate and Management Discussion and Analysis are annexed to this report and forms integral part of this Report.

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

Your Company endeavours to provide equal opportunity and key positions to women professionals. As per the requirements of the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder your company has formulated an Internal Complaints Committee having designated members to redress complaints against Sexual Harassment. During the year under review, there were no complaints reported against pertaining to Sexual Harassment.

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

The relevant information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated in Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014, is annexed herewith as “**Annexure E**” forming part of Annual Report.

# CHANDI STEEL INDUSTRIES LIMITED

## ANNUAL REPORT 2018-19

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### PARTICULARS OF EMPLOYEES AND OTHER RELATED DISCLOSURES

The information required to be disclosed in the Directors' Report pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as “**Annexure F**” forming part of this report.

The statement containing names of top ten employees in terms of remuneration drawn and their other details as required to be furnished under Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the Members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any Member interested in obtaining a copy of the same may write to the Company Secretary.

Your Company does not have any other employee whose particulars are required to be furnished under Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### POLICY ON PREVENTION OF INSIDER TRADING

Your Company has adopted a Code for Prevention of Insider Trading with a view to regulate trading in equity shares of the Company by the Directors and designated employees of the Company. The said Code of Conduct is available on the website of the Company at “[www.chandisteel.com](http://www.chandisteel.com)”. The Code requires preclearance for dealing in Company's shares and prohibit the purchase or sale of shares in your company by the Directors and designated employees, while they are in possession of unpublished price sensitive information and also during the period when the Trading Window remains closed.

### LISTING

The equity shares of the Company is listed on The Calcutta Stock Exchange Limited (CSE).

### ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation for the valuable co-operation and support received from the Government of India, various State Governments, the Banks/Financial Institutions and other stakeholders such as shareholders, customers and suppliers, among others.

The Directors also wish to place on record their appreciation for the sincere services rendered by employees of the Company at all levels. The Directors also commend the continuing commitment and dedication of all employees at all levels, which has been integral part for the Company's success. The Directors look forward to their continued support in future.

**For and on behalf of the Board**

**Place: Kolkata**  
**Date: 23<sup>rd</sup> August, 2019**

**Sd/-**  
**Devendra Prasad Jajodia**  
**Managing Director**  
**(DIN: 00045166)**

# CHANDI STEEL INDUSTRIES LIMITED

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“Annexure –A”

### Form AOC – 2

(Pursuant to *clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014*)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangements or transactions entered into during the year ended 31<sup>st</sup> March, 2019, which were not at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis

Details of material contracts or arrangement or transactions at arm's length basis for the year ended 31<sup>st</sup> March, 2019 are as follows:

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, if any	Amount paid as advances, if any (₹ in Lacs)
(a)	(b)	(c)	(d)	(e)	(f)
Jai Balaji Industries Limited (JBIL) (Shri Sanjiv Jajodia, Shri Rajiv Jajodia & Shri Gaurav Jajodia are relatives of Shri Devendra Prasad Jajodia who along with their relatives hold more than 2% of the paid-up share capital of CSIL)	Purchase/sale of goods/products in ordinary course of business	Ongoing	Based on transfer pricing guidelines	14.02.2018	Nil
Jai Salasar Balaji Industries Private Limited (JSBIPL) (Shri Devendra Prasad Jajodia is a Common Promoter Director & Member.	Purchase/sale of goods/products in ordinary course of business	Ongoing	Based on transfer pricing guidelines	14.02.2018	Nil

# CHANDI STEEL INDUSTRIES LIMITED

## ANNUAL REPORT 2018-19

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**“Annexure-B”**

### **NOMINATION AND REMUNERATION POLICY**

#### **PREFACE**

Human Resource occupies an important place in the organisation's growth. Chandi Steel Industries Limited (“the Company”) has been built on the active assistance, commitment, dedication, hard work and loyalty of its employees. The Board is committed to transparent, fair and sound policies for determining appropriate remuneration at all levels of the Company.

As we are growing, personal and professional development of the directors and employees becomes important to motivate them as also to ensure efficient functioning of the organisation.

#### **VISION**

Effective people management for creating competitive advantage for all stakeholders and creating a transparent system for determining the appropriate level of remuneration to Directors, Key Managerial Personnel (KMP) and other senior management employees.

#### **OBJECTIVE**

- To attract, nurture and retain the best talent by inculcating a culture of learning, performing, developing creativity and teamwork;
- To ensure reasonable remuneration to the Directors, KMP and other employees so as to motivate them of the quality required to run the Company successfully;
- To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

#### **MONITORING OF THE POLICY**

The implementation of the Nomination and Remuneration Policy shall be monitored by the Nomination and Remuneration committee of the Board constituted as per the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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### PURPOSE OF THE COMMITTEE

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- Devising a policy on diversity of board of directors;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- Recommend to the board, all remuneration, in whatever form, payable to senior management.

### ROLES AND RESPONSIBILITIES OF THE COMMITTEE

#### Nomination

The Nomination and Remuneration Committee shall identify potential candidates with appropriate qualification, knowledge, expertise and experience.

When considering candidates, the Committee strives to achieve a balance of knowledge, experience and accomplishment such that the Company reflects a diversity of talent, age, skill, expertise and perspective. While evaluating a Director, KMP or other senior management employees for recommending to the Board, the Committee shall take into consideration various criteria that are in the best interests of the Company and its stakeholders, some of which are given hereunder:

- Educational qualifications and experience of the candidate so as to be in terms with the applicable laws, rules, regulations as laid down in the Companies Act, 2013, listing regulations and other applicable acts;
- Willingness of a person to act as such;
- The candidate should reflect the highest standards of integrity, ethics and character, and value such qualities in other;
- The candidate should have the ability to devote sufficient time to the business and affairs of the Company;

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- Demonstrate the capacity and desire to represent, fairly and equally, the best interests of the Company's stockholders as a whole;
- Access the present as well as future needs of the Company. Further, while nominating Directors, it must be ensured that the Board is structured in a way that:
  - it has proper understanding of and expertise to deal with the present as well as emerging business issues
  - exercises independent judgement
  - encourage enhanced performance of the business as a whole.

Accordingly, the process of the Committee for identifying nominees shall reflect the Company's practice of re-nominating incumbent directors and employees who continue to satisfy the Committee's criteria, whom the Committee believes to continue to make important contributions towards the growth, reputation and well being of the Company as a whole and who consents to continue their service with the Company.

Further, in addition to the above criteria, the appointment of Independent Directors of the Company shall also be guided by the following Terms and Conditions in compliance with schedule IV to the Companies Act, 2013.

- The appointment of Independent Directors shall be independent of the company management. While selecting Independent Directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively;
- The appointment of Independent Directors shall be approved at the meeting of the Shareholders;
- The appointment of Independent Directors shall be formalised through a letter of appointment stating the requisite details as per the requirements of schedule IV of the Companies Act, 2013;
- The Independent Directors shall be appointed for a fixed term of upto five years or such lesser term as may be decided mutually between the Board and the Directors and shall be eligible for re-appointment for a further term of upto five years on passing a special resolution by the Company. Further, no Independent Director shall hold office for more than two consecutive terms. However, they shall be eligible for re-appointment after the expiration of cooling period of three years of ceasing to become an Independent Director;

# **CHANDI STEEL INDUSTRIES LIMITED**

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- The Independent Directors shall be responsible for complying with the duties as specified under section 166 of the Companies Act, 2013. Further, their liabilities shall also be limited to the respective provisions of the Companies, 2013 and rules made there under;
- Independent Directors shall be expected to ensure compliance with the Code of Conduct as laid down by the Company;
- Independent Directors shall be paid sitting fees subject to the provisions of the Companies Act, 2013 and rules made there under as well as the terms of this policy.



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### **Remuneration**

The committee shall:

- meet at least once in a year
- ensure that the quorum of either two members or one third of the members of the committee, whichever is greater, including at least one independent director is present
- ensure that the compensation to the Board, KMP and other senior management employees is reasonable and sufficient to attract, retain and motivate quality directors and KMPs;
- approve any significant changes in the executive director's contract;
- determine payment of sitting fees, if any payable for directors for attending meetings of the Board;
- ensure that there is balance between fixed pay and incentive based pay (if any) in the remuneration to be paid the Directors, KMPs and other senior management employees.

### **Directors Remuneration**

The Company may pay remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to Managing and Whole-time Directors. Salary shall be paid within the range approved by the Shareholders. Commission, if any, shall be calculated with reference to net profits of the Company in a particular financial year and shall be determined by the Board of Directors at the end of the financial year based on the recommendations of the Nomination and Remuneration Committee, subject to overall ceilings stipulated in Sections 197 read with Schedule V of the Companies Act, 2013.

### **Senior Management Remuneration**

The salary of other senior management employees shall be competitive and based on the individual's qualification, experience, responsibilities and performance and shall be governed by the HR policy of the Company.

### **Determining criteria for performance evaluation of the Board and Individual Directors**

The Board shall evaluate its own performance based on the following criteria:

- Composition of the Board in compliance with the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ;
- Frequency of meetings held during the year and matters taken up thereat;

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- Ability of the Board to take uniform decisions for the betterment of the Company taking into consideration the individual views of all the Directors comprising it;
- Its wisdom and judgement to help the Company prosper;
- Ability of the Board to evaluate risk and devise suitable measures to mitigate them etc.

The Board shall evaluate the performance of individual directors (including independent directors) based on the following criteria:

- Attendance of the individual directors and level of participation at the meetings of the Board and committees thereof and the general meetings;
- Contribution in long term strategic planning;
- Professional conduct and independence;
- Level of commitment etc.

The above list is illustrative.

Such performance evaluation of Directors (including independent directors) shall be done by the entire Board of Directors (excluding the director being evaluated).

In case of Independent Director, the Board shall determine whether to extend or continue the term of appointment of the Independent Director on the basis of the report of performance evaluation carried by the Board.

In addition to the above, the Board shall also evaluate the performance of various Board level Committees.

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ANNEXURE- C

### SECRETARIAL AUDIT REPORT

for the financial year ended 31<sup>st</sup> March, 2019

*[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]*

To,  
The Members,  
**Chandi Steel Industries Limited.**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Chandi Steel Industries 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 Company’s 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 31<sup>st</sup> March, 2019 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:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:
  - i) The Companies Act, 2013 (the Act) and the rules made thereunder.
  - ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
  - iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder 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 (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

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- c. 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;
2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) were not applicable to the Company under the financial year under report:
  - a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - b. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
3. The Company is engaged in the business of manufacturing Alloy & Non-Alloy Steel Bars – round & flat, Alloy & Non- Alloy Steel scrap. No Act specifically for the aforesaid businesses is/are applicable to the Company:
4. We have also examined compliance with the applicable clauses of the following:
  - (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
  - (ii) The Listing Agreement(s) entered into by the Company with Stock Exchange(s) as required under the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.
5. As per the information and explanations provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we report that the provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of:
  - (i) External Commercial Borrowings were not attracted to the Company under the financial year under report;
  - (ii) Foreign Direct Investment (FDI) were not attracted to the company under the financial year under report;
  - (iii) Overseas Direct Investment by Residents in Joint Venture / Wholly Owned Subsidiary abroad were not attracted to the company under the financial year under report.
6. During the financial year under report, the Company has complied with the provisions of the Companies Act, 2013 and the Rules, Regulations, Guidelines, Standards, etc., mentioned above.
7. As per the information and explanations provided by the company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we report that the Company has not made any GDRs/ADRs or any Commercial Instrument under the financial year under report.

# CHANDI STEEL INDUSTRIES LIMITED

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8. We have relied on the information and representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws, and Regulations to the Company.
9. We further report that:
  - (a) 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.
  - (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days 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.
10. We further report that 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.

**For PS & Associates**

**Sd/-**  
**(PritiTodi)**  
**Partner**  
**C.P. No.: 7270, ACS: 14611**

**Place: Kolkata**  
**Date: 23<sup>rd</sup> August, 2019**

# CHANDI STEEL INDUSTRIES LIMITED

## ANNUAL REPORT 2018-19

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### ‘Annexure A’

To,  
The Members  
**Chandi Steel Industries Limited.**

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For PS & Associates**

Sd/-  
(Priti Todi)  
Partner  
C.P. No.: 7270, ACS: 14611

Place: Kolkata  
Date: 23<sup>rd</sup> August, 2019

**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31<sup>st</sup> March, 2019**

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

<b>I. REGISTRATION AND OTHER DETAILS:</b>	
i) CIN:-	L13100WB1978PLC031670
ii) Registration Date	09.09.1978
iii) Name of the Company	Chandi Steel Industries Limited
iv) Category / Sub-Category of the Company	Public Limited Company Limited by Shares
v) Address of the Registered office and contact details	3, Bentinck Street, Kolkata - 700 001 Phone: (91) (33) 2248 9808 Fax: (91) (33) 2243 0021 Email: chandisteelindustries@gmail.com Website: www.chandisteel.com
vi) Whether listed company - Yes / No	Yes (Listed with The Calcutta Stock Exchange Limited)
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Maheshwari Datamatics Private Limited 23 R. N Mukherjee Road, 5th Floor, Kolkata - 700 001 Phone: (91) (33) 2248 2248 / 2243 5029 Email: mdpldc@yahoo.com

<b>II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY</b>			
All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-			
Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
1	Steel	24103	90.69%

<b>III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -</b>					
Sl. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
NIL					

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## j) Category-wise Share Holding

Category of Shareholders	No of Shares held at the beginning of the year [As on 01-April-2018]				No of Shares held at the end of the year [As on 31-March-2019]				% 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	5,039,998	0	5,039,998	47.82	3,138,000	0	3,138,000	29.77	-37.74
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	700	0	700	0.01	700	0	700	0.01	0.00
e) Banks/FI									
f) Any other									
<b>Sub-total (A)(1)</b>	5,040,698	0	5,040,698	47.82	3,138,700	0	3,138,700	29.78	-37.73
<b>(2) Foreign</b>									
a) NRIs - Individuals									
b) Other - Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any other									
<b>Sub-total (A)(2)</b>	0	0	0	0.00	0	0	0	0.00	0.00
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	5,040,698	0	5,040,698	47.82	3,138,700	0	3,138,700	29.78	-37.73
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds									
b) Banks/FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FII's									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total(B)(1):-</b>	0	0	0	0.00	0	0	0	0.00	0.00
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	5,174,100	58,300	5,232,400	49.64	5,924,100	58,300	5,982,400	56.76	14.33
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	10,702	149,900	160,602	1.52	10,702	149,900	160,602	1.52	0.00
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	106,300	0	106,300	1.01	1,258,298	0	1,258,298	11.94	1083.72
c) Others (Specify)									
Non Resident Indians									
Qualified Foreign Investor									
Custodian of Enemy Property									
Foreign Nationals									
Clearing Members									
Trusts									
Foreign Bodies-D R									
<b>Sub-total(B)(2):-</b>	5,291,102	208,200	5,499,302	52.18	7,193,100	208,200	7,401,300	70.22	34.59
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	5,291,102	208,200	5,499,302	52.18	7,193,100	208,200	7,401,300	70.22	34.59
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	10,331,800	208,200	10,540,000	100.00	10,331,800	208,200	10,540,000	100.00	0.00



(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the Year as on 01.04.2018			Shareholding at the end of the Year as on 31.03.2019			% change in share holding 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	
1	SHRI SANJIV JAJODIA	1,447,498	13.73	0.00	-	-	-	-100.00
2	SHRI GAURAV JAJODIA	600,000	5.69	0.00	600,000	5.69	0.00	0.00
3	SMT. SANGEETA JAJODIA	600,000	5.69	0.00	600,000	5.69	0.00	0.00
4	SHRI AASHISH JAJODIA	556,500	5.28	0.00	556,500	5.28	0.00	0.00
5	SMT. KANCHAN JAJODIA	511,500	4.85	0.00	511,500	4.85	0.00	0.00
6	SHRI ADITYA JAJODIA	454,500	4.31	0.00	-	-	-	-100.00
7	SHRI RAJIV JAJODIA	423,000	4.01	0.00	423,000	4.01	0.00	0.00
8	SHRI DEVENDRA PRASAD JAJODIA	300,000	2.85	0.00	300,000	2.85	0.00	0.00
9	SMT. SHASHI JAJODIA	147,000	1.39	0.00	147,000	1.39	0.00	0.00
10	JAI SALASAR BALAJI INDUSTRIES PVT. LTD.	400	0.00	0.00	400	0.00	0.00	0.00
11	SHRI KESHVINANDAN TRADE PRIVATE LIMITED	300	0.00	0.00	300	0.00	0.00	0.00
	<b>Total</b>	<b>5,040,698</b>	<b>47.82</b>	<b>0.00</b>	<b>3,138,700</b>	<b>29.78</b>	<b>0.00</b>	<b>-37.73</b>

(iii) Change in Promoters' Shareholding (Please specify, if there is no change)

Sl. No.	Name of the Promoter	Shareholding at the beginning of the Year [1st April, 2018]		Change during the year			Cumulative Shareholding during the year [1st April, 2018 to 31st March, 2019]	
		No. of shares	% of total Shares of the company	Date	Reason	No. of Shares	No. of shares	% of total Shares of the company
1	<b>SHRI SANJIV JAJODIA</b>							
	At the beginning of the year	1,447,498	13.73					
				04.05.2018	Sale of Shares	197,498	1,250,000	11.86
				11.05.2018		1,250,000	0	0.00
	At the end of the year						0	0.00
2	<b>SHRI GAURAV JAJODIA</b>							
	At the beginning of the year	600,000	5.69					
				Nil movement during the year			600,000	5.69
	At the end of the year							
3	<b>SMT. SANGEETA JAJODIA</b>							
	At the beginning of the year	600,000	5.69					
				Nil movement during the year			600,000	5.69
	At the end of the year							
4	<b>SHRI AASHISH JAJODIA</b>							
	At the beginning of the year	556,500	5.28					
				Nil movement during the year				
	At the end of the year						556,500	5.28
5	<b>SMT. KANCHAN JAJODIA</b>							
	At the beginning of the year	511,500	4.85					
				Nil movement during the year				
	At the end of the year						511,500	4.85
6	<b>SHRI ADITYA JAJODIA</b>							
	At the beginning of the year	454,500	4.31					
				27.04.2018	Sale of Shares	454,500	0	0.00
	At the end of the year						0	0.00
7	<b>SHRI RAJIV JAJODIA</b>							
	At the beginning of the year	423,000	4.01					
				Nil movement during the year				
	At the end of the year						423,000	4.01
8	<b>SHRI DEVENDRA PRASAD JAJODIA</b>							
	At the beginning of the year	300,000	2.85					
				Nil movement during the year				
	At the end of the year						300,000	2.85

9	<b>SMT. SHASHI JAJODIA</b>						
	At the beginning of the year	<b>147,000</b>	1.39				
	At the end of the year			Nil movement during the year		<b>147,000</b>	<b>1.39</b>
10	<b>JAI SALASAR BALAJI INDUSTRIES PVT. LTD.</b>						
	At the beginning of the year	<b>400</b>	0				
	At the end of the year			Nil movement during the year		<b>400</b>	<b>0.00</b>
11	<b>SHRI KESHVINANDAN TRADE PRIVATE LIMITED</b>						
	At the beginning of the year	<b>300</b>	0				
	At the end of the year			Nil movement during the year		<b>300</b>	<b>0.00</b>

