



Manaksia Steels Limited

ANNUAL REPORT 2018-19



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Corporate Information

Directors

Mr. Varun Agrawal - Managing Director
DIN : 00441271

Mr. Suresh Kumar Agrawal
DIN : 00520769

Dr. Kali Kumar Chaudhuri
DIN : 00206157

Mr. Ajay Kumar Chakraborty
DIN : 00133604

Mr. Ramesh Kumar Maheshwari
DIN : 00545364
(w.e.f. 16.07.2019)

Mrs. Smita Khaitan
DIN : 01116869

Mr. Mrinal Kanti Pal
DIN : 00867865

Chief Executive Officer

Mr. Vineet Agrawal

Company Secretary

Mr. Ajay Sharma

Chief Financial Officer

Mr. Rajesh Singhania

Auditors

M/s. S K Agrawal and Co.

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.
59C, Chowringhee Road
Kolkata - 700 020

Registered Office

Turner Morrison Building
6 Lyons Range, 1st Floor
Kolkata - 700 001

Bankers

Axis Bank Limited
DBS Bank India Limited
HDFC Bank Limited
IDBI Bank Limited
IndusInd Bank Limited
Yes Bank Limited

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 18th (Eighteenth) Annual Report on the business and operations of the Company together with the Audited Financial Statements for the financial year ended 31st March, 2019.

FINANCIAL RESULTS :

(₹ in Lacs)

PARTICULARS	STANDALONE		CONSOLIDATED	
	2018-19	2017-18	2018-19	2017-18
Total Revenue	69026.83	50249.45	69216.55	51244.30
Profit Before Tax (PBT)	1651.33	2654.68	1597.59	2227.29
Less: Tax Expenses				
- Current Tax	655.00	1065.00	657.43	1065.00
- Deferred Tax	(35.33)	(75.85)	107.40	(399.74)
Profit for the period	1031.66	1665.53	832.76	1562.03
Other Comprehensive Income / (Loss)	(0.24)	(2.89)	98.89	68.73
Total Comprehensive Income for the period	1031.42	1662.64	931.65	1630.76
Balance brought forward from previous year	4144.89	2482.25	4113.01	2482.25
Total Amount available for appropriation	5176.31	4144.89	5044.66	4113.01
Appropriations:				
Transfer to General Reserve	—	—	—	—
Surplus Carried to Balance Sheet	5176.31	4144.89	5044.66	4113.01
Total	5176.31	4144.89	5044.66	4113.01

STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK

Kindly refer to 'Management Discussion and Analysis Report' which forms a part of this Annual Report.

CHANGES IN THE NATURE OF BUSINESS, IF ANY

There has been no change in the nature of business of the Company during the year under review.

DIVIDEND

In view of the planned business growth, your Directors deem it proper to preserve the resources of the Company for its future and therefore do not propose any dividend for the Financial Year ended 31st March, 2019.

TRANSFER TO RESERVES

The Board does not propose any amount for transfer to the General Reserve.

CHANGES IN SHARE CAPITAL

The paid-up Equity Share Capital of the Company as on 31st March, 2019 stood at ₹ 655.34 Lacs. During the year under review, the Company has not issued any further shares.

DETAILS PERTAINING TO SHARES IN SUSPENSE ACCOUNT

Details of shares held in the demat suspense account as required under Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (hereinafter referred to as "Listing Regulations") forms a part of the Corporate Governance Report.

DETAILS UNDER SECTION 67(3) OF THE COMPANIES ACT, 2013 (HEREINAFTER REFERRED TO AS 'THE ACT') IN RESPECT OF ANY SCHEME OF PROVISIONS OF MONEY FOR PURCHASE OF OWN SHARES BY EMPLOYEES OR BY TRUSTEES FOR THE BENEFIT OF EMPLOYEES

No such instance took place during the year under review.

OPERATIONS AND BUSINESS PERFORMANCE

The details of operation and business performance of the Company has been elaborated in the 'Management Discussion and Analysis Report', forming part of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(2)(e) read with Para B to Schedule V of the Listing Regulations forms a part of this Annual Report.

