

NARAYANI STEELS LIMITED

(CIN: L27109WB1996PLC082021)

Kolkata

ANNUAL REPORT FOR 2017-18

23RD Annual General Meeting

**On Tuesday, the 25th day of September, 2018 at 03.00 P.M
at 23A, N.S. Road, 7th Floor, Room No-31, Kolkata-700001, West Bengal, India**

Registered Office:

**23A, N.S. Road, 7th Floor,
Room No-31, Kolkata-700001,
West Bengal, India**

PARTICULARS

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The Board of Directors:

- | | |
|---------------------------------------|---------------------------------------|
| 1. Sri Sunil Choudhary | Chairman cum Managing Director |
| 2. Smt Bina Choudhary | Non-Executive Director. |
| 3. Sri Bivor Bagaria | Wholetime Director and CFO. |
| 4. Sri Krishnamacharyulu Eunny | Independent Director. |
| 5. Sri Bhaskararao Puvvala. | Independent Director. |
| 6. Sri Atul Kumar Saxena. | Independent Director. |

Statutory Auditors:

M/s. A C Bhuteria and Co.
Chartered Accountants
Kolkata.

Bankers:

Union Bank of India.
Andhra Bank
Yes Bank Ltd.
Tata Capital Financial Services Ltd.
Axis bank Ltd.
ICICI Bank Ltd.

Secretarial Auditors:

ASN Associates
Company Secretaries
D. No 9-29-19/A, Flat No.201,Level-2,
Waltair Heights,
Balaji Nagar, Siripuram, Visakhapatnam, -
530003.Andhra Pradesh

Registrar and Share Transfer Agent:

Bigshare Services Private limited.
1st Floor, Bharat tin Works Building,
Opp.vasantOasis, Makwana Road,
Marol, Andheri East,
Mumbai-400059,
Maharashtra

Registered Office:

23A, N.S. Road, 7th Floor,
Room-31
Kolkata
West Bengal
India
700001

Corporate Office:

#30-15-138/20,
II Floor, Binayaka Complex
Dabagardens,
Visakhapatnam
Andhra Pradesh,India
530020

**Company Secretary and
Compliance Officer:**

CS. Arun Kumar Meher

COMPOSITION OF BOARD OF COMMITTEES

AUDIT COMMITTEE:	STAKE HOLDER'S RELATIONSHIP COMMITTEE:
1. Puvvala Bhaskara Rao.-Member 2. Atul Kumar Saxena.-Member 3. Eunny Krishnamacharyulu- Chairman	1. Eunny Krishnamacharyulu.- Member 2. Atul Kumar Saxena.-Chairman 3. Puvvala Bhaskara Rao- Member
NOMINATION AND REMUNERATION COMMITTEE:	
1. Eunny Krishnamacharyulu-Chairman 2. Puvvala Bhaskara Rao- Member 3. Atul Kumar Saxena-Member	

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given to all the Members that the 23rd Annual General Meeting of the Members of M/s. Narayani Steels Limited will be held on Tuesday, the 25th of September, 2018 at 03.00 P.M. at the Registered Office of the Company situated at 23A, N.S. Road, 7th Floor, Room - 31, Kolkata- 700 001, West Bengal, India to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) consisting of the Statement of Profit & Loss for the period ending 31st March, 2018, Cash Flow Statement for the period ended 31st March, 2018 and the Balance Sheet of the Company as on that date, Schedules and Notes thereon together with the Directors' Report, Independent Auditors' Report and Secretarial Auditors' Report thereon.
2. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time M/s A C Bhuteria and Co., Chartered Accountants, Kolkata (FRN: 303105E) be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the Twenty Seventh Annual General Meeting of the Company to be held for the Financial Year 2021-22 at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors plus out of pocket expenses and applicable GST, if any.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take all necessary steps and to do all acts and things to effect the said Resolution."

3. To appoint a Director in place of Mr. BIVOR BAGARIA (DIN:06765822), Director of the Company who retires by rotation and being eligible, offers himself for re-appointment

SPECIAL BUSINESS:

4. **RATIFICATION AND PAYMENT OF REMUNERATION TO M/S. A.S. RAO & CO., COST AUDITORS OF THE COMPANY.**

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

"**RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 (the 'Act') read with Companies (Audit and Auditors) Rules, 2014, (including any Statutory

modification (s) or re-enactment thereof, for the time being in force), consent of the members be and is hereby accorded for revision in the remuneration of M/s. A. S. Rao & Co., Cost Accountants, Hyderabad to conduct the audit of cost records of the Company for the Financial Year 2018-19 and be paid a remuneration amounting to Rs. 60,000/- (Rupees Sixty Thousand Only) plus out of pocket expenses and applicable GST, if any.

RESOLVED FURTHER THAT the Managing Director and/ or Director(s) of the Company be and are hereby jointly/severally authorized to do or cause to be done all such acts, matters, deeds and other things as it may in their absolute discretion deem fit, required or considered necessary or incidental thereto, for giving effect to the aforesaid Resolution.”

5. ACCORDING CONSENT FOR REVISION IN THE REMUNERATION OF MR. BIVOR BAGARIA (DIN:06765822), WHOLETIME DIRECTOR OF THE COMPANY.

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

“RESOLVED THAT subject to the provisions of Section 196, 197 and Schedule V of the Companies Act, 2013 and pursuant to Chapter XIII of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and all other applicable provisions, if any, consent of the members be and is hereby accorded for revision in the remuneration of Mr. Bivor Bagaria (DIN: 06765822), Wholetime Director of the Company,

The terms, conditions including remuneration as mentioned below:

(i) Salary: Rs.2,00,000 (Rupees Two Lakh Only) per month and any Professional Services/charges to the Company if any.

In addition to salary, he shall be provided with the following perquisites:

Medical Reimbursement: Actual Expenses incurred for the Whole time Director and his family.

Gratuity: Gratuity payable shall be in accordance with the provisions of the Payment of Gratuity Act, 1972

Travelling Expenses: Reimbursements of actual travelling expenses for proceeding on leave with family to anywhere in India or abroad as per rules of the Company.

RESOLVED FURTHER THAT where in any Financial Year during his tenure, if the company has no profit or its profits are inadequate, the minimum remuneration will be paid, subject to such statutory approvals as may be applicable.

RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation to Schedule V or to the Companies Act, 2013 relating to the payment of remuneration to the managerial personnel, the Board of Directors be and are hereby authorised to vary or increase the remuneration within the prescribed limits.

RESOLVED FURTHER ALSO THAT the Managing Director and/ or Director(s) of the Company be and are hereby jointly/severally authorized to do or cause to be done all such acts, matters, deeds and other things as it may in their absolute discretion deem fit, required or considered necessary or incidental thereto, for giving effect to the aforesaid Resolution.”

6. **GIVING AUTHORISATION TO BOARD OF DIRECTORS TO EXTEND LOAN, GUARANTEE OR SECURITY TO THE COMPANIES IN WHICH DIRECTORS ARE INTERESTED.**

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

"RESOLVED THAT pursuant to the provisions of sub-section 2 of Section 185 of the Companies Act, 2013 and all other applicable provisions, if any, including any statutory modification(s) or re-enactment thereof, for the time being in force, consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board") which term shall include any Committee thereof/ or any Director duly authorized in this respect by the Board) to advance any loan including any loan represented by a book debt, or give any guarantee or provide any security in connection with any loan taken by any person in whom any of the Director of the company is interested up to an amount of Rs. 250 Crores as and when required.

RESOLVED FURTHER THAT the said Loan, Guarantee or Security shall be given on such terms and conditions as the Board may in its absolute discretion deem beneficial in the interest of the company, provided that amount shall be used exclusively for the purpose of principal business activities of borrowing Company;

RESOLVED FURTHER ALSO THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to negotiate the terms and conditions and all other related matters in connection with above and finalize, settle and execute such documents/deeds/papers as may be required and to do all acts, deeds, matters and things, it may in its absolute discretion deemed necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regards and also to delegate all or any of the above powers to the Director(s) of the Company or any person nominated by Directors and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental in this respect;

For and on behalf of the Board of Directors of
Narayani Steels Limited

Registered Office:
23A,N.S.Road,7thfloor,Room No.31,Kolkata
West Bengal,India.
Place: Visakhapatnam.
Date: 31.08.2018

(Sunil Choudhary)
Managing Director
DIN: 00289479

NOTES

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself and such Proxy need not be a Member of the Company. A proxy so appointed shall not have right to speak at the meeting. The Instrument of Proxies, in order to be effective should be deposited at the Registered Office of the Company, duly completed and signed, not less than forty eight (48) hours before the commencement Meeting. Proxies submitted on behalf of Companies, Societies, etc., must be supported by appropriate Resolutions/authority, as applicable.
2. A person can act as a Proxy on behalf of Members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total Share Capital of the Company. In case of proxy is proposed to be appointed by the a Member holding more than ten percent of the total Share Capital of the Company carrying voting rights, then such Proxy shall not act as Proxy for any other person or Shareholder.
3. Members / Proxies shall bring Attendance Slips filled in and duly signed for attending the meeting.
4. Documents referred to in the Notice open for inspection at the Registered Office of the Company during working hours on all working days till the date of Annual General Meeting and also at the place of the Meeting at the scheduled time of the Annual General Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 23.09.2018 to 25.09.2018 (both days inclusive).
6. In case you are holding the Company's shares in dematerialized form, please contact your depository participant and give suitable instructions to update your bank details in your demat account and to notify any changes with respect to their addresses, email id, ECS mandate.

In case you are holding Company's shares in physical form, please inform Company' RTA viz. M/ s. Bigshare Services Private Limited, 1ST Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai-400059, Maharashtra, Mail ID: investor@bigshareonline.com by enclosing a photocopy of blank cancelled cheque of your bank account.

With reference to SEBI circular no. LIST/COMP/ 15/ 2018-19 dated 05th July, 2018 the amendment to Regulation 40 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 has mandated that transfer of "securities would be carried out only in dematerialized form W.e.f. 05th December, 2018. Therefore we request all the holders of physical certificates to get them dematerialized.
7. Members are requested to send their queries, if any, in writing at least 10 days in advance of the date of the Meeting to the Company at its Registered Office.
8. Shareholders desiring any information relating to the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
9. Registrar and Share Transfer Agent: M/s. Bigshare Services Private Limited have been appointed by the Company as Registrar and Share Transfer Agent by the Company. Hence, Depository Participants/ Shareholders / Investors of the Company are advised to send all documents / correspondence such as requests for Dematerialization of Shares, Transfer of

Shares, Change of Address , Registration of e- mail id, Change of Bank Mandate / NEACS , and other Shares related documents.
10. Green Initiative: As a responsible Corporate Citizen, your Company welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, Government of India. We strongly urge you to support this 'Green Initiative' by opting for electronic mode of communication and making the world a cleaner, greener and healthier place to live. The Members who have not registered their e- mail address

are requested to register their e-mail Id's with the Company, Registrar and Share Transfer Agent or Depository Participant as the case may be.

11. In compliance with provisions of section 108 of the Act and rules framed there under, as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the members are provided with the facility to cast their vote electronically ,through the e-voting services provided by CDSL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below. Resolution(s) passed by Members through e-voting is/are deemed to have been passed as if they have been passed at the AGM.
12. The Board of the Directors has appointed Mr. N Agrawal & Associates, Practicing Chartered Accountant (FRN:015892S)as scrutinizer to scrutinize the voting at the meeting and remote e-voting process in a fair and transparent manner.
13. The facility for voting, either through electronic voting system or polling paper shall also be made available at the AGM and Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right to vote at the AGM.
14. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
15. Details under Regulation 36(3)of SEBI (LODR)Regulations,2015("SEBI listing Regulations"),with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, the Directors have furnished the requisite information for their appointment/re-appointment.

Details of Directors seeking Re-Appointment at the Annual General Meeting

Name of the Director	BIVOR BAGARIA
Director Identification Number (DIN)	06765822
Date of Appointment on Board	26.11.2013
Shareholding in Narayani Steels Limited	NIL

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013:

REGARDING ITEM NO.4:

RATIFICATION AND PAYMENT OF REMUNERATION TO M/S. A.S. RAO & CO., COST AUDITORS OF THE COMPANY:

The Members are informed that as per Section 148 and all other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules,2014, Cost Audit is applicable to the Company's products/ business of the Company for the Financial Year 2018-19.

In view of the same and in terms of the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the Board of Directors of the Company at its Meeting held on 31.08.2018 had re-appointed M/s. A. S. Rao & Co., Cost Accountants, Hyderabad as Cost Auditors to conduct the audit of cost records of your Company. Further, as per the provisions of Section 148 (3) of the Companies Act, 2013 read with Rule 14 (a) (ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs.25,000 paid to them is not sufficient to Compensate the time which is he giving to Company, Now Board of Directors want to revise its remunerations to Rs.60,000 (Rupees Sixty Thousand Only) plus out of pocket expenses and applicable GST, if any. In view of this, your consent is required in order to pass this resolution as Ordinary Resolution at Item No.4 of the Notice.

The Board of the Directors recommends the resolution set forth in Item No.4 for approval of Members.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No.4 of the Notice.

REGARDING ITEM NO 5.

ACCORDING CONSENT FOR REVISION IN THE REMUNERATION OF MR. BIVOR BAGARIA (DIN: 06765822), WHOLETIME DIRECTOR OF THE COMPANY.

Mr. Bivor Bagaria who is currently working as Whole time Director, and accomplished various works entrusted by Board of Directors of the Company. He is a senior Chartered Accountant from Institute of Chartered Accountants of India. He has vast experience in the areas of Finance and Marketing in manufacturing Industry. Now the Board has proposed to revise his Remuneration in order to compensate the time which is he contributing to the Company, in this connection your approval is required in order to implement the said revision. Further, the Board has proposed to pay the remuneration as mentioned in the Notice supra.

The Board of Directors recommends the resolution set forth in Item No.5 for approval of Members.

Except for the Whole time Director, no other Director or Key Managerial Personnel or their relatives, is concerned or interested, financially or otherwise, in passing of this Resolution.

REGARDING ITEM NO 06.

GIVING AUTHORISATION TO BOARD OF DIRECTORS TO EXTEND LOAN, GURANTEE OR SECURITY TO THE COMPANIES IN WHICH DIRECTORS ARE INTERESTED.

The Shareholders are hereby informed that pursuant to Companies Amendment Act, 2017, the Company is eligible to advance any loan including any loan represented by a book debt, or give any guarantee or provide any security in connection with any loan taken by any person in whom any of the directors of the company is interested as and when required, subject to approval of the members by way of special resolution. The Board proposed to obtain the Shareholders' approval for an amount of Rs.250 Crores for the purpose of providing Loans, Guarantees or Securities to Associate Companies.

It is further informed that the following are Group/Associate Companies of Narayani Steels Limited as per the provisions of the Companies Act, 2013:

- Narayani Ispat Limited
- Hari Equipments Private Limited
- Kedarnath Commotrade Pvt. Ltd.
- Agrimony Tradex Vyaappar Pvt. Ltd.

Some of the Directors in the said Companies are also Directors in Narayani Steels Limited. Consequently, the provisions of Section 185 (2) of the Companies Act, 2013 are applicable for all the Loans, Guarantees or Securities provided to those Group/Associate Companies.

Entire amount of Loans, Guarantees or Securities proposed to be given are exclusively used for working capital requirements of the respective borrowing Companies.

Your Directors propose the said resolution for your approval in the ensuing Annual General Meeting.

All the Directors are deemed to be interested in the above resolution to the extent of their shareholding and directorship held in the above companies.

For and on behalf of the Board of Directors of
Narayani Steels Limited

Registered Office:
23A,N.S.Road, 7th floor, Room No.31,Kolkata
West Bengal, India.

(Sunil Choudhary)
Managing Director
DIN:00289479

Place: Visakhapatnam.
Date: 31.08.2018.

ANNEXURE FOR E-VOTING PROCEDURE

The e-Voting process to be followed by the shareholders to cast their votes:

- During the voting period, the shareholders can visit the e-Voting website www.evotingindia.com and select the relevant EVSN / Company for voting.
- The shareholders can login to the e-Voting system using their user-id (i.e. demat account number), PAN and Date of Birth (DOB) or Bank account number mentioned for the said demat account or folio.
- After logging in, demat security holders will have to mandatorily change their password. This password can be used by demat security holders for all future voting on resolutions of companies in which they are eligible to vote. Physical shareholders will have to login with the DOB and Bank details for every voting.
- Security holders have to then select the EVSN for which they desire to vote.
- Security holders can then cast their vote on the resolutions available for voting.
- Security holders can also view the resolution details on the e-Voting website.
- Once the security holder casts the vote, the system will not allow modification of the same.
- During the voting period, security holders can login any number of times till they have voted on all the resolutions. However, once the security holder has voted on a resolution he/she would not be able to vote for the same resolution but, only view the voting.
- Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.

E-Voting will start on

EVSN Reference No:	180831059	E-Voting Start Date & Time	E-Voting End Date & Time
		22.09.2018	24.09.2018
		At 9.00 A.M	At 5.00 P.M
Cut off date:	18.09.2018		

Route Map:



DIRECTOR'S REPORT

To,
The Members,
Narayani Steels Limited.

Your Directors have pleasure in presenting their 23rd Annual Report on the business and operations of the Company and the accounts for the Financial Year ended 31st March, 2018.

1. FINANCIAL SUMMARY OF THE COMPANY:

Particulars	Standalone		Consolidated	
	For the year ended 31.03.2018	For the year ended 31.03.2017	For the year ended 31.03.2018	For the year ended 31.03.2017
Revenue	7,78,88,36,652	775,50,85,110.00	778,88,36,652	775,50,85,110.00
Expenses	759,07,47,993.00	757,03,03,267.00	759,07,47,993	757,03,03,267.00
Profit before Extra-ordinary Items, Interest and Depreciation, Tax	19,80,88,659.00	18,47,81,843.00	19,80,88,659	18,47,81,843.00
Less: Interest	15,12,01,911	14,77,05,916.00	15,12,01,911	14,77,05,916.00
Profit before Extraordinary Item, Depreciation and Tax	4,68,86,748	370,75,927.00	4,68,86,748	370,75,927.00
Less: Depreciation	69,61,575	54,04,297.00	69,61,575	54,04,297
Profit before Extraordinary Items and Tax	3,99,25,173	3,16,71,630.00	3,99,25,173	3,16,71,630
Add: Exceptional Item-	76,82,137	-	76,82,137	-
Profit before Tax	3,22,43,036.00	3,16,71,630.00	3,22,43,036	3,16,71,630
Current Tax	1,01,50,710.00	1,03,56,384.00	1,01,50,710	1,03,56,384.00
Income tax for Earlier Year	4,905.00	-	4,905	-
Deferred Tax	15,54,087.00	3,43,725.00	15,54,087	3,43,725.00
Profit After Tax	2,05,33,334	2,09,71,521.00	2,05,33,334	2,09,71,521.00
Dividend (including Interim if any	-	-	-	-

and final)				
Net Profit after dividend and Tax	2,05,33,334	2,09,71,521.00	2,05,33,334	2,09,71,521.00
Share of Profit in Associates	-	-	20,43,441	14,98,206.00
	2,05,33,334	2,09,71,521	2,25,76,775	2,24,69,727

Earning per Share (Basic) Nominal Value per Equity Share: For the year ended 31st March, 2018 - Rs. 10/- For the year ended 31st March, 2017 - Rs. 10/-	1.88	2.25	2.07	2.41

2. STATE OF COMPANY'S AFFAIRS UNDER CLAUSE (i) TO SUB-SECTION (3) OF SECTION 134 OF THE COMPANIES ACT, 2013:

a) FINANCIAL SUMMERIES

STANDALONE:

During the year under review, the Company has recorded an Gross Income of Rs. 777.50 Crores as compared to the previous year amount of Rs.784.00 Crores. The Expenditure incurred before depreciation and interest during the year was Rs. 19.80 Crores as against the amount of Rs.18.47 Crores during the previous year. The Depreciation and Tax provided during the year were Rs.0.69 Crores and Rs.1.17 Crores respectively as compared to the Depreciation and Tax provided for the previous year were Rs.0.54 Crores and Rs. 1.07 Crores respectively. Hence, the Company has earned a Net Profit of Rs. 2.05 Crores as compared to the previous year amount of Rs.2.09 Crores. During this year, the Net Profit decreased@ 2.09 % as compared to the previous year as slowdown market conditions during the year.

CONSOLIDATED:

During the year under review, the Company has recorded a Gross Income of Rs. 777.50 Crores as compared to the previous year amount of Rs. 784.00 Crores. The Expenditure incurred before depreciation and interest during the year was Rs. 19.80 Crores as against the amount of Rs.18.47 Crores during the previous year. The Depreciation and Tax provided during the year were Rs.0.69 Crores and Rs.1.17.09 Crores respectively as compared to the Depreciation and Tax provided for the previous year were Rs.0.54 Crores Only and Rs.1.07 Crores respectively. Share of profit in association is Rs.0.20 Crores during the year and Rs.0.14 Crores in previous year. Hence,

the Company has earned a Net Profit of Rs. 2.25 Crores as compared to the previous year amount of Rs.2.24 Crores. During this year, the Net Profit increased @ .47%as compared to the previous year as the market activity regained its growth during the year.

