

Performing. Integrating. Expanding



where vision takes shape...



KIC METALIKS LIMITED

ANNUAL REPORT 2017-18

Coming up next

Strategic Review

Performing. Integrating. Expanding. **2-7**
KIC Metaliks at a glance **8**
Performance Dashboard **9**
Chairman's Statement **10-11**
Corporate Information **12**



Governance Reports

Directors' Report **13-19**
Annexure to the Directors' Report:
Annexure A **20**
Annexure B **21-31**
Annexure C **32-34**
Annexure D **35-43**
Annexure E **44-46**
Annexure F **47**
Annexure G **48**



Financial Reports

Independent Auditors' Report **49-53**
Balance Sheet **54**
Statement of Profit and Loss Account **55**
Statement of Changes in Equity **56**
Cash Flow Statement **57**
Notes to the Financial Statements **59-85**



2017-18 Annual Report is dedicated to The Olympic motto which is made up of three Latin words: "Citius", "Altius", "Fortius", meaning, Faster-Higher-Stronger. It is a call to consistently **perform** to scale newer heights, **expand** horizons, set standards by **integrating** a borderless thinking, beat the clock and better the best.



We at K I C Metaliks Limited are..

**Expanding responsibly by
Integrating the value chain and
Performing consistently.**

At K I C Metaliks that is what our philosophy is and has been. We have gradually built up to create a bigger & stronger Company with a lot more potential than ever before, that truly stands out today.

During the year, we concentrated on creating a synergistic organisation which is well positioned to harness the growth opportunities through its comprehensive knowledge and close to three decades of experience. We believe that continuous innovation at every stage of business is going to make us a consistent performer. We intend to keep driving growth by repeatedly winning in our chosen markets, and thus keep creating enhanced value for all our stakeholders.





PERFORMING

to achieve and win

Any achievement in sports looks easy in observation. People normally put it down to precise planning but it is actually shaped by a dynamic vision & ability to perform on the field. Agility of the sportsperson to envisage early and the dynamism of the on-field changes & quickly adapt to it, is what sets apart the eventual winners.

At K I C Metaliks, we have incorporated in our DNA of staying lissom, of being quick to respond to changing market dynamics, shifting the focus when required and staying agile with the management's vibrant mind-set to stay on the top of the industry. Today, we stand ready to win in any market environment.

We are always convinced that whatever prevailing scenario it may be, we would continue to do what we have always done – manufacture of quality iron and steel products. And with this, we are also driven by a strategic thinking – to make the best use of good of times and convert them into possibilities for the future.

There is another feature in which our long-termism is visibly reflected – our consistent capacity upgradation

and periodic maintenance. Our focused industry approach means we invest continuously, irrespective of good and bad cycles. Our experience and sectoral wisdom provides us with the confidence to generate positive results over an extended period with an ability to ride out the downtrend with comfort. This long-term approach is reflected in our investment outlays. The Company invested about ₹ 4,546 Lakhs during financial year 2013-18. Today the results itself speaks of the same - 157,649 MT of Hot Metal, an increase of 36% over the preceding financial year 2016-17. Our Company also recorded a jump of 96.01 % in its turnover during financial year 2017-18.

A sportsperson always strive to outpace and set newer benchmarks. Our Company also envisions excelling beyond the known horizons and thereby delivering the best. **Success of a Company is like that of a sportsperson, a direct consequence of continuous and determined effort with a focus on realisation of the goals.**



Our Company also envisions excelling beyond the known horizons and thereby delivering the best.



INTEGRATING

to turn the tide through relationships

Every sporting individual needs to be nurtured properly so that his individual role plays an important contribution to the success of the team. In addition, players also seek proper facilities alongwith guided motivation and encouragement to develop their potential. Managerial members also play a key role in taking the best out of the players. It's always a true saying that a happy sportsperson filled with joy and feeling of satisfaction will have a greater chance of showing up a decisive performance leading to the overall development of the team.

At K I C Metaliks, we have clear vision of being present only in the area of our core – iron & steel business, thereby emphasising our commitment to continue operate and enhance ourselves in the area of our excellence. Our company has fostered an environment where individual merit is a preponderant condition in determining the role and responsibilities of our people, with even the promoters tenaciously committed to this priority. We try to communicate transparently and without reservation to our stakeholders in good markets or

bad. The value system has empowered the management to express clearly its views to its stakeholders.

Talent development assumes a significant priority at our Company. This is reflected in our long-term commitment, with a belief that people represent the best value-creating resource. This is reflected in the fact that we have a very low attrition rate.

At K I C Metaliks we believe in the fact that as a sportsperson represents a true mascot of the aspirations of peoples from diverse backgrounds, so do a Company which draws resources from the people and gain support from the social infrastructure. It comprises of various constituents of the society. Our high ethical standards ensure we operate responsibly and manifestly, while putting sustainability and community well-being at the core of our operations. Our citizenship initiatives comprises of education, environment and health & safety. **Through our community interventions, we always try to ensure a sustainable future for all.**



We believe in the fact that as a sportsperson represents a true mascot of the aspirations of peoples from diverse backgrounds, so do a Company which draws resources from the people and gain support from the social infrastructure.







EXPANDING

to remain competitive

Competition is the only word inherited by a sportsperson. A sportsperson will always be on a sticky track where he will find either someone challenging his domination or overthrowing him to gain supremacy. But persistence and perseverance always remains a key to success for any sportsperson. In order to remain competitive a sportsperson needs to be agile, keep on working towards his goal and expand the 'length & breadth' of his activities and qualities.

Staying agile at every stage of the persisting competitive business environment has been at the core of K I C. Maintaining a strict financial and operational discipline led the company to remain unaffected even during the toughest days of the domestic economy. Usually it's found that the first casualty remains, lower production levels and difficulty in servicing debts during toughest times of business days. But at K I C we had actually seen the opposite to the tough. Our management's vibrant business mind-set always helped the Company to achieve the best – capacity upgradation of the MBF, a prudent decision to install Sinter and Captive Power Plant to trim costs and plug wastage, repaying the bankers on time and going back to the people working with the Company to optimise the performance levels at regular intervals.

During the financial year 2017-18, the Company decided to install Pulverized Coal Injection (PCI) system along with Oxygen and Nitrogen gas plant at the existing MBF. This would not only help the Company in reducing the usage of metallurgical coke but would also increase the production capacity of the existing MBF from 165,000 MTPA to 235,000 MTPA. The Company is also setting up a 25 m² Annular Sinter Plant thereby further reducing its dependence on the scarcely available Iron ore

lumps domestically. These cost optimisation recipes would help the Company to remain competitive and is likely to have a positive impact at the financials of the Company over the coming years.

Beating competition is always a long-term strategy. It involves a throughout analysis of the competitors as well as a throughout analysis of one oneself. The sportsperson always needs to be agile to understand his and his competitor's qualities to arrive at a winning situation. K I C Metaliks Limited had always been successful because of the uniqueness of its product. It produces high quality grades of Pig Iron with low sulphur and low phosphorus content due to use of superior iron ore and low ash coke suitable for the manufacture of all types of castings. **Therefore the Company remains as one of the leading suppliers of Pig Iron in eastern India.**

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K I C METALIKS

AT A GLANCE



Vision

To become one of the most competitive Integrated Steel Plants with diversified product offering.



Mission

Technological improvements.
Achieving cost-effectiveness.
Focusing on its unique product quality.
Expanding its market.
Achieving customer satisfaction for both stated and implied needs.
Being a responsible corporate citizen.
Providing work environments where our employees can meet their potential and thrive in an atmosphere of excellence.



Background

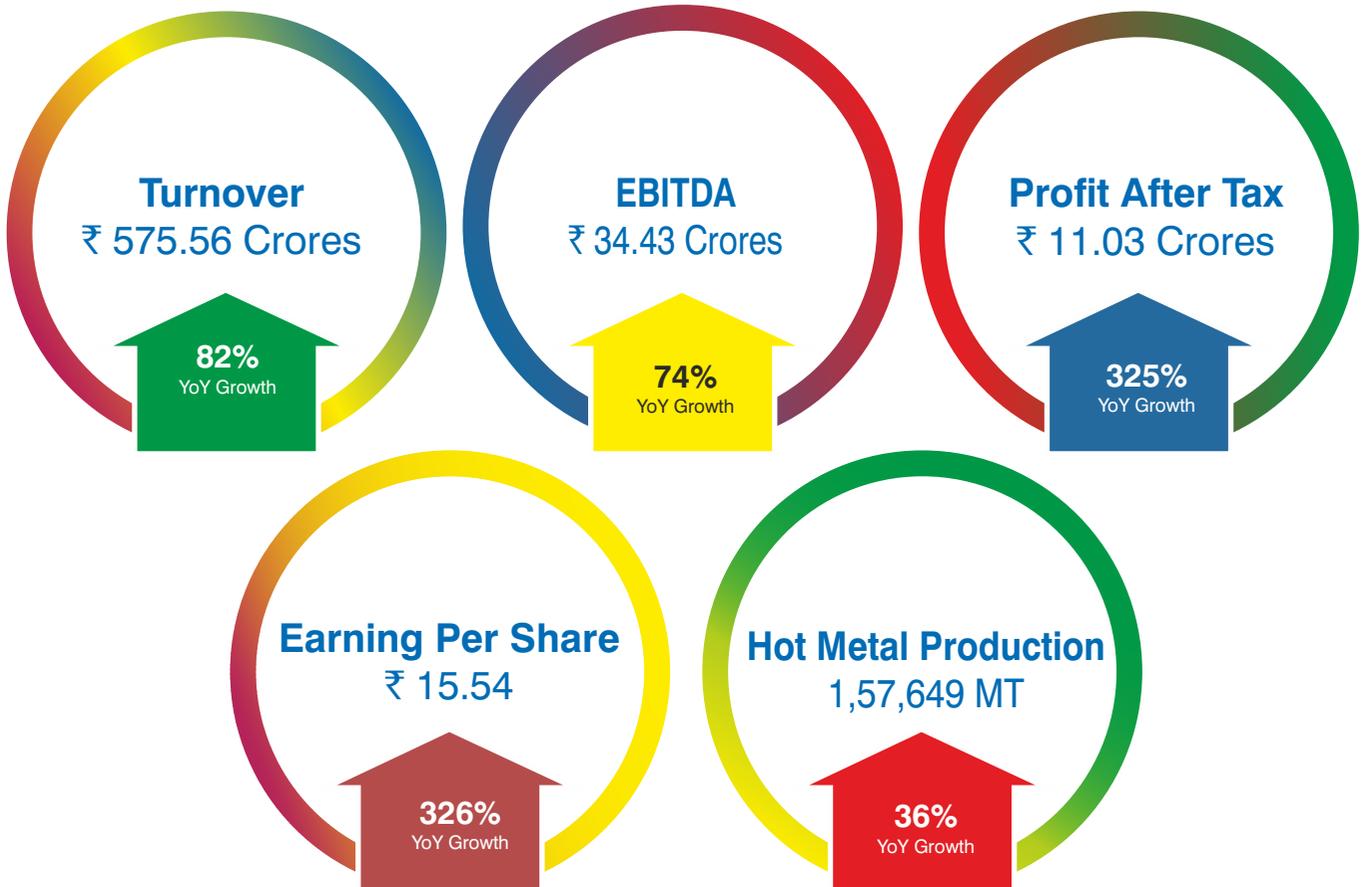
We are a 3 decades old Company, incorporated during 1986 as Prudential Marketing Private Limited. We commenced our business as cast iron manufacturer and exporter & emerged as a successful Pig Iron producer. The Company is led by a young and visionary entrepreneur Mr. Radhey Shyam Jalan backed by a team of dedicated professionals.

The Company is headquartered at Kolkata and its manufacturing facility is situated at Raturia, Angadpur, Durgapur. Shares of the Company are listed at the BSE.



PERFORMANCE DASH BOARD

(For the financial year 2017-18)





Chairman's Statement

Dear Shareholders

As in a game only the win or loss effort is analysed but the forgotten part remains the cast of the sportspersons as a team and benchmarking their efforts individually or collectively who worked hard to create a great show. Our company feels proud to laud the effort of all those associated stakeholders who created a great effort in the making of K I C.



The financial year 2017-18 was an eventful year for the country as a whole and for us at K I C Metaliks. We acted with resilience. We stayed strong and grew stronger, just as India did. The domestic economy grew at a rate of 6.6% and India regained its status as the fastest growing major economy in the world during Q4, despite a slowdown in demand, falling rupee and a rising oil bill.

On the backdrop of all these, the Government of India has unveiled a series of policy initiatives to enhance public investments in the infrastructure sector, especially roads, railways and ports. In this context, it would be relevant to mention the advantages of the Government's Make in India initiative. This initiative is moving ahead like the stature of a national movement to promote manufacturing expertise in India, in line with global quality benchmarks. The country would need to invest significantly in infrastructure (a proposed investment of Rs. 6 lakh crore in the Union Budget 2018-19) to sustain this growth, driving steel demand. Besides, the National Steel Policy also aims to increase steel production, which should increase the off-take of our products.

K I C's positioning

During the year we took some big strides to put ourselves as a leading and competitive Pig iron manufacturer. We successfully installed Waste Heat recovery system thereby resulting in the improvement of Hot Blast temperature. We also executed certain other measures towards reduction in the overall cost of Pig Iron. Executing our strategies with passion and perfection at every level led to such commendable performance during financial year 2017-18. First and foremost, in terms of financial performance, we recorded good numbers during the year. Our total revenue stood at ₹ 57,556 lakhs and hot metal production stood at 157,649 MT during financial year 2017-18 showing a significant growth over previous year.

To remain more competitive we are setting up a second Annular Sinter Plant as well as Pulverized Coal Injection (PCI) System along with Oxygen and Nitrogen Gas plant to face the uncertainties towards availability of the costly

iron ore lumps and reduce the metallurgical coke consumption rate.

Motivation

For any team, player motivation is the foundation for all accomplishment. Without the desire and determination to improve performance, all other psychological factors, confidence, intensity, focus and emotion are meaningless.

At K I C Metaliks, measures for the safety of employees training, welfare and development continue to get top priority at all levels which are reflected in the improved quality and efficiency.

The Company's training programmes and value-based teachings enhance motivational levels among its people. The Company's industrial relations, as well as public relations, with all outside agencies remained cordial.

Looking ahead

On a note of unmistakable optimism, we always expect to "perform, integrate and expand". We must conclude that as a result of our planned integration and expansion, we expect to accelerate our topline and strengthen our margins. We expect to enhance value for our associated stakeholders in a more emphatic way over the foreseeable future.

With warm regards

Radhey Shyam Jalan

On a note of unmistakable optimism, we always expect to "perform, integrate and expand".



CORPORATE INFORMATION

BOARD OF DIRECTORS



Mr. Radhey Shyam Jalan
Chairman and Managing Director



Mrs. Manjula Poddar
Independent Director-w.e.f. 23.06.2018



Mr. Suresh Kumar Singhal
Independent Director



Mr. Laxmi Narayan Sharma
Independent Director



Ms. Sayantony Banerjee
Independent Director- Upto 30.05.2018

CHIEF FINANCIAL OFFICER

Mr. Mukesh Bengani

COMPANY SECRETARY

Mrs. Ruchika Fogla

STATUTORY AUDITORS

M/s. B. N. Agrawal & Co.
Chartered Accountants
1, Old Court House Corner,
Room No. 511, 5th Floor
Tobacco House, Kolkata - 700 001
West Bengal, India

BANKERS

State Bank of India

REGISTERED OFFICE

"Sir RNM House"
3B, Lal Bazar Street, 4th Floor
Room No. 2, Kolkata - 700 001
West Bengal, India
Phone : +91-33 2210-3301
Fax : +91-33 4001-9636

PLANT LOCATION

Raturia, Angadpur, Durgapur - 713 215
West Bengal, India
Phone : +91-98749 43342

REGISTRAR & SHARE TRANSFER AGENTS

M/s. S. K. Infosolutions Pvt. Ltd.
34/1A, Sudhir Chatterjee Street
Kolkata - 700 006, West Bengal, India
Phone : +91-33 2219-4815/6797
Fax : +91-33 2219-4815

CIN : L01409WB1986PLC041169



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Thirty First Annual Report on the affairs of the Company together with the Statement of Accounts for the financial year 2017-18. The summarised financial highlights for the financial year vis-a-vis the previous year are as follows:

1. FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

Particulars	2017-18	2016-17
Revenue from operations	57,555.95	31,546.49
Profit before Finance Cost, depreciation and taxes	3,443.29	1,984.56
Less:- Finance Cost	612.81	793.91
Depreciation and amortisation	816.35	852.43
Profit Before Taxation	2,014.13	338.22
Provision for Taxation	911.04	79.06
Profit After Tax for the year	1,103.09	259.16
Other Comprehensive Income (net of tax)	(20.19)	0.85
Total Comprehensive Income for the year	1,082.90	260.01

Note:

Pursuant to the notification dated 16th February, 2015 issued by the Ministry of Corporate Affairs, the Company has adopted the Indian Accounting Standards 'Ind AS' notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from 1st April, 2017 and accordingly these financial statements along with comparative has been prepared in accordance with the recognition and measurement principles stated therein prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder. The date of transition is 1st April, 2016. The reconciliation and descriptions of the effect of the transition from IGAAP to Ind AS has been provided in Note 38 in the Notes to the financial statements.

2. PERFORMANCE, RESULT OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

Your Directors are pleased to report that your Company has achieved revenue of ₹ 57,556 Lakhs in the financial year 2017-18 as compared to ₹ 31,546 Lakhs in the previous financial year 2016-17, registering a growth of 82 %. The Company's earnings before finance cost, depreciation and tax improved to ₹ 3,443 Lakhs in current year as compared to ₹ 1,985 Lakhs in previous year. During the year under the review your Company also recorded its highest ever production of Hot Metal at 157,649 MT, which is 36 % higher than that of previous year. These results are attributable to the full availability of the blast furnace throughout the year and various improvement initiatives taken on the operational front and despite facing several challenges like volatile market conditions and increasing raw material prices. During the year under the review your Company posted a net profit after tax of ₹ 1,103 Lakhs for the current year in comparison to ₹ 259 Lakhs to previous year registering growth of 325%.

The benchmark financial and operational highlights of the Company's performance in financial year 2017-18 are an outcome of enduring effort and demonstrate your Company's unparalleled ability to excel in volatile circumstances.

3. DIVIDEND

Keeping in view the working capital requirements of the Company, your Directors have ploughed back the profits and express their inability to declare any dividend for Equity and Preference Shares of the Company for the financial year 2017-18.

4. RESERVE

During the year under the review, the Company has not transferred any amount to the general reserve.

5. SHARE CAPITAL

During the financial year 2017-18, there was no change in the issued and subscribed capital of your Company.

6. CHANGE IN NATURE OF BUSINESS

During the year under review, there was no change in the nature of business of the Company.

DIRECTORS' REPORT

7. DIRECTORS AND KEY MANAGERIAL PERSONNEL

7.1 Retirement by Rotation

Pursuant to the provisions of the Companies Act, 2013, Mr. Radhey Shyam Jalan (DIN : 00578800) Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. The information as required to be disclosed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, [hereinafter referred to as 'SEBI (LODR) Regulations, 2015'] in case of re-appointment of Directors is provided in the Notice of the ensuing Annual General Meeting.