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the Year [1st April, 2018]		Change during the year			Cumulative Shareholding during the year [1st April, 2018 to 31st March, 2019]	
		No. of shares	% of total Shares of the company	Date	Reason	No. of Shares	No. of shares	% of total Shares of the company
1	<b>PPS STEEL TRADING PRIVATE LTD. *</b>	<b>0</b>	<b>0.00</b>					
	At the beginning of the year							
	At the end of the year			11.05.2018	Purchase of share	750,000	750,000	7.12
2	<b>PAWAN KUMAR KANODIA*</b>							
	At the beginning of the year	<b>0</b>	<b>0.00</b>					
				27.04.2018	Purchase of share	454,500	454,500	4.31
				04.05.2018		197,498	651,998	6.19
3	<b>SADHANA SHARMA*</b>							
	At the beginning of the year	<b>0</b>	<b>0.00</b>					
	At the end of the year			11.05.2018	500,000	4.74	<b>500,000</b>	<b>4.74</b>
4	<b>NAYAN IMPEX PRIVATE LIMITED</b>							
	At the beginning of the year	<b>500,000</b>	<b>4.74</b>					
	At the end of the year			Nil movement during the year		<b>500,000</b>	<b>4.74</b>	
5	<b>BHAVSAGAR VYAPAAR PRIVATE LIMITED</b>							
	At the beginning of the year	<b>499,300</b>	<b>4.74</b>					
	At the end of the year			Nil movement during the year		<b>499,300</b>	<b>4.74</b>	
6	<b>HORA VANIJYA PRIVATE LIMITED</b>							
	At the beginning of the year	<b>475,000</b>	<b>4.51</b>					
	At the end of the year			Nil movement during the year		<b>475,000</b>	<b>4.51</b>	

7	<b>MARUTI STOCKFIN PVT. LTD</b>							
	At the beginning of the year	369,000	3.50					
				14.12.2018	100,000	0.95	469,000	4.45
	At the end of the year						469,000	4.45
8	<b>KANAD EXIM LTD.</b>							
	At the beginning of the year	450,000	4.27					
				Nil movement during the year				
	At the end of the year						450,000	4.27
9	<b>SNAPSHOT DISTRIBUTORS PVT. LTD.</b>							
	At the beginning of the year	437,800	4.15					
				Nil movement during the year				
	At the end of the year						437,800	4.15
10	<b>AAKRITI OVERSEAS PRIVATE LIMITED*</b>							
	At the beginning of the year	0	0.00					
				07.12.2018	Purchase of share	502,700	502,700	4.77
				14.12.2018	Sale of share	100,000	402,700	3.82
	At the end of the year						402,700	3.82
11	<b>DARSHAN BARTER PRIVATE LIMITED #</b>							
	At the beginning of the year	382,500	3.63					
				Nil movement during the year				
	At the end of the year						382,500	3.63
12	<b>VATSALYA DEALERS PVT. LTD#</b>							
	At the beginning of the year	350,700	3.33					
				Nil movement during the year				
	At the end of the year						350,700	3.33
13	<b>HARSH SECURITIES PRIVATE LIMITED#</b>							
	At the beginning of the year	350,000	3.32					
				Nil movement during the year				
	At the end of the year						350,000	3.32
14	<b>UMANG WEBTECH PRIVATE LIMITED #</b>							
	At the beginning of the year	502,700	4.77					
				07.12.2018	Sale of Shares	502,700	-	-
	At the end of the year						-	-

\* Not in the list of Top 10 shareholders as on 01.04.2018. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2019

# Ceased to be in the list of Top 10 shareholders as on 31.03.2019. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01.04.2018.

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of the Directors and KMP	Shareholding at the beginning of the Year [1st April, 2018]		Change during the year			Cumulative Shareholding during the year [1st April, 2018 to 31st March, 2019]	
		No. of shares	% of total Shares of the company	Date	Reason	No. of Shares	No. of shares	% of total Shares of the company
1	<b>Shri Devendra Prasad Jajodia (Managing Director)</b>							
	At the beginning of the year	300,000	2.85					
	At the end of the year				Nil movement during the year		300,000	2.85
2	<b>Shri Susanta Sarkar (Executive Director)</b>							
	At the beginning of the year	0	0.00					
	At the end of the year				Nil movement during the year		0	0.00
3	<b>Smt. Swati Agarwal (Non-Executive Independent Director)</b>							
	At the beginning of the year	0	0.00					
	At the end of the year				Nil movement during the year		0	0.00
4	<b>Shri Sumit Kumar Rakshit (Non-Executive Independent Director)</b>							
	At the beginning of the year	0	0.00					
	At the end of the year				Nil movement during the year		0	0.00
5	<b>Shri Ashok Kumar Choudhury (Non-Executive Independent Director)</b>							
	At the beginning of the year	0	0.00					
	At the end of the year				Nil movement during the year		0	0.00
6	<b>Smt. Seema Chowdhury (KMP, being Company Secretary)</b>							
	At the beginning of the year	0	0.00					
	At the end of the year				Nil movement during the year		0	0.00
7	<b>Shri Tushar Kanti Sarkar (KMP, being Chief Financial Officer)</b>							
	At the beginning of the year	0	0.00					
	At the end of the year				Nil movement during the year		0	0.00

## V. INDEBTEDNESS

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

Indebtedness at the beginning of the financial year	Cash Credit	Secured Loans excluding deposits	Total Unsecured Loan	Deposit	Total Indebtedness
i) Principal Amount	59,961,395.02	59,961,395.02	378,751,839.50	-	438,713,234.52
ii) Interest due but not paid			2,134,356.00	-	2,134,356.00
iii) Interest accrued but not due			-	-	-
<b>Total (i+ii+iii)</b>	<b>59,961,395.02</b>	<b>59,961,395.02</b>	<b>380,886,195.50</b>	<b>-</b>	<b>440,847,590.52</b>
<b>Change in Indebtedness during the financial year</b>					
1. Addition	-	-	449,651,587.11	-	449,651,587.11
2. Reduction	59,961,395.02	59,961,395.02	210,033,662.90	-	269,995,057.92
<b>Net Change</b>	<b>(59,961,395.02)</b>	<b>(59,961,395.02)</b>	<b>239,617,924.21</b>	<b>-</b>	<b>179,656,529.19</b>
<b>Indebtedness at the end of the financial year</b>					
i) Principal Amount	-	-	565,448,971.36	-	565,448,971.36
ii) Interest due but not paid	-	-	55,055,148.35	-	55,055,148.35
iii) Interest accrued but not due	-	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>-</b>	<b>-</b>	<b>620,504,119.71</b>	<b>-</b>	<b>620,504,119.71</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(In Rs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Shri Devendra Prasad Jajodia (Managing Director)	Shri Susanta Sarkar (Professional Executive Director)	
1	Gross salary	1,800,000	237,493	2,037,493
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commision as % of profit - others, specify	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>1,800,000</b>	<b>237,493</b>	<b>2,037,493</b>
	Ceiling as per the Act	In accordance with Schedule V of the Companies Act, 2013		

**B. Remuneration to Other Directors:**

I.	Independent Directors:				
	Particulars of Remuneration	Name of Directors			Total Amount (In Rs.)
		Ms. Swati Agarwal	Shri Sumit Kumar Rakshit	Shri Ashok Kumar Choudhury	
1	Fee for attending board / committee meetings	Nil	Nil	Nil	Nil
2	Commission				
3	Others, please specify				
	Total (1)				

(in Rs)

II. Other Non-Executive/ Nominee Directors		
		There were no Other Non-Executive/Nominee Directors in the Company during the year 2018-19
1	Fee for attending board / committee meetings	
2	Commission	
3	Others, please specify	
	Total (2)	
	<b>Total (B)=(1+2)</b>	
	Total Managerial Remuneration (A+B)	
	Overall Ceiling as per the Act	



**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**  
(In Rs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Smt. Seema Chowdhury (Company Secretary)	Shri Tushar Kanti Sarkar (CFO)	Total
1	Gross salary	788,298	485,940	1,274,238
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commision	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>788,298</b>	<b>485,940</b>	<b>1,274,238</b>

## VII. 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)
A. COMPANY					
Penalty	NIL				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	NIL				
Punishment					
Compounding					
B. OTHER OFFICERS IN DEFAULT					
Penalty	NIL				
Punishment					
Compounding					

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### “Annexure E”

**INFORMATION PURSUANT TO SECTION 134(3)(M) OF THE COMPANIES ACT, 2013 READ WITH RULE 8 OF COMPANIES (ACCOUNTS) RULES, 2014, PERTAINING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019:**

#### **A. Conservation of energy:**

- a) Steps taken or impact on conservation of energy and steps taken by the Company for utilizing alternate sources of energy:

Continuous efforts/measures are being initiated and training programmes are being imparted to the workers at plant level for conservation of energy.

- b) Capital investment on energy conservation equipment:

No Capital Investment has been made on energy conservation equipment.

#### **B. Technology absorption:**

- i. Efforts made towards technology absorption:

Continuous efforts are being made during the design, engineering and construction stage to ensure that the technology is understood and necessary measures to minimize energy consumption are incorporated in the plant.

- ii. The benefits derived like product improvement, cost reduction, product development or import substitution:

As a result of above efforts, there was improvement in product quality and productivity, better availability of materials, increase in house capability and saving in fixed processing cost.

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

- |   |                  |
|---|------------------|
| a. The details of technology imported   | : Nil            |
| b. The year of import   | : Not Applicable |
| c. Whether the technology been fully absorbed   | : Not Applicable |
| d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof | : Not Applicable |

- iv. Expenditure incurred on Research and Development: NIL

#### **C. Foreign exchange earnings and outgo:**

Details of Foreign Exchange earned in terms of actual inflows and outgo in terms of actual outflows during the year under reporting:

(Rs. in Lacs)		
Particulars	2018-19	2017-18
Inflows	9,462.90	6415.09
Outgo	Nil	Nil

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### “Annexure F”

#### DETAILS PURSUANT TO SECTION 197(12) READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019

- i) The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

Sl. No.	Name of Director	Ratio
1.	Shri Devendra Prasad Jajodia	11.54 times
2.	Shri Susanta Sarkar	1.52 times
3.	Shri Ashok Kumar Choudhary	0
4.	Shri Sumit Kumar Rakshit	0
5.	Smt. Swati Agarwal	0

- ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

In the financial year under review, there has been an increase in the remuneration of the Shri Susanta Sarkar, Director, Shri Tushar Kanti Sarkar, Chief Financial Officer and Smt. Seema Chowdhury, Company Secretary by 23.27% , 26.15% and 17.07% respectively. There has been no change in the remuneration of the Managing Director in the financial year under review.

- iii) The percentage increase in the median remuneration of employees in the financial year:

Median remuneration of employees in the financial year has been increased by 11.98 %.

- iv) The number of permanent employees on the rolls of the Company:

There were 170 employees on the rolls of the Company as on 31<sup>st</sup> March, 2019.

- v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year was 20% whereas average increase in the managerial remuneration was 16.62%.

The salary increase is based on compensation philosophy of the organisation which takes into account internal as well as external factors.

- vi) It is hereby confirmed that the remuneration is as per the remuneration policy of the Company.

# CHANDI STEEL INDUSTRIES LIMITED

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### Report of the Directors on Corporate Governance

Corporate governance at Chandi Steel Industries Limited has been a continuous journey and the business goals of the Company are aimed at the overall well-being and welfare of all the constituents of the system. At the heart of Company's Corporate Governance policy is the ideology of transparency and openness in the effective working of the management and board. It is believed that the imperative for good Corporate Governance lies not merely in drafting a code of Corporate Governance but in practising it.

In accordance with Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements), 2015 ("The Listing Regulations") read with disclosure requirements relating to the Corporate Governance Report contained in Schedule V of the SEBI (Listing Obligations and Disclosure Requirements), 2015, the details of compliance by the Company with the norms on Corporate Governance are as under:

#### **1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Your Company believes in and adheres to good corporate governance practices, implements policies and guidelines, communicates and trains all its stakeholders to develop a culture of compliance at every level of the organization. The Company believes that the governance process must aim at managing the affairs without undue restraints for efficient conduct of its business, so as to meet the aspirations of shareholders, employees and society at large. The Company's philosophy is aimed at assisting the management of the Company in the efficient conduct of the business and in meeting its obligations to all its stakeholders.

The Company's governance framework is based on the following principles:

- Appropriate composition and size of the Board, with each member bringing in expertise in their respective domains;
- Availability of information to the members of the Board and Board Committees to enable them to discharge their fiduciary duties;
- Timely disclosure of material operational and financial information to the stakeholders;
- Systems and processes in place for internal control; and
- Proper business conduct by the Board, Senior Management and Employees.

#### **2. BOARD OF DIRECTORS**

The Board of Directors ('the Board') is responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We keep our governance practices under continuous review and benchmark ourselves to best practices across the globe.

The Board of Directors of the Company is duly constituted under the Chairmanship of Shri Devendra Prasad Jajodia, a Promoter Executive Director. SEBI (Listing Obligations and Disclosure

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Requirements) Regulations, 2015 mandates that where the chairperson of the board is not a regular non-executive director, at least half of the board shall comprise of Independent Directors.

### • Composition and Category of Directors

As on 31<sup>st</sup> March, 2019, the Board consists of 5 directors, comprising of:

- 1 Promoter Executive Directors
- 1 Executive Director and
- 3 Independent Non-Executive Directors

The detailed composition of the Board as on 31<sup>st</sup> March, 2019 is tabled below:

Name of Directors	Category
Shri Devendra Prasad Jajodia	Promoter Executive Director (Chairman & Managing Director)
Shri Susanta Sarkar	Professional Executive Director
Ms. Swati Agarwal	Non-Executive Independent Director
Shri Ashok Kumar Choudhary	Non-Executive Independent Director
Shri Sumit Kumar Rakshit	Non-Executive Independent Director

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of the Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the Listing Regulations and that they are independent of the management.

None of the Independent Directors of the Company participate in the day-to-day functioning of the Company nor do they engage in any business dealing or other relationships with the group (other than in situations permitted by the applicable regulations) in order to act in the best interest of the stakeholders with independent decisions.

Appointment Letter of the present Independent Directors setting out their terms and conditions, roles, functions, duties and responsibility of appointment as per the provisions of Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been hosted on the Company's Website [www.chandisteel.com](http://www.chandisteel.com) in adherence to Regulation 46(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As per declarations received by the Company, none of the independent directors/non-promoter directors are related to each other or to the promoters.

### ▪ Particulars of attendance of each Director at Board Meetings and last Annual General Meeting

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The Notice along with the Agenda for each meeting along with Explanatory Notes were communicated to the Board of Directors, Committee Members and Shareholders in advance as per the provisions of Companies Act, 2013, Listing Regulations and Secretarial Standards (SS1 & SS2) issued by the Institute of Company Secretaries of India.

During the financial year 2018-19, 8 (Eight) meetings of the Board were held viz., 15<sup>th</sup> April, 2018; 20<sup>th</sup> June, 2018; 10<sup>th</sup> August, 2018; 20<sup>th</sup> August, 2018, 27<sup>th</sup> September, 2018, 14<sup>th</sup> November, 2018; 8<sup>th</sup> February, 2019 and 22<sup>nd</sup> March, 2019. The maximum time gap between two consecutive board meetings did not exceed one hundred and twenty days and the necessary quorum was present at all the meetings.

The attendance of each Director at the Board meetings during the financial year 2018-19 and at the last Annual General Meeting held on 27<sup>th</sup> September, 2018 are listed below:

Name of Directors	No. of Board Meetings attended	Whether attended last AGM
Shri Devendra Prasad Jajodia	8	Yes
Smt. Swati Agarwal	8	Yes
Shri Susanta Sarkar	8	Yes
Shri Ashok Kumar Choudhary	8	Yes
Shri Sumit Kumar Rakshit	8	Yes

Ms. Seema Chowdhury, Company Secretary of the Company was present at all meetings of the Board of Directors held during the financial year 2018-19 and at the last Annual General Meeting of the Company.

During Financial year 2018-19, information as mentioned in Part A of Schedule II of the Listing Regulations has been placed before the Board for its consideration.

### • Particulars of Number of other Directorship and Committee Membership/Chairmanship

The Number of directorship and committee membership/chairmanship held by each director in other companies as on 31<sup>st</sup> March, 2019 is tabled below:

Name of Directors	Number of directorship held in other companies		Number of committee position held in Public Limited Companies ***		List of Directorship held in other listed companies and Category of Directorship
	Public Limited Companies*	Others**	Committee Membership(s)	Committee Chairmanship(s)	
Shri Devendra Prasad Jajodia	1	2	-	-	
Shri Susanta	-	-	-	-	

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Sarkar					
Smt Swati Agarwal	1	-	1	-	1. Jai Balaji Industries Limited.
Shri Ashok Kumar Choudhary	-	-	-	-	
Shri Sumit Kumar Rakshit	-	-	-	-	

\*It does not include directorship in foreign companies, companies registered under Section 8 of the Companies Act, 2013 and private limited companies but includes alternate directorships in public limited companies (excluding Chandi Steel Industries Limited).

\*\*Directorship of any private limited companies (including alternate directorship), foreign companies and companies under section 8 of the Companies Act, 2013 have been considered.

\*\*\*Membership(s)/Chairmanship(s) of only the Audit Committee and Stakeholders' Relationship Committee in all Public Limited Companies (excluding Chandi Steel Industries Limited) have been considered.

Pursuant to Regulation 17A of the Listing Regulations, none of the directors serve as a director in more than eight listed entities. Further, none of the Independent Directors of the Company serves in more than seven listed entities and none of the whole-time directors of the Company serves as an independent director in more than three listed entities.

None of the directors serve as a member in more than ten committees or act as a chairperson of more than five committees across all the listed entities in which they serve as a director pursuant to Regulation 26 of the Listing Regulations.

Directors informed the Company whenever there is change in directorship or committee membership in any other company in which he is director or committee member. The Board duly took note of the declaration received from the Director in the Board Meetings.

The facts and figures as stated above are based on the declarations received from the directors for the financial year ended 31st March, 2019.

### List of Core Skills / Expertise / Competencies of directors

A chart or matrix setting out the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively are as under :-

(1)	Industry	(a) Experience in and knowledge of the industry in which the Company operates (b) Experience and knowledge of broader industry environment and business planning
(2)	Strategy and Planning	Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.
(3)	Professional	Expertise in professional areas such as Technical, Accounting, Finance, Legal, Human Resources, Marketing, etc.



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(4)	Governance	Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values.
(5)	Behavioural	Knowledge and skills to function well as team members, effective decision making processes, integrity, effective communication, innovative thinking.

The aforesaid core skills/ expertise / competencies are available with the Board of the Company.

### • Performance Evaluation of Board

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10), 19(4) and Part D of Schedule II of the Listing Regulations, a Board Evaluation Policy has been framed and approved by the Nomination and Remuneration Committee (NRC) and by the Board.

The Board of Directors has carried out an annual evaluation of its own performance, board committees, and individual directors pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations.

The performance of the board was evaluated by the board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc.

The above criteria are based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

The performance of non-independent directors, the board as a whole and the Chairman of the Company was evaluated by the Independent Directors, taking into account the views of executive directors and non executive directors.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

The performance evaluation of independent directors was done by the board of directors excluding the ones whose evaluation was to be carried out including the fulfilment of the independence criteria as specified in the Listing Regulations and independence of independent directors from the management.

The Directors expressed their satisfaction with the evaluation process.