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

There are no changes in the nature of business of the Company during the Financial Year 2017-18.

3. EXTRACT OF THE ANNUAL RETURN:

As required under Clause (a) to Sub-section (3) of Section 134 of the Companies Act, 2013, the extract of Annual Return in form MGT-9 as provided under Sub-section (3) of Section 92 of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, is enclosed in Annexure-2.

4. AUDITORS:

A) STATUTORY AUDITORS:

M/s. A C Bhuteria and Co., Chartered Accountants, Kolkata (FRN:303105E) appointed as Statutory Auditors to conduct Statutory Audit of Company.

B) COST AUDITORS.

M/s. A.S. Rao & Co.,Cost Accountants, Hyderabad, was appointed as Cost Auditors of the Company to conduct the audit of Cost Accounts maintained by the Company. The Company has received the Cost Audit Report from the Cost Auditor for the FY 2017-18.

C) SECRETARIAL AUDITORS:

The Board of Directors of the Company has appointed M/s. ASN Associates, Practicing Company Secretaries, to conduct Secretarial Audit for the Financial Year 2017-18. The Secretarial Audit Report for the Financial Year ended March 31, 2018 is annexed herewith to this Report. The Secretarial Audit Report contains qualification, reservation or adverse mark.

D) INTERNAL AUDITORS:

M/s. A. Ramachandra Rao & Co., Chartered Accountants (FRN: 02857S), Visakhapatnam-530013, Andhra Pradesh, India, be and are hereby appointed as Internal Auditors of the Company.

**7. PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT:
Hari Equipments Private Limited (Associate Company)**

During the Financial Year 2017-18, its Associate Company i.e Hari Equipments Private Limited has gross turnover of Rs.167,14,61,158/- as compared to Rs.188,07,87,195/- in the previous Financial Year and its

profit after tax in 2017-18 is R.54,43,012 as compare to Rs.39,94,152 in previous Financial Year.Details of Associate Company mentioned in (Annexure-3)

6. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW:

During the F.Y. 2017-18 the Board of Directors met for 24 (Twenty Four) times to discuss about the business and other important matters relating to the Company which forms part of this report. The details of which are given in Annexure-1. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

7. DIRECTORS RESPONSIBILITY STATEMENT:

In accordance with the provisions of Sub-section (5) of Section 134 of the Companies Act, 2013 and as required under Clause (c) to Sub-section (3) of Section 134 of the Companies Act, 2013 the Board hereby submits its Responsibility Statement:—

- (a) in the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had 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 and loss of the Company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate Accounting Records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the Annual Accounts on a Going Concern basis;
- (e) the Company being listed Company, Sub-clause (e) to Sub-section (5) of Section 134 of the Companies Act, 2013 pertaining to laying down Internal Financial Controls is applicable to the Company; and
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

8. COMPANY'S POLICY RELATING TO DIRECTOR'S APPOINTMENT, PAYMENT OF REMUNERATION INCLUDING DISCHARGE OF THEIR DUTIES AND OTHER MATTERS:

The Company is covered under Sub-section (1) of Section 178, therefore the Board on the recommendation of the Nomination & Remuneration Committee has devised and implemented a Nomination and Remuneration Policy for Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under Sub-section (3) of Section 178 and a summary of the same is disclosed in Annexure-8 as required under Clause (e) to Sub-section (3) of Section 134 of the Companies Act, 2013, .

9. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND COMPANY SECRETARY IN PRACTICE IN THEIR REPORTS

UNDER CLAUSE (f) TO SUB-SECTION (3) OF SECTION 134 OF THE COMPANIES ACT, 2013:

As required under Clause (f) to Sub-section (3) of Section 134 of the Companies Act, 2013, the explanation or comments on qualifications, reservations, adverse marks or disclaimers made by the Auditors in their reports is disclosed in Annexure -5.

10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

As required under Clause (g) to Sub-section (3) of Section 134 of the Companies Act, 2013, the Company has given Corporate Guarantee for the Credit Facilities taken by Hari Equipments Pvt. Ltd during the year.

Details of Guarantees and security provided to any other body corporate during the previous financial year as given below:

Company has provided one of its property at Visakhapatnam as security with the bank for credit facilities availed by Kedarnath Commotrade Pvt. Ltd

11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 IN THE PRESCRIBED FORM:

As required under Clause (h) to Sub-section (3) of Section 134 of the Companies Act, 2013, the particulars of every Contract or Arrangements entered into by the Company with Related Parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto are disclosed in Form AOC-2 as **Annexure-4**.

12. THE AMOUNTS, IF ANY, WHICH IT PROPOSES TO CARRY TO ANY RESERVES UNDER CLAUSE (j) TO SUB-SECTION (3) OF SECTION 134 OF COMPANIES ACT, 2013:

During the Financial Year 2017-18, the Company has not transferred any amount to its Reserves and surplus except the Profits earned during the year for both Standalone and consolidated financial Results.

13. THE AMOUNT, IF ANY, WHICH IT RECOMMENDS SHOULD BE PAID BY WAY OF DIVIDEND UNDER CLAUSE (k) TO SUB-SECTION (3) OF SECTION 134 OF COMPANIES ACT, 2013:

Your Directors have not recommended any dividend in view of the sluggish market conditions prevalent in the Steel Industry and to meet the Working Capital requirements for effective operations as per the plans conceived.

14. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

As required under Clause (L) to Sub-section (3) of Section 134, no material changes and commitments affecting the financial position of the Company occurred between the end of the Financial Year to which this Financial Statements relate on the date of this Report.

15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO, IN SUCH MANNER AS MAY BE PRESCRIBED UNDER CLAUSE (m) TO SUB-SECTION (3) OF SECTION 134 OF COMPANIES ACT, 2013:

The particulars as prescribed under Clause (m) to Sub-section (3) of Section 134 of the Companies Act, 2013 read with Companies' (Accounts) Rules, 2014 regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/ Outgo is provided as under:

(a) Conservation of Energy:

(i)	The steps taken or impact on conservation of energy	To improve the Power Factor upto 0.99.
(ii)	The steps taken by the company for utilizing alternate sources of energy	125 KVA DG power is used whenever APEPDCL power fails.
(iii)	The capital investment on energy conservation equipments	Power Capacitors.

(b) Technology Absorption:

(i)	The efforts made towards technology absorption	Spectrometer of Oxford and MK for In-house testing lab.
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	Saved expenses on testing from Outside agencies.
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year)-	
	(a) the details of technology imported	-
	(b) the year of import;	-
	(c) whether the technology been fully absorbed	-
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	-
(iv)	The expenditure incurred on Research and Development	-

(c) Foreign Exchange Earnings /Outgo:

Particulars	2017-18 (Rs.)	2016-2017 (Rs.)
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo		
Interest on Buyers' Credit Loan	Nil	Nil
Import of Traded Goods	Nil	Nil
Travel and Miscellaneous Matters	21,045	

16. STATEMENT INDICATING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY FOR THE COMPANY AS REQUIRED UNDER CLAUSE (n) TO SUB-SECTION (3) OF SECTION 134:

The Company has devised and implemented a Risk Management Policy and all the risks are discussed at the Senior Management Level at their Meetings periodically to ensure that the risk mitigation plans are well thought out and implemented and adverse impact of risks is avoided or kept within manageable proportions though the elements of risk threatening the Company's existence are very minimal. This policy are mentioning in www.narayanitmt.com

17. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES TAKEN DURING THE YEAR UNDER CLAUSE (o) TO SUB-SECTION (3) OF SECTION 134 OF COMPANIES ACT, 2013:

The provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, are not applicable to the Company.

18. FORMAL ANNUAL EVALUATION:

Being a listed Public Limited Company having Paid-up Capital of less than Rupees Twenty Five Crores, the provisions of Clause (p) to Sub-section (3) of Section 134 of the Companies Act, 2013, relating to a statement on Formal Annual Evaluation of performance of the Board, its Committee and of Individual Directors has been made.

19. VIGIL MECHANISM POLICY:

Pursuant to the provisions of Sub-section (9) & (10) of Section 177 of the Companies Act, 2013, a Vigil Mechanism Policy for Directors and Employees to report genuine concerns has been established. The Company has also provided adequate safeguards against victimization of Employees and Directors who express their concerns.

The Vigil Mechanism Policy has been uploaded on the website of the Company at <http://www.narayanitmt.com/>.

20. SECRETARIAL AUDIT REPORT:

The provisions relating to Secretarial Audit under Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are applicable to the Company as the turnover exceeds Rs. 250,00,00,000/- and the same is enclosed as Annexure-5.

21. DEPOSITS:

The Company has neither accepted nor renewed any deposits during the year under review within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

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

There are no significant and material Orders passed by the Regulators or Courts or Tribunals impacting the Going Concern Status and Company's operations in future.

23. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:

The Company has established an internal control over financial reporting criteria considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Also, as per the Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 issued by the Independent Auditors of the Company, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively.

24. THE BOARD AND KMP.

a) Change in the Composition of the Board of Directors& KMP:

No change has been occurred during the Financial Year 2017-18 except resignation of Mr. Kishan Lal Choudhary. Company Secretary Nisha Rathor resigned and in her place Mr. Arun Kumar Meher appointed as Company Secretary of the Company during the beginning of the Financial Year. Details of Senior Executive and KMP are shown in our website: www.narayanitmt.com

b) Details of composition of audit committee as per section 177(8) of the companies act,2013

The Audit Committee consists of the following persons.

Sr. No	Particulars	Designation
01	Eunny Krishnamacharyulu	Chairman
02	Puvvala Bhaskara Rao	member
03	Atul Kumar Saxena.	member

25. PARTICULARS OF EMPLOYEES:

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Employees of the Company is disclosed in Annexure-6.

26. DECLARATION GIVEN BY INDEPENDENT DIRECTORS:

The statement on Declaration to be given by Independent Directors under Sub-section (6) of Section 149 of Companies Act, 2013 and Companies Appointment and Qualification of Directors) Rules, 2014 as required under Clause (d) to Sub-section (3) of Section 134 of the Companies Act, 2013 is enclosed as Annexure-7.

27. INSURANCE:

All the assets of the Company wherever necessary and to the extent required have been adequately insured.

28. EMPLOYEE RELATIONS:

During the year, the Employee relations in the Company remained cordial and highly conducive to congenial working environment in all its establishments and further the Company has been in touch relating to recruitment of required personnel from time to time. Your Directors would like to place on record the dedication and commitment of all the Employees of your Company in achieving the good results.

29. A DISCLOSURE AS TO WHETHER MAINTENANCE OF COST RECORDS AS SPECIFIED BY THE CENTRAL GOVERNMENT UNDER SUB-SECTION (1) OF SECTION 148 OF THE COMPANIES ACT, 2013:

Maintenance of cost records as specified by the central government under sub-section (1) of section 148 of the companies act, 2013, is required by the company and accordingly such accounts and records are made and maintain.

30. INTERNAL COMPLAINTS COMMITTEE:

Company has complied with provision relating to the constitution of Internal Complaints Committee under sexual harassment of women at workplace (prevention, prohibition and redressal), Act, 2013

31. MANAGEMENT DISCUSSIONS AND ANALYSIS:

The Board has been continuing its efforts and taken the required steps in the area of Industry, structure and Development, Growth Strategy, Segment-wise Performance, Internal Control Systems and their adequacy, Analysis of Strengths, Weaknesses, Opportunities and Threats, Financial Performance with respect to Operational Performance, Material developments in human resources / industrial relations, Strict Compliances, Talent Management, Leadership Development, and Talent Retention, Learning and Development.

32. ACKNOWLEDGEMENTS:

Your Directors wish to place on record their appreciation of the whole-hearted assistance and co-operation received by the Company from Members, Customers, Dealers, Distributors, Bankers, Financial Institutions, Government & Other Agencies, Local Bodies, other Corporate Bodies and the Public and look forward to their support in coming years. They express their gratitude to all the Shareholders of the Company for the confidence reposed in the Management. Your Directors appreciate the sincere services rendered by the Employees at all levels. Thanks are also extended to our Professionals, Advisors, Well-wishers and Persons dealing with the Company.

For and on behalf of the Board of Directors of
Narayani Steels Limited

(Sunil Choudhary)
Managing Director

DIN:00289479

(BivorBagaria)
Director and Chief Financial Officer
DIN: 06765822

Registered Office:
23A, N.S. Road, 7th Floor,
Room - 31, Kolkata- 700 001,
West Bengal, India

Place: Visakhapatnam
Date: 31.08.2018

Annexure-1

CORPORATE GOVERNANCE REPORT

1. A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

We continue to believe that good Corporate Governance is essential to achieve long-term corporate goals and to enhance stockholders value.

2. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONEL(KMP):

(a) Constitution of the Board and KMP:

Title	Name of Director	DIN and/or PAN	Designation	Category	Type
Mr.	Krishnamacharyulu Eunny	07281774, AADPE3997P	Director	Independent	Non-Executive
Mr.	Bhaskararao Puvvala	07282264, ACSPP8584E	Director	Independent	Non-Executive
Mr.	Atul Kumar Saxena	07284335, APXPS2517Q	Director	Independent	Non-Executive
Mr.	Sunil Choudhary	00289479, AEZPC3417N	Managing Director	Promoter	Executive
Mrs.	Bina Choudhary.	00299534, AEZPC3416P	Director	Promoter	Non-Executive
Mr.	Bivor Bagaria	06765822, AOWPB4840F	Whole Time Director	Professional	Executive

Mr.	BivorBagaria	AOWPB4840F, ICAI M.No. 307336	CFO	NA	NA
Mr.	Arun Kumar Meher.	BPBPM1402F, ICSI M.No. ACS 48598	Company Secretary and Compliance officer	NA	NA

In the Financial Year 2016-17 Mr Sunil Choudhary was appointed as Chairman of the Company in place of Mr. Kishan Lal Choudhary. We are complying the Regulation 17 SEBI (LODR) Regulations, 2015 relating to Composition of Board of Directors of the Company. Also, more than One-half of the Board of the Company consists of Non-executive and half of the Directors are Independent Directors and having requisite qualifications and experience which would be of use to the company and which, in the opinion of the company, would enable him to contribute effectively to the company in his capacity as an Independent Director.

(b) Meeting of the board and committee:

i) Total compliance of procedures relating to the Board Meetings and the meetings of the Committees thereof,

ii) The meetings are usually held at the Corporate Office of the Company, and

iii) The Draft Minutes are circulated to the members of the Board/Committees for their comments and will be duly recorded in the concerned books.

BOARD MEETINGS

During the Financial year 24 Board Meeting held. The details of Directors, their attendance at Board Meetings and at the previous Annual General Meeting of the Company are, given below.

Name of Director	Category	No. Meeting Attended	Whether Present at previous AGM held on 30.08.2017
Krishnamacharyulu Eunny	Non-Executive Independent	24	Yes
Ramesh Prathapa	Non-Executive Independent	24	Yes
Bhaskara Rao Puvvala	Non-Executive Independent	24	No

Atul Kumar Saxena	Non-Executive Independent	24	No
Sunil Choudhary	Executive	24	No
Kishan Lal Choudhary	Non-Executive	11	No
Bina Choudhary	Non-Executive	24	No
Bivor Bagaria	Whole Time Executive	24	Yes

COMMITTEES MEETINGS:

Currently, the Board has Three Committees: the Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, consist entirely of Independent Directors.

The composition of the Committees and compliances, as per the applicable provisions of the Act and Rules, are as follows:

Name of the Committee	Composition of the Committee	Highlights of Duties, Responsibilities and Activities
Audit Committee	<ol style="list-style-type: none"> 1. EunnyKrishnamacharyulu 2. Puvvala Bhaskara Rao 3. Atul Kumar Saxena 	<ol style="list-style-type: none"> 1. The recommendation for appointment, remuneration and terms of appointment of Auditors of the Company. 2. Review and monitor the Auditor's independence and performance, and effectiveness of audit process 3. Examination of the financial statement and the Auditors' Report thereon 4. Approval or any subsequent modification of transactions of the Company with Related Parties 5. Scrutiny of Inter-Corporate Loans and Investments

Nomination and Remuneration Committee	<ol style="list-style-type: none"> 1. Eunny Krishnamacharyulu. 2. Puvvala Bhaskara Rao. 3. Atul Kumar Saxena. 	<ol style="list-style-type: none"> 1. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully; 2. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and 3. Remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals
Stakeholders Relationship Committee	<ol style="list-style-type: none"> 1. Eunny Krishnamacharyulu. 2. PuvvalaBhaskaraRao 3. Atul Kumar Saxena. 	<ol style="list-style-type: none"> 1. The Committee reviews and ensures Redressal of Investor Grievances. 2. The Committee noted that all the Grievances of the Investors have been resolved during the year.
Corporate Social Responsibility Committee	NA	

3. EMPLOYEES:

Continuous Employee Training Programs including seminars conducted for upgrading their skills and knowledge in their respective areas.

4. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an adequate Internal Control System is designed to ensure operational efficiency, protection, conservation of resources, accuracy and promptness in financial reporting and compliance with Laws and Regulations. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board & to the Chairman and Managing Director.

The Internal Control System is supported by an Internal Audit Process for reviewing the adequacy and efficiency of the Company's internal controls, including its systems, processes and compliance with regulations and procedures. Internal Audit Reports are discussed with the Management and are reviewed by the Audit Committee of the Board which also reviews the adequacy and effectiveness of the internal controls in the Company.

5. CLIENTS:

Highest priority and commitment to meet clients' is the main motto of our company

6. OTHER STAKEHOLDERS:

The Company is always concern about Clients, dealers, Customers, Suppliers, Competitors, Creditors and Local Community and strives to meet all expectations reasonably.

7. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:

Pursuant to the provision of section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, this provision is not applicable to company.

8. CORPORATE AFFAIRS & VISION:

The Company has been continuing effectively the best Corporate Affairs with the following:

- a) Advanced Planning Techniques and strategic supervision by the Board of Directors;
- b) Excellent co-ordination at all levels of management to achieve the tasks;
- c) Immediate attention towards Customers' requirements and public relations;
- d) Cautious approach in operations, rendering services efficiently and effectively to the clients;
- e) Adequate response towards socio-economic responsibilities;
- f) Focus on protecting the safety of the clients and the employees;
- g) To design the standards, policies, procedures and best practices in addition to the existing policies;
- h) To grow the Company and to generate long term Business results and expanding market presence;

- i) To retain the talented and dedicated Employees and implementing the best Administrative Manual;

9. GENERAL SHAREHOLDER INFORMATION

- a) Financial Year: 2017-18
- b) Name and Address of the Stock Exchanges where the shares are listed:
Bombay Stock Exchanges Ltd.
DalalStreet, Fort,
Pin-400001,
Mumbai,

10. DISCLOSURES:

- a) The related party details are disclosed in the notes to financial statements. The Register of Contracts containing the transactions in which Directors are interested is regularly placed before the Board for its approval.
- b) For the Financial Year 2017-18, Company has given penalty of Rs.49,560/-(inclusive of GST @18%) for delay uploading the Annual Report For the Financial Year 2016-17,except this there is no strictures imposed either by Securities and Exchange Board of India or the Stock Exchange or any Regulatory Authority for non-compliance of any matter related to the Capital Market.
- c) To the extent possible, the Company has complied with the mandatory requirement of this clause.
- d) The Company has complied with all applicable Accounting Standards in preparation of its financial statements pursuant to the amended Schedule III of Companies Act, 2013.
- e) Complied with the various statutory provisions and submitted the required information to the concerned authorities relating to the business affairs of the Company from time to time.

11. REGISTRARS SHARE TRANSFER SYSTEM & AGENTS:

M/s. Bigshare Services Private Limited, Mumbai is our Registrar and Share Transfer agent to take care of the works relating to physical shares and electronic connectivity and other D-Mat related services.