7.2 Appointment and Resignation

During the financial year 2017-18 there has been no change in the Board of Directors of your Company.

7.3 Declaration of Independent Directors

All the Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (LODR) Regulations, 2015.

7.4 Key Managerial Personnel

Following officials are appointed as the Key Managerial Personnel 'KMP' of the Company :

- Mr. Radhey Shyam Jalan, Chairman and Managing Director;
- Mr. Mukesh Bengani, Chief Financial Officer;
- Mrs. Ruchika Fogla, Company Secretary and Compliance Officer.

Remuneration and other details of the KMP are mentioned in the extract of the Annual Return (Form No. MGT – 9) which forms part of this Report.

7.5 Meetings of the Board

As required under Section 134 of the Companies Act, 2013 the Board of Directors met four times during the financial year 2017 - 18, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.

7.6 Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015 the Board of Directors has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. A structured questionnaire was prepared after taking into consideration the inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance, etc.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders, etc. The performance evaluation of the Independent Directors was carried out by the entire Board of Directors. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information on conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as 'Annexure – A' and forms an integral part of this Report.

9. CORPORATE GOVERNANCE

As per Regulation 34(3) read with Schedule V of the SEBI (LODR) Regulations, 2015, a separate Report on Corporate Governance is annexed as 'Annexure – B' and forms an integral part of this Report. A certificate from the Statutory Auditors of



DIRECTORS' REPORT

the Company regarding compliance as per SEBI (LODR) Regulations, 2015 is annexed to the Report on Corporate Governance. The declaration by the Managing Director stating that all the Board members and Senior Management Personnel have affirmed their compliance with the Company's Code of Conduct for the year ended 31st March, 2018 is given in the Corporate Governance Report.

10. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As per Regulation 34(3) read with Schedule V of SEBI (LODR) Regulations, 2015, Management Discussion and Analysis Report is annexed herewith as '**Annexure – C**' and forms an integral part of this Report.

11. EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013 an extract of Annual Return of the Company in Form MGT - 9 is annexed herewith as '**Annexure – D**' and forms an integral part of this Report.

12. AUDITORS AND AUDITORS' REPORT

12.1 Statutory Auditors

At the Annual General Meeting held on 21st September, 2017, M/s. B. N. Agrawal & Co., Chartered Accountants (Firm Reg. No. 320312E), were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2022. In terms of the first proviso to Section 139 of the Companies Act, 2013 read with Rule 3 of the Companies (Audit and Auditors) Rules, 2014 made thereunder, the appointment of the Auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. B. N. Agrawal & Co., Chartered Accountants as Statutory Auditors of the Company, is placed for ratification by the shareholders. In this regard, the Company has received a certificate from the Auditors to the effect their appointment if ratified, would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

The Auditors' Report does not contain any qualification, reservation or adverse remark and is self-explanatory and do not call for any further comments.

12.2 Cost Auditors

The Board of Directors had appointed M/s. Patangi & Co. (Firm Reg. No. 101919, Membership No. 30818) as Cost Auditors of the Company for the financial year 2018-19 in its meeting held on 30th May, 2018. Their remuneration is subject to ratification by shareholders at the ensuing Annual General Meeting. Cost Audit Report for the financial year 2016-17 was filed within due date.

12.3 Secretarial Auditors

Pursuant to Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Rakesh Agrawal & Co., Practising Company Secretaries (Membership No. F8792) as Secretarial Auditors of the Company. The Secretarial Audit Report in Form MR - 3 is annexed herewith as '**Annexure – E**' and forms part of this Report. The report does not contain any qualification, reservation or adverse remark.

12.4 Internal Auditors

Your Company has appointed a reputed Chartered Accountants Firm as the Internal Auditors to carry out the Internal Audit of the business of the Company. Their scope of work and the plan for audit is approved by the Audit Committee. The Report submitted by them is regularly reviewed and their findings are discussed with the process owners and suitable corrective action is taken on an ongoing basis to improve efficiency in operations.

13. REPORTING OF FRAUD

The Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013.

14. COMPLIANCE CERTIFICATE

The Board has received the Compliance Certificate as required to be given by the Chief Executive Officer and the Chief Financial Officer under Regulation 17(8) of SEBI (LODR) Regulations, 2015 is annexed herewith as '**Annexure – F**' and forms an integral part of this Report.

DIRECTORS' REPORT

15. VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Board of Directors had approved the Policy on Vigil Mechanism/Whistle Blower and the same has been hosted on the website of the Company at the web link <http://kicmetaliks.com/wp-content/uploads/2016/01/VIGIL-MECHANISM.pdf>.

16. NOMINATION AND REMUNERATION POLICY

The Company follows a policy on remuneration of Directors and Senior Management Personnel. The policy is approved by the Nomination and Remuneration Committee and the Board of Directors had of the Company and the same has been hosted on the website of the Company at the web link <http://kicmetaliks.com/wp-content/uploads/2016/01/NOMINATION-AND-REMUNERATION-POLICY.pdf>.

17. POLICY FOR PREVENTION OF SEXUAL HARRASMENT OF WOMEN AT WORKPLACE

The Company values the dignity of individuals and strives to provide a safe and respectable work environment to all its employees. The Company is committed to providing an environment, which is free of discrimination, intimidation and abuse. Pursuant to Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013 and rules made there under, the Company has a Policy for Prevention of Sexual Harassment in the Company. All employees (permanent, contractual, temporary and trainees) are covered under this policy.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013.

The said policy may be referred to at the Company's website at the web link <http://kicmetaliks.com/wp-content/uploads/2016/01/PREVENTION-OF-SEXUAL-HARRASMENT-POLICY.pdf>.

18. AUDIT COMMITTEE

Your Company has an Audit Committee in terms of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations, 2015. Further details of Audit Committee are given in the Corporate Governance Report annexed as a part of the Directors' Report.

19. FINANCE

19.1 Public Deposits

Your Company has not accepted any deposits during the year under the review nor does the Company have any outstanding deposits under Section 73 of the Company Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014 as on the date of the Balance Sheet.

19.2 Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

The Company has not made any investment, given any loan or guarantee covered under Section 186 of the Companies Act, 2013, during the year under the review.

19.3 Contracts and arrangements with related parties

During the financial year ended 31st March, 2018, all transactions with the Related Parties as defined under the Companies Act, 2013 'Act' read with Rules framed thereunder were in the 'ordinary course of business' and 'at arm's length' basis and hence do not fall under the ambit of Section 188(1) of the Act. In view of the above, the disclosure required under the Act in Form AOC - 2 is not applicable for financial year 2017-18. Your Company does not have a 'Material Subsidiary' as defined under Regulation 16(1)(c) of the SEBI (LODR) Regulations, 2015. Your Board shall formulate a Policy to determine Material Subsidiary as and when considered appropriate in the future.

During the year under review, your Company did not enter into any Related Party Transactions (RPT's) which require prior approval of the shareholders. All RPT's of your Company had prior approval of the Audit Committee and the Board of Directors, as required under the Listing Regulations. Subsequently, the Audit Committee and the Board have reviewed RPT's on a quarterly basis. Your Company has an internal mechanism for the purpose of identification and monitoring of RPT's.

The Policy on Materiality of Related Party Transactions and dealing with related party transactions, as approved by the Board of Directors may be accessed on the Company's website at the web link <http://kicmetaliks.com/wp-content/uploads/2016/01/RELATED-PARTY-TRANSACTION-POLICY.pdf>



DIRECTORS' REPORT

There was no other material RPT's entered into by the Company with Promoters, Directors, KMP or other designated persons during financial year 2017-18, except those reported in the financial statements. Necessary disclosures required under the Ind AS 24 have been made in Note No. 34 of the Notes to the financial statements for the year ended 31st March, 2018.

19.4 Internal Financial Control

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

19.5 Insurance

Adequate insurance cover has been taken for properties of the Company including buildings, plant and machineries and stocks against fire, earthquake and other risks as considered necessary.

20. RISK MANAGEMENT

Risk management is an integral part of the strategic management of your Company. The process involves periodic identification of risk likely to affect the business from operating smoothly and adoption of appropriate measures to address the concerns. In this regard, your Company has identified inherent risks in its operations and record residual risk after taking specific risk mitigation steps. The Policy on Risk Management, as approved by the Board of Directors may be accessed on the Company's website at the web link <http://kicmetaliks.com/wp-content/uploads/2016/01/RISK-MANAGEMENT-POLICY.pdf>.

Further details regarding the same are given in the Management and Discussion Analysis Report.

21. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The philosophy of sustainability and business ethics has been the cornerstone of your Company's policies and practices. Your Company considers its interests to be inseparable from that of the community. As a result the Company has always involved itself in activities that benefit the inhabitants of the areas where its operations are located. Measures in areas such as education, health care and environment are taken by the Company, which enables the local population to improve the quality and standard of living.

22. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors would like to inform the shareholders that the financial statements for the year 2017-18 are in conformity with the requirements of the provisions of Section 134(3)(c) read with Section 134(5) and all other applicable provisions of the Companies Act, 2013 and they believe that, the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations.

Based on the same, your Directors further confirm, according to the best of their knowledge and belief that:

- a) in the preparation of the Annual Accounts for the financial year ended 31st March, 2018, the applicable Accounting Standards have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2017-18 and of the profit and loss of the Company for that period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the Annual Accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

23. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The Company had no employee during the financial year ended 31st March, 2018, who was drawing remuneration in excess of limits set out under Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

DIRECTORS' REPORT

Hence, no disclosure is required for the same.

A. Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided here below :

i) The ratio of remuneration of each Director/KMP to the median remuneration of the employees of the Company for the financial year 2017-18 :

Sl. No.	Name of Directors/KMP and Designation	Remuneration for financial year 2017-18 (₹ in Lakhs)	% increase in remuneration in the financial year 2017-18	Ratio of remuneration of each Director/KMP to median remuneration of employees
1.	Mr. Radhey Shyam Jalan (Chairman and Managing Director)	43.55	70.78 %	31.45x
2.	Mr. Suresh Kumar Singhal (Non-Executive, Independent Director)	-	-	-
3.	Mr. Laxmi Narayan Sharma (Non-Executive, Independent Director)	-	-	-
4.	Ms. Sayantony Banerjee (Non-Executive, Independent Director)	-	-	-
5.	Mr. Mukesh Bengani (Chief Financial Officer)	9.18	5.83 %	6.63x
6.	Mrs. Ruchika Fogla (Company Secretary)	3.55	-34.33 %	2.57x

ii) The median remuneration of employees of the Company during the financial year 2017-18 was ₹ 1.38 Lakhs.

iii) In the financial year 2017-18, there was an increase of 2.82 % in the median remuneration of employees.

iv) There were 275 permanent employees on the rolls of Company as on 31st March, 2018.

v) Average percentage increase made in the salaries of employees other than the Managerial Personnel in the financial year under review i.e. 2017 - 18 was 11.08 % whereas the increase in the managerial remuneration for the same period was 42.18 %.

vi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, KMP and other employees.

B. Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2)&(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided as '**Annexure – G**' to this Report.

24. MATERIAL ORDERS

There have been no significant and material orders passed by the court or regulators or tribunals impacting the going concern status and Company's operations. Your attention is drawn to the Contingent Liabilities and commitments shown in the Notes to financial statements forming part of this Annual Report.

25. MATERIAL CHANGES AND COMMITMENTS, IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY

No material changes and commitments have occurred after the close of the financial year till the date of this Report, which affect the financial position of the Company.

26. OTHER DISCLOSURES

The Company has proper and adequate systems and processes in place to ensure compliance with all applicable Secretarial Standards issued by The Institute of Company Secretaries of India.



DIRECTORS' REPORT

No disclosure or reporting is made in respect of the following items as there were no transactions or change during the year under review:

- Details relating to deposits covered under Chapter V of the Act;
- Issue of Equity Shares with differential rights as to dividend, voting or otherwise;
- Issue of Shares to the employees of the Company under any scheme (sweat Equity or Stock Options)
- The Company does not have any scheme or provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees;
- There was no revision in the financial statements other than as required to be done as per Ind AS.

27. ACKNOWLEDGEMENT

Your Directors would like to place on record its appreciation for the committed services put in by the employees of the Company. Your Directors would also like to convey its sincere gratitude to the shareholders, bankers, regulatory bodies, clients and other business constituents for their continued co-operation and support received.

ANNEXURES TO THIS REPORT

A brief summary of the annexures accompanying this Report are given as below:

Annexure	Particulars
A	Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo.
B	Corporate Governance Report.
C	Management and Discussion and Analysis Report.
D	Extract of Annual Return in Form MGT - 9.
E	Secretarial Audit Report in Form MR - 3.
F	CEO/CFO Certification
G	Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2)&(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

For and on behalf of the Board of Directors

Place : Kolkata

Dated : The 27th day of July, 2018

Radhey Shyam Jalan

Chairman and Managing Director

ANNEXURE - A' TO THE DIRECTORS' REPORT

Information pursuant to Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8 of the Companies (Accounts) Rules, 2014 and as part of the Directors' Report for the financial year ended 31st March, 2018.

A. CONSERVATION OF ENERGY

(i) **The steps taken or impact on conservation of energy :**

In line with the Company's commitment towards conservation of energy it continues with its efforts aimed at improving energy efficiency through innovative measures to reduce wastage and optimize consumption. Some of the measures taken by the Company in this direction are as under:

- a. Installation of natural air driven turbo fan on CPP roof for working in turbine floor with natural ventilation.
- b. Introduced VVVF drive for saving energy in Induction motors.
- c. Installation of energy efficient lighting fixtures.
- d. Installed LED lighting system at several locations.
- e. 4.7 MW Captive Power Plant running successfully which utilises the waste gas of MBF to produce clean power.
- f. Introduced automatic timer for area illumination which puts-off the area light in day time and puts it on at night.

(ii) **The steps taken by the Company for utilizing alternate sources of energy :** Nil

(iii) **The capital investment on energy conservation equipments :** Nil

B. TECHNOLOGY ABSORPTION

(ii) **The efforts made towards technology absorption :** Stove Waste Heat recovery system for utilisation of waste heat of the Blast Furnace.

(iii) **The benefits derived like product improvement, cost reduction, production development or import substitution :** Improvement of Hot Blast temperature.

(iii) **In case of imported technology :**

- a) the details of technology imported : Nil
- b) the year of import : N.A.
- c) whether the technology been fully absorbed : N.A.
- d) if, not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and : N.A.

(iv) **The expenditure incurred on Research and Development :** Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

(₹ in Lakhs)

Sl. No.	Particulars	2017 - 2018	2016 - 2017
a)	Foreign Exchange earned in terms of Actual Inflows	Nil	Nil
b)	Foreign Exchange used in terms of Actual Outflows	10,244.56	12,782.87

For and on behalf of the Board of Directors

Place : Kolkata
Dated : The 27th day of July, 2018

Radhey Shyam Jalan
Chairman and Managing Director



ANNEXURE - B' TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

K I C Metaliks Limited believes in good corporate governance and continuously endeavors to improve focus on it by increasing transparency and accountability to its shareholders in particular and other stakeholders in general. The Company undertakes to behave responsibly towards its shareholders, business partners, employees, society and the environment. The Company is committed to business integrity, high ethical values and professionalism in all its activities.

2. BOARD OF DIRECTORS

A. Composition of the Board as on 31st March, 2018 :

Category	No. of Directors
Non Executive and Independent Directors	3
Executive Director	1

None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he/she is a Director. As required under Section 149(3) of the Companies Act, 2013 'Act', Ms. Sayantony Banerjee is an Independent Woman Director on the Board pursuant to Section 149(3) of the Act. The composition of the Board is in conformity with Regulation 17 of SEBI (LODR) Regulations, 2015. The Board met four times during the previous financial year and the time gap between any two meetings did not exceed 120 days.

B. Board Meetings held during the financial year 2017-18 :

Sl. No.	Date of Meetings	Total No. of Directors	No. of Directors present
1	27 th May, 2017	4	3
2	25 th August, 2017	4	3
3	8 th December, 2017	4	3
4	9 th February, 2018	4	3

C. The composition of the Board and the attendance of Directors at the Board Meetings held during the last fiscal and at the last Annual General Meeting and the number of other directorship and Board Committees' membership/ chairmanship held in other Public Companies are as follows:

Name and Category of the Directors	Attendance at Board Meetings	Attendance at the last Annual General Meeting	No. of other Directorship held ¹		No. of other Committee membership held ²	
			As Director	As Chairman	As Member	As Chairman
Mr. Radhey Shyam Jalan (Executive, Chairman and Managing Director)	4	Yes	Nil	Nil	Nil	Nil
Mr. Suresh Kumar Singhal (Non-Executive, Independent Director)	2	Yes	Nil	Nil	Nil	Nil
Mr. Laxmi Narayan Sharma (Non-Executive, Independent Director)	4	Yes	5	Nil	Nil	Nil
Ms. Sayantony Banerjee (Non-Executive, Independent Director)	2	Yes	Nil	Nil	Nil	Nil

Notes:

- 1 Excludes Directorship/Committee membership in Private Limited Companies, Companies under Section 8 of the Companies Act, 2013 read with Rule 19 of the Companies (Incorporation) Rules, 2014 and Foreign Companies and Associations.
- 2 Only Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of the SEBI (LODR) Regulations, 2015.
- 3 None of the Directors have any inter-se relation among themselves and with any of the employees of the Company.
- 4 None of the Non-Executive Directors holds any shares and/or convertible instruments in the Company.

ANNEXURE - B' TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

D. Other provisions as to Board and Committees

An annual calendar of meetings is established after consulting all Directors to facilitate their physical presence and meaningful participation. It has been the Company's endeavor to have meetings at plant site of the Company too, apart from the Registered Office of the Company to get Directors to witness the practices and to get under the skin of the Company's business model.

The Board periodically reviews the compliance reports of all laws applicable to the Company. Steps are taken by the Company to rectify the instances of non-compliance, if any. The agenda along with explanatory notes (for Board and other meetings) are sent in advance to all Directors to get their input in the discussion. In case of business exigencies the Board's approval is taken through circular resolutions. The circular resolutions are noted at the subsequent Board Meeting.

Your Company's Directors promptly notify any change(s) in the committee positions as and when they take place.

E. Independent Directors

Your Company has appointed Independent Directors who are renowned people having expertise/experience in their respective field/profession. None of the Independent Directors are Promoters or related to Promoters. They do not have pecuniary relationship with the Company and further do not hold two percent or more of the total voting power of the Company.

Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he/she meets the criteria of independence as required under Section 149(7) of the Act. All Independent Directors maintain their limits of directorships as required under Regulation 25(1) of SEBI (LODR) Regulations, 2015. The terms and conditions of the appointment of the Independent Directors have also been disclosed on the website of the Company and can be accessed at the web link <http://kicmetaliks.com/wp-content/uploads/2016/01/NOMINATION-AND-REMUNERATION-POLICY.pdf>.

F. Meetings of Independent Directors

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or Management Personnel as required under Regulation 25(3) of SEBI (LODR) Regulations, 2015. Such meetings are conducted informally to enable Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views to the management.

During the year under review, the Independent Directors met once on 21st September, 2017, without the attendance of Executive Directors and Management Personnel. All the Independent Directors were present in that meeting.

