

Able and Stable

ADHUNIK INDUSTRIES LIMITED

41st Annual Report 2019-20

Corporate Information

BOARD OF DIRECTORS

| | | |
|----------------------------|----------------|---|
| Shri Trilok Sharma | (DIN:08432440) | Non-executive Chairman (appointed w.e.f. 15.07.2019) |
| Shri Rama Shankar Gupta | (DIN:07843716) | Managing Director (appointed as MD w.e.f. 15.11.2019) |
| Shri Niket Agarwal | (DIN:07233888) | Non-executive Director (appointed w.e.f. 14.11.2019) |
| Shri Jugal Kishore Agarwal | (DIN:00227460) | Managing Director (resigned from the close of business hours on 14.11.2019) |
| Shri Asit Baran Dasgupta | (DIN:02476594) | Independent Director |
| Smt. Sonam Agarwal | (DIN:08054202) | Independent Woman Director |
| Smt. Shilpi Modi | (DIN:02706881) | Independent Woman Director |

CHIEF FINANCIAL OFFICER

Shri Ajay Kumar Bhuwania
(appointed w.e.f. 01.04.2019)

COMPANY SECRETARY

Shri Bharat Agarwal

STATUTORY AUDITORS

M/s. Sudhir Kumar Jain & Associates
Chartered Accountants

COST AUDITORS

M/s. Dipak Lal & Associates
Cost Accountants

SECRETARIAL AUDITORS

M/s. M.R & Associates
Company Secretaries

INTERNAL AUDITORS

M/s. G.P. Agarwal & Co.
Chartered Accountants

BANKERS

Canara Bank
Bank of India
Punjab National Bank

REGISTERED OFFICE

14, Netaji Subhas Road
2nd Floor, Kolkata- 700 001.
Phone/Fax: 033-2243 4355 / 2242-8551

CORPORATE OFFICE

Lansdowne Towers
2/1 A, Sarat Bose Road
Kolkata-700 020.
Phone: (033) 6638-4700
Fax: (033) 2289-0285
E-mail- investorsail@adhunikgroup.co.in
Website: www.adhunikindustries.com

WORKS

Raturia, Angadpur
Durgapur-713 215
Phone: (0343) 2591105 / 2591122 / 1123 / 1124

REGISTRAR & TRANSFER AGENT

M/s. Maheshwari Datamatics Pvt. Ltd.
23, R. N. Mukherjee Road, 5th Floor
Kolkata-700 001
Phone: (033) 2243-5809/5029
Fax: (033) 2248-4787
E-mail: mdpldc@yahoo.com

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Board of Directors



Shri Trilok Sharma
Non-executive Chairman
(Appointed w.e.f. 15.07.2019)



Shri Rama Shankar Gupta
Managing Director
(Appointed as MD w.e.f. 15.11.2019)



Shri Niket Agarwal
Non-Executive Director
(Appointed w.e.f. 14.11.2019)



Shri Asit Baran Dasgupta
Independent Director



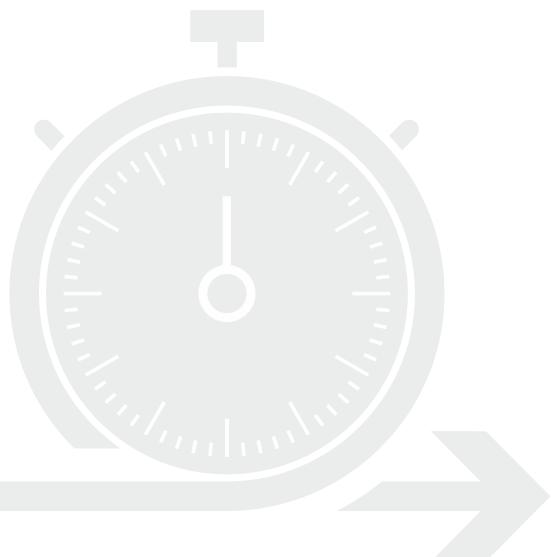
Smt. Sonam Agarwal
Independent Woman Director



Smt. Shilpi Modi
Independent Woman Director



Shri Jugal Kishore Agarwal
Managing Director
(resigned from the close of
business hours on 14.11.2019)





CHAIRMAN COMMUNIQUE

Dear Shareholders,

The global events unfolding has shifted the traditional paradigm of life and living. It brings into focus the collective spirit of the human inventiveness, not only to face the existing challenges but also to remain able and stable and thrive in a new normal.

At Adhunik, we have always wanted to build a company that endures across market cycles. The strong and vibrant stakeholder ecosystem we have built over the years, strengthens our resilience and provides a strong foundation to propel our thrust for growth and co-create a shared future.

Steel Review

India was the world's second largest steel producer in 2019. India surpassed Japan to become the world's second largest steel producer in 2019 with crude steel production of 111.20 million tonnes (MT). In FY20, crude steel production and finished steel production in India was 108.5 MT and 101.03 MT respectively. Export and import of finished steel stood at 8.42 MT and 6.69 MT, respectively, in FY20. India's per capita consumption of steel grew at a CAGR of 4.43% from 46.00 kgs in FY08 to 74.10 kgs in FY19. Government of India has taken various steps to boost the sector including the introduction of National Steel Policy 2017 and allowing 100% Foreign Direct Investment (FDI) in the steel sector under the automatic route.

The Government's National Steel Policy 2017 aims to increase the per capita steel consumption to 160.00 kgs by 2030-31. The Government has also promoted policy which

provides a minimum value addition of 15% in notified steel products covered under preferential procurement (Source: ibef.org).

Perspective

At Adhunik, we have consistently believed that reasonably visionary businesses move faster, address customer needs more efficiently and are better equipped to enhance stakeholder's value. In spite of challenging market scenario and global pandemic, we are able to deliver positive results and our performance are more or less in line with the industry standards. A slowing domestic economy, delayed infrastructure spending and pandemic-induced disruptions in the fourth quarter impacted the demand for our products. Considering the high correlation of iron & steel products demand with the domestic economy and other global & local perspectives, our performance demonstrates our robust fundamentals, driven by resource efficiency, growing prominence across urban and rural markets and enhanced brand reach. On the backdrop of these fundamentals, we achieved a Turnover of ₹50,192.81 Lakhs. We managed to remain EBIDTA positive with ₹1,196.52 Lakhs.

Brand Promise

The biggest asset of our business is not on our Balance Sheet; our brand, the product quality, strong dealer network are some of our biggest assets, not only evoking a positive recall for our products and translating into a consumer pull but also making it easily available to both retail and institutional customers.

Sustainable Processes

At Adhunik, we work relentlessly to improve resource efficiency at our rolling mill by optimizing energy usage, utilizing generated waste, and targeting higher alternative fuel and raw material usage. We enhanced our focus on environmental protection, energy efficiency, and emission reduction. We are constantly investing in research and development initiatives to improve productivity of the rolling mill with existing capacity as well as exploring opportunities for further expansion.

Growth drivers

Capital Goods: The capital goods sector accounts for 11% of the total steel consumption and is expected to increase 14-15% by 2025-26. It has the potential to increase in tonnage and market share. Corporate India's capex is expected to grow and generate greater demand for steel.

Infrastructure: The infrastructure sector accounts for 9% of steel consumption and is expected to increase to 11% by 2025-26. Due to rising investment in infrastructure, the demand for steel products would increase in the years ahead. 70% of the country's infrastructure, estimated at ₹6 lakh crore (US\$ 89.50 billion), is yet to come up. Thus, a significant growth potential for steel sector is present.

Airports: More and more modern and private airports are expected to be set up. In FY19, passenger traffic at Indian airports stood at 344.69 million. The number of operational airports stood at 103 as on 31 March 2019. Development of tier II city airports will sustain consumption growth. Thus, estimated steel consumption in constructing airports is likely to grow more than 20% over the next few years.

Railways: The Dedicated Rail Freight Corridor (DRFC) network expansion would be enhanced in the future. Gauge conversion, setting up of new lines, metro rail network and electrification would drive demand for steel. Introduction of high-speed bullet trains and metro trains will increase steel usage.

Power: The Government has envisaged capacity addition of 58,384 MW from conventional sources between 2017-22. Also, the Government is targeting to achieve 175 GW of renewable power generation capacity by 2022. This will lead to enhancement in both transmission and distribution capabilities, thereby raising steel demand from the sector.

Rural India: In FY19, per capita consumption of steel in rural India was estimated to be between 10 to 15 kgs which is expected to enhance in coming years keeping in mind the present market trends. Policies like Pradhan Mantri Awas Yojana and Pradhan Mantri Gram Sadak Yojana are driving growing demand for steel in rural India.

Combating Covid crisis

The COVID-19 pandemic has shown us that while there are multiple clusters of large outbreak in urban areas, rural India despite lacking in basic infrastructure and healthcare facilities has relatively been less impacted. Clearly urban city planners have a daunting task of decongesting large

cities and take infrastructure development to the outskirts, satellite towns, and semi urban centers. The industry too will have to shift its priorities and be more rural-centric.

In the midst of covid crisis, the central government launched 'Garib Kalyan Rozgar Abhiyan' to expedite implementation of 25 public infrastructure works and those related to augmentation of livelihood opportunities. These 25 works are related to rural housing for the poor, plantations, provision of drinking water through Jal Jeevan Mission and construction of panchayat bhavans, community toilets, rural mandis, rural roads, cattle sheds and anganwadi bhavans. The scheme was launched to facilitate income under the hands of rural labourers following loss of employment in urban centres due to the nationwide lockdown to combat the spread of COVID-19. The central plans to launch more job generating schemes and lay it focus on rural India which sounds well for the overall economic & infrastructure development thereby benefitting the iron & steel industry in the coming days.

Sound Governance & Sustainability

We are committed to high standards in corporate governance and aim to implement best practices beyond compliance requirements. Our Board currently comprises of professional directors, from varied background and considerable working experience. The Company had also adopted various measures for a cordial working relation between the workers and the management. Workshops are being organized on a regular basis to impart training to the Company's personnel and also to make them aware of the developments in the Industry.

As a socially responsible corporate citizen, we always undertake significant steps to uplift the morale of the people and betterment of the environment in our surrounding.

Looking Ahead

In this overview, I cannot assure the shareholders that everything is under control in this Global scenario. However, what we do know is that our shock absorbers run deeper than most peers. At the end of the day, pride of ownership usually prevails among consumers and if we continue to make the good, better, we will get the desired goals. We will continue to focus on enhancing efficiency, optimizing costs and increasing liquidity and preparing for the big leap when the sector rebounds. We are optimistic that this will translate into superior margins, returns on capital employed and market capitalization, enhancing value in the hands of all those who own shares in our company.

Stay safe, stay well.

With warm regards

Sincerely,

Trilok Sharma

Chairman

Board's Report

Dear Members,

Your Directors take pleasure in presenting the Forty One Annual Report together with the Audited Financial Statements of your Company for the financial year ended 31st March, 2020.

FINANCIAL HIGHLIGHTS:

The summarized financial performance of your Company for the financial year ended 31st March, 2020 is as under :

(₹ in Lakhs)

| Particulars | Year ended | |
|---|------------------------------|------------------------------|
| | 31 st March, 2020 | 31 st March, 2019 |
| Revenue from Operations | 50,192.81 | 67,041.46 |
| Other Income | 14.08 | 62.57 |
| Total Revenue | 50,206.89 | 67,104.03 |
| Earning Before Interest, Depreciation and Taxes (EBIDTA) | 1,196.52 | 1,790.08 |
| Depreciation and Amortization Expenses | 569.33 | 365.99 |
| Finance Costs | 495.26 | 892.48 |
| Profit Before Tax | 131.93 | 531.61 |
| Total Tax expense | 31.11 | 150.16 |
| Profit After Tax | 100.82 | 381.45 |
| Other Comprehensive Income | 3.54 | (1.28) |
| Total Comprehensive Income | 104.36 | 380.17 |

(Note: The Company had prepared its financial statements in accordance with Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of Companies Act, 2013 read with relevant rules thereunder and other accounting principles generally accepted in India.)

OPERATIONS:

Iron & Steel is indispensable for nation building and has a direct linkage with nation's health and growth. FY 2019-20 continued to be a very challenging year for global economy and in particular for iron and steel industry in India. There is a marginal decline in prices of finished goods as compared to last year and thus, revenue from operations decreased to ₹ 50,192.81 Lakhs. In spite of that, the Company had achieved EBIDTA of ₹ 1,196.52 Lakhs during the period under review. Overall, Profit before Tax decreased to ₹ 131.93 Lakhs of current year as compared to ₹ 531.61 Lakhs of last year.

STATE OF THE COMPANY'S AFFAIRS:

The FY 2019-20 has been overall a challenging year for the Company. The turnover of the Company had marginally declined due to fall in prices. However, your Company had managed the situation at its end and achieve the moderate result by taking appropriate decision by the management of the Company keeping in mind the prevailing market trends. The overall state of affairs of the Company keeping in mind the present global scenario under pandemic COVID 19 and present health of iron and steel industry is satisfactory.

The outbreak of Coronavirus (COVID-19) pandemic globally and in India causing significant disturbances and slowdown of economic activity. In many countries, businesses are being forced to cease or limit their operations for long or indefinite period of time. Measures taken to contain the spread of the virus including travel bans, quarantines, social distancing and closure of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The Company's management has made initial assessment of likely adverse impact on business and financial risks and believes that the impact is likely to be short term in nature. The management does not see any medium to long term risks in the Company's ability to continue as going concern and meeting its liabilities as and when they fall due. Due to the nature of pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods. In assessing the recoverability of Company's assets such as Loans, Trade Receivables, Inventories etc., the Company had considered internal and external information upto the date of approval of these financial results. The Company has performed sensitivity analysis on the assumptions used on the basis of internal and external information / indicators of future economic conditions and expects to recover the carrying amount of the assets.

Board's Report (Contd.)

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION:

There is no such material change and commitment affecting the financial position of your Company which have occurred between the end of the financial year of your company to which the financial statements relate and the date of the report.

CHANGE(S) IN THE NATURE OF BUSINESS, IF ANY:

Your company is engaged in the activity of manufacturing of steel related rolled products such as TMT, Wire rods, H. B. Wire etc. and providing of related services. Further, the Company is also involved in generation of electricity through Wind Power. There is no change in the nature of business during the period under review.

INDUSTRY SCENARIO AND OUTLOOK:

The COVID-19 has disrupted operations globally is well-known. Moreover, the new normal that will emerge is likely to witness a realignment of power centres in different domains. The coronavirus crisis has impacted almost all supply chains dependent on China, which includes the steel sector. Given the closure of operations in most industries, the nation's steel demand in F.Y. 2020-21 is slated to fall by about 15%. This will lead to oversupply, suppressed prices and rising inventories once the lockdown is lifted completely, as per an India Ratings report. As a result, a vicious cycle will be created – where prices will remain depressed until there is a major uptick in demand or a sizeable inventory volume is offloaded.

The biggest barrier is the collapse of demand from various industries. As most consumers have postponed discretionary spending, there is muted demand in all industries, barring essentials such as groceries and FMCGs. Be it white goods, capital goods, automobiles and a host of others, the demand from consumers has plummeted.

Also, demand bouncing back quickly to pre-COVID-19 levels is unlikely soon. As many verticals have laid-off workers, placed some on furlough or announced salary cuts, the overall consumer sentiment is against any spending, except on essentials. Considering that COVID-19 is expected to stay on as a seasonal flu, the prospects of an economic bounce back will be tempered accordingly. Consequently, individual and institutional spending are bound to remain lacklustre for a year or so at least.

Under such circumstances, it is up to the government to boost infrastructure investments across the country. This can become a key driver for India's eventual economic recovery. Such infrastructure projects need to be fast-tracked for the steel sector to stabilize operations after the demand slump.

A FICCI report recommends that this could be achieved by the frontloading of investments in the National Infrastructure Pipeline. The report also recommends that construction activities be allowed to resume, taking all precautionary measures adhering to Central directives to contain COVID-19. As construction activities are one of the prime demand drivers for steel, this measure is crucial. In turn, other steel-consuming sectors should be placed on the fast track for resuming operations. These steps are imperative since India's steel demand is expected to drop by 7.7% this year, according to the Indian Steel Association's forecast.

With the emergence of pandemic COVID-19, it had adversely affected the industry due to shut down of operations during lock down, no demand due to shut down of operations of real estate and infrastructure, non-availability of labour due to their migration to their home town in line with prolonged lock down to curb the pandemic etc. and the actual downfall will actually be ascertained to during the first half year of FY-2020-21.

However, this is also true that India has enormous scope and untapped potential to increase steel consumption in almost all sectors, especially in automobiles, engineering industries and infrastructure development. India's GDP growth is likely to move higher in the coming years due to compulsive focus by policy makers for development of infrastructures & other sectors.

Your company is one of the major key players among the various players in the rolling mill industry in the Durgapur region of West Bengal. It operates with a vision to become industry leader in zone which inspires its stakeholders and a well-defined business plan with planned strategy give hope to achieve its vision.

DIVIDEND AND RESERVES:

In view of meeting capital requirements of the Company through ploughing back of profit in the business, the Directors of your Company are intend to retain the surplus profits in the business itself. Therefore, no dividend is being recommended.

Board's Report (Contd.)

During the period under review, no amount was transferred to General Reserve.

SHARE CAPITAL:

During the financial year under review, there is no change in the capital structure of the Company and accordingly the issued, subscribed and paid up share capital of your Company stood at ₹ 46,76,37,500/- (Rupees Forty Six Crores Seventy Six Lakhs Thirty Seven Thousand Five Hundred Only) comprising of 4,67,63,750 (Four Crores Sixty Seven Lakhs Sixty Three Thousand and Seven Hundred and Fifty) number of Equity shares of Rs.10/- each fully paid up as on 31st March, 2020. The Company had not issued any equity shares with differential rights as to dividend, voting or otherwise.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES INDUSTRIAL RELATIONS:

During the financial year under review, industrial relations remained cordial. Employees' competencies and skills were enhanced by exposing them to several internal and external training programmes. Various measures were taken to improve motivation level of employees. Additional efforts are continued to be implemented with a view to obtain commitment and loyalty towards the organization.

CREDIT RATING:

The Company's credit rating ascribed by rating agency is given below:

| Rating Agency | Instrument | Rating | Outlook | Effective from |
|-----------------------------------|-----------------------|----------|---------|-------------------------------|
| India Ratings & Research Pvt. Ltd | Fund Based Limits | IND BBB- | Stable | With effect from 11/11/2019 |
| | Non-Fund Based Limits | IND A3 | | |
| | Fund Based Limits | IND BB | Stable | At the beginning of the year. |
| | Non-Fund Based Limits | IND A4+ | | |

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information as required under the provisions of sub-section (3)(m) of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, details relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in the **Annexure-A**, which is annexed hereto and forms part of Board's Report.

DETAILS OF BOARD MEETINGS:

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board business. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions through circulation, as permitted by law, which are confirmed in the subsequent Board meeting.

During the year, 5 (five) Board meetings were held, details of which are given below. The maximum time gap between any two consecutive meetings did not exceed 120 days.

| Date of the meeting | No. of Directors attended the meeting |
|---------------------|---------------------------------------|
| 28th May, 2019 | 6(Six) |
| 15th July, 2019 | 8 (Eight) |
| 13th August, 2019 | 6 (Six) |
| 14th November, 2019 | 7 (Seven) |
| 13th February, 2020 | 6 (Six) |

COMMITTEES OF BOARD:

There are currently five Committees of the Board as per Companies Act, 2013 and the same are as follows:

- ✓ Audit Committee
- ✓ Nomination and Remuneration Committee
- ✓ Corporate Social Responsibility Committee
- ✓ Stakeholders Relationship Committee
- ✓ Management and Finance Committee

Board's Report (Contd.)

The details of composition of the Committees of Board of Directors are as under:-

a. Audit Committee

During the year under review, the Board of Director of your Company reconstituted the Audit Committee with effect from 16th July, 2019 in accordance with the provisions of Section 177 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee had met four times i.e. on 28th May, 2019, 13th August, 2019, 14th November, 2019 and 13th February, 2020.

The details of composition of the Audit Committee are as under:-

| Sl. No. | Name | Chairman/ Members |
|---------|-----------------------------|-------------------|
| 1. | Shri Asit Baran Dasgupta | Chairman |
| 2. | Shri Rama Shankar Gupta * | Member |
| 3. | Smt. Sonam Agarwal | Member |
| 4. | Smt. Shilpi Modi | Member |
| 5. | Shri Mahesh Kumar Agarwal # | Ex-Member |

* appointed w.e.f. 16.07.2019

ceased from the close of business hours on 15.07.2019

All the recommendations made by the Committee are duly accepted and approved by the Board of Directors.

Vigil Mechanism / Whistle Blower Policy

In compliance with provisions of Section 177(9) and (10) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has framed a Vigil Mechanism / Whistle Blower Policy to deal with unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy, if any. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of co-employees and the Company. During the year under review, no personnel has been denied access to the Audit Committee.

The Company had revised the Vigil Mechanism / Whistle Blower Policy in the Board meeting held on 28th March, 2019 and the same is came into force w.e.f. 1st April, 2019. The revised Vigil Mechanism/ Whistle Blower Policy have been uploaded on the website of the Company at www.adhunikindustries.com and may be accessed at the following web-link: <https://www.adhunikindustries.com/download/21592457662.pdf>

b. Nomination & Remuneration Committee

During the year under review, the Board of Directors of your Company reconstituted the Nomination and Remuneration Committee with effect from 16th July, 2019 in accordance with the provision of Section 178 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

The Committee had met four times i.e. on 15th July, 2019, 13th August, 2019, 14th November, 2019 and 13th February, 2020. The details of composition of the Nomination & Remuneration Committee are as under:-

| Sl. No. | Name | Chairman/ Members |
|---------|-----------------------------|-------------------|
| 1. | Smt. Sonam Agarwal | Chairman |
| 2. | Smt. Shilpi Modi | Member |
| 3. | Shri Trilok Sharma * | Member |
| 4. | Shri Mahesh Kumar Agarwal # | Ex-Member |

* appointed w.e.f. 16.07.2019

ceased from the close of business hours on 15.07.2019

Board's Report (Contd.)

c. Corporate Social Responsibility Committee

The CSR philosophy of your Company is embedded in its commitment to all stakeholders, consumers, employees, environment and society while your Company's approach extends both to External community as well as to your Company's large and diverse internal employee base & their families. The Committee had approved the CSR policy and the Budget. The CSR policy is uploaded on Company's website at www.adhunikindustries.com and may be accessed at the following web-link: <https://www.adhunikindustries.com/download/21592552700.pdf>. Further, the Report on CSR Activities/ Initiatives is enclosed as **Annexure - B**.

The Corporate Social Responsibility Committee of the Company was reconstituted by the Company with effect from 16th July, 2019 during the period under review. During the financial year 2019-20, the Committee had met once i.e. on 28th May, 2019. The composition of the CSR Committee formed in accordance with the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 is as under:

| Sl. No. | Name | Chairman/ Members |
|---------|-----------------------------|-------------------|
| 1. | Shri Trilok Sharma * | Chairman |
| 2. | Shri Rama Shankar Gupta * | Member |
| 3. | Smt. Shilpi Modi | Member |
| 4. | Shri Mahesh Kumar Agarwal @ | Ex-Chairman |
| 5. | Shri Mohan Lal Agarwal @ | Ex-Member |

* Appointed w.e.f. 16.07.2019

@ ceased from the close of business hours on 15.07.2019

d. Stakeholders Relationship Committee:

The Stakeholders Relationship Committee of the Company was reconstituted by the Company with effect from 16th July, 2019 during the period under review. The Committee had met once during the financial year 2019-20 on 13th February, 2020. The details of composition of the Stakeholders Relationship Committee are as under :-

| Sl. No. | Name | Chairman/ Members |
|---------|-----------------------------|-------------------|
| 1. | Shri Trilok Sharma * | Chairman |
| 2. | Shri Rama Shankar Gupta * | Member |
| 3. | Smt. Sonam Agarwal | Member |
| 4. | Shri Mahesh Kumar Agarwal @ | Ex-Chairman |
| 5. | Shri Mohan Lal Agarwal @ | Ex-Member |

* appointed w.e.f. 16.07.2019

@ ceased from the close of business hours on 15.07.2019

e. Management and Finance Committee:

The Management and Finance Committee of the Company was reconstituted two times once with effect from 16th July, 2019 and again with effect from 15th November, 2019 during the period under review. One meeting of the Management and Finance Committee took place on 3rd December, 2019 during the year under review.

The details of composition of the Management and Finance Committee are as under:-

| Sl. No. | Name | Chairman/ Members |
|---------|------------------------------|-------------------|
| 1. | Shri Rama Shankar Gupta * | Chairman |
| 2. | Shri Trilok Sharma % | Member |
| 3. | Shri Niket Agarwal # | Member |
| 4. | Shri Jugal Kishore Agarwal @ | Ex-Chairman |
| 5. | Shri Mohan Lal Agarwal \$ | Ex-Member |
| 6. | Shri Mahesh Kumar Agarwal \$ | Ex-Member |

* appointed w.e.f. 16.07.2019

appointed w.e.f. 15.11.2019

@ ceased to be Chairman w.e.f. 15.07.2019 and to be a member w.e.f. 14.11.2019

\$ ceased w.e.f. 15.07.2019

Board's Report (Contd.)

DIRECTORS' RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 and based on the information provided by the Management, the Board of Directors report that:

- (i) In the preparation of the annual accounts for the financial year ended March 31, 2020, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent except as otherwise stated in the Notes to Financial Statements so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for the year ended on that date;
- (iii) The Directors 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;
- (iv) The Directors have prepared the annual accounts for the financial year ended March 31, 2020 on a 'going concern' basis;
- (v) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (vi) 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.

BOARD INDEPENDENCE:

Our definition of 'Independence' of Directors is derived from Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149(6) of the Companies Act, 2013. Based on the confirmation / disclosures received from the Directors and on evaluation of the relationships disclosed, the following Non-Executive Directors are Independent in terms above said provisions :-

- a) Shri Asit Baran Dasgupta (DIN: 02476594)
- b) Smt. Sonam Agarwal (DIN: 08054202)
- c) Smt. Shilpi Modi (DIN: 02706881)

The Company had not appointed any new Independent Director during the period under review.

DECLARATION BY INDEPENDENT DIRECTORS:

The Company has received declaration from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under Section 149(7) of the Companies Act, 2013 as well as Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

DIRECTORS:

Director Shri Mohan Lal Agarwal (DIN: 01047906), Director (Non-Executive) and Shri Mahesh Kumar Agarwal (DIN: 00507690), Director & Chairman (Non- Executive) were resigned from the Board of Directors of the Company from the close of business hours on 15th July, 2019. On the same day i.e. on 15th July, 2019, Mr. Trilok Sharma and Mr. Rama Shankar Gupta were appointed as Additional Non- Executive Director of the Company. Further, they had been appointed as a Director (Non-Executive) of the Company with effect from 16th September, 2019.

Again, Shri Jugal Kishore Agarwal (DIN: 00227460), Managing Director (Executive) was resigned from the Board of Directors of the Company from the close of business hours on 14th November, 2019. On the same day i.e. 14th November, 2019, Mr. Niket Agarwal was appointed as Additional Non- Executive Director of the Company.

Board's Report (Contd.)

Furthermore, due to resignation of Shri Jugal Kishore Agarwal from the post of Managing Director and KMP of the Company, the Board had decided to appoint Shri Rama Shankar Gupta, who was earlier appointed as Non-Executive Director, as a Managing Director based on the recommendation of Nomination and Remuneration Committee with effect from 15th November, 2019.

As on 31st March, 2020, the Board comprises of six Directors namely Shri Trilok Sharma (DIN: 08432440), Director & Chairman (Non- Executive), Shri Rama Shankar Gupta (DIN: 07843716), Managing Director (Executive), Mr. Niket Agarwal (DIN: 07233888), Director (Non-Executive), Shri Asit Baran Dasgupta (DIN: 02476594), Non-Executive Independent Director, Smt. Sonam Agarwal (DIN: 08054202), Non-Executive Independent Woman Director and Smt. Shilpi Modi (DIN: 02706881), Non-Executive Independent Woman Director of the Company.

In accordance with the provisions of Section 152 of the Act, the Rules prescribed thereunder and your Company's Articles of Association, Shri Trilok Sharma (DIN: 08432440) retires by rotation at the ensuing Annual General Meeting being eligible, offers himself for re-appointment. The Board of Directors recommends the re-appointment of Shri Trilok Sharma (DIN: 08432440) at the ensuing 41st Annual General Meeting.

KEY MANAGERIAL PERSONNEL (KMPs):

Shri Rama Shankar Gupta (DIN: 07843716) Managing Director, Shri Ajay Kumar Bhuwania, Chief Financial Officer and Shri Bharat Agarwal, Company Secretary are the Whole-time Key Managerial Personnel (KMPs) of the Company as on Financial Year ending 31st March, 2020.

During the financial year under review, the Board of Directors had accepted the resignation of Shri Jugal Kishore Agarwal from the position of Managing Director with effect from close of business hours on 14th November, 2019. Based on the recommendation of the Nomination and Remuneration Committee, the Board had appointed Shri Rama Shankar Gupta as the new Managing Director in its Board meeting held on 14th November, 2019 with effect from 15th November, 2019.

COMPANY'S POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION:

Pursuant to provisions of Section 178(3) of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company based on the recommendation of the Nomination and Remuneration Committee, has formulated a Remuneration Policy. The Company's Remuneration Policy is available on the web link <https://www.adhunikindustries.com/download/21592457707.pdf>.

The Remuneration Policy of the Company, inter alia, includes the aims and objectives, principles of remuneration, guidelines for remuneration to Executive Directors and Non-Executive Directors, fixed and variable components in the remuneration package, criteria for identification of the Board Members and appointment of senior management.

The criteria for identification of the Board Members including that for determining qualification, positive attributes, independence etc. are summarily given hereunder:

- The Board member shall possess appropriate skills, qualification, characteristics and experience. The objective is to have a Board with diverse background and experience in business, government, academics, technology, human resources, social responsibilities, finance, law etc. and in such other areas as may be considered relevant or desirable to conduct the Company's business in appropriate manner.
- Independent Director shall be person of integrity and expertise and experience and/or someone who the Committee/ Board believes could contribute to the growth/philosophy/strategy of the Company.
- In evaluating the suitability of individual Board Members, the Committee takes into account many factors, including general understanding of the Company's business dynamics, global business, social perspective, educational and professional background and personal achievement.
- Director should possess high level of personal and professional ethics, integrity and values. He / She should be able to balance the legitimate interest and concern of all the Company's stakeholder in arriving at decisions, rather than advancing the interest of a particular constituency.

Board's Report (Contd.)

- Director must be willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively. He/She must have the aptitude to critically evaluate management's working as a part of a team in an environment of collegiality and trust.
- The Committee evaluates each individual with the objective of having a group that best enables the success of the Company's business and achieves its objectives.

PARTICULARS OF LOANS, GUARANTEE AND INVESTMENTS:

During the year, your company has duly complied with the provision of section 186 of the Companies Act, 2013. The particulars of loans given, investments made, guarantees given under the provisions of Section 186 read with Rule 11 of the Companies (Meetings of Board and its Powers) Rules, 2014 are provided in the notes to the Financial Statements.

DETAILS RELATING TO MATERIAL VARIATIONS:

Disclosures regarding material variations as specified in Regulation 32(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not required to be furnished as no such event took place during the year.

RISK MANAGEMENT:

Risk management is the process of identification, assessment and prioritization of risks followed by coordinated efforts to minimize, monitor and mitigate/control the probability and/or impact of unfortunate events or to maximize the realization of opportunities. The Company has a well-defined process to ensure risks are identified and steps to treat them are put in place at the right level in the management.

In terms of the requirements of the Companies Act, 2013 and Regulation 17(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company has developed and implemented the Risk Management Policy. The Company has taken adequate measures to mitigate various risk encountered. There are no risks which in the opinion of the Board threaten the existence of the Company. However, some of the risks which may pose challenges are set out in the Management Discussion and Analysis Report which forms a part of this report.

HUMAN RESOURCE:

Company's industrial relations continued to be harmonious during the period under review. The human resource philosophy and strategy of your Company have been designed to attract and retain the best talent, creating a workplace environment that keeps employees engaged, motivated and encourages innovation. Your Company has qualified and talented human resources at all levels of operation. It has put concerted efforts for continuous learning and training to ensure that strong and credible leadership is developed.

SAFETY, HEALTH AND ENVIRONMENT:

The manufacture of steel involves steps that are potentially hazardous if not executed with due care. The Company maintains the highest safety standards within its operating units and is an ISO certified (ISO 9001:2015, 14001:2015 & 18001:2007) organization. Further, there is a team of professionals who conducts regular training programs to implement the concept of maintain safe operations among the employees and to educate the team on safety norms and procedures to be followed in an unfortunate situation.

A process was put in place to manage risks related to COVID-19 by day to day health monitoring of all employees and sanitizing the workplace. Social distancing measures is also strictly adhered in terms guidelines issued by the Government.

Our mission is to protect and enhance the well-being of our employees, visitors and partners. Safe working is non-negotiable.

CORPORATE SOCIAL RESPONSIBILITY:

In lines with the provisions of Section 135 of the Companies Act, 2013, the Company has framed its Corporate Social Responsibility (CSR) Policy for the development and benefit of the weaker section of the society and the same is approved by the CSR Committee and the Board of Directors of the Company. The CSR Policy of the Company provides a road map for its CSR activities. The purpose of CSR Policy is to devise an appropriate strategy and focus on its CSR initiatives and lay down the broad principles on the basis of which the Company will fulfill its CSR objectives. As per the said policy, the Company follows

Board's Report (Contd.)

the strategy of discharging its CSR responsibilities related to social service through various trusts/societies in addition to its own initiatives and donations made to other non-government organizations.

The CSR Policy has been uploaded on the Company's website at www.adhunikindustries.com and may be accessed at the link <https://www.adhunikindustries.com/download/21592552700.pdf>. Pursuant to the requirements under Section 135 of the Companies Act, 2013 and Rules made thereunder, a report on CSR activities and initiatives taken during the year in the prescribed format is given in **Annexure-B**, which is annexed hereto and forms part of the Board's Report.

The Company has been playing a pro-active role in the socio economic growth and has contributed to all spheres ranging from health, education, hygiene and empowerment of women, environment conservation etc. The Company becomes the part of some of the social programs in India, touching the lives of hundreds of people positively by supporting such programs. During the Year 2019-20, Company CSR activities are deployed through NGO's namely M/s. Purvanchal Kalyan Ashram and M/s. Friends of Tribal Society to promote education among children belonging to weaker section of the society.

PARTICULARS OF EMPLOYEES:

Disclosure pertaining to remuneration and other details as required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the prescribed particulars of remuneration of employees pursuant to Section 134(3)(q) and Section 197(12) read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016, are given in **Annexure - C** to the Board's Report and forms part of this report.

RISK AND CONCERN:

Risk management is the continuing process to identify, analysis, evaluate and treat loss exposures to monitor risk control and financial resources to mitigate the adverse effects of loss. In today's complex business environment, effective risk management is critical to success of any business. The Company has a risk management team, which periodically evaluating the risks associated with the business and taking necessary initiatives to minimize its impact. This also helps the Company in taking business decisions with balanced risks and rewards comparison. The risk management framework ensures compliance with the requirements of relevant Regulations under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

FAMILIARIZATIONS PROGRAMME FOR IDs':

In terms of Regulation 25(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has in place a system of conducting the Familiarization Programme for Independent Director to familiarize them with their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various initiatives. The said policy is uploaded on the Company's website at www.adhunikindustries.com and may be accessed at the link <https://www.adhunikindustries.com/download/21557489723.pdf>.

