



**GODAWARI POWER & ISPAT**



# ANNUAL REPORT 2014-15

# Forward looking statement

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

We cannot guarantee that these forward-looking statements will be realised, although we believe that we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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# Company Information

**BOARD OF DIRECTORS**

Mr. B. Choudhuri	Chairman (Independent Director)
Mr. B.L. Agrawal	Managing Director
Mr. Abhishek Agrawal	Executive Director
Mr. Dinesh Agrawal	Executive Director
Mr. Vinod Pillai	Executive Director
Mr. Dinesh Gandhi	Non Executive Director
Mr. Shashi Kumar	Independent Director
Mr. B. N. Ojha	Independent Director
Mr. Harishankar Khandelwal	Independent Director
Ms. Bhavna G. Desai	Independent Woman Director

**CFO**

Mr. Sanjay Bothra	Chief Financial Officer
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**COMPANY SECRETARY**

Mr. Y.C. Rao	Company Secretary & Compliance Officer
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**AUDITORS**

M/s. O.P. Singhanian & Co.  
Chartered Accountants, Raipur (C.G.)

**BANKERS**

Canara Bank	State Bank of India
Bank of Baroda	Axis Bank Ltd.
IDBI Bank Ltd	Indian Overseas Bank
Lakshmi Vilas Bank Ltd.	

**SECURITY /DEBENTURE TRUSTEE:** Axis Trustee Services Limited

**REGISTERED OFFICE & WORKS:** Plot No.428/2, Phase I, Industrial Area,  
Siltara - 493 111, Dist. Raipur,  
Chhattisgarh, India.  
Tel: +91 - 771 4082333 Fax: +91 771 4082234

**CORPORATE OFFICE** First Floor, Hira Arcade, Near New Bus Stand,  
Pandri, Raipur - 492 001, Chhattisgarh, India  
Tel.: +91 - 771 - 4082000 Fax: 4082732 / 4057601  
Email: co.secretary@hiragroup.com

**MUMBAI OFFICE** A-401, Lotus Corporate Park (Graham Firth Company),  
Jay Coach Signal, Off Western Express Highway,  
Goregaon (East), Mumbai - 400 063, India.  
Tel: +91 - 22 - 40767466 / 40767474 / 40767433  
Fax: +91 - 22 - 40767440

# Financial Performance

## (Consolidated)

(₹ in Lacs)

PARTICULARS	2014-15	2013-14	2012-13	2011-12	2010-11
<b>INCOME STATEMENT</b>					
SALES (GROSS)	266537.82	234986.89	266345.41	229087.95	123461.89
OTHER INCOME	6021.90	1554.73	1478.37	1133.13	1288.92
GROSS SALES & OTHER INCOME	272559.72	236541.62	267823.78	230221.08	124750.81
NET SALES	239497.98	211805.37	235671.26	206043.30	111861.62
NET SALES & OTHER INCOME	245519.88	213360.10	237149.63	207176.43	113150.54
OPERATING PROFIT (EBITDA)	41842.65	36279.36	34570.53	29310.11	24779.23
PROFIT AFTER TAX (PAT)	7072.71	6997.28	15829.02	8758.15	9945.36
CASH PROFIT	18890.22	17546.10	22920.89	15524.87	15487.61
<b>BALANCE SHEET</b>					
NET BLOCK	240282.12	232775.85	107000.48	105036.42	97074.78
SHARE CAPITAL	3275.62	3275.62	3275.62	3175.62	3175.62
NET WORTH	92440.80	86423.75	79039.65	67809.18	60492.72
LONG TERM BORROWING (INCLUDING CURRENT MATURITIES)	163655.30	168874.28	125237.40	71761.96	62270.15
<b>SIGNIFICANT RATIOS</b>					
OPERATING PROFIT TO NET SALES (%)	17.47	17.13	14.67	14.23	22.15
NET PROFIT TO NET SALES (%)	2.95	3.30	6.72	4.25	8.89
LONG TERM DEBT TO EQUITY RATIO	1.77	1.95	1.58	1.06	1.03
RETURN ON CAPITAL EMPLOYED (%)	1.89	1.99	5.08	4.36	6.35
RETURN ON NET WORTH (%)	7.65	8.10	20.03	12.92	16.44
<b>PER EQUITY SHARES</b>					
BOOK VALUE (₹)	282.21	263.84	241.30	213.47	190.49
EPS (ANNUALISED)	20.21	17.66	46.82	26.54	27.04

**DIRECTORS' REPORT**

To the Members,

Your Directors have pleasure in presenting the 16th Annual Report on the business & operations of the Company together with the Standalone and Consolidated Audited Statement of Financial Accounts for the year ended 31st March 2015.

