



# **RAKAN STEELS LIMITED**

**(CIN: L27320UP1985PLC007582)**

**33<sup>rd</sup> ANNUAL REPORT 2019-2020**

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

NAME OF THE DIRECTOR	DESIGNATION OF THE DIRECTOR
Mr. Kannan Agarwal	Managing Director
Mr. Sandeep Agarwal	Executive Director
Mrs. Bindu Agarwal	Executive Director
Mr. Mahendra Bahadur Singh	Non- Executive Independent Director
Mr. Uma Shanker Dixit	Non- Executive Independent Director
Ms. Radhika Bansal	Non- Executive Independent Director

### CHIEF FINANCIAL OFFICER

Mrs. Kashish (Grover) Agarwal

### COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Garima Priyani

### BANKERS

State Bank of India  
H.D.F.C Bank Limited

### REGISTRAR AND SHARE TRANSFER AGENT

M/S Skyline Financial Services Private Limited  
D-153-A, 1<sup>st</sup> floor, Okhala Industrial Area,  
Phase I, New Delhi- 110020

### STATUTORY AUDITORS

M/s Rajani Mukesh & Associates  
Chartered Accountants  
503, Prem Ratan Vatika,  
7/180, Swaroop Nagar,  
Kanpur-208002

### SECRETARIAL AUDITORS

M/s V. Agnihotri & Associates  
Company Secretaries  
55/19, Kahoo Kothi,  
Kanpur-208001

### REGISTERED OFFICE

NH-2 (1 km from Bara Toll Plaza)  
Umran, Rania,  
Kanpur Dehat-209311

### CORPORATE OFFICE

Anand Palace, 10/499,  
Allen Ganj,  
Kanpur-208002

### E-MAIL I.D. & CONTACT NO. FOR INVESTORS

E- Mail ID: support@rakansteels.co.in

Website: [www.rakansteels.co.in](http://www.rakansteels.co.in);

Tel no.: (+91) 9598668666; 9129128786 ; Fax No.: 0512-2544025



## LETTER TO THE SHAREHOLDERS

### Dear Shareholders,

It is my privilege to write to you and present the Annual Report for the FY 2019-2020.

I hope this letter of mine finds you safe and in the best of health and spirit.

For most of FY 2019-2020, the global steel industry faced a number of challenges due to global demand and geopolitical tensions which have affected the contours of the business environment in which we operate. Next came, the onset of the COVID-19 pandemic in the final quarter of the year, which ushered in a new reality for industries across the world.

Our Company witnessed a reduction of 2.72% in the revenue in 2<sup>nd</sup> quarter from the 1<sup>st</sup> quarter and an increase of 5.38% in the revenue in 3<sup>rd</sup> quarter as compared to the 2<sup>nd</sup> quarter. During the last few weeks in March, we started to see the impact of COVID-19 pandemic. As a result, the revenue reduced by 8.70% in the 4<sup>th</sup> and final quarter of the year from the 3<sup>rd</sup> quarter.

Our team mobilized with extreme speed and incredible dedication. Our focus has always been and shall remain safety of our hardworking employees, the delivery of service to our customers and the financial well-being of the Company.

The impact of the slowing economy was also felt in the global steel sector. Global crude steel production reached 1,870 MnT in 2019, registering a more modest growth of 3.4% in 2019 against 4.6% in 2018. The Indian steel sector registered a stark easing of growth to 1.8% in 2019 compared to 7.7% growth in the previous year. Domestic steel prices declined sharply in FY 2019-2020 (-15% year-on-year, on average) due to weak demand from key industries including automobiles, construction and consumer durables.

Further, it is also pertinent to mention that *Rakan (Private) I.T.I under the flagship of Rakan Group of Institutions* which is established with the aim to inculcate technological skills amongst youth to empower them for gainful employment through technical & vocational education; and to enhance productivity of formal & non-formal sector of economy by having close interaction with the Industry. With immense pride and conviction, we would like to place on record our sincere appreciation to the Management team of I.T.I. for their unmatched devotion and dedication in taking the institution to new heights and making it a brand altogether. Various eminent companies



and industries have tied-up with the institution in recruiting the exceptionally talented and skilled youth of our institution thereby fulfilling our aspiration of becoming the top I.T.I. institution of the city.

Albeit the difficult environment, *Rakan Steels Limited* is trying to comprehend the situation meticulously and planning out innovative strategies to improve the growth prospects and combat for the reduced revenue. We are conscious that it won't be easy to vanquish cumbersome external business environment factors amidst the outbreak of global COVID-19 pandemic but we instead of accepting defeat rather strive to undertake every endeavor to come back on track and walk on the golden road of success once again. Moreover, it is impossible without the faith and trust of our beloved and precious shareholders.

As we look ahead, it is pertinent to gauge COVID-19's unprecedented impact on the global economy. It is expected that global growth will contract by over 3% in 2020, the worst contraction since the 1930s. For the first time since the Great Depression, both advanced and developing economies are in recession together. *Rakan Steels Limited* is confident in its ability to navigate this period through string financial discipline, a reduction in capital expenditure and cash flow management.

As we continue our journey of scaling new peaks while being better with every passing day, I would like to thank the Board for guiding me to execute my responsibilities in the best possible manner. I would like to extend my heartfelt gratitude to all my colleagues for their dedication, innovation, devotion and hard work.