### • Separate Meeting of Independent Director

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During the year 2018-19, as per requirement of Schedule IV of the Companies Act, 2013 and Regulation 25(3) of the Listing Regulations, a separate meeting of Independent Directors was held on 8<sup>th</sup> February, 2019 without the presence of non-independent directors and members of the management. The meeting was conducted by Independent Directors to:

- ❖ Evaluate the performance of Non-Independent Directors and the Board of Directors as a whole.
- ❖ Evaluate the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.
- ❖ Evaluate the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

▪ **Disclosure of Relationship between Directors Inter-se**

None of the directors are related to each other.

• **Familiarisation Programme for Independent Directors**

In Compliance with Regulation 25(7) of the Listing Regulations, the Company has conducted familiarisation cum induction programme for the independent directors on 8<sup>th</sup> February, 2019.

The induction programme included one-to-one interactive sessions with the Managing Director. They were familiarized with the Company's business and operations. Apart from the induction programme, the Company also update the Independent Directors at the Board/Committee meetings to familiarise the Directors with the Company's strategy, their rights and responsibilities, business performance, operations, finance, risk management framework, human resources and other related matters.

The details on the Company's Familiarisation Programme for Independent Directors can be accessed at the website of the Company i.e [www.chandisteel.com](http://www.chandisteel.com)

▪ **Shareholding of Non-Executive Directors**

None of the Non-executive Directors held shares as on 31.03.2019.

The Company has not issued any convertible instruments during the year 2018-19.

### **3. BOARD COMMITTEES**

The Board Committees are set up by the Board and are governed by its terms of reference which exhibit the scope, composition, tenure, functioning and reporting parameters. The Board Committees play a vital role in improving Board effectiveness in areas where more focused and extensive discussions are required. Some of the Board functions are performed through specially

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constituted Board Committees comprising of Executive and Non-Executive/Independent Directors. Board Committees ensure focussed discussion and expedient resolution of diverse matters.

As on 31<sup>st</sup> March, 2019, the Company had following committees - Audit Committee, Nomination & Remuneration Committee (formerly known as Remuneration Committee) and Stakeholders' Relationship committee (formerly known as Share Transfer Cum Investors' Grievance Committee). Composition of various committees of the Board of Directors is also hosted on the website [www.chandisteel.com](http://www.chandisteel.com).

The Committees operate under the direct supervision of the Board, and Chairpersons of the respective committees report to the Board about the deliberations and decisions taken by the Committees. The recommendations of the committees are submitted to the Board for approval. During the year under review, all recommendations of the committees were approved by the Board. The minutes of the meetings of all committees of the Board are placed before the Board for noting. The Chairperson of the Audit Committees, Nomination and Remuneration Committee and Stakeholders Relationship Committee were present at the previous Annual General Meeting.

The role, composition and terms of reference of all committees including the number of meetings held during the financial year ended 31<sup>st</sup> March, 2019 and the related attendance are as follows:

### ■ AUDIT COMMITTEE

The Company has constituted an Audit Committee in compliance with Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations which is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process.

The terms of reference of the Audit Committee include the role as stipulated and review of information as laid in Part C of Schedule II of Listing Regulations. The Audit Committee have authority to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary. The scope of activity of the Committee is also in consonance with the provisions of Section 177 of the Companies Act, 2013.

#### ■ Composition of the Committee

As on 31<sup>st</sup> March, 2019, the Audit Committee comprises of 3 Directors, Smt. Swati Agarwal, Non-Executive Independent Director (Chairman), Shri Devendra Prasad Jajodia, Executive Promoter Director and Shri Ashok Kumar Choudhary, Non-Executive Independent Director.

Smt. Seema Chowdhury, Company Secretary acts as the Secretary to the committee. All the members of the Committee are financially literate and have knowledge on accounting or financial management.

The Composition of the Committee is hosted on the website of the Company i.e [www.chandisteel.com](http://www.chandisteel.com).

#### ■ Meetings of the Audit Committee and Attendance of the Members at the meetings

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During the financial year 2018-19, 6 (Six) meetings of the Audit Committee were held viz., 15<sup>th</sup> May, 2018; 10<sup>th</sup> August, 2018; 20<sup>th</sup> August, 2018; 27<sup>th</sup> September, 2018, 14<sup>th</sup> November, 2018 and

8<sup>th</sup> February, 2019. The maximum time gap between two consecutive audit committee meetings did not exceed 120 days. The necessary quorum was present at all the meetings.

Smt. Swati Agarwal, Chairman of the Committee, Shri Susanta Sarkar, Shri Devendra Prasad Jajodia and Shri Ashok Kumar Choudhary has attended all the meetings during the year under review.

Shri Tushar Kanti Sarkar, Chief Financial Officer of the Company was invited at the meetings of the Committee and he attended all the meetings. Further, the Audit Committee invites, as and when it considers appropriate, the statutory auditors and the internal auditors to be present at the meetings of the Committee. The representatives of the Cost Auditor attend the Audit Committee meeting when the Cost Audit Report is tabled for discussion.

Smt. Seema Chowdhury, the Company Secretary acts as the Secretary to the Audit Committee.

Smt. Swati Agarwal, Chairman of the Audit Committee was present at the 40<sup>th</sup> Annual General Meeting of the Company held on 27<sup>th</sup> September, 2018.

### ❖ NOMINATION & REMUNERATION COMMITTEE

The Company has a Nomination and Remuneration Committee constituted pursuant to the provisions of Regulations 19 read with Part D of Schedule II of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013.

The terms of reference include matters included in Section 178 (2) to (4) of Companies Act, 2013 read with Part D of Schedule II of the Listing Regulations.

#### ▪ Composition, Name of the members and Chairperson of the Committee

As on 31<sup>st</sup> March, 2019, the Nomination and Remuneration Committee comprises of 3 Directors, Smt. Swati Agarwal, Non-Executive Independent Director (Chairman), Shri Ashok Kumar Choudhary, Non-Executive Independent Director and Shri Sumit Kumar Rakshit, Non-Executive Independent Director.

#### ▪ Meetings of the Nomination & Remuneration Committee and Attendance of the Members at the meetings

During the financial year 2018-19, 2 (Two) meeting of the committee were held viz., 15<sup>th</sup> May, 2018 and 20<sup>th</sup> August, 2018.

All the member directors viz. Smt. Swati Agarwal, Chairman of the Committee, Shri Sumit Kumar Rakshit and Shri Ashok Kumar Choudhary has attended all the meetings held during the year.

# CHANDI STEEL INDUSTRIES LIMITED

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Smt. Swati Agarwal, Chairman of the committee was present at the last Annual General Meeting to answer the queries of the shareholders.

### • Remuneration Policy

The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy on remuneration of Directors and Senior Management Employees. The Company's remuneration policy is directed towards rewarding performance based on periodic review of the achievements. The remuneration policy has been disclosed in the Annual Report as "**Annexure-B**" to the Directors Reports.

### ▪ Criteria of making payments:

Overall remuneration paid to the Board, Key Managerial Personnels' and other senior management employees are reasonable and sufficient to attract, retain and motivate them aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives). The remuneration package of the Executive Directors is determined by the Nomination and Remuneration Committee in accordance with the Remuneration policy of the Company. The recommendations of the Committee are considered and approved by the Board, subject to the approval of the members of the Company.

### ➤ Executive Directors:

The Company pays remuneration by way of salary as a fixed component. As on 31<sup>st</sup> March, 2019, the Board comprises of 2 executive directors i.e, Shri Devendra Prasad Jajodia, Managing Director and Shri Susanta Sarkar, Executive Director of the Company. The remuneration paid to Shri Devendra Prasad Jajodia is governed by terms and condition of appointment mentioned in the agreement of Shri Devendra Prasad Jajodia which includes his tenure for 5 years as effective from 1<sup>st</sup> April, 2018.

During the year 2018-19, the remuneration paid to Shri Devendra Prasad Jajodia was Rs. 1,50,000/- p.m. pursuant to the authority granted to the Board by the members of the Company at its Annual General Meeting held on 27<sup>th</sup> September, 2018 and the said remuneration is within the limits as specified under Section 197 read with Part B of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013.

(Rs.)			
Name of the Directors	Salary (per annum)	Benefits / Allowances, etc. (fixed component)	Total
Shri Devendra Prasad Jajodia	18,00,000	Nil	18,00,000
Shri Susanta Sarkar	2,37,493	Nil	2,37,493
<b>Total</b>	<b>20,37,493</b>	<b>Nil</b>	<b>20,37,493</b>

### ➤ Non-Executive Directors:

# CHANDI STEEL INDUSTRIES LIMITED

## ANNUAL REPORT 2018-19

The Non-Executive Directors have waived-off their sitting fees. Therefore, no sitting fee for participation in the Board Meeting or any commission is paid by the Company to the Non-executive Directors.

### ▪ **All Pecuniary Relationship or Transaction of the Non-executive Directors**

The Non-executives Independent Directors of the Company does not have any material pecuniary relationships or transactions with the Company or its directors or senior management other than in the ordinary course of business. All other Non-Executive Directors excluding the above do not hold any shares or convertible instruments of the Company as on 31st March, 2019.

### ■ **Stakeholders' Relationship Committee (formerly known as Share Transfer Cum Investors' Grievance Committee)**

The Board of Directors of the Company has constituted a Stakeholders Relationship Committee of the Board in terms of the requirements of Section 178 of the Companies Act, 2013 and Rules framed thereunder read with Regulation 20 of the Listing Regulations. Stakeholders' Relationship Committee looks into various aspects of interest of shareholders, debenture holders and other security holders.

The terms of reference include matters included in Section 178 of Companies Act, 2013 read with Part D of Schedule II of the Listing Regulations.

### • **Composition of the Committee**

As on 31<sup>st</sup> March, 2019, the Stakeholders Relationship Committee comprises of 2 Directors, Smt. Swati Agarwal, Non-Executive Independent Director (Chairman) and Shri Devendra Prasad Jajodia, Promoter Executive Director.

Smt. Seema Chowdhury, Company Secretary is the Compliance Officer of the Company. The Company Secretary acts as the Secretary to the Committee and she attended all Stakeholders Relationship Committee Meetings held during the year.

### ▪ **Meetings of the Stakeholders' Relationship Committee and Attendance of the Members at the meetings**

During the financial year 2018-19, 4 (Four) meetings of the Stakeholders' Relationship Committee were held viz., 15<sup>th</sup> February, 2018; 10<sup>th</sup> August, 2018; 14<sup>th</sup> November, 2018 and 8<sup>th</sup> February, 2019.

Smt. Swati Agarwal, Chairman of the Committee and Shri Devendra Prasad Jajodia has attended all the 4 meetings each respectively.

### • **The details of investor complaints received, pending or solved during the year**

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Number of shareholders complaints pending as on 1 <sup>st</sup> April, 2018	:	NIL
Number of shareholders complaints received during the year ended 31 <sup>st</sup> March, 2019	:	NIL
Number of shareholders complaints not solved to the satisfaction of the Shareholders	:	NIL
Number of shareholders complaints pending as on 31 <sup>st</sup> March, 2019	:	NIL

It is confirmed that there was no request for registration of share transfers/ transmission lying pending as on 31st March, 2019 and that all request for issue of new certificates, sub-division or consolidation of shareholding, etc, received up to 31st March, 2019 have been processed. The Company has an efficient system in place to record and process all requests for dematerialization and re-materialization of shares in the Company through National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL).

Status of Investor Complaints was also placed before the Board and was filed with the Stock Exchanges wherein the equity shares of the Company are listed pursuant to Regulation 13 of the Listing Regulations.

### ■ Internal Complaints Committee

In line with the requirements of Section 21 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder, further details of Complaints received/resolved by the Committee during the year is stated hereunder:

No. of Complaints of Sexual Harassment received during the	:	NIL
No. of Complaints disposed off during the year	:	NIL
No. of cases pending for more than 90 days	:	NIL
No. of Complaints pending as on end of the financial year	:	NIL
No. of workshops or awareness programme against sexual harassment carried out	:	NIL
Nature of action taken by the employer	:	NIL

## 4. GENERAL BODY MEETINGS

### ❖ Annual General Meeting (AGM)

The location, date and time of the last three Annual General Meeting are as follows:

Financial Year	Day & Date	Time	Location
2017-18	Thursday, 27 <sup>th</sup> September, 2018.	11:00 A.M.	Registered Office: 3, Bentinck Street, Kolkata – 700 001

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2016-17	Saturday, 23rd September, 2017	11:00 A.M.	Registered Office: 3, Bentinck Street, Kolkata – 700 001
2015-16	Friday, 30 <sup>th</sup> September, 2016	11:00 A.M.	Registered Office: 3, Bentinck Street, Kolkata – 700 001

### ❖ Special Resolutions passed in the previous 3 Annual General Meetings

The following Special Resolutions were taken up in the last three AGMs and were passed with requisite majority.

<b>2017-18</b>	i. Reappointment of Shri Devendra Prasad Jajodia (DIN: 00045166) as Managing Director of the Company for a period of 5 (five) years w.e.f 1 <sup>st</sup> April, 2018 to 31 <sup>st</sup> March, 2023.
<b>2016-17</b>	i. Continuation of Devendra Prasad Jajodia (DIN:00045166) as Executive Managing Director of the Company, who will be attaining the age of 70 years on 1st June, 2018.
<b>2015-16</b>	i. To issue and allot 2,00,000 Zero Coupon, Unsecured, Unlisted, Non-Convertible Debentures on conversion of advance into debentures.

### ❖ Special Resolution passed through postal ballot during financial year 2017-18

No special resolution was passed through the exercise of postal ballot during the financial year under review. Further, no special resolution has been proposed to be passed vide postal ballot at the ensuing Annual General Meeting.

### ■ Extra-ordinary General Meeting

No special resolution was passed through Extra-Ordinary General Meeting during the last three years under review.

## 5. DISCLOSURES

### ▪ Related Party Disclosures

All material transactions entered into with related parties as defined under the Act and Regulation 23 of the Listing Regulations during the financial year were in ordinary course of business. These have been approved by the Audit Committee. The Board has approved a policy for related party transactions which has been uploaded on the Company's website [www.chandisteel.com](http://www.chandisteel.com).

The Company has entered into certain material related party transactions with its related parties which are continuing beyond 31st March, 2019 and they do not have any potential conflict with the interest of the Company at large. Further, approval of the members has been taken at the 40th Annual General Meeting of the Company held on 27th September, 2018. Considering the fact that the Company frequently enters into transactions with its related parties and such transactions



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are repetitive in nature, the Company has at the meeting of the Audit Committee held on 14th February, 2018 obtained omnibus approval of the Committee for all related party transactions subject to their value not exceeding Rs.1 (One) crore per transaction valid upto a period of 1 (One) year from the date of such approval pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company at its meeting held on 8th February, 2019 has obtained a fresh approval which shall be valid for a period of 1 (one) year pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A Statement of such transactions is periodically placed before the audit committee for review. Also, all related party transactions are placed before the audit committee for approval. Further, approval from the members have been taken at the previous Annual General meeting for such transactions.

### ▪ **Capital Market Disclosures**

There have been no instances of non-compliances by the Company on any matter related to capital markets, during the last three years and thus no penalty and/or strictures are imposed on the Company by any Stock Exchanges or SEBI or any other statutory authority during last 3 years.

### ▪ **Vigil Mechanism/Whistle blower policy**

As per requirements of the Companies Act, 2013 and Regulation 22 of the Listing Regulations, the Company has established a Vigil Mechanism/ Whistle Blower Policy for directors and employees to enable directors and employees to report unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Policy provides adequate safeguards against victimisation of Director(s)/ Employee(s) and direct access to the Chairman of the Audit Committee in exceptional cases.

The Company hereby affirms that no Director/ employee have been denied access to the Chairman and that no complaints were received during the year. The Whistle Blower Policy has been disclosed on the Company's website [www.chandisteel.com](http://www.chandisteel.com).

### ▪ **Details of non-compliance**

There was no non-compliance of any of the provision applicable to the Company. No penalties or strictures have been imposed on the Company by Stock Exchange, Board or any Statutory Authority for non-compliance of any matter related to the capital markets.

### ▪ **Details of Establishment of Vigil Mechanism, Whistleblower Policy and affirmation that no personnel has been denied access to the audit committee**

As per requirements of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has established a Vigil Mechanism/ Whistle Blower Policy for directors and employees to enable directors and employees to report unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Policy provides adequate safeguards against victimisation of Director(s)/ Employee(s) and direct access to the Chairman of the Audit Committee in exceptional cases.

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The Company hereby affirms that no Director/ employee have been denied access to the Chairman and that no complaints were received during the year. The Whistle Blower Policy has been disclosed on the Company's website [www.chandisteel.com](http://www.chandisteel.com).

- **Details of Utilization of Funds Raised Through Preferential Allotment or Qualified Institutions Placement As Specified Under Regulation 32 (7A)**

The Company has not raised any funds through preferential allotment or qualified institutions placement during the year under review. Hence, the disclosure of details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under regulation 32 (7A) of the Listing Regulations is not applicable.

- **List of all Credit ratings obtained-** Not applicable

- **A certificate from a Company Secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.**

A certificate has been received from Priti Todi, a Practising Company Secretary, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

The Certificate of Company Secretary in practice is annexed herewith as a part of the report.

- **Total fees for all services paid by the listed entity to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.**

Details relating to fees paid to the Statutory Auditors are given in Note 25 of the Financial Statements.

- **Disclosure of Accounting Treatment**

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013 (the 'Act') read with Companies (Indian Accounting Standards) Rules, as amended from time to time.

The financial statements of the Company have been audited by M/s. B. Y. Jatania & Co., Chartered Accountants, Statutory Auditor of the Company.

- **Code of Conduct**

The Company has in place a comprehensive Code of Conduct for all the Board Members (incorporating, inter-alia, duties of Independent Directors) and Senior Management Personnel of the Company. The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company. The Company has received confirmations from all concerned regarding their adherence to the said Code. The Code has been hosted on the Company's

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website “[www.chandisteel.com](http://www.chandisteel.com)” Pursuant to the Listing Regulations, Chairman & Managing Director of the Company confirmed compliance with the Code by all members of the Board and the Senior Management personnel and forms part of this Annual Report.

### ▪ **Insider Trading**

In order to regulate trading in securities of the Company by the Directors and designated employees, your Company has adopted a Code of Conduct for trading in listed or proposed to be listed securities of the Company. Insider Trading Code prevents misuse of unpublished price sensitive information and it also provides for periodical disclosures and obtaining pre-clearance for trading in securities of your Company by the Directors, Designated Employees and Connected Persons of your Company. Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015 and amendments thereto, the Company has adopted Policy for Legitimate purposes forming part of the Company's Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information as effective from 1st April, 2019. This Code is displayed on the Company's website viz “[www.chandisteel.com](http://www.chandisteel.com)”

The Company follows highest standards of transparency and fairness in dealing with all stakeholders and ensures that no insider shall use his or her position with or without the knowledge of the Company to gain personal benefit or to provide benefit to any third party. The policy adopted on this by the Company is available on the website of the Company viz “[www.chandisteel.com](http://www.chandisteel.com)”

### ▪ **Management Discussion and Analysis Report**

Pursuant to Regulation 34 of the Listing Regulations, 2015, a detailed report on Management Discussion and Analysis forms a part of Directors Report.

### ▪ **Proceeds from public issues, rights issues, preferential issues, etc.**

The Company has not raised any money from public issues, rights issues, preferential issues, etc. during the financial year 2018-19.

### ▪ **Subsidiary Companies**

The Company does not have any wholly owned subsidiaries as on 31st March, 2019.

### ▪ **CEO and CFO Certification**

The Managing Director and the Chief Financial Officer certification is provided in this Annual report in terms of Regulation 17(8) of the Listing Regulations, 2015 as per the format specified in Part B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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Shri Devendra Prasad Jajodia, Managing Director and Shri Tushar Kanti Sarkar, Chief Financial Officer of the Company have also given quarterly certificate on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations.