**1. HIGHLIGHTS OF PERFORMANCE**

- Consolidated income for the year increased by 15.07% to ₹ 2455.20 Crore as compared to ₹ 2133.60 Crore in F.Y 2013-14;
- Consolidated net sales for the year was ₹ 2394.98 Crore as compared to ₹ 2118.05 Crore in F.Y 2013-14, a growth of 13.07%;
- Consolidated profit after tax for the year was ₹ 70.73 Crore as compared to ₹ 69.97 Crore in F.Y.2013-14:

**2. FINANCIAL RESULTS**

Particulars	Standalone		Consolidated	
	2014-15	2013-14	2014-15	2013-14
<b>Gross Sales</b> .....	<b>2166.61</b>	1732.47	<b>2665.38</b>	2349.87
Less: Excise duty/Sales tax/VAT .....	<b>231.56</b>	191.55	<b>270.40</b>	231.82
<b>Net Sales Turnover</b> .....	<b>1935.05</b>	1540.92	<b>2394.98</b>	2118.05
<b>Operating expenses</b> .....	<b>1671.72</b>	1329.01	<b>2036.77</b>	1770.81
<b>Operating Profit</b> .....	<b>263.33</b>	211.91	<b>358.21</b>	347.24
Other Income.....	<b>16.49</b>	24.49	<b>60.22</b>	15.55
<b>Total Revenue</b> .....	<b>1951.54</b>	1565.41	<b>2455.20</b>	2133.60
<b>Profit before Interest, Depreciation, Tax and Amortization (EBIDTA)</b> .....	<b>279.82</b>	236.40	<b>418.43</b>	362.79
Finance Costs.....	<b>144.88</b>	114.51	<b>223.65</b>	165.01
Depreciation and amortization expenses .....	<b>65.82</b>	66.68	<b>118.18</b>	105.49
<b>Profit Before Taxation (PBT)</b> .....	<b>69.12</b>	55.21	<b>76.60</b>	92.29
Taxation (including Deferred Tax).....	<b>7.01</b>	(0.73)	<b>5.87</b>	22.32
<b>Profit after Taxation (PAT)</b> .....	<b>62.11</b>	55.94	<b>70.73</b>	69.97
Less: Minority Interest .....	--	--	<b>4.47</b>	<b>10.94</b>
Less: Share of Loss of associate company .....	--	--	<b>0.05</b>	<b>1.19</b>
Profit brought forward from previous year .....	<b>358.53</b>	<b>316.78</b>	<b>377.54</b>	<b>357.30</b>
<b>Amount available for Appropriations</b> .....	<b>420.64</b>	<b>372.72</b>	<b>443.75</b>	<b>415.14</b>
<b>Appropriations</b> .....				
Proposed Final Dividend on Equity Shares.....	<b>3.28</b>	<b>3.28</b>	<b>4.58</b>	<b>7.28</b>
Interim Equity Dividend .....	--	<b>4.91</b>	--	<b>4.91</b>
Corporate Dividend Tax.....	<b>0.54</b>	--	<b>0.78</b>	<b>2.91</b>
Transfer to General Reserves .....	--	<b>6.00</b>	<b>1.50</b>	<b>22.50</b>
Adjustments for Fixed Assets where useful life as per Schedule-II (Net of taxes) .....	<b>2.35</b>	--	--	--
Depreciation of those assets whose useful life is Nil (Net of taxes) ....	--	--	<b>3.63</b>	--
<b>Total</b> .....	<b>6.17</b>	<b>14.19</b>	<b>10.49</b>	<b>37.60</b>
<b>Net Surplus</b> .....	<b>414.47</b>	358.53	<b>433.25</b>	377.54