Address:-Bigshare Services Private Limited,
1st Floor, bharat tin Works Building,
Opp.vasantOasis,Makwana Road,
Marol, Andheri East,
Mumbai-400059, Maharashtra
Phone : 040 - 23374967
Fax : 040 - 23370295
E-Mail: investor@bigshareonline.com
Website: www.bigshareonline.com

12. ADDRESS FOR CORRESPONDENCE:

23A,N.S.Road,
7thfloor,Room No-31,
Kolkata-700001,
West Bengal

E-Mail:

info@narayanitmt.comWebsite: www.natayanitmt.comCIN: **L27109WB1996PLC082021****Annexure-2**

FORM NO. MGT 9		
EXTRACT OF ANNUAL RETURN		
As on the Financial Year ended on 31/03/2018		
<i>Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014.</i>		
I.	REGISTRATION & OTHER DETAILS:	
i)	CIN	: L27109WB1996PLC082021
ii)	Registration Date	: 10 th February, 1995
iii)	Name of the Company	: NARAYANI STEELS LIMITED
iv)	Category of the Company	: Indian Non-government Company
	Sub-category of the Company	: Company having Share Capital and Limited by Shares
v)	Address of the Registered office & contact details	
	Address	: 23A, N.S. Road, 7th Floor, Room-31
	Town / City	: Kolkata
	State	: West Bengal
	Pin Code	: 700 001
	Country Name	: India
	Telephone (with STD Code)	: (033)46025371
	Fax Number	: Nil

	Email Address	:	INFO@NARAYANITMT.COM		
	Website, if any	:	http://www.narayanitmt.com/		
vi)	Whether listed Company	:	Yes		
vii)	Name and Address of Registrar & Transfer Agents (RTA), if any:-				
	Name of RTA	:	Bigshare Services Private Limited		
	Address	:	1 st Floor, bharat tin Works Building, Opp.vasantOasis,Makwana Road, Marol, Andheri East, Mumbai-400059,Maharashtra		
	Town / City	:	Mumbai		
	State	:	Maharashtra		
	Pin Code	:	400059		
	Telephone	:	022-40430200		
	Fax Number	:	022-28475207		
	Email Address	:	investor@bigshareonline.com		
II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY					
		Manufacture of Basic Iron and Steel			
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.	Basic Iron and Steels Trading Services	99611924	90.17%		
	Basic Iron and Steel Manufacturing Services	99886010	09.83%		
III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -					
No. of Companies for which information is being filled		1			
S. no.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of Shares held	Applicable Section

i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	22,01,400	-	22,01,400	20.18	21,73,000	-	21,73,000	19.92	.41
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	16,35,600	-	16,35,600	14.99	14,92,000	-	14,92,000	13.68%	1.31%
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	12,58,000	-	12,58,000	11.53	14,30,000	-	14,30,000	13.11%	1.58%
c) Others (HUF)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	50,95,000	-	50,95,000	46.70	28,93,600	-	50,95,000	46.71	0.01%
Total Public Shareholding (B)=(B)(1)+(B)(2)	50,95,000	-	50,95,000	46.70	28,93,600	-	50,95,000	46.71	0.01%

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	1,09,09,000	-	1,09,09,000	100%	1,09,09,000	-	1,09,09,000	100%	0.00%

<i>ii. Shareholding of Promoters</i>								
Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% 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.	Sunil Kumar Choudhary	12,24,500	11.22%	85.63%	12,24,500	11.22%	85.63%	-
2.	Sunil Kumar Choudhary (HUF)	12,61,000	11.56%	96.75%	12,61,000	11.56%	96.75%	-
3.	KishanLalChoudhary	10,03,500	9.20%	0.00%	10,03,500	9.20%	0.00%	-
4.	KishanLalChoudhary	66,000	0.61%	0.00%	66,000	0.61%	0.00%	-
5.	BinaChoudhary	56,000	0.51%	0.00%	56,000	0.51%	0.00%	-
6.	Savitri Devi Choudhary	40,000	0.37%	0.00%	40,000	0.37%	0.00%	-
7.	Cooltex Merchandise Pvt Ltd	21,63,000	19.83%	0.00%	21,63,000	19.83%	0.00%	-
	TOTAL	58,14,000	53.30%	0.00%	58,14,000	53.30%	0.00%	-

<i>iii. Shareholding of top 10 Share Holders.</i>								
Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% 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.	Nita Rajesh Dhami	6,12,000	5.60%	0.00%	4,60,000	4.22%	0.00%	1.38
2.	Rikhav Securities	4,24,400	3.88%	0.00%	3,36,000	3.08%	0.00%	.80
3.	Gallant Dealers Private Limited	2,95,000	2.70%	0.00%	2,95,000	2.70%	0.00%	0.00
4.	Sree	2,50,000	2.29%	0.00%	2,50,000	2.29%	0.00%	0.00

	Ramakrishna Alloys Limited								
5.	Tirupati Veneers Pvt Ltd	2,36,000	2.16%	0.00%	2,36,000	2.16%	0.00%		00
6	Plycom Private Limited	2,36,000	2.16%	0.00%	2,28,000	2.09%	0.00%		.07
7	Everest Ply & Veneers Private Ltd	2,32,000	2.12%	0.00%	2,32,000	2.13%	0.00%		.01
8	Choice Boards Pvt Ltd	2,32,000	2.12%	0.00%	2,32,000	2.13%	0.00%		.01
9	Nita Rajesh Dhami	1,52,000	1.39	0.00%	1,52,000	1.39	0.00%		0
10	TRIMUDRA CREDIT LTD	1,24,000	1.13%	0.00%	1,24,000	1.14%	0.00%		.01
	TOTAL	27,93,400	25.55	0.00%	25,45,000	23.33	0.00%		2.22
iv.	Shareholding of directors and Key Managerial Personnel								
Sl. No.	Shareholder's Name	Designation	Shareholding at the beginning of the year			Share holding at the end of the year			% 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.	Bivor Bagaria	Director and CFO	0	0	0	0	0	0	0
2.	Bina Choudhary	Non-executive Director	56,000	.51	0	56,000	.51	0	0
3.	Krishna macharyulu Eunny	Independent Director	0	0	0	0	0	0	0
4.	Ramesh Prathapa	Independent Director	0	0	0	0	0	0	0
5.	Bhaskara rao Puvvala	Independent Director	0	0	0	0	0	0	0
6.	Atul Kumar Saxena	Independent Director	0	0	0	0	0	0	0
7.	Kishan Lal Choudhary	Non-Executive Director	10,03,500	.61			10,03,500	.61	0
7.	Sunil	Executive	12,24,500	11.22	85.63%	12,24,500	11.22	85.63%	0

	Choudhary	Director					%		
	TOTAL		22,84,000	12.34	85.63%	22,84,000	12.34	85.63%	0
V.	INDEBTEDNESS								
Indebtedness of the Company including interest outstanding/accrued but not due for payment									
			Secured Loans excluding Deposits (Amount in Rs.)	Unsecured Loans (Amount in Rs.)	Deposits (Amount in Rs.)	Total Indebtedness (Amount in Rs.)			
Indebtedness at the beginning of the Financial Year									
i) Principal Amount			93,15,44,452	13,53,04,759	-	106,68,49,211			
ii) Interest due but not paid			-	-	-	-			
iii) Interest accrued but not due			-	-	-	-			
Total (i+ii+iii)			93,15,44,452	13,53,04,759	-	106,68,49,211			
Change in Indebtedness during the Financial Year									
• Addition			11,89,90,981	1,35,256	-	11,91,26,237			
• Reduction				-	-	-			
Net Change			11,89,90,981	1,35,256	-	11,91,26,237			
Indebtedness at the end of the Financial Year									
i) Principal Amount			105,05,35,433	13,54,40,015	-	118,59,75,448			
ii) Interest due but not paid			-	-	-	-			
iii) Interest accrued but not due			-	-	-	-			
Total (i+ii+iii)			105,05,35,433	13,54,40,015	-	118,59,75,448			
VI.	REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL								
A.	Remuneration to Managing Director, Whole-time Directors and/or Manager:								
	Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount (in Rs.)		
			Sunil Choudhary	-	Bivor Bagaria	-			
	1.	Gross salary (Amount in Rs.)							
	(a)	Salary as per		-	12,00,000	-	48,00,000		

	provisions contained in Section 17(1) of the Income-tax Act, 1961	36,00,000				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission	-	-	-	-	-
	- as % of profit	-	-	-	-	-
	- others, specify	-	-	-	-	-
5.	Others-sitting fees	-	-	-	-	-
	Total (A)	36,00,000	-	12,00,000	-	48,00,000
	Ceiling as per the Act					84,00,000

B. Remuneration to other Directors:						
Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount (in Rs.)
1.	Independent Directors	EunnyKris hnamachar yulu	Pratapa Ramesh	PuvvalaBha skaraRao	Atul Kumar Saxena	
	Fee for attending board &committee Meetings (Amount in Rs.)	6400	7400	7400	5800	27,000
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1) (Amount in Rs.)	6,400	7400	7400	5800	27,000
2.	Other Non-Executive Directors	Bivor Bagaria	BinaChoud hary	KishanLalCh oudhary		
	Fee for attending board &committee Meetings	1200	4,600	2,200	-	8,000
	Commission	-	-	-	-	-

	Others, please specify	-	-	-	-	-
	Total (2) (Amount in Rs.)	1,200	4,600	2,200	-	8000
	Total (B)=(1+2) (Amount in Rs.)	7,600	12,000	9,600	5,800	35,000
	Total Managerial Remuneration (Amount in Rs.)	-	-	-	-	48,35,000
	Overall Ceiling as per the Act (Amount in Rs.)	-	-	-	-	84,00,000

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total (Amount in Rs.)
1.	Gross salary	3,60,000	-	3,60,000
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5.	Others, please specify	-	-	-
	Total	3,60,000	-	3,60,000

PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board of Directors of
Narayani Steels Limited

Registered Office
23A, N.S. Road 7th Floor,
Room-31
Kolkata
West Bengal
India
700001

(Sunil Choudhary)
Managing Director
DIN: 00289479

Place: Visakhapatnam
Date: 31.08.2018

(BivorBagaria)
Whole Director and Chief Financial Officer
DIN: 06765822

(Arun Kumar Meher)
Company Secretary and Compliance Officer
M.No.:A48598

Annexure-3
FORM AOC-I

(Pursuant to first proviso to Sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the Financial Statement of Subsidiaries/Associate Companies/Joint Ventures

Part "A": Subsidiaries

(Information in respect of each Subsidiary to be presented with amounts in Rs.)

1.	Sl. No.	-
2.	Name of the Subsidiary	-
3.	Reporting period for the Subsidiary concerned, if different from the Holding Company's reporting period	-
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of Foreign Subsidiaries.	-
5.	Share Capital	-
6.	Reserves & Surplus	-
7.	Total assets	-
8.	Total Liabilities	-
9.	Investments	-
10.	Turnover	-
11.	Profit before taxation	-
12.	Provision for taxation	-
13.	Profit after taxation	-
14.	Proposed Dividend	-
15.	% of Shareholding	-

Notes:

1. Names of Subsidiaries which are yet to commence operations-None.
2. Names of Subsidiaries which have been liquidated or sold during the year-None.

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sl. No.	Name of Associates/Joint Ventures	HariEquipments Private Limited (CIN: U51504WB1971PTC080792)
1.	Latest audited Balance Sheet Date	31.03.2018
2.	Shares of Associate/Joint Ventures held by the Company on the year end	
	No.	4,59,490 Equity Shares of Rs. 10/- each
	Amount of Investment in Associates/Joint Venture	Rs. 45,94,900/-
	Extend of Holding %	37.51%
3.	Description of how there is significant influence	Sunil Choudhary and BivorBagaria are the common Directors
4.	Reason why the Associate/ Joint Venture is not consolidated	It is consolidated
5.	Networth attributable to Shareholding as per latest audited Balance Sheet	
6.	Profit / Loss for the year	
	i. Considered in Consolidation	
	i. Not Considered in Consolidation	-

For and on behalf of the Board of Directors of
Narayani Steels Limited

Registered Office
23A, N.S. Road 7th Floor,
Room-31
Kolkata
West Bengal
India
700001

(Sunil Choudhary)
Managing Director
DIN: 00289479

(BivorBagaria)
Whole Time Director and Chief Financial Officer
DIN: 06765822

Place: Visakhapatnam.
Date: 31.08.2018

(Arun Kumar Meher)
Company Secretary and Compliance Officer

1.	Narayani Spat Limited	1. Sunil Choudhary 2. Bina Choudhary 3. Bivora Bagaria	Enterprises owned or significantly influenced by the Directors	Purchase of goods (inclusive of Excise but exclusive of VAT/GST)	Regular, in the ordinary course of business	Rs. 18,41,20,274	-
2.	Hari Equipments Private Limited	1. Sunil Choudhary 2. Bina Choudhary 3. Bivora Bagaria	Associate Company	Purchase of goods (inclusive of Excise but exclusive of VAT/GST)	Regular, in the ordinary course of business	Rs. 8,04,67,650	-
3.	Kedarnath Commotrade Private Limited	1. Sunil Choudhary 2. Bina Choudhary 3. Bivora Bagaria	Enterprises owned or significantly influenced by the Directors	Purchase of goods (inclusive of Excise but exclusive of VAT/GST)	Regular, in the ordinary course of business	Rs. 17,93,17,642/-	-
4.	Agrimony Tradex Vyapar Pvt. Ltd	1. Sunil Choudhary. 2. Bivora Bagaria.	Enterprises owned or significantly influenced by the Directors	Purchase of goods (inclusive of Excise but exclusive of VAT/GST)	Regular, in the ordinary course of business	Rs. 22,87,638	-

5.	BinaChoudhary	<ol style="list-style-type: none"> 1. Sunil Choudhary 2. BinaChoudhary 	Key Managerial Personnel and also relative of Kishan LalChoudhary and BinaChoudhary, Directors of the Company	Lease Rent	Annually	Rs. 1,74,000	-
6.	HariEquipments Private Limited	<ol style="list-style-type: none"> 4. Sunil Choudhary 5. BinaChoudhary 6. BivorBagaria 	Associate Company	Lease Rent	Annually	60,000	-

7.	Narayani Sp at Limited	1. Sunil Choudhary 2. Bina Choudh ary 3. Bivor Bagari a	Enterprises owned or significantly influenced by the Directors	Sale of goods (inclusive of Excise but exclusive of VAT/GST)	Regular, in the ordinary course of business	Rs. 26,42, 01,53 5/-	-
8.	Hari Equipm ents Private Limited	1. Sunil Choudhary 2. Bina Choudh ary 3. Bivor BAgari a	Associates Company	Sale of goods (inclusive of Excise but exclusive of VAT/GST)	Regular, in the ordinary course of business	Rs. 4,87,9 2,796	-
9.	Kedarnath C ommo trade Private Limited	1. Sunil Choudhary 2. Bina Choudh ary 3. Bivor Bagari a	Enterprises owned or significantly influenced by the Directors	Sale of goods (inclusive of Excise but exclusive of VAT/GST)	Regular, in the ordinary course of business	Rs. 4,44,5 1,387/ -	-
10.	Agrimony Tradex Vyaa ppar Pvt.Ltd.	1.Sunil Choudhary 2.Bivor Bagaria	Enterprises owned or significantly influenced by the Directors	Sale of goods (inclusive of Excise but exclusive of VAT/GST)	Regular, in the ordinary course of business	Rs.1,3 1,10,7 92/-	
11.	Balajee Roadways	1. Sunil Choudhary	Enterprises owned or significantly influenced by the Directors	Freight	Regular, in the ordinary course of business	Rs. 11,21, 28,02 9/-	

12.	Sunil Choudhary	1. Sunil Choudhary 2. BinaChoudhary	Key Managerial Personnel and also relative of BinaChoudhary, Directors of the Company	Director's Remuneration	Five years	Rs. 36,00,000/-	
13.	BivorBagaria	1. BivorBagaria	Key Managerial Personnel.	Director's Remuneration	Three Years	Rs. 12,00,000/-	

For and on behalf of the Board of Directors of
Narayani Steels Limited

Registered Office
23A, N.S. Road 7th Floor,
Room-31
Kolkata
West Bengal
India
700001

(Sunil Choudhary)
Managing Director
DIN: 00289479

(BivorBagaria)
Whole time Director and Chief Financial Officer
DIN: 06765822

(Arun Kumar Meher)
Company Secretary and Compliance Officer
M.No.: A48598

Place: Visakhapatnam
Date: 31.08.2018

Annexure-6

Statement of Particulars of employees pursuant Rule 5 to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl. No.	Name	Designation/ Nature of Duties	Remuneration Received [Rs.]	Nature of employment	Qualification	Experience in years	Age in years	Date of commencement of employment	Last employment held	Percentage of Equity Shares held in the Company within the meaning of Clause (iii) of Sub-rule (2) of Rule 5	whether relative of any Director or Manager of the Company and if so, name of such Director or Manager
1	2	3	4	5	6	7	8	9	10	11	12
-	-	-	-	-	-	-	-	-	-	-	-

Notes:

- Remuneration as shown above comprises of Salary, Leave Salary, Bonus, Gratuity where paid, Leave Travel Assistance, Medical Benefit, House Rent Allowance, Perquisites and Company's Contribution to Provident Fund and Superannuation Fund. Remuneration on Cash basis

Annexure-7

DECLARATION BY INDEPENDENT DIRECTOR

From:

Atul Kumar Saxena,
D.No.45-58-12, G4,
SatyaSaiVihar Apartments,
Narasimhanagar, Salagramapuram,
Visakhapatnam-530024,
Andhra Pradesh, India.

To,

The Board of Directors,
Narayani Steels Limited,
23A, N.S. Road, 7th Floor, Room-31,
Kolkata-700001, West Bengal, India.

Dear Sirs,

Subject: Declaration by Independent Director-Reg.

I, Atul Kumar Saxena (DIN: 07284335), S/o. Krishna SwarupSaxena, aged about 63 years, resident of D.No.45-58-12, G4, SatyaSaiVihar Apartments, Narasimhanagar, Salagramapuram, Visakhapatnam-530024, Andhra Pradesh, India, hereby Certify that I am holding the position on the Board of Narayani Steels Limited as an Independent Director. I further Certify that I meet all the requirements specified under Sub-section 6 of Section 149 of Companies Act, 2013 and Clause 49 of Listing Agreement with the Stock Exchanges, for holding the position of Independent Director.

Signature:

Name: Atul Kumar Saxena.
Place: Visakhapatnam.
Date: 31.08.2018

DECLARATION BY INDEPENDENT DIRECTOR

From:
Bhaskararao Puvvala,
D.No.49-53-8/15, Anjana Towers,
B.S.Layout, P&T Colony,
Visakhapatnam-530013,
Andhra Pradesh, India.

To,
The Board of Directors,
Narayani Steels Limited,
23A, N.S. Road, 7th Floor, Room-31,
Kolkata-700001, West Bengal, India.

Dear Sirs,

Subject: Declaration by Independent Director-Reg.

I, Bhaskararao Puvvala (DIN: 07282264), S/o. Nageswararao, aged about 62 years, resident of D.No.49-53-8/15, Anjana Towers, B.S.Layout, P&T Colony, Visakhapatnam-530013, Andhra Pradesh, India, hereby Certify that I am holding the position on the Board of Narayani Steels Limited as an Independent Director. I further Certify that I meet all the requirements specified under Sub-section 6 of Section 149 of Companies Act, 2013 and Clause 49 of Listing Agreement with the Stock Exchanges, for holding the position of Independent Director.

Signature:

Name: Bhaskararao Puvvala.

Place: Visakhapatnam.

Date: 31.08.2018

DECLARATION BY INDEPENDENT DIRECTOR

From:

Krishnamacharyulu Eunny,
D.No.2-92, Santhi Nagar Colony,
Near VenkateswaraSwamy Temple,
AganamPudi, Pedamadak,
Visakhapatnam-530046,
Andhra Pradesh, India.

To,

The Board of Directors,
Narayani Steels Limited,
23A, N.S. Road, 7th Floor, Room-31,
Kolkata-700001, West Bengal, India.

Dear Sirs,

Subject: Declaration by Independent Director-Reg.

I, Krishnamacharyulu Eunny (DIN: 07281774), S/o. RangacharyuluEunny, aged about 72 years, resident of D.No.2-92, Santhi Nagar Colony, Near VenkateswaraSwamy Temple, AganamPudi, Pedamadak, Visakhapatnam-530046, Andhra Pradesh, India, hereby Certify that I am holding the position on the Board of Narayani Steels Limited as an Independent Director. I further Certify that I meet all the requirements specified under Sub-section 6 of Section 149 of Companies Act, 2013 and Clause 49 of Listing Agreement with the Stock Exchanges, for holding the position of Independent Director.

Signature:

Name: Krishnamacharyulu Eunny.

Place: Visakhapatnam.

Date: 31.08.2018

Annexure-8

Policy on appointment and payment of remuneration of Directors, Key Managerial Personnel and other employees

Introduction

In accordance with Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee has formulated Remuneration Policy ("the policy").

The objective of the policy is to ensure that Executive Directors, Non-Executive Directors, Key Managerial Personnel (KMP) and other Employees are sufficiently compensated for their performance. The Policy seeks to provide criteria for determining qualifications, positive attributes and independence of a Director.

Remuneration Policy

Directors

Nomination and Remuneration Committee shall recommend the remuneration, including the commission based on the net profits of the Company for the Non-Executive Directors and Whole-time Director and Managing Director and other Executive Directors. This will be then approved by the Board and Shareholders. Prior approval of Shareholders will be obtained wherever applicable in case of remuneration to Non-Executive Directors.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and variable pay to Whole-time Directors. Salary is paid within the range approved by the Shareholders. Annual increments effective 1st April each year, as recommended by the Nomination and Remuneration Committee, and is approved by the Board of Directors of the Company. Within the prescribed ceiling, the perquisites package is approved by the Remuneration Committee.

The remuneration paid to Executive Directors is determined keeping in view the industry benchmark and the relative performance of the Company to the industry performance. Perquisites and retirement benefits are paid according to the Company policy as applicable to all Employees.

Independent Non-Executive Directors will receive sitting fees for attending the meeting of the Board and Board Committees and commission as approved by the Board and Shareholders.

