

ORIENT STEEL & INDUSTRIES LTD

**2, BRABOURNE ROAD, 5TH FLOOR,
KOLKATA-700001 Ph :033-4007 0944
E-mail : accounts@orientsteel.com
CIN: L27109WB1956PLC023119**

DIRECTORS' REPORT

To:
The Members,

The Directors have pleasure in presenting the 63rd Annual Report together with the Audited Statement of Accounts for the year ended 31st March' 2019.

FINANCIAL HIGHLIGHTS:

PARTICULARS	2018-2019 (₹)	2017-2018 (₹)
PROFIT/ (LOSS) BEFORE TAXATION	4,10,67,415.00	80,55,217.00
PROVISION FOR TAXES		
Current Tax	(91,30,331.00)	(10,80,150.00)
Deferred Tax	(68,29,322.00)	(52,25,486.00)
Earlier Years	-	11,90,019.00
PROFIT/ (LOSS) AFTER TAX	2,51,07,862.00	29,39,600.00
Balance Carried to Balance Sheet	29,11,81,771.00	26,60,73,909.00

OPERATIONS:

Net profit (after tax) of the Company has been increased from ₹29,39,600.00 to ₹2,51,07,862.00 this year as compare to last year. Performance of the Company was satisfactory and the management looks forward for further improvement.

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of Rule 7 of The Companies (Accounts) Rules, 2014) and the relevant provisions of the Companies Act, 2013 and guidelines issued by the Securities and Exchange Board of India (SEBI).

MATERIAL CHANGES AND COMMITMENTS:

No material changes have occurred from the date of close of the financial year till the date of this report, which affect the financial position of the Company.

DIVIDEND & APPROPRIATIONS:

The Board of Directors has decided not to recommend any dividend for the year ended 31st March, 2019.

TRANSFER TO RESERVES:

The Board proposes that the Net Profit for the F.Y. 2018-2019 of ₹2,51,07,862.00 to be carried forward to the Reserve of the Company. The total of the Reserve, therefore, stands at a figure of ₹30,06,94,314.00 at the end of concerned financial year.

CORPORATE GOVERNANCE:

Pursuant to the SEBI (Listing Obligation & Disclosure Requirements) 2015 entered into with the Stock Exchanges, the Company has complied with all the provisions of Corporate Governance and a report on corporate governance is annexed hereto and forms part of this report. A certificate from the Practicing Company Secretary regarding compliance of Corporate Governance, as stipulated in the Listing Agreement, is appended to the Annual Report. The Managing Director/ Chief Financial Officer (CEO/ CFO) and

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Chairman of the audit committee certification as required the Listing Agreement is attached as Annexure to this Report.

DIRECTORS & KMP:

The appointment of Mr. Mukesh Banka (DIN: 00171482) as full-fledged Director (Independent & Non-Executive) in the Board was ratified by the Shareholders/ Members of the Company in their 62nd Annual Ageneral Meeting held on 29/09/2018. Apart from that, neither the composition of the Board was not changed, nor any other change has occurred in the Board during the financial year under review.

DIRECTORS RESPONSIBILITY STATEMENT:

To the best of their knowledge and belief and according to the information and explanations obtained by them, the Directors make the following statement pursuant to the provisions of Section 134 of the Companies Act, 2013:

- a. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. That 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 and of the Profit of the Company for the year under review;
- c. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. That the Annual Accounts for the year ended 31st March, 2019, has been prepared on a going concern basis.
- e. They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;
- f. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

The provisions of Section 135 of the Companies Act, 2013 related to Corporate Social Responsibility Policy is not applicable to the Company.

COMPANY'S POLICY RELATING TO DIRECTOR APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

The Provision of Section 178(1) relating to constitution of Nomination and Remuneration Committee are applicable to the Company and hence The Nomination and Remuneration (N&R) Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and Managing Director and their remuneration. Accordingly, the non executive directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL RESULTS

The Company does not have any subsidiary Company, Joint venture or Associate Company hence the provisions pursuant to consolidation are not applicable.

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DECLARATION OF INDEPENDENT DIRECTORS

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

SHARES:

a) BUY BACK OF SECURITIES

The company has not bought back any of its securities during the year under review.

b) SWEAT EQUITY

The Company has not issued any Sweat Equity Shares during the year under review.

c) BONUS SHARES

No Bonus Shares were issued during the year under review.

d) EMPLOYEES STOCK OPTION PLAN

The Company has not provided any Stock Option Scheme to the employees.

MEETINGS

During the year under review, there were 4 (four) Board Meetings, 4 (four) Audit Committee Meetings, 2 (two) Nomination and Remuneration Committee Meetings were convened and held. Details of the composition of the Board and its Committees and of the Meetings held and attendance of the Directors at such Meetings, are provided in the Corporate Governance Report.

MANAGEMENT DISCUSSION & ANALYSIS

Management Discussion & Analysis Report for the year under review as stipulated in the Listing Agreement presently SEBI (Listing Obligation & Disclosure Requirements) 2015 with the Stock Exchanges is presented separately in the Annual Report.

