

# **NARAYANI STEELS LIMITED**

(CIN: L27109WB1996PLC082021)

Kolkata

ANNUAL REPORT FOR 2019-20

25<sup>th</sup> Annual General Meeting

On Wednesday, the 30<sup>th</sup> day of December, 2020 at 03.00 P.M  
at IST through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM"),

**Registered Office:**

23A, N.S. Road, 7<sup>th</sup> Floor,  
Room No-31, Kolkata-700001,  
West Bengal, India

|NARAYANI STEELS LIMITED|

|ANNUAL REPORT 2019-20|

**PARTICULARS**

1. NOTICE OF AGM.
2. NOTES
3. EXPLANATORY STATEMENTS.
4. ANNEXURE FOR E-VOTING PROCEDURE.
5. DIRECTOR'S REPORT.
6. CORPORATE GOVERNANCE REPORT (Annexure-1)
7. EXTRACT OF ANNUAL RETURN (Annexure-2)
8. FORM NO.AOC-I (Annexure-3)
9. SECRETARIAL AUDIT REPORT (Annexure-4)
10. POLICY ON APPOINTMENT AND PAYMENT OF REMUNERATION OF DIRECTORS(Annexure-5)

**The Board of Directors:**

- |                                |                                |
|--------------------------------|--------------------------------|
| 1. Sri Sunil Choudhary         | Chairman cum Managing Director |
| 2. Smt Jayapadmavathi Bandi    | Non-Executive Director.        |
| 3. Sri Ankit Gupta             | Wholetime Director and CFO.    |
| 4. Sri Krishnamacharyulu Eunny | Independent Director.          |
| 5. Sri Prakash Kumar Thakur.   | Independent Director.          |
| 6. Sri Rabi Kumar Gupta        | Independent Director.          |

**Statutory Auditors:**

M/s. Ramamoorthy (N) & Co..  
Chartered Accountants  
Visakhapatnam.

**Bankers:**

Union Bank of India.

**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. vasant Oasis, 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:**

Door No.49-24-66, Plot no.5, 2<sup>nd</sup> Floor,  
Sankarmatam Road,  
Madhuranagar,  
Allipuram,  
Visakhapatnam,  
Andhra Pradesh-530016

**Company Secretary and  
Compliance Officer:**

CS. Arun Kumar Meher

## **COMPOSITION OF BOARD OF COMMITTEES**

<b>AUDIT COMMITTEE:</b>	<b>STAKE HOLDER'S RELATIONSHIP COMMITTEE:</b>
1. Eunny Krishnamacharyulu- Chairman 2. Prakash Kumar Thakur -Member 3. Rabi Kumar Gupta- Member	1. Rabi Kumar Gupta -Chairman 2. Prakash Kumar Thakur - Member 3. Eunny Krishnamacharyulu - Member
<b>NOMINATION AND REMUNERATION COMMITTEE:</b>	
1. Eunny Krishnamacharyulu-Chairman 2. Prakash Kumar Thakur - Member 3. Rabi Kumar Gupta -Member	

## **NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE** is hereby given to all the Members that the 25<sup>th</sup> Annual General Meeting of the Members of M/s. Narayani Steels Limited will be held on Wednesday, the 30<sup>th</sup> of December, 2020 at 03.00 P.M. IST through Video Conferencing (“VC”)/Other Audio Visual Means (“OAVM”), 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, 2020, Cash Flow Statement for the period ended 31st March, 2020 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 appoint a Director in place of Mr. Sunil Choudhary (DIN:00289479), Director of the Company who retires by rotation and being eligible, offers himself for re-appointment

### **SPECIAL BUSINESS:**

#### **3. RATIFICATION AND PAYMENT 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), M/s. A. S. Rao & Co., Cost Accountants, Hyderabad to conduct the audit of cost records of the Company for the Financial Year ending 31<sup>st</sup> March, 2021, be paid a remuneration as determined between Board of Directors and Cost Auditor as deemed fit in connection with the aforesaid audit;

**RESOLVED FURTHER THAT** the Board be and hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

#### **4. ACCORDING CONSENT FOR APPOINTMENT OF MR. PRAKASH KUMAR THAKUR (DIN: 08037310) AS INDEPENDENT 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** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and Rules made thereunder (including any Statutory modification(s) or re-enactment thereof for the time being in force), Mr. Prakash Kumar Thakur (DIN: 08037310), who has submitted a Declaration that he meets the criteria for independence as provided in Section 149 (6) of the Companies Act, 2013 and in respect of whom a Notice in writing has been received, under Section 160 of the Companies Act, 2013, by the Company, proposing his candidature for the office of

Independent Director, be and is hereby appointed as Independent Director of the Company for a term of 5 years with effect from 28th July, 2020, without being liable to retire by rotation.”

“RESOLVED FURTHER THAT the Managing Director and/ or Director(s) of the Company be and are hereby jointly/severally authorized to do all acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution.”

**5. ACCORDING CONSENT FOR APPOINTMENT OF MR. RABI KUMAR GUPTA (DIN: 06706451) AS INDEPENDENT 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 pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and Rules made thereunder (including any Statutory modification(s) or re-enactment thereof for the time being in force), Mr. Rabi Kumar Gupta (DIN: 06706451), who has submitted a Declaration that he meets the criteria for independence as provided in Section 149 (6) of the Companies Act, 2013 and in respect of whom a Notice in writing has been received, under Section 160 of the Companies Act, 2013, by the Company, proposing his candidature for the office of Independent Director, be and is hereby appointed as Independent Director of the Company for a term of 5 years with effect from 28th July, 2020, without being liable to retire by rotation.”

“RESOLVED FURTHER THAT the Managing Director and/ or Director(s) of the Company be and are hereby jointly/severally authorized to do all acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution.”

**6. TO APPROVE THE APPOINTMENT OF STATUTORY AUDITOR APPOINTED BY THE BOARD OF DIRECTORS TO FILL THE CASUAL VACANCY.**

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

“RESOLVED THAT pursuant to the provisions of Section 139, 140 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, including any amendment, modification, variation or re-enactment thereof, for the time being in force, approval of the members be and is hereby accorded for the appointment of M/s. Ramamoorthy (N) & Co. Chartered Accountants (FRN:002899S), as the Statutory Auditor of the Company w.e.f. 12th October, 2020 to fill the casual vacancy arising on account of resignation of M/s. A.C.Bhuteria & Co., Chartered Accountants (FRN: 303105E), and to hold office till the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting of the Company at such remuneration as may be determined and recommended by the Audit Committee in consultation with the Statutory Auditor and duly approved by the Board of Directors.”

\*\*\*

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

Registered Office:  
23A,N.S.Road,7<sup>th</sup>floor,Room No.31,Kolkata  
West Bengal,India.  
Place: Visakhapatnam.  
Date: 27.08.2020

(Sunil Choudhary)  
Managing Director  
DIN: 00289479

NOTES:

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM/EGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM/EGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM/EGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the EGM/AGM will be provided by CDSL.
3. The Members can join the EGM/AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM/EGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM/EGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM/EGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM/EGM has been uploaded on the website of the Company at [www.narayanisteels.com](http://www.narayanisteels.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM/EGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM/EGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
7. The AGM/EGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. The Registrar of members and Share Transfer Book of the Company will remain closed from December 24, 2020 to December 30, 2020 (both days inclusive)
9. The Board of Directors has appointed N. Agrawal & Associates, Practicing Chartered Accountants, as scrutinizer to scrutinize the voting at the meeting and remoter e-voting process in a fair and transparent manner.

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

Name of Director	DIN	Date of Appointment on Board	Share Holding in Company (No. of Shares)
Sunil Choudhary	00289479	13.11.1996	1224500
Prakash Kumar Thakur	08037310	28.07.2020	NIL
Rabi Kumar Gupta	06706451	28.07.2020	NIL

**THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:**

- (i) The voting period begins at 09.00am on Sunday, December 27, 2020 and end at 05.00 pm on Tuesday December 29, 2020. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. December 23, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on “Shareholders” module.
- (v) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL’s **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from [Login - Myeasi](#) using your login credentials. Once you successfully log-in to CDSL’s **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

<b>For Shareholders holding shares in Demat Form and Physical Form</b>	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>



- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the <NARAYANI STEEL LTD> on which you choose to vote.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

Shareholders can also cast their vote using CDSL’s mobile app “**m-Voting**”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company [i.e. cs@narayanisteels.com](mailto:cs@narayanisteels.com) or RTA email id i.e. [ujata@bigshareonline.com](mailto:ujata@bigshareonline.com)
2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company i.e. [cs@narayanisteels.com](mailto:cs@narayanisteels.com) or RTA email id i.e. [ujata@bigshareonline.com](mailto:ujata@bigshareonline.com)

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE EGM/AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

**INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM/EGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the AGM.

**Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [cs@narayanisteels.com](mailto:cs@narayanisteels.com) (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022-23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

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

### **REGARDING ITEM NO.3:**

#### **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 2020-21.

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 28.07.2020 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, be paid a remuneration as determined between Board of Directors and Cost Auditor as deemed fit in connection with the aforesaid audit;

The Board of the Directors recommends the ordinary resolution set forth in Item No.3 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.3 of the Notice.

### **REGARDING ITEM NO 4.**

#### **ACCORDING CONSENT FOR APPOINTMENT OF MR. PRAKASH KUMAR THAKUR (DIN: 08037310) AS INDEPENDENT DIRECTOR OF THE COMPANY.**

The Board of Directors based on the recommendation of Nomination & Remuneration Committee, had appointed Mr. Prakash Kumar Thakur as an additional Director with effect from 28<sup>th</sup> July, 2020. In accordance with the provisions of Section 161 of the Companies Act, 2013, Mr. Prakash Kumar Thakur (DIN:08037310) shall hold office upto the date of ensuing Annual General Meeting and is eligible for appointment as a Director of the Company. The Company has received a notice in writing under section 160 of the Act from a member proposing his candidature for the office Non-Executive and Independent Director of the Company.

The Board of Directors of the Company at its meeting held on 28<sup>th</sup> July, 2020, had subject to necessary approval of shareholders, appointed Mr. Prakash Kumar Thakur as Additional Independent Director of the Company for a term of five consecutive years with effect from 28<sup>th</sup> day July, 2020 on such term of remuneration/sitting fees as the Board thinks fit from time to time, but within the ceiling (s) laid down in the Act or any statutory amendment or relaxation thereof.

**INFORMATION ABOUT APPOINTEE:** Mr. Prakash Kumar Thakur (DIN:08037310) age about 23 years is a Graduate by qualification. Mr. Prakash Kumar Thakur vast knowledge in Iron and Steel sector.

**Directorship:** 1. Narayani Steels Limited  
2. Mahabaala Tea Private Limited.  
3. Trishna Distributors Private Limited.  
4. Ganesh Vanijya Private Limited.

**Shareholding in the Company:** NIL

**No of Board Meeting attended/entitled to attend during the year:** Not Applicable

**Terms & Conditions of Appointment:** Appointed as Independent Director of the Company for a term of Five years, not liable to retire by rotation.

**Details of Remuneration last drawn:** Not Applicable

**Details of Remuneration sought to be paid:** NIL

None of the Directors and/or Key Managerial Personnel of the Company and their relatives, except Mr. Prakash Kumar Thakur, is concerned or interested, financially or otherwise, in the said Resolution.

The Board of Directors recommends the Ordinary Resolution set out at Item No.4 of the Notice for approval by the members.

#### **REGARDING ITEM NO 5.**

#### **ACCORDING CONSENT FOR APPOINTMENT OF MR. RABI KUMAR GUPTA (DIN: 06706451) AS INDEPENDENT DIRECTOR OF THE COMPANY.**

The Board of Directors based on the recommendation of Nomination & Remuneration Committee, had appointed Mr. Rabi Kumar Gupta (DIN:06706451) as an additional Director with effect from 28<sup>th</sup> July, 2020. In accordance with the provisions of Section 161 of the Companies Act, 2013, Mr. Rabi Kumar Gupta (DIN:06706451) shall hold office upto the date of ensuing Annual General Meeting and is eligible for appointment as a Director of the Company. The Company has received a notice in writing under section 160 of the Act from a member proposing his candidature for the office Non-Executive and Independent Director of the Company.

The Board of Directors of the Company at its meeting held on 28<sup>th</sup> July, 2020, had subject to necessary approval of shareholders, appointed Rabi Kumar Gupta (DIN:06706451) act as Additional Independent Director of the Company for a term of five consecutive years with effect from 28<sup>th</sup> day of July, 2020 on such term of remuneration/sitting fees as the Board thinks fit from time to time, but within the ceiling (s) laid down in the Act or any statutory amendment or relaxation thereof.

**INFORMATION ABOUT APPOINTEE:** Mr. Rabi Kumar Gupta (DIN:06706451) age about 36 years is a Graduate by qualification. Mr. Rabi Kumar Gupta (DIN:06706451) vast knowledge in Iron and Steel sector.

**Directorship:**

1. Narayani Steels Limited
2. Nordflex Textiles Private Limited.
3. Trishna Distributors Private Limited.
4. Celedonia Energy Private Limited.
5. Enrich Infraprojects Private Limited.

**Shareholding in the Company:** NIL

**No of Board Meeting attended/entitled to attend during the year:** Not Applicable

**Terms & Conditions of Appointment:** Appointed as Independent Director of the Company for a term of Five years, not liable to retire by rotation.

**Details of Remuneration last drawn:** Not Applicable

**Details of Remuneration sought to be paid:** NIL

None of the Directors and/or Key Managerial Personnel of the Company and their relatives, except Mr. Rabi Kumar Gupta, is concerned or interested, financially or otherwise, in the said Resolution.

The Board of Directors recommends the Ordinary Resolution set out at Item No.5 of the Notice for approval by the members.

**REGARDING ITEM NO 6.**

**TO APPROVE THE APPOINTMENT OF STATUTORY AUDITOR APPOINTED BY THE BOARD OF DIRECTORS TO FILL THE CASUAL VACANCY.**

The Company at its 23rd Annual General Meeting held on 25th September, 2018 appointed M/s A C Bhuteria and Co., Chartered Accountants, Kolkata (FRN: 303105E) as the Statutory Auditor of the Company for a term of Four (4) financial years commenced from financial year 2018-2019 and to hold office from the conclusion of 23rd Annual General Meeting till the conclusion of the 27th Annual General Meeting.

M/s A C Bhuteria and Co., Chartered Accountants, Kolkata (FRN: 303105E), vide letter dated 15th September, 2020 conveyed to the Company that, in view of the COVID-19 pandemic and difficulty in conducting the statutory audit from a remote location, he is unable to continue as Statutory Auditor, and have therefore resigned.

Pursuant to the provisions of Section 139(8)(i) of the Companies Act, 2013 any casual vacancy in the office of an auditor shall be filled by the Board of Directors within thirty days from the date of resignation of an auditor, subject to the approval of the members of the Company within three months of the recommendation of the Board and said auditor shall hold office till the conclusion of the next Annual General Meeting. Accordingly, the Board of Directors at their meeting held on 12th October, 2020 appointed M/s. Ramamoorthy (N) & Co., Chartered Accountants (FRN:002899S), as Statutory Auditor to fill the casual vacancy. The Board is mandated by law to seek approval of members at the general meeting to be held within three months from the date of recommendation for appointment of auditors to fill the casual vacancy. As the Company is liable to convene its Annual General Meeting for the financial year 2019-20, the resolution for approving the casual vacancy to the office of the Statutory Auditors is placed herewith.

M/s. Ramamoorthy (N) & Co., Chartered Accountants (FRN:002899S) who were appointed to fill the casual vacancy are also eligible to act as the Statutory Auditor for the financial year 2020-21 and to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting of the Company. The Board of Directors have obtained necessary certificates, confirmations pursuant to provisions of Section 139 (1) and the rules made thereto from M/s. Ramamoorthy (N) & Co., Chartered Accountants (FRN:002899S) and recommends to the members their appointment.

The members may further delegate authority to the Board to determine in consultation with the auditors, remuneration payable to them alongwith the applicable taxes, levies and reimbursement of travelling and other out-of-pocket expenses after taking into consideration the volume of work involved.

The Board of Directors recommends an Ordinary Resolution set out in item no.06 under Special Business of the Notice for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in any way concerned or interested in the said resolution.

\*\*\*

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

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

(Sunil Choudhary)  
Managing Director  
DIN:00289479

Place: Visakhapatnam.  
Date: 27.08.2020.

## DIRECTOR'S REPORT

To,  
The Members,  
Narayani Steels Limited.

Your Directors have pleasure in presenting their 25<sup>th</sup> Annual Report on the business and operations of the Company and the accounts for the Financial Year ended 31<sup>st</sup> March, 2020.

### 1. FINANCIAL SUMMARY OF THE COMPANY:

(Rs. in Lakhs)

Particulars	Standalone		Consolidated	
	For the year ended 31.03.2020	For the year ended 31.03.2019	For the year ended 31.03.2020	For the year ended 31.03.2019
Total Revenue including other income	36236.28	75484.36	36236.28	75484.36
Total Expenses	41041.54	75141.67	40984.80	75141.67
Profit/(Loss) before tax	-4805.26	342.69	-4748.52	342.69
Exceptional Item-	-	-	-	-
Tax Expenses	-1673.74	123.71	-1673.74	123.71
Profit/(Loss) after tax	-3131.52	218.98	-3074.79	218.98
EPS Weighted Average				
-Basic (Rs.)	-28.71	2.01	-28.19	2.01
-Diluted (Rs.)	-28.71	2.01	-28.19	2.01

### 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 a Total Revenue of Rs.36236.28 Lakhs as compared to the previous year Total Revenue of Rs.75484.36 Lakhs. The Total Expenditure incurred the year was Rs. 41041.54 Lakhs as against the amount of Rs. 75141.67 Lakhs during the previous year. The profit/(Loss) before tax and Tax Expenses during the year were Rs. -4805.26 Lakhs and Rs. -1673.74 Lakhs as compared to the profit/(Loss) before tax and Tax Expenses provided for the previous year were 342.69 Lakhs and Rs. 123.71 Lakhs respectively. Hence, the Company has earned a Net Loss of Rs. -3131.52 Lakhs as compared to the previous year profit amount of Rs. 218.98 Lakhs.

##### CONSOLIDATED:



During the year under review, the Company has recorded a Total Revenue of Rs. 36236.28 Lakhs as compared to the previous year Total Revenue of Rs. 75484.36 Lakhs. The Total Expenditure incurred the year was Rs. 40984.80 Lakhs as against the amount of Rs. 75141.67 Lakhs during the previous year. The profit/(Loss) before tax and Tax Expenses during the year were Rs. -4748.52 Lakhs and Rs. -1673.74 Lakhs as compared to the profit/(Loss) before tax and Tax Expenses provided for the previous year were 342.69 Lakhs and Rs. 123.71 Lakhs respectively. Hence, the Company has earned a Net Loss of Rs. -3074.79 Lakhs as compared to the previous year profit amount of Rs. 218.98 Lakhs.

**(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 2019-20.

**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. Ramamoorthy (N) & Co, Chartered Accountants, Visakhapatnam (FRN:002899S) 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 2020-21.

**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 2020-21. The Secretarial Audit Report for the Financial Year ended March 31, 2020 is annexed herewith to this Report. The Secretarial Audit Report contains qualification, reservation or adverse mark.

**D) INTERNAL AUDITORS:**

Internal Auditors has been appointed for Internal Audit of the Company.

**1. 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 2019-20, its Associate Company i.e Hari Equipments Private Limited has total income Rs. 21,75,21,700/- as compared to Rs. 1,87,70,240/- in the previous Financial Year and its profit after tax in 2019-20 is R.-74,361,520/- as compare to Rs.24,74,660/- 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. 2019-20 the Board of Directors met for 18 (Eighteen) 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 of 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.

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

Company has complied with the provisions of Section 185 of the Companies Act,2013

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

No Material Related Party Transactions, i.e. transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statement, were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013, in Form AOC-2 is not applicable

**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 2019-20, 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	2019-20 (Rs.)	2018-2019 (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	Nil	

**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.narayanisteels.com](http://www.narayanisteels.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:**

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.narayanisteels.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 2019-20 except appointment of Mrs Jayapadmavathi Bandi and resignation of Mrs. Bina Choudhary and demise of Mr. Atul Kumar Saxena. Details of Senior Executive and KMP are shown in our website: [www.narayanisteels.com](http://www.narayanisteels.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	Prakash Kumar Thakur	member
03	Rabi Kumar Gupta	member

**25. PARTICULARS OF EMPLOYEES:**

There were no permanent employees during the year under review, whose particulars are required to be given in the Board's Report in accordance with the provisions of Section 197 of the Act read with Rule 5(1) & 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time.

The remuneration paid to Directors and Key Managerial Personnel of the Company during the Financial Year 2019-20 was in accordance with the Nomination and Remuneration Policy of the Company.

**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

**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

(Ankit Gupta)  
Director and Chief Financial Officer  
DIN: 08415248

## 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:

<b>Title</b>	<b>Name of Director</b>	<b>DIN and/or PAN</b>	<b>Designation</b>	<b>Category</b>	<b>Type</b>
Mr.	Krishnamacharyulu Eunny	07281774, AADPE3997P	Director	Independent	Non-Executive
Mr.	Prakash Kumar Thakur	08037310, AXMPT2891B	Director	Independent	Non-Executive
Mr.	Rabi Kumar Gupta	07284335, AIZPG5986A	Director	Independent	Non-Executive
Mr.	Sunil Choudhary	00289479, AEZPC3417N	Managing Director	Promoter	Executive
Mrs.	Jaya Padmavathi Bandi	06632712, ACHPB2275M	Director	Professional	Non-Executive
Mr.	Ankit Gupta	08415248, AOWPB4840F	Director & CFO	Professional	Executive



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 18 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.

<b>Name of Director</b>	<b>Category</b>	<b>No. Meeting Attended</b>	<b>Whether Present at previous AGM held on 30.09.2019</b>
Krishnamacharyulu Eunny	Non-Executive Independent	18	Yes
Jaya Padmavathi Bandi	Non-Executive Non-Independent	11	No
Bhaskararao Puvvala	Non-Executive Independent	02	No
Atul Kumar Saxena	Non-Executive Independent	16	Yes
Sunil Choudhary	Executive	18	No

Bina Choudhary	Non-Executive	11	No
Ankit Gupta	Whole Time Executive	18	Yes

### **Inter-se Relationship among Directors**

There is no inter-se relationship among the Directors in the Company.

### **Independent Directors**

#### **Selection**

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field / profession and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee (NRC), for appointment, as Independent Directors on the Board. The NRC, inter alia, considers various metrics and adheres to various processes in accordance with the Company's Policy for selection of Directors and determining their independence.

#### **Number of Independent Directorships**

None of the independent directors hold directorship in more than the permissible limits under the Companies Act and listing regulations.

#### **Declaration by Independent Directors**

A statement, in connection with fulfilling the criteria of independence as per the requirement of the provisions of the Act and the Regulation 25 of Listing regulations received from each of independent director, is disclosed in the Board's Report. The maximum tenure of the Independent Directors is in compliance with the Act.

#### **Familiarisation Programme for Independent Directors**

The Familiarization Programme seeks to update the Independent Directors on various matters covering Company's strategy, business model, operations, organization structure, finance, risk management etc. It also seeks to update the Independent Directors with their roles, rights, responsibilities, duties under the Act and other statutes

The policy and details of familiarization programme imparted to the Independent Directors of the Company is available at [www.narayanisteels.com](http://www.narayanisteels.com)

### **PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

Pursuant to the provisions of the Act and Listing Regulations, the Board in consultation with the NRC has formulated a framework containing inter-alia, the process, format, attributes and criteria for performance evaluation of the entire Board of the Company, its Committees and individual directors including independent directors.

### **MATRIX SETTING OUT THE SKILLS/EXPERTISE/COMPETENCIES OF THE BOARD OF DIRECTORS**

The Board has identified the following core skills/expertise/competencies as required in the context of the context of Company's business(es) and sector(s) for it to function effectively and these are actually available with the Board.

Skills/expertise/competence	Whether available with the Board or not?
<b>Industry knowledge/experience</b>	
Experience	Yes
Industry knowledge	Yes
Understanding of relevant laws, rules, regulation and policy	Yes
International Experience	Yes
<b>Technical skills/experience</b>	
Accounting and finance	Yes
Business Development	Yes
Information Technology	Yes
Talent Management	Yes
Leadership	Yes
Compliance and risk	Yes
Legal	Yes
Business Strategy	Yes
<b>Behavioral Competencies</b>	
Integrity and ethical standards	Yes
Mentoring abilities	Yes
Interpersonal relations	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"> <li>1. Eunny Krishnamacharyulu</li> <li>2. Prakash Kumar Thakur</li> <li>3. Rabi Kumar Gupta</li> </ol>	<ol style="list-style-type: none"> <li>1. The recommendation for appointment, remuneration and terms of appointment of Auditors of the Company.</li> <li>2. Review and monitor the Auditor's independence and performance, and effectiveness of audit process</li> </ol>

		<ol style="list-style-type: none"> <li>3. Examination of the financial statement and the Auditors' Report thereon</li> <li>4. Approval or any subsequent modification of transactions of the Company with Related Parties</li> <li>5. Scrutiny of Inter-Corporate Loans and Investments</li> </ol>
Nomination and Remuneration Committee	<ol style="list-style-type: none"> <li>1. Eunny Krishnamacharyulu.</li> <li>2. Prakash Kumar Thakur</li> <li>3. Rabi Kumar Gupta</li> </ol>	<ol style="list-style-type: none"> <li>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;</li> <li>2. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and</li> <li>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</li> </ol>
Stakeholders Relationship Committee	<ol style="list-style-type: none"> <li>1. Rabi Kumar Gupta</li> <li>2. Prakash Kumar Thakur</li> <li>3. Eunny Krishnamacharyulu</li> </ol>	<ol style="list-style-type: none"> <li>1. The Committee reviews and ensures Redressal of Investor Grievances.</li> <li>2. The Committee noted that all the Grievances of the Investors have been resolved during the year.</li> </ol>
Corporate Social Responsibility Committee	NA	

**Remuneration paid to Directors**

Details of remuneration paid to Directors of the Company for the financial year ended on March 31, 2020 is as under:

**Details of Remuneration to the Executive Directors**

<b>Name of the Directors</b>	<b>Salary</b>	<b>Sitting Fees</b>	<b>Retirement benefits/ Bonuses/ Commission payable/ Performance linked incentive/ pension/Stock options granted</b>	<b>Contribution to PF and Perquisites</b>	<b>Total</b>
Mr. Sunil Choudhary	36,00,000	Nil	Nil	Nil	36,00,000
Mr. Ankit Gupta	21,60,000	Nil	Nil	Nil	21,60,000
Ms. Bina Choudhary	Nil	2200	Nil	Nil	2200
Mr. Eunny Krishnamacharyulu	Nil	5200	Nil	Nil	5200
Mr. Bhaskararao Puvvala	Nil	1600	Nil	Nil	1600
Mr. Atul Kumar Saxena	Nil	4800	Nil	Nil	4800
Ms. Jayapadmavathi bandi	Nil	2000	Nil	Nil	2000
<b>Total</b>					<b>57,75,800</b>

There is no pecuniary relationship or transaction between the Company and any of the Non-Executive Directors. The Company does not have any stock option scheme. None of our Directors are eligible for any severance fees.

**Criteria of making payment to Non-Executive Directors:**

Based on the recommendation of the Nomination and Remuneration Committee, the Board decides the remuneration to be paid to the Non – Executive Directors of the Company, in accordance with the provisions of the Articles of Association of the Company, the Companies Act, 2013 read with the rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Remuneration to Non- Executive Directors consists of the following:

-Sitting fees for attending meetings of the Board or Committees thereof within the overall limits as provided in the Companies Act 2013 from time to time.

## GENERAL BODY MEETINGS

### i. Location and time for the last three Annual General Meetings (AGMs):

AGM	Financial year	Date	Location	Time
22nd AGM	2016-2017	August 30, 2017	23A, N.S. Road, 7th Floor, Room No-31, Kolkata-700 001, West Bengal, India	10:00 a.m
23rd AGM	2017-2018	September 25, 2018	23A, N.S. Road, 7th Floor, Room No-31, Kolkata-700 001, West Bengal, India	3:00 p.m.
24 <sup>th</sup> AGM	2018-2019	September 30, 2019	23A, N.S. Road, 7th Floor, Room No-31, Kolkata-700 001, West Bengal, India	3:00 p.m.

### ii. Special Resolutions:

- a) Details of special resolutions passed in the Annual General Meetings during the last three financial years are as follows:

Date of Annual General Meeting	Number of Special resolutions passed	Details of Special Resolutions
August 30, 2017	3	<ol style="list-style-type: none"> <li>1. Approval for Related Party Transactions under Section 188 of the Companies Act, 2013</li> <li>2. To delegate the Borrowing Powers to the Board of Directors of the Company</li> <li>3. To mortgage and/or create charge on the properties of the Company both present and future for availing the Loan/Credit Facilities from the banks and financial institutions from time to time.</li> </ol>
September 25, 2018	1	Authorisation to Board of Directors to extend loan, guarantee or security to the companies in which Directors are interested
September 30, 2019	6	<ol style="list-style-type: none"> <li>1. Re-Appointment of Sunil Choudhary (DIN:00289479) as the Managing Director of the Company for a term of five years.</li> <li>2. Reappointment of Mr Bhaskararao Puvvala (DIN:07282264) as Independent Director of the Company for a second term.</li> <li>3. Reappointment of Mr Atul Kumar Saxena (DIN:07284335) as Independent Director of the Company for a second term.</li> <li>4. Continuation of term of Mr. Eunny Krishnamacharulu (DIN:07281774) as Independent Director on attaining age of 75 years.</li> <li>5. Reappointment of Eunny Krishnamacharulu (DIN:07281774) as Independent Director of the Company for a second term.</li> </ol>

		6.Approval of Related Party Transaction under Section 188 of the Companies Act, 2013
--	--	--

- b. Details of special resolutions passed in the Extra-Ordinary General Meetings during the last three financial years:

No Extra-Ordinary General Meeting has been held during last three financial years.

- iii. **Details of Resolution passed through postal ballot, the persons who conducted the postal ballot exercise and details of the voting pattern: NIL**

**EMPLOYEES:**

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

**MEANS OF COMMUNICATION**

- i. The Board of Directors of the Company approves and takes on record the quarterly, half yearly and yearly financial results in the format prescribed by Regulation 33 of the Listing Regulations within prescribed time limits. Quarterly results are submitted to the BSE in terms of the requirements of Regulation 33 of the Listing Regulations.
- ii. The Company's website [www.narayanisteels.com](http://www.narayanisteels.com) contains a separate dedicated section "investors" where shareholders information is available. Full Annual Reports are also available on the website in a user- friendly and downloadable format.
- iii. The Company posts its Quarterly / Half Yearly/Annual Results, Annual Report, official news releases, presentations made to investors and transcripts of the meetings with institutional investors / analysts (if any) on its website i.e. [www.narayanisteels.com](http://www.narayanisteels.com). This website contains the basic information about the Company, e.g., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company who is responsible for assisting and handling investor grievances and such other details as may be required under Regulation 46 of the Listing Regulations. The Company ensures that the contents of this website are updated at all times.
- iv. The quarterly/half yearly and annual financial results are regularly submitted to BSE in accordance with the Listing Regulations and published in one English national daily newspaper circulating in the whole or substantially the whole of India i.e. Business Standard and one Bengali daily newspapers i.e Aajkaal.

## **PREVENTION OF INSIDER TRADING**

The Company has instituted mechanism to avoid Insider Trading. In accordance with the SEBI (Prevention of Insider Trading) Regulations, 2015 as amended, the Company has established systems and procedures to restrict insider trading activities and has framed a Code of Fair Disclosure and Conduct to prevent misuse of any unpublished price sensitive information and prohibit any insider trading activity, in order to protect the interest of the shareholders at large. The said Code of Fair Disclosure and Conduct is available on the Company's website i.e. [www.narayanisteels.com](http://www.narayanisteels.com)

## **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.

## **CLIENTS:**

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

## **OTHER STAKEHOLDERS:**

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

## **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.

## **GENERAL SHAREHOLDER INFORMATION**

1.	Annual General Meeting - Date, Time and Venue	Date: December 30, 2020 Time: 03.00 p.m. Venue: through Video Conferencing (VC)/other Audio Visual Means (OAVM)
2.	Financial Year	March 31, 2020
3.	Date of Book Closure	December 24, 2020 to December 30, 2020



4.	Dividend	No Dividend has been declared
5.	Stock Exchanges	The equity shares of your Company are listed on BSE Limited (BSE) Address:- P. J. Towers, Dalal Street, Fort, Mumbai - 400 001
6.	Payment of Listing Fees	The Company has paid annual listing fees for the financial year 2020-21 to the BSE within stipulated time
7.	Stock Code	540080
8.	Registrar to issue & Share Transfer Agents	<b>Bigshare Services Private Limited</b> 1st Floor, Bharat tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai-400059, Maharashtra
9.	Share Transfer System	The Board of Directors has delegated the authority to transfer the shares to M/s Bigshare Services Private Limited, Registrar and Share Transfer Agent of the Company. The Share Transfer Agent attends to share transfer formalities, if any.
10.	Plant Location	Plot No. A1 and A2, Industrial Estate, V.T. Agraphaham, Vizianagaram, Andhra Pradesh - 535004
11.	Address for Correspondence	Mr. Arun Kumar Meher, Company Secretray Door No. 49-24-66, Plot No 5, 2nd Floor, Sankarmatam Road, Madhuranagar, Allipuram Visakhapatnam, Andhra Pradesh - 530016
12.	Dematerialization of Shares and liquidity	As on March 31, 2020, 99,08,000 equity shares of the Company constituting 90.82% of the equity share capital are held in Dematerialized form. The equity shares of the Company are traded only in dematerialized form in the BSE
13.	Electronic Clearing Services (ECS)	Members are requested to update their bank account details with their respective Depository Participants for shares held in the electronic form or write to the Company' s Registrar and Share Transfer Agent M/s Bigshare Services Private Limited
14.	Investor Complaints to be addressed to	Registrar and Share Transfer Agent - M/s Bigshare Services Private Limited at 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai, Maharashtra, 400059 or Mr. Arun Kumar Meher, Company Secretary - Door No.49-24-66, Plot No 5, 2nd Floor, Sankarmatam Road, Madhuranagar, Allipuram Visakhapatnam, Andhara Pradesh - 530016
15.	Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity	The Company has not issued any GDRs/ ADRs/ Warrants. There are no outstanding convertible instruments as on March 31, 2020

### a) Share Transfer System

Pursuant to SEBI Circular Nos. D&CC/FITTC/CIR-15/2002 dated 27.12.2002 and D&CC/FITTC/CIR- 18/2003 dated 12/02/2003, M/s. Bigshare Services Private Limited which is already the Depository Interface of the Company for both National Securities Depository Limited (“NSDL”) and Central Depository Services (India) Limited (“CDSL”), has been appointed as Registrar and Transfer Agents (“RTA”) w.e.f. 31/03/2003 for all the work related to share registry in terms of both physical and electronic holdings.

