



# Annual Report

## 2015 - 16



**Monnet Ispat & Energy Limited**

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# Corporate Information

## BOARD OF DIRECTORS

### Chairman & Managing Director

Sandeep Kumar Jajodia

### Deputy Managing Director

C. P. Baid

### Non Executive Independent Directors

Amit Dixit

Bhavna Thakur

Suman Jyoti Khaitan

### Nominee Director- IDBI Bank

Suresh Kishinchand Khatanhar

### Other Non Executive Director

J. P. Lath

### Chief Financial Officer

Raj Kumar Ralhan

### Company Secretary

Hardeep Singh

## BOARD COMMITTEES

### Audit Committee

Suman Jyoti Khaitan

Amit Dixit

J. P. Lath

Hardeep Singh

Chairman

Member

Member

Secretary

### Stakeholders Relationship Committee

J. P. Lath

C. P. Baid

Hardeep Singh

Chairman

Member

Member

### Nomination & Remuneration Committee

Suman Jyoti Khaitan

J. P. Lath

Amit Dixit

Chairman

Member

Member

### Corporate Social Responsibility Committee

Sandeep Kumar Jajodia

J. P. Lath

Suman Jyoti Khaitan

Chairman

Member

Member

### Finance Committee

Sandeep Kumar Jajodia

C. P. Baid

J. P. Lath

### Allotment Committee

C. P. Baid

J. P. Lath

## Executive Committee

Sandeep Kumar Jajodia

C. P. Baid

J. P. Lath

## Share Transfer Committee

J. P. Lath

C. P. Baid

Hardeep Singh

## BANKERS

IDBI Bank Limited

Punjab National Bank

State Bank of Bikaner & Jaipur

State Bank of India

State Bank of Patiala

State Bank of Mysore

## AUDITORS

O.P. Bagla & Company

Chartered Accountants, New Delhi

## REGISTERED OFFICE & RAIPUR WORKS

Monnet Marg, Mandir Hasaud, Raipur,

Chhattisgarh - 492101.

## Raigarh Works

Village Naharpali, Tehsil Kharsia, Distt. Raigarh,

Chhattisgarh

## Investor Services Grievance Centre

### Hardeep Singh (Compliance Officer)

Monnet House, 11, Masjid Moth,

Greater Kailash Part - II,

New Delhi - 110 048, India

Ph.: +91 - 11-29218542/46

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E-mail : isc\_miel@monnetgroup.com

## CORPORATE OFFICE

Monnet House, 11, Masjid Moth,

Greater Kailash Part - II,

New Delhi - 110 048, India

## Corporate Website

www.monnetgroup.com

# DIRECTORS' REPORT

To the Members,

Your Directors hereby submits the Twenty-Sixth Annual Report on the business and operations of your Company, along with the Audited Financial Statements, for the financial year ended 31<sup>st</sup> March, 2016 (year under review).

## 1. FINANCIAL SUMMARY

The Financial summary and performance Highlights of your Company, for the year under review are as follows:

(₹ in crores)

PARTICULARS	Standalone		Consolidated	
	Year ended 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2016	Year ended 31.03.2015
Gross Sales and other Income	1,901.78	3,258.41	1,906.12	3,306.82
Profit before Interest, Depreciation Tax & Exceptional item	(294.87)	198.52	(379.18)	148.6
Depreciation and amortization	359.10	281.44	365.07	288.41
Interest	939.65	652.87	1,039.17	670.46
Profit/ (Loss) from Operations	(1,593.62)	(735.80)	(1,783.42)	(810.27)
Exceptional Items	89.75	252.91	83.97	252.92
Provision for Tax	(0.14)	(192.83)	(0.71)	(193.88)
Share of loss transferred to minority	-	-	10.35	12.38
Profit/ (Loss) After Tax	(1,683.23)	(795.88)	(1,856.33)	(856.93)
Balance of Profit / (Loss) brought forward	655.1	1,450.98	516.75	1,373.69
Amount available for appropriation	-	-	-	-
Balance of Profit carried forward to next year	(1,028.14)	655.1	(1,339.58)	516.76
Reserves and Surplus	439.05	1,776.85	297.31	1,825.7

Previous year's figures have been regrouped/ rearranged wherever considered necessary.