DETAILS RELATING TO MATERIAL VARIATIONS

The Company has not issued any prospectus or letter of offer during the last five years and as such the requirement for providing the details relating to material variation is not applicable upon the Company for the year under review.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There is no material change and commitment of the Company during the period between the end of the financial year 2018-19 and the date of this report which can affect the financial position of the Company for the year under review.

EXTRACT OF ANNUAL RETRUN

The extract of Annual Return as on 31st March, 2019 in the prescribed Form MGT-9, pursuant to Section 92(3) of the Act, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, forms a part of this Directors' Report and marked as **Annexure - "A"**, a copy of the same is also uploaded on the Company's website and the weblink thereto is http://www.manaksiasteels.com/pdf/MGT-9_2018-19.pdf

CORPORATE GOVERNANCE REPORT

The Company follows the corporate governance guidelines and best practices sincerely, and discloses timely and accurate information regarding the operations and performance of the Company.

Pursuant to Regulation 34 read with Para C to Schedule V of the Listing Regulations, a Report on the Corporate Governance along with a certificate from the Statutory Auditors of the Company confirming compliance with the conditions of the Corporate Governance is forming a part of this Directors' Report and marked as **Annexure - "B"**.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The details of the number of meetings of Board of Directors of the Company held during the year have been provided in the Corporate Governance Report forming part of this Directors' Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of Internal Financial Controls (IFC) and compliance systems established and maintained by the Company, work performed by the internal auditors, statutory auditors, cost auditors, secretarial auditors and the reviews performed by management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's IFC were adequate and effective during Financial Year 2018-19.

Accordingly, pursuant to Section 134(3)(c) and 134(5) of the Act, the Board of Directors, to the best of its knowledge and ability, confirms that:

- a) in the preparation of the annual accounts for the year ended 31st March, 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- b) the Directors had 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 as at the end of the Financial Year 2018-19 and of the profit of the Company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts had been prepared on a going concern basis;
- e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls were adequate and operating effectively;

- f) 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.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Changes in Directors

The Company had appointed Mr. Ajay Kumar Chakraborty (DIN: 00133604); Dr. Kali Kumar Chaudhuri (DIN: 00206157) and Mrs. Smita Khaitan (DIN: 01116869) as Independent Directors of the Company for a fixed term of five years in the Extra-Ordinary General Meeting (EGM) of the Company held on 17th November, 2014 upto the conclusion of Annual General Meeting (hereinafter referred to as "AGM") to be held for the financial year 2018-19 and accordingly their present term will cease at the ensuing 18th AGM.

Further, the Board at its Meeting held on 30th May, 2019, on the recommendation of the Nomination and Remuneration Committee and based on performance evaluation, recommended for approval of the Members, re-appointment of Mr. Ajay Kumar Chakraborty, Dr. Kali Kumar Chaudhuri and Mrs. Smita Khaitan as the Independent Directors of the Company in terms of Section 149 of the Act and Regulation 17 of the Listing Regulations, as amended with effect from the ensuing AGM for a second term of five years. Requisite notices under Section 160 of the Act, have been received in respect of Mr. Chakraborty, Dr. Chaudhuri and Mrs. Khaitan, who have submitted their consents to act as Directors of the Company, if appointed. The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of Independence as laid down under Section 149(6) of the Act and Regulation 16 of the Listing Regulations. All requisite declarations were placed before the Board.

During the proposed term of their re-appointment, Dr. Kali Kumar Chaudhuri and Mr. Ajay Kumar Chakraborty will attain the age of seventy-five years on 17th September, 2020 and 6th April, 2020 respectively. The Board at its aforesaid meeting, on the recommendations of the Nomination and Remuneration Committee, recommended for the approval of the Members, for continuation of Dr. Kali Kumar Chaudhuri and Mr. Ajay Kumar Chakraborty as Independent Directors of the Company from the day they attain the age of seventy-five years till the remaining period of their second term in compliance with the Listing Regulations.

