

**45TH
ANNUAL - REPORT
2015-2016**

Rathi Steel and Power Ltd.

RATHI STEEL AND POWER LTD.
CIN L27109DL1971PLC005905

BOARD OF DIRECTORS

Shri Pradeep Kumar Rathi (DIN:00012596) - Managing Director *
Shri Prem Narain Varshney (DIN:00012709) - Managing Director ^
Shri Shree Kumar Daga (DIN:00208058) - Independent Director
Shri Dwarka Das Lakhota (DIN:00012380) - Independent Director
Ms Akanksha Garg (DIN:0719311) - Woman Director
*Resigned w.e.f. 28th July, 2016
^Appointed w.e.f. 24th August, 2016

AUDITORS

M/s M. Lal & Co. (Chartered Accountants) III-A,
49 Nehru Nagar
Ghaziabad (U.P.) Pin- 201001

LEGAL ADVISOR

Mr. Shiv Khorana, Advocate
F-7, Second Floor Lajpat Nagar-III New Delhi- 110024

BANKERS

Bank of Baroda
Canara Bank
Syndicate Bank
State Bank of India
Dena Bank
Karur Vyasa Bank Limited
Corporation Bank

REGISTERED OFFICE

Chauhan Market, Madanpur Khadar,
Near Local Shopping Complex,
Pocket- D & E, Sarita Vihar, New Delhi-110076
Ph: 011- 4500 2400
Fax: 011-4500 2410
Web Site: <http://www.rathisteelandpower.com>

CORPORATE OFFICE

Industrial Area No. 1
A-3, South of GT Road
Ghaziabad (U.P.) Pin- 201009
Ph: 0120-2840346-350
Fax: 0120-2840352-353

WORKS:

Unit No. 1
Industrial Area No. 1
A-3, south side of GT Road, Ghaziabad (U.P.) Pin- 201009

Ph: 0120-2840346-350
Fax: 0120-2840352-353

Unit No.2
Vill. Potapalli, Sikirdi, P.S. Burla, Dist. Sambalpur,
Odisha Pin- 768006
Ph: 0663-2541170, 2230495

**REGISTRAR &
SHARE TRANSFER AGENT**

Mas Services Limited
T-34, Second Floor
Okhla Industrial Area, Phase-II, New Delhi- 110020
Ph: 011-26387281-82-83
Fax: 011-26387384
Email: info@masserv.com

NOTICE

NOTICE is hereby given that the 45th Annual General Meeting of the Members of Rathi Steel and Power Ltd. (CIN: L27109DL1971PLC005905) will be held at The Little Theater Group, Copernicus Marg, New Delhi-110001 on Friday, September 30th, 2016 at 11:00 A. M. to transact the following Business:

Ordinary Business:

1. Adoption of Financial Statements

To consider and adopt the audited financial statements of the Company for the year ended 31st March, 2016, together with the Report of the Directors and Auditors' thereon

2. Appointment of a Director

To appoint a Director in the place of Ms. AKANKSHA GARG (DIN 07193111), who retires by rotation and, being eligible, seeks re-appointment.

3. Ratification of appointment of Auditors

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

"RESOLVED THAT pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, the Company hereby ratifies the appointment of Messrs M. Lal & Co, Chartered Accountants (Firm's Registration No. 011148) as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 46th Annual General Meeting of the Company to be held in year 2017 to examine and audit the accounts of the Company for the Financial Year 2016-17 at such remuneration plus service tax, out-of-pocket, travelling and living expenses etc., as may be mutually agreed between the Board of Directors and the Auditors."

Special Business:

4. To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2017 and in this regard, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, as amended from time to time, the Company hereby ratifies the remuneration of Rs.50,000/- (Rupee fifty thousand) plus out-of-pocket expenses payable to Messrs R. M. Bansal & Co., Cost Accountants, Cost Accountants (Firm's Registration No. 000022) who have been appointed by the Board of Directors as the Cost Auditors of the Company, to conduct the audit of the cost records of the Company, for the Financial Year ending 31 March, 2017."