Share transfers in physical form can be lodged with our RTA. The transfers are normally processed within a period of 15 days from the date of receipt, if the documents are complete in all respects. The Company has constituted a Share Transfer Committee to approve matters related to transfer and transmission of securities, issuance of duplicate share certificate.

In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants (“DP”).

Members may please note that pursuant to the amendment in the Listing Regulations vide notification dated June 8, 2018, except in case of transmission or transposition of securities, request for effecting transfer of securities shall not be processed after April 01, 2019 unless the securities are held in dematerialized form with the depository.

The Company has obtained half-yearly certificate from Practicing Company Secretary to the effect that all certificates have been issued within thirty days of the date of lodgment of the transfer, sub- division, consolidation and renewal etc. as required under Regulation 40(9) of the Listing Regulations and the same were submitted to the Stock Exchanges.

### b) Distribution of Shareholding as on March 31, 2020

No. of Shares of Rs. 10/- each	Shareholders		Equity Shares	
	Number	% of total shareholde rs	Amount	% of total shares
Upto 5,000	243	64.8000	126180	0.1157
5,001 - 10,000	16	4.2667	131980	0.1210
10,001 - 20,000	4	1.0667	76730	0.0703
20,001 - 30,000	6	1.6000	157140	0.1440
30,001 - 40,000	35	9.3333	1392790	1.2767
40,001 - 50,000	4	1.0667	185000	0.1696
50,001 - 1,00,000	11	2.9333	867790	0.7955
1,00,001 & Above	56	14.9333	106152390	97.3072
<b>TOTAL</b>	<b>375</b>	<b>100</b>	<b>109090000</b>	<b>100</b>

### c) Shareholding Pattern as on March 31, 2020

The broad shareholding distribution of the Company as on March 31, 20120 with respect to categories of investors was as follows:

Sr. No.	Category	No. of shareholders	No. of Equity Shares	Percentage %
1.	Promoter & Promoter Group	7	58,14,000	53.30
2.	Public	368	50,95,000	46.70
	<b>Total</b>	<b>375</b>	<b>1,09,09,000</b>	<b>100.00</b>

## DISCLOSURES:

### a. Related Party Transactions

Details of the relevant related party transactions entered into by the Company are set out in the Notes to Accounts and also annexed as an Annexure in this report. Suitable disclosures as required by the Accounting Standard (AS 18) have been made in the Annual Report. All transactions with related parties entered into by the Company were on an arm's length basis and were approved by the Audit Committee.

Pursuant to the Regulation 23 of the Listing Regulations, the Board of Directors have adopted the 'Related Party Transaction Policy'. The said policy is available on the Company's website at [www.narayanisteels.com](http://www.narayanisteels.com)

### b. Compliances by the Company

The Company has complied with various rules and regulations prescribed by BSE, SEBI or any other statutory authority relating to the capital markets during the last three years. No penalties or structures have been imposed by them on the Company during the last three years.

### c. Whistle Blower Policy / Vigil Mechanism

The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. Pursuant to Section 177(9) of the Act, a vigil mechanism was established for directors and employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy. The Vigil Mechanism provides a mechanism for employees of the Company to approach the Chairman of the Audit Committee of the Company. Vigil Mechanism Policy to this effect is also uploaded on the website of the Company i.e. [www.narayanisteels.com](http://www.narayanisteels.com)

The Company affirms that no director or employee of the Company has been denied access to the Audit Committee. No complaint has been received as at the Financial Year ended March 31, 2020 and no person was denied access to meet the Chairman of the Audit Committee in this regard.

### d. Proceeds from public issues, right issues, preferential issues etc.

The Company has not raised any funds through issue of equity shares on preferential basis.

### e. CEO/CFO certification

The Managing Director & CFO of the Company have certified to the Board of Directors, inter-alia, the accuracy of the financial statements and adequacy of internal controls for the financial reporting as required under Regulation 17(8) of the Listing Regulations for the financial year ended March 31, 2020.

#### **f. Compliance with mandatory and non-mandatory requirements**

The Company has complied with all the mandatory requirements of SEBI Listing obligations and Disclosure Requirements), Regulations, 2015. The details of these compliances have been given in the relevant sections of this report.

#### **g. Reconciliation of Share Capital Audit**

A Chartered Accountants in Practice carries out audit of Reconciliation of Share Capital on quarterly basis to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. This Report is also placed before the Board for its noting.

#### **h. Certificate from Practicing Company Secretary**

The Company has obtained a Certificate from Practicing Company Secretary M/s ASN Associates, Company Secretaries, certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India/Ministry of Corporate Affairs or any such statutory authority has been annexed with this Report.

i. Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof: Not Applicable

j. Total fees for all services paid by the Company and its associates, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part: Rs. 9.06 Lakhs.

k. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- a. Number of complaints filed during the financial year 2019-20: Nil
- b. Number of complaints disposed of during the financial year 2019-20: Nil
- c. Number of complaints pending as on end of the financial year 2019-20: Nil

l. Details of Credit Ratings obtained by the Company: CARE Rating obtained on January 7, 2019 is as follows:

<b>Facilities</b>	<b>Rating</b>
Long-term Bank Facilities	CARE D;
Short-term Bank Facilities	CARE D;

m. Commodity price risk or foreign exchange risk and hedging activities: Not Applicable

## COMPLIANCE OF CORPORATE GOVERNANCE REQUIREMENTS

Compliance of Corporate Governance requirements specified in Regulation 17 to 27 and Regulation 46(2) (b) to (i) of Listing Regulations are as under:

Sr. No.	Particulars	Regulations	Brief Description of the Regulations	Compliance Status (Yes / No / N.A.)
1	Board of Directors	17(1)	Composition of Board	Yes
		17(2)	Meeting of Board of Directors	Yes
		17(3)	Review of Compliance Reports	Yes
		17(4)	Plans for orderly succession for appointments	NA
		17(5)	Code of Conduct	Yes
		17(6)	Fees/Compensation to the Non-Executive Directors	Yes
		17(7)	Minimum Information to be placed before the Board	Yes
		17(8)	Compliance Certificate	Yes
		17(9)	Risk Assessment & Minimization and Risk Management Plan	Yes
		17(10)	Performance Evaluation of Independent Directors	Yes

Sr. No.	Particulars	Regulations	Brief Description of the Regulations	Compliance Status (Yes / No / N.A.)
2	Audit Committee	18(1)	Composition of Audit Committee & presence of the Chairman of the Committee at the AGM	Yes
		18(2)	Meeting of Audit Committee	Yes
		18(3)	Role of the Committee and review of information by the Committee	Yes
3	Nomination & Remuneration Committee	19(1) & (2)	Composition of Nomination & Remuneration Committee	Yes
		19(3)	Presence of the Chairman of the Committee at the AGM	Yes
		19(4)	Role of the Committee	Yes

4	Stakeholders Relationship Committee	20(1), (2) & (3)	Composition of Stakeholders Relationship Committee	Yes
		20(4)	Role of the Committee	Yes
5	Risk Management Committee	21(1), (2) & (3)	Composition of Risk Management Committee	Yes
		21(4)	Role of the Committee	Yes
6	Vigil Mechanism	22	Formulation of Vigil Mechanism for Directors and Employees	Yes
7	Related Party Transactions	23(1),(5),(6), (7) & (8)	Policy for Related Party Transaction	Yes
		23(2) & (3)	Approval including omnibus approval of Audit Committee for all related party transactions and review of transactions by the Committee	Yes
		23(4)	Approval for Material Related Party Transactions	Yes
8	Subsidiaries of the Company	24(1)	Composition of Board of Directors of unlisted material subsidiary	NA
		24(2),(3),(4), (5) & (6)	Other Corporate Governance requirements with respect to subsidiary including material subsidiary of listed entity	NA
		24A	Secretarial Audit of the Company  Secretarial Audit of the material unlisted subsidiaries	NA
9	Obligations with respect to Independent Directors	25(1) & (2)	Maximum Directorship & Tenure	Yes
		25(3)	Meeting of Independent Directors	Yes
		25(4)	Review of Performance by the Independent Directors	Yes
		25(6)	Filling the vacancy of Independent Director created by resignation or removal	Yes

<b>Sr. No.</b>	<b>Particulars</b>	<b>Regulations</b>	<b>Brief Description of the Regulations</b>	<b>Compliance Status (Yes / No / N.A.)</b>
		25(7)	Familiarization of Independent Directors	Yes
		25(10)	D and O insurance for Independent Directors	NA
10	Obligations with respect to Directors and Senior Management	26(1) & (2)	Memberships & Chairmanship in Committees	Yes
		26(3)	Affirmation with compliance to code of conduct by members of Board of Directors and Senior Management Personnel	Yes
		26(4)	Disclosure of Shareholding by Non-Executive Directors	Yes
		26(5)	Disclosures by Senior Management about potential conflict of interest	Yes
11	Other Corporate Governance Requirements	27(1)	Compliance of discretionary requirements	Yes
		27(2)	Filing of quarterly Compliance Report on Corporate Governance	Yes
12	Disclosures on Website of the Company	46(2)(b)	Terms and conditions of appointment of Independent Directors	Yes
		46(2)(c)	Composition of various Committees of Board of Directors	Yes
		46(2)(d)	Code of Conduct of Board of Directors and Senior Management Personnel	Yes
		46(2)(e)	Details of establishment of Vigil Mechanism/ Whistle Blower Policy	Yes
		46(2)(f)	Criteria of making payments to Non-Executive directors	Yes
		46(2)(g)	Policy on dealing with related party transactions	Yes
		46(2)(h)	Policy for determining 'Material' Subsidiaries	Yes
		46(2)(i)	Details of familiarization programmes imparted to Independent Directors	NA

## **CODE OF CONDUCT**

The Company has laid down a Code of Conduct for all its Board Members and Senior Management Personnel for avoidance of conflicts of interest and ensuring the highest standard of honesty, dedication and professionalism in carrying out their functional responsibilities. The Code of Conduct is in compliance with the requirements of Listing Regulations. The Code of Conduct is available on the Company's website [www.narayanisteels.com](http://www.narayanisteels.com). The Code has been circulated to all the members of the Board and the Senior Management. The Directors and the Senior Management have affirmed compliance of the Code.

The Company has obtained affirmation from all the members of the Board and Senior Management Personnel of the Company that they have complied with the Code of Conduct for Board of Directors and Senior Management Personnel in respect of the financial year 2019-20

**For Narayani Steels Limited**

Date: August 27, 2020  
Place: Visakhapatnam

Sunil Choudhary  
Chairman & Managing  
Director DIN: 00289479



**Annexure-2**

<b>FORM NO. MGT 9</b>		
<b>EXTRACT OF ANNUAL RETURN</b>		
<b>As on the Financial Year ended on 31/03/2018</b>		
<i>Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management &amp; Administration) Rules, 2014.</i>		
<b>I.</b>	<b>REGISTRATION &amp; OTHER DETAILS:</b>	
i)	CIN	: L27109WB1996PLC082021
ii)	Registration Date	: 10 <sup>th</sup> 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)	<b>Address of the Registered office &amp; contact details</b>	
	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@NARAYANISTEELS.COM
	Website, if any	: <a href="http://www.narayanisteels.com/">http://www.narayanisteels.com/</a>
vi)	Whether listed Company	: Yes
vii)	<b>Name and Address of Registrar &amp; Transfer Agents ( RTA ), if any:-</b>	
	Name of RTA	: Bigshare Services Private Limited
	Address	: 1 <sup>st</sup> Floor, Bharat Tin Works Building, Opp. vasant Oasis, 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	:	<a href="mailto:investor@bigshareonline.com">investor@bigshareonline.com</a>

<b>II.</b>	<b>PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY</b>	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	77.00%
	Basic Iron and Steel Manufacturing Services	99886010	23.00%

<b>III.</b>	<b>PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -</b>
-------------	---

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
1.	Name: Hari Equipments Private Limited Address: 23A, N.S. Road, 7th Floor, Room No-31 Kolkata Kolkata- 700001, West Bengal, India.	U51504WB1971PTC080792	Associate	37.51 %	Sub-section 6 of Section 2 of Companies Act, 2013.

<b>IV.</b>	<b>SHARE HOLDING PATTERN (Equity Share of Rs.10.00 each)</b>
------------	--

<b>i. Category-wise Share Holding</b>									
<b>Category of Shareholders</b>	<b>No. of Shares held at the beginning of the year</b>				<b>No. of Shares held at the end of the year</b>				<b>% Change during the year</b>
	<b>De-mat</b>	<b>Physical</b>	<b>Total</b>	<b>% of Total Shares</b>	<b>De-mat</b>	<b>Physical</b>	<b>Total</b>	<b>% of Total Shares</b>	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	36,51,000	-	36,51,000	33.47%	36,51,000	-	36,51,000	33.47%	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	21,63,000	-	21,63,000	19.83	21,63,000	-	21,63,000	19.83	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	58,14,000	-	58,14,000	53.30%	58,14,000	-	58,14,000	53.30%	-

<b>Category of Shareholders</b>	<b>No. of Shares held at the beginning of the year</b>	<b>No. of Shares held at the end of the year</b>	<b>% Change during the year</b>
<b>(2) Foreign</b>			

a) NRI Individual/	-	-	-	-	-	-	-	-	-
b) Other Individual/	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Others	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):-	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter (A)</b>	58,14,000	-	58,14,000	53.30	58,14,000	-	58,14,000	53.30%	-

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
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-

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
<b>2. Non-Institutions</b>					
a) Bodies Corp.					

i) Indian	18,21,465	2,95,000	21,16,465	19.40	21,64,838	2,95,000	24,59,838	22.55	3.15
ii) Overseas	-	-	-	-	-	-	-	-	-
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	11,04,840	25,000	11,29,840	10.36	2,32,034	25,000	257034	2.36%	(8.00)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	11,59,419	681000	1840419	16.87	13,72,207	6,81,000	20,53,207	18.82	1.95
c) Others (Clearing Member)	8276	0	8276	.08	185197	0	185197	1.70	1.62
<b>Sub-total (B)(2):-</b>	40,94,000	10,01,000	50,95,000	46.70	40,94,000	10,01,000	50,95,000	46.70	0.00
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>									
	40,94,000	10,01,000	50,95,000	46.70	40,94,000	10,01,000	50,95,000	46.70	0.00

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
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	99,08,000	10,01,000	1,09,09,000	100%	99,08,000	10,01,000	1,09,09,000	100	0.00

<b>ii. Shareholding of Promoters</b>									
<b>Sl. No.</b>	<b>Shareholder's Name</b>	<b>Shareholding at the beginning of the year</b>			<b>Share holding at the end of the year</b>			<b>% change in share holding</b>	
		<b>No. of Shares</b>	<b>% of total Shares</b>	<b>% of Shares Pledged / encumbered</b>	<b>No. of Shares</b>	<b>% of total Shares</b>	<b>% of Shares Pledged / encumbered</b>		

			of the Company	held to total Shares		of the Company	to total Shares	during the year
1.	Sunil Kumar Choudhary	12,24,500	11.22	0.00	12,24,500	11.22	0.00	0.00
2.	Sunil Kumar Choudhary (HUF)	12,61,000	11.56	0.00	12,61,000	11.56	0.00	0.00
3.	Kishan Lal Choudhary	10,03,500	9.20	0.00	10,03,500	9.20	0.00	0.00
4.	Kishan Lal Choudhary (HUF)	66,000	0.61	0.00	66,000	0.61	0.00	0.00
5.	Bina Choudhary	56,000	0.51	0.00	56,000	0.51	0.00	0.00
6.	Savitri Devi Choudhary	40,000	0.37	0.00	40,000	0.37	0.00	0.00
7.	Cooltex Merchandise Pvt Ltd	21,63,000	19.83	0.00	21,63,000	19.83	0.00	0.00
	<b>TOTAL</b>	58,14,000	53.30	0.00	58,14,000	53.30	0.00	0.00

<i>iii. Shareholding of top 10 Share Holders.</i>					
Sl. No.	Shareholder's Name	No of Shares held at the beginning of the year		No of Shares held at the end of the year	
		No. of Shares	% of total Shares	No. of Shares	% of total Shares
1.	Nita Rajesh Dhani				
	Brought/sold during the year				
	31.05.2019	593419	5.44%		
	07.06.2019	-133419	4.22		
	14.06.2019	-341581	1.09		
	21.06.2019	-6803	1.02		
	12.07.2019	-100000	0.11		
	13.12.2019	-10000	0.01		
	31.03.2020	-1616	0.00		
		0	0	0	0

	At the end of the year				
2.	Rikhav Securities Limited	4,07,290	3.73		
	Brought/sold during the year				
	05.04.2019	-13	3.73		
	12.04.2019	-7824	3.66		
	19.04.2019	54	3.66		
	26.04.2019	-196	3.66		
	03.05.2019	-3	3.66		
	10.05.2019	-24	3.66		
	17.05.2019	-1004	3.65		
	24.05.2019	-1	3.65		
	31.05.2019	133419	4.87		
	7.06.2019	31581	5.16		
	14.06.2019	-165000	3.65		
	12.07.2019	97799	4.55		
	19.07.2019	-97799	3.65		
	29.11.2019	8000	3.72		
	06.12.2019	12000	3.83		
	13.12.2019	-8000	3.76		
	20.12.2019	16000	3.91		
	27.12.2019	30000	4.18		
	10.01.2020	66201	4.79		
	21.02.2020	44000	5.19		
	28.02.2020	232000	7.32		
	06.03.2020	252000	9.63		
	20.03.2020	32000	9.92		
	31.03.2020	100	9.92		
	At the end of the year			1082580	9.92
3.	Gallant Dealers Private Limited	2,95,000	2.70	2,95,000	2.70
4.	Sree Ramakrishna Alloys Limited	2,50,000	2.29	2,50,000	2.29
5.	Tirupati Veneers Pvt Ltd	2,36,000	2.16		
	Brought/sold during the year				
	06.12.2019	-100000	1.25		
	20.12.2019	-136000	0.00		
	31.03.2020	0.00	0.00		
	At the end of the year			0	0

6.	Pallas Fincap Pvt Ltd	0.00	0.00		
	Brought/sold during the year				
	20.12.2019	351431	3.22		
	27.12.2019	92237	4.07		
	31.12.2019	-46133	3.64		
	10.01.2020	-50000	3.19		
	06.03.2020	-16609	3.03		
	20.03.2020	359	331285		
	27.03.2020	1300	3.05		
	31.03.2020	10000	3.14		
	At the end of the year	0	3.14	342585	3.14
7.	Chirag Narendra Modh	0	0		
	Brought/sold during the year				
	13.12.2019	291044	2.67		
	20.12.2019	35456	2.99		
	31.12.2019	-50000	2.53		
	10.01.2020	50000	2.99		
	21.02.2020	-1170	2.98		
	06.03.2020	10950	3.08		
	31.03.2020	336280	3.08		
	At the end of the year			336280	3.08
8	Everest Ply & Veneers Private Ltd	2,32,000	2.13		
	Brought/sold during the year				
	06.12.2019	-100000	1.21		
	20.12.2019	-107101	0.23		
	10.01.2020	-24899	0.00		
	31.03.2020	0	0.00		
	At the end of the year			0	0
9	Choice Boards Pvt Ltd	2,32,000	2.13		
	Brought/sold during the year				
	13.12.2019	-100000	1.21		
	20.12.2019	-132000	0.00		
	31.03.2020	0	0		
	At the end of the year			0	0
10	Euro Plus Capital Limited	0	0		
	Brought/sold during the year				
	19.07.2019	235094	2.16		
	30.08.2019	-235094	0.00		
	06.09.2019	235094	2.16	235094	2.16
	31.03.2020	0	2.16		
	At the end of the year				



	<b>TOTAL</b>	2245709	20.58	2541539	23.29
<b>iv</b>	<b>Share Holding of Directors and KMP</b>				
	<b>Name of Director/KMP</b>	<b>No of Share held at the beginning of the year</b>		<b>No of Share held at the end of the year</b>	
		<b>No of Shares</b>	<b>% of total shares</b>	<b>No of Shares</b>	<b>% of total shares</b>
	<b>Bina Choudhary</b>	56000	.51	NA	NA
	<b>Sunil Choudhary</b>	1224500	11.22	1224500	11.22
	<b>Ankit Gupta</b>	104000	.95	104000	.95
<b>V.</b>	<b>INDEBTEDNESS</b>				
<b>Indebtedness of the Company including interest outstanding/accrued but not due for payment</b>					
		<b>Secured Loans excluding Deposits (Amount in Rs.)</b>	<b>Unsecured Loans (Amount in Rs.)</b>	<b>Deposits (Amount in Rs.)</b>	<b>Total Indebtedness (Amount in Rs.)</b>
<b>Indebtedness at the beginning of the Financial Year</b>					
	i) Principal Amount	107,47,99,538	18,55,82,575	-	1,26,03,82,113
	ii) Interest due but not paid	-	-	-	-
	iii) Interest accrued but not due	42,649	-	-	-
	Total (i+ii+iii)	107,48,42,187	18,55,82,575	-	126,04,24,762
<b>Change in Indebtedness during the Financial Year</b>					
	• Addition	113,84,54,479	80,51,125	-	114,65,05,604
	• Reduction		-	-	-
	Net Change	113,84,54,479	80,51,125	-	114,65,05,604
<b>Indebtedness at the end of the Financial Year</b>					
	i) Principal Amount	220,66,33,180	19,36,33,700	-	240,02,66,880
	ii) Interest due but not paid	56,54,744.78	-	-	56,54,744.78

iii) Interest accrued but not due	10,08,741.71	-	-	10,08,741.71
Total (i+ii+iii)	221,32,96,666	19,36,33,700	-	240,69,30,366

**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	-	Ankit Gupta	-	
1.	Gross salary (Amount in Rs.)					
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	36,00,000	-	21,60,000	-	57,60,000
	(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	-	21,60,000	-	57,60,000
	Ceiling as per the Act					57,60,000

**B. Remuneration to other Directors:**

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount (in Rs.)
1.	Independent Directors & Others	Eunny Krishnama charyulu	Bina Choudhary	Puvvala BhaskaraRao	Atul Kumar Saxena	

	Fee for attending board & committee Meetings (Amount in Rs.)	5200	2200	1600	4,800	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1) (Amount in Rs.)	5,200	2200	1,600	4,800	-
2.	Other Non-Executive Directors	<b>Jaya Padmavath ibandi</b>				
	Fee for attending board & committee Meetings	2,000			-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2) (Amount in Rs.)	2,000	-	-	-	
	Total (B)=(1+2) (Amount in Rs.)	7,200	2,200	1,600	4,800	15,800
	Total Managerial Remuneration (Amount in Rs.)	-	-	-	-	57,75,800
	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	3,74,000	-	3,74,000
	(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	3,74,000	-	3,74,000

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)	
<b>A. COMPANY</b>						
Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-
<b>B. DIRECTORS</b>						
Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>						
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: 27.08.2020

**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**

<b>Sl. No.</b>	<b>Name of Associates/Joint Ventures</b>	Hari Equipments Private Limited (CIN: U51504WB1971PTC080792)
<b>1.</b>	<b>Latest audited Balance Sheet Date</b>	31.03.2020
<b>2.</b>	<b>Shares of Associate/Joint Ventures held by the Company on the year end</b>	
	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%
<b>3.</b>	<b>Description of how there is significant influence</b>	Sunil Choudhary is the common Directors
<b>4.</b>	<b>Reason why the Associate/ Joint Venture is not consolidated</b>	It is consolidated
<b>5.</b>	<b>Networth attributable to Shareholding as per latest audited Balance Sheet</b>	
<b>6.</b>	<b>Profit / Loss for the year</b>	
	<b>i. Considered in Consolidation</b>	
	<b>i. Not Considered in Consolidation</b>	-

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

(Ankit Gupta)  
Whole Time Director and Chief Financial Officer  
DIN: 08415248

Place: Visakhapatnam.  
Date: 27.08.2020

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

## Annexure-5

### **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-4**  
**FormNo-MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2020**

*[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 31<sup>st</sup> March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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 31<sup>st</sup> March, 2020 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) Customs Act, 1962
- (l) The Water (Prevention and Control of Pollution) Act, 1974
- (m) The Air (Prevention and Control of Pollution) Act, 1981
- (n) The Bureau of Indian Standards Act, 1986
- (o) The Steel and Steel Products (Quality Control) Order, 2018;

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

- o 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:
- a) *Few Forms were filed with additional fees;*
  - b) *According to the information provided, the following dues/outstanding of tax have been continuing:*

<i>Nature of Dues</i>	<i>Amount (in Rs)</i>	<i>Forum where dispute is pending</i>
<i>Income Tax (F.Y. 2005-06)</i>	<i>6,04,053</i>	<i>CIT (Appeals),Kolkata</i>
<i>Income Tax (F.Y. 2009-10)</i>	<i>6,46,040</i>	<i>ITAT, Kolkata</i>
<i>Income Tax (F.Y. 2011-12)</i>	<i>2,05,52,000</i>	<i>CIT (Appeals),Kolkata</i>
<i>Income Tax (F.Y. 2012-13)</i>	<i>5,97,640</i>	<i>CIT (Appeals),Kolkata</i>
<i>Income Tax (F.Y. 2013-14)</i>	<i>14,97,770</i>	<i>CIT (Appeals),Kolkata</i>
<i>Income tax (F.Y. 2015-16)</i>	<i>10,73,416</i>	<i>CIT (Appeals),Kolkata</i>
<i>Disputed Sales Tax/ VAT (F.Y. 2010 - 11)</i>	<i>4,69,000</i>	<i>Concerned Authority, Vizianagram</i>
<i>Disputed Penalty on VAT (F.Y. 2011 - 12)</i>	<i>21,47,000</i>	<i>Concerned Authority, Vizianagram</i>

(c) *During the period under review, the Company has paid penalty of Rs. 95,000/- (excluding Tax) for delay in uploading the Financial Statement on BSE Portal.*

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, Independent Directors and Non-Executive & Non-Independent Director. 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 2019-20.

**b) *the Company has to maintain a mechanism to monitor the acknowledgement of Notice and Agenda of Board Meeting(s);***

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

M Nagaraju  
(Associate)

ACS: 24339

CP No:21515

Place: Visakhapatnam

Date: 08/09/2020

UDIN: **A024339B000679873**

\*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

M Nagaraju  
(Associate)

Place: Visakhapatnam

Date: 08/09/2020

ACS: 24339

CP No:21515

## **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 31<sup>st</sup> March, 2020 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

MNagaraju  
(Associate)  
ACS No.: 24339  
C P No.: 21515

Place: Visakhapatnam  
Date: 08/09/2020  
UDIN: **A024339B000679873**

**DECLARATION BY MANAGING DIRECTOR WITH RESPECT TO COMPLIANCE WITH CODE OF  
CONDUCT OF THE COMPANY**

As provided under Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V of the said regulations, this is to confirm that all the Members of the Board and the Senior Management have affirmed compliance with the Code of Conduct for the Financial Year ended March 31, 2019.

For Narayani Steels Limited

Date: August 27, 2020  
Place: Visakhapatnam

Sunil Choudhary  
Chairman & Managing Director DIN: 00289479

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
**(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

**To**

**The Members,**

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Narayani Steels Limited having CIN - L27109WB1996PLC082021 and having registered office at 23A, N. S. Road, 7th Floor, Room No-31, Kolkata-700001, West Bengal, India and Corporate Office at Door No. 49-24-66, Plot No 5, 2nd Floor, Sankarmatam Road, Madhuranagar, Allipuram, Visakhapatnam, Andhra Pradesh-530016, India (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub-clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Sr. no.	Name of the Director	DIN	Date of appointment in the Company
1.	Sunil Choudhary	00289479	November 13, 1996
2.	Jayapadmavathi Bandi	06632712	August 27, 2019
3.	Ankit Gupta	08415248	March 30, 2019
4.	Bhaskararao Puvvala	07282264	September 10, 2015
5.	Krishnamacharulu Eunny	07281774	September 10, 2015

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

**For Gopinath Nayak & Associates**  
**Company Secretaries**

**Bharat Chandra Das**

**Partner**

**ACS No.: 25843**

**C P No.: 9834**

**Place: Bhubaneswar**

**Date: 10.09.2020**



## MANAGING DIRECTOR & CHIEF FINANCIAL OFFICER CERTIFICATE

To  
The Board of Directors  
Narayani Steels Limited.

We the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of Narayani Steels Limited ('the Company'), have reviewed the financial statements and cash flow statements of the Company for the Financial Year ended March 31,2020 and that to the best of our knowledge and belief, we hereby certify that:

- a. These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
- b. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- c. There are, to the best of our knowledge and belief, no transactions entered into the company during the year which are fraudulent, illegal or in violation of the company's code of conduct.
- d. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken to rectify these deficiencies.
- e. We have indicated to the auditors and audit committee that:
  - i. There are no significant changes in control over financial reporting during the year;
  - ii. There are no significant changes in accounting polices during the year; and

There are no instant significant fraud of which we are aware and which involve management or any employee, having significant role in the company's internal control system over financial reporting.

Place: Visakhapatnam  
Date:27<sup>th</sup> August,2020

Sunil Choudhary  
Managing Director

Ankit Gupta  
CFO

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of **Narayani Steels Limited**

### **Report on the Audit of the Standalone Financial Statements**

#### **Opinion**

We have audited the accompanying standalone Ind AS financial statements of **Narayani Steels Limited ("the Company")**, which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of changes in Equity and Statement of Cash Flows for the year ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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 March 31, 2020, its loss, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

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

#### **Emphasis of Matter**

We draw attention to the following matters:

1. As stated in Note No. 40 of the audited standalone financial statements for the year ended 31<sup>st</sup> March, 2020, the company has sent letters to customers in respect of trade receivables for confirming balances outstanding as at March 31, 2020, but in most of the cases the customers have not sent written confirmation confirming the balance outstanding as at March 31, 2020. Accordingly, we have applied alternative audit procedure, wherever applicable. Further, the management is hopeful that, other than what has been provided for, there would not be significant variation on account of non-receipt of the confirmations.
2. As stated in Note No. 40 of the audited standalone financial statements for the year ended 31<sup>st</sup> March, 2020, consequent to the account being classified as NPA by certain banks, the management as a member of prudence and in order to account for all probable interest liability has provided interest whenever banks have not applied or have reversed the interest on loan. Further, certain bank guarantees/letters of credit issued by the Company have been invoked by creditor. Necessary confirmations/reconciliation is in progress. In the opinion of the management, the adjustments, if any, arising on such confirmations/reconciliation of unsecured loans & borrowings, bank guarantees, certain balances with banks including certain fixed deposits, trade payables and advances to vendors shall not have any material impact on the financial statements.

3. As stated in Note No. 42 of the audited standalone financial statements for the year ended 31<sup>st</sup> March, 2020, the Company has faced various disruptions in 2019-20 due to stoppage of supply of materials, fall in demand and prices of steel, recession in iron and steel industry and stress over Channel finance and other borrowing accounts. The situation has become much grimmer on account of global Covid-19 pandemic and due to lockdowns and restrictions imposed in and outside India. Due to high uncertainties in future business activities and expected major downfall in economic activities in the sector, the management has undertaken an assessment of its business and recoverability on its trade receivables and as per the management, receivables to the extent of Rs. 500 lakhs over and above the provisions required as per Ind AS 109 could be doubtful.
4. As stated in Note No. 44 of the audited standalone financial statements for the year ended 31<sup>st</sup> March, 2020, regarding the uncertainties and the management's assessment of the financial impact due to the COVID-19 pandemic situation and consequential restrictions, for which a definitive assessment of the impact in the subsequent period is highly dependent upon future developments. The pandemic has caused significant accounting and auditing challenges. One such challenge being inability for the Company to conduct a physical verification of inventories for the year-end 31st March, 2020 due to Government having imposed restrictions during the lockdown on account of health, travel and safety concerns.

The Company's management, however, conducted physical verification of inventories on dates other than the date of financial statement but prior to the date of the board meeting to be held for the purpose of adopting the financial statements and has made available the documents in confirmation thereof. Inventories, being material to the financial statements of the Company, the Standard on Auditing (SA) 501, Audit Evidence - Specific Considerations for Selected items, cast a duty on us to obtain sufficient appropriate audit evidence regarding the existence and condition of inventories.

We have performed alternate audit procedures based on documents and other information made available to us, to audit the existence of inventories as per the Guidance provided by the Standard on Auditing (SA) 501, Audit Evidence - Specific Considerations for Selected items, and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these financial statements.

