



where vision takes shape...

# Capitalizing on Excellence



**KIC METALIKS LIMITED**  
ANNUAL REPORT 2016-17

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### Forward-looking Statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



You can also find this report online on :  
[www.kicmetaliks.com](http://www.kicmetaliks.com)

# Form a culture of efficiency to capitalising on excellence

A few years ago, while India was steadily growing and adding milestones, we took over the management control of K I C Metaliks Ltd. ("KICML")

Then we had two choices: One, while remaining focused; we address the short term opportunities and accelerate growth.

The second choice demanded patience, consistency in our commitment and resolute to grow higher while addressing our corporate ethos – people, planet and profits.

## **At K I C Metaliks Ltd., we decided to choose the latter**

But the path had not been smooth. Steel industry had to face lots of headwinds due to international as well as domestic political and economical paralysis. But thanks to the new Central government which envisioned to transform the Indian economic landscape through signature schemes - "Make in India", "Swachh Bharat", "Saansad Aardharsh Gram Yojna", "Awas Yojna", and other schemes, which has led to creation of new infrastructure opportunities in the country.

After a long lull, the Indian steel industry, charted its new course of revival in the year 2016-17 through National Steel Policy; imposition of anti-dumping duty, safeguard duty and minimum import price (MIP) to keep check on steady and cheap imports. These measures have created a demand for the finished steel products manufactured locally and are thereby creating a revival for intermediary raw material manufacturers in the iron and steel industry.

On backdrop of this, the realisations off-take at KICML has improved significantly, thereby utilizing its capacities to higher levels and creating a healthy & profitable enterprise.





# KICML in three sentences

- ▲ A Company with a repute of manufacturing pig iron, an intermediary product in the iron and steel industry.
- ▲ A Company which have steadily invested in Mini-Blast Furnace (MBF) upgradation and capacity expansion across market cycles. The result today is with stable operations and with one of the most competitive operating structures alongwith healthy margins.
- ▲ A Company having stable relationship with employees, customers and society, we still believe that the best is yet to come. And that's why we continue to challenge our own selves to perform better and **capitalise on our excellence.**



## Roots

Incorporated during 1986 and commercial production started during 1998. The Company is managed by Shri Radhey Shyam Jalan alongwith a team of experienced personnel.



## Leadership

With 250+ dedicated personnel, KICML ranks among the leading players in Eastern India for its unique sized pig iron. The Company had been accelerating growth not only through new customers, but also through the continued support of existing loyal customers.



## Locationale Presence

### Registered & Corporate office:

Kolkata, West Bengal

### Manufacturing facility:

Raturia, Angadpur, Durgapur, West Bengal.



## Manufacturing Excellence

Pig iron 1,65,000 MTPA capacity  
Sinter Plant 3,36,600 MTPA capacity  
Captive Power Generation 4.7 MW.



## Vision

- Technological improvements.
- Achieving cost-effectiveness.
- Focusing on unique product quality.
- Expanding the market reach.
- Achieving customer satisfaction for both stated and implied needs.
- Being a responsible corporate citizen.
- Providing work environments where employees can meet their potential and thrive in an atmosphere of excellence.



## Listing

Shares of the company are listed at Bombay Stock Exchange (Scrip Code: 513693) and Market Capitalisation stood at ₹ 9889.19 Lakhs during 2016-17.



# Capitalising on Excellence

## and growing over the years

A journey to a thousand miles begins with a single step.

In our journey spanning more than 3 decades, we at KICML, have walked through many spheres, transforming our various dreams into reality and creating an enterprise which stands tall and elated through its efficiency and efficacy.



**1986**

Incorporated as a private limited company on 26th August, 1986.



**1998**

Commencement of Pig Iron plant with a capacity of 1,10,000 MTPA.



**2000**

Came out with an Initial Public Offering of Equity Shares.



**2010**

Acquisition of Company by M/s. Karni Syntex Private Limited, and turned around a loss making entity with sales of ₹ 425 crores.



**2012**

Successfully installed Sinter Plant with a capacity of 3,36,600 MTPA and Waste Heat Recovery based Power Plant with a capacity of 4.7 MW.



**2014**

Pig Iron production capacity increased to 1,65,000 MTPA.



# Capitalising on excellence

## through our core business model for long term value creation

Pig iron production, which is the only core business we possess, today stands tall on solid foundations of meticulous management practices and quality centric approach, which have always given us an edge to cater the likes of new customers, get repeat orders from the existing ones thereby creating a long-term value for our Company.

Value creation is a long-term strategy. One has to persist through ups and downs and yet remain focused on the bigger picture. At KICML, we have strived each day to create value through small steps. Having started three decades ago, we have continuously invested into creating an ecosystem through qualitative product and processes. We invested into state-of-the-art systems (sinter and captive power) so that the scope of wastage can be reduced, leading us to gain higher margins. Our dedicated pursuit in pig iron production has rewarded us with leadership position throughout the years.

In the coming years, our focus will be on expanding and integrating further and add newer dimensions at our existing facility. We believe that **VALUE CREATION** is like running a marathon - it's not a competition with everyone else but one's own self. And to this end, we continue to take longer strides.



# Capitalising on excellence

## through our cost optimisation and value creation

Every single success at KICML is evaluated through a simple parameter : Is it sustainable? This simplified approach has helped us prioritise proximity to raw materials, markets, return on capital employed, thus leading to steady business predictability. In turn, this predictability has inspired the confidence of bankers, facilitating timely resource mobilisation and sustaining the growth of our investment engine.



### Right Sourcing

We attribute our leading position as a pig iron manufacturer in Eastern India to the long-term relationship we have maintained with all our raw material suppliers. We strategically source raw material, which is based on prevalent global, economical and demand-supply dynamics, thereby optimising our costs. We are, therefore, always on track with the global price movements.



### Energy Gain

Our power generation capacity of 4.7 MW (achieved through waste heat recovery methods) makes us not only self-sufficient in power requirements, but also reduces our dependence on the grid. This helps save costs considerably.



### Locational Advantage

The locational advantages of our plant and its connectivity through various transportation modes (like railways and roads), proximity to raw materials & end-users, have resulted in considerable savings to our Company. Our manufacturing facility is close to high-growth markets and offer good realisations.



### Culture of Conservatism

Our approach to capacity creation and upgradation is complemented by prudent financing options. We believe that a number of capacity expansions can be potentially threatened by imprudent financing. As a measure of our fiscally-conservative approach, we have consciously endeavored to reduce our gearing, ensuring attractive viability. The result is that in the tough market scenarios too we comfortably addressed all of our commitments.

# Capitalising on excellence through employee care and social commitments

At KICML, we are committed to make a difference by working to create economic opportunity, enhance the sustainability of our operations and the systems we operate in and strengthen local communities. We see Corporate Social Responsibility as a creative opportunity to fundamentally strengthen our business, while contributing to the society and creating social, environmental and economic impact.



## Conservation of resources

Our environmental management initiative helps preserve the long-term health of people and ecosystems and build strong relationships with local communities. We have taken several initiatives within the broad framework of environment and climate change aimed to conserve natural resources and energy, minimize waste generation, enhance recovery and recycling of material, and develop eco-friendly processes and systems.



## Health and safety

The Company always follows "safety-a-must" etho at its manufacturing facility. We believe that mere concentration on achieving targets will take us nowhere. Regular health check-ups, provision of all required safety gadgets, a dedicated occupation health centre for employees are some of the steps taken in this direction.



## Social welfare

The social empowerment is carried out on a sustainable basis through dedicated policies, robust institutional mechanism and grass-root engagement to promote inclusive growth.









# Capitalising on excellence through peoples edge

The people charter at KICML, is driven with considerable focus on building skills relevant for the new age, acquire competitive advantage and provide sustainable business edge. We have focused on inculcating a transformational culture with an emphasis on technology and processes.

Our objectives and ideas for tomorrow will only be realised if our people are geared up for the challenge and have been invested with the right skills and vision. We realise that our people are the most valuable asset we have, and they will lead the path in our journey to the future. Growing and nurturing talent has a significant role in our future vision and in 2016-2017 we took significant steps to further bolster our human capital. We groomed internal talent to take up important positions, and also laterally hired people from other industries.

## Retention policy followed by the Company:

- ▲ Hire the Best.
- ▲ Place the right people at the right position.
- ▲ Ensure Work Life Balance.
- ▲ Foster open rapport between Managers and Employees.
- ▲ Integrated performance management system.
- ▲ Exit Interviews to detect system flaws.

There is robust grievance handling mechanism for keeping a stress-free environment in the office and plant. We believe recognition is a great motivational tool. Employee recognition is not just a motivation idea but also acts as a communication tool. Recognition of the worthy employees also helps build management-employee connect. At KICML, we understand employee needs above and beyond the financials.

## Future outlook:

The management is critically reviewing manpower requirement based on business need. The Company aims to assign bigger responsibilities to existing employees and train them intensively for management position, thus helping them grow in their career.







# Capitalising on excellence through values and governance

## Shareholders return

At KICML, we recognise that corporate endurance can only be achieved through a governance-driven approach that enhances the confidence of all stakeholders and corporate respect.

We consider ourselves as the guardians of the wealth of our shareholders. In order to fulfill this responsibility with utmost efficiency and safeguard the assets of our shareholders, we have proper risk management structure in place for timely identification and mitigation of any possible risk. Our good corporate governance practices are the reason that we have been able to establish credibility with our shareholders.

We give utmost importance to regular interactions and communications made to our shareholders. When relevant developments and events materialise, we share them with relevant stock exchange so as to keep our shareholders informed on time. Also we try to make our Annual Report more informative, so that our shareholders are informed about the tiniest developments that take place.

## Governance

At KICML (the Company), we firmly believe that good Governance should be a key driver of normal business operations and not purely as a corporate compliance requirement.

The Company emphasizes the need for full transparency and accountability in all its transactions, in order to protect the interest of its shareholders. The Board considers itself as a Trustee of its shareholders and acknowledge its responsibilities towards them for creation and safeguarding their wealth.

There is a formal organization structure, transparent management and complete accountability and responsibility, paving that way for sociable and system driven growth. The Company is committed to implement the standards of good Governance and endeavours to preserve and nurture these core values in all its activities with an aim to increase and sustain its corporate values through growth and innovation.



*Dear Shareholders,*

I am very pleased to share with you some thoughts through our journey in the year 2016-17.

The year 2016-17 was an eventful year for the country as a whole and for us at KICML. We faced significant headwinds, but acted with buoyancy. We stayed tough and grew stronger. Against a backdrop of global turbulence and sluggish growth, India stands out as a haven of stability and an outpost of opportunity. During 2016-17, although our economy was temporarily hit by demonetisation but we continued to remain as one of the world's fastest growing major economy backed by a good rainfall and rising exports. That's a remarkable achievement by any measure; and even by conservative estimates the economy has the potential to grow at around 8%, going forward.

India's steel sector posted a robust 11% growth in production in 2016-17 at 101.2 MT even as domestic consumption remained anaemic mainly due to poor off-take from the end-use segments like construction, automobiles and white goods sectors. Exports more than doubled during the year to 8.24 MT from 4.07 MT a year ago. Imports, on the other hand, have declined by 37% to 7.42 MT during the year, making India a net exporter of steel. While governments' series of measures to rein in imports have yielded results; exports were more than a compulsion for the domestic industry to substitute subdued demand within.

In the Union Budget 2016-17, the Government of India has proposed to spend more than ₹ 2.21 trillion on roads and railways. In addition, India's automobile industry witnessed a rebound in demand among emerging economies. Such a scenario augurs well for the domestic steel sector. Other initiatives of the Government such as Housing for All by 2022, Power for All by 2019, 100 Smart Cities by 2022 and Atal Mission





for Rejuvenation and Urban Transformation (AMRUT) are likely to drive steel demand significantly. From the fledgling one million tonne industry at the time of Independence, India's steel sector has now risen to be the third largest producer of crude steel in the world. This is a proud moment for all of us. At KICML, we are committed to partner the nation's journey from strength to strength.

In the coming financial year 2017-18, steel production is expected to remain higher. An increase in infrastructure allocation by the government in the Union Budget 2017-18 is expected to drive the pace of construction and infrastructure in the country. Apart from this, the National Steel Policy 2017 released by the government also aims to increase steel production. Thus, both production and consumption of steel is expected to remain buoyant in 2017-18.

Let me share with you that our KICML team worked tirelessly during the year under review to sustain the Company's operating performance and reliability, thereby achieving some notable milestones. At KICML, we successfully repaid our debts on time and managed to cloak an excellent rise in our earnings in the last fiscal. We continued to add new customers and leverage our position as a leading pig iron producer due to the location advantage of our plant in the steel belt of Durgapur. Going ahead we are expected to add new capacities, integrate further and add value added products which in turn would lead to higher revenue, increased shareholders return and strengthen our profitability. Our growth trajectory shall be calibrated in such a manner, so that we can continue to maintain financial prudence and a strong Balance Sheet, sustainably.

Our operational Annular Sinter and Captive Power Plant are a jewel in our crown. Both of them cater significantly to our raw material and power requirements, thereby reducing wastage and resulting in substantial cost savings to our Company.

At KICML, we have achieved the position of as one of the leading pig iron producers in Eastern India. We are consciously driving our business forward through the continuous modernisation of Blast Furnace and achieving higher standards in environment management and reducing the carbon footprints. Our business vision is centred on sustainability. We realise that only by creating a sustainable future, we can pave the way to help shape a self-reliant India. We believe that inclusive growth is the visible manifestation of sustainable prosperity; hence we focus on offering value to all our stakeholders. Our employees have been instrumental in providing a robust foundation for our organisation, from where we draw inspiration and continuously strive to set new benchmarks. The idea of caring and sharing derives our quest for growth and give us a sense of fulfilment.

I would like to express gratitude towards all our stakeholders, for their continued faith and belief in us. We are committed to upholding your trust, and continue on our stated mission with creativity, imagination and conviction. Put another way, we will continue to capitalise on our excellence.

**Radhey Shyam Jalan**

Chairman and Managing Director



# Corporate Information

## BOARD OF DIRECTORS



**Mr. Radhey Shyam Jalan**  
*Chairman and  
Managing Director*



**Ms. Sayantony Banerjee**  
*Independent Director*



**Mr. Suresh Kumar Singhal**  
*Independent Director*



**Mr. Laxmi Narayan Sharma**  
*Independent Director*

### CHIEF FINANCIAL OFFICER

**Mr. Mukesh Bengani**

### COMPANY SECRETARY

**Mrs. Ruchika Fogla**

### STATUTORY AUDITORS

**M/s. Agarwal Maheshwari & Co.**

Chartered Accountants  
2B, Grant Lane, Kolkata - 700 012  
West Bengal, India

### BANKERS

State Bank of India

### REGISTERED OFFICE

"Sir RNM House"  
3B, Lal Bazar Street, 4th Floor  
Room No. 2, Kolkata - 700 001  
West Bengal, India  
Phone : +91-33 3068-8681/83  
Fax : +91-33 4001-9636

### PLANT LOCATION

Raturia, Angadpur, Durgapur - 712 215  
West Bengal, India  
Phone : +91-98749 43342

### REGISTRAR & SHARE TRANSFER AGENTS

**M/s. S. K. Infosolutions Pvt. Ltd.**  
34/1A, Sudhir Chatterjee Street  
Kolkata - 700 006, West Bengal, India  
Phone : +91-33 2219-4815/6797  
Fax : +91-33 2219-4815

**CIN : L01409WB1986PLC041169**





## DIRECTORS' REPORT

### Dear Shareholders,

Your Directors have pleasure in presenting the Thirtieth Annual Report on the affairs of the Company together with the Statement of Accounts for the financial year 2016-17. The summarised financial highlights for the financial year vis-a-vis the previous year are as follows :

#### 1. FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

Particulars	2016-17	2015-16
<b>Earnings before finance cost, depreciation &amp; amortization and taxation</b>	<b>1,965.75</b>	<b>1,685.61</b>
Less : Finance Costs	609.90	751.38
Less : Depreciation and amortization expenses	852.42	863.39
<b>Profit Before Taxation</b>	<b>503.43</b>	<b>70.84</b>
Less : Tax expenses [net of deferred tax effect and MAT credit entitlement]	136.18	(4.32)
<b>Profit After Taxation</b>	<b>367.25</b>	<b>75.16</b>
Add : Surplus brought forward	1,520.18	1,445.02
<b>Net surplus carried to Balance Sheet</b>	<b>1,887.43</b>	<b>1,520.18</b>

#### 2. PERFORMANCE, RESULT OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

During the year under review the turnover of the Company was ₹ 31,546 Lakhs in comparison to ₹ 34,159 Lakhs in previous years. This marginal decrease in the turnover is due to a planned shut down of the Blast Furnace for repairs and modernization in the third quarter of the last fiscal. However due to better price realization particularly in the fourth quarter of the year under review the Profit before Tax for the year has increased to ₹ 503.43 Lakhs in comparison to ₹ 70.84 Lakhs in previous year.

#### 3. DIVIDEND

Keeping in view the working capital requirements of the Company, your Directors have ploughed back the profits and express their inability to declare any dividend for Equity and Preference shares of the Company for the financial year 2016-17.

#### 4. RESERVE

During the year under the review, the Company has not transferred any amount to the general reserve.

#### 5. SHARE CAPITAL

During the financial year 2016-17, there was no change in the issued and subscribed capital of your Company.

#### 6. CHANGE IN NATURE OF BUSINESS

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

#### 7. DIRECTORS AND KEY MANAGERIAL PERSONNEL

##### 7.1 Retirement by Rotation

Pursuant to the provisions of the Companies Act, 2013, Mr. Radhey Shyam Jalan (DIN : 00578800) Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. The information as required to be disclosed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, [hereinafter referred to as "SEBI (LODR) Regulations, 2015"] in case of re-appointment of Directors is provided in the Notice of ensuing Annual General Meeting.

##### 7.2 Appointment and Resignation

Subject to the approval of the shareholders in the ensuing Annual General Meeting, Mr. Radhey Shyam Jalan has been re-appointed as the Managing Director for a term of three years w.e.f. 4<sup>th</sup> November, 2016, liable to retire by rotation. Necessary resolution is proposed for approval of the shareholders in the ensuing Annual General Meeting.

Brief profile of the Director proposed to be re-appointed, nature of his expertise in specific functional areas, names of the Companies in which he holds directorship and shareholding are provided in the Notice of the forthcoming Annual General Meeting.

## DIRECTORS' REPORT

### 7.3 Declaration of Independent Directors

All the Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (LODR) Regulations, 2015.