Appropriate resolutions seeking your approval to the above will be appearing in the Notice convening the 18th AGM of the Company.

During the year under review, Mr. Vineet Agrawal has ceased to be the Whole-time Director of the Company with effect from 14th February, 2019 and will continue as the Chief Executive Officer (CEO) of the Company. There has been no other changes in the Key Managerial Personnel during the period under review.

Retire by Rotation

In accordance with the provision of Section 152 of the Act read with Article 87(1) of the Articles of Association of the Company, Mr. Suresh Kumar Agrawal (DIN : 00520769) will retire by rotation at the ensuing 18th AGM and being eligible, offers himself for re-appointment.

SECRETARIAL STANDARDS

The Institute of Company Secretaries of India (ICSI) has issued Secretarial Standard-1 (SS-1) on 'Meeting of the Board of Directors' and Secretarial Standard-2 (SS-2) on 'General Meeting' and both the Secretarial Standards have been approved by the Central Government under Section 118(10) of the Act. Pursuant to the provisions of Section 118(10) of the Act, it is mandatory for the Company to observe the secretarial standards with respect to the Board Meetings and General Meetings. The Company has adopted and followed the set of principles prescribed in the respective Secretarial Standards for convening and conducting Meetings of Board of Directors, General Meeting and matters related thereto. The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

STATUTORY AUDITOR AND AUDITORS' REPORT

The Company's Statutory Auditor M/s S.K. Agrawal and Co., Chartered Accountants, (Firm Registration No. 306033E), who were appointed with your approval at the 13th AGM of the Company held on 10th September, 2014 for a term of Five years, will complete their present term on conclusion of the ensuing 18th AGM of the Company.

The Board, on the recommendation of the Audit Committee, recommended for the approval of the members, the appointment of M/s Agrawal Tondon & Co., Chartered Accountants, (Firm Registration No. 329088E) as Statutory Auditors of the Company, for a period of Five consecutive years from the conclusion of the ensuing 18th AGM till the conclusion of the 23rd AGM of the Company. On the recommendation of the Audit Committee, the Board also recommended for the approval of the members,

the remuneration of M/s Agrawal Tondon & Co., for the financial year 2019-20. Appropriate resolution, seeking your approval to the appointment and remuneration of M/s Agrawal Tondon & Co., as the Statutory Auditors would form a part of the Notice convening the 18th AGM of the Company.

There is no observation (including any qualification, reservation, adverse remarks or disclaimer) of the Auditors in their Audit Report that may call for any explanation from the Directors. The specific notes forming part of the accounts referred to in Auditor's Report are self-explanatory and give complete information.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, read with Regulation 24A of the Listing Regulations, the Board of Directors of the Company had appointed M/s. Vinod Kothari & Company, Practicing Company Secretaries as Secretarial Auditor to conduct Secretarial Audit of the Company for the Financial Year 2018-19.

SECRETARIAL AUDIT REPORT

The Secretarial Audit Report in Form MR-3 as given by the Secretarial Auditor for the financial year ended 31st March 2019, forms a part of the Directors' Report and annexed as **Annexure-"C"**.

There are no other observations (including any qualifications, reservations, adverse remarks or disclaimer) of the Secretarial Auditors in their Audit Report that may call for any explanations from the Director's of the Company except that a fine imposed by NSE & BSE for the quarter ended 31st December, 2018 and for the period from 1st January 2019 to 14th February 2019 for non-compliance with the Regulation 17(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company had the practice of having a permanent chairman on the Board. However, in view of need of a fair degree of rotation among other members for the position of chairmanship and also recognizing the need for orderly transition, the Board of Directors of the Company had decided to abolish the position of the regular chairman. Prior to such abolition of the position of the regular chairman, the composition of the Board of the Company was well in compliance as it had Three Independent Directors out of total Seven Directors as required by Regulation 17 of the Listing Regulations. There was no induction or resignation of director in the Board and hence the Company continued with the same composition of Board for both the phases i.e. prior to or post abolition for the position of a Regular Chairman. The Company immediately upon receiving of the letter from the National stock Exchange of India Limited ('NSE') rectified the Board composition and the compliance status was duly intimated to the BSE Limited and NSE as a part of outcome of the Board Meeting held on 14th February, 2019. At present, the Board consists of Six Directors out of which Three are Independent Directors i.e. half of the total strength of Board comprises of Independent Directors which is in compliance with Regulation 17(1) of Listing Regulations. The Company has paid the fine and filed application before the relevant Committee of the respective exchanges for waiver of fine and the same is pending as on date. There is no other instance of any deviation from the statutory requirement of the Company during the Financial Year 2018-19. The Secretarial Audit Report confirms that the Company has complied with the applicable provisions of the Act, Rules, Regulations and Guidelines.