### ▪ Risk Management

The Company's risk management framework identifies and evaluates business risks and opportunities. The Company recognises that these risks need to be managed and mitigated to protect its shareholders and other stakeholders' interest, to achieve its business objectives and enable sustainable growth. The risk framework is aimed at effectively mitigating the Company's various business and operational risks, through strategic actions. Risk management is embedded in our critical business activities, functions and processes. The risks are reviewed for the change in the nature and extent of the major risks identified since the last assessment. It also provides control measures for risks and future action plans. The Company has devised a policy on Risk Management which is hosted on the Company's Website viz [www.chandisteel.com](http://www.chandisteel.com).

### ▪ Reconciliation of Share Capital Audit

The Company has engaged Smt. Premrata Soni, a Practising Company Secretary to carry out the share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

### ▪ Auditors' Certificate on Corporate Governance

As required by Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Auditors' Certificate on corporate governance is annexed to the Boards' Report.

### ▪ Details of compliance with mandatory requirements and adoption of the non-mandatory requirement

- \* The Company has complied with all applicable mandatory requirements as specified in the Listing Regulations, to the extent these apply, extend and possible to the Company.
- \* The Company has also adopted a Policy on Determination of Materiality of events to be disclosed with the Stock Exchange which is available on the website of the Company [www.chandisteel.com](http://www.chandisteel.com) pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- \* The Company has adopted a Policy for Preservation of Documents approved by the Board of Directors in relation to preservation of documents which shall be permanent in nature and preservation of documents with preservation period of not less than 8 years of the completion of the relevant transfers as per Regulation 9 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

# CHANDI STEEL INDUSTRIES LIMITED

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### **ADOPTION OF NON-MANDATORY REQUIREMENT:**

#### **\* Shareholder rights**

The Quarterly, half-yearly and annual financial results of the Company as reviewed by the Audit Committee and then approved by the Board of Directors and all the significant events of the Company were submitted to the Stock Exchanges within the prescribed time and updated on the website of the Company viz. "[www.chandisteel.com](http://www.chandisteel.com)". These information are not sent to each shareholder personally.

#### **\* Modified opinion(s) in Audit Report**

The Company's Financial Statement does not contain any audit qualifications.

#### **\* Reporting of Internal Auditor**

The Internal Auditor reports indirectly to the Audit Committee.

#### **\* Other Compliances**

- The Board of Directors quarterly reviews the compliances and laws as applicable to the Company. They also have in place plans for orderly succession for appointment to the Board of Directors and Senior Management.

#### **\* Submission of Corporate Governance Report**

The Corporate Governance Report pursuant to Regulation 27 of the Listing Regulations for each quarter for the financial year 2018-19 was duly submitted to the Stock Exchanges within the stipulated time period.

### **6. MEANS OF COMMUNICATION**

#### **▪ Quarterly Financial Results**

Prior intimation of Board Meetings in which Unaudited/ Audited Financial Results of the Company was considered, approved and were intimated to the Stock Exchange and also disseminated on the website of the Company [The Calcutta Stock Exchange Limited (CSE)]. at "[www.chandisteel.com](http://www.chandisteel.com)". The aforesaid Financial Results are immediately intimated to the Stock Exchange after the same is approved at the Board Meeting.

#### **▪ Newspapers wherein results are normally published**

Intimation of Board Meetings and General Meetings, financial results and other publications of the Company are published in "The Financial Express", (English Newspaper) and "Ek Din" (Vernacular Newspaper) as per Regulation 47 of the Listing Regulations and other applicable provisions.

#### **▪ Website**

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Pursuant to Regulation 46 of the Listing Regulations, Company's website "www.chandisteel.com" contains a separate dedicated section 'Investor Relations' which is a comprehensive reference containing the up-to-date financial results, annual reports, shareholding patterns, Company's policies, material disclosures, official news releases, presentations made to institutional investors or to the analysts, if any and other general information about the Company.

### ▪ Presentation made to Institutional Investors or to the Analyst

The presentations, if any, made to institutional investors and analysts at investors meet from time to time are also posted on the Company's website.

### SEBI Complaints Redress System (SCORES):

SCORES is a web-based complaint redress system where the investor grievances received are handled. The pertinent features include: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

Contact information of the designated official responsible for assisting and handling Investor Complaints is detailed hereunder :

The Company Secretary  
Chandi Steel Industries Limited  
3, Bentinck Street,  
Kolkata - 700 001  
Phone No.: (91)(33) 2248 9808  
Fax: (91)(33) 2243 0021  
E-mail: chandisteelindustries@gmail.com

### **7. GENERAL SHAREHOLDER INFORMATION**

<b><u>41<sup>st</sup> Annual General Meeting</u></b>	Day/Date : Thursday, 26th September, 2019 Time : 11:00 a.m. Venue : 3, Bentinck Street, Kolkata – 700 001
<u>Date of book closure</u>	The Register of Members and Share Transfer Book shall remain closed from Friday, 20 <sup>th</sup> September, 2019 to Thursday, 26 <sup>th</sup> September, 2019.

# CHANDI STEEL INDUSTRIES LIMITED

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<u>Financial calendar (tentative schedule) for the year 2019-20</u>	1 <sup>st</sup> April, 2019 to 31 <sup>st</sup> March, 2020  The probable dates for submission of the Financial Results for the financial year 2019-20: <table border="1"> <tr> <td>1<sup>st</sup> Quarter Results</td><td>On or before 14<sup>th</sup> Aug, 2019</td></tr> <tr> <td>2<sup>nd</sup> Quarter Results</td><td>On or before 14<sup>th</sup> Nov, 2019</td></tr> <tr> <td>3<sup>rd</sup> Quarter Results</td><td>On or before 14<sup>th</sup> Feb, 2020</td></tr> <tr> <td>Annual Results</td><td>On or before 30<sup>th</sup> May, 2020</td></tr> </table>	1 <sup>st</sup> Quarter Results	On or before 14 <sup>th</sup> Aug, 2019	2 <sup>nd</sup> Quarter Results	On or before 14 <sup>th</sup> Nov, 2019	3 <sup>rd</sup> Quarter Results	On or before 14 <sup>th</sup> Feb, 2020	Annual Results	On or before 30 <sup>th</sup> May, 2020
1 <sup>st</sup> Quarter Results	On or before 14 <sup>th</sup> Aug, 2019								
2 <sup>nd</sup> Quarter Results	On or before 14 <sup>th</sup> Nov, 2019								
3 <sup>rd</sup> Quarter Results	On or before 14 <sup>th</sup> Feb, 2020								
Annual Results	On or before 30 <sup>th</sup> May, 2020								
<u>Date of Dividend payment</u>	N.A.								
<u>Listing on stock exchanges</u>	The Calcutta Stock Exchange Limited 7, Lyons Range Kolkata – 700 001 The Listing Fees as applicable have been paid								
<u>Scrip code</u>	10013341								
<u>Depositories</u>	: National Securities Depository Limited Trade world, 4 <sup>th</sup> Floor, 'A' Wing Kamala Mills Compound Senapati Bapat Marg, Lower Parel Mumbai – 400 013  Central Depository Services (India) Limited 25 <sup>th</sup> Floor, MarathonFuturex, N M Joshi Marg, Lower Parel (East), Mumbai – 400 013  Annual Custodial Fees pertaining to year 2019-20 have been duly paid.								
<u>Demat International Security Identification Number (ISIN) in NSDL and CDSL</u>	INE204G01017								
<u>Corporate Identification Number (CIN)</u>	L13100WB1995PLC031670								

### ▪ Registrar and Share Transfer Agent

Maheshwari Datamatics Pvt. Ltd.  
Corporate Office: 23 R.N Mukherjee Road, 5<sup>th</sup> Floor  
Kolkata - 700 001  
Phone No.: (91) (33) 2243 5029

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E-mail: mdpldc@yahoo.com

### Market price data

The shares of the Company are listed on the Calcutta Stock Exchange Limited and the same is not traded.

### ▪ Share transfer system

98.02% of the equity shares of the Company are in dematerialised form. Transfer of shares held in electronic mode are processed by the depositories. Requests for Transfer/ Transmission of shares held in physical form can be lodged with the Company's Registrar and Share Transfer agents of the Company for share transfers, splits, issue of duplicate share certificates, rematerialisation and dematerialisation etc. Share transfers are processed and share certificates duly endorsed are delivered within a period of fifteen days from the date of receipt of such requests subject to the documents being valid and complete in all respects. The summary of investor complaints, demat/remat/corporate action and transfer/transmission of shares are placed before the Stakeholders' Relationship Committee of the Company periodically.

The Company obtains from a Company Secretary in practice, a half yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations, and files the same with the stock exchanges. Also, pursuant to Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996, certification is issued by a Company Secretary in practice regarding timely dematerialisation of the shares of the Company.

### ▪ Categories Of Shareholders as on 31<sup>st</sup> March, 2019

1	Category	No. of Shareholders	No. of shares held	As a %age of A+B+C
<b>A</b>	<b>Promoter and Promoter Group Holding</b>			
	Indian	9	31,38,700	29.78
	Foreign	Nil	NIL	NIL
	<b>Total Promoter Shareholding (A)</b>	<b>9</b>	<b>31,38,700</b>	<b>29.78</b>
<b>B</b>	<b>Public Holding</b>			
	Institutions	Nil	Nil	Nil
	Non-Institutions	656	74,01,300	70.22
	<b>Total Public Shareholding (B)</b>	<b>656</b>	<b>74,01,300</b>	<b>70.22</b>
<b>C</b>	<b>Shares held by Custodian &amp; against which Depository receipts have been</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>



# CHANDI STEEL INDUSTRIES LIMITED

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issued (C)			
<b>Grand Total (A+B+C)</b>	<b>665</b>	<b>1,05,40,000</b>	<b>100</b>

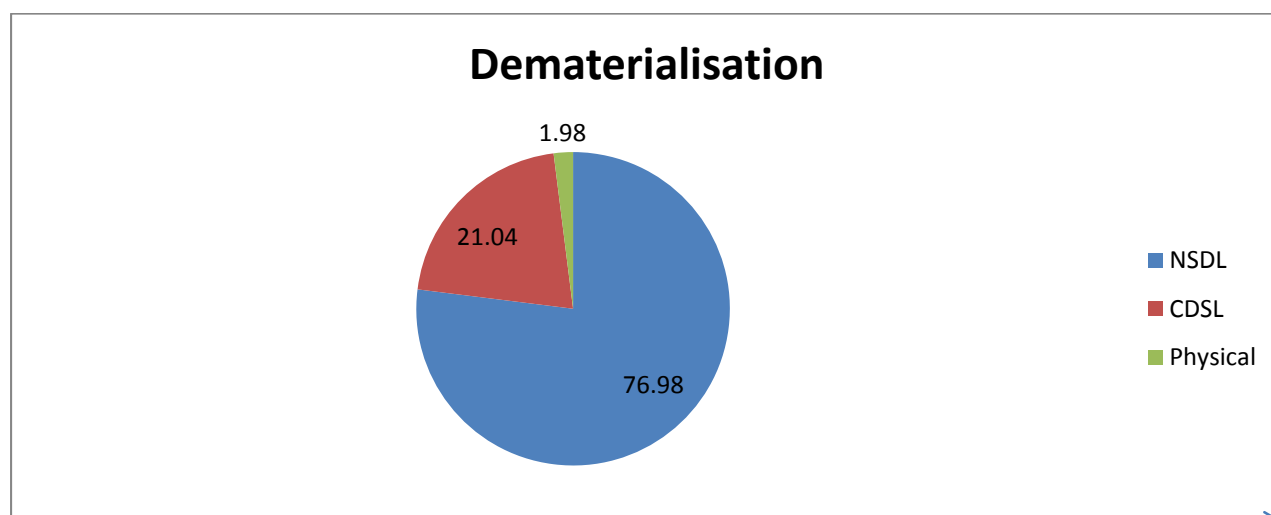
### ▪ Distribution of Shareholding as on 31<sup>st</sup> March, 2019

Range of ordinary shares held	No of Shareholders	Percentage (%) to total shareholders	No. of Shares	Percentage (%) to share capital
Up to 500	623	93.6842	147600	1.4004
501 to 1000	8	1.2030	7300	0.0693
5001 to 10000	1	0.1504	6402	0.0607
10001 and above	33	4.9624	10378698	98.4696
<b>Total</b>	<b>665</b>	<b>100.00</b>	<b>10540000</b>	<b>100.00</b>

### ▪ Dematerialization Of Shares And Liquidity as on 31<sup>st</sup> March, 2019

The Shares of the Company are tradable in dematerialized form through both the Depository Systems in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Requests for dematerialization of shares can be sent directly to the Registrar and Share Transfer Agent at M/s. Maheshwari Datamatics Private Limited, 23 R.N Mukherjee Road, 5<sup>th</sup> Floor, Kolkata- 700 001. As at 31<sup>st</sup> March, 2019 a total of 1,05,40,000 equity shares of the Company, representing 98.02% of the Company's share capital were held in dematerialised form of which 81,14,100 representing 76.98% of the total paid-up equity share capital were held with NSDL and 22,17,700 representing 21.04 % of the total paid-up equity share capital with CDSL.

Under the depository system, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE 204G01017.



# CHANDI STEEL INDUSTRIES LIMITED

## ANNUAL REPORT 2018-19

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- **Outstanding global depository receipt or american depository receipt or warrants Or any convertible instruments, conversion date and likely impact on equity**

The Company has not issued any GDRs/ADRs/Warrants/Convertible Instruments in the past and hence as on 31<sup>st</sup> March, 2019, the Company does not have any outstanding GDRs/ADRs/Warrants/Convertible Instruments.

- **Commodity Price Risk or Foreign Exchange Risk and Hedging activities**

The company did not engage in any hedging activities.

- **Plant Locations**

16, Belur Road, Liluah, Howrah

- **Address For Correspondence**

**The Company Secretary**

Chandi Steel Industries Limited

3, Bentinck Street,

Kolkata - 700 001

Phone No.: (033) 2248 9808

Fax: (033) 2243 0021

E-mail: chandisteelindustries@gmail.com

**For and on behalf of the Board**

**Place: Kolkata**

**Date: 23<sup>rd</sup> August, 2019.**

**Devendra Prasad Jajodia**  
**Managing Director**  
**(DIN: 00045166)**

# CHANDI STEEL INDUSTRIES LIMITED

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### TO WHOMSOEVER IT MAY CONCERN

I, Priti Todi, Partner of Ps & Associates, Practising Company Secretaries do hereby certify that none of the directors on the board of Chandi Steel Industries Limited have been debarred or disqualified from being appointed or from continuing as directors of Companies by the Securities and Exchange Board of India or Ministry of Corporate Affairs or any such statutory authority to the best of my knowledge.

This certificate is being issued as per Schedule V under Regulation 34(3) of the SEBI ( Listing Obligations and Disclosure Requirements) Regulations 2015.

Issued this 29<sup>th</sup> May, 2019, at Kolkata

**For PS & Associates**

**Sd/-**

**(Priti Todi)**

**Partner**

**C.P No:7270, ACS:14611**

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### **DECLARATION**

As provided under Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to confirm that a Code of Conduct has been laid down by the Board of Directors of Chandi Steel Industries Limited, which has been made applicable to all the Directors and the Senior Management Personnel of the Company.

The Code of Conduct has been affirmed to by all the members of the Board and the Senior Management Personnel of the Company for the year ended 31<sup>st</sup> March, 2019.

The said Code of Conduct is posted on the website of the Company, namely, [www.chandisteel.com](http://www.chandisteel.com).

**Place : Kolkata**

**Date : 23<sup>rd</sup> August, 2019**

**Sd/-**

**Devendra Prasad Jajodia**  
**Managing Director**  
**(DIN: 00045166)**

# CHANDI STEEL INDUSTRIES LIMITED

## ANNUAL REPORT 2018-19

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### CORPORATE GOVERNANCE CERTIFICATE

To  
The Members  
**Chandi Steel Industries Limited.**

We have examined the compliance of conditions of corporate governance for the year ended 31st March, 2019 as stipulated in Regulation 34(3) read with Clause E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “Listing Regulation”).

The compliance of corporate governance is the responsibility of the management. Our examination was limited to procedures 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 with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulation.

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 PS & Associates**

**Sd/-**  
**(Priti Todi)**  
**Partner**  
**C.P. No.: 7270, ACS : 14611**

**Place: Kolkata**  
**Date: 23/08/2018**

# CHANDI STEEL INDUSTRIES LIMITED

## ANNUAL REPORT 2018-19

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### CEO AND CFO CERTIFICATION

[Pursuant to Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,  
**The Board of Directors**  
**Chandi Steel Industries Limited**

We, Devendra Prasad Jajodia, Managing Director and Tushar Kanti Sarkar, Chief Financial Officer of Chandi Steel Industries Limited (hereinafter referred to as 'the Company'), certify that:

1. We have reviewed the Financial Statements and the Cash Flow Statement of the Company, for the financial year ended 31<sup>st</sup> March, 2019 and that to the best of our knowledge and belief:
  - i. the aforesaid statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. the aforesaid statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of Conduct;
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the step that we have taken or propose to take to rectify the identified deficiencies;
4. That we have indicated to the auditors and the Audit Committee:
  - i. Significant changes, if any, in the internal control over financial reporting during the year;
  - ii. Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and;
  - iii. Instances of significant fraud of which we have become aware and the involvements therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Kolkata  
Date : 27.05.2019

Sd/-  
**Devendra Prasad Jajodia**  
*Managing Director*  
(DIN – 00045166)

Sd/-  
**Tushar Kanti Sarkar**  
*Chief Financial Officer*

# CHANDI STEEL INDUSTRIES LIMITED

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### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### COMPANY PROFILE

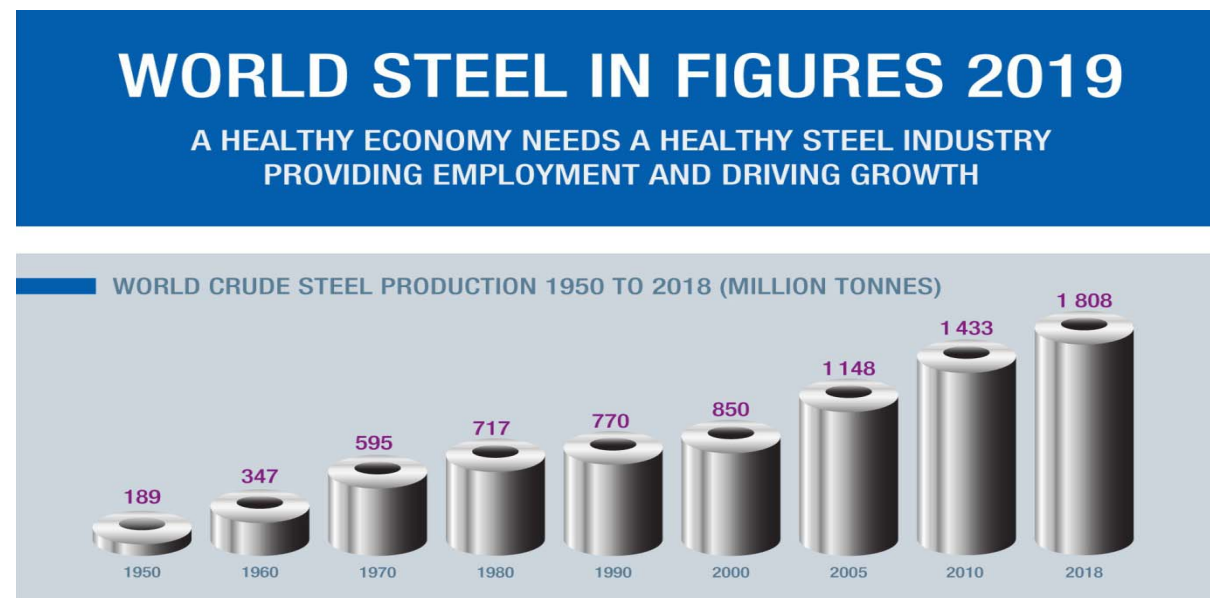
The Company is engaged in manufacturing and Trading of Steel products and undertakes the activity of rolling of Alloy, Carbon and Mild Steel Rounds, Flats and Squares. It is the oldest manufacturer of these items in the State and has created a niche for itself amongst the valuable customers.

