

**DIRECTOR'S REPORT**

**To the Members,**

Your Directors have pleasure in presenting the 8<sup>th</sup> Annual Report on the business & operations of the Company together with the Audited Statement of Financial Accounts and the Auditor's Report of the Company for the year ended 31<sup>st</sup> March 2015.

**1. FINANCIAL RESULTS**

	<b>Year ended 31.03.2015 (Rs. in Lacs)</b>	<b>Year ended 31.03.2014 (Rs. in Lacs)</b>
<b>Revenue from operations (Gross)</b>	<b>21673.78</b>	<b>39701.09</b>
Less: Excise Duty	2389.12	2932.59
<b>Revenue from operations (Net)</b>	<b>19284.66</b>	<b>36768.50</b>
Other Income	182.50	580.21
<b>Total Income from Operations</b>	<b>19467.17</b>	<b>37348.71</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>2472.12</b>	<b>9002.36</b>
Less: Finance Cost	2324.74	1945.54
Less: Depreciation and amortization expenses	1311.78	1102.00
<b>Profit/(Loss) before Taxation</b>	<b>(1164.40)</b>	<b>5954.80</b>
Less: Total Tax Expenses	(520.51)	2104.40
<b>Profit/(Loss) for the Year after Tax</b>	<b>(643.89)</b>	<b>3850.40</b>

**2. REVIEW OF PERFORMANCE:**

During the year under review, your Company has registered net sales turnover of Rs. 19284.66 Lacs as compared to net sales of Rs. 36768.50 Lacs during the previous year representing decrease of 47.55% since the plant has been closed during the second and third quarter of FY 2014-15. Your Company registered EBIDTA of Rs. 2472.12 Lacs and net loss of Rs. 643.89

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Lacs during the year under review as compared to EBIDTA of Rs. 9002.35 Lacs and net profit of Rs. 3850.40 Lacs respectively during the previous year.

Despite the closure of the plant for a considerable period during the current financial year your Company has achieved production of 282763 MTPA iron ore pellets during the year as against 546630 MTPA during the previous year.

### **3. SHARE CAPITAL**

There is no change in the Capital structure of the company during the year under review.

As on March 31, 2015, the paid up Equity Share Capital of the company was Rs.1000.00 Lacs. During the year under review, the Company has not issued any shares with differential voting rights nor granted stock options nor sweat equity. As on March 31, 2015 none of the Directors of the Company hold convertible instruments of the Company.

The dematerialization facility is available from both the depositories namely National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Depositories has allotted the ISIN: INE469M01014 to the Company.

The equity shares of the company representing 99% of the share capital are dematerialized as on 31<sup>st</sup> March, 2015.

### **4. DEPOSITS**

The Company has not accepted any deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

### **5. TRANSFER TO RESERVES**

Your Company has not transferred any amount to the General Reserves Account during the Financial Year 2014-15.

### **6. DIVIDEND**

Your directors have not recommended any dividend for the year ended 31<sup>st</sup> March 2015.

### **7. CHANGES IN NATURE OF BUSINESS:**

The Company has been engaged in the business of manufacturing and trading of Iron Ore Pellets, There is no change in the nature of business of the Company during the Financial Year 2014-15.

**8. ALTERATION IN MAIN OBJECT CLAUSE OF MEMORANDUM OF ASSOCIATION:**

During the year under review, the shareholders in their Extra Ordinary General Meeting held on 13.03.2015 had altered the main object clause of Memorandum of Association to enable the company to undertake the mining related activities and to generate power by conventional and non-conventional methods by setting up Captive Power plants.

**9. ALTERATION OF ARTICLES OF ASSOCIATION**

Your Company has adopted new set of articles of association in line with the provisions of the Companies Act, 2013. The Shareholders of the Company in their Annual General Meeting held on 20<sup>th</sup> September, 2014 have accorded their approval for adoption a new set of Articles of Association of the Company by special resolution.

**10. MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION:**

There are no materials changes and commitments affecting the financial position of the company occurred between the 01.04.2015 to the date of this report

**11. CHANGES IN STATUS OF SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES:**

None of the companies has become Subsidiary or Associate of the Company during the Financial Year 2014-15. Our Company has also not entered into any Joint Venture during the Financial Year 2014-15.