The Independent Directors in the said meeting had, inter-alia :

- i. reviewed the performance of Non-Independent Directors and the Board as a whole;
- ii. reviewed the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- iii. assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

G. Induction and Training of Board Members

On appointment, the concerned Director is issued a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed Independent Director is taken through a formal induction program including the presentation on the Company's manufacturing, marketing, finance and other important aspects. The Company Secretary briefs the Director about their legal and regulatory responsibilities as a Director. The induction for Independent Directors include interactive sessions with Executive Committee Members, Business and Functional Heads, visit to the manufacturing site, etc. On the matters of specialized nature, the Company engages outside experts/consultants for presentation and discussion with the Board members.



ANNEXURE - B' TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

3. BOARD COMMITTEES

A. Audit Committee

- (a) The Company has an Audit Committee within the scope as set out in Regulation 18 of SEBI (LODR) Regulations, 2015 read with Section 177 of the Act. The Committee has three Independent, Non-Executive Directors and one Executive Director, all of whom are persons with considerable financial experience and expertise. Ms. Sayantony Banerjee, Chairman of the Committee is an Independent Director and was present at the Annual General Meeting of the Company held 21st September, 2017. Ms. Sayantony Banerjee is an MBA (Finance) from a reputed business institute with experience in the area of Administration, Managing overall Project Work Financial Accounting, Taxation, Auditing, Budgeting & MIS.
- (b) The primary objective of the Audit Committee is to monitor and effectively supervise the Company's financial reporting process with a view to provide accurate, timely and proper disclosures and maintain the integrity and quality of the financial reporting. The Audit Committee acts as a link between the Statutory and Internal Auditors and the Board. The Committee is governed by a charter which is in line with the regulatory requirements mandated by the Act and Regulation 18 of SEBI (LODR) Regulations, 2015. The terms of reference of the Audit Committee are in conformity with the provisions of Section 177 of the Act and Regulation 18 of SEBI (LODR) Regulations, 2015.

The brief terms of reference of the Committee, inter alia, include the following :

- 1) To review and recommend the quarterly financial statements of the Company;
- 2) To review reports of the Internal Auditors quarterly;
- 3) To review weaknesses in internal controls reported by Internal as well as the Statutory Auditors.
- 4) To consider, review and approve the transactions entered into with Related Parties.
- 5) To recommend the appointment, remuneration and terms of appointment of Auditor's of the Company.

Audit Committee has powers prescribed under Regulation 18(3) of the SEBI (LODR) Regulations, 2015 and the role and scope of activities of the Audit Committee is prescribed in Part C of Schedule II of this Regulation.

- (c) The Audit Committee met 4 (four) times during the financial year 2017 - 18 i.e. on 27th May, 2017; 25th August, 2017; 8th December, 2017 and 9th February, 2018 and not more than four months have elapsed between two meetings.
- (d) **The composition of the Audit Committee as on 31st March, 2018 and attendance at the meetings of the Committee during financial year 2017-18 is as under :**

Name and Category of the Directors	Position held	No. of Audit Committee Meetings	
		Held	Attended
Ms. Sayantony Banerjee (Non-Executive, Independent Director)	Chairman	4	2
Mr. Laxmi Narayan Sharma (Non-Executive, Independent Director)	Member	4	4
Mr. Radhey Shyam Jalan (Executive, Chairman and Managing Director)	Member	4	4
Mr. Suresh Kumar Singhal (Non-Executive, Independent Director)	Member	4	2

- (e) The Chief Financial Officer and other senior functional executives of the Company are invited as and when required to provide necessary inputs to the Committee. The Internal Auditors and Statutory Auditors or their representatives are also invited to each meeting of the Audit Committee. The Company Secretary acts as the Secretary to the Committee.

B. Nomination and Remuneration Committee

- a) Pursuant to provisions of Section 178 of the Act and Regulation 19 of SEBI (LODR) Regulations, 2015 and amendments there upon, the Board has constituted the Nomination & Remuneration Committee to oversee the Company's nomination process for the senior management and to decide the salary, perquisites and commission/ performance linked remuneration etc., to be paid to them and other employees within the broad frame-work of

ANNEXURE - B' TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

the Group Policy, merit and Company's performance. The Committee also co-ordinates and oversees the annual self-evaluation of the performance of the Board, Committees and of individual Directors. All the members are Non-Executive, Independent Directors. The Nomination and Remuneration Committee met once during the financial year 2017-18 on 8th December, 2017.

- b) The composition of the Nomination and Remuneration Committee as on 31st March, 2018 and attendance at the meetings of the Committee during financial year 2017-18 is as under :

Name and Category of the Directors	Position held	No. of Audit Committee Meetings	
		Held	Attended
Mr. Suresh Kumar Singhal (Non-Executive, Independent Director)	Chairman	1	1
Mr. Laxmi Narayan Sharma (Non-Executive, Independent Director)	Member	1	1
Ms. Sayantony Banerjee (Non-Executive, Independent Director)	Member	1	0

Terms of Reference : The terms of reference of the Nomination and Remuneration Committee are in conformity with the provisions of Section 178 of the Act and Part D of Schedule II and Regulation 19 of SEBI (LODR) Regulations, 2015. The brief terms of reference of the Committee, inter alia, include the following :

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Director, Key Managerial Personnel and other employees.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a policy on Board diversity.
- 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 their appointment and removal.
- 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.

Nomination and Remuneration Policy : The Company has adopted a policy relating to the remuneration for Directors, Key Managerial Personnel and Senior Management Personnel of the Company which is displayed on the website of the Company and can be accessed at the web link <http://kicmetaliks.com/wp-content/uploads/2016/01/NOMINATION-AND-REMUNERATION-POLICY.pdf>.

The details of remuneration paid to the Executive and Non- Executive Directors during the financial year 2017-18, are as follows :

a) Executive Directors :

Name and Category of the Directors	Salary including Benefits/ Allowances, etc. (₹)	Period of Contract	
		From	To
Mr. Radhey Shyam Jalan (Executive Chairman and Managing Director)	43,54,838.00	4.11.2016	3.11.2019
	43,54,838.00		

No severance fees is payable to the Whole Time Directors on termination of the employment. The contract may be terminated by either party giving the other party three months notice. Presently, the Company does not have any scheme for grant of Stock Options to its Managing Directors, Directors or other employees.



ANNEXURE - B' TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

b) Non-Executive Directors :

Name and Category of the Directors	Sitting Fees (₹)	Commission (₹)	No. of shares/ convertible debentures held
Mr. Laxmi Narayan Sharma (Non-Executive, Independent Director)	20,000	Nil	Nil
Mr. Suresh Kumar Singhal (Non-Executive, Independent Director)	10,000	Nil	Nil
Ms. Sayantony Banerjee (Non-Executive, Independent Director)	10,000	Nil	Nil

C. Stakeholders Relationship Committee

Pursuant to provisions of Section 178(5) of the Act and Regulation 20 of the SEBI (LODR) Regulations, 2015 and amendments there upon the Board has constituted Stakeholder's Relationship Committee. This committee comprises of three Non-Executive Independent Directors.

This Committee is specifically formed to look into the redressal of grievance of shareholders, debenture holders and other security holders. This committee shall consider and resolve the grievance of all the security holders of the Company including complaints related to transfer of shares, non-receipt of Annual Report, non-receipt of declared dividend, etc.

During the financial year 2017-18, the committee met 4 (four) times on 27th May, 2017; 25th August, 2017; 8th December, 2017 and 9th February, 2018.

The composition of the Stakeholders Relationship Committee as on 31st March, 2018 and the attendance at the meetings of the Committee during the financial year 2017-18 is as under :

Name and Category of the Directors	Position held	No. of Investor Grievance Committee Meetings	
		Held	Attended
Mr. Laxmi Narayan Sharma (Non-Executive, Independent Director)	Chairman	4	4
Mr. Suresh Kumar Singhal (Non-Executive, Independent Director)	Member	4	2
Ms. Sayantony Banerjee (Non-Executive, Independent Director)	Member	4	2

Name, designation and address of Compliance Officer :

Mrs. Ruchika Fogla
Company Secretary
K I C Metaliks Limited
"Sir RNM House" 3B, Lal Bazar Street, 4th Floor,
Room No. 2, Kolkata - 700 001, West Bengal, India.
Phone : +91-33-2210-3301
Fax : +91-33-4001-9636
E-mail : companysecretary@kicmetaliks.com

Shareholder/Investor Complaints received and redressed during financial year 2017-18 :

Particulars	Nos.
Number of complaints pending as on 1 st April, 2017	Nil
Number of complaints received during 1 st April, 2017 to 31 st March, 2018	3
Number of complaints disposed off during the year ended on 31 st March, 2018	3
Number of complaints pending as on 31 st March, 2018	Nil

ANNEXURE - B' TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

4. OTHER DISCLOSURES

- a) Prior approval of the Audit Committee is obtained for all Related Party Transactions of the Company. During the financial year ended 31st March, 2018, the Company did not have any 'material' related party transaction that may have potential conflict with the interests of the Company at large.

The Board of Directors of the Company has adopted a Related Party Transactions Policy pursuant to the requirements of Section 188 of the Companies Act, 2013 and Rules framed thereunder and Regulation 23 of the SEBI (LODR) Regulations, 2015. The said Related Party Transactions Policy has been uploaded on the website of the Company at <http://kicmetaliks.com/wp-content/uploads/2016/01/RELATED-PARTY-TRANSACTION-POLICY.pdf>.

The Disclosure on Related Party Transactions forms integral part of the Notes to Financial Statements of the Company for the financial year ended 31st March, 2018 (Note No. 34) as included in this Annual Report.

- b) The Company has duly complied with the requirements of the regulatory authorities on Capital Markets. No penalties, strictures have been imposed on the Company by Stock Exchange or SEBI or by any statutory authority, on any matter related to the capital markets, during the last three years.
- c) Details regarding the establishment of Vigil Mechanism / Whistle Blower Policy have been disclosed in **Point No. 15** of the Directors' Report.
- d) The Company does not have any subsidiary.
- e) The Company has a well defined risk management framework in place. The procedures for risk assessment and minimisation have been disclosed in **Point No. 20** of the Directors' Report and **Point No. E** of Management Discussion and Analysis Report.
- f) The Company follows the applicable Accounting Standards and in the preparation of financial statements, the Company has not adopted a treatment different from that as prescribed in an Accounting Standard.
- g) The Company has complied with all mandatory requirements of the SEBI (LODR) Regulations, 2015, relating to Corporate Governance and have also complied with clauses (b) to (i) of Regulation 46(2) relating to dissemination of information on the website of the Company. The status of compliance with the non-mandatory requirements listed in Part E of Schedule II of the SEBI (LODR) Regulations, 2015, is as under :
- There are no modified opinions in the Audit Report given by M/s. B. N. Agrawal & Co., Statutory Auditors of the Company.
 - In accordance with the provisions of Section 138 of the Act, the Company has appointed an Internal Auditor who reports to the Audit Committee. Quarterly Internal Audit Reports are submitted to the Audit Committee which reviews the audit reports and suggests necessary action.

5. GENERAL BODY MEETINGS

- a) Details regarding venue, date and time of last 3 (three) Annual General Meetings of the Company are as follows :

Sl. No.	AGM Particulars	Date	Time	Location
1	29 th Annual General Meeting of the year 2016-17	21 st September, 2017	10:00 a.m.	"Rotary Sadan" (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata 700 020, West Bengal, India
2	28 th Annual General Meeting of the year 2015-16	22 nd September, 2016	10:00 a.m.	"Rotary Sadan" (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata 700 020, West Bengal, India
3	27 th Annual General Meeting of the year 2014-15	29 th September, 2015	10:00 a.m.	"Rotary Sadan" (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata 700 020, West Bengal, India



Annexure - B' to the Directors' Report

CORPORATE GOVERNANCE REPORT

b) Details regarding Special Resolutions passed in last 3 (three) Annual General Meetings are as follows :

Shareholder's Meeting	Business requiring Special Resolution
30 th Annual General Meeting held on 21 st September, 2017	One Special resolution was proposed and approved : <ul style="list-style-type: none"> Re-appointment of Mr. Radhey Shyam Jalan (DIN: 00578800) as the Managing Director of the Company and approval of the overall remuneration payable to him.
29 th Annual General Meeting held on 22 nd September, 2016	Nil
28 th Annual General Meeting held on 29 th September, 2015	Nil

c) Details regarding resolutions passed through Postal Ballot during financial year 2017-18 :

During the financial year 2017-18, no resolutions were passed through Postal Ballot. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing of resolutions through Postal Ballot.

d) Extraordinary General Meeting :

No Extraordinary General Meeting of the shareholders was held during the financial year 2017-18.

6. MEANS OF COMMUNICATION

(a) Quarterly Results	
(i) Which newspapers normally published in : English Bengali	Business Standard (All editions) Arthik Lipi
(ii) Any website displayed :	www.kicmetaliks.com
(b) Whether website also displays official news releases	Yes
(c) Whether presentations made to institutional investors or analysts	No

7. GENERAL SHAREHOLDER INFORMATION

(a) AGM : Date and Day Time Venue	26 th September, 2018 (Wednesday) 10:00 a.m. "Kala Kunj" 48, Shakesperare Sarani Kolkata 700 017, West Bengal, India
(b) Financial Calendar (tentative and subject to change)	
Financial reporting for the quarter ending 30 th June, 2018	By end July, 2018
Financial reporting for the quarter ending 30 th September, 2018	By end October, 2018
Financial reporting for the quarter ending 31 st December, 2019	By end January, 2019
Financial reporting for the year ending 31 st March, 2019	By end May, 2019
(c) Book Closure period	From 20 th September, 2018 to 26 th September, 2018 (both days inclusive)
(d) Dividend Payment Date	The Directors have not recommended any dividend for the financial year 2017 - 2018
(e) Listing on Stock Exchange(s) The Company's securities are currently listed at "BSE Limited"	Scrip Code – 513693 Scrip ID-KAJARIR
(f) Listing & Custodian Fees for the financial year 2017-18 The Company has paid the Listing Fees for the financial year 2017-2018 to BSE Limited. The Company has also paid custodian fees for the financial year 2017-18 to National Securities Depository Limited and Central Depository Services (India) Limited	ISIN No. : INE 434C01019 Depository Connectivity : NSDL and CDSL

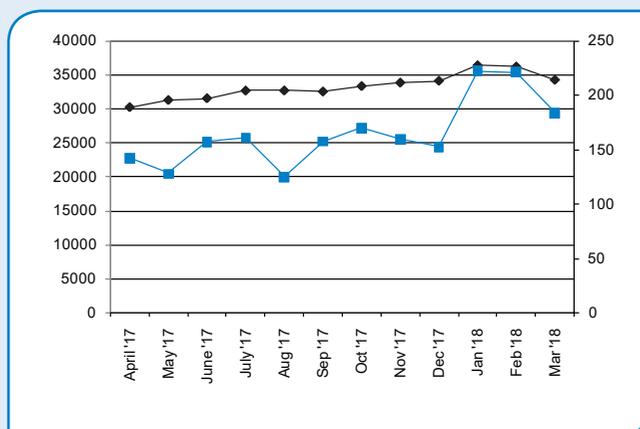
(g) Market Price Data :

High/low (based on the closing prices) and number of shares traded during each month in the financial year 2017-18 on BSE Limited

ANNEXURE - B' TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

Month	High Price (₹)	Low Price (₹)	Close Price (₹)	No. of shares	BSE Sensex Close
April, 2017	142	128.5	130	970	29,918.4
May, 2017	128	121.2	126.15	1,265	31,145.8
June, 2017	157.05	128.6	156	3,248	30,921.61
July, 2017	161	126	126	2,940	32,514.94
August, 2017	124.95	110.75	120.1	1,992	31,730.49
September, 2017	157.55	122.5	157.55	8,690	31,283.72
October, 2017	169.75	158.25	160	10,173	33,213.13
November, 2017	159.5	144.45	146.05	23,453	33,149.35
December, 2017	152.8	141.75	148.4	82,399	34,056.83
January, 2018	222.3	148	217.05	1,64,782	35,965.02
February, 2018	221.35	178.25	180	63,055	34,184.04
March, 2018	183.6	151.25	151.25	18,826	32,968.68



(h) **Performance of the Company in comparison with Broad based indices :**

Comparison of K I C Metaliks Limited Stock price with broad based indices - BSE Sensex

Particulars	K I C Metaliks share price v/s BSE Sensex	
	K I C Metaliks Ltd. Share Price	BSE Sensex
On 1 st April, 2017 (open)	142.00	29,737.73
On 31 st March, 2018 (closed)	151.25	32,968.68
% change	(+) 6.51	(+) 10.86

(i) **Registrar and Transfer Agent**

For share related matters, shareholders are requested to correspond with the Company's Registrar and Transfer Agent – M/s. S. K. Infosolutions Pvt. Ltd. quoting their Folio No./DP ID and Client ID at the following address :

S. K. Infosolutions Pvt. Ltd.

34/1A, Sudhir Chatterjee Street,

Kolkata - 700 006, West Bengal, India

Phone : +91-33-2219-6797, Telefax : +91-33-2219-4815

E-mail : contact@skcinfo.com/skcdilip@gmail.com, Website : www.skcinfo.com

Shareholders holding shares in electronic form should address their correspondence, except those relating to dividend, to their respective Depository Participants.

(j) **Share Transfer System**

The share transfer/transmission/splits and/or issue of duplicate share certificates are processed on behalf of the Company by the Registrar and Transfer Agent, M/s. S. K. Infosolutions Pvt. Ltd. and is then placed before the Company Secretary/Managing Director who had been delegated the authority to approve transfers. They address all the requests fortnightly.



ANNEXURE - B' TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

(k) Distribution of Shareholding as on 31st March, 2018 :

Range or Equity Shares	No. of Holders	% of Holders	No. of Shares	% of Capital
Upto 500	1682	91.12	1,91,560	2.70
501 - 1000	74	4.01	62,069	0.87
1001 - 2000	33	1.78	49,630	0.70
2001 - 3000	6	0.33	15,934	0.22
3001 - 4000	9	0.49	31,946	0.45
4001 - 5000	5	0.27	24,034	0.34
5001 - 10000	13	0.70	92,702	1.31
10001 - 50000	12	0.65	2,36,169	3.33
50001 - 100000	4	0.22	2,62,875	3.70
100001 and Above	8	0.43	61,32,281	86.38
Total	1,846	100.00	70,99,200	100.00

(l) Category wise Shareholding as on 31st March, 2018 :

Name of the Shareholders	No. of Holders	% of Holders	No. of Shares Held	% of Shares held
Promoters Holding	1	0.05	4,137,096	58.28
Non-Promoters Holding				
- Financial Institutions	-	-	-	-
- Bodies Corporate	82	4.44	24,07,380	33.91
- NRI and Foreign Company	25	1.35	18,473	0.26
Indian Public	1,738	94.15	5,36,251	7.55
Total	1,846	100.00	70,99,200	100.00

(m) Dematerialisation of shares and liquidity as on 31st March, 2018 :

Particulars	Equity Shares of ₹ 10/- each	
	Number	% of Total
Dematerialised Form		
a) NSDL	55,07,507	77.58
b) CDSL	14,89,434	20.98
Sub Total	69,96,941	98.56
Physical Form	1,02,259	01.44
Total	70,99,200	100.00

The Equity Shares of the Company are compulsorily traded in dematerialised form on BSE Limited. Hence the shares enjoy enough liquidity in the market.