#### ECONOMIC SCENARIO

##### Global Overview

The steel industry remains at the heart of global development. Steel is the world's most important engineering and construction material. It is used in every aspect of our lives; in cars and construction products, refrigerators and washing machines, cargo ships and surgical scalpels. It can be recycled over and over again without loss of property.

As per World Steel Association, global crude steel production reached 1,808.6 million tonnes (Mt) for the year 2018, up by 4.6% compared to 2017. Crude steel production increased in all regions in 2018 except in the EU, which saw a 0.3% contraction.



Source: World steel association

The global steel demand continues to grow in slowing economic environment. As per World Steel Association, global steel demand increased by 2.1% in 2018, growing slightly slower than in 2017. In 2019 and 2020 growth is still expected, but in a less favourable economic environment. China's deceleration, a slowing global economy, and uncertainty surrounding trade policies and the political situation in many regions suggest a possible moderation in business confidence and investment. Steel demand in the developed economies grew by 1.8% in 2018

# CHANDI STEEL INDUSTRIES LIMITED

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following a resilient 3.1% growth in 2017. As per World Steel Association, demand to further decelerate to 0.3% in 2019 and 0.7% in 2020, reflecting a deteriorating trade environment. Steel demand in the emerging economies excluding China is expected to grow by 2.9% and 4.6% in 2019 and 2020 respectively.

### Indian Overview

India continues to be one of the fastest growing major economies in the world and is expected to be among the world's top three economic powers in the next 10-15 years. The Indian economy is expected to improve and close the year 2019 with a GDP growth of 7.3% (Source: IMF). Sustained real GDP growth of over 6% has led to a fundamental transformation of India's economy. Today, India is the world's seventh largest economy in real terms, backed by strong demand, positive consumption pattern and rising disposable income. In PPP terms, the economy is expected to be among the top five global economies by 2020.

The Indian steel industry has entered into a new development stage, post de-regulation, riding high on the resurgent economy and rising demand for steel. Rapid rise in production has resulted in India becoming the 2nd largest producer of crude steel during 2018, from its 3rd largest status in 2017. The country is also the largest producer of Sponge Iron or DRI in the world and the 3rd largest finished steel consumer in the world after China & USA.

Top 10 steel-producing countries				
Rank	Country	2018 (Mt)	2017 (Mt)	%2018/2017
1	China	928.3	870.9	6.6
2	India	106.5	101.5	4.9
3	Japan	104.3	104.7	-0.3
4	United States	86.7	81.6	6.2
5	South Korea	72.5	71.0	2.0
6	Russia (e)	71.7	71.5	0.3
7	Germany (e)	42.4	43.3	-2.0

# CHANDI STEEL INDUSTRIES LIMITED

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8	Turkey	37.3	37.5	-0.6
9	Brazil	34.7	34.4	1.1
10	Iran (e)	25.0	21.2	17.7

*Source: Worldsteel.org*

### Production

- India is currently the 2nd largest producer of crude steel in the world.
- In 2018-19, production of total finished steel (alloy + non alloy) was 131.572 mt, a growth of 3.7% over last year.
- Production of Pig Iron in 2018-19 was 6.055 mt, a growth of 5.7% over last year.
- India is the largest producer of Sponge Iron in the world. The coal based route accounted for 79% of total Sponge Iron production (33.040 mt) in the country in 2018-19.
- Data on production of Pig Iron, Sponge Iron and Total Finished Steel (alloy/stainless + non-alloy) are given below for last five years:

#### Indian steel industry : Production for Sale (in million tonnes)

Category	2014-15	2015-16	2016-17	2017-18	2018-19
Pig Iron	10.23	10.24	10.34	5.73	6.06
Sponge Iron	24.24	22.43	28.76	30.51	33.04
Total Finished Steel	104.58	106.60	120.14	126.85	131.57

*Source: Joint Plant Committee*

### Imports

- Iron & steel are freely importable.
- Data on import of total finished steel (alloy/stainless + non alloy) is given below for last five years:



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### Indian steel industry : Import of Total Finished Steel (in million tonnes)

Category	2014-15	2015-16	2016-17	2017-18	2018-19	
Qty	9.32	11.71	7.23	7.48	7.83	

*Source: Joint Plant Committee*

### Exports

- Iron & steel are freely exportable.
- India emerged as a net exporter of total finished steel in 2016-17 and 2017-18 but is currently a net importer.
- Data on export of total finished steel (alloy/stainless + non alloy) is given below for last five years:

### Indian steel industry : Exports of Total Finished Steel (in million tonnes)

Category	2014-15	2015-16	2016-17	2017-18	2018-19	
Qty	5.59	4.08	8.24	9.62	6.36	

*Source: Joint Plant Committee*

India's capacity is projected to increase to about 300 MT by the year 2025. Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors.

### **OPPORTUNITIES, THREATS, RISKS AND CONCERNS**

#### **OPPORTUNITIES**

Steel is crucial to the development of any modern economy and is considered to be the backbone of human civilization. The level of per capita consumption of steel is treated as an important index of the level of socio-economic development and living standards of the people in any country. All major industrial economies are characterized by the existence of a strong steel industry and the growth of many of these economies has been largely shaped by the strength of their steel industries in their initial stages of development.

India was the second largest steel producer in 2018 with production standing at 106.5 million tones (Mt). India's finished steel consumption grew at a CAGR of 5.69% during FY08-FY18 to reach 90.68 Mt. In 2017-18, the country's finished steel exports increased 17% year-on-year to 9.62 Mt as compared to 8.24 Mt in 2016-17, while it decreased to 6.36 Mt in 2018-19. Government of India's focus on infrastructure and restarting road projects is aiding the boost in demand for steel. Also, further likely acceleration in rural economy and infrastructure is expected to lead to growth in demand for steel. The Government of India raised import duty on most steel items twice, each time by 2.5% and imposed measures including anti-dumping and safeguard duties on iron and steel items. The Government has released the National Steel Policy 2017, which has laid down the broad roadmap for encouraging long term growth for the Indian steel industry, both on demand and supply sides, by 2030-31. The Government has also announced a policy for providing preference to domestically manufactured Iron & Steel products in Government procurement.

The New Industrial policy opened up the Indian iron and steel industry for private investment by (a) removing it from the list of industries reserved for public sector and (b) exempting it from compulsory licensing. Imports of foreign technology as well as foreign direct investment are now freely permitted up to certain limits under an automatic route. The liberalization of industrial policy and other initiatives taken by the Government have given a definite impetus for entry, participation and growth of the private sector in the steel industry. While the existing units are being modernized/expanded, a large number of new steel plants have also come up in different parts of the country based on modern, cost effective, state-of-the-art technologies. In the last few years, the rapid and stable growth of the demand side has also prompted domestic entrepreneurs to set up fresh greenfield projects in different states of the country.

Steel industry derives its demand from other important sectors like infrastructure, aviation, engineering, construction, automobile, pipes and tubes etc. With the Indian economy poised for its next wave of growth under the reforms being unleashed in the last one year, there lies tremendous opportunity for the Indian steel industry to prosper and grow exponentially.

### THREATS, RISKS AND CONCERN

Steel industry historically has been highly cyclical and is affected significantly by general economic conditions. Major customers for the steel industry include companies in the automotive, construction, appliance, machinery, equipment and transportation industries, which are industries that were negatively affected by the general economic downturn and the deterioration in financial markets, including severely restricted liquidity and credit availability, in the recent past.

In spite of clear signals of recovery today, it is important to keep in mind challenges of the past that plagued the industry. Over the past few years, the global steel industry has been reeling under the pressure of overcapacities, especially on account of those existing in China. With the growth in steel consumption slowing down in China in recent times, the Chinese steel producers have had no option but to rely on exports. This in turn has had an impact on high growth centres of steel consumption in "steel-non-mature" nations such as India. Additionally, depreciation of major currencies has led to a spurt in export by several countries like Russia and Ukraine. It was for these reasons that India saw an influx of imports beginning 2014-15 from several countries, including China. The surge in imports impacted the sentiment of the domestic steel market, with

declining capacity utilisation rates of both the primary and secondary steel players. Additionally, erosion of margins, coupled with sluggish demand growth, made the Indian steel investors wary of returns on their investment. However, the Government of India came out proactively to provide a level playing field to Indian companies through imposition of anti-dumping and safeguard duties as well as minimum import prices, wherever injury to the industry was noteworthy.

The Indian Steel Industry continues to grapple with uncertainties pertaining to the availability and consistent supplies of raw materials i.e. both coal and iron ore still remain a challenge, with recent closure of mines in Goa adding to the woes of the industry. Even though the marked shift from an allocation process to an auction process of getting mining blocks has brought about considerable transparency; issues pertaining to transport logistics from the mining areas need to be sorted out to mitigate lag in evacuation of iron ore, coal and other minerals.

The industry by nature is capital intensive and requires high capital, by various modes, increasing cost of borrowing remains one of the major concerns for the group and industry as a whole. The steel industry is further challenged by dwindling investments, turbulence in the financial market and geopolitical conflicts in many developing regions.

### **Outlook**

The steel industry in India is being talked about in all corners of the world. The Indian Steel Industry has set its vision plan to scale up steel production to 300 MT by 2025. Indian Steel industry has a very bright future. The liberalization of industrial policy and other initiatives taken by the Government have given a definite impetus for entry, participation and growth of the steel industry. The government is working proactively to provide incentives for economic growth by injecting funds in construction, infrastructure, automotive and power, which will drive the steel industry in the future.

As per World Steel Association, steel demand in India is tipped to show an above 7% in both 2019 and 2020 on sustained infra spends with the economy expected to achieve faster growth in the second half of 2019 having overcome the shocks of demonetisation and the Goods & Services Tax (GST) implementation. While the fiscal deficit might weigh on public investment to an extent, the wide range of continuing infrastructure projects is likely to support growth in steel demand above 7% in both 2019 and 2020.

In 2018, global steel demand increased by 2.1%, growing slightly slower than in 2017 as per World Steel Association. In 2019 and 2020 growth is still expected, but in a less favourable economic environment. China's deceleration, a slowing global economy, and uncertainty surrounding trade policies and the political situation in many regions suggest a possible moderation in business confidence and investment. Steel demand in developing Asia excluding China is expected to grow by 6.5% and 6.4% in 2019 and 2020 respectively, making it the fastest growing region in the global steel industry. In the ASEAN region, infrastructure development supports demand for steel. Global steel demand is expected to continue to grow, but growth rates will moderate in tandem with a slowing global economy. Uncertainty over the trade environment and volatility in the financial markets has not yet subsided and could pose downside risks to this forecast.

# CHANDI STEEL INDUSTRIES LIMITED

## ANNUAL REPORT 2018-19

Steel demand in the developed economies grew by 1.8% in 2018 following a resilient 3.1% growth in 2017. Demand is further expected to decelerate to 0.3% in 2019 and 0.7% in 2020, reflecting a deteriorating trade environment. In 2018, steel demand in the US benefitted from the strong growth of the economy driven by government-led fiscal stimulus, leading to high confidence and a robust job market. In 2019, the US growth pattern is expected to slow with the waning effect of fiscal stimulus and a monetary policy normalisation.

Despite all odds, fact remains the same that Steel industry is the foundation industry of any economy, especially developing countries where material intensity is likely to increase significantly in the future. Further, Steel is a completely recyclable material making it ideal for achieving a circular economy in India. The Company will seize the opportunity to create an organised circular economy system for steel recycling.

### FINANCIAL PERFORMANCE

During the year under review the Company has earned revenue comprising of sales and other income of Rs. 24,285.69 lacs as compared to Rs. 18,150.60 lacs in the previous year registering a growth of 33.8%. The Profit before Tax also recorded a growth and reached to Rs. 819.05 lacs as against Rs. 122.58 lacs in the previous year. The Net Profit for the year under review was Rs. 586.95 lacs. The Company shall endeavor to constantly improve its performance in the same pace to benefit all its stakeholders.

### **Key Financial Ratio**

Particulars	2018-19	2017-18
Debtors Turnover	10.70	11.26
Inventory Turnover	13.11	10.32
Interest Coverage Ratio	2.14	1.99
Current Ratio	0.76	0.63
Debt Equity Ratio	5.41	5.77
Operating Profit Margin	0.06	0.01
Net profit Margin	0.02	0.00
Return on Net Worth	0.27	0.05

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal Control is a procedure or system designed to ensure that the Company's financial results are reliable, its operations are effective and its activities complies with applicable laws and regulations.

Internal Control is a part of day to day management and administration of your Company. The Company has a proper and adequate system of Internal Control, commensurate with the size, scale and complexity of its operations to ensure orderly and efficient conduct of its business including adherence to corporate policies, safeguarding of assets, prevention of frauds and errors,

accuracy and completeness of accounting records and preparation of reliable financial information.

The Internal Audit functions serve to provide independent and objective assurance on the adequacy and effectiveness of the organisation's risk management, control and governance processes and assesses opportunities for improvement in business processes, systems and controls and provides recommendations designed to add value to the organisation and follows up on the implementation of the agreed audit committee recommendations.

The Company has an Audit Committee to continuously monitor the adequacy and effectiveness of the internal control environment across your company. The Audit Committee of your Company comprises of eminent professionals who are well versed with the financial management. The Internal Auditor submits detailed reports periodically to the management and the Audit Committee. The Management makes it a point that the Internal Control is brought under regular review and evaluations in consultation with the Internal Auditor. The Audit Committee actively reviews the adequacy and effectiveness of the internal audit functions of the Company and monitors the implementation of the same. The Committee also calls for comments of the internal auditors about the Company's internal controls, scope of audit as and when required which gives them an additional insight on the assessment of such controls. Such adequate internal control system helps in identification of potential operation processes.

### **HUMAN RESOURCES**

The Company is dedicated to have an optimum level of human resource and believes in the concept of right talent at the right job since it considers human capital to be the most valuable asset of your Company. The Company has always stepped up and reviewed its HR policies to ensure transparency, to incorporate in it the competitiveness in the globally dynamic business environment and to become more powerful and develop itself to be the standard and a successful one. The Human resource managers of the Company have the tools and the opportunity to leverage employee commitment to, and engagement in, the Company's growth strategy.

The Company realises that workforce makes a fundamental difference to the organization goals. Without it there can be no clear vision and objectives and its resources full potential will remain woefully untapped. It considers the commitment and competence of the human resource as the levers of the organisation's growth. It aligns the individual goal and organizational goal in order to utilize organizational resources effectively and efficiently.

The Company commits to excel in promoting and fostering equal opportunity in compensation, promotion, and career advancement for all employees in all levels and areas of the business, regardless of race, color, gender, religion, age, national origin, or disability, and to promote and foster an environment of inclusion, respect and freedom from retaliation. The Company recognizes that diversity is a fundamental and indispensable value and that the Company, its shareholders and all of its employees will benefit by striving to be a premier on diversity.

The Company emphasis on the training and development of its human resource. The company strives to create an environment which helps its people take the initiative to experiment, innovate and develop a passion to set and achieve their goals. The company gives full room to its staff to nurture their intellect, exploit opportunities and make their own decisions while competing with the best, which thereby helps the company in its march towards progress.

# CHANDI STEEL INDUSTRIES LIMITED

## ANNUAL REPORT 2018-19

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The Company is proud to have a talented pool of around 170 employees as on 31st March, 2019, comprising of professionals from different background with a mix of youth and experience, the leadership and knowledge of the senior management is aligned with the zeal and enthusiasm of the youth brigade.

### Cautionary Statement

*Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates and/or expectations may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Significant factors that could make a difference to the Company's operations include, among others, domestic and international economic conditions affecting demand/supply and price conditions, changes in the government regulations, tax regimes and other statutes and other incidental factor.*

For and on behalf of the Board

Place: Kolkata  
Date: 23<sup>rd</sup> August, 2019

Sd/-  
**Devendra Prasad Jajodia**  
Managing Director  
(DIN: 00045166)



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**INDEPENDENT AUDITORS' REPORT**

To

The Members of **Chandi Steel Industries Limited**

**Report on the Standalone Financial Statements**

**Opinion**

We have audited the accompanying Standalone financial statements of **Chandi Steel Industries Limited** ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March 2019, and the Statement of Profit and Loss (Including Other Comprehensive income), the statement of change in equity and the Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind As") and other accounting principal generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics, We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matters	Auditor's Response
1.	<p><b>Revenue recognition</b> We Identified revenue recognition as a key audit matter because there is an inherent industry risk around the accuracy of revenue recorded by the Company specifically exports of Goods.</p> <p>The company's revenue consists of straight-forward product sales where revenue is recognized when the significant risk and rewards connected with ownership of goods have been transferred to the buyer depending on terms of contract with the customers.</p> <p>Recognizing the Export Revenue is the bigger issue as it depends on the basis of commonly used FOB and CIF.</p>	<p>Our audit included a combination of testing of internal control over financial reporting with respect to revenue recognition including procedures relating to business reviews performed by the different business Areas, analytical procedures and detailed test of significant new customer contract. Different contracts may contain different delivery terms that need to be considered in terms of revenue recognition.</p> <p>Our audit also included details test of proof of delivery to confirm that risk had been transferred to the customer. We have in our audit had special focus on revenue recognition with the business area of export of goods.</p> <p>We have verified each and every shipment documents and the exporter's obligation connected with the transfer of ownership of goods to the buyer both in FOB and CIF.</p> <p>Our audit also included the test verification for entitlement of duty draw back and its recognition.</p> <p>Based on our work, we had no materials observations for the overall audit on Company's accounting for revenue recognition.</p>
2.	<p><b>Measurement of Inventory</b> The company keep significant stock of raw materials, consumable stores, spare parts at its production units and stores of finished goods mostly at its sales and distribution centre. Measurement of Inventory is important for a fair representation of gross margin.</p> <p>It is demanding to prepare accurate reporting of the acquisition cost when procurement, production and logistical processes are complex. Establishing product costing requires many instance of management judgment with effect on the reported values. This includes considering normal production levels, foreign currency and prices of raw materials</p>	<p>Our audit included but was not limited to the following activities :</p> <p>Mapped and evaluated selected systems and methodology applied by the management for consistency with prior years and our knowledge of industry practice and tested a sample of key controls for establishing volumes and cost.</p> <p>Tested, on a sample basis, stocks of raw materials to actual prices. Assessed the reasonableness of the product costing for work in progress and finished goods.</p> <p>Participated in stock takes at a great number of locations and tested the cut-off of deliveries in or out of inventory.</p> <p>Testing the estimated future sales values, less estimated costs to sell against the carrying value of</p>



<p>and allocation of other direct and indirect costs. For finished goods, assessment is needed of obsolescence and how sellable the products are. Finally, there is a complexity in monitoring and measuring volumes particularly for some raw materials and work in progress.</p> <p>The accounting policies included the company's accounting principles for measuring inventory.</p>	<p>the inventories.</p> <p>Recalculating the arithmetical accuracy of the computations.</p> <p>Obtained the Management's monitoring controls of slow movers and assessments of obsolescence as well as net selling prices.</p>
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### **Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or others wise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind As and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Financial Statements, management is responsible for assessing the company's liability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedure responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall representation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Materiality is the magnitude of misstatements in the standalone financial statement that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequence of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

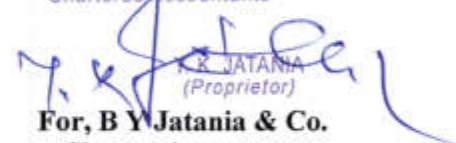
#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, 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), Statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS Specified under section 133 of the act read with rule 7 of the companies (Accounts) rules, 2014.
- e) On the basis of the written representations received from the Directors as on 31st March, 2019 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) 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 A**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's report in accordance with the requirement of section 197(16) of the act, as amended:  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 to the Ind AS standalone financial statements:
- ii) The Company has made provision, as required under the applicable law or Accounting Standards, for materials foreseeable losses, if any, on long term contracts including derivative contracts.
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

For B. Y. JATANIA & CO.  
Chartered accountants



Y. K. JATANIA  
(Proprietor)

For, B Y Jatania & Co.  
Chartered Accountant  
FRN- 0311010E

CA YASWANT KUMAR JATANIA  
(Partner)  
Membership No. 050031

FR NO-311010E  
M. NO.-050031

Place: Kolkata  
Dated: 27-May-2019

C-Block Mercantile Building  
9/12, Lal Bazar Street,  
Kolkata 700001

**Y. K. JATANIA**  
Proprietor  
**B. Y. JATANIA & CO.**  
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**“Annexure A” to the Independent Auditor’s Report**

(Referred to in paragraph 1(f) under “Report on other legal and regulatory requirements” section of our report to the member of Chandi Steel Industries Ltd. of even date.)