**12. PARTICULARS OF EMPLOYEES**

The Statement showing the names and other particulars of the employees of the company as required under Rule 5 (2 &3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not required to be furnished since none of the employees of the company has received remuneration in excess of the remuneration mentioned in the above mentioned Rule 5 (2) of the said Rules during the financial year 2014-15.

**13. CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONS:**

During the year under review, the members in their Annual General Meeting held on 20<sup>th</sup> September, 2014 approved the appointments of Shri B. N. Ojha and Ms. Bhavna G. Desai as Independent Directors of the Company for a period of 5 consecutive years.

The appointment of Ms. Bhavna G. Desai as Independent Director on the Board of Company w.e.f. 31.07.2014, shall also fulfills the requirements of section 149(1) of the Companies Act, 2013 regarding appointment of a Woman Director on the Board of the Company.

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In accordance with the provisions of Section 152(6) (c) of the Companies Act, 2013 and the Company's Articles of Association, Shri Dinesh Gandhi, Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment.

CS Niharika Verma has submitted her resignation from the Company Secretaryship of the Company with effect from 01.05.2015 and in her place CS Rishi Dave has been appointed as Company Secretary with effect 01.05.2015.

The Board designated the following officials as the Key Managerial Personnel, pursuant to Section 2(51) of the Companies Act, 2013 read with Section 203 of the Act:

1. Mr. Sanjay Gupta, Whole-time Director
2. Mr. Bibhu Jena, Chief Financial Officer (CFO)
3. CS. Niharika Verma, Company Secretary upto 01.05.2015
4. CS. Rishi Dave, Company Secretary with effect from 01.05.2015

**14. CONSTITUTION OF CSR COMMITTEE, CSR POLICY AND INITIATIVES:**

The Board of Directors has constituted a CSR Committee on 15.03.2014 consisting of One Independent Directors, One Executive Director and One Non-Executive Director. The detailed composition of the members of the Corporate Social Responsibility Committee at present is given below:

Name	Designation
Mr. B.N. Ojha	Chairman (Independent Director)
Mr. Sanjay Gupta	Member (Executive Director)
Mr. Sanjay Bothra	Member (Non-Executive Director)

The committee met four times during the year 2014-15 and the attendance of the members at these meetings was as follows:

Name of the Chairman/ Member	Category	Attendance at the Corporate Social Responsibility Committees held on			
		23.05.2014	31.07.2014	10.11.2014	09.02.2015
Mr. B.N. Ojha	Chairman (Independent Director)	Present	Present	Present	Present
Mr. Sanjay Gupta	Member (Executive Director)	Absent	Absent	Absent	Absent

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Mr. Sanjay Bothra	Member (Executive Director)	Present	Present	Present	Present
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**CSR Committee's Responsibility Statement:**

CSR Committees hereby states that the implementation and monitoring of CSR activities, is in compliance with CSR objectives and Policy of the Company.

The CSR Committee has formulated a CSR policy of the Company for undertaking the activities as specified in Schedule VII to the Companies Act, 2013. The Said policy has been approved and adopted by the Board of directors of the Company, the contents of which have been displayed on the company's website and also given in the Annual Report on CSR activities.

The Annual Report on CSR activities initiated and under taken by the Company during the Financial Year 2014-15 is annexed herewith as an "**ANNEXURE- A.**"

**15. AUDIT COMMITTEE COMPOSITION:**

The Board of Directors has constituted an Audit Committee comprising of three directors including two Independent Directors and one Non-Executive Director all having financial literacy.

The committee met four times during the year 2014-15 and the attendance of the members at these meetings was as follows:

Name of the Chairman/ Member	Category	Attendance at the Corporate Social Responsibility Committees held on			
		23.05.2014	31.07.2014	10.11.2014	09.02.2015
Mr. B.N. Ojha	Chairman (Independent Director)	Present	Present	Present	Present
Mr. Sanjay Bothra	Member (Executive Director)	Present	Absent	Present	Present
Miss Bhavna G. Desai*	Member (Independent Director)	Absent	Absent	Present	Present

\* Appointed w.e.f 31<sup>st</sup> July, 2014

The Functioning and terms of reference of the Audit Committee the role, powers and duties, quorum for meeting and frequency of meetings, have been devised keeping in view the requirements of Section 177 of the Companies Act, 2013.