### 7.4 Key Managerial Personnel

Following officials are appointed as the Key Managerial Personnel ("KMP") of the Company :

- Mr. Radhey Shyam Jalan, Chairman and Managing Director;
- Mr. Mukesh Bengani, Chief Financial Officer;
- Mrs. Ruchika Fogla, Company Secretary and Compliance Officer.

Remuneration and other details of the KMP are mentioned in the extract of the Annual Return which forms part of this Report.

### 7.5 Meetings of the Board

As required under Section 134 of the Companies Act, 2013, the Board of Directors met four times during the financial year 2016-17, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.

### 7.6 Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015 the Board of Directors has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. A structured questionnaire was prepared after taking into consideration the inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance, etc.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders, etc. The performance evaluation of the Independent Directors was carried out by the entire Board of Directors. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

## 8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information on conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as 'Annexure – A' and forms part of this Report.

## 9. CORPORATE GOVERNANCE

As per Regulation 34(3) read with Schedule V of the SEBI (LODR) Regulations, 2015, a separate Report on Corporate Governance is annexed as 'Annexure – B' and forms an integral part of this Report. A certificate from the Statutory Auditors of the Company regarding compliance as per SEBI (LODR) Regulations, 2015 is annexed to the Report on Corporate Governance. The declaration by the Managing Director stating that all the Board members and Senior Management Personnel have affirmed their compliance with the Company's Code of Conduct for the year ended 31<sup>st</sup> March, 2017 is given in the Corporate Governance Report.

## 10. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As per Regulation 34(3) read with Schedule V of SEBI (LODR) Regulations, 2015, Management Discussion and Analysis Report is annexed herewith as 'Annexure – C' and forms an integral part of this Report.

## 11. COMPLIANCE CERTIFICATE

The Board has received the Compliance Certificate as required to be given by the Chief Executive Officer and the Chief Financial Officer under Regulation 17(8) of SEBI (LODR) Regulations, 2015.





## DIRECTORS' REPORT

### 12. EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013 an extract of Annual Return of the Company in Form MGT - 9 is annexed herewith as '**Annexure – D**' and forms an integral part of this Report.

### 13. AUDITORS AND AUDITORS' REPORT

#### 13.1 Statutory Auditors

Pursuant to provisions of Section 139 of the Companies Act, 2013, and rules made there under the term of office of M/s. Agarwal Maheswari & Co., Chartered Accountants (Firm Reg. No. 314030E), as Statutory Auditors of the Company, will conclude on the close of ensuing Annual General Meeting of the Company.

The Board places its appreciation to the services rendered by M/s. Agarwal Maheswari & Co., as the Statutory Auditors of the Company.

The Auditors' Report does not contain any qualification, reservation or adverse remark and is self-explanatory and do not call for any further comments. The new Statutory Auditors of the Company will be appointed in the ensuing Annual General Meeting of the Company.

#### 13.2 Cost Auditors

The Board of Directors had appointed M/s. Patangi & Co. (Firm Reg. No. 101919, Membership No. 30818) as Cost Auditors of the Company for the financial year 2017-18 in its meeting held on 27<sup>th</sup> May, 2017. Their remuneration is subject to ratification by shareholders at the ensuing Annual General Meeting. Cost Audit Report for the financial year 2015-16 was filed within due date.

#### 13.3 Secretarial Auditors

Pursuant to Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Rakesh Agrawal & Co., Practicing Company Secretaries (Membership No. F8792) as Secretarial Auditors of the Company. The Secretarial Audit Report in Form MR - 3 is annexed herewith as '**Annexure – E**' and forms part of this Report. The Report does not contain any qualification, reservation or adverse remark.

#### 13.4 Internal Auditors

Your Company has appointed a reputed firm of Chartered Accountants as the Internal Auditors to carry out the Internal Audit of the entire business of the Company. Their scope of work and the plan for audit is approved by the Audit Committee. The Report submitted by them is regularly reviewed and their findings are discussed with the process owners and suitable corrective action is taken on an ongoing basis to improve efficiency in operations.

### 14. VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Board of Directors had approved the Policy on Vigil Mechanism/Whistle Blower and the same has been hosted on the website of the Company at the web link <http://kicmetaliks.com/wp-content/uploads/2016/01/VIGIL-MECHANISM.pdf>.

### 15. NOMINATION AND REMUNERATION POLICY

The Company follows of policy on remuneration of Directors and Senior Management Personnel. The policy is approved by the Nomination and Remuneration Committee and the Board of Directors and is annexed herewith as '**Annexure – F**' and forms part of this Report. More details on the same are given in the Corporate Governance Report. The said policy can also be referred to at the Company's website at the web link <http://kicmetaliks.com/wp-content/uploads/2016/01/NOMINATION-AND-REMUNERATION-POLICY.pdf>.

### 16. POLICY FOR PREVENTION OF SEXUAL HARRASMENT OF WOMEN AT WORKPLACE

The Company values the dignity of individuals and strives to provide a safe and respectable work environment to all its employees. The Company is committed to providing an environment, which is free of discrimination, intimidation and abuse. Pursuant to Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013 and rules made there under, the Company has a Policy for Prevention of Sexual Harassment in the Company. All employees (permanent, contractual, temporary and trainees) are covered under this policy.

## DIRECTORS' REPORT

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013.

The said policy may be referred to at the Company's website at the web link <http://kicmetaliks.com/wp-content/uploads/2016/01/PREVENTION-OF-SEXUAL-HARRASMENT-POLICY.pdf>.

### 17. AUDIT COMMITTEE

Your Company has an Audit Committee in terms of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations, 2015. Further details of Audit Committee are given in the Corporate Governance Report annexed as a part of the Directors' Report.

### 18. FINANCE

#### 18.1 Public Deposits

The Company has neither accepted nor renewed any deposits during the year under review.

#### 18.2 Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

The Company has not made any investment, given any loan or guarantee covered under Section 186 of the Companies Act, 2013, during the year under the review.

#### 18.3 Contracts and arrangements with related parties

During the year under review there were no contract and arrangements entered into between the Company and related parties except remuneration paid to Key Managerial Personnel including Directors of the Company.

The Policy on Materiality of Related Party Transactions and dealing with related party transactions, as approved by the Board of Directors may be accessed on the Company's website at the web link <http://kicmetaliks.com/wp-content/uploads/2016/01/RELATED-PARTY-TRANSACTION-POLICY.pdf>. Your Directors draw attention of the shareholders to **Note No. 30** to the financial statements which set out related party disclosures.

#### 18.4 Internal Financial Control

The Company has in place adequate internal financial control with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operations of the same were observed.

#### 18.5 Insurance

Adequate insurance cover has been taken for properties of the Company including buildings, plant and machineries and stocks against fire, earthquake and other risks as considered necessary.

### 19. RISK MANAGEMENT

Risk management is an integral part of the strategic management of your Company. The process involves periodic identification of risk likely to affect the business from operating smoothly and adoption of appropriate measures to address the concerns. In this regard, your Company has identified inherent risks in its operations and record residual risk after taking specific risk mitigation steps. The Policy on Risk Management, as approved by the Board of Directors may be accessed on the Company's website at the web link <http://kicmetaliks.com/wp-content/uploads/2016/01/RISK-MANAGEMENT-POLICY.pdf>.

Further details regarding the same are given in the Management and Discussion Analysis Report.

### 20. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company has always given priority to the all-round development of the people residing in and around the Company's area of operations. Company understands that there is a need to strike a balance between the overall objectives of achieving corporate excellence vis-à-vis the corporate responsibility towards the community. The twin objective of business and social commitment has prompted your Company to embark upon programmes of education, health and infrastructural development endeavors; an attempt to invest technology with a human face.

### 21. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors would like to inform the shareholders that the audited accounts containing the financial statements for the financial year 2016-17 are in conformity with the requirements of the provisions of Section 134(3)(c) read with Section 134(5) and all other applicable provisions of the Companies Act, 2013 and they believe that, the financial statements reflect fairly





## DIRECTORS' REPORT

the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations.

Based on the same, your Directors further confirm, according to the best of their knowledge and belief that:

- in the preparation of the Annual Accounts for the financial year ended 31<sup>st</sup> March, 2017, the applicable Accounting Standards have been followed and there are no material departures from the same;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2016-17 and of the profit and loss of the Company for that period;
- the Directors 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;
- the Directors have prepared the Annual Accounts on a 'going concern' basis;
- the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### 22. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The Company had no employee during the financial year ended 31<sup>st</sup> March, 2017, who was drawing remuneration in excess of limits set out under Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Hence, no disclosure is required for the same.

**A.** Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided here below :

- The ratio of remuneration of each Director/KMP to the median remuneration of the employees of the Company for the financial year 2016-17 :

Sl. No.	Name of Directors/KMP and Designation	Remuneration for financial year 2016-17 (₹ in Lakhs)	% increase in remuneration in the financial year 2016-17	Ratio of remuneration of each Director/KMP to median remuneration of employees
1.	Mr. Radhey Shyam Jalan (Chairman and Managing Director)	25.50	41.67	17.96x
2.	Mr. Suresh Kumar Singhal (Non-Executive, Independent Director)	-	-	-
3.	Mr. Laxmi Narayan Sharma (Non-Executive, Independent Director)	-	-	-
4.	Ms. Sayantony Banerjee (Non-Executive, Independent Director)	-	-	-
5.	Mr. Mukesh Bengani (Chief Financial Officer)	8.67	4.46%	6.11x
6.	Mrs. Ruchika Fogla (Company Secretary)	5.41	3.04%	3.81x

- The median remuneration of employees of the Company during the financial year 2016-17 was ₹ 1.42 Lakhs.
- In the financial year 2016-17, there was an increase of 2.90% in the median remuneration of employees.
- There were 264 permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2017.

## DIRECTORS' REPORT

- v) Average percentage increase made in the salaries of employees other than the Managerial Personnel in the financial year under review i.e. 2016-17 was 1.36% whereas the increase in the managerial remuneration for the same period was 23.11%.
  - vi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees.
- B.** Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2)&(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided as '**Annexure – G**' to this Report.

### 23. MATERIAL ORDERS

There have been no significant and material orders passed by the court or regulators or tribunals impacting the going concern status and Company's operations. Your attention is drawn to the Contingent Liabilities and commitments shown in the Notes to Financial Statements forming part of this Annual Report.

### 24. MATERIAL CHANGES AND COMMITMENTS, IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY

No material changes and commitments have occurred after the close of the financial year till the date of this Report, which affect the financial position of the Company.

### 25. ACKNOWLEDGEMENT

Your Directors would like to place on record its appreciation for the committed services put in by the employees of the Company. Your Directors would also like to convey its sincere gratitude to the shareholders, bankers, regulatory bodies, clients and other business constituents for their continued co-operation and support received.

### ANNEXURES TO THIS REPORT

A brief summary of the annexures accompanying this Report are given as below :

Annexure	Particulars
A	Conservation of Energy, Technology Absorption And Foreign Exchange Earnings and Outgo.
B	Corporate Governance Report.
C	Management and Discussion and Analysis Report.
D	Extract of Annual Return in Form MGT - 9.
E	Secretarial Audit Report in Form MR - 3.
F	Nomination And Remuneration Policy.
G	Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2)&(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

For and on behalf of the Board of Directors

Place : Kolkata  
Dated : The 27<sup>th</sup> day of May, 2017

**Radhey Shyam Jalan**  
Chairman and Managing Director



## ‘ANNEXURE - A’ TO THE DIRECTORS’ REPORT

Information pursuant to Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8 of the Companies (Accounts) Rules, 2014 and as part of the Directors’ Report for the financial year ended 31<sup>st</sup> March, 2017.

### A. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE, EARNINGS AND OUTGO

(i) **The steps taken or impact on conservation of energy :**

In line with the Company's commitment towards conservation of energy it continues with its efforts aimed at improving energy efficiency through innovative measures to reduce wastage and optimize consumption. Some of the measures taken by the Company in this direction are as under :

- a. Installation of energy efficient lighting fixtures.
- b. Replacement of inefficient motor.
- c. Installed LEDs lighting system at several locations.
- d. 4.7 MW Captive Power Plant running successfully which utilizes the waste heat of MBF to produce clean power.

(ii) **The steps taken by the Company for utilizing alternate sources of energy :** Nil

(iii) **The capital investment on energy conservation equipments :** Nil

### B. TECHNOLOGY ABSORPTION

(i) **The efforts made towards technology absorption :** Nil

(ii) **The benefits derived like product improvement, cost reduction, production development or import substitution :** Nil

(iii) **In case of imported technology :**

- a) the details of technology imported : No new technology has been imported in last 3 years.
- b) the year of import : N.A.
- c) whether the technology been fully absorbed : N.A.
- d) if, not fully absorbed, areas where absorption has : N.A.  
not taken place, and the reasons thereof; and

(iv) **The expenditure incurred on Research and Development :** Nil

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

(₹ in Lakhs)

Sl. No.	Particulars	2016 - 2017	2015 - 2016
a)	Foreign Exchange earned in terms of Actual Inflows	Nil	Nil
b)	Foreign Exchange used in terms of Actual Outflows	12,782.87	10,797.50

For and on behalf of the Board of Directors

Place : Kolkata

Dated : The 27<sup>th</sup> day of May, 2017

**Radhey Shyam Jalan**

*Chairman and Managing Director*

## ‘ANNEXURE - B’ TO THE DIRECTORS’ REPORT

### CORPORATE GOVERNANCE REPORT

#### 1. COMPANY’S PHILOSOPHY ON CODE OF GOVERNANCE

Good Corporate Governance is essentially an integral part of values, ethics and the best business practices followed by your Company. Your Company stresses upon the following core values :

- Transparency : We believe in dissemination of information on time and in transparent manner.
- Protecting Stakeholders’ interest : As a trustee for various stakeholders, we believe in safeguarding and balancing the interest of all stake holders.
- Integrity and ethics : We believe in our commitments and strive to set high ethical standards.
- Corporate and social responsibilities : We believe in caring for environment and surrounding communities.

Your Company is in compliance with the requirements of the guidelines on Corporate Governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“SEBI (LODR) Regulations, 2015”].

The Directors hereunder present the Company’s Report on Corporate Governance for the financial year ended 31<sup>st</sup> March, 2017 in terms of Regulation 34(3) read with Schedule V of SEBI (LODR) Regulations, 2015.

#### 2. BOARD OF DIRECTORS

##### Composition of the Board as on 31<sup>st</sup> March, 2017 :

Category	No. of Directors
Non Executive and Independent Directors	3
Executive Director	1

None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he/she is a Director. As required under Section 149(3) of the Companies Act, 2013 (“Act”), Ms. Sayantony Banerjee has been appointed as an Independent Woman Director on the Board pursuant to Section 149(3) of the Act. The composition of the Board is in conformity with Regulation 17 of SEBI (LODR) Regulations, 2015. The Board met four times during the year and the time gap between any two meetings did not exceed 120 days.

##### Board Meetings held during the financial year 2016-17 :

Sl. No.	Date of Meetings	Total No. of Directors	No. of Directors present
1	30 <sup>th</sup> May, 2016	4	3
2	8 <sup>th</sup> August, 2016	4	4
3	4 <sup>th</sup> November, 2016	4	3
4	14 <sup>th</sup> February, 2017	4	3

The composition of the Board and the attendance of Directors at the Board Meetings held during the last fiscal and at the last Annual General Meeting, and the number of other directorship and Board Committees’ membership/chairmanship held in other Public Companies are as follows :

Name and Category of the Directors	Attendance at Board Meetings	Attendance at the last Annual General Meeting	No. of other Directorship held <sup>1</sup>		No. of other Committee membership held <sup>2</sup>	
			As Director	As Chairman	As Member	As Chairman
Mr. Radhey Shyam Jalan (Executive, Chairman and Managing Director)	4	Yes	Nil	Nil	Nil	Nil
Mr. Suresh Kumar Singhal (Non-Executive, Independent Director)	1	Yes	Nil	Nil	Nil	Nil
Mr. Laxmi Narayan Sharma (Non-Executive, Independent Director)	4	Yes	5	Nil	Nil	Nil
Ms. Sayantony Banerjee (Non-Executive, Independent Director)	4	No	Nil	Nil	Nil	Nil





## 'ANNEXURE - B' TO THE DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT

#### Notes:

1. Excludes Directorship/Committee membership in Private Limited Companies, Companies under Section 8 of the Companies Act, 2013 read with Rule 19 of the Companies (Incorporation) Rules, 2014 and Foreign Companies and Associations.
2. Only Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of the SEBI (LODR) Regulations, 2015.
3. None of the Directors have any inter-se relation among themselves and with any of the employees of the Company.
4. None of the Non-Executive Directors holds any shares and/or convertible instruments in the Company.

#### Other provisions as to Board and Committees

An annual calendar of meetings is established after consulting all Directors to facilitate their physical presence and meaningful participation. It has been the Company's endeavor to have meetings at plant site of the Company too, apart from the Registered Office of the Company to get Directors to witness the practices and to get under the skin of the Company's business model.

The Board periodically reviews the compliance reports of all laws applicable to the Company. Steps are taken by the Company to rectify the instances of non-compliance, if any. The agenda along with explanatory notes (for Board and other meetings) are sent in advance to all Directors to get their input in the discussion. In case of business exigencies the Board's approval is taken through circular resolutions. The circular resolutions are noted at the subsequent Board Meeting.

Your Company's Directors promptly notify any change(s) in the committee positions as and when they take place.

#### Independent Directors

Your Company has appointed Independent Directors who are renowned people having expertise/experience in their respective field/profession. None of the Independent Directors are Promoters or related to Promoters. They do not have pecuniary relationship with the Company and further do not hold two percent or more of the total voting power of the Company.

Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he/she meets the criteria of independence as required under Section 149(7) of the Act. All Independent Directors maintain their limits of directorships as required under Regulation 25(1) of SEBI (LODR) Regulations, 2015. The terms and conditions of the appointment of the Independent Directors have also been disclosed on the website of the Company and can be accessed at the web link <http://kicmetaliks.com/wp-content/uploads/2016/01/NOMINATION-AND-REMUNERATION-POLICY.pdf>.

#### Meetings of Independent Directors

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or Management Personnel as required under Regulation 25(3) of SEBI (LODR) Regulations, 2015. Such meetings are conducted informally to enable Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views to the management.

During the year under review, the Independent Directors met once on 8<sup>th</sup> August, 2016, without the attendance of Executive Directors and Management Personnel. All the Independent Directors were present in that meeting.

The Independent Directors in the said meeting had, inter-alia :

- i. reviewed the performance of Non-Independent Directors and the Board as a whole;
- ii. reviewed the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- iii. assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### Induction and Training of Board Members

On appointment, the concerned Director is issued a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed Independent Director is taken through a formal induction program including the presentation on the Company's manufacturing, marketing, finance and other important aspects. The Company Secretary briefs the Director about their legal and regulatory responsibilities as a Director. The induction for Independent Directors include interactive sessions with Executive Committee Members, Business and Functional Heads, visit to the manufacturing site, etc. On the matters of specialized nature, the Company engages outside experts/consultants for presentation and discussion with the Board members.