During the FY 2019-20, the Company had conducted two familiarization programme for Independent Directors of the Company as under-

- Recent amendments in Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on 13th August, 2019.
- Companies (Creation and Maintenance of databank of Independent Director) Rules, 2019 on 13th February, 2020.

PREVENTION OF INSIDER TRADING:

In terms of Regulation 8(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time (the "Regulations"), the Board of Directors had framed the revised "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" and in terms of Regulation 9(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time (the "Regulations"), a new "Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons and Immediate Relatives of Designated Persons" is hereby framed. Both the above-said Code was adopted by the Board of Directors in its meeting held on dated 28th March, 2019 and shall come into force w.e.f. 1st April, 2019.

All Board of Directors and the designated employees have confirmed compliance with the applicable Code during the financial year.

Board's Report (Contd.)

Both code is available on the website www.adhunikindustries.com of the Company and may be accessed at the link <https://www.adhunikindustries.com/menu-details.php?cat=corporate-governance&sub=code-of-conduct>.

BOARD EVALUATION:

The board of directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to sub-section 3(p) of Section 134 of the Companies Act, 2013 and the corporate governance requirements as prescribed by Securities and Exchange Board of India ("SEBI") under Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings etc. The criteria for evaluation of Directors inter alia includes factors such as engagement, strategic planning and vision, team spirit and consensus building, effective leadership, domain knowledge, management qualities, team work abilities, achievements, understanding and awareness, integrity, ethics, value and openness.

The Board and the Nomination and Remuneration Committee ("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 held on 13th February, 2020, 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 matter was also discussed in the board meeting held on 13th February, 2020 at which the performance of the Board, its committees and individual directors was discussed. The performance of Independent Directors has been evaluated based on the guidelines as provided under Schedule IV of the Companies Act, 2013. The evaluation of the Independent Directors was carried out by the entire Board except by the Director being evaluated. The directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

SUBSIDIARY, JOINT VENTURES AND ASSOCIATES COMPANIES:

The Company does not have any subsidiaries, joint ventures and associate companies. So, the required disclosure is not applicable to the Company.

DEPOSITS:

During the year under review, the Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

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

On 29th August, 2019, SEBI had passed the final order in the matter of suspected shell companies and disposed-off the proceedings initiated vide interim order dated 21st September, 2018. SEBI had also revoked the directions mentioned in the interim order dated 21st September, 2018 and an adjudication proceedings will be initiated against the Company in accordance with the law for the alleged violation of provision of Listing Agreement and LODR Regulations in respect of related party transactions during the F. Y. 2015-16 with Adhunik Corporation Limited only. The Company had not received any further communication from SEBI relating to adjudication proceedings.

INTERNAL CONTROL AND AUDIT:

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined in the Internal Audit Manual. To maintain its objectivity and independence, the Internal Auditor reports to the Chairman of the Audit Committee of the Board & to the Chairman & Managing Director.

Board's Report (Contd.)

The CEO and CFO certification provided in the Annual Report discusses the adequacy of the Company's Internal Control System and Audit.

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

INTERNAL FINANCIAL CONTROL SYSTEM:

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

AUDITORS AND AUDITOR'S REPORT:

STATUTORY AUDITORS

At the 37th Annual General Meeting (AGM) of the Company held on the 14th day of September, 2016, M/s Sudhir Kumar Jain & Associates, Chartered Accountants, having (Registration No. 318016E) allotted by The Institute of Chartered Accountants of India (ICAI), were appointed as Statutory Auditors of the Company to hold office for a term of 5 (five) years from the conclusion of 37th AGM till the conclusion of the 42nd AGM of the Company subject to ratification of such appointment by the Members at every AGM .

The Company has received a letter from the Statutory Auditors pursuant to the provisions of Section 139 of the Companies Act, 2013 confirming that their appointment on such ratification will be within the prescribed limits under the Companies Act, 2013 and that they are not disqualified for the said appointment.

The Companies Amendment Act, 2017 has omitted the requirement of ratification of the appointment of statutory auditors at every Annual General Meeting with effect from May 7, 2018. Hence the ratification of appointment of Statutory Auditors at the ensuing 41st Annual General Meeting is not required.

The terms pertaining to resignation of statutory auditors of the Company had been revised during the period under review by the Board of Directors of the Company based on the recommendation of Audit Committee in line with the circular issued by Securities and Exchange Board of India (Circular No.- CIR/CFD/CMD1/114/2019 Dated-18/10/2019).

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark. Further, the Statutory Auditors have not reported any incident of fraud during the year under review.

COST AUDITORS

In terms of the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, maintenance of cost records has been specified by the Central Government for your Company and such records are made and maintained by your Company as per the requirements of the Act. Further, your Company has appointed M/s. Dipak Lal & Associates, Cost Accountants (a Cost Audit Firm), as Cost Auditor of the Company w.e.f. 1st April, 2020 to 31st March, 2021 to carry out audit of cost records of the Company, who was also the Cost Auditor for the Financial year 2019-20. The remuneration proposed to be paid to them in Financial Year 2020-21 requires ratification by the shareholders of the Company. In view of this, your ratification for payment of remuneration to Cost Auditors is being sought at the ensuing Annual General Meeting. The report issued by the cost auditor for the Financial Year 2019-20 is self-explanatory and do not call for any further comments.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016, the Board has appointed M/s. M R & Associates, Company Secretaries, to conduct Secretarial Audit for the financial year 2019-20. The Secretarial Audit Report for the financial year ended March 31, 2020 is annexed herewith marked as **Annexure- D** to this Report.

Board's Report (Contd.)

Board's comment on Secretarial Audit Report's Observations:

On 29th August, 2019, SEBI had passed the final order in the matter of suspected shell companies and disposed-off the proceedings initiated vide interim order dated 21st September, 2018. SEBI had also revoked the directions mentioned in the interim order dated 21st September, 2018 and an adjudication proceedings will be initiated against the Company in accordance with the law for the alleged violation of provision of Listing Agreement and LODR Regulations in respect of related party transactions during the F.Y. 2015-16 with Adhunik Corporation Limited only. The Company had not received any further communication from SEBI relating to adjudication proceedings.

The Board has also appointed M/s. M R & Associates, as Secretarial Auditor to conduct Secretarial Audit of the Company for the Financial Year 2020-21.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

According to the provisions of Section 188 read with Section 2(76) of the Companies Act, 2013, all transactions entered with Related Parties during the financial year 2019-20 were on arm's length basis and were in the ordinary course of business.

All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval of Audit Committee is obtained for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to omnibus approval so granted along with a statement giving details of all related party transactions is placed before the Audit Committee. The Policy on Related Party Transactions as approved by the Board is uploaded on the Company's website www.adhunikindustries.com and may be accessed at the link <https://www.adhunikindustries.com/download/21558518217.pdf>.

Your Directors draw attention of the members to Note 32 to the financial statement which sets out related party disclosures.

Moreover during the year under review the Company has entered into materially significant related party transactions and the relevant disclosure of information pursuant to Section 134(3) (h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 has been shown in AOC-2, annexed herewith marked as **Annexure- E** to this report.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND:

During the year under review, no amount had been transferred to Investor Education and Protection Fund (IEPF) as no amount was due and payable.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:

Your Company has always believed in providing a safe and harassment free workplace for every individual working in the Company. Your Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

In accordance with "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013" and in order to provide for the effective enforcement of the basic human right of gender equality and guarantee against sexual harassment and abuse, more particularly against sexual harassment at work places, your Company has constituted an Internal Complaint Committee and adopted a policy on Prevention of Sexual Harassment at Workplace. The policy aims to provide the effective enforcement of basic human right of gender equality and guarantee against sexual harassment and abuse. Your Company hereby declare that it has complied with provisions relating to the constitution of Internal Complaints Committee of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year, there was no complaint lodged with the Internal Complaint Committee, formed under "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013".

EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return for the financial year ended on March 31, 2020 in Form MGT-9 as required under Section 92(3) of the Companies Act, 2013, is marked as **Annexure - F** which is annexed hereto and forms part of the Board's Report and is also uploaded on the website of the Company at <https://www.adhunikindustries.com/download/21597228638.pdf>.

Board's Report (Contd.)

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT:

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(2)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is presented in a separate section forming part of the Annual Report.

CORPORATE GOVERNANCE:

Your Directors are pleased to report that your Company strives to ensure that best corporate governance practices are identified, adopted and consistently followed. Your Company believes that good governance is the basis for sustainable growth of the business and for enhancement of stakeholder's value.

Pursuant to Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section titled 'Report on Corporate Governance' has been included in this Annual Report along with the certificate obtained from M/s. MR & Associates, Practicing Company Secretaries Firm certifying compliance with the conditions of corporate governance as stipulated under relevant Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and annexed with the report on Corporate Governance.

COMPLIANCE OF SECRETARIAL STANDARDS

The Company complies with all applicable secretarial standards as issued and notified by Institute of Company Secretaries of India.

FORWARD LOOKING AND CAUTIONARY STATEMENTS:

Certain statement in this Report concerning to our growth prospects, particularly those which relate to Management Discussion & Analysis Report, describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results could however differ materially from those expressed or implied. The risk and uncertainties relating to these statements include, but are not limited to, important factors that could make a difference to the Company's operations such as global and domestic demand-supply conditions, finished goods prices, raw materials and fuels cost and availability, transportation costs, changes in Government regulations and tax structure, economic developments within India and other factors such as litigation and industrial relations. The Company does not undertake to update any forward looking statements that may be made from time to time by or on behalf of the Company.

APPRECIATION:

Your Directors place on record their sincere appreciation for significant contribution made by employees of the Company at each level, through their dedication, hard work and commitment. The Board places on record its appreciation for the continued co-operation and support extended to the Company by various Banks, Financial Institutions, Stock Exchanges, NSDL and CDSL, Vendors, Customers, Consultants, Central and State Government bodies, Dealers, and other Business Associates. The Board deeply acknowledges the trust and confidence placed by the consumers of the Company and, above all, the shareholders.

For and on behalf of the Board

Registered office

14 Netaji Subhas Road
2nd Floor, Kolkata - 700001
Date: 26.06.2020

Sd/-

Trilok Sharma
Chairman
(DIN: 08432440)

Sd/-

Rama Shankar Gupta
Managing Director
(DIN: 07843716)

Annexures to the Board's Report

Annexure - A

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo as required under the Companies (Accounts) Rules, 2014:

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is as follows:

A. CONSERVATION OF ENERGY

i) Energy conservation measures taken or impact on conservation of energy

Energy conservation dictates how efficiently a Company can conduct its operations. AIL has recognized the importance of energy conservation in decreasing the deleterious effects of global warming and climate change.

Your Company regularly reviews measures to be taken for energy conservation, consumption and its effective utilization. Some of the energy conservation initiatives taken by the Company during the year are given below:

- The conservation of energy is a continuous exercise. Trend of energy consumption is regularly monitored and remedial measures are initiated to improve energy efficiency.
- Preventing wastage/minimization of energy usage by relentless optimization of process parameters to achieve lower values of energy consumption.
- Use of latest energy efficient technology like high efficiency VFD based motors, inverter based air conditioners and drives.
- Replaced old conventional light fittings with latest generation CFL and LED light fittings in the operational and official floors, thus, power consumption is reduced.
- Rationalization of load on transformer.
- Maximum use of natural light in day time by placing transparent roof and side glass windows.
- Studying available potential of recovered energy from various sources and doing a cost benefit analysis of practices required.

ii) Steps in utilization of alternate sources of energy

The Company is exploring the ways and ideas through its efficient technical team that how it can use the alternate sources of energy in the energy intensive production line in place of conventional sources of energy, its viability and cost effectiveness in relation to the production cost of the products produced by the Company.

iii) Capital investment on energy conservation equipments

No capital investment on energy conservation equipments incurred by the Company during the financial year ended March 31, 2020.

B. TECHNOLOGY ABSORPTION

i) The efforts made by the Company towards technology absorption during the year under review are as under:

- During the year, your Company has made constant efforts to improve process, design and planning across all manufacturing sections;
- Installation of various machine based testing system to check the quality of the product produced.

Annexures to the Board's Report (Contd.)

- ii) Adhunik Industries Limited finished products are always set a reputable standard in the market in comparison to its peers. With the adoption of various advanced methodology in the production process, will help the Company to reduce its cost of production and the quality and durability of the products are also improved.
- iii) The Company had not imported any foreign technology during the last three years.
- iv) The Company had not incurred any major expenditure which can specifically appropriated to Research and Development work.
- v) Worked on increasing the productivity in Rolling Mill within the existing capacity.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

| Total foreign exchange earned and outgo | 2019-20 | 2018-19 |
|--|----------------|----------------|
| Foreign Exchange Inflow (₹ in Lakhs) | - | 148.42 |
| Foreign Exchange Outgo (₹ in Lakhs) | 43.78 | 2.54 |

For and on behalf of the Board

Registered office
 14 Netaji Subhas Road
 2nd Floor, Kolkata - 700001
 Date: 26.06.2020

Sd/-
Trilok Sharma
Chairman
(DIN: 08432440)

Sd/
Rama Shankar Gupta
Managing Director
(DIN: 07843716)

Annexures to the Board's Report (Contd.)

Annexure-B

Report on Corporate Social Responsibility (CSR) Activities / Initiatives

(Pursuant to Section 135 of the Act and Rules made thereunder)

1. A brief outline of the Company's CSR policy, including overview of the projects or programs proposed to be undertaken and reference to the web-link to the CSR policy and projects or programs:

The CSR policy framed by the CSR Committee (constituted by the Board) has been approved by the Board of Directors in accordance with the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014.

In accordance with schedule VII of the Companies Act, 2013, for enhancing the stakeholders' value, generating economic value of the nation and working towards well-being of the society, the CSR Policy covers certain projects/activities such as supporting education, skill development, food services and health care for underprivileged people of the society.

The detailed CSR Policy is available on the website of the Company at www.adhunikindustries.com and the web link for the same is <https://www.adhunikindustries.com/download/21592552700.pdf>

2. The composition of CSR Committee is as under:

The composition of the CSR Committee formed in accordance with the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 is as under:

| Sl. No. | Name of Director | Category | Profession |
|---------|-----------------------------|-----------------------------------|------------|
| 1 | Shri Trilok Sharma * | Non-Executive Director (Chairman) | Service |
| 2 | Shri Rama Shankar Gupta * | Executive Director | Service |
| 3 | Smt. Shilpi Modi | Independent Director | Business |
| 4 | Shri Mohan Lal Agarwal @ | Non-Executive Director | Business |
| 5 | Shri Mahesh Kumar Agarwal @ | Non-Executive Director (Chairman) | Business |

* appointed w.e.f. 16.07.2019

@ ceased from the close of business hours on 15.07.2019

3. Average net profit of the Company for the last three financial years:

2016-17, 2017-18 and 2018-19 is ₹ 525.24 Lacs.

4. The prescribed CSR expenditure (two percent of the amount mentioned in item 3 above): ₹ 10.50 Lacs

5. Details of CSR spent during the financial year.

- a) Total amount to be spent for the financial year 2019-20: ₹ 10.50 Lacs
- b) Amount spent during the year 2019-20 : ₹ 10.51 Lacs
- c) Amount unspent, if any: Not applicable
- d) Manner in which the amount spent during the financial year 2019-20 is detailed below:

Annexures to the Board's Report (Contd.)

| Sr. No. | CSR Project or activity identified | Sector in which the project is covered clause no. (Cl.) of Schedule VII to the Companies Act, 2013, as amended | Projects or programs 1) Local area other 2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs Subheads: i) Direct expenditure on projects or programs ii) Overheads | Cumulative expenditure upto the reporting period i.e. 2019-20 | Amount spent: Direct or through implementing agency |
|--------------|---|--|--|---|--|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| I | Contribution to Skill development and Education | Schedule VII (ii) | Durgapur, Kolkata, West Bengal | 10.48 | 10.49 | 10.49 | Direct as well as through implementing Agency i.e. Purvanchal Kalyan Ashram and Friends of Tribal Society |
| II | Supervision of CSR Activities | Overheads | Durgapur, Kolkata, West Bengal | 0.02 | 0.02 | 0.02 | Direct |
| TOTAL | | | | 10.50 | 10.51 | 10.51 | |

6. In case the Company has failed to spend the 2% of the average net profit of the last 3 financial years or any part thereof, reasons for not spending the amount: Not Applicable
7. A responsibility statement by the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:

The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board

Registered office
 14 Netaji Subhas Road
 2nd Floor, Kolkata - 700001
 Date: 26.06.2020

Sd/-
Trilok Sharma
Chairman of the CSR Committee
(DIN: 08432440)

Sd/-
Rama Shankar Gupta
Managing Director
(DIN: 07843716)

Annexures to the Board's Report (Contd.)

Annexure - C

DISCLOSURE IN DIRECTORS' REPORT PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) AMENDED RULES, 2016:

| Sr. No. | Requirements | Disclosure | |
|---------|--|---|---------------------------|
| 1. | The ratio of the remuneration of each director to the median remuneration of employees of the Company for the financial year | Name of the Director Shri Jugal Kishore Agarwal (Note 1) Shri Rama Shankar Gupta (Note 2) | Ratio 12:1 12:1 |
| | | 1. Apart from Managing Director, no director is in receipt of any remuneration from the Company. 2. Sitting Fees paid to the Directors have not been considered as remuneration. 3. Figures have been rounded off wherever necessary. | |
| 2. | The percentage increase in remuneration of each director, Chief Financial Officer and Company Secretary in the financial year | Shri Jugal Kishore Agarwal Shri Rama Shankar Gupta (Note 2) Shri Ajay Kumar Bhuwania Shri Bharat Agarwal | NIL NA 6.98% NIL |
| 3. | The percentage increase in the median remuneration of employees in the financial year | In the financial year, there was an increase of 15.08% in the median remuneration of employees. | |
| 4. | The number of permanent employees on the rolls of Company | There were 225 permanent employees on the rolls of the Company as on March 31, 2020. | |
| 5. | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration | i) Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year 2019-20 is 15.08 % ii) Average percentage increase in the salaries of managerial personnel in the financial year 2019-20: NIL | |
| 6. | Affirmation that the remuneration is as per the remuneration policy of the Company | It is hereby affirmed that the remuneration paid to Directors, Key Managerial Personnel and other Employees is as per the Nomination and Remuneration Policy of the Company. | |

Notes:

- 1) Mr. Jugal Kishore Agarwal resigned from the Board of Directors of the Company with effect from 14th November, 2019.
- 2) Mr. Rama Shankar Gupta appointed as Managing Director of the Company with effect from 15th November, 2019.

Statement containing list of top 10 employees pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 in respect of employees of the Company and Directors is furnished hereunder:

| Sl. No. | Name | Designation / Nature of Duties | Remuneration Received (in ₹) (per annum) | Nature of Employment and other terms | Qualification | Experience (in years) | Age (in years) | Date of commencement of employment | Last employment held and Designation | % of Equity Shares held by the employee in the Company |
|---------|-------------------------|--------------------------------|--|--------------------------------------|---------------|-----------------------|----------------|------------------------------------|--|--|
| 1. | Mr. Ajay Kumar Bhuwania | Chief Financial Officer (CFO) | 21,96,227 | Permanent | FCA, ICWA | 23 | 43 | 01/06/2005 | Tantia Construction Limited as General Manager | 0.000 |

Annexures to the Board's Report (Contd.)

| Sl. No. | Name | Designation / Nature of Duties | Remuneration Received (in ₹) (per annum) | Nature of Employment and other terms | Qualification | Experience (in years) | Age (in years) | Date of commencement of employment | Last employment held and Designation | % of Equity Shares held by the employee in the Company |
|---------|---------------------------|---------------------------------------|--|---|--------------------------------|-----------------------|----------------|------------------------------------|---|--|
| 2. | Mr. Om Prakash Verma | Vice President-Project | 18,86,798 | Permanent | Diploma Engineer-Electrical | 24 | 49 | 01/07/2019 | Adhunik Alloys & Power Limited as Plant Head | NIL |
| 3. | Mr. Jugal Kishore Agarwal | Managing Director (Upto 14/11/2019) | 18,66,667 | As per shareholder's Resolution | Graduate in Commerce and Law | 37 | 70 | 30/11/2017 | Adhunik Steels Limited as Executive | NIL |
| 4. | Mr. Chatar Singh | AGM-Production | 17,67,871 | Permanent | B.A. | 37 | 58 | 08/11/2005 | Usha Martin Limited as Manager | NIL |
| 5. | Mr. Rama Shankar Gupta | Managing Director (w.e.f. 15/11/2019) | 17,35,759 | As per Board's Resolution subject to approval of shareholders | MBA-Finance and Marketing | 23 | 50 | 15/11/2019 | Adhunik Corporation Limited as Chief Financial Officer | NIL |
| 6. | Mr. Bharat Agarwal | Company Secretary | 12,12,941 | Permanent | FCA, CS | 14 | 36 | 01/04/2010 | Adhunik Corporation Limited as Manager | NIL |
| 7. | Arun Kumar Goswami | GM-Sales & Marketing | 10,10,323 | Permanent | BA (ENG. HONS.) | 31 | 59 | 15/06/2018 | Shree Sanyeeji Rolling Mills as AVP-Sales & Marketing | NIL |
| 8. | Mr. Baljeet Singh | Assistant General Manager-Electrical | 9,40,664 | Permanent | B.Tech., MBA | 29 | 51 | 04/09/2005 | Usha Martin Limited as Senior Manager-Electrical | NIL |
| 9. | Mr. Atul Kumar Dutta | Deputy General Manager-Marketing | 9,10,860 | Permanent | MBA | 25 | 49 | 20/06/2019 | JUD Cements Limited as DGM-Marketing | NIL |
| 10. | Mr. Ahmed Saif | Officer-Marketing | 8,51,954 | Permanent | B. Sc. (Hons.), MBA -Marketing | 24 | 53 | 01/03/2014 | Shyam Metaliks Limited as Manager-Public Relation (Marketing) | NIL |

Notes:

- 1) The employees have adequate experience to discharge responsibilities assigned to them.
- 2) None of the above mentioned persons are relatives of Directors of the Company except Mr. Jugal Kishore Agarwal who is the elder brother of Mr. Mohan Lal Agarwal and Mr. Mahesh Kumar Agarwal. It is to be noted that Mr. Mohan Lal Agarwal and Mr. Mahesh Kumar Agarwal resigned from the Board of Directors of the Company with effect from the close of business hours of 15th July, 2019 and Mr. Jugal Kishore Agarwal resigned from the Board of Directors of the Company with effect from the close of business hours of 14th November, 2019.

For and on behalf of the Board

Sd/-

Trilok Sharma

Chairman

(DIN: 08432440)

Sd/-

Rama Shankar Gupta

Managing Director

(DIN: 07843716)

Registered office

14 Netaji Subhas Road
2nd Floor, Kolkata - 700001
Date: 26.06.2020

Annexures to the Board's Report (Contd.)

Annexure - D

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Key Managerial Personnel) Rules, 2014]

To,
The Members,
ADHUNIK INDUSTRIES LIMITED
14, N. S. Road, 2nd Floor,
Kolkata-700001
West Bengal

1. We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ADHUNIK INDUSTRIES LIMITED** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.
2. Based on our verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the Financial Year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:
3. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:
 - i) The Companies Act, 2013 (the Act), amendments thereof and the rules made thereunder;
 - ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable regulations /guidelines/circulars as may be issued by SEBI from time to time.

I further report that, there were no actions/ events in pursuance of;

- (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

Annexures to the Board's Report (Contd.)

We further report that having regard to the compliance system prevailing in the Company, we have relied upon the representation made by the Management, for compliance with the specific / general applicable laws like.

- a) Factories Act, 1948,
- b) Industrial Dispute Act, 1947,
- c) Payment of Wages Act, 1936 and other applicable labour laws,
- d) Environment (Protection) Act, 1986 and other environment laws

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and to the extent amended and notified from time to time.
- (ii) The Listing Agreements entered into by the Company with The Calcutta Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, on 29th August, 2019, SEBI had passed the final order and disposed-off the proceedings in the matter of suspected shell Companies initiated vide earlier interim order dated 21st September, 2018. SEBI had also revoked the directions mentioned in the earlier interim order dated 21st September, 2018 and an adjudication proceedings will be initiated against the Company in accordance with the law for the alleged violation of provisions of Listing Agreement and LODR Regulations in respect of related party transactions during the F. Y. 2015-16 with Adhunik Corporation Limited only. Further, as informed by the Management, the Company had not received any further communication from SEBI relating to adjudication proceedings.

We further report that during the audit period the Company had obtained approval of shareholders by way of passing Special resolution at the Annual General Meeting of the Company held on 16.09.2019 for re-appointment of Mr. Asit Baran Dasgupta (DIN: 02476594) as an Independent Director for second term of five consecutive years with effect from 16th September, 2019 to 15th September, 2024;

This Report is to be read with our letter of even date which is annexed "**Annexure A**" and forms an Integral Part of this Report.

For MR & Associates

Company Secretaries

Sd/-

[M R Goenka]

Partner

FCS No.:4515

C P No.:2551

UDIN: F004515B000379483

Place : Kolkata
Date : 26.06.2020

Annexures to the Board's Report (Contd.)

Note :

The Audit was conducted earlier for nine month and the audit documents were obtained from the Company except compliance for the quarter January to March 2020. The COVID-19 outbreak was declared as a global pandemic by the World Health Organization. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended across the country to control the spread of the virus. Due to COVID-19 pandemic impact, the compliance documents for the quarter January to March, 2020 were obtained through electronic mode and verified with requirements. It is further stated that due to the pandemic situation cause by COVID-19, few intimations made to Stock Exchanges under relevant SEBI Regulations and compliances under the Companies Act 2013 read with relevant rules were within the extended period and relaxations granted by respective regulatory authorities.

"ANNEXURE - A"
(TO THE SECRETARIAL AUDIT REPORT
For the Financial year ended 31st March, 2020)

To,
The Members
ADHUNIK INDUSTRIES LIMITED
14, N. S. Road, 2nd Floor, Kolkata - 700 001
West Bengal

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

1. Maintenance of Secretarial Records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the Audit practices and processes as where appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial Records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibilities of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Kolkata
Date : 26.06.2020

For **MR & Associates**
Company Secretaries
Sd/-
[M R Goenka]
Partner
FCS No.:4515
C P No.:2551
UDIN: F004515B000379483

Annexures to the Board's Report (Contd.)

Annexure - E

Form No. AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

- 1. Details of contracts or arrangements or transactions not at arm's length basis:** The Company has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during the financial year 2019-20.
- 2. Details of material contracts or arrangement or transactions at arm's length basis:**

| Sl. No. | Name(s) of the related party and nature of relationship | Nature of contracts/arrangements/ transactions | Duration of the contracts / arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value, if any |
|---------|---|---|--|--|
| 1 | Adhunik Corporation Limited (Enterprise over which KMP/ Shareholders/ Relatives have significant influence) | Purchase of Raw Materials & Sale of Finished Goods / By-Product | FY 2019-20 | Purchase of Billets and sale of Misroll, Wastage, End-cutting etc. at arm's length basis (For details of amount of transactions during the year refer, Note no. 32 (b) of Audited Financial Statements.) |

Notes:

- Shareholders' approval was taken by way of Ordinary Resolution passed through Postal Ballot on 29th June, 2018 considering that above contracts / transactions are material in nature as defined under Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Approval of the Audit Committee was taken for all of these transactions.
- No advances have been paid or received against the transactions mentioned above.

For and on behalf of the Board

Registered office

14 Netaji Subhas Road
2nd Floor, Kolkata - 700001
Date: 26.06.2020

Sd/-
Trilok Sharma
Chairman
(DIN: 08432440)

Sd/
Rama Shankar Gupta
Managing Director
(DIN: 07843716)

Annexures to the Board's Report (Contd.)

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
for the financial year ended on 31st March, 2020

Annexure-F

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

| | | |
|---|--|---|
| 1 | CIN | L27100WB1979PLC032200 |
| 2 | Registration Date | 23-08-1979 |
| 3 | Name of the Company | ADHUNIK INDUSTRIES LIMITED |
| 4 | Category/Sub-category of the Company | PUBLIC LIMITED COMPANY / LIMITED BY SHARES |
| 5 | Address of the Registered office & contact details | 14, NETAJI SUBHAS ROAD 2ND FLOOR KOLKATA-700 001 Tel: +91 33 2243 4355 Fax: +91 33 2242 8551 |
| 6 | Whether listed company | Yes |
| 7 | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Maheshwari Datamatics Pvt. Ltd. 23, R. N. Mukherjee Road, 5th Floor Kolkata-700 001. Tel: +91 33 2243 5809/5029 Fax: +91 33 2248 4787 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| S. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|--------|--|--|------------------------------------|
| 1 | Iron & Steel | 241- Manufacture of basic Iron & Steel | 100.00 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| SN | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|----|---------------------------------|---------|--------------------------------|------------------|--------------------|
| 1 | NIL | NA | NA | NA | NA |

Annexures to the Board's Report (Contd.)

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 1-April-2019] | | | | No. of Shares held at the end of the year [As on 31-March-2020] | | | | % Change during the year |
|----------------------------------|---|----------|--------------------|----------------------|--|----------|--------------------|----------------------|--------------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 32,31,050 | - | 32,31,050 | 6.91% | 32,31,050 | - | 32,31,050 | 6.91% | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | 3,18,23,750 | - | 3,18,23,750 | 68.05% | 3,18,23,750 | - | 3,18,23,750 | 68.05% | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Sub Total (A) (1) | 3,50,54,800 | - | 3,50,54,800 | 74.96% | 3,50,54,800 | - | 3,50,54,800 | 74.96% | - |
| (2) Foreign | | | | | | | | | |
| a) NRI Individuals | - | - | - | - | - | - | - | - | - |
| b) Other Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks/ FI's | - | - | - | - | - | - | - | - | - |
| e) Any other | - | - | - | - | - | - | - | - | - |
| Sub Total (A) (2) | - | - | - | - | - | - | - | - | - |
| TOTAL (A) | 3,50,54,800 | - | 3,50,54,800 | 74.96% | 3,50,54,800 | - | 3,50,54,800 | 74.96% | - |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1) | - | - | - | - | - | - | - | - | - |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 71,77,935 | - | 71,77,935 | 15.35% | 71,63,638 | - | 71,63,638 | 15.32% | -0.03% |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |

Annexures to the Board's Report (Contd.)