(n) Outstanding GDR's/ADR's/Warrants or any Convertible Instruments, conversion date and likely equity

Nil

(o) Plant Location - Pig Iron Plant

Raturia, Angadpur, Durgapur - 713 215
West Bengal, India
Phone: +91-98749 43342

ANNEXURE - B' TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

(p) Address for Correspondence

Registered Office :

"Sir RNM House", 3B, Lal Bazar Street,
4th Floor, Room No.2, Kolkata - 700 001
West Bengal, India
Phone : +91-33-2210-3301
Fax : +91-33-4001-9636
Email : info@kicmetaliks.com

(q) Green Initiative for paperless Communication

'Going Green begins at home is the Company's Mantra in all aspects of its operations. 24 trees are felled for every 1 ton of paper printed which is required for printing our Annual Report. Acutely aware of this shocking truth and for maintaining the planet Earth evergreen, the Ministry of Corporate Affairs 'MCA' has taken a 'Green Initiative in the Corporate Governance' by allowing paperless compliances by the Companies. Through its Circulars No. 17/2011 dated 21st March, 2011 and No. 18/2011 dated 29th April, 2011, MCA has provided that the service of notice / documents by a Company to its shareholders can now be made through electronic mode. In accordance with these circulars. Companies can now send various notices and documents including Annual Report to its shareholders through electronic mode to the registered e-mail addresses of shareholders. We seek whole hearted support for this noble initiative in preserving our forests. We would request shareholders to register their e-mail addresses to get Annual Reports and other communications Through email instead of paper mode. In respect of electronic holdings, shareholders are kindly requested to register their e-mail addresses with the depository participant. Shareholders who hold shares in physical form are requested to fill in the registration form which can be obtained from S. K. Infosolutions Pvt. Ltd. or downloaded from the Company website www.kicmetaliks.com under the Sections 'Investors' and register the same with Company's Registrar.

8. CORPORATE ETHICS

The Company adheres to the highest standard of business ethics, compliances with statutory and legal requirements and commitment to transparency in business dealings. A Code of Conduct for Board Members and Senior Managements (KICML Code of Conduct) and a code to regulate, monitor and Report Trading by Insiders (formally known as Code of Conduct Prevention of Insider Trading) as detailed below has been adopted pursuant to Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, respectively :

(a) Code of Conduct 'Code' for Board and Senior Management

Your Company has adopted a Code of Conduct for members of the Board (incorporating duties of Independent Directors) and the Senior Management. The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company. Your Company has received confirmations from all concerned regarding their adherence to the said Code.

Pursuant to Regulation 26(3) of SEBI (LODR) Regulations, 2015, the Managing Director of the Company confirmed compliance with the Code by all members of the Board and the Senior Management.

The full text of the Code is hosted on the Company's website and can be accessed at the web link <http://kicmetaliks.com/about-k-i-c-metaliks/code-of-conduct/>.

(b) Code of Conduct for Prohibition of Insider Trading

Your Company has adopted a Code of Conduct as per SEBI (Prohibition of Insider Trading) Regulations, 2015. All Directors, Designated Employees who could have access to the Unpublished Price Sensitive Information of the Company are governed by the Code. During the year under review, there has been due compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

(c) Reconciliation of Share Capital Audit

A qualified Practicing Company Secretary had carried out the share capital audit to reconcile the total admitted Equity Share Capital with 'NSDL' and 'CDSL' and the total issued and listed Equity Share Capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.



'ANNEXURE - B' TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

DECLARATION

As provided under Part D of Schedule V of SEBI (LODR) Regulations, 2015, all the members of the Board (including Independent Directors), Key Managerial Personnel and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March, 2018.

For **K I C Metaliks Limited**

Place : Kolkata

Dated : The 27th day of July, 2018

Radhey Shyam Jalan

Chairman and Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Company has obtained a certificate from its Statutory Auditors testifying to its compliance with the provisions relating to SEBI (LODR) Regulations, 2015. This certificate is annexed herewith and will be sent to the Stock Exchanges, along with the Annual Report to be filed by the Company.

For and on behalf of the Board of Directors

Place : Kolkata

Dated : The 27th day of July, 2018

Radhey Shyam Jalan

Chairman and Managing Director

INDEPENDENT AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,
The Members of
K I C Metaliks Limited

We have examined the compliance of conditions of Corporate Governance by K I C Metaliks Limited ('the Company') for the year ended 31st March, 2018 as stipulated in Regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 'SEBI (LODR) Regulations, 2015'.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us,

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (LODR) Regulations, 2015.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **B. N. Agrawal & Co.**

Chartered Accountants

Firm Registration No. 320312E

B. N. Agarwal

Partner

Membership No. 055649

Place : Kolkata

Dated : The 27th day of July, 2018

ANNEXURE - C' TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. ECONOMIC OVERVIEW- GLOBAL AND INDIAN

World growth strengthened in 2017 to 3.8 %, with a notable rebound in global trade. It was driven by an investment recovery in advanced economies, continued strong growth in emerging Asia, a notable upswing in emerging Europe, and signs of recovery in several commodity exports. Global growth is expected to tick up to 3.9 % this year and next, supported by strong momentum, favorable market sentiment, accommodative financial conditions, and the domestic and international repercussions of expansionary fiscal policy in the United States. Although risks to the global outlook continue to be tilted to the downside, they are more balanced. This is mainly due to the possibility of stronger than-expected growth in the largest advanced economies.

Globally, as the financial conditions remain generally supportive of growth, though there has been differentiation across countries based on economic fundamentals and political uncertainty, India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF) and it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's Gross Domestic Product (GDP) is estimated to have increased to 6.6 % in 2017-18 and is expected to grow to 7.3 % in 2018-19.

However, concerns still remain on the impact of demonetisation and Goods and Service Tax 'GST' on small enterprises and the agriculture sector. India being an emerging market and developing economy, needs to enhance resilience through an appropriate mix of fiscal, monetary, exchange rate, and prudential policies to reduce vulnerability to tightening global financial conditions, sharp currency movements, and capital flow reversals.

B. IRON & STEEL - INDUSTRY STRUCTURE AND DEVELOPMENTS

Your Company K I C Metaliks Limited is one of the leading producers of Pig Iron in eastern India. Pig Iron is an intermediate product used to manufacture finished steel. Hence your Company belongs to the Pig Iron industry and the Steel industry at large. Pig Iron is consumed mainly by the Iron Foundry industry which serves as a backbone of construction and manufacturing sector producing different varieties of iron cast products which are used in the manufacture of a number of machinery including automobiles under the Capital Goods industry.

After years of wait characterized, by slowing demand, excess capacity and large inventory, facing headwinds that slowed consumption in recent years, world steel demand growth is beginning to face a cyclical upturn, Consumption demand is expected to pick up on the back of the momentum in global economic growth. Based on the demand conditions so far, this year, the World Steel Association, in its short range outlook, has forecasted that global steel demand will reach 1,322 Million Tonnes (MT) in 2017 and will improve to 1,648 MT in 2018.

India is expected to overtake Japan to become the world's second largest steel producer soon, and aims to achieve 300 MT of annual steel production by 2030, based on increased capacity addition in anticipation of upcoming demand, and the new steel policy of the government. This is expected to boost India's Steel production and hence production of Pig Iron production too. Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors which are the major consumers of Pig Iron.

The demand for Pig Iron was relatively low in first two quarters of financial year 2018 due to poor demand from foundries led by declining demand from the automobile industry. Higher and volatile prices of iron ore and coking coal, two key inputs for production of Pig Iron coupled with lower demand resulted in pressure on Pig Iron producers during first half of the year.

Prices of high grade iron ore lumps, a key input in Pig Iron manufacturing, shot up 41.1 % year on year (yoy) in financial year 2017 - 18, belying international trends. However prices of iron ore fines inched up only marginally during last fiscal. Temporary suspension of a few iron ore mines in Odisha on Supreme Court's order for payment of penalties for illegal mining, cut off supplies and triggered appreciation in iron ore prices towards Q4 of financial year 2017 - 18. Among other woes, though the GST rollout had a positive impact on the industry, the delay in getting refunds by exporting units has affected the flow of working capital for most Pig Iron Exporters.

Since Pig Iron is an intermediary product and used for further processing to produce steel, with the increase in demand for the long steel in the market, in the last fiscal the demand for Pig Iron also increased leading to increase in the prices of Pig Iron by about 20 % in last two quarter of financial year 2018.



ANNEXURE - C' TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The increase in Pig Iron prices also led to an offset of the increase in prices of iron ore and coal/coke to a large extent thus resulting in good overall margins for Pig Iron producers in the last fiscal.

There was also a jump of 33 % in Pig Iron exports in the last fiscal [Source : World Steel Organisation (WSO)]. The Pig Iron industry is poised to grow this year as key segments that use castings including automobiles, construction equipment and tractors are all doing well.

C. OPPORTUNITIES AND THREATS

Pig Iron as a product is used by the foundry industry for manufacturing castings for the automotive industry, agriculture sector, pump and valve industry, compressor industry, railways, defense and industrial machinery and in the secondary steel making sector. Each of these industries is expected to grow positively in the coming years in India on account of, among other things, the initiatives and changes made to the policies by the Government of India.

Your Company is setting up Pulverized Coal Injection (PCI) system along with Oxygen and Nitrogen Gas Plant in the existing MBF which will reduce the Metallurgical coke consumption rate and increase in the production capacity of the existing MBF from 165,000 MTPA to 235,000 MTPA. The Company is also setting up a second 25 m² Annular Sinter Plant in which iron ore fines will be consumed for making of Pig Iron and consequently will reduce the requirement of costly iron ore lumps. During the year 2017-18, the Company judiciously chose the market and customer segments which helped to optimise the overall price realisation.

However the major key challenge for K I C would be to keep a check on rapidly rising input cost. Raw Material prices have shot up tremendously in past few months adversely affecting Indian producers. If the costs of iron ore and coking coal continue to soar, it would severely impact product margins and the process of growth. But in view of the expected growth potential of the Capital Goods and Automotive Industry in India your Company expects the demand for Pig Iron to be robust in near future and thus your Company would be able to find suitable markets to sell its enhanced production capacity.

D. OPERATIONAL AND FINANCIAL PERFORMANCE

K I C's relentless focus on efficiency improvement and better realisations especially in the last quarter of financial year 2017-18, have been the most significant contributing factors in K I C's improving performance. During the year under the review your Company has installed Stove Waste Heat Recovery System for improvement of Hot Blast temperature and has made couple of other improvements / cost reduction on the operational front which has resulted in highest ever operational and financial performance of your Company.

Hot Metal production in financial year 2017 - 18 was 157,649 MT, an increase of 36 % over financial year 2016 - 17. The higher production was attributable to the full availability of the Blast Furnace throughout the year. The Company recorded a turnover of ₹ 57,556 Lakhs in financial year 2017 - 18, an increase of 82 % over financial year 2016 - 17. The enhanced performance on the top line was due to 34 % higher sales of Pig Iron. The impact of higher sales volume and several cost optimisation initiatives also enhanced the Company's bottom line exponentially. The Company registered a profit after tax of ₹ 1,103 Lakhs in 2017 - 18, an increase of 325 % over the previous year.

Your Company operates in a single segment i.e. 'Iron and Steel and allied products' and the plant is located at District Raturia, Angadpur, Durgapur, West Bengal.

E. RISKS AND CONCERNS

The Company has laid down a well defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitor business and non-business risks. The Audit Committee and the Board periodically review the risks and suggest steps to be taken to manage/mitigate the same through a properly defined framework.

During the year, a risk analysis and assessment was conducted and no major risks were noticed, which may threaten the existence of the Company.

F. OUTLOOK

The World Economic Outlook, brought out by IMF recently, has predicted a reasonably good global GDP growth of 3.9 % and this would be fuelled by GDP growth of 7.3 % in India, 6.6 % in China, 2.4 % in European Union and 2.9 % growth in USA. This

ANNEXURE - C' TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

higher global economic growth would also require an investment growth of 11 % over last year to take the share of investment as a percentage of global GDP to 26 % as per IMF estimates, would generate substantial steel demand in varying proportions in different countries depending on the primary focus of Fixed Asset Investment as a percentage of GDP.

Apart from few unpredictable events, the global and domestic market for steel in 2018 is poised for a stable growth in terms of reasonable margins and profitability for the industry sufficient to attract more investment for creation of fresh capacities in the product range where indigenous availability remains a constraint to cater to the emerging requirements of the critical sectors in the economy.

We remain positive on K I C growth story based on steady sales volume growth plus increase in Pig Iron market share, incremental volumes from the Durgapur facility, ramp-up in rural infrastructure demand and government's thrust on infrastructure in Union Budget 2018 and a fast growing Foundry Industry, further creating market for your product. The vulnerability of this positive outlook, however, hinges crucially on the prices of key raw materials i.e. Iron Ore and Coal/Coke which has shown increased volatility in the recent past and is still vulnerable to changes driven by the Chinese Steel Industry.

G. INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

In any industry, the processes and internal control systems play a critical role in the health of the Company. The Company's well-defined organizational structure, documented policy guidelines, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal policies and applicable laws and regulations as well as protection of resources. Moreover, the Company continuously upgrades these systems in line with the best available practices. The Company's internal control system is commensurate with the nature of its business and the size and complexity of operations. The internal control system is supplemented by extensive internal audits, regular reviews by the management and standard policies and guidelines to ensure reliability of financial and all other records to prepare financial statements and other data. The Audit Committee of the Board of Directors reviews internal audit reports given along with management comments. The Audit Committee also monitors the implemented suggestions.

H. HEALTH, SAFETY AND ENVIRONMENT

Safety and Health remains your Company's top priority with primary focus on developing a safety culture among employees. Your Company is constantly working towards enhancing safety standards, adopting safe working processes, addressing safety risks and mitigating safety and health hazards. Throughout the year, various safety initiatives have been taken to increase awareness and competence among the employees. The Company launched safety training for its executives to sensitise and build leadership competence on safety; regular safety walks were also initiated to ensure that there is no compromise on safety even at the remotest corners of the work place. From an environmental standpoint, it involves creating a systematic approach to complying with environmental regulations, such as managing waste or air emissions all the way to helping site's reduce the company's carbon footprint.

I. INDUSTRIAL RELATIONS AND HUMAN RESOURCES

Capable, competent and engaged human resources for its current and future business with cordial industrial relations are vital for business success and the Company continuously endeavors towards achieving the same. Its employee strength as on 31st March, 2018 was 275 employees. Human Resource and Industrial Relations department have matured systems and policies in place on recruitment, performance management, learning and development and employee engagement. The Workers Union has maintained healthy and cordial industrial relations and has been an equal partner in implementing policies and achieving stretched operational targets, year on year.

For and on behalf of the Board of Directors

Place : Kolkata
Dated : The 27th day of July, 2018

Radhey Shyam Jalan
Chairman and Managing Director



ANNEXURE - D' TO THE DIRECTORS' REPORT

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

1.	CIN	L01409WB1986PLC041169
2.	Registration Date	26 th August, 1986
3.	Name of the Company	K I C Metaliks Limited
4.	Category/Sub-Category of the Company	Public Company/Limited by shares
5.	Address of the Registered Office and contact details	"Sir RNM House", 3B, Lal Bazar Street, 4 th Floor, Room No. 2, Kolkata - 700 001, West Bengal, India Phone : +91-33-2210-3301 Fax : +91-33-4001-9636 E-mail : info@kicmetaliks.com Website : www.kicmetaliks.com
6.	Whether listed Company (Yes/No)	Yes
7.	Name, Address and contact details of Registrar and Transfer Agent, if any	M/s. S. K. Infosolutions Pvt. Ltd. 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006, West Bengal, India Phone : +91-33-2219-4815/6797 Fax : +91-33-2219-4815 E-mail : skcdilip@gmail.com Website : www.skcinfol.com

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 :

Sl. No.	Name and description of main products/services	NIC Code of the product/service	% to total turnover of the Company
1.	Iron and Steel	24101	67.93 %
2.	Coke and Coal	19101	31.13 %

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Karni Syntex Pvt. Ltd. Om Tower, 32, J. L. Nehru Road, 3 rd Floor, Room No. 302, Kolkata – 700 071 West Bengal, India	U51109WB1993PTC061138	Holding	58.28	2(46)

ANNEXURE - D' TO THE DIRECTORS' REPORT

IV. SHARE HOLDING PATTERN (Equity Share Capital breakup as percentage of total Equity)

(i) Category-wise shareholding :

Category of Shareholders	No. of shares held at the beginning of the year i.e. 1 st April, 2017				No. of shares held at the end of the year i.e. 31 st March, 2018				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoter and Promoter Group									
1. Indian									
Individual/HUF	-	-	-	-	-	-	-	-	-
Central Government(s)	-	-	-	-	-	-	-	-	-
State Government(s)	-	-	-	-	-	-	-	-	-
Bodies Corporate	41,37,096	0	41,37,096	58.28	41,37,096	0	41,37,096	58.28	0
Banks/FI	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Sub-total A(1)	41,37,096	0	41,37,096	58.28	41,37,096	0	41,37,096	58.28	0
2. Foreign									
NRIs - Individuals	-	-	-	-	-	-	-	-	-
Other- Individuals	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Banks/FI	-	-	-	-	-	-	-	-	-
Any Other	-	-	-	-	-	-	-	-	-
Sub-total A(2)	-	-	-	-	-	-	-	-	-
Total A= A(1)+A(2)	41,37,096	0	41,37,096	58.28	41,37,096	0	41,37,096	58.28	0
B. Public Shareholding									
1. Institutions									
Mutual Funds	-	-	-	-	-	-	-	-	-
Banks/FI	-	-	-	-	-	-	-	-	-
Central Government(s)	-	-	-	-	-	-	-	-	-
State Government(s)	-	-	-	-	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-	-	-	-	-
Insurance Companies	-	-	-	-	-	-	-	-	-
FII's	-	-	-	-	-	-	-	-	-
Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total B(1)	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
Bodies Corporate									
i. Indian	24,69,008	3,600	24,72,608	34.83	24,03,780	3,600	24,07,380	33.91	(0.92)
ii. Overseas	0	200	200	0.00	0	200	200	0.00	0.00
Individuals									
i. Individual holding nominal share capital upto ₹ 1 Lakh	2,62,873	100,569	3,63,442	5.12	3,05,207	98,459	4,03,666	5.69	0.57
ii. Individual holding nominal share capital in excess of ₹ 1 Lakh	1,23,909	0	1,23,909	1.75	1,32,585	0	1,32,585	1.87	0.12
Others (specify)									
NRI's	1,945	0	1,945	0.03	1,8273	0	1,8273	0.26	(0.23)
Sub-total B(2)	28,57,735	1,04,369	29,62,104	41.72	28,59,845	10,22,59	29,62,104	41.73	0
Total B=B(1)+ B(2)	28,57,735	1,04,369	29,62,104	41.72	28,59,845	10,22,59	29,62,104	41.73	0



ANNEXURE - D' TO THE DIRECTORS' REPORT

Category of Shareholders	No. of shares held at the beginning of the year i.e. 1 st April, 2017				No. of shares held at the end of the year i.e. 31 st March, 2018				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
C. Shares held by Custodian for									
GDR's	-	-	-	-	-	-	-	-	-
ADR's	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	69,94,831	1,04,369	70,99,200	100	69,96,941	1,02,259	70,99,200	100	Nil

(ii) Shareholding of Promoters :