I would like to take this opportunity to thank each one of you for your continued trust, confidence and support. Looking ahead, I am optimistic of the opportunities of the work we are doing for our clients and hope that we fulfill every aim and goal that we have always cherished and aspired of.

I solicit your continued cooperation.

**With my warmest regards,**

Sd/-

**Kannan Agarwal**  
**(Managing Director)**



## **MANAGEMENT'S DISCUSSION & ANALYSIS REPORT**

### **OVERVIEW**

The objective of this report is to convey the Management's perspective on the external environment and steel industry, as well as strategy, operating and financial performance, material developments in human resources and industrial relations, risks and opportunities and internal control systems and their adequacy in the Company during the FY 2019-2020. This should be read in conjunction with the Company's financial statements, the schedules and notes thereto and other information included elsewhere in the Annual Report. The Company's financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') complying with the requirements of the Companies Act, 2013, as amended and regulations issued by the Securities and Exchange Board of India ('SEBI') from time to time.

### **ECONOMIC OUTLOOK**

Global GDP growth eased to 2.9% in 2019, against an initial growth projection of 3.5%. In India, growth slowed to 4.2% in FY 2019-2020 against an initial growth projection of 7.5% in the beginning of the year. In view of the COVID-19 pandemic, there remains considerable uncertainty around the global economic forecast for 2020. According to the International Monetary Fund ('IMF'), global economy is projected to contract sharply by 4.9% in 2020, surpassing the decline seen during the global financial crisis a decade ago. Stark differences will be observed between impact of the pandemic on advanced economies, and emerging markets and developing economies owing to differences in governance capacity, health care systems, strength of financial institutions, and currency strength.

Growth is expected to be slower in most advanced economies. Countries in the emerging market and developing economies will also witness a slump in growth due to external demand shock, tightening in global financial conditions, and a plunge in commodity prices. In China, where recovery from the sharp contraction in the first quarter is underway, growth is projected at 1% in 2020, supported in part by policy stimulus. The IMF projects a partial recovery in 2021, however, the level of GDP growth is expected to remain below the pre-COVID-19 trend, with uncertainty about strength of the rebound.

India's economy in the Financial Year 2020-21 is projected to grow at a slower pace following a longer period of lockdown and slower rate of recovery than anticipated.



Effective policies and fiscal measures by the Government will be essential to forestall contraction of growth.

### **OUTLOOK FOR STEEL INDUSTRY**

The COVID-19 pandemic has severely affected economies and industries globally and the steel industry is no exception. Therefore, outlook for the steel industry includes scenarios regarding the pandemic's speed of propagation, possible recurrence, near-term impact of measures being taken to contain the outbreak, and the effectiveness of the stimulus announced by the Governments of various nations.

After slower than expected growth in 2019, steel demand is estimated to contract significantly in the Financial Year 2020-2021. According to the World Steel Association ('WSA'), it is possible that the impact on steel demand in relation to the expected contraction in GDP may turn out to be less severe than that seen during the erstwhile global financial crisis. In comparison with other sectors, the manufacturing sector is expected to rebound quicker though supply chain disruptions are likely to continue.

Most of the steel producing regions are expected to witness a decline in crude steel output due to production cuts amidst ongoing lockdowns. However, it is expected that compared to other countries, China will move faster towards normalization of economic activity as it was the first country to come out of the COVID-19 crisis. Governments of different nations have announced sizeable stimulus packages which are expected to favor steel consumption through investment in infrastructure and other incentives for the steel industry.

In India, muted demand and oversupply is likely to result in suppressed steel prices and capacity utilization in the near term. Since India depends largely on migrant labor, restarting construction and infrastructure projects will be a challenge. The demand from infrastructure, construction, and real estate sectors is likely to be subdued in the first half of the Financial Year 2020-21 due to the lockdown during the first quarter followed by the monsoons during the second quarter. Further, the demand from automobile, white goods, and capital goods sector is likely to reduce significantly with consumers deferring discretionary spends in the near term. Effective government stimulus and return of consumer confidence is likely to be the key driver for a gradual recovery over the second half of the Financial Year 2020-2021.



### **OUTLOOK OF STEEL MARKET**

The nationwide lockdown in India resulted in complete halt of activity across steel consuming sectors, both construction and manufacturing. While gradual resumption of business activities coupled with stimulus measures announced by government are expected to help revive the business activity, steel demand recovery is likely to be slower due to the unavailability of labor and weaker consumption growth. During FY 2021, most of the construction demand is expected to be driven by government infrastructure projects and rural construction. However, deferment of purchases of automotive and consumer durables coupled with weaker private investments and fragile exports is likely to keep steel consumption and consequently steel manufacturing at lower levels.

In Europe, the COVID-19 pandemic has led to a downgrading of Europe's economic outlook and steel consumption forecasts. The situation has led to a reduction in industrial activity across Europe. While national lockdowns are now being eased in some countries, the automotive, engineering and construction sectors are showing slow signs of recovery. As a result, steel manufacturing is expected to be low in line with lesser demand. However, demand for packaging and plating steels used in food products and batteries continues to be strong through the pandemic and the outlook remains strong.

### **FINANCIAL PERFORMANCE**

During the year under review, the Income of the Company amounted to Rs. 2808.865 (in '00000) in comparison to the Income of the last year which amounted to Rs. 2937.803 (in '00000). Your Company earned a profit during the year amounted to Rs. 7.68 (in '00000) in comparison to last year's profit which amounted to Rs. 9.09 (in '00000).