## ‘ANNEXURE - B’ TO THE DIRECTORS’ REPORT

### CORPORATE GOVERNANCE REPORT

#### Code of Conduct “Code”

Your Company has adopted a Code of Conduct for members of the Board (incorporating duties of Independent Directors) and the Senior Management. The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company. Your Company has received confirmations from all concerned regarding their adherence to the said Code.

Pursuant to Regulation 26(3) of SEBI (LODR) Regulations, 2015, the Managing Director of the Company confirmed compliance with the Code by all members of the Board and the Senior Management.

The full text of the Code is hosted on the Company's website and can be accessed at the web link <http://kicmetaliks.com/about-k-i-c-metaliks/code-of-conduct/>.

#### Code of Conduct for Prohibition of Insider Trading

Your Company has adopted a Code of Conduct as per SEBI (Prohibition of Insider Trading) Regulations, 2015. All Directors, Designated Employees who could have access to the Unpublished Price Sensitive Information of the Company are governed by the Code. During the year under review, there has been due compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

### 3. BOARD COMMITTEES

#### A. Audit Committee

- (a) The Company has an Audit Committee within the scope as set out in Regulation 18 of SEBI (LODR) Regulations, 2015 read with Section 177 of the Act. The Committee has three Independent, Non-Executive Directors and one Executive Director, all of whom are persons with considerable financial experience and expertise. Mr. Suresh Kumar Singhal, Chairman of the Committee has resigned from chairmanship of Audit committee on 14<sup>th</sup> February, 2017 due to other pre-occupation. He was present at the last Annual General Meeting of the Company held on 22<sup>nd</sup> September, 2016. Ms. Sayantony Banerjee, an Independent Director was appointed as the new Chairman of the Audit committee w.e.f 14<sup>th</sup> February, 2017. Ms. Banerjee is an MBA (Finance) from a reputed business institute with experience in the area of Administration, Managing overall Project Work Financial Accounting, Taxation, Auditing, Budgeting & MIS.
- (b) The primary objective of the Audit Committee is to monitor and effectively supervise the Company's financial reporting process with a view to provide accurate, timely and proper disclosures and maintain the integrity and quality of the financial reporting. The Audit Committee acts as a link between the Statutory and Internal Auditors and the Board. The Committee is governed by a Charter which is in line with the regulatory requirements mandated by the Act and Regulation 18 of SEBI (LODR) Regulations, 2015. The terms of reference of the Audit Committee are in conformity with the provisions of Section 177 of the Act and Regulation 18 of SEBI (LODR) Regulations, 2015.

The brief terms of reference of the Committee, inter alia, include the following :

- 1) To review and recommend the quarterly financial statements of the Company;
- 2) To review reports of the Internal Auditors quarterly;
- 3) To review weaknesses in internal controls reported by Internal as well as the Statutory Auditors.

Audit Committee has powers prescribed under Regulation 18(3) of the SEBI (LODR) Regulations, 2015 and the role and scope of activities of the Audit Committee is prescribed in Part C of Schedule II of this Regulation.

- (c) The Audit Committee met 4 (four) times during the financial year 2016-17 i.e. on 30<sup>th</sup> May, 2016; 8<sup>th</sup> August, 2016; 4<sup>th</sup> November, 2016 and 14<sup>th</sup> February, 2017 and not more than four months have elapsed between two meetings.
- (d) **The composition of the Audit Committee as on 31<sup>st</sup> March, 2017 and attendance at the meetings of the Committee during financial year 2016-17 is as under :**

Name and Category of the Directors	Position held	No. of Audit Committee Meetings	
		Held	Attended
Mr. Suresh Kumar Singhal (Non-Executive, Independent Director)	Chairman/Member <sup>1</sup>	4	1
Mr. Laxmi Narayan Sharma (Non-Executive, Independent Director)	Member	4	4



## 'ANNEXURE - B' TO THE DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT

Name and Category of the Directors	Position held	No. of Audit Committee Meetings	
		Held	Attended
Mr. Radhey Shyam Jalan (Executive, Chairman & Managing Director)	Member	4	4
Ms. Sayantony Banerjee (Non-Executive, Independent Director)	Chairman/Member <sup>1</sup>	4	4

**Notes :**

- Mr. Suresh Kumar Singhal has resigned from the post of Chairman of the Audit Committee on 14<sup>th</sup> February 2017.  
Ms. Sayantony Banerjee was appointed as the new Chairman of the Audit Committee w.e.f 14<sup>th</sup> February 2017.

- (e) The Chief Financial Officer and other senior functional executives of the Company are invited as and when required to provide necessary inputs to the Committee. The Internal Auditors and Statutory Auditors or their representatives are also invited to each meeting of the Audit Committee. The Company Secretary acts as the Secretary to the Committee.

#### B. Nomination and Remuneration Committee

- a) Pursuant to provisions of Section 178 of the Act and Regulation 19 of SEBI (LODR) Regulations, 2015 and amendments there upon, the Board has constituted the Nomination & Remuneration Committee to oversee the Company's nomination process for the senior management and to decide the salary, perquisites and commission/performance linked remuneration etc., to be paid to them and other employees within the broad frame-work of the Group Policy, merit and Company's performance. The Committee also co-ordinates and oversees the annual self-evaluation of the performance of the Board, Committees and of individual Directors. All the members are Non-Executive, Independent Directors. The Nomination and Remuneration Committee met twice during the financial year 2016-17 on 30<sup>th</sup> May, 2016 and 4<sup>th</sup> November, 2016.
- b) The composition of the Nomination and Remuneration Committee as on 31<sup>st</sup> March, 2017 and attendance at the meetings of the Committee during financial year 2016-17 is as under :

Name and Category of the Directors	Position held	No. of Audit Committee Meetings	
		Held	Attended
Mr. Suresh Kumar Singhal (Non-Executive, Independent Director)	Chairman	2	1
Mr. Laxmi Narayan Sharma (Non-Executive, Independent Director)	Member	2	2
Ms. Sayantony Banerjee (Non-Executive, Independent Director)	Member	2	2

**Terms of Reference :** The terms of reference of the Nomination and Remuneration Committee are in conformity with the provisions of Section 178 of the Act and Part D of Schedule II and Regulation 19 of SEBI (LODR) Regulations, 2015. The brief terms of reference of the Committee, inter alia, include the following :

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Director, Key Managerial Personnel and other employees.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a policy on Board diversity.
- 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 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.

**Nomination and Remuneration Policy :** The Company has adopted a policy relating to the remuneration for Directors, Key Managerial Personnel and Senior Management Personnel of the Company which is displayed on the website



## 'ANNEXURE - B' TO THE DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT

of the Company and can be accessed at the web link <http://kicmetaliks.com/wp-content/uploads/2016/01/NOMINATION-AND-REMUNERATION-POLICY.pdf> and is also annexed herewith as 'Annexure – F' and forms part of the Directors' Report.

The details of remuneration paid to the Executive and Non- Executive Directors during the financial year 2016-17, are as follows :

#### a) Executive Directors :

Name and Category of the Directors	Salary including Benefits/ Allowances, etc. (₹)	Period of Contract	
		From	To
Mr. Radhey Shyam Jalan (Executive Chairman and Managing Director)	25,50,000	31.01.2014	30.01.2017
<b>Total</b>	<b>25,50,000</b>		

No severance fees is payable to the Whole Time Directors on termination of the employment. The contract may be terminated by either party giving the other party three months notice. Presently, the Company does not have any scheme for grant of Stock Options to its Managing Directors, Directors or other employees.

#### b) Non-Executive Directors :

Name and Category of the Directors	Sitting Fees (₹)	Commission (₹)	No. of shares/ convertible debentures held
Mr. Laxmi Narayan Sharma (Non-Executive, Independent Director)	15,000	Nil	Nil
Mr. Suresh Kumar Singhal (Non-Executive, Independent Director)	5,000	Nil	Nil
Ms. Sayantony Banerjee (Non-Executive, Independent Director)	15,000	Nil	Nil

### C. Stakeholders Relationship Committee

Pursuant to provisions of Section 178(5) of the Act and Regulation 20 of the SEBI (LODR) Regulations, 2015 and amendments there upon the Board has constituted Stakeholder's Relationship Committee. This committee comprises of three Non-Executive Independent Directors.

This Committee is specifically formed to look into the redressal of grievance of shareholders, debenture holders and other security holders. This committee shall consider and resolve the grievance of all the security holders of the Company including complaints related to transfer of shares, non-receipt of Annual Report, non-receipt of declared dividend, etc.

During the financial year 2016-17, the committee met 4 (Four) times on 30<sup>th</sup> May, 2016; 8<sup>th</sup> August, 2016; 4<sup>th</sup> November, 2016 and 14<sup>th</sup> February, 2017.

The composition of the Stakeholders Relationship Committee as on 31<sup>st</sup> March, 2017 and the attendance at the meetings of the Committee during the financial year 2016-17 is as under :

Name and Category of the Directors	Position held	No. of Investor Grievance Committee Meetings	
		Held	Attended
Mr. Laxmi Narayan Sharma (Non-Executive, Independent Director)	Chairman	4	4
Mr. Suresh Kumar Singhal (Non-Executive, Independent Director)	Member	4	1
Ms. Sayantony Banerjee (Non-Executive, Independent Director)	Member	4	4



## 'ANNEXURE - B' TO THE DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT

#### Name, designation and address of Compliance Officer :

Mrs. Ruchika Fogla  
Company Secretary  
K I C Metaliks Limited  
"Sir RNM House" 3B, Lal Bazar Street, 4th Floor,  
Room No. 2, Kolkata - 700 001, West Bengal, India.  
Phone : +91-33-3068-8681/83  
Fax : +91-33-4001-9636  
E-mail : companysecretary@kicmetaliks.com

#### Shareholder/Investor Complaints received and redressed during financial year 2016-17 :

Particulars	Nos.
Number of complaints pending as on 1 <sup>st</sup> April, 2016	Nil
Number of complaints received during 1 <sup>st</sup> April, 2016 to 31 <sup>st</sup> March, 2017	6
Number of complaints disposed off during the year ended on 31 <sup>st</sup> March, 2017	6
Number of complaints pending as on 31 <sup>st</sup> March, 2017	Nil

#### 4. OTHER DISCLOSURES

- a) There were no materially significant transactions with related parties as defined under SEBI (LODR) Regulations, 2015 entered into by the Company that may have potential conflict with the interests of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is regularly placed at the Board meetings. Attention of the shareholders is drawn to the disclosure of transactions with related parties during the year as set out under **Note No. 30** of Notes to the Financial Statements forming part of Annual Accounts. The duly adopted 'Related Party Transaction Policy' is available on the website of the Company at the web link <http://kicmetaliks.com/wp-content/uploads/2016/01/RELATED-PARTY-TRANSACTION-POLICY.pdf>.
- b) The Company has duly complied with the requirements of the regulatory authorities on Capital Markets. No penalties, strictures have been imposed on the Company by Stock Exchange or SEBI or by any statutory authority, on any matter related to the capital markets, during the last three years.
- c) Details regarding the establishment of Vigil Mechanism/Whistle Blower Policy have been disclosed in **Point No. 14** of the Directors' Report.
- d) The Company does not have any subsidiary.
- e) The Company has a well defined risk management framework in place. The procedures for risk assessment and minimisation have been disclosed in **Point No. 19** of the Directors' Report and **Point No. 4** of Management Discussion and Analysis Report.
- f) The Company follows the applicable Accounting Standards and in the preparation of financial statements, the Company has not adopted a treatment different from that as prescribed in an Accounting Standard.
- g) The Company has complied with all mandatory requirements of the SEBI (LODR) Regulations, 2015 relating to Corporate Governance and have also complied with Clauses (b) to (i) of Regulation 46(2) relating to dissemination of information on the website of the Company. The status of compliance with the non-mandatory requirements listed in Part E of Schedule II of the SEBI (LODR) Regulations, 2015, is as under:
  - There are no modified opinions in the Audit Report given by M/s. Agarwal Maheswari & Co., Statutory Auditors of the Company.
  - In accordance with the provisions of Section 138 of the Act, the Company has appointed an Internal Auditor who reports to the Audit Committee. Quarterly Internal Audit Reports are submitted to the Audit Committee which reviews the Audit Reports and suggests necessary action.

## 'Annexure - B' to the Directors' Report

### CORPORATE GOVERNANCE REPORT

#### 6. GENERAL BODY MEETINGS

a) Details regarding venue, date and time of last 3 (three) Annual General Meetings of the Company are as follows :

Sl. No.	AGM Particulars	Date	Time	Location
1	29 <sup>th</sup> Annual General Meeting of the year 2015-16	22 <sup>nd</sup> September, 2016	10:00 a.m.	"Rotary Sadan" (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata 700 020, West Bengal, India
2	28 <sup>th</sup> Annual General Meeting of the year 2014-15	29 <sup>th</sup> September, 2015	10:00 a.m.	"Rotary Sadan" (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata 700 020, West Bengal, India
3	27 <sup>th</sup> Annual General Meeting of the year 2013-14	9 <sup>th</sup> September, 2014	10:00 a.m.	"Rotary Sadan" (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata 700 020, West Bengal, India

b) Details regarding Special Resolutions passed in last 3 (three) Annual General Meetings are as follows :

Shareholder's Meeting	Business requiring Special Resolution
29 <sup>th</sup> Annual General Meeting held on 22 <sup>nd</sup> September, 2016	Nil
28 <sup>th</sup> Annual General Meeting held on 29 <sup>th</sup> September, 2015	<b>One Special resolution was proposed and approved :</b> <ul style="list-style-type: none"> <li>To ratify remuneration of Cost Auditors of the Company for the financial year 2015-16.</li> </ul>
27 <sup>th</sup> Annual General Meeting held on 9 <sup>th</sup> September, 2014	<b>Four Special resolutions were proposed and approved :</b> <ul style="list-style-type: none"> <li>Approve payment of overall and minimum remuneration to Mr. Barun Kumar Singh (DIN: 05292536), Whole Time Director of the Company for his remaining tenure.</li> <li>Re-appointment of Mr. Radhey Shyam Jalan (DIN: 00578800) as Chairman and Managing Director of the Company and approval of the overall remuneration payable to him.</li> <li>Authorise Board of Directors to borrow money otherwise than on debentures.</li> <li>Authorise Board of Directors for creation of charge on movable and immovable properties of the Company, both present and future.</li> </ul>

c) Details regarding resolutions passed through Postal Ballot during financial year 2016-17 :

During the financial year 2016-17, no resolutions were passed through Postal Ballot. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing of resolutions through Postal Ballot.

d) Extraordinary General Meeting :

No Extraordinary General Meeting of the shareholders was held during the financial year 2016-17.

#### 7. MEANS OF COMMUNICATION

(a) Quarterly Results	
(i) Which newspapers normally published in : English Bengali	Business Standard (All editions) Arthik Lipi
(ii) Any website displayed :	www.kicmetaliks.com
(b) Whether website also displays official news releases	Yes
(c) Whether presentations made to institutional investors or analysts	No

#### 8. GENERAL SHAREHOLDER INFORMATION

(a) AGM : Date and Day Time Venue	21 <sup>st</sup> September, 2017 (Thursday) 10:00 a.m. "Rotary Sadan" (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata 700 020, West Bengal, India
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## ANNEXURE - B' TO THE DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT

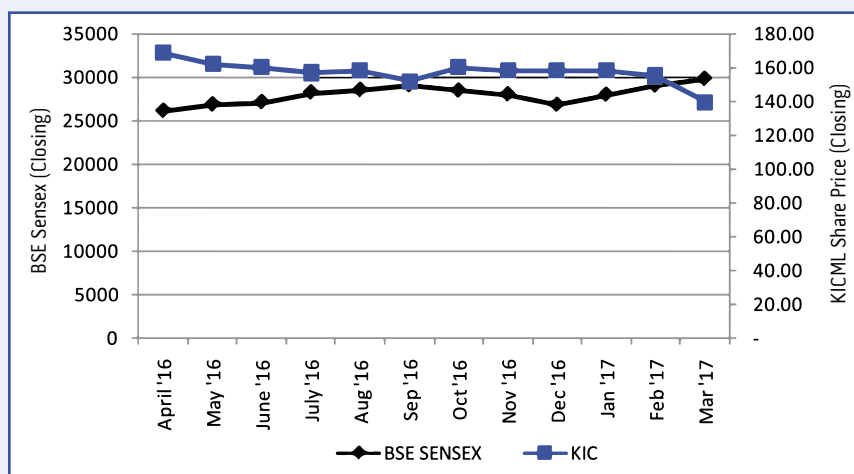
<b>(b) Financial Calendar (tentative and subject to change)</b>		
Financial reporting for the quarter ending 30 <sup>th</sup> June, 2017	By End July, 2017	
Financial reporting for the quarter ending 30 <sup>th</sup> September, 2017	By End October, 2017	
Financial reporting for the quarter ending 31 <sup>st</sup> December, 2017	By End January, 2018	
Financial reporting for the year ending 31 <sup>st</sup> March, 2018	By End May, 2018	
<b>(c) Book Closure period</b>	From 15 <sup>th</sup> September, 2017 to 21 <sup>st</sup> September, 2017 (both days inclusive)	
<b>(d) Dividend Payment Date</b>	The Directors have not recommended any dividend for the financial year 2016 - 2017	
<b>(e) Listing on Stock Exchange(s)</b> The Company's securities are currently listed at "BSE Limited"	Scrip Code – 513693 Scrip ID-KAJARIR	
<b>(f) Listing and Custodian Fees for the financial year 2015-16</b> The Company has paid the Listing Fees for the financial year 2016-2017 to BSE Limited. The Company has also paid custodian fees for the financial year 2016-17 to National Securities Depository Limited and Central Depository Services (India) Limited	ISIN No. : INE 434C01019 Depository Connectivity : NSDL and CDSL	

**(g) Market Price Data :**

High/low (based on the closing prices) and number of shares traded during each month in the financial year 2016-17 on BSE Limited

Month	High Price (₹)	Low Price (₹)	Close Price (₹)	No. of shares	BSE Sensex Close
April 2016	175.30	165.70	168.40	96	25606.62
May 2016	170.00	161.80	161.80	71	26667.96
June 2016	161.00	155.50	160.00	114	26999.72
July 2016	156.80	156.80	156.80	27	28051.86
August 2016	159.90	151.80	157.85	45	28452.17
September 2016	154.70	151.65	151.65	581	27865.96
October 2016	160.15	154.00	160.00	804	27930.21
November 2016	160.10	157.00	158.00	81	26652.81
December 2016	160.10	157.00	158.00	81	26626.46
January 2017	157.90	151.80	157.90	10,266	27655.96
February 2017	154.75	154.75	154.75	5	28743.32
March 2017	152.00	139.30	139.30	516	29620.50

**(h) Performance of the Company in comparison with Broad based indices :**



## ANNEXURE - B' TO THE DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT

Comparison of K I C Metaliks Limited Stock price with broad based indices - BSE Sensex

Particulars	K I C Metaliks share price v/s BSE Sensex	
	K I C Metaliks Ltd. Share Price	BSE Sensex
On 1 <sup>st</sup> April, 2016	172.00	25301.70
On 31 <sup>st</sup> March, 2017	139.30	29620.50
% change	(-)19.01	(+)17.07

(i) **Registrar and Transfer Agent**

For share related matters, shareholders are requested to correspond with the Company's Registrar and Transfer Agent – M/s. S. K. Infosolutions Pvt. Ltd. quoting their Folio No./DP ID and Client ID at the following address :

**S. K. Infosolutions Pvt. Ltd.**

34/1A, Sudhir Chatterjee Street,

Kolkata - 700 006, West Bengal, India

Phone : +91-33-2219-6797, Telefax : +91-33-2219-4815

E-mail : contact@skcinfo.com/skcdilip@gmail.com, Website : www.skcinfo.com

Shareholders holding shares in electronic form should address their correspondence, except those relating to dividend, to their respective Depository Participants.