AUDITORS

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules framed thereunder, M/s. Chetan & Co., Chartered Accountants (Kolkata) [Firm Regn. No.: 302137E] were re-appointed as the Statutory Auditor(s) in the Last Annual General Meeting (AGM) of the Company held on 29/09/2018 for the financial year 2018-2019 and to hold the office of the Statutory Auditor(s) till the conclusion of the ensuing Annual General Meeting (AGM) of the Company.

The Auditor(s), being eligible, have offered themselves for re-appointment and rendered a certificate to the effect that if they are re-appointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013. The Board proposes and recommends their name for the office of the Statutory Auditor(s) of the Company for the next financial year, i.e. from the year starting 01/04/2019 till the year ending 31/03/2020 and hold office till the conclusion of the AGM to be held in the year 2020.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDITOR

The Company appointed Mr. Bijay Agarwal, Practising Company Secretary, holding membership of The Institute of Company Secretaries of India (ICSI M. No.36489), as the Secretarial Auditor of the Company for FY 2018-2019 to conduct the Secretarial Audit pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The report of the Secretarial Auditor is self explanatory and is set out as an annexure to the Directors' Report and forms

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part of this Annual Report. There are certain qualifications of Secretarial Auditor also regarding delay filing of ROC forms etc. We like to state that the above incidents are beyond the control of the management and the management will take care to regularize the above facts as early as possible.

COST AUDIT

M/s S. K. Sahu & Associates, Cost Accountants (Firm Registration Number: 100807) were appointed as the Cost Auditor(s) of the Company for audit of the cost accounting records of the Company for the financial year ending on 31st March, 2019 in the Board Meeting held on 14/08/2018. He was also the Cost Auditor(s) of the Company for the preceding F.Y. 2017-2018 and his Cost Audit Report for the relevant period was submitted with the Central Government in Form CRA-4 on 22/01/2019.

The Cost Auditor(s), being eligible, have offered themselves for re-appointment and the Board proposes and recommends their name for the office of the Cost Auditor(s) of the Company for the current financial year ending 31/03/2020.

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

(A) Conservation of Energy and Technology Absorption

The company has taken necessary steps for conservation of energy and technology absorption.

(B) Foreign Exchange Earnings & Outgo

During the year under review, the Company did not have any Foreign Exchange Earnings or Outgo.

RISK MANAGEMENT

The Company has adopted a Risk Management Policy in accordance with the provisions of the Act and as per Listing Agreement. It establishes various levels of risks with its varying levels of probability, the likely impact on the business and its mitigation measures.

The Internal Audit facilitates the execution of Risk Management Practices in the Company, in the areas of risk identification, assessment, monitoring, mitigation and reporting. It helps the Audit Committee as well as the Board of Directors to assess the risk and management procedures and its status from time to time.

INTERNAL CONTROL SYSTEM

The Company maintains appropriate systems of internal controls, including monitoring procedures, to ensure that all assets and investments are safeguarded against loss from unauthorized use or disposition. Company policies, guidelines and procedures provide for adequate checks and balances and are meant to ensure that all transactions are authorized, recorded and reported correctly.

The Internal Auditor reviews the efficiency and effectiveness of these systems and procedures. Added objectives include evaluating the reliability of financial and operational information and ensuring compliances with applicable laws and regulations. The Internal Auditor submits his Report periodically which is placed before and reviewed by the Audit Committee.

WHISTLE BLOWER POLICY (VIGIL MECHANISM)

The Company has formulated a codified Whistle Blower Policy incorporating the provisions relating to Vigil Mechanism in terms of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligation & Disclosure Requirements) 2015, in order to encourage Directors and Employees of the Company to escalate to the level of the Audit Committee any issue of concerns impacting and Compromising with the interest of the Company and its stakeholders in any way. The Company is committed to adhere to highest possible standards of ethical, moral and legal business conduct and to open communication and to provide necessary safeguards for protection of employees from reprisals or victimisation, for whistle blowing in good faith.

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PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS.

The Company has complied with the provisions of Section 186 of the Companies Act, 2013 regarding loans, guarantees or investments made by the Company.

PERFORMANCE EVALUATION

Pursuant to the provisions of the Act and SEBI (Listing Obligation & Disclosure Requirements) 2015, the Board has carried out an annual evaluation of its own performance, performance of the Directors individually as well as the evaluation of the working of its Committees.

The Nomination and Remuneration Committee has defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and individual Directors, including the Chairman of the Company.

For evaluating the Board as a whole, views were sought from the Directors on various aspects of the Board's functioning such as degree of fulfillment of key responsibilities, Board structure and composition, establishment, delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning, Board culture and dynamics, quality of relationship between the Board and the Management and efficacy of communication with external stakeholders.

Similarly, views from the Directors were also sought on performance of individual Directors covering various aspects such as attendance and contribution at Board/ Committee Meetings and guidance/ support to the management outside Board/ Committee Meetings.