5. As stated in Note No. 43 of the audited standalone financial statements for the year ended 31<sup>st</sup> March, 2020, regarding non-realization of debtors, overall substantial decrease in volume of business and sales, defaults in repayment of loans and interest owing to which some banks have classified the account as NPA and have either not charged any interest or have reversed the interest so charged. However, the management in its best judgment has provided interest on such borrowings.
6. As stated in Note No. 45 of the audited standalone financial statements for the year ended 31<sup>st</sup> March, 2020, regarding impairment on investment in Associate in view of accumulated share of loss in FY 2019-20, which has led to extinguishment of its amortised cost and post accumulated profits in the associate, the management has provided for the impairment loss allowance as per Ind AS 36 'Impairment of assets'.

Our opinion is not qualified in respect of the aforesaid matters.

### **Key Audit Matters**

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion

thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p data-bbox="293 312 634 340"><b>1. Related party transactions</b></p> <p data-bbox="245 380 716 436">(Refer Note 37 to the standalone financial statements)</p> <p data-bbox="245 478 800 814">The Company has entered into several transactions with related parties during the year 2019-20. We identified related party transactions as a key audit matter because of risks with respect to completeness of disclosures made in the financial statements; non-compliance with statutory regulations governing related party relationships such as the Companies Act 2013 and SEBI Regulations and the judgement involved in assessing whether transactions with related parties are undertaken at arms' length.</p>	<p data-bbox="821 312 1377 436">In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ol data-bbox="821 478 1377 1493" style="list-style-type: none"> <li data-bbox="821 478 1377 594">1. We carried out an assessment of the key controls to identify and disclose related party relationships and transactions in accordance with the relevant Indian accounting standard.</li> <li data-bbox="821 636 1377 951">2. We carried out an assessment of compliance with the listing regulations and the regulations under the Companies Act, 2013, including checking of approvals/ scrutiny as specified in Sections 177 and 188 of the Companies Act, 2013 with respect to the related party transactions. In cases where the matter was subject to interpretation, we exercised judgment to rely on opinions provided by legal practitioners.</li> <li data-bbox="821 993 1377 1108">3. We considered the adequacy and appropriateness of the disclosures in the financial statements, relating to the related party transactions.</li> <li data-bbox="821 1150 1377 1360">4. For transactions with related parties, we inspected relevant ledgers and other information that may indicate the existence of related party relationships or transactions. We also tested completeness of related parties with reference to the various registers maintained by the Company statutorily.</li> <li data-bbox="821 1402 1377 1493">5. We have tested on a sample basis, Management's assessment of related party transactions for arm's length pricing.</li> </ol>
<p data-bbox="293 1564 800 1621"><b>2. Expected Credit Loss on Trade Receivables</b></p> <p data-bbox="245 1663 727 1719">(Refer Note 3(i), 8 and 38(i) of Standalone Financial Statements.)</p> <p data-bbox="245 1761 800 1902">As on 31.03.2020, trade receivables stand at Rs. 17,500.14 lakhs after providing Expected Credit Loss amounting to Rs. 1,123.22 lakhs and an ad hoc additional provision of Rs.500 lakhs towards possible bad debts on account of</p>	<p data-bbox="821 1564 1377 1621">Our procedures in relation to the Expected Credit Loss on Trade Receivables included:</p> <ol data-bbox="821 1663 1377 1902" style="list-style-type: none"> <li data-bbox="821 1663 1377 1753">1. Testing with regard to trade receivable includes testing controls over billing and collections, ageing analysis, etc.</li> <li data-bbox="821 1795 1377 1843">2. Test the completeness and accuracy of the data.</li> <li data-bbox="821 1885 1377 1902">3. Critically assessed and tested the significant</li> </ol>

<p>disruption in supply and impact of pandemic COVID 19.</p>	<p>judgments used by management based on past experience.</p> <p>4. Analyzing the key terms of contract with customers to ascertain provision required for expected credit loss.</p>
<p><b>3. Recoverability of Deferred Tax Assets</b></p> <p>(Refer Note 46 of Standalone Financial Statements.)</p> <p>At March 31, 2020, net deferred tax assets recognized were Rs.1565.32 Lakhs.</p> <p>The deferred tax assets recognized includes carryforward losses, unabsorbed depreciation of Rs. 3134.59 lakhs. The recognition of deferred tax assets, involves judgement regarding the likelihood of the realization of these assets, in particular whether there will be sufficient taxable profits in future periods that support the recognition of these assets.</p> <p>Given the degree of judgment involved in considering these deferred tax assets as recoverable or otherwise, we considered this to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> <li>1. Our procedures included obtaining an understanding of the process and testing the controls over preparation of the taxable profit forecast.</li> <li>2. We performed procedures to test the inputs and assumptions used in the taxable profit forecast against historical performance, economic and industry indicators, publicly available information and including strategic plans.</li> <li>3. We inspected the disclosures in respect of the deferred tax asset balances including those disclosures related to significant accounting judgements and estimates.</li> </ol>
<p><b>4. Contingent liabilities</b></p> <p>(Refer Note 34 of Standalone Financial Statements.)</p> <p>The Company has ongoing litigations with various authorities and third parties which could have a significant impact on the results, if the potential exposures were to materialise. The amounts involved are significant, and the application of accounting standards to determine the amount, if any, to be provided as a liability or disclosed as a contingent liability is inherently subjective.</p> <p>Claims against the Company not acknowledged as debts are disclosed in the Financial Statements by the Company after a careful evaluation of the facts and legal aspects of the matters involved. The outcome of such litigation is uncertain, and the position taken by management involves significant judgment and estimation to determine the likelihood and/or timing of cash outflows and the interpretation of preliminary and pending court rulings.</p>	<p>Our audit procedures included the following –</p> <ol style="list-style-type: none"> <li>1. Obtained and read the Company’s accounting policies in respect of claims, provisions and contingent liabilities to assess compliance with accounting standards.</li> <li>2. Assessed the design and implementation of the Company’s controls over the assessment of litigations and completeness of disclosures. Supporting documentation were tested for the positions taken by the management, meetings conducted with in-house legal counsel and/or legal team and minutes of Board and sub-committee meetings were reviewed, to test the operating effectiveness of these controls.</li> <li>3. Involved our tax specialists to assess relevant historical and recent judgements passed by the appropriate authorities in order to challenge the basis used for the accounting treatment and resulting disclosures.</li> <li>4. Additionally, considered the effect of new information in respect of contingencies as at 1st April 2019 to evaluate whether any change was required in the management’s position on these contingencies as at 31st March 2020.</li> </ol>

	5. Assessed in accordance with accounting standards, the provisions in respect of litigations and assessed disclosures relating thereto, including those for contingencies.
--	---

### **Other Matters**

Due to restrictions, imposed by the Government of India, to restrict the spread of COVID-19 and health risks involved, the audit finalization process, for the year under report, was carried out from remote locations i.e. other than the office of the Company, based on the data / details made available and based on financial information / records remitted by the management through digital medium. Our report is not modified in respect of this matter.

### **Information Other than the Standalone Financial Statements and Auditor's Report thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the financial statements and our auditor's report thereon. The information included in the annual report is expected to be made available to us after the date of the auditor's report.

Our opinion on the Ind AS standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, the statement of changes in equity and cash flows of the Company in accordance with the Indian Accounting Standard (Ind AS) and accounting principles generally accepted in India, specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to

liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing (SAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

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

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

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

### **Report on Other Legal and Regulatory Requirements**

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 1**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of changes in equity and the Cash Flows dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "**Annexure 2**" to this report;
  - (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 of the Act;
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:



- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements– Refer Note – 34 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 of Signature: Kolkata  
Dated: The 30<sup>th</sup> day of July, 2020

## **ANNEXURE- 1 TO INDEPENDENT AUDITORS' REPORT**

**Referred to in paragraph 1 of the Report on Other Legal and Regulatory Requirements of Independent Auditor's Report of even date to the members of Narayani Steels Limited on the standalone Ind AS financial statements as of and for the year ended 31 March 2020**

- i. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year. No material discrepancies were observed on such verification.  
  
c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

In respect of immovable properties been taken on lease and disclosed as property, plant and equipment in the standalone Ind AS financial statements, the lease agreements are in the name of the Company.

- ii. As explained to us, inventories have been physically verified by the management during the year. The Company was, however, unable to conduct a physical verification of inventories as at the year-end 31st March 2020 due to Government having imposed restrictions during the lockdown on account of health, travel and safety concerns. The Company's management conducted physical verification of inventories on dates other than the date of financial statement but prior to the date of the board meeting to be held for the purpose of adopting the financial statements and has made available the documents in confirmation thereof.

In our opinion, the frequency of such verification is reasonable. No material discrepancies were noticed on verification between the physical stocks and the book records. (Refer Note 44 to the standalone financial statements and our observations under paragraph Emphasis of Matter of our main report).

- 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. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of making investments and providing guarantees and securities, as applicable.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the rules framed thereunder and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

- vi. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, 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) Barring some delays in certain cases, the Company has generally been regular in depositing undisputed statutory dues, Provident Fund, Employees State Insurance, Income Tax, Goods and Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Goods and Service Tax, Cess and other material statutory dues were in arrears as at 31<sup>st</sup> March 2020 for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us and the records of the Company examined by us, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise , value added tax, goods and service tax and cess on account of any dispute, are as follows:

<b>NAME OF STATUTE</b>	<b>NATURE OF DUES</b>	<b>AMOUNT (Rs. In lakhs)</b>	<b>PERIOD TO WHICH THE AMOUNT RELATES</b>	<b>FORUM WHERE DISPUTE IS PENDING</b>
Income Tax Act, 1961	Income Tax	6.04	F.Y. 2005-06	CIT (Appeals),Kolkata
Income Tax Act, 1961	Income Tax	6.46	F.Y. 2009-10	ITAT, Kolkata
Income Tax Act, 1961	Income Tax	205.52	F.Y. 2011-12	CIT (Appeals),Kolkata
Income Tax Act, 1961	Income Tax	5.97	F.Y. 2012-13	CIT (Appeals),Kolkata
Income Tax Act, 1961	Income Tax	14.98	F.Y. 2013-14	CIT (Appeals),Kolkata
Income Tax Act, 1961	Income Tax	10.73	F.Y. 2015-16	CIT (Appeals),Kolkata

- viii. In our opinion and according to the information and explanations given to us, the company has defaulted / delayed in repayment of dues to banks and a financial institution during the year and such dues were in arrear as on the balance sheet date as detailed below:

Particulars	Nature of credit facility	Default in Principal repayment as at 31st March 2020		Default in Interest repayment as at 31st March 2020	
		Amount (in Lakhs)	Period of default (in days)	Amount (in Lakhs)	Period of default (in days)
1. Yes Bank	Channel Finance	229.82	90	5.36	120
2. ICICI Bank	Channel Finance	812.76	133	124.21	240
3. Union Bank of India	Cash Credit*	-	-	913.23	120
4. Union Bank of India	Letters of Credit (Devolved)	4,614.76	90	284.93	90
5. Union Bank of India	Inland Bank Guarantees (invoked)	1,808.84	41	-	-
6. Axis Bank	Channel Finance	497.05	151	18.17	120
7. Andhra Bank Finance	Channel Finance	676.32	224	30.77	224
8. TATA Capital Financial Services	Term Loan	33.33	90	3.59	90
9. TATA Capital Financial Services	Channel Finance	999.56	90	28.76	90

\* The Balance is in excess of the sanctioned limits for the period of 90 days since last irregularity.

The Company has not taken any loans or borrowings from government and has not issued any debentures.

- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. According to the information and explanations given to us, the Company has applied the term loan for the purpose for which they were obtained.
- 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 to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and the records of the Company examined by us, all transactions with related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and the records of the company examined by us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

- xv. According to the information and explanations given to us and the records of the company examined by us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable.
- xvi. The company is not required to be registered under section 45-IA of 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 of Signature: Kolkata  
Date: The 30<sup>th</sup> day of July, 2020

## **ANNEXURE- 2 TO THE INDEPENDENT AUDITOR'S REPORT**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

#### **Qualified Opinion**

We have audited the internal financial controls with reference to financial statements of **Narayani Steels Limited** ("the Company") as of 31<sup>st</sup> March, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, adequate internal financial controls with reference to financial statements as on 31<sup>st</sup> March, 2020 based on the internal financial controls with reference to financial statements 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, and except for the possible effects of the material weakness described in Basis for Qualified Opinion paragraph below on the achievement of the objectives of the control criteria, the Company's internal financial controls with reference to financial statements were operating effectively as of 31<sup>st</sup> March 2020.

We have considered the material weakness identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the standalone financial statements for the year ended 31<sup>st</sup> March, 2020 and the material weakness does not affect our opinion on the said standalone financial statements of the Company.

#### **Basis for Qualified Opinion**

According to the information and explanations given to us and based on our audit, a material weakness has been identified in the Company's internal financial controls with reference to financial statements as of 31<sup>st</sup> March, 2020 relating to certain operating ineffectiveness in controls in respect of obtaining balance confirmations from trade receivables and payables, and bank balances at regular intervals.

The inadequate supervisory and review control over Company's process in respect of its aforesaid assessment in accordance with the accounting principles generally accepted in India could potentially result in a material misstatement in preparation and presentation of financial statement including the profit after tax.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 with reference financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 judgment, including the assessment of the risks of material misstatement of the AS 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 with reference to financial statements of the Company.

## **Meaning of Internal Financial Controls over Financial Reporting**

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

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

**CA. Mohit Bhuteria**  
Partner  
Membership No. 056832

Place of Signature: Kolkata  
Date: The 30<sup>th</sup> day of July, 2020



**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)  
**BALANCE SHEET AS AT 31ST MARCH 2020**

All amount in Rupees Lakhs, unless otherwise stated

Particulars	Note	As at 31st March 2020	As at 31st March 2019
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	4A	2,088.02	1,938.56
(b) Capital Work In Progress	4B	-	205.06
(c) Investment Properties	4C	135.50	149.72
(d) Right-of-use assets	5A	118.38	-
(e) Intangible Assets	5B	2.45	3.48
(f) Financial assets			
(i) Investments	6	0.29	57.70
(ii) Other assets	11	98.64	79.37
(g) Deferred Tax Assets (net)	21	1,565.32	-
(h) Other non-current assets	13	19.48	-
<b>Total Non-current assets</b>		<b>4,028.08</b>	<b>2,433.90</b>
<b>(2) Current assets</b>			
(a) Inventories	7	1,332.17	1,788.85
(b) Financial assets			
(i) Investments	6	93.46	101.83
(ii) Trade receivables	8	17,500.14	21,556.00
(iii) Cash and cash equivalents	9	16.58	197.88
(iv) Other Bank Balances	10	1,833.96	2,441.73
(v) Other assets	11	10.42	53.34
(c) Current tax assets (net)	12	60.45	123.51
(d) Other current assets	13	962.34	943.95
<b>Total Current assets</b>		<b>21,809.52</b>	<b>27,207.09</b>
<b>TOTAL ASSETS</b>		<b>25,837.60</b>	<b>29,640.98</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	14	1,090.90	1,090.90
(b) Other equity	15	(6.13)	3,127.88
<b>Total Equity</b>		<b>1,084.77</b>	<b>4,218.78</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	1,669.18	1,590.32
(ii) Lease liabilities	17	115.40	-
(iii) Other liabilities	18	5.72	-
(b) Other non-current liabilities	20	8.58	182.33
(c) Deferred tax liabilities (net)	21	-	113.63
(d) Provisions	22	4.54	4.40
<b>Total Non-current liabilities</b>		<b>1,803.42</b>	<b>1,890.68</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	22,044.54	10,541.97
(ii) Lease liabilities	17	8.40	-
(iii) Trade payables	19	-	-
total outstanding dues of micro enterprises and small enterprises		-	0.62
total outstanding dues of creditors other than micro enterprises and small enterprises		367.28	11,930.78
(iv) Other liabilities	18	185.85	131.44
(b) Other current liabilities	20	339.42	801.52
(c) Provisions	22	3.92	125.19
<b>Total Current liabilities</b>		<b>22,949.41</b>	<b>23,531.52</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>25,837.60</b>	<b>29,640.98</b>
<b>Significant accounting policies</b>	3		
<i>The accompanying notes form an integral part of these financial statements</i>			
<b>As per our report of even date attached</b>		<b>For and on behalf of the Board of Directors of Narayani Steels Limited</b>	
<b>For A.C. Bhuteria &amp; Co.</b>			
<b>Chartered Accountants</b>			
<b>Firm Registration Number: 303105E</b>			
	Sunil Choudhary	Ankit Gupta	
	Managing Director	Director & CFO	
	DIN: 00289479	DIN: 08415248	
<b>CA. Mohit Bhuteria</b>			
<b>Partner</b>			
<b>Membership No: 056832</b>			
<b>Place of Signature: Kolkata</b>		Arun Kumar Meher	Place of Signature: Visakhapatnam
<b>Dated: The 30th day of July, 2020</b>		Company Secretary	Dated: The 30th day of July, 2020
		M.NO.: ACS48598	

**NARAYANI STEELS LIMITED**  
**(CIN: L27109WB1996PLC082021)**  
**STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED 31ST MARCH, 2020**

All amount in Rupees Lakhs, unless otherwise stated

SL. No. Particulars	Note	Year ended 31 March 2020	Year ended 31 March 2019
I Revenue from operations	23	35,852.02	75,168.43
II Other income	24	384.26	315.93
III <b>Total income (I + II)</b>		<b>36,236.28</b>	<b>75,484.36</b>
IV <b>Expenses</b>			
Cost of Materials Consumed	25	5,954.43	10,787.63
Purchase of Traded Goods	26	28,050.54	59,460.04
Changes in Inventories of Finished & Traded Goods	27	293.65	334.33
Impairment loss allowance	28	56.73	-
Employee benefits expense	29	502.90	421.29
Finance costs	30	2,305.80	1,583.80
Depreciation and amortisation expense	4A, 4C & 5	166.64	91.36
Other expenses	31	3,710.85	2,463.23
<b>Total expenses (IV)</b>		<b>41,041.54</b>	<b>75,141.67</b>
V <b>PROFIT/(LOSS) BEFORE TAX &amp; EXCEPTIONAL ITEM (III-IV)</b>		<b>(4,805.26)</b>	<b>342.69</b>
VI <b>Exceptional Item</b>		-	-
VII <b>Profit/(Loss) before tax (V-VI)</b>		<b>(4,805.26)</b>	<b>342.69</b>
VIII <b>Tax expense:</b>	32		
Current tax		-	125.18
Earlier year tax		4.60	(0.21)
Deferred tax	21	(1,678.34)	(1.27)
IX <b>Profit/(Loss) for the year (VII-VIII)</b>		<b>(3,131.52)</b>	<b>218.98</b>
<b>Other comprehensive income (net of tax)</b>			
<b>A. Items that will not be reclassified to profit or loss</b>			
(a) Remeasurements of defined benefit liability/ (asset)		(2.43)	4.09
(b) Equity instruments through other comprehensive income		(0.67)	0.01
(c) Income taxes relating to items that will not be reclassified to profit or loss		0.61	(1.36)
<b>Net other comprehensive income not to be reclassified subsequently to profit or loss</b>		<b>(2.49)</b>	<b>2.74</b>
<b>B. Items that will be reclassified to profit or loss</b>		-	-
<b>Net other comprehensive income to be reclassified subsequently to profit or loss</b>		-	-
X <b>Other comprehensive income</b>		<b>(2.49)</b>	<b>2.74</b>
XI <b>Total comprehensive income for the year (IX + X)</b>		<b>(3,134.01)</b>	<b>221.73</b>
XII <b>Earnings per equity share</b>			
[Face value of equity share Rs. 10 each (previous year Rs. 10 each)]			
- Basic		<b>(28.71)</b>	<b>2.03</b>
- Diluted		<b>(28.71)</b>	<b>2.03</b>

**Significant accounting policies**

3

*The accompanying notes form an integral part of these financial statements*

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

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

CA. Mohit Bhuteria  
Partner  
Membership No: 056832

Sunil Choudhary  
Managing Director  
DIN: 00289479

Ankit Gupta  
Director & CFO  
DIN: 08415248

Place of Signature: Kolkata  
Dated: The 30th day of July, 2020

Arun Kumar Meher  
Company Secretary  
M.NO.: ACS48598

Place of Signature: Visakhapatnam  
Dated: The 30th day of July, 2020

**NARAYANI STEELS LIMITED**  
**(CIN: L27109WB1996PLC082021)**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020**

All amount in Rs. Lakhs , unless otherwise stated

	Year ended 31st March 2020	Year ended 31st March 2019	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit / (Loss) before tax	(4,805.26)		342.68
<b>ADJUSTMENTS FOR:</b>			
Depreciation and amortisation expense	166.64	91.36	
Provision for expected credit loss on trade receivables	1,041.58	54.29	
Provision for bad and doubtful debts on trade receivables	500.00	-	
Net (gain) / loss on investments measured at fair value through profit or loss	10.93	(11.77)	
Impairment in the value of investment in associate	56.73	-	
Amortisation of corporate guarantee obligation	0.52	1.73	
Finance Costs	2,305.80	1,583.80	
Rental Income	(33.79)	(11.58)	
Commission Income	(8.19)	-	
Profit on sale of current investments	(1.16)	-	
Loss on sale of Property, Plant & Equipment	0.05	-	
Sundry Balance written off (net)	6.06	2.12	
Interest income	(342.56)	(284.51)	
Gratuity	1.62	1.95	1,427.38
<b>Operating profit before working capital changes</b>	<b>(1,101.02)</b>		<b>1,770.06</b>
<b>ADJUSTMENTS FOR :</b>			
Trade receivables, loans, advances and other assets	2,493.98	(3,073.03)	
Inventories	456.68	175.97	
Trade payables, other liabilities and other financial liabilities	(12,128.11)	3,137.57	240.51
<b>Cash generated from operations</b>	<b>(10,278.47)</b>		<b>2,010.57</b>
Income tax paid	(68.28)		(186.27)
<b>Net Cash from / (used in) Operating Activities</b>	<b>(10,346.75)</b>		<b>1,824.31</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant & Equipment (including capital work-in-progress)	(86.59)	(442.24)	
Sale of Property, Plant & Equipment	1.15	-	
Purchase of investments	(88.75)	(68.79)	
Sale of investments	97.05	80.86	
(Investments) in / Proceeds from Bank deposits (maturity more than 3 months but less than 12 months)	607.77	(918.84)	
Rent received	33.79	11.58	
Interest received	342.56	284.51	(1,052.93)
<b>Net cash from / (used in) Investing Activities</b>	<b>906.98</b>		<b>(1,052.93)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds/(Repayment) of Borrowings	11,580.86	772.76	
Principal accrued on lease liabilities	(16.60)	-	
Interest accrued on lease liabilities	(11.68)	-	
Finance Costs	(2,294.12)	(1,583.80)	(811.03)
<b>Net cash from / (used in) financing activities</b>	<b>9,258.46</b>		<b>(811.03)</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash equivalents</b>	<b>(181.31)</b>		<b>(39.66)</b>
<b>Cash &amp; Cash equivalents at beginning of the year<sup>^</sup></b>	<b>197.88</b>		<b>237.54</b>
<b>Cash &amp; Cash equivalents at end of the year<sup>^</sup></b>	<b>16.58</b>		<b>197.88</b>

<sup>^</sup> as disclosed in Note 9

Note :

The Statement of Cash Flow has been prepared under the indirect method as set out in Ind AS - 7 specified under section 133 of the Companies Act, 2013.

Significant accounting policies

3

The accompanying notes form an integral part of these 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

Firm Registration Number: 303105E

Sunil Choudhary  
Managing Director  
DIN: 00289479

Ankit Gupta  
Director & CFO  
DIN: 08415248

CA. Mohit Bhuteria

Partner

Membership No: 056832

Arun Kumar Meher

Company Secretary

M.NO.: ACS48598

Place of Signature: Visakhapatnam

Dated: The 30th day of July, 2020

Place of Signature: Kolkata

Dated: The 30th day of July, 2020

**NARAYANI STEELS LIMITED**  
**(CIN: L27109WB1996PLC082021)**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020**

All amount in Rupees Lakhs, unless otherwise stated

**A. Equity share capital**

Particulars	Number of shares	Amount
As at 31 March 2018	109.09	1,090.90
Changes in equity share capital during 2018-19	-	-
As at 31 March 2019	<b>109.09</b>	<b>1,090.90</b>
Changes in equity share capital during 2019-20	-	-
As at 31 March 2020	<b>109.09</b>	<b>1,090.90</b>

**B. Other equity**

Particulars	Reserves and surplus		Total
	Securities Premium	Retained Earnings	
Balance as at 31 March 2018	1,673.85	1,232.31	2,906.16
<b>Total comprehensive income for the year ended 31 March 2019</b>			
Profit or Loss	-	218.98	218.98
Other comprehensive income (net of tax)	-	2.74	2.74
<b>Total comprehensive income</b>	-	221.73	221.73
Balance as at 31 March 2019	<b>1,673.85</b>	<b>1,454.03</b>	<b>3,127.88</b>
<b>Total comprehensive income for the year ended 31 March 2020</b>			
Profit or Loss	-	(3,131.52)	(3,131.52)
Other comprehensive income (net of tax)	-	(2.49)	(2.49)
<b>Total comprehensive income</b>	-	(3,134.01)	(3,134.01)
Balance as at 31st March 2020	<b>1,673.85</b>	<b>(1,679.98)</b>	<b>(6.13)</b>

**Significant accounting policies**

3

*The accompanying notes form an integral part of these financial statements*

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

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

CA. Mohit Bhuteria  
Partner  
Membership No: 056832

Sunil Choudhary  
Managing Director  
DIN: 00289479

Ankit Gupta  
Director & CFO  
DIN: 08415248

Place of Signature: Kolkata  
Dated: The 30th day of July, 2020

Arun Kumar Meher  
Company Secretary  
M.NO.: ACS48598

Place of Signature: Visakhapatnam  
Dated: The 30th day of July, 2020

**NARAYANI STEELS LIMITED**  
**(CIN: L27109WB1996PLC082021)**

**Notes to the Standalone financial statements for the year ended 31 March 2020**

**1 Corporate Information**

Narayani Steels Limited ("the Company") is principally engaged in the business of manufacture and sale of TMT bars, Rounds, Squares, Angles, etc. and trading of Billets, Blooms, Ingots, Iron ores, etc.

The Company is an integrated manufacturer of diverse range of Iron & steel products with its manufacturing facilities located at Visakhapatnam, Andhra Pradesh, India.

**Narayani Steels Limited** is a public limited company incorporated in India on 13th November, 1996 under the Companies Act, 1956 (as amended Companies Act, 2013) and listed on the Bombay Stock Exchange. The registered office is situated at 23A, N.S.Road 7th Floor, Kolkata - 700001. **(Corporate Office at Door No.49-24-66, Plot No.5, Sankarmatam Road, Madhuranagar, Allipuram, Visakhapatnam, Andhra Pradesh-530016, India).**

**2 Basis of preparation**

**a) Statement of Compliance**

These standalone financial statements are prepared in accordance with the provisions of the Companies Act, 2013 ('Act') (to the extent notified) and Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. The Ind AS are prescribed under section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use.

**b) Functional and presentation currency**

The financial statements are presented in Indian Rupees ('Rs') which is Company's presentation currency. The functional currency of the Company is also Indian Rupees ('Rs'). All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakh with two decimals as per the requirement of Schedule III, unless otherwise stated.

**c) Basis of measurement**

The financial statements have been prepared on historical cost convention on the accrual basis, except for the following items:

- (i) Certain financial assets and financial liabilities measured at fair value;
- (ii) Employee's defined benefit plan as per actuarial valuation.

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

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use.

The statement of cash flows have been prepared under indirect method.

**d) Use of judgements and estimates**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

**e) Critical accounting judgements and key sources of estimation uncertainty: Key assumptions-**

**(i) Useful lives of Property, plant and equipment and intangible assets:**

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

**(ii) Fair value measurement of financial instruments:**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using certain valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

**NARAYANI STEELS LIMITED**  
**(CIN: L27109WB1996PLC082021)**

**Notes to the Standalone financial statements for the year ended 31 March 2020**

**(iii) Defined benefit plans:**

The cost of the defined benefit plan includes gratuity and the present value of the gratuity obligation are determined using actuarial valuations using projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**(iv) Recognition and measurement of provisions and contingencies:**

The certain key assumptions about the likelihood and magnitude of an outflow of resources. Provision is made towards known contractual obligation, litigation cases and pending assessments in respect of taxes, duties and other levies, if any, in respect of which management believes that there are present obligations and the settlement of such obligations are expected to result in outflow of resources, to the extent provided for.

(v) Expected credit losses on financial assets: The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the expected credit loss calculation based on the Company's history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

**f) Measurement of fair values**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

The management regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1 : includes financial Instrument measured using quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can access at the measurement date.
- Level 2 : Includes financial Instruments which are not traded in active market but for which all significant inputs required to fair value the instrument are observable. The fair value is calculated using the valuation technique which maximises the use of observable market data.
- Level 3: Includes those instruments for which one or more significant input are not based on observable market data.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**3 Significant accounting policies**

**a) Operating Cycle**

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 and Ind AS 1 – Presentation of Financial Statements based on the nature of business and the time between the acquisition of assets for development and their realisation in cash and cash equivalents.

**b) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**i. Financial Assets**

**Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Trade receivables are initially measured at transaction price. Regular way purchase and sale of financial assets are accounted for at trade date.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in three categories:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

**NARAYANI STEELS LIMITED**  
**(CIN: L27109WB1996PLC082021)**

**Notes to the Standalone financial statements for the year ended 31 March 2020**

**Financial assets at amortised cost**

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

The effective interest rate (EIR) amortisation is included in finance income in the profit or loss.

**Financial assets at FVOCI**

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

**Financial assets at FVTPL**

A financial asset which is not classified in any of the above categories are measured at FVTPL.

Financial assets included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit & Loss.

**Derecognition**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

**ii. Financial liability**

**Initial recognition and measurement**

Financial liabilities are initially recognised at fair value plus any transaction cost that are attributable to the acquisition of the financial liabilities except financial liabilities at fair value through profit or loss which are initially measured at fair value.

**Subsequent measurement**

For purposes of subsequent measurement, financial liabilities are classified in following categories:

- Financial liabilities through profit or loss (FVTPL)
- Financial liabilities at amortised cost

**Financial liabilities through FVTPL**

A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

**Financial liabilities at amortised cost**

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and any gain or loss on derecognition are recognised in profit or loss.

Interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

**Derecognition**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**Derivative financial instruments**

The Company uses forward contracts to hedge its currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivative financial instruments are recognised initially and subsequently at fair value through mark to market valuation. Gain or loss arising from the changes in fair value of derivatives are credited or debited to the Exchange differences in the statement of profit and loss.

**NARAYANI STEELS LIMITED**  
**(CIN: L27109WB1996PLC082021)**

**Notes to the Standalone financial statements for the year ended 31 March 2020**

**Financial guarantee contracts**

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

**iii. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**c) Property, Plant and Equipment**

**i. Recognition and measurement**

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. Borrowing costs directly attributable to the acquisition or construction of those qualifying property, plant and equipment, which necessarily take a substantial period of time to get ready for their intended use, are capitalised.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate components of property, plant and equipment.

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.

**ii. Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1st April, 2017, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

**iii. Subsequent expenditure**

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

**iv. Depreciation**

Depreciation for the year is recognised in the Statement of Profit and Loss.

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, on written down value method on other property, plant and equipment and on written down basis on Right-to-use Assets.

These charges are commenced from the dates the assets are available for their intended use and are spread over their estimated useful economic lives or, in the case of right-of-use assets, over the lease period, if shorter.

The estimated useful lives of the assets of property, plant and equipment are estimated by the management which are equal to the life prescribed under Schedule II of the Act.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted as appropriate.

**v. Reclassification to investment property**

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of classification.

**vi. Capital Work-in-progress**

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.



**NARAYANI STEELS LIMITED**  
**(CIN: L27109WB1996PLC082021)**

**Notes to the Standalone financial statements for the year ended 31 March 2020**

**d) Investment properties**

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, investment properties are measured at cost. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The Company depreciates investment properties on a written down value method over the useful life of the asset.

Any gain or loss on disposal of an investment property is recognised in profit or loss.

The fair values of investment properties are disclosed in the notes accompanying these financial statements.

Fair values are determined by an independent property valuer who holds recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

**e) Intangible Assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

The useful life of computer software & mobile application is considered to be 5 years.

**i. Amortisation**

Amortisation for the year is recognised in the Statement of Profit and Loss.

Intangible assets are amortised over a period of 5 years.

**f) Lease**

**The Company as a Lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date.

The cost of the right-of-use asset measured at inception comprises of the amount of initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date.

Certain lease arrangements include options to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that such options would be exercised.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

Lease liability is measured at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined.

If that rate cannot be readily determined, the Company uses incremental borrowing rate. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications. The Company recognises the amount of the remeasurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the remeasurement in statement of profit and loss.

Variable lease payments not included in the measurement of the lease liabilities are expensed to the statement of profit and loss in the period in which the events or conditions which trigger those payments occur.

**Transition**

Effective April 01, 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to lease arrangements existing on the date of initial application using the modified retrospective approach with right-of-use asset recognized at an amount equal to the lease liability adjusted for any prepayments/accruals recognized in the balance sheet immediately before the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted.

**g) Inventories**

Inventories are valued at lower of cost and net realisable value. Cost of inventories is determined on FIFO basis.

**NARAYANI STEELS LIMITED**  
**(CIN: L27109WB1996PLC082021)**

**Notes to the Standalone financial statements for the year ended 31 March 2020**

Assessment of net realisable value is made at each subsequent reporting date. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

**h) Investments and other financial assets**

**i. Classification**

The company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

**ii. Measurement**

At initial recognition, the company measures a financial asset at its fair value and in the case of a financial asset not at fair value through profit and loss, at transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

**Debt instruments**

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit and loss.

**Equity instruments**

The company subsequently measures all equity investments at fair value. Dividends from such investments are recognised in profit or loss as other income when the company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss.

**i) Investment in associates**

Investment in associates are carried at cost less impairment loss, if any. The cost comprises price paid to acquire investment and directly attributable cost.