(j) **Share Transfer System**

The share transfer/transmission/splits and/or issue of duplicate share certificates are processed on behalf of the Company by the Registrar and Transfer Agent, M/s. S. K. Infosolutions Pvt. Ltd. and is then placed before the Company Secretary/Managing Director who had been delegated the authority to approve transfers. They address all the requests fortnightly.

(k) **Distribution of Shareholding as on 31<sup>st</sup> March, 2017 :**

Range or Equity Shares	No. of Holders	% of Holders	No. of Shares	% of Capital
Upto 500	1624	92.43	180795	2.55
501 - 1000	60	3.41	48938	0.68
1001 - 2000	19	1.08	29051	0.41
2001 - 3000	8	0.46	22616	0.32
3001 - 4000	3	0.17	10541	0.15
4001 - 5000	3	0.17	14065	0.20
5001 - 10000	14	0.80	100648	1.42
10001 - 50000	12	0.68	241994	3.41
50001 - 100000	7	0.40	432575	6.09
100001 and Above	7	0.40	6017977	84.77
<b>Total</b>	<b>1,757</b>	<b>100.00</b>	<b>7,099,200</b>	<b>100.00</b>

(l) **Category wise Shareholding as on 31<sup>st</sup> March, 2017 :**

Name of the Shareholders	No. of Holders	% of Holders	No. of Shares Held	% of Shares held
Promoters Holding	1	0.06	4,137,096	58.28
Non-Promoters Holding				
- Financial Institutions	-	-	-	-
- Bodies Corporate	74	4.21	2472608	34.83
- NRI and Foreign Company	12	0.68	2145	0.03
Indian Public	1670	95.05	487351	6.86
<b>Total</b>	<b>1,757</b>	<b>100.00</b>	<b>7,099,200</b>	<b>100.00</b>



## 'ANNEXURE - B' TO THE DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT

**(m) Dematerialisation of shares and liquidity as on 31<sup>st</sup> March, 2017 :**

Particulars	Equity Shares of ₹ 10/- each	
	Number	% of Total
<b>Dematerialised Form</b>		
a) NSDL	5,494,366	77.39
b) CDSL	1,500,465	21.14
<b>Sub Total</b>	<b>6,994,831</b>	<b>98.53</b>
Physical Form	104,369	1.47
<b>Total</b>	<b>7,099,200</b>	<b>100.00</b>

The Equity Shares of the Company are compulsorily traded in dematerialised form on BSE Limited. Hence the shares enjoy enough liquidity in the market.

**(n) Outstanding GDR's/ADR's/Warrants or any Convertible Instruments, conversion date and likely equity**

Nil

**(o) Plant Location - Pig Iron Plant**

Raturia, Angadpur, Durgapur - 713 215  
West Bengal, India  
Phone: +91-98749 43342

**(p) Address for Correspondence**

"Sir RNM House", 3B, Lal Bazar Street

**Registered Office :**

4th Floor, Room No.2, Kolkata - 700 001  
West Bengal, India  
Phone : +91-33-3068-8681/83  
Fax : +91-33-4001-9636  
Email : info@kicmetaliks.com

## DECLARATION

As provided under Part D of Schedule V of SEBI (LODR) Regulations, 2015, all the members of the Board (including Independent Directors), Key Managerial Personnel and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31<sup>st</sup> March, 2017.

For **K I C Metaliks Limited**

Place : Kolkata

Dated : The 27<sup>th</sup> day of May, 2017

**Radhey Shyam Jalan**

Chairman and Managing Director

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Company has obtained a certificate from its Statutory Auditors testifying to its compliance with the provisions relating to SEBI (LODR) Regulations, 2015. This certificate is annexed to the Corporate Governance Report for the financial year 2016-17 and will be sent to the Stock Exchanges, along with the Annual Report to be filed by the Company.

For and on behalf of the Board of Directors

Place : Kolkata

Dated : The 27<sup>th</sup> day of May, 2017

**Radhey Shyam Jalan**

Chairman and Managing Director



## 'ANNEXURE - B' TO THE DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT

#### INDEPENDENT AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,  
The Members of  
**K I C Metaliks Limited**

We have examined the compliance of conditions of Corporate Governance by K I C Metaliks Limited ('the Company') for the year ended 31<sup>st</sup> March, 2017 as stipulated in Regulation 17-27 and clauses (b) to (i) of sub regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR) Regulations, 2015"].

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and 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 SEBI (LODR) Regulations, 2015.

We 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 **Agarwal Maheswari & Co.**  
Firm Registration No. 314030E  
Chartered Accountants  
**D. R. Agarwal**  
Partner  
Membership No. 51484

Place : Kolkata  
Dated : The 27<sup>th</sup> day of May, 2017



## 'ANNEXURE - C' TO THE DIRECTORS' REPORT

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### 1. ECONOMIC STRUCTURE AND DEVELOPMENTS- GLOBAL AND INDIAN

With improving financial markets and a long-awaited cyclical recovery in manufacturing and trade, world growth is projected to rise from 3.1 percent in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018. But binding structural impediments continue to hold back a stronger recovery, and the balance of risks remains tilted to the downside, especially over the medium term. With persistent structural problems such as low productivity, growth and income disparity pressures for inward-looking policies are increasing in advanced economies. These threaten global economic integration and the cooperative global economic order that has served the world economy, especially emerging market and developing economies, well. Against this backdrop, economic policies have an important role to play in staving off downside risks and securing the recovery, and a renewed multilateral effort is also needed to tackle common challenges in an integrated global economy.

Admst this global landscape, India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). Though India's fundamentals still remain strong, the growth in India has slowed down to 7.1 % in 2016-17 from 7.6% in 2015-16 due to a combination of weak investments and the impact of demonetization. As per the advance estimates of CSO, however the economy is expected to recover and growth will gradually accelerate to 8-8.5% by 2019-20.

#### 2. IRON & STEEL - INDUSTRY STRUCTURE AND DEVELOPMENTS

Your Company operates in the iron and steel industry and is one of the major producers of Pig Iron in Eastern India. The global steel industry environment remains challenging, with escalated uncertainties driven by geopolitical situations in various parts of the world. Steel demand in India remained stagnant in the past five years which impacted utilization and also aggravated the debt position of the steel sector. But 2016-17 was a year marked by multiple rescue initiatives of the Indian steel ministry which were taken to mitigate the impact of global glut that had shaken the Indian steel industry in the past few years that had resulted in predatory pricing and surge in steel imports into the country.

India's steel sector posted a robust 11% growth in production in 2016-17 at 101.2 MT even as domestic consumption remained anaemic mainly due to poor offtake from the end-use segments like construction, infrastructure, etc. Exports more than doubled during the year to 8.24 MT from 4.07 MT a year ago. Imports, on the other hand, have declined by 37% to 7.42 MT during the year, making India a net exporter of steel.\*

The pig iron production globally also remained stable in the last fiscal but realizations remained volatile due to sudden increase in the prices of basic raw materials in the last quarter of the year under review. In India, Government is also planning to cap the price of iron ore, which is a major part of the total cost for pig iron producers who follow the blast furnace route. This move will help the pig iron industry further after expiration of the minimum import price that cushioned the domestic sector from cheap steel imports mainly from China, for the last year.

While accelerated spending by government on housing, defence, infrastructure, construction and railways will be the key, the expected rate of growth in steel demand looks promising but also faces a number of hurdles namely, political instability, budget constraint and timely execution of projects.

\* Source : Steel Ministry's Joint Plant Committee (JPC)

#### 3. OPPORTUNITIES

Rising domestic demand, supportive government policies and a stable macro environment have raised hopes of a revival in the steel sector, which has been plagued by high non-performing assets (NPAs) over the past five years. Over the last few quarters, the government has infused numerous initiatives to clap down unwanted imports into the country and at the same time set a vision to expand steelmaking capacities in a big way.

With the government gearing up to spend ₹ 3.96 trillion (allocated in this year's budget) towards the development of infrastructure, such as ports, roads, affordable housing and physical infrastructure, your Company expects a big boost in demand for steel in the country. The Indian government has laid emphasis on 'Be Indian Buy Indian', thus emphasising to necessarily buy only domestically manufactured steel which will eventually drive the consumption. Such a move from the government augurs well for further investment in steel sector, giving a major push to the industry as a whole.

However, to reap the benefits of this surge in demand, steel industry and the government will have to find ways to solve the challenges such as inefficient logistics system, high interest rates, lack of assured raw material supply and huge debt.

## ‘ANNEXURE - C’ TO THE DIRECTORS’ REPORT

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

National Steel Policy's (2017) focus on increasing domestic availability of coking coal to beat import dependence through acquisition of overseas assets, auction of domestic coking coal blocks and installing coal washeries if implemented successfully could also lead to input cost stability for domestic pig iron producers. Your Company is also exploring possibilities in the areas of forward integration eyeing the beneficial National Steel Policy of the Government released in the recent past.

#### 4. THREATS

The price of coking coal, a key raw material restarted its up move in April 2017, after softening from the elevated levels of November 2016 on account of the disruption in exports from Australia, a major exporter of coal, due to a cyclone which damaged railway lines connecting mines. According to research outlook by various agencies, we believe that the current situation in Australia is temporary and once the supply situation eases, regular coking coal prices will correct from the current peak. However it's unlikely to correct significantly in financial year 2017-18. If this cost increase is not fully passed on to the end consumers, it could impact profitability in Q2 of financial year 2017-18, as for domestic pig iron producers it takes around two to three months from order to consumption.

For the domestic pig iron industry raw material security is an extremely important issue for growth and development. Handicapped by absence of coking coal in the country, domestic pig iron producers needs to leverage local availability of quality iron ore and other important raw materials for competitive advantage.

Further, the Indian Steel industry also lacks technological efficiency compared to global standard, thus making us uncompetitive against countries like China, Japan and Korea as well as poses a threat from import substitution. In order to achieve efficiency levels in most steel plants a significant amount of capex will be required, which looks tough considering their financial health, except for a few large steel makers.

#### 5. RISKS AND CONCERNS

The Company has laid down a well defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitor business and non-business risks. The Audit Committee and the Board periodically review the risks and suggest steps to be taken to manage/mitigate the same through a properly defined framework.

During the year, a risk analysis and assessment was conducted and no major risks were noticed, which may threaten the existence of the Company.

#### 6. FUTURE OUTLOOK –ECONOMY AND INDUSTRY

Weakness in investment globally continues to hold back a stronger steel demand recovery. High corporate debt and real estate market situation in China, Brexit uncertainties and possible further escalation of instability in some regions also pose downside risk to the positive outlook for recovery in the global steel sector. However, a better than expected forecast for China, along with continued growth in emerging economies, will help the global steel industry to move back to a positive growth path for 2017 and onwards. According to World Steel Association, steel demand in the emerging and developing economies excluding China is expected to accelerate to show 4.0% growth in 2017, thanks to the resilient emerging Asian countries and stabilisation of commodity prices.

The Indian economy is expected to grow at 7.5% in financial year 2017-18 and further accelerate to 8% in financial year 2018-19, according to a report by the World Bank. The new financial year is for the domestic steel production as it is expected to remain high in the current year 2017-18 and is likely to rise by around 8-10%. A number of steps by the government are likely to increase domestic steel consumption and thereby production which includes allocation for infrastructure in the union budget 2017-18, Pradhan Mantri Awas Yojana, Make in India campaign, encouraging use of Made in India steel for various government projects and spending in areas like railways, roads and urban development.

Your Company is poised to do well and prospects and outlook of your Company for the future therefore appear to be encouraging given the hopes of revival in the pig iron industry in near future. Various opportunities for both organic and inorganic growth are also being looked at by your Company.

#### 7. PERFORMANCE OF THE COMPANY (FINANCIAL, OPERATIONAL AND PRODUCT WISE)

During the financial year 2016-17, our Company produced 116,210 MT of Hot Metal compared to 128,358 MT in the previous





## **'ANNEXURE - C' TO THE DIRECTORS' REPORT**

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

year. In 2016-17 the Company sold 117,991 MT of pig iron compared to 130,391 MT in the last fiscal to achieve a turnover of ₹ 31,546 Lakhs in comparison to ₹ 34,159 Lakhs in the previous year. In 2016-17, the Company posted decent profits of ₹ 367.25 Lakhs in comparison to ₹ 75.16 Lakhs in 2015-16 due to which there was a sudden spurt in the Earnings Per Share from ₹ 1.06 to ₹ 5.17.

Your Company operates in a single segment i.e. Iron and Steel and allied product and the plant is located at Raturia, Angadpur, Durgapur, West Bengal.

#### **8. INTERNAL CONTROL SYSTEM AND ITS ADEQUACY**

In any industry, the processes and internal control systems play a critical role in the health of the Company. The Company's well-defined organizational structure, documented policy guidelines, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal policies and applicable laws and regulations as well as protection of resources. Moreover, the Company continuously upgrades these systems in line with the best available practices. The Company's internal control system is commensurate with the nature of its business and the size and complexity of operations. The internal control system is supplemented by extensive internal audits, regular reviews by the management and standard policies and guidelines to ensure reliability of financial and all other records to prepare financial statements and other data. The Audit Committee of the Board reviews internal audit reports given along with management comments. The Audit Committee also monitors the implemented suggestions.

#### **9. HEALTH, SAFETY AND ENVIRONMENT**

We believe that Environment, Health and Safety (EHS) are crucial and paramount pillars for sustainable growth of our business. In the journey of sustainable development in every aspect, we have developed policies and guidelines that provide technical support and assistance on EHS matters.

During the year, our manufacturing site remained compliant with applicable EHS regulations. Reuse and recycle of natural resources is one of our key objectives. We have developed adequate infrastructure to treat waste water and reused it to explicated distinctive green belt. An occupational health centre inside the plant premises, provision of safety equipments to employees for day to day work, regular safety committee meetings, observations and their proper implementation are some of the safety measures taken by the Company to ensure a safe and healthy working environment within its manufacturing plant.

#### **10. INDUSTRIAL RELATIONS AND HUMAN RESOURCES**

The Company's performance is critically dependent on the knowledge and skills of its people, their ownership of the organizational and functional objectives, an enabling operating environment, and an all-encompassing culture of motivation and enthusiasm to perform with pride. The Company takes pride in the commitment, competence and dedication of its employees in all areas of the business. We are committed to nurturing, enhancing and retaining its top talent through superior learning and organizational development and has a structured induction process at all locations and management development programs to upgrade skills of managers. Objective appraisal systems based on Key Result Areas (KRAs) are in place for senior management staff. It motivates its people to take challenges in their strides, strengthen their knowledge base and help create a happy, transparent and productive environment. The low attrition level in your Company reflects an engaged and committed workforce.

The Industrial relation at the plant remained cordial during the year under review. The Company's talent base (full time), as on 31<sup>st</sup> March, 2017 stands at 264 employees.