SEBI vide its Circular No. CIR/CFD/CMD/27/2019 dated 8th February, 2019 has specified that the listed entities shall additionally, on an annual basis, require a check by a Company Secretary in Practice for compliance of all applicable SEBI Regulations and circulars / guidelines issued there under and accordingly the Company has appointed M/s. PS & Associates, Practicing Company Secretaries to carry out the necessary audit. A certificate received from M/s. PS & Associates, Practicing Company Secretaries was placed before the Board and will be filed with the Stock Exchange where the securities of the Company are listed.

COST AUDITORS

Pursuant to the requirement of Section 148 of the Act, cost audit is applicable on your Company for manufacturing items covered under Rule 3 of the Companies (Cost Records and Audit) Rules, 2014. The Board of Directors of your Company on the recommendation of the Audit Committee has appointed M/s S. Chhaparia & Associates, Cost Accountants as Cost Auditors of the Company for the Financial Year 2018-19. As required under the Act, the remuneration payable to the Cost Auditors was ratified by the shareholders in the AGM held on 27th September, 2018.

The Board, pursuant to the provisions of Section 148 of the Act, read with Companies (Cost Records and Audit) Rules, 2014 has appointed M/s S. Chhaparia & Associates, Cost Accountants, 33/1, N.S. Road, Marshall House, 7th Floor, Room No. 748, Kolkata- 700 001, as the Cost Auditors of the Company for the Financial Year 2019-20 and accordingly, a resolution for seeking Members ratification for the remuneration payable to the Cost Auditors, would be placed before the forthcoming 18th AGM of the Company.

The due date for filing the Cost Audit Reports for Financial Year 2018-19 is 27th September, 2019 and the Cost Auditors are expected to file the reports with the Central Government within the said period.

FRAUD REPORTING

There was no fraud reported by the Auditors of the Company under Section 143(12) of the Act, to the Audit Committee or the Board of Directors during the financial year under review.

DISCLOSURE ON EMPLOYEE STOCK OPTION/ PURCHASE SCHEME

During the year under review, your Company has not provided any employee stock option / purchase scheme.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE ACT

The full particulars of the loans given, investments made, guarantees given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilised as per the provisions of Section 186 of the Act are provided in the notes to the Financial Statements (Refer note no. 4,5,9,13 & 33).

PARTICULARS OF CONTRACT OR ARRANGEMENTS WITH RELATED PARTIES

In compliance with the provisions of the Act and the Listing Regulations, each Related Party Transaction (RPT) is placed before the Audit Committee for prior approval. A prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are foreseen and repetitive in nature. The transactions pursuant to the omnibus approval so granted, is subject to audit and a detailed quarterly statement of all Related Party Transactions duly certified by the Chief Financial Officer of the Company is placed before the Audit Committee for its review. The policy on RPTs, as approved by the Board, is available on the Company's website at <http://www.manaksiasteels.com> and the weblink thereto <http://www.manaksiasteels.com/upload/media/corporate-policies/Policy-on-Related-Party-Transactions.pdf>

During the year under review, all RPTs were on Arm's Length Price basis and in the Ordinary Course of Business. Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Act, in the prescribed Form AOC-2, forms part of this Annual Report. Approval of shareholders at the ensuing AGM is being sought for one material RPT proposed to be entered into by the Company during the Financial Year 2019-20. The details of the proposed material RPT pursuant to Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 will be provided in the Notice of AGM. There are no materially significant transactions entered into by your Company with Promoters, Directors or Key Managerial Personnel (KMPs), which have potential conflict with the interest of the Company at large.