## 2. FINANCIAL AND OPERATIONAL PERFORMANCE

During the year under review, your Company's gross turnover and net turnover was ₹ 2025.02 Crores and ₹ 1901.78 Crores respectively. Further, in the Financial Year ended 31<sup>st</sup> March, 2016, the profit before tax (PBT) was negative and stands at ₹ (-) 1683.37 crore as against ₹ (-) 988.70 crore in the previous year and profit after tax (PAT) was ₹ (-) 1683.23 crore against ₹ (-) 795.87 crore in the previous financial year.

Further, there has been no change in the nature of business during the year under review.

## 3. 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

The steel industry worldwide has been facing unprecedented adverse market conditions with product prices declining continuously for the past two

years. In view of unfavorable demand supply scenario and dumping from China, CIS, Japan and Korea, steel product prices are prevailing at the levels not seen in past two decades. Consequent to above, financial performance of the Company, in tandem with the entire steel industry in the country, has been adversely affected in the last two years, which led to significant decline in the operating profits and consequently cash flow mismatch. Hence, the Company was not able to honour its commitments to Lenders. The Lenders had accordingly, in September 2014, formed a Joint Lenders' Forum ("JLF") and formulated a corrective action plan ("CAP") for the Company in terms of the Master Circular - *Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances* bearing reference no. DBOD.BP.BC.No.97/21.04.132/2013-14 dated 26<sup>th</sup> February 2014 ("RBI Circular") as issued by the Reserve Bank of India ("RBI") in order to resolve the stress in the account of the Company. However, due to continued mayhem in steel markets globally, the Company's performance continued to deteriorate and it could not meet the performance milestones set

under CAP.

JLF, finally decided to invoke the provisions of strategic debt restructuring (SDR) in terms of the RBI Circular reference no. DBR.BP.BC.No.101/21.04.132/2014-15 dated June 08, 2015, with August 22, 2015 as Reference Date. In terms of the provisions of SDR, the Lenders, have since (December 31, 2015) converted a part of their outstanding debt into equity share capital of the Company so as to collectively hold 51% equity share capital of the Company. Lenders are running the process of divesting their stake in favor of new investor. Time line fixed by SBI CAPS approved by lenders suggest the power to culminate the transfer of holding to a new investor over by February 2017.

There has been no further material change and commitments occurred, between the end of the financial year of the Company i.e. 31st March, 2016 and the date of this report affecting financial position of the Company.

#### 4. SHARE CAPITAL

Company's Issued, Subscribed and paid-up equity share capital as on 31<sup>st</sup> March, 2015 was ₹ 2,40,84,29,224/- (Rupees two hundred forty crores eighty four lacs twenty nine thousand two hundred and twenty four only) divided into 6,58,25,681 (Six crores fifty eight lacs twenty five thousand six hundred eighty one) Equity Shares of ₹ 10/- (Rupees ten only) each and 1,75,00,000 (one crore seventy five lacs) 6.5% Cumulative Non-Convertible redeemable preference shares of ₹ 100/- (Rupees hundred only) each.

During the year under review, your Company has allotted 102,391,803 (ten crore twenty three lac ninety one thousand eight hundred three) Equity shares of face value of ₹ 10/- (Rupees Ten only) at a premium of ₹ 24.20/- (Rupees twenty four and twenty paise) per share upon conversion of loan to lenders of the Company under Strategic Debt Restructuring (SDR) and 32,550,758 (three crore twenty five lacs fifty thousand seven hundred fifty eight) Equity shares of face value of ₹ 10/- (Rupees ten only) at a premium of ₹ 30/- (Rupees thirty only) per share to the promoters / non-promoters under Corrective Action Plan (CAP) of Joint Lenders Forum (JLF).

Consequently, the Issued, Subscribed and paid-up share capital of the Company as on 31<sup>st</sup> March, 2016 was ₹ 3,75,78,54,834/- (Rupees three hundred seventy five Crore seventy eight lac fifty four thousand eight hundred thirty four only), divided into 20,07,68,242 (twenty Crore seven lacs sixty eight thousand two hundred forty two) equity shares of ₹ 10/- (Rupees Ten only) Each and preference share at 1,75,00,000 (one crore seventy five lacs), 6.5% Cumulative Non-Convertible redeemable preference shares of ₹ 100/- (Rupees hundred only) each.