For and on behalf of the Board of Directors

Place : Kolkata

Dated : The 27<sup>th</sup> day of May, 2017

**Radhey Shyam Jalan**

*Chairman and Managing Director*

## ‘ANNEXURE - D’ TO THE DIRECTORS’ REPORT

### FORM NO. MGT - 9

#### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31<sup>st</sup> March, 2017

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

#### I. REGISTRATION AND OTHER DETAILS

1. CIN	L01409WB1986PLC041169
2. Registration Date	26 <sup>th</sup> August, 1986
3. Name of the Company	K I C Metaliks Limited
4. Category/Sub-Category of the Company	Public Company/Limited by shares
5. Address of the Registered Office and contact details	“Sir RNM House”, 3B, Lal Bazar Street, 4 <sup>th</sup> Floor, Room No. 2, Kolkata - 700 001, West Bengal, India Phone : +91-33-3068-8681/83 Fax : +91-33-4001-9636 E-mail : info@kicmetaliks.com Website : www.kicmetaliks.com
6. Whether listed Company (Yes/No)	Yes
7. Name, Address and contact details of Registrar and Transfer Agent, if any	M/s. S. K. Infosolutions Pvt. Ltd. 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006, West Bengal, India Phone : +91-33-2219-4815/6797 Fax : +91-33-2219-4815 E-mail : skcdilip@gmail.com Website : www.skcinfo.com

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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.	Iron and Steel	24101	82.20 %
2.	Coke and Coal	19101	14.74 %

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

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Karni Syntex Pvt. Ltd. Om Tower, 32, J. L. Nehru Road, 3 <sup>rd</sup> Floor, Room No. 302, Kolkata – 700 071 West Bengal, India	U51109WB1993PTC061138	Holding	58.28	2(46)



## ANNEXURE - D' TO THE DIRECTORS' REPORT

### IV. SHARE HOLDING PATTERN (Equity Share Capital breakup as percentage of total Equity)

#### (i) Category-wise Share Holding :

Category of Shareholders	No. of shares held at the beginning of the year i.e. 1 <sup>st</sup> April, 2016				No. of shares held at the end of the year i.e. 31 <sup>st</sup> March, 2017				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoter and Promoter Group</b>									
<b>1. Indian</b>									
Individual/HUF	-	-	-	-	-	-	-	-	-
Central Government(s)	-	-	-	-	-	-	-	-	-
State Government(s)	-	-	-	-	-	-	-	-	-
Bodies Corporate	4,126,885	0	4,126,885	58.13	4,137,096	0	4,137,096	58.28	0.15
Banks/FI	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Sub-total A(1)</b>	<b>4,126,885</b>	<b>0</b>	<b>4,126,885</b>	<b>58.13</b>	<b>4,137,096</b>	<b>0</b>	<b>4,137,096</b>	<b>58.28</b>	<b>0.15</b>
<b>2. Foreign</b>									
NRIs - Individuals	-	-	-	-	-	-	-	-	-
Other- Individuals	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Banks/FI	-	-	-	-	-	-	-	-	-
Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total A(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total A= A(1)+A(2)</b>	<b>4,126,885</b>	<b>0</b>	<b>4,126,885</b>	<b>58.13</b>	<b>4,137,096</b>	<b>0</b>	<b>4,137,096</b>	<b>58.28</b>	<b>0.15</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
Mutual Funds	-	-	-	-	-	-	-	-	-
Banks/FI	-	-	-	-	-	-	-	-	-
Central Government(s)	-	-	-	-	-	-	-	-	-
State Government(s)	-	-	-	-	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-	-	-	-	-
Insurance Companies	-	-	-	-	-	-	-	-	-
FII's	-	-	-	-	-	-	-	-	-
Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total B(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2. Non-Institutions</b>									
Bodies Corporate									
i. Indian	2,494,186	3,600	2,497,786	35.18	2,469,008	3,600	2,472,608	34.83	(0.35)
ii. Overseas	0	200	200	0.00	0	200	200	0.00	0.00
Individuals									
i. Individual holding nominal share capital upto ₹ 1 Lakh	281,705	100,649	382,354	5.39	262,873	100,569	363,442	5.12	(0.27)
ii. Individual holding nominal share capital in excess of ₹ 1 Lakh	89,419	0	89,419	1.26	123,909	0	123,909	1.75	0.49
Others (specify)									
NRI's	2,556	0	2,556	0.04	1,945	0	1,945	0.03	(0.01)
<b>Sub-total B(2)</b>	<b>2,867,866</b>	<b>104,449</b>	<b>2,972,315</b>	<b>41.87</b>	<b>2,857,735</b>	<b>104,369</b>	<b>2,962,104</b>	<b>41.72</b>	<b>(0.15)</b>



## ‘ANNEXURE - D’ TO THE DIRECTORS’ REPORT

Category of Shareholders	No. of shares held at the beginning of the year i.e. 1 <sup>st</sup> April, 2016				No. of shares held at the end of the year i.e. 31 <sup>st</sup> March, 2017				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
Total B=B(1)+ B(2)	2,867,866	104,449	2,972,315	41.87	2,857,735	104,369	2,962,104	41.72	(0.15)
C. Shares held by Custodian for									
GDR's	-	-	-	-	-	-	-	-	-
ADR's	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	6,994,751	104,449	7,099,200	100	6,994,831	104,369	7,099,200	100	Nil

### (ii) Shareholding of Promoters :

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year i.e. 1 <sup>st</sup> April, 2016			Shareholding at the end of the year i.e. 31 <sup>st</sup> March, 2017			% 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.	Karni Syntex Pvt. Ltd.	4,126,885	58.13	20.00	4,137,096	58.28	20.00	0.15
	<b>Total</b>	<b>4,126,885</b>	<b>58.13</b>	<b>20.00</b>	<b>4,137,096</b>	<b>58.28</b>	<b>20.00</b>	<b>0.15</b>

### (iii) Change in Promoters' Shareholding (please specify, if there is no change) :

Sl. No.	Name of the Holder	Shareholding at the beginning of the year i.e. 1 <sup>st</sup> April, 2016		Cumulative shareholding during the year i.e. 31 <sup>st</sup> March, 2017	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Karni Syntex Pvt. Ltd.				
	At the beginning of the year	4,126,885	58.13	4,126,885	58.13
	i) 13 <sup>th</sup> January, 2017 (Purchase)	(+) 10,211	0.15	4,137,096	58.28
	<b>At the end of the year</b>			<b>4,137,096</b>	<b>58.28</b>

### (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and holders of GDR's & ADR's) :

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year i.e. 1 <sup>st</sup> April, 2016		Cumulative shareholding during the year i.e. 31 <sup>st</sup> March, 2017	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Flamingo Overseas Pvt. Ltd.				
	At the beginning of the year	610,000	8.59	610,000	8.59
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year			610,000	8.59
2.	Maryada Barter Pvt. Ltd.				
	At the beginning of the year	351,609	4.95	351,609	4.95
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year			351,609	4.95
3.	Lily Abasan Pvt. Ltd.				
	At the beginning of the year	250,000	3.52	250,000	3.52
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year			250,000	3.52



## ‘ANNEXURE - D’ TO THE DIRECTORS’ REPORT

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year i.e. 1 <sup>st</sup> April, 2016		Cumulative shareholding during the year i.e. 31 <sup>st</sup> March, 2017	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
4.	<b>O. D. Promoters and Credit Pvt. Ltd.</b>				
	<b>At the beginning of the year</b>	250,000	3.52	250,000	3.52
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	<b>At the end of the year</b>			250,000	3.52
5.	<b>Pujam Sales &amp; Services Pvt. Ltd.</b>				
	<b>At the beginning of the year</b>	249,500	3.52	249,500	3.52
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	<b>At the end of the year</b>			249,500	3.52
6.	<b>Saidham Mercantile Pvt. Ltd.</b>				
	<b>At the beginning of the year</b>	152,272	2.14	152,272	2.14
	Date wise increase/decrease in shareholding during the year				
	i) 31 <sup>st</sup> March, 2017 (Purchase)	-	-	(+)17,500	0.25
	<b>At the end of the year</b>			169,772	2.39
7.	<b>Aay Jay Consultants and Investments Pvt. Ltd.</b>				
	<b>At the beginning of the year</b>	79,059	1.11	79,059	1.11
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	<b>At the end of the year</b>			79,059	1.11
8.	<b>G.P. Lefin Pvt. Ltd.</b>				
	<b>At the beginning of the year</b>	69,168	0.97	69,168	0.97
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	<b>At the end of the year</b>			69,168	0.97
9.	<b>Bhiksu Barter Pvt. Ltd.</b>				
	<b>At the beginning of the year</b>	63,300	0.89	63,300	0.89
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	<b>At the end of the year</b>			63,300	0.89
10.	<b>Potential Electricals and Electronics Pvt. Ltd.</b>				
	<b>At the beginning of the year</b>	58,150	0.82	58,150	0.82
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	<b>At the end of the year</b>			58,150	0.82
11.	<b>Brajdharm Mercantile Pvt. Ltd.</b>				
	<b>At the beginning of the year</b>	70,000	0.98	70,000	0.98
	Date wise increase/decrease in shareholding during the year				
	i) 31 <sup>st</sup> March, 2017 (Sale)	-	-	(-)42,500	0.60
	<b>At the end of the year</b>			27,500	0.38

## ‘ANNEXURE - D’ TO THE DIRECTORS’ REPORT

(iv) Shareholding of Directors and KMP :

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year i.e. 1 <sup>st</sup> April, 2016		Cumulative shareholding during the year i.e. 31 <sup>st</sup> March, 2017	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	<b>Mr. Radhey Shyam Jalan (Chairman and Managing Director)</b>				
	<b>At the beginning of the year</b>	0	0.00	0	0.00
	Date wise increase/decrease in shareholding during the year	Nil	Nil	Nil	Nil
	<b>At the end of the year</b>			0	0.00
2.	<b>Mr. Suresh Kumar Singhal (Independent Director)</b>				
	<b>At the beginning of the year</b>	0	0.00	0	0.00
	Date wise increase/decrease in shareholding during the year	Nil	Nil	Nil	Nil
	<b>At the end of the year</b>			0	0.00
3.	<b>Mr. Laxmi Narayan Sharma (Independent Director)</b>				
	<b>At the beginning of the year</b>	0	0.00	0	0.00
	Date wise increase/decrease in shareholding during the year	Nil	Nil	Nil	Nil
	<b>At the end of the year</b>			0	0.00
4.	<b>Ms. Sayantony Banerjee (Independent Director)</b>				
	<b>At the beginning of the year</b>	0	0.00	0	0.00
	Date wise increase/decrease in shareholding during the year	Nil	Nil	Nil	Nil
	<b>At the end of the year</b>			0	0.00
5.	<b>Mr. Mukesh Bengani (Chief Financial Officer)</b>				
	<b>At the beginning of the year</b>	0	0.00	0	0.00
	Date wise increase/decrease in shareholding during the year	Nil	Nil	Nil	Nil
	<b>At the end of the year</b>			0	0.00
6.	<b>Mrs. Ruchika Fogla (Company Secretary)</b>				
	<b>At the beginning of the year</b>	0	0.00	0	0.00
	Date wise increase/decrease in shareholding during the year	Nil	Nil	Nil	Nil
	<b>At the end of the year</b>			0	0.00





## ‘ANNEXURE - D’ TO THE DIRECTORS’ REPORT

### V. INDEBTEDNESS

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

(₹ in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	3,400.50	3,750.00	-	7,150.50
(ii) Interest due but not paid	27.07	49.43	-	76.50
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	<b>3,427.57</b>	<b>3,799.43</b>	<b>-</b>	<b>7,227.00</b>
<b>Change in Indebtedness during the financial year</b>				
▪ Addition	29.55	-	-	29.55
▪ Reduction	(1,847.17)	(150.00)	-	(1,997.17)
<b>Net Change</b>	<b>(1,817.62)</b>	<b>(150.00)</b>	<b>-</b>	<b>(1,967.62)</b>
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	1,609.95	3,600.00	-	5,209.95
(ii) Interest due but not paid	-	49.43	-	49.43
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	<b>1,609.95</b>	<b>3,649.43</b>	<b>-</b>	<b>5,259.38</b>

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager	Total Amount
		Mr. Radhey Shyam Jalan	
1.	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	25.50	25.50
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-
	(c) Profit in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	(a) As % of profit	-	-
	(b) Others, specify	-	-
5.	Others, please specify	-	-
	<b>Total (A)</b>	<b>25.50</b>	<b>25.50</b>
	<b>Overall Ceiling as per the Act</b>	₹ 42.00 Lakhs (Calculated as per Section II of Part II of Schedule V of the Act)	

## 'ANNEXURE - D' TO THE DIRECTORS' REPORT

### B. Remuneration to other Directors :

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Ms. Sayantony Banerjee	Mr. Suresh Kumar Singhal	Mr. Laxmi Narayan Sharma	
1.	Independent Directors	-	-	-	-
	(a) Fee for attending Board / Committee meetings	0.15	0.05	0.15	0.35
	(b) Commission	-	-	-	-
	(c) Others, please specify	-	-	-	-
	<b>Total (1)</b>	<b>0.15</b>	<b>0.05</b>	<b>0.15</b>	<b>0.35</b>
2.	Other Non-Executive Directors	-	-	-	-
	(a) Fee for attending Board / Committee meetings	-	-	-	-
	(b) Commission	-	-	-	-
	(c) Others, please specify	-	-	-	-
	<b>Total (2)</b>	-	-	-	-
	<b>Total (B)=(1+2)</b>	-	-	-	-
	<b>Total Managerial Remuneration</b>	-	-	-	-
	<b>Overall Ceiling as per the Act</b>	1% of the net profit of the Company calculated as per Section 198 of the Act.			-

### C. Remuneration to KMP, other than MD/Manager/WTD :

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		CFO	Company Secretary	
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	8.67	5.40	14.07
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	(a) As % of profit	-	-	-
	(b) Others, specify	-	-	-
5.	Others, please specify	-	-	-
	<b>Total</b>	<b>8.67</b>	<b>5.40</b>	<b>14.07</b>



## 'ANNEXURE - D' TO THE DIRECTORS' REPORT

### VII. PENALTY/PUNISHMENT/COMPOUNDING OF OFFENCES :

Type/Name	Section of the Companies Act, 2013	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ COURT)	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
<b>B. DIRECTORS</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.

For and on behalf of the Board of Directors

Place : Kolkata

Dated : The 27<sup>th</sup> day of May, 2017

**Radhey Shyam Jalan**

*Chairman and Managing Director*



## ‘ANNEXURE - E’ TO THE DIRECTORS’ REPORT

### FORM NO. MR - 3

#### SECRETARIAL AUDIT REPORT

for the financial year ended 31<sup>st</sup> March, 2017

*[Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
**K I C METALIKS LIMITED**  
“Sir RNM House”  
3B, Lal Bazar Street, 4<sup>th</sup> Floor,  
Room No. 2, Kolkata – 700 001  
West Bengal, India

1. I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **K I C METALIKS LIMITED** (hereinafter called ‘**the Company**’). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.
2. Based on my 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 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.
3. I 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, 2017 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; (N/A)\*
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; (N/A)\*
  - (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; (N/A)\*
  - (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, 2015.
    - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. (N/A)\*
    - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. (N/A)\*
    - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. (N/A)\*
    - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
    - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. (N/A)\* and
    - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. (N/A)\*
  - (vi) Any other laws as may be applicable specifically to the Company.

(N/A)\* no such transaction undertaken by the Company during the audit period which require compliances under the Act.



## ‘ANNEXURE - E’ TO THE DIRECTORS’ REPORT

4. I have also examined compliance with the applicable Clauses of the following :
  - (i) Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial Standards 1 and 2 are in effect).
  - (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited (BSE).
  - (iii) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
5. To the best of my understanding, I am of the view that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.
6. **I further report that :**
  - i. Based on the information provided by the Company, its officers and its authorised representatives during the conduct of the audit, and also on the review of the quarterly compliance report by respective department heads/Company Secretary / CEO taken on record by the Board of Directors of the Company, in my opinion, adequate system and processes and control mechanism exist in the Company to monitor and to ensure the compliance with applicable general laws such as Labour laws, Factories Act, 1948, Industrial Disputes Act, 1947, the Payment of Wages Act, 1936 and Environmental laws.
  - ii. The compliance by the Company of the applicable financial laws, like Direct and Indirect Tax laws, has not been reviewed in this audit since the same have been subject to review by Statutory Auditors and other designated professionals.
7. **I further report that :**
  - i. 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.
  - ii. 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.
  - iii. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
8. **I 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.
9. **I further report that** during the audit period the Company has no such specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.
10. This report is to be read with our letter of even date which is annexed as “Annexure - A” and forms an integral part of this Report.

For **Rakesh Agrawal & Co.**  
*Practicing Company Secretaries*

(Prop: Rakesh Agrawal)

FCS No. 8792

C P No. 9014

Place : Kolkata

Date : 22<sup>nd</sup> May, 2017

“ANNEXURE – A” TO THE SECRETARIAL AUDIT REPORT

## 'ANNEXURE - E' TO THE DIRECTORS' REPORT

To,  
The Members,  
**K I C METALIKS LIMITED**  
"Sir RNM House",  
3B, Lal Bazar Street, 4th Floor,  
Room No. 2, Kolkata – 700 001  
West Bengal, India

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

1. Maintenance of secretarial records 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. Wherever 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 and standards is the responsibility of the management. Our examination was limited to the verification of procedures 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 **Rakesh Agrawal & Co.**  
*Practicing Company Secretaries*

(Prop: Rakesh Agrawal)  
FCS No. 8792  
C P No. 9014

Place : Kolkata  
Date : 22<sup>nd</sup> May, 2017



## ‘ANNEXURE - F’ TO THE DIRECTORS’ REPORT

### NOMINATION AND REMUNERATION POLICY

#### INTRODUCTION AND EFFECTIVE DATE

This policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee and was approved and adopted by the Board of Directors at its meeting held on 28<sup>th</sup> May, 2014 and as amended by the Board of Directors at its meeting held on 30<sup>th</sup> May, 2016 and reviewed by the Board of Directors at its meeting held on 27<sup>th</sup> May, 2017. This policy shall be operational with immediate effect.

#### DEFINITIONS

- **“Board”** : Board means Board of Directors of the Company as constituted from time to time.
- **“Director”** : Director means Directors of the Company.
- **“Committee”** : Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- **“Company”** : Company means **K I C Metaliks Limited**.
- **“Independent Director”** : As provided under Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 “SEBI (LODR) Regulations, 2015” and/or under the Companies Act, 2013 “the Act”, ‘Independent Director’ shall mean a Non-Executive Director, other than a Nominee Director of the Company :
  - A) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
  - B) (i) who is or was not a promoter of the Company or its holding, subsidiary or associate Company;
  - (ii) who is not related to promoters or Directors in the Company, its holding, subsidiary or associate Company;
  - C) apart from receiving Director's remuneration, has or had no pecuniary relationship with the Company, its holding, subsidiary or associate Company, or their promoters, or Directors, during the two immediately preceding financial years or during the current financial year;
  - D) none of whose relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company, or their promoters, or Directors, amounting to two percent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
  - E) who, neither himself nor any of his relatives :
    - i. holds or has held the position of a Key Managerial Personnel or is or has been employee of the Company or its holding, subsidiary or associate Company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
    - ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —
      - a. a firm of Auditors or Company Secretaries in practice or Cost Auditors of the Company or its holding, subsidiary or associate Company; or
      - b. any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to ten per cent or more of the gross turnover of such firm;
    - iii. holds together with his relatives two per cent or more of the total voting power of the Company; or
    - iv. is a Chief Executive or Director, by whatever name called, of any non profit organisation that receives twenty five per cent or more of its receipts from the Company, any of its promoters, Directors or its holding, subsidiary or associate Company or that holds two per cent or more of the total voting power of the Company;
    - v. is a material supplier, service provider or customer or a lesser or lessee of the Company;



## ‘ANNEXURE - F’ TO THE DIRECTORS’ REPORT

### NOMINATION AND REMUNERATION POLICY

F) who is not less than 21 years of age.

- **“Key Managerial Personnel”** : Key Managerial Personnel (KMP) means -
  - (i) the Chief Executive Officer or the Managing Director or the Manager;
  - (ii) the Company Secretary;
  - (iii) the Whole Time Director;
  - (iv) the Chief Financial Officer; and
  - (v) such other officer as may be prescribed under the applicable statutory provisions/regulations.
- **“Senior Management Personnel”** : The expression “Senior Management Personnel” (SMP) means personnel of the Company who are members of its core management team excluding Board and comprising all members of management one level below the Executive Directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Act, as may be amended from time to time shall have the meaning respectively assigned to them therein.

#### APPLICABILITY

The Policy is applicable to :

- Directors (Executive and Non Executive)
- Key Managerial Personnel (KMP)
- Senior Management Personnel (SMP)

#### PURPOSE

The primary objective of the Policy is to provide a framework and set standards for the nomination, remuneration and evaluation of the Directors, KMP and officials comprising the SMP. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, KMP and SMP.