The remuneration by way of commission paid to the Independent Non-Executive directors is determined periodically & reviewed based on the industry benchmarks.

Key Managerial Personnel

Nomination and Remuneration Committee shall recommend the remuneration, including the commission based on the net profits of the Company for the other Key Managerial Personnel apart from Directors. This will be then approved by the Board. The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and variable pay to the other Key Managerial Personnel apart from Directors. Annual increments effective 1st April each year, as recommended by the Nomination and Remuneration Committee, and is approved by the Board.

The remuneration paid to the other Key Managerial Personnel apart from Directors is determined keeping in view the industry benchmark and the relative performance of the Company to the industry performance. Perquisites and retirement benefits are paid according to the Company policy as applicable to all Employees.

Other Employees

The remuneration of Employees largely consists of basic salary, perquisites, allowances and performance incentives. Perquisites and retirement benefits are paid according to the Company policy, subject to prescribed statutory ceiling and other Rules formulated by the Company from time to time.

The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience/ merits, performance of each employee. The Company while deciding the remuneration package takes into consideration current employment scenario and remuneration package of the industry.

The annual variable pay of managers is linked to the performance of the Company in general and their individual performance for the relevant year measured against Company's objectives fixed in the beginning of the year.

Criteria for Board Membership

Directors, Key Managerial Personnel and Other Employees

The Company shall take into account following points:

- They must have relevant experience in Finance/ Law/ Management/ Sales/ Marketing/ Administration/ Research/ Corporate Governance/ Technical Operations or the other disciplines related to Company's business.
- They should possess the highest personal and professional ethics, integrity and values.
- They must be willing to devote sufficient time and energy in carrying out their duties and responsibilities.

Independent Directors

- Independent Director is a Director who has no direct or indirect material relationship with the Company or its Holding, Subsidiary or Associate Company or any of its officers, other than as a Director or Shareholder of the Company or its Holding, Subsidiary or Associate Company as specified in the Act and applicable Rules thereto.
- Independent Non-Executive Directors are appointed for their professional expertise in their individual capacity as independent professionals/ Business Executives.
- Independent Director shall meet all criteria specified in Section 149(7) of the Companies Act, 2013 and Rules made there under and LODR, 2015 if any.

ANNEXURE-5
FormNo-MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018

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

To
The Members,
Narayani Steels Limited. 23A,
N.S.Road, 7th Floor,
Room No-31, Kolkata-700001,
West Bengal, India.

We have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Narayani Steels Limited (CIN: L27109WB1996PLC082021) (here-in-after called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our 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, We hereby report that in our 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:

We have examined the books, papers, Minute books, Forms and Returns filed and other records maintained by Narayani Steels Limited 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;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable to the Company;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and the Listing Agreements entered into by the Company with the Stock Exchanges;
 - (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 – *Not applicable as the Company has not issued any ESOP during the financial year under review;*
 - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - *Not applicable as the Company has not issued any Debt Securities during the financial year under review;*
 - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act;

- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - *Not applicable*; and
 - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - *Not applicable as the Company did not buy back its Equity Shares during the financial year under review.*
2. We are of the opinion that the Management has complied with the following Laws specifically applicable to the Company:
- (a) Factories Act, 1948
 - (b) Industrial Disputes Act, 1947
 - (c) The Payment of Wages Act, 1936
 - (d) The Minimum Wages Act, 1948
 - (e) Employees Provident Funds and Miscellaneous Provisions Act, 1952
 - (f) The Payment of Gratuity Act, 1972
 - (g) The Contract Labour (Regulation & Abolition) Act, 1970
 - (h) The Child Labour (Prohibition & Regulation) Act, 1986
 - (i) The Industrial Employment (Standing Order) Act, 1946
 - (j) The Employee Compensation Act, 1923
 - (k) Trade Marks Act, 1999
 - (l) Customs Act, 1962
 - (m) The Water (Prevention and Control of Pollution) Act, 1974
 - (n) The Air (Prevention and Control of Pollution) Act, 1981
 - (o) The Bureau of Indian Standards Act, 1986
 - (p) The Steel and Steel Products (Quality Control) Order, 2018;

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

- Secretarial Standards issued by The Institute of Company Secretaries of India.
3. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the

following observations:

- (j) Few Forms were filed with additional fees, this should be reported as deemed compliance by reference of payment of additional fees.
- (ii) According to the information and explanations given to us, the Company has given Corporate Guarantees for credit facilities taken by other body corporate in which Directors of the Company are Directors/Members, in pursuance of the Bank stipulation, which is not in compliance with the provisions of Section 185 of the Companies Act, 2013.
- (iii) According to the information provided, the following dues/outstanding of income tax have been continuing:

Nature of Dues	Amount (in Rs)	Forum where dispute is pending
Income Tax (F.Y. 2005-06)	6,04,053	CIT (Appeals),Kolkata
Income Tax (F.Y. 2009-10)	6,46,040	ITAT, Kolkata
Income Tax (F.Y. 2011-12)	2,05,52,000	CIT (Appeals),Kolkata
Income Tax (F.Y. 2012-13)	5,97,640	CIT (Appeals),Kolkata
Income Tax (F.Y. 2013-14)	14,97,770	CIT (Appeals),Kolkata

- iv) During the Audit period, the Company has made Postal Ballot and E-voting for passing the resolutions successfully relating to Mortgaging and Creating Charge on the properties of the Company for availing the Credit facilities from Banks and Financial institutions pursuant to the provisions of Section 180(1)(a) .

4. We further report that-

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There have been changes in composition of Board of the Directors but that change does not affect the SEBI (LODR) Regulations, 2015 during the Financial Year 2017-18.
- b) Adequate Notices given to all Directors to schedule the Board Meetings, Agenda and

detailed notes on Agenda were sent at least seven days Notice in advance except Shorter Notices given for few Board Meetings 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;

- c) The Company conducted few Board Meetings on shorter notice to transact the urgent business and at least One Independent Director present in the said meetings.
 - d) As per the Minutes of the Meeting duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.
 - e) We report that there is scope to improve the 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.
5. We have relied on the representation made by the Company and its Officers for systems and mechanisms formed by the Company for Compliances under other applicable Acts, Laws and Regulations to the Company.

For ASN Associates
Company Secretaries

K.Surendra
(Partner)

ACS:34205

CP No:12732

Place: Kolkata (Camp)

Date: **28.05.2018**

*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

‘ANNEXURE A’

To

The Members,
Narayani Steels Limited.
23A, N.S.Road, 7th Floor,
Room No-31, Kolkata-700001,
West Bengal, India.

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

1. Maintenance of Secretarial Record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our audit.
2. We have followed the audit practices and processes as 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 processes and practices, we followed for this purpose provided a reasonable basis for our opinion.
3. The Compliance by the Company of applicable financial law like Direct and Indirect Tax Laws and maintaining of financial Records and Books of Accounts have not been reviewed in this Audit since the same have been subject to review by Statutory Financial Audit and other designated Professionals.
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, Standards is the responsibility of 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 ASN Associates
Company Secretaries

K.Surendra
(Partner)

ACS:34205

CP No:12732

Place: Kolkata(Camp)

Date: **28.05.2018**

Auditors' Certificate on Corporate Governance

To

**The Members of
Narayani Steels Limited
Kolkata.**

We have examined the compliance of conditions of Corporate Governance by M/s. Narayani Steels Limited ("the Company") for the year ended on 31st March, 2018 as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the Company with Bombay Stock Exchanges Ltd.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination 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 Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the Company with Bombay Stock Exchanges Ltd.

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 ASN Associates Company Secretaries

Sd/-
K.Surendra
Partner

Place: Kolkata (Camp)

ACS No.: 34205

Date: **28.05.2018**

C P No.: 12732

INDEPENDENT AUDITORS' REPORT
To the Members of Narayani Steels Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Narayani Steels Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial 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 standalone 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31 March 2018, its profit and its cash flows for the year ended on that date.

Other Matters

1.The company has renewed Corporate Guarantee amounting to Rs.30,00,00,000/- & has also provided security in respect of the credit facilities availed by related parties in earlier years which is not in accordance with the provisions of section 185 of the Companies Act, 2013.

2.The Standalone Financial Statements of the Company for the year ended 31st March,2017 were audited by another auditor whose report dated 29th May,2017 expressed an unqualified opinion on those statements.

Our report it is not qualified in respect of these matters.

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 of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of the written representation received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 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"; and
- g. With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 29 to the 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.

For A.C. Bhuteria & Co.
Chartered Accountants
Firm Registration No. 303105E

CA MOHIT BHUTERIA
Partner
Membership No. 056832

Place: Visakhapatnam
Date: The 28th day of May, 2018.

Annexure -A to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2018.

We report that:

- i. (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
(c) According to the information and explanations given by the management, the title deeds of immovable properties included in Property, Plant and Equipment are held in the name of the company.
- ii. The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- iii. On the basis of examination of records and according to the information and explanations given to us, the Company has during the year not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, clause iii (a), (b), (c) of the Order are not applicable to the Company and hence not commented upon.
- iv. According to the information and explanations given to us, the Company has given corporate guarantee for credit facilities taken by Hari Equipments Private Limited, a Company in which directors of the Company are directors / members, in pursuance of the Bank stipulation, which is not in accordance with the provisions of section 185 of the Companies Act, 2013.

The said Corporate Guarantee of Rs.30,00,00,000/- has been renewed during the year.

According to the information and explanations given to us, the Company has provided one of its property at Visakhapatnam as security with a Bank for credit facilities availed by Kedarnath Commotrade Private Limited, a Company in which directors of the Company are director/ members, in pursuance of the Bank stipulation, which is not in accordance with the provisions of section 185 of the Companies Act, 2013.

In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act, with respect to the corporate guarantees given, securities provided for credit facilities availed by other bodies corporate and investments made.

- v. On the basis of our examination of the books and records of the company, in our opinion and according to the information and explanation given to us The Company has not accepted any deposits from the public. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company and hence not commented upon.
- vi. We have broadly reviewed the books of accounts maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, maintenance of cost records has been prescribed under sub-section (1) of Section 148 of the Act and are of the opinion 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.
- vii. (a) The Company is not regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, Goods & Service Tax and other material statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable except TDS of Rs.4,04,094/- and Professional Tax of Rs.700/-.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

NAME OF STATUTE	NATURE OF DUES	AMOUNT (Rs.)	PERIOD TO WHICH THE AMOUNT RELATES	FORUM WHERE DISPUTE IS PENDING
Income Tax Act, 1961	Income Tax	6,04,053	F.Y. 2005-06	CIT (Appeals), Kolkata
Income Tax Act, 1961	Income Tax	6,46,040	F.Y. 2009-10	ITAT, Kolkata
Income Tax Act, 1961	Income Tax	2,05,52,000	F.Y. 2011-12	CIT (Appeals), Kolkata
Income Tax Act, 1961	Income Tax	5,97,640	F.Y. 2012-13	CIT (Appeals), Kolkata
Income Tax	Income Tax	14,97,770	F.Y. 2013-14	CIT

Act, 1961				(Appeals),Kolkata
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- viii. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowings to any financial institution, banks or government during the year. The Company has no outstanding debentures.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or on the company by the officers and employees of the Company has been noticed or reported during the year.
- xi. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion and according to the information and explanations given by the management, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company provided to us, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the notes to the Financial Statements as required by applicable Accounting Standards.
- xiv. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares/debentures during the year under review and accordingly clause (xiv) of the order is not applicable.
- xv. According to the information and explanations given to us and on the basis of our examination of books and records, the Company during the year has not entered into non cash transactions, in terms of section 192 of the Act, with directors or persons connected with them.
- xvi. the Company is not engaged in financing activity and hence is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For A.C. Bhuteria & Co.

Chartered Accountants
Firm Registration No. 303105E

CA MOHIT BHUTERIA

Partner

Membership No. 056832

Place: Visakhapatnam

Date: The 28th day of May, 2018.

Annexure -B to the Independent 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") (Referred to in our report of even date)

We have audited the internal financial controls over financial reporting of Narayani Steels Limited ("the Company") as on 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and

the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 Institute of Chartered Accountants of India.

For **A.C. Bhuteria & Co.**
Chartered Accountants
Firm Registration No. 303105E

CA MOHIT BHUTERIA
Partner
Membership No. 056832
Place: Visakhapatnam
Date: The 28th day of May, 2018.

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)
BALANCE SHEET AS AT 31ST MARCH, 2018

(Amount in Rs.)

PARTICULARS	NOTE NO	3/31/2018	3/31/2017
I EQUITY AND LIABILITIES			
1) SHAREHOLDERS' FUNDS			
(a) Share Capital	3	109,090,000	109,090,000
(b) Reserves and Surplus	4	300,020,544	279,487,210
		409,110,544	388,577,210
2) NON-CURRENT LIABILITIES			
(a) Long-term Borrowings	5	138,535,338	135,304,759
(b) Deferred Tax Liability	6	5,347,267	3,793,180
(c) Long- term Provisions	7	650,735	4,085,414
		144,533,340	143,183,353
3) CURRENT LIABILITIES			
(a) Short-term Borrowings	8	1,046,517,966	931,486,936
(b) Trade Payables	9		
-Total outstanding dues of Micro enterprises and Small enterprises		-	-
-Total outstanding dues of creditors other than Micro enterprises and Small Enterprises		906,289,438	947,176,028
(c) Other Current Liabilities	10	34,599,111	27,777,772
(d) Short- term Provisions	11	10,154,487	10,376,268
		1,997,561,002	1,916,817,004
TOTAL		2,551,204,886	2,448,577,567
II ASSETS			
1) NON-CURRENT ASSETS			
(a) Property, Plant and Equipment			
(i) Tangible Assets	12	170,207,523	122,703,108
(ii) Intangible Assets	12	261,800	-
(iii) Capital work-in-progress	32	7,579,742	-
(b) Non- Current Investments	13	8,234,360	8,234,360
(c) Long-term Loans & Advances	14	8,261,885	7,526,200
		194,545,310	138,463,668
2) CURRENT ASSETS			
(a) Current Investments	15	24,204,185	21,464,185
(b) Inventories	16	196,481,674	574,911,515
(c) Trade Receivables	17	1,765,979,384	1,366,483,591
(d) Cash and Bank Balances	18	176,042,389	195,719,551
(e) Short- term Loans & Advances	19	193,951,944	151,535,059
		2,356,659,576	2,310,113,901
TOTAL		2,551,204,886	2,448,577,567
SIGNIFICANT ACCOUNTING POLICIES	2		
Accompanying notes are an integral part of the financial statements			

As per our report of even date attached

For and on behalf of the Board of Directors of
Narayani Steels Limited

For A.C. Bhuteria & Co.
Chartered Accountants
FRN: 303105E

Sd/-
SUNIL CHOUDHARY
Managing Director
DIN:00289479

Sd/-
CA MOHIT BHUTERIA
Partner
Membership No: 056832

Sd/-
BIVOR BAGARIA
Chief Financial Officer and Director
DIN:06765822

Place: Visakhapatnam
Date: The 28th day of May, 2018

Sd/-
ARUN KUMAR MEHER
Company Secretary
M.NO. - ACS48598

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

PARTICULARS	NOTE NO.	3/31/2018	3/31/2017
<u>INCOME:</u>			
I Revenue From Operations (Gross)	20	7,774,956,866	7,840,037,979
Less: Excise Duty		-	95,272,113
Revenue From Operations (Net)		7,774,956,866	7,744,765,866
II Other Income	21	13,879,786	10,319,244
III Total Revenue (I + II)		7,788,836,652	7,755,085,110
<u>IV EXPENSES:</u>			
Materials Consumed	22	686,405,583	699,210,926
Purchase of Traded Goods	23	6,284,974,514	6,866,962,240
Changes in Inventories	24	367,888,611	(180,729,454)
Employee Benefits Expense	25	27,092,476	26,610,932
Finance Costs	26	160,579,426	156,196,713
Depreciation and Ammortisation Expenses	12	6,961,575	5,404,297
Other Expenses	27	215,009,294	149,757,826
Total Expenses (IV)		7,748,911,479	7,723,413,480
V PROFIT BEFORE TAX & EXCEPTIONAL ITEM (III-IV)		39,925,173	31,671,630
VI Exceptional Item (Refer Note 32)		7,682,137	-
VII PROFIT BEFORE TAX (V-VI)		32,243,036	31,671,630
Tax Expenses			
Current Tax		10,150,710	10,356,384
Earlier Year Tax		4,905	-
Deferred Tax		1,554,087	343,725
Net Current Tax		11,709,702	10,700,109
PROFIT FOR THE YEAR		20,533,334	20,971,521
Earnings Per Equity Share [Nominal Value of Share - Rs 10/- (P.Y. 10/-)]	28		
Basic & Diluted		1.88	2.25

As per our report of even date attached
For A.C. Bhuteria & Co.
Chartered Accountants
FRN: 303105E

For and on behalf of the Board of Directors of
Narayani Steels Limited

Sd/-
SUNIL CHOUDHARY
Managing Director
DIN:00289479

Sd/-
CA MOHIT BHUTERIA
Partner
Membership No: 056832

Sd/-
BIVOR BAGARIA
Chief Financial Officer and Director
DIN:06765822

Place: Visakhapatnam
Date: The 28th day of May, 2018

Sd/-
ARUN KUMAR MEHER
Company Secretary
M.NO. - ACS48598

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(In Rupees)

	Year Ended 31st March, 2018		Year Ended 31st March, 2017	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/Loss Before Tax		32,243,036		31,671,630
Adjustments for :				
Depreciation and Amortisation Expense	6,961,575		5,404,297	
Finance Costs	160,579,426		156,196,713	
Provision for Gratuity	117,112		2,021,095	
Profit on sale of Investments	(289,107)		-	
Interest & Dividend Income	(12,320,499)		(9,810,866)	
Sundry Balances Written Off	743,469		225,000	
Rental Income	(976,200)		(236,400)	
		154,815,776		153,799,839
Operating Profit before Working Capital Changes		187,058,812		185,471,469
Adjustments for :				
(Increase)/Decrease in Inventories	378,429,841		(196,905,117)	
(Increase)/Decrease in Trade Receivables	(400,239,262)		(357,867,954)	
(Increase)/Decrease in Loans and Advances	(48,984,991)		(97,719,447)	
Increase/(Decrease) in Trade Payables	(40,886,590)		420,164,695	
(Decrease)/Increase in Other Liabilities	15,199,947		(50,810,319)	
		(96,481,055)		(283,138,142)
Cash generated from operations		90,577,757		(97,666,673)
Direct Tax Paid		(4,528,868)		(7,447,019)
Net Cash from Operating Activities before exceptional items		86,048,889		(105,113,692)
Gratuity Benefits Paid		(3,567,898)		-
Net Cash from Operating Activities after exceptional items		82,480,991		(105,113,692)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment	(62,307,534)		(2,084,332)	
Purchase of Investments	(10,740,000)		(21,464,185)	
Sale of Investments	8,289,107		-	
Interest & Dividend Income	12,320,499		9,810,866	
Rent Received	976,200		236,400	
(Investment)/ Proceeds from bank deposits (original maturity of more than three months)	5,805,226		(28,240,793)	
Net Cash used in Investing Activities		(45,656,502)		(41,742,044)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital	-		115,200,000	
(Repayment)/Proceeds of Long Term Borrowings	4,095,207		(5,785,058)	
Proceeds from Short Term Borrowings	115,031,030		221,160,885	
Expenses related to issue of shares	-		(5,268,078)	
Finance Costs	(169,822,662)		(152,873,301)	
Net Cash from Financing Activities		(50,696,425)		172,434,448
Net Increase/(Decrease) in Cash & Cash Equivalents		(13,871,936)		25,578,712
Cash & Cash Equivalents at the beginning of the year		37,626,016		12,047,304
Cash & Cash Equivalents at the end of the year		23,754,080		37,626,016

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard- 3 on 'Cash Flow Statement' notified by the Companies (Accounting Standards) Rules.
- Cash and Cash Equivalents include cash and bank balances on current accounts (Refer Note No. 18-i).
- Figures in brackets indicate cash outflows.
- Previous year's figures have been regrouped/rearranged, wherever considered necessary to conform to this year's classification.

As per our report of even date attached

For and on behalf of the Board of Directors of Narayani Steels Limited

For A.C. Bhuteria & Co.
Chartered Accountants
FRN: 303105E

Sd/-
SUNIL CHOUDHARY
Managing Director
DIN:00289479

Sd/-
CA MOHIT BHUTERIA
Partner
Membership No: 056832

Sd/-
BIVOR BAGARIA
Chief Financial Officer and Director
DIN:06765822

Place: Visakhapatnam
Date: The 28th day of May, 2018

Sd/-
ARUN KUMAR MEHER
Company Secretary
M.NO. - ACS48598

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE 1 - CORPORATE INFORMATION

Narayani Steel Limited ("the Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company is primarily engaged in the manufacture and sale of TMT bars, Rounds, Squares, Angles, etc. and trading of Billets, Blooms, Ingots, Iron ores, etc.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

- (a) The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on accrual basis and on the principles of going concern. The accounting policies are consistently applied by the Company.
- (b) The financial statements are prepared to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013 read together with Companies (Accounting Standards)
- (c) All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current- non current classification of assets and liabilities.
- (d) The preparation of the financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised.