#### 5. NON-CONVERTIBLE DEBENTURES

The company has 9200 Secured Redeemable Non-Convertible Debentures (NCDs) of ₹ 10,00,000/- (Rupees Ten Lacs only) each aggregating to ₹ 920.00 Crores, the details of NCDs are given in the Note No 46(a) of the Standalone Financial Statement.

#### 6. CREDIT RATING

As on March 31, 2016, your Company's credit rating was rated as "CARE D" for the long-term debt/facilities/NCDs rated by Credit Analysis & Research Ltd. (CARE) and "BWR D" rated by Brickwork Ratings India Pvt. Ltd.

#### 7. DIVIDEND AND RESERVES

In view of the losses incurred by the Company, Board has not recommended any Dividend for the year under review. Accordingly, the Company has not transferred any amount to reserve.

#### 8. PUBLIC DEPOSITS

Your Company has neither accepted nor renewed any deposits during the year under review in terms of Chapter V of the Companies Act, 2013.

#### 9. SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

As on March 31, 2016, your Company has 11 subsidiary Companies (including 4 step-down subsidiaries), 4 joint ventures and 1 associate Company. The consolidated financial statements presented by the Company include Financial information of its subsidiaries, Joint Ventures and associate companies and prepared in compliance with applicable Accounting Standards.

For further details of these subsidiaries, joint ventures and associate company, please refer Note 1 [I] of Consolidated Financial Statements. A gist of financial performance of these companies is contained in form AOC-1 and forms the part of this report and annexed as **Annexure 1**

The Annual Accounts of the subsidiary Companies are open for inspection by any Shareholder at the Company's Registered Office situated at Monnet Marg, Mandir Hasaud, Raipur, Chhattisgarh -492101 and the Company will make available these documents and the related detailed information upon request by any Shareholder of the Company or any Shareholder of its subsidiaries, Joint ventures and associate Companies who may be interested in obtaining the same. Monnet Danials Coal washeries Limited, former subsidiary of the Company ceased to be the subsidiary of the Company during the year under review.

Further, the Consolidated Financial Statements of your Company and all its subsidiaries, joint ventures and associate Company for the year under review is prepared in compliance with the applicable provisions of the Companies Act, 2013, Accounting Standards and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulation, 2015") which forms part of the Annual Report

#### **10. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

No significant and material orders were passed by the Regulators, Courts or Tribunals impacting the going concern status and Company's operations in future. However, members' attention is drawn to the statement on contingent liabilities in the notes forming part of the Financial Statements

#### **11. INTERNAL FINANCIAL CONTROLS**

Internal Control systems are the integral part of Company's corporate governance. Your Company has effective internal control environment. Control systems have documented policies, checks and balances, guidelines and procedures that are supplemented by robust internal audit processes and monitored continuously by periodical reviews by management which provides reasonable assurance that all assets are safeguarded; transactions are authorized, recorded and reported properly. Your

Company has an independent MIS and Audit Department to oversee the day-to-day functioning of the Company. The Company has proper budgeting system and the actual performance is continuously evaluated and the corrective measures are taken from time to time. The internal control system is designed to ensure that all Financial and other records are reliable for preparing Financial Statements, other data and for maintaining accountability of assets.

#### **12. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)**

##### **Appointments During the year**

During the period under review, Mr. Suresh Kishinchand Khatanhar was appointed as Nominee Director of IDBI Bank Limited and Mr. Suman Jyoti Khaitan & Ms. Bhavna Thakur were appointed as Additional Director of the Company. Subsequently, the Shareholders of the Company in the Annual General Meeting held on September 30, 2015 approved the appointment of Mr. Suman Jyoti Khaitan as an Independent Director & Ms. Bhavna Thakur as Director of the Company.

Further, Mr. Gurnam Singh, Ex-GM of State Bank of Patiala (SBOP) was appointed as an observer to the Board on behalf of the lenders of the Company w.e.f May 16, 2016.

##### **Directors Seeking Appointment/Re-appointment**

In accordance with the provisions of Section 152 of the Companies Act, 2013 and in terms of the Articles of Association of the Company, Mr. Sandeep Kumar Jajodia (DIN-00082869), Chairman & Managing Director, retires by rotation and being eligible has offered himself for re-appointment.