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year i.e. 1 st April, 2017			Shareholding at the end of the year i.e. 31 st March, 2018			% change in share holding 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.	Karni Syntex Pvt. Ltd.	41,37,096	58.28	20.00	41,37,096	58.28	20.00	0
	Total	41,37,096	58.28	20.00	41,37,096	58.28	20.00	0

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

Sl. No.	Name of the Holder	Shareholding at the beginning of the year i.e. 1 st April, 2017		Cumulative shareholding during the year i.e. 31 st March, 2018	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Karni Syntex Pvt. Ltd.				
	At the beginning of the year	41,37,096	58.28	41,37,096	58.28
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	41,37,096	58.28

There was no change in the promoters holding during the financial year 2017-18.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and holders of GDR's & ADR's) :

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year i.e. 1 st April, 2017		Cumulative shareholding during the year i.e. 31 st March, 2018	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Flamingo Overseas Pvt. Ltd.				
	At the beginning of the year	6,10,000	8.59	6,10,000	8.59
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	3 rd November, 2017 (Sale)	-	-	(-) 512	0.01
	10 th November, 2017 (Sale)	-	-	(-) 1,500	0.02
	17 th November, 2017 (Sale)	-	-	(-) 790	0.01
	24 th November, 2018 (Sale)	-	-	(-) 351	0.00
	1 st December, 2017 (Sale)	-	-	(-) 3,920	0.05
	15 th December, 2017 (Sale)	-	-	(-) 1,431	0.02
	5 th January, 2018 (Sale)	-	-	(-) 1,000	0.01
	19 th January, 2018 (Sale)	-	-	(-) 496	0.01
	At the end of the year			6,00,000	8.45

ANNEXURE - D' TO THE DIRECTORS' REPORT

2. Maryada Barter Pvt. Ltd.				
At the beginning of the year	3,51,609	4.95	3,51,609	4.95
Date wise increase/decrease in shareholding during the year	-	-	-	-
2 nd February, 2018 (Sale)	-	-	(-) 25,220	0.35
At the end of the year			3,26,389	4.60
3. Lily Abasan Pvt. Ltd.				
At the beginning of the year	2,50,000	3.52	2,50,000	3.52
Date wise increase/decrease in shareholding during the year	-	-	-	-
At the end of the year			2,50,000	3.52
4. O. D. Promoters and Credit Pvt. Ltd.				
At the beginning of the year	2,50,000	3.52	2,50,000	3.52
Date wise increase/decrease in shareholding during the year	-	-	-	-
At the end of the year			2,50,000	3.52
5. Pujam Sales & Services Pvt. Ltd.				
At the beginning of the year	2,49,500	3.52	2,49,500	3.52
Date wise increase/decrease in shareholding during the year	-	-	-	-
At the end of the year			2,49,500	3.52
6. Saidham Mercantile Pvt. Ltd.				
At the beginning of the year	1,69,772	2.39	1,69,772	2.39
Date wise increase/decrease in shareholding during the year	-	-	-	-
1 st December, 2017 (Sale)	-	-	(-) 620	0.01
15 th December, 2017 (Sale)	-	-	(-) 4,856	0.07
At the end of the year			1,64,296	2.31
7. Manphool Exports Ltd.				
At the beginning of the year	0	0.00	0	0.00
Date wise increase/decrease in shareholding during the year	-	-	-	-
5 th January, 2018 (Purchase)	-	-	(+) 11,777	0.17
12 th January, 2018 (Purchase)	-	-	(+) 13,501	0.19
19 th January, 2018 (Purchase)	-	-	(+) 5,840	0.08
25 th January, 2018 (Purchase)	-	-	(+) 19,275	0.27
2 nd February, 2018 (Purchase)	-	-	(+) 59,589	0.84
9 th February, 2018 (Purchase)	-	-	(+) 45,000	0.63
23 rd February, 2018 (Purchase)	-	-	(+) 18	0.00
At the end of the year			1,55,000	2.18
8. Pilot Consultants Pvt. Ltd.				
At the beginning of the year	0	0.00	0	0.00
Date wise increase/decrease in shareholding during the year	-	-	-	-
16 th March, 2018 (Purchase)	-	-	(+) 1,55,000	2.18
At the end of the year			1,55,000	2.18



ANNEXURE - D' TO THE DIRECTORS' REPORT

9. Aay Jay Consultants and Investments Pvt. Ltd.				
At the beginning of the year	79,059	1.11	79,059	1.11
Date wise increase/decrease in shareholding during the year	-	-	-	-
24 th September, 2017 (Sale)	-	-	(-) 2,000	0.03
20 th October, 2017 (Sale)	-	-	(-) 1,000	0.01
At the end of the year			76,059	1.07
10. G.P. Lefin Pvt. Ltd.				
At the beginning of the year	69,168	0.97	69,168	0.97
Date wise increase/decrease in shareholding during the year	-	-	-	-
At the end of the year			69,168	0.97
11. Bhiksu Barter Pvt. Ltd.				
At the beginning of the year	63,300	0.89	63,300	0.89
Date wise increase/decrease in shareholding during the year	-	-	-	-
At the end of the year			63,300	0.89
12. Potential Electricals and Electronics Pvt. Ltd.				
At the beginning of the year	58,150	0.82	58,150	0.82
Date wise increase/decrease in shareholding during the year	-	-	-	-
5 th January, 2018 (Sale)	-	-	(-) 4,163	0.06
12 th January, 2018 (Sale)	-	-	(-) 20,837	0.29
19 th January, 2018 (Sale)	-	-	(-) 24,500	0.35
25 th January, 2018 (Sale)	-	-	(-) 8,650	0.12
At the end of the year			0	0.00
13. Malika Suppliers Pvt. Ltd.				
At the beginning of the year	47,000	0.66	47,000	0.66
Date wise increase/decrease in shareholding during the year	-	-	-	-
13 th October, 2017 (Sale)	-	-	(-) 211	0.00
20 th October, 2017 (Sale)	-	-	(-) 15,000	0.21
27 th October, 2017 (Purchase)	-	-	(+) 13,182	0.19
10 th November, 2017 (Sale)	-	-	(-) 14,789	0.21
11 th December, 2017 (Sale)	-	-	(-) 15,627	0.22
15 th December, 2017 (Sale)	-	-	(-) 2,523	0.04
22 nd December, 2017 (Sale)	-	-	(-) 12,032	0.17
At the end of the year			0	0.00
14. Vivek Barter Pvt. Ltd.				
At the beginning of the year	53,650	0.76	53,650	0.76
Date wise increase/decrease in shareholding during the year	-	-	-	-
29 th December, 2017 (Sale)	-	-	(-) 10,000	0.14
25 th January, 2018 (Sale)	-	-	(-) 13,725	0.19
2 nd February, 2018 (Sale)	-	-	(-) 23,585	0.33
16 th February, 2018 (Sale)	-	-	(-) 1,440	0.02
2 nd March, 2018 (Sale)	-	-	(-) 2,000	0.03
9 th March, 2018 (Sale)	-	-	(-) 2,000	0.03
16 th March, 2018 (Sale)	-	-	(-) 900	0.01
At the end of the year			0	0.00

ANNEXURE - D' TO THE DIRECTORS' REPORT

15. Vivek Tracom Pvt. Ltd.	At the beginning of the year	54900	0.77	54900	0.77
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	9 th March, 2018 (Sale)			(-) 4433	0.06
	23 rd March, 2018 (Sale)	-	-	(-) 2360	0.03
	30 th March, 2018 (Sale)	-	-	(-) 2523	0.04
	At the end of the year			45,584	0.64
16. Brajdharm Mercantile Pvt. Ltd.	At the beginning of the year	27,500	0.38	27,500	0.38
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year			27,500	0.38

(iv) Shareholding of Directors and KMP :

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year i.e. 1 st April, 2017		Cumulative shareholding during the year i.e. 31 st March, 2018	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Mr. Radhey Shyam Jalan (Chairman and Managing Director)				
	At the beginning of the year	0	0.00	0	0.00
	Date wise increase/decrease in shareholding during the year	Nil	Nil	Nil	Nil
	At the end of the year			0	0.00
2.	Mr. Suresh Kumar Singhal (Independent Director)				
	At the beginning of the year	0	0.00	0	0.00
	Date wise increase/decrease in shareholding during the year	Nil	Nil	Nil	Nil
	At the end of the year			0	0.00
3.	Mr. Laxmi Narayan Sharma (Independent Director)				
	At the beginning of the year	0	0.00	0	0.00
	Date wise increase/decrease in shareholding during the year	Nil	Nil	Nil	Nil
	At the end of the year			0	0.00
4.	Ms. Sayantony Banerjee (Independent Director)				
	At the beginning of the year	0	0.00	0	0.00
	Date wise increase/decrease in shareholding during the year	Nil	Nil	Nil	Nil
	At the end of the year			0	0.00
5.	Mr. Mukesh Bengani (Chief Financial Officer)				
	At the beginning of the year	0	0.00	0	0.00
	Date wise increase/decrease in shareholding during the year	Nil	Nil	Nil	Nil
	At the end of the year			0	0.00
6.	Mrs. Ruchika Fogla (Company Secretary)				
	At the beginning of the year	0	0.00	0	0.00
	Date wise increase/decrease in shareholding during the year	Nil	Nil	Nil	Nil
	At the end of the year			0	0.00



ANNEXURE - D' TO THE DIRECTORS' REPORT

V. INDEBTEDNESS

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

(₹ in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	1,609.95	3,600.00	-	5,209.95
(ii) Interest due but not paid	-	49.43	-	49.43
(iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	1,609.95	3,649.43	-	5,259.38
Change in Indebtedness during the financial year				
▪ Addition	280.45	805.00	-	1085.45
▪ Reduction	-	1,702.02	-	1,702.02
Net Change	280.45	(897.02)	-	(616.757)
Indebtedness at the end of the financial year				
(i) Principal Amount	1,890.40	2,655.00	-	4,545.40
(ii) Interest due but not paid	-	97.41	-	97.41
(iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	1,890.40	2,752.41	-	4,642.81

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager	Total Amount
		Mr. Radhey Shyam Jalan	
1.	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	43.55	43.55
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-
	(c) Profit in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	(a) As % of profit	-	-
	(b) Others, specify	-	-
5.	Others, please specify	-	-
	Total (A)	43.55	43.55
	Overall Ceiling as per the Act	₹ 84.00 Lakhs (Calculated as per Section II of Part II of Schedule V of the Act)	

ANNEXURE - D' TO THE DIRECTORS' REPORT**B. Remuneration to other Directors :**

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Ms. Sayantony Banerjee	Mr. Suresh Kumar Singhal	Mr. Laxmi Narayan Sharma	
1.	Independent Directors	-	-	-	-
	(a) Fee for attending Board / Committee meetings	0.10	0.10	0.20	0.40
	(b) Commission	-	-	-	-
	(c) Others, please specify	-	-	-	-
	Total (1)	0.10	0.10	0.20	0.40
2.	Other Non-Executive Directors	-	-	-	-
	(a) Fee for attending Board / Committee meetings	-	-	-	-
	(b) Commission	-	-	-	-
	(c) Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	-	-	-	-
	Total Managerial Remuneration	0.10	0.10	0.20	0.40
	Overall Ceiling as per the Act	1% of the net profit of the Company calculated as per Section 198 of the Act.			

C. Remuneration to KMP, other than MD/Manager/WTD :

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		CFO	Company Secretary	
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	9.18	3.55	12.73
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	(a) As % of profit	-	-	-
	(b) Others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total	9.18	3.55	12.73

**'ANNEXURE - D' TO THE DIRECTORS' REPORT****VII. PENALTY/PUNISHMENT/COMPOUNDING OF OFFENCES :**

Type/Name	Section of the Companies Act, 2013	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ COURT)	Appeal made, if any (give details)
A. COMPANY					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
B. DIRECTORS					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.

For and on behalf of the Board of Directors

Place : Kolkata
Dated : The 27th day of July, 2018

Radhey Shyam Jalan
Chairman and Managing Director

ANNEXURE - E' TO THE DIRECTORS' REPORT

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

for the financial year ended 31st March, 2018

*[Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,
The Members,
K I C METALIKS LIMITED
"Sir RNM House"
3B, Lal Bazar Street, 4th Floor,
Room No. 2, Kolkata – 700 001
West Bengal, India

1. I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **K I C METALIKS LIMITED** (hereinafter called '**the Company**'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.
 2. Based on my verification of the Company's 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 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. I 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, 2018 according to the provisions of :
 - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (N/A)*
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; (N/A)*
 - (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; (N/A)*
 - (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. (N/A)*
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. (N/A)*
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. (N/A)*
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. (N/A)*
 - (f) 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. (N/A)*
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. (N/A)* and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. (N/A)*
- (N/A)* no such transaction undertaken by the Company during the audit period which require compliances under the Act.



'ANNEXURE - E' TO THE DIRECTORS' REPORT

- (vi) Any other laws as may be applicable specifically to the Company.
4. I have also examined compliance with the applicable clauses of the following :
- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
 - (ii) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
5. To the best of my understanding, I am of the view that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.
6. **I further report that :**
- i. Based on the information provided by the Company, its officers and its authorised representatives during the conduct of the audit, and also on the review of the quarterly compliance report by respective department heads / Company Secretary / CEO taken on record by the Board of Directors of the Company, in my opinion, adequate system and processes and control mechanism exist in the Company to monitor and to ensure the compliance with applicable general laws such as, Factories Act, 1948, Industrial Disputes Act, 1947, the Payment of Wages Act, 1936 and Environmental laws.
 - ii. The compliance by the Company of the applicable financial laws, like Direct and Indirect Tax laws, has not been reviewed in this audit since the same have been subject to review by Statutory Auditors and other designated professionals.
7. **I further report that :**
- i. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors 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.
 - ii. 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.
 - iii. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
8. **I 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.
9. **I further report that** during the audit period the Company has no such specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.
10. This report is to be read with our letter of even date which is annexed as "**Annexure - A**" and forms an integral part of this Report.

For **Rakesh Agrawal & Co.**
Practicing Company Secretaries

Place : Kolkata
Date : 19th May, 2018

Prop: **Rakesh Agrawal**
FCS No. 8792
C P No. 9014

ANNEXURE - E' TO THE DIRECTORS' REPORT

"ANNEXURE – A" TO THE SECRETARIAL AUDIT REPORT

To,
The Shareholders,
K I C METALIKS LIMITED
"Sir RNM House",
3B, Lal Bazar Street, 4th Floor,
Room No. 2, Kolkata – 700 001
West Bengal, India

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 process as were 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 process 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 responsibility 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.

For **Rakesh Agrawal & Co.**
Practicing Company Secretaries

Place : Kolkata
Date : 19th May, 2018

Prop: **Rakesh Agrawal**
FCS No. 8792
C P No. 9014



'ANNEXURE - F' TO THE DIRECTORS' REPORT

COMPLIANCE CERTIFICATE

Under Regulation 17(8) of SEBI (LODR) Regulations, 2015

To,
The Board of Directors,
K I C Metaliks Limited
"Sir RNM House",
3B, Lalbazar Street,
4th Floor, Room No.2,
Kolkata - 700 001

We, Mr. Radhey Shyam Jalan, Managing Director and Mr. Mukesh Bengani, Chief Financial Officer, responsible for the finance function, certify that :

- A. We have reviewed financial statements and the cash flow statement for the financial year 2017-18 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 Company'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 Company during the year which are fraudulent, illegal or violative of the Company'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 internal control systems of the Company 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 :
- (1) significant changes in internal control over financial reporting during the year;
 - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) 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 Company's internal control system over financial reporting.

For **K I C METALIKS LIMITED**

Place : Kolkata
Dated : The 27th day of July, 2018

Radhey Shyam Jalan
Chairman and Managing Director

Mukesh Bengani
Chief Financial Officer

ANNEXURE - G' TO THE DIRECTORS' REPORT

**(THIS REPORT FORMS PART OF DIRECTOR'S REPORT)
DISCLOSURE IN DIRECTOR'S REPORT PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES
(APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES, 2014**

Sl. No.	Employee Name	Designation	Remuneration Received (Amt. ₹)	Qualification	Age (yrs.)	Total Experience (yrs.)	Date of Commencement of Employment in the Company	Previous employment
A	B	C	D	E	F	G	H	I
1.	Radhey Shyam Jalan	Managing Director	43,54,838	B. Com (H), Chartered Accountant	38	17	16-01-2009	Nil
2.	Barun Kumar Singh	Head – Project & Business Development	24,09,104	Metallurgical Engineer	53	10	01-04-2017	Usha Martin Industries Ltd.
3.	Arun Kumar Das	Sr. General Manager (Production & Operations)	19,30,830	BSc., Diploma (Metallurgy), PG (Production Management)	51	20	15-10-1997	Usha Martin Industries Ltd.
4.	Naga Venkata Ramesh Dronavall	DGM (Operation)	14,69,249	Diploma (Metallurgy)	47	14	19-01-2017	Atibir Industries Co. Ltd.
5.	Manoj Prasad	DGM (Mechanical)	14,06,714	Diploma (Mechanical Engineering)	43	15	15-10-2011	Jai Balaji Industries Ltd.
6.	Navaratan Chhajjer	Commercial Manager	11,05,028	B.com, Chartered Accountant	51	30	10-12-1993	Woolworth India Ltd.
7.	Mukesh Bengani	Chief Financial Officer	9,18,058	B. Com (H), Chartered Accountant	38	13	01-04-2009	ICICI Bank Ltd.
8.	Rama Shankar Singh	DGM - CPP	8,68,096	B – Tech (Electrical)	49	27	24-06-2017	Neo Metaliks Limited
9.	Supriya Banerjee	Manager (MBF/ Electrical)	7,28,232	Diploma (Electrical)	42	20	15-03-2007	Shivam Industries Ltd.
10.	Supriya Ranjan Majee	Manager (Sinter Plant/Operations)	7,27,969	B- Tech (Metallurgy)	42	11	20-01-2010	Rohit Ferrotech Ltd.

Notes :

- Remuneration received includes salary, commission, allowances, medical and leave travel expenses, medical and leave travel expenses, leave encashment paid, monetary value of perquisites as per Income Tax Rules and Company's contributions to Provident and Superannuation Fund.
- Nature of employment is contractual in the case of Managing Director.
- In respect of all the other employees, the nature of employment is non-contractual, terminable by notice on either side and liable to transfer to any division of the Company.
- None of the employee mentioned above is relative of any Director of the Company.
- None of the employee has any shareholding in the Company as on 31st March, 2018.
- Total experience shown in Column G includes service with previous employers.

For and on behalf of the Board of Directors

Place : Kolkata

Dated : The 27th day of July, 2018

Radhey Shyam Jalan
Chairman and Managing Director

INDEPENDENT AUDITORS' REPORT

To
The Members of
K I C METALIKS LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **K I C METALIKS LIMITED** 'the Company', which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matter

The comparative financial information of the Company for the corresponding year ended 31st March, 2017 and as at 1st April, 2016 included in these financial results, are based on the previously issued financial statements prepared in accordance with the

INDEPENDENT AUDITORS' REPORT

recognition and measurement principles specified under section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India and audited by the predecessor auditor whose report for the year ended 31st March, 2017 dated 27th May, 2017 and for the year ended 31st March, 2016 dated 30th May, 2016 expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Act, we give in '**Annexure A**' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit, to the extent applicable, 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.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2018 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**'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
3. 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, as amended, in our opinion and to the best of our information and according to the explanations given to us
 - I. The Company has disclosed the impact of pending litigations on its financial position as on 31st March, 2018 in its Ind AS financial statements;
 - II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - III. There were no amounts, which were required to be transferred, to the Investor Education and protection fund by the company.
 - IV. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended 31st March, 2018.