2.2 Revenue Recognition

- (a) 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.
- (b) Sales are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincide with the delivery of goods. Sales are inclusive of excise duty and net of trade discounts. However, excise duty relating to sales is reduced from gross turnover for disclosing net
- (c) Insurance Claims to the extent considered recoverable during the year are taken into account. However, claims whose recovery cannot be ascertained with reasonable certainty are accounted for on acceptance/ actual receipt basis.
- (d) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

2.3 Property, Plant and Equipment

- (a) Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price (net of CENVAT / GST / duty credits availed or available thereon) and any attributable cost of bringing the asset to its working condition for the intended use.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(b) Depreciation is provided based on the life and in the manner prescribed in Schedule II to the Companies Act, 2013, on straight line method on property, plant and equipment in Unit II at Bhogapuram and on written down value method on other property, plant and equipment.

(c) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use, which is determined by the present value of the estimated future cash flows.

(d) Costs of the property, plant and equipment not ready for their intended use at the Balance Sheet date together with all related expenses are shown as Capital Work-in-progress.

(e) Intangible assets representing computer software and applications are recorded at their acquisition price and are amortised over their estimated useful life of 5 years on a Straight line basis commencing from the date the assets are available for use. The Useful life of the intangible assets is reviewed by the management at each balance sheet date.

2.4 Investments

Investments classified as long-term investments are stated at cost. Provision is made to recognise any diminution other than temporary in the value of such investments. Current investments are carried at lower of cost and fair value.

2.5 Inventories

Inventories are valued at lower of cost and net realisable value. Cost of inventories of finished goods comprises material cost on FIFO basis, labour and manufacturing overheads incurred in bringing the inventories to their present location and condition.

2.6 Foreign Currency Transactions

(a) Initial Recognition

amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

(c) Exchange Differences

Exchange differences arising on the settlement of monetary items are recognised as income or as expense in the year in which they arise.

(d) Forward Exchange Contracts

Forward Exchange Contracts (other than those entered into to hedge foreign currency risk of future transactions in respect of which firm commitments are made or are highly probable forecast transactions) are translated at period end exchange rates and the resultant gains and losses as well as the gains and losses on cancellation of such contracts are recognised in the Statement of Profit and Loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

2.7 Retirement Benefits

(a) Defined Contribution Plan:

Contribution as per the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 towards provident fund is charged to the Statement of Profit and Loss of the year when the contributions to the respective fund is due. There is no other obligation other than the contribution payable to the respective funds.

(b) Defined Benefit Plan:

Liability with regard to long-term employee benefits is provided for on the basis of an actuarial valuation at the Balance Sheet date. Actuarial gain / loss is recognised immediately in the statement of profit and loss.

2.8 Borrowing Costs

(a) Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalised for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use.

(b) Other Borrowing costs are recognised as expense in the period in which they are incurred.

2.9 Taxes on Income

Tax expense comprises of current tax and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities, computed in accordance with the applicable tax rates and tax laws. In case of tax payable as per provisions of MAT under Section 115JB of the Income Tax Act, 1961, MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

Deferred Tax arising on account of "timing differences" and which are capable of reversal in one or more subsequent periods is recognised, using the tax rates and tax laws that are enacted or substantively enacted. Deferred tax asset (other than in the situation of carried forward losses) is recognised only to the extent there is reasonable certainty with respect to reversal of the same in future years as a matter of prudence.

2.10 Earnings per Share (EPS)

Basic earnings per share are 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.

2.11 Prior Period Items

Significant items of income and expenditure which relates to prior accounting period other than those occasioned or events occurring during or after close of the year and which are treated as relating to current year are accounted for separately in the Statement of Profit & Loss.

2.12 Provisions / Contingencies

(a) A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

(b) Contingent Liabilities are not provided for in the accounts and are shown separately in the Notes on Accounts.

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	(Amount in Rs.)			
NOTE 3 - SHARE CAPITAL	31/03/2018	31/03/2017		
Authorised				
1,40,00,000 Equity Shares of Rs. 10/- each	140,000,000	140,000,000		
Issued, Subscribed and Paid-up				
1,09,09,000 Equity Shares of Rs. 10/- each fully paid up	109,090,000	109,090,000		
a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.				
Equity Shares	31/03/2018	31/03/2017		
	Number	Amount (in Rs.)	Number	Amount (in Rs.)
At the beginning of the period	10,909,000	109,090,000	7,309,000	73,090,000
Issued During the year - Initial public offer	-	-	3,600,000	36,000,000
Outstanding at the end of the period	10,909,000	109,090,000	10,909,000	109,090,000
b) Terms/Rights attached to equity shares				
The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share.				
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the share holders.				
c) Details of the shareholders holding more than 5% shares in the Company				
	3/31/2018		3/31/2017	
	Number	% holding	Number	% holding
Equity shares of Rs.10/- each fully paid				
Kishanlal Choudhary	1,003,500	9.20%	1,003,500	9.20%
Sunil Choudhary(HUF)	1,261,000	11.56%	1,261,000	11.56%
Sunil Choudhary	1,224,500	11.22%	1,224,500	11.22%
Cooltex Merchandise Private Limited	2,163,000	19.83%	2,163,000	19.83%
NOTE 4 - RESERVES AND SURPLUS			3/31/2018	3/31/2017
Securities Premium Account				
Balance as per last financial statements			167,384,922	93,453,000
Additions During the year			-	79,200,000
Less: Share Issue Expenses			-	5,268,078
Closing Balance			167,384,922	167,384,922
Surplus [Balance in the Statement of Profit & Loss]				
Balance as per last financial statements			112,102,288	91,130,767
Profit for the year			20,533,334	20,971,521
Closing Balance			132,635,622	112,102,288
			300,020,544	279,487,210

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE 5 - LONG-TERM BORROWINGS

	Non-current portion		Current Maturities	
	3/31/2018	3/31/2017	3/31/2018	3/31/2017
Loans from Bodies Corporate (unsecured)	135,440,015	135,304,759	-	-
Loans against Vehicles (secured)	3,095,323	-	922,144	57,516
	138,535,338	135,304,759	922,144	57,516
The above amount includes				
Secured Borrowings	3,095,323	-	922,144	57,516
Unsecured Borrowings	135,440,015	135,304,759		
Amount disclosed under the head - "Other Current Liabilities" (Refer Note 10)			(922,144)	(57,516)
	138,535,338	135,304,759	-	-

(A) Terms of Repayment

(i) Unsecured Loan

Unsecured Loans from Bodies Corporate, partly bearing interest, have been taken without any stipulation for repayment and are stated by the management to be in the nature of Long term borrowings.

(ii) Loan Against Vehicles :

a) Details of security

Loans against Vehicles is secured by way of hypothecation of the underlying asset financed.

b) Terms of Repayment

Loans against vehicles is repayable by way of Equated Monthly Installments (EMI), the particulars of which are as follows:

Particulars	Amount Outstanding as on 31-03-2018	Rate of Interest	Repayment Terms with reference to Balance Sheet date
Loan for one vehicle from Yes Bank	3,431,983	8.40 % p.a.	50 installments of Rs. 81,585/-
Loan for one vehicle from Yes Bank	585,484	8.40 % p.a.	32 installments of Rs. 20,528/-

NOTE 6 - DEFERRED TAX LIABILITY/ (ASSET)

	3/31/2018	3/31/2017
<u>Components of Deferred Tax Liability/(Assets)</u>		
Related to Property, Plant and Equipment	5,563,668	5,150,515
Related to Disallowances under I T Act	(216,401)	(1,357,335)
	5,347,267	3,793,180

NOTE 7 - LONG-TERM PROVISIONS

	3/31/2018	3/31/2017
Provision for Gratuity	650,735	4,085,414
	650,735	4,085,414

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	3/31/2018	3/31/2017
<u>NOTE 8 - SHORT-TERM BORROWINGS</u>		
Working Capital Loans from Bank (Secured)		
-Cash Credit	644,293,072	649,208,232
Channel Financing from Banks	402,224,894	282,278,704
	-	-
	1,046,517,966	931,486,936

(a) Working Capital Loans are primarily secured by way of hypothecation of Stocks and Book Debts. The rate of interest on Cash Credit from Union Bank of India is 11.60% +2% (on additional adhoc limit of Rs. 5 crores) linked to the MCLR of Union Bank of India.

The loan is also collaterally secured by way of a) charge on Plant & Machinery, office premises, flats and plots in the name of the Company, b) charge on certain immovable properties of the Company, Mr. Sunil Kumar Choudhary, Mrs. Savitri Devi Choudhary, Mrs. Bina Choudhary, Mr. Kishan Lal Choudhary and Narayani Ispat Ltd. c) FDR of Rs 29.00 lacs in the name of the Company. d) Personal guarantees of Mr. Sunil Choudhary, Mr. Kishan Lal Choudhary, Mr. Bivor Bagaria, Mrs. Bina Choudhary, Mrs. Savitri Devi Choudhary and e) Corporate Guarantee from Narayani Ispat Ltd. and Cooltex Merchandise Pvt. Ltd.

- (b) 1. Channel Financing from Andhra Bank of Rs. 10 crores is collaterally secured by Fixed Deposit of Rs 2,50,00,000/- and guaranteed by Mr. Sunil Kumar Choudhary and Mr. Kishan Lal Choudhary. The rate of interest on Channel Financing is 9.10% p.a. (Base Rate + 0.50)%.
2. Channel Financing from Yes Bank of Rs. 3 Crores is collaterally secured by Fixed Deposit of Rs 60,00,000/- and guaranteed by Mr. Sunil Choudhary, Mr. Kishan Lal Choudhary, Mrs. Bina Choudhary and Mrs. Savitri Devi Choudhary. The rate of interest on Channel Financing is 11.25% (MCLR + 2.15)%.
3. Channel Financing from Tata Capital Financial Services Limited of Rs. 10 Crores and an additional limit of Rs. 3 crore is guaranteed by Mr. Sunil Choudhary, Mr. Kishan Lal Choudhary, Mrs. Bina Choudhary & Mrs. Savitri Devi Choudhary. The rate of interest on Channel Financing is 10.75%.
4. Channel Financing from ICICI Bank Limited of Rs. 9.5 Crores is collaterally secured by Fixed Deposit of Rs 1,12,50,000/- and guaranteed by Mr. Sunil Choudhary, Mr. Kishan Lal Choudhary, Mrs. Bina Choudhary, Mrs. Savitri Devi Choudhary and Mr. Bivor Bagaria. The rate of interest on Channel Financing is 9.50% (Base rate + 1.35)%.
5. Channel Financing from Axis Bank Limited of Rs. 5 Crores is guaranteed by Mr. Sunil Kumar Choudhary, Mr. Kishan Lal Choudhary, Mrs. Bina Choudhary and Mr. Bivor Bagaria. The rate of interest on Channel Financing is 9.50% (MCLR3 + 1.50)%.

	3/31/2018	3/31/2017
<u>NOTE 9 - TRADE PAYABLES</u>		
Due to Micro, Small & Medium Enterprises [Refer Note below]	-	-
Due to others	146,261,487	351,157,117
Liability under L/C	749,602,758	586,799,855
Liability for Expenses	10,425,193	9,219,056
	906,289,438	947,176,028

Trade Payables (Due to Others) include Rs. 56,39,588/- (P.Y. Nil /-) due from Private Companies in which Director is a

There is no amount that needs to be disclosed pertaining to micro and small enterprises under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006).

As at 31 March 2018, no supplier has intimated the Company about its status as micro or small enterprises or its registration with appropriate authority under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006).

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

<u>NOTE 10 - OTHER CURRENT LIABILITIES</u>	3/31/2018	3/31/2017
Current maturities of long-term debt (Refer Note 5)	922,144	57,516
Interest Accrued but Not Due	230,569	9,473,805
Advances received from Parties	28,951,480	11,331,407
Advance received from Related Parties	722,216	722,216
Statutory dues	3,772,702	6,192,828
	34,599,111	27,777,772

<u>NOTE 11 - SHORT-TERM PROVISIONS</u>	3/31/2018	3/31/2017
Provision for Taxation	10,150,710	10,356,384
Provision for Gratuity	3,777	19,884
	10,154,487	10,376,268

<u>NOTE 13 - NON-CURRENT INVESTMENTS</u>	Number of shares as on 31-03-2018	Number of shares as on 31-03-2017	3/31/2018	3/31/2017
<u>Long- Term, Trade Investments (at cost)</u>				
Equity Shares - Unquoted (Fully Paid Up)				
Investments in Associates				
Hari Equipment (P) Ltd (Face Value - Rs 10/- each)	459,490	459,490	5,673,370	5,673,370
Investments in Others				
each)	245,000	245,000	2,450,000	2,450,000
<u>Long- Term, Non - Trade Investments (at cost)</u>				
Equity Shares - Quoted (Fully Paid Up)				
Union Bank of India	1,009	1,009	110,990	110,990
			8,234,360	8,234,360
Aggregate amount of unquoted investments			8,123,370	8,123,370
Aggregate amount of quoted investments			110,990	110,990
Market Value of Quoted Investments			94,947	157,505
			3/31/2018	3/31/2017

<u>NOTE 14 - LONG-TERM LOANS & ADVANCES</u>	3/31/2018	3/31/2017
(Unsecured, Considered good)		
Security and other deposits	8,261,885	7,526,200
	8,261,885	7,526,200

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	Number of units as on 31-03-2018	Number of units as on 31-03-2017	3/31/2018	3/31/2017
<u>NOTE 15-CURRENT INVESTMENTS</u>				
(Valued at lower of cost and fair value)				
Investment in Property (at cost)	-	-	18,424,185	18,424,185
Investment in Mutual Fund (Unquoted)				
Union Capital Protection Oriented Fund (G)*	300,000	300,000	3,000,000	3,000,000
Union Large, Small and Midcap Fund - Regular Plan (G)	2,824.21	3,111	2,780,000	40,000
			24,204,185	21,464,185
Net Asset Value of investment in mutual funds			6,018,199	3,056,373

*The said Mutual Funds is given as margin deposits against credit facilities taken from Union Bank Of India.

	3/31/2018	3/31/2017
<u>NOTE 16 - INVENTORIES</u>		
(As taken, valued and certified by the management)		
Raw Materials	17,211,660	24,692,412
Traded Goods	143,763,315	523,217,493
Finished Goods	31,914,929	22,238,580
Scrap & Miss Rolls	2,371,570	3,322,356
Stores & Spares	1,055,200	903,342
Furnace oil, coal & Gas	165,000	537,332
	196,481,674	574,911,515

	3/31/2018	3/31/2017
<u>NOTE 17 - TRADE RECEIVABLES</u>		
(Unsecured, Considered Good)		
Debts outstanding for a period exceeding six months from the date they became due for payment.	9,357,701	14,599,997
Other Debts	1,756,621,683	1,351,883,594
	1,765,979,384	1,366,483,591

Other Debts include Rs. 30,08,607/- (P.Y. 1,21,88,250/-) due from Private Companies in which Director is a Director.

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	3/31/2018	3/31/2017
<u>NOTE 18 - CASH AND BANK BALANCES</u>		
<u>i) Cash & Cash Equivalents</u>		
Cash In Hand (as Certified)	129,954	854,927
Balances With Banks		
Current Accounts	23,624,126	36,771,089
	23,754,080	37,626,016
<u>ii) Other Bank Balances</u>		
Fixed Deposits with original maturity for more than 3 months but less than 12 months (including accrued interest)	152,288,309	158,093,535
	152,288,309	158,093,535
TOTAL	176,042,389	195,719,551

(a) Fixed Deposit of Rs. 2,50,00,000 /-(P.Y. Rs. 2,50,00,000) is pledged with Andhra Bank as collateral security for Channel Finance limit of Rs 10,00,00,000/-.

(b) Fixed Deposit of Rs. 60,00,000/- (P.Y. Rs.60,00,000) is pledged with Yes Bank as collateral security for Channel Finance

(c) Fixed Deposit of Rs. 1,12,50,000/- (P.Y. Rs. 1,12,50,000) is pledged with ICICI Bank as collateral security for Channel Finance limit of Rs 9,50,00,000/-.

(d) Other Fixed Deposits of Rs. 10,46,31,680/- (P.Y. Rs. 11,32,22,119/-) are pledged with Union Bank of India as margin/ collateral security for sanction of credit facilities.

	3/31/2018	3/31/2017
<u>NOTE 19 - SHORT TERM LOANS & ADVANCES</u>		
(Unsecured, Considered good)		
Advances recoverable in cash or in kind or for value to be received		
To Related Parties	28,141,746	14,741,143
To Others	95,086,974	92,298,891
GST / VAT / Cenvat Receivable	64,252,461	32,191,841
VAT/CST Advance against Appeal	2,615,987	2,615,987
Income Tax Payments	2,297,591	4,123,351
Tax Deducted/Collected at Source	1,557,185	5,563,846
	193,951,944	151,535,059

	3/31/2018	3/31/2017
<u>NOTE 20 - REVENUE FROM OPERATIONS</u>		
<u>Sales</u>		
Sale of Products	7,772,726,345	7,811,022,996
Less: Excise Duty	-	95,272,113
	7,769,946,561	7,715,750,883
Sale of coal	-	2,851,735
Interest on Sales	5,010,305	26,163,248
Revenue from operations	7,774,956,866	7,744,765,866

Sale is net of **Rs. 1,09,83,79,407/-** (P.Y Rs. 36,48,87,399/-) for VAT, CST & GST realised on sales.

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

<u>Break up of Sale of Products (net of GST)</u>	3/31/2018	3/31/2017
TMT Bars, Rounds, Squares, Angles, Flats etc	4,201,733,474	5,686,297,145
Billets, Blooms, Ingot etc	2,811,207,305	1,775,752,664
Iron Ore Pillets, Pig Iron, Scrap etc.	757,005,782	253,701,073
Coal	-	2,851,735
-	7,769,946,561	7,718,602,617

<u>NOTE 21 - OTHER INCOME</u>	3/31/2018	3/31/2017
<u>Interest Income</u>		
-On Fixed Deposits	12,141,786	9,382,406
-On Other Deposits	178,713	426,492
Rental Income	976,200	236,400
Dividend Received	-	1,968
Profit on Sale of Investments	289,107	-
Miscellaneous Income	293,980	271,978
	13,879,786	10,319,244

<u>NOTE 22 - MATERIALS CONSUMED</u> <u>(Including For Sale)</u>	3/31/2018	3/31/2017
Iron and Steel Materials		
Inventory at the beginning of the year	24,692,412	6,748,991
Add : Purchases	678,924,831	717,154,347
	703,617,243	723,903,338
Less : Inventory at the end of the year	17,211,660	24,692,412
Consumption of Materials	686,405,583	699,210,926

<u>Break up into Imported & Indigenous</u>	3/31/2018		3/31/2017	
	%	(Amount in Rs)	%	(Amount in Rs)
Imported	-	-	-	-
Indigenous	100%	686,405,583	100%	699,210,926
	100%	686,405,583	100%	699,210,926

<u>NOTE 23 - PURCHASE OF TRADED GOODS</u>	3/31/2018	3/31/2017
TMT Bars, Rounds, Squares, Angles, Flats etc	3,103,679,844	4,554,632,116
Billets, Blooms, Ingot etc	2,460,880,710	2,087,844,614
Iron Ore Pillets, Pig Iron, Scrap etc.	720,413,960	224,042,224
Coal	-	443,286
	6,284,974,514	6,866,962,240

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	3/31/2018	3/31/2017
<u>NOTE 24 - CHANGES IN INVENTORIES</u>		
Opening Stock		
-Finished Goods	22,238,580	36,799,875
-Scrap and Miss Roll	3,322,356	1,856,427
-Traded Goods	523,217,493	329,392,673
Less: Excise Payable on Closing Stock	(2,840,004)	-
	545,938,425	368,048,975
Closing Stock		
-Finished Goods	31,914,929	22,238,580
-Scrap and Miss Roll	2,371,570	3,322,356
-Traded Goods	143,763,315	523,217,493
	178,049,814	548,778,429
	367,888,611	(180,729,454)
	3/31/2018	3/31/2017
<u>Detail of Finished Goods</u>		
TMT Bars, Rounds, Squares, Angles, Flats etc	31,914,929	22,238,400
	31,914,929	22,238,400
<u>Detail of Traded Goods</u>		
TMT Bars, Rounds, Squares, Angles, Flats etc	124,739,135	212,041,844
Billets, Blooms, Ingot etc	14,982,777	311,175,649
Iron Ore Pillets, Pig Iron, Scrap etc.	4,041,403	-
	143,763,315	523,217,493
	3/31/2018	3/31/2017
<u>NOTE 25 - EMPLOYEE BENEFITS EXPENSE</u>		
Salaries, Wages, Bonus & Allowances	20,555,002	18,134,002
Contribution to Provident & Other Funds	258,316	1,077,295
Gratuity [Refer Note 30]	117,112	2,021,095
Directors' Remuneration	4,800,000	4,620,000
Welfare Expenses	1,362,046	758,540
	27,092,476	26,610,932
	3/31/2018	3/31/2017
<u>NOTE 26 - FINANCE COSTS</u>		
Interest Expense		
To Bank (including LC charges)	138,975,335	141,748,682
To Others	12,226,576	5,957,234
Other Borrowing Costs	9,377,515	8,490,797
	160,579,426	156,196,713