### 3. REVIEW OF PERFORMANCE

The financial year 2014-15 was a yet another challenging year due to continued slowdown in Indian Economy and more particularly in Industrial production and infrastructure growth due to lack of demand, stalled projects and broken corporate Balance Sheet. The Iron & Steel Industry went through a difficult period in view of supply constraints of raw material i.e. domestic Iron ore & coal on account of ban of iron ore mining in Orissa and supply of coal to non-regulated sectors by Coal India Ltd which kept the input cost at elevated level on one side and falling finished steel prices on account of cheap imports from China & CIS countries. In the above backdrop, the margin of the industry players contracted. The results of the operating performance of your Company in such challenging & adverse conditions are mentioned below:

#### Stand-alone Operations:

The performance of your Company during the year under review remained satisfactory under the prevailing circumstances and overall slowdown in demand growth. The highlights of the financial performance for the year are as under:

- a) Net Sales Revenue increased by 25.58% to ₹ 1935.05 crores from ₹ 1540.92 crores recorded in previous year.
- b) Operating Profit marginally decreased to 14.46% from 15.34 % achieved in previous year.
- c) PBT increased by 25.19% to ₹ 69.12 crores from ₹ 55.21 crores and net profit after tax remained flat at ₹ 62.11 crores (Previous Year ₹ 55.94 Crores).

#### Consolidated Operations:

- a) Net sales revenue during the FY 2014-15 increased by 13.07% to ₹ 2394.98 crores from ₹ 2118.05 crores recorded in previous year.
- b) EBITDA Margins increased by 4.26 % to ₹ 378.24 crores (Excluding net gain of ₹ 40.19 crores on sale of Current Investments by Subsidiary Company Hira Ferro Alloys Limited) from ₹ 362.79 crores during previous year, recording operating margin of 15.79 %.
- c) PBT decreased to ₹ 76.60 crores from ₹ 92.29 crores. The consolidated PBT fell on account of higher interest & depreciation cost of new pellet plant and Solar Power plant during the year under review.

The detailed performance and financial review has been given in the Annexure to the Directors Report titled "Management Discussion and Analysis".

### 4. SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2015 was ₹ 32.756 Crore. During the year under review, the Company has not issued any shares with differential voting rights nor granted stock options nor sweat equity. As on March 31, 2015, none of the Directors of the Company hold convertible instruments of the Company.

### 5. DEPOSITS

The Company has not accepted any deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

### 6. TRANSFER TO RESERVES

Your Company has not transferred any amount to the General Reserves Account during the Financial Year 2014-15, since the company is proposing a dividend of only 10% on the equity share capital of the company.

The Company had created 25% Debenture Redemption Reserve of ₹ 38.75 crores towards the redemption of outstanding Debentures of ₹ 155 crores as on 31.03.2014. However since the Debentures have been redeemed to the tune of ₹ 60.00 crores during the financial year 2014-15, an amount of ₹ 15.00 crores had been withdrawn from Debenture Redemption Reserve Account and transferred to General Reserve Account leaving a balance of ₹ 23.75 crores which is equivalent to 25% of the outstanding Debentures of ₹ 95 crores as on 31.03.2015 as prescribed under Section 71 of the Companies Act, 2013 read with Rule 7 of the Companies (Share Capital and Debenture) Rules 2014.

### 7. DIVIDEND

Your Directors have pleasure in recommending payment of final dividend @ 10% i.e. Re.1.00 per equity share for the year under review. The total outflow of funds on account of payment of dividend will be ₹ 3.82 crore as compared to ₹ 8.19 crore (25%) during the previous year including dividend tax. Upon approval, the dividend shall be paid to all those shareholders whose names appear in the register of members as on the record date i.e. 31st August, 2015 fixed for payment of dividend.

### 8. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND:

Pursuant to the provisions of Section 125 of the Companies Act, 2013, relevant amounts which remained unpaid or unclaimed for a period of seven years have been transferred by the Company, from time to time on due dates, to the Investor Education and Protection Fund.