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 1-April-2019] | | | | No. of Shares held at the end of the year [As on 31-March-2020] | | | | % Change during the year |
|---|---|----------|--------------------|----------------------|--|----------|--------------------|----------------------|--------------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | 4,35,446 | 1 | 4,35,447 | 0.93% | 7,35,165 | 1 | 7,35,166 | 1.57% | 0.64% |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 35,71,597 | - | 35,71,597 | 7.64% | 36,52,095 | - | 36,52,095 | 7.81% | 0.17% |
| c) Others (specify) | | | | | | | | | |
| Non Resident Indians | 2,043 | - | 2,043 | 0.00% | 5,568 | - | 5,568 | 0.01% | 0.01% |
| Overseas Corporate Bodies | - | - | - | - | - | - | - | - | - |
| Foreign Nationals | - | - | - | - | - | - | - | - | - |
| Clearing Members | 5,21,928 | - | 5,21,928 | 1.12% | 1,52,483 | - | 1,52,483 | 0.33% | -0.79% |
| Trusts | - | - | - | - | - | - | - | - | - |
| Foreign Bodies – D R | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(2) | 1,17,08,949 | 1 | 1,17,08,950 | 25.04% | 1,17,08,949 | 1 | 1,17,08,950 | 25.04% | - |
| Total Public (B) | 1,17,08,949 | 1 | 1,17,08,950 | 25.04% | 1,17,08,949 | 1 | 1,17,08,950 | 25.04% | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 4,67,63,749 | 1 | 4,67,63,750 | 100.00% | 4,67,63,749 | 1 | 4,67,63,750 | 100.00% | - |

(ii) Shareholding of Promoter

| SN | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|----|-----------------------------|---|---|---|-------------------------------------|---|--|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | Mahesh Kumar Agarwal | 100 | 0.00% | - | - | 0.00% | - | 0.00% |
| 2 | Manoj Kumar Agarwal | 100 | 0.00% | - | - | 0.00% | - | 0.00% |
| 3 | Ghanshyam Das Agarwal | 100 | 0.00% | - | - | 0.00% | - | 0.00% |
| 4 | Jugal Kishore Agarwal | 100 | 0.00% | - | - | 0.00% | - | 0.00% |
| 5 | Nirmal Kumar Agarwal | 100 | 0.00% | - | - | 0.00% | - | 0.00% |
| 6 | Mohan Lal Agarwal | 100 | 0.00% | - | - | 0.00% | - | 0.00% |
| 7 | Rita Agarwal | 75,000 | 0.16% | - | 75,000 | 0.16% | - | 0.00% |
| 8 | Chandrakanta Agarwal | 52,500 | 0.11% | - | 52,500 | 0.11% | - | 0.00% |
| 9 | Meena Agarwal | 5,60,400 | 1.20% | - | 5,60,500 | 1.20% | - | 0.00% |
| 10 | Jugal Kishore Agarwal (HUF) | 50,000 | 0.11% | - | 50,000 | 0.11% | - | 0.00% |
| 11 | Nirmal Kumar Agarwal (HUF) | 27,500 | 0.06% | - | 27,500 | 0.06% | - | 0.00% |
| 12 | Vaibhav Agarwal | 5,23,900 | 1.12% | - | 5,24,000 | 1.12% | - | 0.00% |
| 13 | Chirag Agarwal | 4,41,400 | 0.94% | - | 4,41,500 | 0.94% | - | 0.00% |
| 14 | Aakarsh Agarwal | 4,88,900 | 1.05% | - | 4,89,000 | 1.05% | - | 0.00% |

Annexures to the Board's Report (Contd.)

| SN | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|----|--|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged/encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 15 | Sachin Kumar Agarwal | 4,94,400 | 1.06% | - | 4,94,500 | 1.06% | - | 0.00% |
| 16 | Sonika Agarwal | 5,16,450 | 1.10% | - | 5,16,550 | 1.10% | - | 0.00% |
| 17 | RND Steels Ltd. (formerly Adhunik Steels Ltd.) | 3,40,000 | 0.73% | 0.73% | 3,40,000 | 0.73% | 0.73% | 0.00% |
| 18 | Mahananda Suppliers Ltd. | 1,66,00,000 | 35.50% | 18.45% | 1,66,00,000 | 35.50% | 18.45% | 0.00% |
| 19 | Sungrowth Share & Stocks Ltd. | 1,48,83,750 | 31.83% | 31.83% | 1,48,83,750 | 31.83% | 31.83% | 0.00% |

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

| SN | Particulars | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|------------------------------|------------|----------|---|-------------------|---|-------------------|
| | | | | No. of shares | % of total shares | No. of shares | % of total shares |
| 1 | Mahesh Kumar Agarwal | | | | | | |
| | At the beginning of the year | 01-04-2019 | | 100 | 0.00% | 100 | 0.00% |
| | Changes during the year | 17-03-2020 | Transfer | (100) | 0.00% | - | 0.00% |
| | At the end of the year | 31-03-2020 | | - | 0.00% | - | 0.00% |
| 2 | Jugal Kishore Agarwal | | | | | | |
| | At the beginning of the year | 01-04-2019 | | 100 | 0.00% | 100 | 0.00% |
| | Changes during the year | 19-03-2020 | Transfer | (100) | 0.00% | - | 0.00% |
| | At the end of the year | 31-03-2020 | | - | 0.00% | - | 0.00% |
| 3 | Mohan Lal Agarwal | | | | | | |
| | At the beginning of the year | 01-04-2019 | | 100 | 0.00% | 100 | 0.00% |
| | Changes during the year | 19-03-2020 | Transfer | (100) | 0.00% | - | 0.00% |
| | At the end of the year | 31-03-2020 | | - | 0.00% | - | 0.00% |
| 4 | Ghanshyam Das Agarwal | | | | | | |
| | At the beginning of the year | 01-04-2019 | | 100 | 0.00% | 100 | 0.00% |
| | Changes during the year | 19-03-2020 | Transfer | (100) | 0.00% | - | 0.00% |
| | At the end of the year | 31-03-2020 | | - | 0.00% | - | 0.00% |
| 5 | Nirmal Kumar Agarwal | | | | | | |
| | At the beginning of the year | 01-04-2019 | | 100 | 0.00% | 100 | 0.00% |
| | Changes during the year | 17-03-2020 | Transfer | (100) | 0.00% | - | 0.00% |
| | At the end of the year | 31-03-2020 | | - | 0.00% | - | 0.00% |
| 6 | Manoj Kumar Agarwal | | | | | | |
| | At the beginning of the year | 01-04-2019 | | 100 | 0.00% | 100 | 0.00% |
| | Changes during the year | 19-03-2020 | Transfer | (100) | 0.00% | - | 0.00% |
| | At the end of the year | 31-03-2020 | | - | 0.00% | - | 0.00% |

Annexures to the Board's Report (Contd.)

| SN | Particulars | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|------------------------------|------------|----------|---|-------------------|---|-------------------|
| | | | | No. of shares | % of total shares | No. of shares | % of total shares |
| 7 | Meena Agarwal | | | | | | |
| | At the beginning of the year | 01-04-2019 | | 5,60,400 | 1.20% | 5,60,400 | 1.20% |
| | Changes during the year | 19-03-2020 | Transfer | 100 | 0.00% | 5,60,500 | 1.20% |
| 8 | Vaibhav Agarwal | | | | | | |
| | At the beginning of the year | 01-04-2019 | | 5,23,900 | 1.12% | 5,23,900 | 1.12% |
| | Changes during the year | 17-03-2020 | Transfer | 100 | 0.00% | 5,24,000 | 1.12% |
| 9 | Sachin Kumar Agarwal | | | | | | |
| | At the beginning of the year | 01-04-2019 | | 4,94,400 | 1.06% | 4,94,400 | 1.06% |
| | Changes during the year | 19-03-2020 | Transfer | 100 | 0.00% | 4,94,500 | 1.06% |
| 10 | Chirag Agarwal | | | | | | |
| | At the beginning of the year | 01-04-2019 | | 4,41,400 | 0.94% | 4,41,400 | 0.94% |
| | Changes during the year | 19-03-2020 | Transfer | 100 | 0.00% | 4,41,500 | 0.94% |
| 11 | Aakarsh Agarwal | | | | | | |
| | At the beginning of the year | 01-04-2019 | | 4,88,900 | 1.05% | 4,88,900 | 1.05% |
| | Changes during the year | 17-03-2020 | Transfer | 100 | 0.00% | 4,89,000 | 1.05% |
| 12 | Sonika Agarwal | | | | | | |
| | At the beginning of the year | 01-04-2019 | | 5,16,450 | 1.10% | 5,16,450 | 1.10% |
| | Changes during the year | 19-03-2020 | Transfer | 100 | 0.00% | 5,16,550 | 1.10% |
| | At the end of the year | 31-03-2020 | | 5,16,550 | 1.10% | 5,16,550 | 1.10% |

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

| SN | For each of the Top 10 shareholders | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|--|------------|----------|---|-------------------|---|-------------------|
| | | | | No. of shares | % of total shares | No. of shares | % of total shares |
| 1 | Vrindavan Advisory Services LLP | | | | | | |
| | At the beginning of the year | 01-04-2019 | | 43,34,606 | 9.27% | 43,34,606 | 9.27% |
| | Changes during the year | | Transfer | - | 0.00% | 43,34,606 | 9.27% |
| 2 | Admirable Advisory Services LLP | | | | | | |
| | At the beginning of the year | 01-04-2019 | | 13,64,882 | 2.92% | 13,64,882 | 2.92% |
| | Changes during the year | | Transfer | - | 0.00% | 13,64,882 | 2.92% |
| 3 | Shri Deepak Hotilal Thakur | | | | | | |
| | At the beginning of the year | 01-04-2019 | | 11,69,246 | 2.50% | 11,69,246 | 2.50% |
| | Changes during the year | | Transfer | - | 0.00% | 11,69,246 | 2.50% |
| | At the end of the year | 31-03-2020 | | 11,69,246 | 2.50% | 11,69,246 | 2.50% |

Annexures to the Board's Report (Contd.)

| SN | For each of the Top 10 shareholders | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|--|------------|----------|---|-------------------|---|-------------------|
| | | | | No. of shares | % of total shares | No. of shares | % of total shares |
| 4 | Shri Munesh Hotilal Thakur | | | | | | |
| | At the beginning of the year | 01-04-2019 | | 10,88,575 | 2.33% | 10,88,575 | 2.33% |
| | Changes during the year | | Transfer | | 0.00% | 10,88,575 | 2.33% |
| | At the end of the year | 31-03-2020 | | 10,88,575 | 2.33% | 10,88,575 | 2.33% |
| 5 | Vedanta Resources Private Limited | | | | | | |
| | At the beginning of the year | 01-04-2019 | | 5,89,895 | 1.26% | 5,89,895 | 1.26% |
| | Changes during the year | | Transfer | - | 0.00% | 5,89,895 | 1.26% |
| | At the end of the year | 31-03-2020 | | 5,89,895 | 1.26% | 5,89,895 | 1.26% |
| 6 | Savasthi Investments Limited * | | | | | | |
| | At the beginning of the year | 01-04-2019 | | - | 0.00% | - | 0.00% |
| | Changes during the year | 12-07-2019 | Transfer | 3,09,861 | 0.66% | 3,09,861 | 0.66% |
| | Changes during the year | 11-10-2019 | Transfer | (3,00,000) | -0.64% | 9,861 | 0.02% |
| | Changes during the year | 15-11-2019 | Transfer | 10,000 | 0.02% | 19,861 | 0.04% |
| | Changes during the year | 06-12-2019 | Transfer | 1,50,790 | 0.32% | 1,70,651 | 0.36% |
| | Changes during the year | 31-01-2020 | Transfer | (1,70,651) | -0.36% | - | 0.00% |
| | Changes during the year | 21-02-2020 | Transfer | 195 | 0.00% | 195 | 0.00% |
| | Changes during the year | 06-03-2020 | Transfer | 1,68,001 | 0.36% | 1,68,196 | 0.36% |
| | Changes during the year | 13-03-2020 | Transfer | 46,999 | 0.10% | 2,15,195 | 0.46% |
| | At the end of the year | 31-03-2020 | | 2,15,195 | 0.46% | 2,15,195 | 0.46% |
| 7 | Shri Hemant Kumar Gupta * | | | | | | |
| | At the beginning of the year | 01-04-2019 | | - | 0.00% | - | 0.00% |
| | Changes during the year | 28-02-2020 | Transfer | 3,557 | 0.01% | 3,557 | 0.01% |
| | Changes during the year | 06-03-2020 | Transfer | 44,643 | 0.10% | 48,200 | 0.10% |
| | Changes during the year | 13-03-2020 | Transfer | 75,000 | 0.16% | 1,23,200 | 0.26% |
| | At the end of the year | 31-03-2020 | | 1,23,200 | 0.26% | 1,23,200 | 0.26% |
| 8 | Indianivesh Shares and Securities Private Limited * | | | | | | |
| | At the beginning of the year | 01-04-2019 | | - | 0.00% | - | 0.00% |
| | Changes during the year | 23-08-2019 | Transfer | 76,327 | 0.16% | 76,327 | 0.16% |
| | Changes during the year | 30-08-2019 | Transfer | (5,262) | -0.01% | 71,065 | 0.15% |
| | Changes during the year | 06-09-2019 | Transfer | 19,586 | 0.04% | 90,651 | 0.19% |
| | Changes during the year | 13-09-2019 | Transfer | (69,287) | -0.15% | 21,364 | 0.05% |
| | Changes during the year | 20-09-2019 | Transfer | 967 | 0.00% | 22,331 | 0.05% |
| | Changes during the year | 27-09-2019 | Transfer | 6,801 | 0.01% | 29,132 | 0.06% |
| | Changes during the year | 30-09-2019 | Transfer | (3,529) | -0.01% | 25,603 | 0.05% |
| | Changes during the year | 04-10-2019 | Transfer | 22,395 | 0.05% | 47,998 | 0.10% |
| | Changes during the year | 11-10-2019 | Transfer | (29,225) | -0.06% | 18,773 | 0.04% |
| | Changes during the year | 18-10-2019 | Transfer | 9,230 | 0.02% | 28,003 | 0.06% |
| | Changes during the year | 25-10-2019 | Transfer | (15,287) | -0.03% | 12,716 | 0.03% |
| | Changes during the year | 01-11-2019 | Transfer | 591 | 0.00% | 13,307 | 0.03% |
| | Changes during the year | 08-11-2019 | Transfer | (6,487) | -0.01% | 6,820 | 0.01% |
| | Changes during the year | 15-11-2019 | Transfer | 9,381 | 0.02% | 16,201 | 0.03% |
| | Changes during the year | 22-11-2019 | Transfer | (9,159) | -0.02% | 7,042 | 0.02% |
| | Changes during the year | 29-11-2019 | Transfer | 21,991 | 0.05% | 29,033 | 0.06% |

Annexures to the Board's Report (Contd.)

| SN | For each of the Top 10 shareholders | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-----------|--------------------------------------|------------|----------|---|-------------------|---|-------------------|
| | | | | No. of shares | % of total shares | No. of shares | % of total shares |
| | Changes during the year | 06-12-2019 | Transfer | 1,80,067 | 0.39% | 2,09,100 | 0.45% |
| | Changes during the year | 13-12-2019 | Transfer | 259 | 0.00% | 2,09,359 | 0.45% |
| | Changes during the year | 20-12-2019 | Transfer | 73,263 | 0.16% | 2,82,622 | 0.60% |
| | Changes during the year | 27-12-2019 | Transfer | (8,500) | -0.02% | 2,74,122 | 0.59% |
| | Changes during the year | 31-12-2019 | Transfer | (18,000) | -0.04% | 2,56,122 | 0.55% |
| | Changes during the year | 03-01-2020 | Transfer | (200) | 0.00% | 2,55,922 | 0.55% |
| | Changes during the year | 10-01-2020 | Transfer | (83,970) | -0.18% | 1,71,952 | 0.37% |
| | Changes during the year | 17-01-2020 | Transfer | (6,600) | -0.01% | 1,65,352 | 0.35% |
| | Changes during the year | 24-01-2020 | Transfer | (23,228) | -0.05% | 1,42,124 | 0.30% |
| | Changes during the year | 31-01-2020 | Transfer | (8,148) | -0.02% | 1,33,976 | 0.29% |
| | Changes during the year | 07-02-2020 | Transfer | (29,876) | -0.06% | 1,04,100 | 0.22% |
| | Changes during the year | 14-02-2020 | Transfer | (1,100) | 0.00% | 1,03,000 | 0.22% |
| | Changes during the year | 21-02-2020 | Transfer | (360) | 0.00% | 1,02,640 | 0.22% |
| | Changes during the year | 28-02-2020 | Transfer | (1,00,042) | -0.21% | 2,598 | 0.01% |
| | Changes during the year | 27-03-2020 | Transfer | 1,54,601 | 0.33% | 1,57,199 | 0.34% |
| | Changes during the year | 31-03-2020 | Transfer | (38,351) | -0.08% | 1,18,848 | 0.25% |
| | At the end of the year | 31-03-2020 | | 1,18,848 | 0.25% | 1,18,848 | 0.25% |
| 9 | AVR Investment Advisors LLP * | | | | | | |
| | At the beginning of the year | 01-04-2019 | | 91,734 | 0.20% | 91,734 | 0.20% |
| | Changes during the year | 05-07-2019 | Transfer | 2,500 | 0.01% | 94,234 | 0.20% |
| | Changes during the year | 27-09-2019 | Transfer | (48,322) | -0.10% | 45,912 | 0.10% |
| | Changes during the year | 30-09-2019 | Transfer | 20,067 | 0.04% | 65,979 | 0.14% |
| | Changes during the year | 11-10-2019 | Transfer | (3,000) | -0.01% | 62,979 | 0.13% |
| | Changes during the year | 18-10-2019 | Transfer | 10,370 | 0.02% | 73,349 | 0.16% |
| | Changes during the year | 25-10-2019 | Transfer | 10,000 | 0.02% | 83,349 | 0.18% |
| | Changes during the year | 08-11-2019 | Transfer | 20,000 | 0.04% | 1,03,349 | 0.22% |
| | Changes during the year | 29-11-2019 | Transfer | 19,805 | 0.04% | 1,23,154 | 0.26% |
| | Changes during the year | 06-12-2019 | Transfer | 14,906 | 0.03% | 1,38,060 | 0.30% |
| | Changes during the year | 07-02-2020 | Transfer | 1,000 | 0.00% | 1,39,060 | 0.30% |
| | Changes during the year | 14-02-2020 | Transfer | (33,700) | -0.07% | 1,05,360 | 0.23% |
| | At the end of the year | 31-03-2020 | | 1,05,360 | 0.23% | 1,05,360 | 0.23% |
| 10 | Shri Nand Kishor Singh * | | | | | | |
| | At the beginning of the year | 01-04-2019 | | 92,050 | 0.20% | 92,050 | 0.20% |
| | Changes during the year | | Transfer | - | 0.00% | 92,050 | 0.20% |
| | At the end of the year | 31-03-2020 | | 92,050 | 0.20% | 92,050 | 0.20% |
| 11 | Sumpoorna Portfolio Limited # | | | | | | |
| | At the beginning of the year | 01-04-2019 | | 6,12,291 | 1.31% | 6,12,291 | 1.31% |
| | Changes during the year | 05-04-2019 | Transfer | 4,992 | 0.01% | 6,17,283 | 1.32% |
| | Changes during the year | 12-04-2019 | Transfer | 4,670 | 0.01% | 6,21,953 | 1.33% |
| | Changes during the year | 19-04-2019 | Transfer | (8,241) | -0.02% | 6,13,712 | 1.31% |
| | Changes during the year | 26-04-2019 | Transfer | (4,360) | -0.01% | 6,09,352 | 1.30% |
| | Changes during the year | 03-05-2019 | Transfer | (12,817) | -0.03% | 5,96,535 | 1.28% |

Annexures to the Board's Report (Contd.)

| SN | For each of the Top 10 shareholders | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|-------------------------------------|------------|----------|---|-------------------|---|-------------------|
| | | | | No. of shares | % of total shares | No. of shares | % of total shares |
| | Changes during the year | 10-05-2019 | Transfer | (9,246) | -0.02% | 5,87,289 | 1.26% |
| | Changes during the year | 17-05-2019 | Transfer | (4,964) | -0.01% | 5,82,325 | 1.25% |
| | Changes during the year | 24-05-2019 | Transfer | (40,629) | -0.09% | 5,41,696 | 1.16% |
| | Changes during the year | 31-05-2019 | Transfer | 31,448 | 0.07% | 5,73,144 | 1.23% |
| | Changes during the year | 07-06-2019 | Transfer | 17,429 | 0.04% | 5,90,573 | 1.26% |
| | Changes during the year | 14-06-2019 | Transfer | 19,446 | 0.04% | 6,10,019 | 1.30% |
| | Changes during the year | 21-06-2019 | Transfer | 7,945 | 0.02% | 6,17,964 | 1.32% |
| | Changes during the year | 28-06-2019 | Transfer | 26,794 | 0.06% | 6,44,758 | 1.38% |
| | Changes during the year | 05-07-2019 | Transfer | (7,123) | -0.02% | 6,37,635 | 1.36% |
| | Changes during the year | 12-07-2019 | Transfer | (3,07,544) | -0.66% | 3,30,091 | 0.71% |
| | Changes during the year | 19-07-2019 | Transfer | (4,575) | -0.01% | 3,25,516 | 0.70% |
| | Changes during the year | 26-07-2019 | Transfer | (9,079) | -0.02% | 3,16,437 | 0.68% |
| | Changes during the year | 02-08-2019 | Transfer | 5,692 | 0.01% | 3,22,129 | 0.69% |
| | Changes during the year | 09-08-2019 | Transfer | (1,820) | 0.00% | 3,20,309 | 0.68% |
| | Changes during the year | 16-08-2019 | Transfer | 657 | 0.00% | 3,20,966 | 0.69% |
| | Changes during the year | 23-08-2019 | Transfer | (1,54,364) | -0.33% | 1,66,602 | 0.36% |
| | Changes during the year | 30-08-2019 | Transfer | (20,514) | -0.04% | 1,46,088 | 0.31% |
| | Changes during the year | 06-09-2019 | Transfer | (13,133) | -0.03% | 1,32,955 | 0.28% |
| | Changes during the year | 09-09-2019 | Transfer | 645 | 0.00% | 1,33,600 | 0.29% |
| | Changes during the year | 13-09-2019 | Transfer | (15,943) | -0.03% | 1,17,657 | 0.25% |
| | Changes during the year | 20-09-2019 | Transfer | (6,167) | -0.01% | 1,11,490 | 0.24% |
| | Changes during the year | 27-09-2019 | Transfer | (36,251) | -0.08% | 75,239 | 0.16% |
| | Changes during the year | 30-09-2019 | Transfer | (70,000) | -0.15% | 5,239 | 0.01% |
| | Changes during the year | 04-10-2019 | Transfer | 2,960 | 0.01% | 8,199 | 0.02% |
| | Changes during the year | 11-10-2019 | Transfer | 2,57,142 | 0.55% | 2,65,341 | 0.57% |
| | Changes during the year | 18-10-2019 | Transfer | 56,006 | 0.12% | 3,21,347 | 0.69% |
| | Changes during the year | 25-10-2019 | Transfer | (3,365) | -0.01% | 3,17,982 | 0.68% |
| | Changes during the year | 01-11-2019 | Transfer | 2,923 | 0.01% | 3,20,905 | 0.69% |
| | Changes during the year | 08-11-2019 | Transfer | (2,923) | -0.01% | 3,17,982 | 0.68% |
| | Changes during the year | 15-11-2019 | Transfer | (1,054) | 0.00% | 3,16,928 | 0.68% |
| | Changes during the year | 19-11-2019 | Transfer | 3,203 | 0.01% | 3,20,131 | 0.68% |
| | Changes during the year | 22-11-2019 | Transfer | (53,681) | -0.11% | 2,66,450 | 0.57% |
| | Changes during the year | 29-11-2019 | Transfer | (48,327) | -0.10% | 2,18,123 | 0.47% |
| | Changes during the year | 06-12-2019 | Transfer | (1,67,549) | -0.36% | 50,574 | 0.11% |
| | Changes during the year | 13-12-2019 | Transfer | (11,486) | -0.02% | 39,088 | 0.08% |
| | Changes during the year | 20-12-2019 | Transfer | 9,281 | 0.02% | 48,369 | 0.10% |
| | Changes during the year | 27-12-2019 | Transfer | (11,293) | -0.02% | 37,076 | 0.08% |
| | Changes during the year | 31-12-2019 | Transfer | (15) | 0.00% | 37,061 | 0.08% |
| | Changes during the year | 10-01-2020 | Transfer | (186) | 0.00% | 36,875 | 0.08% |
| | Changes during the year | 17-01-2020 | Transfer | (18,868) | -0.04% | 18,007 | 0.04% |
| | Changes during the year | 24-01-2020 | Transfer | (17,282) | -0.04% | 725 | 0.00% |
| | Changes during the year | 31-01-2020 | Transfer | 1,38,008 | 0.30% | 1,38,733 | 0.30% |
| | Changes during the year | 07-02-2020 | Transfer | 6,481 | 0.01% | 1,45,214 | 0.31% |

Annexures to the Board's Report (Contd.)

| SN | For each of the Top 10 shareholders | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|---------------------------------------|------------|----------|---|-------------------|---|-------------------|
| | | | | No. of shares | % of total shares | No. of shares | % of total shares |
| | Changes during the year | 14-02-2020 | Transfer | (1,30,003) | -0.28% | 15,211 | 0.03% |
| | Changes during the year | 21-02-2020 | Transfer | 1,49,805 | 0.32% | 1,65,016 | 0.35% |
| | Changes during the year | 28-02-2020 | Transfer | (2) | 0.00% | 1,65,014 | 0.35% |
| | Changes during the year | 06-03-2020 | Transfer | 480 | 0.00% | 1,65,494 | 0.35% |
| | Changes during the year | 13-03-2020 | Transfer | (92,709) | -0.20% | 72,785 | 0.16% |
| | At the end of the year | 31-03-2020 | | 72,785 | 0.16% | 72,785 | 0.16% |
| 12 | Globe Capital Market Limited # | | | | | | |
| | At the beginning of the year | 01-04-2019 | | 2,40,000 | 0.51% | 2,40,000 | 0.51% |
| | Changes during the year | 19-04-2019 | Transfer | 80 | 0.00% | 2,40,080 | 0.51% |
| | Changes during the year | 26-04-2019 | Transfer | 3,250 | 0.01% | 2,43,330 | 0.52% |
| | Changes during the year | 03-05-2019 | Transfer | (3,200) | -0.01% | 2,40,130 | 0.51% |
| | Changes during the year | 10-05-2019 | Transfer | 4,500 | 0.01% | 2,44,630 | 0.52% |
| | Changes during the year | 17-05-2019 | Transfer | (280) | 0.00% | 2,44,350 | 0.52% |
| | Changes during the year | 24-05-2019 | Transfer | (3,840) | -0.01% | 2,40,510 | 0.51% |
| | Changes during the year | 31-05-2019 | Transfer | (510) | 0.00% | 2,40,000 | 0.51% |
| | Changes during the year | 07-06-2019 | Transfer | 490 | 0.00% | 2,40,490 | 0.51% |
| | Changes during the year | 21-06-2019 | Transfer | (490) | 0.00% | 2,40,000 | 0.51% |
| | Changes during the year | 05-07-2019 | Transfer | 3,960 | 0.01% | 2,43,960 | 0.52% |
| | Changes during the year | 12-07-2019 | Transfer | (420) | 0.00% | 2,43,540 | 0.52% |
| | Changes during the year | 19-07-2019 | Transfer | (3,029) | -0.01% | 2,40,511 | 0.51% |
| | Changes during the year | 26-07-2019 | Transfer | 3,710 | 0.01% | 2,44,221 | 0.52% |
| | Changes during the year | 02-08-2019 | Transfer | (32) | 0.00% | 2,44,189 | 0.52% |
| | Changes during the year | 09-08-2019 | Transfer | 64,661 | 0.14% | 3,08,850 | 0.66% |
| | Changes during the year | 16-08-2019 | Transfer | (3,730) | -0.01% | 3,05,120 | 0.65% |
| | Changes during the year | 23-08-2019 | Transfer | (348) | 0.00% | 3,04,772 | 0.65% |
| | Changes during the year | 30-08-2019 | Transfer | (3,740) | -0.01% | 3,01,032 | 0.64% |
| | Changes during the year | 06-09-2019 | Transfer | (3,670) | -0.01% | 2,97,362 | 0.64% |
| | Changes during the year | 30-09-2019 | Transfer | 70,000 | 0.15% | 3,67,362 | 0.79% |
| | Changes during the year | 11-10-2019 | Transfer | (10,000) | -0.02% | 3,57,362 | 0.76% |
| | Changes during the year | 01-11-2019 | Transfer | 1,374 | 0.00% | 3,58,736 | 0.77% |
| | Changes during the year | 08-11-2019 | Transfer | (1,174) | 0.00% | 3,57,562 | 0.76% |
| | Changes during the year | 15-11-2019 | Transfer | (200) | 0.00% | 3,57,362 | 0.76% |
| | Changes during the year | 22-11-2019 | Transfer | (20,000) | -0.04% | 3,37,362 | 0.72% |
| | Changes during the year | 29-11-2019 | Transfer | (30,000) | -0.06% | 3,07,362 | 0.66% |
| | Changes during the year | 06-12-2019 | Transfer | 100 | 0.00% | 3,07,462 | 0.66% |
| | Changes during the year | 13-12-2019 | Transfer | (25,100) | -0.05% | 2,82,362 | 0.60% |
| | Changes during the year | 27-12-2019 | Transfer | (25,000) | -0.05% | 2,57,362 | 0.55% |
| | Changes during the year | 07-02-2020 | Transfer | (50,000) | -0.11% | 2,07,362 | 0.44% |
| | Changes during the year | 21-02-2020 | Transfer | (1,50,000) | -0.32% | 57,362 | 0.12% |
| | At the end of the year | 31-03-2020 | | 57,362 | 0.12% | 57,362 | 0.12% |
| 13 | Shri J K Prasad # | | | | | | |
| | At the beginning of the year | 01-04-2019 | | 1,18,851 | 0.25% | 1,18,851 | 0.25% |
| | Changes during the year | 02-08-2019 | Transfer | (4,000) | -0.01% | 1,14,851 | 0.25% |

Annexures to the Board's Report (Contd.)

| SN | For each of the Top 10 shareholders | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|--------------------------------------|------------|----------|---|-------------------|---|-------------------|
| | | | | No. of shares | % of total shares | No. of shares | % of total shares |
| | Changes during the year | 09-08-2019 | Transfer | (4,112) | -0.01% | 1,10,739 | 0.24% |
| | Changes during the year | 16-08-2019 | Transfer | (2,000) | 0.00% | 1,08,739 | 0.23% |
| | Changes during the year | 23-08-2019 | Transfer | 1,990 | 0.00% | 1,10,729 | 0.24% |
| | Changes during the year | 06-09-2019 | Transfer | 4,010 | 0.01% | 1,14,739 | 0.25% |
| | Changes during the year | 11-10-2019 | Transfer | (17,000) | -0.04% | 97,739 | 0.21% |
| | Changes during the year | 18-10-2019 | Transfer | (20,000) | -0.04% | 77,739 | 0.17% |
| | Changes during the year | 25-10-2019 | Transfer | (25,000) | -0.05% | 52,739 | 0.11% |
| | Changes during the year | 29-11-2019 | Transfer | (25,000) | -0.05% | 27,739 | 0.06% |
| | Changes during the year | 10-01-2020 | Transfer | 11,884 | 0.03% | 39,623 | 0.08% |
| | Changes during the year | 17-01-2020 | Transfer | 10,000 | 0.02% | 49,623 | 0.11% |
| | Changes during the year | 31-01-2020 | Transfer | (46) | 0.00% | 49,577 | 0.11% |
| | Changes during the year | 07-02-2020 | Transfer | 46 | 0.00% | 49,623 | 0.11% |
| | At the end of the year | 31-03-2020 | | 49,623 | 0.11% | 49,623 | 0.11% |
| 14 | Shri Jivabhai Ambalal Patel # | | | | | | |
| | At the beginning of the year | 01-04-2019 | | 1,17,150 | 0.25% | 1,17,150 | 0.25% |
| | Changes during the year | 19-07-2019 | Transfer | (48,000) | -0.10% | 69,150 | 0.15% |
| | At the end of the year | 31-03-2020 | | 69,150 | 0.15% | 69,150 | 0.15% |
| 15 | Smt Poonam Gupta # | | | | | | |
| | At the beginning of the year | 01-04-2019 | | 1,07,300 | 0.23% | 1,07,300 | 0.23% |
| | Changes during the year | 02-08-2019 | Transfer | (7,123) | -0.02% | 1,00,177 | 0.21% |
| | Changes during the year | 09-08-2019 | Transfer | (4,694) | -0.01% | 95,483 | 0.20% |
| | Changes during the year | 16-08-2019 | Transfer | (84) | 0.00% | 95,399 | 0.20% |
| | Changes during the year | 06-09-2019 | Transfer | 6,000 | 0.01% | 1,01,399 | 0.22% |
| | Changes during the year | 01-11-2019 | Transfer | (30,000) | -0.06% | 71,399 | 0.15% |
| | Changes during the year | 15-11-2019 | Transfer | (18,809) | -0.04% | 52,590 | 0.11% |
| | Changes during the year | 29-11-2019 | Transfer | (25,000) | -0.05% | 27,590 | 0.06% |
| | Changes during the year | 17-01-2020 | Transfer | 28,116 | 0.06% | 55,706 | 0.12% |
| | At the end of the year | 31-03-2020 | | 55,706 | 0.12% | 55,706 | 0.12% |

* Not in the list of Top 10 shareholders as on 01-04-2019. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31-03-2020.

Ceased to be in the list of Top 10 shareholders as on 31-03-2020. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 01-04-2019

@ Consolidated holding taken

+ The above information is based on the weekly beneficiary position received from Depositories.

Annexures to the Board's Report (Contd.)

(v) Shareholding of Directors and Key Managerial Personnel:

| SN | Shareholding of each Directors and each Key Managerial Personnel | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|--|------------|----------|---|-------------------|---|-------------------|
| | | | | No. of shares | % of total shares | No. of shares | % of total shares |
| 1 | Shri Jugal Kishore Agarwal (Note 1) | | | 100 | 0.00% | 100 | 0.00% |
| | At the beginning of the year | 01-04-2019 | | 100 | 0.00% | 100 | 0.00% |
| | Changes during the year | 19-03-2020 | Transfer | (100) | 0.00% | - | 0.00% |
| | At the end of the year | 31-03-2020 | | - | 0.00% | - | 0.00% |
| 2 | Shri Mohan Lal Agarwal (Note 1) | | | 100 | 0.00% | 100 | 0.00% |
| | At the beginning of the year | 01-04-2019 | | 100 | 0.00% | 100 | 0.00% |
| | Changes during the year | 19-03-2020 | Transfer | (100) | 0.00% | - | 0.00% |
| | At the end of the year | 31-03-2020 | | - | 0.00% | - | 0.00% |
| 3 | Mahesh Kumar Agarwal (Note 1) | | | 100 | 0.00% | 100 | 0.00% |
| | At the beginning of the year | 01-04-2019 | | 100 | 0.00% | 100 | 0.00% |
| | Changes during the year | 17-03-2020 | Transfer | (100) | 0.00% | - | 0.00% |
| | At the end of the year | 31-03-2020 | | - | 0.00% | - | 0.00% |
| 4 | Ajay Kumar Bhuwania (Chief Financial Officer) (CFO) | | | 1 | 0.00% | 1 | 0.00% |
| | At the beginning of the year | 01-04-2019 | | 1 | 0.00% | 1 | 0.00% |
| | Changes during the year | | Transfer | - | 0.00% | 1 | 0.00% |
| | At the end of the year | 31-03-2020 | | 1 | 0.00% | 1 | 0.00% |

Note: 1) Shri Mahesh Kumar Agarwal and Mr. Mohan Lal Agarwal resigned from the Board of Directors of the Company from the close of business hours on 15th July, 2019 and Shri Jugal Kishore Agarwal resigned from the Board of Directors of the Company from the close of business hours on 14th November, 2019.

2) No shares held by Shri Trilok Sharma, Shri Rama Shankar Gupta, Shri Niket Agarwal, Shri Asit Baran Dasgupta, Smt. Sonam Agarwal and Smt. Shilpi Mopdi, all directors of the Company during the period under review. Further, no shares held by Shri Bharat Agarwal, Company Secretary of the Company during the period under review.

V. INDEBTEDNESS

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

(Amount in ₹)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|---------------------|
| Indebtedness at the beginning of the financial year (01.04.2019) | | | | |
| i) Principal Amount | 34,28,31,759 | - | - | 34,28,31,759 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 34,28,31,759 | - | - | 34,28,31,759 |
| Change in Indebtedness during the financial year (2019-20) | | | | |
| * Addition | - | - | - | - |
| * Reduction | (13,93,15,825) | - | - | (13,93,15,825) |
| Net Change | (13,93,15,825) | - | - | (13,93,15,825) |
| Indebtedness at the end of the financial year (31.03.2020) | | | | |
| i) Principal Amount | 20,35,15,934 | - | - | 20,35,15,934 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 20,35,15,934 | - | - | 20,35,15,934 |

Annexures to the Board's Report (Contd.)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹)

| SN. | Particulars of Remuneration | Name of MD/WTD/ Manager | | Total Amount |
|-----|---|--|--------------------------|------------------|
| | Name | Shri Jugal Kishore Agarwal | Shri Rama Shankar Gupta | |
| | Designation | Managing Director | Managing Director | |
| | Period | 01.04.2019 to 14.11.2019 | 15.11.2019 to 31.03.2020 | |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 18,66,667 | 17,35,759 | 36,02,426 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | | | |
| | - as % of profit | - | - | - |
| | - others, specify | - | - | - |
| 5 | Others, please specify | - | - | - |
| | Total (A) | 18,66,667 | 17,35,759 | 36,02,426 |
| | Ceiling as per the Act | The remuneration is well within the limits prescribed under Companies Act, 2013. | | |

B. Remuneration to other Directors

(₹)

| SN. | Particulars of Remuneration | Name of Directors | | | Total Amount |
|-----|---|---|---------------------------|--------------------|-----------------|
| 1 | Independent Directors | Shri Asit Baran Dasgupta | Smt. Shilpi Modi | Smt Sonam Agarwal | |
| | Fee for attending board committee meetings | 70,000 | 70,000 | 70,000 | 2,10,000 |
| | Commission | - | - | - | - |
| | Others, please specify | - | - | - | - |
| | Total (1) | 70,000 | 70,000 | 70,000 | 2,10,000 |
| 2 | Other Non-Executive Directors | Shri Mohan Lal Agarwal | Shri Mahesh Kumar Agarwal | Shri Trilok Sharma | |
| | Fee for attending board committee meetings | 20,000 | 25,000 | 40,000 | 85,000 |
| | Commission | - | - | - | - |
| | Others, please specify | - | - | - | - |
| | Total (2A) | 20,000 | 25,000 | 40,000 | 85,000 |
| | Other Non-Executive Directors | Shri Rama Shankar Gupta | Shri Niket Agarwal | | |
| | Fee for attending board committee meetings | 40,000 | 20,000 | - | 60,000 |
| | Commission | - | - | - | - |
| | Others, please specify | - | - | - | - |
| | Total (2B) | 40,000 | 20,000 | - | 60,000 |
| | Total=(1+2A+2B) | 1,30,000 | 1,15,000 | 1,10,000 | 3,55,000 |
| | Total Managerial Remuneration (Exclusive of Sitting Fees) | | | 36,02,426 | |
| | Overall Ceiling as per the Act | The total managerial remuneration is well within the limits prescribed under Companies Act, 2013. | | | |

Annexures to the Board's Report (Contd.)