### **RISK AND CONCERNS**

The Company is well versed with the fact that success cannot be achieved without invoking risks. Risk is one major factor that cannot be ignored or taken lightly and because of the uncertainty in the Business Environment of not only the internal as well as external factors that contribute and have a great impact on a Company's working; the Company is making all possible endeavors to minimize risks and take required steps to fight it. The growth in the industrial sector depends on government policies, better infrastructure, favorable climate, availability of labor, open market and growth in iron and steel sector. The Company is convinced with the fact that where there is risk there are even better returns and therefore, it is inquisitive to learn new concepts and diversify in the already existing arenas for a better future.



### **INTERNAL CONTROL SYSTEM & INTERNAL AUDIT**

The Board of Directors of the Company is responsible for ensuring that Internal Financial Controls have been laid down in the Company and that such controls are adequate and operating effectively.

The Company has employed appropriate internal control system comprising of various monitoring techniques. Every personnel should be responsible for communicating upwards: problems in operations, non-compliance with the code of conduct or other policy violations or illegal actions. The Company makes sure that the Management, Board of Directors, Auditors, Audit Committee and the Operating Staff contribute their 100% in maintaining the internal control system in a healthy way and do not perform blatant abuse of power. Audit committee of the Company oversees the internal audit function and the internal control system. Additionally, the Internal Financial Control and reporting process ensures robust financial monitoring and compliances.

Moreover, the Internal Auditor also contributes in the best way possible the means to achieve the policies and plans formulated for the purpose of maintaining robust and innovative Internal Control System.

The Internal Audit team develops an annual audit plan based on the risk profile of the business activities. The Internal Audit plan is approved by the Audit Committee, which also reviews compliance to the plan. The Internal Audit team monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of internal audit function, process owners undertake corrective action(s) in their respective area(s) and thereby strengthen the controls. Significant audit observations and corrective action(s) thereon are presented to the Audit Committee. The Audit Committee at its meetings reviews the reports submitted by the Internal Auditor. Also, the Audit Committee at frequent intervals has independent sessions with the statutory auditor and the Management to discuss the adequacy and effectiveness of internal financial controls.

### **HUMAN RESOURCE CAPITAL**

The Company is committed in sharing value with its employees and deals with them as partners of the Company. We employ best talent and train them to meet all challenges so that growth is organic and contributed by everyone. The Company believes that its success depends on high level of skills and professionalism of its people and makes continuous endeavors to improve their efficiency through training and reward



programs. Last year, the focus was primarily on implementing sustainable leadership and succession planning strategies for building a collaborative work culture.

### **FORWARD LOOKING STATEMENT**

The report contains forward-looking statements, identified by words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' and so on. All statements that address expectations or projections about the future, but not limited to the Company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements. Since, these are based on certain assumptions, presumptions and expectations of future events, the Company cannot guarantee that these are accurate or will be realized. The Company's actual results, performance or achievements could thus differ from those projected in any forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events. The Company disclaims any obligation to update these forward-looking statements, except as may be required by law.

### **DISCLAIMER**

The statements and projections made in this report may vary depending on the economic conditions, government policies, and other factors beyond the control of the Company. Company is not under any obligation to amend, modify or revise any statement.



## CEO/CFO CERTIFICATION

The Board of Directors  
**Rakan Steels Limited**

Dear members of the Board,

We, Kannan Agarwal, Managing Director and Kashish (Grover) Agarwal, Chief Financial Officer of **Rakan Steels Limited**, to the best of our knowledge and belief, certify that:

1. We have reviewed the Balance Sheet as at March 31, 2020, Statement of Profit and Loss and the Statement of Cash Flow for the year ended and a summary of the significant accounting policies and other explanatory information of the Company and the Board's Report for the year ended March 31, 2020.
2. These statements do not contain any materially untrue statement or omit to state any material fact necessary to make the statements made, in light of the circumstances under which such statements were made not misleading with respect to the period covered by this report;
3. 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.
4. There are to the best of our knowledge and belief, no transactions entered into by Rakan Steels Limited during the year which are fraudulent, illegal or violate the Company's code of conduct.
5. We are responsible for establishing and maintaining internal controls for financial reporting in Rakan Steels Limited and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

CEO/CFO Certification



6. We have indicated to the Auditors and the Audit Committee:
- (i) Significant changes in internal control over financial reporting during the year.
  - (ii) Significant changes in Accounting Policies during the year and the same have been disclosed in the notes to the financial statements; and
7. We certify that there have been no instances of significant fraud of which we have become aware and the involvement therein of management or any employee having significant role in the Company's internal control systems.
8. We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct).
9. We further declare that all Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct and Ethics for the year covered by this report.

Date: July 29, 2020  
Place: Kanpur

Sd/-  
Kannan Agarwal  
(Managing Director)  
(DIN: 07318672)

Sd/-  
Kashish (Grover) Agarwal  
(Chief Financial Officer)  
(PAN: BCKPG1685C)

CEO/CFO Certification



## BOARD'S REPORT

**Dear Shareholders,**

Your Directors take immense pleasure and hereby submits the report of the business and operations of your Company along with the Audited Financial Statements for the financial year ended on March 31, 2020.