**16. DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013 based on the representations received from the operating management and Chief Financial Officer of the company:

- a) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) That your Directors have selected such accounting policies and applied them consistently, and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- c) That your Directors have 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 your company and for preventing and detecting fraud and other irregularities;
- d) That your Directors have prepared the annual accounts on a going concern basis;
- e) that your Directors had laid down proper internal financial controls to be followed by the company and that such financial controls are adequate and were operating effectively.
- f) that your Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

**17. STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS:**

All independent directors of the Company have given declarations as required under the provisions of section 149 (7) of the Companies Act, 2013 stating that they meet the criteria of Independence as laid down under section 149(6) of the Companies Act, 2013.

**18. NUMBER OF MEETINGS OF BOARD:**

During the year 2014-15, the Board met 04 times and agenda papers were circulated well in advance of each meeting to the Board of Directors. In order to ensure fruitful deliberations at the meetings, the Board of Directors of your company is provided with all relevant information on various matters related to the working of the company. The dates on which Meetings of the Board of Directors were held and the number of Directors present in each meeting are given below:

S. No.	Date of Meeting	No. of Directors Present
1	23.05.2014	03
2	31.08.2014	03
3	10.11.2014	05
4	09.02.2015	04

**19. AUDITORS:**

**Statutory Auditors**

M/s O.P. Singhania and Co., Chartered Accountants (Registration No. 002172C), Auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 141 (3) (g) of the Companies Act, 2013 and that they are not disqualified for re-appointment and also satisfies the criteria as mentioned under Section 141 of the Companies Act, 2013..

**Cost Auditors**

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Record and Audit) Amendment Rules, 2014, M/s Sanat Joshi & Associates (Registration No. 000506) has been appointed as cost auditors for conducting Cost Audit for the financial year 2014-15.

**Secretarial Audit**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Jain Tuteja & Associates, a firm of Company Secretaries in Practice (Registration No. PCSA3179) to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed herewith as “**ANNEXURE -B**”.

**20. AUDITOR’S REPORTS**

• **Statutory Auditors**

There are no qualifications, reservations, adverse remarks or disclaimers in the statutory Auditor’s Report on the Financial Statements of the company for the financial year 2014-15 and hence does not require any explanations or comments.

• **Secretarial Audit**

There are no qualifications, reservations, adverse remarks or disclaimers in the Secretarial Auditor’s Report on Secretarial and other applicable legal compliances to be made by the company for the financial year 2014-15 and hence does not require any explanations or comments.

**21. RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into by the Company during the financial year 2014-15 were on arms length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the company with promoters, directors, key managerial personnel or related parties which may have a potential conflict with the interest of the company at large.

**22. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The particulars of Loans given and Investments made by the company as covered under the provisions of Section 186 of the Companies Act, 2013 are given in Financial Statements (Ref. Note 11 & 12). The company has not given any corporate guarantees to any other party.

**23. EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in Form MGT 9 is annexed herewith as **“ANNEXURE-C”**.

**24. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

Your Company has applied to Ministry of Environment and Forests (MoEF) for expansion of its activity by establishing one sponge iron unit, iron ore washery, steel melting shop and captive power plant and to enlarge the capacity of the plant from 0.6 MTPA to 2.1 MTPA. The Application was placed before the Expert Appraisal Committee (for short ‘the EAC’) as constituted under the Regulations of 2006. The EAC observed that even the ‘stand alone’ pelletization plant did not have Environmental Clearance under the Regulations of 2006 and therefore, deferred the consideration of the proposed expansion. Upon the recommendation of EAC the MOEF has ordered the company to stop its production and the consideration of the Application for Environmental Clearance with reference to the Expansion Plan of the company had been deferred.

Your Company has challenged the MOEF Order before the National Green Tribunal, New Delhi, primarily on the ground that a ‘stand alone’ iron ore pelletization plant is not covered under Entry 3(a) of the Schedule to the Regulations of 2006.