For **B. N. Agrawal & Co.**
Chartered Accountants
Firm Reg. No. 320312E

B. N. Agarwal
Partner
Membership No. 055649

Place: Kolkata
Date: 30th Day of May 2018



ANNEXURE - A' TO THE INDEPENDENTS AUDITORS' REPORT

(Referred to in Paragraph 1 under 'Report on other Legal and Regulatory Requirements' Section of our report of even date)

1. In respect of its Fixed Assets:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets on the basis of available information.
 - (b) As explained to us, all the Fixed Assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in name of Company.
2. As explained to us, inventories have been physically verified during the year by the management at reasonable interval and no material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. 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.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.
5. The Company has not accepted any deposits from the public to which directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under apply.
6. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under Section 148(1) of the Companies Act, 2013 and are of the opinion on that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
7. According to the information and explanations given to us in respect of statutory dues:
 - (a) The undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, value added tax, cess and to the extent applicable and any other statutory dues to the appropriate authorities have generally been regularly deposited with the appropriate authorities.

There is no undisputed statutory dues payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, value added tax, cess and other material statutory dues were in arrears as at 31st March, 2017, for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us, there are disputed statutory dues arrear as at 31st March, 2017.

Name of the Statue	Nature of dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act	Excise Duty	117.81	2006	CESTAT
WB VAT Act	Input claim pending	312.31	2012	WB Commercial Tax Appellate & Revision Board.

8. The Company has not defaulted in repayment of loans or Borrowings to any financial institution, banks, government or debenture holders during the year.
9. Based on our audit procedures and on the information and explanations given to us, we are of the opinion that, the Company has not raised any money by way of initial public offer or further public offer (including debt instrument) and term loan during the year. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

ANNEXURE - A' TO THE INDEPENDENTS AUDITORS' REPORT

11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has provided for managerial remuneration in accordance with the requisite approvals mandated by provision of Section 197 read with Schedule V to the Act.
12. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 & 188 of the Act where applicable and details of such transaction have been disclosed in financial statements as required by the applicable Accounting Standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debenture during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non cash transaction with Director or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
16. The Company is not required to registered under Section 45-IA of the Reserve Bank of India Act 1934.

For **B. N. Agrawal & Co.**
Chartered Accountants
Firm Reg. No. 320312E

B. N. Agarwal
Partner

Membership No. 055649

Place: Kolkata

Date: The 30th Day of May, 2018

ANNEXURE B' TO THE INDEPENDENTS AUDITORS' REPORT

Annexure B to the Independents Auditors' Report

(Report on the Internal Financial Controls 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 K I C Metaliks Limited ('the Company') as of 31st March 2018 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 Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institution of Chartered Accountants of India (ICAI). These responsibilities includes 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.

Auditor's 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 Guidance Note on internal financial controls over financial Reporting (the 'Guidance Note') and the Standard of Auditing, issued by ICAI and deemed to be prescribe 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 ICAI. Those standard and 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.



ANNEXURE B' TO THE INDEPENDENTS AUDITORS' REPORT

Our audit involves performing procedure to obtained audit evidence about the adequacy of the internal financial controls system over the financial reporting and there operating effectiveness. Our audit of the internal financial controls system over the financial reporting includes obtaining an understanding of internal financial controls system over the financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on assessed risk. The procedures selected depend on Auditor's judgment, including the assessment of the risk of material misstatement of financial statement, 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 controls 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 controls 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 transaction and disposition of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statement in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorization of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have material effect on the financial statements.

Inherent Limitation of Internal Financial Controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, includes the possibility of collusion or improper management override of controls, material misstatement due to error or fraud may occur and not be detected. Also, projection of any evaluation of 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 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 control over financial reporting were operate effectively as at 31st March 2018, 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 Institution of Chartered Accountants of India.

For **B. N. Agrawal & Co.**
Chartered Accountants
Firm Reg. No. 320312E

B. N. Agarwal
Partner

Membership No. 055649

Place: Kolkata

Date: The 30th Day of May, 2018

BALANCE SHEET

as at 31st March, 2018

(₹ in Lakhs)

	Note	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
ASSETS				
Non-current assets				
Property, plant and equipment	3	11,990.36	12,469.41	13,261.33
Capital Work-In-Progress	3	902.59	-	-
Other Intangible Assets	4	-	-	23.42
Other Non-Current Assets	5	691.94	-	-
Total Non-Current Assets		13,584.89	12,469.41	13,284.75
Current Assets				
Inventories	6	6,147.57	8,046.39	8,933.72
Financial Assets				
(i) Trade Receivables	7	2,879.61	3,025.48	3,491.36
(ii) Cash and Cash Equivalents	8	3.36	7.74	6.97
(iii) Bank balances other than (ii) above	9	725.59	533.79	2,420.39
(iv) Others Financial Assets	10	37.93	24.73	135.38
Other Current Assets	11	5,887.57	4,426.03	1,902.05
Total Current Assets		15,681.63	16,064.16	16,889.87
TOTAL ASSETS		29,266.52	28,533.57	30,174.62
EQUITY AND LIABILITIES				
EQUITY				
Equity Share Capital	12	709.92	709.92	709.92
Other Equity	13	6,315.71	5,232.81	4,972.80
Total Equity		7,025.63	5,942.73	5,682.72
LIABILITIES				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	14	5,683.30	6,436.37	6,391.67
Provisions	15	135.72	78.45	65.33
Deferred Tax Liabilities (Net)	30	915.88	480.93	504.14
Total Non-Current Liabilities		6,734.90	6,995.75	6,961.14
Current Liabilities				
Financial Liabilities				
(I) Borrowings	16	1,853.47	1,571.21	2,008.14
(Ii) Trade Payables	17	11,143.85	10,523.24	11,786.04
(Iii) Other Financial Liabilities	18	115.75	64.62	1,455.99
Others Current Liabilities	19	1,825.03	3,301.84	2,197.48
Provisions	20	567.89	134.18	83.11
Total Current Liabilities		15,505.99	15,595.09	17,530.76
TOTAL EQUITY AND LIABILITIES		29,266.52	28,533.57	30,174.62

See accompanying notes to the financial statements.

In terms of our report of even date attached
For **B. N. Agrawal & Co.**

Chartered Accountants

Firm Registration No. 320312E

B. N. Agarwal

Partner

Membership No. 055649

Place : Kolkata

Dated : The 30th day of May, 2018

For and on behalf of the Board of Directors

Radhey Shyam Jalan

Chairman and Managing Director

Laxmi Narayan Sharma

Director

Mukesh Bengani

Chief Financial Officer

Ruchika Fogla

Company Secretary

STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2018

(₹ in Lakhs)

	Note	Year Ended 31.03.2018	Year Ended 31.03.2017
REVENUE			
Revenue from Operations	21	57,555.95	31,546.49
Other Income	22	327.02	567.27
Total Revenue		57,882.97	32,113.76
EXPENSES			
Cost of Materials Consumed	23	33,125.72	18,751.27
Purchase of Stock-in-Trade	24	16,938.34	4,986.77
Changes in Inventories of Finished Goods, Stock-in-Trade and Work in Progress	25	7.24	293.30
Employee Benefit Expenses	26	1,262.14	1,041.84
Finance Costs	27	612.81	793.91
Depreciation and Amortisation Expense	28	816.35	852.43
Excise duty on sale of goods		995.92	2,690.98
Other Expenses	29	2,110.32	2,365.04
Total Expenses		55,868.84	31,775.54
Profit before Tax		2,014.13	338.22
Tax Expense			
(1) Current Tax	30	465.25	102.64
(2) Deferred Tax	30	445.79	(23.58)
Total Tax Expenses		911.04	79.06
Profit after tax for the year		1,103.09	259.16
Other comprehensive income			
Item that will not be reclassified to profit & loss:			
Remeasurement of retirement benefits plan		(31.03)	1.22
Income tax affect relating to above		10.84	(0.37)
Other comprehensive income, net of tax		(20.19)	0.85
Total comprehensive income for the year		1,082.90	260.01
Earning per Equity Share of Par value of ₹ 10/- each			
- Basic (in ₹)	31	15.54	3.65
- Diluted (in ₹)	31	15.54	3.65

See accompanying notes to the financial statements.

In terms of our report of even date attached

For **B. N. Agrawal & Co.**

Chartered Accountants

Firm Registration No. 320312E

B. N. Agarwal

Partner

Membership No. 055649

Place : Kolkata

Dated : The 30th day of May, 2018

For and on behalf of the Board of Directors

Radhey Shyam Jalan

Chairman and Managing Director

Laxmi Narayan Sharma

Director

Mukesh Bengani

Chief Financial Officer

Ruchika Fogla

Company Secretary

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March, 2018

(₹ in Lakhs)

(a) Equity Share Capital

	Amount
Balance as at 01.04.2016	709.92
Changes in Equity Share Capital during the year	-
Balance as at 31.03.2017	709.92
Changes in Equity Share Capital during the year	-
Balance as at 31.03.2018	709.92

(b) Other Equity

For the year ended 31st March, 2018:

	Reserve and Surplus			Equity Component of Compound Financial Instruments	Total
	Securities Premium Reserve	Capital Redemption Reserve	Retained Earnings		
Balance as at 01.04.2017	1,973.88	300.00	1,728.78	1,230.15	5,232.81
Profit for the year	-	-	1,103.09	-	1,103.09
Other comprehensive income	-	-	(20.19)	-	(20.19)
Balance as at 31.03.2018	1,973.88	300.00	2,811.68	1,230.15	6,315.71

For the year ended 31st March, 2017:

	Reserve and Surplus			Equity Component of Compound Financial Instruments	Total
	Securities Premium Reserve	Capital Redemption Reserve	Retained Earnings		
Balance as at 01.04.2016	1,973.88	300.00	1,520.18	1,230.15	5,024.21
Ind AS transitional adjustments	-	-	(51.41)	-	(51.41)
Profit for the year	-	-	259.16	-	259.16
Other comprehensive income	-	-	0.85	-	0.85
Balance as at 31.03.2017	1,973.88	300.00	1,728.78	1,230.15	5,232.81

See accompanying notes to the financial statements.

In terms of our report of even date attached
For **B. N. Agrawal & Co.**
Chartered Accountants
Firm Registration No. 320312E

B. N. Agarwal
Partner
Membership No. 055649
Place : Kolkata
Dated : The 30th day of May, 2018

For and on behalf of the Board of Directors

Radhey Shyam Jalan
Chairman and Managing Director

Laxmi Narayan Sharma
Director

Mukesh Bengani
Chief Financial Officer

Ruchika Fogla
Company Secretary

CASH FLOW STATEMENT

for the year ended 31st March, 2018

(₹ in Lakhs)

	Year Ended 31.03.2018	Year Ended 31.03.2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxes	2,014.13	338.22
Adjustment for:		
Depreciation and amortisation expense	816.35	852.43
Finance costs	612.81	793.91
Interest Income	(108.31)	(208.21)
Sundry liabilities relating to earlier years written back	(40.64)	(2.63)
Allowance for doubtful debts written back	(56.23)	(20.03)
Loss/(Profit) on disposal of property plant & equipment	1.67	(1.21)
Operating Profit Before Working Capital Changes	3,239.78	1,752.48
Adjustments for:		
(Increase) / decrease in trade receivables	202.10	485.91
(Increase) / decrease in inventories	1,898.82	887.33
(Increase) / decrease in other current financial assets	(13.20)	110.65
(Increase) / decrease in other current assets	(1,461.54)	(2,523.98)
(Increase) / decrease in trade payables	661.25	(1,260.17)
(Increase) / decrease in current financial liabilities	51.13	(1,391.37)
(Increase) / decrease in other current liabilities	(1,476.81)	1,104.35
Increase / (decrease) in provisions	459.95	65.41
Operating Profit After Working Capital Changes	3,561.48	(769.39)
Income tax paid	465.25	102.64
Net cash flow generated from operating activities	3,096.23	(872.03)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposals of property, plant & equipment	1.02	1.76
Capital expenditure on property plant & equipment including capital advances	(1,934.52)	(37.64)
Interest Income received	108.31	208.21
Net Cash Flow (used in)/ generated from Investing Activities	(1,825.19)	172.33

Cash Flow Statement

for the year ended 31st March, 2018

(₹ in Lakhs)

	Year Ended 31.03.2018	Year Ended 31.03.2017
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment/proceedings from short term borrowings	282.26	(436.93)
Repayment of long term borrowing	(949.97)	(139.31)
Finance Costs Paid	(415.91)	(609.89)
Net Cash Flow Used In Financing Activities	(1,083.62)	(1,186.13)
Net Increase in cash and cash equivalents	187.42	(1,885.83)
Cash and cash equivalents - opening balance	541.53	2,427.36
Cash and cash equivalents - closing balance	728.95	541.53

Notes: Cash Flow Statement has been prepared under the Indirect Method as given in the Indian Accounting Standard (Ind AS 7) on the Cash Flow Statement.

In terms of our report of even date attached

For **B. N. Agrawal & Co.**

Chartered Accountants

Firm Registration No. 320312E

B. N. Agarwal

Partner

Membership No. 055649

Place : Kolkata

Dated : The 30th day of May, 2018

For and on behalf of the Board of Directors

Radhey Shyam Jalan

Chairman and Managing Director

Laxmi Narayan Sharma

Director

Mukesh Bengani

Chief Financial Officer

Ruchika Fogla

Company Secretary



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

1. Corporate information

K I C Metaliks Limited (the Company) is a Public Limited Company and incorporated under the provisions of the Companies Act, 1956. Its Shares are listed on the Bombay Stock Exchange (BSE). The Company is primarily engaged in manufacturing and sale of Pig Iron. The Company presently has manufacturing facilities at Vill- Raturia, Angadpur, near the city of Durgapur, in the state of West Bengal, India and registered office at "Sir RNM House, 4th floor, Room No. 2, 3B, Lal Bazar Street, Kolkata - 700 001.

2. Significant accounting policies and key estimates and judgements

2.1 Statement of compliance

These financial statements have been prepared to comply in all material aspects with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 notified under Section 133 of the Companies Act, 2013 and other provisions of the Companies Act, 2013 to the extent applicable.

Upto the year ended 31st March, 2016, the Company had prepared its financial statements in accordance with accounting standards notified under the Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 [Indian GAAP]. The date of transition to Ind AS is 1st April, 2016. Refer 2.4.t. for the details of first-time adoption exemptions availed by the Company.

2.2 Basis of preparation of financial statements

The Company has adopted all the issued Ind AS and such adoption was carried out in accordance with Ind AS.

The financial statements have been prepared under the historical cost convention with the exception of certain assets and liabilities that are required to be carried at fair values by Ind AS.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 value in use in Ind AS 36 Impairment of Assets.

2.3 Use of estimates

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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

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, provision for employee benefits and other provisions, recoverability of deferred tax assets, commitments and contingencies.

2.4 Summary of significant accounting policies

a. 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, taking into account contractually defined terms of payment. Revenues are reduced for estimated rebates and other similar allowances.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

The Company recognises revenue when all the following criteria are satisfied:

- (i) significant risks and rewards of ownership has been transferred to the customer;
- (ii) there is no continuing management involvement with the goods usually associated with ownership, nor effective control over the goods sold has been retained;
- (iii) the amount of revenue can be measured reliably.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

b. Expense Recognition

All expenses are recognised in the statement of profit and loss on accrual basis as per the necessary terms of the contracts entered into with suppliers and service providers.

c. 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 by the end of the reporting period.

Deferred Tax is the tax expected to be payable or recoverable on differences between the carrying amounts 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 amount 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 amount of its assets and liabilities.

A deferred tax asset arising from unused tax losses or tax credits are recognised only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the entity.

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.

d. Property, plant and equipment

An item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

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 amount of the replaced part is derecognised.

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. Cost includes all direct costs and expenditures incurred to bring the asset to its working condition and location for its intended use.

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

e. Depreciation of property, plant and equipment

Depreciation is provided so as to write off, on a straight line basis, at rates specified in the Schedule II of the Companies Act, 2013. These charges are commenced from the dates the assets are available for their intended use and are spread over their estimated useful economic lives. The estimated useful lives of assets and residual values are reviewed regularly and, when necessary, revised.

Depreciation on assets under construction commences only when the assets are ready for their intended use.

The estimated useful life of the property, plant and equipment is given below:-

Asset group	Useful life (in years)
Factory Building	30
Non-Factory Building	60
Plant & Equipment- Pig Iron & Sinter	20-40
Captive Power Plant	40
Electrical Installation	10
Furniture & Fixtures	10
Office Equipment And Vehicle	05
Computers	03

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

f. Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

g. Impairment

At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that the carrying amount 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. Intangible assets with an indefinite useful life are tested for impairment annually and whenever

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

there is an indication that the asset may be impaired.

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 amount of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount 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 as income in statement profit and loss immediately.

h. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset until such time as the assets are substantially ready for intended use or sale.

All other borrowing costs are expensed in the period they occur. The borrowing cost is measured at amortised cost using the effective interest method.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Discounts or premiums and expenses on the issue of debt securities are amortised over the term of the related security and included within finance charges. Premiums payable on early redemptions of debt securities, in lieu of future finance costs, are written off as finance charges when paid. All other borrowing costs are expensed in the period in which they occur.

i. Leases

Leases under which the Company assumes substantially all risks and rewards of ownership are classified as finance lease. When acquired such assets are capitalised at fair value or present value of minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating lease are recognised as an expenses on a straight line basis in the statement of profit and loss account over the lease term.

j. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost for the purpose of valuation of raw materials and stores & spares have been computed on weighted average method. Cost for the purpose of valuation of finished goods and work-in-progress has been computed taking into account cost of direct materials, direct labour costs and other overheads that have been incurred in bringing the inventories to their present location and condition. Waste and scrap have been valued at net realisable value. Net realisable values the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated cost necessary to make the sale.

k. Retirement and other employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognised in respect of other long term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees' up to the reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. These are measured as per the provisions of Employees' Provident Fund Act, 1952 and Employees' State Insurance Act, 1948.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

Expenses and liabilities in respect of employee benefit are recorded in accordance with Indian Accounting Standard (Ind AS 19 Employee Benefits). Post-employment benefits in the nature of defined benefit plans are recognised as expenses based on actuarial valuation carried by actuary at the Balance sheet date. Actuarial gain /loss, if any, arising from change in actuarial valuation are charged or credited to Other Comprehensive Income in the period in which they arise.

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.

l. Foreign currency translations

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

Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of transactions. Transactions remaining unsettled are translated at the exchange rate prevailing at the end of the financial year. Exchange gain or loss arising on settlement/ translation is recognised in the statement of profit and loss.

m. 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 or 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 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 to the gross carrying amount on initial recognition.

i) Financial assets

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.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through profit or loss.

Impairment of financial assets

The Company assesses at each date of Balance Sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

recognises lifetime expected losses for all trade receivables that do not constitute a financing transaction. For financial assets whose credit risk has not significantly increased since the initial recognition, loss allowance equal to twelve months credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since the initial recognition.