### FINANCIAL RESULTS

The Company's financial performance for the year ended March 31, 2020 is summarized below:-

	2019-2020 (Rs. in '00000)	2018-2019 (Rs. in '00000)
<b>Income</b>	2808.865	2937.803
<b>Profit/(Loss) before interest &amp; dep.</b>	80.86	78.22
<b>Less:</b>		
<b>Interest</b>	57.73	56.48
<b>Depreciation &amp; Amortization</b>	12.90	9.95
<b>Profit/(Loss) Before Tax</b>	10.23	11.79
<b>Provision for Taxation</b>	1.90	2.25
<b>Deferred Tax</b>	0.23	0.16
<b>Adjustment related to Previous Year</b>	0.413	0.289
<b>Net Profit</b>	<b>7.68</b>	<b>9.09</b>

### SUMMARY OF OPERATIONS

During the year, the Income of the Company amounted to Rs. 2808.865 (in '00000) in comparison to the Income of the last year which amounted to Rs. 2937.803 (in '00000). Your Company earned a profit during the year amounted to Rs. 7.68 (in '00000) in comparison to last year's profit which amounted to Rs. 9.09 (in '00000).

### LISTING ON STOCK EXCHANGES

The Company's shares are listed on the Metropolitan Stock Exchange of India Limited (MSE).



### **GLOBAL HEALTH PANDEMIC FROM COVID-19**

The World Health Organization (WHO) declared a global pandemic of the Novel Corona Virus disease (COVID-19) on February 11, 2020. In enforcing social distancing to contain the spread of the disease and taking into consideration the lockdown in the city as declared by the Government authorities, our office had adopted the Work from Home policy and the factory has been operating with minimal staff for extended period of time along with adopting all the safety and precautionary measures including but not limited to sanitization facilities, social distancing at workplace by erecting barriers on work floors and dining facilities, providing face shields, masks & PPEs, ensuring no sharing of tools etc. among others.

To effectively respond to and manage our operations through this crisis, the Company triggered its business continuity management program. In keeping up with employee-safety-first approach, the management quickly instituted measures to trace all the employees and assured of their well being. The management also helped and assisted the employees to shift to the new work paradigm i.e. "Work from Home" policy.

We have extended support to the employees impacted by this pandemic and implemented a phased and safe return-to-work plan when lockdown restrictions were relaxed.

The Company's focus on liquidity, supported by a strong balance sheet and acceleration in cost optimization initiatives, would help in navigating any near-term challenges in the demand environment.

### **STATUTORY AUDITORS**

M/s Rajani Mukesh & Associates, Chartered Accountant (FRN: 004072C) conducted the statutory audit of the Company for the financial year 2019-2020.

Moreover, the Standalone Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (IND AS) notified under the Companies Act, 2013.

### **STATUTORY AUDITOR'S REPORT**

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



### **DIVIDEND**

In the view to conserve the financial resources of the Company for meeting the financial requirements for future business projects, it was decided by your Directors not to declare any dividend this year.

### **DEPOSITS**

Your Company has not accepted any deposit prescribed u/s 73 of the Companies Act, 2013 during the Financial Year.

### **CHANGE IN MANAGEMENT & TAKEOVER**

During the Financial Year there was no change in the management and take-over of the Company.

### **MATERIAL CHANGES & COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY**

There are no material changes and commitments affecting the financial position of the Company which has occurred between the end of financial year of the Company i.e. March 31, 2020 and the date of the Director's Report.

### **SHARE CAPITAL**

The Company had undergone the process of Share Sub-Division/Split by way of which the Face Value of Share was reduced from Rs. 10/- per share to Re. 1/- per share. Further, the consent for the same was accorded by the shareholders in the Extra-Ordinary General Meeting duly convened on March 18, 2019. The record date for the aforesaid event was kept on May 10, 2019 which was successfully accomplished and as a result the MSE issued approval certificate to be effective from May 10, 2019.

### **BUSINESS RISK MANAGEMENT**

The Company's robust risk management framework identifies and evaluates business risks and opportunities. The Company recognizes that these risks need to be managed and mitigated to protect the shareholders and other stakeholder's interests in order to achieve its business objectives and enable sustainable and long-term growth. Risk management is embedded in our critical business activities, functions and processes. The Company believes that the overall risk exposure of present and future risks remains within risk capacity. Since, the business environment is always uncertain and



unpredictable therefore, the vigilance of not only the management but also the employees is of utmost importance.

The Company manages and monitors principal risks and uncertainties that can impact ability of the Company to achieve its targets and objectives. Timely reports are placed before the Board for considering various risks involved in the Company business/operations. The Board evaluates these reports and requisite/corrective actions are then implemented.

A brief report on risk evaluation and management is provided under Management's Discussion & Analysis Report forming part of this Annual Report.

### **INTERNAL CONTROL SYSTEM & THEIR ADEQUACY**

The Company has a suitable and adequate Internal Control System which indeed is commensurate with the size, scale and complexity of its operations. Internal control systems are integral to Company's corporate governance framework. Some significant features of internal control system are:-

- Adequate documentation of policies, guidelines, authorities and approval procedures covering all the important functions of the Company.
- Ensure complete compliance with laws, regulations, standards and internal procedures and systems.
- De-risking the Company's assets/resources and protecting them from any loss.
- Ensuring the integrity of the accounting system; proper and authorized recording and reporting of all transactions.
- Ensuring reliability of all financial and operational information.
- Audit Committee of Board of Directors, comprising of Independent Directors. The Audit Committee regularly reviews audit plans, significant audit findings, adequacy of internal controls, compliance with Accounting Standards etc.
- To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board and to the Managing Director.
- The Internal Audit Department monitors and evaluates the efficiency and adequacy of the internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company.
- Based on the report of Internal Audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls.



- Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

The internal control systems and procedures are designed to assist in the identification and management of risks, the procedure-led verification of all compliance as well as an enhanced control consciousness.

**PARTICULARS PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

**STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

Details pursuant to Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 are as stated as under:-

S. No.	Requirement of Rule 5(1)	Disclosure
1	The ratio of remuneration of each director to the median remuneration of the employees for the financial year.	Mr. Kannan Agarwal, Mr. Sandeep Agarwal and Mrs. Bindu Agarwal are drawing a salary of Rs. 90000/- per month which is 3 Times of the median remuneration of the employees (including KMPs) for the financial year.
2	Percentage increase in remuneration of each director, CFO, CEO, CS or Manager in the financial year.	Percentage increase in remuneration of: a) Directors:- 20% b) MD:- 20% c) CFO:- 80% d) CEO:- N/A e) Company Secretary:-N/A
3	The percentage increase/decrease in the median remuneration of employees in the financial year.	% increase in the median remuneration of employees in the financial year: 76.47%
4	The number of permanent employees on the rolls of the Company	There were 18 employees on the rolls of the Company as on March 31, 2020.
5	The explanation on the relationship between average increase in remuneration and company	Company has made a profit of Rs. 10.23 (in '00000) as compared to last year's profit of Rs. 11.79 (in '00000). There has been a



	performance.	moderate increase in the remuneration of employees as compared to the performance of the Company.
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company.	The total remuneration paid to KMP's (MD, CFO and CS) was approx 1.78 times of the Profit for the FY 2019-2020 which was based on the terms of the service contract which must be paid for availing their services.
7	Variations in the Market Capitalization of the Company, price earnings ratio as at the closing date of the current FY and percentage increase over decrease on the market quotations of the shares of the company in comparison to the rate at which the Company came out with the last public offer.	Variations in the market capitalization:  Market Capitalization as on : 31.03.2019=Rs. 32400000 31.03.2020=Rs. 32400000  Price Earnings Ratio (Price/EPS):- As on 31.03.2019=Rs. 35.71 As on 31.03.2020=Rs. 42.19 There is no increase in the share price of the Company.
8	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2018-2019 and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The Managerial remuneration is ascertainable by referring Point 2 above. There has been marginal increase in remuneration of other employees and there have been no exceptional circumstances for the increase in remuneration.
9	Comparison of remuneration of every Key Managerial Personnel against the performance of the Company.	Comparison of remuneration of every Key Managerial Personnel against the performance of the Company:- MD:- 96.70 % (of the Profit) CFO:- 61.54 % (of the Profit) CS:- 19.93% (of the Profit)
10	The key parameters for any variable component of Remuneration availed by the Directors.	The Company was not paying variable component of remuneration to any Director during the year.
11	The ratio of the remuneration of the highest paid director to that of the employees who are not directors	N/A



12	Affirmation that the remuneration is as per the remuneration policy of the Company	We affirm that the remuneration paid to employees and KMPs was based on the Remuneration Policy.
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A) Details of every employee of the Company as required pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:-

- Drawing salary of 60 Lakhs or above for the Year, if employed throughout the year- NIL
- Drawing salary of 5 Lakhs p/m or above for a month, if employed for part of the year- NIL
- Drawing salary more than the salary of MD and having 2% stake in the Company- NIL

B) No Managing Director or Whole-Time Director of the Company is receiving any commission from the Company as well as from the Holding Company or Subsidiary Company of the Company.

### **INTERNAL FINANCIAL CONTROLS**

As per Section 134(5)(e) of the Companies Act, 2013, the Directors have an overall responsibility for ensuring that the Company has implemented a robust system and framework of Internal Financial Controls which in turn is in line with the changing business environment and operational needs and is also innovative and updated as and when the need of the hour be. This framework provides the Directors with a reasonable assurance regarding the adequacy and operating effectiveness of controls with regard to reporting, operational and compliance risks. The Company has in place adequate internal financial controls with reference to financial statements. The Company has devised appropriate systems and framework including proper delegation of authority, risk based internal audits, risk management framework and whistle blower mechanism.

During the year, such controls were tested and no reportable material weaknesses in the design or operation was observed. We believe that these systems provide reasonable assurance that our internal financial controls are designed effectively and are operating as intended.



### **NUMBER OF EMPLOYEES & DISCLOSURE REGARDING SECTION 197 OF THE COMPANIES ACT, 2013**

There are a total of 18 Employees registered in the Company's muster roll. The particulars as required under Section 197 read with Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 are furnished as none of the employee is drawing remuneration of Rs. 500,000/- or more per month if employed for a part of the year or Rs.60,00,000/- if employed throughout the period.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

As stipulated in section 134(5) of Companies Act 2013, The Directors of the Company would like to state:-

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures.
- ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 or loss of the Company for the year under the review.
- iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The directors have prepared the annual accounts on a going concern basis.
- v) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi) The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

### **INDUSTRIAL RELATIONS**

Industrial relations are of paramount importance in every organization and maintaining them with ease and poise is a very difficult task. Our Company gives equal importance to maintain industrial relations and keeping them at par with other stakeholder relationships. During the period under review, the relation between employee and



Management remained cordial. All the problems of the employees were patiently heard by the Management and proper solutions pertaining to their problems were provided by the management. The Management has always been gracious about its employees and workers. They take every possible measure and endeavor to maintain sincere, healthy and friendly relations with the lower and middle level employees.