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹)

| SN. | Particulars of Remuneration | Name of Key Managerial Personnel | | | Total Amount |
|-----|---|----------------------------------|--------------------------|---------------------|------------------|
| | Name | | Shri Ajay Kumar Bhuwania | Shri Bharat Agarwal | |
| | Designation | CEO | CFO | CS | |
| 1 | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | NOT APPLICABLE | 21,96,227 | 12,12,941 | 34,09,168 |
| 2 | Stock Option | | - | - | - |
| 3 | Sweat Equity | | - | - | - |
| 4 | Commission - as % of profit - others, specify | | - | - | - |
| 5 | Others, please specify | | - | - | - |
| | Total | - | 21,96,227 | 12,12,941 | 34,09,168 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|---|------------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | | | |
| Punishment | | | NIL | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | | | |
| Punishment | | | NIL | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| Punishment | | | NIL | | |
| Compounding | | | | | |

For and on behalf of the Board

Registered office
14 Netaji Subhas Road
2nd Floor, Kolkata - 700001
Date: 26.06.2020

Sd/-
Trilok Sharma
Chairman
(DIN: 08432440)

Sd/-
Rama Shankar Gupta
Managing Director
(DIN: 07843716)

Management Discussion & Analysis Report

A. ECONOMIC OVERVIEW

I. INDIAN ECONOMY

The COVID-19 has disrupted operations globally is well-known. Moreover, the new normal that will emerge is likely to witness a realignment of power centres in different domains. The coronavirus crisis has impacted almost all supply chains dependent on China, which includes the steel sector. Given the closure of operations in most industries, the nation's steel demand in F.Y. 2020-21 is slated to fall by about 15%. This will lead to oversupply, suppressed prices and rising inventories once the lockdown is lifted completely, as per an India Ratings report. As a result, a vicious cycle will be created – where prices will remain depressed until there is a major uptick in demand or a sizeable inventory volume is offloaded.

The biggest barrier is the collapse of demand from various industries. As most consumers have postponed discretionary spending, there is muted demand in all industries, barring essentials such as groceries and FMCGs. Be it white goods, capital goods, automobiles and a host of others, the demand from consumers has plummeted.

Also, demand bouncing back quickly to pre-COVID-19 levels is unlikely soon. As many verticals have laid-off workers, placed some on furlough or announced salary cuts, the overall consumer sentiment is against any spending, except on essentials. Considering that COVID-19 is expected to stay on as a seasonal flu, the prospects of an economic bounce back will be tempered accordingly. Consequently, individual and institutional spending are bound to remain lacklustre for a year or so at least.

Under such circumstances, it is up to the government to boost infrastructure investments across the country. This can become a key driver for India's eventual economic recovery. Such infrastructure projects need to be fast-tracked for the steel sector to stabilise operations after the demand slump.

A FICCI report recommends that this could be achieved by the frontloading of investments in the National Infrastructure Pipeline. The report also recommends that construction activities be allowed to resume, taking all precautionary measures adhering to Central directives to contain COVID-19. As construction activities are one of the prime demand drivers for steel, this measure is crucial. In turn, other steel-consuming sectors should be placed on the fast track for resuming operations. These steps are imperative since India's steel demand is expected to drop by 7.7% this year, according to the Indian Steel Association's forecast.

ii. GLOBAL ECONOMY

World Steel Association provided a comprehensive overview of steel industry activities, stretching from crude steel production to apparent steel use, from indications of global steel trade flows to iron ore production and trade. In 2020, World Steel forecasts that steel demand will contract by 6.4%, dropping to 1,654 Mt due to the COVID-19 crisis. In 2021 steel demand is expected to recover to 1,717 Mt, an increase of 3.8 % over 2020. In the next couple of years, the global economic situation is expected to remain volatile in light of COVID-19 pandemic. In spite of this, steel demand in both developed and developing economies is expected to show sustained growth momentum with risks relatively limited. However, possible adverse impact from rising trade tensions may erode this current momentum further.

The global steel industry is being impacted as the steel customers are hit by shutdowns, disrupted supply chains, collapsing confidence and delayed investment and construction projects, as well as a decline in consumption activity. Financial market volatility and collapsing oil prices have further undermined investment.

After slower than expected growth in 2019, mainly due to the deep manufacturing recession in the developed economies, there may be further decline in global steel demand in the second quarter of 2020 due to the impact of COVID-19. The duration of the present disruption is currently impossible to judge.

However, it is possible that the impact on steel demand in relation to the expected contraction in GDP may turn out to be less severe than that seen during the global financial crisis. The recovery path from the current crisis will critically depend on the duration of the lockdown and the timing of exit plans. This of course will vary widely around the world. The manufacturing sector is expected to be quicker to rebound compared to other sectors, but supply chain disruptions are expected to continue

Management Discussion & Analysis Report (Contd.)

for some time. The longer the lockdown, the greater the damage to supply chains, thus making a quick recovery is difficult.

Across the world the steel industry is carefully monitoring the latest updates about this pandemic and is taking all necessary actions to safeguard the health of its employees whilst at the same time preserving the ability to operate. World Steel has taken the decision to reschedule Steel Safety Day from its usual date of 28 April (aligned with the International Labour Organization's World Day for Safety and Health at Work) to 21 October to reduce the risk of spreading COVID-19 at steel-producing sites.

Some production facilities in the steel industry and steel-using sectors have switched to the production of ventilators to help tackle the coronavirus. The industry understands that many of its customers are facing a tremendous amount of uncertainty and remains committed to maintaining inventory and resources to be able to process orders as needed.

World crude steel production was 443.0 Mt in the first three months of 2020, down by 1.4% compared to the same period in 2019. Asia produced 315.2 Mt of crude steel in the first quarter of 2020, a decrease of 0.3% over the first quarter of 2019. The EU produced 38.3 Mt of crude steel in the first quarter of 2020, down by 10.0% compared to the same quarter of 2019. North America's crude steel production in the first three months of 2020 was 29.5 Mt, a decrease of 4.0% compared to the first quarter of 2019.

China's produced 79.0 Mt of crude steel in March 2020, a decrease of 1.7% compared to March 2019. India estimates 8.7 Mt of crude steel production in March 2020, down 13.9% on March 2019. Japan estimates 8.2 Mt of crude steel production in March 2020, down 9.7% on March 2019. South Korea produced 5.8 Mt of crude steel in March 2020, down 7.9% on March 2019.

The World Steel Association released its Short Range Outlook (SRO) for 2020 and 2021. In 2020 World Steel forecasts that steel demand will contract by 6.4%, dropping to 1,654 Mt due to the COVID-19 crisis. In 2021 steel demand is expected to recover to 1,717 Mt, an increase of 3.8 % over 2020.

(Source: World Steel Association)

B. INDUSTRY STRUCTURE AND DEVELOPMENTS

Iron and steel sector is the backbone of an economy. It is one of the primary vehicles of economic development of a country. The per capita production and consumption of steel is the index of the depth of a country's economic infrastructure. Increase in the use of iron and steel leads to infrastructural development and rapid industrialization of the country. According to Pandit Jawaharlal Nehru, "Steel is a symbol of strength of the economy and a portent of the glory of India of the future".

The steel ministry is working proactively to lay down the road map to achieve 300 million tonnes (Mt) by 2030 and we seem to be on the right track. The sector has benefitted from the hike in prices and production, especially since the beginning of the millennium.

C. GOVERNMENT INITIATIVES

The Government of India is aiming to scale up steel production in the country to 300 million tonnes (Mt) by 2030. India continues to bags second position in crude steel production in 2019. The major initiatives of Government of India as under-

- The Government of India has released the National Steel Policy 2017, which has laid down the broad roadmap for encouraging long term growth for the Indian steel industry, both on demand and supply sides, by 2030-31. The Government has also announced a policy for providing preference to domestically manufactured Iron & Steel products in Government procurement.
- The Government has approved the policy for providing preference to domestically manufactured iron and steel products on government procurement. The policy makes it mandatory to give preference to domestically manufactured iron and steel products (DMI&SP) in government procurement. The policy is applicable to all government tenders.
- 100% FDI through the automatic route has been allowed and large infrastructure projects in the public-private partnership (PPP) mode are being formed.

Management Discussion & Analysis Report (Contd.)

- Government of India's focus on infrastructure and restarting road projects is aiding the boost in demand for steel. Also, further likely acceleration in rural economy and infrastructure is expected to lead to growth in demand for steel. (Source :India Brand Equity Foundation)
- The Ministry of Steel is facilitating setting up of an industry driven Steel Research and Technology Mission of India (SRTMI) in association with the public and private sector steel companies to spearhead research and development activities in the iron and steel industry at an initial corpus of Rs 200 crore (US\$ 30 million). (Source :India Brand Equity Foundation)
- Government introduced Steel Scrap Recycling Policy aimed to reduce import. (Source: India Brand Equity Foundation)

Your Company is engaged in the production of TMT bars and Wire Rods which are mainly used in the construction industry. As such, the outlook for your Company is closely linked to that of the steel, infrastructure and real estate industry and the demand for TMT and Wire Rods in particular is influenced by the price & availability of raw materials.

D. OPPORTUNITIES AND THREATS:

The outlook for the global economy were mostly positive with growth picking up in the US, India and Southeast Asia, while several emerging markets are experiencing a deceleration in growth. But with the emergence of COVID-19 pandemic globally, it leads to a negative trend on temporary basis to this sector.

Further, countries and businesses are becoming increasingly interdependent through trade, investment and financial systems across the world. The risks and opportunities in the steel business are getting larger in scale and impact, with their sources becoming more diverse and global. The businesses that ride the next wave of growth will be those that understand the trends and refine their strategies, business models and portfolios according to a truly global mind-set. The steel producers must find the right balance between globalization and customization.

The steel industry is faced with dwindling investments, financial market turbulence and geopolitical conflicts in many developing regions. The industry's low-growth outlook will persist until other developing regions of sufficient size and strength can support another major growth cycle. India has always been seen as a potential for significant steel market expansion. There have been various forecasts at different points, raising expectation of the steel industry and investors about growth prospects of the industry.

India has enormous scope and untapped potential to increase steel consumption in almost all sectors, especially in automobiles, engineering industries and infrastructure development. The consumption of steel per capita in India in 2019 is around 75.7 kg per year, much lower compared to the global average (224.5 kg) in 2018, leaving significant headroom for growth. Growing investments for infrastructure, rapid growth in the industrial sector, increase in urban population and strengthening of rural steel market can raise the country's per capita steel consumption considerably. India's GDP growth is likely to move higher in the coming years due to compulsive focus by policy makers for development of infrastructures & other sectors.

E. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The company has identified iron & steel products as its sole operating segment and the same has been treated as primary segment. The Company is mainly involved in the production of steel related rolled products only.

F. FUTURE OUTLOOK

The 12th five year plan of the government is envisaging an investment of \$ 1 trillion in infrastructure that will boost the demand for steel. Further, increase in urban population to 600 million by 2030 from the current level of 400 million, emergence of the rural market for steel currently consuming around 11 kg per annum buoyed by projects like Bharat Nirman, Pradhan Mantri Gram Sadak Yojana, among others, shall also spiral the demand for steel in the country in the future years. However, the growth will be restrained in light with the emergence of COVID-19 pandemic.

G. RISKS AND CONCERNS:

The Company follows a well-defined and exhaustive risk management process, which is integrated with its operations. This

Management Discussion & Analysis Report (Contd.)

enables the company to identify, categorize and prioritize operational, financial and strategic business risks. Across the organization, there are teams responsible for these processes who report to the management. The risks are prudently evaluated and necessary preventive steps or actions are taken to mitigate these probable risks.

In the context of the steel operations, although our country has rich and abundant resources of the key inputs for steel making, namely iron ore and coal, the mining sector in the country has witnessed severe obstacles in the past few years on account of regulatory and environmental issues, which has severely affected the development and opening up of new mines. The biggest challenges before any steel company remain to be the tie up of interrupted supplies of coal and iron ore on one hand and the fear of glut of cheap imports from countries like China, Korea and Japan on the other.

Risk Management comprises of three key components as below:

- i) Risk Identification
- ii) Risk assessment and its mitigation
- iii) Risk monitoring and its assurance

Your Company has identified the following aspects as the major risks for its operations:

i. Industry Risk

Demand is dependent on general economic conditions. A downturn can affect business and earnings. The low per capita steel consumption in India coupled with a large population base provides significant growth opportunities to the iron and steel industry. The urgent need towards infrastructure creation and surging consumption growth are visible opportunities that will drive iron and steel demand.

ii. Raw Material Risk

Inability of the Company to procure right quality and quantity of raw material at right price could affect business sustainability. Further, the requirements can partly be mitigated by supply from the group companie(s).

iii. Regulatory Risk

The Company's business could be affected by potential regulatory and judicial actions.

iv. Operational Risk

The Company's business is prone to high proportion of fixed costs and volatility in the prices of raw materials and energy. Mismatches between trends in prices of raw materials and steel, as well as limitations on or disruptions in the supply of raw materials, could adversely affect its profitability. Further, the industry is highly cyclical and a decrease in steel prices may adversely impact its financial condition. The Company's operations and financial condition could be adversely affected if it is unable to successfully implement its growth strategies. However the Company aims to mitigate these risks through development of well-structured processes for effective project planning & management.

v. Health, Safety and Environment Risk

Your Company is firmly committed to conservation of natural resources; reduction of emissions and discharges to the environment and preservation of bio-diversity in all its operations.

The manufacture of steel involves steps that are potentially hazardous if not executed with due care. The Company maintains the highest safety standards within its operating units and is an ISO certified (ISO 9001:2015, 14001:2015 & 18001:2007) organization. Further, there are team of professionals who conducts regular training programs to implement the concept of maintain safe operations among the employees and to educate the team on safety norms and procedures to be followed in an unfortunate situation. This is progressively taking the Company towards achieving the target of Zero Accidents. Company continues to adopt best safety practices which have resulted into a reduced accident and severity rate.

Management Discussion & Analysis Report (Contd.)

H. KEY CHALLENGES

The constant fluctuation in price of raw materials and weak steel prices have put significant pressure on steel margins. However, steel manufacturers have been working hard to become competitive in other ways. They have been taking several steps to gain more control of their raw material pricing, while cost-cutting has led to production cuts in some regions. Several steel manufacturers are also investing a considerable amount of money into R&D for differentiating their products from other players in the market.

I. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a well-established internal control framework, which is designed to continuously assess the adequacy, effectiveness and efficiency of financial and operational controls. The management is committed to ensure an effective internal control environment, commensurate with the size and complexity of the business, which provides an assurance on compliance with internal policies, applicable laws, regulations and protection of resources and assets. The Audit Committee of the Board oversees the adequacy of the internal control environment through regular reviews of the audit findings and monitoring implementations of internal audit recommendations through the compliance reports submitted to them. The Statutory Auditors of your Company have opined in their report that your Company has adequate internal controls over financial reporting.

J. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial year 2019-20 underscores overall an average year for Indian steel makers. In spite of increasing government investments in infrastructure as well as demand from other structural sectors, domestic steel prices have been struggling to fetch reasonable price in line with the rise in prices of raw materials and other items directly and indirectly associated with steel production. Thus, the overall spread reduced to the significant extent. Several other factors such as low domestic demand including the impact of COVID-19 reduced the margins over the past few months. In spite of these challenges, the management of the Company is very much pro-active in its role and always try to act dynamically with the sudden changes in the market dynamics to protect the margins of the Company in this competitive market. The overall state of affairs of the Company keeping in mind the present market scenario is satisfactory.

K. HUMAN RESOURCES/INDUSTRIAL RELATIONS:

As the Company is moving towards consumer centricity, it is vital to keep the people motivated and constantly aligned to the business vision. The Company's human resource philosophy is focused on empowering employees with the essential skills and endow them with aspirations.

Your Company considers its employees as the most valuable resource and ensures the strategic alignment of human resource practices to business priorities and objectives. Your Company strives to provide a conducive and competitive work environment for all its employees to excel and create new benchmarks of work culture, employee engagement, productivity, effectiveness, efficiency and customer delight. Human Resources Department ("HRD") works continuously for maintaining healthy working relationship with the workers and other staff members.

The underlying principle is that workers and staff at all levels are equally instrumental for attaining the Company's goals. Training programmes are regularly conducted to update their skills and apprise them of latest techniques. Senior Management is easily accessible for counselling and redressal of grievances if any. There are 225 number of permanent employees employed in your Company as on 31st March, 2020. Employees are your Company's most valuable asset and your Company's processes are designed to empower employees and support creative approaches in order to create enduring value. The HR Department strives to maintain and promote harmony and co-ordination amongst workers, staff and members of the senior management.

L. SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

The FY 2019-20 has been overall an average year for the Company. The following critical ratios have changed beyond the 25% indicative threshold limit as specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-

Management Discussion & Analysis Report (Contd.)

| S. No. | Financial Ratios | Significant Changes | Explanation |
|--------|-------------------------|---------------------------------------|--|
| 1 | Debtors Turnover | Improvement in Debtors Turnover | With the efficient marketing team and strong credit policy adopted by the management of the Company, it is able to reduce credit period normally offered to the debtors in its ordinary course of business. Thus, Debtors Turnover Ratio significantly improved. |
| 2 | Inventory Turnover | Deterioration in Inventory Turnover | The Company had to maintain the level of inventory as per the normal industry standards and also in line with various benchmarks fixed by the budgetary teams keeping in mind the pattern of demand among the customer as well as potential customers. The present Inventory Turnover Ratio is more or less in line with the standards that normally follows in iron and steel industry. |
| 3 | Debt Equity Ratio | Improvement in Debt Equity Ratio | With the significant reduction in the utilization of working capital limit and at the same time by ploughing back of profit, the debt equity ratio of the Company is significantly improved. |
| 4 | Operating Profit Margin | Reduction in Operating Profit Margin | The turnover of the Company is decreased by 25.13 % to Rs. 50,192.81 Lakhs due to marginal decline in prices of finished goods. The overall margin get reduced and operating profit margin is also reduced. However, keeping in mind the present global scenario under pandemic COVID 19 and present health of iron and steel industry, the performance of the Company can be treated as satisfactory. |
| 5 | Net Profit Margin | Reduction in Net Profit Margin | |
| 6 | Return on Net Wealth | Deterioration in Return on Net Wealth | |

M. ENVIRONMENT & SAFETY

Your Company has always believed in an integrated approach for embedding environment in sustainable business goals & has continually focussed on an effective Environmental Management System. The Company has integrated the environmental concerns and decision making towards achieving its goals. It has taken effective steps to spread environmental awareness among its employees and has always encouraged them to work in an environmentally responsible manner to fulfil the environmental commitment of the Company towards its clients, customers & the public. Company has insisted on consistent improvement in the environmental performance by minimizing the social impact and damage to environment by periodically reviewing the environmental policy of the Company in light of its current and planned future activities. Some of the key areas towards fulfilment of its environmental responsibility are management of natural resources, energy management, carbon emission reduction, conservation of water resources & waste management. The Company is committed to provide a safe and healthy workplace to its employees by operating in compliance with all relevant environmental legislation and by adopting the environmental best practices.

N. CAUTIONARY STATEMENT

Statement in this "Management Discussion and Analysis" describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied in the Report. Important factors that could make a difference to the Company's operations include global and Indian demand and supply conditions, finished goods prices, input materials availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.

O. DISCLOSURE OF ACCOUNTING TREATMENT

Indian Accounting Standard (abbreviated as Ind-AS) is the Accounting Standards adopted by your Company as per the requirements of the Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Report on Corporate Governance (Contd.)

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the Organization. Good Corporate Governance leads to long term shareholder's value and enhances interest of other stakeholders.

The Directors present the Company's Report on Corporate Governance pursuant to Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") entered into with the BSE Limited (BSE), National Stock Exchange of India Limited (NSE) and Calcutta Stock Exchange Limited (CSE). The report containing the details of Corporate Governance systems and processes at Adhunik Industries Limited is as follows:

1) COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Company's philosophy on Corporate Governance is to achieve the highest level of transparency, accountability in all of its interactions with its stakeholders including shareholders, employees, lenders and the Government. We believe that Corporate Governance is voluntary and self-discipline code which means not only ensuring compliance with regulatory requirements but also being responsive to our stakeholders needs. This is demonstrated in shareholder returns, good credit ratings, governance processes and an entrepreneurial performance focused work environment. The Company is always been pro-active to ensure continuing value creation for each of its stakeholders and above all to achieve business excellence with the goal of long-term sustainable development. The Company is committed to transparency in all its dealings and places high emphasis on business ethics.

Corporate governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions in the widest sense. The objective is to meet stakeholders' aspirations and societal expectations. Good governance practices stem from the dynamic culture and positive mindset of the organization. The basic philosophy of Corporate Governance of the Company is to achieve business excellence and to dedicate itself for increasing long-term shareholders' value, keeping in view the needs and interests of all its stakeholders.

The key elements of good Corporate Governance include honesty, trust and integrity, openness, performance orientation, responsibility and accountability, mutual respect and a commitment to the organization. The Corporate Governance framework of the Company ensures that a timely and accurate disclosure is made on all material matters regarding the Company, including the financial statements, performance, ownership and governance of the Company. This improves public understanding of the structure, activities and policies of the organization. Consequently, the organization is able to attract investors and enhance the trust and confidence of the stakeholders.

The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability in the management's higher levels. The demands of corporate governance require professionals to raise their competence and capability levels to meet the expectations in managing the enterprise and its resources effectively with the highest standards of ethics. It has thus become crucial to foster and sustain a culture that integrates all components of good governance by carefully balancing the complex inter-relationship among the Board of Directors, Audit Committee, Finance, Compliance and Assurance teams, Auditors and the senior management. At Adhunik Industries, our employee satisfaction is reflected in the stability of our senior management, low attrition across various levels.

The Board of Directors and Management of Adhunik Industries commits themselves to:

- i. Enhancement of Shareholders Value through prudent and informed decision making in a transparent environment.
- ii. Continuous improvement in systems and processes and review of decision making process through implementation of modern control tools.
- iii. Ensure safety, health and environment management by making it an integral part of the Company's business strategy and to actively promote awareness of safety, health and environment issues throughout the Company and to our business partners.
- iv. Continuous improvement and review of Environment Management Plan (EMP) for all its facilities in order to reduce environmental footprint.
- v. Achieve excellence in all activities by implementing Total Productive Maintenance (TPM) with the involvement of all employees to reduce cost, increase productivity and improve quality continuously with the aim of achieving "Zero Failure, Zero Defect and Zero Accident".

Report on Corporate Governance (Contd.)

- vi. Ensure that core values of the Company are protected.
- vii. Ensure that the decision making is transparent and documentary evidence is traceable through the minutes of the meeting of the Board/Committee thereof.
- viii. Ensure that the Board exercises its fiduciary responsibilities towards shareowners and creditors, thereby ensuring high accountability.
- ix. Ensure that the extent to which the information is disclosed to present and potential investors is maximized.

2) APPROPRIATE GOVERNANCE STRUCTURE WITH DEFINED ROLES AND RESPONSIBILITIES

The Company has put in place an internal governance structure with defined roles and responsibilities of every constituent of the system. The Company's shareholders appoint the Board of Directors, which in turn governs the Company. The Board has established five Committees to discharge its responsibilities in an effective manner. All's Company Secretary acts as the Secretary to all Committees. The Managing Director (MD) provides overall direction and guidance to the Board. Concurrently, the MD is responsible for overall implementation of decisions taken by the Board. In the operations and functioning of the Company, the MD is assisted by the Directors of the Company.

The Board of Directors ('The Board') is at the core of our Corporate Governance practice and oversees how the management serves and protects the long-term interest of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure highest standards of corporate governance.

3) BOARD OF DIRECTORS

The Board of Directors is the apex body constituted by the shareholders for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interests of the shareholders are being served. The Managing Director is assisted by senior managerial personnel in overseeing the functional matters of the Company.

In terms of the Company's Corporate Governance policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the shareholders. As trustees, the Board ensures that the Company has clear goals relating to shareholder value and its growth and seeks accountability for their fulfillment. The Board of the Company comprises an adequate blend of Executive, Non-Executive and Independent Directors.

A) Board Composition

The Board of Directors of the Company have an optimum combination of executive and non-executive directors with two woman directors and not less than fifty percent of the Board of Directors comprising non-executive directors in terms of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Composition of the Board of Directors as on March 31, 2020 is in conformity with the provisions of Section 149 of the Companies Act, 2013 and Regulation 17(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board has a strength of 6(Six) Directors as on March 31, 2020. The Board comprises of 1 (One) Executive and 5 (Five) Non-Executive Directors out of which 3 (Three) are Independent Directors including two woman directors and rests are Non-Independent Directors. The chairman of the company is a non-executive director.

In accordance with the provisions of Companies Act, 2013 and clarifications/ circulars issued from time to time, the Company had appointed Mr. Trilok Sharma and Mr. Rama Shankar Gupta as additional Non-Executive Director of the Company with effect from 15th July, 2019 due to the resignation of Mr. Mohan Lal Agarwal and Mr. Mahesh Kumar Agarwal as Director from the close of business hours on the same date. Again, the Company had appointed Mr. Niket Agarwal as additional Non-Executive Director of the Company with effect from 14th November, 2019 with the resignation of Mr. Jugal Kishore Agarwal as Managing Director from the close of business hours on the same date. Therefore, their position as a director of the Company and as a member of various committees will be effective from the respective date of their joining and which is within the limit prescribed by the Companies Act, 2013 and Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Report on Corporate Governance (Contd.)

B) Attendance, Directorship and Committee Positions

The composition and category of Directors on the Board, their attendance at the Board Meeting and at the last Annual General Meeting and the Directorship/ Chairmanship / Membership and/or Chairmanship of Committee of each Director in other companies as on 31st March, 2020 are as under:

| Sl. No. | Name of Director | DIN | Attendance | | Category of Directors | Other Directorship (Other than AIL) | | | Other committee (Other than AIL) | | No. of shares and convertible instruments held | Relationship between directors inter-se |
|---------|--|----------|-------------------------|---------------------------|--|--|-----------------------|-------|----------------------------------|--------------|--|---|
| | | | Board Meeting (2019-20) | Last AGM held on 16/09/19 | | Indian Public Companies (Refer Note 3) | Others (Refer Note 4) | Total | Membership | Chairmanship | | |
| 1 | Shri Trilok Sharma (Chairman)* | 08432440 | 4 | Yes | Non Independent & Non-Executive (Professional) | 1 | - | 1 | - | - | - | NA |
| 2 | Shri Rama Shankar Gupta (Managing Director) % | 07843716 | 4 | Yes | Non Independent & Executive (Professional) | 1 | - | 1 | 1 | - | - | NA |
| 3 | Shri Niket Agarwal \$ | 07233888 | 2 | NA | Non Independent & Non-Executive (Professional) | - | 2 | 2 | - | - | - | NA |
| 4 | Shri Asit Baran Dasgupta | 02476594 | 5 | Yes | Independent & Non-Executive | - | - | - | - | - | NA | NA |
| 5 | Smt. Sonam Agarwal | 08054202 | 5 | Yes | Independent & Non-Executive | 1 | - | 1 | 1 | 1 | NA | NA |
| 6 | Smt. Shilpi Modi | 02706881 | 5 | Yes | Independent & Non-Executive | 1 | - | 1 | 1 | - | NA | NA |
| 7 | Shri Mahesh Kumar Agarwal (Chairman) @ | 00507690 | 2 | NA | Non Independent & Non-Executive (Promoter) | NA | NA | NA | NA | NA | - | Brother of Mr. Jugal Kishore Agarwal and Mr. Mohan Lal Agarwal |
| 8 | Shri Jugal Kishore Agarwal (Managing Director) # | 00227460 | 4 | Yes | Non-Independent & Executive (Promoter) | NA | NA | NA | NA | NA | - | Brother of Mr. Mahesh Kumar Agarwal and Mr. Mohan Lal Agarwal |
| 9 | Shri Mohan Lal Agarwal @ | 01047906 | 2 | NA | Non Independent & Non-Executive (Promoter) | NA | NA | NA | NA | NA | - | Brother of Mr. Jugal Kishore Agarwal and Mr. Mahesh Kumar Agarwal |

* Shri Trilok Sharma appointed on the Board of Directors w.e.f. 15th July, 2019.

% Shri Rama Shankar Gupta appointed on the Board of Directors w.e.f. 15th July, 2019 and re-designated as Managing Director of the Company w.e.f. 15th November, 2019.

\$ Shri Niket Agarwal appointed on the Board of Directors w.e.f. 14th November, 2019.

@ Shri Mahesh Kumar Agarwal and Mohan Lal Agarwal resigned from the Board of Directors of the Company from the close of business hours on 15th July, 2019.

Shri Jugal Kishore Agarwal resigned from the Board of Directors of the Company from the close of business hours on 14th November, 2019.

Report on Corporate Governance (Contd.)

Note :

1. For the purpose of considering the limit of the committees on which a director can serve, all public limited companies, whether listed or not, is included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 is excluded.
2. In accordance with Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Membership / Chairmanship of only Audit Committee and Stakeholders Relationship Committee in all public limited companies have been considered.
3. Includes Directorships in private companies that are either holding or subsidiary company of a public company.
4. Includes Directorships in private limited companies (other than private companies that are either holding or subsidiary company of a public company), foreign entities, companies under Section 8 of the Companies Act, 2013, alternate Directorships and Directorship/Memberships of Managing Committees of various Chambers/ Institutions.
5. None of the Directors is a member in more than 10 committees or act as a Chairman of more than five committees across all companies in which he is a Director and the same is in compliance with Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
6. Further, in compliance with Section 165 of the Companies Act, 2013, none of the Directors on the Board hold directorship in more than 20 (Twenty) companies and at the same time with the directorship in public companies not exceeding 10 (Ten). All the Directors have made necessary disclosures regarding directorship/committee positions occupied by them in other companies in accordance with the Regulation 25 and 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013.
7. None of the Directors on the Board holds directorship in more than 8 (Eight) listed entities with effect from 1st April, 2019 and serves as an Independent Director of more than 7 (Seven) listed entities.
8. In accordance with Regulation 25(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, none of the directors is appointed or continue as an alternate director for an independent director of a listed entity during the period under review.
9. In compliance with Regulation 36(3) of the Listing Regulations read with the Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI), the required information about the Directors proposed to be appointed / re-appointed has been provided in the Notice convening the 41st Annual General Meeting.
10. The directors of the Company are not held any directorship position in other listed entities as on 31st March, 2020.

C) Independent Directors' Induction, Familiarization And Training:

Regulation 25(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires that the Company shall provide suitable training to Independent Directors to familiarize them with the Company, their role, nature of the industry in which the Company operates, business model of the Company, latest developments in the Company's business and the external environment effecting the industry as a whole.

In this relation, the Company acknowledges the importance of continuous education and training of the Directors to enable effective discharge of their responsibility. The Company had been taken the following initiatives for training of its Independent Directors as under-

- a) The Company through its Managing Director / Executive Director / Key Managerial Personnel conducts programs / presentations periodically to familiarize the Independent Directors with the strategy, operations and functions of the Company.
- b) Such programs / presentations provide an opportunity to the Independent Directors to interact with the Senior

Report on Corporate Governance (Contd.)

Management of the Company and help them to understand the Company's strategy, business model, operations, service and product offerings, markets, organization structure, finance, human resources, technology, quality, facilities and risk management and such other areas as may arise from time to time.

- c) The programs / presentations also familiarizes the Independent Directors with their roles, rights and responsibilities.
- d) When a new Independent Director comes on the Board of the Company, a meeting is arranged with the Chairperson, Managing Director, Chief Financial Officer to discuss the functioning of the Board and the nature of the operation of the Company's business activities.
- e) The Company circulate news and articles related to the industry on a regular basis and provide specific regulatory updates from time to time.
- f) At various Board meetings during the year, presentations are made to the Board on safety, health and environment and sustainability issue, risk management, company policies, changes in the regulatory environment applicable to the corporate sector and to the industry in which it operates, business excellence with areas of improvement and other relevant issue.
- g) Quarterly presentations on operations made to the Board which generally includes information on business performance, operations, market share, financial parameters, working capital management, fund flows, senior management change, major litigation, compliances, subsidiary information, donations, regulatory scenario etc.
- h) Quarterly results / press release (if any) of the Company are sent to the Directors.

The details of familiarization programs imparted to Independent Director have been placed on the website of the Company at www.adhunikindustries.com , as required under Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and may be accessed at the link <https://www.adhunikindustries.com/download/21589279042.pdf>

D) Chart Setting out the Skills/ Expertise/ Competence of the Board of Directors for Smooth Functioning of its' business

The Board comprises of highly qualified members who possess required skills, expertise and competence that allow them to make effective contributions to the Board and its Committees.

The core skills/ expertise/ competencies required in the Board in the context of the Company's Businesses and sectors functioning effectively as identified by the Board of Directors of the Company are tabulated below:

| Sl. No. | Skill / Expertise/ Competency | Mr. Trilok Sharma | Mr. Rama Shankar Gupta | Mr. Niket Agarwal | Mr. Asit Baran Dasgupta | Mrs. Sonam Agarwal | Mrs. Shilpi Modi |
|---------|---|-------------------|------------------------|-------------------|-------------------------|--------------------|------------------|
| 1. | Industry Knowledge / Experience | | | | | | |
| a. | Industry Experience | ● | ● | ● | ● | ● | ● |
| b. | Knowledge of Sector | ● | ● | ● | ● | ● | ● |
| c. | Knowledge of Government / Public Policy | ● | ● | ● | ● | ● | ● |
| 2. | Technical Skills / Experience | | | | | | |
| a. | Accounting | ● | ● | ● | ● | ● | ● |
| b. | Finance | ● | ● | ● | ● | ● | ● |
| c. | Law | ● | ● | ● | ● | ● | ● |
| d. | Marketing Experience | ● | ● | ● | | | |
| e. | Public Relations | ● | ● | ● | | | |
| f. | IT and Digital outreach | ● | ● | ● | | ● | ● |
| g. | Risk Management Systems | ● | ● | ● | ● | ● | ● |

Report on Corporate Governance (Contd.)

| Sl. No. | Skill / Expertise/ Competency | Mr. Trilok Sharma | Mr. Rama Shankar Gupta | Mr. Niket Agarwal | Mr. Asit Baran Dasgupta | Mrs. Sonam Agarwal | Mrs. Shilpi Modi |
|---------|---|-------------------|------------------------|-------------------|-------------------------|--------------------|------------------|
| h. | Human Resource Management | • | • | | | | |
| i. | Strategy Development and its Implementation | • | • | • | • | | |
| 3. | Governance Competencies | | | | | | |
| a. | Strategic Thinking | • | • | • | • | • | • |
| b. | Governance related Risk Management | • | • | • | • | • | • |
| c. | Compliance Focus | • | • | • | • | • | • |
| d. | Reputation and Branding | • | • | • | • | • | • |
| 4. | Behavioral Competencies | | | | | | |
| a. | Ability and Willingness to challenge and probe | • | • | • | • | • | • |
| b. | Sound Judgement | • | • | • | • | • | • |
| c. | Integrity and High ethical standards | • | • | • | • | • | • |
| d. | Mentoring Abilities | • | • | | • | | |
| e. | Interpersonal Relations | • | • | • | • | • | • |
| f. | Listening Skills | • | • | • | • | • | • |
| g. | Verbal Communication Skills | • | • | • | • | • | • |
| h. | Willingness and Ability to Devote Time and Energy to the Role | • | • | • | • | • | • |

(‘•’ indicates availability of core skills/expertise/ competencies)

E) Independent Directors (IDs)

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. Independent Directors play an important role in the governance process of the Board. The appointment process of Independent Directors is independent of the Company's management. While electing Independent Directors, the Board ensures that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.