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	3/31/2018	3/31/2017
<u>NOTE 27 - OTHER EXPENSES</u>		
<u>(a) Manufacturing Expenses</u>		
Processing and Moulding Charges	321,376	795,474
Power and Fuel	54,550,602	54,525,869
Stores and Spares Consumed [Refer Note (a) below]	4,353,690	5,207,430
Excise Duty on Variation in Stock [Refer Note (b) below]	-	(1,455,041)
Repairs & Maintenance	4,406,266	3,356,411
<u>(b) Administrative and Other Expenses</u>		
Rent & Service Charges	234,000	659,292
Rates & Taxes	1,191,946	1,117,560
Insurance	640,667	1,449,402
Freight & Delivery Charges	133,379,695	75,119,964
Telephone & Internet Expenses	207,826	117,603
Travelling & Conveyance	1,084,209	390,527
Other Repairs and Maintenance	1,630,049	1,029,540
Safety & Security Charges	823,338	675,148
Legal & Professional Fees	4,837,325	875,370
Sales Promotion Expenses	2,326,233	2,228,004
Auditor's Remuneration [Refer Note (c) below]	540,000	705,000
Directors' Sitting Fees	35,000	13,400
Miscellaneous Expenses	2,107,952	1,476,021
Commission	440,775	1,464,799
Taxes paid on assessment	327,024	-
Prior Period Items [Refer Note (d) below]	827,852	-
Sundry Balances written off (net)	743,469	6,053
	215,009,294	149,757,826

a) Imported and Indigenous Stores and Spares

	3/31/2018		3/31/2017	
	%	Amount in Rs	%	Amount in Rs
Imported	-	-	-	-
Indigenous	100.00%	4,353,690	100.00%	5,207,430
	100.00%	4,353,690	100.00%	5,207,430

b) Amount of excise duty on variation in stock represents differential excise duty on opening stock of finished

	3/31/2018	3/31/2017
<u>(c) Auditors' Remuneration:</u>		
(a) As Auditor (Includes Tax Audit Fees of Rs. 1,10,000 /- (P.Y Rs. 1,00,000/-)	440,000	400,000
(b) For Taxation Matters	-	85,000
(c) For other services	100,000	220,000
	540,000	705,000

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

d) Prior period items:	3/31/2018	3/31/2017
(a) Labour charges	126,472	-
(b) Electricity Expenses	75,146	-
(c) Safety & Security	24,000	-
(d) Freight Charges	168,343	-
(e) Professional charges	133,000	-
(f) Interest on Deposits	21,263	-
(g) Stores & Spares	36,973	-
(h) Other Repairs & Maintenance	81,747	-
(i) Miscellaneous Expenses	160,908	-
	827,852	-

NOTE 28 - EARNINGS PER SHARE

PARTICULARS	3/31/2018	3/31/2017
Weighted average number of Equity Shares outstanding during the year	10,909,000	9,330,918
Profit after Tax attributable to Equity Shareholders (In Rupees)	20,533,334	20,971,521
Nominal Value of Ordinary Shares (Rs.)	10	10
Earnings Per Share (Basic) (Rs.)	1.88	2.25
Earnings Per Share (Diluted) (Rs.)	1.88	2.25

NOTE 29 - CONTINGENT LIABILITIES AND COMMITMENTS

	3/31/2018	3/31/2017
Contingent Liabilities not provided for in the books of accounts in respect of:		
Disputed Income Tax Demands under appeal	23,897,503	24,413,370
Corporate guarantee for credit facilities to Hari Equipments Private Limited	300,000,000	320,000,000
Disputed Sales Tax/ VAT under appeal for the year 2010 - 11*	469,000	469,000
Disputed Penalty on VAT under appeal for the period 04/2011 to 12/2012*	2,146,987	2,146,987

* Amount paid under protest Rs. 4,69,000/- and Rs. 21,46,987/- against VAT and penalty demand

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE 30 - EMPLOYEE BENEFITS

Disclosure pursuant to Accounting Standard- 15 (Revised) " Employee Benefits" :

The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as on 31st March, 2018 which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Particulars	Gratuity (UnFunded)	Gratuity (UnFunded)
	3/31/2018	3/31/2017
(i) Reconciliation of Opening and Closing Balances of the present value of Defined Benefit Obligation:		
Defined Benefit obligation at beginning of the year	4,105,298	2,084,203
Interest Cost	178,744	156,315
Past Service Cost	29,884	-
Current Service Cost	98,204	248,416
Benefits Paid	3,567,898	-
Actuarial (Gain)/Loss	(189,720)	1,616,364
Defined Benefit obligation at the year end	654,512	4,105,298
(ii) Reconciliation of Opening and Closing Balances of fair value of plan assets:		
Not Applicable as scheme is unfunded	-	-
(iii) Reconciliation of fair value of assets and obligation:		
Fair Value of Plan assets		
Present Value of obligation	654,512	4,105,298
Amount recognised as liability in Balance Sheet	654,512	4,105,298
(iv) Expenses recognized during the year in the Statement of Profit & Loss : (shown in Note - 25 under the head 'Gratuity')		
Past Service Cost	29,884	-
Current Service Cost	98,204	248,416
Interest Cost	178,744	156,315
Expected return on plan assets	-	-
Actuarial (Gain)/Loss	(189,720)	1,616,364
Recognised in the Statement of Profit and Loss	117,112	2,021,095
(v) Actuarial Assumptions:		
Mortality Table	IALM 2006/08 ULTIMATE	IALM 2006/08 ULTIMATE
Superannuation Age	70	70
Discount rate (per annum)	7.70%	7.50%
Rate of escalation in salary (per annum)	6.00%	6.00%

(vi) The above information is certified by an actuary.

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE 31 - RELATED PARTY DISCLOSURE

i) Name of the related parties where control exists irrespective of whether transactions have occurred or not - None

ii) Names of the other related parties with whom transactions have taken place during the year:

(a) Key Managerial Personnel (Directors)	Sunil Choudhary Bina Choudhary Bivor Bagaria
(b) Relatives of Key Managerial Personnel	Anjani Choudhary
(c) Associates	Hari Equipments Private Limited
(d) Enterprises owned or significantly influenced by the Key Managerial Personnel or their relatives	Narayani Ispat Limited Kedarnath Commotrade Private Limited Balajee Roadways Agrimony Tradex Vyaappar Private Limited Hemang Steel Traders

Nature of Transactions	3/31/2018	3/31/2017
Purchases (Inclusive of Excise but exclusive of VAT/GST)		
Narayani Ispat Limited	184,120,274	691,413,788
Hari Equipments Private Limited	80,467,650	102,619,743
Kedarnath Commotrade Private Limited	179,317,642	135,307,576
Agrimony Tradex Vyaappar Private Limited	2,287,638	-
Sales (Inclusive of Excise but exclusive of VAT/GST)		
Narayani Ispat Limited	264,201,535	390,978,835
Hari Equipments Private Limited	48,792,796	374,162,970
Kedarnath Commotrade Private Limited	44,451,387	98,430,454
Agrimony Tradex Vyaappar Private Limited	13,110,792	-
Rent Paid		
Sunil Choudhary	-	144,000
Bina Choudhary	174,000	-
Hari Equipments Private Limited	60,000	-
Freight Expense		
Balajee Roadways	112,128,029	68,066,125
Managerial Remuneration		
Sunil Choudhary	3,600,000	3,600,000
Bivor Bagaria	1,200,000	1,020,000
Salary		
Anjani Choudhary	140,000	-
Professional Charges		
Bivor Bagaria	600,000	-

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

iii) Outstanding Balances

Nature of Transactions	3/31/2018	3/31/2017
Trade Receivables		
Narayani Ispat Limited	2,535,276	1,622,793
Kedarnath Commotrade Private Limited	473,331	10,565,457
Agrimony Tradex Vyaappar Private Limited	9,770,734	-
Trade Payables		
Hari Equipments Private Limited	5,639,588	-
Liabilities For Expenses		
Sunil Choudhary	4,233	921,000
Bivor Bagaria	34,500	-
Investments in Shares		
Kedarnath Commotrade Private Limited	2,450,000	2,450,000
Hari Equipments Private Limited	5,673,370	5,673,370
Advances Given		
Balajee Roadways	27,668,415	14,741,143
Advances Received		
Hemang Steel Traders	722,216	722,216

NOTE 32 - CAPITAL WORK IN PROGRESS

Capital Work-in-Progress includes Rs.74,08,742/- (P.Y. Rs. Nil /-) towards expenses incurred on Plant & Equipments for increase in efficiency of the Manufacturing Unit, pending completion and installation thereof and Rs. 1,71,000 /- (P.Y. Rs. Nil /-) towards expenses incurred on development of a mobile based application software, pending completion thereof.

NOTE 33 - EXCEPTIONAL ITEM

Exceptional Item represents payments to certain employees of Vizianagaram unit on settlement of their dues on retrenchment.

NOTE 34

In the opinion of the Board of Directors, the Current Assets, Loans & Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the accounts. Adequate provisions have been made for all known losses and liabilities.

NOTE 35

Certain balances of Trade Payables, Trade Receivables, Unsecured Loans and Advances are subject to confirmation. Debtors is net off Rs. 18,42,689/- (P.Y. Rs 26,35,510/-) being certain payments lying under suspense account in absence of information

NOTE 36

The Company has taken premises under operating lease. The escalation clause is applicable on renewal. There is no restriction imposed by lease agreements. These lease agreements are normally renewed on expiry. Expense charged to profit and loss account is Rs. 2,34,000/- (PY: Rs. 6,59,292/-).

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE 37 - SEGMENT REPORTING

Segment reporting as required by AS-17 issued by the ICAI notified by Ministry of Corporate Affairs.

1. **Business Segment:** The Company is mainly engaged in a single business segment of Manufacturing and Trading of Iron & Steel Products, accordingly there is no separate reportable segment as per Accounting Standard 17 "Segment Reporting".

2. **Geographical Segment:** This segment has been considered for Secondary Segment Reporting. Since the Company does not have any transaction outside India as sales being in the domestic market only, the disclosure requirement of Accounting Standard- 17 "Segment Reporting", notified under the Companies Act, 2013 is not applicable.

NOTE 38 - FOREIGN EXCHANGE EARNINGS AND O

3/31/2018 3/31/2017

Expenditure in Foreign Currency:

Travel & Miscellaneous matters	21,045	-
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NOTE 39

Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever considered necessary to conform to this year's classification. Accordingly, amounts and other disclosures for the preceding year are included as an

As per our report of even date attached

For and on behalf of the Board of Directors of Narayani Steels
Limited

For A.C. Bhuteria & Co.
Chartered Accountants
FRN: 303105E

Sd/-
SUNIL CHOUDHARY
Managing Director
DIN:00289479

Sd/-
CA MOHIT BHUTERIA
Partner
Membership No: 056832

Sd/-
BIVOR BAGARIA
Chief Financial Officer and Director
DIN:06765822

Place: Visakhapatnam
Date: The 28th day of May, 2018

Sd/-
ARUN KUMAR MEHER
Company Secretary
M.NO. - ACS48598

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE 12 - Property, Plant and Equipment

(Amount in Rs.)

	Tangible Assets							Intangible Assets	
	Land (Freehold)	Buildings	Plant & Equipments	Computer	Furniture & Fixtures	Vehicles	Total	Software	Total
Gross Block									
As at April 1, 2016	45,838,707	23,284,359	73,302,233	2,137,758	1,443,634	6,617,557	152,624,248	-	-
Additions	493,397	15,995,289	3,939,709	-	435,850	-	20,864,245	-	-
Disposals	-	-	-	-	-	-	-	-	-
As at March 31, 2017	46,332,104	39,279,648	77,241,942	2,137,758	1,879,484	6,617,557	173,488,493	-	-
Additions	42,589,504	2,745,725	3,072,273	599,300	134,727	5,259,011	54,400,540	327,250	327,250
Disposals	-	-	-	-	-	-	-	-	-
As at March 31, 2018	88,921,608	42,025,373	80,314,215	2,737,058	2,014,211	11,876,568	227,889,033	327,250	327,250
Depreciation									
As at April 1, 2016	-	4,298,415	34,145,790	1,807,893	681,854	4,447,136	45,381,088	-	-
Charge for the year	-	724,051	4,109,973	126,728	101,950	341,595	5,404,297	-	-
Disposals	-	-	-	-	-	-	-	-	-
As at March 31, 2017	-	5,022,466	38,255,763	1,934,621	783,804	4,788,731	50,785,385	-	-
Charge for the year	-	767,858	3,999,401	339,796	188,111	1,600,959	6,896,125	65,450	65,450
Disposals	-	-	-	-	-	-	-	-	-
As at March 31, 2018	-	5,790,324	42,255,164	2,274,417	971,915	6,389,690	57,681,510	65,450	65,450
As at March 31, 2017	46,332,104	34,257,182	38,986,179	203,137	1,095,680	1,828,826	122,703,108	-	-
As at March 31, 2018	88,921,608	36,235,049	38,059,051	462,641	1,042,296	5,486,878	170,207,523	261,800	261,800

Note:

(a) The original cost of vehicles includes Rs. 52,09,330/- (P.Y. Rs. 20,32,474/-) acquired from loans taken from banks & financial institutions, of which Rs. 40,17,467/- (P.Y. Rs.58,044/-) were outstanding as at year end.

INDEPENDENT AUDITORS' REPORT
To the Members of Narayani Steels Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Narayani Steels Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated 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 and presentation of these Consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these Consolidated 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 in accordance with the Standards Auditing issued by the Institute of Chartered Accountants of India, as 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Consolidated 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 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 Consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Consolidated 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 31 March 2018, its profit and its cash flows for the year ended on that date.

Other Matters

1.The company has renewed Corporate Guarantee amounting to Rs.30,00,00,000/- & has also provided security in respect of the credit facilities availed by related parties in earlier years which is not in accordance with the provisions of section 185 of the Companies Act, 2013.

2.The Standalone Financial Statements of the Company for the year ended 31st March,2017 were audited by another auditor whose report dated 29th May,2017 expressed an unqualified opinion on those statements.

Our report it is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated financial statements;
- b. In our opinion proper books of account as required by law relating to preparation of the aforesaid Consolidation of the financial statements have been kept by the Company so far as appears from our examination of those books;

- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid Consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of the written representation received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors of the Company and its associate Company incorporated in India is disqualified as on 31 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 "A"; and
- g. With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 29 to the 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.

For A.C. Bhuteria & Co.
Chartered Accountants
Firm Registration No. 303105E

CA MOHIT BHUTERIA
Partner
Membership No. 056832

Place: Visakhapatnam
Date: The 28th day of May, 2018.

Annexure -A to the Independent 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") (Referred to in our report of even date)

In conjunction with our audit of the consolidated financial statements of Narayani Steels Limited as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting of Narayani Steels Limited (hereinafter referred to as the "Company") and its associate company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Company and its associate company which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 Act.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company and its associate company, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 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 Institute of Chartered Accountants of India.

For A.C. Bhuteria & Co.
Chartered Accountants
Firm Registration No. 303105E

CA MOHIT BHUTERIA
Partner
Membership No. 056832

Place: Visakhapatnam
Date: The 28th day of May,
2018.

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2018

(Amount in Rs.)

PARTICULARS	NOTE NO.	3/31/2018	3/31/2017
I EQUITY AND LIABILITIES			
1) SHAREHOLDERS' FUNDS			
(a) Share Capital	3	109,090,000	109,090,000
(b) Reserves and Surplus	4	307,352,849	284,776,074
		416,442,849	393,866,074
2) NON-CURRENT LIABILITIES			
(a) Long-term Borrowings	5	138,535,338	135,304,759
(b) Deferred Tax Liability	6	5,347,267	3,793,180
(c) Long- term Provisions	7	650,735	4,085,414
		144,533,340	143,183,353
3) CURRENT LIABILITIES			
(a) Short-term Borrowings	8	1,046,517,966	931,486,936
(b) Trade Payables	9	-	-
-Total outstanding dues of Micro enterprises and Small enterprises		-	-
-Total outstanding dues of creditors other than Micro enterprises and Small Enterprises		906,289,438	947,176,028
(c) Other Current Liabilities	10	34,599,111	27,777,772
(d) Short- term Provisions	11	10,154,487	10,376,268
		1,997,561,002	1,916,817,004
TOTAL		2,558,537,191	2,453,866,431
II ASSETS			
1) NON-CURRENT ASSETS			
(a) Property, Plant and Equipment			
(i) Tangible Assets	12	170,207,523	122,703,108
(ii) Intangible Assets	12	261,800	-
(iii) Capital work-in-progress	32	7,579,742	-
(b) Non- Current Investments	13	15,566,665	13,523,222
(c) Long-term Loans & Advances	14	8,261,885	7,526,200
		201,877,615	143,752,530
2) CURRENT ASSETS			
(a) Current Investments	15	24,204,185	21,464,185
(b) Inventories	16	196,481,674	574,911,515
(c) Trade Receivables	17	1,765,979,384	1,366,483,591
(d) Cash and Bank Balances	18	176,042,389	195,719,551
(e) Short- term Loans & Advances	19	193,951,944	151,535,059
		2,356,659,576	2,310,113,901
TOTAL		2,558,537,191	2,453,866,431
SIGNIFICANT ACCOUNTING POLICIES		2	
Accompanying notes are an integral part of the consolidated financial statements			

As per our report of even date attached

For A.C. Bhuteria & Co.
Chartered Accountants
FRN: 303105E

Sd/-
CA MOHIT BHUTERIA
Partner
Membership No: 056832

Place: Visakhapatnam
Date: The 28th day of May, 2018

For and on behalf of the Board of
Directors of Narayani Steels Limited

Sd/-
SUNIL CHOUDHARY
Managing Director
DIN:00289479

Sd/-
BIVOR BAGARIA
Chief Financial Officer and Director
DIN:06765822

Sd/-
ARUN KUMAR MEHER
Company Secretary
M.NO. - ACS48598

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(Amount in Rs.)

PARTICULARS	NOTE NO	3/31/2018	3/31/2017
INCOME:			
I Revenue From Operations (Gross)	20	7,774,956,866	7,840,037,979
Less: Excise Duty		-	95,272,113
Revenue From Operations (Net)		7,774,956,866	7,744,765,866
II Other Income	21	13,879,786	10,319,244
III Total Revenue (I + II)		7,788,836,652	7,755,085,110
IV EXPENSES:			
Materials Consumed	22	686,405,583	699,210,926
Purchase of Traded Goods	23	6,284,974,514	6,866,962,240
Changes in Inventories	24	367,888,611	(180,729,454)
Employee Benefits Expense	25	27,092,476	26,610,932
Finance Costs	26	160,579,426	156,196,713
Depreciation and Ammortisation Expenses	12	6,961,575	5,404,297
Other Expenses	27	215,009,294	149,757,826
Total Expenses (IV)		7,748,911,479	7,723,413,480
V PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS (III-IV)		39,925,173	31,671,630
VI Exceptional Item		7,682,137	-
VII PROFIT BEFORE TAX (V-VI)		32,243,036	31,671,630
Tax Expenses			
Current Tax		10,150,710	10,356,384
Earlier Year Tax		4,905	-
Deferred Tax		1,554,087	343,725
Net Current Tax		11,709,702	10,700,109
VII PROFIT AFTER TAX [BEFORE ADJUSTMENT OF SHARES OF PROFIT/(LOSS) OF ASSOCIATES]		20,533,334	20,971,521
IX SHARE OF PROFIT IN ASSOCIATES		2,043,441	1,498,206
X PROFIT FOR THE YEAR		22,576,775	22,469,727
Earnings Per Equity Share [Nominal Value Of Share - Rs 10/- (P.Y. 10/-)]	28		
Basic & Diluted		2.07	2.41

As per our report of even date attached

For A.C. Bhuteria & Co.
Chartered Accountants
FRN: 303105E

Sd/-
CA MOHIT BHUTERIA
Partner
Membership No: 056832

Place: Visakhapatnam
Date: The 28th day of May, 2018

For and on behalf of the Board of Directors of
Narayani Steels Limited

Sd/-
SUNIL CHOUDHARY
Chief Executive Officer and Managing Director
DIN:00289479

Sd/-
BIVOR BAGARIA
Chief Financial Officer and Director
DIN:06765822

Sd/-
ARUN KUMAR MEHER
Company Secretary
M.NO. - ACS48598

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

	Year Ended 31st March, 2018		Year Ended 31st March, 2017	
(In Rupees)				
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/Loss Before Tax		32,243,036		31,671,630
Adjustments for :				
Depreciation and Amortisation Expense	6,961,575		5,404,297	
Finance Costs	160,579,426		156,196,713	
Provision for Gratuity	117,112		2,021,095	
Profit on sale of Investments	(289,107)		-	
Interest & Dividend Income	(12,320,499)		(9,810,866)	
Sundry Balances Written Off	743,469		225,000	
Rental Income	(976,200)		(236,400)	
		154,815,776		153,799,839
Operating Profit before Working Capital Changes		187,058,812		185,471,469
Adjustments for :				
(Increase)/Decrease in Inventories	378,429,841		(196,905,117)	
(Increase)/Decrease in Trade Receivables	(400,239,262)		(357,867,954)	
(Increase)/Decrease in Loans and Advances	(48,984,991)		(97,719,447)	
Increase/(Decrease) in Trade Payables	(40,886,590)		420,164,695	
(Decrease)/Increase in Other Liabilities	15,199,947		(50,810,319)	
		(96,481,055)		(283,138,142)
Cash generated from operations		90,577,757		(97,666,673)
Direct Tax Paid		(4,528,868)		(7,447,019)
Net Cash from Operating Activities before exceptional items		86,048,889		(105,113,692)
Gratuity Benefits Paid		(3,567,898)		-
Net Cash from Operating Activities after exceptional items		82,480,991		(105,113,692)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment	(62,307,534)		(2,084,332)	
Purchase of Investments	(10,740,000)		(21,464,185)	
Sale of Investments	8,289,107		-	
Interest & Dividend Income	12,320,499		9,810,866	
Rent Received	976,200		236,400	
(Investment)/ Proceeds from bank deposits (original maturity of more than three months)	5,805,226		(28,240,793)	
Net Cash used in Investing Activities		(45,656,502)		(41,742,044)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital	-		115,200,000	
(Repayment)/Proceeds of Long Term Borrowings	4,095,207		(5,785,058)	
Proceeds from Short Term Borrowings	115,031,030		221,160,885	
Expenses related to issue of shares	-		(5,268,078)	
Finance Costs	(169,822,662)		(152,873,301)	
Net Cash from Financing Activities		(50,696,425)		172,434,448
Net Increase/(Decrease) in Cash & Cash Equivalents		(13,871,936)		25,578,712
Cash & Cash Equivalents at the beginning of the year		37,626,016		12,047,304
Cash & Cash Equivalents at the end of the year		23,754,080		37,626,016

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard- 3 on 'Cash Flow Statement' notified by the Companies (Accounting Standards) Rules.
- Cash and Cash Equivalents include cash and bank balances on current accounts (Refer Note No. 18-i).
- Figures in brackets indicate cash outflows.
- Previous year's figures have been regrouped/rearranged, wherever considered necessary to conform to this year's classification.