Further, Your Directors recommends regularization of Mr. Suresh Kishinchand Khatanhar, Nominee Director, as Director of the Company. The brief resume of Directors seeking appointment/re-appointment and other details as required under SEBI Regulations 2015 are provided in the Notice of Annual General Meeting of the Company.

##### **Key Managerial Personnel (KMP)**

Pursuant to the provisions of Section 2(51) & 203 of the Companies Act, 2013, the Key Managerial Personnel (KMP) of the Company are:-

1. Mr. Sandeep Kumar Jajodia – Chairman & Managing Director
2. Mr. Chandra Prakash Baid – Whole time Director



3. Mr. Raj Kumar Ralhan – Chief Financial Officer
4. Mr. Hardeep Singh – Company Secretary

Further, Mr. Raj Kumar Ralhan, resigned from the position of Chief Financial Officer w.e.f February 12, 2016 and re joined as Chief Financial Officer on May 30, 2016.

### **13. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. 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 as at the end of the Financial year 2015-16 and of the profit and loss of the Company for that period;
- c. 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;
- d. The Directors have prepared the annual accounts on a going concern basis;
- e. The Directors have laid down internal Financial controls to be followed by the Company and such internal Financial control are adequate and were operating effectively; and
- f. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

### **14. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

Pursuant to applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations, 2015 the Board has formulated a framework containing *inter-alia*, the criteria for performance evaluation of the entire Board of the Company, its Committees and

individual Directors, including Independent Directors

Schedule IV to the Companies Act, 2013 also provides for the performance evaluation of Independent Directors by the entire Board of Directors, excluding the Directors being evaluated.

After performance evaluation of the Independent Directors, the performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

The manner in which the evaluation of the Board, its Committees and individual Directors has been carried out is explained in the Corporate Governance Report which forms part of this Annual Report.

### **15. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

During the year, 4(four) Board Meetings were duly convened and held, the details of which are given in the Corporate Governance Report which forms part of this Annual Report.

### **16. COMMITTEES OF THE BOARD**

The Board of Directors has the following Committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders' Relationship Committee
4. Corporate Social Responsibility Committee.
5. Executive Committee
6. Finance Committee
7. Allotment Committee
8. Share Transfer Committee

The details of the Committees along with their composition, number of meetings, terms of reference and attendance of members at the meetings are provided in the Corporate Governance Report which forms part of this Annual Report. Further, during the year review, the board has accepted all the recommendations of the Audit Committee.

### **17. STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS**

Your Company has received the necessary declaration from each Independent Director that he/she meets the criteria of Independence as laid out in Section

149(6) of the Companies Act, 2013 read with the Schedules, rules made thereunder and Regulation 25 of SEBI Listing Regulations, 2015.

## **18. NOMINATION AND REMUNERATION POLICY**

Pursuant to applicable provisions of Companies Act, 2013 & SEBI Listing Regulations, 2015, the Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members. The details of this policy are explained in the Corporate Governance Report which forms the part of this Annual Report.

The Nomination and Remuneration Policy, as approved by the Board of Directors, has also been Uploaded on the website of the Company VIZ:- [http://www.monnetgroup.com/pdfs/others/miel/Policy\\_on\\_Nomination%20Remuneration\\_and\\_Board-MIEL.pdf](http://www.monnetgroup.com/pdfs/others/miel/Policy_on_Nomination%20Remuneration_and_Board-MIEL.pdf)

## **19. VIGIL MECHANISM Cum WHISTLE BLOWER POLICY**

The Company has a vigil mechanism named Vigil Mechanism Cum Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. Details of the same are given in the Corporate Governance Report. The same has also been displayed on the website of the Company VIZ:- [http://www.monnetgroup.com/pdfs/others/miel/Policy\\_on\\_Vigil\\_Mechanism-MIEL.pdf](http://www.monnetgroup.com/pdfs/others/miel/Policy_on_Vigil_Mechanism-MIEL.pdf)

## **20. RELATED PARTY TRANSACTIONS**

All related party transactions entered during the year under review were on arm's length basis and in the ordinary course of business and, therefore, do not attract the provisions of Section 188 of the Companies Act, 2013. Further, there were no materially significant transactions between the Company and related parties during the year under review and suitable disclosures as required by the Accounting Standards (AS18) has been made in the notes to the accompanying Financial Statements-In this regard, disclosure in Form AOC-2 in terms of Section 134 of the Companies Act, 2013 is attached herewith as **Annexure - 2** and form part of the report.

The policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the

website of the Company viz : [http://www.monnetgroup.com/pdfs/others/miel/Policy\\_on\\_Related\\_Party\\_Transactions.pdf](http://www.monnetgroup.com/pdfs/others/miel/Policy_on_Related_Party_Transactions.pdf)

## **21. CORPORATE SOCIAL RESPONSIBILITY**

In compliance with Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, the Company has formed Corporate Social Responsibility ("CSR") Committee. Details of CSR Committee along with their composition, number of meetings, terms of reference and attendance of members at the meetings are provided in the Corporate Governance Report. The policy on CSR as approved by the Board of Directors is also uploaded on the website of the Company i.e. [www.monnetgroup.com](http://www.monnetgroup.com).

Pursuant to Section 135 of the Companies Act, 2013 read with CSR policy of the Company, it is required to spend two percent of the average net profit of the Company for three immediately preceding financial years. The average net profits for three financial years was Rs. (-) 551.99 Cr. As the average net profit of the company during previous three financial years is negative, the company is not required to spend any amount for the purpose CSR during the year under review.

Annual report on CSR Activities as required under the company (Corporate Social Responsibility Policy) Rules, 2014, as amended have been annexed as **Annexure - 3** and form the part of this report

## **22. AUDITORS**

### **a) Statutory Auditor**

At the Annual General Meeting held on September 27, 2014, M/s. O.P. Bagla & Co., Chartered Accountants (Firm Registration No. 000018N) were appointed as the Statutory Auditors of the Company to hold the office till the conclusion of Annual General Meeting to be held in the calendar year 2017, subject to the ratification of shareholders at every Annual General Meeting.

In this regard, the ratification in respect with the appointment of M/s. O.P. Bagla & Co. Chartered Accountants as the Statutory Auditors of the Company is proposed in the Notice of 26th Annual General Meeting of the Company.

Comments/Qualifications of the Statutory Auditors in



their report and the notes forming part of the Accounts are self-explanatory. Management representations to these qualifications/comments are as follows:

A. Matter of Emphasis in the Audit Report on Standalone Financial Statement and Comments of Management thereon :-

- Note No 47 of the Financial Statement regarding cancellation of Coal Block of the Company impact whereof on the financial statement is uncertain

Management response: The Coal block was cancelled pursuant to the decision of the Hon'ble Supreme Court to de-allocate all coal block in the Country. The impact on the financial wealth of the Company is due to loss of advantage of concessional coal coming from the coal block. The Company is now exposed to market rates of Coal.

- Note no. 48 in the financial statements which indicates that the Company has accumulated losses resulting in substantial erosion of net worth and has incurred net cash losses in the current and immediately preceding financial year. The current liabilities of the Company exceeded its current assets as at the balance sheet date. These conditions may cast doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Management response: Due to adverse condition in Steel industry on account of drastic fall in the prices of steel the Company has suffered losses in the last one year which is impacting the net worth of the Company. However, this may not be a constitute as a doubt on the continuity of the Company as going concern as the lenders have initiated the process of Strategic Debt Restructuring (SDR) for revival of the company through required investment and debt restructuring through a ownership change.

B. Basis for Qualified Opinion in the Audit Report on Consolidated Financial Statement and Comments of Management thereon –

- In one of the Subsidiary Companies, Monnet Power Company Limited, Loan accounts (long term and short term borrowings) have been classified as non-

performing by most of the lenders during the year and therefore and actual liability towards interest etc. will only be crystalized after settlement/agreement with the lenders. In view of uncertainty the company has not provided interest including penal interest and other dues for the year on borrowings, to the extent the same have remained unpaid. Had the interest been provided, loss for the year would have been higher by Rs. 432.15 crores (based on original terms of sanction of the loans) with a corresponding increase in liability towards interest.