5. To appoint Shri Prem Narain Varshney (DIN: 00012709) as Managing Director and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Special Resolution:

RESOLVED THAT Pursuant to the provision of Sections 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013

including any statutory modification or re-enactment thereof, or any other law and approval(s) as may be necessary in this regard and such condition as may be imposed by any authority while granting such consent(s), permission(s) and as are agreed to by the Board of Directors (hereinafter referred to as the Board, which term shall unless repugnant to the context or meaning thereof, be deemed to include any committee thereof and any committee thereof and any person authorized by the Board in this behalf), consent of the member be and is hereby accord to the appointment of Mr. Prem Narain Varshney as Managing Director of the Company for the period of three years with effect from 24-08-2016 to 23-08-2019 on the terms and conditions including remuneration as set out in the statement annexed to the notice convening this meeting, with liberty to the Board of Directors and remuneration committee of the Board to alter and vary the terms and condition of the said appointment and /or remuneration as may deem fit and as may be acceptable to Mr. Prem Narain Varshney subject to the same not exceeding the limits specified in Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

6. To approve segregation of both the units on slump sale/demerger route basis to unlock the value and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as an Special Resolution

"RESOLVED THAT pursuant to the provisions of section 180 and all other applicable provisions, if any, of the Companies Act, 2013 and the Memorandum of Association of the Company and subject to requisite approvals, consents, sanctions and permissions of the appropriate authorities, including but not limited to court / tribunal consent of the Shareholders be and is hereby given to reorganize and segregate both the units by a process of demerger / slump sale or any other process as may be permitted by law.

RESOLVED FURTHER THAT Board be and is hereby authorized to consider and approve any proposal to reorganize the businesses of the Company and to examine in-depth all the relevant issues including statutory and legal requirements for a possible reorganization of Company businesses".

By Order of the Board
For **Rathi Steel And Power Limited**

Sd/-

Prem Narain Varshney
(Managing Director)

DIN: 00012709

Place: New Delhi

Date: 29 /08 /2016

Registered Office: Chauhan Market, Madanpur Khadar,
Near Local Shopping Complex,
Pocket -D & E, Sarita Vihar New Delhi- 110076
CIN: L27109DL1971PLC005905
Phone : 011-45002400, Fax : 011-45002410

Email : info@rathisteelandpower.com
Website : www.rathisteelandpower.com

Notes:-

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy and the proxy need not be a member of the Company.
2. The Proxy form must be deposited at the registered office of the Company not less than 48 hours before the scheduled hour of commencement of the meeting i.e. by 11:00 A. M. on September 30th, 2016.
3. Members/Proxies should bring their attendance slips duly filled in for attending the meeting.
4. Members are requested to bring their copy of the Annual Report with them at the Annual General Meeting, as the copies of the report will not be circulated at the meeting.
5. The Register of Members and Share Transfer Registers of the Company will remain closed from September 24th, 2016 to September 30th, 2016 (both days inclusive).
6. Explanatory statements pursuant to section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the meeting under Item No.4 is Annexed hereto.
7. Members who hold shares in dematerialized form are requested to bring their Depository ID Number and Client ID Number for easier identification of attendance at the Annual General Meeting.
8. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. A Member desirous of getting any information on the accounts or operations of the Company is requested to forward his request to the Company at least 10 days prior to the Meeting so that the required information can be made available at the Meeting.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/ Registrar M/s Mas Services Limited (Unit Rathi Steel), Phone: (011)26387281-83, Fax: (011) 26387384, E-mail : info@masserv.com
11. Members who have not registered their email addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically
12. The details of directors who are proposed to be reappointed/newly appointed are given in Corporate Governance Report. There are no inter-se relationships between the Board Members.
13. In compliance with the provisions of section 108 of the Companies Act, 2013 read with Rule 20 of the

Companies (Management and Administration) Rules, 2014, the Company is pleased to offer the facility of voting through electronic means.

The cutoff date for determining the eligibility to vote by electronic means or by ballot in the general meeting shall be September 23rd, 2016.

The members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting in terms of notification issued by the Ministry of Corporate Affairs dated 19.03.2015.

A separate communication containing all necessary instructions and relevant information is being sent separately.

14. The results of voting shall be declared at the Registered Office of the Company within 3 days of the conclusion of the Annual General Meeting by the chairman of the meeting and shall also be displayed at the website of the company www.rathisteelandpower.com

PROCESS FOR MEMBERS OPTING FOR E-VOTING

In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause

35B of the Listing Agreement, the Company will be providing members facility to exercise their right to vote on resolutions proposed to be considered at the ensuing Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL). The detailed procedure to be followed in this regard has been given in Annexure – A to the notice. The members are requested to go through them carefully.

ANNEXURE TO THE NOTICE:**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

Item No. 4

Based on the recommendation of the Audit Committee, the Board in its meeting appointed Messrs R. M. Bansal & Co., Cost Accountants, to conduct the audit of the steel manufacturing and power generation business for the financial year 2016-17 at fee of Rs. 50,000/- plus out of pocket expenses.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost

Auditor is to be approved by the Members of the Company. Accordingly, the Members are requested to approve the remuneration payable to the Cost Auditors as set out in the Resolution at item No 4 of the convening Notice.