**As per our report of even date attached
For A.C. Bhuteria & Co.
Chartered Accountants
FRN: 303105E**

behalf of the Board of Directors of Narayani Steels Limited

**Sd/-
CA MOHIT BHUTERIA
Partner
Membership No: 056832**

**Sd/-
SUNIL CHOUDHARY
Managing Director
DIN:00289479**

**Sd/-
BIVOR BAGARIA
Chief Financial Officer and Director
DIN:06765822**

**Place: Visakhapatnam
Date: The 28th day of May, 2018**

**Sd/-
ARUN KUMAR MEHER
Company Secretary
M.NO. - ACS48598**

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST M

NOTE 1 - CORPORATE INFORMATION

Narayani Steels Limited ("the Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company is primarily engaged in the manufacture and sale of TMT bars, Rounds, Squares, Angles, etc. and trading of Billets, Blooms, Ingots, Iron ores, etc.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements comprises of the financial statements of Narayani Steels Ltd. ("the Company"), and its associate, Hari Equipments Pvt. Ltd.(% of Holding: 37.51), (collectively referred to as "the Group"). The consolidated financial statements have been prepared on the following basis:

- (a) The consolidated financial statements include the interest in associate which has been accounted for as per "Equity Accounting" Method as per Accounting Standard 23 - "Accounting for investments in Associates in Consolidated Financial Statements".
- (b) The financial statements of the Associate used in the consolidation are drawn upto the same reporting date as that of the Company.
- (c) The financial statements are prepared to comply in all material respects with the accounting standards notified by the Companies (Accounting Standards) Rules and the relevant provisions of the Companies Act, 2013.
- (d) The financial consolidated statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on accrual basis and on the principles of going concern. The accounting policies are consistently applied by the Company.
- (e) The consolidated financial statements are prepared in accordance with the accounting standards notified by the Central Government, in terms of section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (f) All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.
- (g) The preparation of the consolidated financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised.

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST M

2.2 Revenue Recognition

- (a) 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.
- (b) Sales are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincide with the delivery of goods. Sales are inclusive of excise duty and net of trade discounts. However, excise duty relating to sales is reduced from gross turnover for disclosing net turnover.
- (c) Insurance Claims to the extent considered recoverable during the year are taken into account. However, claims whose recovery cannot be ascertained with reasonable certainty are accounted for on acceptance/ actual receipt basis.
- (d) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

2.3 Property, Plant and Equipment

- (a) Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price (net of CENVAT / GST / duty credits availed or available thereon) and any attributable cost of bringing the asset to its working condition for the intended use.
- (b) Depreciation is provided based on the life and in the manner prescribed in Schedule II to the Companies Act, 2013, on straight line method on property, plant and equipment in Unit II at Bhogapuram and on written down value method on other property, plant and equipment.
- (c) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use, which is determined by the present value of the estimated future cash flows.
- (d) Costs of the property, plant and equipment not ready for their intended use at the Balance Sheet date together with all related expenses are shown as Capital Work-in-progress.
- (e) Intangible assets representing computer software and applications are recorded at their acquisition price and are amortised over their estimated useful life of 5 years on a Straight line basis commencing from the date the assets are available for use. The Useful life of the intangible assets is reviewed by the management at each

2.4 Investments

other than temporary in the value of such investments. Current investments are carried at lower of cost and fair value.

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST M

2.5 Inventories

Inventories are valued at lower of cost and net realisable value. Cost of inventories of finished goods comprises material cost on FIFO basis, labour and manufacturing overheads incurred in bringing the inventories to their present location and condition.

2.6 Foreign Currency Transactions

(a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the

(c) Exchange Differences

Exchange differences arising on the settlement of monetary items are recognised as income or as expense in the year in which they arise.

(d) Forward Exchange Contracts

Forward Exchange Contracts (other than those entered into to hedge foreign currency risk of future transactions in respect of which firm commitments are made or are highly probable forecast transactions) are translated at period end exchange rates and the resultant gains and losses as well as the gains and losses on cancellation of such contracts are recognised in the Statement of Profit and Loss.

2.7 Retirement Benefits

(a) Defined Contribution Plan:

Contribution as per the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 towards provident fund is charged to the Statement of Profit and Loss of the year when the contributions to the respective fund is due. There is no other obligation other than the contribution payable to the respective funds.

(b) Defined Benefit Plan:

Liability with regard to long-term employee benefits is provided for on the basis of an actuarial valuation at the Balance Sheet date. Actuarial gain / loss is recognised immediately in the statement of profit and loss.

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST M

2.8 Borrowing Costs

(a) Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalised for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use.

(b) Other Borrowing costs are recognised as expense in the period in which they are incurred.

2.9 Taxes on Income

Tax expense comprises of current tax and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities, computed in accordance with the applicable tax rates and tax laws. In case of tax payable as per provisions of MAT under Section 115JB of the Income Tax Act, 1961, MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

Deferred Tax arising on account of "timing differences" and which are capable of reversal in one or more subsequent periods is recognised, using the tax rates and tax laws that are enacted or substantively enacted. Deferred tax asset is recognised only to the extent there is reasonable certainty with respect to reversal of the same in future years as a matter of prudence.

2.10 Earnings per Share (EPS)

Basic earnings per share are 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.

2.11 Prior Period Items

Significant items of income and expenditure which relates to prior accounting period other than those occasioned or events occurring during or after close of the year and which are treated as relatable to current year are accounted for separately in the Statement of Profit & Loss.

2.12 Provisions / Contingencies

(a) A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

(b) Contingent Liabilities are not provided for in the accounts and are shown separately in the Notes on Accounts.

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	(Amount in Rs.)	
	31/03/2018	31/03/2017
<u>NOTE 3 - SHARE CAPITAL</u>		
Authorised		
1,40,00,000 Equity Shares of Rs. 10/- each	140,000,000	140,000,000
Issued, Subscribed and Paid-up		
1,09,09,000 Equity Shares of Rs. 10/- each fully paid up	109,090,000	109,090,000

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

Equity Shares	31/03/2018		31/03/2017	
	Number	Amount (in Rs.)	Number	Amount (in Rs.)
At the beginning of the period	10,909,000	109,090,000	7,309,000	73,090,000
Issued During the year - Initial public offer	-	-	3,600,000	36,000,000
Outstanding at the end of the period	10,909,000	109,090,000	10,909,000	109,090,000

b) Terms/Rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to the number of equity

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

	3/31/2018		3/31/2017	
	Number	% holding	Number	% holding
Equity shares of Rs.10/- each fully paid				
Kishanlal Choudhary	1,003,500	9.20%	1,003,500	9.20%
Sunil Choudhary(HUF)	1,261,000	11.56%	1,261,000	11.56%
Sunil Choudhary	1,224,500	11.22%	1,224,500	11.22%
Cooltex Merchandise Private Limited	2,163,000	19.83%	2,163,000	19.83%

NOTE 4 - RESERVES AND SURPLUS

	3/31/2018	3/31/2017
Securities Premium Account		
Balance as per last financial statements	167,384,922	93,453,000
Additions During the year	-	79,200,000
Less: Share Issue Expenses	-	5,268,078
Closing Balance	167,384,922	167,384,922
Surplus [Balance in the Statement of Profit & Loss]		
Balance as per last financial statements	117,391,152	94,921,425
Profit for the year	22,576,775	22,469,727
Closing Balance	139,967,927	117,391,152
	307,352,849	284,776,074

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE 5 - LONG-TERM BORROWINGS

	Non-current portion		Current Maturities	
	3/31/2018	3/31/2017	3/31/2018	3/31/2017
Loans from Bodies Corporate (unsecured)	135,440,015	135,304,759	-	-
Loans against Vehicles (secured)	3,095,323	-	922,144	57,516
	138,535,338	135,304,759	922,144	57,516
The above amount includes				
Secured Borrowings	3,095,323	-	922,144	57,516
Unsecured Borrowings	135,440,015	135,304,759		
Amount disclosed under the head - "Other Current Liabilities" (Refer Note 10)			(922,144)	(57,516)
	138,535,338	135,304,759	-	-

(A) Terms of Repayment

(i) Unsecured Loan

Unsecured Loans from Bodies Corporate, partly bearing interest, have been taken without any stipulation for repayment and are stated by the management to be in the nature of Long term borrowings.

(ii) Loan Against Vehicles :

a) Details of security

Loans against Vehicles is secured by way of hypothecation of the underlying asset financed.

b) Terms of Repayment

Loans against vehicles is repayable by way of Equated Monthly Installments (EMI), the particulars of which are as

Particulars	Amount Outstanding as on 31-03-2018	Rate of Interest	Repayment Terms with reference to Balance Sheet date
Loan for one vehicle from Yes Bank	3,431,983	8.40 % p.a.	50 installments of Rs. 81,585/-
Loan for one vehicle from Yes Bank	585,484	8.40 % p.a.	32 installments of Rs. 20,528/-

NOTE 6 - DEFERRED TAX LIABILITY/ (ASSET)

	3/31/2018	3/31/2017
<u>Components of Deferred Tax Liability/(Assets)</u>		
Related to Property, Plant and Equipment	5,563,668	5,150,515
Related to Disallowances under I T Act	(216,401)	(1,357,335)
	5,347,267	3,793,180

NOTE 7 - LONG-TERM PROVISIONS

	3/31/2018	3/31/2017
Provision for Gratuity	650,735	4,085,414
	650,735	4,085,414

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	3/31/2018	3/31/2017
<u>NOTE 8 - SHORT-TERM BORROWINGS</u>		
Working Capital Loans from Bank (Secured)		
-Cash Credit	644,293,072	649,208,232
Channel Financing from Banks	402,224,894	282,278,704
	-	
	1,046,517,966	931,486,936

(a) Working Capital Loans are primarily secured by way of hypothecation of Stocks and Book Debts. The rate of interest on Cash Credit from Union Bank of India is 11.60% +2% (on additional adhoc limit of Rs. 5 crores) linked to the MLR of Union Bank of India.

The loan is also collaterally secured by way of a) charge on Plant & Machinery, office premises, flats and plots in the name of the Company, b) charge on certain immovable properties of the Company, Mr. Sunil Kumar Choudhary, Mrs. Savitri Devi Choudhary, Mrs. Bina Choudhary, Mr. Kishan Lal Choudhary and Narayani Ispat Ltd. c) FDR of Rs 29.00 lacs in the name of the Company. d) Personal guarantees of Mr. Sunil Choudhary, Mr. Kishan Lal Choudhary, Mr. Bivor Bagaria, Mrs. Bina Choudhary, Mrs. Savitri Devi Choudhary and e) Corporate Guarantee from Narayani Ispat Ltd. and Cooltex Merchandise Pvt. Ltd.

(b) 1. Channel Financing from Andhra Bank of Rs. 10 crores is collaterally secured by Fixed Deposit of Rs 2,50,00,000/- and guaranteed by Mr. Sunil Kumar Choudhary and Mr. Kishan Lal Choudhary. The rate of interest on Channel Financing is 9.10% p.a. (Base Rate + 0.50)%.

2. Channel Financing from Yes Bank of Rs. 3 Crores is collaterally secured by Fixed Deposit of Rs 60,00,000/- and guaranteed by Mr. Sunil Choudhary, Mr. Kishan Lal Choudhary, Mrs. Bina Choudhary and Mrs. Savitri Devi Choudhary. The rate of interest on Channel Financing is 11.25% (MCLR + 2.15)%.

3. Channel Financing from Tata Capital Financial Services Limited of Rs. 10 Crores and an additional limit of Rs. 3 crore is guaranteed by Mr. Sunil Choudhary, Mr. Kishan Lal Choudhary, Mrs. Bina Choudhary & Mrs. Savitri Devi Choudhary. The rate of interest on Channel Financing is 10.75%.

4. Channel Financing from ICICI Bank Limited of Rs. 9.5 Crores is collaterally secured by Fixed Deposit of Rs 1,12,50,000/- and guaranteed by Mr. Sunil Choudhary, Mr. Kishan Lal Choudhary, Mrs. Bina Choudhary, Mrs. Savitri Devi Choudhary and Mr. Bivor Bagaria. The rate of interest on Channel Financing is 9.50% (Base rate + 1.35)%.

5. Channel Financing from Axis Bank Limited of Rs. 5 Crores is guaranteed by Mr. Sunil Kumar Choudhary, Mr. Kishan Lal Choudhary, Mrs. Bina Choudhary and Mr. Bivor Bagaria. The rate of interest on Channel Financing is 9.50% (MCLR3 + 1.50)%.

	3/31/2018	3/31/2017
<u>NOTE 9 - TRADE PAYABLES</u>		
Due to Micro, Small & Medium Enterprises [Refer Note below]	-	-
Due to others	146,261,487	351,157,117
Liability under L/C	749,602,758	586,799,855
Liability for Expenses	10,425,193	9,219,056
	906,289,438	947,176,028

Trade Payables (Due to Others) include Rs. 56,39,588/- (P.Y. Nil /-) due from Private Companies in which Director

There is no amount that needs to be disclosed pertaining to micro and small enterprises under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006).

As at 31 March 2018, no supplier has intimated the Company about its status as micro or small enterprises or its registration with appropriate authority under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006).

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

<u>NOTE 10 - OTHER CURRENT LIABILITIES</u>	3/31/2018	3/31/2017
Current maturities of long-term debt (Refer Note 5)	922,144	57,516
Interest Accrued but Not Due	230,569	9,473,805
Advances received from Parties	28,951,480	11,331,407
Advance received from Related Parties	722,216	722,216
Statutory dues	3,772,702	6,192,828
	34,599,111	27,777,772

<u>NOTE 11 - SHORT-TERM PROVISIONS</u>	3/31/2018	3/31/2017
Provision for Taxation	10,150,710	10,356,384
Provision for Gratuity	3,777	19,884
	10,154,487	10,376,268

<u>NOTE 13 - NON-CURRENT INVESTMENTS</u>	Number of shares as on 31-03-2018	Number of shares as on 31-03-2017	3/31/2018	3/31/2017
<u>Long- Term, Trade Investments (at cost)</u>				
Equity Shares - Unquoted (Fully Paid Up)				
Investments in Associates				
Hari Equipment (P) Ltd [Control 37.51% (P.Y. 37.51%)]	459,490	459,490	5,673,370	5,673,370
(i) Cost of investment (Face Value - Rs 10/- each)				
(Including Rs. 30,22,202 of Goodwill arising on Consolidation)				
(ii) Share of post acquisition Profits (net of losses)			7,332,305	5,288,864
			13,005,675	10,962,234
Investments in Others				
Rs 10/- each)	245,000	245,000	2,450,000	2,450,000
<u>Long- Term, Non - Trade Investments (at cost)</u>				
Equity Shares - Quoted (Fully Paid Up)				
Union Bank of India	1,009	1,009	110,990	110,990
			15,566,665	13,523,224
Aggregate amount of unquoted investments			8,123,370	8,123,370
Aggregate amount of quoted investments			110,990	110,990
Market Value of Quoted Investments			94,947	157,505

NARAYANI STEELS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	3/31/2018	3/31/2017
<u>NOTE 14 - LONG-TERM LOANS & ADVANCES</u>		
(Unsecured, Considered good)		
Security and other deposits	8,261,885	7,526,200
	8,261,885	7,526,200

	Number of units as on 31-03-2018	Number of units as on 31-03-2017	3/31/2018	3/31/2017
<u>NOTE 15-CURRENT INVESTMENTS</u>				
(Valued at lower of cost and fair value)				
Investment in Property (at cost)	-	-	18,424,185	18,424,185
Investment in Mutual Fund (Unquoted)				
Union Capital Protection Oriented Fund (G)*	300,000	300,000	3,000,000	3,000,000
Union Large, Small and Midcap Fund - Regular Plan (G)	2,824.21	3,111	2,780,000	40,000
			24,204,185	21,464,185
Net Asset Value of investment in mutual funds			6,018,199	3,056,373

*The said Mutual Funds is given as margin deposits against credit facilities taken from Union Bank Of India.

	3/31/2018	3/31/2017
<u>NOTE 16 - INVENTORIES</u>		
(As taken, valued and certified by the management)		
Raw Materials	17,211,660	24,692,412
Traded Goods	143,763,315	523,217,493
Finished Goods	31,914,929	22,238,580
Scrap & Miss Rolls	2,371,570	3,322,356
Stores & Spares	1,055,200	903,342
Furnace oil, coal & Gas	165,000	537,332
	196,481,674	574,911,515

	3/31/2018	3/31/2017
<u>NOTE 17 - TRADE RECEIVABLES</u>		
(Unsecured, Considered Good)		
Debts outstanding for a period exceeding six months from the date they became due for payment.	9,357,701	14,599,997
Other Debts	1,756,621,683	1,351,883,594
	1,765,979,384	1,366,483,591

Other Debts include Rs. 30,08,607/- (P.Y. 1,21,88,250/-) due from Private Companies in which Director is a Director.

NARAYANI STEELS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	3/31/2018	3/31/2017
<u>NOTE 18 - CASH AND BANK BALANCES</u>		
<u>i) Cash & Cash Equivalents</u>		
Cash In Hand (as Certified)	129,954	854,927
Balances With Banks		
Current Accounts	23,624,126	36,771,089
	23,754,080	37,626,016
<u>ii) Other Bank Balances</u>		
Fixed Deposits with original maturity for more than 3 months but less than 12 months (including accrued interest)	152,288,309	158,093,535
	152,288,309	158,093,535
TOTAL	176,042,389	195,719,551

(a) Fixed Deposit of Rs. 2,50,00,000 /-(P.Y. Rs. 2,50,00,000) is pledged with Andhra Bank as collateral security for Channel Finance limit of Rs 10,00,00,000/-.

(b) Fixed Deposit of Rs. 60,00,000/- (P.Y. Rs.60,00,000) is pledged with Yes Bank as collateral security for Channel

(c) Fixed Deposit of Rs. 1,12,50,000/- (P.Y. Rs. 1,12,50,000) is pledged with ICICI Bank as collateral security for Channel Finance limit of Rs 9,50,00,000/-.

(d) Other Fixed Deposits of Rs. 10,46,31,680/- (P.Y. Rs. 11,32,22,119/-) are pledged with Union Bank of India as margin/ collateral security for sanction of credit facilities.