**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 Chandi Steel Industries Limited (“the Company”) as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal financial Controls**

The Board of Directors of the Company 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”. 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”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain the reasonable assurance about whether adequate internal financial control 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 judgement, including the assessment of the risks of material misstatement of the 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 of the company.



### 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 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 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 financial statements.

### 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, to the best of our information and according to the explanations given to us 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 March 31, 2019, 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 and on behalf of  
**B Y Jatania & Co.**  
Chartered Accountants  
Firm's registration number:  
0311010E  
For B. Y. JATANIA & CO.  
Chartered Accountants  
  
Y. K. JATANIA  
(Proprietor)  
**CA YASHWANT KUMAR**  
**JATANIA**  
Partner  
Membership number: 050031

Place: Kolkata  
Date: 27-May-2019

C-Block Mercantile Building  
9/12, Lal Bazar Street,  
Kolkata 700001

**Y. K. JATANIA**  
Proprietor  
**B. Y. JATANIA & CO.**  
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**“Annexure B” to the Independent Auditor’s Report of even date on the Statements of Chandi Steel Industries Limited.**

**(Referred to in paragraph 2 under “Report on other Legal and regulatory requirements” section of our report to the members of Chandi steel Industries Ltd. of even date.)**

(i) In respect of Companies Fixed Assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have been physically verified by the management during the period but there is a regular programme of verification in a phased manner to cover all the items of fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) There was no disposal of substantial part of fixed assets during the period.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the period.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) The Company had granted loan to a Company covered in the register maintained under section 189 of the Companies Act, 2013.

(a) The receipts of the principal amount and interest have been regular.

(b) The above loan is stated to be re-payable on demand. We are informed that, the Company has received back the amount of loan to the extent demanded by it and thus there has been no default on the part of such party to whom the money has been lent. The payment of interest has been regular.

(c) As the party has repaid the amount of loan whenever demanded, therefore there is no overdue amount for the above loan granted to a Company listed in the register maintained under section 189 of the Companies Act, 2013

(iv) In our opinion and according to the information and explanations given to us, the company has complied with the provision of section 185 & 186 of the act in respect of grant loans , making investments and providing guarantees and securities as applicable.

- (v) The Company has not accepted any deposits from the public within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rule framed there under.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section(1) of section 148 of the Companies Act, 2013, related to the manufacture of its products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- The company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service act, custom duty, cess and other material statutory dues applicable to it with the appropriate authorities.
  - There were no undisputed amount payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Custom Duty, Cess and other materials statutory dues in arrears as at March 31,2019 for a period of more than six months from the date they became payable.
  - According to the records of the Company, the dues outstanding of sales-tax, service tax, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Show Cause Notice	6.10	2010-11 to 2014-15	Commissioner Pending for adjournment
Central Excise Act, 1944	CENVAT Credit Disallowed	2.57	2008-09	Commissioner (Appellate)
Central Excise Act, 1944	Irregular Availment of Service Tax Credit	346.51	2009-10, 2010-11 and 2011-12	Appeal Hearing pending before CESTAT .
The West Bengal Value Added Tax Act, 2003	Turnover Enhanced/ITC disallowed/Penalty	6.99	2009-10	West Bengal Appellate and Revision Board.



The Central Sales Tax Act, 1956	Pending statutory Forms	2.93	2009-10 & 2014-15	West Bengal Appellate and Revision Board.
The Central Sales Tax Act, 1956	Pending statutory Forms	11.21	2015-16 & 2016-17	Appellate Forum of CH-Circle

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. During the year the company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loan during the year. Accordingly paragraph 3(ix) of the Order is not applicable to the Company and hence not commented upon.
- (x) According to the information and explanations given to us, no materials fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.



- (xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

Place: Kolkata  
Dated: 27-May-2019

For, B Y Jatania & Co.  
Chartered Accountant  
For B. Y. JATANIA  
Chartered Accountants  
FRN-0311010E  
Y. K. JATANIA  
(Proprietor)  
CA Yashwant Kumar Jatania  
(Partner)  
Membership No. 050031

FR NO-311010E  
M. NO.-050031

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# Chandi Steel Industries Limited

Notes to Financial Statements for the year ended 31st March 2019

## 1 COMPANY OVERVIEW

Chandi Steels Industries Limited is a public limited company incorporated and domiciled in India, its registered office being at 3, Bentinck Street, PS Hare Street, Kolkata-700001. Its equity shares are listed with the Calcutta Stock Exchange Limited. Heavy Rounds and Flats in various Carbon, Mild and Alloy Steel grades are manufactured in its factory situated in Liluah, Howrah, West Bengal. It is a leading manufacturer of forging and engineering quality alloy and non-alloy steel Rounds, Flats and Squares using the Blast Furnace route and has the exclusive ability to manufacture various sophisticated grades of steel conforming to national and international standards.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### I Basis of Preparation

#### Statement of Compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The company's financial statements up to and for the year ended 31st March 2017 were prepared in accordance with Companies (Accounting Standards) Rules, 2006 notified under section 133 of the Act and other relevant provisions of the Act.

These financial statements are the first financial statements under Ind AS. The company has adopted all the Indian Accounting Standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. Refer Note 37 for an explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows.

#### Historical Cost Convention

Financial Statements have been prepared on historical cost basis except for the following items:

- Certain financial assets and liabilities measured at fair value
- Defined benefit plans - Plan assets are measured at fair value

### II Use of estimates

In preparing the financial statements in conformity with Ind AS, management has made estimates, judgments and assumptions which affect the application of accounting policies and the reported amounts of assets and liabilities as at the date of financial statements and the reported amounts of revenues and expenses during the period. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting are recognized prospectively. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to financial statements.





# Chandi Steel Industries Limited

Notes to Financial Statements for the year ended 31st March 2019

## Critical estimates and judgments

The areas involving critical estimates or judgments are as follows:

- **Estimation of defined benefit obligation**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. 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.

- **Impairment of trade receivables**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The management uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

## III Current and Non-Current classification

The company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## IV Property, Plant and Equipment

Property, Plant and Equipment represent a significant proportion of the asset base of the company. Free hold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the items.



# Chandi Steel Industries Limited

Notes to Financial Statements for the year ended 31st March 2019

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. When a major inspection is performed, its cost is not recognized in the carrying amount of the plant and equipment as a replacement. All other repairs and maintenance are charged to Profit or Loss during the reporting period in which they are incurred. Property, plant and equipment includes spare parts, stand by equipments and servicing equipment which are expected to be used for a period more than twelve months and meets the recognition criteria of property, plant and equipment.

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

Based on technical assessment made by technical expert and Management estimate the entity depreciates items of property, plant and equipment over estimated useful lives which are same as prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

- |                                   |                                   |
|-----------------------------------|-----------------------------------|
| • Factory Building: 30years       | • Motor Vehicle: 6years           |
| • Office Equipments: 5-20years    | • Plant and Machinery: 10-20years |
| • Furniture and Fixtures: 10years | • Computers: 3years               |

Depreciation on property, plant and equipment is provided on straight line basis to the extent of depreciable amount on pro-rata basis over the useful life of respective assets as prescribed under Schedule II to the Companies Act, 2013.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-process'.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss





# Chandi Steel Industries Limited

Notes to Financial Statements for the year ended 31st March 2019

arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

## V Provisions

A provision is recognized if, as a result of a past event, the company has a present obligation (legal or constructive) that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are not recognized for future operating losses.

Where the effect of time value of money is material, provisions are measured at the present value of management's best estimate of the amount required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognized as interest expense.

## VI Revenue Recognition

Revenue is recognized to the extent that 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. The management has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Goods and service tax (GST) is not received by the company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognized.

### A. Sale of goods

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

### B. Interest Income

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR).



# Chandi Steel Industries Limited

Notes to Financial Statements for the year ended 31st March 2019

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the management estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

## VII Inventories

Inventories are valued at the lower of cost and net realizable value.

Cost incurred in bringing each product to its present location and condition is accounted as follows:

- i. Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- ii. Finished goods and work in progress: cost includes cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis. Cost of finished goods also includes the applicable Excise Duty.
- iii. Stores and spares: cost includes cost of General Stores, Wires and Felts and Packing materials. Cost is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

## VIII Rounding of amounts

All amounts of financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

## IX Earnings per share

### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, i.e., net profit after tax less after tax amount of preference dividend, by the weighted average number of shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with





# Chandi Steel Industries Limited

Notes to Financial Statements for the year ended 31st March 2019

dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## X Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits with an original maturity of three months or less net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

## XI Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the interest costs.

## XII Financial Instruments

### Initial Recognition

The company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, those are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date i.e., the date at which the company commits to purchase or sell the asset.

### Subsequent Measurement

#### (i) Financial assets carried at amortized cost:

A financial asset is subsequently measured at amortized 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.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR





# Chandi Steel Industries Limited

Notes to Financial Statements for the year ended 31st March 2019

amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

## **(ii) Financial assets at fair value through profit or loss:**

A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss. The company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL, which is thereafter irrevocable. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The company has not designated any debt instrument as at FVTPL.

## **(iii) Financial liabilities:**

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments. The company's financial liabilities include trade and other payables and loans and borrowings. Loans and Borrowings- After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

## **Derecognition of Financial Instruments**

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. 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. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

## **Fair Value of Financial Instruments**

In determining the fair value of its financial instruments, the company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.



# Chandi Steel Industries Limited

Notes to Financial Statements for the year ended 31st March 2019

## Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

## XII Impairment

### a. Financial assets

The company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

As a practical expedient, the company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. Considering a discount rate of 10%, provision rates for delay risk are as under:

<u>Ageing</u>	<u>Discount for Delay</u>
0-180 days	0%
181-365 days	15%
1-2 years	25%
2-3 years	50%
Above 3 years	100%

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (Profit and Loss). This amount is reflected under the head 'other expenses' in the Profit and Loss.

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.

### b. Non-financial assets

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of





# Chandi Steel Industries Limited

Notes to Financial Statements for the year ended 31st March 2019

profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

## XIV Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates (the functional currency). The company's financial statements are presented in Indian rupee (INR), which is also the company's financial currency. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Exchange differences are recognized in profit or loss, except exchange differences arising from the translation of equity instruments at fair value through OCI (FVOCI) which are recognized in OCI.

- a) Transactions in foreign exchange covered by forward contracts are accounted for at the contracted rates.
- b) Transactions other than those covered by forward contracts are recognized at the exchange rates prevailing on the date of their occurrence.
- c) Monetary assets and liabilities in foreign currency that are outstanding at the year end and not covered by forward contracts are translated at the year-end exchange rates.
- d) The exchange differences arising from long term foreign currency monetary items relating to the acquisition of a depreciable asset are added to or deducted from the cost of the depreciable capital assets. Other exchange differences arising from long-term foreign currency monetary items are transferred to "Foreign currency monetary item translation difference account" to be amortized over the life of such monetary items but not beyond 31st March 2020. Other exchange differences are recognized as income or expense in the Profit and Loss account.

## XV Fair value measurement

The management measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability



# Chandi Steel Industries Limited

Notes to Financial Statements for the year ended 31st March 2019

The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The management uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the management determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## XVI Employee benefits

### Short term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### Post-employment obligations

The company operates the following post-employment schemes:

- (a) Defined benefit plans such as gratuity; and
- (b) Defined contribution plans such as provident fund

### Gratuity obligations

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period





# Chandi Steel Industries Limited

Notes to Financial Statements for the year ended 31st March 2019

on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

## *Defined contribution plans*

The company pays provident fund contribution to publicly administered provident funds as per local regulations. The company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as an asset to the extent that cash refund or a reduction in the future payment is available.

## **Other long-term employee benefit obligations**

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

## **Bonus plans**

The company recognizes a liability and an expense for bonuses. The company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.



# Chandi Steel Industries Limited

Notes to Financial Statements for the year ended 31st March 2019

## XVII Taxes

Tax comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination or to an item recognized directly in equity or in other comprehensive income.

### Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

### Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits. Deferred tax is not recognized for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized using liability method, to the extent that it is probable that future taxable profits will be available against which they can be used. The company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.





# CHANDI STEEL INDUSTRIES LTD

## BALANCE SHEET AS AT 31ST MARCH 2019

		( ₹ in lakhs)	
Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, plant and equipment	3.1	1,946.05	1,640.32
b) Capital work-in-progress	3.2	3,489.31	3,625.38
c) Financial assets			
i) Loans	4	6.43	15.03
d) Deferred tax assets (Net)		-	-
e) Other non-current assets	5	-	24.75
		<b>5,441.79</b>	<b>5,305.48</b>
<b>Current assets</b>			
a) Inventories	6	1,295.01	1,937.60
b) Financial assets			
i) Investments	7	454.13	-
ii) Trade receivables	7.1	2,387.45	2,127.10
iii) Cash and Cash equivalents	7.2	408.18	14.53
iv) Bank balance other than (iii) above	7.3	173.10	0.96
v) Loans	7.4	2,636.38	152.23
d) Other current assets	8	1,290.77	1,369.33
		<b>8,645.02</b>	<b>5,601.75</b>
<b>Total Assets</b>		<b>14,086.81</b>	<b>10,907.23</b>
<b>EQUITY AND LIABILITIES</b>			
a) Equity Share capital	9	1,053.62	1,053.62
b) Other equity	10	1,145.23	558.28
		<b>2,198.85</b>	<b>1,611.90</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
a) Financial liabilities			
i) Borrowings	11	344.43	269.05
b) Deferred tax liabilities (Net)	12	128.93	120.77
c) Provisions	13	5.98	2.81
		<b>479.34</b>	<b>392.63</b>
<b>Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	14.1	5,267.89	4,091.16
ii) Trade Payables	14.2		
Total Outstanding Dues of MSMED		105.50	15.28
Total Outstanding Dues of Creditors other than MSMED		2,444.54	4,122.35
iii) Other financial liabilities	14.3	157.86	95.94
b) Provisions	15	3.27	2.51
c) Current tax Liabilities (net)	16	68.73	30.26
d) Other current liabilities	17	3,360.83	545.20
		<b>11,408.62</b>	<b>8,902.70</b>
<b>Total Equity and liabilities</b>		<b>14,086.81</b>	<b>10,907.23</b>

Significant accounting policies (1-2) and other accompanying notes form an integral part of financial statements

As per Report of even date

For **B Y JATANIA & CO.**

Chartered Accountants

FRN : 0311010E

**Y. K. JATANIA**  
(Proprietor)

**CA YASWANT KUMAR JATANIA**

(Proprietor)

M.No. : 050031

Kolkata

Date: 27-May-2019

For and on behalf of the Board

**Devendra Prasad Jajodia**

Managing Director

(DIN : 00045166)

**Tushar Kanti Sarkar**

Chief Financial Officer

**Susanta Sarkar**

Director

(DIN : 06449312)

**Seema Chowdhury**

Company Secretary

# CHANDI STEEL INDUSTRIES LTD

## STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 31ST MARCH 2019

Particulars	Note No.	Year ended 31 March 2019	( ₹in lakhs) Year ended 31 March 2018
I. Revenue from operations	18	24,154.79	18,130.79
II. Other Income	19	130.90	19.81
III. Total income(I+II)		<b>24,285.69</b>	<b>18,150.60</b>
IV. EXPENSES			
Cost of material consumed	20	14,716.63	12,066.58
Change in inventories of finished goods, stock in trade and work -in-progress	21	(495.76)	43.03
Employee benefit expense	22	385.83	283.41
Finance costs	23	720.81	124.17
Depreciation and amortization expense	24	176.17	131.44
Other expenses	25	7,962.96	5,379.39
Total expense (IV)		<b>23,466.64</b>	<b>18,028.02</b>
V. Profit/(loss) before exceptional items and tax (III-IV)		<b>819.05</b>	<b>122.58</b>
VI. Exceptional items		-	-
VII. Profit/(loss) before tax (V-VI)		<b>819.05</b>	<b>122.58</b>
VIII. Tax expense:	26		
(1) Current tax		223.47	24.75
(2) Deferred tax		8.30	17.99
IX. Profit/(loss) for the year (VII-VIII)		<b>587.28</b>	<b>79.84</b>
X. Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss		(0.48)	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.15	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
Total Other Comprehensive Income X(A+B)		<b>(0.33)</b>	-
XI. Total Comprehensive Income for the period (IX+X)(Comprising Profit (Loss) and Other Comprehensive Income for the period)		<b>586.95</b>	<b>79.84</b>
XII. Earnings per equity share :			
Basic & Diluted		5.57	0.76

Significant accounting policies (1-2) and other accompanying notes form an integral part of financial statements

As per Report of even date

For **B Y JATANIA & CO.**

Chartered Accountants

FRN : 0311010E

**Y. K. JATANIA**  
(Proprietor)  
**CA YASWANT KUMAR JATANIA**  
(Proprietor)

M.No. : 050031

Kolkata

Date: 27-May-2019

For and on behalf of the Board

**Devendra Prasad Jajodia**  
Managing Director  
(DIN : 00045166)

**Susanta Sarkar**  
Director  
(DIN : 06449312)

**Tushar Kanti Sarkar**  
Chief Financial Officer

**Seema Chowdhury**  
Company Secretary



# CHANDI STEEL INDUSTRIES LTD

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2019

### A. Equity Share Capital

(₹ in Lakhs)

Particulars	Amount
Balance as at 31 March, 2018	1,053.62
Changes in equity share capital during the year	-
Balance as at 31 March, 2019	1,053.62

### B. Other Equity

As at March 31, 2019

(₹ in Lakhs)