During the period under review, the Company had appointed Mr. Asit Baran Dasgupta as an Independent Director of the Company for second term of 5 years with effect from 16th September, 2019 to 15th September, 2024 vide Special Resolution passed by the shareholders of the Company in the 40th Annual General Meeting held on 16th September, 2019. In this regard, the Company had issued a formal letter of appointment to the Independent Director. The sample terms and conditions of appointment of independent director is available on company's web link <https://www.adhunikindustries.com/download/21526555897.pdf>

All the Independent Directors of the Company furnished a declaration at the time of their appointment as well as at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties with an objective of independent judgement and without any external influence in terms of Regulation 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the requisite declarations were placed before the Board.

Report on Corporate Governance (Contd.)

The Board confirms that in its opinion, the independent directors fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

None of the Independent Director of the Company have resigned before the expiry of his/her tenure during the period under review.

F) Selection of New Directors

The Board is responsible for the selection of new directors. The Board delegates the screening and selection process to the Nomination and Remuneration committee, which consists mostly of Independent directors. The Nomination and Remuneration Committee works with the Board to determine the appropriate characteristics, skills and experience for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience in business, government, education and public service. The Nomination and Remuneration committee makes recommendations to the Board on the induction of new directors.

G) Performance Evaluation

The Nomination and Remuneration Committee (NRC) of the Company formulated and laid down criteria for Performance Evaluation of the Board (including Committees) and every Director (including Independent Directors) pursuant to provisions of Section 134, Section 149 read with Code of Independent Directors (Schedule IV) and Section 178 of the Companies Act, 2013 and Regulation 19(4) read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The criteria for evaluation of Directors inter alia includes factors such as engagement, strategic planning and vision, team spirit and consensus building, effective leadership, domain knowledge, management qualities, team work abilities, achievements, understanding and awareness, integrity, ethics, value and openness.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual directors (including Independent Directors), the board and various Board Committees 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.

Further as per amended Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the entire Board of Directors shall evaluate and review the performance of Independent Directors and fulfillment of the independence criteria as specified in these regulations and their independence from the management provided that in the above evaluation, the directors who are subject to evaluation shall not participate.

H) Meeting of Independent Directors

As required by Regulation 25 (3) of the SEBI (LODR) Regulations, 2015, the Independent Directors met on February 13, 2020 without the presence of the Chairman, Managing Director, CFO, the Non-Executive Non Independent Directors and the Management Team. 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 meeting was attended by all the Independent Directors and enabled them to discuss various matters pertaining to the Company's affairs and thereafter put forth their combined views to the Board.

The Independent Directors hold a unanimous opinion that the non-independent Directors including Chairman are actively participating in the proceedings of the meeting and provides the vision, mission and goals of the organization. The Chairman is very much committed in setting the strategic directions and also guiding the organization's functions according to the agreed policy and strategy. Due to his valuable suggestions and constant support, the Board will take the appropriate decisions for the benefit and growth of the Company in a planned manner. The Managing Director has abundant knowledge, experience, skills and understanding of the Board's functioning. He is actively handling all the day

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to day affairs of the Company in an efficient manner and under his dynamic leadership, the Company is able to achieve its desired goals in a planned manner.

I) Code of Conduct of Independent Directors

As per the provisions of Section 149(8) of the Companies Act, 2013, the Company and Independent Directors shall abide by the provisions specified in Schedule IV. Further, Schedule IV lays down a code for Independent Directors of the Company. Pursuant to the said provisions of the Companies Act, 2013, the Company has drafted a Code for Independent Directors of the Company and the same has also been posted on the website of the Company at www.adhunikindustries.com at the web link <https://www.adhunikindustries.com/download/21533540958.pdf>.

J) Board Business

The normal business of the Board, inter-alia includes:

- a. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments.
- b. Monitoring the effectiveness of the company's governance practices and making changes as needed.
- c. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
- d. Aligning key executive and remuneration of board of directors with the longer term interests of the company and its shareholders.
- e. Ensuring a transparent nomination process to the board of directors with the diversity of thought, experience, knowledge, perspective and gender in the board of directors.
- f. Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.
- g. Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- h. Overseeing the process of disclosure and communications.
- i. Monitoring and reviewing board of director's evaluation framework.

Other responsibilities of Board inter-alia includes:

- a. To provide strategic guidance to the listed entity, ensure effective monitoring of the management and should be accountable to the listed entity and the shareholders.
- b. To set a corporate culture and the values by which executives throughout a group will behave.
- c. To act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the listed entity and the shareholders.
- d. To encourage continuing directors training to ensure that the members of the board of directors are kept up to date.
- e. Where decisions may affect different shareholder groups differently, the Board treats all shareholders fairly.
- f. To maintain high ethical standards and take into account the interests of stakeholders.
- g. To exercise objective independent judgement on corporate affairs.

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- h. To consider assigning a sufficient number of non-executive members of the board of directors capable of exercising independent judgement to tasks where there is a potential for conflict of interest.
- i. To ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the listed entity to excessive risk.
- j. To be able to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the listed entity's focus.
- k. When committees of the board are established, their mandate, composition and working procedures is well defined and disclosed by the board.
- l. To be able to commit themselves effectively to their responsibilities.
- m. In order to fulfil their responsibilities, members of the board of directors have access to accurate, relevant and timely information.
- n. The Board and senior management facilitate the Independent Directors to perform their role effectively as a member of the board of directors and also as a member of a committee of board of directors.

K) Code of Conduct

In compliance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013, the Company's Code of Conduct, adopted by the Board of Directors is applicable to all the Board members and all employees of the Company. The Code of Conduct is posted on the website of the Company at www.adhunikindustries.com and on the web link <https://www.adhunikindustries.com/download/21592457630.pdf>.

The Code of Conduct, as adopted by the Board, is applicable to Directors, senior management and employees of the Company. The Code is designed from three interlinked fundamental principles viz. good corporate governance, good citizenship and exemplary personal conduct. The Code covers commitment to sustainable development concern for occupational health, safety and environment, a gender-friendly workplace, transparency and auditability, legal compliance and the philosophy of leading by personal example.

All members of the Board, the executive officers and senior management officials have affirmed compliance to the Code of Conduct as on March 31, 2020.

A declaration by the Managing Director/CEO is attached and forms part of the Annual Report of the Company.

No employee including key managerial personnel or director or promoters have entered into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the company as per Regulation 26(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

L) Board Meetings and its Agenda

During the FY 2019-20, five Board meetings were held on 28th May, 2019, 15th July, 2019, 13th August, 2019, 14th November, 2019 and 13th February, 2020 as per the statutory requirements. The maximum time gap between any two consecutive meetings did not exceed 120 (One Hundred and Twenty) days. The Chairman along with the Managing Director makes presentation on the quarterly and annual operating and financial performance and annual operating and capex budget before the Board. Post meetings, important decisions taken by the Board are communicated to concerned officials and departments.

In compliance with Regulations 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-

a) Scheduling and selection of agenda items for Board Meetings:

- i) The Company holds minimum of four Board meetings in each year. All Board meetings are convened by giving

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appropriate notice at any time to address the specific needs of the Company.

- ii) The meetings are usually held at the Company's Corporate Office at 2/1A, Sarat Bose Road, "Lansdowne Towers" 6th Floor, Kolkata-700 020.
- iii) Meetings are governed by a structured agenda. All departments in the Company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussion / approval in the Board / Committee meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the agenda for the Board meetings. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. The Board members, in consultation with the Chairman and majority of directors, may bring up any matter for the consideration of the Board.
- iv) In case of business exigencies, the Boards approval is taken through circular resolutions. The circular resolutions are noted at the subsequent Board Meeting.
- v) The Board is given presentations covering finance, the major business segments and operations of the Company, before taking on record the results of the Company for the preceding financial quarter at each of the scheduled Board meeting.

The Managing Director and the Company Secretary in consultation with the other concerned persons in senior management finalize the agenda papers for the Board meeting. Directors have access to the Company Secretary's support and all information of the Company and are free to suggest inclusion of any matter in the Agenda.

b) Agenda papers distributed in advance

Agenda papers are circulated to the Directors in advance. All material information is incorporated in the agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any documents to the agenda, the same are placed on the table at the meeting with specific reference to this effect in the agenda with the consent of majority of the directors including at least one independent director. In exceptional circumstances, additional or supplementary item(s) on the agenda are permitted.

c) Recording of Minutes of Proceedings at Board/Committee Meetings

The Company Secretary records the minutes of the proceedings of each Board / Committee meeting. Draft minutes are circulated to all the members of the Board for their comments. The minutes of proceedings of a meeting are entered in the minutes book within 30 days from the conclusion of the meeting. Within 15 days of signing of the minutes, a copy of said signed minutes, certified by the Company Secretary shall be circulated to all the directors except to those who waived their right to receive the same.

d) Post Meeting Follow Up Mechanism

The guidelines for Board and Committee meetings facilitate an effective post meeting follow up, review and reporting process of the decisions taken by the Board and Board Committee(s) thereof. The important decisions taken by the Board/Committees are communicated to the respective departments/division concerned promptly. Action taken report on the decisions/minute of the previous meeting(s) is placed at the meeting of the Board/Committee for their noting.

4) COMMITTEES OF THE BOARD

The Board has constituted various Committees consisting of Executive and Non-Executive Directors to focus on the critical functions of the Company.

The Board Committees plays crucial role in the governance structure of the Company and are being set out to deal with specific areas/activities which concerns the Company and need a closer review. They are set up under the formal approval of the Board, to carry out the clearly defined role which is considered to be performed by Members of the Board, as a part of good Corporate Governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action.

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The Board has various Committees viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Management and Finance Committee as on March 31, 2020. All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval.

A) Audit Committee

The terms of reference, role and scope of Audit Committee are in line with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. The Audit Committee of the Board, inter alia, provides reassurance to the Board on the existence of an effective internal control environment.

During the year under review, 4 (Four) meetings of the Audit Committee were held on 28th May, 2019, 13th August, 2019, 14th November, 2019 and 13th February, 2020. The maximum time gap between any two consecutive meetings did not exceed One Hundred and Twenty days. Moreover, the quorum of minimum 2 (Two) Independent Directors, as required by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, was present in all the meetings of the Audit Committee held during the year. The details of composition of the Audit Committee are as under:-

| Sl. No. | Name | Chairman/ Members |
|---------|-----------------------------|-------------------|
| 1. | Shri Asit Baran Dasgupta | Chairman |
| 2. | Shri Rama Shankar Gupta * | Member |
| 3. | Smt. Sonam Agarwal | Member |
| 4. | Smt. Shilpi Modi | Member |
| 5. | Shri Mahesh Kumar Agarwal # | Ex-Member |

* appointed w.e.f. 16.07.2019

ceased from the close of business hours on 15.07.2019

Audit Committee of the Company was reconstituted by the Company with effect from 16th July, 2019 during the period under review.

a) Attendance record of Audit Committee:

| Name of the Member | Category | No. of Meetings | Meetings attended |
|-------------------------------------|-------------------------------|-----------------|-------------------|
| Shri Asit Baran Dasgupta (Chairman) | Independent Non-Executive | 4 | 4 |
| Shri Rama Shankar Gupta * | Non Independent Executive | 3 | 3 |
| Smt. Sonam Agarwal | Independent Non-Executive | 4 | 4 |
| Smt. Shilpi Modi | Independent Non-Executive | 4 | 4 |
| Shri Mahesh Kumar Agarwal # | Non Independent Non-Executive | 1 | 1 |

* appointed w.e.f. 16.07.2019

ceased from the close of business hours on 15.07.2019

Mr. Asit Baran Dasgupta is the Chairman of the Audit Committee. The Chairman of the Audit Committee was present at the last Annual General Meeting. Statutory Auditors, Internal Auditors, Managing Director and the Chief Financial Officer of the Company are generally permanent invitees to Audit Committee meetings. The Company Secretary acts as the Secretary to the Committee

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal control and financial reporting process with a view to ensuring accurate and timely disclosures, with highest levels of transparency, integrity and quality of financial reporting.

Report on Corporate Governance (Contd.)

b) Powers of The Audit Committee:

1. To investigate any activity within its terms of reference
2. To seek information from any employee
3. To obtain outside legal and professional advice
4. To secure attendance of outsiders with relevant expertise, if it considers necessary

c) The Role / Terms of reference of Audit Committee Includes:

The terms of reference of Audit Committee with effect from 1st April, 2019 are as follows:

1. Oversight the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity and if required the replacement or removal of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - b) Changes, if any, in accounting policies and practices and reasons for the same;
 - c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - d) Significant adjustments made in the financial statements arising out of audit findings;
 - e) Compliance with listing and other legal requirements relating to financial statements;
 - f) Disclosure of any related party transactions; and
 - g) Modified opinion(s) in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency, monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Review, approval or any subsequent modification of transactions of the listed entity with related parties and to grant omnibus approval for related party transactions which are in ordinary course of business and on arm's length pricing basis subject to the approval of the Board;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the listed entity, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussing with the internal auditors any significant findings and follow up there on;

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15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
22. The committee shall review the compliances in regard to the provisions of regulation 9 and 9A of SEBI (Prohibition of Insider Trading) (Amendment) Regulations 2018 at least once in a Financial year and verify that the system of internal control are adequate and are operating effectively.

In addition to the above, the Audit Committee also mandatorily reviews the following:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- Management letters / letters of internal control weaknesses, if any, issued by the Statutory Auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief Internal Auditor
- Statement of deviations in terms of Regulation 32 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (if applicable).

B) Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("the Committee") shall act in accordance with the prescribed provisions of Section 178 of the Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014 and under the Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Nomination and Remuneration Committee evaluates the composition and organization of the Board and its Committees in light of requirements established by any regulatory body or any other applicable statute, rules and regulations which the Committee deems relevant, make recommendations to the Board of Directors in respect to the appointment, reappointment and resignation of Independent, Executive and Non-Executive Directors of the Company, ensure 'fit and proper' status of the existing/proposed Directors of the Company in accordance with SEBI Circulars on Corporate Governance, issued from time to time, and other matters specified.

The details of composition of Nomination and Remuneration Committee are as under-

| Sl. No. | Name | Chairman/ Members |
|---------|-----------------------------|-------------------|
| 1 | Smt. Sonam Agarwal | Chairman |
| 2 | Smt. Shilpi Modi | Member |
| 3 | Shri Trilok Sharma * | Member |
| 4 | Shri Mahesh Kumar Agarwal # | Ex-Member |

* appointed w.e.f. 16.07.2019

Report on Corporate Governance (Contd.)

ceased from the close of business hours on 15.07.2019

The Nomination and Remuneration Committee of the Company was reconstituted by the Company with effect from 16th July, 2019 during the period under review. The Committee shall meet at least once in a year.

a) The Role / Terms of reference of Committee Includes

The terms of reference of the Nomination and Remuneration Committee, are in compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as follows:

1. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on diversity of Board of Directors.
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
5. Identify whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6. Recommend to the board, all remuneration, in whatever form, payable to senior management.
7. Consider any other matters referred to the Committee by the Board.

Nomination and Remuneration Committee shall also lay down a chart/matrix listing the core skills/expertise/competencies identified by the Board of Directors as required in the context of the company's business(es) and sectors for the Board to function effectively and those actually available with the Board.

4 (Four) meetings of the Committee was held during the financial year on 15th July, 2019, 13th August, 2019, 14th November, 2019 and 13th February, 2020.

b) Attendance record of Nomination and Remuneration Committee:

| Name of the Member | Category | No. of Meetings | Meetings attended |
|-------------------------------|-------------------------------|-----------------|-------------------|
| Smt. Sonam Agarwal (Chairman) | Independent Non-Executive | 4 | 4 |
| Smt. Shilpi Modi | Independent Non-Executive | 4 | 4 |
| Shri Trilok Sharma * | Non Independent Non-Executive | 3 | 3 |
| Shri Mahesh Kumar Agarwal # | Non Independent Non-Executive | 1 | 1 |

* appointed w.e.f. 16.07.2019

ceased from the close of business hours on 15.07.2019

Mr. Bharat Agarwal, Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

c) Remuneration Policy

Pursuant to provisions of Section 178 of the Companies Act, 2013 and Regulation 19(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee, has formulated a Remuneration Policy for Directors and Senior Management, details of which forms part of the Directors' Report.

The Company had revised the Nomination and Remuneration Policy in the Board meeting held on 28th March, 2019 and the same is came into force w.e.f. 1st April, 2019. The revised Nomination and Remuneration Policy as approved by the Board is uploaded on the Company's website at www.adhunikindustries.com and may be accessed at the link <https://www.adhunikindustries.com/download/21592457707.pdf>.

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d) Details of remuneration paid/payable to the Directors during the financial year 2019-20

The Company has paid managerial remuneration by way of salary to its Managing Director only and the same is within the limits specified under Schedule V of the Companies Act, 2013 and duly approved by the Board / shareholders of the Company.

Remuneration paid to the Directors

(Figures in ₹)

| Particulars of Remuneration | Name of Directors | | | | | | | | | Total |
|--|-------------------|--------------------------|------------------|-------------|---------------|---------------------|------------------------|---------------------|--------------------------|-----------|
| | Trilok Sharma * | Rama Shankar Gupta % | Niket Agarwal \$ | Shilpi Modi | Sonam Agarwal | Asit Baran Dasgupta | Mahesh Kumar Agarwal @ | Mohan Lal Agarwal @ | Jugal Kishore Agarwal # | |
| Salary | - | 17,35,759 | - | - | - | - | - | - | 18,66,667 | 36,02,426 |
| Benefits | - | - | - | - | - | - | - | - | - | - |
| Bonuses | - | - | - | - | - | - | - | - | - | - |
| Sitting fees of all Board and Committee Meetings | 40,000 | 40,000 | 20,000 | 70,000 | 70,000 | 70,000 | 25,000 | 20,000 | - | 3,55,000 |
| Stock Options | - | - | - | - | - | - | - | - | - | - |
| Pension | - | - | - | - | - | - | - | - | - | - |
| Details of fixed component | - | - | - | - | - | - | - | - | - | - |
| Performance linked incentives | - | - | - | - | - | - | - | - | - | - |
| Performance criteria | - | - | - | - | - | - | - | - | - | - |
| Service Contracts | - | - | - | - | - | - | - | - | - | - |
| Notice Period | - | As per terms of contract | - | - | - | - | - | - | As per terms of contract | - |
| Severance fees | - | - | - | - | - | - | - | - | - | - |
| Details of stock option (if any) | - | - | - | - | - | - | - | - | - | - |
| Whether Option issued at a discount | - | - | - | - | - | - | - | - | - | - |
| Period over which option accrued/exercisable | - | - | - | - | - | - | - | - | - | - |

* Shri Trilok Sharma appointed on the Board of Directors w.e.f. 15th July, 2019.

% Shri Rama Shankar Gupta appointed on the Board of Directors w.e.f. 15th July, 2019 and re-designated as Managing Director of the Company w.e.f. 15th November, 2019.

\$ Shri Niket Agarwal appointed on the Board of Directors w.e.f. 14th November, 2019.

@ Shri Mahesh Kumar Agarwal and Shri Mohan Lal Agarwal resigned from the Board of Directors of the Company from the close of business hours on 15th July, 2019.

Shri Jugal Kishore Agarwal resigned from the Board of Directors of the Company from the close of business hours on 14th November, 2019.

None of the Non-Executive Directors have any pecuniary relationship or transactions with the Company, except to the extent of their shareholding, if any, in the Company.

e) Criteria of making payment to Non-Executive directors

The Company is making payment of sitting fees only to Non-Executive directors for Board Meeting and Audit Committee Meeting within the limits prescribed under Companies Act, 2013 for payment of sitting fees without approval of Central Government. Thus, requirement of obtaining approval of shareholders in general meeting shall not apply.

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C) Stakeholders Relationship Committee

The Stakeholders Relationship Committee shall act in compliance with the provisions of Section 178(5) of the Companies Act, 2013 and Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

The Stakeholders Relationship Committee ('the Committee') comprised of 3 (Three) members including one Independent Director. The details of composition of the Stakeholders Relationship Committee are as under:-

| Sl. No. | Name | Category | Chairman/ Members |
|---------|-----------------------------|-------------------------------|-------------------|
| 1. | Shri Trilok Sharma * | Non Independent Non-Executive | Chairman |
| 2. | Shri Rama Shankar Gupta * | Non Independent Executive | Member |
| 3. | Smt. Sonam Agarwal | Independent Non-Executive | Member |
| 4. | Shri Mahesh Kumar Agarwal @ | Non Independent Non-Executive | Ex-Chairman |
| 5. | Shri Mohan Lal Agarwal @ | Non Independent Non-Executive | Ex-Member |

* appointed w.e.f. 16.07.2019

@ ceased from the close of business hours on 15.07.2019

The Stakeholders Relationship Committee of the Company was reconstituted by the Company with effect from 16th July, 2019 during the period under review.

a) Terms of Reference:

The terms of reference of Stakeholders Relationship Committee with effect from 1st April 2019 shall, inter-alia, include the following:

1. The Committee shall specifically look into various aspects of interest and resolve the grievances of shareholder, debenture holder and other security holders.
2. The committee shall resolve the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
3. Review of measures taken for effective exercise of voting rights by shareholders.
4. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
5. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

Further, Mr. Trilok Sharma, Chairperson of the Stakeholders Relationship Committee was present at the Annual General Meeting held on 16th September, 2019 to answer queries of the security holders.

Also, the Stakeholders Relationships Committee shall meet at least once in a year.

1 (one) meeting of Stakeholders Relationship Committee held during the financial year 2019-20 on 13th February, 2020.

b) Status of Investors' Complaints:

| | |
|---|-----|
| Number of complaints received during the year | Nil |
| Number of complaints resolved up to 31st March, 2020 | Nil |
| Number of complaints not solved to the satisfaction of shareholders | NA |
| Number of complaints pending as on 31st March, 2020 | Nil |

E-mail ID earmarked for redressing Investors queries in terms of Regulation 6 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015: investorsail@adhunikgroup.co.in

Report on Corporate Governance (Contd.)

Mr. Bharat Agarwal, Company Secretary acts as the Secretary and compliance officer to the Stakeholders Relationship Committee.

D) Corporate Social Responsibility Committee

In compliance with the provisions of Section 135 of the Companies Act, 2013 and Corporate Social Responsibility (CSR) Rules, 2014, the Board of Directors of the Company had constituted a Committee called "Corporate Social Responsibility Committee".

While aiming to generate maximum profit for our shareholders throughout the year, we also keep a steadfast eye on our social and environmental responsibilities, to fulfill the needs and expectations of the larger society that we are part of. Our CSR is not limited to philanthropy, but encompasses holistic community development, institution-building and sustainability related initiatives.

The purpose of CSR Policy is to devise an appropriate strategy and focus on its CSR initiatives and lay down the broad principles on the basis of which the Company will fulfill its CSR objectives. As per the said policy, the Company follows the strategy of discharging its CSR responsibilities related to social service through various trusts/societies in addition to its own initiatives and donations made to other non-government organizations.

a) Terms of Reference:

1. To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013 and rules made thereunder.
2. To recommend the amount of expenditure to be incurred on the CSR activities.
3. To monitor the implementation of the CSR Policy of the Company from time to time.

The Company had revised the CSR Policy in the Board meeting held on 28th May, 2019 and the same is came into force on the same day. The revised CSR Policy as approved by the Board is uploaded on the Company's website at www.adhunikindustries.com and may be accessed at the link <https://www.adhunikindustries.com/download/21592552700.pdf>

1 (One) meeting of the Corporate Social Responsibility Committee of the Company was held during the year 2019-20 on 28th May, 2019.

| Members | Category | No. of Meetings Held | No. of Meetings Attended |
|---|-------------------------------|----------------------|--------------------------|
| Shri Trilok Sharma (Chairman) * | Non Independent Non-Executive | NA | NA |
| Shri Rama Shankar Gupta * | Non Independent Executive | NA | NA |
| Smt. Shilpi Modi | Independent Non-Executive | 1 | 1 |
| Shri Mahesh Kumar Agarwal (Ex-Chairman) @ | Non Independent Non-Executive | 1 | 1 |
| Shri Mohan Lal Agarwal (Ex-Member) @ | Non Independent Non-Executive | 1 | 1 |

* appointed w.e.f. 16.07.2019

@ ceased from the close of business hours on 15.07.2019

The Corporate Social Responsibility Committee of the Company was reconstituted by the Company with effect from 16th July, 2019 during the period under review.

E) Management and Finance Committee

The Company has also constituted a Management and Finance Committee.

a) Terms of Reference:

Following are the major terms of reference of the Committee:

1. Reviewing the management and take decision regarding taking further loans, equipment finance, car loans for employees and/or other financial assistance.
2. Opening and closure of Bank Account(s) as and when required.

Report on Corporate Governance (Contd.)

3. Reviewing financial and risk management policies.
4. To sub-delegate any of the powers of the Committee to the Managing Director, Directors/or the Key Managerial Personnel.
5. To look after and supervise the keeping and maintaining of the records to be kept and maintained under the provisions of the Companies Act and/or other legislation governing the affairs of the Company and ensure compliance with the provision of such law and to do all such acts, deeds and things as may be necessary or expedient to ensure compliance with such laws and also to appear and represent the Company before any Officer or authority appointed under any such laws for the time being in force.

The Management and Finance Committee ('the Committee') comprised of 3 (Three) members of which all are Non-Independent Director. The details of composition of the Management and Finance Committee are as under:-

| Sl. No. | Name | Chairman/ Members |
|---------|------------------------------|-------------------|
| 1. | Shri Rama Shankar Gupta * | Chairman |
| 2. | Shri Trilok Sharma % | Member |
| 3. | Shri Niket Agarwal # | Member |
| 4. | Shri Jugal Kishore Agarwal @ | Ex-Chairman |
| 5. | Shri Mohan Lal Agarwal \$ | Ex-Member |
| 6. | Shri Mahesh Kumar Agarwal \$ | Ex-Member |

* appointed as member w.e.f. 16.07.2019 and as Chairman w.e.f. 15.11.2019

% appointed as member w.e.f. 16.07.2019

appointed w.e.f. 15.11.2019

@ ceased to be Chairman / member from the close of business hours on 14.11.2019

\$ ceased from the close of business hours on 15.07.2019

The Management and Finance Committee of the Company was reconstituted two times once with effect from 16th July, 2019 and again with effect from 15th November, 2019 during the period under review.

1 (One) meeting of Management and Finance Committee was held during financial year 2019-20 on 3rd December, 2019.

5) GENERAL BODY MEETINGS

A) Details of Previous Annual General Meeting:

The last three Annual General Meetings of the Company were held as per details given below:

| Year | Date | Time | Venue | Number of special resolutions passed |
|---------|--------------------|----------|---|--------------------------------------|
| 2018-19 | September 16, 2019 | 02:30 pm | Bharatiya Bhasha Parishad, 36-A, Shakespeare Sarani, Kolkata-700017 | 1 |
| 2017-18 | September 26, 2018 | 02:30 pm | Bharatiya Bhasha Parishad, 36-A, Shakespeare Sarani, Kolkata-700017 | 1 |
| 2016-17 | September 21, 2017 | 02.30 pm | Bharatiya Bhasha Parishad, 36-A, Shakespeare Sarani, Kolkata-700017 | 1 |

All resolutions passed at the preceding Annual General Meeting were passed by the requisite majority of shareholders.

B) Postal Ballot

During the financial year 2019-20, no resolutions were passed by the shareholders through postal ballot. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a Special Resolution through postal ballot.

Report on Corporate Governance (Contd.)

6) MEANS OF COMMUNICATION

a) Quarterly Results/ Half Yearly/ Annual Results:

The Quarterly, Half-yearly and Yearly financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board.

b) Newspaper Publications:

The Financial results are regularly submitted to the stock exchanges in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and published in one English Daily (Business Standard) and one Bengali Daily (Aajkal).

c) Website:

For the financial results and other relevant information, shareholders may log on to the website of the Company www.adhunikindustries.com

d) Official News and press release as available are posted on the website of the company www.adhunikindustries.com. During the year under review there were no such news releases.

e) As the company does not have any institutional investors and angel investors, so no presentation made to institutional investors or to the analysts.

f) Email id: investorsail@adhunikgroup.co.in

g) The Management Discussion and Analysis Report is a part of Annual Report.

7) GENERAL SHAREHOLDERS' INFORMATION

a) AGM DETAILS

| | |
|--------------------|--|
| Day and date | Tuesday, September 29, 2020. |
| Venue | Through Video Conferencing/ audio visual means However, if local authorities will allow us to arrange physical Annual General Meeting, then the venue will be: Bharatiya Bhasha Parishad 36-A, Shakespeare Sarani, Kolkata-700 017. (Note- it will be intimated through notice of 41 st Annual General Meeting.) |
| Time | 02:30 PM |
| Book closure dates | 23 rd September, 2020 to 29 th September, 2020 (Both day inclusive) |

b) Financial Year

The financial year of the Company starts from 1st April, 2019 and ends on 31st March, 2020.

c) Dividend

No dividend had been recommended by the Board during the year under review.

d) Listing of Shares on Stock Exchanges with Stock Code

| Name of the Stock Exchange | Stock code / Symbol |
|---|---------------------|
| National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex Bandra (E) Mumbai-400 051 | ADHUNIKIND |
| BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai- 400 001. | 538365 |

Report on Corporate Governance (Contd.)

| | |
|---|--------------|
| The Calcutta Stock Exchange Limited 7, Lyons Range Kolkata-700 001. | 10028188 |
| ISIN No.- | INE452L01012 |

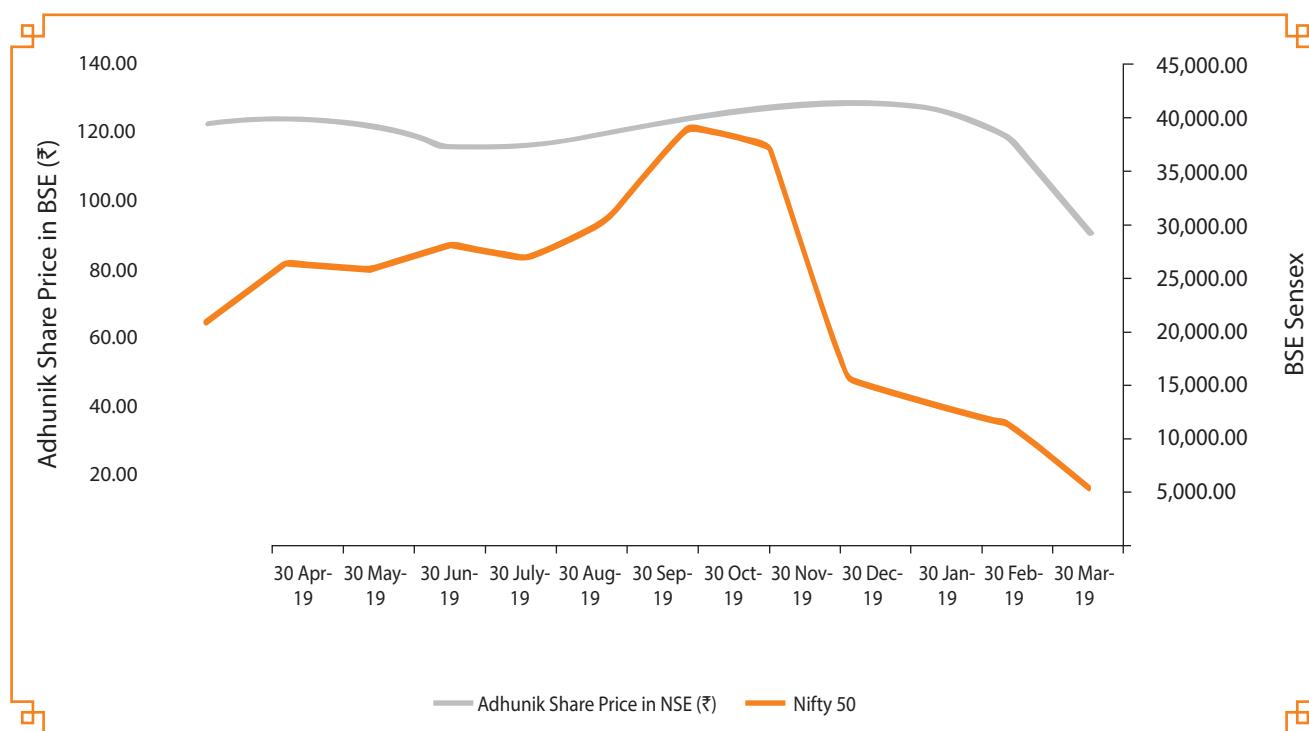
The annual listing fee for the year 2019-20 has been paid to the above stock exchanges.

e) Market Price Data

| Month | BSE | | | NSE | | |
|-----------------|----------|---------|--------------|----------|---------|--------------|
| | High (₹) | Low (₹) | Volume (No.) | High (₹) | Low (₹) | Volume (No.) |
| April, 2019 | 67.75 | 54.75 | 1,60,436 | 67.80 | 54.50 | 3,96,198 |
| May, 2019 | 89.90 | 66.05 | 3,83,913 | 93.80 | 65.90 | 9,24,082 |
| June, 2019 | 88.85 | 72.60 | 86,338 | 87.90 | 72.00 | 5,57,864 |
| July, 2019 | 97.00 | 81.30 | 91,327 | 104.00 | 81.00 | 364,396 |
| August, 2019 | 92.55 | 80.00 | 1,25,316 | 93.00 | 80.35 | 4,96,814 |
| September, 2019 | 105.40 | 80.00 | 4,64,168 | 105.00 | 78.05 | 8,53,709 |
| October, 2019 | 124.60 | 94.00 | 9,55,576 | 125.90 | 94.25 | 14,72,067 |
| November, 2019 | 127.00 | 96.50 | 9,45,853 | 127.50 | 96.50 | 14,25,453 |
| December, 2019 | 118.45 | 34.20 | 1,78,159 | 118.30 | 34.00 | 8,73,538 |
| January, 2020 | 50.15 | 39.50 | 2,64,582 | 51.60 | 37.25 | 4,59,586 |
| February, 2020 | 41.95 | 34.20 | 31,761 | 40.50 | 33.65 | 14,19,251 |
| March, 2020 | 36.90 | 17.80 | 50,056 | 34.65 | 12.10 | 8,12,952 |

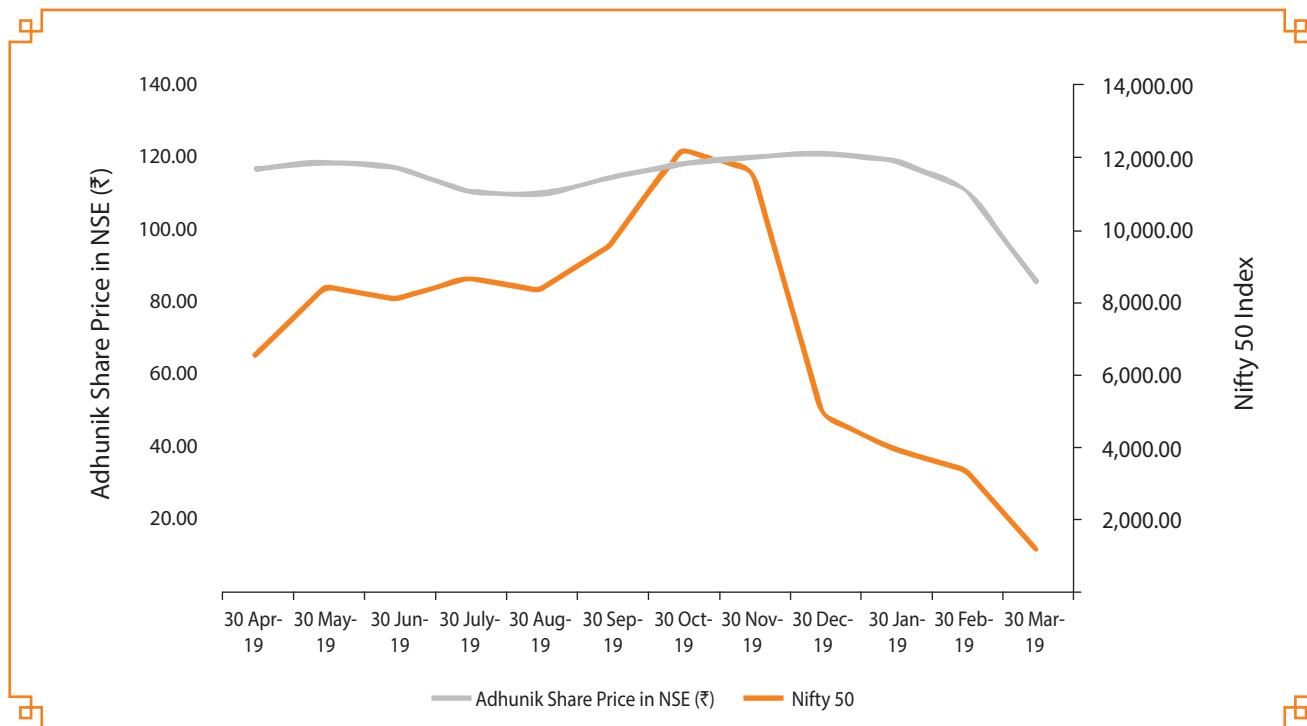
Note: The Company's shares are not actively traded presently on Calcutta Stock Exchange Limited, therefore the market price data are not available.

f) Details of Performance of Adhunik Industries in Comparison with BSE Sensex:



Report on Corporate Governance (Contd.)

g) Details of Performance of Adhunik Industries in Comparison with nifty:



h) The securities of the Company are not suspended from trading during the period under review.

i) Registrar & Share Transfer Agents

Maheshwari Datamatics Private Limited.
 23, R. N. Mukherjee Road, 5th Floor
 Kolkata- 700 001
 Tel no. 91-33-22435809/5029
 Fax no. 91-33-22484787
 E-mail- mdpldc@yahoo.com

j) Share Transfer System

The Registrars and Share Transfer Agent, M/s. Maheshwari Datamatics Private Limited, register the share transfer after the shares are lodged for transfer, within a period ranging from 7 to 10 days provided the documents lodged with the Registrars/Company are in order. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and files a copy of the certificate with the Stock Exchanges.