**j) Impairment**

**i. Impairment of financial instruments: financial assets**

Expected credit losses are recognized for all financial assets subsequent to initial recognition other than financials assets in FVTPL category.

For financial assets other than trade receivables, as per Ind AS 109, the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. The Company's trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

**NARAYANI STEELS LIMITED**  
**(CIN: L27109WB1996PLC082021)**

**Notes to the Standalone financial statements for the year ended 31 March 2020**

**ii. Impairment of non-financial assets**

The Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest Company of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**k) Amendment to Ind AS 19 - Plan Amendment, Curtailment or Settlement**

The Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements requiring an entity to determine the current service costs and the net interest for the period after the remeasurement using the assumptions used for the remeasurement; and determine the net interest for the remaining period based on the remeasured net defined benefit liability or asset. The adoption of amendment to Ind AS 19 did not have any material impact on the standalone financial statements of the Company.

**i. Short-term employee benefits**

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

**ii. Defined contribution plans**

Contributions to provident-fund, a defined contribution plan are deposited with a recognised provident fund. The contributions payable to the provident fund are recognized as expenses, when an employee renders the related services. The Company has no obligation, other than the contribution payable to funds.

The Company's contribution to State Plans namely Employee State Insurance Fund and Employees' Pension Scheme is charged to Profit and Loss Account.

**iii. Defined benefit plans**

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Re-measurement of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income.

**l) Provisions (other than for employee benefits)**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**m) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The Company recognises revenue when control over the promised goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company has generally concluded that it is the principal in its revenue arrangements as it typically controls the goods or services before transferring them to the customer.

Revenue is adjusted for variable consideration such as discounts, rebates, refunds, credits, price concessions, incentives, or other similar items in a contract when they are highly probable to be provided. The amount of revenue excludes any amount collected on behalf of third parties.

The Company has adopted Ind AS 115 using cumulative effect method of initially applying this standard recognised at the date of initial application (i.e. April 01, 2018). There is no impact on the adoption of the standard in the standalone financial statements.

**NARAYANI STEELS LIMITED**  
**(CIN: L27109WB1996PLC082021)**

**Notes to the Standalone financial statements for the year ended 31 March 2020**

**n) Recognition of dividend income, interest income or expense**

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

Interest income or expense is recognised using the effective interest method after taking into account the amount outstanding and the rate applicable.

**o) Income tax**

Income tax expense comprises of current and deferred tax. Current tax and deferred tax is recognized in the statement of profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

**i. Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

**ii. Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company does not have evaluated any impact of on its standalone financial statements.

**p) Borrowing costs**

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Where there is an unrealised exchange loss which is treated as an adjustment to interest and subsequently there is a realised or unrealised gain in respect of the settlement or translation of the same borrowing, the gain to the extent of the loss previously recognised as an adjustment is recognised as an adjustment to interest.

**q) Foreign currency transaction**

Transactions in foreign currencies are translated into functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

i) Foreign currency monetary items are translated in the functional currency at the exchange rate of the reporting date.

ii) Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

iii) Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

iv) Exchange differences are recognised in profit or loss in the period in which they arise, except exchange differences arising from the translation of the items which are recognised in OCI.

**r) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

**s) Segment reporting (Ind AS 108)**

Operating Segment are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director of the Company. The Company operates only in one Business segment i.e. Trading of Iron & Steel and related products, hence does not have segment as per Ind AS 108 "Operating Segments". The performance of the Company is mainly driven by sales made in domestic market and hence, no separate reportable geographical segment is identified.

**NARAYANI STEELS LIMITED**  
**(CIN: L27109WB1996PLC082021)**

**Notes to the Standalone financial statements for the year ended 31 March 2020**

**t) Provision, contingent liabilities and contingent assets**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs. Expected future operating losses are not provided for.

**Contingencies**

Provision in respect of loss contingencies relating to claims, litigations, assessments, fines and penalties are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

**Contingent liabilities and contingent assets**

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets has to be recognised in the financial statements in the period in which if it is virtually certain that an inflow of economic benefits will arise. Contingent assets are assessed continually and no such benefits were found for the current financial year.

Contingent Liabilities are shown by way of notes to the Accounts in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable

A Contingent Asset is not recognized in the Accounts.

**u) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, cash at bank and other deposits with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**v) Recent Indian Accounting Standards (Ind AS)**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2019.

**w) Impact of Covid-19**

Impact of COVID-19 pandemic has been rapidly spreading throughout the world, including India. Government in India has taken significant measures to curb the spread of the virus including imposing mandatory lockdowns and restrictions in activities. Consequently, Company's manufacturing plants and offices had to be closed down for a considerable period of time, including after the year end. As a result of the lockdown, the likely revenue from the month of March, 2020 has been impacted. Continued lockdowns are likely to impact the Company operationally including on supply chain matters. The Company is monitoring the situation closely taking into account directives from the Governments. Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic and the resultant lockdowns in the preparation of the financial statements including but not limited to its assessment of Group's liquidity and going concern, recoverable values of its property, plant and equipment, intangible assets and the realisable values of other assets. However, given the effect of these lockdowns on the overall economic activity and in particular on the iron and steel related items industry, the impact assessment of COVID-19 on the above mentioned financial statement captions is subject to significant estimation uncertainties given its nature and duration and, accordingly, the actual impacts in future may be different from those estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions and consequential impact on its financial results.

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

**Notes to the Standalone financial statements for the year ended 31st March 2020 (Continued)**

All amount in Rupees Lakhs, unless otherwise stated

Particulars	Gross Carrying Amount						
	Balance at 31st March 2018	Additions	Disposals/ Adjustments	Balance at 31st March 2019	Additions	Disposals/ Adjustments	Balance at 31st March 2020
Land (Freehold)	889.22	5.01	-	894.22	-	-	894.22
Leasehold improvements	-	110.91	-	110.91	5.36	-	116.28
Buildings	370.03	12.04	-	382.07	-	-	382.07
Plant & Equipment	420.58	42.42	-	463.01	250.57	-	713.58
Computer	8.02	1.21	-	9.23	1.91	-	11.14
Office Equipment	-	15.67	-	15.67	6.65	-	22.32
Electrical Installation & Fittings	-	17.53	-	17.53	2.11	-	19.64
Furniture & Fixtures	12.30	106.49	-	118.79	25.05	-	143.84
Vehicles	70.88	-	-	70.88	-	22.76	48.12
<b>Total</b>	<b>1771.04</b>	<b>311.28</b>	<b>-</b>	<b>2,082.32</b>	<b>291.65</b>	<b>22.76</b>	<b>2,351.21</b>

Particulars	Accumulated Depreciation/ amortisation						Net Carrying Value		
	Balance at 31st March 2018	For the year	Disposals/ Adjustments	Balance at 31st March 2019	For the year	Disposals/ Adjustments	Balance at 31st March 2020	At 31st March 2019	At 31st March 2020
Land (Freehold)	-	-	-	-	-	-	-	894.22	894.22
Leasehold improvements	-	0.89	-	0.89	10.85	-	11.75	110.02	104.53
Buildings	7.68	8.86	-	16.54	11.76	-	28.31	365.53	353.76
Plant & Equipment	39.99	41.79	-	81.78	57.89	-	139.67	381.23	573.91
Computer	3.40	1.81	-	5.21	1.91	-	7.12	4.02	4.02
Office Equipment	-	1.51	-	1.51	9.30	-	10.81	14.17	11.51
Electrical Installation & Fittings	-	0.25	-	0.25	4.16	-	4.41	17.27	15.22
Furniture & Fixtures	1.88	4.16	-	6.05	33.92	-	39.96	112.75	103.88
Vehicles	16.01	15.52	-	31.53	11.24	21.61	21.16	39.35	26.96
<b>Total</b>	<b>68.96</b>	<b>74.79</b>	<b>-</b>	<b>143.76</b>	<b>141.05</b>	<b>21.61</b>	<b>263.19</b>	<b>1,938.56</b>	<b>2,088.02</b>

(1) The aggregate depreciation has been included under depreciation and amortisation expense in the Statement of Profit and Loss for the respective years.

(2) Property, Plant & Equipment have been pledged as security for borrowings. Refer Note 16 for details.

(3) The original cost of vehicles includes Rs. 52.09 lakhs (31st March 2019: Rs. 52.09 lakhs) acquired from loans taken from banks & financial institutions, of which Rs. 21.79 lakhs (31st March, 2019: Rs. 30.95 lakhs) were outstanding as at year end.

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

Notes to the Standalone financial statements for the year ended 31st March 2020 (Continued)

All amount in Rupees Lakhs, unless otherwise stated

4C Investment Properties							
Particulars	Gross Carrying Amount						
	Balance at 31st March 2018	Additions	Disposals/ Adjustments	Balance at 31st March 2019	Additions	Disposals/ Adjustments	Balance at 31st March 2020
Real Estate Espaces	182.80	-	-	182.80	-	-	182.80
<b>Total</b>	<b>182.80</b>	<b>-</b>	<b>-</b>	<b>182.80</b>	<b>-</b>	<b>-</b>	<b>182.80</b>

Particulars	Accumulated Depreciation/ amortisation							Net Carrying Value	
	Balance at 31st March 2018	For the year	Disposals/ Adjustments	Balance at 31st March 2019	For the year	Disposals/ Adjustments	Balance at 31st March 2020	At 31st March 2019	At 31st March 2020
Real Estate Espaces	17.37	15.72	-	33.08	14.22	-	47.31	149.72	135.50
<b>Total</b>	<b>17.37</b>	<b>15.72</b>	<b>-</b>	<b>33.08</b>	<b>14.22</b>	<b>-</b>	<b>47.31</b>	<b>149.72</b>	<b>135.50</b>

**Disclosures relating to Investment Property:**

Particulars	Year ended	Year ended
	31 March 2019	31 March 2020
<b>Rental Income from Investment Properties</b>	<b>9.00</b>	<b>9.00</b>
Direct Operating Expenses to income generating property	-	-
Less: Reimbursement of expenses	-	-
<b>Total expenses relating to Investment Properties</b>	<b>-</b>	<b>-</b>

**Description of valuation techniques used and key inputs to valuation on investment properties:**

The fair value of investment property is Rs. 178.02 lakhs as on 31st March 2020 (Rs. 187.86 lakhs as on 31st March 2019) and the same has been determined by the management. The fair value measurement for investment property has been categorised as Level 2 fair value based on the inputs to the valuation technique used. The valuation techniques used for determining the fair value of the property was based on the prevailing market price of similar property in the same locality.

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

**Notes to the Standalone financial statements for the year ended 31st March 2020 (Continued)**

All amount in Rupees Lakhs, unless otherwise stated

4B Capital Work-in-Progress							
Particulars	Gross Carrying Amount						
	Balance at 31st March 2018	Additions	Disposals/ Adjustments	Balance at 31st March 2019	Additions	Disposals/ Adjustments	Balance at 31st March. 2020
Plant & Machinery (Repeater) ^	72.62	132.44	-	205.06	1.03	206.09	-
Mill Stand	-	-	-	-	1.46	1.46	-
<b>Total</b>	<b>75.80</b>	<b>132.44</b>	<b>3.18</b>	<b>205.06</b>	<b>2.49</b>	<b>207.55</b>	<b>-</b>

^ Rs. 206.09 lakhs (31st March 2019: Rs. 205.06 lakhs) represents expenses incurred on Plant & Equipments for increase in efficiency of the Manufacturing Unit, capitalised in 2019-20.

5A Right-of-use of assets							
Particulars	Gross Carrying Amount						
	Balance at 31st March 2018	Additions	Disposals/ Adjustments	At 1st April 2019	Additions	Disposals/ Adjustments	Balance at 31st March 2020
Vacant Sites	3.27	-	-	-	128.72	-	128.72
<b>Total</b>	<b>3.27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>128.72</b>	<b>-</b>	<b>128.72</b>

Right-of-use of assets									
Particulars	Accumulated Depreciation / amortisation							Net Carrying Value	
	Balance at 31st March 2018	For the year	Disposals/ Adjustments	At 1st April 2019	For the year	Disposals/ Adjustments	Balance at 31st March 2020	At 1st April 2019	At 31st March 2020
Vacant Sites	0.65	0.65	-	-	10.34	-	10.34	-	118.38
<b>Total</b>	<b>0.65</b>	<b>0.65</b>	<b>-</b>	<b>-</b>	<b>10.34</b>	<b>-</b>	<b>10.34</b>	<b>-</b>	<b>118.38</b>

5B Intangible Assets							
Particulars	Gross Carrying Amount						
	Balance at 31st March 2018	Additions	Disposals/ Adjustments	Balance at 31st March 2019	Additions	Disposals/ Adjustments	Balance at 31st March 2020
Computer Software	3.27	-	-	3.27	-	-	3.27
Mobile Application	-	1.71	-	1.71	-	-	1.71
<b>Total</b>	<b>3.27</b>	<b>1.71</b>	<b>-</b>	<b>4.98</b>	<b>-</b>	<b>-</b>	<b>4.98</b>

Intangible Assets									
Particulars	Accumulated Depreciation/ amortisation							Net Carrying Value	
	Balance at 31st March 2018	For the year	Disposals/ Adjustments	Balance at 31st March 2019	For the year	Disposals/ Adjustments	Balance at 31st March 2020	At 31st March 2019	At 31st March 2020
Computer Software	0.65	0.65	-	1.31	0.65	-	1.96	1.96	1.31
Mobile Application	-	0.19	-	0.19	0.38	-	0.57	1.52	1.14
<b>Total</b>	<b>0.65</b>	<b>0.84</b>	<b>-</b>	<b>1.50</b>	<b>1.03</b>	<b>-</b>	<b>2.53</b>	<b>3.48</b>	<b>2.45</b>



**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

**Notes to the Standalone financial statements for the year ended 31 March 2020 (Continued)**

All amount in Rupees Lakhs, unless otherwise stated

6 Investments	As at 31st March 2020	As at 31st March 2019
<b>Non-Current investments</b>		
<b>Investments in equity instruments fully paid up - Unquoted</b>		
<b>In a associate (at cost)</b>		
Hari Equipments Private Limited, 4,59,490 (31st March, 2019: 4,59,490) equity shares of Rs. 10/- each fully paid up	56.73	56.73
Less: Provision for impairment in the value of investment in associate	(56.73)	-
	<u>-</u>	<u>56.73</u>
<b>Investments in equity instruments fully paid up - Quoted</b>		
<b>In Others (at fair value through Other Comprehensive Income - FVOCI)</b>		
Union Bank of India - 1,009 (31st March, 2019: 1,009) Equity Shares of Rs. 10/- each fully paid up	0.29	0.96
	<u>0.29</u>	<u>57.70</u>
<b>Current investments</b>		
<b>Investment in mutual funds-Unquoted of Rs.10/- each (at fair value through Profit &amp; Loss - FVTPL)</b>		
Union Capital Protection Oriented Fund Series 7 - Regular Plan - Growth - Nil (31st March, 2019: 3,00,000 units).	-	34.44
Union Value Discovery Fund Regular Plan - Growth - Nil (31st March, 2019: 2,49,990 units).	-	26.65
Union Equity Savings Fund Regular Plan - Growth - Nil (31st March, 2019: 2,49,990 units).	-	25.97
Union Arbitrage Fund Regular Plan - Growth - Nil (31st March, 2019: 99,990 units).	-	10.06
Union Small Cap Fund Regular Plan - Growth - 47,470.413 units (31st March, 2019: 33,853.279 units).	5.08	4.71
Union Focused Fund Regular Plan- Growth Option - 6,19,990 units (31st March, 2019: Nil).	52.58	-
Union Corporate Bond Fund Regular Plan - Growth - 3,21,408.607 units (31st March, 2019: Nil).	35.81	-
	<u>93.46</u>	<u>101.83</u>
*The said Mutual Funds are given as margin deposits against credit facilities taken from Union Bank Of India.		
<b>Aggregate value of unquoted investments</b>	<b>93.46</b>	<b>158.56</b>
<b>Aggregate amount of impairment in value of investment in associate</b>	<b>56.73</b>	<b>-</b>
<b>Aggregate value of quoted investments</b>	<b>0.29</b>	<b>0.96</b>
<b>Investments carried at cost (net of provision of diminution of investments)</b>	<b>-</b>	<b>56.73</b>
<b>Investments carried at fair value through other comprehensive income</b>	<b>0.29</b>	<b>0.96</b>
<b>Investments carried at fair value through profit and loss</b>	<b>93.46</b>	<b>101.83</b>

7 Inventories	As at 31st March 2020	As at 31st March 2019
(As taken, valued and certified by the management)		
Raw Materials	166.77	327.88
Traded Goods	768.78	812.63
Finished Goods	350.22	593.86
Scrap & Miss Rolls	33.52	39.69
Stores & Spares	5.49	6.62
Furnace oil, Coal & Gas	7.38	8.17
	<u>1,332.17</u>	<u>1,788.85</u>

8 Trade receivables	As at 31st March 2020	As at 31st March 2019
Unsecured, considered good ^^	19,123.36	21,637.63
Less: Provision for bad and doubtful debts	(500.00)	-
Less: Expected Credit Loss (Refer Note:38(i))	(1,123.22)	(81.63)
	<u>17,500.14</u>	<u>21,556.00</u>

^^ Trade Receivables include Rs. 3.78 lakhs (31st March 2019: 385.53 lakhs) due from private companies in which one of the Director is a Director.  
^^ Trade Receivables have been hypothecated as security for borrowings, refer note 16 for details.

9 Cash and cash equivalents	As at 31st March 2020	As at 31st March 2019
Cash on hand (as certified)	11.07	4.24
Balances with banks in current accounts	5.51	193.64
	<u>16.58</u>	<u>197.88</u>

10 Other Bank Balances	As at 31st March 2020	As at 31st March 2019
Fixed Deposit maturity for more than 3 months but less than 12 months	1,833.96	2,441.73
Fixed Deposits are pledged with banks as margin for bank guarantees / credit facilities.	<u>1,833.96</u>	<u>2,441.73</u>

(a) Fixed Deposits of Rs. 1,832.80 lakhs (31st March 2019: Rs. Rs. 2,019.22 lakhs) are pledged with Union Bank of India as margin/ collateral security for sanction of credit facilities.

(b) Fixed Deposit of Nil ^ (31st March 2019: Rs. 250.00 lakhs) was pledged with Andhra Bank as collateral security for Channel Finance limit of Rs. 707.09 lakhs (31st March 2019 Rs 1000.00 lakhs).

(c) Fixed Deposit of Rs. 1.15 lakhs (31st March 2019: Rs. 60.00 lakhs) is pledged with Yes Bank as collateral security for Channel Finance limit of Rs. 235.18 lakhs (31st March 2019: Rs 300.00 lakhs).

(d) Fixed Deposit of Nil ^ (31st March 2019: Rs. 112.50 lakhs) was pledged with ICICI Bank as collateral security for Channel Finance limit of Rs. 936.97 lakhs (31st March 2019: Rs 950.00 lakhs).

**\*Note : The balance in the Fixed Deposit accounts including interest accrued thereupon, have been adjusted with the amounts outstanding to the lenders on default of repayment of principal and interest on these credit facilities availed.**

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

Notes to the Standalone financial statements for the year ended 31 March 2020 (Continued)

All amount in Rupees Lakhs, unless otherwise stated

	As at 31st March 2020	As at 31st March 2019
<b>11 Other financial assets</b>		
<b>Non-current</b>		
Security Deposits	98.64	79.37
	<b>98.64</b>	<b>79.37</b>
<b>Current</b>		
Advance to Others	10.42	53.34
	<b>10.42</b>	<b>53.34</b>
<b>12 Current tax assets (Net)</b>		
Income Tax Payments	22.98	102.98
Tax Deducted/Collected at Source	37.48	20.54
	<b>60.45</b>	<b>123.51</b>
<b>13 Other current assets</b>		
<b>Non-Current</b>		
Prepaid expenses	19.48	-
	<b>19.48</b>	<b>-</b>
<b>Current</b>		
Advances other than capital advances		67.89
- Advance to Related parties	-	67.89
- Advance to others	239.20	239.66
Balances with Revenue Authorities	720.18	604.18
Prepaid expenses	2.96	32.22
	<b>962.34</b>	<b>943.95</b>
<b>14 Equity share capital</b>		
<b>Authorised</b>		
1,40,00,000 (31st March 2019 - 1,40,00,000) Equity Shares of Rs. 10/- each	1,400.00	1,400.00
	<b>1,400.00</b>	<b>1,400.00</b>
<b>Issued, subscribed and fully paid-up</b>		
1,09,09,000 (31st March 2019 - 1,09,09,000) Equity Shares of Rs. 10/- each	1,090.90	1,090.90
	<b>1,090.90</b>	<b>1,090.90</b>

**A. Reconciliation of number of equity shares outstanding at the beginning and at the end of the period**

	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
Balance as at the beginning of the year	109.09	1090.90	109.09	1090.90
Add: Issued during the year	-	-	-	-
Balance as at the end of the year	<b>109.09</b>	<b>1090.90</b>	<b>109.09</b>	<b>1090.90</b>

**B. Rights, preferences and restrictions attaching 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 and the equity shares will rank pari-passu with each other in all respects.

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. Particulars of shareholders holding more than 5% shares of fully paid up equity shares**

Name of the shareholders	As at 31 March 2020		As at 31 March 2019	
	Number of equity shares	% of total shares in the class	Number of equity shares	% of total shares in the class
Kishanlal Choudhary	10.04	9.20%	10.04	9.20%
Sunil Choudhary (HUF)	12.61	11.56%	12.61	11.56%
Sunil Choudhary	12.25	11.22%	12.25	11.22%
Cooltex Merchandise Private Limited	21.63	19.83%	21.63	19.83%

**15 Other Equity**

**A. Summary of other equity balance**

	As at 31st March 2020	As at 31st March 2019
Securities Premium	1,673.85	1,673.85
Retained Earnings (including other comprehensive income)	(1,679.98)	1,454.03
<b>Other Equity</b>	<b>(6.13)</b>	<b>3,127.88</b>

	1 April 2019	Movement during the year	31st March 2020	1 April 2018	Movement during the year	31 March 2019
Securities Premium (a)	1,673.85	-	1,673.85	1,673.85	-	1,673.85
Retained Earnings (including other comprehensive income) (b)	1,454.03	(3,134.01)	(1,679.98)	1,232.31	221.73	1,454.03
	<b>3,127.88</b>	<b>(3,134.01)</b>	<b>(6.13)</b>	<b>2,906.16</b>	<b>221.73</b>	<b>3,127.88</b>

**B. Nature and purpose of reserves:**

- (i) **Securities Premium:** Securities premium represents the premium received on issue of shares over and above the face value of equity shares. The account is available for utilisation in accordance with the provisions of the Companies Act, 2013.
- (ii) **Retained earnings (including other comprehensive income):** This Reserve represents the cumulative profits / losses of the Company. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

Notes to the Standalone financial statements for the year ended 31 March 2020 (Continued)

All amount in Rupees Lakhs, unless otherwise stated

	Current portion **		Non-current portion	
	As at 31st March 2020	As at 31 March 2019	As at 31st March 2020	As at 31 March 2019
<b>16 Borrowings</b>				
<b>Non-current Borrowings</b>				
<b>Secured</b>				
<b>Term loans</b>				
Loan against vehicles	9.47	10.03	12.32	20.92
	<b>9.47</b>	<b>10.03</b>	<b>12.32</b>	<b>20.92</b>
<b>Unsecured</b>				
Term Loan from a financial institution	100.00	100.00	8.34	75.07
Loans from Bodies Corporate^^	-	-	1,648.51	1,494.33
	<b>109.47</b>	<b>110.03</b>	<b>1,669.18</b>	<b>1,590.32</b>

Note:	As at 31st March 2020	As at 31 March 2019
-------	--------------------------	------------------------

16.1 ^^ Interest free loan carried at amortised cost (Refer note below) 179.49      356.11

Ind AS 109 requires the loan to be initially measured at fair value minus transaction costs. As the loan is partly interest free, the fair value of the loan is different from the transaction price. Therefore, the recognition of the difference between the fair value at initial recognition and the transaction price of the interest free loan is recognised as "Deferred fair value gain/loss". The difference is amortised over the period of the loan. The amount of amortisation is equal to the unwinding of discount. The deferred fair value gain/loss is presented as **other non-current liability** and **other current liability**.

**Current Borrowings**

**Secured**

Working Capital Loans from Bank  
- Cash Credit

18,621.76      6,496.80

**Unsecured**

Channel Financing from Banks & Financial Institutions

3,422.78      4,045.18

**22,044.54      10,541.97**

**(A) Terms of Repayment**

**(i) 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 31-03-2020	Rate of Interest	EMI dues with reference to Balance Sheet date
Loan for a vehicle from Yes Bank	20.01	8.40 % p.a.	26 installments Rs. 0.82 lakhs each
Loan for a vehicle from Yes Bank	1.78	8.40 % p.a.	8 installments of Rs. 0.21 lakhs each

**(ii) Working Capital Loans:**

Working Capital Loans include amount of inland bank guarantees invoked by a Vendor for Rs.1,808.84 Lakhs and devolved inland letters of credit (Rs.4,899.70 lakhs) and is overdrawn to the extent of Rs. 913.23 lakhs and 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 10.40% +2% (on additional adhoc limit of Rs. 500.00 lakhs) 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 Nippon alloys Ltd. (Formerly Narayani Ispat Ltd.) c) FDR of Rs 29.00 lakhs 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 **Nippon Alloys Ltd.** (Formerly Narayani Ispat Ltd.) and **Cooltex Merchandise Pvt. Ltd.**

**(iii) Channel Financing:**

1. Channel Financing from Andhra Bank of **Rs. 707.09 (31st March 2019 - Rs.1000 lakhs)** is collaterally secured by Fixed Deposit of Rs. Nil (31st March 2019- Rs.250.00 lakhs) 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. 235.18 lakhs (31st March 2019 - Rs.300 Lakhs)** is collaterally secured by Fixed Deposit of Rs. 1.15 lakhs (31st March 2019 - Rs.60.00 lakhs) 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 9.75% (MCLR + 2.25)%.

3. Channel Financing from Tata Capital Financial Services Limited of **Rs. 1,028.32 lakhs (31st March 2019-Rs. 1,000.00 lakhs and an additional limit of Rs. 300.00 lakhs)** 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. 936.97 lakhs (31st March 2019 - Rs.950.00 lakhs)** is collaterally secured by Fixed Deposit of Rs Nil (31st March 2019 -Rs 112.50 lakhs) 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 8.85% (Base rate + 2.15)%^

5. Channel Financing from Axis Bank Limited of **Rs. 515.22 lakhs (31st March 2019-Rs 500.00 lakhs)** 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 9.15% (MCLR + 0.85)%.

**^Note : The balance in the Fixed Deposit accounts including interest accrued thereupon, have been adjusted with the amounts outstanding to the lenders on default of repayment of principal and interest on these credit facilities availed.**

**(iv) Term Loan from Financial Institution (Unsecured)**

Term Loan from Tata Capital Financial Services Limited of Rs. 200.00 lakhs is guaranteed by Mr. Sunil Choudhary, Mr. Kishan Lal Choudhary, Mrs. Bina Choudhary and Mrs. Savitri Devi Choudhary. The rate of interest on the Term Loan is 12.25 % per annum.

**Terms of Repayment:**

Particulars	Amount outstanding as on 31.03.2020	Rate of Interest	EMI dues with respect to Balance Sheet Date
Term Loan from Tata Capital Financial Services Limited	108.34	12.25% p.a.	08 principal repayments of Rs. 8.33 lakhs each

**\*\* For current maturities of non-current borrowings refer disclosure under the head other financial liabilities - current (Refer note 18)**

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

**Notes to the Standalone financial statements for the year ended 31 March 2020 (Continued)**

All amount in Rupees Lakhs, unless otherwise stated

(v) **Delay / (Default) in repayment of Borrowings (Current and Non-Current) and Interest**

The Company has delayed/defaulted in the payment of dues to the financial institutions, banks and debenture holders. The lender wise details are as under:

Sl. No.	Name of lender	Amount represents rupees in lakhs and period represents maximum days					
		Borrowings		Interest		Borrowings	Interest
		Default as at 31st March 2020		As on 31st March 2020		Default as at 31st March 2019	As on 31st March 2019
	Amount	Period (days)	Amount	Period (days)	Amount	Amount	
<b>Banks :</b>							
1	Yes Bank	229.82	90	5.36	120	-	-
2	Union Bank of India	-	-	913.23	120	-	-
3	Union Bank of India	1,808.84	41	-	-	-	-
4	Union Bank of India	4,614.76	90	284.93	90	-	-
5	ICICI Bank	812.76	133	124.21	240	-	-
6	Axis Bank	497.05	151	18.17	120	-	-
7	Andhra Bank Finance	676.32	224	30.77	224	-	-
<b>Financial Institution :</b>							
8	TATA Capital Financial Services Ltd.	999.56	90	28.76	90	-	-
9	TATA Capital Financial Services Ltd.	33.33	90	3.59	90	-	-
	<b>Total</b>	<b>9,672.44</b>	<b>-</b>	<b>1,409.02</b>	<b>-</b>	<b>-</b>	<b>-</b>

**17 Lease Liabilities**

	As at 31st March 2020	As at 31st March 2019
Non-Current	115.40	-
Current	8.40	-
	<b>123.80</b>	<b>-</b>

Lease liability represents present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

**18 Other financial liabilities**

	As at 31st March 2020	As at 31st March 2019
<b>A. Non-Current</b>		
Security Deposits	5.72	-
	<b>5.72</b>	<b>-</b>
<b>B. Current</b>		
Current maturities of long-term debt (Refer Note 16)	109.47	110.03
Interest accrued but not due on borrowings	10.09	12.19
Interest accrued and due on borrowings	56.55	-
Deferred liability - On corporate guarantee **	9.75	9.23
	<b>185.85</b>	<b>131.44</b>

**Note:**

\*\* Ind AS 109 requires the guarantor to recognise the corporate guarantee contract initially at its fair value. Therefore, the liability is recognised in the financial statements for the fair value of the corporate guarantee as "Deferred liability - on corporate guarantee".  
18.1 Subsequently, this guarantee is to be measured at the higher of an amount determined based on the expected loss method (as per guidance in Ind AS 109) or the cumulative amount recognised less amount originally recognised as expense on a straight-line basis in accordance with Ind AS 18, Revenue as "Amortisation of financial guarantee obligation".

**19 Trade payables**

	As at 31st March 2020	As at 31st March 2019
<b>Dues to Micro And Small Enterprises</b> (as per the intimation received from vendors)		
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year *	-	0.62
b. Interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
c. Interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	-	-
d. The amount of interest accrued and remaining unpaid at the end of accounting year	-	-
e. Interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-
<b>Dues to others</b>		
- For goods and services	367.28	1,943.60
- Liability under Letter of Credit	-	9,987.18
	<b>367.28</b>	<b>11,931.40</b>

\* A sum of Nil (31st March, 2019: Rs. 0.62 lakhs) is payable to Micro and Small Enterprises on account of liabilities other than trade payables.

There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2020. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. and thus relied upon by the auditors.

Trade Payables (Due to Others) include 5.90 lakhs (31st March, 2019: Nil) due to private companies in which Director is a Director.

**20 Other liabilities**

	As at 31st March 2020	As at 31st March 2019
<b>Non-Current</b>		
Deferred fair value gain - On interest free loan (Refer note: 16.1 for details)	-	182.33
Income received in advance	8.58	-
	<b>8.58</b>	<b>182.33</b>
<b>Current</b>		
Advances from customers / parties	83.22	446.66
Advances against sale of property	15.00	-
Liability for expenses	55.38	156.24
Statutory liabilities	5.64	19.44
Deferred fair value gain - On interest free loan (Refer note: 16.1 for details)	179.49	179.17
Income received in advance	0.70	-
	<b>339.42</b>	<b>801.52</b>

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

Notes to the Standalone financial statements for the year ended 31 March 2020 (Continued)

All amount in Rupees Lakhs, unless otherwise stated

21 Deferred Tax Asset / Liabilities (net)	As at 31st March 2020	As at 31st March 2019
<b>Deferred tax liabilities</b>		
Property, Plant & Equipment, Right-of-use of asset, Intangible Assets and Investment Properties	171.53	113.30
Fair Valuation of Investments	(4.05)	2.23
Capital Gains	0.83	2.65
<b>Total deferred tax liabilities (A)</b>	<b>168.31</b>	<b>118.18</b>
<b>Deferred tax Assets</b>		
Provision for Gratuity	2.96	1.47
Provision for expected credit losses & bad and doubtful debts on trade receivables	567.22	-
Business Losses & Unabsorbed Depreciation	1,095.35	-
Lease Liabilities & Others	68.11	3.08
<b>Total deferred tax assets (B)</b>	<b>1,733.63</b>	<b>4.55</b>
<b>Net Deferred Tax (Assets)/Liabilities (A-B)</b>	<b>(1,565.32)</b>	<b>113.63</b>

**Movement in deferred tax liabilities/ assets balances**

	Deferred tax liabilities/assets in relation to			As at 31st March 2020
	As at 31st March 2019	Recognised in Profit or Loss	Recognised in OCI	
<b>Deferred tax liabilities</b>				
Property, Plant & Equipment, Right-of-use of asset, Intangible Assets and Investment Properties	113.30	(58.23)	-	171.53
Fair Valuation of Investments	2.23	6.52	(0.24)	(4.05)
Capital Gains	2.65	1.82	-	0.83
<b>Total deferred tax liabilities (A)</b>	<b>118.18</b>	<b>(49.89)</b>	<b>(0.24)</b>	<b>168.31</b>
<b>Deferred tax Assets</b>				
Provision for Gratuity	1.47	(0.63)	(0.85)	2.96
Provision for expected credit losses & bad and doubtful debts on trade	-	(567.22)	-	567.22
Business Losses & Unabsorbed Depreciation	-	(1,095.35)	-	1,095.35
Lease Liabilities & Others	3.08	(65.03)	-	68.11
<b>Total deferred tax assets (B)</b>	<b>4.55</b>	<b>(1,728.23)</b>	<b>(0.85)</b>	<b>1,733.63</b>
<b>Net deferred tax (assets)/liabilities (A-B)</b>	<b>113.63</b>	<b>1,678.34</b>	<b>0.61</b>	<b>(1,565.32)</b>

22 Provisions	As at 31st March 2020	As at 31st March 2019
<b>Non-current</b>		
<b>Provisions for employee benefits</b>		
- Provision for gratuity	4.54	4.40
	<b>4.54</b>	<b>4.40</b>
<b>Current</b>		
<b>Provisions for employee benefits</b>		
- Provision for gratuity	3.92	0.01
<b>Others</b>		
- Provision for taxation	-	125.18
	<b>3.92</b>	<b>125.19</b>

23 Revenue from operations	Year ended 31 March 2020	Year ended 31 March 2019
Sale of Products	35,852.02	75,168.43
<b>Total revenue from operations</b>	<b>35,852.02</b>	<b>75,168.43</b>

Sale is net of Rs. 63.56 lakhs (31st March 2019: Rs. 136.48 lakhs) for GST realised on sales.