Derecognition of financial assets

The Company derecognises 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.

ii) 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.

Interest-bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs.

Derecognition of financial liabilities

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

iii) Offsetting financial instruments

Financial assets and financial liabilities of the Company are offset and the net amount is included in the Balance Sheet, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

n. Cash and cash equivalents

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents is as defined above, net of cash credit. In the Balance Sheet, bank overdrafts or cash credit are shown within borrowings in current liabilities.

o. Cash Flow Statement

Cash Flows are reported using the indirect method, where by profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

p. Other bank balances

Other bank balances include deposits with maturity less than twelve months but greater than three months and balances and deposits with banks that are restricted for withdrawal and usage.

q. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

Other government grants (grants related to income) are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of providing immediate financial support with no future related costs are recognised in the statement of profit and loss in the period in which they become receivable.

Grants related to income are presented under other income in the statement of profit and loss except for grants received in the form of rebate or exemption which are deducted in reporting the related expense.

r. Earnings Per Share

Earning 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.

s. Provision and contingencies

A provision is recognised if as a result of past event the Company has a present legal or constructive obligation that is reasonably estimated and it is probable that an outflow of economic benefit will be required to settle the obligation. Provisions are determined by discontinuing the expected cash flow at a pre-tax rate that reflects current market assessments of the time value of the money and the risk specific to the liabilities. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Contingent liabilities, if material, are disclosed by way of notes to the accounts. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate.

Contingent assets are not recognised in the financial statements, as they are dependent on the outcome of legal or other processes.

t. First-time adoption - mandatory exceptions, optional exemptions

Overall principle

The Company has prepared the opening Balance Sheet as per Ind AS as of 1st April, 2016 ('the transition date') by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exceptions and certain optional exemptions availed by the Company as detailed below.

A. Mandatory exceptions to retrospective application

The Company has applied the following exceptions to the retrospective application of Ind AS as mandatorily required under Ind AS 101 'First Time Adoption of Indian Accounting Standards'.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

i. **Estimates**

On assessment of estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise such estimates under Ind AS, as there is no objective evidence of an error in those estimates.

ii. **Classification and measurement of financial assets**

The Company has followed classification and measurement of financial assets in accordance with Ind AS 109 financial instruments on the basis of facts and circumstances that existed at the date of transition to Ind AS.

iii. **Impairment of financial assets**

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk as at the date that financial instruments were initially recognised in order to compare it with the credit risk as at the transition date.

However, as permitted by Ind AS 101, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition.

iv. **Derecognition of financial assets and financial liabilities**

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transaction occurring on or after 1st April, 2016 ('the transition date').

v. **Classification of debt instruments**

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the Fair Value Through Other Comprehensive Income 'FVTOCI' criteria based on the fact and circumstances that existed as of the transition date.

vi. **Determining whether an arrangement contains a lease**

The Company has applied Appendix C of Ind AS 17 Determining whether an arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at the date.

B. Optional exemptions from retrospective application

Ind AS 101 'First time Adoption of Indian Accounting Standards' permits Companies adopting Ind AS for the first time to take certain exemptions from the full retrospective application of Ind AS during the transition. The Company has accordingly on transition to Ind AS availed the following key exemptions:

i. **Deemed cost for property, plant and equipment and intangible assets**

The Company has elected to continue with the carrying value of all its plant and equipment and intangible assets recognised as of 1st April, 2016 'transition date' measured as per the previous GAAP and used that carrying value as its deemed cost as of the transition date.

ii. **Critical accounting judgments and key sources of estimation uncertainty**

In the application of the Company's accounting policies, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Such estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future periods.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

Critical judgments in applying accounting policies:

The following are the critical judgments, apart from those involving estimations (see point ii below), that the management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Financial assets at amortised cost

The management has reviewed the Company's financial assets at amortised cost in the light of its business model and have confirmed the Company's positive intention and ability to hold these financial assets to collect contractual cash flows.

Key sources of estimation uncertainty:

i. Deferred tax assets

Deferred tax assets are recognised for unused tax losses / credits to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

ii. Provisions

Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date adjusted to reflect the current best estimates.

iii. Contingent liabilities

Contingent liabilities arising from past events the existence of which would be confirmed only on occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Company or contingent liabilities where there is a present obligations but it is not probable that economic benefits would be required to settle the obligations are disclosed in the financial statements unless the possibility of any outflow in settlement is remote.

iv. Fair value measurements and valuation processes:

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
3. PROPERTY, PLANT AND EQUIPMENT			
Carrying Amounts of :			
Lease hold Land	118.04	121.79	125.53
Building and Shed - Factory	1,046.57	1,097.35	1,148.13
Building - Other	21.84	22.27	22.70
Plant and Equipments	10,508.39	10,895.97	11,617.35
Furniture and Fixtures	5.74	6.66	7.29
Vehicles	79.75	89.30	76.75
Office Equipments	2.58	3.77	6.05
Computers	6.96	12.26	17.60
Total (A)	11,789.87	12,249.37	13,021.40
Assets Given on Lease			
Building & Shed	113.82	121.59	7.77
Plant and Equipments	86.66	98.44	12.12
Furniture and Fixtures	0.01	0.01	-
Total (B)	200.49	220.04	19.89
Total (A+B)	11,990.36	12,469.41	13,041.29
Capital Work in Progress	902.59	-	-
Total	12,892.95	12,469.41	13,041.29

	Lease hold Land	Building and Shed-Factory	Building -Other	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Computers	Assets given on Lease			Total
									Building & Shed	Plant and Equipments	Furniture and Fixtures	
For the FY 2017-18												
Gross carrying amount												
As at 01.04.2017	125.53	1,148.13	22.70	11,622.19	7.58	107.84	6.45	18.07	129.36	110.56	0.01	13,298.42
Additions	-	-	-	326.92	-	13.07	-	-	-	-	-	339.99
Disposals	-	-	-	-	-	4.65	-	-	-	-	-	4.65
As at 31.03.2018	125.53	1,148.13	22.70	11,949.11	7.58	116.26	6.45	18.07	129.36	110.56	0.01	13,633.76
Accumulated depreciation												
As at 01.04.2017	3.74	50.78	0.43	726.22	0.92	18.54	2.68	5.81	7.77	12.12	-	829.01
Charge for the year	3.75	50.78	0.43	714.50	0.92	19.93	1.19	5.30	7.77	11.78	-	816.35
Disposals	-	-	-	-	-	1.96	-	-	-	-	-	1.96
As at 31.03.2018	7.49	101.56	0.86	1,440.72	1.84	36.51	3.87	11.11	15.54	23.90	-	1,643.40
Net carrying amount as at March 31, 2018	118.04	1,046.57	21.84	10,508.39	5.74	79.75	2.58	6.96	113.82	86.66	0.01	11,990.36
Net carrying amount as at March 31, 2017	121.79	1,097.35	22.27	10,895.97	6.66	89.30	3.77	12.26	121.59	98.44	0.01	12,469.41
For the FY 2016-17												
Gross carrying amount												
As at 01.04.2016	125.53	1,148.13	22.70	11,617.35	7.29	76.75	6.05	17.60	129.36	110.56	0.01	13,261.33
Additions	-	-	-	4.84	0.29	31.64	0.40	0.47	-	-	-	37.64
Disposals	-	-	-	-	-	0.55	-	-	-	-	-	0.55
As at 31.03.2017	125.53	1,148.13	22.70	11,622.19	7.58	107.84	6.45	18.07	129.36	110.56	0.01	13,298.42
Accumulated depreciation												
As at 01.04.2016	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	3.74	50.78	0.43	726.22	0.92	18.54	2.68	5.81	7.77	12.12	-	829.01
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
As at 31.03.2017	3.74	50.78	0.43	726.22	0.92	18.54	2.68	5.81	7.77	12.12	-	829.01
Net carrying amount as at March 31, 2017	121.79	1,097.35	22.27	10,895.97	6.66	89.30	3.77	12.26	121.59	98.44	0.01	12,469.41
Net carrying amount as at April 01, 2016	125.53	1,148.13	22.70	11,617.35	7.29	76.75	6.05	17.60	129.36	110.56	0.01	13,261.33

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
4. OTHER INTANGIBLE ASSETS			
Carrying amounts of :			
Computer Software	-	-	1.03
Know-How	-	-	22.39
Total	-	-	23.42

	Computer Software	Know-How	Total
For the F.Y 2017-18			
Gross carrying amount			
As at 01.04.2017	-	-	-
Additions	-	-	-
Disposals	-	-	-
As at 31.03.2018	-	-	-
Accumulated amortisation			
As at 01.04.2017	-	-	-
Charge for the year	-	-	-
Disposals	-	-	-
As at 31.03.2018	-	-	-
Net carrying amount as at March 31, 2018	-	-	-
Net carrying amount as at March 31, 2017	-	-	-
For the F.Y 2016-17			
Gross carrying amount			
As at 01.04.2016	1.03	22.39	23.42
Additions	-	-	-
Disposals	-	-	-
Cost at end of year	1.03	22.39	23.42
Accumulated amortisation			
As at 01.04.2016	-	-	-
Charge for the year	1.03	22.39	23.42
Disposals	-	-	-
As at 31.03.2017	1.03	22.39	23.42
Net carrying amount as at March 31, 2017	-	-	-
Net carrying amount as at April 01, 2016	1.03	22.39	23.42

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
5. OTHER NON-CURRENT ASSETS			
Capital advances	691.94	–	–
	691.94	–	–

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
6. INVENTORIES			
(Valued at cost or net realisable value whichever is lower)			
(i) Raw materials	5,364.21	7,220.66	7,897.45
(ii) Finished goods	245.06	283.84	610.94
(iii) Stores and spares	538.30	541.89	425.33
	6,147.57	8,046.39	8,933.72
Included above, goods in transit			
(i) Raw materials	116.89	325.34	260.75
	116.89	325.34	260.75

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
7. TRADE RECEIVABLES			
Unsecured, considered good	2,879.61	3,025.48	3,491.36
Unsecured, considered doubtful	2.37	58.60	78.63
Less: Impairment allowance for doubtful debts (excepted credit loss allowance)	(2.37)	(58.60)	(78.63)
	2,879.61	3,025.48	3,491.36

i. Trade Receivables are further analysed as follows:

	As at 31.03.2018		
	Gross credit risk	Impairment provision	Net credit risk
Amounts not yet due	2,818.12	–	2,818.12
One month overdue	46.16	–	46.16
Two months overdue	–	–	–
Three months overdue	3.72	–	3.72
Between three to six months overdue	2.93	–	2.93
Greater than six months overdue	11.05	(2.37)	8.68
	2,881.98	(2.37)	2,879.61

	As at 31.03.2017		
	Gross credit risk	Impairment provision	Net credit risk
Amounts not yet due	2,457.45	–	2,457.45
One month overdue	307.24	–	307.24
Two months overdue	203.69	–	203.69
Three months overdue	16.92	–	16.92
Between three to six months overdue	5.54	–	5.54
Greater than six months overdue	93.24	(58.60)	34.64
	3,084.08	(58.60)	3,025.48

NOTES TO THE FINANCIAL STATEMENTS**for the year ended 31st March, 2018**

(₹ in Lakhs)

	As at 01.04.2016		
	Gross credit risk	Impairment provision	Net credit risk
Amounts not yet due	2,853.14	–	2,853.14
One month overdue	336.09	–	336.09
Two months overdue	270.38	–	270.38
Three months overdue	6.57	–	6.57
Between three to six months overdue	15.85	–	15.85
Greater than six months overdue	87.96	(78.63)	9.33
	3,569.99	(78.63)	3,491.36

ii. Movement of Impairment Allowance for doubtful debts (Expected credit loss allowance)

	Year ended 31.03.2018	Year ended 31.03.2017
Balance at the beginning of the period	58.60	78.63
Movement in expected credit loss allowance on Trade Receivables (calculated at lifetime expected credit losses)	(56.23)	(20.03)
Balance at the end of the period	2.37	58.60

iii. There are no outstanding debts due from Directors or other officers of the Company.

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
8. CASH AND CASH EQUIVALENTS			
Cash on Hand	2.28	6.86	2.80
Balances with Banks			
- In Current Accounts	1.08	0.88	4.17
	3.36	7.74	6.97

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
9. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS			
In Fixed Deposits Account	725.59	533.79	2,420.39
	725.59	533.79	2,420.39

Note: Balance in Fixed Deposits is pledged with bank as margin money for letter of credit/bank guarantee.

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
10. OTHER FINANCIAL ASSETS			
Unsecured, considered good			
Security Deposits	37.93	24.73	135.38
	37.93	24.73	135.38

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
11. OTHER CURRENT ASSETS			
Balance with Government Authorities	613.69	432.84	558.75
Prepaid Expenses	10.44	7.28	11.13
Advances to suppliers (against supply of goods or services)	5,263.44	3,985.91	1,332.17
	5,887.57	4,426.03	1,902.05

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
12. EQUITY SHARE CAPITAL			
Authorised:			
2,50,00,000 Equity Shares of ₹ 10 each	2,500.00	2,500.00	2,500.00
(31.03.2017: 2,50,00,000 Equity Shares of ₹ 10 each)			
(01.04.2016: 2,50,00,000 Equity Shares of ₹ 10 each)			
Issued, subscribed and fully paid-up			
70,99,200 Equity Shares of ₹ 10 each	709.92	709.92	709.92
(31.03.2017: 70,99,200 Equity Shares of ₹ 10 each)			
(01.04.2016: 70,99,200 Equity Shares of ₹ 10 each)			

12.1 Reconciliation of the number of Equity Shares outstanding at the beginning and at the end of the reporting period are as given below:

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Opening Balance	70,99,200	70,99,200	70,99,200
Movement during the year	-	-	-
Closing balance	70,99,200	70,99,200	70,99,200

12.2 Shares held by Holding Company

	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	No. of shares	(%)	No. of shares	(%)	No. of shares	(%)
Equity Shares						
Karni Syntex Pvt. Ltd.	41,37,096	58.28	41,37,096	58.28	41,26,885	58.13

12.3 List of Shareholder holding more than 5 percent Shares in the Company:

	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	No. of shares	(%)	No. of shares	(%)	No. of shares	(%)
Equity Shares						
i) Karni Syntex Pvt. Ltd	41,37,096	58.28	41,37,096	58.28	41,26,885	58.13
ii) Flamingo Overseas Pvt. Ltd.	6,00,000	8.45	6,10,000	8.59	6,10,000	8.59

12.4 Rights, preferences and restrictions attached to shares

The Equity Shares of the company have par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. All these Equity Shares have same right with respect to payment of dividend, repayment of capital and voting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of preferential amounts, in proportion to their shareholding.

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
13. OTHER EQUITY			
Capital Redemption Reserve	300.00	300.00	300.00
Securities Premium Reserve	1,973.88	1,973.88	1,973.88
Retained Earnings	2,811.68	1,728.78	1,468.77
Equity Component of Compound Financial Instruments	1,230.15	1,230.15	1,230.15
	6,315.71	5,232.81	4,972.80

NOTES TO THE FINANCIAL STATEMENTSfor the year ended 31st March, 2018

(₹ in Lakhs)

13.1 Securities Premium Reserve

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Balance at the beginning of the year	1,973.88	1,973.88	1,973.88
Add: Addition during the year	-	-	-
Balance at the end of the year	1,973.88	1,973.88	1,973.88

Securities premium reserve represents the amount received in excess of par value of securities. The Reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

13.2 Capital Redemption Reserve

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Balance at the beginning of the year	300.00	300.00	300.00
Add: Addition during the year	-	-	-
Balance at the end of the year	300.00	300.00	300.00

Capital Redemption Reserve represents the reserve created against the redemption of 8% Redeemable Cumulative Preference Shares of ₹ 10/- each, during the financial year 2005-06. It is a statutory, non-distributable reserve into which amounts are transferred following the redemption of shares as per the relevant provisions of the Companies Act prevailing at that time.

13.3 Retained Earnings

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Balance at the beginning of the year	1,728.78	1,468.77	1,520.18
Profit after tax for the year	1,103.09	259.16	-
Ind AS transition adjustments	-	-	(51.41)
Other comprehensive income arising from remeasurement of defined benefit obligation, net of income tax	(20.19)	0.85	-
Balance at the end of the year	2,811.68	1,728.78	1,468.77

Retained Earnings represents the undistributed profits of the Company. The amount that can be distributed by the Company as dividends to its Equity Shareholders is determined on the basis of the balance of the retained earnings of the financial statements after considering the requirements of the Companies Act, 2013.

13.4 Equity Component of Compound Financial Instruments (7% Redeemable Non-Cumulative Preference Shares)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Balance at the beginning of the year	1,230.15	1,230.15	1,230.15
Add: Addition during the year	-	-	-
Balance at the end of the year	1,230.15	1,230.15	1,230.15

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
14. BORROWINGS			
Non-current			
A. Secured			
a) Vehicle loans	18.59	23.55	12.87
Total secured borrowings (A)	18.59	23.55	12.87
B. Unsecured			
7% Redeemable Non-Cumulative Preference Shares of ₹ 10 each fully paid up	3,009.71	2,812.82	2,628.80
Other loans	2,655.00	3,600.00	3,750.00
Total unsecured borrowings (B)	5,664.71	6,412.82	6,378.80
(A+B)	5,683.30	6,436.37	6,391.67

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

Note:

- (i) Vehicle loans are secured by hypothecation of vehicles purchased under the respective agreements. Interest rate varies from 9.70% to 10.12% p.a, repayable in equated monthly instalment.
- (ii) Redeemable Non-Cumulative Preference Shares of ₹ 10/- each carries a fixed dividend rate of 7%. The Preference Shares are redeemable at par on completion of the 12th year (revised from earlier 19th year), however at the discretion of the Company, same can be redeemed any time after 5 years from the date of issue. In case of liquidation, the Preference Shareholders will have preference over the Equity Shareholders over the distribution of remaining assets of the Company.
- (iii) Other loans carries interest rate of 10.70% p.a, repayable after 5 years from the date of the loan.

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
15. PROVISIONS			
Non-Current			
Post-employment defined benefits			
- Retirement Gratuity	110.62	65.37	56.23
Other Employee Benefits	25.10	13.08	9.10
	135.72	78.45	65.33

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
16. BORROWINGS			
Current			
Secured			
Repayable on demand from banks			
- Cash Credits	1,853.47	1,571.21	2,008.14
	1,853.47	1,571.21	2,008.14

Note: The Working Capital loans from banks are secured by way of first charge on Current Assets of the Company comprising stock of raw materials, stock in process, finished goods, stores and book debts, both present and future and second charge on fixed assets of the Company and corporate guarantee of promoter Company and personal guarantee of the Promoter Director.