### **BOARD OF DIRECTORS**

The Board of the Company is duly constituted. The Company is managed by well-qualified professionals. All directors are suitably qualified, experienced and competent. The members of the Board of Directors are persons with considerable experience and expertise in Audit, Accounts, Finance, Administration and Marketing. The Company is benefitted by the experience and skills of the Board of Directors. None of the Directors are Disqualified u/s 164 of the Companies Act, 2013. All the Independent Directors have given their declaration as per Section 134 read along with Section 149 of the Companies Act, 2013.

Mrs. Vandana Agarwal, Chief Financial Officer of the Company ceased to be the CFO of the Company due to sudden and mournful demise on January 14, 2020 and the necessary disclosure under Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 was submitted to the Stock Exchange (MSE). As a result, Mrs. Kashish (Grover) Agarwal was appointed as the new Chief Financial Officer of the Company taking into consideration the recommendations received from the learned members of the Nomination & Remuneration Committee of the Company in the duly convened Board Meeting held on February 14, 2020.

Further, Mrs. Bindu Agarwal resigned from the Directorship of the Company on July 29, 2020.

### **BOARD MEETINGS**

During the year *Five* board meetings were convened. The details thereof are given as under. Further, it is hereby stated that the intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Regulations & Disclosure Requirements) Regulations, 2015.

<b>S. No.</b>	<b>DATE</b>	<b>BOARD STRENGTH</b>	<b>NO. OF DIRECTORS PRESENT</b>
1.	April 9, 2019	6	6
2.	May 30, 2019	6	6
3.	August 14, 2019	6	6



4.	November 13, 2019	6	6
5.	February 14, 2020	6	6

### AUDIT COMMITTEE

#### i. Terms of Reference:-

The terms of reference of this Committee are wide enough covering the matters specified under the Section 177 read with Rule 6 of Companies (Meetings of Board and its powers) Rules, 2014 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

#### ii. Composition, Name of Members and Chairperson:-

Name	Designation	No. of Meetings Held	No. of Meetings Attended
Mr. Mahendra Bahadur Singh	Chairman	4	4
Mrs. Bindu Agarwal**	Member	4	4
Ms. Radhika Bansal	Member	4	4

\*\* Replaced by Mr. Sandeep Agarwal in the Board meeting held on July 29, 2020.

#### iii. Details of Audit Committee Meetings held during the year under review:-

DATE	COMMITTEE STRENGTH	NO. OF MEMBERS PRESENT
May 30, 2019	3	3
August 14, 2019	3	3
November 13, 2019	3	3
February 14, 2020	3	3

Note: The Company Secretary of the Company acts as the Secretary to the Committee.

### NOMINATION & REMUNERATION COMMITTEE

#### i. Terms of Reference:-

The terms of reference of this Committee are wide enough covering the matters specified under Section 178 read with Rule 6 of Companies (Meetings of Board and its powers) Rules, 2014 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.



**ii. Composition, Name of Members and Chairperson:-**

Name	Designation	No. of Meetings Held	No. of Meetings Attended
Mr. Umashanker Dixit	Chairman	1	1
Mr. Mahendra Bahadur Singh	Member	1	1
Ms. Radhika Bansal	Member	1	1

**iii. Details of Nomination and Remuneration Committee Meetings held during the year under review:-**

DATE	COMMITTEE STRENGTH	NO. OF MEMBERS PRESENT
August 14, 2019	3	3

**iv. Remuneration Policy:-**

Remuneration policy of the Company aims at recommending and reviewing the remuneration to Managing Director, Non-executive Directors and Key Managerial Personnel of the Company based on evaluation criteria such as industry benchmarks, company's annual performance & its strategy, expertise, talent and meritocracy.

Directors express their satisfaction with the evaluation process.

**v. Selection and Evaluation of Directors:-**

The Board on the basis of recommendations of the Nomination & Remuneration Committee, laid down following policies:-

1. Policy for determining qualifications, positive attributes and Independence of a Director.
2. Policy for Board & Independent Directors Evaluation.

**vi. Performance Evaluation of Board, Committees & Directors:-**

The Company believes formal evaluation of the Board and of the individual directors, on an annual basis, is a potentially effective way to respond to the demand for greater board accountability and effectiveness. For the company, evaluation provides an ongoing means for directors to assess their individual and collective performance and effectiveness. In addition to greater board accountability, evaluation of board members helps in:-



- a) More effective board process
- b) Better collaboration and communication
- c) Greater clarity with regard to members roles and responsibilities
- d) Improved Managing Director and board relations

The evaluation process covers the following aspects:-

- Self evaluation of directors
- Evaluation of the performance and effectiveness of the board
- Evaluation of the performance and effectiveness of the committees
- Feedback from the Non-Executive directors to the Management
- Feedback on management support to the board

### **STAKEHOLDERS RELATIONSHIP COMMITTEE**

#### **i. Terms of Reference:-**

The terms of reference of this Committee are wide enough covering the matters specified under Section 178 (5) & (6) of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

#### **ii. Composition, Name of Members and Chairperson:-**

Name	Designation	No. of Meetings Held	No. of Meetings Attended
Mr. Mahendra Bahadur Singh	Chairman	1	1
Mrs. Bindu Agarwal**	Member	1	1
Ms. Radhika Bansal	Member	1	1

\*\* Replaced by Mr. Sandeep Agarwal in the Board meeting held on July 29, 2020.