PARTICULARS OF LOANS/ADVANCES/INVESTMENTS OUTSTANDING DURING THE FINANCIAL YEAR AS REQUIRED UNDER SCHEDULE V OF THE LISTING REGULATIONS

The details of related party disclosures with respect to loans/ advances/ investments at the year end and maximum outstanding amount thereof during the year as required under Para A of Schedule V of the Listing Regulations have been provided in the notes to the Financial Statements of the Company.

DETAILS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The details required pursuant to the provisions of Section 134(3)(m) of the Act, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo forms part of this Directors Report and marked as **Annexure-"D"**.

RISK MANAGEMENT SYSTEM

Risk Management is the process of identification, assessment and prioritization of risks followed by coordinated efforts to minimize, monitor and mitigate the probability and/or impact of unfortunate events or to maximize the realization of opportunities.

The Company has structured Risk Management system, designed to safeguard the organization from various risks through adequate and timely actions. The Company manages, monitors and reports on its risks and uncertainties that can impact its ability to achieve its objectives. The major risks have been identified by the Company and its mitigation process/measures have been formulated.

AUDIT COMMITTEE

The Company pursuant to the provisions of Section 177 of the Act, read with Regulation 18 of the Listing Regulations, has in place Audit Committee. The Committee focuses on certain specific areas and makes informed decisions in line with the delegated authority and function according to the roles and defined scope. The details of composition, terms of reference and number of meetings held for the Committee is provided in the Corporate Governance Report.

There were no such instances wherein the Board had not accepted recommendation of the Audit Committee.

NOMINATION AND REMUNERATION COMMITTEE

The Company pursuant to the requirement of provisions of Section 178(1) of the Act, read with Regulation 19 of the Listing Regulations has in place Nomination and Remuneration Committee. The details of composition, terms of reference and number of meetings held for the Committee is provided in the Corporate Governance Report.

The Company, pursuant to provisions of Section 178 of the Act and Regulation 19 read with Para A of Part D of Schedule II of the Listing Regulations, upon recommendation of Nomination and Remuneration Committee has devised a Remuneration Policy applicable to all Executives of the Company i.e. Directors, Key Managerial Personnel and Senior Management. The said policy forms part of this Director's Report and marked as Annexure- "E".

There were no such instances wherein the Board had not accepted recommendation of the Nomination and Remuneration Committee.

STAKEHOLDERS RELATIONSHIP COMMITTEE

As required by the provisions of Section 178(5) of the Act read with Regulation 20 of the Listing Regulations, the Company has in place the Stakeholders Relationship Committee. The details of composition, terms of reference and number of meetings held for the Committee is provided in the Corporate Governance Report.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has constituted a Corporate Social Responsibility Committee (herein after referred to as 'CSR') in accordance with Section 135 of the Act and Rules made thereunder. The composition and the detailed terms of reference of the CSR Committee are provided in the Corporate Governance Report. The CSR activities are *inter-alia*, focused on Improving Literacy among rural tribal people and Promoting Education.

The report on CSR activities pursuant to clause (o) of sub-Section (3) of Section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 forms part of this report and marked as **Annexure-"F"**.

The Company has formulated CSR Policy indicating the activities to be undertaken by the Company. The Policy has also been uploaded on the Company's website and the weblink thereto is : <http://www.manaksiasteels.com/upload/media/corporate-policies/Corporate-Social-Responsibility-Policy.pdf>

There were no such instances wherein the Board had not accepted recommendations of the CSR Committee.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSEAL) ACT, 2013

The Company has constituted Internal Complaint Committee in compliance with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

As per the Policy, any employee may report his / her complaint to the Internal Complaint Committee formed for this purpose. The Company affirms that during the year under review, adequate access was provided to any complainant who wished to register a complaint under the Policy. During the year, the Company has not received any complaint on sexual harassment.