	3/31/2018	3/31/2017
<u>NOTE 19 - SHORT TERM LOANS & ADVANCES</u>		
(Unsecured, Considered good)		
Advances recoverable in cash or in kind or for value to be received		
To Related Parties	28,141,746	14,741,143
To Others	95,086,974	92,298,891
GST / VAT / Cenvat Receivable	64,252,461	32,191,841
VAT/CST Advance against Appeal	2,615,987	2,615,987
Income Tax Payments	2,297,591	4,123,351
Tax Deducted/Collected at Source	1,557,185	5,563,846
	193,951,944	151,535,059

NARAYANI STEELS LIMITED
(CIN: L27109WB1996PLC082021)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	3/31/2018	3/31/2017
<u>NOTE 20 - REVENUE FROM OPERATIONS</u>		
<u>Sales</u>		
Sale of Products	7,772,726,345	7,811,022,996
Less: Excise Duty	-	95,272,113
	7,769,946,561	7,715,750,883
Sale of coal	-	2,851,735
Interest on Sales	5,010,305	26,163,248
	7,774,956,866	7,744,765,866

Sale is net of Rs. 1,09,83,79,407/- (P.Y Rs. 36,48,87,399/-) for VAT, CST & GST realised on sales.

	3/31/2018	3/31/2017
<u>Break up of Sale of Products (net of GST)</u>		
TMT Bars, Rounds, Squares, Angles, Flats etc	4,201,733,474	5,686,297,145
Billets, Blooms, Ingot etc	2,811,207,305	1,775,752,664
Iron Ore Pillets, Pig Iron etc.	757,005,782	253,701,073
Coal	-	2,851,735
	7,769,946,561	7,718,602,617

	3/31/2018	3/31/2017
<u>NOTE 21 - OTHER INCOME</u>		
<u>Interest Income</u>		
-On Fixed Deposits	12,141,786	9,382,406
-On Other Deposits	178,713	426,492
Rental Income	976,200	236,400
Dividend Received	-	1,968
Profit on Sale of Investments	289,107	-
Miscellaneous Income	293,980	271,978
	13,879,786	10,319,244

	3/31/2018	3/31/2017
<u>NOTE 22 - MATERIALS CONSUMED</u>		
<u>(Including For Sale)</u>		
Iron and Steel Materials		
Inventory at the beginning of the year	24,692,412	6,748,991
Add : Purchases	678,924,831	717,154,347
	703,617,243	723,903,338
Less : Inventory at the end of the year	17,211,660	24,692,412
Consumption of Materials	686,405,583	699,210,926

	3/31/2018		3/31/2017	
	%	(Amount in Rs)	%	(Amount in Rs)
<u>Break up into Imported & Indigenous</u>				
Imported	-	-	-	-
Indigenous	100%	686,405,583	100%	699,210,926
	100%	686,405,583	100%	699,210,926

NARAYANI STEELS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	3/31/2018	3/31/2017
<u>NOTE 23 - PURCHASE OF TRADED GOODS</u>		
TMT Bars, Rounds, Squares, Angles, Flats etc	3,103,679,844	4,554,632,116
Billets, Blooms, Ingot etc	2,460,880,710	2,087,844,614
Iron Ore Pillets, Pig Iron, Scrap etc.	720,413,960	224,042,224
Coal	-	443,286
	6,284,974,514	6,866,962,240

	3/31/2018	3/31/2017
<u>NOTE 24 - CHANGES IN INVENTORIES</u>		
Opening Stock		
-Finished Goods	22,238,580	36,799,875
-Scrap and Miss Roll	3,322,356	1,856,427
-Traded Goods	523,217,493	329,392,673
Less: Excise Payable on Closing Stock	(2,840,004)	-
	545,938,425	368,048,975
Closing Stock		
-Finished Goods	31,914,929	22,238,580
-Scrap and Miss Roll	2,371,570	3,322,356
-Traded Goods	143,763,315	523,217,493
	178,049,814	548,778,429
	367,888,611	(180,729,454)

	3/31/2018	3/31/2017
<u>Detail of Finished Goods</u>		
TMT Bars, Rounds, Squares, Angles, Flats etc	31,914,929	22,238,400
	31,914,929	22,238,400

<u>Detail of Traded Goods</u>		
TMT Bars, Rounds, Squares, Angles, Flats etc	124,739,135	212,041,844
Billets, Blooms, Ingot etc	14,982,777	311,175,649
Iron Ore Pillets, Pig Iron, Scrap etc.	4,041,403	-
	143,763,315	523,217,493

	3/31/2018	3/31/2017
<u>NOTE 25 - EMPLOYEE BENEFITS EXPENSE</u>		
Salaries, Wages, Bonus & Allowances	20,555,002	18,134,002
Contribution to Provident & Other Funds	258,316	1,077,295
Gratuity [Refer Note 30]	117,112	2,021,095
Directors' Remuneration	4,800,000	4,620,000
Welfare Expenses	1,362,046	758,540
	27,092,476	26,610,932

NARAYANI STEELS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	3/31/2018	3/31/2017
<u>NOTE 26 - FINANCE COSTS</u>		
Interest Expense		
To Bank (including LC charges)	138,975,335	141,748,682
To Others	12,226,576	5,957,234
Other Borrowing Costs	9,377,515	8,490,797
	160,579,426	156,196,713
<u>NOTE 27 - OTHER EXPENSES</u>		
<u>(a) Manufacturing Expenses</u>		
Processing and Moulding Charges	321,376	795,474
Power and Fuel	54,550,602	54,525,869
Stores and Spares Consumed [Refer Note (a) below]	4,353,690	5,207,430
Excise Duty on Variation in Stock [Refer Note (b) below]	-	(1,455,041)
Repairs & Maintainance	4,406,266	3,356,411
<u>(b) Administrative and Other Expenses</u>		
Rent & Service Charges	234,000	659,292
Rates & Taxes	1,191,946	1,117,560
Insurance	640,667	1,449,402
Freight & Delivery Charges	133,379,695	75,119,964
Telephone & Internet Expenses	207,826	117,603
Travelling & Conveyance	1,084,209	390,527
Other Repairs and Maintenance	1,630,049	1,029,540
Safety & Security Charges	823,338	675,148
Legal & Professional Fees	4,837,325	875,370
Sales Promotion Expenses	2,326,233	2,228,004
Auditor's Remuneration [Refer Note (c) below]	540,000	705,000
Directors' Sitting Fees	35,000	13,400
Miscellaneous Expenses	2,107,952	1,476,021
Commission	440,775	1,464,799
Taxes paid on assessment	327,024	-
Prior Period Items [Refer Note (d) below]	827,852	-
Sundry Balances written off (net)	743,469	6,053
	215,009,294	149,757,826

NARAYANI STEELS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

a) Imported and Indigenous Stores and Spares

	3/31/2018		3/31/2017	
	%	Amount in Rs	%	Amount in Rs
Imported	-	-	-	-
Indigenous	100.00%	4,353,690	100.00%	5,207,430
	100.00%	4,353,690	100.00%	5,207,430

b) Amount of excise duty on variation in stock represents differential excise duty on opening stock of

c) **Auditors' Remuneration:**

	3/31/2018	3/31/2017
(a) As Auditor (Includes Tax Audit Fees of Rs. 1,10,000/- (P.Y Rs. 1,00,000/-)	440,000	400,000
(b) For Taxation Matters	-	85,000
(c) For other services	100,000	220,000
	540,000	705,000

d) **Prior period items:**

	3/31/2018	3/31/2017
(a) Labour charges	126,472	-
(b) Electricity Expenses	75,146	-
(c) Safety & Security	24,000	-
(d) Freight Charges	168,343	-
(e) Professional charges	133,000	-
(f) Interest on Deposits	21,263	-
(g) Stores & Spares	36,973	-
(h) Other Repairs & Maintenance	81,747	-
(i) Miscellaneous Expenses	160,908	-
	827,852	-

NOTE 28 - EARNINGS PER SHARE

PARTICULARS	3/31/2018	3/31/2017
Weighted average number of Equity Shares outstanding during the year	10,909,000	9,330,918
Profit after Tax attributable to Equity Shareholders (In Rupees)	20,533,334	20,971,521
Nominal Value of Ordinary Shares (Rs.)	10	10
Earnings Per Share (Basic) (Rs.)	1.88	2.25
Earnings Per Share (Diluted) (Rs.)	1.88	2.25

NOTE 29 - CONTINGENT LIABILITIES AND COMMITMENTS

	3/31/2018	3/31/2017
Contingent Liabilities not provided for in the books of accounts in respect of:		
Disputed Income Tax Demands under appeal	23,897,503	24,413,370
Corporate guarantee for credit facilities to Hari Equipments Private Limited	300,000,000	320,000,000
Disputed Sales Tax/ VAT under appeal for the year 2010 - 11*	469,000	469,000
Disputed Penalty on VAT under appeal for the period 04/2011 to 12/2012*	2,146,987	2,146,987

* Amount paid under protest Rs. 4,69,000/- and Rs. 21,46,987/- against VAT and penalty demand

NARAYANI STEELS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE 30 - EMPLOYEE BENEFITS

Disclosure pursuant to Accounting Standard- 15 (Revised) " Employee Benefits" :

The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as on 31st March, 2018 which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Particulars	Gratuity (UnFunded)	Gratuity (UnFunded)
	3/31/2018	3/31/2017
(i) Reconciliation of Opening and Closing Balances of the present value of Defined Benefit Obligation:		
Defined Benefit obligation at beginning of	4,105,298	2,084,203
Interest Cost	178,744	156,315
Past Service Cost	29,884	-
Current Service Cost	98,204	248,416
Benefits Paid	3,567,898	-
Actuarial (Gain)/Loss	(189,720)	1,616,364
Defined Benefit obligation at the year end	654,512	4,105,298
(ii) Reconciliation of Opening and Closing Balances of fair value of plan assets:		
Not Applicable as scheme is unfunded	-	-
(iii) Reconciliation of fair value of assets and obligation:		
Fair Value of Plan assets		
Present Value of obligation	654,512	4,105,298
Amount recognised as liability in Balance Sheet	654,512	4,105,298
(iv) Expenses recognized during the year in the Statement of Profit & Loss : (shown in Note - 25 under the head 'Gratuity')		
Past Service Cost	29,884	-
Current Service Cost	98,204	248,416
Interest Cost	178,744	156,315
Expected return on plan assets	-	-
Actuarial (Gain)/Loss	(189,720)	1,616,364
Recognised in the Statement of Profit and Loss	117,112	2,021,095
(v) Actuarial Assumptions:		
Mortality Table	IALM 2006/08 ULTIMATE	IALM 2006/08 ULTIMATE
Superannuation Age	70	70
Discount rate (per annum)	7.70%	7.50%
Rate of escalation in salary (per annum)	6.00%	6.00%

(vi) The above information is certified by an actuary.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE 31 - RELATED PARTY DISCLOSURE

i) Name of the related parties where control exists irrespective of whether transactions have occurred or not
- None

ii) Names of the other related parties with whom transactions have taken place during the year:

(a) Key Managerial Personnel (Directors)

Sunil Choudhary
Bina Choudhary
Bivor Bagaria

(b) Relatives of Key Managerial Personnel

Anjani Choudhary

(c) Associates

Hari Equipments Private Limited

(d) Enterprises owned or significantly influenced by the Key Managerial Personnel or their relatives

Narayani Ispat Limited
Kedarnath Commotrade Private Limited
Balajee Roadways
Agrimony Tradex Vyaappar Private Limited
Hemang Steel Traders

Nature of Transactions	3/31/2018	3/31/2017
Purchases (Inclusive of Excise but exclusive of VAT/GST)		
Narayani Ispat Limited	184,120,274	691,413,788
Hari Equipments Private Limited	80,467,650	102,619,743
Kedarnath Commotrade Private Limited	179,317,642	135,307,576
Agrimony Tradex Vyaappar Private Limited	2,287,638	-
Sales (Inclusive of Excise but exclusive of VAT/GST)		
Narayani Ispat Limited	264,201,535	390,978,835
Hari Equipments Private Limited	48,792,796	374,162,970
Kedarnath Commotrade Private Limited	44,451,387	98,430,454
Agrimony Tradex Vyaappar Private Limited	13,110,792	-
Rent Paid		
Sunil Choudhary	-	144,000
Bina Choudhary	174,000	-
Hari Equipments Private Limited	60,000	-
Freight Expense		
Balajee Roadways	112,128,029	68,066,125
Managerial Remuneration		
Sunil Choudhary	3,600,000	3,600,000
Bivor Bagaria	1,200,000	1,020,000
Salary		
Anjani Choudhary	140,000	-
Professional Charges		
Bivor Bagaria	600,000	-

NARAYANI STEELS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

iii) Outstanding Balances

Nature of Transactions	3/31/2018	3/31/2017
Trade Receivables		
Narayani Ispat Limited	2,535,276	1,622,793
Kedarnath Commotrade Private Limited	473,331	10,565,457
Agrimony Tradex Vyaappar Private Limited	9,770,734	-
Trade Payables		
Hari Equipments Private Limited	5,639,588	-
Liabilities For Expenses		
Sunil Choudhary	4,233	921,000
Bivor Bagaria	34,500	-
Investments in Shares		
Kedarnath Commotrade Private Limited	2,450,000	2,450,000
Hari Equipments Private Limited	5,673,370	5,673,370
Advances Given		
Balajee Roadways	27,668,415	14,741,143
Advances Received		
Hemang Steel Traders	722,216	722,216

NOTE 32 - CAPITAL WORK IN PROGRESS

Capital Work-in-Progress includes Rs.74,08,742/- (P.Y. Rs. Nil /-) towards expenses incurred on Plant & Equipments for increase in efficiency of the Manufacturing Unit, pending completion and installation thereof and Rs. 1,71,000 /- (P.Y. Rs. Nil /-) towards expenses incurred on development of a mobile based application software, pending completion thereof.

NOTE 33 - EXCEPTIONAL ITEM

Exceptional Item represents payments to certain employees of Vizianagaram unit on settlement of their dues on

NOTE 34

In the opinion of the Board of Directors, the Current Assets, Loans & Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the accounts. Adequate provisions have been made for all known losses and liabilities.

NOTE 35

Certain balances of Trade Payables, Trade Receivables, Unsecured Loans and Advances are subject to confirmation. Debtors is net off Rs. 18,42,689/- (P.Y. Rs 26,35,510/-) being certain payments lying under suspense account in absence of information as to the debits in the bank account.

NOTE 36

The Company has taken premises under operating lease. The escalation clause is applicable on renewal. There is no restriction imposed by lease agreements. These lease agreements are normally renewed on expiry. Expense charged to profit and loss account is Rs. 2,34,00/- (PY: Rs. 6,59,292/-).

NARAYANI STEELS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE 37 - SEGMENT REPORTING

Segment reporting as required by AS-17 issued by the ICAI notified by Ministry of Corporate Affairs.

1. Business Segment: The Company is mainly engaged in a single business segment of Manufacturing and Trading of Iron & Steel Products, accordingly there is no separate reportable segment as per Accounting Standard 17

2. Geographical Segment: This segment has been considered for Secondary Segment Reporting. Since the Company does not have any transaction outside India as sales being in the domestic market only, the disclosure requirement of Accounting Standard- 17 "Segment Reporting", notified under the Companies Act, 2013 is not

NOTE 38 - FOREIGN EXCHANGE EARNINGS AND OUTGO

	<u>3/31/2018</u>	<u>3/31/2017</u>
Expenditure in Foreign Currency:		
Travel & Miscellaneous matters	21,045	-

NOTE 39

Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever considered necessary to conform to this year's classification. Accordingly, amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to amounts and other disclosures relating to the current year.

As per our report of even date attached

For and on behalf of the Board of Directors of Narayani Steels Limited

For A.C. Bhuteria & Co.
Chartered Accountants
FRN: 303105E

Sd/-
CA MOHIT BHUTERIA
Partner
Membership No: 056832

Place: Visakhapatnam
Date: The 28th day of May, 2018

Sd/-
SUNIL CHOUDHARY
Managing Director
DIN:00289479

Sd/-
BIVOR BAGARIA
Chief Financial Officer and Director
DIN:06765822

Sd/-
ARUN KUMAR MEHER
Company Secretary
M.NO. - ACS48598

NARAYANI STEELS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE 12 - Property, Plant and Equipment

(Amount in Rs.)

	Tangible Assets							Intangible Assets	
	Land (Freehold)	Buildings	Plant & Equipments	Computer	Furniture & Fixtures	Vehicles	Total	Software	Total
Gross Block									
As at April 1, 2016	45,838,707	23,284,359	73,302,233	2,137,758	1,443,634	6,617,557	152,624,248	-	-
Additions	493,397	15,995,289	3,939,709	-	435,850	-	20,864,245	-	-
Disposals	-	-	-	-	-	-	-	-	-
As at March 31, 2017	46,332,104	39,279,648	77,241,942	2,137,758	1,879,484	6,617,557	173,488,493	-	-
Additions	42,589,504	2,745,725	3,072,273	599,300	134,727	5,259,011	54,400,540	327,250	327,250
Disposals	-	-	-	-	-	-	-	-	-
As at March 31, 2018	88,921,608	42,025,373	80,314,215	2,737,058	2,014,211	11,876,568	227,889,033	327,250	327,250
Depreciation									
As at April 1, 2016	-	4,298,415	34,145,790	1,807,893	681,854	4,447,136	45,381,088	-	-
Charge for the year	-	724,051	4,109,973	126,728	101,950	341,595	5,404,297	-	-
Disposals	-	-	-	-	-	-	-	-	-
As at March 31, 2017	-	5,022,466	38,255,763	1,934,621	783,804	4,788,731	50,785,385	-	-
Charge for the year	-	767,858	3,999,401	339,796	188,111	1,600,959	6,896,125	65,450	65,450
Disposals	-	-	-	-	-	-	-	-	-
As at March 31, 2018	-	5,790,324	42,255,164	2,274,417	971,915	6,389,690	57,681,510	65,450	65,450
Net Block									
As at March 31, 2017	46,332,104	34,257,182	38,986,179	203,137	1,095,680	1,828,826	122,703,108	-	-
As at March 31, 2018	88,921,608	36,235,049	38,059,051	462,641	1,042,296	5,486,878	170,207,523	261,800	261,800

Note:

(a) The original cost of vehicles includes Rs. 52,09,330/- (P.Y. Rs. 20,32,474/-) acquired from loans taken from banks & financial institutions, of which Rs. 40,17,467/- (P.Y. Rs.58,044/-) were outstanding as at year end.

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting hall)

23rd Annual General Meeting on Tuesday, the 25th day of September, 2018 at 03.00 P.M.

Full name of the Members attending (In block capitals)	:	
Address of the Members	:	
Ledger Folio No./Client ID No.	:	
DP ID.	:	
No. of Shares held	:	
Name of Proxy	:	

(To be filled in, if the Proxy attends instead of the Member)

I/ we hereby record my/ our presence at the 23rd Annual General Meeting of the Company being held on Tuesday, the 25th day of September, 2018 at 03.00 P.M. at the Registered Office of the Company situated at 23A, N.S. Road, 7th Floor, Room - 31, Kolkata- 700 001, West Bengal, India

Please (•) in the box

Member

Proxy

Signature of Member/ Proxy

Note:

1. Please fill this attendance slip and hand it over at the entrance of the Hall.
2. Members/Proxy Holders/Authorized Representatives are requested to show their Photo ID Proof for attending the Meeting.
3. Authorized Representatives of Corporate Member(s) shall produce proper authorization issued in their favour.
4. Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the Company.

Form No. MGT-11

Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L27109WB1996PLC082021

Name of the Company: Narayani Steels Limited

Registered Office : 23A, N. S Road, 7th Floor, Room No. 31,
Kolkata, West Bengal-700001, India.

Name of the Member(s)		
Registered Address		
E-mail Id	Folio No. /Client ID	DP ID

I/We, being the Member(s) of _____ Shares of the above named Company. Hereby appoint

Name :	E-mail Id:
Address:	
Signature ,	

or failing him

Name :	E-mail Id:
Address:	
Signature ,	

or failing him

Name :	E-mail Id:
Address:	
Signature , or failing him	

as my/ our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company, to be held on Tuesday, the 25th day of September, 2018 at 03.00 P.M.at the Registered Office of the Company situated at 23A, N.S. Road, 7th Floor, Room - 31, Kolkata- 700 001, West Bengal, India and at any adjournment thereof in respect of such Resolutions as are indicated below:

Resolution No:

Sl. No.	Resolution(S)	Vote	
		For	Against
1.	To receive, consider and adopt the Audited Financial Statements (Consolidated and Standalone) consisting of the Statement of Profit & Loss for the period ending 31 st March, 2018, Cash Flow Statement for the period ended 31 st March, 2018 and the Balance Sheet as on that date, Schedules and Notes together with the Directors' Report, Independent Auditors' Report and Secretarial Auditors' Report thereon.		
2.	To appoint the Statutory Auditors of the Company for four years		
3.	To appoint a Director in place of Shri. BivorBagaria (DIN:06765822), who retires by rotation and being eligible, offer himself for re-appointment		
4.	Ratification and payment of remuneration to M/s. A.S. Rao & Co., cost auditors of the company.		
5.	According consent for revision in the remuneration of Mr. Bivor Bagaria (DIN:06765822), Wholetime Director Of The Company.		
6.	Giving authorisation to Board of Directors to extend loan, guarantee security to the companies in which Directors are interested.		

Signed this ___ day of ___ 20__

Affix Revenue Stamps

Signature of Shareholder

Signature of Proxy holder

Note: This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.the proxy need not be a member of the company.