None of the Directors, Key Managerial Personnel of the Company and their relatives is in any way concerned or interested in the said Resolution.

Item 5.

Shri Prem Narain Varshney is eligible to be appointed as Managing Director. Shri Prem Narain Varshney associated with company for last about 28 years. He is at the helm the affairs and plays a pivotal role in running the affairs of the Company. Hence the Board of Directors of the Company (the Board) at its meeting held on 24th August 2016 has, subject to the approval of members, appointed Shri Prem Narain Varshney as Managing Director of the Company for a period of 3 (Three) years, which will expire on 23 August 2019, at the remuneration recommended by Remuneration Committee of the Board and approved by the Board. It is proposed to seek the member's approval for appointment of and remuneration payable to Shri Prem Narain Varshney as Managing Director, in terms of applicable provisions of the Act.

Terms and Conditions

1. The basic Salary at the rate of Rs. 16,140/- (Rupees Sixteen thousand One hundred Forty only) with House Rent Allowance of Rs. 3,500/- (Rupees Three Thousand Five hundred Only) per month with such annual increment as may be decided by the Board of Directors and Remuneration Committee of the Board subject to the limits as specified in the Schedule V of the Companies Act, 2013 and other applicable provision of the Companies Act, 2013;
2. The Managing Director shall be entitled to the following perquisites and facilities: a. Perquisites and other Allowance as per Company's rule b. PF, Gratuity and other benefits as per Company's rule.

Notwithstanding anything herein, where in any financial year during the currency of the tenure of office of the Whole time Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above, subject to the requisite approvals being obtained.

The Board recommends the resolution for your approval. Except Shri Prem Narain Varshney, none of the other Directors/KMP/ their relatives are, in any way concerned or interested, financially or otherwise, in the resolution set out at Item no.5 of the Notice.

Item 6

As the members are aware that Company is going through deep financial crisis with Net worth of the Company is eroded completely and a reference has been made to BIFR under the law. It is proposed to authorize the Board of directors to consider and approve any proposal to reorganize the businesses of

the Company and to examine in-depth all the relevant issues including statutory and legal requirements for a possible reorganization of Company businesses by way of demerger / slump sale or any other process as may be permitted by law to unlock the value of both the units.

By order of the Board
For Rathi Steel And Power Limited

Sd/-
Prem Narain Varshney
(Managing Director)
DIN: 00012709

Registered Office: Chauhan Market, Madanpur Khadar,
Near Local Shopping Complex,
Pocket -D & E, Sarita Vihar New Delhi- 110076
CIN: L27109DL1971PLC005905
Phone : 011-45002400, Fax : 011-45002410
Email : info@rathisteelandpower.com
Website : www.rathisteelandpower.com

Place: New Delhi
Date: 29/08 /2016

ANNEXURE TO ITEMS 2 OF THE NOTICE

Details of Directors seeking re-appointment/appointment at the forthcoming Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)

Name of the director	Ms Akanksha Garg	Mr Prem Narain Varshney
Director Identification Number (DIN)	07193111	00012709
Date of Birth	24/02/1997	10/07/1952
Nationality	Indian	Indian
Date of Appointment on Board	30/05/2015	01-09-1997
Qualification	Pursuing graduation	Post Graduation
Shareholding in RSPL	NIL	NIL
List of Directorships held in other Companies (excluding foreign, private and Section 8 Companies)	NIL	NIL
Memberships / Chairmanships of Audit and Stakeholders' Relationship Committees across Public Companies	NIL	Audit Committee, Stakeholders Relationship Committee, Risk Management Committee

Annexure A to the notice

Instructions for the voting through electronic means

The procedure and instructions for e-voting as given in the Notice of the 45th Annual General Meeting are again reproduced hereunder for easy reference:

- I. In case of Members receiving e-mail from NSDL (For those members whose e-mail addresses are registered with Company/Depositories):
 - a. Open e-mail and open PDF file viz."RSPL-remote e-Voting.pdf" with your client ID or Folio No. as password containing your user ID and password for remote e-voting. Please note that the password is an initial password.
 - b. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>.
 - c. Click on Shareholder-Login.
 - d. Put user ID and password as initial password noted in step (i) above. Click Login.
 - e. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - f. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - g. Select "EVEN" of "Rathi Steel and Power Limited".
 - h. Now you are ready for remote e-voting as Cast Vote page opens.
- i. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- j. Upon confirmation, the message "Vote cast successfully" will be displayed.
- k. Once you have voted on the resolution, you will not be allowed to modify your vote.
- l. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to ranjeet@ranjeetcs.com with a copy marked to evoting@nsdl.co.in.
- II. In case of Members receiving Physical copy of Notice of 45th Annual General Meeting (for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy)
 - a. Initial password is provided in the box overleaf.
 - b. Please follow all steps from Sl. No. (b) to Sl. No. (l) above, to cast vote.
- A. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- B. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- C. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- D. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 23rd September, 2016.
- E. Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 23rd September, 2016, may also obtain the login ID and password by sending a request at evoting@nsdl.co.in or RTA, MAS Services Limited.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
- F. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