## GODAWARI POWER & ISPAT LIMITED

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 27, 2014 (date of last Annual General Meeting) on the Company's website ([www.godawaripowerispat.com](http://www.godawaripowerispat.com)), as also on the Ministry of Corporate Affairs' website.

### 9. EXPANSION/NEW PROJECTS:

Expansion cum balancing Plan in Steel Melting (SMS) and Rolling Capacity:

The Company has during year under review slowed down the work on expansion cum balancing plan in steel melting shop and rolling mill in view of lower demand for steel products. However your Company is taking up appropriate steps to complete the project over next 12 months, by the demand conditions are expected to be improved.

#### Mining Projects:

##### Ari Dongri Iron Ore mines:

Your Company is in process of enhancing the capacity of Ari Dongri Iron Ore mines from 7,00,000 TPA to 14,00,000 TPA, for which Stage I & II forest approval from MoEF has been obtained and mining lease has been executed. The production in enhanced capacity is expected to be started in the current year.

##### Boria Tibu Iron Ore mines:

The Company has started mine development cum mining activities at Boria Tibu Iron Ore mines with capacity of 700000 TPA in Chhattisgarh and the developmental activities are going on smoothly. The Company has also started production from this mine and gradually building up the production volumes.

The output from mines will be sufficient to meet the captive iron ore requirement of the Company's production capacities in Chhattisgarh.

#### Coal Mines:

The Company was allotted three Coal Blocks i.e. Nakia, Madanpur (North) & Madanpur (South) in the State of Chhattisgarh in consortium with other companies through JV Company, namely Chhattisgarh Captive Coal Mining Ltd. However, the said Coal Blocks could not start operations in view of pendency of certain administrative approvals and these Coal Blocks were de-allocated by the Ministry of Coal, which was, however, stayed by the Hon'ble High Court of Delhi and the matter has been sub-judice. The allocation of said Coal

Blocks stands cancelled by virtue of the Order dated September 24, 2014 passed by the Hon'ble Supreme Court. The Company has invested ₹ 6.31 crores in the equity capital of JV Company which has been utilised by JV Company for development of said coal blocks. No provision for impairment in value of Investments in JV Company has been made in view of likely realization of amount invested upon reimbursement of cost incurred by the Company from the future allocates of the said coal blocks. The JV Company is also in process of realization of current assets held by it and the amount is expected to be refunded to the shareholders in due course. Accordingly the provision for impairment in value of investment, if any, shall be made as and when the amount of actual loss is determined.

### 10. ALTERATION OF ARTICLES OF ASSOCIATION

Your Company has adopted new set of articles of association in line with the provisions of the Companies Act, 2013. The Shareholders of the Company in their Annual General Meeting held on 27th September, 2014 have accorded their approval for adoption a new set of Articles of Association of the Company by special resolution.

### 11. CHANGES IN NATURE OF BUSINESS:

The Company has been engaged in the business of manufacturing the trading of Iron Ore Pellets, Sponge Iron, Steel Billets, HB Wires and generation of Power. There is no change in the nature of Business of the Company during the Financial Year 2014-15.

### 12. MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION:

There are no material changes and commitments affecting the financial position of the company occurred between the 01.04.2015 to the date of this report, except continued slowed down in steel demand and falling prices of finished products on account of pressure from cheaper imports.

### 13. CHANGES IN STATUS OF SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES:

None of the companies has either become Subsidiary of the Company other than the existing Subsidiaries or has ceased to be Subsidiary of the Company during the Financial Year 2014-15.

Your company has acquired 22,40,000 equity shares of ₹ 10 each of Chhattisgarh Ispat Bhumi Limited during the financial year and the total investments along with existing 5,70,000 equity shares of ₹ 10 each aggregated to 28,10,000 equity shares representing 35.36% of total equity of Chhattisgarh Ispat Bhumi Limited. Your



company also acquired 16,940 equity shares of ₹ 10 each of Godawari Natural Resources Limited aggregating 33.88% and 2605000 equity shares of ₹ 10 each of Jagdamba Power and Alloys Limited aggregating 26.06%. Thus Chhattisgarh Ispat Bhumi Limited and Jagdamba Power and Alloys Limited have become Associate Companies and Godawari Natural Resources Limited has become Joint Venture Company during the year.