Details of sale of products (net of GST):	Year ended 31 March 2020	Year ended 31 March 2019
TMT Bars, Rounds, Squares, Angles, Flats and related items	16,571.57	35,773.61
Billets, Blooms and related items	12,204.89	29,996.78
Pig Iron, Scrap and related items	5,626.36	9,398.04
Coal & Coke	1,449.20	-
	<b>35,852.02</b>	<b>75,168.43</b>

24 Other income	Year ended 31 March 2020	Year ended 31 March 2019
<b>A. Interest income comprises interest:</b>		
- On fixed deposits	152.33	97.93
- On other deposits	11.91	26.60
- On financial liabilities carried at amortised cost (Refer note: 16.1 for details) <sup>A</sup>	178.32	159.98
<b>Other non-operating income</b>		
Rental Income	33.79	11.58
Net gain / (loss) on fair valuation of equity instruments	(10.93)	11.77
Profit on sale of current investments	1.16	-
Commission income	8.19	-
Miscellaneous receipts	0.25	0.57
Amortisation of corporate guarantee obligation (Refer note: 18.1 for details)	9.23	7.50
	<b>384.26</b>	<b>315.93</b>

<sup>A</sup> Includes Rs. 176.63 Lakhs for Interest free loan, & Rs. 1.70 Lakhs for Security Deposit

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

Notes to the Standalone financial statements for the year ended 31 March 2020 (Continued)

All amount in Rupees Lakhs, unless otherwise stated

	Year ended 31 March 2020	Year ended 31 March 2019
<b>25 Cost of Materials Consumed</b>		
<b>Iron and Steel Materials</b>		
Inventory at the beginning of the year	327.88	172.12
Add : Purchases	5,793.32	10,943.39
	6,121.20	11,115.51
Less : Inventory at the end of the year	166.77	327.88
<b>Cost of Materials Consumed</b>	<b>5,954.43</b>	<b>10,787.63</b>
<b>26 Purchase of Traded Goods</b>		
TMT Bars, Rounds, Squares, Angles, Flats and related items	9,724.16	22,067.66
Billets, Blooms and related items	11,903.39	28,683.44
Pig Iron, Scrap and related items	5,160.27	8,708.94
Coal & Coke	1,262.73	-
	<b>28,050.54</b>	<b>59,460.04</b>
<b>27 Changes in Inventories</b>		
<b>Opening Stock</b>		
-Finished Goods	593.86	319.15
-Scrap and Miss Roll	39.69	23.72
-Traded Goods	812.63	1,437.63
	1,446.17	1,780.50
<b>Closing Stock</b>		
-Finished Goods	350.22	593.86
-Scrap and Miss Roll	33.52	39.69
-Traded Goods	768.78	812.63
	1,152.52	1,446.17
	<b>293.65</b>	<b>334.33</b>
<b>28 Impairment loss allowance</b>		
<b>On Non- current investments measured at Amortised Cost</b>		
Impairment in the value of investment in associate	56.73	-
	<b>56.73</b>	<b>-</b>
<b>29 Employee benefits expense</b>		
Salaries, wages, bonus and allowances	424.53	343.58
Contribution to provident and other funds	3.78	4.58
Gratuity (Refer note: 35 for details)	1.62	1.95
Director's Remuneration	57.07	60.00
Staff welfare expenses	15.91	11.18
	<b>502.90</b>	<b>421.29</b>
<b>30 Finance costs</b>		
<b>Interest expense</b>		
To Banks (including LC Charges)	1,877.36	1,221.34
To Others	158.90	139.38
On financial liabilities carried at amortised cost (Refer note: 16.1 for details)^	188.94	159.98
<b>Other borrowing costs</b>	80.60	63.10
	<b>2,305.80</b>	<b>1,583.80</b>
^Includes Rs. 176.63 Lakhs for Interest free loan, Rs. 0.64 lakhs for Security Deposit, & Rs. 11.68 Lakhs for Lease liabilities.		
<b>31 Other expenses</b>		
<b>A. Manufacturing Expenses</b>		
Processing and Moulding Charges	19.75	-
Power and Fuel	728.38	710.32
Stores and Spares Consumed	67.04	83.38
Repairs and Maintenance	29.82	54.89
	<b>845.00</b>	<b>848.59</b>
<b>B. Administrative and Other Expenses</b>		
Rent & Service Charges	5.50	4.65
Port Rent on Coal	22.26	-
Rates & Taxes	7.94	14.43
Insurance	1.94	2.31
Freight & Delivery Charges	1,044.47	1,373.03
Telephone & Internet Expenses	1.97	2.57
Travelling & Conveyance	16.26	9.35
Repairs & Maintenance		
- Building	8.86	-
- Plant & Machinery	-	-
- Others	16.86	8.05
Safety & Security Charges	23.57	10.66
Vehicle Running and Maintenance	5.14	2.47
Legal & Professional Fees	79.27	54.34
Sales Promotion Expenses	8.64	26.44

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

**Notes to the Standalone financial statements for the year ended 31 March 2020 (Continued)**

All amount in Rupees Lakhs, unless otherwise stated

Auditor's Remuneration [Refer Note (a) below]	9.06	8.56
Directors' Sitting Fees	0.16	0.29
Miscellaneous Expenses	30.09	16.62
Amortisation of corporate guarantee obligation (Refer note: 18.1 for details)	9.75	9.23
Provision for expected credit loss (Refer note: 38(i) for details)	1,041.58	54.29
Provision for bad and doubtful debts	500.00	-
Fines & Penalties	0.46	5.45
Commission	14.01	6.53
VAT & CST paid on assessment	-	2.13
Donation	3.71	1.15
Loss on Sale of Property, Plant & Equipment	0.05	-
Bad Debts written off	8.24	-
Sundry Balances written off (net)	6.06	2.12
	<b>2,865.85</b>	<b>1,614.64</b>
<b>31 Other expenses (A+B)</b>	<b>3,710.85</b>	<b>2,463.23</b>

	Year ended 31 March 2020	Year ended 31 March 2019
<b>(a) Payment to auditors</b>		
Statutory audit	3.80	3.80
Tax audit	1.27	1.27
Other Services	4.00	3.50
	<b>9.06</b>	<b>8.56</b>

**32 Income taxes**

	As at 31 March 2020	As at 31 March 2019
<b>A. Amount recognised in profit or loss</b>		
<b>Current tax</b>		
Current period	-	125.18
<b>Earlier Year tax</b>		
Earlier Year tax	4.60	(0.21)
<b>Deferred tax</b>		
Deferred Tax for the year	(1,678.34)	(1.27)
<b>Tax expense reported in the statement of profit and loss [(A)+(B)+(C)]</b>	<b>(1,673.74)</b>	<b>123.71</b>

	As at 31 March 2020	As at 31 March 2019
<b>B. Income tax recognised in other comprehensive income</b>		
<b>Deferred tax</b>		
On items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(0.85)	1.36
Equity instruments through other comprehensive income	(0.24)	(0.00)
<b>Income tax expense reported in the statement of profit and loss</b>	<b>(1.09)</b>	<b>1.36</b>

	As at 31 March 2020	As at 31 March 2019
<b>C. Reconciliation of effective tax rate for the year ended 31st March 2020</b>		
Profit / (Loss) before tax	(4,805.26)	342.69
<b>Tax using the Indian tax rate @ 31st March 2020: 34.944% (31st March 2019: 33.384%)</b>	(1,679.15)	114.40
Tax effect of items on which indexation is done and tax is calculated at special rates	(1.26)	(12.28)
Tax impact of expenses which will never be allowed	1.46	2.73
Adjustments recognised in the current year in relation to the current tax of prior years	4.60	(0.21)
Other Differences	2.62	19.10
Change in tax rate and other tax differences	(2.01)	(0.03)
<b>Effective tax</b>	<b>(1,673.74)</b>	<b>123.71</b>

**D.** The Company has suffered significant losses during the financial year and its net worth has been completely eroded. However, the company has recognised deferred tax asset of Rs.1565.32 Lakhs on carry forward losses and unabsorbed depreciation as in the opinion of the management, the loss during the year has been mainly on account of disruption in supply leading to substantial decline in the turnover and the recession in the steel sector. The global pandemic COVID-19 compounded the woes of the sector already reeling under pressure. The management is optimistic about the restoration of regular supplies and overall improvement in the sector and is confident that there would be sufficient profits in the future to appropriate the carry forward losses and unabsorbed depreciation.

**33 Basic and diluted earnings per share (Ind AS 33)**

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic earnings per share calculation are as follows:

	Year ended 31 March 2020	Year ended 31 March 2019
<b>(a) Profit attributable to equity shareholders</b>	(3,131.52)	221.73
(b) Adjusted profit for dilutive earnings	(3,131.52)	221.73
(c) Weighted average number of ordinary shares outstanding for the purpose of basic earnings per share	109.09	109.09
(d) Weighted average number of ordinary shares in computing diluted earnings per share [(d) + (e)]	109.09	109.09
<b>(e) Earnings per share on profit for the year (Face Value Rs. 10/- per share)</b>		
Basic [(a)/(c)]	(28.71)	2.03
Diluted [(b)/(d)]	(28.71)	2.03

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

Notes to the Standalone financial statements for the year ended 31 March 2020 (Continued)

All amount in Rupees Lakhs, unless otherwise stated

**34 Contingent Liabilities**

(to the extent not provided for)

	Year ended 31 March 2020	Year ended 31 March 2019
	In lakhs	In lakhs
Claims against the company not acknowledged as debts <sup>^</sup>	401.38	-
Disputed Income Tax Demands under appeal	249.71	249.71
Corporate guarantee for credit facilities to Hari Equipments Private Limited	3,000.00	3,000.00
Other Corporate guarantee for credit facilities	1,525.00	1,525.00
Disputed Sales Tax/ VAT under appeal for the year 2010 - 11*	4.69	4.69
Disputed Penalty on VAT under appeal for the period 04/2011 to 12/2012*	21.47	21.47
	<b>5,202.25</b>	<b>4,800.87</b>

<sup>^</sup> represents the claims made by Rashtriya Ispat Nigam Limited (RINL) for the alleged loss to them arising out of excess delivery which happened due to mismatch of tare weightment of the vehicles placed by Narayani Steels Limited for lifting of Pig Iron. The Company has denied the claim and the matter is still pending to be resolved. The management is of the opinion that the claim by RINL is arbitrary and is unlikely to be materialised.

\* Amount paid under protest Rs. 4.69 lakhs and Rs. 21.47 lakhs against VAT and penalty demand respectively.

**35 Employee Benefits**

**(a) Defined contribution plans:**

Contribution to defined contribution plans, recognised as an expense for the year are as under:

**Particulars**

Employer's contribution to provident fund & other funds	3.78	4.58
<b>Total</b>	<b>3.78</b>	<b>4.58</b>

**(b) Defined benefit plans:**

Contribution to defined benefit plans, recognised as an expense in profit and loss statement for the year are as under:

**Particulars**

Gratuity - Net defined benefit obligation	1.62	1.95
<b>Total</b>	<b>1.62</b>	<b>1.95</b>

**Defined benefit plan**

The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method, which recognizes 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.

**(i) Movement of defined benefit obligation**

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	As at 31 March 2020	As at 31 March 2019
	Defined benefit obligation at beginning of the year	4.41
Current service cost	1.32	1.45
Interest cost	0.30	0.50
Benefits paid	-	-
Actuarial (gain)/loss	2.43	(4.09)
Defined benefit obligation at end of the year	<b>8.46</b>	<b>4.41</b>

**(ii) Liability recognised in the balance sheet**

	As at 31 March 2020	As at 31 March 2019
	Present value of defined benefit obligation	8.46
Amount recognised as liability in balance sheet	<b>8.46</b>	<b>4.41</b>

**(iii) Expenses recognised during the year (Under the head "Employee Benefit expenses" – refer note no. 29)**

**Expense recognised in profit and loss statement**

	-	-
Current service cost	1.32	1.45
Net interest cost	0.30	0.50
<b>Total amount</b>	<b>1.62</b>	<b>1.95</b>
<b>Total amount recognised in profit and loss (note no. 28)</b>	<b>1.62</b>	<b>1.95</b>

**Remeasurements recognised in other comprehensive income**

	-	-
Actuarial (Gain)/Loss on obligations due to change in demographic assumption	-	-
Actuarial (Gain)/Loss on obligations due to change in financial assumption	1.03	-
Actuarial (Gain)/Loss on obligations due to unexpected experience	1.40	(4.09)
<b>Total amount recognised in other comprehensive income</b>	<b>2.43</b>	<b>(4.09)</b>
<b>Net Cost</b>	<b>4.05</b>	<b>(2.13)</b>

**(iv) Actuarial assumptions**

	As at 31 March 2020	As at 31 March 2019
	Discount rate (per annum)	6.72%
Rate of escalation in salary (per annum)	6.00%	6.00%
Retirement age	70	70

Assumptions regarding future mortality experience are set in accordance with the published rates under Indian Assured Lives Mortality (2006-08).



**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)  
**Notes to the Standalone financial statements for the year ended 31 March 2020 (Continued)**

All amount in Rupees Lakhs, unless otherwise stated

(v) **Sensitivity analysis**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

Sensitivity analysis	Increase by		Decrease by	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Discount Rate (-/+ 0.5%)	7.38	5.90	9.73	5.10
Salary Growth (-/+ 0.5%)	9.73	7.29	7.37	3.82
Attrition Rate (-/+ 0.5%)	8.46	6.55	8.46	4.41
Mortality Rate (-/+ 10%)	8.47	6.56	8.45	4.40

(vii) **Maturity profile**

Year	As at	As at
	31 March 2020	31 March 2019
1	4.05	0.01
2	0.01	0.02
3	0.02	0.02
4	0.02	0.02
5	0.02	0.02
6 to 10	0.16	0.18
More than 10 years	25.17	27.54

**36 Segment information**

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 Ind AS 108- "Operating Segment"

The information relating to revenue from external customers and location of non-current assets of its single reportable segment has been disclosed as below:

**(a) Revenue from operations**

All revenue from operations of the company are generated within India.

**(b) Non-current assets**

All Non-current assets of the company are located in India.

**(c) Customer contributing more than 5% of Revenue**

Revenue from two (31st March 2019: two) external customers contributed to more than 30.52% (31st March 2019: 32.90%) of Company's total revenue amounting approximately to Rs. 10,941.83 lakhs & Rs. 24,865.15 lakhs for the year ended 31st March 2020 & 31st March 2019 respectively. Other than these customers, there is no other customer whose revenue contributed to more than 5% of the Company's revenue.

**37 Related Party Disclosures<sup>^</sup>**

**Key Management Personnel (KMP)**

Sunil Choudhary  
Bina Choudhary  
Bivor Bagaria (upto 29.03.2019)  
Ankit Gupta (w.e.f 30.03.2019)  
Ankit Gupta (w.e.f 06.04.2019)  
Arun Kumar Meher

**Nature of Relationship**

Managing Director  
Director  
Director  
Chief Financial Officer (CFO)  
Additional Director  
Compliance Officer & Company Secretary

**Relatives of Key Managerial Personnel**

Anjani Choudhary

**Independent Director**

Krishnamacharyulu Eunny  
Atul Kumar Saxena (upto 14-02-2020)  
Bhaskararao Puvvala (upto 28-07-2020)

**Associates**

Hari Equipments Private Limited

**Enterprises owned or significantly influenced by key management personnel or their relatives**

Nippon Alloys Ltd. (Formerly, Narayani Ispat Ltd.)  
Kedarnath Commotrade Private Limited (upto 29.03.2019)  
Balajee Roadways  
Agrimony Tradex Vyaappar Private Limited (upto 29.03.2019)  
Hemang Steel Traders

**The following transactions were carried out with related parties in the ordinary course of business:**

Nature of Transactions	(Rupees in lakhs)	(Rupees in lakhs)
	As at 31 March 2020	As at 31 March 2019
<b>Purchases (exclusive of GST)</b>		
Nippon Alloys Ltd. (Formerly, Narayani Ispat Ltd.)	1,192.19	2,131.22
Hari Equipments Private Limited	104.83	192.68
Kedarnath Commotrade Private Limited	-	1,555.43
Agrimony Tradex Vyaappar Private Limited	-	393.96
<b>Sales (exclusive of GST)</b>		
Nippon Alloys Ltd. (Formerly, Narayani Ispat Ltd.)	31.54	1,158.59
Hari Equipments Private Limited	1.07	456.17
Kedarnath Commotrade Private Limited	-	789.68
Agrimony Tradex Vyaappar Private Limited	-	226.16
<b>Rental Income</b>		
Agrimony Tradex Vyaappar Private Limited	-	0.36
Balajee Roadways	0.30	0.54
Nippon Alloys Ltd. (Formerly, Narayani Ispat Ltd.)	1.21	0.96
Hari Equipments Private Limited	0.50	0.36
Kedarnath Commotrade Private Limited	-	0.36
<b>Sale of shares of Kedarnath Commotrade Private Limited</b>	-	49.00

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

Notes to the Standalone financial statements for the year ended 31 March 2020 (Continued)

All amount in Rupees Lakhs, unless otherwise stated

<b>Rent Deposit Paid</b> Hari Equipments Private Limited	40.00	-
<b>Rent Paid</b> Bina Choudhary Nippon Alloys Ltd. (Formerly, Narayani Ispat Ltd.) Hari Equipments Private Limited	6.00 3.00 6.00	3.60 0.55 0.50
<b>Freight Expense</b> Balajee Roadways	820.65	1,169.40
<b>Director's Remuneration</b> Sunil Choudhary Ankit Gupta Bivor Bagaria	36.00 21.07 -	36.00 - 24.00
<b>Director's Sitting Fees</b> Bina Choudhary (upto 10.09.2019) Krishnamacharyulu Eunny Bhaskararao Puvvala Atul Kumar Saxena Jaya Padmavathi Bandi Ramesh Prathapa	0.02 0.05 0.02 0.05 0.02 -	0.05 0.07 0.07 0.07 - 0.04
<b>Salary</b> Arun Kumar Meher ( Company Secretary)	3.74	3.60
<b>Professional Charges</b> Bivor Bagaria	-	6.00

**Outstanding Balances**

Nature of Transactions	As at 31 March 2020	As at 31 March 2019
<b>Trade Receivables</b> Nippon Alloys Ltd. (Formerly, Narayani Ispat Ltd.) Agrimony Tradex Vyaappar Private Limited	3.78 -	30.88 1.70
<b>Trade Payables</b> Hari Equipments Private Limited	5.90	-
<b>Liabilities For Expenses</b> Bina Choudhary	0.45	0.29
<b>Investments in Shares</b> Hari Equipments Private Limited	-	56.73
<b>Advances Given</b> Balajee Roadways	-	0.19
<b>Advances Received</b> Hemang Steel Traders	7.22	7.22

<sup>^</sup> In case of transactions with Vendors / Customers, the total of purchases / sales are reported. Payments / receipts there against (including inter-party transfers) are not stated.

**38 Financial risk management**

The Company has exposure to the following risks arising from financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

**Risk management framework**

The Company's principal financial liabilities comprise of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company operations. The Company's principal financial assets include trade and other receivables, investments, cash and cash equivalents, other bank balances and other financial assets that derive directly from its operations.

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in debt securities and mutual fund schemes of debt categories only and restricts the exposure in equity markets.

**(i) Credit risk**

Credit risk is the risk of financial loss of the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company receivables from customers and loans. Credit risk arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing/ investing activities, including deposits with bank and mutual fund investments. The Company has no significant concentration of credit risk with any counterparty. The carrying amount of financial assets represent the maximum credit risk exposure.

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

**Notes to the Standalone financial statements for the year ended 31 March 2020 (Continued)**

All amount in Rupees Lakhs, unless otherwise stated

**Trade receivables**

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and business intelligence. Sale limits are established for each customer and reviewed annually. Any sales exceeding those limits require approval from the appropriate authority as per policy.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are an institution, dealer or end-user customer, their geographic location, industry, trade history with the Company and existence of previous financial difficulties.

With respect to trade receivables, based on internal assessment which is driven by the historical experience/current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is considered low. The Company estimates its allowance for trade receivable using lifetime expected credit loss. However, out of abundant caution, over and above the provisions required as per IND-AS, on account of doubtful debts due to continued disruptions in supply throughout the year and also due to the possible repercussions arising out of the global pandemic COVID-19, an additional provision of Rs.500 lakhs has been created towards provision for doubtful debts.

**Movement in the expected credit loss**

	As at 31st March 2020	As at 31st March 2019
<b>Balance at the beginning of the year</b>	81.63	27.35
<b>Add: Provision during the year (net of reversals)</b>	<b>1,041.58</b>	<b>54.29</b>
<b>Balance at the end of the year</b>	<b>1,123.22</b>	<b>81.63</b>
<b>% of Expected Credit Loss:</b>		
More than 1 year	10.00%	10.00%
More than 2 years	25.00%	25.00%
More than 3 years	75.00%	75.00%

**Exposure to credit risks**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. Details of concentration percentage of revenue generated from top customer and top five customers are stated below:

Particulars	Year ended 31st March 2020		Year ended 31st March 2019	
	%	Amount	%	Amount
Revenue from a top customer	24.85%	8,909.73	17.71%	13,382.49
Revenue from top five customers	43.84%	15,716.14	44.42%	33,568.83

Other credit risk is managed through credit approvals, establishing credit limits and by continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provisions at each reporting date whenever it is for longer period and involves higher risk. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain.

**(ii) Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's finance team is responsible for liquidity, funding as well as settlement management. In addition, Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

**Exposure to liquidity risk**

The table below provides details regarding

Particulars	As at 31 March 2020			Total
	Less than 1 year	1-5 years	> 5 years	
Borrowings	22,220.64	1,848.66	-	24,069.30
Trade payables	367.28	-	-	367.28
Other financial liabilities	9.75	-	-	9.75
	<b>22,597.68</b>	<b>1,848.66</b>	<b>-</b>	<b>24,446.34</b>
As at 31 March 2019				
Borrowings	10,652.43	1,951.82	-	12,604.25
Trade payables	11,931.40	-	-	11,931.40
Other financial liabilities	9.23	-	-	9.23
	<b>22,593.05</b>	<b>1,951.82</b>	<b>-</b>	<b>24,544.87</b>

**(iii) Market risk**

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, payables and borrowings.

**(a) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates related primarily to the Company's short term borrowings with floating interest rates. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

**Exposure to interest rate risk**

The interest rate profile of the Company's interest bearing financial instruments at the end of the reporting period are as follows:

Particulars	31 March 2020	31 March 2019
<b>Fixed rate instruments</b>		
Financial assets	-	-
Financial liabilities	(1,679.26)	(1,712.54)

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

**Notes to the Standalone financial statements for the year ended 31 March 2020 (Continued)**

All amount in Rupees Lakhs, unless otherwise stated

<b>Variable rate instruments</b>		
Financial assets	-	-
Financial liabilities	(22,044.54)	(10,541.97)

**Sensitivity analysis**

Fixed rate instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of sensitive analysis.

A reasonably possible change of 50 basis points in variable rate instruments at the reporting dates would have increased or decreased profit or loss by the amounts shown below:

Particulars	Profit/ (loss)		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2020</b>				
Variable rate instruments	(110.22)	110.22	(71.71)	71.71
<b>Cash flow sensitivity (net)</b>	<b>(110.22)</b>	<b>110.22</b>	<b>(71.71)</b>	<b>71.71</b>
<b>31 March 2019</b>				
Variable rate instruments	(52.71)	52.71	(35.11)	35.11
<b>Cash flow sensitivity (net)</b>	<b>(52.71)</b>	<b>52.71</b>	<b>(35.11)</b>	<b>35.11</b>

**(b) Equity price risks**

The Company is not exposed to equity risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

**(c) Currency risk**

The Company does not have currency risks since it is not exposed to any foreign currency transaction.

**39 Capital management (Ind AS 1)**

The Company's management objective are :

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products commensurately with the level of risk.

The Company monitors capital on the basis of carrying amount of equity including retained earnings as presented on the face of Balance Sheet. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. There is no change in the overall capital risk management strategy as compared to the last year.

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital, as well as the level of dividends to equity shareholders.

The Company's objective when managing capital are to: (a) to maximise shareholders value and provide benefits to other stakeholders and (b) maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the Company's capital management, capital includes issued equity share capital and other equity reserves attributable to the equity holders.

The Company monitors capital using debt-equity ratio, which is total debt less investments divided by total equity.

Particulars		31 March 2020	31 March 2019
Total debt (Bank and other borrowings)	<b>A</b>	23,833.27	12,254.51
Equity	<b>B</b>	1,084.77	4,218.78
Liquid investments including bank deposits	<b>C</b>	1,850.53	2,639.61
<b>Debt to Equity (A / B)</b>		21.97	2.90
<b>Debt to Equity (net) [(A-C) / B]</b>		20.26	2.28

**40** The Company had sent the letters seeking confirmation of balance as on 31st March 2020 to the parties who owe to the company and also to the parties to whom the company owes. However, in most of the cases the company did not receive the letters of confirmation from the parties. The management is following up with the parties for the letters of confirmation and in any case the management is hopeful that, other than what has been provided for, there would not be significant variation on account of non-receipt of the confirmations.

**41** Consequent to the account being classified as NPA by certain banks, the management as a matter of prudence and in order to account for all probable interest liability has provided interest wherever banks have not applied or have reversed the interest on loan. Further, certain bank guarantees/ letters of credit issued by the Company have been invoked by creditor. Necessary confirmation/ reconciliation is in progress. In the opinion of the management, the adjustments, if any, arising on such confirmation/ reconciliation of unsecured loans and borrowings, bank guarantees, certain balances with banks including certain fixed deposits, trade payables, and advances to vendors shall not have any material impact on the financial statements.

**42** The Company has, during the year, faced various disruptions due to stoppage of supply of materials by its largest Vendor, RINL, fall in demand and prices of steel, recession in iron & steel industry and stress over Channel finance and other borrowing accounts. The situation has become much grimmer on account of global COVID-19 pandemic and consequential lockdowns and restrictions within the country and abroad. Due to high uncertainties in future business activities and expected substantial downfall in economic activities in the sector, the management has undertaken an assessment of its business and recoverability of its trade receivables and it is estimated that there stands a doubtful chance of recovery of trade receivables to the extent of Rs.500 lakhs, over and above the expected credit loss as applicable.

**43** Certain banks have classified the advances to the Company as NPA on account of default in repayment of loans and non-payment of interest. The default can be attributed to non-realisation of debtors, substantial decrease in volume of business and sales on account of major disruption of supply. Post the tagging of account as NPA, these banks have not charged interest or have reversed the interest already charged. However, the company has, to the best of its judgment, calculated and provided for the interest.

**44** The global COVID-19 pandemic has caused significant accounting and auditing challenges. One such challenge being inability for the Company to conduct a physical verification of inventories for the year-end 31st March, 2020 due to Government having imposed restrictions during the lockdown on account of health, travel and safety concerns. The Company's management, however, conducted physical verification of inventories on dates other than the date of financial results but prior to the date of the board meeting to be held for the purpose of adopting the financial results and has made available the documents in confirmation thereof.

**45** The Company has recognized an impairment loss of Rs. 56.73 lakhs on its investment in Hari Equipments Private Limited, an associate of the Company, as the associate company has suspended its trading activities incurring significant losses with complete erosion of its net worth.

**46** The Financial year 2019-20 had been very challenging with various adverse factors affecting the operations of the company resulting in substantial losses during the year. However, the management is hopeful that the company will rebound in the coming years with the revival of the steel industry, the company is also taking all possible steps for resumption of full volume operations with a view to generate revenue. In view of the same, the company has recognised the deferred tax assets on carry forward losses and unabsorbed depreciation as the management believes that the company shall have sufficient taxable profits in the future to realise the deferred tax assets.

**47** 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.17.18 lakhs** (31st March 2019: Rs. 4.65 lakhs).

**NARAYANI STEELS LIMITED**  
**(CIN: L27109WB1996PLC082021)**

**Notes to the Standalone financial statements for the year ended 31 March 2020 (Continued)**

**All amount in Rupees Lakhs, unless otherwise stated**

<b>48 Foreign Exchange Earnings and Outgo</b>	<b>As at 31st March 2020</b>	<b>As at 31st March 2019</b>
<b>Expenditure in Foreign Currency:</b> Travel & Miscellaneous matters	-	<b>0.14</b>

**49** 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.

**NARAYANI STEELS LIMITED**  
**(CIN: L27109WB1996PLC082021)**

**Notes to the Standalone financial statements for the year ended 31 March 2020 (Continued)**

**50 Financial instruments and related disclosures**

**50.1 Fair value measurement**

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale.

The Company has established the following fair value hierarchy that categorises the value into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are as stated in Note 2: Basis of Preparation

The management assessed that trade receivables, cash and cash equivalent, trade payable and other financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments, except that an additional provision of Rs.500 lakhs has been created, out of abundant caution, over and above the provisions required as per IND-AS, on account of doubtful debts due to continued disruptions in supply throughout the year and also due to the possible repercussions arising out of the global pandemic COVID-19.

The company uses the discounted cash flow techniques (in relation to interest-bearing borrowings and loans) which involves determination of present value of expected receipt/payment discounted using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The fair value so determined is classified as Level 2.

**50.2 Financial instruments by category**

The following table shows fair values of financial assets and liabilities, including their levels in financial hierarchy, together with the carrying amounts shown in the statement of financial position.

Note No.	As at 31st March 2020		As at 31st March 2019	
	Carrying amount	Fair value Level 1/2	Carrying amount	Fair value Level 1/2
<b>A. Financial assets:</b>				
<b>a) Measured at amortised cost</b>				
Investments	6	-	56.73	-
Trade receivables	8	17,500.14	21,556.00	-
Cash and Cash equivalents	9	16.58	197.88	-
Other Bank Balances	10	1,833.96	2,441.73	-
Other financial assets	11	109.06	133.61	-
<b>b) Measured at fair value through profit and loss</b>				
Investments	6	93.46	101.83	101.83
<b>c) Measured at fair value through other comprehensive income</b>				
Investments	6	0.29	0.96	0.96
<b>B. Financial liabilities:</b>				
<b>a) Measured at amortised cost</b>				
Borrowings	16	23,713.72	12,132.30	12,132.30
Trade payables	19	367.28	11,931.40	-
Other financial liabilities	18	185.85	131.44	-

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of **Narayani Steels Limited**

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the accompanying consolidated Ind AS financial statements of **Narayani Steels Limited ("the Company")** and its associate, which comprise the Consolidated Balance Sheet as at 31 March 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us based on the consideration of reports of other auditors on separate financial statements of the associate as were audited by the other auditors, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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 consolidated state of affairs of the Company and its associate, as at 31st March, 2020, of its consolidated loss and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

#### **Basis for Opinion**

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

#### **Emphasis of Matter**

We draw attention to the following matters:

1. As stated in Note No. 39 of the audited consolidated financial statements for the year ended 31<sup>st</sup> March, 2020, the company and its associate ("Group") had sent letters to customers in respect of trade receivables for confirming balances outstanding as at March 31, 2020, but in most of the cases the customers have not sent written confirmation confirming the balance outstanding as at March 31, 2020.
2. As stated in Note No. 40 of the audited consolidated financial statements for the year ended 31<sup>st</sup> March, 2020, consequent to the account being classified as NPA by certain banks, the management as a member of prudence and in order to account for all probable interest liability has provided interest whenever banks have not applied or have reversed the interest on loan. Further, certain bank guarantees/letters of credit issued by the Company have been invoked by creditor. Necessary confirmations/reconciliation is in progress. In the opinion of the management, the adjustments, if any, arising on such confirmations/reconciliation of unsecured loans & borrowings, bank guarantees, certain balances with banks including certain fixed deposits, trade payables and advances to vendors shall not have any material impact on the financial statements.

3. As stated in Note No. 41 of the audited consolidated financial statements for the year ended 31<sup>st</sup> March, 2020, the Company has faced various disruptions in 2019-20 due to stoppage of supply of materials, fall in demand and prices of steel, recession in iron and steel industry and stress over Channel finance and other borrowing accounts. The situation has become much grimmer on account of global Covid-19 pandemic and due to lockdowns and restrictions imposed in and outside India. Due to high uncertainties in future business activities and expected major downfall in economic activities in the sector, the management has undertaken an assessment of its business and recoverability on its trade receivables and as per the management, receivables to the extent of Rs. 500 lakhs over and above the provisions required as per Ind AS 109 could be doubtful.
4. As stated in Note No. 43 of the audited consolidated financial statements for the year ended 31<sup>st</sup> March, 2020, regarding the uncertainties and the management's assessment of the financial impact due to the COVID-19 pandemic situation and consequential restrictions, for which a definitive assessment of the impact in the subsequent period is highly dependent upon future developments. The pandemic has caused significant accounting and auditing challenges. One such challenge being inability for the Company to conduct a physical verification of inventories for the year-end 31<sup>st</sup> March, 2020 due to Government having imposed restrictions during the lockdown on account of health, travel and safety concerns.