Management response: The project of Monnet Power Company Limited (MPCL) is stalled due to lack of funds and serviceability of the debt obligation of the lenders is also not happening resulting in classification of account into Non-performing category. As the interest is not being served, therefore, the management decided to provide for interest due as and when the project is revived and treatment of debt and interest is decided by the lenders.

b) Secretarial Auditor

Pursuant to Section 204 of the Companies Act, 2013, the Company had appointed M/s Sanjay Grover & Associates, Practicing Company Secretaries, New Delhi as its Secretarial Auditor to conduct the Secretarial Audit of the Company for FY 2015-2016. The Report of Secretarial Auditor in Form MR-3 for the financial Year 2015-2016 is annexed to the report as **Annexure-4**.

The Secretarial Audit Report for the financial year ended March 31, 2016 contains certain reservation and remarks which are given along with the management reply for the same

- The Board of Directors of the Company does not have sufficient number of independent directors as per Regulation 17 of SEBI Listing Regulations;

Your Company is in the process of identifying a suitable person to be appointed as independent Director of the Company.

- The Company has deposited the required amount in Investor Education and Protection Fund as required under Section 205C of the Companies Act, 1956 after the delay of 1 (one) day;

The Company has timely processed the payment request for transfer of aforesaid Amount to IEPF A/c, however bank has taken extra ordinary time to reconcile the account and preparing the demand draft in favour of IEPF A/c which caused the delay of 1 day.

- The Company has given loan to its Subsidiary Company namely Monnet Power Company Limited, however, no interest was charged on such loan;

Monnet Ispat & Energy Limited is the sponsor Company of Monnet Power Company Limited and the entire promoters' equity has been subscribed by Monnet Ispat & Energy Limited apart from minor stake to Blackstone, a private equity fund. Further, Monnet Power Company Limited is still in project implementation stage and does not have revenue of its own. Therefore, any requirements of cash have to be met by sponsor. The amount paid is entitled to be converted into equity but is shown as unsecured loan pending the decision of conversion into equity.

- change in directorate due to resignation of Mr. Amulya Charan was not promptly intimated to the Stock Exchanges as per the requirements of Clause 30 of the Listing Agreement;

The resignation letter of Mr. Amulya Charan was put up to the Board in the meeting held on 14/08/2015 and the same was promptly informed the stock exchange after conclusion of meeting.

- The credit rating agencies i.e. CARE & Brickwork Ratings, revised the rating assigned to bank facilities/instruments and secured Non-Convertible Debentures of the Company respectively, however, the same was not intimated to the Stock Exchanges as per the requirements of Clause 36(6) of the Listing Agreement.

At the time of revising the credit rating of the Company, credit rating agencies have made this information public, about revision in rating and the same was not withheld from the public at large. However, the Company inadvertently missed to inform the stock exchange(s).

#### c) Cost Auditor

Your Board, on the recommendation of Audit Committee, has appointed M/s. N. K. Jain and

Associates(Firm Registration Number 101952), Cost Accountants as the Cost Auditor of the Company for the financial year 2016-17 in accordance with the provisions under Section 148 of the Companies Act, 2013 read with rules made there under.

#### d) Internal Auditors

The Board of Directors of your Company has re-appointed M/s APAS & Co (Firm Registration No000340C)as Internal Auditors pursuant to the provisions of Section 138 of the Companies Act, 2013 for the financial year 2016-2017.

### 23. OTHER INFORMATION

#### a) Details in respect of frauds reported by Auditors other than those which are reportable to the Central Government

The Statutory Auditors, Secretarial Auditors, Cost Auditors or Internal Auditors of the Company have not reported any frauds to the Audit Committee or to the Board of Directors under Section 143(12) of the Companies Act, 2013, including rules made thereunder.

#### b) Stock Options Scheme

The Company does not have any Scheme of Stock Option for its employees, Directors etc.

#### c) Disclosure under Section 43(a) (iii) and Section 54(1)(d) of the Companies Act, 2013

During the year under review, the Company has not issued any shares with differential voting rights and sweat equity shares and hence, no information as required under Section 43(a)(iii) & Section 54(1)(d) of the Companies Act, 2013 read with applicable rules is required to be disclosed.

#### d) Risk Management Policy

Your Company's Risk Management Policy is backed by strong internal control systems. The risk management framework consists of policies and procedures framed at management level and strictly adhered to and monitored at all levels. The framework also defines the risk management approach across the enterprise at various levels. Risk management is embedded in our critical business activities, functions and processes. The risks are