Particulars	Reserves and Surplus		Other Comprehensive Income	Total Other Equity
	Capital Reserve	Retained Earnings		
Balance at 31 March 2018	34.92	519.49	3.87	558.28
Profit for the period	-	587.28	-	587.28
Gain /Loss on Defined benefit Obligation			(0.48)	(0.48)
Income tax effect on above			0.15	0.15
Total comprehensive income/(loss) for the period	-	587.28	(0.33)	586.95
Balance at 31 March 2019	34.92	1,106.77	3.54	1,145.23

Significant accounting policies (1-2) and other accompanying notes form an integral part of financial statements

As per Report of even date

For B. Y. JATANIA & CO.  
Chartered Accountants  
FRN : 0311010E

Y. K. JATANIA  
CA YASWANT KUMAR JATANIA  
(Proprietor)  
M.No. : 050031

Kolkata  
Date: 27-May-2019

For and on behalf of the Board

Devendra Prasad Jajodia  
Managing Director  
(DIN : 00045166)

Susanta Sarkar  
Director  
(DIN : 06449312)

Tushar Kanti Sarkar

Tushar Kanti Sarkar  
Chief Financial Officer

Seema Chowdhury

Seema Chowdhury  
Company Secretary

FR NO-311010E  
M. NO.-050031

# CHANDI STEEL INDUSTRIES LTD

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2019

(₹ in Lakhs)

Particulars	Current year ended March 31, 2019	Previous year ended March 31, 2018
<b>A: Cash Flow From Operating Activities</b>		
Net Profit Before Taxes	819.05	122.58
Adjustments For :		
Depreciation	176.17	131.44
Irrecoverable Debts & Advances Written off	61.58	11.48
Impairment Allowance	-	(19.12)
Liabilities no longer required written back	(7.00)	-
OCI-Gratuity	(0.48)	-
Interest on Term Loans and Others	720.81	124.17
Insurance Claim	-	(0.97)
Prior Period Expenditure	6.49	7.11
Interest Income	(58.81)	(0.95)
Allowance on Doubtful Debts	-	(2.39)
<b>Operating Profit Before Working Capital Changes</b>	<b>1,717.81</b>	<b>373.35</b>
Movements in Working Capital :		
Decrease / (Increase) in Trade Receivables	(260.35)	(1,023.84)
Decrease / (Increase) in Loans and Advances and Other Current / Non Current Assets	(2,638.58)	2,002.33
Decrease / (Increase) in Inventories	642.59	(682.93)
(Decrease) / Increase in Trade Payables, Other Current Liabilities and Provisions	923.06	151.45
<b>Cash Generated From Working Capital Changes</b>	<b>(1,333.28)</b>	<b>447.01</b>
<b>Cash Generated From Operating Activities</b>	<b>384.53</b>	<b>820.36</b>
Direct Taxes paid ( net of refunds)	(185.00)	(3.48)
<b>Net Cash generated from Operating Activities</b>	<b>199.53</b>	<b>816.88</b>
<b>B: Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	(306.58)	(418.57)
Investment	(454.13)	-
Interest received	58.81	0.95
<b>Net Cash Used In Investing Activities</b>	<b>(701.90)</b>	<b>(417.62)</b>
<b>C: Cash Flow From Financing Activities</b>		
Repayment of long / short term Borrowings	1,252.11	(284.73)
Interest Paid	(192.05)	(124.17)
<b>Net Cash generated from Financing Activities</b>	<b>1,060.06</b>	<b>(408.90)</b>
<b>Net Increase / (Decrease) In Cash and Cash Equivalents (A+B+C)</b>	<b>557.69</b>	<b>(9.64)</b>
Cash and Cash Equivalents as at the beginning of the year	23.59	33.23
<b>Cash and Cash Equivalents as at the end of the year</b>	<b>581.28</b>	<b>23.59</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	18.05	7.17
Balance with Scheduled Banks on:		
Current Account	390.13	6.28
Fixed Deposit Account	173.10	10.14
<b>Cash and Bank Balances as per Note 7.2 &amp; 7.3</b>	<b>581.28</b>	<b>23.59</b>
Less : Fixed deposits not considered as cash equivalents	-	-
<b>Cash and Cash Equivalents in Cash Flow Statement:</b>	<b>581.28</b>	<b>23.59</b>

Significant accounting policies (1-2) and other accompanying notes form an integral part of financial statements

As per Report of even date

For **B Y JATANIA & CO.**

Chartered Accountants

FRN : 0311010E

CA YASWANT KUMAR JATANIA

(Proprietor)

M.No. : 050031

Kolkata

Date: 27-May-2019

FR NO-311010E  
M.NO.-050031

For and on behalf of the Board

*Devendra Prasad Jajodia*

Devendra Prasad Jajodia

Managing Director

(DIN : 00045166)

*Susanta Sarkar*

Susanta Sarkar

Director

(DIN : 06449312)

*Tushar Kanti Sarkar*

Tushar Kanti Sarkar

Chief Financial Officer

*Seema Chowdhury*

Seema Chowdhury

Company Secretary

## Notes to the financial statements for the year ended 31st March 2019

Particulars	Gross block			Accumulated depreciation			Net block	(₹ in Lakhs)
	1 April 2018	Additions	Disposals/ Adjustments	31 March 2019	1 April 2018	Additions		
Freehold Land	481.51	-	-	481.51	-	-	481.51	481.51
Factory Building	245.12	99.55	-	344.67	75.94	7.46	261.27	169.18
Plant and Machinery	2,144.97	233.52	-	2,378.49	1,317.77	132.08	928.64	827.20
Furniture and Fixtures	4.81	0.64	-	5.45	3.20	0.28	1.97	1.61
Computer	7.67	0.74	-	8.41	4.93	1.22	2.26	2.74
Office Equipment	9.52	0.57	-	10.09	2.70	1.64	5.75	6.82
Motor Vehicle	205.26	154.39	25.14	334.51	54.00	33.49	264.65	151.26
<b>Total</b>	<b>3,098.86</b>	<b>489.41</b>	<b>25.14</b>	<b>3,563.13</b>	<b>1,458.54</b>	<b>176.17</b>	<b>1,946.05</b>	<b>1,640.32</b>

Particulars	31 March 2019	31 March 2018
Opening	3,625.38	3,625.38
Addition: New Furnace	88.93	-
Subtraction: Amount Refunded of Security Deposit	(225.00)	-
<b>Total</b>	<b>3,489.31</b>	<b>3,625.38</b>

The said amount of Rs.3625.38 lacs have been claimed by the company from West Bengal Mineral Development in view of the order of Honorable Supreme Court dated 24th September 2014 cancelling the Coal Blocks, including Jagannathpur "A" & "B" out of which Rs 225 lakhs already refunded during the year against security deposit with WBMDTC Ltd.



# CHANDI STEEL INDUSTRIES LTD

Notes to the financial statements for the year ended 31st March 2019

## Note-4 Loans

	( ₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Security deposits	6.43	6.93
Deposits with original maturity for more than 12 months	-	8.10
<b>Total</b>	<b>6.43</b>	<b>15.03</b>

## Note-5 Other non-current assets

	( ₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Capital Advances	-	24.75
<b>Total</b>	<b>-</b>	<b>24.75</b>

## Note-6 Inventories

	( ₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Raw Materials** ( including stock-in-transit)	251.31	1,480.97
Stores and Spares *(Including Stock in transit)	279.84	188.54
Finished Goods	648.77	228.61
By Products and Scrap	115.09	39.48
<b>Total</b>	<b>1,295.01</b>	<b>1,937.60</b>

\*\*Stock in transit of RM

- 1,343.62

\*Stock in transit of Stores

60.25 -

## Note-7 Investment

	( ₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
HDFC Liquid Fund	250.00	-
Reliance Ultra Short Duration Fund	204.13	-
	<b>454.13</b>	<b>-</b>

## Note-7.1 Trade Receivables

	( ₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good	2,395.28	2,143.82
Less: Allowance on Doubtful Debts	7.83	16.72
<b>Total</b>	<b>2,387.45</b>	<b>2,127.10</b>

### Ageing of Trade Receivable (Net of expected credit loss)

0-30 days	2,330.86	2,079.18
31-90 days	23.73	3.85
91-120 days	-	0.52
121-180 days	3.52	11.32
181-365 days	11.81	18.63
Above 1 year but Less than 2 Year	17.23	9.14
Above 2 year	0.30	4.46
	<b>2,387.45</b>	<b>2,127.10</b>



# CHANDI STEEL INDUSTRIES LTD

Notes to the financial statements for the year ended 31st March 2019

## Note-7.2 Cash and Cash Equivalents

	( ₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Balance with banks		
Current Account Balances	390.13	6.28
Cash in hand	18.05	7.17
Deposits with original maturity for less than 3 months	-	1.08
<b>Total</b>	<b>408.18</b>	<b>14.53</b>

## Note-7.3 Bank Balances other than Note 7.2 above

	( ₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Deposits with original maturity for more than 3 months & less than 12 months*	173.10	0.96
<b>Total</b>	<b>173.10</b>	<b>0.96</b>

\*Includes Pledged with bank of ₹ 70.26 lakhs as 100% margin money against Bank Gurantee & Overdraft Facilities and ₹ 51.38 Lakhs for margin money against LER Limit (Forex Forward Cover).

## Note-7.4 Loans

	( ₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Unsecured considered Good		
Security deposits	78.88	95.05
Loans to a Related party*	29.50	29.18
Loans to Others	2,528.00	28.00
<b>Total</b>	<b>2,636.38</b>	<b>152.23</b>

\* Jai Balaji infotech Pvt Ltd.

## Note-8 Other Current Assets

	( ₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Advances to Suppliers-Unsecured considered Good	107.01	94.89
Interest Accrued on Loans	5.55	-
Balance with Excise and other Government Authorities	1,150.87	1,258.46
Duty Drawback Receivable	27.34	15.98
<b>Total</b>	<b>1,290.77</b>	<b>1,369.33</b>



# CHANDI STEEL INDUSTRIES LTD

Notes to the financial statements for the year ended 31st March 2019

## Note- 9 Equity Share Capital

Particulars	( ₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
<b>Authorised</b>		
12,000,000 Equity Shares of ₹10/- each	1,200.00	1,200.00
<b>Total</b>	<b>1,200.00</b>	<b>1,200.00</b>
<b>Issued, subscribed and fully paid up</b>		
10,540,000 Equity Shares of ₹ 10 each, Fully paid up	1,054.00	1,054.00
Less: Calls unpaid (Due from other than directors or officers)	0.38	0.38
<b>Total</b>	<b>1,053.62</b>	<b>1,053.62</b>

### (a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period :

	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	(₹ in Lakhs)	No. of Shares	(₹ in Lakhs)
<b>Equity Shares of ₹ 10/- each</b>				
At the beginning of the period	10540000	1053.62	1,05,40,000	1,053.62
Call money received during the period	-	-	-	-
<b>At the end of the year</b>	<b>1,05,40,000</b>	<b>1,053.62</b>	<b>1,05,40,000</b>	<b>1,053.62</b>

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

The Company has only one class of ordinary shares (equity shares) having at par value of ₹ 10/- each. Each shareholder of ordinary shares (equity shareholders) is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the share holders in the ensuing annual general meeting except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distributions of all preferential amounts, in the proportions to their share holdings.

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

Particulars	31 March 2019		31 March 2018	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Sanjiv Jajodia	-	-	14,47,498	13.73
PPS Steel Trading Pvt. Ltd.	7,50,000	7.12	-	-
Pawan Kumar Kanodia	6,51,998	6.19	-	-
Gaurav Jajodia	6,00,000	5.69	6,00,000	5.69
Sangeeta Jajodia	6,00,000	5.69	6,00,000	5.69
Aashish Jajodia	5,56,500	5.28	5,56,500	5.28
<b>Total</b>	<b>31,58,498.00</b>	<b>29.96</b>	<b>32,03,998</b>	<b>30.39</b>

As per records of the Company, including its register of share holders / members, the above share holdings represents legal ownership of shares.



# CHANDI STEEL INDUSTRIES LTD

Notes to the financial statements for the year ended 31st March 2019

## Note-10 Other Equity

	(₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Securities Premium	-	-
Capital Reserve	34.92	34.92
Retained Earning**	1,106.77	519.49
<b>OCI</b>		
Opening OCI	3.87	3.87
Add: Defined Benefit Obligation	(0.48)	-
Less : Deferred Tax on above	0.15	-
<b>Total OCI</b>	<b>3.54</b>	<b>3.87</b>
<b>Total</b>	<b>1,145.23</b>	<b>558.28</b>

## \*\*Retained Earning

	(₹ in Lakhs)	
General Reserve	(0.43)	(0.43)
	(0.43)	(0.43)
Profit & Loss Account	519.92	440.08
Add: Profit for the Year	587.28	79.84
<b>Retained Earning</b>	<b>1,106.77</b>	<b>519.49</b>

Note: Retained Earning represents the undisputed profit/amount of accumulated earnings of the Company.

Note: Other Comprehensive Income(OCI) comprises items of income and expense (including reclassification adjustments) that are not recognized in profit or loss as required or permitted by other Ind AS.





# CHANDI STEEL INDUSTRIES LTD

Notes to the financial statements for the year ended 31st March 2019

## Note- 11 Borrowings

	(₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Unsecured Non Convertible Debentures	200.00	200.00
Deferred Payment Liability	144.43	69.05
<b>Total</b>	<b>344.43</b>	<b>269.05</b>

Note: 200000 Unsecured, Unlisted, Non-Convertible Debentures of Rs.100/- each fully paid redeemable within 3 months from the expiry of ten years from the date of allotment at par or at premium as may be decided by the Board. The Debentures shall carry interest of 8% p.a.

Note: Vehicle Loan from Financial Institution of ₹ 52.49 Lakhs and from Banks of ₹ 134.56 Lakhs are secured against respective vehicle financed by them. These Loans are repayable in equated monthly installment by March 2024 and April 2024 respectively.

## Note-12 Deferred tax liabilities (Net)

	(₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Deferred tax liability	-	-
Provisions/Expenses Allowable in future under IT Act	(1.87)	(2.30)
Timing Difference on Depreciable Assets	130.95	128.98
Income tax Effect on Defined Benefit Obligation	(0.15)	(5.91)
<b>Total</b>	<b>128.93</b>	<b>120.77</b>

## Note- 13 Provisions

	(₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Gratuity	5.98	2.81
<b>Total</b>	<b>5.98</b>	<b>2.81</b>

## Note-14.1 Borrowings

	(₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
<b>Secured</b>		
Loan repayable on demand		
Cash credit from banks	-	599.61
<b>Unsecured</b>		
Loans & advances from related parties*	3,396.55	3,491.55
Loans & advances from Other Body Corporate	1,871.34	-
<b>Total</b>	<b>5,267.89</b>	<b>4,091.16</b>

\*Unsecured Loan from related parties taken from Jai Balaji Jyoti Steels Ltd out of which ₹ 3200 Lakh taken for Capital Work in Progress of the Coal Block development and will be repaid /adjusted on claim settlement with WBMDTC.





# CHANDI STEEL INDUSTRIES LTD

Notes to the financial statements for the year ended 31st March 2019

## Note-14.2 Trade Payables

	(₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
MSMED	105.50	15.28
Other than MSMED	2,444.54	4,122.35
<b>Total</b>	<b>2,550.04</b>	<b>4,137.63</b>

Note: The Company has circulated confirmation for the identification of supplier registered under Micro,small & Medium Enterprises Development Act, 2006. On the basis of information received with the enterprises under the aforesaid act there are some Enterprises to whom the company owes dues which are outstanding at year end.

## Note 14.3 - Other financial liabilities

	(₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Current Maturity of Deferred Payment Liability*	42.62	26.92
Capital Creditors	81.15	41.91
Due to employees	34.09	27.11
<b>Total</b>	<b>157.86</b>	<b>95.94</b>

\* Refer Note 11

## Note 15 - Provisions

	(₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Leave Salary	3.27	2.51
<b>Total</b>	<b>3.27</b>	<b>2.51</b>

## Note 16 - Current Tax Liabilities (Net)

	(₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Provision for Taxation	234.63	37.97
Less: Advance Income Tax	165.90	7.71
<b>Total</b>	<b>68.73</b>	<b>30.26</b>

## Note 17 - Other current liabilities

	(₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Advance from Customers	2,745.02	507.95
Statutory dues payable	65.71	15.91
Interest Accrue & Due on Loan	550.10	21.34
<b>Total</b>	<b>3,360.83</b>	<b>545.20</b>



# CHANDI STEEL INDUSTRIES LTD

Notes to the financial statements for the year ended 31st March 2019

## Note-18 Revenue from Operations

	(₹ in Lakhs)	
	Year ended 31 March 2019	Year ended 31 March 2018
<b>Sale of products</b>		
Finished Goods	21,906.67	16,886.29
By-Products	1,711.71	1,036.20
<b>Other Operating Revenue</b>		
Conversion Charges	173.14	92.30
Export Incentives	363.27	116.00
<b>Total</b>	<b>24,154.79</b>	<b>18,130.79</b>

## Detail of Sales (Product wise)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Finished Goods</b>		
Non Alloys Steel	21,070.09	15,979.65
Alloys Steel	836.58	906.64
<b>Total</b>	<b>21,906.67</b>	<b>16,886.29</b>
<b>By-Products</b>		
Non Alloys Steel Scrap	1,631.27	986.46
Alloys Steel Scrap	59.27	49.74
Coal Fines	21.17	-
<b>Total</b>	<b>1,711.71</b>	<b>1,036.20</b>

## Note-19 Other Income

	(₹ in Lakhs)	
	Year ended 31 March 2019	Year ended 31 March 2018
<b>Interest on :</b>		
Fixed Deposits with Banks [Gross, TDS ₹ 1.16 lakhs ( ₹ 0.07 Lakhs)]	11.55	0.95
On Loans & Advances [Gross, TDS ₹ 4.73 lakhs ( ₹ Nil Lakhs)]	47.26	-
Insurance Claims	-	0.97
Profit on sale of Short term Investments (other than trade)	54.68	3.03
Impairment Allowance	4.42	2.39
Other Items	12.99	12.47
<b>Total</b>	<b>130.90</b>	<b>19.81</b>

## Note 20 Cost of Raw Material Consumed

	(₹ in Lakhs)	
	Year ended 31 March 2019	Year ended 31 March 2018
Opening Stock	1,480.97	673.99
Purchases	13,486.97	12,873.56
	<b>14,967.94</b>	<b>13,547.55</b>
Less: Closing Stock	251.31	1,480.97
<b>Total</b>	<b>14,716.63</b>	<b>12,066.58</b>

## Consumption of Raw Material

	Year ended 31 March 2019	Year ended 31 March 2018
Non Alloys Steel (Billet & Ingot)	13,920.24	11,223.56
Alloys Steel (Billet & Ingot)	796.39	843.02
<b>Total</b>	<b>14,716.63</b>	<b>12,066.58</b>



# CHANDI STEEL INDUSTRIES LTD

Notes to the financial statements for the year ended 31st March 2019

## Note-21 Change in inventories of finished goods, stock in trade and work -in-progress

	(₹ in Lakhs)	
	Year ended 31 March 2019	Year ended 31 March 2018
<b>Finished Goods</b>		
Opening stock	254.93	320.88
Closing stock	648.77	228.61
	<b>(393.84)</b>	<b>92.27</b>
<b>By-Products</b>		
Opening stock	13.17	13.17
Closing stock	115.09	39.48
	<b>(101.92)</b>	<b>(26.31)</b>
(Increase)/Decrease in excise duty and cess on stocks	-	(22.93)
<b>Total</b>	<b>(495.76)</b>	<b>43.03</b>