The Company's management, however, conducted physical verification of inventories on dates other than the date of financial statement but prior to the date of the board meeting to be held for the purpose of adopting the financial statements and has made available the documents in confirmation thereof. Inventories, being material to the financial statements of the Company, the Standard on Auditing (SA) 501, Audit Evidence - Specific Considerations for Selected items, cast a duty on us to obtain sufficient appropriate audit evidence regarding the existence and condition of inventories.

We have performed alternate audit procedures based on documents and other information made available to us, to audit the existence of inventories as per the Guidance provided by the Standard on Auditing (SA) 501, Audit Evidence - Specific Considerations for Selected items, and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these financial statements.

5. As stated in Note No. 42 of the audited consolidated financial statements for the year ended 31<sup>st</sup> March, 2020, regarding non-realization of debtors, overall substantial decrease in volume of business and sales, defaults in repayment of loans and interest owing to which some banks have classified the account as NPA and have either not charged any interest or have reversed the interest so charged. However, the management in its best judgment has provided interest on such borrowings on the basis of the rate last charged by the bank.
6. As stated in Note No. 46 of the audited consolidated financial statements for the year ended 31<sup>st</sup> March, 2020, regarding preparation of accounts of the associate as a going concern despite suspension of its trading activities and substantial losses. However, in the opinion of the management of the associate company, it shall resume its trading activities on improvement of steel market expected shortly and is also dependent on raising additional finance.



## Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p data-bbox="245 499 799 531"><b>1. Related party transactions</b></p> <p data-bbox="245 562 799 625">(Refer Note 36 to the consolidated financial statements)</p> <p data-bbox="245 657 799 1003">The Company has entered into several transactions with related parties during the year 2019-20. We identified related party transactions as a key audit matter because of risks with respect to completeness of disclosures made in the financial statements; non-compliance with statutory regulations governing related party relationships such as the Companies Act 2013 and SEBI Regulations and the judgement involved in assessing whether transactions with related parties are undertaken at arms' length.</p>	<p data-bbox="824 499 1370 625">In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ol data-bbox="824 657 1370 1682" style="list-style-type: none"><li data-bbox="824 657 1370 783">1. We carried out an assessment of the key controls to identify and disclose related party relationships and transactions in accordance with the relevant Indian accounting standard.</li><li data-bbox="824 821 1370 1129">2. We carried out an assessment of compliance with the listing regulations and the regulations under the Companies Act, 2013, including checking of approvals/ scrutiny as specified in Sections 177 and 188 of the Companies Act, 2013 with respect to the related party transactions. In cases where the matter was subject to interpretation, we exercised judgment to rely on opinions provided by legal practitioners.</li><li data-bbox="824 1167 1370 1293">3. We considered the adequacy and appropriateness of the disclosures in the financial statements, relating to the related party transactions.</li><li data-bbox="824 1331 1370 1549">4. For transactions with related parties, we inspected relevant ledgers and other information that may indicate the existence of related party relationships or transactions. We also tested completeness of related parties with reference to the various registers maintained by the Company statutorily.</li><li data-bbox="824 1587 1370 1682">5. We have tested on a sample basis, Management's assessment of related party transactions for arm's length pricing.</li></ol>
<p data-bbox="245 1749 799 1812"><b>2. Expected Credit Loss on Trade Receivables</b></p> <p data-bbox="245 1843 799 1875">(Refer Note 3(i), 8 and 37(i) of Consolidated</p>	<p data-bbox="824 1749 1370 1812">Our procedures in relation to the Expected Credit Loss on Trade Receivables included:</p> <ol data-bbox="824 1843 1370 1906" style="list-style-type: none"><li data-bbox="824 1843 1370 1906">1. Testing with regard to trade receivable includes testing controls over billing and</li></ol>

<p>Financial Statements.)</p> <p>As on 31.03.2020, trade receivables stand at Rs. 17,500.14 lakhs after providing Expected Credit Loss amounting to Rs. 1,123.22 lakhs and an ad hoc additional provision of Rs.500 lakhs towards possible bad debts on account of disruption in supply and impact of pandemic COVID 19.</p>	<p>collections, ageing analysis, etc.</p> <ol style="list-style-type: none"> <li>2. Test the completeness and accuracy of the data.</li> <li>3. Critically assessed and tested the significant judgments used by management based on past experience.</li> <li>4. Analyzing the key terms of contract with customers to ascertain provision required for expected credit loss.</li> </ol>
<p><b>3. Recoverability of Deferred Tax Assets</b></p> <p>(Refer Note 44 of Consolidated Financial Statements.)</p> <p>At March 31, 2020, net deferred tax assets recognized were Rs.1565.32 Lakhs.</p> <p>The deferred tax assets recognized includes carryforward losses, unabsorbed depreciation of Rs. 3134.59 lakhs. The recognition of deferred tax assets, involves judgement regarding the likelihood of the realization of these assets, in particular whether there will be sufficient taxable profits in future periods that support the recognition of these assets.</p> <p>Given the degree of judgment involved in considering these deferred tax assets as recoverable or otherwise, we considered this to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> <li>1. Our procedures included obtaining an understanding of the process and testing the controls over preparation of the taxable profit forecast.</li> <li>2. We performed procedures to test the inputs and assumptions used in the taxable profit forecast against historical performance, economic and industry indicators, publicly available information and including strategic plans.</li> <li>3. We inspected the disclosures in respect of the deferred tax asset balances including those disclosures related to significant accounting judgements and estimates.</li> </ol>
<p><b>4. Contingent liabilities</b></p> <p>(Refer Note 33 of Consolidated Financial Statements.)</p> <p>The Company has ongoing litigations with various authorities and third parties which could have a significant impact on the results, if the potential exposures were to materialise. The amounts involved are significant, and the application of accounting standards to determine the amount, if any, to be provided as a liability or disclosed as a contingent liability is inherently subjective.</p> <p>Claims against the Company not acknowledged as debts are disclosed in the Financial Statements by the Company after a careful evaluation of the facts and legal aspects of the matters involved. The outcome of such litigation is uncertain, and the position taken by management involves</p>	<p>Our audit procedures included the following –</p> <ol style="list-style-type: none"> <li>1. Obtained and read the Company’s accounting policies in respect of claims, provisions and contingent liabilities to assess compliance with accounting standards.</li> <li>2. Assessed the design and implementation of the Company’s controls over the assessment of litigations and completeness of disclosures. Supporting documentation were tested for the positions taken by the management, meetings conducted with in-house legal counsel and/or legal team and minutes of Board and sub-committee meetings were reviewed, to test the operating effectiveness of these controls.</li> <li>3. Involved our tax specialists to assess relevant historical and recent judgements passed by the appropriate authorities in order to challenge the basis used for the accounting treatment and resulting disclosures.</li> </ol>

<p>significant judgment and estimation to determine the likelihood and/or timing of cash outflows and the interpretation of preliminary and pending court rulings.</p>	<p>4. Additionally, considered the effect of new information in respect of contingencies as at 1st April 2019 to evaluate whether any change was required in the management's position on these contingencies as at 31st March 2020.</p> <p>5. Assessed in accordance with accounting standards, the provisions in respect of litigations and assessed disclosures relating thereto, including those for contingencies.</p>
--	---

### **Information Other than the Financial Statements and Auditor's Report thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements, Consolidated financial statements and our auditor's report thereon. The information included in the annual report is expected to be made available to us after the date of the auditor's report.

Our opinion on the Ind AS consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information, compare with the financial statements of the associate audited by the other auditors, to the extent it relates to the entity and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the associate, is traced from their financial statements audited by the other auditors. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Consolidated Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the financial position, financial performance, including consolidated other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Company in accordance with the Indian Accounting Standard (Ind AS) and accounting principle generally accepted in India, specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company including its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records.

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

The Board of Directors are also responsible for overseeing the financial reporting process of the Company including its associate.

### **Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing (SAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

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

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

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in

evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

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

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

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

### **Other Matter**

Due to restrictions, imposed by the Government of India, to restrict the spread of COVID-19 and health risks involved, the audit finalization process, for the year under report, was carried out from remote locations i.e. other than the office of the Company, based on the data / details made available and based on financial information / records remitted by the management through digital medium. Our report is not modified in respect of this matter.

We did not audit the financial statements of the associate company, **Hari Equipments Private Limited** included in the consolidated financial statements for the year ended 31st March, 2020 which includes Company's share of net loss (including other comprehensive income) of Rs. 124.82 Lakhs. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the associate, and our report in terms of sub-section (3) and sub section (11) of Section 143 of the Act, in so far as it relates to the aforesaid associate, is based solely on the report of other auditors. Our opinion is not modified in respect of the above matter.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit and on the consolidation of reports of other auditors on separate financial statements of such associate as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent possible, 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 the preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books and the report of the other auditors;
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of changes in equity and the Consolidated Cash Flows dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;S
- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors of the Company and the report of other statutory auditors of its associate company, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these consolidated Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in “**Annexure 1**” which is based on the audited report of the Company audited by us and the associate audited by other auditors. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal control with reference to financial statements of the Company and its associate incorporated in India;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 of the Act, where applicable;
- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company and its associate have disclosed the impact of pending litigations on its financial position in its financial statements– Refer Note – 33 to the Consolidated financial statements.
  - ii. The Company and its associate 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 of Signature: Kolkata  
Dated: The 30<sup>th</sup> day of July, 2020

## **ANNEXURE- 1 TO THE INDEPENDENT AUDITOR'S REPORT**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Narayani Steels Limited** ("the Company") and its associate as of 31<sup>st</sup> March, 2020 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

In our opinion, the Company and its associate, which is incorporated in India, have in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements 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 and except for the possible effects of the material weakness described in Basis for Qualified Opinion paragraph below on the achievement of the objective of the control criteria, the Company's internal financial controls with reference to financial statements were operating effectively as of 31<sup>st</sup> March 2020.

We have considered the material weakness identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the consolidated financial statements and its associate for the year ended 31<sup>st</sup> March, 2020 and the material weakness does not affect our opinion on the said consolidated financial statements of the Company.

#### **Basis for Qualified Opinion**

According to the information and explanations given to us and based on our audit, a material weakness has been identified in the Company's internal financial controls with reference to financial statements as of 31<sup>st</sup> March, 2020 relating to certain operating ineffectiveness in controls in respect of obtaining balance confirmations from trade receivables and payables, and bank balances at regular intervals.

The inadequate supervisory and review control over Company's process in respect of its aforesaid assessment in accordance with the accounting principles generally accepted in India could potentially result in a material misstatement in preparation and presentation of financial statement including the profit after tax.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Company and its associate company which is 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the associate company, which is incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system with reference to financial statements.



### **Meaning of Internal Financial Controls over Financial Reporting**

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

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

**CA. Mohit Bhuteria**  
Partner  
Membership No. 056832  
Place of Signature: Kolkata  
Date: The 30<sup>th</sup> day of July, 2020

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)  
**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2020**

All amount in Rupees Lakhs, unless otherwise stated

Particulars	Note	As at 31st March 2020	As at 31st March 2019
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	4A	2,088.02	1,938.56
(b) Capital Work In Progress	4B	-	205.06
(c) Investment Properties	4C	135.50	149.72
(d) Right-of-use assets	5A	118.38	-
(e) Intangible Assets	5B	2.45	3.48
(f) Financial assets			
(i) Investments accounted for using Equity method	6	-	124.82
(ii) Other Investments	6	0.29	0.96
(iii) Other assets	11	98.64	79.37
(g) Deferred Tax Assets (net)	21	1,565.32	-
(h) Other non-current assets	13	19.48	-
<b>Total Non-current assets</b>		<b>4,028.08</b>	<b>2,501.98</b>
<b>(2) Current assets</b>			
(a) Inventories	7	1,332.17	1,788.85
(b) Financial assets			
(i) Investments	6	93.46	101.83
(ii) Trade receivables	8	17,500.14	21,556.00
(iii) Cash and cash equivalents	9	16.58	197.88
(iv) Other Bank Balances	10	1,833.96	2,441.73
(v) Other assets	11	10.42	53.34
(c) Current tax assets (net)	12	60.45	123.51
(d) Other current assets	13	962.34	943.95
<b>Total Current assets</b>		<b>21,809.52</b>	<b>27,207.09</b>
<b>TOTAL ASSETS</b>		<b>25,837.60</b>	<b>29,709.07</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	14	1,090.90	1,090.90
(b) Other equity	15	(6.13)	3,195.97
<b>Total Equity</b>		<b>1,084.77</b>	<b>4,286.87</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	1,669.18	1,590.32
(ii) Lease liabilities	17	115.40	-
(iii) Other liabilities	18	5.72	-
(b) Other non-current liabilities	20	8.58	182.33
(c) Deferred tax liabilities (net)	21	-	113.63
(d) Provisions	22	4.54	4.40
<b>Total Non-current liabilities</b>		<b>1,803.42</b>	<b>1,890.68</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	22,044.54	10,541.97
(ii) Lease liabilities	17	8.40	-
(iii) Trade payables	19	-	0.62
total outstanding dues of micro enterprises and small enterprises and small enterprises		367.28	11,930.78
(iv) Other liabilities	18	185.85	131.44
(b) Other current liabilities	20	339.42	801.52
(c) Provisions	22	3.92	125.19
<b>Total Current liabilities</b>		<b>22,949.41</b>	<b>23,531.52</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>25,837.60</b>	<b>29,709.07</b>
<b>Significant accounting policies</b>	3		
<i>The accompanying notes form an integral part of these financial statements</i>			
<b>As per our report of even date attached</b>		<b>For and on behalf of the Board of Directors of Narayani Steels Limited</b>	
<b>For A.C. Bhuteria &amp; Co.</b>			
<b>Chartered Accountants</b>			
<b>Firm Registration Number: 303105E</b>			
	Sunil Choudhary	Ankit Gupta	
	<b>Managing Director</b>	<b>Director &amp; CFO</b>	
	<b>DIN: 00289479</b>	<b>DIN: 08415248</b>	
<b>CA. Mohit Bhuteria</b>			
<b>Partner</b>			
<b>Membership No: 056832</b>			
	Arun Kumar Meher	Place of Signature: Visakhapatnam	
<b>Place of Signature: Kolkata</b>	<b>Company Secretary</b>	<b>Dated: The 30th day of July, 2020</b>	
<b>Dated: The 30th day of July, 2020</b>			

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR PERIOD ENDED 31ST MARCH, 2020**

All amount in Rupees Lakhs, unless otherwise stated

Sl. No.	Particulars	Note	Year ended 31.3.2020	Year ended 31 March 2019
I	Revenue from operations	23	35,852.02	75,168.43
II	Other income	24	384.26	315.93
III	<b>Total income (I + II)</b>		<b>36,236.28</b>	<b>75,484.36</b>
IV	<b>Expenses</b>			
	Cost of Materials Consumed	25	5,954.43	10,787.63
	Purchase of Traded Goods	26	28,050.54	59,460.04
	Changes in Inventories of Finished & Traded Goods	27	293.65	334.33
	Employee benefits expense	28	502.90	421.29
	Finance costs	29	2,305.80	1,583.80
	Depreciation and amortisation expense	4A, 4C & 5	166.64	91.36
	Other expenses	30	3,710.85	2,463.23
	<b>Total expenses (IV)</b>		<b>40,984.80</b>	<b>75,141.67</b>
V	<b>PROFIT/(LOSS) BEFORE TAX &amp; EXCEPTIONAL ITEM (III-IV)</b>		<b>(4,748.52)</b>	<b>342.69</b>
VI	<b>Exceptional Item</b>		-	-
VII	<b>Profit/(Loss) before tax (V-VI)</b>		<b>(4,748.52)</b>	<b>342.69</b>
VIII	<b>Tax expense:</b>	31		
	Current tax		-	125.18
	Earlier year tax		4.60	(0.21)
	Deferred tax	21	(1,678.34)	(1.27)
IX	<b>Profit/(Loss) before share of net profits of investments accounted for using equity method for the year (VII-VIII)</b>		<b>(3,074.79)</b>	<b>218.98</b>
X	<b>Share of net profits/(loss) from Associate accounted for using equity method for the year (net of tax)</b>	6A(i)	<b>(124.82)</b>	<b>9.51</b>
	<b>Other comprehensive income (net of tax)</b>			
	<b>A. Items that will not be reclassified to profit or loss</b>			
	(a) Remeasurements of defined benefit liability/ (asset)		(2.43)	4.09
	(b) Equity instruments through other comprehensive income		(0.67)	0.01
	(c) Income taxes relating to items that will not be reclassified to		0.61	(1.36)
	<b>Net other comprehensive income not to be reclassified subsequently to profit or loss</b>		<b>(2.49)</b>	<b>2.74</b>
	<b>B. Items that will be reclassified to profit or loss</b>			-
	<b>Net other comprehensive income to be reclassified subsequently to profit or loss</b>			-
XI	<b>Other comprehensive income</b>		<b>(2.49)</b>	<b>2.74</b>
XII	<b>Total comprehensive income for the year (IX + X + XI)</b>		<b>(3,202.10)</b>	<b>231.24</b>
XIII	<b>Earnings per equity share</b>			
	[Face value of equity share Rs. 10 each (previous year Rs. 10 each)]			
	- Basic		(29.35)	2.12
	- Diluted		(29.35)	2.12

**Significant accounting policies**

3

*The accompanying notes form an integral part of these financial statements*

**As per our report of even date attached**

For A.C. Bhuteria & Co.

Chartered Accountants

Firm Registration Number: 303105E

Sunil Choudhary  
Managing Director  
DIN: 00289479

Ankit Gupta  
Director & CFO  
DIN: 08415248

CA. Mohit Bhuteria

Partner

Membership No: 056832

Arun Kumar Meher  
Company Secretary  
M.NO.: ACS48598

Place of Signature: Visakhapatnam  
Dated: The 30th day of July, 2020

Place of Signature: Kolkata  
Dated: The 30th day of July, 2020

**NARAYANI STEELS LIMITED**  
**(CIN: L27109WB1996PLC082021)**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020**

All amount in Rupees Lakhs, unless otherwise stated

	Year ended 31st March 2020	Year ended 31st March 2019	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit / (Loss) before share of profit/(loss) of associate and tax	(4,805.26)		342.68
<b>ADJUSTMENTS FOR:</b>			
Depreciation and amortisation expense	166.64	91.36	
Provision for expected credit loss on trade receivables	1,041.58	54.29	
Provision for bad and doubtful debts on trade receivables	500.00	-	
Net (gain) / loss on investments measured at fair value through profit or loss	10.93	(11.77)	
Impairment in the value of investment in associate	56.73	-	
Amortisation of corporate guarantee obligation	0.52	1.73	
Finance Costs	2,305.80	1,583.80	
Rental Income	(33.79)	(11.58)	
Commission Income	(8.19)	-	
Profit on sale of current investments	(1.16)	-	
Loss on sale of Property, Plant & Equipment	0.05	-	
Sundry Balance written off (net)	6.06	2.12	
Interest income	(342.56)	(284.51)	
Gratuity	1.62	1.95	1,427.38
<b>Operating profit before working capital changes</b>	<b>(1,101.02)</b>		<b>1,770.06</b>
<b>ADJUSTMENTS FOR :</b>			
Trade receivables, loans, advances and other assets	2,493.98	(3,073.03)	
Inventories	456.68	175.97	
Trade payables, other liabilities and other financial liabilities	(12,128.11)	3,137.57	240.51
<b>Cash generated from operations</b>	<b>(10,278.47)</b>		<b>2,010.57</b>
Income tax paid	(68.28)		(186.27)
<b>Net Cash from / (used in) Operating Activities</b>	<b>(10,346.75)</b>		<b>1,824.31</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant & Equipment (including capital work-in-progress)	(86.59)	(442.24)	
Sale of Property, Plant & Equipment	1.15	-	
Purchase of investments	(88.75)	(68.79)	
Sale of investments	97.05	80.86	
(Investments) in / Proceeds from Bank deposits (maturity more than 3 months but less than 12 months)	607.77	(918.84)	
Rent received	33.79	11.58	
Interest received	342.56	284.51	(1,052.93)
<b>Net cash from / (used in) Investing Activities</b>	<b>906.98</b>		<b>(1,052.93)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds/(Repayment) of Borrowings	11,580.86	772.76	
Principal accrued on lease liabilities	(16.60)	-	
Interest accrued on lease liabilities	(11.68)	-	
Finance Costs	(2,294.12)	(1,583.80)	(811.03)
<b>Net cash from / (used in) financing activities</b>	<b>9,258.46</b>		<b>(811.03)</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash equivalents</b>	<b>(181.31)</b>		<b>(39.66)</b>
<b>Cash &amp; Cash equivalents at beginning of the year<sup>^</sup></b>	<b>197.88</b>		<b>237.54</b>
<b>Cash &amp; Cash equivalents at end of the year<sup>^</sup></b>	<b>16.58</b>		<b>197.88</b>

<sup>^</sup> as disclosed in Note 9

Note :

The Statement of Cash Flow has been prepared under the indirect method as set out in Ind AS - 7 specified under section 133 of the Companies Act, 2013.

Significant accounting policies

3

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For A.C. Bhuteria & Co.

Chartered Accountants

Firm Registration Number: 303105E

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

Sunil Choudhary  
Managing Director  
DIN: 00289479

Ankit Gupta  
Director & CFO  
DIN: 08415248

CA. Mohit Bhuteria

Partner

Membership No: 056832

Arun Kumar Meher

Company Secretary

M.NO.: ACS48598

Place of Signature: Visakhapatnam

Dated: The 30th day of July, 2020

Place of Signature: Kolkata

Dated: The 30th day of July, 2020

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020**

All amount in Rupees Lakhs, unless otherwise stated

**A. Equity share capital**

Particulars	Number of shares	Amount
As at 31 March 2018	109.09	1,090.90
Changes in equity share capital during 2018-19	-	-
As at 31 March 2019	<b>109.09</b>	<b>1,090.90</b>
Changes in equity share capital during 2019-20	-	-
As at 31 March 2019	<b>109.09</b>	<b>1,090.90</b>

**B. Other equity**

Particulars	Reserves and surplus		Total
	Securities Premium	Retained Earnings	
Balance as at 31 March 2018	1,673.85	1,290.89	2,964.74
<b>Total comprehensive income for the year ended 31 March 2019</b>			
Profit or Loss including share of associate	-	228.49	228.49
Other comprehensive income (net of tax)	-	2.74	2.74
<b>Total comprehensive income</b>	-	231.23	231.23
Balance as at 31 March 2019	<b>1,673.85</b>	<b>1,522.12</b>	<b>3,195.97</b>
<b>Total comprehensive income for the year ended 31 March 2020</b>			
Profit or Loss including share of associate	-	(3,199.61)	(3,199.61)
Other comprehensive income (net of tax)	-	(2.49)	(2.49)
<b>Total comprehensive income</b>	-	(3,202.10)	(3,202.10)
Balance as at 31st March 2020	<b>1,673.85</b>	<b>(1,679.98)</b>	<b>(6.13)</b>
<b>Significant accounting policies</b>	3		

*The accompanying notes form an integral part of these financial statements*

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

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

Sunil Choudhary  
Managing Director  
DIN: 00289479

Ankit Gupta  
Director & CFO  
DIN: 08415248

CA. Mohit Bhuteria  
Partner  
Membership No: 056832

Place of Signature: Kolkata  
Dated: The 30th day of July, 2020

Arun Kumar Meher  
Company Secretary  
M.NO.: ACS48598

Place of Signature: Visakhapatnam  
Dated: The 30th day of July, 2020

**NARAYANI STEELS LIMITED**  
**(CIN: L27109WB1996PLC082021)**

**Notes to the Consolidated financial statements for the year ended 31 March 2020**

**1 Corporate Information**

The consolidated financial statements comprise financial statements of Narayani Steels Limited and its associate; Hari Equipments Private Limited for the year ended 31st March, 2020

Narayani Steels Limited ("the Company") is principally engaged in the business of manufacture and sale of TMT bars, Rounds, Squares, Angles, etc. and trading of Billets, Blooms, Ingots, Iron ores, etc.

The Company is an integrated manufacturer of diverse range of Iron & steel products with its manufacturing facilities located at Visakhapatnam, Andhra Pradesh, India.

**Narayani Steels Limited** is a public limited company incorporated in India on 13th November, 1996 under the Companies Act, 1956 (as amended Companies Act, 2013) and listed on the Bombay Stock Exchange. The registered office is situated at 23A, N.S.Road 7th Floor, Kolkata - 700001. **(Corporate Office at Door No.49-24-66, Plot No.5, Sankarmatam Road, Madhuranagar, Allipuram, Visakhapatnam, Andhra Pradesh-530016, India).**

**2 Basis of preparation**

**a) Statement of Compliance**

These consolidated financial statements are prepared in accordance with the provisions of the Companies Act, 2013 ('Act') (to the extent notified) and Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. The Ind AS are prescribed under section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use.

**b) Functional and presentation currency**

The financial statements are presented in Indian Rupees ('Rs') which is Company's presentation currency. The functional currency of the Company is also Indian Rupees ('Rs'). All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakh with two decimals as per the requirement of Schedule III, unless otherwise stated.

**c) Basis of measurement**

The financial statements have been prepared on historical cost convention on the accrual basis, except for the following items:

- (i) Certain financial assets and financial liabilities measured at fair value;
- (ii) Employee's defined benefit plan as per actuarial valuation.

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

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use.

The statement of cash flows have been prepared under indirect method.

**d) Use of judgements and estimates**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

**e) Basis of consolidation**

The Consolidated Financial Statements have been prepared in accordance with principles laid down in Ind AS 110 on "Consolidated Financial Statements" and Ind AS 28 on "Accounting for Investments in Associates and Joint Ventures".

**NARAYANI STEELS LIMITED**  
**(CIN: L27109WB1996PLC082021)**

**Notes to the Consolidated financial statements for the year ended 31 March 2020**

The Company's investments in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date. If the Company's share of the net fair value of the investee's identifiable assets and liabilities exceeds the cost of the investment, any excess is recognised directly in Equity as capital reserve in the period in which the investment is acquired. Goodwill, if any, relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The Consolidated Statement of Profit and Loss reflects the Company's share of the results of operations of the associate. Any change in Other Comprehensive Income of investee is presented as part of the Company's Other Comprehensive Income. In addition, when there has been a change recognised directly in the equity of the associates, the Company recognises its share of any changes, when applicable, in the Consolidated Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Company and the associate is eliminated to the extent of the interest in the associate.

If the Company's share of losses of associate equals or exceeds its interest in the associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates. If the associate subsequently reports profits, the Company resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Company's share of profit/loss of associate is shown on the face of the Consolidated Statement of Profit and Loss.

The consolidated financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date, i.e., year ended on 31st March.

When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each balance sheet date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of associates' in the Consolidated Statement of Profit and Loss.

**f) Critical accounting judgements and key sources of estimation uncertainty: Key assumptions-**

**(i) Useful lives of Property, plant and equipment and intangible assets:**

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

**(ii) Fair value measurement of financial instruments:**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using certain valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

**(iii) Defined benefit plans:**

The cost of the defined benefit plan includes gratuity and the present value of the gratuity obligation are determined using actuarial valuations using projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**(iv) Recognition and measurement of provisions and contingencies:**

The certain key assumptions about the likelihood and magnitude of an outflow of resources. Provision is made towards known contractual obligation, litigation cases and pending assessments in respect of taxes, duties and other levies, if any, in respect of which management believes that there are present obligations and the settlement of such obligations are expected to result in outflow of resources, to the extent provided for.

(v) Expected credit losses on financial assets: The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the expected credit loss calculation based on the Company's history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

**NARAYANI STEELS LIMITED**  
**(CIN: L27109WB1996PLC082021)**

**Notes to the Consolidated financial statements for the year ended 31 March 2020**

**g) Measurement of fair values**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

The management regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1 : includes financial Instrument measured using quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can access at the measurement date.
- Level 2 : Includes financial Instruments which are not traded in active market but for which all significant inputs required to fair value the instrument are observable. The fair value is calculated using the valuation technique which maximises the use of observable market data.
- Level 3: Includes those instruments for which one or more significant input are not based on observable market data.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**3 Significant accounting policies**

**a) Operating Cycle**

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 and Ind AS 1 – Presentation of Financial Statements based on the nature of business and the time between the acquisition of assets for development and their realisation in cash and cash equivalents.

**b) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**i. Financial Assets**

**Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Trade receivables are initially measured at transaction price. Regular way purchase and sale of financial assets are accounted for at trade date.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in three categories:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

**Financial assets at amortised cost**

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

**Financial assets at FVOCI**

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).



**NARAYANI STEELS LIMITED**  
**(CIN: L27109WB1996PLC082021)**

**Notes to the Consolidated financial statements for the year ended 31 March 2020**

**Financial assets at FVTPL**

A financial asset which is not classified in any of the above categories are measured at FVTPL.

Financial assets included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit & Loss.

**Derecognition**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

**ii. Financial liability**

**Initial recognition and measurement**

Financial liabilities are initially recognised at fair value plus any transaction cost that are attributable to the acquisition of the financial liabilities except financial liabilities at fair value through profit or loss which are initially measured at fair value.

**Subsequent measurement**

For purposes of subsequent measurement, financial liabilities are classified in following categories:

- Financial liabilities through profit or loss (FVTPL)
- Financial liabilities at amortised cost

**Financial liabilities through FVTPL**

A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

**Financial liabilities at amortised cost**

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and any gain or loss on derecognition are recognised in profit or loss.

Interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

**Derecognition**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**Derivative financial instruments**

The Company uses forward contracts to hedge its currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivative financial instruments are recognised initially and subsequently at fair value through mark to market valuation. Gain or loss arising from the changes in fair value of derivatives are credited or debited to the Exchange differences in the statement of profit and loss.

**Financial guarantee contracts**

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

**iii. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**NARAYANI STEELS LIMITED**  
**(CIN: L27109WB1996PLC082021)**

**Notes to the Consolidated financial statements for the year ended 31 March 2020**

**c) Property, Plant and Equipment**

**i. Recognition and measurement**

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. Borrowing costs directly attributable to the acquisition or construction of those qualifying property, plant and equipment, which necessarily take a substantial period of time to get ready for their intended use, are capitalised.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate components of property, plant and equipment.

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.

**ii. Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1st April, 2017, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

**iii. Subsequent expenditure**

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

**iv. Depreciation**

Depreciation for the year is recognised in the Statement of Profit and Loss.

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, on written down value method on other property, plant and equipment and on written down basis on Right-to-use Assets.

These charges are commenced from the dates the assets are available for their intended use and are spread over their estimated useful economic lives or, in the case of right-of-use assets, over the lease period, if shorter.

The estimated useful lives of the assets of property, plant and equipment are estimated by the management which are equal to the life prescribed under Schedule II of the Act.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted as appropriate.

**v. Reclassification to investment property**

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of classification.

**vi. Capital Work-in-progress**

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.

**d) Investment properties**

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, investment properties are measured at cost. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The Company depreciates investment properties on a written down value method over the useful life of the asset.

Any gain or loss on disposal of an investment property is recognised in profit or loss.

The fair values of investment properties are disclosed in the notes accompanying these financial statements.

Fair values are determined by an independent property valuer who holds recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

**NARAYANI STEELS LIMITED**  
**(CIN: L27109WB1996PLC082021)**

**Notes to the Consolidated financial statements for the year ended 31 March 2020**

**e) Intangible Assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

The useful life of computer software & mobile application is considered to be 5 years.

**i. Amortisation**

Amortisation for the year is recognised in the Statement of Profit and Loss.

Intangible assets are amortised over a period of 5 years.

**f) Lease**

**The Company as a Lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date.

The cost of the right-of-use asset measured at inception comprises of the amount of initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date.

Certain lease arrangements include options to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that such options would be exercised.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

Lease liability is measured at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined.

If that rate cannot be readily determined, the Company uses incremental borrowing rate. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications. The Company recognises the amount of the remeasurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the remeasurement in statement of profit and loss.

Variable lease payments not included in the measurement of the lease liabilities are expensed to the statement of profit and loss in the period in which the events or conditions which trigger those payments occur.

**Transition**

Effective April 01, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 01, 2019 using the retrospective with cumulative effect method of initially applying the standard recognised at the date of initial application without any adjustment to opening balance of retained earnings. The Company did not have any material impact on the consolidated financial statements on application of the above standard.

**g) Inventories**

Inventories are valued at lower of cost and net realisable value. Cost of inventories is determined on FIFO basis.

Assessment of net realisable value is made at each subsequent reporting date. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

**h) Investments and other financial assets**

**i. Classification**

The company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

**NARAYANI STEELS LIMITED**  
**(CIN: L27109WB1996PLC082021)**

**Notes to the Consolidated financial statements for the year ended 31 March 2020**

**ii. Measurement**

At initial recognition, the company measures a financial asset at its fair value and in the case of a financial asset not at fair value through profit and loss, at transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

**Debt instruments**

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit and loss.

**Equity instruments**

The company subsequently measures all equity investments at fair value. Dividends from such investments are recognised in profit or loss as other income when the company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss.

**i) Investment in associates**

Investment in associates are carried at cost less impairment loss, if any. The cost comprises price paid to acquire investment and directly attributable cost.

**j) Impairment**

**i. Impairment of financial instruments: financial assets**

Expected credit losses are recognized for all financial assets subsequent to initial recognition other than financials assets in FVTPL category.

For financial assets other than trade receivables, as per Ind AS 109, the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. The Company's trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

**ii. Impairment of non-financial assets**

The Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest Company of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**NARAYANI STEELS LIMITED**  
**(CIN: L27109WB1996PLC082021)**

**Notes to the Consolidated financial statements for the year ended 31 March 2020**

**k) Amendment to Ind AS 19 - Plan Amendment, Curtailment or Settlement**

The Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements requiring an entity to determine the current service costs and the net interest for the period after the remeasurement using the assumptions used for the remeasurement; and determine the net interest for the remaining period based on the remeasured net defined benefit liability or asset. The adoption of amendment to Ind AS 19 did not have any material impact on the consolidated financial statements of the Company.