In addition, the Chairman was also evaluated on key aspects of his role, including setting the strategic agenda of the Board, encouraging active engagement by all Board members and promoting effective relationships and open communication.

Areas on which the Committees of the Board were assessed included degree of fulfillment of key responsibilities, adequacy of Committee composition, effectiveness of meetings, Committee dynamics and quality of relationship of the Committee with the Board and the Management.

The performance evaluation of the Independent Directors was carried out by the entire Board. 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 Board as a whole.

The Chairman of the Board provided feedback to the Directors, as appropriate. Significant highlights, learning with respect to the evaluation, were discussed at the Board Meeting.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS (IDs)

In terms of SEBI (Listing Obligation & Disclosure Requirements) 2015, the Company is required to conduct the Familiarisation Programme for Independent Directors (IDs) to familiarise them about their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various initiatives.

Significant Statutory updates are circulated on a quarterly basis through which Directors are made aware of the significant news developments and highlights from various regulatory authorities viz. Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA), etc.

The Managing Director regularly apprises the Directors about their roles, rights and responsibilities in the Company from time to time as per the requirements of the Listing Agreement with the Stock Exchanges and Companies Act, 2013 read together with the Rules and Schedules thereunder.

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WEB-LINK OF ANNUAL RETURN

An extract of Annual Return as on the financial year ended on March 31, 2019 in Form No. MGT-9 as required under Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, has been uploaded/ published in the website of the Company addressing: www.orientsteel.com.

The hard copy of such extracts of Annual Return is also furnished herewith as Annexure-I and is attached to this Directors' Report and forms part of this Annual Report.

PARTICULARS OF CONTRACTS/ ARRANGEMENTS WITH RELATED PARTIES

All the related party transactions of the Company are entered on arm's length basis and are in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Agreement. All related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis.

In terms of SEBI (Listing Obligation & Disclosure Requirements) 2015, the Company obtained prior approval of the Audit Committee for entering into any transaction with related parties. The Audit Committee reviews all related party transactions on a quarterly basis. A Related Party Policy has been devised by the Company for determining the materiality of transactions with related parties and dealings with them. There are no transactions to be reported in Form AOC-2.

The details of the transactions with Related Parties are provided in the accompanying financial statements in Notes to Accounts.

AUDIT COMMITTEE:

The Audit Committee presently comprises of Mr. Binod Kumar Jeloka, and Mr. Pawan Kumar Poddar, Independent Directors and Mr. Nawal Kishore Rajgarhia, Managing Director. Mr. Binod Kumar Jeloka, Independent Director is the Chairman of the Audit Committee. The Terms of Reference of the Audit Committee has been provided in the Corporate Governance Section forming part of this Report.

Four meetings of the Audit Committee were held during the year 2018-2019 on 30/05/2018, 14/08/2018, 14/11/2018, and 14/02/2019.

NOMINATION AND REMUNERATION COMMITTEE

The Committee comprises Mr. Binod Kumar Jeloka, and Mr. Pawan Kumar Poddar Independent Directors, Smt. Shuchi Rajgarhia, Director who acts as Member and Mr. Binod Kumar Jeloka acts as a Chairman of the Nomination and Remuneration Committee. Meetings of the Nomination and Remuneration Committee of the Company were held on 14/08/2018 and 14/02/2019.

AUDIT QUALIFICATIONS:

There are certain audit qualification, reservations or adverse remarks or disclaimers regarding leave encashment, realization from customer and confirmation/ reconciliation of certain balances etc. made by M/s. Chetan & Co., Chartered Accountants (Kolkata), Statutory Auditors, in their report on the Company's financial statements for the year ended on March 31, 2019. Further, the Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company during the year under review.

We like to inform you that the Company is in the process of regularization of above mentioned facts and it will be done shortly.

FIXED DEPOSITS:

The Company has not accepted any public deposits during the financial year 2018-2019.

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PARTICULARS OF EMPLOYEES:

As none of employees are covered under section 197, the information required under Section 197 (12) of the Act read with Rule 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not provided in the report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/ COURTS/ TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND THE COMPANY'S OPERATIONS IN FUTURE:

There are no such orders passed by the regulators/ courts/ tribunals impacting the going concern status and the Company's operations in future.

REPORT ON CORPORATE GOVERNANCE

A report on Corporate Governance, in accordance with the Listing Agreement with the Stock Exchanges, is set out separately for the information of the shareholders.


DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE UNDER (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

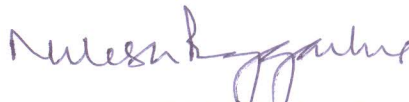
During the year under review the Company has not received any complaint by any of its women employees and staffs pursuant to the provisions of the Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal) Act, 2013.

ACKNOWLEDGEMENTS:

The Director wish to place on record their appreciation for the whole hearted and sincere cooperation the company has received from its bankers, employees and various government agencies.

For and on behalf of the Board of Directors


(Nawal Kishore Rajgarhia)
Managing Director
DIN: 00439689


(Nilesh Rajgarhia)
Whole-Time Director
DIN: 00439715

Place: Kolkata

Date: 30/05/2019