#### **iii. Details of Share Transfer & Investors Grievance Committee Meetings held during the year under review:-**

DATE	COMMITTEE STRENGTH	NO. OF MEMBERS PRESENT
November 13, 2019	3	3

Note-1: The Company Secretary of the Company acts as the Secretary to the Committee.

Note-2: No complaint was pending against the Company during the year.



### **MEETINGS OF INDEPENDENT DIRECTORS**

The Company's Independent Directors met once during the financial year 2019-2020 held on March 20, 2020 without the presence of the Executives. The meeting was conducted to enable the Independent Directors to discuss the matters pertaining to the Company's affairs and put forth their views about the working of the Company and the Board along with the Committees.

### **DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received necessary declaration from each Independent Director, under Section 149(7) of the Companies Act, 2013 that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

### **SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company does not have any Subsidiary, Joint venture or Associate Company.

### **CORPORATE GOVERNANCE**

As per Regulation 15 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 provisions relating to Corporate Governance are not applicable to your Company and therefore there is no separate report on Corporate Governance.

Management Discussion & Analysis Report, pursuant to Regulation 34 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, forms part of this report and the same is annexed herewith.

### **DISCLOSURE REGARDING THE RE-APPOINTMENT OF DIRECTOR**

In terms of relevant provisions of the Act, as amended, Mr. Sandeep Agarwal (DIN: 02957566) is liable to retire by rotation at the ensuing AGM and being eligible, seeks re-appointment.

The Board recommends the above re-appointment for approval of the Shareholders at the ensuing AGM.

The detailed profile of Mr. Sandeep Agarwal and particulars of his experience, skills or attributes that qualify him for Board Membership is provided in the Notice convening the AGM.



## **ETHICS/GOVERNANCE POLICIES**

The Company strives to conduct business and strengthen the relationship with stakeholders in a manner that is dignified, distinctive and responsible. We adhere to ethical standards to ensure integrity, transparency, independence and accountability in dealing with all the stakeholders. Therefore, we have adopted various codes and policies to carry out our duties in an ethical manner. Some of these codes and policies are:-

- Code of Conduct
- Code of Conduct for Prohibition of Insider Trading
- Vigil Mechanism and Whistle-blower policy
- Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions
- Policy for selection of Directors and determining Director's independence
- Remuneration policy for Directors, Key Managerial Personnel and other employees
- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
- Policy for preservation of documents
- Policy on Determination and Disclosure of Materiality of Events and Information and the Web Archival Policy.

## **BOARD EVALUATION**

The Company has devised a Policy for performance evaluation of the Board, Committees and other individual Directors (including Independent Directors) which include criteria for performance evaluation of Non-Executive Directors and Executive Directors. The Evaluation process *inter alia* considers attendance of Directors at Board and Committee meetings, acquaintance with business, communicating inter se board members, effective participation, domain knowledge, compliance with code of conduct, vision and strategy.

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, the Management has carried out the annual performance evaluation of the working of its Audit, Nomination & Remuneration and Investor Grievance Committees. A structured questionnaire was prepared after taking into consideration the inputs received from the Directors, covering various aspects of the Board functioning such as adequacy of the composition of the Board and its



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

The Board carried out an annual performance evaluation of the Board, Committees, Individual Directors and the Managing director. The Chairman of the respective Committees shared the report on evaluation with the respective Committee members. The performance of each committee was evaluated by the Board, based on report on evaluation received from respective Committees.

The report on performance evaluation of the Individual Directors was reviewed by the Chairman of the Board and the feedback was given to the concerned directors.

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

There were no Guarantees or Investments made by the Company pursuant to the provisions of Section 186 of the Companies Act, 2013 during the period under review. The details of loans given have been disclosed in the financial statements.

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

In terms of clause (m) of sub-section (3) of section 134 of the Companies Act, 2013 and the rules framed there under, the particulars relating to conservation of energy, technology absorption and foreign earnings and outgo is given below:

#### **a) CONSERVATION OF ENERGY**

The consumption of electricity during the year is minimal. The management is taking conscious efforts to conserve the energy.

#### **b) TECHNOLOGY ABSORPTION**

The Company has no activity relating to technology absorption.



c) FOREIGN EXCHANGE EARNINGS AND OUTGO: Nil

### **BUSINESS RISK MANAGEMENT**

Pursuant to Section 134(3)(n) of the Companies Act, 2013, the Company has formed an internal committee in order to evaluate the risk factor in the concern. The Board carries out a brief synopsis of the key elements that threatens the existence of the Company. The internal policy related to risk management ensures growth and continuity of business. However, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 exempts your Company to mandatorily form the Risk Management Committee.

A brief report on risk evaluation and management is provided under Management Discussion & Analysis Report forming an integral part of this Annual Report.

### **CODE OF CONDUCT**

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all the employees in the course of day to day business operations of the Company. The code laid down by the Board is known as the “**Code of Conduct**” which forms an Appendix to the Code. The Code has been posted on the Company’s website “[www.rakansteels.co.in](http://www.rakansteels.co.in)”. The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity at the work place, in business practices and in dealing with stakeholders. The Code gives guidance on the expected behavior from an employee in a given situation and the reporting structure. All the Board Members and the Senior Management personnel have confirmed compliance with the Code. The whole Management Staff was given appropriate training in this regard.