ANNUAL EVALUATION OF BOARD PERFORMANCE AND PERFORMANCE OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to the provisions of the Act, Regulation 25 of the Listing Regulations, the Board has carried out an Annual Evaluation of its own performance, performance of the Directors individually as well as the evaluation of the working of its Committees. Pursuant to the provisions of the Act, and Regulation 25 of the Listing Regulations read with the Guidance Note on Board Evaluation of SEBI dated 5th January, 2017 the NRC Committee has laid down the criteria for performance evaluation, in a structured questionnaire form after taking into consideration various aspects of the Board functioning, composition of the Board and its Committees, culture, execution, diligence, integrity, awareness and performance of specific laws, duties, obligations and governance, on the basis of which, the Board has carried out the Annual Evaluation of its own performance, the performance of Board Committees and of Directors individually, by way of individual and collective feedback from Directors. Further, pursuant to para VII of Schedule IV of the Act, and provisions of the Listing Regulations, the Independent Directors of the Company, without participation of Non-Independent Directors and Members of Management, convened a separate meeting on 10th November, 2018, to *inter-alia* perform the following:

- Review the performance of Non-Independent Directors and the Board as a whole;
- Assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The criteria for evaluation are briefly provided below:

The review of performance of Non-Independent Directors was done, after discussing with them on various parameters, such as, skill, competence, experience, degree of engagement, ideas & planning, etc. The Board performance was reviewed on various parameters, such as, adequacy of the composition of the Board, Board culture, appropriateness of qualification & expertise of Board Members, process of identification and appointment of Independent Directors, inter-personal skills, ability to act proactively, managing conflicts, managing crisis situations, diversity in knowledge and related industry expertise, roles and responsibilities of Board Members, appropriate utilization of talents and skills of Board Members, etc. The evaluation of Independent Directors has been done by the entire Board of Directors which includes performance of the Directors and fulfillment of the independence criteria and their independence from the Management as specified in the Listing Regulations.

The Board of Directors of the Company expressed their satisfaction towards the process of review and evaluation of Board, its Committees and of Individual Directors.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

In terms of Regulation 25(7) of Listing Regulations, your Company is required to conduct Familiarization Programme for Independent Directors (IDs) to familiarize them about your Company including nature of industry in which the Company operates, business model of the Company, roles, rights and responsibilities of IDs and any other relevant information. Further, pursuant to Regulation 46 of Listing Regulations, the Company is required to disseminate on its website, details of Familiarization Programme imparted to IDs including the details of:

- i) number of programmes attended by IDs (during the year and on a cumulative basis till date),
- ii) number of hours spent by IDs in such programmes (during the year and on a cumulative basis till date), and;
- iii) other relevant details.

Familiarization Programme undertaken for Independent Directors is provided at the following weblink: http://www.manaksiasteels.com/pdf/Familiarization-Programme-data_msl_31-03-2019.pdf

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

Pursuant to the provisions of Section 129(3) of the Act, read with Rule 5 of the Companies (Accounts) Rules, 2014, the details containing salient features of the Financial Statement of subsidiary companies / associate companies / joint ventures in Form AOC-1 forms a part of this Annual Report.

The details of performance of the Subsidiary Companies are as follows:

Foreign Subsidiaries:

Technomet International FZE

This Company is a subsidiary of Manaksia Steels Limited. The Revenue of the Company during the year ended 31st March, 2019 stood at AED 14.21 Lacs (equivalent to ₹ 270.26 Lacs). During the said period the Company had a net loss of AED 2.32 Lacs (equivalent to ₹ 44.04 Lacs).

Federated Steel Mills Ltd

This Company is a subsidiary of Technomet International FZE. The Revenue of the Company during the year ended 31st March, 2019 stood at Naira 2558.08 Lacs (equivalent to ₹ 583.70 Lacs). During the said period the Company had a net loss of Naira 210.94 Lacs (equivalent to a net profit of ₹ 6.06 Lacs).