Report on Corporate Governance (Contd.)

k) Distribution of Shareholding as on 31st March, 2020

| Category (Share) | Shareholders | | No of Shares | |
|------------------|--------------|-----------------|--------------------|-----------------|
| | Number | % to total | Number | % to total |
| Up to 500 | 2,259 | 87.2201 | 1,45,020 | 0.3101 |
| 501-1,000 | 102 | 3.9382 | 81,927 | 0.1752 |
| 1,001-2,000 | 62 | 2.3938 | 1,01,882 | 0.2179 |
| 2,001-3,000 | 33 | 1.2741 | 87,861 | 0.1879 |
| 3,001-4,000 | 7 | 0.2703 | 24,394 | 0.0522 |
| 4,001-5,000 | 20 | 0.7722 | 93,985 | 0.2010 |
| 5,001-10,000 | 32 | 1.2355 | 2,38,102 | 0.5092 |
| 10,001 and above | 75 | 2.8958 | 4,59,90,579 | 98.3466 |
| Total | 2,590 | 100.0000 | 4,67,63,750 | 100.0000 |

l) Dematerialization of Shares and liquidity

As per SEBI requirement, the Company enlisted its shares with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the Company's shares are available for trading under both the depository systems in India. The International Securities Identification Number (ISIN) allotted to the Company's share under the Depository System is **INE452L01012**. The Company has paid annual custody fee for the financial year 2019-20 to NSDL and CDSL, the depositories. As on 31st March, 2020, 4,67,63,749 Equity Shares of the Company representing almost 100.00 % of the issued and subscribed share capital stood dematerialized.

m) Outstanding Gdrs/ Adrs/ Warrants Or Any Convertible Instruments, Conversion date and likely impact on equity

Not applicable.

n) Disclosure of commodity price risks or foreign exchange risk and hedging activities:

The Company does not have material exposure of any commodity which are imported/ exported and accordingly, no hedging activities for the same are carried out. Therefore, there is no disclosure to offer in terms of SEBI Circular No.- SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 Dated- 15th November, 2018. The Company generally exports its finished goods to neighbouring countries of India such as Nepal etc. The export made by the Company is normally supported by 100% advance payment from the overseas customers or backed by Foreign Letter of Credit issued by their bankers in favor of the Company and sometimes executed in Indian currency only. So, there is minimum foreign exchange risk and commodity price risk as well associated with the transactions of the Company.

o) Plant Location :

Rolling Mill

Raturia Industrial Area, Angadpur
Durgapur-713 215, West Bengal, India

Wind Mill

Nandurbar, Dhule, Maharashtra

p) Investors Correspondence

All queries of investors regarding the Company's shares or other matters may be sent at the following addresses:

| | | |
|--|----|---|
| The Company Secretary Adhunik Industries Limited Lansdowne Towers 2/1A, Sarat Bose Road Kolkata – 700020 Tel no. 91-33-66384700 Fax no. 91-33-22890285 E-mail: investorsail@adhunikgroup.co.in | or | Maheshwari Datamatics Pvt. Limited. 23, R. N. Mukherjee Road, 5 th Floor Kolkata- 700 001 Tel no. 91-33-22435809/5029 Fax no. 91-33-22484787 |
|--|----|---|

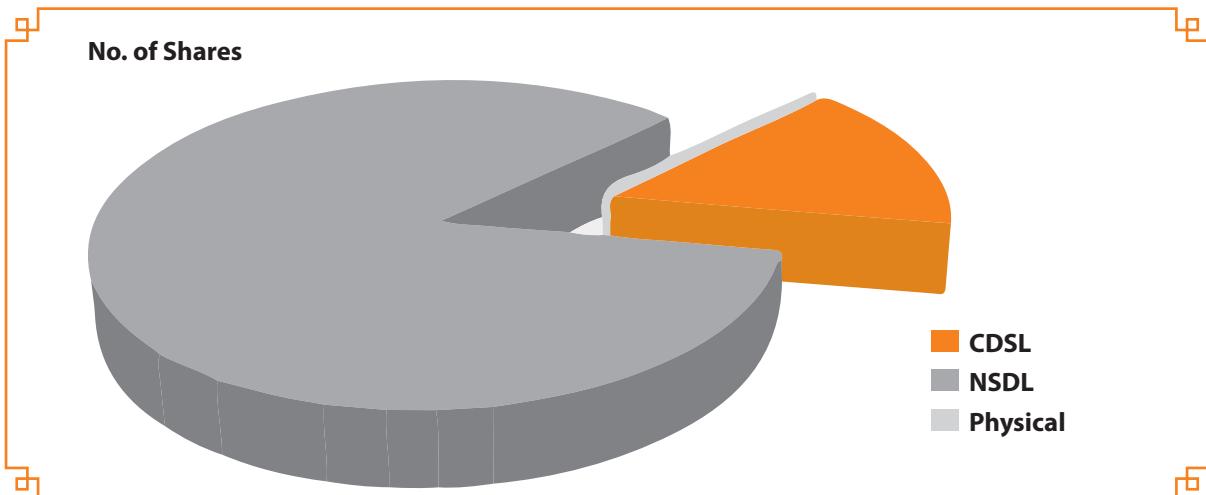
Report on Corporate Governance (Contd.)

- q)** List of credit ratings obtained by the company along with any revisions thereto during the relevant financial year, for all debt instruments of the Company or any fixed deposit programme or any scheme or proposal of the company involving mobilization of funds, whether in India or abroad is available on the company's website www.adhunikindustries.com

| Rating Agency | Instrument | Rating | Outlook | Effective from |
|-----------------------------------|-----------------------|----------|---------|----------------------------------|
| India Ratings & Research Pvt. Ltd | Fund Based Limits | IND BBB- | Stable | With effect from 11/11/2019 |
| | Non-Fund Based Limits | IND A3 | | |
| | Fund Based Limits | IND BB | Stable | At the beginning of the year. |
| | Non-Fund Based Limits | IND A4+ | | |

- r) Details of Demat and Physical Shares as on March 31, 2020**

| Description | Number of Shares | % of Equity |
|--------------|--------------------|----------------|
| CDSL | 72,73,238 | 15.55% |
| NSDL | 3,94,90,511 | 84.45% |
| Physical | 1 | 0.00% |
| Total | 4,67,63,750 | 100.00% |

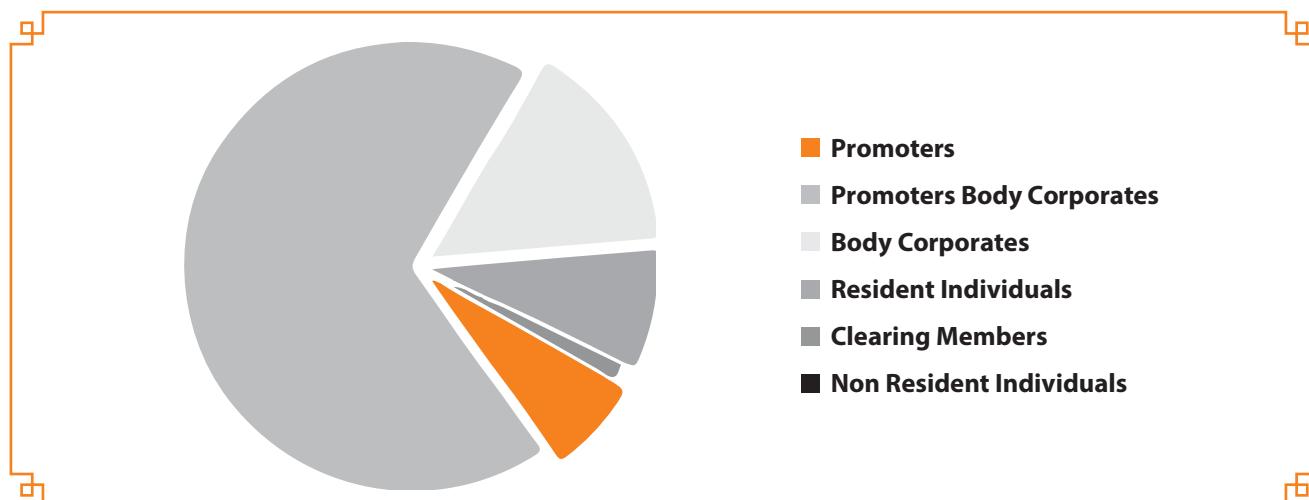


- s) Categories of Shareholders as on March 31, 2020**

| S. No. | Category | Numbers of holders | Number of shares | % to equity |
|--------------|---------------------------|--------------------|--------------------|-----------------|
| 1 | Promoters | 10 | 32,31,050 | 6.9093 |
| 2 | Promoters Body Corporates | 3 | 3,18,23,750 | 68.0522 |
| 3 | Body Corporates | 57 | 71,63,638 | 15.3188 |
| 4 | Resident Individuals | 2478 | 43,87,261 | 9.3818 |
| 5 | Clearing Members | 20 | 1,52,483 | 0.3261 |
| 6 | Non Resident Individuals | 22 | 5,568 | 0.0119 |
| Total | | 2590 | 4,67,63,750 | 100.0000 |

Report on Corporate Governance (Contd.)

t) Shareholding Pattern as on March 31, 2020



u) Depository Services

National Securities Depository Limited

Trade World, A Wing, 4th Floor, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel, Mumbai-400013
Tel.: (022) 2499 4200; Fax: (022) 2497 6351
E-mail: info@nsdl.co.in
Website: www.nsdl.co.in

Central Depository Services (India) Limited

Marathon Futurex, 25th Floor,
NM Joshi Marg, Lower Parel (East)
Mumbai-400013
Tel.: (022) 2302 3333; Fax: (022) 2300 2035
E-mail: helpdesk@cdslindia.com
Website: www.cdslindia.com

Custodial fees to Depositories: The custodial fee has been paid to NSDL and CDSL up-to 31st March, 2020.

v) Financial Calendar Tentative

| Financial Year 2020-21 | | |
|------------------------|--------------------------------------|--------------------------|
| 1 | First quarter results | Within August 14, 2020 |
| 2 | Second quarter and half-year results | Within November 14, 2020 |
| 3 | Third quarter results | Within February 14, 2021 |
| 4 | Annual Result | Within May 30, 2021 |

Report on Corporate Governance (Contd.)

w) **Dividend history for last 10 years are as under:**

| Financial year | Dividend per share (₹) | Total dividend (₹ in lakhs) |
|-----------------------|-------------------------------|------------------------------------|
| 2019-20 | Nil | Nil |
| 2018-19 | Nil | Nil |
| 2017-18 | Nil | Nil |
| 2016-17 | Nil | Nil |
| 2015-16 | Nil | Nil |
| 2014-15 | Nil | Nil |
| 2013-14 | Nil | Nil |
| 2012-13 | Nil | Nil |
| 2011-12 | Nil | Nil |
| 2010-11 | 1.00 | 467.64 |

x) **Secretarial Audit**

The Company undertook the Secretarial Audit of records and documents in accordance with Section 204 of the Companies Act, 2013 and the Rules made thereunder. The Secretarial Audit Report confirms that the Company has complied inter alia with all the applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Depositories Act, 1996, Securities Contracts (Regulation) Act, 1956 and all the Regulations and Guidelines of the Securities and Exchange Board of India (SEBI) as applicable to the Company, including the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the SEBI (Prohibition of Insider Trading) Regulations, 2015, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the SEBI (Issue and Listing of Debt Securities) Regulations, 2008. The Secretarial Audit Report for the financial year ended March 31, 2020 is provided in the Annual Report.

8) DISCLOSURES

(i) **Disclosures on materially significant related party transactions that may have potential conflict with the interests of Company at large:**

Transactions effected with the related parties are disclosed under Note No. 32 in 'Notes to the Financial Statements' in the Annual Report, in accordance with the requirements of Indian Accounting Standard IND AS 24 as notified by the Companies (Indian Accounting Standards) Amendment Rules, 2018.

A statement in summary form of transactions with related parties in the ordinary course of business is periodically placed before the Audit Committee for review and recommendation to the Board for their approval. All these transactions are in the ordinary course of business and have no potential conflict with the interest of the Company at large and are carried out on an arm's length basis. There was materially significant related party transaction entered into by the Company with the Related Parties during the period and the same was entered with the prior approval of the shareholders obtained by way of ordinary resolution passed through Postal Ballot on 29th June 2018.

Prior approval of Audit Committee is obtained for all Related Party Transactions except for the Related Party Transactions for which omnibus approval is granted by the Audit Committee from time to time. The Company has formulated Related Party Transactions (RPT) Policy which provides a framework to regulate transactions between the Company and its related parties based on the laws and regulations applicable to the Company.

The Company had revised the Policy on Related Party Transactions in the Board meeting held on 28th March, 2019 and the same is came into force w.e.f. 1st April, 2019. The revised Policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at www.adhunikindustries.com and may be accessed at the link <https://www.adhunikindustries.com/download/21558518217.pdf>

(ii) **Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:**

SEBI vide its letter bearing no. SEBI/HO/ISD/OW/P/2017/18183 dated August 7, 2017 duly addressed to the three Stock Exchanges has forwarded a list of 331 suspected shell companies as identified by Ministry of Corporate Affairs and has directed the Stock Exchanges to identify the companies listed on their trading platform and place trading in all such listed securities in Stage VI of the Graded Surveillance Measure (GSM) with immediate effect. Your Company was also aggrieved

Report on Corporate Governance (Contd.)

by the communication of Securities and Exchange Board of India (SEBI) addressed to the three stock exchanges on August 7, 2017 and the consequential order passed by National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) on August 7, 2017 itself by placing securities of the Company in GSM Stage VI with effect from August 8, 2017. The Company had made a representation to SEBI on August 9, 2017 against the impugned communication of SEBI dated August 7, 2017 and also provided the required information asked by National Stock Exchange of India Limited (NSE) vide its communication dated August 9, 2017 and BSE Limited (BSE) vide its communication dated August 10, 2017, vide its communication dated August 14, 2017. Since no action was taken on the said representation dated August 9, 2017 and after providing the required information to NSE and BSE, our Company had filed an appeal to Securities Appellate Tribunal (SAT).

The SAT after hearing both the parties directed SEBI and also the Stock Exchanges vide its order dated September 21, 2017 to reverse their decisions dated August 7, 2017 which were all passed without hearing the appellant.

Further, SEBI had passed an interim order on 21st September 2018 against the Company on the basis of certain "prima facie" observations in the matter of suspected shell companies and had advised the Company to submit their reply to the points contained in the Interim Order and also give an opportunity of personal hearing, if the Company wish to avail. The Company had filed its reply to the observations made in the Interim Order within the prescribed time. The Company had also requested SEBI to grant an opportunity of personal hearing in the matter and pursuant to that SEBI had granted the opportunity of personal hearing to the Company. During the course of said hearing, SEBI had sought certain additional documents from the Company which it had submitted within the prescribed time limit.

On 29th August, 2019, SEBI had passed the final order in the matter and disposed-off the proceedings initiated vide interim order dated 21st September, 2018. SEBI had also revoked the directions mentioned in the interim order dated 21st September, 2018 and an adjudication proceedings will be initiated against the Company in accordance with the law for the alleged violation of provision of Listing Agreement and LODR Regulations in respect of related party transactions during the F. Y. 2015-16 with Adhunik Corporation Limited only.

The Company had not received any further communication from SEBI relating to adjudication proceedings.

iii) Whistle Blower Policy (Vigil Mechanism)

In compliance with provisions of Section 177(9) of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has framed a Vigil Mechanism / Whistle Blower Policy to deal with unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy, if any.

The Company had revised the Vigil Mechanism / Whistle Blower Policy in the Board meeting held on 28th March, 2019 and the same is came into force w.e.f. 1st April, 2019. The revised Vigil Mechanism / Whistle Blower Policy has also been uploaded on the website of the Company. The Company affirms that none of the employees have been denied access to the Audit Committee.

(iv) Details of compliance with mandatory requirements and adoption of non-mandatory requirements of this Regulation:

The Company has complied with all the mandatory requirements as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, with the Stock Exchanges. The Company has been regularly submitting the quarterly compliance report to the Stock Exchanges where the shares of the Company listed as required under Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The status of adoption of discretionary requirements of Regulation 27(1) as specified under Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided below:

a) Non-Executive Chairperson's entitlement to maintain Chairman's Office and reimbursement of expenses incurred:

The Company is having a Non-Executive Chairman Mr. Trilok Sharma. Thus, the Company is complied with the requirement.

Report on Corporate Governance (Contd.)

b) Shareholder's Rights:

The quarterly, half yearly, nine monthly and annual financial performance are communicated to the stock exchanges and also posted on the Company's website.

c) Modified opinion in Auditor's Report:

The Company's financial statement for the financial year 2019-20 does not contain modified audit opinion.

d) Separate posts of Chairman and Managing Director or CEO:

There is separate person hold the post of Chairman and Managing Director. Thus, the Company is complied with the requirement.

e) Reporting of Internal Auditor

The internal auditor reports to the Audit Committee.

(v) Web-link for policy determining 'material' subsidiaries:

The Company does not have any subsidiary as defined under the Companies Act, 2013.

(vi) Web-link for policy on dealing with Related Party Transactions:

Web-link for policy on dealing with Related Party Transactions is <https://www.adhunikindustries.com/download/21558518217.pdf>

(vii) Utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):

No funds were raised by the Company through Preferential allotment or by way of Qualified Institutions Placement during the F.Y. 2019-20.

(viii) Certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority:

The company has received declaration from all directors of the Company that they are/have not been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. Further, the Company has received a certificate from Mr. Mohan Ram Goenka, Partner of M/s. MR & Associates, Practicing Company Secretaries, confirming that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The same forms an integral part of this report.

(ix) During the F.Y. 2019-2020, there have been no instances where the Board of Directors of the Company has not accepted the recommendation of any committee of the Board, wherever required.

(x) Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/entity of which the statutory auditor is a part:

| Particulars | Fees (Amount in ₹) |
|--------------------------------|---------------------|
| Audit Fees | 1,25,000 |
| Limited Review Fees | 33,000 |
| Tax Audit Fees | 25,000 |
| Certificate and Other Services | 6,100 |
| Total | 1,89,100 |

Note: The Company does not have any subsidiary as defined under the Companies Act, 2013.

Report on Corporate Governance (Contd.)

(xi) Policy against Sexual Harassment at Workplace:

Company in its endeavor to provide a safe and healthy work environment for all its employees and has developed a policy to ensure zero tolerance towards verbal, physical, psychological conduct of a sexual nature by any employee or stakeholder that directly or indirectly harasses, disrupts or interferes with another's work performance or creates an intimidating, offensive or hostile environment such that each employee can realize his / her maximum potential.

As per Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is as under:

Details of Sexual Harassment Complaints

| | |
|--|-----|
| Number of Complaint filed during the financial year | Nil |
| Number of Complaints disposed of during the financial year | NA |
| Number of Complaints pending as on end of the financial year | NA |

(xii) Policy for Determining Materiality of an event or information and for making disclosures to Stock Exchanges:

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company have approved the Policy for determining materiality of an event or information and for making disclosures to the Stock Exchanges which is effective from December 1, 2015 and same is available on the company's website www.adhunikindustries.com and on the web link <http://adhunikindustries.com/download/21526556618.pdf>. The Board has authorized Key Managerial Personnel of the Company, viz. the Managing Director or CFO or Company Secretary or all or any of them, to determine materiality of an event or information and for making disclosures to the Stock Exchanges under the said regulation.

(xiii) Disclosure of Accounting Treatment:

Your Company has not adopted any alternative accounting treatment prescribed differently from the Indian Accounting Standards.

(xiv) Shareholding of Directors in the Company as on March 31, 2020:

No shares held by the Directors of the Company as on 31st March, 2020.

(xv) Code for prevention of Insider Trading practices

In terms of Regulation 8(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time (the "Regulations"), the Board of Directors had framed the revised "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" and in terms of Regulation 9(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time (the "Regulations"), a new "Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons and Immediate Relatives of Designated Persons" is hereby framed. Both the above Code was adopted by the Board of Directors in its meeting held on dated 28th March, 2019 and came into force w.e.f. 1st April, 2019. Both code is available on the website www.adhunikindustries.com of the Company.

During the year under review, there has been due compliance with the code applicable at the given point of time.

9) Compliance of the requirements of Corporate Governance Report:

During the financial year 2019-2020, the Company has complied with the requirements of Corporate Governance Report of sub paras (2) to (10) of the Point C of Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

10) Compliance of the discretionary requirements of Corporate Governance Report:

During the financial year 2019-2020, the Company has complied with all the discretionary requirements of Corporate Governance Report as specified in Part E of Schedule II of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

11) Disclosure of the Compliance with Corporate Governance:

The Company has complied with the regulations 17-20, 22-23, 24A, 25-27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 during the financial year 2019-2020. Regulations 21 and 24 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 are not applicable to the Company. There

Report on Corporate Governance (Contd.)

has not been non-compliance of any requirement of Corporate Governance Report.

12) CEO/CFO CERTIFICATION

The CEO and CFO certification issued in accordance with the provisions of Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year is annexed and forms part of the Annual Report.

13) DISCLOSURE WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/UNCLAIMED SUSPENSE ACCOUNT:

The Company does not have any of its securities lying in demat/unclaimed suspense account arising out of public/bonus/right issues as at 31st March, 2020. Hence, the particulars relating to aggregate number of shareholders and the outstanding securities in suspense account and other related matters are not applicable.

14) SHAREHOLDERS COMMUNICATION

The Board recognizes the importance of two-way communication with shareholders and giving a balanced report of results and progress and responding to questions and issues raised in a timely and consistent manner. Shareholders seeking information related to their shareholding may contact the Company directly or through Registrars and Transfer Agents, details of which are available on the Company's website. The Company ensures that complaints and suggestions of its shareholders are responded in a timely manner.

15) ROLE OF THE COMPANY SECRETARY IN OVERALL GOVERNANCE PROCESS

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and senior management for effective decision-making at the meetings. The Company Secretary is primarily responsible to assist and advise the Board in the conduct of affairs of the Company, to ensure compliance with applicable statutory requirements and Secretarial Standards, to provide guidance to directors and to facilitate convening of meetings. He interfaces between the management and regulatory authorities for governance matters.

16) NEWS RELEASES, PRESENTATIONS, AMONG OTHERS

Official news releases and official media releases (if any) are sent to Stock Exchanges on regular basis.

17) SEBI COMPLAINTS REDRESS SYSTEM (SCORES)

The investor complaints are processed in a centralized web based complaints redress system. The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status. The Company did not receive any complaints from shareholders during the year. There were also no investor's complaint pending against the company as on March 31, 2020 on SCORES, the web based compliant redressal system of SEBI.

18) WEBSITE MAINTENANCE

The Company's web site www.adhunikindustries.com contains a separate dedicated section "Investor's Corner" as required in terms of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 where shareholders information is available. The quarterly and annual results of the Company and shareholding pattern and other details are posted on the Company's website. The Company also posts on its website all its official news releases, important announcements and presentations.

For and on behalf of the Board

Sd/-

Sd/-

Trilok Sharma

Rama Shankar Gupta

Chairman

Managing Director

(DIN: 08432440)

(DIN: 07843716)

Registered office

14 Netaji Subhas Road
2nd Floor, Kolkata - 700001
Date: 26.06.2020

Report on Corporate Governance (Contd.)

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
Adhunik Industries Limited
14 N S Road 2nd Floor,
Kolkata-700001

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Adhunik Industries Limited having CIN L27100WB1979PLC032200 and having registered office at 14, N. S. Road, 2nd Floor, Kolkata - 700001 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| Sr. No. | Name of Director | DIN | Date of appointment in Company |
|---------|-------------------------|----------|--------------------------------|
| 1 | Mr. Trilok Sharma | 08432440 | 15/07/2019 |
| 2 | Mr. Rama Shankar Gupta | 07843716 | 15/07/2019 |
| 3 | Mr. Niket Agarwal | 07233888 | 14/11/2019 |
| 4 | Mr. Asit Baran Dasgupta | 02476594 | 26/06/2013 |
| 5 | Ms. Sonam Agarwal | 08054202 | 12/02/2018 |
| 6 | Ms. Shilpi Modi | 02706881 | 06/12/2018 |

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M R & Associates
Company Secretaries

Sd/-
M. R. Goenka
Partner
FCS No.: 4515
CP No.: 2551
UDIN No. F004515B000379221

Place: Kolkata
Date: 26.06.2020

Report on Corporate Governance (Contd.)

CEO AND CFO COMPLIANCE CERTIFICATE

(Pursuant to Regulation 17(8) read with Regulation 33(2)(a) of SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

We, Rama Shankar Gupta, Managing Director and Ajay Kumar Bhuwania, Chief Financial Officer, responsible for the finance function certify that:

- (A) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2020 and that to the best of our knowledge and belief :
 - (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (B) There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- (C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (D) We have indicated to the auditors and the audit committee :
 - a. significant changes, if any, in internal control over financial reporting during the year;
 - b. significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Sd/-

Rama Shankar Gupta
Managing Director/CEO
DIN:07843716

Sd/-

Ajay Kumar Bhuwania
Chief Financial Officer

Place: Kolkata

Date: June 26, 2020.

Report on Corporate Governance (Contd.)

DECLARATION BY CEO ON CODE OF CONDUCT

To

The Members

M/s. Adhunik Industries Limited

Pursuant to Regulation 17 and Schedule V read with regulations 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, Rama Shankar Gupta, Managing Director of Adhunik Industries Limited hereby declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct, as applicable to them, for the year ended 31st March, 2020.

Sd/-

Rama Shankar Gupta

Managing Director

DIN: 07843716

Place: Kolkata

Date: 26.06.2020

PRACTICING COMPANY SECRETARY'S CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,

The Members

M/s. Adhunik Industries Limited

1. We have examined the compliance of conditions of Corporate Governance by Adhunik Industries Limited (hereinafter called the Company) for the Financial Year ended on 31st March, 2020, as stipulated in Schedule V and other applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulations').
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and based on the representation made by the directors and the management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulations').
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M R & Associates
Company Secretaries

Sd/-

M. R. Goenka

Partner

FCS No.: 4515

CP No.: 2551

UDIN No. F004515B000379221

Place: Kolkata

Date: 26.06.2020

Financial Statements

Independent Auditor's Report

To the Members of
Adhunik Industries Limited

Opinion

We have audited the financial statements of M/s. Adhunik Industries Limited ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date (hereinafter referred to as "the financial statements").

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material

Independent Auditor's Report (Contd.)

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure-'A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

Independent Auditor's Report (Contd.)

- (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), Statement of Change in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position in its financial statements;
 - ii. Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There is no amount required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Sudhir Kumar Jain & Associates**
(Chartered Accountants)
Firm Regn No: 318016E

Sd/-
CA. S Jain
(Partner)

Membership No. 053537
UDIN- 20053537AAABD6696

Place: Kolkata
Date: 26th Day of June 2020

Annexure 'A' to the Independent Auditors Report

The Annexure referred to in our report to the members of Adhunik Industries Limited ('The Company') for the year ended March' 2020.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- i. (a) the company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
(b) The company has a regular programme of physical verification of its fixed asset by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to size of the company and the nature of its assets.
(c) According to the information and explanation given to us and on the basis of our examination of the records of the company, the title deed of immovable property held in the name of the company.
- ii. The inventory has been physically verified by the management during the year. In our opinion the frequency of such verification is reasonable. The Company has maintained proper records of inventory.
- iii. According to information and explanation given to us and on the basis of our examination of the books of accounts, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Consequently, the provisions of paragraph 3 of clause iii (a) and iii (b) of the order are not applicable to the company.
- iv. According to information and explanation given to us and on the basis of examination of the books of accounts, the company has complied provision of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantee and security.
- v. According to the information and explanation given to us, the company has not accepted any deposits, and accordingly, the provisions of paragraph 3 of clause v of the Order are not applicable to the Company.
- vi. As per information & explanation given by the management, maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act 2013, and we are of the opinion that *prima facie* such prescribed accounts and records have been made and maintained.
- vii. (a) According to the records, the company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, Goods & services Tax, custom duty, cess and any other material statutory dues applicable to the Company with appropriate authorities during the year.
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, Goods & services Tax, custom duty, cess and any other material statutory dues were in arrears as at 31st March, 2020 for a period of more than six month from the date they became payable.
(b) According to the information and explanations given to us, there is no material dues of income tax or service tax or duty of custom or duty of excise or Goods and Services Tax or value added tax or cess which have not been deposited on account of any dispute;
- viii. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the company has not defaulted in repayment of loans or borrowings to financial institutions or banks.
- ix. In our opinion and according to the information and explanations given to us, the company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly,

Annexure 'A' to the Independent Auditors Report (Contd.)

- paragraph 3(ix) of the Order is not applicable to the Company;
- x. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, there is no any fraud by the company and any fraud on the company by its officers or employees has been noticed or reported during the year.
 - xi. According to the information and explanations given to us, managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act.
 - xii. In our opinion and according to the information and explanation given to us, the company is not a nidhi company. Therefore, the provisions of paragraph 3 of clause xii of the order is not applicable to the company.
 - xiii. Based on our audit procedures and on the information and explanations given to us, we report that transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the financial statements, as required by the applicable Indian Accounting Standards.
 - xiv. According to the information and explanation given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the financial year covered by our audit. Consequently, the provisions of paragraph 3 of clause xiv of the order is not applicable to the company.
 - xv. Based on our audit procedures and on the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him. Consequently, the provisions of paragraph 3 of clause xv of the order is not applicable to the company.
 - xvi. Based on our audit procedures and on the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Sudhir Kumar Jain & Associates**
(Chartered Accountants)
Firm Regn No: 318016E

Sd/-
CA. S Jain
(Partner)

Membership No. 053537
UDIN- 20053537AAAABD6696

Place: Kolkata
Date: 26th Day of June 2020

Annexure 'B' to the Independent Auditors Report

Report on the Internal Financial Controls over financial reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act').