## Note-22 Employee benefit expense

	(₹ in Lakhs)	
	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, Bonus & Allowances	336.57	256.02
Contribution to Provident and other funds	22.71	2.35
Staff welfare expenses	6.18	5.21
Directors remuneration	20.37	19.83
<b>Total</b>	<b>385.83</b>	<b>283.41</b>

Post Retirement Employee Benefits : Refer Note - 27

## Note-23 Finance cost

	(₹ in Lakhs)	
	Year ended 31 March 2019	Year ended 31 March 2018
Interest expenses :		
On Cash credit	17.81	56.99
On Others	694.85	51.88
Finance charges	8.15	15.30
<b>Total</b>	<b>720.81</b>	<b>124.17</b>



# CHANDI STEEL INDUSTRIES LTD

Notes to the financial statements for the year ended 31st March 2019

## Note-24 Depreciation and amortisation expense

	(₹ in Lakhs)	
	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation of tangible assets	176.17	131.44
<b>Total</b>	<b>176.17</b>	<b>131.44</b>

## Note-25 Other expenses

	(₹ in Lakhs)	
	Year ended 31 March 2019	Year ended 31 March 2018
Consumption of Stores and Spares	5,653.19	3,372.13
Labour Charges	350.63	181.42
Power and Fuel	781.32	671.49
Repairs and Maintenance:		
- Plant and Machinery	35.68	25.57
- Others	11.01	17.31
Freight and Transportation	323.07	347.46
Rent and Hire	19.20	11.70
Discount Allowed	24.94	9.13
Excise Duty	-	264.80
Rates and Taxes	7.57	7.59
Insurance	1.06	4.17
Advertisement	0.98	0.48
Brokerage and Commission	50.79	97.57
Travelling and Conveyance	104.22	22.77
Printing & Stationery	3.28	0.45
Telephone and Postage	4.05	2.51
Legal and Professional Charges	257.13	73.14
Loss on Foreign Exchange Fluctuations(Net)	1.73	10.62
Auditors' remuneration		
- Audit Fees	0.45	0.45
- Tax Audit Fees	0.15	0.15
- In Other Capacity for certificates and others	-	0.11
Irrecoverable Debts and Advances Written off	61.58	11.48
Charity and Donations	7.08	-
Security and Service Charges	50.66	43.62
Prior Period Expenses	6.49	7.11
Miscellaneous Expenses	206.70	196.16
<b>Total</b>	<b>7,962.96</b>	<b>5,379.39</b>

## Note-26 Tax expense

	(₹ in Lakhs)	
	Year ended 31 March 2019	Year ended 31 March 2018
(1) Current tax		
Current tax expense	222.85	24.75
Less: MAT Entitlement	(0.62)	-
<b>Total Current Tax Expense</b>	<b>223.47</b>	<b>24.75</b>
(2) Deferred tax	8.30	17.99
<b>Total</b>	<b>8.30</b>	<b>17.99</b>





# CHANDI STEEL INDUSTRIES LTD

Notes to the financial statements for the year ended 31st March 2019

## Note- 27

### POST RETIREMENT EMPLOYEE BENEFITS

The disclosures required under IND As 19 on "Employee Benefits", are given below :

#### Defined Contribution Plan

Contributions to Defined Contribution Plans, recognized for the year (included in Statement of Profit & Loss ) as under :

	(₹ in Lakhs)	
	Year ended 31 March 2019	Year ended 31 March 2018
Employer's Contribution to Provident Fund	4.48	2.82
Employer's Contribution to Pension Scheme	9.53	6.41

#### Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to gratuity on terms not less favourable than the provisions of Payment of Gratuity Act, 1972. The scheme is funded with an insurance company in the form of a qualifying insurance policy. The disclosures required under Indian Accounting Standard 19 'Employee Benefits' are given below:

#### (a) Expenses recognized in statement of Profit & Loss Account for the year ended 31st March 2019.

	(₹ in Lakhs)	
	Year ended 31 March 2019	Year ended 31 March 2018
Current Service Cost	2.64	3.99
Interest Cost on benefit obligation	0.20	0.86
Total Expenses / (Income)	2.84	4.85

#### (b) Other Comprehensive Income (OCI) for the year ended 31st March 2019.

	(₹ in Lakhs)	
	Year ended 31 March 2019	Year ended 31 March 2018
Actuarial (gain)/Loss due to DBO Experience	0.29	(5.49)
Actuarial (gain)/Loss due to DBO assumption changes	-	(8.48)
Return on plan asset (greater)/less than discount rate	0.19	(0.05)
actuarial (gains)/losses recognized in OCI	0.48	(14.02)

#### (c) Defined Benefit cost for the year ended 31st March 2019.

	(₹ in Lakhs)	
	Year ended 31 March 2019	Year ended 31 March 2018
Service Cost	2.64	3.99
Net interest on net defined benefit liability/(asset)	0.21	0.86
Actuarial(gains)/Losses recognized in OCI	0.48	(14.02)
Defined Benefit Cost	3.33	(9.17)

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# CHANDI STEEL INDUSTRIES LTD

Notes to the financial statements for the year ended 31st March 2019

## (d) Net Assets / (Liability) recognized in Balance Sheet as at 31st March 2019

	(₹ in Lakhs)	
	Year ended 31 March 2019	Year ended 31 March 2018
Defined Benefit Obligation(DBO)	(30.72)	(25.83)
Fair value of plan assets (FVA)	24.74	23.02
Net defined benefit asset/(Liability)	<u>(5.98)</u>	<u>(2.81)</u>

## (e) Reconciliation of Net Balance Sheet Position as at 31st March 2019

	(₹ in Lakhs)	
	Year ended 31 March 2019	Year ended 31 March 2018
Net defined benefit asset/(Liability) at end of prior Period	(2.81)	(11.98)
Service Cost	(2.64)	(3.99)
Net interest on net define benefit (liability)/ asset	(0.20)	(0.86)
Amount recognised in OCI	(0.48)	14.02
Employer Contribution	0.15	-
Net defined benefit asset/(Liability) at the current Period	<u>(5.98)</u>	<u>(2.81)</u>

## (f) Change in the present value of the defined benefit obligation during the year ended 31st March 2019

	(₹ in Lakhs)	
	Year ended 31 March 2019	Year ended 31 March 2018
Present Value of Defined Benefit Obligation at the beginning of the year	25.83	33.41
Current Service Cost	2.64	3.99
Interest Cost	1.96	2.40
Actuarial Loss / (gain) experience	0.29	(5.49)
Actuarial Loss / (gain) Financial assumption	-	(8.49)
Benefit Payments	-	-
Present Value of Defined Benefits Obligation at the end of the year	<u>30.72</u>	<u>25.82</u>

## (g) Change in the Fair Value of Plan Assets during the year ended 31st March 2019

	(₹ in Lakhs)	
	Year ended 31 March 2019	Year ended 31 March 2018
Fair Value of Plan Assets at the bening of the year	23.02	21.43
Interest income on plan asset	1.76	1.54
Employer Contribution	0.15	-
Return on plan assets greater/(lesser) than discount rate	(0.19)	0.05
Benifits Paid	-	-
Fair Value of Plant Assets at the end of the year	<u>24.74</u>	<u>23.02</u>

## (h) The major categories of plan assets as percentage of the fair value of the total plan assets

	Year ended 31 March 2019	Year ended 31 March 2018
Investment with the insurer	100%	100%





# CHANDI STEEL INDUSTRIES LTD

Notes to the financial statements for the year ended 31st March 2019

(i) The principal assumptions used in determining gratuity and leave obligations for the Company's plans are shown below :

	Year ended 31 March 2019	Year ended 31 March 2018
Discount Rate	7.60%	7.20%
Expected Rate of return on assets	7.60%	7.60%
Rate of increase in salaries	7.00%	10.00%
	Indian Assured	Indian Assured
	Life Mortality	Life Mortality
	(2006-08)	(2006-08)
Mortality Table	(Modified) Ult.	(Modified) Ult.

## Note- 28

Unhedged Foreign currency exposures outstanding at the year end are as follows :

Particulars	Foreign Currency (FC)	As at March 31, 2019		As at March 31, 2018	
		in FC	(₹ in Lakhs)	in FC	(₹ in Lakhs)
<b>Receivables</b>					
- Trade Receivables	US\$	4,55,856.85	315.32	12,82,885.67	834.44
<b>Total</b>		<b>4,55,856.85</b>	<b>315.32</b>	<b>12,82,885.67</b>	<b>834.44</b>
<b>Payables</b>					
- Advance from customers	US\$	-	-	7,75,037.57	504.12
<b>Total</b>		<b>-</b>	<b>-</b>	<b>7,75,037.57</b>	<b>504.12</b>



# CHANDI STEEL INDUSTRIES LTD

Notes to the financial statements for the year ended 31st March 2019

## Note-29 Contingent Liabilities not provided for

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
Corporate Guarantee given by way of collateral security in favor of a group company	5,427.00	5,427.00
Sales Tax & Excise Duty matters under dispute/appeal	376.30	683.58
Bank Guarantees outstanding	-	62.62

## Note-30 Related Party Transactions

### List of Related Parties

Enterprises owned or significantly influenced by Key Managerial Personnel or their relatives

Jai Balaji Industries Ltd.  
Jai Salasar Balaji Industries Pvt. Ltd.  
Balaji Ispat Udyog  
Jai Balaji Jyoti Steels Ltd.  
Jai Balaji Infotech Pvt. Ltd.  
Nilachal Iron & Power Ltd.

### List of Key Managerial Personnel

Devendra Prasad Jajodia	Managing Director
Susanta Sarkar	Director
Tushar Kanti Sarkar	Chief Financial Officer
Seema Chowdhury	Company Secretary

### List of Relatives of Key Managerial Personnel

Sangeeta Jajodia  
Kanchan Jajodia

### Transactions with Related Parties

The following transactions occurred with related parties:

### Compensation of key managerial personnel

(₹ in Lakhs)

Particulars	Devendra Prasad Jajodia	Susanta Sarkar	Tushar Kanti Sarkar	Seema Chowdhury	31 March 2019	31 March 2018
Short-term employee benefits	18.00	2.37	4.86	7.88	33.11	30.51
Post-employment benefits	-	-	-	-	-	-
Other long-term benefits	-	-	-	-	-	-
Termination benefits	-	-	-	-	-	-
<b>Total compensation paid to key managerial personnel</b>					<b>33.11</b>	<b>30.51</b>

### Other transactions

(₹ in Lakhs)

Relation	Purchases	Sales	Interest Received	Interest Paid	Balance Payable	Balance Receivable	Corporate Guarantee Given / (Taken)	Rent Paid
<b>Enterprises owned or significantly influenced by Key Managerial Personnel or their relatives</b>								
Jai Balaji Industries Limited	20.47 (17.71)	21.63 (47.77)	-	-	- (1076.95)	-	- (900)	-
Jai Salasar Balaji Industries (P) Ltd.	5418.56 (4122.20)	1567.21 (985.19)	-	-	-	394.21 (858.04)	-	-
Jai Balaji Jyoti Steels Ltd.	-	-	-	476.62	3825.51 (3491.55)	-	-	-
Jai Balaji Infotech Pvt Limited	-	-	-	-	-	29.50 (29.18)	-	-
Nilachal Iron & Power Ltd.	-	-	-	-	-	-	5427 (5427)	-
<b>Relatives of Key Managerial Person</b>								
Sangeeta Jajodia	-	-	-	-	-	-	-	3.60 (3.60)
Kanchan Jajodia	-	-	-	-	-	-	-	6.60 (6.60)



## CHANDI STEEL INDUSTRIES LTD

Notes to the financial statements for the year ended 31st March 2019

### Note-31 Earnings per share

		( ₹ in Lakhs)	
Particulars	31 March 2019	31 March 2018	
<b>A. Basic earnings per share</b>			
Net Profit after tax	586.95	79.84	
Profit attributable to equity shareholders (₹ in lakhs)	586.95	79.84	
Weighted average number of equity shares for basic EPS ( ₹ in lakhs)	105.36	105.36	
<b>Basic EPS</b>	<b>5.57</b>	<b>0.76</b>	
<b>B. Diluted earnings per share</b>			
Profit attributable to equity shareholders (₹ in lakhs)	586.95	79.84	
Weighted average number of equity shares for diluted EPS (₹ in lakhs)	105.36	105.36	
<b>Diluted EPS</b>	<b>5.57</b>	<b>0.76</b>	

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the adjusted profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential Equity shares into equity shares.



## CHANDI STEEL INDUSTRIES LTD

Notes to the financial statements for the year ended 31st March 2019

### Note- 32 Confirmation of Debtors, Creditors and Dues of Small Scale Units

In the absence of balance confirmation from Sundry Debtors, Creditors, Loans, Advances and Security Deposits which are on selective basis, the balances appearing in the books of accounts have been taken as correct. There are no amounts outstanding to Small Scale Industrial undertaking as on 31.03.2019.

### Note- 33 Value of Indigenous Material Consumed

Particulars	(₹ in Lakhs)	
	31 March 2019	31 March 2018
Raw Material	14,716.63	12,066.58
Stores and Spares	5,653.19	3,372.13

### Note- 34 Segment Reporting

The company is predominantly engaged in production and sale of Iron & Steel and other connected products, which are subject to similar risks and returns. Moreover, there is no separate geographical segment. Hence, segment reporting is not applicable as prescribed by Ind AS-108.

### Note- 35 Earnings in foreign currency transactions for the year

Particulars	(₹ in Lakhs)	
	31 March 2019	31 March 2018
Exports at FOB Value	9,462.90	6,415.09



# CHANDI STEEL INDUSTRIES LTD

Notes to the financial statements for the year ended 31st March 2019

## Note- 36 Fair Value Measurements

(₹ in Lakhs)

	31st March 2019			31st March 2018		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
<b>Financial Assets</b>						
Investment	454.13	-	-	-	-	-
Trade Receivables	-	-	2,387.45	-	-	2,127.10
Security Deposits	-	-	85.31	-	-	101.98
Cash and Cash Equivalents	-	-	408.18	-	-	14.53
Other Bank Balances	-	-	173.10	-	-	9.06
Loans to Related Party	-	-	29.50	-	-	29.18
Loans to Other	-	-	2,500.00	-	-	-
Advances	-	-	28.00	-	-	28.00
<b>Total Financial Assets</b>	<b>454.13</b>		<b>5,611.54</b>			<b>2,309.85</b>
<b>Financial Liabilities</b>						
Borrowings	-	-	5654.94	-	-	4,387.13
Trade Payables	-	-	2550.04	-	-	4,137.63
Capital Creditors	-	-	81.05	-	-	41.91
Advance from Related party	-	-	-	-	-	-
Due to employees	-	-	34.09	-	-	27.11
<b>Total Financial Liabilities</b>			<b>8,320.12</b>			<b>8,593.78</b>

### i) Fair Value Hierarchy

Financial Asset & Liabilities measured at fair value - recurring fair value measurements at 31st March 2019	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Financial Investment at FVTPL	454.13			
Financial Investment at FVTOCI				
<b>Total</b>	<b>454.13</b>	-	-	<b>454.13</b>
<b>Financial Liabilities</b>				
<b>Total</b>	-	-	-	-

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

**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 entity-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. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

### ii) Valuation technique used to determine fair value

Investment in Mutual Fund were valued using quoted market price (i.e NAV as on 31st March 2019).



## CHANDI STEEL INDUSTRIES LTD

Notes to the financial statements for the year ended 31st March 2019

### Note- 37 Financial risk management

The company's activities expose it to market risk, liquidity risk and credit risk. In order to minimise any adverse effects on the financial performance of the company, derivative financial instruments, such as foreign exchange forward contracts, foreign currency option contracts are entered to hedge certain foreign currency risk exposures and interest rate swaps to hedge variable interest rate exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Aging analysis Credit Ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting, Sensitivity analysis	Forward foreign exchange contracts, Foreign currency options
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk – security prices	Investments in equity securities	Sensitivity analysis	Portfolio diversification

The company's risk management is carried out by a central treasury department (company treasury) under policies approved by the board of directors. company treasury identifies, evaluates and hedges financial risks in close co- operation with the company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

#### (A) Credit risk

Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to wholesale customers including outstanding receivables.

##### (i) Credit risk management

Credit risk is managed on a company basis. For banks and financial institutions, only high rated banks/institutions are accepted.

For other financial assets, the company assesses and manages credit risk based on internal credit rating system. The finance function consists of a separate team who assess and maintain an internal credit rating system. Internal credit rating is performed on a company basis for each class of financial instruments with different characteristics. Value Ind AS Limited assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

- VL 1 : High-quality assets, negligible credit risk
- VL 2 : Quality assets, low credit risk
- VL 3 : Standard assets, moderate credit risk
- VL 4 : Substandard assets, relatively high credit risk
- VL 5 : Low quality assets, very high credit risk
- VL 6 : Doubtful assets, credit-impaired

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- i) Internal credit rating
- ii) external credit rating (as far as available)
- iii) actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- iv) actual or expected significant changes in the operating results of the borrower
- v) significant increase in credit risk on other financial instruments of the same borrower
- vi) significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- vii) Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the company and changes in the operating results of the borrower.

Macroeconomic information (such as regulatory changes, market interest rate or growth rates) is incorporated as part of the internal rating model.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

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## CHANDI STEEL INDUSTRIES LTD

Notes to the financial statements for the year ended 31st March 2019

### (B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the company in accordance with practice and limits set by the company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

#### i) Financing arrangements

The company had not access to the undrawn borrowing facilities during the reporting period:

#### (ii) Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity companyings based on their contractual maturities for:

- i) all non-derivative financial liabilities, and
- ii) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.



# CHANDI STEEL INDUSTRIES LTD

Notes to the financial statements for the year ended 31st March 2019

## Note- 38 Capital management

### (a) Risk management

For the purpose of the company's capital management, capital includes issued equity capital, redeemable non-convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the company. The primary objective of the company's capital management is to maximise the shareholder value.

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by sound capital position.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents)
Total 'equity' (as shown in the balance sheet, including non-controlling interests)

	31st March 2019	31st March 2018
Total Borrowings	5,612.32	4,360.21
Less: Cash and cash equivalents	581.28	15.49
<b>Adjusted net debt</b>	<b>5,031.04</b>	<b>4,344.72</b>
Total equity	2,198.85	1,611.90
<b>Net debt to equity ratio</b>	<b>228.80</b>	<b>269.54</b>

### Net Finance Cost to EBITDA

Finance Cost (as shown in the balance sheet)
Earnings before interest, tax, depreciation and amortization

	31st March 2019	31st March 2018
Finance Cost	720.81	124.17
EBITDA	1,716.03	378.19
<b>Net Finance Cost to EBITDA ratio</b>	<b>42.00</b>	<b>32.83</b>

As per Report of even date

For B Y JATANIA & CO.

Chartered Accountants

FRN : 0311010E

K. JATANIA  
(Proprietor)  
CA YASWANT KUMAR JATANIA  
(Proprietor)

M.No. : 050031

Kolkata

Date: 27-May-2019

For and on behalf of the Board

Devendra Prasad Jajodia  
Managing Director  
(DIN : 00045166)

Susanta Sarkar  
Director  
(DIN : 06449312)

Tushar Kanti Sarkar

Tushar Kanti Sarkar  
Chief Financial Officer

Seema Chowdhury  
Company Secretary

FR NO-311010E  
M. NO.-050031