Your Company has also not entered into any new Joint Venture nor terminated any existing Joint Venture during the Financial Year 2014-15. There is no Associate company to our company.

#### **14. PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARY AND JOINT VENTURE COMPANIES:**

The performance and financial position of the company's subsidiaries namely, Ardent Steels Limited, Godawari Green Energy Limited, Hira Ferro Alloys Limited, Associate Companies namely Jagadamba Power & Alloys Limited, Chhattisgarh Ispat Bhumi Limited and Joint Venture Companies namely Raipur Infrastructure Company Limited for the Financial Year 2014-15 are given in ANNEXURE-01. The other subsidiaries namely Godawari Clinkers and Cement Limited, Godawari Energy Limited, Godawari Integrated Steels India Limited and Krishna Global Minerals Limited and the other Joint Venture and Associate Companies namely Godawari Natural Resources Limited and Chhattisgarh Captive Coal Mining Limited have not yet started their operations.

The Financial Statements of the Subsidiary Companies and Joint Venture for the Financial Year 2014-15 have been consolidated.

#### **15. PARTICULARS OF EMPLOYEES**

The information required pursuant to Section 197 (12) read with Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the company is given in ANNEXURE-02. The Statement showing the names and other particulars of the employees of the company as required under Rule 5 (2 & 3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not required to be furnished since none of the employees of the company has received remuneration in excess of the remuneration mentioned in the above mentioned Rule 5 (2) during the financial year 2014-15.

#### **16. CHANGES IN DIRECTORS & KEY MANAGERIAL PERSONS:**

None of the Directors or Key Managerial Persons has been appointed or resigned during the Financial Year 2014-15 except appointment of CA Sanjay Bothra as Chief Financial Officer of the Company with effect from 24.05.2014.

#### **17. CONSTITUTION OF CSR COMMITTEE, CSR POLICY AND INITIATIVES:**

The Board of Directors have constituted a CSR Committee comprising of three directors including one Independent Director on 15.03.2014. The CSR Committee has formulated a CSR policy of the Company for undertaking the activities as specified in Schedule VII to the Companies Act, 2013. The Said policy has been approved and adopted by the Board of directors of the Company, the contents of which have been displayed on the company's website and also given in the Annual Report on CSR activities. (Web link: [www.godawaripowerispat.com](http://www.godawaripowerispat.com))

The Annual Report on CSR activities initiated and undertaken by the Company during the Financial Year 2014-15 is annexed herewith as an ANNEXURE-03.

#### **18. AUDIT COMMITTEE COMPOSITION:**

The Board of Directors have constituted an Audit Committee comprising of four directors including three Independent Directors and one Non-Executive Director all having financial literacy.

#### **19. DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013 based on the representations received from the operating management and Chief Financial Officer of the company:

- a) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) That your Directors have selected such accounting policies and applied them consistently, and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- c) That your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities;
- d) That your Directors have prepared the annual accounts on a going concern basis;
- e) That your Directors had laid down proper internal financial controls to be followed by the company and that such financial controls are adequate and were operating effectively.
- f) That your Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively



## 20. STATEMENT ON DECLARATION BY INDEPENDENT DIRECTOR:

All independent directors of the Company have given declarations as required under the provisions of section 149 (7) of the Companies Act, 2013 stating that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and Clause 49(II) (B) of the Listing Agreement.

## 21. NUMBER OF MEETINGS OF BOARD:

During the year six Board Meetings and four Audit Committee Meetings were convened and held, the details of which are given in the Corporate Governance Report.

## 22. AUDITORS:

### Statutory Auditors

M/s O.P. Singhanian and Co., Chartered Accountants, Auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 141 (3) (g) of the Companies Act, 2013 and that they are not disqualified for re-appointment and also satisfies the criteria as mentioned under Section 141 and they have obtained peer review certificate as required under SEBI Guidelines for appointment of Statutory Auditors of listed companies.