#### ACCOUNTABILITIES

- i. The Board is ultimately responsible for the appointment of Directors and KMP.
- ii. The Board has delegated responsibility for assessing and selecting the candidates for the role of Directors, KMP and the SMP of the Company to the Committee which makes recommendations and nominations to the Board.

#### NOMINATION AND REMUNERATION COMMITTEE

##### A) Objectives of the Committee

The Committee shall :

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of Directors, KMP and other employees.
- ii. Formulation of criteria for evaluation of Independent Director and the Board
- iii. Devising a policy on Board diversity.
- iv. Identify persons who are qualified to become Director and persons who may be appointed in KMP and SMP positions in accordance with the criteria laid down in this policy.
- v. Recommend to the Board, appointment and removal of Director, KMP and SMP.

##### B) Constitution of the Committee

- i. The Board has the power to constitute / reconstitute the Committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirements.



## 'ANNEXURE - F' TO THE DIRECTORS' REPORT

### NOMINATION AND REMUNERATION POLICY

- ii. The Nomination and Remuneration Committee comprises of the following :
  - a) The Committee shall consist of a minimum three (3) non-executive directors, majority of them being independent.
  - b) Minimum two (2) members shall constitute a quorum for the Committee meeting.
  - c) Membership of the Committee shall be disclosed in the Annual Report.
  - d) Terms of the Committee shall be continued unless terminated by the Board of Directors.

#### CHAIRMAN

- A) Chairman of the Committee shall be an Independent Director.
- B) Chairman of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- C) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- D) Chairman of the Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

#### COMMITTEE MEMBERS' INTERESTS

- A) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- B) The Committee may invite such executives, as it considers appropriate, to be present at its meetings.

#### VOTING

- A) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- B) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

#### APPOINTMENT OF DIRECTORS/KMP/SMP

##### A) General Appointment Criteria :

- i. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his/her appointment.
- ii. The Committee should ensure that the person so appointed as Director/Independent Director/KMP/SMP also fulfil the following requirements :
  - a) Shall possess a Director Identification Number;
  - b) Shall not be disqualified under the Act, rules made thereunder, SEBI (LODR) Regulations, 2015 or any other enactment for the time being in force;
  - c) Shall give his written consent to act as a Director;
  - d) Shall endeavour to attend all Board Meetings and wherever he is appointed as a Committee Member, the Committee Meeting;
  - e) Shall abide by the Code of Conduct established by the Company for Directors/KMP/SMP.
- iii. The Director / Independent Director / KMP / SMP shall be appointed as per the procedure laid down under the provisions of the Act, rules made thereunder, SEBI (LODR) Regulations, 2015 or any other enactment for the time being in force.

##### B) Additional Criteria for Appointment of Independent Directors :

The Committee shall consider qualifications for Independent Directors as mentioned in herein earlier under the head

## ‘ANNEXURE - F’ TO THE DIRECTORS’ REPORT

### NOMINATION AND REMUNERATION POLICY

‘Definitions’ and also their appointment shall be governed as per the provisions of Regulation 25 of the SEBI (LODR) Regulations, 2015 (as amended from time to time) and the Act.

**C) Term/Tenure :**

The term/tenure of the Directors shall be governed as per provisions of the Act and rules made thereunder as amended from time to time.

**D) Removal :**

Due to reasons for any disqualification mentioned in the Act, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP or SMP subject to the provisions and compliance of the said Act, rules and regulations.

**E) Letters of Appointment :**

Each Director/KMP/SMP is required to sign the Letter of Appointment with the Company containing the terms of appointment and the role assigned in the Company.

### CRITERIA FOR EVALUATION/ASSESSMENT OF DIRECTORS / KMP / SMP OF THE COMPANY

The evaluation/assessment of the Directors, KMPs and the SMP of the Company is to be conducted on an annual basis and to satisfy the requirements of the SEBI (LODR) Regulations, 2015.

**A) Executive Directors :**

The following criteria may assist in determining how effective the performances of the Directors / KMP / SMP have been :

- Leadership and stewardship abilities
- Contributing to clearly define corporate objectives and plans
- Communication of expectations and concerns clearly with subordinates
- Obtain adequate, relevant and timely information from external sources
- Review and approval achievement of strategic and operational plans, objectives, budgets
- Regular monitoring of corporate results against projections
- Identify, monitor and mitigate significant corporate risks
- Assess policies, structures and procedures
- Direct, monitor and evaluate KMPs, Senior Officials
- Review management's succession plan
- Effective meetings
- Assuring appropriate board size, composition, independence, structure
- Clearly defining roles and monitoring activities of committees
- Review of corporation's ethical conduct

Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/Non-Independent Directors in a separate meeting of the Independent Directors.

**B) Non-Executive Directors :**

The Non-Executive Directors shall be evaluated on the basis of the following criteria i.e. whether they :

- Act objectively and constructively while exercising their duties;
- Exercise their responsibilities in a bona fide manner in the interest of the Company; devote sufficient time and attention to their professional obligations for informed and balanced decision making;



## ‘ANNEXURE - F’ TO THE DIRECTORS’ REPORT

### NOMINATION AND REMUNERATION POLICY

- Do not abuse their position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- Refrain from any action that would lead to loss of his independence;
- Inform the Board immediately when they lose their independence;
- Assist the Company in implementing the best Corporate Governance practices.
- Strive to attend all meetings of the Board of Directors and the Committees;
- Participate constructively and actively in the Committees of the Board in which they are Chairpersons or members;
- Strive to attend the general meetings of the Company;
- Keep themselves well informed about the Company and the external environment in which it operates;
- Do not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.
- Abide by Company's Memorandum and Articles of Association, Company's policies and procedures including code of conduct, insider trading guidelines etc.

The Executive Director / Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

### REMUNERATION OF DIRECTORS, KMP AND SMP

The guiding principle is that the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, KMP and other SMP. The Directors, KMP and other SMP salary shall be based and determined on the individual person's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any.

The Nomination and Remuneration Committee determines individual remuneration packages for Directors, KMP and SMP of the Company taking into account factors it deems relevant, including but not limited to market, business performance and practices in comparable Companies, having due regard to financial and commercial health of the Company as well as prevailing laws and government / other guidelines. The Committee consults with the Chairman of the Board as it deems appropriate. Remuneration of the Chairman is recommended by the Committee to the Board of the Company. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the workings of the Company and its goods :

#### I. Director/Managing Director :

##### a) Base Compensation (fixed salaries) :

Must be competitive and reflective of the individual's role, responsibility and experience in relation to performance of day-to-day activities, usually reviewed on an annual basis; (includes salary, allowances and other statutory/non-statutory benefits which are normal part of remuneration package in line with market practices).

##### b) Variable salary :

The Nomination and Remuneration Committee may in its discretion structure any portion of remuneration to link rewards to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set by the Board. The amount payable is determined by the Committee, based on performance against pre-determined financial and non-financial metrics.

#### II. Non Executive Independent Directors :

The Independent Directors shall not be entitled to any stock option and may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose as may be decided by the Board and profit related



## 'ANNEXURE - F' TO THE DIRECTORS' REPORT

### NOMINATION AND REMUNERATION POLICY

commission as may be approved by the Members. The sitting fee to the Independent Directors shall not be less than the sitting fee payable to other Directors provided that the amount of such fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

The remuneration payable to the Directors shall be as per the Company's policy and shall be valued as per the Income Tax Rules.

#### III. KMP/SMP etc :

The remuneration payable to the KMP and the SMP shall be as may be decided by the Board having regard to their experience, leadership abilities, initiative taking abilities and knowledge base and governed by the limits, if any prescribed under the Act and rules made thereunder or any other enactment for the time being in force.

#### POLICY ON BOARD DIVERSITY

The Board of Directors shall have the optimum combination of Directors from the different areas/fields like Production, Management, Quality Assurance, Finance, Sales and Marketing, Supply chain, Research and Development , Human Resources, etc. or as may be considered appropriate.

The Board shall have at least one Board member who has accounting or related financial management expertise and at least three members who are financially literate.

**'ANNEXURE - G' TO THE DIRECTORS' REPORT**

**(THIS REPORT FORMS PART OF DIRECTOR'S REPORT)**  
**DISCLOSURE IN DIRECTOR'S REPORT PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES, 2014**

Sl.	Employee Name	Designation	Remuneration Received (Amount ₹)	Qualification	Age (yrs.)	Total Experience (yrs.)	Date of Commencement of Employment in the Company	Previous employment
A	B	C	D	E	F	G	H	I
1.	Radhey Shyam Jalan	Managing Director	25,50,000	B. Com (H), Chartered Accountant	37	17	16-01-2009	Nil
2.	Samir De	Senior Manager (Captive Power Plant)	16,18,096	Diploma (Mechanical) & Electrical Engineer	58	23	23-05-2011	TATA Metaliks Ltd.
3.	Arun Kumar Das	Sr. General Manager (Production & Operations)	15,61,740	BSC., Diploma in Metallurgy, PG in Production Management	50	20	15-10-1997	Usha Martin Industries Ltd.
4.	Manoj Prasad	DGM (Mechanical)	11,77,908	Diploma (Mechanical Engineering)	42	15	15-10-2011	Jai Balaji Industries Ltd.
5.	Navaratan Chhajjer	Commercial Manager	10,49,076	B.com, Chartered Accountant	50	30	10-12-1993	Woolworth India Ltd.
6.	Mukesh Bengani	Chief Financial Officer	86,7456	B. Com (H), Chartered Accountant	37	13	01-04-2009	ICICI Bank Ltd.
7.	Supriya Ranjan Majee	Manager (Sinter Plant/ Operations)	69,7332	B- Tech In Metallurgy	41	11	20-01-2010	Rohit Ferrotech Ltd.
8.	Rakesh Kumar Khemani	Manager	6,08,160	B.Com (H)	52	21	01-05-2013	Bengal Energy Ltd.
9.	Supriya Banerjee	Manager (MBF/ Electrical)	5,81,388	Diploma in Electrical	41	20	15-03-2007	Shivam Industries Ltd.
10.	Ruchika Fogla	Company Secretary	5,40,960	Company Secretary, M.Com, MBA (Finance)	32	12	12-08-2009	BESCO Ltd.

## 'ANNEXURE - G' TO THE DIRECTORS' REPORT

**Notes :**

1. Remuneration received includes salary, commission, allowances, medical and leave travel expenses, leave encashment paid, monetary value of perquisites as per Income Tax Rules and Company's contributions to Provident and Superannuation Fund.
2. Nature of employment is Contractual in the case of Managing Director.
3. In respect of all the other employees, the nature of employment is non-contractual, terminable by notice on either side and liable to transfer to any division of the Company.
4. None of the employee mentioned above is relative of any Director of the Company.
5. None of the employee has any shareholding in the Company as on 31st March, 2017.
6. Total experience shown in Column G includes service with previous employers.

For and on behalf of the Board of Directors

Place : Kolkata

Dated : The 27<sup>th</sup> day of May, 2017

**Radhey Shyam Jalan**

*Chairman and Managing Director*



## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
**K I C METALIKS LIMITED**

### Report on the Financial Statements

We have audited the accompanying financial statements of K I C Metaliks Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid accounts give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2017;
- b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date.
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



## INDEPENDENT AUDITORS' REPORT

### Report on Other Legal & Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the Annexure "A" statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of written representations received from the Directors as on March 31, 2017, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2017, from being appointed as a Director in terms of Section 164(2) of the Act.
  - (f) With respects to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
  - (g) With respect to the other matters included in the Auditor's Report in accordance with the Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to our best of our information and according to the explanations given to us:
    - i) With reference to Note No. 26 to the financial statements the Company has disclosed the impact of pending litigations on its financial position.
    - ii) The Company did not have long-term contracts including derivatives contracts for which there were any material foreseeable losses.
    - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
    - iv) The Company has provided requisite disclosures in the financial statements as to holding as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016, on the basis of information available with the Company. Based on audit procedures and relying on management's representation, we report that disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management- Refer Note No. 32 to the Financial Statements.

For **Agarwal Maheswari & Co.**  
Chartered Accountants  
Firm Reg. No. 314030E

**D. R. Agarwal**  
Partner

Membership No. 051484.

Place: Kolkata  
Date: The 27<sup>th</sup> day of May, 2017



## ANNEXURE - A' TO THE INDEPENDENTS AUDITORS' REPORT

(Referred to in Paragraph 1 under 'Report on other Legal and Regulatory Requirements' Section of our report of even date)

1. In respect of its Fixed Assets:
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets on the basis of available information.
  - (b) As explained to us, all the Fixed Assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in name of Company.
2. As explained to us, inventories have been physically verified during the year by the management at reasonable interval and no material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of The Companies Act, 2013.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.
5. The Company has not accepted any deposits from the public to which directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under apply.
6. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under Section 148(1) of the Companies Act, 2013 and are of the opinion on that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
7. According to the information and explanations given to us in respect of statutory dues:
  - (a) The undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, value added tax, cess and to the extent applicable and any other statutory dues to the appropriate authorities have generally been regularly deposited with the appropriate authorities.  
  
There is no undisputed statutory dues payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, value added tax, cess and other material statutory dues were in arrears as at March 31, 2017, for a period of more than six months from the date they became payable.
  - (b) According to the information and explanations given to us, there are disputed statutory dues arrear as at March 31, 2017.

Name of the Statute	Nature of dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act	Excise Duty	117.81	2006	CESTAT
WB VAT Act	Input claim pending	312.31	2012	WB Commercial Tax Appellate & Revision Board.

8. The Company has not defaulted in repayment of loans or Borrowings to any financial institution, banks, government or debenture holders during the year.
9. Based on our audit procedures and on the information and explanations given to us, we are of the opinion that, the Company has not raised any money by way of initial public offer or further public offer (including debt instrument) and term loan during the year. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

## ‘ANNEXURE - A’ TO THE INDEPENDENTS AUDITORS’ REPORT

11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has provided for managerial remuneration in accordance with the requisite approvals mandated by provision of Section 197 read with Schedule V to the Act.
12. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
13. 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 Section 177 & 188 of the Act where applicable and details of such transaction have been disclosed in financial statements as required by the applicable Accounting Standards.
14. 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 debenture during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non cash transaction with Director or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
16. The Company is not required to registered under Section 45-IA of the Reserve Bank of India Act 1934.

For **Agarwal Maheswari & Co.**  
Chartered Accountants  
Firm Reg. No. 314030E

**D. R. Agarwal**  
Partner

Membership No. 051484

Place: Kolkata  
Date: The 27<sup>th</sup> day of May, 2017

## ‘ANNEXURE B’ TO THE INDEPENDENTS AUDITORS’ REPORT

(Report on the Internal Financial Controls 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 K I C Metaliks Limited (“the Company”) as of 31<sup>st</sup> March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management’s responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining Internal Financial Controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institution of Chartered Accountants of India (ICAI). These responsibilities includes 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 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 information, as required under the companies Act, 2013.

### Auditor’s 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 Guidance Note on Internal Financial Controls over financial Reporting (the ‘Guidance Note’) and the Standard of Auditing, issued by ICAI and deemed to be prescribe under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those standard and Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.



## 'ANNEXURE B' TO THE INDEPENDENTS AUDITORS' REPORT

Our audit involves performing procedure to obtained audit evidence about the adequacy of the Internal Financial Controls system over the financial reporting and there operating effectiveness. Our audit of the Internal Financial Controls system over the financial reporting includes obtaining an understanding of Internal Financial Controls system over the financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on assessed risk. The procedures selected depend on Auditor's judgment, including the assessment of the risk of material misstatement of financial statement, whether due to fraud or error.

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

### Meaning of Internal Financial Controls over Financial Reporting

A Company's Internal Financial Controls 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 Controls 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 transaction and disposition of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statement in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorization of the management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have material effect on the financial statements.

### Inherent Limitation of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of Internal Financial Controls over financial reporting, includes the possibility of collusion or improper management override of controls, material misstatement due to error or fraud may occur and not be detected. Also, projection of any evaluation of 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 policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate Internal Financial Controls system over financial reporting and such internal financial control over financial reporting were operate effectively as at 31<sup>st</sup> March, 2017, 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 Institution of Chartered Accountants of India.