We have audited the internal financial controls over financial reporting of Adhunik Industries Limited ('the Company') as of 31st March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition

Annexure 'B' to the Independent Auditors Report (Contd.)

of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Sudhir Kumar Jain & Associates**

(Chartered Accountants)

Firm Regn No: 318016E

Sd/-

CA. S Jain

(Partner)

Membership No. 053537

UDIN- 20053537AAAABD6696

Place: Kolkata

Date: 26th Day of June 2020

Balance Sheet as at 31st March, 2020

| | Notes | As at March 31, 2020 | (Amount in ₹) As at March 31, 2019 |
|---|--------------|-----------------------------|---|
| ASSETS | | | |
| Non-Current Assets | | | |
| (a) Property, plant and equipment | 3 | 44,32,43,928 | 46,79,47,268 |
| (b) Right-of-use Assets | 3.1 | 2,34,16,948 | - |
| (c) Capital work-in-progress | 3.2 | 27,56,073 | - |
| (d) Financial assets : | | | |
| (i) Investments | 4 | - | 1,10,000 |
| (ii) Other financial assets | 5 | 87,16,513 | 79,63,803 |
| Total Non-Current Assets | | 47,81,33,462 | 47,60,21,071 |
| Current Assets | | | |
| (a) Inventories | 6 | 55,83,97,633 | 55,97,63,777 |
| (b) Financial assets: | | | |
| (i) Trade receivables | 7 | 37,48,71,866 | 77,09,03,766 |
| (ii) Cash and cash equivalents | 8 | 14,17,810 | 2,76,77,960 |
| (iii) Bank balance other than (ii) above | 9 | 1,22,00,718 | 86,96,347 |
| (iv) Other financial assets | 5 | 7,65,00,000 | 7,65,00,000 |
| (c) Other current assets | 10 | 16,19,52,545 | 11,13,07,968 |
| Total Current Assets | | 1,18,53,40,572 | 1,55,48,49,818 |
| Total Assets | | 1,66,34,74,034 | 2,03,08,70,889 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity share capital | 11 | 46,76,37,500 | 46,76,37,500 |
| (b) Other equity | 12 | 67,70,97,392 | 66,87,63,461 |
| Total Equity | | 1,14,47,34,892 | 1,13,64,00,961 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| (a) Financial liabilities: | | | |
| (i) Borrowings | 13 | - | - |
| (ii) Lease Liabilities | 3.1 | 39,40,790 | - |
| (iii) Other financial liabilities | 16 | 1,51,054 | 20,14,74,523 |
| (b) Provisions | 18 | 61,89,622 | 49,79,335 |
| (c) Deferred tax Liabilities (net) | 14 | 8,66,01,161 | 9,12,35,209 |
| Total Non-Current Liabilities | | 9,68,82,627 | 29,76,89,067 |
| Current Liabilities | | | |
| (a) Financial liabilities: | | | |
| (i) Borrowings | 13 | 20,35,15,934 | 34,28,31,759 |
| (ii) Trade payables | 15 | | |
| (ii a) Total outstanding dues of micro enterprises and small enterprises | 15 | - | - |
| (ii b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 15 | 16,30,83,773 | 16,66,46,138 |
| (iii) Lease Liabilities | 3.1 | 2,20,66,614 | - |
| (iv) Other financial liabilities | 16 | 42,14,498 | 3,19,53,603 |
| (b) Other current liabilities | 17 | 2,22,19,574 | 4,69,38,298 |
| (c) Provisions | 18 | 67,56,122 | 84,11,063 |
| Total Current Liabilities | | 42,18,56,515 | 59,67,80,861 |
| Total Equity and Liabilities | | 1,66,34,74,034 | 2,03,08,70,889 |
| Summary of significant accounting policies | 2 | | |

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For Sudhir Kumar Jain & Associates

Firm Regn No: 318016E

Chartered Accountants

Sd/-

CA. S. Jain

(Partner)

Membership No. 053537

Place: Kolkata

Date: The 26th Day of June 2020

For and on behalf of the Board of Directors

Sd/-

Rama Shankar Gupta

Managing Director

DIN : 07843716

Sd/-

Ajay Kumar Bhuwania

Chief Financial Officer

Sd/-

Trilok Sharma

Chairman

DIN : 08432440

Sd/-

Bharat Agarwal

Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2020

| | Notes | For the year ended March 31, 2020 | (Amount in ₹) For the year ended March 31, 2019 |
|---|-------|--------------------------------------|---|
| Income | | | |
| Revenue from operations | 19 | 5,01,92,81,300 | 6,70,41,45,675 |
| Other income | 20 | 14,08,239 | 62,57,436 |
| Total revenue | | 5,02,06,89,539 | 6,71,04,03,111 |
| Expenses | | | |
| Cost of materials consumed | 21 | 4,47,85,21,784 | 6,09,87,47,542 |
| Change in inventories of stock-in-trade, by-products and finished goods | 22 | 1,34,07,144 | 2,03,97,474 |
| Employee benefits expenses | 23 | 6,16,11,845 | 4,56,71,051 |
| Finance costs | 24 | 4,95,25,928 | 8,92,47,830 |
| Depreciation and amortization expenses | 25 | 5,69,32,708 | 3,65,99,391 |
| Other expenses | 26 | 34,74,97,623 | 36,65,78,718 |
| Total expenses | | 5,00,74,97,032 | 6,65,72,42,006 |
| Profit/(Loss) before tax | | 1,31,92,507 | 5,31,61,105 |
| Less: Tax expenses : | | | |
| Current tax | | 63,90,518 | 1,78,62,347 |
| Deferred tax | | (46,66,083) | (17,90,291) |
| Income tax relating to earlier years | | 13,86,277 | (10,56,176) |
| Profit/(Loss) for the year | | 1,00,81,795 | 3,81,45,225 |
| Other Comprehensive Income/(Expenses) (OCI) | | | |
| A. Items that will not be reclassified to profit or loss: | | | |
| Remeasurement gains/(losses) on defined benefit plans | | 95,960 | (1,46,450) |
| Less: Income tax effect | | 32,035 | (48,891) |
| | | 63,925 | (97,559) |
| Net (loss)/gain on FVTOCI equity securities | | 2,90,000 | (30,800) |
| Less: Income tax effect | | - | - |
| | | 2,90,000 | (30,800) |
| B. Items that will be reclassified to profit or loss: | | | |
| Exchange differences on translation of foreign operations | | - | - |
| Less: Income tax effect | | - | - |
| | | - | - |
| Other Comprehensive Income/(Expenses) (OCI), net of taxes | | 3,53,925 | (1,28,359) |
| Total Comprehensive Income /(Loss) for the year | | 1,04,35,720 | 3,80,16,866 |
| Earnings per equity share [nominal value ₹ 10 per share] | 27 | | |
| Basic (₹) | | 0.22 | 0.81 |
| Diluted (₹) | | 0.22 | 0.81 |
| Summary of significant accounting policies | 2 | | |

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For Sudhir Kumar Jain & Associates

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Chartered Accountants

Sd/-

CA. S. Jain

(Partner)

Membership No. 053537

Place: Kolkata

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DIN : 07843716

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Ajay Kumar Bhuvania

Chief Financial Officer

Sd/-

Trilok Sharma

Chairman

DIN : 08432440

Sd/-

Bharat Agarwal

Company Secretary

Cash Flow Statement for the year ended 31st March, 2020

| | (Amount in ₹) | |
|---|--|--|
| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
| A: Cash Flow From Operating Activities : | | |
| Profit before Tax | 1,31,92,507 | 5,31,61,105 |
| Adjustments for : | | |
| Depreciation and amortisation expense | 5,69,32,708 | 3,65,99,391 |
| Provision for Gratuity | 12,04,970 | 10,81,043 |
| Transition impact of IND-AS 116 | (21,01,789) | - |
| Investment written off | 4,00,000 | - |
| Remeasurement gains/(losses) on defined benefit plans | 95,960 | (1,46,450) |
| Interest income | (13,58,560) | (37,80,303) |
| Interest & finance charges | 4,95,25,928 | 8,92,47,830 |
| Operating Profit Before Working Capital Changes | 11,78,91,724 | 17,61,62,616 |
| Movements in Working Capital : | | |
| Increase / (decrease) in trade payables and other liabilities | (20,73,36,260) | (48,45,29,675) |
| (Increase) / decrease in trade receivables | 39,60,31,901 | 10,23,01,555 |
| (Increase) / decrease in loans and advances and other assets* | (5,13,97,287) | 21,92,59,116 |
| (Increase) / decrease in inventories | 13,66,144 | 40,82,92,956 |
| Cash Generated From Operations | 25,65,56,222 | 42,14,86,568 |
| Direct taxes paid (Net of refunds) | (94,26,419) | (49,41,391) |
| Net Cash Generated/(Used) From Operating Activities | (A) | 24,71,29,803 |
| B: Cash Flow From Investing Activities : | | |
| Purchase of fixed assets, including CWIP & ROU Assets | (5,84,02,389) | - |
| Investment in/(maturity of) fixed Deposit (Net) | (35,04,371) | 5,08,51,665 |
| Interest received | 13,58,560 | 37,80,303 |
| Net Cash Generated/(Used) From Investing Activities | (B) | (6,05,48,200) |
| C: Cash Flow From Financing Activities : | | |
| Repayment of long-term borrowings | - | - |
| Repayment of lease liabilities | (2,40,00,000) | - |
| (Repayment)/ proceeds from working capital loan (Net) | (13,93,15,825) | (38,20,70,784) |
| Interest & finance charges paid | (4,95,25,928) | (8,92,47,830) |
| Net Cash Generated/(Used) From Financing Activities | (C) | (21,28,41,753) |
| Net Increase / (Decrease) In Cash And Cash Equivalents | (A+B+C) | (2,62,60,150) |
| Cash & Cash Equivalents at the beginning of the year | 2,76,77,960 | 2,78,19,429 |
| Cash & Cash Equivalents at the end of the year | 14,17,810 | 2,76,77,960 |

* Includes both current and non-current items

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS 7 on 'Statement of Cash Flow'.

Notes :-

Components of Cash and Cash Equivalents

| | | As at 31st March 2020 | As at 31st March 2019 |
|--|----------|---------------------------------|---------------------------------|
| Cash in hand | | 13,52,329 | 3,89,639 |
| Balances with Banks in : | | | |
| - Current Accounts | | 65,481 | 2,72,88,321 |
| Total Cash & Cash Equivalents | | 14,17,810 | 2,76,77,960 |
| Summary of Significant Accounting Policies | 2 | | |

As per our report of even date

For Sudhir Kumar Jain & Associates

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(Partner)

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Place: Kolkata

Date: The 26th Day of June 2020

For and on behalf of the Board of Directors

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Rama Shankar Gupta

Managing Director

DIN : 07843716

Sd/-

Ajay Kumar Bhuwania

Chief Financial Officer

Sd/-

Trilok Sharma

Chairman

DIN : 08432440

Sd/-

Bharat Agarwal

Company Secretary

Statement of Changes in Equity for the year ended 31st March, 2020

(Amount in ₹)

| A EQUITY SHARE CAPITAL | As at 31st March 2020 | As at 31st March 2019 |
|-------------------------------------|----------------------------------|----------------------------------|
| At the beginning of the year | 46,76,37,500 | 46,76,37,500 |
| Add: Addition during the year | - | - |
| At the End of the year | 46,76,37,500 | 46,76,37,500 |

| B OTHER EQUITY | Reserve & Surplus | Item of Other Comprehensive Income | | Total Equity |
|--|----------------------------------|--|-------------------|---------------------|
| | Retained Earning | Re-measurement of net defined benefit plans | Others | |
| Balance as at 31st March 2018 | 63,06,79,363 | 3,26,432 | (2,59,200) | 63,07,46,595 |
| Add: Profit/(Loss) for the year | 3,81,45,225 | - | - | 3,81,45,225 |
| Add: Other Comprehensive Income for the year | - | (97,559) | (30,800) | (1,28,359) |
| Balance as at 31st March 2019 | 66,88,24,588 | 2,28,873 | (2,90,000) | 66,87,63,461 |
| Add: Profit/(Loss) for the year | 1,00,81,795 | - | - | 1,00,81,795 |
| Add: Other Comprehensive Income for the year | - | 63,925 | 2,90,000 | 3,53,925 |
| Balance as at 31st March 2020 | 67,89,06,383 | 2,92,798 | - | 67,91,99,181 |

As per our report of even date

For Sudhir Kumar Jain & Associates

Firm Regn No: 318016E

Chartered Accountants

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(Partner)

Membership No. 053537

Place: Kolkata

Date: The 26th Day of June 2020

For and on behalf of the Board of Directors

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Managing Director

DIN : 07843716

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Chief Financial Officer

Sd/-

Trilok Sharma

Chairman

DIN : 08432440

Sd/-

Bharat Agarwal

Company Secretary

Notes to Financial Statements as at and for the year ended 31st March, 2020

1. CORPORATE INFORMATION

Adhunik industries Limited (the Company) is a public limited company domiciled in India with its registered office located at 14 N.S. Road, 2nd Floor, Kolkata - 700001, West Bengal. Its equity shares are listed on stock exchanges in India. The Company is primarily engaged in the manufacturing and sale of iron and steel related rolled products. The Company has manufacturing facilities in Durgapur, West Bengal. The Corporate Identification Number (CIN) of the company is L27100WB1979PLC032200.

2. SIGNIFICANT ACCOUNTING POLICIES

A) Statement of Compliance

The Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 ("the Act") with effect from April 1, 2016 and therefore Ind ASs issued, notified and made effective till the financial statements are authorized have been considered for the purpose of preparation of these financial statements.

B) Basis of Preparation

The financial statements of the Company have been prepared in accordance with the relevant provisions of the Companies Act, 2013, Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per Company's operating cycle and other criteria set out in Schedule-III of the Companies Act, 2013. Based on the nature of business, the Company has ascertained its operating cycle as 12 months for the purpose of Current or non-current classification of assets and liabilities.

The financial statements have been prepared on historical cost basis, except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

C) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/ or disclosures in these financial statements is determined on such a basis, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – Inventories or value in use in Ind AS 36 – Impairment of Assets

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

D) Use of estimates and critical accounting judgements

In preparation of the financial statements, the Company makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

Significant judgements and estimates relating to the carrying values of assets and liabilities include useful lives of property, plant and equipment and intangible assets, impairment of property, plant and equipment, intangible assets and investments, provision for employee benefits and other provisions, recoverability of deferred tax assets, commitments and contingencies.

E) Property, plant and equipment

An item of property, plant and equipment is recognised as an asset if it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. This recognition principle is applied to the costs incurred initially to acquire an item of property, plant and equipment and also to costs incurred subsequently to add to, replace part of, or service it. All other repair and maintenance costs, including regular servicing, are recognised in the statement of profit and loss as incurred. When a replacement occurs, the carrying value of the replaced part is de-recognised. Where an item of property, plant and equipment comprises major components having different useful lives, these components are accounted for as separate items.

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment. Cost includes all direct costs and expenditures incurred to bring the asset to its working condition and location for its intended use. Trial run expenses (net of revenue) are capitalised. Borrowing costs incurred during the period of construction is capitalised as part of cost of the qualifying assets.

The gain or loss arising on disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of profit and loss.

F) Intangible Assets

Intangible assets are capitalized on the basis of costs incurred to bring the specific intangibles to its intended use. These costs are amortized on a straight line basis over their estimated useful life of three years.

G) Depreciation and amortisation of property, plant and equipment and intangible assets

- (i) Depreciation is provided prorata basis on straight line method at the rates determined based on estimated useful lives of tangible assets where applicable, specified in Schedule II to the Act. These charges are commenced from the dates the assets are available for their intended use and are spread over their estimated useful economic lives or, in the case of leased assets, over the lease period, if shorter. The estimated useful lives of assets and residual values are reviewed regularly and, when necessary, revised. No further charge is provided in respect of assets that are fully written down but are still in use. Depreciation on assets under construction commences only when the assets are ready for their intended use.
- (ii) Freehold land is not depreciated.
- (iii) Leasehold Land is amortised over the tenure of respective leases.
- (iv) Company do not have any intangible assets.

H) Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying values of its property, plant and equipment and intangible assets to determine whether there is any indication that the carrying value of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised in the statement of profit and loss as and when the carrying value of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying value of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying value does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of profit and loss immediately.

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

I) Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts.

The Company as a Lessee

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether :

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

J) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

a) **Financial assets**

Cash and bank balances

Cash and bank balances consist of:

- (i) **Cash and cash equivalents** - which includes cash in hand, deposits held at call with banks and other short term deposits which are readily convertible into known amounts of cash, are subject to an insignificant risk of change in value and have maturities of less than one year from the date of such deposits. These balances with banks are unrestricted for withdrawal and usage.
- (ii) **Other bank balances** - which includes balances and deposits with banks that are restricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument by instrument basis at the time of initial recognition of such equity investments. Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits and trade receivables
- Financial assets that are debt instruments and are measured as at FVTOCI
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognising impairment loss allowance based on 12-month ECL.

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cashflows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Derecognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

b) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant.

Interest bearing bank loans, overdrafts and issued debt are measured at fair value.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Derivative financial instruments

In the ordinary course of business, the Company uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange and interest rate fluctuations. The instruments are confined principally to forward foreign exchange contracts and interest rate swaps. The instruments are

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

employed as hedges of transactions included in the financial statements or for highly probable forecast transactions/firm contractual commitments. These derivatives contracts do not generally extend beyond six months except for interest rate derivatives.

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

K) Employee benefits

Defined contribution plans

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Defined benefit plans

For defined benefit retirement schemes the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Re-measurement gains and losses of the net defined benefit liability/(asset) are recognised immediately in other comprehensive income. The service cost and net interest on the net defined benefit liability/(asset) is treated as a net expense within employment costs.

Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised, whichever is earlier.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined-benefit obligation as reduced by the fair value plan assets.

Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised based on actuarial valuation at the present value of the obligation as on the reporting date.

L) Inventories

- Raw Materials, Stores & Spares & Packing Materials are valued at lower of cost computed on FIFO basis and net realizable value.
- Finished Goods are valued at lower of cost computed on weighted average basis or net realizable value. Cost of finished goods includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.
- By-products are valued at net realizable value.
- Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

M) Provisions and Contingencies

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change.

Management judgment is required for estimating the possible outflow of resources, if any, in respect of contingencies/ claim/ litigations/ against the Company as it is not possible to predict the outcome of pending matters with accuracy.

The carrying amounts of provisions and liabilities and estimation for contingencies are reviewed regularly and revised to take account of changing facts and circumstances.

N) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

O) Income taxes

Tax expense for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

The carrying value of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to cover or settle the carrying value of its assets and liabilities.

Deferred tax assets and liabilities are offset to the extent that they relate to taxes levied by the same tax authority and there are legally enforceable rights to set off current tax assets and current tax liabilities within that jurisdiction. Current and deferred tax are recognised as an expense or income in the statement of profit and loss, except when they relate to items credited or debited either in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. MAT is recognised as deferred tax assets in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

P) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable net of discounts, taking into account contractually defined terms excluding taxes or duties collected on behalf of the government.

Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the amount due, associated costs or the possible return of goods.

Sale of Services

Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection."

Interest Income, Dividend and Claims

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.

Dividend Income is recognised when the right to receive payment is established.

Insurance Claims/ Other claims are accounted as and when admitted/ settled.

Other Operating Revenue

Export incentive and subsidies are recognised when there is a reasonable assurance that the company will comply with the conditions and the incentive will be received.

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

Revenue from the sale of By products is recognised when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the amount due, associated costs or the possible return of goods.

Q) Foreign currency transactions and translations

The financial statements of the Company are presented in Indian rupees (₹), which is the functional currency of the Company and the presentation currency for the financial statements.

In preparing the financial statements, transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on translation of long term foreign currency monetary items recognised in the financial statements before the beginning of the first Ind AS financial reporting period in respect of which the Company has elected to recognise such exchange differences in equity or as part of cost of assets as allowed under Ind AS 101—"First time adoption of Indian Accounting Standard" are recognised directly in equity or added/deducted to/from the cost of assets as the case may be. Such exchange differences recognised in equity or as part of cost of assets is recognised in the statement of profit and loss on a systematic basis.

Exchange differences arising on the retranslation or settlement of other monetary items are included in the statement of profit and loss for the period.

R) Borrowing Costs

Borrowing cost comprises of interest and other costs incurred in connection with the borrowing of the funds. All borrowing costs are recognized in the Statement of Profit and Loss using the effective interest method except to the extent attributable to qualifying Property Plant Equipment (PPE) which are capitalized to the cost of the related assets. A qualifying PPE is an asset, that necessarily takes a substantial period of time to get ready for its intended use or sale. Borrowing cost also includes exchange differences to the extent considered as an adjustment to the borrowing costs.

S) Cash and Cash Equivalents

Cash and cash equivalents as indicated in cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

T) Segment Reporting

Identification of Segments

The Company has identified Iron & Steel products as its sole operating segment and the same has been treated as primary segment. The Company's secondary geographical segments have been identified based on the location of customers and then demarcated into Indian and overseas revenue earnings.

U) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

| | | | | | | | (Amount in ₹) | | | |
|---|------------------|------------------|---------------------|---------------------|---------------------|------------------|-----------------|----------------------|---------------------|-------|
| | | Freehold Land | Leasehold Land | Buildings | Plant and Machinery | Vehicles | Computers | Furniture & Fixtures | Office Equipments | Total |
| Gross Block (At Cost): | | | | | | | | | | |
| As at 1st April 2018 | 17,00,000 | 84,29,270 | 17,34,13,783 | 68,10,62,058 | 38,55,727 | 28,93,611 | 6,63,212 | 44,72,863 | 87,64,90,524 | |
| Additions | - | - | - | - | - | - | - | - | - | - |
| Disposals/Discard | - | - | - | - | - | - | - | - | - | - |
| As at 31st March 2019 | 17,00,000 | 84,29,270 | 17,34,13,783 | 68,10,62,058 | 38,55,727 | 28,93,611 | 6,63,212 | 44,72,863 | 87,64,90,524 | |
| Additions | - | - | - | 1,15,75,066 | - | 2,39,064 | - | 3,42,969 | 1,21,57,698 | |
| Disposals/Discard | - | - | - | - | - | - | - | - | - | - |
| As at 31st March 2020 | 17,00,000 | 84,29,270 | 17,34,13,783 | 69,26,37,123 | 38,55,727 | 31,33,275 | 6,63,212 | 48,15,832 | 88,86,48,222 | |
| Accumulated Depreciation/Amortisation: | | | | | | | | | | |
| As at 1st April 2018 | - | 13,77,418 | 5,69,79,305 | 30,26,13,856 | 36,69,774 | 26,92,844 | 6,31,286 | 39,79,382 | 37,19,43,864 | |
| Charge for the year | - | 98,387 | 54,10,353 | 3,08,81,358 | - | 59,880 | - | 1,49,413 | 3,65,99,391 | |
| Disposals/Discard | - | - | - | - | - | - | - | - | - | - |
| As at 31st March 2019 | - | 14,75,805 | 6,23,89,658 | 33,34,95,214 | 36,69,774 | 27,52,724 | 6,31,286 | 41,28,795 | 40,85,43,256 | |
| Charge for the year | - | 98,387 | 54,10,353 | 3,11,34,737 | - | 76,155 | - | 1,41,407 | 3,68,61,039 | |
| Disposals/Discard | - | - | - | - | - | - | - | - | - | - |
| As at 31st March 2020 | - | 15,74,192 | 6,78,00,011 | 36,46,29,951 | 36,69,774 | 28,28,879 | 6,31,286 | 42,70,202 | 44,54,04,295 | |
| Net Block | | | | | | | | | | |
| As at 31st March 2020 | 17,00,000 | 68,55,078 | 10,56,13,772 | 32,80,07,172 | 1,85,953 | 3,04,396 | 31,926 | 5,45,630 | 44,32,43,928 | |
| As at 31st March 2019 | 17,00,000 | 69,53,465 | 11,10,24,125 | 34,75,66,844 | 1,85,953 | 1,40,887 | 31,926 | 3,44,068 | 46,79,47,268 | |

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

(Amount in ₹)

3.1 LEASES**Transition**

Effective April 1, 2019, the Company adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the ROU asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 4,34,88,617 and a lease liability of ₹ 4,55,90,406. The cumulative effect of applying the standard, amounting to ₹ 21,01,789 was debited to retained earnings.

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 disclosed under Note 26 of the financial statements of FY 2018-19 and the value of the lease liability as of April 1, 2019 is primarily on account of discounting the lease liabilities to the present value under Ind AS 116.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 12%

The changes in the carrying value of ROU assets for the year ended March 31, 2020 are as follows :

| | Category of ROU Assets Buildings |
|------------------------------|---|
| Balance as at April 1, 2019 | 4,34,88,617 |
| Additions | - |
| Deletion | - |
| Depreciation | (2,00,71,669) |
| Balance as at March 31, 2020 | 2,34,16,948 |

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.

The break-up of current and non-current lease liabilities as at March 31, 2020 is as follows :

| | As at 31st March 2020 |
|-------------------------------|----------------------------------|
| Current lease liabilities | 2,20,66,614 |
| Non-Current lease liabilities | 39,40,790 |
| | 2,60,07,404 |

The movement in lease liabilities during the year ended March 31, 2020 is as follows :

| | As at 31st March 2020 |
|--|----------------------------------|
| Balance at April 1, 2019 | 4,55,90,406 |
| Additions | - |
| Finance cost accrued during the period | 44,16,998 |
| Deletions | - |
| Payment of lease liabilities | (2,40,00,000) |
| Balance at March 31, 2020 | 2,60,07,404 |

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

(Amount in ₹)

The details of the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis are as follows :

| | As at 31st March 2020 |
|----------------------------------|----------------------------------|
| Less than one year | 2,40,00,000 |
| One to five years | 40,00,000 |
| More than five years | - |
| Balance at March 31, 2020 | 2,80,00,000 |

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was ₹ 3 Lacs for the year ended March 31, 2020.

| 3.2 CAPITAL WORK IN PROGRESS | As at 31st March 2020 | As at 31st March 2019 |
|-------------------------------------|----------------------------------|----------------------------------|
| Plant and Equipments | 27,56,073 | - |
| | 27,56,073 | - |
| Less: Transfer to Fixed Assets | - | - |
| | 27,56,073 | - |

| 4 INVESTMENTS (AT COST) | As at 31st March 2020 | As at 31st March 2019 |
|---|----------------------------------|----------------------------------|
| Long term investments (other than trade) | | |
| Quoted equity shares | | |
| Investment in Other Company | | |
| Nil (40,000) Equity Shares of ₹ 10 each fully paid-up in Adhunik Metaliks Limited | - | 1,10,000 |
| | - | 1,10,000 |
| Market value of Quoted Investments | - | 1,40,800 |

Company had invested in 40,000 quoted equity shares in Adhunik Metaliks Limited. However a Corporate Insolvency Resolution Process ("CIRP") under the Insolvency and Bankruptcy Code, 2016 was initiated against the Company by the financial creditors. By virtue of resolution process, the company has been taken over by the new management and as a result, investment made by the company turned bad. Accordingly the company has decided to write it off in its books of accounts.

| 5 OTHER FINANCIAL ASSETS (Unsecured, considered good unless stated otherwise) | As at 31st March 2020 | As at 31st March 2019 |
|---|----------------------------------|----------------------------------|
| A. Non Current | | |
| Security Deposits | 87,16,513 | 79,63,803 |
| Others | - | - |
| Total | 87,16,513 | 79,63,803 |
| B. Current | | |
| Security deposits | 7,65,00,000 | 7,65,00,000 |
| Others | - | - |
| Total | 7,65,00,000 | 7,65,00,000 |

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

(Amount in ₹)

| 6 INVENTORIES (valued at lower of cost and net realizable value) | | As at 31st March 2020 | As at 31st March 2019 |
|---|--|----------------------------------|----------------------------------|
| Raw Materials | | 26,90,57,900 | 24,94,51,495 |
| Raw Materials in transit | | - | 1,03,74,445 |
| Finished Goods | | 24,87,31,656 | 26,85,08,840 |
| By Products | | 1,55,95,823 | 92,25,782 |
| | | 53,33,85,379 | 53,75,60,562 |
| Stores & Spares | | 2,50,12,254 | 2,05,99,056 |
| Stores & Spares in transit | | - | 16,04,159 |
| | | 55,83,97,633 | 55,97,63,777 |

Details of Stock of Finished Goods

| | As at 31st March 2020 | As at 31st March 2019 |
|-----------------|----------------------------------|----------------------------------|
| Rolled Products | 24,87,31,656 | 26,85,08,840 |
| | 24,87,31,656 | 26,85,08,840 |

| 7 TRADE RECEIVABLES (Unsecured) | As at 31st March 2020 | As at 31st March 2019 |
|--|----------------------------------|----------------------------------|
| Outstanding for a period exceeding six months from the date they are due for payment | | |
| Considered good - Unsecured | 3,42,21,912 | 32,70,07,943 |
| Considered Doubtful - Unsecured | - | - |
| | 3,42,21,912 | 32,70,07,943 |
| Less: Allowance for doubtful receivables | - | - |
| (A) | 3,42,21,912 | 32,70,07,943 |
| Considered good, secured | - | - |
| Considered good, unsecured | 34,06,49,954 | 44,38,95,823 |
| Which have significant increase in credit risk | - | - |
| Credit impaired | - | - |
| (B) | 34,06,49,954 | 44,38,95,823 |
| Total | (A+B) | 37,48,71,866 |
| | | 77,09,03,766 |

| 8 CASH AND CASH EQUIVALENTS | As at 31st March 2020 | As at 31st March 2019 |
|------------------------------------|----------------------------------|----------------------------------|
| Balances with banks: | | |
| On current accounts | 65,481 | 2,72,88,321 |
| Cash in hand | 13,52,329 | 3,89,639 |
| | 14,17,810 | 2,76,77,960 |

| 9 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS | As at 31st March 2020 | As at 31st March 2019 |
|--|----------------------------------|----------------------------------|
| Margin money deposit # | 1,22,00,718 | 86,96,347 |
| | 1,22,00,718 | 86,96,347 |

Margin money lying with Banks as collaterals against guarantees and letters of credit issued by them.

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

(Amount in ₹)

| 10 OTHER CURRENT ASSETS (Unsecured, considered good unless stated otherwise) | | As at 31st March 2020 | As at 31st March 2019 |
|---|--------------|----------------------------------|----------------------------------|
| Current | | | |
| Advances recoverable in cash or kind | | | |
| Considered good, unsecured - To Related Parties | | - | - |
| Considered good, unsecured - To Others | | 7,63,916 | 8,55,266 |
| Considered Doubtful, unsecured - To Others | | - | - |
| | | 7,63,916 | 8,55,266 |
| Allowance for doubtful advances | | - | - |
| | (A) | 7,63,916 | 8,55,266 |
| Prepaid expenses | | 3,59,302 | 2,73,024 |
| Accrued Income | | 3,91,495 | 1,31,795 |
| Advance Payment to suppliers | | 13,52,51,705 | 1,20,07,954 |
| Balances with statutory / Government authorities | | 2,44,32,271 | 8,82,56,970 |
| Export Benefits Receivable | | 7,53,856 | 97,82,959 |
| | (B) | 16,11,88,629 | 11,04,52,702 |
| Total | (A+B) | 16,19,52,545 | 11,13,07,968 |

| 11 SHARE CAPITAL | | As at 31st March 2020 | As at 31st March 2019 |
|--|--|----------------------------------|----------------------------------|
| Authorized shares | | | |
| 10,00,00,000 (10,00,00,000) Equity Shares of ₹ 10 each | | 1,00,00,00,000 | 1,00,00,00,000 |
| Issued, subscribed and fully paid-up shares | | | |
| 4,67,63,750 (4,67,63,750) Equity Shares of ₹ 10 each fully paid up | | 46,76,37,500 | 46,76,37,500 |
| | | 46,76,37,500 | 46,76,37,500 |

(a) Reconciliation of no. of Shares outstanding at the beginning and at the end of the reporting period

| | As at 31st March 2020 | As at 31st March 2019 |
|-------------------------------------|----------------------------------|----------------------------------|
| At the beginning of the year | 4,67,63,750 | 4,67,63,750 |
| Issued during the period | - | - |
| At the end of the year | 4,67,63,750 | 4,67,63,750 |

(b) Terms/rights attached to equity shares

- (i) The Company has only one class of issued shares i.e. equity shares having nominal value of ₹10 per share. Each holder of equity share is entitled to one vote per share and equal right for dividend. The dividend (if any) proposed by the Board of Directors is subject to the approval of share holders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the company after payment of all the preferential amounts, in proportion to their shareholding.
- (ii) During the period ended 31st March 2020 the amount of dividend per share recognized as distribution to equity shareholders is ₹ Nil per share (₹ Nil per share).

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

(Amount in ₹)

(c) Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date is Nil.

(d) Details of shareholders holding more than 5% shares in the Company

| Name of the Shareholder | As at 31st March 2020 | As at 31st March 2019 |
|--|--------------------------|--------------------------|
| Equity shares of ₹ 10 each fully paid | | |
| Mahananda Suppliers Limited | 1,66,00,000 | 1,66,00,000 |
| % holding | 35.50% | 35.50% |
| Sungrowth Share & Stocks Limited | 1,48,83,750 | 1,48,83,750 |
| % holding | 31.83% | 31.83% |
| Vrindavan Advisory Services LLP | 43,34,606 | 43,34,606 |
| % holding | 9.27% | 9.27% |

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

| 12 OTHER EQUITY | As at 31st March 2020 | As at 31st March 2019 |
|---|--------------------------|--------------------------|
| Surplus in the Statement of Profit and Loss | | |
| Balance as per the last financial statements | 66,88,24,588 | 63,06,79,363 |
| Profit/(Loss) for the year | 1,00,81,795 | 3,81,45,225 |
| Less: Adjustment on account of Lease Liabilities | 21,01,789 | - |
| Net surplus in the statement of profit and loss | 67,68,04,594 | 66,88,24,588 |
| Items of Other Comprehensive Income | | |
| Balance as per the last financial statements | (61,127) | 67,232 |
| Remeasurement of Defined Benefit Plan | 63,925 | (97,559) |
| Gain/(losses) from investment in equity instrument designated at FVTOCI | 2,90,000 | (30,800) |
| | 2,92,798 | (61,127) |
| Total reserves and surplus | 67,70,97,392 | 66,87,63,461 |

| 13 BORROWINGS | As at 31st March 2020 | As at 31st March 2019 |
|-------------------------|--------------------------|--------------------------|
| A. Non Current | | |
| a) Secured | | |
| Term Loans from : | | |
| Banks | - | - |
| Financial Institutions | - | - |
| Total | - | - |
| B. Current | | |
| a) Secured | | |
| Cash credits from banks | 20,35,15,934 | 34,28,31,759 |
| Total | 20,35,15,934 | 34,28,31,759 |

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

(Amount in ₹)

(i) Cash credits from banks are secured by way of:

- (a) Pari passu first charge by way of hypothecation on stock, book debts and other current assets of the company related to factory at Raturia, Andagpur, Durgapur.
- (b) Pari Passu second charge on immovable and movable fixed assets related to factory at Raturia, Andagpur, Durgapur.
- (c) Guarantee have been provided by the Promoters in their personal capacity.

| 14 DEFERRED TAX LIABILITIES (NET) | | As at 31st March 2020 | As at 31st March 2019 |
|---|----------------|----------------------------------|----------------------------------|
| Balance as per last financial statements | (A) | 9,12,35,209 | 9,30,74,391 |
| Add: Deferred Tax Liability/ (Asset) recognised for the year | | | |
| Temporary difference with respect to Property, Plant & Equipment | | (42,31,781) | (14,63,476) |
| Provision for Employee benefits u/s 43B of Income Tax Act, 1961 | | (4,34,302) | (3,26,815) |
| | (B) | (46,66,083) | (17,90,291) |
| Add: Deferred Tax Liability/ (Asset) recognised for the year through OCI | | | |
| Remeasurement of defined benefit obligations through OCI | | 32,035 | (48,891) |
| | (C) | 32,035 | (48,891) |
| Deferred tax Liabilities (Net) | (A+B+C) | 8,66,01,161 | 9,12,35,209 |

14.1 Components of Net Deferred tax assets as on the balance sheet date are as follows:

| | As at 31st March 2020 | As at 31st March 2019 |
|---|----------------------------------|----------------------------------|
| Deferred tax liabilities on | | |
| Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting | 8,89,04,645 | 9,31,36,426 |
| | (A) | 8,89,04,645 |
| Deferred tax assets on | | |
| Other timing differences | 23,03,484 | 19,01,217 |
| | (B) | 23,03,484 |
| Deferred tax Liabilities (Net) | (A - B) | 8,66,01,161 |
| | | 9,12,35,209 |

| | As at 31st March 2020 | As at 31st March 2019 |
|--|----------------------------------|----------------------------------|
| Total outstanding dues of Micro Enterprises and Small Enterprises | - | - |
| Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises | 16,30,83,773 | 16,66,46,138 |
| | 16,30,83,773 | 16,66,46,138 |

Trade Payable include ₹ NIL (₹ NIL) due to small scale and ancillary industry undertakings (SSI) to the extent such parties have been Identified from the available documents / informations.