### Cost Auditors

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Record and Audit) Amendment Rules 2014 M/s Sanat Joshi & Associates has been appointed as cost auditors for conducting Cost Audit for the financial year 2014-15.

### Internal Auditors

M/s. JDS & Co, Chartered Accountants were appointed as Internal Auditors for the FY 2014-15.

### Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Jain Tuteja & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed herewith as "ANNEXURE 04".

## 23. AUDITOR'S REPORTS

### • Statutory Auditors

There are no qualifications, reservations, adverse remarks or disclaimers in the statutory Auditor's Report on the Financial Statements of the company for the financial year 2014-15 and hence does not require any explanations or comments.

### • Secretarial Audit

There are no qualifications, reservations, adverse remarks or disclaimers in the Secretarial Auditor's Report on Secretarial and other applicable legal compliances to be made by the company for the financial year 2014-15 and hence does not require any explanations or comments.

## 24. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into by the Company during the financial year 2014-15 were on arms length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the company with promoters, directors, key managerial personnel or related parties which may have a potential conflict with the interest of the company at large.

## 25. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of Loans given and Investments made by the company as covered under the provisions of Section 186 of the Companies Act, 2013 are given in Standalone Financial Statements (Ref. Note 13 & 14). The company has not given any corporate guarantees to any other party.

## 26. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as "ANNEXURE 05".

## 27. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:

There are no significant and material orders passed by the Regulators/Courts which would impact the going concern status of the company and its future operations.

## 28. INTERNAL FINANCIAL CONTROLS

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

### **29. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated 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 06".

### **30. VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Board of Directors in its meeting held on 11.11.2014 approved and established 'Whistle Blower Policy' and 'Code of Conduct' for the directors & employees of the Company as required under the provisions of Sec. 177 of the Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its powers) Rules, 2014 and Clause-49 of the Listing Agreement.

The said Policy has been properly communicated to all the directors and employees of the Company through the respective departmental heads and the new employees shall be informed about the Vigil Policy by the Personnel Department at the time of their joining.

### **31. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an internal control system commensurate with the size and scale and complexity of its operations. The scope and authority of Internal Audit functions have been defined in the Internal Audit Charter to maintain its objectivity and independence, the Internal Audit functions reports to the Chairman of the Audit Committee of the Board.

The Internal Audit department monitors and evaluates the efficacy and adequacy of internal control system in the company, its compliance with operating system, accounting procedures and policies of the company and its subsidiaries. Based on the report of the Internal Auditors, process owners undertake corrective actions in their respective areas and thereby strengthen the control. Significant Audit observations and corrective actions, thereon are presented to the Audit Committee of the Board.

### **32. DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY:**

The Company has adopted a Risk Management Policy to identify and evaluate business risks associated with the operations and other activities of the Company and formulated risk mitigations strategies.

### **33. NOMINATION AND REMUNERATION POLICY.**

Company's Policy on Directors appointment and Remuneration including criteria for determining qualification, positive attributes, independence of directors and other matters provided under section 178(3) of the Companies Act, 2013 is attached herewith as ANNEXURE 07.

### **34. ANNUAL EVALUATION OF BOARD, ETC.**

The Nomination and Remuneration Committee has formulated criteria for evaluation of the performance of the each of the directors of the company. On the basis of said criteria, the Board and all its committees and directors have been evaluated by the Board of the directors.

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

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Work Place (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (Permanent, Contractual, Temporary, Training) are covered under this Policy. However no complaints has been received during the year 2014-15.

### **36. CORPORATE GOVERNANCE**

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on corporate governance practices followed by the Company, together with a certificate from the Company's Auditors confirming compliance forming an integral part of this Report is given as ANNEXURE 08.

### **37. ACKNOWLEDGEMENTS**

The Board expresses its sincere gratitude to the shareholders, bankers, State and Central Government authorities and the valued customers for their continued support. The Board also wholeheartedly acknowledges and appreciates the dedicated efforts and commitment of all employees of the Company.

For and on behalf of Board of Directors

Place: Raipur

Date: 11.08.2015

CHAIRMAN