For **Agarwal Maheswari & Co.**  
Chartered Accountants  
Firm Reg. No. 314030E

**D. R. Agarwal**  
Partner

Membership No. 051484

Place: Kolkata

Date: The 27<sup>th</sup> day of May, 2017



**BALANCE SHEET**as at 31<sup>st</sup> March, 2017

(₹ in Lakhs)

	Note	As at 31.03.2017	As at 31.03.2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	5,219.92	5,219.92
Reserves and Surplus	3	4,161.31	3,794.06
		<b>9,381.23</b>	<b>9,013.98</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	3,623.55	3,762.87
Deferred Tax Liabilities (Net)	5	711.30	575.12
Long-Term Provisions	6	78.45	65.33
		<b>4,413.30</b>	<b>4,403.32</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	7	1,571.21	2,008.14
Trade Payables	8	10,523.24	11,786.04
Other Current Liabilities	9	3,366.46	3,653.48
Short-Term Provisions	10	134.18	83.11
		<b>15,595.09</b>	<b>17,530.77</b>
<b>TOTAL</b>		<b>29,389.62</b>	<b>30,948.07</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	11	12,469.42	13,261.33
Intangible Assets	11	-	23.42
		<b>12,469.42</b>	<b>13,284.75</b>
Other Non-Current Assets	12	797.45	694.81
		<b>13,266.87</b>	<b>13,979.56</b>
<b>Current Assets</b>			
Inventories	13	8,046.38	8,933.72
Trade Receivables	14	3,084.09	3,570.00
Cash and Bank Balances	15	541.53	2,427.36
Short-Term Loans and Advances	16	3,985.91	1,332.17
Other Current Assets	17	464.84	705.26
		<b>16,122.75</b>	<b>16,968.51</b>
<b>TOTAL</b>		<b>29,389.62</b>	<b>30,948.07</b>

Significant Accounting Policies

1

The annexed notes (1 to 39) are integral part of these financial statements

In term of our report of even date attached

For and on behalf of the Board of Directors

For **Agarwal Maheswari & Co.**

Firm Registration No. 314030E

Chartered Accountants

**D. R. Agarwal**

Partner

Membership No. 051484

Place : Kolkata

Dated : The 27<sup>th</sup> day of May, 2017**Mukesh Bengani**

Chief Financial Officer

**Ruchika Fogla**

Company Secretary

**Radhey Shyam Jalan**

Chairman and Managing Director

**Sayantony Banerjee**

Director



## STATEMENT OF PROFIT AND LOSS

for the year ended 31<sup>st</sup> March, 2017

(₹ in Lakhs)

	Note	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>REVENUE</b>			
Revenue from Operations (Net)	18	28,855.51	31,225.71
Other Income	19	233.05	320.90
<b>Total Revenue</b>		<b>29,088.56</b>	<b>31,546.61</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	20	18,430.96	19,015.76
Purchase of Stock-in-Trade	21	4,993.02	6,608.21
Changes in Inventories of Finished Goods and Stock-in-Trade	22	293.30	483.15
Employee Benefits Expense	23	1,040.62	1,030.56
Finance Costs	24	609.90	751.38
Depreciation and Amortization Expense	11	852.42	863.39
Other Expenses	25	2,364.91	2,723.32
<b>Total Expenses</b>		<b>28,585.13</b>	<b>31,475.77</b>
<b>PROFIT BEFORE TAX</b>		<b>503.43</b>	<b>70.84</b>
<b>Tax Expense</b>			
(1) Current Tax		102.64	13.58
Less: MAT Credit Entitlement		102.64	13.50
Net Current Tax		-	0.08
(2) Deferred Tax		136.18	(4.40)
<b>Total Tax Expenses</b>		<b>136.18</b>	<b>(4.32)</b>
<b>PROFIT FOR THE YEAR</b>		<b>367.25</b>	<b>75.16</b>
Earnings per Equity Share in (₹)			
Basic and Diluted		5.17	1.06
<b>TOTAL</b>			

Significant Accounting Policies

1

The annexed notes (1 to 39) are integral part of these financial statements

In term of our report of even date attached

For and on behalf of the Board of Directors

For **Agarwal Maheswari & Co.**

Firm Registration No. 314030E

Chartered Accountants

**D. R. Agarwal**

Partner

Membership No. 051484

Place : Kolkata

Dated : The 27<sup>th</sup> day of May, 2017

**Mukesh Bengani**

Chief Financial Officer

**Ruchika Fogla**

Company Secretary

**Radhey Shyam Jalan**

Chairman and Managing Director

**Sayantony Banerjee**

Director

## Cash Flow Statement

for the year ended 31st March, 2017

(₹ in Lakhs)

	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit before Taxes	503.43	70.84
Adjustments for :		
Depreciation and Amortization	852.42	863.39
(Profit)/Loss from sale of Fixed Assets	(1.21)	2.13
Interest Income	(208.21)	(189.91)
Finance Costs	609.90	751.38
<b>Operating Profit before Working Capital Changes</b>	<b>1,756.33</b>	<b>1,497.83</b>
<b>Adjustments for (increase)/decrease in Operating Assets:</b>		
Inventories	887.34	3,392.42
Trade Receivables	485.91	(1,126.43)
Other Current Assets	240.42	(56.68)
Short-Term Loans & Advances	(2,653.74)	(1,177.52)
Other Non Current Assets	(102.64)	(13.50)
<b>Adjustments for increase/(decrease) in Operating Liabilities:</b>		
Trade Payables	(1,262.80)	(498.93)
Other Current Liabilities	(287.02)	1,135.29
Short-Term Provisions	51.07	8.15
Long-Term Provisions	13.12	6.68
Deferred Tax Liability (Net)	136.18	(4.40)
<b>Cash generated from Operations</b>	<b>(735.83)</b>	<b>3,162.91</b>
Direct Taxes (Net)	(136.18)	4.32
<b>Net Cash generated from Operating Activities</b>	<b>(872.01)</b>	<b>3,167.23</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets and Capital Work-in-Progress	(37.64)	(31.68)
Interest Received	208.21	189.91
Cash flow from sale of Fixed Assets	1.76	0.86
<b>Net Cash generated/(used in) from Investing Activities</b>	<b>172.33</b>	<b>159.09</b>



## Cash Flow Statement

for the year ended 31st March, 2017

(₹ in Lakhs)

	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Increase/(Decrease) in Working Capital Loan	(436.93)	392.57
Repayment of Long-Term Borrowings	(150.00)	(1,000.00)
Increase/(Decrease) in Deferred payment Liability (Net)	10.68	12.87
Change in Bank Balances not considered as cash and cash equivalents	1,886.60	(1,989.55)
Finance Costs	(609.90)	(751.38)
<b>Net Cash (used in)/generated from Financing Activities</b>	<b>700.45</b>	<b>(3,335.49)</b>
Net increase/(decrease) in Cash & Cash Equivalents	<b>0.77</b>	<b>(9.17)</b>
Cash and Cash Equivalents as at the beginning of the year	<b>6.97</b>	<b>16.14</b>
<b>Cash and Cash Equivalents as at the end of the year</b>	<b>7.74</b>	<b>6.97</b>

In term of our report of even date attached

For **Agarwal Maheswari & Co.**

Firm Registration No. 314030E

Chartered Accountants

For and on behalf of the Board of Directors

**D. R. Agarwal**

Partner

Membership No. 051484

Place : Kolkata

Dated : The 27<sup>th</sup> day of May, 2017

**Mukesh Bengani**

Chief Financial Officer

**Ruchika Fogla**

Company Secretary

**Radhey Shyam Jalan**

Chairman and Managing Director

**Sayantony Banerjee**

Director



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2017

### 1. SIGNIFICANT ACCOUNTING POLICIES:

#### a) BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention on accrual basis and on principles of going concern. The accounting policies are in accordance with the generally accepted accounting principles in India, with the accounting standards specified under Section 133 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013.

The preparation of the financial statements requires estimates and assumptions to be made that affect the reported amounts of Assets and Liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the results are known/materialized.

#### b) FIXED ASSETS AND DEPRECIATION/AMORTIZATION

- i) Fixed assets are stated at cost less net of recoverable taxes and subsequent improvements thereto including non recoverable taxes, duties and freight and other incidental expenses related to acquisition and installation are added to the cost of Fixed Assets.
- ii) Depreciation on Fixed Assets has been provided on straight line basis over their estimated useful life as specified in the Schedule II of the Companies Act, 2013. Leasehold Assets are amortized over the period of lease. Intangible Assets are amortized over a period of five years.

#### c) CAPITAL WORK-IN-PROGRESS

Cost of the Fixed Assets that are not yet ready for their intended use at the Balance Sheet date together with all related expenditures are shown under Capital Work in Progress.

#### d) 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. Sales are recognized on transfer of significant risk and rewards of ownership which generally coincide with the dispatch of the goods. Sales are stated at net of Sales tax, VAT, trade discount, rebates but include Excise Duty.

#### e) INVENTORIES

Inventories are valued at the lower of cost and net realizable value. Cost is determined on the weighted average basis and where applicable, comprises purchase price, freight and handling, non-refundable taxes and duties and other directly attributable costs. Finished products also include Excise Duty on product manufactured.

#### f) FOREIGN CURRENCY TRANSACTIONS

- i) Initial recognition - Foreign Currency transactions are recorded in the reporting currency, by applying to the Foreign Currency amount the exchange rate between the reporting currency and the foreign currency on the date of transaction.
- ii) Conversion - Foreign Currency monetary items are reported using the closing rate. Non monetary items which are carried in terms of historical cost denominated in a Foreign Currency are reported using the exchange rate on the date of transaction.
- iii) Exchange difference - Exchange difference arising on the settlement or conversion of Monetary Current Assets and Liabilities are recognized as income or as expenses in the year in which they arise.

#### g) BORROWING COST

Borrowing Costs incurred in relation to the acquisition, construction of assets are capitalized as the part of the cost of such assets upto the date when such assets are ready for intended use. Other borrowing costs are charged as an expense in the year in which these are incurred.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2017

### h) TAXATION

Provision for tax is made for both Current and Deferred Taxes. Current Tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred Tax Assets and Liabilities arising on account of timing difference and which are capable of reversal in subsequent periods are recognized using the tax rates and tax laws that have been enacted or substantively enacted.

### i) PRIOR PERIOD ADJUSTMENTS

Income and expenditure pertaining to prior period have been accounted under respective heads of Statement of Profit and Loss. However, net effect of such amount, where material, is disclosed separately in Notes to the Financial Statements.

### j) IMPAIRMENT OF ASSETS

An asset is considered as impaired in accordance with Accounting Standard - 28 on Impairment of Assets, when at Balance Sheet date there are indications of impairment and the carrying amount exceeds its recoverable amount, the reduction is recognized as an impairment loss in the Statement of Profit and Loss.

### k) EMPLOYEE BENEFITS

- i) Employee benefits of short term nature are recognized as expense as and when it accrues.
- ii) Employee benefits of long term nature are recognized as expenses based on actuarial valuation.
- iii) Post employment benefits in the nature of Defined Contribution Plans are recognized as expense as and when it accrues and that in the nature of Defined Benefit Plans are recognized as expenses based on actuarial valuation.
- iv) Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss as income and/or expense.

### l) EARNING PER SHARE

The Company reports Earning Per Share (EPS) in accordance with Accounting Standard 20. Basic EPS is computed by dividing the Net Profit for the year by the weighted average number of Equity Shares outstanding during the year. Diluted EPS is computed by dividing the Net Profit or Loss for the year by the weighted average number of Equity Shares outstanding during the year as adjusted for the effects of all dilutive potential Equity Shares, except where the results are anti dilutive.

### m) CASH FLOW STATEMENT

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard - 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company. Cash and cash equivalents presented in the Cash Flow Statement consist of cash on hand and demand deposits with banks.

### n) PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2017

(₹ in Lakhs)

	As at 31.03.2017		As at 31.03.2016	
	(Number)	(Amount)	(Number)	(Amount)
<b>2. SHARE CAPITAL</b>				
<b>a) Authorised :</b>				
Equity Shares of ₹ 10 each	2,50,00,000	2,500.00	2,50,00,000	2,500.00
Preference Shares of ₹ 10 each	7,50,00,000	7,500.00	7,50,00,000	7,500.00
<b>Total</b>		<b>10,000.00</b>		<b>10,000.00</b>
<b>b) Issued, Subscribed and Fully Paid up :</b>				
<b>Equity Shares of ₹ 10 each fully paid up</b>				
Balance at the beginning of the year	70,99,200	709.92	70,99,200	709.92
Add: Addition during the year	-	-	-	-
<b>Balance at the end of the year 'A'</b>	<b>70,99,200</b>	<b>709.92</b>	<b>70,99,200</b>	<b>709.92</b>
<b>7% Redeemable Non-Cumulative Preference Shares of ₹ 10 each fully paid up</b>				
Balance at the beginning of the year	4,51,00,000	4,510.00	4,51,00,000	4,510.00
Add: Addition during the year	-	-	-	-
<b>Balance at the end of the year 'B'</b>	<b>4,51,00,000</b>	<b>4,510.00</b>	<b>4,51,00,000</b>	<b>4,510.00</b>
<b>Total (A+B)</b>		<b>5,219.92</b>		<b>5,219.92</b>

	Number of Shares held	% of Shares held	Number of Shares held	% of Shares held
<b>c) Shares held by Holding Company :</b>				
<b>Equity Shares</b>				
Karni Syntex Pvt. Ltd. (Holding Company)	41,37,096	58.28	41,26,885	58.13

	Number of Shares held	% of Shares held	Number of Shares held	% of Shares held
<b>d) List of Shareholder holding more than 5 percent Shares in the Company :</b>				
<b>Equity Shares</b>				
Name of Shareholder				
i) Karni Syntex Pvt. Ltd (Holding Company)	41,37,096	58.28	41,26,885	58.13
ii) Flamingo Overseas Pvt. Ltd.	6,10,000	8.59	6,10,000	8.59
<b>7% Redeemable Non-Cumulative Preference Shares</b>				
Name of Shareholder				
i) Shivsai Tieup Pvt. Ltd.	66,50,000	14.75	66,50,000	14.75
ii) Prachi Projects Pvt. Ltd.	45,00,000	9.98	45,00,000	9.98
iii) Divya Electronics Pvt. Ltd.	38,50,000	8.54	38,50,000	8.54
iv) Potential Electricals & Electronics Pvt. Ltd.	37,50,000	8.31	37,50,000	8.31
v) Stardox Vinimay Pvt. Ltd.	30,70,000	6.81	30,70,000	6.81
vi) Vivek Tracom Pvt. Ltd.	29,50,000	6.54	29,50,000	6.54
vii) Ushita Trading & Agencies Pvt. Ltd.	25,30,000	5.61	25,30,000	5.61

### Rights, Preferences and Restrictions attached to Shares

- a) The Equity Shares of the Company have par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. All these Equity Shares have same right with respect to payment of dividend, repayment of capital and voting. In the event of liquidation, the Equity Shareholders are eligible to receive the remaining assets of the Company after distribution of preferential amounts, in proportion to their shareholding.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2017

(₹ in Lakhs)

- b) The Company has 7% Redeemable Non-Cumulative Preference Shares having a nominal value of ₹ 10 per share. The Preference Shareholders shall have the right to vote on any resolution of the Company directly affecting their rights. The Preference Shares would be redeemable within nineteenth year from the date of allotment however, it may be redeemed at any time after five years from the date of allotment at the option of the Company, subject to approval from statutory bodies and financial institutions, if any. In the case of liquidation, the Preference Shareholder will be preferred over the Equity Shareholder for the distribution of remaining assets of the Company.

(₹ in Lakhs)

	As at 31.03.2017	As at 31.03.2016
<b>3. RESERVES AND SURPLUS</b>		
<b>Capital Redemption Reserve</b>		
Balance at the beginning of the year	300.00	300.00
Add: Addition during the year	-	-
<b>Balance at the end of the year 'A'</b>	<b>300.00</b>	<b>300.00</b>
<b>Securities Premium Reserve</b>		
Balance at the beginning of the year	1,973.88	1,973.88
Add: Addition during the year	-	-
<b>Balance at the end of the year 'B'</b>	<b>1,973.88</b>	<b>1,973.88</b>
<b>Surplus in Statement of Profit and Loss</b>		
Balance at the beginning of the year	1,520.18	1,445.02
Add: Profit after tax for the year	367.25	75.16
<b>Balance at the end of the year 'C'</b>	<b>1,887.43</b>	<b>1,520.18</b>
<b>Total (A+B+C)</b>	<b>4,161.31</b>	<b>3,794.06</b>

	As at 31.03.2017	As at 31.03.2016
<b>4. LONG-TERM BORROWINGS</b>		
<b>Term Loans</b>		
From Banks (Secured)	-	-
From Others (Unsecured)	3,600.00	3,750.00
Deferred Payment Liabilities (Secured)	23.55	12.87
	<b>3,623.55</b>	<b>3,762.87</b>

Deferred payment liabilities are secured by way of hypothecation of respective assets, acquired on deferred payment credit basis.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2017

(₹ in Lakhs)

	As at 31.03.2016	Charge/(Credit) to the Statement of Profit and Loss	As at 31.03.2017
<b>5. DEFERRED TAX LIABILITIES (NET)</b>			
<b>Deferred Tax Liabilities</b>			
Difference between Book and Tax Depreciation	1,533.26	36.27	1,569.53
<b>Deferred Tax Assets</b>			
Unabsorbed Depreciation and Business Losses as per Income Tax Act	937.96	(103.26)	834.70
Provision for Employee Benefits	20.18	3.35	23.53
	<b>958.14</b>	<b>(99.91)</b>	<b>858.23</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>575.12</b>	<b>136.18</b>	<b>711.30</b>

	As at 31.03.2017	As at 31.03.2016
<b>6. LONG-TERM PROVISIONS</b>		
Provision for Gratuity	65.37	56.23
Provision for Leave Encashment	13.08	9.10
	<b>78.45</b>	<b>65.33</b>

	As at 31.03.2017	As at 31.03.2016
<b>7. SHORT TERM BORROWINGS</b>		
<b>Loans Repayable on Demand</b>		
Working Capital from Banks (Secured)	1,571.21	2,008.14
	<b>1,571.21</b>	<b>2,008.14</b>

The working capital loans from banks are secured by way of first charge by way of hypothecation of Current Assets of the Company comprising stock of raw materials, stock -in-process, finished goods, stores and book debts, both present and future and second charge on Fixed Assets of the Company and corporate guarantee of Promoter Company and personal guarantee of Promoter Director.