**i. Short-term employee benefits**

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

**ii. Defined contribution plans**

Contributions to provident-fund, a defined contribution plan are deposited with a recognised provident fund. The contributions payable to the provident fund are recognized as expenses, when an employee renders the related services. The Company has no obligation, other than the contribution payable to funds.

The Company's contribution to State Plans namely Employee State Insurance Fund and Employees' Pension Scheme is charged to Profit and Loss Account.

**iii. Defined benefit plans**

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Re-measurement of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income.

**l) Provisions (other than for employee benefits)**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**m) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The Company recognises revenue when control over the promised goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company has generally concluded that it is the principal in its revenue arrangements as it typically controls the goods or services before transferring them to the customer.

Revenue is adjusted for variable consideration such as discounts, rebates, refunds, credits, price concessions, incentives, or other similar items in a contract when they are highly probable to be provided. The amount of revenue excludes any amount collected on behalf of third parties.

The Company has adopted Ind AS 115 using cumulative effect method of initially applying this standard recognised at the date of initial application (i.e. April 01, 2018). There is no impact on the adoption of the standard in the consolidated financial statements.

**n) Recognition of dividend income, interest income or expense**

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

Interest income or expense is recognised using the effective interest method after taking into account the amount outstanding and the rate applicable.

**o) Income tax**

Income tax expense comprises of current and deferred tax. Current tax and deferred tax is recognized in the statement of profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

**NARAYANI STEELS LIMITED**  
**(CIN: L27109WB1996PLC082021)**

**Notes to the Consolidated financial statements for the year ended 31 March 2020**

**i. Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

**ii. Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company does not have evaluated any impact of on its consolidated financial statements.

**p) Borrowing costs**

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Where there is an unrealised exchange loss which is treated as an adjustment to interest and subsequently there is a realised or unrealised gain in respect of the settlement or translation of the same borrowing, the gain to the extent of the loss previously recognised as an adjustment is recognised as an adjustment to interest.

**q) Foreign currency transaction**

Transactions in foreign currencies are translated into functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

i) Foreign currency monetary items are translated in the functional currency at the exchange rate of the reporting date.

ii) Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

iii) Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

iv) Exchange differences are recognised in profit or loss in the period in which they arise, except exchange differences arising from the translation of the items which are recognised in OCI.

**r) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

**s) Segment reporting (Ind AS 108)**

Operating Segment are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director of the Company. The Company operates only in one Business segment i.e. Trading of Iron & Steel and related products, hence does not have segment as per Ind AS 108 "Operating Segments". The performance of the Company is mainly driven by sales made in domestic market and hence, no separate reportable geographical segment is identified.

**t) Provision, contingent liabilities and contingent assets**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs. Expected future operating losses are not provided for.

**NARAYANI STEELS LIMITED**  
**(CIN: L27109WB1996PLC082021)**

**Notes to the Consolidated financial statements for the year ended 31 March 2020**

**Contingencies**

Provision in respect of loss contingencies relating to claims, litigations, assessments, fines and penalties are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

**Contingent liabilities and contingent assets**

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets has to be recognised in the financial statements in the period in which if it is virtually certain that an inflow of economic benefits will arise. Contingent assets are assessed continually and no such benefits were found for the current financial year.

Contingent Liabilities are shown by way of notes to the Accounts in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable

A Contingent Asset is not recognized in the Accounts.

**u) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, cash at bank and other deposits with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**v) Recent Indian Accounting Standards (Ind AS)**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

**w) Impact of Covid-19**

Impact of COVID-19 pandemic has been rapidly spreading throughout the world, including India. Government in India has taken significant measures to curb the spread of the virus including imposing mandatory lockdowns and restrictions in activities. Consequently, Company's manufacturing plants and offices had to be closed down for a considerable period of time, including after the year end. As a result of the lockdown, the likely revenue from the month of March, 2020 has been impacted. Continued lockdowns are likely to impact the Company operationally including on supply chain matters. The Company is monitoring the situation closely taking into account directives from the Governments. Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic and the resultant lockdowns in the preparation of the financial statements including but not limited to its assessment of Group's liquidity and going concern, recoverable values of its property, plant and equipment, intangible assets and the realisable values of other assets. However, given the effect of these lockdowns on the overall economic activity and in particular on the iron and steel related items industry, the impact assessment of COVID-19 on the above mentioned financial statement captions is subject to significant estimation uncertainties given its nature and duration and, accordingly, the actual impacts in future may be different from those estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions and consequential impact on its financial results.

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

**Notes to the Consolidated financial statements for the year ended 31st March 2020 (Continued)**

All amount in Rupees Lakhs, unless otherwise stated

4A

Particulars	Gross Carrying Amount						
	Balance at 31st March 2018	Additions	Disposals/ Adjustments	Balance at 31st March 2019	Additions	Disposals/ Adjustments	Balance at 31st March 2020
<b>Property, plant and equipment</b>							
Land (Freehold)	889.22	5.01	-	894.22	-	-	894.22
Leasehold improvements	-	110.91	-	110.91	5.36	-	116.28
Buildings	370.03	12.04	-	382.07	0.00	-	382.07
Plant & Equipment	420.58	42.42	-	463.01	250.57	-	713.58
Computer	8.02	1.21	-	9.23	1.91	-	11.14
Office Equipment	-	15.67	-	15.67	6.65	-	22.32
Electrical Installation & Fittings	-	17.53	-	17.53	2.11	-	19.64
Furniture & Fixtures	12.30	106.49	-	118.79	25.05	-	143.84
Vehicles	70.88	-	-	70.88	-	22.76	48.12
<b>Total</b>	<b>1771.04</b>	<b>311.28</b>	<b>-</b>	<b>2,082.32</b>	<b>291.65</b>	<b>22.76</b>	<b>2,351.21</b>

Particulars	Accumulated Depreciation/ amortisation							Net Carrying Value	
	Balance at 31st March 2018	For the year	Disposals/ Adjustments	Balance at 31st March 2019	For the year	Disposals/ Adjustments	Balance at 31st March 2020	At 31st March 2019	At 31st March 2020
<b>Property, plant and equipment</b>									
Land (Freehold)	-	-	-	-	-	-	-	894.22	894.22
Leasehold improvements	-	0.89	-	0.89	10.85	-	11.75	110.02	104.53
Buildings	7.68	8.86	-	16.54	11.76	-	28.31	365.53	353.76
Plant & Equipment	39.99	41.79	-	81.78	57.89	-	139.67	381.23	573.91
Computer	3.40	1.81	-	5.21	1.91	-	7.12	4.02	4.02
Office Equipment	-	1.51	-	1.51	9.30	-	10.81	14.17	11.51
Electrical Installation & Fittings	-	0.25	-	0.25	4.16	-	4.41	17.27	15.22
Furniture & Fixtures	1.88	4.16	-	6.05	33.92	-	39.96	112.75	103.88
Vehicles	16.01	15.52	-	31.53	11.24	21.61	21.16	39.35	26.96
<b>Total</b>	<b>68.96</b>	<b>74.79</b>	<b>-</b>	<b>143.76</b>	<b>141.05</b>	<b>21.61</b>	<b>263.19</b>	<b>1,938.56</b>	<b>2,088.02</b>

(1) The aggregate depreciation has been included under depreciation and amortisation expense in the Statement of Profit and Loss for the respective years.

(2) Property, Plant & Equipment have been pledged as security for borrowings. Refer Note 16 for details.

(3) The original cost of vehicles includes Rs. 52.09 lakhs (31st March 2019: Rs. 52.09 lakhs) acquired from loans taken from banks & financial institutions, of which Rs. 21.79 lakhs (31st March, 2019: Rs. 30.95 lakhs) were outstanding as at year end.



**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

**Notes to the Consolidated financial statements for the year ended 31st March 2020 (Continued)**

All amount in Rupees Lakhs, unless otherwise stated

4C Investment Properties							
Particulars	Gross Carrying Amount						
	Balance at 31st March 2018	Additions	Disposals/ Adjustments	Balance at 31st March 2019	Additions	Disposals/ Adjustments	Balance at 31st March 2020
Real Estate Espaces	182.80	-	-	182.80	-	-	182.80
<b>Total</b>	<b>182.80</b>	<b>-</b>	<b>-</b>	<b>182.80</b>	<b>-</b>	<b>-</b>	<b>182.80</b>

Particulars	Accumulated Depreciation/ amortisation							Net Carrying Value	
	Balance at 31st March 2018	For the year	Disposals/ Adjustments	Balance at 31st March 2019	For the year	Disposals/ Adjustments	Balance at 31st March 2020	At 31st March 2019	At 31st March 2020
Real Estate Espaces	17.37	15.72	-	33.08	14.22	-	47.31	149.72	135.50
<b>Total</b>	<b>17.37</b>	<b>15.72</b>	<b>-</b>	<b>33.08</b>	<b>14.22</b>	<b>-</b>	<b>47.31</b>	<b>149.72</b>	<b>135.50</b>

**Disclosures relating to Investment Property:**

Particulars	Year ended 31 March 2019	Year ended 31 March 2020
Rental Income from Investment Properties	9.00	9.00
Direct Operating Expenses to income generating p	-	-
Less: Reimbursement of expenses	-	-
<b>Total expenses relating to Investment Properties</b>	<b>-</b>	<b>-</b>

**Description of valuation techniques used and key inputs to valuation on investment properties:**

The fair value of investment property is Rs. 178.02 lakhs as on 31st March 2020 (Rs. 187.86 lakhs as on 31st March 2019) and the same has been determined by the management. The fair value measurement for investment property has been categorised as Level 2 fair value based on the inputs to the valuation technique used. The valuation techniques used for determining the fair value of the property was based on the prevailing market price of similar property in the same locality.

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

**Notes to the Consolidated financial statements for the year ended 31 March 2020 (Continued)**

All amount in Rupees Lakhs, unless otherwise stated

Particulars	Capital Work-in-Progress						
	Gross Carrying Amount						
	Balance at 31st March 2018	Additions	Disposals/ Adjustments	Balance at 31st March 2019	Additions	Disposals/ Adjustments	Balance at 31st March 2020
Plant & Machinery (Repeater) ^	72.62	132.44	-	205.06	1.03	206.09	-
Mill Stand	-	-	-	-	1.46	1.46	-
<b>Total</b>	<b>75.80</b>	<b>132.44</b>	<b>3.18</b>	<b>205.06</b>	<b>2.49</b>	<b>207.55</b>	<b>-</b>

^ Rs. 206.08 lakhs (31st March 2019: Rs. 205.06 lakhs) represents expenses incurred on Plant & Equipments for increase in efficiency of the Manufacturing Unit, capitalised in 2019-20.

5A Right-of-use of assets							
Particulars	Gross Carrying Amount						
	Balance at 31st March 2018	Additions	Disposals/ Adjustments	At 1st April 2019	Additions	Disposals/ Adjustments	Balance at 31st March 2020
Vacant Sites	3.27	-	-	-	128.72	-	128.72
<b>Total</b>	<b>3.27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>128.72</b>	<b>-</b>	<b>128.72</b>

Right-of-use of assets									
Particulars	Accumulated Depreciation / amortisation							Net Carrying Value	
	Balance at 31st March 2018	For the year	Disposals/ Adjustments	At 1st April 2019	For the year	Disposals/ Adjustments	Balance at 31st March 2020	At 1st April 2019	At 31st March 2020
Vacant Sites	0.65	0.65	-	-	10.34	-	10.34	-	118.38
<b>Total</b>	<b>0.65</b>	<b>0.65</b>	<b>-</b>	<b>-</b>	<b>10.34</b>	<b>-</b>	<b>10.34</b>	<b>-</b>	<b>118.38</b>

5B Intangible Assets							
Particulars	Gross Carrying Amount						
	Balance at 31st March 2018	Additions	Disposals/ Adjustments	Balance at 31st March 2019	Additions	Disposals/ Adjustments	Balance at 31st March 2020
Computer Software	3.27	-	-	3.27	-	-	3.27
Mobile Application	-	1.71	-	1.71	-	-	1.71
<b>Total</b>	<b>3.27</b>	<b>1.71</b>	<b>-</b>	<b>4.98</b>	<b>-</b>	<b>-</b>	<b>4.98</b>

Intangible Assets									
Particulars	Accumulated Depreciation/ amortisation							Net Carrying Value	
	Balance at 31st March 2018	For the year	Disposals/ Adjustments	Balance at 31st March 2019	For the year	Disposals/ Adjustments	Balance at 31st March 2020	At 31st March 2019	At 31st March 2020
Computer Software	0.65	0.65	-	1.31	0.65	-	1.96	1.96	1.31
Mobile Application	-	0.19	-	0.19	0.38	-	0.57	1.52	1.14
<b>Total</b>	<b>0.65</b>	<b>0.84</b>	<b>-</b>	<b>1.50</b>	<b>1.03</b>	<b>-</b>	<b>2.53</b>	<b>3.48</b>	<b>2.45</b>

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

Notes to the Consolidated financial statements for the year ended 31 March 2020 (Continued)

All amount in Rupees Lakhs, unless otherwise stated

6 Investments	As at 31st March 2020	As at 31st March 2019
<b>Non-Current investments</b>		
<b>Investments in equity instruments fully paid up - Unquoted</b>		
<b>6A In Associates (at cost)</b>		
Hari Equipments Private Limited, 4,59,490 (31st March, 2019: 4,59,490) Equity Shares of Rs. 10/- each fully paid up	56.73	56.73
Add: Accumulated share of post acquisition profits / (losses) (net of tax)	(56.73)	68.08
	<u>-</u>	<u>124.82</u>
<b>6B Investments in equity instruments fully paid up - Quoted</b>		
<b>In Others (at fair value through Other Comprehensive Income - FVTOCI)</b>		
Union Bank of India, 1,009 (31st March, 2019: 1,009) Equity Shares of Rs. 10/- each fully paid up	0.29	0.96
	<u>0.29</u>	<u>125.78</u>
<b>6C Current investments</b>		
<b>Investment in mutual funds - Unquoted of Rs.10/- each (at fair value through Profit &amp; Loss - FVTPL)</b>		
Union Capital Protection Oriented Fund Series 7 - Regular Plan - Growth - Nil (31st March, 2019: 3,00,000 units).	-	34.44
Union Value Discovery Fund Regular Plan - Growth - Nil (31st March, 2019: 2,49,990 units).	-	26.65
Union Equity Savings Fund Regular Plan - Growth - Nil (31st March, 2019: 2,49,990 units).	-	25.97
Union Arbitrage Fund Regular Plan - Growth - Nil (31st March, 2019: 99,990 units).	-	10.06
Union Small Cap Fund Regular Plan - Growth - 47,470.413 units (31st March, 2019: 33,853.279 units).	5.08	4.71
Union Focused Fund Regular Plan- Growth Option - 6,19,990 units (31st March, 2019: Nil).	52.58	-
Union Corporate Bond Fund Regular Plan - Growth - 3,21,408.607 units (31st March, 2019: Nil).	35.81	-
	<u>93.46</u>	<u>101.83</u>
*The said Mutual Funds are given as margin deposits against credit facilities taken from Union Bank Of India.		
<b>Aggregate value of unquoted investments</b>	<b>93.46</b>	<b>158.56</b>
<b>Aggregate amount of impairment in value of investment in associate</b>	<b>56.73</b>	<b>-</b>
<b>Aggregate value of quoted investments</b>	<b>0.29</b>	<b>0.96</b>
<b>Investments carried at cost</b>	<b>-</b>	<b>56.73</b>
<b>Investments carried at fair value through other comprehensive income</b>	<b>0.29</b>	<b>0.96</b>
<b>Investments carried at fair value through profit and loss</b>	<b>93.46</b>	<b>101.83</b>

**6A(i) Details of Associate**

The Company's interest in associate is accounted for using the equity method in the consolidated financial statements.

Name of Associate	Principal Activity	Place of Incorporation	Proportion of ownership interest / voting rights held by Company	
			31-03-2020	31-03-2019
Hari Equipments Private Limited	Trading of Iron & Steel Products and Coal	Kolkata, West Bengal, India	37.51%	37.51%

The consolidated financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of Consolidated Accounts as set out in Ind AS 110 "Consolidated Financial Statements" and Ind AS 28 on "Accounting for Investments in Associates and Joint Ventures" notified by Ministry of Corporate Affairs and combined as per Equity Method under Ind AS. The consolidated financial statements are prepared applying uniform accounting policies on all material items.

The following table summarizes the financial information of the Balance Sheet of the associate prepared in accordance with Ind AS:

Particulars	Hari Equipments Private Limited	
	As at 31st March 2020	As at 31st March 2019
<b>Non - current assets</b>	<b>1,357.14</b>	<b>1,371.88</b>
<b>Current assets</b>	<b>2,636.81</b>	<b>3,792.20</b>
<b>Non - current liabilities</b>	<b>598.50</b>	<b>1,103.64</b>
<b>Current liabilities</b>	<b>3,254.99</b>	<b>3,178.43</b>
<b>Equity</b>	<b>140.46</b>	<b>882.01</b>

The following table summarizes the financial information of the Statement of Profit and Loss of the associate prepared in accordance with Ind AS:

Particulars	Hari Equipments Private Limited	
	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations	2,076.90	18,715.72
Other income	98.31	54.53
<b>(a) Total Income</b>	<b>2,175.22</b>	<b>18,770.24</b>
Purchase of Traded Goods	2,007.82	17,726.49
Changes in Inventories	66.26	462.84
Employee benefits expense	22.09	53.79
Finance costs	500.42	401.41
Depreciation and amortisation expense	8.08	8.11
Other expenses	322.47	84.31
<b>(b) Total Expenses</b>	<b>2,927.15</b>	<b>18,736.95</b>
<b>(c) Profit / (Loss) before tax (a - b)</b>	<b>(751.93)</b>	<b>33.29</b>
<b>(d) Tax expense</b>	<b>8.31</b>	<b>(8.55)</b>
<b>(e) Other comprehensive income (net of tax)</b>	<b>-</b>	<b>0.61</b>
<b>(f) Total comprehensive income for the year (c + d + e)</b>	<b>(743.62)</b>	<b>25.35</b>
<b>Group's share of net profit / (loss) (net of tax) restricted to the value of company's investment in the associate.</b>	<b>(124.82)</b>	<b>9.51</b>

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

Notes to the Consolidated financial statements for the year ended 31 March 2020 (Continued)

All amount in Rupees Lakhs, unless otherwise stated

Reconciliation of the above summarised financial information to the carrying amount of the interest in associates recognised in the consolidated financial statements:

Particulars	Hari Equipments Private Limited	
	As at 31st March 2020	As at 31st March 2019
Net assets of associate	140.46	882.01
Proportion of the Group's ownership interest	37.51%	37.51%
Group's share of net assets	52.69	330.84
<b>7 Inventories</b>	<b>As at</b>	<b>As at</b>
(As taken, valued and certified by the management)	<b>31st March 2020</b>	<b>31st March 2019</b>
Raw Materials	166.77	327.88
Traded Goods	768.78	812.63
Finished Goods	350.22	593.86
Scrap & Miss Rolls	33.52	39.69
Stores & Spares	5.49	6.62
Furnace oil, Coal & Gas	7.38	8.17
	<b>1,332.17</b>	<b>1,788.85</b>
<b>8 Trade receivables</b>	<b>As at</b>	<b>As at</b>
	<b>31st March 2020</b>	<b>31st March 2019</b>
Unsecured, considered good ^^	19,123.36	21,637.63
Less: Provision for bad and doubtful debts	(500.00)	-
Less: Expected Credit Loss (Refer Note: 37(i))	(1,123.22)	(81.63)
	<b>17,500.14</b>	<b>21,556.00</b>
^^ Trade Receivables include Rs. 3.78 lakhs (31st March 2019: Rs. 385.53 lakhs) due from private companies in which one of the Director is a Director. ^^ Trade Receivables have been hypothecated as security for borrowings, refer note 16 for details		
<b>9 Cash and cash equivalents</b>	<b>As at</b>	<b>As at</b>
	<b>31st March 2020</b>	<b>31st March 2019</b>
Cash on hand (as certified)	11.07	4.24
Balances with banks in current accounts	5.51	193.64
	<b>16.58</b>	<b>197.88</b>
<b>10 Other Bank Balances</b>	<b>As at</b>	<b>As at</b>
	<b>31st March 2020</b>	<b>31st March 2019</b>
Fixed Deposit maturity for more than 3 months but less than 12 months	1,833.96	2,441.73
	<b>1,833.96</b>	<b>2,441.73</b>
Fixed Deposits are pledged with banks as margin for bank guarantees / credit facilities.		
(a) Fixed Deposits of <b>Rs. 1,832.80 lakhs</b> (31st March 2019: Rs. 2,019.22 lakhs) are pledged with Union Bank of India as margin/ collateral security for sanction of credit facilities.		
(b) Fixed Deposit of <b>Nil</b> ^ (31st March 2019: Rs. 250.00 lakhs) was pledged with Andhra Bank as collateral security for Channel Finance limit of <b>Rs. 707.09 lakhs</b> (31st March 2019 Rs 1000.00 lakhs).		
(c) Fixed Deposit of <b>Rs. 1.15 lakhs</b> (31st March 2019: Rs. 60.00 lakhs) is pledged with Yes Bank as collateral security for Channel Finance limit of <b>Rs. 235.18 lakhs</b> (31st March 2019: Rs 300.00 lakhs).		
(d) Fixed Deposit of <b>Nil</b> ^ (31st March 2019: Rs. 112.50 lakhs) was pledged with ICICI Bank as collateral security for Channel Finance limit of <b>Rs. 936.97 lakhs</b> (31st March 2019: Rs 950.00 lakhs).		
^Note : The balance in the Fixed Deposit accounts including interest accrued thereupon, have been adjusted with the amounts outstanding to the lenders on default of repayment of principal and interest on these credit facilities availed.		
<b>11 Other financial assets</b>	<b>As at</b>	<b>As at</b>
	<b>31st March 2020</b>	<b>31st March 2019</b>
<b>Non-current</b>		
Security Deposits	98.64	79.37
	<b>98.64</b>	<b>79.37</b>
<b>Current</b>		
Advance to Others	10.42	53.34
	<b>10.42</b>	<b>53.34</b>
<b>12 Current tax assets (Net)</b>	<b>As at</b>	<b>As at</b>
	<b>31st March 2020</b>	<b>31st March 2019</b>
Income Tax Payments	22.98	102.98
Tax Deducted/Collected at Source	37.48	20.54
	<b>60.45</b>	<b>123.51</b>
<b>13 Other assets</b>	<b>As at</b>	<b>As at</b>
	<b>31st March 2020</b>	<b>31st March 2019</b>
<b>Non-Current</b>		
Expense paid in advance	19.48	-
	<b>19.48</b>	<b>-</b>
<b>Current</b>		
Advances other than capital advances		
- Advance to Related parties	-	67.89
- Advance to others	239.20	239.66
Balances with Revenue Authorities	720.18	604.18
Prepaid expenses	2.96	32.22
Expense paid in advance	-	-
	<b>962.34</b>	<b>943.95</b>

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

Notes to the Consolidated financial statements for the year ended 31 March 2020 (Continued)

All amount in Rupees Lakhs, unless otherwise stated

14 Equity share capital	As at	As at
	31st March 2020	31st March 2019
<b>Authorised</b>		
1,40,00,000 (31st March 2019 - 1,40,00,000) Equity Shares of Rs. 10/- each	1,400.00	1,400.00
	<b>1,400.00</b>	<b>1,400.00</b>
<b>Issued, subscribed and fully paid-up</b>		
1,09,09,000 (31st March 2019 - 1,09,09,000) Equity Shares of Rs. 10/- each	1,090.90	1,090.90
	<b>1,090.90</b>	<b>1,090.90</b>

**A. Reconciliation of number of equity shares outstanding at the beginning and at the end of the period**

	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
Balance as at the beginning of the year	109.09	1090.90	109.09	1090.90
Add: Issued during the year	-	-	-	-
Balance as at the end of the year	<b>109.09</b>	<b>1090.90</b>	<b>109.09</b>	<b>1090.90</b>

**B. Rights, preferences and restrictions attaching 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. Particulars of shareholders holding more than 5% shares of fully paid up equity shares**

Name of the Shareholder	As at 31 March 2020		As at 31 March 2019	
	Number of equity shares	% of total shares in the class	Number of equity shares	% of total shares in the class
Kishanlal Choudhary	10.04	9.20%	10.04	9.20%
Sunil Choudhary (HUF)	12.61	11.56%	12.61	11.56%
Sunil Choudhary	12.25	11.22%	12.25	11.22%
Cooltex Merchandise Private Limited	21.63	19.83%	21.63	19.83%

**15 Other Equity**

**A. Summary of other equity balance**

	As at	As at
	31st March 2020	31st March 2019
Securities Premium	1,673.85	1,673.85
Retained Earnings	(1,679.98)	1,522.12
<b>Other Equity</b>	<b>(6.13)</b>	<b>3,195.97</b>

	1 April 2019	Movement during the year	31st March 2020	1 April 2018	Movement during the year	31 March 2019
Securities Premium (a)	1,673.85	-	1,673.85	1,673.85	-	1,673.85
Retained Earnings (b)	1,522.12	(3,202.10)	(1,679.98)	1,290.88	231.24	1,522.12
	<b>3,195.97</b>	<b>(3,202.10)</b>	<b>(6.13)</b>	<b>2,964.73</b>	<b>231.24</b>	<b>3,195.97</b>

**B. Nature and purpose of reserves:**

- (i) **Securities Premium:** Securities premium represents the premium received on issue of shares over and above the face value of equity shares. The account is available for utilisation in accordance with the provisions of the Companies Act, 2013.
- (ii) **Retained earnings:** This Reserve represents the cumulative profits / losses of the Company. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

16 Borrowings	Current portion **		Non-current portion	
	As at	As at	As at	As at
	31st March 2020	31 March 2019	31st March 2020	31 March 2019
<b>Non-current Borrowings</b>				
<b>Secured</b>				
<b>Term loans</b>				
Loan Against vehicles	9.47	10.03	12.32	20.92
	<b>9.47</b>	<b>10.03</b>	<b>12.32</b>	<b>20.92</b>
<b>Unsecured</b>				
Term Loan from Financial Institutions	100.00	100.00	8.34	75.07
Loans from Bodies Corporate^^	-	-	1,648.51	1,494.33
	<b>109.47</b>	<b>110.03</b>	<b>1,669.18</b>	<b>1,590.32</b>

**Note:**

16.1 ^^ Interest free loan carried at amortised cost (Refer note below)

	As at	As at
	31st March 2020	31 March 2019
	179.49	356.11

Ind AS 109 requires the loan to be initially measured at fair value minus transaction costs. As the loan is partly interest free, the fair value of the loan is different from the transaction price. Therefore, the recognition of the difference between the fair value at initial recognition and the transaction price of the interest free loan is recognised as "Deferred fair value gain/loss". The difference is amortised over the period of the loan. The amount of amortisation is equal to the unwinding of discount. The deferred fair value gain/loss is presented as **other non-current liability and other current liability**.

**Current Borrowings**

**Secured**

Working Capital Loans from Bank  
- Cash Credit

18,621.76

6,496.80

**Unsecured**

Channel Financing from Banks & Financial Institutions

3,422.78

4,045.18

**22,044.54**

**10,541.97**

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

Notes to the Consolidated financial statements for the year ended 31 March 2020 (Continued)

All amount in Rupees Lakhs, unless otherwise stated

(A) **Terms of Repayment**

(i) **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 (in Lakhs) outstanding as on 31-03-2019	Rate of Interest	EMI dues with reference to Balance Sheet date
Loan for a vehicle from Yes Bank	20.01	8.40 % p.a.	26 installments of Rs.0.82 lakhs each
Loan for a vehicle from Yes Bank	1.78	8.40 % p.a.	8 installments of Rs. 0.21 lakhs each

(ii) **Working Capital Loans:**

Working Capital Loans include amount of inland bank guarantees invoked by a Vendor for Rs.1,808.84 Lakhs and devolved inland letters of credit (Rs.4,899.70 lakhs) and is overdrawn to the extent of Rs. 913.23 lakhs and 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 10.40% +2% (on additional adhoc limit of Rs. 500.00 lakhs) 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 lakhs 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 Nippon alloys Ltd. (Formerly Narayani Ispat Ltd.) and Cooltex Merchandise Pvt. Ltd.

(iii) **Channel Financing:**

1. Channel Financing from Andhra Bank of Rs. 707.09 (31st March 2019 - Rs.1000 lakhs) is collaterally secured by Fixed Deposit of Rs. Nil (31st March 2019- Rs.250.00 lakhs) 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. 235.18 lakhs (31st March 2019 - Rs.300 Lakhs) is collaterally secured by Fixed Deposit of Rs. 1.15 lakhs (31st March 2019 - Rs.60.00 lakhs) 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 9.75% (MCLR + 2.25)%.

3. Channel Financing from Tata Capital Financial Services Limited of Rs. 1,028.32 lakhs (31st March 2019-Rs. 1,000.00 lakhs and an additional limit of Rs. 300.00 lakhs) 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. 936.97 lakhs (31st March 2019 - Rs.950.00 lakhs) is collaterally secured by Fixed Deposit of Rs Nil (31st March 2019 -Rs 112.50 lakhs) 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 8.85% (Base rate + 2.15)%.

5. Channel Financing from Axis Bank Limited of Rs. 515.22 lakhs (31st March 2019-Rs 500.00 lakhs) 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 9.15% (MCLR + 0.85)%.

**\*Note :** The balance in the Fixed Deposit accounts including interest accrued thereupon, have been adjusted with the amounts outstanding to the lenders on default of repayment of principal and interest on these credit facilities availed.

(iv) **Term Loan from Financial Institution (Unsecured)**

Term Loan from Tata Capital Financial Services Limited of Rs. 200.00 lakhs is guaranteed by Mr. Sunil Choudhary, Mr. Kishan Lal Choudhary, Mrs. Bina Choudhary and Mrs. Savitri Devi Choudhary. The rate of interest on the Term Loan is 12.25 % per annum.

**Terms of Repayment:**

Particulars	Amount outstanding as on 31.03.2020	Rate of Interest	EMI dues with respect to Balance Sheet Date
Term Loan from Tata Capital Financial Services Limited	108.34	12.25% p.a.	08 principal repayments of Rs. 8.33 lakhs each

**\*\* For current maturities of non-current borrowings refer disclosure under the head other financial liabilities - current (Refer note 18)**

(v) **Delay / (Default) in repayment of Borrowings (Current and Non-Current) and Interest**

The Company has delayed/defaulted in the payment of dues to the financial institutions, banks and debenture holders. The lender wise details are as under:

Sl. No.	Name of lender	Amount represents rupees in lakhs and period represents maximum days					
		Borrowings		Interest		Borrowings	Interest
		Default as at 31st March 2020		As on 31st March 2020		Default as at 31st March 2019	As on 31st March 2019
		Amount	Period (days)	Amount	Period (days)	Amount	Amount
<b>Banks :</b>							
1	Yes Bank	229.82	90	5.36	120	-	-
2	Union Bank of India	-	-	913.23	120	-	-
3	Union Bank of India	1,808.84	41	-	-	-	-
4	Union Bank of India	4,614.76	90	284.93	90	-	-
5	ICICI Bank	812.76	133	124.21	240	-	-
6	Axis Bank	497.05	151	18.17	120	-	-
7	Andhra Bank Finance	676.32	224	30.77	224	-	-
<b>Financial Institution :</b>							
8	TATA Capital Financial Services Ltd.	999.56	90	28.76	90	-	-
9	TATA Capital Financial Services Ltd.	33.33	90	3.59	90	-	-
	<b>Total</b>	<b>9,672.44</b>	-	<b>1,409.02</b>	-	-	-

**17 Lease Liabilities**

Non-Current  
Current

	As at 31st March 2020	As at 31st March 2019
Non-Current	115.40	-
Current	8.40	-
	<b>123.80</b>	<b>-</b>

Lease liability represents present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

Notes to the Consolidated financial statements for the year ended 31 March 2020 (Continued)

All amount in Rupees Lakhs, unless otherwise stated

18 Other financial liabilities	As at 31st March 2020	As at 31st March 2019
<b>A. Non- Current</b>		
Security Deposit	5.72	-
	<b>5.72</b>	
<b>B. Current</b>		
Current maturities of long-term debt (Refer Note 16)	109.47	110.03
Interest accrued but not due on borrowings	10.09	12.19
Interest accrued and due on borrowings	56.55	
Deferred liability - On corporate guarantee **	9.75	9.23
	<b>185.85</b>	<b>131.44</b>

Note:

- \*\* Ind AS 109 requires the guarantor to recognise the corporate guarantee contract initially at its fair value. Therefore, the liability is recognised in the financial statements for the fair value of the corporate guarantee as "Deferred liability - on corporate guarantee".
- 18.1 Subsequently, this guarantee is to be measured at the higher of an amount determined based on the expected loss method (as per guidance in Ind AS 109) or the cumulative amount recognised less amount originally recognised as expense on a straight-line basis in accordance with Ind AS 18, Revenue as "Amortisation of financial guarantee obligation".

19 Trade payables	As at 31st March 2020	As at 31st March 2019
<b>Dues to Micro And Small Enterprises</b> (as per the intimation received from vendors)		
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year *	-	0.62
b. Interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
c. Interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	-	-
d. The amount of interest accrued and remaining unpaid at the end of accounting year	-	-
e. Interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-
<b>Dues to others</b>		
- For goods and services	367.28	1,943.60
- Liability under Letter of Credit	-	9,987.18
	<b>367.28</b>	<b>11,931.40</b>

\* A sum of Nil (31st March, 2019: Rs. 0.62 lakhs) is payable to Micro and Small Enterprises on account of liabilities other than trade payables.

There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2020. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

Trade Payables (Due to Others) include 5.90 lakhs (31st March, 2019: Nil) due to private companies in which Director is a Director.