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
17. TRADE PAYABLES			
Outstanding dues of micro enterprise and small enterprises	-	-	-
Outstanding dues of creditors other than micro enterprise and small enterprises:			
- Creditors for supplies and services	11,143.85	10,523.24	11,786.04
	11,143.85	10,523.24	11,786.04

Note:

- (i) Trade payables are non-interest bearing and are normally settled on 1-90 days.
- (ii) There are no micro, small and medium class enterprises to whom the company owes dues, which are outstanding for more than 45 days as at 31.03.2018. The above information regarding micro, small and medium class enterprises has been determined to the extent such parties have been identified on the basis of available information with the Company.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
18. OTHER FINANCIAL LIABILITIES			
Current			
Current Maturities of term loan of banks	-	-	1,375.00
Current Maturities of vehicle loan	18.34	15.19	4.49
Interest Payable on other borrowings	97.41	49.43	76.50
	115.75	64.62	1,455.99

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
19. OTHER CURRENT LIABILITIES			
Statutory Dues	717.33	518.80	375.29
Advance from Customers	1,062.14	2,743.89	1,782.40
Other Payables	45.56	39.15	39.79
	1,825.03	3,301.84	2,197.48

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
20. PROVISIONS			
Current			
Provision for Excise Duty	-	31.54	65.34
Provision for Taxation	567.89	102.64	17.77
	567.89	134.18	83.11

	For the year ended 31.03.2018	For the year ended 31.03.2017
21. REVENUE FROM OPERATIONS		
Sale of goods:		
- Pig iron	39,097.2	25,929.7
- Coke and coal	17,917.98	4,648.99
- Others	540.77	967.8
	57,555.95	31,546.49

The Government of India introduced Goods and Service Tax (GST) w.e.f July 01st, 2017. Since GST is collected on behalf of the Government, as per requirement of Ind AS 18, revenue from 1st July, 2017 to year ended March 31st, 2018, is presented net of GST. Revenue for the previous period includes excise duty which now has been subsumed in GST. Accordingly, revenue from operations for the current year ended March 31st, 2018 are not comparable with previous year.

	For the year ended 31.03.2018	For the year ended 31.03.2017
22. OTHER INCOME		
Interest Income	108.31	208.21
Lease Rental	13.10	21.00
Profit on sale of fixed assets	-	1.21
Foreign exchange fluctuation gain	108.74	314.19
Sundry liabilities relating to earlier years written back	40.64	2.63
Impairment allowance for doubtful debts written back	56.23	20.03
	327.02	567.27

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

	For the year ended 31.03.2018	For the year ended 31.03.2017
23. COST OF MATERIALS CONSUMED		
Raw materials consumed		
Opening stock	7,220.66	7,897.45
Add: Purchases	33,739.32	18,074.48
	40,959.98	25,971.93
Less: Transfer to stock-in-trade	2,470.05	-
Less: closing stock	5,364.21	7,220.66
Total Raw material consumed	33,125.72	18,751.27
Raw materials consumption comprises		
Iron Ore	9,592.01	7,559.83
Coke and Coal	22,072.48	10,250.22
Others	1,461.23	941.22
Total Raw material consumed	33,125.72	18,751.27

	For the year ended 31.03.2018	For the year ended 31.03.2017
24. PURCHASE OF STOCK-IN-TRADE		
Coke and coal	14,437.39	4,275.65
Add: Transfer from Raw Materials	2,470.05	-
	16,907.44	4,275.65
Others	30.90	711.12
	16,938.34	4,986.77

	For the year ended 31.03.2018	For the year ended 31.03.2017
25. CHANGES IN INVENTORIES OF FINISHED GOODS		
Closing stock of finished goods	245.06	283.84
Opening stock of finished goods	283.84	610.94
(Increase)/decrease in inventory	38.78	327.10
Excise duty on account of change in stock of finished goods	(31.54)	(33.80)
	7.24	293.30

	For the year ended 31.03.2018	For the year ended 31.03.2017
26. EMPLOYEE BENEFIT EXPENSES		
Salaries, wages , labour charges, bonus etc	1,141.92	939.99
Contribution to provident and other funds	102.38	82.50
Staff welfare expenses	17.84	19.35
	1,262.14	1,041.84

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

	For the year ended 31.03.2018	For the year ended 31.03.2017
27. FINANCE COST		
Interest expense:		
-Interest on borrowings	344.02	466.10
-Interest on preference shares	196.90	184.01
-Interest on others	21.35	53.34
Other borrowing cost	50.54	90.46
	612.81	793.91

	For the year ended 31.03.2018	For the year ended 31.03.2017
28. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on tangible assets as per Note 3	816.35	829.01
Amortisation on intangible assets as per Note 4	-	23.42
	816.35	852.43

	For the year ended 31.03.2018	For the year ended 31.03.2017
29. OTHER EXPENSES		
Consumption of stores and spares	884.34	848.41
Power and fuel	635.45	686.90
Rent	8.39	8.66
Repairs to buildings	-	1.85
Repairs to machinery	54.52	387.52
Insurance	10.04	8.80
Rates and taxes	40.59	45.47
Carriage outwards	23.45	98.65
Commission on sales	25.36	21.72
Loss on sale of fixed assets	1.67	-
Payment to auditor		
-Statutory audit	2.50	2.52
-Tax audit	0.50	0.50
-Other	0.32	0.32
Miscellaneous expenses	423.19	253.72
	2,110.32	2,365.04

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

30. INCOME TAX EXPENSE

i) Income tax recognised in profit or loss

	For the year ended 31.03.2018	For the year ended 31.03.2017
a) Current tax expense		
Current year	465.25	102.64
b) Deferred tax expense		
Origination and reversal of temporary differences and mat credit entitlement	445.79	(23.58)
Total Income tax expense	911.04	79.06

ii) Income tax recognised in OCI

	For the year ended 31.03.2018	For the year ended 31.03.2017
Remeasurements of defined benefit plans	10.84	(0.37)
Total income tax expense relating to OCI items	10.84	(0.37)

iii) Deferred tax assets and liabilities

	For the year ended 31.03.2018	For the year ended 31.03.2017	For the year ended 31.03.2016
Liabilities			
Difference between book and tax depreciation	1,906.19	1,569.53	1,533.26
Related to Preference shares	518.56	587.36	651.05
Total deferred tax liabilities	2,424.75	2,156.89	2,184.31
Assets			
Unabsorbed depreciation & business losses as per Income Tax Act	303.86	834.70	937.96
Provision for employee benefits	47.43	23.53	20.19
Allowance for doubtful debts	0.83	20.28	27.21
Mat credit entitlement	1,156.75	797.45	694.81
Total deferred tax assets	1,508.87	1,675.96	1,680.17
Net deferred tax assets/(liabilities)	915.88	480.93	504.14

31. EARNINGS PER SHARE (EPS)

Computation of Earning Per Share

	For the year ended 31.03.2018	For the year ended 31.03.2017
Face value of Equity Shares	₹ 10	₹ 10
Weighted Average number of Equity Shares used for computing Earning Per Share (basic & diluted)	70,99,200.00	70,99,200.00
Profit attributable to Equity Share holders	1,103.09	259.16
Earning Per Share (basic and diluted) in ₹	15.54	3.65

NOTES TO THE FINANCIAL STATEMENTSfor the year ended 31st March, 2018

(₹ in Lakhs)

32. COMMITMENTS AND CONTINGENCIES**32.1 Capital Commitments**

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Estimated value of contracts in capital account remaining to be executed (net of advances)	2,754.71	-	-

32.2 Contingent Liabilities

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Excise duty matters	117.81	117.81	127.08
Sales Tax & VAT matters	137.92	312.31	355.75
Jharkhand entry tax matters	81.75	81.75	81.75
Electricity matters	-	-	97.94

33. SEGMENT REPORTING

Based on the "Management approach" as defined by Ind AS 108, the chief operating decision maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators. The company is predominantly engaged in a single reportable segment of Iron & Steel during the year. The risks and returns of manufacturing of pig iron and trading of its raw material are directly associated with Iron & Steel business and hence treated as single reportable business segment. The other activities for cement manufacturing is less than 10% of total revenue and hence there are no additional disclosures to be made other than those already provided in the financial statements. The company is operating within India only and hence India is the only geographical segment.

34. RELATED PARTY TRANSACTIONS

a) List of related parties and the nature of relationship:

Name of related party	Nature of relationship
Karni Syntex Pvt. Ltd	Holding company
Key managerial personnel	
-Mr. Radhey Shyam Jalan	Managing Director
-Ms. Sayantony Banerjee	Independent Director
-Mr. Suresh Kumar Singhal	Independent Director
-Mr. Laxmi Narayan Sharma	Independent Director
-Mr. Mukesh Bengani	Chief Financial Officer
-Mrs. Ruchika Fogla	Company Secretary

b) Transactions during the year

	For the year ended 31.03.2018	For the year ended 31.03.2017
With Holding company - Karni Syntex Pvt. Ltd		
-Loan taken during the year	100.00	-
-Loan repaid during the year	(100.00)	-
-Interest paid on loan taken	1.38	-
With Key managerial personnel		
-Director's remuneration	43.55	25.50
-Other KMP's remuneration	12.73	13.34
-Other benefits paid	0.40	0.35

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

35. EMPLOYEE BENEFITS

35.1 Defined contribution plans

The Company participates in a number of defined contribution plans on behalf of relevant personnel. Any expense recognised in relation to these schemes represents the value of contributions payable during the period by them at rates specified by the rules of those plans. The only amounts included in the balance sheet are those relating to the prior month's contributions that were not due to be paid until after the end of the reporting period.

Provident fund

In accordance with Indian law, eligible employees of **K I C Metaliks Limited** are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). During the year, the company has recognised ₹ 70.27 lakhs (2016-17: Rs. 57.30 lakhs) as contribution in the Statement of profit and loss.

Employees' state insurance

In accordance with Indian law, eligible employees of **K I C Metaliks Limited** are entitled to receive benefits in respect of employee's state insurance, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 4.75 % of employees' salary). During the year, the company has recognised ₹ 32.11 lakhs (2016-17: ₹ 25.20 lakhs) as contribution in the Statement of profit and loss.

35.2 Defined benefit plans

Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation. The Company is exposed to interest risk, liquidity risk, salary escalation risk, demographic risk and regulatory risk.

- i. **Interest risk:** The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).
- ii. **Liquidity risk:** This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non-availability of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.
- iii. **Salary Escalation risk:** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.
- iv. **Demographic risk:** The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.
- v. **Regulatory risk:** Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act , 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. Increase in the maximum limit on gratuity of Rs. 20 Lakhs).

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31.03.2018 by Kushwant Pahwa, Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at		
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Discount rate(s)	7.70%	7.34%	7.84%
Rate of increase in salaries	5.00%	5.00%	5.00%
Mortality	IALM 06-08 ULTIMATE	IALM 06-08 Ultimate	IALM 06-08 Ultimate
Normal retirement age	58 years	58 years	58 years
Attrition Rate	2.00%	2.00%	2.00%

Amounts recognised in statement of profit and loss in respect of these defined benefits plans are as follows:-

	For the year ended 31.03.2018	For the year ended 31.03.2017
Past service cost	2.58	-
Current service cost	10.68	6.31
Loss/(gain) on settlement	-	-
Net interest income/ (cost) on the net defined benefit liability (asset)	4.80	4.41
Components of defined benefit costs recognised in profit or loss	18.06	10.72
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	-	-
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	(3.48)	2.65
Actuarial (gains)/losses arising from experience variance (i.e. actual experience vs assumptions)	34.51	(3.87)
Components of defined benefit costs recognised in other comprehensive income	31.03	(1.22)
	49.09	9.50

The current service cost and the net interest expense for the year are included in the "Employee benefits expense" line item in the statement of profit and loss.

The remeasurement of the net defined liability is included in other comprehensive income.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Present value of funded defined benefit obligation	110.62	65.37	56.23
Fair value of plan assets	-	-	-
Funded status [Surplus/(deficit)]	(110.62)	(65.37)	(56.23)
Unrecognised past service costs	-	-	-
Net liability/ (asset) arising from defined benefit obligation	(110.62)	(65.37)	(56.23)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

Movements in the present value of the defined benefit obligations are as follows:

	Year ended 31.03.2018	Year ended 31.03.2017
Opening defined benefit obligations	65.37	56.23
Current service cost	10.68	6.31
Interest cost	4.80	4.41
Remeasurement (gains)/losses:		
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	(3.48)	2.65
Actuarial (gains)/losses arising from experience assumptions	34.51	(3.87)
Past service cost, including losses /(gains) on curtailment	2.58	-
Acquisition credit cost	-	-
Benefits paid	(3.84)	(0.36)
Closing defined benefit obligation	110.62	65.37

Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	As at 31.03.2018	As at 31.03.2017
Discount rate		
+1.00% discount rate	101.66	60.25
- 1.00% discount rate	120.95	71.27
Salary escalation		
+ 1.00% salary escalation	121.40	71.21
- 1.00% salary escalation	101.13	60.22
Attrition rate		
+ 50% withdrawal rate	112.60	66.44
- 50% withdrawal rate	108.42	64.17
Mortality rate		
+ 10.0% mortality rate	111.02	65.59
- 10.0% mortality rate	110.22	65.14

The expected maturity analysis of undiscounted defined benefit obligation is as below:

	As at 31.03.2018	As at 31.03.2017
1st year	8.17	4.26
2 to 5 years	30.64	20.21
6 to 10 years	61.81	33.62
More than 10 years	154.92	84.14

Details of plan assets

The scheme is unfunded.

The average duration of the defined benefit plan obligation at the end of the reporting period is 9 years (as at 31.03.2017: 9 years, at as 01.04.2016: 9 years).

NOTES TO THE FINANCIAL STATEMENTSfor the year ended 31st March, 2018

(₹ in Lakhs)

36. FINANCIAL INSTRUMENTS			
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
36.1 Categories of Financial Instruments			
Financial Assets			
(i) Measured at Amortised Cost			
(a) Trade Receivables	2,879.61	3,025.48	3,491.36
(b) Cash and Bank balances	728.95	541.53	2,427.36
(c) Other Financial Assets	37.93	24.73	135.38
Sub-Total	3,646.49	3,591.74	6,054.10
Financial Liabilities			
Measured at Amortised Cost			
(a) Borrowings	7,536.77	8,007.58	8,399.81
(b) Trade Payables	11,143.85	10,523.24	11,786.04
(c) Other Financial Liabilities	115.75	64.62	1,455.99
Sub-Total	18,796.37	18,595.44	21,641.84

36.2 Capital Management

The Company's objectives when managing capital are to:-

- maximize the shareholder value;
- safeguard its ability to continue as a going concern;
- maintain an optimal capital structure to reduce the cost of capital; and
- ensure Compliance with covenants related to its credit facilities.

The Board of Directors has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management of deployed funds and leveraging opportunities in the financial markets so as to maintain and sustain future development of the business.

The Company's capital management objective is to maintain an optimal debt-equity structure so as to reduce the Cost of Capital, thereby enhancing returns to shareholders. The Company also has a policy of making judicious use of various available debt instruments within its overall Working Capital drawing limit.

The Debt–Equity Ratio of the Company is as follows :

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
i) Equity Share Capital	709.92	709.92	709.92
ii) Other Equity	6,315.71	5,232.81	4,972.80
Total equity (a)	7,025.63	5,942.73	5,682.72
i) Short-Term Borrowings	1,853.47	1,571.21	2,008.14
ii) Long Term Borrowings	5,683.30	6,436.37	6,391.67
iii) Current Maturity of Long Term Debt	18.34	15.19	1,379.49
iv) Interest payable on other borrowings	97.41	49.43	76.50
Total Debt (b)	7,652.52	8,072.20	9,855.80
Debt to Equity Ratio	1.09	1.36	1.73

37. FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprises of loans and borrowings, trade and other payables. The main purpose of these financial liabilities are to finance the Company's operations and 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 THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

The Company's business activities expose it to a variety of financial risks, namely credit risk, liquidity risk and market risks.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageing analysis	Follow-up of the debtors
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market Risk – Interest Rate	Long-term borrowings at fixed interest rates which are reset as per economic condition	Sensitivity analysis	Monitoring of interest rates. Interest rates are unhedged.

37.1 Risk Management Framework

Managing Director and Chief Financial Officer of the Company evaluates and manages the uncertainties in the Company. They conduct meetings at regular intervals involving other high level officers of the Company and provides updates to the Audit Committee/Board.

The management of financial risks by the Company is summarized below:-

37.1.1 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 as a result of the risk of counterparties defaulting on their obligations. The Company's exposure to credit risk primarily relates to investments, accounts receivable and cash and cash equivalents. The Company monitors and limits its exposure to credit risk on a continuous basis. The Company's credit risk associated with accounts receivable is primarily related to lease rental and maintenance dues of let-out shops. To manage this the Company periodically reviews the financial reliability of its customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of accounts receivables.

37.1.2 Liquidity Risk

The Company is exposed to liquidity risk related to its ability to fund its obligations as they become due. The Company monitors and manages its liquidity risk to ensure access to sufficient funds to meet operational and financial requirements. The Company has access to credit facilities and monitors cash balances daily. In relation to the Company's liquidity risk, the Company's policy is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions as they fall due while minimizing Finance Costs, without incurring unacceptable losses or risking damage to the Company's reputation.

37.1.3 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.

i) 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. 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. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

ii) 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 manages its interest risk exposure relating to the financial instrument classified at amortised cost by using the market interest rate as the effective interest rate and the changes in the assets liabilities is accounted for as interest income/expenses with respect to Financial Assets/Financial Liabilities respectively. The Company however has only fixed interest rate term loan.

As there is no primary exposure to the interest rate risk the sensitivity analysis has not been performed by the Company.

NOTES TO THE FINANCIAL STATEMENTSfor the year ended 31st March, 2018

(₹ in Lakhs)

38.1 Reconciliation of total Equity as at 31st March, 2017 and 1st April, 2016

	As at 31.03.2017	As at 01.04.2016
Total Equity (shareholders fund) under previous GAAP	9,381.23	9,013.98
Remeasurements:		
On account of liability component of Preference Shares	(2,812.82)	(2,628.80)
On account of application of expected credit loss on Trade Receivable	(58.60)	(78.63)
On account of Deferred Tax impact	(567.08)	(623.83)
Total Equity as per Ind AS	5,942.73	5,682.72

38.2 Reconciliation of total comprehensive income for the year ended 31st March, 2017

	Year ended 31.03.2017
Profit as per previous GAAP (Indian GAAP)	367.25
Adjustments:	
On account of interest expenses on liability component of Preference Shares	(184.01)
On account of provision/(reversal) of expected credit loss	20.03
Other adjustments	57.12
On account of Deferred Tax impact	(0.38)
Total comprehensive income under Ind AS	260.01

38.3 Effect of Ind AS adoption on the Cash Flow Statement for the year ended 31st March, 2017

	IGAAP balance for the year ended 31.03.2017	Effect of transition to Ind AS	Ind AS balance for the year ended 31.03.2017
Net cash from operating activities	(872.01)	(0.02)	(872.03)
Net cash from investing activities	172.33	-	172.33
Net cash from financing activities	700.45	(1,886.58)	(1,186.13)
Net increase or decrease in cash or cash equivalents	0.77	(1,886.60)	(1,885.83)
Cash & cash equivalents at the beginning of the year	6.97	2,420.39	2,427.36
Cash & cash equivalents at the end of the year	7.74	533.79	541.53

39. Previous year's figure have been re-grouped/re-classified wherever necessary.

In terms of our report of even date attached

For **B. N. Agrawal & Co.**

Chartered Accountants

Firm Registration No. 320312E

B. N. Agrawal

Partner

Membership No. 055649

Place : Kolkata

Dated : The 30th day of May, 2018

For and on behalf of the Board of Directors

Radhey Shyam Jalan

Chairman and Managing Director

Laxmi Narayan Sharma

Director

Mukesh Bengani

Chief Financial Officer

Ruchika Fogla

Company Secretary



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