	As at 31.03.2017	As at 31.03.2016
<b>8. TRADE PAYABLES</b>		
Total Outstanding due of Creditors	10,523.24	11,786.04
	<b>10,523.24</b>	<b>11,786.04</b>

	As at 31.03.2017	As at 31.03.2016
<b>9. OTHER CURRENT LIABILITIES</b>		
Current Maturities of Term Loan of Banks	-	1,375.00
Current Maturities of Deferred Payment Liabilities	15.19	4.49
<b>Other Payables</b>		
- Statutory Liabilities	518.80	375.29
- Advances from Customers	2,743.89	1,782.41
- Other Payables	39.15	39.79
- Interest Payable on Borrowings	49.43	76.50
	<b>3,366.46</b>	<b>3,653.48</b>

	As at 31.03.2017	As at 31.03.2016
<b>10. SHORT-TERM PROVISIONS</b>		
Provision for Excise Duty	31.54	65.34
Provision for Taxation	102.64	17.77
	<b>134.18</b>	<b>83.11</b>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2017

(₹ in Lakhs)

11. FIXED ASSETS		GROSS BLOCK			DEPRECIATION/AMORTIZATION			NET BLOCK	
Description	Cost as at 31.03.2016	Additions/ Capitalised during the period	Deduction/ Adjustment during the period	Total Cost as at 31.03.2017	Upto 31.03.2016	For the Year	Adjustment during the period	Upto 31.03.2017	As on 31.03.2016
<b>I. TANGIBLE ASSETS</b>									
Lease hold Land	187.19	-	-	187.19	61.66	3.74	-	65.40	125.53
Building & Shed - Factory	1,648.40	-	-	1,648.40	500.27	50.78	-	551.05	1,148.13
Building - Other	27.24	-	-	27.24	4.54	0.43	-	4.97	22.70
Plant and Equipments	17,452.99	4.84	-	17,457.83	5,835.64	726.21	-	6,561.85	11,617.35
Furniture and Fixtures	45.94	0.29	-	46.23	38.65	0.92	-	39.57	7.29
Vehicles	291.90	31.64	10.92	312.62	215.15	18.54	10.37	223.32	76.75
Office Equipments	34.23	0.40	-	34.63	28.18	2.68	-	30.86	6.05
Computers	48.72	0.47	-	49.19	31.12	5.81	-	36.93	17.60
Total	19,736.61	37.64	10.92	19,763.33	6,715.21	809.11	10.37	7,513.95	13,021.40
<b>Assets Given on Lease</b>									
Building & Shed	256.48	-	-	256.48	127.12	7.77	-	134.89	129.36
Plant and Equipments	246.38	-	-	246.38	135.82	12.12	-	147.94	110.56
Furniture and Fixtures	0.15	-	-	0.15	0.14	-	-	0.14	0.01
Total Assets given on Lease	503.01	-	-	503.01	263.08	19.89	-	282.97	239.93
<b>Total Tangible Assets</b>	<b>20,239.62</b>	<b>37.64</b>	<b>10.92</b>	<b>20,266.34</b>	<b>6,978.29</b>	<b>829.00</b>	<b>10.37</b>	<b>7,796.92</b>	<b>13,261.33</b>
PREVIOUS YEAR	20,188.31	57.95	6.64	20,239.62	6,141.98	839.96	3.65	6,978.29	13,261.33
<b>II. INTANGIBLE ASSETS</b>									
Computer Software	5.22	-	-	5.22	4.19	1.03	-	5.22	1.03
Know-How	111.95	-	-	111.95	89.56	22.39	-	111.95	22.39
<b>Total Intangible Assets</b>	<b>117.17</b>	<b>-</b>	<b>-</b>	<b>117.17</b>	<b>93.75</b>	<b>23.42</b>	<b>-</b>	<b>117.17</b>	<b>23.42</b>
PREVIOUS YEAR	117.17	-	-	117.17	70.32	23.43	-	93.75	23.42
<b>GRAND TOTAL</b>	<b>20,356.79</b>	<b>37.64</b>	<b>10.92</b>	<b>20,383.51</b>	<b>7,072.04</b>	<b>852.42</b>	<b>10.37</b>	<b>7,914.09</b>	<b>13,284.75</b>
PREVIOUS YEAR	20,305.48	57.95	6.64	20,356.79	6,212.30	863.39	3.65	7,072.04	13,284.75

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2017

(₹ in Lakhs)

	As at 31.03.2017	As at 31.03.2016
<b>12. OTHER NON-CURRENT ASSETS</b>		
Mat Credit Entitlement	797.45	694.81
	<b>797.45</b>	<b>694.81</b>

	As at 31.03.2017	As at 31.03.2016
<b>13. INVENTORIES</b>		
(Valued at Cost or Net Realisable Value whichever is lower)		
Raw Materials [Included Goods in Transit ₹ 325.34 Lakhs (previous year ₹ 260.75 Lakhs)]	7,220.65	7,897.45
Finished Goods	283.84	610.94
Stores and Spares	541.89	425.33
	<b>8,046.38</b>	<b>8,933.72</b>

	As at 31.03.2017	As at 31.03.2016
<b>14. TRADE RECEIVABLES</b>		
(Unsecured, Considered Good)		
Outstanding for a period exceeding six months from the due date of payment	93.36	87.96
Others	2,990.73	3,482.04
	<b>3,084.09</b>	<b>3,570.00</b>

	As at 31.03.2017	As at 31.03.2016
<b>15. CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents</b>		
Cash on Hand	6.86	2.80
Balances with Banks		
In Current Account	0.88	4.17
	7.74	6.97
<b>Other Bank Balances</b>		
In Fixed Deposits Account	533.79	2,420.39
(Pledged with Bank as Margin Money for Letter of Credit and Bank Guarantee)		
	<b>541.53</b>	<b>2,427.36</b>

	As at 31.03.2017	As at 31.03.2016
<b>16. SHORT-TERM LOANS AND ADVANCES</b>		
(Unsecured, Considered Good)		
Advances to Parties		
(Recoverable in Cash or in kind or Value to be Received)	3,985.91	1,332.17
	<b>3,985.91</b>	<b>1,332.17</b>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2017

(₹ in Lakhs)

	As at 31.03.2017	As at 31.03.2016
<b>17. OTHER CURRENT ASSETS</b>		
Balance with Revenue Authorities	432.84	558.75
Security Deposit	24.73	135.37
Prepaid Expenses	7.27	11.14
	<b>464.84</b>	<b>705.26</b>

	As at 31.03.2017	As at 31.03.2016
<b>18. REVENUE FROM OPERATIONS</b>		
Sale of Goods	31,546.49	34,159.24
Less: Excise Duty	2,690.98	2,933.53
Revenue from Operations (Net)	<b>28,855.51</b>	<b>31,225.71</b>
<b>Sales of Goods comprises</b>		
Pig Iron	25,929.70	27,085.51
Coke and Coal	4,648.99	6,953.08
Others	967.80	120.65
<b>Total Sale of Goods</b>	<b>31,546.49</b>	<b>34,159.24</b>

	As at 31.03.2017	As at 31.03.2016
<b>19. OTHER INCOME</b>		
Interest Income	208.21	189.91
Lease Rental	21.00	36.00
Profit on sale of Fixed Assets	1.21	
Sundry Liabilities relating to earlier years written back	2.63	94.99
	<b>233.05</b>	<b>320.90</b>

	As at 31.03.2017	As at 31.03.2016
<b>20. COST OF MATERIALS CONSUMED</b>		
<b>Raw Materials Consumed</b>		
Opening Stock	7,897.45	10,858.17
Add: Purchases	17,754.16	16,055.04
	<b>25,651.61</b>	<b>26,913.21</b>
Less: Closing Stock	7,220.65	7,897.45
	<b>18,430.96</b>	<b>19,015.76</b>
<b>Raw Materials Consumption Comprises</b>		
Iron Ore	7,559.84	8,751.07
Coke	9,929.91	9,180.27
Others	941.21	1,084.42
<b>Total Raw Material Consumed</b>	<b>18,430.96</b>	<b>19,015.76</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2017

(₹ in Lakhs)

	As at 31.03.2017	As at 31.03.2016
<b>21. PURCHASE OF STOCK-IN-TRADE</b>		
Coke and Coal	4,281.90	6,561.51
Others	711.12	46.70
	<b>4,993.02</b>	<b>6,608.21</b>

	As at 31.03.2017	As at 31.03.2016
<b>22. CHANGES IN INVENTORIES OF FINISHED GOODS</b>		
Closing Stock of Finished Goods	283.84	610.94
Opening Stock of Finished Goods	610.94	1,099.43
(Increase)/Decrease in Inventory	327.10	488.49
Excise Duty on account of change in stock of Finished Goods	(33.80)	(5.34)
	<b>293.30</b>	<b>483.15</b>

	As at 31.03.2017	As at 31.03.2016
<b>23. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries and Wages including Bonus	938.77	937.02
Contribution to Provident and other Funds	82.50	81.03
Staff Welfare Expenses	19.35	12.51
	<b>1,040.62</b>	<b>1,030.56</b>

	As at 31.03.2017	As at 31.03.2016
<b>24. FINANCE COSTS</b>		
Interest Expense	519.44	680.01
Other Borrowing Cost	90.46	71.37
	<b>609.90</b>	<b>751.38</b>

	As at 31.03.2017	As at 31.03.2016
<b>25. OTHER EXPENSES</b>		
Consumption of Stores and Spare Parts	848.28	808.13
Power and Fuel	686.90	864.74
Rent	8.66	10.79
Repairs to Buildings	1.85	0.83
Repairs to Machinery	387.52	68.29
Insurance	8.80	7.28
Rates and Taxes, excluding Taxes on Income	45.47	9.20
Carriage Outwards	98.65	566.36
Commission on sales	21.72	47.91
Loss on Sale of Fixed Assets	-	2.13
<b>Payment to Auditor</b>		
For Statutory Audit	2.52	2.50
For Taxation Matters	0.50	0.50
For Other Services	0.32	0.60
Miscellaneous Expenses	253.72	334.06
	<b>2,364.91</b>	<b>2,723.32</b>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2017

(₹ in Lakhs)

	As at 31.03.2017	As at 31.03.2016
<b>26. CONTINGENT LIABILITIES</b>		
(a) Excise Duty Matters	117.81	127.08
(b) Sales Tax and VAT Matters	312.31	355.75
(c) Jharkhand Entry Tax Matters	81.75	81.75
(d) Electricity Matters	-	97.94

- 27.** Power and Fuel includes ₹ 97.94 Lakhs written off during the year which is related to financial year 2007-08, earlier accounted for as amount receivable from Durgapur Project Ltd for reduction in power tariff under West Bengal Electricity Regulatory Commission (Electricity Supply Code) Regulation 2004, repealed and replaced by 36/WBERC dated 12/09/2007.

### 28. EMPLOYEE BENEFITS

Disclosure Pursuant to Accounting Standard - 15 : The Employee's Gratuity Scheme is unfunded and the Actuarial Valuation of Gratuity Scheme is prepared as at 31<sup>st</sup> March, 2017 under revised AS - 15 norms and accordingly ₹ 9.50 Lakhs has been provided in the books in the current financial year.

#### i) The summary of Key Results Data

	As at 31.03.2017	As at 31.03.2016
<b>Assets/(Liabilities)</b>		
1. Present Value of obligation	65.37	56.22
2. Fair Value of Plan Assets	Nil	Nil
<b>3. Net Asset/(Liability) recognized in Balance Sheet</b>	<b>(65.37)</b>	<b>(56.22)</b>

	For the year ended 31.03.2017	For the year ended 31.03.2016
<b>Employer Expense</b>		
1. Current Service Cost	6.31	6.56
2. Total Employer Expense	9.50	8.63

#### ii) Summary of Membership Data

	As at 31.03.2017	As at 31.03.2016
Number of employee	264	258
Total Monthly Salary (₹ in Lakhs)	15.81	15.59
Average age of Employees	39.14	38.57
Average past service	8.13	7.47
Average future service (years)	18.86	19.43

#### iii) Summary of Financial Assumption Data

	As at 31.03.2017	As at 31.03.2016
Discount Rate per annum Compound	7.84%p.a.	7.80%p.a.
Rate of increase in salaries	5.00%p.a.	5.00%p.a.
Expected Rate of return on Plan Asset	N.A.	N.A.
Mortality	IALM 06-08 ultimate	IALM 06-08 ultimate
Withdrawal Rate	2.00% p.a.	2.00% p.a.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2017

The full results of calculations are set out in disclosure table under revised AS - 15 is reported below:-

### Net Asset/(Liability) recognized in the Balance Sheet – 31<sup>st</sup> March, 2016

	(₹ in Lakhs)
<b>A. Funded Status</b>	
1. Present value of Defined Benefit Obligation	56.23
2. Fair value of Plan Assets	-
3. Funded status [Surplus/(Deficit)]	(56.23)
4. Effect of Balance Sheet Asset Limit	-
5. Unrecognized Past Service Costs	-
<b>6. Net Asset/(Liability) recognized in Balance Sheet</b>	<b>(56.23)</b>

### Total expense recognized in the Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2017

	(₹ in Lakhs)
<b>A. Components of Employer Expense</b>	
1. Current Service Cost	6.31
2. Interest Cost	4.41
3. Expected return of Plan Assets	-
4. Curtailment of Cost/(Credit)	-
5. Settlement Cost/(Credit)	-
6. Amortization of Past Service Cost	-
7. Actuarial Losses/(Gains)	(1.22)
<b>8. Total expense recognized in the Statement of Profit and Loss</b>	<b>9.50</b>
<b>B. Actual Contribution and Benefits Payments for period ended 31<sup>st</sup> March, 2017</b>	
1. Actual benefit payments	0.36
2. Actual Contributions	0.36

### Net Asset/(Liability) recognized in the Balance Sheet – 31<sup>st</sup> March, 2017

	(₹ in Lakhs)
<b>A. Funded Status</b>	
1. Present value of Defined Benefit Obligation	65.37
2. Fair value of Plan Assets	-
3. Funded status [Surplus/(Deficit)]	(65.37)
4. Effect of Balance Sheet Asset Limit	-
5. Unrecognized Past Service Costs	-
<b>6. Net Asset/(Liability) recognized in Balance Sheet</b>	<b>(65.37)</b>
i) Net Asset/(Liability) recognized in Balance Sheet at beginning period	(56.23)
ii) Employer expense	9.50
iii) Employer Contribution	0.36
<b>iv) Net Asset/(Liability) recognized in Balance Sheet at end of the period</b>	<b>(65.37)</b>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2017

### Reconciliation of Defined Benefit Obligations and Fair Value of Assets

	(₹ in Lakhs)
<b>A. Change in Defined Benefit Obligations</b>	
1. Present value of Defined benefit obligation at beginning of period	56.23
2. Current Service Cost	6.31
3. Interest Cost	4.41
4. Curtailment Cost/(Credit)	-
5. Settlement Cost/(Credit)	-
6. Employee Contribution	-
7. Plan Amendments	-
8. Acquisitions	-
9. Actuarial (Gains)/Losses	(1.22)
10. Benefit Paid	(0.36)
<b>11. Present value of Defined benefit obligation at the end of period</b>	<b>65.37</b>

	(₹ in Lakhs)
<b>B. Change in Fair Value of Assets</b>	
1. Plan Assets at beginning of period	-
2. Expected return on Plan Assets	-
3. Actual Gain/(Loss) on Plan Assets	-
4. Actual Company Contributions	0.36
5. Employee Contributions	-
6. Benefits Paid	(0.36)
7. Plan Assets at the end of period	-

### Assets, Liabilities and Experience History, for the year ended 31<sup>st</sup> March, 2017

#### A. Assets and Liability (Balance Sheet Position)

Particulars	As on				
	31/03/2013	31/03/2014	31/03/2015	31/03/2016	31/03/2017
Present value of Obligation	30.33	39.49	49.96	56.23	65.37
Fair Value of Plan Assets	-	-	-	-	-
Unrecognized Past Service Cost	-	-	-	-	-
Effects of Asset Selling	-	-	-	-	-
<b>Net Asset/(Liability)</b>	<b>(30.33)</b>	<b>(39.49)</b>	<b>(49.96)</b>	<b>(56.23)</b>	<b>(65.37)</b>

#### B. Experience adjustments on Present Value of Benefit Obligation and Plan Assets

Particulars	As on				
	31/03/2013	31/03/2014	31/03/2015	31/03/2016	31/03/2017
(Gain)/Loss on Plan Liabilities	(20.14)	3.85	(3.21)	(1.63)	(3.87)
Gain/(Loss) on Plan Assets	-	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2017

29. Based on the risks and returns associated with the business operations and in terms of Accounting Standard-17, the Company is predominantly engaged in a single reportable segment of Iron and Steel during the year. The risks and returns of manufacturing of pig iron and trading of its raw material are directly associated with Iron and Steel business and hence treated as a single reportable business segment. The other activities for Cement manufacturing is less than 10% of Total Revenue and hence there are no additional disclosures to be made under Accounting Standard-17, other than those already provided in the financial statements. The Company is operating only within India and hence India is the only geographical segment.

### 30. RELATED PARTY DISCLOSURES

- a) List of Related Parties and relationship :

Party	Relationship
<b>I. KEY MANAGERIAL PERSONNEL</b>	
A. Mr. Radhey Shyam Jalan	Managing Director
B. Mr. Mukesh Bengani	Chief Financial Officer
C. Mrs. Ruchika Fogla	Company Secretary
<b>II. RELATED PARTY</b>	Holding Company
A. Karni Syntex Pvt. Ltd.	

- b) Transactions during the year : (₹ in Lakhs)

Particulars	2016-17	2015-16
1. With Key Managerial Personnel		
i) Directors Remuneration	25.50	25.66
ii) Other Key Managerial Personnel Remuneration	13.34	13.55

### 31. AS REQUIRED BY ACCOUNTING STANDARD – 20 “EARNINGS PER SHARE” NECESSARY FIGURES ARE FURNISHED BELOW:

Particulars	2016-17	2015-16
a. Profit/(Loss) after taxation (₹ in Lakhs)	367.25	75.16
b. Weighted average No. of Equity Shares	70,99,200	70,99,200
c. Weighted average No. of Equity Shares for Diluted EPS	70,99,200	70,99,200
d. Face value of Equity Shares (₹)	10	10
e. EPS (Basic) (₹)	5.17	1.06
f. EPS (Diluted) (₹)	5.17	1.06

### 32. DISCLOSURE IN RESPECT OF SPECIFIED BANK NOTES HELD AND TRANSACTED

Particulars	Specified Bank Notes (SBNs)*	Other denomination notes	Total (₹ in Lakhs)
Closing cash in hand as on 08.11.2016	Nil	1.90	1.90
(+) Permitted receipts	Nil	7.85	7.85
(-) Permitted payments	Nil	1.35	1.35
(-) Amount deposited in Banks	Nil	Nil	Nil
<b>Closing cash in hand as on 30.12.2016</b>	<b>Nil</b>	<b>8.40</b>	<b>8.40</b>

\*Specified Bank Notes is defined as Bank Notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2017

(₹ in Lakhs)

**33.** There are no micro, small and medium class enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31<sup>st</sup> March, 2017. The above information regarding micro, small and medium class enterprises has been determined to the extent such parties have been identified on the basis of available information with the Company.

**34.** Excise Duty on Inventory of Finished Goods represent differential Excise Duty on opening and closing stock of Finished Goods.

### **35. PARTICULARS OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED**

Consumption of Raw Materials	2016-17		2015-16	
	(₹ in Lakhs)	%	(₹ in Lakhs)	%
Imported	7,086.51	38.45	6,527.55	34.33
Indigenous	11,344.45	61.55	12,488.21	65.67
<b>Total</b>	<b>18,430.96</b>	<b>100.00</b>	<b>19,015.76</b>	<b>100.00</b>

Consumption of Stores & Spares	2016-17		2015-16	
	(₹ in Lakhs)	%	(₹ in Lakhs)	%
Imported	32.48	3.83	18.24	2.26
Indigenous	815.80	96.17	789.89	97.74
<b>Total</b>	<b>848.28</b>	<b>100.00</b>	<b>808.13</b>	<b>100.00</b>

### **36. C.I.F. VALUE OF IMPORTS**

Particulars	2016-17	2015-16
	(₹ in Lakhs)	(₹ in Lakhs)
For Materials	12,782.87	10,797.50

**37.** There is no expenditure in foreign currency on account of royalty, know-how, professional and consultancy fees, interest, etc. and there are no earnings in foreign currency during the year.

**38.** In the opinion of the Board and to the best of their knowledge and belief, the value of the realization of Current Assets, Loan and Advances, in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet.

**39.** Previous year figures have been re-grouped/re-arranged wherever necessary.

In term of our report of even date attached

For **Agarwal Maheswari & Co.**  
Firm Registration No. 314030E  
Chartered Accountants

**D. R. Agarwal**

Partner

Membership No. 051484

Place : Kolkata

Dated : The 27<sup>th</sup> day of May, 2017

For and on behalf of the Board of Directors

**Radhey Shyam Jalan**

Chairman and Managing Director

**Mukesh Bengani**

Chief Financial Officer

**Ruchika Fogla**

Company Secretary

**Sayantony Banerjee**

Director

## NOTES

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