20 Other liabilities	As at 31st March 2020	As at 31st March 2019
<b>Non-Current</b>		
Deferred fair value gain - On interest free loan (Refer note: 16.1 for details)	-	182.33
Income received in advance	8.58	-
	<b>8.58</b>	<b>182.33</b>
<b>Current</b>		
Advances from customers	83.22	446.66
Advances against sale of property	15.00	-
Liability for expenses	55.38	156.24
Statutory liabilities	5.64	19.44
Deferred fair value gain - On interest free loan (Refer note: 16.1 for details)	179.49	179.17
Income received in advance	0.70	-
	<b>339.42</b>	<b>801.52</b>

21 Deferred Tax Asset / Liabilities (net)	As at 31st March 2020	As at 31st March 2019
<b>Deferred tax liabilities</b>		
Property, Plant & Equipment, Intangible Assets and Investment Properties	171.53	113.30
Fair Valuation of Investments	(4.05)	2.23
Capital Gains	0.83	2.65
<b>Total deferred tax liabilities (A)</b>	<b>168.31</b>	<b>118.18</b>
<b>Deferred tax Assets</b>		
Provision for Gratuity	2.96	1.47
Provision for expected credit losses & bad and doubtful debts on trade receivables	567.22	
Business Losses & Unabsorbed Depreciation	1,095.35	-
Others	68.11	3.08
<b>Total deferred tax assets (B)</b>	<b>1,733.63</b>	<b>4.55</b>
<b>Net Deferred Tax (Assets)/Liabilities (A-B)</b>	<b>(1,565.32)</b>	<b>113.63</b>

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

Notes to the Consolidated financial statements for the year ended 31 March 2020 (Continued)

All amount in Rupees Lakhs, unless otherwise stated

**Movement in deferred tax liabilities/ assets balances**

	Deferred tax liabilities/assets in relation to			As at 31st March 2020
	As at 31st March 2019	Recognised in Profit or Loss	Recognised in OCI	
<b>Deferred tax liabilities</b>				
Property, Plant & Equipment, Right-of-use of asset, Intangible Assets and Investment Properties	113.30	(58.23)	-	171.53
Fair Valuation of Investments	2.23	6.52	(0.24)	(4.05)
Capital Gains	2.65	1.82	-	0.83
<b>Total deferred tax liabilities (A)</b>	<b>118.18</b>	<b>(49.89)</b>	<b>(0.24)</b>	<b>168.31</b>
<b>Deferred tax Assets</b>				
Provision for Gratuity	1.47	(0.63)	(0.85)	2.96
Provision for expected credit losses & bad and doubtful debts on trade	-	(567.22)	-	567.22
Business Losses & Unabsorbed Depreciation	-	(1,095.35)	-	1095.35
Others	3.08	(65.03)	-	68.11
<b>Total deferred tax assets (B)</b>	<b>4.55</b>	<b>(1,728.23)</b>	<b>(0.85)</b>	<b>1,733.63</b>
<b>Net deferred tax (assets)/liabilities (A-B)</b>	<b>113.63</b>	<b>1,678.34</b>	<b>0.61</b>	<b>(1,565.32)</b>

**22 Provisions**

	As at 31st March 2020	As at 31st March 2019
<b>Non-current</b>		
<b>Provisions for employee benefits</b>		
- Provision for gratuity	4.54	4.40
	<b>4.54</b>	<b>4.40</b>
<b>Current</b>		
<b>Provisions for employee benefits</b>		
- Provision for gratuity	3.92	0.01
<b>Others</b>		
- Provision for Taxation	-	125.18
	<b>3.92</b>	<b>125.19</b>

**23 Revenue from operations**

	Year ended 31 March 2020	Year ended 31 March 2019
(a) Sale of Products	35,852.02	75,168.43
<b>Total revenue from operations</b>	<b>35,852.02</b>	<b>75,168.43</b>

Sale is net of Rs. 63.56 lakhs (31st March 2019: Rs. 136.48 lakhs) for GST realised on sales.

**Sale of Products (including Excise Duty & net of GST)**

	Year ended 31 March 2020	Year ended 31 March 2019
TMT Bars, Rounds, Squares, Angles, Flats, etc	16,571.57	35,773.61
Billets, Blooms, Ingots, etc	12,204.89	29,996.78
Iron Ore Billets, Pig Iron, Scrap, etc	5,626.36	9,398.04
Coal & Coke	1,449.20	-
	<b>35,852.02</b>	<b>75,168.43</b>

**24 Other income**

	Year ended 31 March 2020	Year ended 31 March 2019
<b>A. Interest income comprises interest from:</b>		
- On fixed deposits	152.33	97.93
- On other deposits	11.91	26.60
-On financial liabilities carried at amortised cost (Refer note: 16.1 for details)^	178.32	159.98
<b>Other non-operating income</b>		
Rental Income	33.79	11.58
Net gain / (loss) on fair valuation of equity instruments	(10.93)	11.77
Profit on Sale of Investments	1.16	-
Miscellaneous receipts	0.25	0.57
Commission income	8.19	-
Amortisation of corporate guarantee obligation (Refer note: 18.1 for details)	9.23	7.50
	<b>384.26</b>	<b>315.93</b>

^ Includes Rs. 176.63 Lakhs for Interest free loan, & Rs. 1.70 Lakhs for Security Deposit

**25 Cost of Materials Consumed**

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Iron and Steel Materials</b>		
Inventory at the beginning of the year	327.88	172.12
Add : Purchases	5,793.32	10,943.39
	6,121.20	11,115.51
Less : Inventory at the end of the year	166.77	327.88
<b>Cost of Materials Consumed</b>	<b>5,954.43</b>	<b>10,787.63</b>



**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

Notes to the Consolidated financial statements for the year ended 31 March 2020 (Continued)

All amount in Rupees Lakhs, unless otherwise stated

	Year ended 31 March 2020	Year ended 31 March 2019
<b>26 Purchase of Traded Goods</b>		
TMT Bars, Rounds, Squares, Angles, Flats etc.	9,724.16	22,067.66
Billets, Blooms, Ingot etc.	11,903.39	28,683.44
Iron Ore Billets, Pig Iron, Scrap etc.	5,160.27	8,708.94
Coal	1,262.73	-
	<b>28,050.54</b>	<b>59,460.04</b>
<b>27 Changes in Inventories</b>		
<b>Opening Stock</b>		
-Finished Goods	593.86	319.15
-Scrap and Miss Roll	39.69	23.72
-Traded Goods	812.63	1,437.63
	1,446.17	1,780.50
<b>Closing Stock</b>		
-Finished Goods	350.22	593.86
-Scrap and Miss Roll	33.52	39.69
-Traded Goods	768.78	812.63
	1,152.52	1,446.17
	<b>293.65</b>	<b>334.33</b>
<b>28 Employee benefits expense</b>		
Salaries, wages, bonus and allowances	424.53	343.58
Contribution to provident and other funds	3.78	4.58
Contribution towards gratuity (Refer note: 34 for details)	1.62	1.95
Director's Remuneration	57.07	60.00
Staff welfare expenses	15.91	11.18
	<b>502.90</b>	<b>421.29</b>
<b>29 Finance costs</b>		
<b>A. Interest expense</b>		
To Banks (including LC Charges)	1,877.36	1,221.34
To Others	158.90	139.38
On financial liabilities carried at amortised cost (Refer note: 16.1 for details)^	188.94	159.98
Other borrowing costs	80.60	63.10
	<b>2,305.80</b>	<b>1,583.80</b>
^Includes Rs. 176.63 Lakhs for interest free loan, Rs. 0.64 lakhs for Security Deposit, & Rs. 11.68 Lakhs for Lease liabilities.		
<b>30 Other expenses</b>		
<b>A. Manufacturing Expenses</b>		
Processing and Moulding Charges	19.75	-
Power and Fuel	728.38	710.32
Stores and Spares Consumed	67.04	83.38
Repairs and Maintenance	29.82	54.89
	<b>845.00</b>	<b>848.59</b>
<b>B. Administrative and Other Expenses</b>		
Rent & Service Charges	5.50	4.65
Port Rent	22.26	-
Rates & Taxes	7.94	14.43
Insurance	1.94	2.31
Freight & Delivery Charges	1,044.47	1,373.03
Telephone & Internet Expenses	1.97	2.57
Travelling & Conveyance	16.26	9.35
Repairs & Maintenance	-	-
- Building	8.86	-
- Others	16.86	8.05
Safety & Security Charges	23.57	10.66
Vehicle Running and Maintenance	5.14	2.47
Legal & Professional Fees	79.27	54.34
Sales Promotion Expenses	8.64	26.44
Auditor's Remuneration [Refer Note (b) below]	9.06	8.56
Directors' Sitting Fees	0.16	0.29
Miscellaneous Expenses	30.09	16.62
Amortisation of corporate guarantee obligation (Refer note: 18.1 for details)	9.75	9.23
Provision for expected credit loss (Refer note: 37 (i) for details)	1,041.58	54.29
Provision for bad and doubtful debts on trade receivables	500.00	-
Fines & Penalties	0.46	5.45
Commission	14.01	6.53
VAT & CST paid on assessment	-	2.13
Donation	3.71	1.15
Loss on Sale of Property, Plant & Equipment	0.05	-
Bad Debts written off	8.24	-
Sundry Balances written off (net)	6.06	2.12
	<b>2,865.85</b>	<b>1,614.64</b>
<b>30 Other expenses (A+B)</b>	<b>3,710.85</b>	<b>2,463.23</b>

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

Notes to the Consolidated financial statements for the year ended 31 March 2020 (Continued)

All amount in Rupees Lakhs, unless otherwise stated

(a) Payment to auditors	Year ended 31 March 2020	Year ended 31 March 2019
Statutory audit	3.80	3.80
Tax audit	1.27	1.27
Other Services	4.00	3.50
	<b>9.06</b>	<b>8.56</b>

  

31 Income taxes	Year ended 31 March 2020	As at 31 March 2019
<b>A. Amount recognised in profit or loss</b>		
<b>Current tax</b>		
Current period	A	125.18
<b>Earlier Year tax</b>		
Earlier Year tax	B	(0.21)
<b>Deferred tax</b>		
Deferred Tax for the year	C	(1.27)
<b>Tax expense reported in the statement of profit and loss [(A)+(B)+(C)]</b>	<b>(1673.74)</b>	<b>123.71</b>
<b>B. Income tax recognised in other comprehensive income</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
<b>Deferred tax</b>		
On items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(0.85)	1.36
Equity instruments through other comprehensive income	(0.24)	(0.00)
<b>Income tax expense reported in the statement of profit and loss</b>	<b>(1.09)</b>	<b>1.36</b>
<b>C. Reconciliation of effective tax rate for the year ended 31st March 2020</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Profit before tax	<b>(4,805.26)</b>	<b>342.69</b>
<b>Tax using the Indian tax rate @ 31st March 2020: 34.944% (31st March 2019: 33.384%)</b>	<b>(1,679.15)</b>	<b>114.40</b>
Tax effect of items on which indexation is done and tax is calculated at special rates	(1.26)	(12.28)
Tax impact of expenses which will never be allowed	1.46	2.73
Adjustments recognised in the current year in relation to the current tax of prior years	4.60	(0.21)
Other Differences	2.62	18.12
Change in tax rate and other tax differences	(2.01)	(0.03)
<b>Effective tax</b>	<b>(1,673.74)</b>	<b>122.73</b>

The Company has suffered significant losses during the financial year and its net worth has been completely eroded. However, the company has recognised deferred tax asset of Rs.1565.32 Lakhs on carry forward losses and unabsorbed depreciation as in the opinion of the management, the loss during the year has been mainly on account of disruption in supply leading to substantial decline in the turnover and the recession in the steel sector. The global pandemic COVID-19 compounded the woes of the sector already reeling under pressure. The management is optimistic about the restoration of regular supplies and overall improvement in the sector and is confident that there would be sufficient profits in the future to appropriate the carry forward losses and unabsorbed depreciation.

**32 Basic and diluted earnings per share (Ind AS 33)**

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic earnings per share calculation are as follows:

	Year ended 31 March 2020	Year ended 31 March 2019
(a) Profit attributable to equity shareholders	(3,202.10)	231.24
(b) Adjusted profit for dilutive earnings	(3,202.10)	231.24
(c) Weighted average number of ordinary shares outstanding for the purpose of basic earnings per share	<b>109.09</b>	<b>109.09</b>
(d) Weighted average number of ordinary shares in computing diluted earnings per share [(d) + (e)]	<b>109.09</b>	<b>109.09</b>
(e) Earnings per share on profit for the year (Face Value Rs. 10/- per share)		
Basic [(a)/(c)]	(29.35)	2.12
Diluted [(b)/(d)]	(29.35)	2.12

**33 Contingent liability and commitments (Ind AS 37)**

(to the extent not provided for)

	Year ended 31 March 2020	Year ended 31 March 2019
Claims against the company not acknowledged as debts <sup>^</sup>	401.38	-
Disputed Income Tax Demands under appeal	249.71	249.71
Corporate guarantee for credit facilities to Hari Equipments Private Limited	3,000.00	3,000.00
Other Corporate guarantee for credit facilities	1,525.00	1,525.00
Disputed Sales Tax/ VAT under appeal for the year 2010 - 11*	4.69	4.69
Disputed Penalty on VAT under appeal for the period 04/2011 to 12/2012*	21.47	21.47
	<b>5,202.25</b>	<b>4,800.87</b>

<sup>^</sup> represents the claims made by Rashtriya Ispat Nigam Limited (RINL) for the alleged loss to them arising out of excess delivery which happened due to mismatch of tare weight of the vehicles placed by Narayani Steels Limited for lifting of Pig Iron. The Company has denied the claim and the matter is still pending to be resolved. The management is of the opinion that the claim by RINL is arbitrary and is unlikely to be materialised.

\* Amount paid under protest Rs. 4.69 lakhs and Rs. 21.47 lakhs against VAT and penalty demand respectively.

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

Notes to the Consolidated financial statements for the year ended 31 March 2020 (Continued)

All amount in Rupees Lakhs, unless otherwise stated

**34 Employee Benefits**

**(a) Defined contribution plans:**

Contribution to defined contribution plans, recognised as an expense for the year are as under:

Particulars	Year ended	Year ended
	31 March 2020	31 March 2019
Employer's contribution to provident fund & other funds	3.78	4.58
<b>Total</b>	<b>3.78</b>	<b>4.58</b>

**(b) Defined benefit plans:**

Contribution to defined benefit plans, recognised as an expense in profit and loss statement for the year are as under:

Particulars	Year ended	Year ended
	31 March 2020	31 March 2019
Gratuity - Net defined benefit obligation	1.62	1.95
<b>Total</b>	<b>1.62</b>	<b>1.95</b>

**Defined benefit plan**

The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method, which recognizes 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.

(i) **Movement of defined benefit obligation**

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	As at	As at
	31 March 2020	31 March 2019
Defined benefit obligation at beginning of the year	4.41	6.55
Current service cost	1.32	1.45
Past service cost	-	-
Interest cost	0.30	0.50
Benefits paid	-	-
Actuarial (gain)/loss	2.43	(4.09)
Defined benefit obligation at end of the year	<b>8.46</b>	<b>4.41</b>

(ii) **Liability recognised in the balance sheet**

	As at	As at
	31 March 2020	31 March 2019
Present value of defined benefit obligation	8.46	4.41
Amount recognised as liability in balance sheet	<b>8.46</b>	<b>4.41</b>

(iii) **Expenses recognised during the year (Under the head "Employee Benefit expenses" – refer note no. 27)**

Expense recognised in profit and loss statement	Year ended	Year ended
	31 March 2020	31 March 2019
Current service cost	1.32	1.45
Past Service Cost (vested)	-	-
Net interest cost	0.30	0.50
<b>Total amount</b>	<b>1.62</b>	<b>1.95</b>

**Remeasurements recognised in other comprehensive income**

	Year ended	Year ended
	31 March 2020	31 March 2019
Actuarial (Gain)/Loss on obligations due to change in demographic assumption	-	-
Actuarial (Gain)/Loss on obligations due to change in financial assumption	1.03	-
Actuarial (Gain)/Loss on obligations due to unexpected experience	1.40	(4.09)
<b>Total amount recognised in other comprehensive income</b>	<b>2.43</b>	<b>(4.09)</b>
<b>Net Cost</b>	<b>4.05</b>	<b>(2.13)</b>

(iv) **Actuarial assumptions**

	As at	As at
	31 March 2020	31 March 2019
Discount rate (per annum)	6.72%	7.70%
Rate of escalation in salary (per annum)	6.00%	6.00%
Retirement age	70	70

Assumptions regarding future mortality experience are set in accordance with the published rates under Indian Assured Lives Mortality (2006-08).

(v) **Sensitivity analysis**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

Sensitivity analysis	Increase by		Decrease by	
	As at	As at	As at	As at
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Discount Rate (-/+ 0.5%)	7.38	5.90	9.73	5.10
Salary Growth (-/+ 0.5%)	9.73	7.29	7.37	3.82
Attrition Rate (-/+ 0.5%)	8.46	6.55	8.46	4.41
Mortality Rate (-/+ 10%)	8.47	6.56	8.45	4.40

(vii) **Maturity profile**

Year	As at	As at
	31 March 2020	31 March 2019
1	4.05	0.01
2	0.01	0.02
3	0.02	0.02
4	0.02	0.02
5	0.02	0.02
6 to 10	0.16	0.18
More than 10 years	25.17	27.54

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

Notes to the Consolidated financial statements for the year ended 31 March 2020 (Continued)

All amount in Rupees Lakhs, unless otherwise stated

**35 Segment information**

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 Ind AS 108- "Operating Segment"

The information relating to revenue from external customers and location of non-current assets of its single reportable segment has been disclosed as below:

**(a) Revenue from operations**

All revenue from operations of the company are generated within India.

**(b) Non-current assets**

All Non-current assets of the company are located in India.

**(c) Customer contributing more than 5% of Revenue**

Revenue from two (31st March 2019: two) external customers contributed to more than 30.52% (31st March 2019: 32.90%) Company's total revenue amounting approximately to Rs. 10,941.83 lakhs & Rs. 24,865.15 lakhs for the year ended 31st March 2020 & 31st March 2019 respectively. Other than these customers, there is no other customer whose revenue contributed to more than 5% of the Company's revenue.

**36 Related Party Disclosures^**

**Key Management Personnel (KMP)**

Sunil Choudhary  
Bina Choudhary  
Bivor Bagaria (up to 29.03.2019)  
Ankit Gupta (w.e.f 30.03.2019)  
Ankit Gupta (w.e.f 06.04.2019)  
Arun Kumar Meher

**Nature of Relationship**

Managing Director  
Director  
Director  
Chief Financial Officer (CFO)  
Additional Director  
Compliance Officer & Company Secretary

**Relatives of Key Managerial Personnel**

Anjani Choudhary

**Independent Director**

Krishnamacharyulu Eunny  
Atul Kumar Saxena (upto 14-02-2020)  
Bhaskararao Puvvala

**Associates**

Hari Equipments Private Limited

**Enterprises owned or significantly influenced by key management personnel or their relatives**

Narayani Ispat Limited  
Kedarnath Commotrade Private Limited (up to 29.03.2019)  
Balajee Roadways  
Agrimony Tradex Vyaappar Private Limited  
Hemang Steel Traders

**The following transactions were carried out with related parties in the ordinary course of business:**

Nature of Transactions	31 March 2020	31 March 2019
<b>Purchases (Inclusive of Excise but exclusive of VAT/GST)</b>		
Narayani Ispat Limited	1,192.19	2,131.22
Hari Equipments Private Limited	104.83	192.68
Kedarnath Commotrade Private Limited	-	1,555.43
Agrimony Tradex Vyaappar Private Limited	-	393.96
<b>Sales (Inclusive of Excise but exclusive of VAT/GST)</b>		
Narayani Ispat Limited	31.54	1,158.59
Hari Equipments Private Limited	1.07	456.17
Kedarnath Commotrade Private Limited	-	789.68
Agrimony Tradex Vyaappar Private Limited	-	226.16
<b>Rental Income</b>		
Agrimony Tradex Vyaappar Private Limited	-	0.36
Balajee Roadways	0.30	0.54
Narayani Ispat Limited	1.21	0.96
Hari Equipments Private Limited	0.50	0.36
Kedarnath Commotrade Private Limited	-	0.36
<b>Sale of shares of Kedarnath Commotrade Private Limited</b>	-	49.00
<b>Rent Deposit Paid</b>		
Nippon Alloy Limited (Formerly, Narayani Ispat Ltd.)	-	-
Hari Equipments Private Limited	40.00	-
<b>Rent Paid</b>		
Sunil Choudhary	-	-
Bina Choudhary	6.00	3.60
Narayani Ispat Limited	3.00	0.55
Hari Equipments Private Limited	6.00	0.50
<b>Freight Expense</b>		
Balajee Roadways	820.65	1,169.40
<b>Director's Remuneration</b>		
Sunil Choudhary	36.00	36.00
Ankit Gupta	21.07	-
Bivor Bagaria	-	24.00
<b>Director's Sitting Fees</b>		
Bina Choudhary (upto 10.09.2019)	0.02	0.05
Krishnamacharyulu Eunny	0.05	0.07
Bhaskararao Puvvala	0.02	0.07
Atul Kumar Saxena	0.05	0.07

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

Notes to the Consolidated financial statements for the year ended 31 March 2020 (Continued)

All amount in Rupees Lakhs, unless otherwise stated

Jaya Padmavathi Bandi Ramesh Prathapa	0.02	-
<b>Salary</b> Arun Kumar Meher ( Company Secretary)	3.74	3.60

<b>Professional Charges</b> Bivor Bagaria	-	6.00
--	---	------

**Outstanding Balances**

Nature of Transactions	31 March 2020	31 March 2019
<b>Trade Receivables</b>		
Narayani Ispat Limited	3.78	385.49
Kedarnath Commotrade Private Limited		-
Agrimony Tradex Vyaappar Private Limited	-	0.04
<b>Trade Payables</b>		
Hari Equipments Private Limited	5.90	-
<b>Liabilities For Expenses</b>		
Sunil Choudhary	-	-
Bina Choudhary	0.45	0.29
Bivor Bagaria	-	-
<b>Investments in Shares</b>		
Kedarnath Commotrade Private Limited	-	-
Hari Equipments Private Limited	-	56.73
<b>Advances Given</b>		
Balajee Roadways	-	67.89
<b>Advances Received</b>		
Hemang Steel Traders	7.22	7.22

^ In case of transactions with Vendors / Customers, the total of purchases / sales are reported. Payments / receipts there against (including inter-party transfers) are not stated.

**37 Financial risk management**

The Company has exposure to the following risks arising from financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

**Risk management framework**

The Company's principal financial liabilities comprise of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company operations. The Company's principal financial assets include trade and other receivables, investments, cash and cash equivalents, other bank balances and other financial assets that derive directly from its operations.

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in debt securities and mutual fund schemes of debt categories only and restricts the exposure in equity markets.

**(i) Credit risk**

Credit risk is the risk of financial loss of the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company receivables from customers and loans. Credit risk arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing/ investing activities, including deposits with bank and mutual fund investments. The Company has no significant concentration of credit risk with any counterparty. The carrying amount of financial assets represent the maximum credit risk exposure.

**Trade receivables**

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and business intelligence. Sale limits are established for each customer and reviewed annually. Any sales exceeding those limits require approval from the appropriate authority as per policy.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are an institution, dealer or end-user customer, their geographic location, industry, trade history with the Company and existence of previous financial difficulties.

With respect to trade receivables, based on internal assessment which is driven by the historical experience/current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is considered low. The Company estimates its allowance for trade receivable using lifetime expected credit loss. However, out of abundant caution, over and above the provisions required as per IND-AS, on account of doubtful debts due to continued disruptions in supply throughout the year and also due to the possible repercussions arising out of the global pandemic COVID-19, an additional provision of Rs.500 lakhs has been created towards provision for doubtful debts.

**Movement in the expected credit loss allowance of trade receivables are as follows:**

	As at 31st March 2020	As at 31st March 2019
<b>Balance at the beginning of the year</b>	81.63	27.35
<b>Add: Provision during the year (net of reversals)</b>	1,041.58	54.29
<b>Balance at the end of the year</b>	<b>1,123.22</b>	<b>81.63</b>

**% of Expected Credit Loss:**

More than 1 year	10.00%	10.00%
------------------	--------	--------

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

**Notes to the Consolidated financial statements for the year ended 31 March 2020 (Continued)**

All amount in Rupees Lakhs, unless otherwise stated

More than 2 years	25.00%	25.00%
More than 3 years	75.00%	75.00%

**Exposure to credit risks**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. Details of concentration percentage of revenue generated from top customer and top five customers are stated below:

Particulars	Year ended 31st March 2020		Year ended 31st March 2019	
	%	Amount	%	Amount
Revenue from a top customer	24.85%	8,909.73	17.71%	13,382.49
Revenue from top five customers	43.84%	15,716.14	44.42%	33,568.83

Other credit risk is managed through credit approvals, establishing credit limits and by continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provisions at each reporting date whenever it is for longer period and involves higher risk. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain.

(ii) **Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's finance team is responsible for liquidity, funding as well as settlement management. In addition, Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

**Exposure to liquidity risk**

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

Particulars	As at 31 March 2020			Total
	Less than 1 year	1-5 years	> 5 years	
Borrowings	22,220.64	1,848.66	-	24,069.30
Trade payables	367.28	-	-	367.28
Other financial liabilities	9.75	-	-	9.75
	<b>22,597.68</b>	<b>1,848.66</b>	<b>-</b>	<b>24,446.34</b>

  

Particulars	As at 31 March 2019			Total
	Less than 1 year	1-5 years	> 5 years	
Borrowings	10,652.43	1,951.82	-	12,604.25
Trade payables	11,931.40	-	-	11,931.40
Other financial liabilities	9.23	-	-	9.23
	<b>22,593.05</b>	<b>1,951.82</b>	<b>-</b>	<b>24,544.87</b>

(iii) **Market risk**

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, payables and borrowings.

(a) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates related primarily to the Company's short term borrowings with floating interest rates. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

**Exposure to interest rate risk**

The interest rate profile of the Company's interest bearing financial instruments at the end of the reporting period are as follows:

Particulars	31 March 2020	31 March 2019
<b>Fixed rate instruments</b>		
Financial assets	-	-
Financial liabilities	(1,679.26)	(1,712.54)
<b>Variable rate instruments</b>		
Financial assets	-	-
Financial liabilities	(22,044.54)	(10,541.97)

**Sensitivity analysis**

Fixed rate instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of sensitive analysis.

A reasonably possible change of 50 basis points in variable rate instruments at the reporting dates would have increased or decreased profit or loss by the amounts shown below:

Particulars	Profit/ (loss)		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2020</b>				
Variable rate instruments	(110.22)	110.22	(71.71)	71.71
<b>Cash flow sensitivity (net)</b>	<b>(110.22)</b>	<b>110.22</b>	<b>(71.71)</b>	<b>71.71</b>
<b>31 March 2019</b>				
Variable rate instruments	(52.71)	52.71	(35.11)	35.11
<b>Cash flow sensitivity (net)</b>	<b>(52.71)</b>	<b>52.71</b>	<b>(35.11)</b>	<b>35.11</b>

(b) **Equity price risks**

The Company is not exposed to equity risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

(c) **Currency risk**

The Company does not have currency risks since it is not exposed to any foreign currency transaction.

**NARAYANI STEELS LIMITED**  
(CIN: L27109WB1996PLC082021)

**Notes to the Consolidated financial statements for the year ended 31 March 2020 (Continued)**

All amount in Rupees Lakhs, unless otherwise stated

**38 Capital management (Ind AS 1)**

The Company's management objective are :

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products commensurately with the level of risk.

The Company monitors capital on the basis of carrying amount of equity including retained earnings as presented on the face of Balance Sheet. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. There is no change in the overall capital risk management strategy as compared to the last year.

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital, as well as the level of dividends to equity shareholders.

The Company's objective when managing capital are to: (a) to maximise shareholders value and provide benefits to other stakeholders and (b) maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the Company's capital management, capital includes issued equity share capital and other equity reserves attributable to the equity holders.

The Company monitors capital using debt-equity ratio, which is total debt less investments divided by total equity.

Particulars		31 March 2020	31 March 2019
Total debt (Bank and other borrowings)	A	23,833.27	12,254.51
Equity	B	1,084.77	4,218.78
Liquid investments including bank deposits	C	1850.53	197.88
<b>Debt to Equity (A / B)</b>		21.97	2.90
<b>Debt to Equity (net) [(A-C) / B]</b>		20.26	2.86

39 The Company and its associate ("Group") had sent the letters seeking confirmation of balance as on 31st March 2020 to the parties who owe to the 'Group' and also to the parties to whom the 'group' owes. However, in most of the cases the 'group' did not receive the letters of confirmation from the parties. However, the management is following up with the parties for the letters of confirmation and in any case the management is hopeful that, other than what has been provided for, there would not be significant variation on account of non-receipt of the confirmations.

40 Consequent to the account being classified as NPA by certain banks, the management as a matter of prudence and in order to account for all probable interest liability has provided interest wherever banks have not applied or have reversed the interest on loan. Further, certain bank guarantees/ letters of credit issued by the Company have been invoked by creditor. Necessary confirmation/ reconciliation is in progress. In the opinion of the management, the adjustments, if any, arising on such confirmation/ reconciliation of unsecured loans and borrowings, bank guarantees, certain balances with banks including certain fixed deposits, trade payables, and advances to vendors shall not have any material impact on the financial statements.

41 The Company has, during the year, faced various disruptions due to stoppage of supply of materials by its largest Vendor, RINL, fall in demand and prices of steel, recession in iron & steel industry and stress over Channel finance and other borrowing accounts. The situation has become much grimmer on account of global COVID-19 pandemic and consequential lockdowns and restrictions within the country and abroad. Due to high uncertainties in future business activities and expected substantial downfall in economic activities in the sector, the management has undertaken an assessment of its business and recoverability of its trade receivables and it is estimated that there stands a doubtful chance of recovery of trade receivables to the extent of Rs.500 lakhs, over and above the expected credit loss as applicable.

42 Certain banks have classified the advances to the Company as NPA on account of default in repayment of loans and non-payment of interest. The default can be attributed to non-realisation of debtors, substantial decrease in volume of business and sales on account of major disruption of supply. Post the tagging of account as NPA, these banks have not charged interest or have reversed the interest already charged. However, the company has, to the best of its judgment, calculated and provided for the interest.

43 The global COVID-19 pandemic has caused significant accounting and auditing challenges. One such challenge being inability for the Company to conduct a physical verification of inventories for the year-end 31st March, 2020 due to Government having imposed restrictions during the lockdown on account of health, travel and safety concerns. The Company's management, however, conducted physical verification of inventories on dates other than the date of financial results but prior to the date of the board meeting to be held for the purpose of adopting the financial results and has made available the documents in confirmation thereof.

44 The Financial year 2019-20 had been very challenging with various adverse factors affecting the operations of the company resulting in substantial losses during the year. However, the management is hopeful that the company will rebound in the coming years with the revival of the steel industry, the company is also taking all possible steps for resumption of full volume operations with a view to generate revenue. In view of the same, the company has recognised the deferred tax assets on carry forward losses and unabsorbed depreciation as the management believes that the company shall have sufficient taxable profits in the future to realise the deferred tax assets.

45 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.17.18 lakhs** (31st March 2019: Rs. 4.65 lakhs).

46 In view of general economic recession and fluctuating steel market, the associate company, "Hari Equipments Private Limited" suspended its trading activities and continued to incur losses mainly on account of finance costs. It's Bank account has been classified as NPA. However, the accounts of the associate company have been prepared on going concern basis since in the opinion of the management of the associate company, it shall resume its trading activities on improvement of steel market expected shortly and is also dependent on raising additional finance. In view of the loss in the Associate Company, the company has provided for impairment in the value of investments in the associate.

**47 Foreign Exchange Earnings and Outgo**

	As at 31st March 2020	As at 31st March 2019
<b>Expenditure in Foreign Currency:</b>		
Travel & Miscellaneous matters	-	0.14

48 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.

**49 Financial instruments and related disclosures****49.1 Fair value measurement**

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale.

The Company has established the following fair value hierarchy that categorises the value into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are as stated in Note 2: Basis of Preparation

The management assessed that trade receivables, cash and cash equivalent, trade payable and other financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments, except that an additional provision of Rs.500 lakhs has been created, out of abundant caution, over and above the provisions required as per IND-AS, on account of doubtful debts due to continued disruptions in supply throughout the year and also due to the possible repercussions arising out of the global pandemic COVID-19.

The company uses the discounted cash flow techniques (in relation to interest-bearing borrowings and loans) which involves determination of present value of expected receipt/payment discounted using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The fair value so determined is classified as Level 2.

**49.2 Financial instruments by category**

The following table shows fair values of financial assets and liabilities, including their levels in financial hierarchy, together with the carrying amounts shown in the statement of financial position.

Note No.	As at 31st March 2020		As at 31st March 2019	
	Carrying amount	Fair value Level 1/2	Carrying amount	Fair value Level 1/2
<b>A. Financial assets:</b>				
<b>a) Measured at amortised cost</b>				
Investments	6	-	-	124.82
Trade receivables	8	17,500.14		21,556.00
Cash and Cash equivalents	9	16.58		197.88
Other Bank Balances	10	1,833.96		2,441.73
Other financial assets	11	109.06		133.61
<b>b) Measured at fair value through profit and loss</b>				
Investments	6	93.46	93.46	101.83
<b>c) Measured at fair value through other comprehensive income</b>				
Investments	6	0.29	0.29	0.96
<b>B. Financial liabilities:</b>				
<b>a) Measured at amortised cost</b>				
Borrowings	16	23,713.72	23,713.72	12,132.30
Trade payables	19	367.28		11,931.40
Other financial liabilities	18	185.85		131.44