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

(Amount in ₹)

15.1 Disclosure of Trade payables as required under section 22 of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, based on the confirmation and information available with the company regarding the status of suppliers.

| | As at 31st March 2020 | As at 31st March 2019 |
|---|--------------------------|--------------------------|
| a) Principal & Interest amount remaining unpaid but not due as at year end | Nil | Nil |
| b) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year | Nil | Nil |
| c) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006 | Nil | Nil |
| d) Interest accrued and remaining unpaid as at year end | Nil | Nil |
| e) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise | Nil | Nil |

16 | OTHER FINANCIAL LIABILITIES

| | As at 31st March 2020 | As at 31st March 2019 |
|------------------------------|--------------------------|--------------------------|
| A. Non Current | | |
| Other payable | 1,51,054 | 20,14,74,523 |
| | 1,51,054 | 20,14,74,523 |
| B. Current | | |
| Employee related liabilities | 33,84,998 | 30,85,394 |
| Book Overdraft | - | 2,80,38,709 |
| Others | 8,29,500 | 8,29,500 |
| | 42,14,498 | 3,19,53,603 |

17 | OTHER CURRENT LIABILITIES

| | As at 31st March 2020 | As at 31st March 2019 |
|------------------------|--------------------------|--------------------------|
| Advance from customers | 2,09,46,468 | 4,54,17,305 |
| Statutory Liabilities | 12,73,106 | 15,20,993 |
| | 2,22,19,574 | 4,69,38,298 |

18 | PROVISIONS

| | As at 31st March 2020 | As at 31st March 2019 |
|---|--------------------------|--------------------------|
| A. Non Current | | |
| Provision for employee benefits: | | |
| Gratuity (Refer Note No. 29) | 61,89,622 | 49,79,335 |
| | 61,89,622 | 49,79,335 |
| B. Current | | |
| Provision for employee benefits: | | |
| Gratuity (Refer Note No. 29) | 7,10,343 | 7,15,660 |
| Provision for taxation: | | |
| Current Tax (Net of TDS & Advance Tax) | 60,45,779 | 76,95,403 |
| | 67,56,122 | 84,11,063 |

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

(Amount in ₹)

| 19 REVENUE FROM OPERATIONS | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
|--|---------------------------------------|---------------------------------------|
| Revenue from operations | | |
| Sale of products | | |
| Finished goods | 4,81,50,76,313 | 6,46,28,20,428 |
| Sale of Services | 1,36,88,601 | 1,18,10,047 |
| Other operating revenue | | |
| Sale of By-Products | 17,47,82,540 | 22,52,86,215 |
| Sale of Raw Materials | 1,46,55,498 | - |
| Others | 8,32,893 | - |
| Export Benefits | 2,45,455 | 42,28,985 |
| Revenue from operations | 5,01,92,81,300 | 6,70,41,45,675 |
| | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
| Finished goods | | |
| Rolled Product | 4,81,50,76,313 | 6,46,28,20,428 |
| | 4,81,50,76,313 | 6,46,28,20,428 |
| By Product | | |
| Misroll & End Cutting | 15,53,96,350 | 20,36,05,768 |
| TMT Cutting | 1,93,86,190 | 2,16,80,447 |
| | 17,47,82,540 | 22,52,86,215 |
| Raw Material | | |
| Billet | 1,46,55,498 | - |
| | 1,46,55,498 | - |
| Others | 8,32,893 | - |
| | 8,32,893 | - |
| 20 OTHER INCOME | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
| Interest income on | | |
| Bank deposits | 13,58,560 | 13,95,317 |
| Income Tax Refund | - | 23,84,986 |
| Gain on foreign exchange fluctuation (net) | 49,679 | 5,09,335 |
| Miscellaneous Income | - | 19,67,798 |
| | 14,08,239 | 62,57,436 |

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

(Amount in ₹)

| 21 COST OF MATERIALS CONSUMED | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
|--------------------------------------|---|---|
| Opening Stock of Raw Materials | 24,94,51,495 | 64,56,62,091 |
| Add: Purchases & other direct cost | 4,49,81,28,189 | 5,70,25,36,946 |
| | 4,74,75,79,684 | 6,34,81,99,037 |
| Less: Closing Stock | 26,90,57,900 | 24,94,51,495 |
| Cost of raw materials consumed | 4,47,85,21,784 | 6,09,87,47,542 |

Details of materials consumed

| | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
|---------------|---|---|
| Billet/ Ingot | 4,22,23,20,209 | 5,88,10,90,121 |
| CBM Gas | 16,58,04,548 | 18,25,44,391 |
| Others | 9,03,97,027 | 3,51,13,030 |
| | 4,47,85,21,784 | 6,09,87,47,542 |

22 CHANGE IN INVENTORIES OF FINISHED GOODS AND BY-PRODUCTS

| | For the year ended 31st March 2020 | For the year ended 31st March 2019 | (Increase)/ Decrease |
|---|---|---|---------------------------------|
| Inventories at the end of the year: | | | |
| Finished Goods | 24,87,31,656 | 26,85,08,840 | 1,97,77,184 |
| By Products | 1,55,95,822 | 92,25,782 | (63,70,040) |
| (A) | 26,43,27,478 | 27,77,34,622 | 1,34,07,144 |
| Inventories at the beginning of the year: | | | |
| Finished Goods | 26,85,08,840 | 28,76,64,117 | 1,91,55,277 |
| By Products | 92,25,782 | 1,04,67,979 | 12,42,197 |
| (B) | 27,77,34,622 | 29,81,32,096 | 2,03,97,474 |
| (B-A) | 1,34,07,144 | 2,03,97,474 | |

23 EMPLOYEE BENEFITS EXPENSE

| | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
|--|---|---|
| Salaries, wages and bonus | 5,36,91,620 | 3,86,30,969 |
| Contribution to provident fund | 28,57,864 | 25,36,514 |
| Gratuity expense (Refer Note No. 29) | 9,19,935 | 7,30,737 |
| Managing Directors' Remuneration (Refer Note No. 23.1) | 36,02,426 | 30,00,000 |
| Workmen and Staff Welfare Expenses | 5,40,000 | 7,72,831 |
| | 6,16,11,845 | 4,56,71,051 |

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

(Amount in ₹)

| 23.1 Managing Directors' Remuneration | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
|--|---|---|
| a) Director's Remuneration Paid | | |
| Basic | 16,81,506 | 15,00,000 |
| House Rent Allowance | 4,79,775 | 2,90,000 |
| Bonus | 1,55,493 | 2,50,000 |
| Other | 12,85,652 | 9,60,000 |
| | 36,02,426 | 30,00,000 |
| b) Computation of Profit for the purpose of Director's Remuneration | | |
| Profit before tax as per profit & loss account | 1,31,92,507 | 5,31,61,105 |
| Add : Depreciation | 5,69,32,708 | 3,65,99,391 |
| Director's Remuneration | 36,02,426 | 30,00,000 |
| | 7,37,27,641 | 9,27,60,496 |
| Less : Depreciation as per Companies Act, 2013 | 5,69,32,708 | 3,65,99,391 |
| Director's Remuneration | 36,02,426 | 30,00,000 |
| | 6,05,35,134 | 3,95,99,391 |
| Net profit as per Section 198 of Companies Act, 2013 | 1,31,92,507 | 5,31,61,105 |

| 24 FINANCE COSTS | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
|---------------------------|---|---|
| Interest: | | |
| On Term Loans | - | - |
| On Cash Credit and others | 3,85,27,097 | 8,54,05,738 |
| On Lease Liabilities | 44,16,998 | - |
| Other borrowing costs | 65,81,833 | 38,42,092 |
| | 4,95,25,928 | 8,92,47,830 |

| 25 DEPRECIATION & AMORTIZATION EXPENSE | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
|---|---|---|
| Depreciation of tangible assets | 3,68,61,039 | 3,65,99,391 |
| Amortization of Right-of-use Assets | 2,00,71,669 | - |
| | 5,69,32,708 | 3,65,99,391 |

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

(Amount in ₹)

| 26 OTHER EXPENSES | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
|--|---|---|
| Consumption of Stores and Spares | 1,70,33,641 | 2,44,05,150 |
| Power and Fuel | 17,97,17,449 | 19,34,62,905 |
| Operation and Maintenance Charges | 94,04,679 | 93,60,051 |
| Freight and Forwarding Charges | 44,41,912 | 72,39,839 |
| Short term leases (Refer note 3.1) | 3,00,000 | - |
| Operating Leases | - | 2,00,50,000 |
| Rates and Taxes | 6,47,434 | 85,32,323 |
| Legal and Professional Charges | 22,04,130 | 38,55,601 |
| Insurance | 7,17,443 | 4,78,064 |
| Repairs to and Maintenance of : | | |
| Buildings | 8,55,885 | 7,08,619 |
| Machinery | 5,22,54,218 | 3,94,64,919 |
| Others | 68,31,150 | 74,10,069 |
| Travelling and Conveyance Expenses | 8,14,113 | 6,50,221 |
| Motor Vehicle Expenses | 12,80,238 | 12,58,418 |
| Communication Costs | 7,44,719 | 4,46,916 |
| Payment to Auditors (Refer note no. 26.1) | 1,89,100 | 2,05,900 |
| Bank Charges | 3,32,566 | 2,22,015 |
| Account & finance maintenance charges | - | 7,20,000 |
| Rebate, discounts and other selling expenses | 6,17,17,566 | 4,36,36,574 |
| Investment written off | 4,00,000 | - |
| Other Admisnitratve Expenses (Refer note no. 26.2) | 76,11,380 | 44,71,134 |
| | 34,74,97,623 | 36,65,78,718 |

26.1 Payment to auditor's consist of the following expenses

| | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
|-------------------------------------|---|---|
| As Auditors | | |
| Audit Fees | 1,25,000 | 1,25,000 |
| Limited Review Fees | 33,000 | 33,000 |
| In other capacity | | |
| Tax Audit Fees | 25,000 | 25,000 |
| For Certificates and Other services | 6,100 | 22,900 |
| | 1,89,100 | 2,05,900 |

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

(Amount in ₹)

| 26.2 Other Administrative Expenses consist of the following expenses | | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
|--|--|---------------------------------------|---------------------------------------|
| - Directors' Sitting Fees | | 3,55,000 | 4,05,000 |
| - CSR Activities | | 10,51,084 | 10,29,507 |
| Total | | 14,06,084 | 14,34,507 |

| 27 EARNINGS PER SHARE (EPS) |
|-----------------------------|
|-----------------------------|

The following reflects the profit and share data used in the basic and diluted EPS computations:

| | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
|---|---------------------------------------|---------------------------------------|
| Net Profit / (Loss) after tax for calculation of basic and diluted EPS (Amount in ₹) | 1,04,35,720 | 3,80,16,866 |
| Weighted average number of equity shares in calculating basic EPS | 4,67,63,750 | 4,67,63,750 |
| Weighted average number of equity shares in calculating diluted EPS | 4,67,63,750 | 4,67,63,750 |
| Nominal Value of equity shares | ₹ 10 | ₹ 10 |
| Basic Earnings Per Share (Amount in ₹) | 0.22 | 0.81 |
| Diluted Earnings Per Share (Amount in ₹) | 0.22 | 0.81 |

| 28 CAPITAL AND OTHER COMMITMENTS |
|----------------------------------|
|----------------------------------|

As at 31st March 2020, the Company has no commitments relating to estimated amount of contracts to be executed on capital account and not provided for.

| 29 EMPLOYEE BENEFITS |
|----------------------|
|----------------------|

I. Charge to the Statement of Profit and Loss on contributions

| | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
|---|---------------------------------------|---------------------------------------|
| Employer's contribution to Provident Fund and other Funds | 28,57,864 | 25,36,514 |

II. Disclosures for defined benefit plans based on actuarial reports

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets Gratuity on terms not lower than the amount payable under the Payment of Gratuity Act, 1972. The aforesaid scheme are unfunded and as such there are no plan assets. The below information is certified by actuary. The following table summarizes (to the extent applicable) the components of net benefits / expenses recognized in the financial statements.

(A) Changes in Defined Benefit Obligation

| | As at 31st March 2020 | As at 31st March 2019 |
|--|--------------------------|--------------------------|
| | Gratuity (Unfunded) | |
| Present Value of Defined Benefit Obligation as at the beginning of the year | 56,94,995 | 46,13,952 |
| Interest Cost | 3,80,995 | 3,49,661 |
| Current Service Cost | 9,19,935 | 7,30,737 |
| Benefits Paid | - | (1,45,805) |
| Actuarial (gains)/loss | (95,960) | 1,46,450 |
| Present Value of Defined Benefit Obligation as at the end of the year | 68,99,965 | 56,94,995 |

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

(Amount in ₹)

(B) Changes in the Fair Value of Assets

| | As at 31st March 2020 | As at 31st March 2019 |
|--|----------------------------------|----------------------------------|
| | Gratuity (Unfunded) | |
| Fair Value of Plan Assets as at beginning of the year | - | - |
| Expected Return on Plan Assets | - | - |
| Actuarial (gains)/loss | - | - |
| Fair Value of Plan Assets as at end of the year | - | - |

(C) Amount recognised in the Balance Sheet

| | As at 31st March 2020 | As at 31st March 2019 |
|---|----------------------------------|----------------------------------|
| | Gratuity (Unfunded) | |
| Present Value of Defined Benefit Obligation as at beginning of the year | 56,94,995 | 46,13,952 |
| Fair value of Plan Assets as at end of the year | 68,99,965 | 56,94,995 |
| Net Liability/(Assets) recognised in the Balance Sheet (Refer Note No. 18) | 12,04,970 | 10,81,043 |

(D) Expense recognized in Statement of Profit and Loss

| | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
|---|---|---|
| | Gratuity (Unfunded) | |
| Current Service Cost # | 9,19,935 | 7,30,737 |
| Interest cost | 3,80,995 | 3,49,661 |
| Expected Return on Plan Assets | - | - |
| Total Expense recognized in Statement of Profit and Loss | 13,00,930 | 10,80,398 |

Included in Employee Benefit Expenses.

(E) Expense recognized in the Other Comprehensive Income (OCI) for Current Year

| | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
|---|---|---|
| | Gratuity (Unfunded) | |
| (Gain)/Losses on Obligation For the Period- Due to changes in the financial assumptions | 8,89,970 | - |
| (Gain)/Losses on Obligation For the Period- Due to experience adjustment | (9,85,930) | 1,46,450 |
| Return on Plan Assets. | - | - |
| Net (Income)/Expense For the Period Recognised in OCI | (95,960) | 1,46,450 |

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

(Amount in ₹)

(F) The principal assumptions used in determining gratuity and leave encashment obligations for the company's plans are shown below:

| | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
|-----------------|---------------------------------------|---------------------------------------|
| Discount rate | 6.69% | 7.70% |
| Salary increase | 6.00% | 6.00% |
| Mortality table | IALM (2006-2008) ultimate table | IALM (2006-2008) ultimate table |

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(G) Amounts for the current and previous four periods are as follows:

| | As at 31st March 2020 | As at 31st March 2019 | As at 31st March 2018 | As at 31st March 2017 | As at 31st March 2016 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Gratuity | | | | | |
| Defined benefit obligation | 68,99,965 | 56,94,995 | 46,13,952 | 39,84,250 | 33,39,003 |
| Plan assets | - | - | - | - | - |
| Surplus/(deficit) | (68,99,965) | (56,94,995) | (46,13,952) | (39,84,250) | (33,39,003) |
| Experience adjustments on plan liabilities (gains)/ losses | (95,960) | 1,46,450 | (1,12,359) | (1,30,875) | (2,44,436) |

30 SEGMENT INFORMATION

The Company's business activity primarily falls within a single business segment i.e. Iron & steel business and hence there are no disclosures to be made under Ind AS-108, other than those already provided in the financial statements.

31 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

Forward Contract

For minimizing the risk of currency exposure, the Forward Cover Contracts are of Nil (USD Nil) for trade receivables.

32 RELATED PARTY DISCLOSURES

a) Name of related parties and related party relationship

| | |
|--|---|
| Director / Key Management Personnel | Mr. Trilok Sharma (Chairman) (appointed w.e.f 15.07.2019) |
| | Mr. Rama Shankar Gupta (Managing Director) (appointed w.e.f 15.07.2019) |
| | Mr. Niket Agarwal (Director) (appointed w.e.f 14.11.2019) |
| | Mr. Asit Baran Dasgupta (Independent Director) |
| | Mrs. Sonam Agarwal (Independent Director) |
| | Mrs. Shilpi Modi (Independent Director) (appointed w.e.f 06.12.2018) |

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

(Amount in ₹)

| a) Name of related parties and related party relationship (contd.) | |
|---|---|
| Director / Key Management Personnel (contd.) | Mr. Jugal Kishore Agarwal (Managing Director) (resigned w.e.f 14.11.2019) |
| | Mr. Mohan Lal Agarwal (Director) (resigned w.e.f 15.07.2019) |
| | Mr. Chandra Shekhar Agarwal (Independent Director) (ceased w.e.f 08.09.2018) |
| | Mr. Mahesh Kumar Agarwal (Director) (resigned w.e.f 15.07.2019) |
| | Mr. Bikash Roy Chowdhury (Chief Financial Officer) (resigned w.e.f 31.03.2019) |
| | Mr. Ajay Kumar Bhuwania (Chief Financial Officer) (appointed w.e.f 01.04.2019) |
| | Mr. Bharat Agarwal (Company Secretary) |
| Relatives of Key Management personnel | Mr. Ghanshyam Das Agarwal (Brother of Director) |
| | Mr. Manoj Kumar Agarwal (Brother of Director) |
| | Mr. Nirmal Kumar Agarwal (Brother of Director) |
| | Mr. Sachin Agarwal (Son of Director) |
| | Mr. Naveen Agarwal (Son of Director) |
| Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence | Adhunik Corporation Ltd. |
| | Adhunik Power & Natural Resource Ltd. |
| | Amalgam Steel & Power Ltd. (Formerly Adhunik Alloys & Power Ltd.) (ceased w.e.f 05.03.2019) |
| | Sungrowth Share & Stocks Ltd. |
| | Mahananda Suppliers Ltd. |
| | Orissa Manganese & Minerals Ltd. (ceased w.e.f 20.11.2018) |
| | Adhunik Metaliks Ltd. and its subsidiary (ceased w.e.f 15.11.2019) |

(b) Related party transactions

| Nature of Transactions | Subsidiary/ Step down Subsidiary Companies | Associate Company | Key Management Personnel and their Relatives | Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence | Total |
|---|---|------------------------------|---|---|------------------|
| 1. In relation to Statement of Profit and Loss | | | | | |
| Purchase of goods / services | | | | | |
| Adhunik Corporation Ltd. | - | - | - | 2,70,11,40,108 | 2,70,11,40,108 |
| | - | - | - | (3,46,39,88,316) | (3,46,39,88,316) |
| Amalgam Steel & Power Ltd. (Formerly Adhunik Alloys & Power Ltd.) | - | - | - | - | - |
| | | - | - | (1,78,22,68,233) | (1,78,22,68,233) |

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

| | | | | | | (Amount in ₹) |
|---|---|----------------------|---|--|----------------|---------------|
| Nature of Transactions | Subsidiary/ Step down Subsidiary Companies | Associate Company | Key Management Personnel and their Relatives | Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence | Total | |
| Revenue from Operations | | | | | | |
| Adhunik Corporation Ltd. | - | - | - | 13,08,13,976 | 13,08,13,976 | |
| | - | - | - | (19,22,97,678) | (19,22,97,678) | |
| Amalgam Steel & Power Ltd. (Formerly Adhunik Alloys & Power Ltd.) | - | - | - | - | - | |
| | - | - | - | (24,72,648) | (24,72,648) | |
| Directors Sitting Fees | | | | | | |
| Mr. Trilok Sharma | - | - | 40,000 | - | 40,000 | |
| | - | - | - | - | - | |
| Mr. Rama Shankar Gupta | - | - | 40,000 | - | 40,000 | |
| | - | - | - | - | - | |
| Mr. Chandra Shekhar Jalan | - | - | - | - | - | |
| | - | - | (40,000) | - | (40,000) | |
| Mr. Asit Baran Dasgupta | - | - | 70,000 | - | 70,000 | |
| | - | - | (90,000) | - | (90,000) | |
| Mr. Mahesh Kumar Agarwal | - | - | 25,000 | - | 25,000 | |
| | - | - | (80,000) | - | (80,000) | |
| Mr. Mohan Lal Agarwal | - | - | 20,000 | - | 20,000 | |
| | - | - | (70,000) | - | (70,000) | |
| Mr. Niket Agarwal | - | - | 20,000 | - | 20,000 | |
| | - | - | - | - | - | |
| Mrs. Shilpi Modi | - | - | 70,000 | - | 70,000 | |
| | - | - | (35,000) | - | (35,000) | |
| Mrs. Sonam Agarwal | - | - | 70,000 | - | 70,000 | |
| | - | - | (90,000) | - | (90,000) | |
| Remuneration to Key Management Personnel | | | | | | |
| Mr. Jugal Kishore Agarwal | - | - | 18,66,667 | - | 18,66,667 | |
| | - | - | (30,00,000) | - | (30,00,000) | |
| Mr. Rama Shankar Gupta | - | - | 17,35,759 | - | 17,35,759 | |
| | - | - | - | - | - | |
| Mr. Ajay Kumar Bhuwania | - | - | 21,96,227 | - | 21,96,227 | |
| | - | - | - | - | - | |
| Mr. Bikash Roy Chowdhury | - | - | - | - | - | |
| | - | - | (15,00,000) | - | (15,00,000) | |
| Mr. Bharat Agarwal | - | - | 12,12,941 | - | 12,12,941 | |
| | - | - | (12,23,496) | - | (12,23,496) | |

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

| Nature of Transactions | Subsidiary/ Step down Subsidiary Companies | Associate Company | Key Management Personnel and their Relatives | Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence | (Amount in ₹) |
|---|---|----------------------|---|--|----------------|
| 2. In relation to Balance Sheet Items | | | | | |
| Balance outstanding as at the year end – Debit - NIL | | | | | |
| Balance outstanding as at the year end – Credit | | | | | |
| Mr. Rama Shankar Gupta | - | - | 89,864 | - | 89,864 |
| | - | - | - | - | - |
| Mr. Bikash Roy Chowdhury | - | - | - | - | - |
| | - | - | (1,02,800) | - | (1,02,800) |
| Mr. Bharat Agarwal | - | - | 46,441 | - | 46,441 |
| | - | - | (43,616) | - | (43,616) |
| Adhunik Corporation Limited | - | - | - | 9,84,23,028 | 9,84,23,028 |
| | - | - | - | (27,27,92,882) | (27,27,92,882) |

33 CAPITAL MANAGEMENT

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the Company.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and other long-term/short-term borrowings. The Company's policy is aimed at combination of short-term and long-term borrowings.

The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

| | As at 31st March 2020 | As at 31st March 2019 |
|--|--------------------------|--------------------------|
| i) Equity share capital | 46,76,37,500 | 46,76,37,500 |
| ii) Other equity | 67,70,97,392 | 66,87,63,461 |
| Total Equity (a) | 1,14,47,34,892 | 1,13,64,00,961 |
| i) Borrowings | 20,35,15,934 | 34,28,31,759 |
| Total debt (b) | 20,35,15,934 | 34,28,31,759 |
| i) Cash and cash equivalents | 14,17,810 | 2,76,77,960 |
| Total cash (c) | 14,17,810 | 2,76,77,960 |
| Net debt {d=(b-c)} | 20,20,98,124 | 31,51,53,800 |
| Total capital (equity + net debt) | 1,34,68,33,015 | 1,45,15,54,761 |
| Net debt to equity ratio | 0.18 | 0.28 |

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, employee liabilities. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations.

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

(Amount in ₹)

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by the Board that advises on financial risks and the appropriate financial risk governance framework for the Company. The Board provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist personnel's that have the appropriate skills, experience and supervision. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 March 2020 and 31 March 2019.

The sensitivity analysis have been prepared on the basis that the amount of debt and derivatives.

The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2020 and 31 March 2019.

The sensitivity of equity is calculated by considering the effect of any associated derivatives at 31 March 2020 and 31 March 2019 for the effects of the assumed changes of the underlying risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company is subject to variable interest rates on some of its interest bearing liabilities. The Company's interest rate exposure is mainly related to debt obligations. The Company also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like short term loans.

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of derivative instruments. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

| | Increase/decrease in basis points | Effect on profit before tax |
|-------------------------|--------------------------------------|--------------------------------|
| 31st March, 2020 | | |
| Amount in ₹ | + 100 | (20,35,159) |
| Amount in ₹ | (-) 100 | 20,35,159 |
| 31st March, 2019 | | |
| Amount in ₹ | + 100 | (34,28,318) |
| Amount in ₹ | (-) 100 | 34,28,318 |

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company, as per its risk management policy, uses foreign exchange and other derivative instruments primarily to hedge foreign exchange exposure. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures.

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

(Amount in ₹)

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in accordance with its risk management policies.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all currencies other than US Dollars is not material.

| | Change in USD rate | Effect on profit before tax |
|-------------------------|-----------------------|--------------------------------|
| 31st March, 2020 | | |
| Amount in ₹ | + 10 % | (4,37,770) |
| Amount in ₹ | (-) 10 % | 4,37,770 |
| 31st March, 2019 | | |
| Amount in ₹ | + 10 % | (25,357) |
| Amount in ₹ | (-) 10 % | 25,357 |

The movement in the post-tax effect is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in ₹, where the functional currency of the entity is a currency other than ₹. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by each divisions subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company has obtained fund and non-fund based working capital limits from various banks. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, buyer's credit and other means of borrowings. The company invests its surplus funds in liquid schemes of mutual funds, which carry no/low mark to market risk.

The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

| | On Demand | Less than 1 Year | 1 to 5 Years | > 5 Years |
|--|---------------------|---------------------|-----------------|-----------|
| As at 31st March 2020 | | | | |
| Borrowings | 20,35,15,934 | - | - | - |
| Outstanding dues of micro enterprises and small enterprises | - | - | - | - |
| Outstanding dues of creditors other than micro enterprises and small enterprises | - | 16,30,83,773 | - | - |
| Derivatives- Cross-currency interest rate swap | - | - | - | - |
| Other financial liabilities | - | 42,14,498 | 1,51,054 | - |
| | 20,35,15,934 | 16,72,98,271 | 1,51,054 | - |

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

(Amount in ₹)

| | On Demand | Less than 1 Year | 1 to 5 Years | > 5 Years |
|--|---------------------|-------------------------|---------------------|---------------------|
| As at 31st March 2019 | | | | |
| Borrowings | 34,28,31,759 | - | - | - |
| Outstanding dues of micro enterprises and small enterprises | - | - | - | - |
| Outstanding dues of creditors other than micro enterprises and small enterprises | - | 16,66,46,138 | - | - |
| Derivatives- Cross-currency interest rate swap | - | - | - | - |
| Other financial liabilities | - | 3,19,53,603 | 20,14,74,523 | - |
| | 34,28,31,759 | 19,85,99,741 | 20,14,74,523 | - |

35 | FINANCIAL INSTRUMENTS

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 (J) to the financial statements.

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as of March 31, 2020 is as follows:

| | Derivative instruments not in hedging relationship | Amortised cost | Total carrying value |
|---|---|-----------------------|-----------------------------|
| Assets: | | | |
| Trade receivables | - | 37,48,71,866 | 37,48,71,866 |
| Investments | - | - | - |
| Bank balance other than Cash and cash equivalents | - | 1,22,00,718 | 1,22,00,718 |
| Cash and cash equivalents | - | 14,17,810 | 14,17,810 |
| Other financial assets | - | 8,52,16,513 | 8,52,16,513 |
| Total | - | 47,37,06,908 | 47,37,06,908 |
| Liabilities: | | | |
| Borrowings | - | 20,35,15,934 | 20,35,15,934 |
| Other financial Liabilities | - | 43,65,552 | 43,65,552 |
| Trade payables | - | 16,30,83,773 | 16,30,83,773 |
| Total | - | 37,09,65,259 | 37,09,65,259 |

The carrying value of financial instruments by categories as of March 31, 2019 is as follows:

| | Derivative instruments not in hedging relationship | Amortised cost | Total carrying value |
|---|---|-----------------------|-----------------------------|
| Assets: | | | |
| Trade receivables | - | 77,09,03,766 | 77,09,03,766 |
| Investments | - | 1,10,000 | 1,10,000 |
| Bank balance other than Cash and cash equivalents | - | 86,96,347 | 86,96,347 |
| Cash and cash equivalents | - | 2,76,77,960 | 2,76,77,960 |
| Other financial assets | - | 8,44,63,803 | 8,44,63,803 |
| Total | - | 89,18,51,876 | 89,18,51,876 |

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

(Amount in ₹)

The carrying value of financial instruments by categories as of March 31, 2019 is as follows: (Contd.)

| | Derivative instruments not in hedging relationship | Amortised cost | Total carrying value |
|-----------------------------|--|---------------------|----------------------|
| Liabilities: | | | |
| Borrowings | - | 34,28,31,759 | 34,28,31,759 |
| Other financial Liabilities | - | 23,34,28,126 | 23,34,28,126 |
| Trade payables | - | 16,66,46,138 | 16,66,46,138 |
| Total | - | 74,29,06,024 | 74,29,06,024 |

Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

The investments included in Level 2 of fair value hierarchy have been valued using quotes available for similar assets and liabilities in the active market. The investments included in Level 3 of fair value hierarchy have been valued using the cost approach to arrive at their fair value. The cost of unquoted investments approximate the fair value because there is a range of possible fair value measurements and the cost represents estimate of fair value within that range.

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosure are required):

| | Level 1 | Level 2 | Level 3 |
|--|-----------------|---------|---------|
| As at March 31, 2020 | | | |
| Financial Assets: | | | |
| Investments in Equity Instruments at FVOCI | - | - | - |
| Derivative Financial Assets | - | - | - |
| Total | - | - | - |
| Financial Liabilities: | | | |
| Derivative Financial Liabilities | - | - | - |
| Total | - | - | - |
| As at March 31, 2019 | | | |
| Investments in Equity Instruments at FVOCI | 1,10,000 | - | - |
| Derivative Financial Assets | - | - | - |
| Total | 1,10,000 | - | - |
| Financial Liabilities: | | | |
| Derivative Financial Liabilities | - | - | - |
| Total | - | - | - |

Notes:

- i) The short-term financial assets and liabilities are stated at amortized cost which is approximately equal to their fair value.
- ii) Derivatives are fair valued using market observable rates and published prices together with forecast cash flow information where applicable.
- iii) Investments are stated at amortized cost which is approximately equal to their fair value.
- iv) There have been no transfers between level 1 and level 2 for the years ended March 31, 2020 and 2019.

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

(Amount in ₹)

| 36 TAX EXPENSES | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Current Tax | | |
| In respect of the current year | 63,90,518 | 1,78,62,347 |
| In respect of the earlier year | 13,86,277 | (10,56,176) |
| Total Current tax expense recognised in the current year | 77,76,795 | 1,68,06,171 |
| Deferred Tax | | |
| In respect of the current year | (46,66,083) | (17,90,291) |
| In respect of the earlier year | - | - |
| Total Deferred tax expense recognised in the current year | (46,66,083) | (17,90,291) |
| Total Tax expense recognised in the current year | 31,10,712 | 1,50,15,880 |

36.1 Reconciliation of Income tax expense for the year with accounting profit is as follows:

Taxable Income differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Details in this respect are as follows:

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Profit before tax | (A) 1,31,92,507 | 5,31,61,105 |
| Income tax expense rate # | (B) 33.384% | 33.384% |
| Income tax expense | (A X B) 44,04,186 | 1,77,47,303 |
| Less : Effect of income Exempt from taxation/ deductible for computing taxable profit | | |
| Deduction u/s 80 | (29,78,795) | (32,13,985) |
| Effect of other adjustments in respect of earlier year | 13,86,277 | (10,56,176) |
| Add : Effect of expenses that are not deductible in determining taxable profit | | |
| CSR Expenditure | 3,50,894 | 3,43,691 |
| Donation u/s 80-G | 4,63,704 | 2,98,620 |
| Effect of other adjustments | (5,15,554) | 8,96,427 |
| Effect of other adjustments in respect of earlier year | - | - |
| Income tax expense recognised in profit and loss | 31,10,712 | 1,50,15,880 |

The tax rate used for reconciliations above is as applicable for corporate entities on taxable profits under the Indian tax laws.

36.2 Income tax recognised in other comprehensive income:

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| Deferred Tax | | |
| Arising on income and expenses recognised in other comprehensive income: | | |
| Remeasurement of defined benefit obligation | 32,035 | (48,891) |
| Total income tax recognised in other comprehensive income | 32,035 | (48,891) |
| Bifurcation of the income tax recognised in other comprehensive income into:- | | |
| Items that will not be reclassified to profit or loss | 32,035 | (48,891) |
| Items that may be reclassified to profit or loss | - | - |

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

(Amount in ₹)

| 37. CIF Value of imports (including through canalizing agency) during the year: | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--|--|
| Raw materials | - | - |
| Components and Spare Parts | 43,77,697 | 2,53,566 |
| Capital Goods | - | - |
| | 43,77,697 | 2,53,566 |

| 38 VALUE OF RAW MATERIALS AND COMPONENTS, STORES AND SPARES CONSUMED DURING THE PERIOD (including charged to repairs and maintenance and capital) |
|--|
|--|

| | % of total Consumption For the year ended March 31, 2020 | Value (Amount in ₹) For the year ended March 31, 2020 | % of total Consumption For the year ended March 31, 2019 | Value (Amount in ₹) For the year ended March 31, 2019 |
|----------------------------|---|--|---|--|
| Raw Materials | | | | |
| Imported | - | - | - | - |
| Indigenously | 100% | 4,47,85,21,784 | 100% | 6,09,87,47,542 |
| | 100% | 4,47,85,21,784 | 100% | 6,09,87,47,542 |
| Stores and Spares # | | | | |
| Imported | 6% | 43,77,697 | 0% | 2,53,566 |
| Indigenously | 94% | 7,25,97,197 | 100% | 7,17,35,191 |
| | 100% | 7,69,74,894 | 100% | 7,19,88,757 |

Including Stores and Spares included under Repairs and Maintenance.

| 39 EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS): |
|---|
|---|

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|----------------------|--|--|
| FOB Value of Exports | - | 1,48,42,042 |

| 40 CONTINGENT LIABILITIES: |
|-----------------------------------|
|-----------------------------------|

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|-----------------------------|--|--|
| Bank Guarantees outstanding | 5,29,47,504 | - |

Notes to Financial Statements as at and for the year ended 31st March, 2020 (Contd.)

- 41.** In the opinion of the management, current assets, loans and advances have the value at which these are stated in the balance sheet, if realized in the ordinary course of business, unless otherwise stated and adequate provisions for all known liabilities have been made and are not in excess of the amount reasonably required.
- 42.** The outstanding balances of Sundry debtors / creditors are subject to confirmation as letters of confirmation of balances from several parties have not been received and hence the balances are subject to adjustments, if any, on reconciliation / settlement of account.
- 43.** In the opinion of the management, leave is meant to be availed of and the employees has been advised to plan their leave in advance while in service and also immediately before superannuation. Accordingly, leave encashment liability for the year has been recognised and provided for only when such encashment was allowed.
- 44.** Raw materials consumed are accounted after adjustment of normal shortage/surplus of raw materials and rejected raw materials.
- 45.** Previous year figures including those given in brackets have been rearranged where ever necessary to confirm with the current year classification.

Signatories to Schedules 1 to 45.

As per our report of even date

For Sudhir Kumar Jain & Associates

Firm Regn No: 318016E

Chartered Accountants

Sd/-

CA. S. Jain

(Partner)

Membership No. 053537

Place: Kolkata

Date: The 26th Day of June 2020

For and on behalf of the Board of Directors

Sd/-

Rama Shankar Gupta

Managing Director

DIN: 07843716

Sd/-

Ajay Kumar Bhuwania

Chief Financial Officer

Sd/-

Trilok Sharma

Chairman

DIN: 08432440

Sd/-

Bharat Agarwal

Company Secretary

If undelivered, please return to:



ADHUNIK INDUSTRIES LIMITED

CIN-L27100WB1979PLC032200

Regd. Office : 14, N. S. ROAD, 2ND FLOOR, KOLKATA-700001

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E-mail- investorsail@adhunikgroup.co.in