The National Green Tribunal (NGT) vide its order dated 27.05.2014 held that that Pelletisation is a process which squarely falls under the head “primary metallurgical industry” and as such the industries carrying on the process of Pelletisation, even as a stand alone project, would be required to seek Environmental Clearance in terms of the Regulations of 2006.

The Tribunal however granted liberty to the Company to make the application within one month from the date of the order and advised MoEF to dispose of the application within three months thereafter. Upon grant of such clearance, the unit would operate in accordance with law.



In view of the above decision of the Tribunal, the company has applied to MoEF for obtaining Environment Clearance for the company's existing plant of 0.6 million tonnes Pelletisation Plant vide its application dated 26.06.2014.

The matter has been examined in the context of the MOEF letter dated 08.09.2014 addressed to State Pollution Control Board and the directions issued by MOEF have been withdrawn vide its letter dated 08.09.2014. Thereafter the operations of the 0.6 Million Tons Iron Ore Pellet Plant have been restarted w.e.f. 12.09.2014.

**25. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, is given below:

(A) Conservation of energy-	
(i) the steps taken or impact on conservation of energy:	
Energy conservation process is continuing on regular basis by way of maintaining the use of coal in pulverization unit and PGP for looking the cost economy time to time and reduced the consumption of LDO to maintain the lowest rate of heat per MT of pellet production.	
(ii) the steps taken by the company for utilising alternate sources of energy;	None.
(iii) the capital investment on energy conservation equipments;	NIL
(B) Technology absorption-	
(i) the efforts made towards technology absorption;	None
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;	None
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	None
(a) the details of technology imported;	NA
(b) the year of import;	NA

(c) whether the technology been fully absorbed;	NA
(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	NA
(iv) the expenditure incurred on Research and Development.	NA
(C) Foreign exchange earnings and Outgo-	Rs. In lacs
The Foreign Exchange earned in terms of actual inflows during the year	NIL
Foreign Exchange outgo during the year in terms of actual outflows.	175.06

## **26. VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Board of Directors in its meeting held on 09.02.2015 approved and established ‘Whistle Blower Policy’ and ‘Code of Conduct’ for the directors & employees of the Company as required under the provisions of Sec. 177 of the Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its powers) Rules, 2014.

The said Policy has been properly communicated to all the directors and employees of the Company through the respective departmental heads and the new employees shall be informed about the Vigil Policy by the Personnel Department at the time of their joining.

## **27. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an internal control system commensurate with the size and scale and complexity of its operations. The scope and authority of Internal Audit functions have been defined in the Internal Audit Charter to maintain its objectivity and independence. The Internal Auditor reports to the Chairman of the Audit Committee of the Board.

The Internal Audit department monitors and evaluates the efficacy and adequacy of internal control system in the company, its compliance with operating system, accounting procedures and policies of the company. Based on the report of the Internal Auditors, process owners undertake corrective actions in their respective areas and thereby strengthen the control. Significant Audit observations and corrective actions, thereon are presented to the Audit Committee of the Board.

## **28. DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY:**

The Company has adopted a Risk Management Policy to identify and evaluate business risks associated with the operations and other activities of the Company and formulated risk mitigations strategies.

**29. NOMINATION AND REMUNERATION POLICY:**

Company's Policy on Directors appointment and Remuneration including criteria for determining qualification, positive attributes, independence of directors and other matters provided under section 178(3) of the Companies Act, 2013 is attached herewith as **ANNEXURE-D.**

**30. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Work Place (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (Permanent, Contractual, Temporary, Training) are covered under this Policy. However no complaints has been received during the year 2014-15.

**31. ACKNOWLEDGEMENTS**

The Board expresses its sincere gratitude to the shareholders, bankers, State and Central Government authorities and the valued customers for their continued support. The Board also wholeheartedly acknowledges and appreciates the dedicated efforts and commitment of all employees of the Company.

**For and on behalf of Board of Directors**

Place: Raipur

sd/-

sd/-

Date: 10.08.2015

**DIRECTOR**

**DIRECTOR**