- G. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- H. Shri Ranjeet Kumar Verma, Practicing Company Secretary (Membership No. FCS 6814 & CP No. 7463), Proprietor, M/s. Ranjeet Verma & Associates., Company Secretaries has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- I. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- J. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- K. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.rathisteelandpower.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing and communicated to the BSE Limited.

BOARD'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 45th Annual Report together with the Audited Statement of Accounts of Rath Steel & Power Limited for the year ended 31st March, 2016.

1. FINANCIAL RESULTS

(Rs. In Lacs)

Particulars	CURRENT YEAR (RS. IN LACS)	PREVIOUS YEAR (RS. IN LACS)
Revenue from operation	59734.73	66882.35
EBIDTA	(4959.11)	696.68
Interest	1785.26	5040.18
Depreciation	2361.16	3186.63
Profit after Tax (PAT)	(9105.53)	(8239.23)
Dividend	NIL	NIL

2. OPERATIONAL REVIEW:

During the year under review, the Company achieved revenue from operation of Rs. 59734.73 lacs against previous year Rs. 66882.35 Lacs. The Company incurred loss of Rs. 9105.53 lacs against previous year loss of Rs. 8239.23 lacs. Company expects to do better if there is an improvement in overall industrial scenario.

3. DIVIDEND

No dividend has been recommended.

4. CAPACITY EXPANSION

Company is having very good reputation in the market for value added stainless steel products being manufactured at its Ghaziabad unit. In order to cater to growing demand of its value added products Company is considering to enhance the capacity.

5. REFERENCE UNDER SECTION 15 AND OTHER APPLICABLE PROVISIONS OF CHAPTER III OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985

In line with the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), a reference had been made with the Hon'ble BIFR by within the prescribed time and reference has been registered with Board of Industrial and Financial Reconstruction as case no.126/2015. Hearings are going on to declare the Company as sick company and once the Board declares the Company as a sick Company, rehabilitation/revival scheme will be prepared.

6. ECONOMIC SCENARIO AND OUTLOOK

The economic environment facing the steel industry continues to be challenging with China's slowdown impacting globally across a range of indicators contributing to volatility in financial markets, sluggish growth in global trade and low

oil and other commodity prices. The global steel market is suffering from insufficient investment expenditure and continued weakness in the manufacturing sector. In 2016, while we are forecasting another year of contraction in steel demand in China, slow but steady growth in some other key regions including NAFTA and EU is expected. Growth for steel demand in all markets except China is expected in 2017

7. Future outlook :

Grow in the emerging economy: In India, we endeavour to position ourselves to leverage growth, from an emerging economy and are always looking to expand our Steel capacity at regular intervals. The Company is planning to make new investments at Ghaziabad Unit for purpose of increasing the Capacity of Special Steel Products.

In order to unlock the value of both the units and to increase the shareholders value and also to find out long term viable solution with its lenders, Company is considering to segregate both the unit on slump sale/demerger route basis subject to necessary approval from all the authorities. In order to give effect for the same Company is seeking shareholders approval. All the other necessary approvals will be obtained once approval from shareholders are obtained

8. CORPORATE DEBT RESTRUCTURING

The debts of the Company were restructured under Corporate Debt Restructuring (CDR) mechanism in the year 2013-14. Due to delay in implementation of approved restructuring scheme Company could not start operations at Orissa unit nor was the implementation of setting up of rolling mill at Orissa and even its Ghaziabad unit is operating at lower than desired capacity utilization. Due to these delays Company could not meet its obligations as CDR per restructuring scheme. Company has since submitted revival scheme in line with RBI Guidelines to all the lenders

9. CORPORATE SOCIAL RESPONSIBILITY

Even though the provisions of Companies Act, 2013 regarding Corporate Social Responsibility are not attracted to the company yet the Company has been, over the years, pursuing as part of its corporate philosophy, an unwritten CSR policy voluntarily which goes much beyond mere philanthropic gestures and integrates interest, welfare and aspirations of the community with those of the Company itself in an environment of partnership for inclusive development.