Far East Steel Industries Ltd

This Company is a subsidiary of Technomet International FZE. There was no Revenue of the Company during the year ended 31st March, 2019.

Except as stated hereinabove, the Company does not have any joint venture or associate Company during the year under review.

MATERIAL SUBSIDIARY COMPANIES

In accordance with Regulation 16(1) (c) of the Listing Regulations, material subsidiary shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year. The Company does not have any material subsidiary. The Company has formulated

a Policy for determining Material Subsidiaries in accordance with Listing Regulations, and the said Policy for determining Material Subsidiaries is available at the following weblink: <http://www.manaksiasteels.com/upload/media/corporate-policies/Policy-for-determining-Material-Subsidiaries.pdf>

DEPOSITS

The Company has neither accepted nor renewed any deposits during the Financial Year under review in terms of the provisions of Chapter V of the Act.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS

During the year, the Company was in receipt of notice from BSE Limited and National Stock Exchange of India Limited with respect to non-fulfillment of requirement of Regulation 17(1) of Listing Regulations. Regulation 17(1) of Listing Regulations provides that where the listed entity does not have a regular non-executive chairman, atleast half of the Board should comprise of Independent Directors. Accordingly, the Exchange(s) observed that since there is no regular Chairman in the Company, atleast half of the total Board should be of Independent Directors. In this regard, the Company has complied with aforesaid requirement and also intimated to the Exchange(s) as a part of outcome of the Board Meeting held on 14th February, 2019. Both the Exchange(s) had levied a penalty for the quarter ended December, 2018 and also for the period from 1st January, 2019 to 14th February, 2019 and accordingly the Company has paid the total penalty amount (including 18% GST) levied by both the Exchange(s). Since the non-compliance was due to bona fide mistake and as such there was no conflict of interest during the said period of non-compliance and further it was the first instance of non-compliance by the Company and at present the composition of the Board is in compliance with Regulation 17(1) of the Listing Regulations, the Company has filed the waiver application before the waiver committee of both the Exchange(s) and the same is pending as on date.

STATEMENT IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has in place adequate internal financial controls with reference to financial statements. The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively. To commensurate the internal financial control with its size, scale and complexities of its operations, the Board based on the recommendation of the Audit Committee in its meeting held on 16th May, 2018 has appointed M/s NKAS & Associates (formerly M/s. Namita Kedia & Associates), Chartered Accountants, (Firm Regn. No. 328509E) as Internal Auditors of the Company for the Financial Year 2018-19.

The Audit Committee reviews the Report submitted by the Internal Auditors. The Audit Committee actively reviews the adequacy and effectiveness of the internal control systems. In this regard, the Board confirms the following:

- a) Systems have been laid to ensure that all transactions are executed in accordance with management's general and specific authorization. There are well-laid manuals for such general or specific authorization.
- b) Systems and procedures exist to ensure that all transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for aspects and timely preparation of reliable financial information.
- c) Access to assets is permitted only in accordance with the management's general and specific authorization. No assets of the Company are allowed to be used for personal purposes, except in accordance with the terms of employment or except as specifically permitted.
- d) The existing assets of the Company are verified/ checked at reasonable intervals and appropriate action is taken with respect to any differences, if any.
- e) Proper systems are in place for prevention and detection of frauds and errors and for ensuring adherence to the Company's policies.

WHISTLE BLOWER POLICY/ VIGIL MECHANISM

In compliance with the provisions of Section 177(9) of the Act and the Listing Regulations, the Company has framed a Whistle Blower Policy to establish a vigil mechanism for Directors and employees to report genuine concerns about actual or suspected unethical behavior, malpractice, wrongful conduct, discrimination, sexual harassment, fraud, violation of the Company's policies including Code of Conduct without fear of reprisal/retaliation. The Whistle Blower Policy/Vigil Mechanism has also been uploaded on Company's website and the weblink thereto is: <http://www.manaksiasteels.com/upload/media/corporate-policies/Whistle-Blower-Policy.pdf>