10. RISK MANAGEMENT POLICY

Risk management policy of the Company promotes a proactive approach in reporting, evaluating and mitigating risks associated with the business. Mechanisms for identification and prioritisation of risks include business risk environment scanning and focused discussions in the Risk Management Group (at Senior Management Level) and Risk Management Committee meetings.

Although non-mandatory, the Company has constituted a Risk Management Committee (RMC) to oversee the risk management efforts in the Company under the Chairmanship of Mr. Prem Narain Varshney, Whole time Director. The details of the Committee along with its terms of reference are set

out in the Corporate Governance Report, forming part of the Annual Report.

A risk assessment update is provided to the RMC on periodical basis. The Committee assists the Audit Committee and the Board of Directors in overseeing the Company's risk management processes and controls. Some of the risks identified are set out in the Management Discussion and Analysis which forms part of the Annual Report.

11. INTERNAL FINANCIAL CONTROLS

Internal financial control systems of the Company are commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable accounting standards and relevant statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance of corporate policies. The Company has a well-defined delegation of power with authority limits for approving revenue as well as expenditure, both capital and revenue. The Company uses an established ERP system to record day to day transactions for accounting and financial reporting.

The Company's internal audit function monitors and assesses the adequacy and effectiveness of the Internal Financial Controls. The Audit Committee deliberated with the members of the management, considered the systems as laid down and met the internal auditors and statutory auditors to ascertain, inter alia, their views on the internal financial control systems. The Audit Committee satisfied itself of the adequacy and effectiveness of the internal financial control system as laid down and kept the Board of Directors informed. Details of internal control system are given in the Management Discussion and Analysis Report, which forms part of the Report.

12. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has adopted a Whistleblower Policy and Vigil Mechanism to provide a formal mechanism to the Directors, employees and its stakeholders to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. Protected disclosures can be made by a whistleblower through several channels. The policy provides for adequate safeguards against victimisation of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

13. RELATED PARTY TRANSACTIONS

There were no contracts or arrangements entered into by the company in accordance with provisions of section 188 of the Companies Act, 2013. However, there were material related party transactions in terms of clause 49 of the listing agreement. All material related party transactions that were entered into during the financial year were on an arm's 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 other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

14. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors Appointment/Re-appointment

In accordance with the provisions of the Act and the Articles of Association of the Company, Ms. Akanksha Garg, Director of the Company, retires by rotation at the ensuing AGM, and being eligible, has offered herself for re-appointment.

Independent Directors

The Independent Directors hold office for a fixed term of five years and are not liable to retire by rotation in terms of Section 149(13) the Act. In accordance with Section 149(7) of the Act, each Independent Director has given a written declaration to the Company confirming that he/she meets the criteria of independence as mentioned under Section 149(6) of the Act and the Listing Regulations. Details of Familiarisation programme for Independent Director is provided separately in the Corporate Governance Report.

Key Managerial Personnel (KMP)

Mr. Shyam S Bageshara has been appointed as the Chief Financial Officer and KMP with effect from 01st July, 2015 after the resignation of Mr. Anil Gupta as CFO.

Mr. Pradeep Kumar Rathi, Managing Director (resigned), Mr. P. N. Varshney, (Managing Director), Mr. Udit Rathi, CEO (resigned) and Ms. Sakshi Sethi, Company Secretary (resigned) are the other KMP as per the definition under Section 2(51) and Section 203 of the Act.

Board Evaluation

Pursuant to the provisions of the Act and the corporate governance requirements prescribed under the Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, and that of its Committees and Individual Directors.

The performance of the Board and individual Directors was evaluated by the Board after seeking inputs from all the directors. The criteria for performance evaluation of the Board included aspects such as Board composition and structure, effectiveness of Board processes, contribution in the long term strategic planning, etc. The performance of the committees was evaluated by the Board after seeking inputs from the committee members. The criteria for performance evaluation of the committees included aspects such as composition of committees, effectiveness of committee meetings, etc.

The Board and the NRC reviewed the performance of the

individual Directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of Independent Directors, performance of non independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the Board Meeting that followed the meeting of the Independent Directors, at which the feedback received from the Directors on the performance of the Board, its Committees and individual directors was also discussed.

15. DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, cost and secretarial auditors and external consultant(s), including audit of internal financial controls over financial reporting by the statutory 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 internal financial controls were adequate and effective during the FY 2015-16.

Accordingly, pursuant to Section 134(5) of the Act, 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) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (c) they have 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) they have prepared the annual accounts on a going concern basis;
- (e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

16. MANAGEMENT DISCUSSION & ANALYSIS AND CORPORATE GOVERNANCE REPORTS

Pursuant to Regulation 34 of the Listing Regulations, the