### **WHISTLE BLOWER POLICY**

In order to comply with the provisions of Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014. A vigil mechanism was framed by the Company through its Board of Directors to be headed by the Chairman of the Audit Committee who shall also be known as the Vigilance Officer under the Whistle Blower Policy. The Company has formulated a Whistle Blower Policy to establish a vigil mechanism for Directors and employees of the Company to report concerns about unethical behavior, actual or suspected fraud or violation of the company’s code of conduct or ethics policy.



The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards, the Company encourages its employees who have genuine concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. The Whistle Blower Policy/ Vigil Mechanism also provide safeguards against victimization or unfair treatment of the employees who avail of the mechanism and no personnel has been denied access to the Audit Committee. The Code has been posted on the Company's website "[www.rakansteels.co.in](http://www.rakansteels.co.in)"

### **PREVENTION OF INSIDER TRADING**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All Board Directors and the designated employees have confirmed compliance with the Code.

### **RELATED PARTY TRANSACTIONS**

None of the transactions with related parties falls under the scope of section 188(1) of the Act. Information on transactions with related parties pursuant to section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **Annexure** in Form AOC-2 and the same forms part of this report.

Transactions with related parties entered into by the Company are in the normal course of business on arm's length basis and do not have potential conflicts with the Company.

### **Form No. AOC-2**

(Pursuant to *clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014*)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto:**

**1. Details of contracts or arrangements or transactions not at arm's length basis:**



**2.No Such Transactions have taken place during the year under review.**

- (a) Name(s) of the related party and nature of relationship:- **M/s Rakan Group of Institutions (Society)**
- (b) Nature of contracts/ arrangements/ transactions:- **Lease Agreement**
- (c) Duration of the contracts / arrangements/ transactions:- **N/A**
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:- **As decided by and between the parties**
- (e) Justification for entering into such contracts or arrangements or transactions:- **At Arm's Length basis**
- (f) Date(s) of approval by the Board:- **N/A**
- (g) Amount paid as advances, if any:- **N/A**
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188:- **September 30, 2016**

**3. Details of material contracts or arrangement or transactions at arm's length basis:**

**ANNEXURE- RELATED PARTY DISCLOSURES (IND AS-24)**

<b><u>S. No.</u></b>	<b><u>Name of Related Party and Nature of Relationship</u></b>	<b><u>Nature of Transaction</u></b>	<b><u>Transaction Value</u></b>	<b><u>Closing Balance</u></b>
1.	Bindu Agarwal (Director, Key Managerial Personnel)	Unsecured Loans -Taken -Repaid -Interest Paid	0.00 4,05,299.00 0.00	1,61,651.25 (Cr)
2.	Kannan Agarwal (Director, Key Managerial Personnel)	Unsecured Loans -Taken -Repaid -Interest Paid	21,43,000.00 18,56,000.00 0.00	2,87,817.23 (Cr)
3.	Sandeep Agarwal	Unsecured Loans		26,97,112.08 (Cr)



	(Director, Key Managerial Personnel)	-Taken -Repaid -Interest Paid	0.00 2,16,923.00 0.00	
4.	Sandeep Agarwal (HUF) (Relative of Key Managerial Personnel)	Unsecured Loans -Taken -Repaid -Interest Paid	0.00 0.00 0.00	8,95,901.00 (Cr)
5.	Sandeep S Gupta (Relative of Key Managerial Personnel)	Unsecured Loans -Taken -Repaid -Interest Paid	0.00 0.00 0.00	4,02,438.40 (Cr)
6.	Sanjeev Agarwal (Relative of Key Managerial Personnel)	Unsecured Loans -Taken -Repaid -Interest Paid	0.00 51,129.00 0.00	43,679.00 (Cr)
7.	Shilpa Gupta (Relative of Key Managerial Personnel)	Unsecured Loans -Taken -Repaid -Interest Paid	0.00 0.00 0.00	2,81,502.71 (Cr)
8.	Surendra Mohan Agarwal (Relative of Key Managerial Personnel)	Unsecured Loans -Taken -Repaid -Interest Paid	0.00 0.00 0.00	25,125.00 (Cr)
9.	Vaibhav Agarwal (Relative of Key Managerial Personnel)	Unsecured Loans -Taken -Repaid -Interest Paid	0.00 45,848.00 0.00	4,952.00 (Cr)
10.	Vandana Agarwal (CFO, Key Managerial Personnel)	Unsecured Loans -Taken -Repaid -Interest Paid	0.00 1,04,077.00 0.00	NIL
11.	Vandana Agarwal (CFO, Key Managerial Personnel)	CFO Remuneration	4,50,000.00	23,000.00 (Cr)
12.	Sandeep Agarwal	Director	9,90,000.00	8,75,541.00 (Cr)



	(Director, Key Managerial Personnel)	Remuneration (STEB)		
13.	Kannan Agarwal (Director, Key Managerial Personnel)	Director Remuneration (STEB)	9,90,000.00	1,96,374.40 (Cr)
14.	Kashish Agarwal (Director, Key Managerial Personnel)	Director Remuneration (STEB)	9,90,000.00	70,050.00 (Cr.)
15.	Bindu Agarwal	Director Remuneration (STEB)	9,90,000.00	1,29,000.00(Cr.)
16.	Rachit Agarwal	General Manager Remuneration	3,30,000.00	10,000.00(Cr.)
17.	Ujjwal Goel	Sales Manager	3,30,000	Nil
18.	Rajvardhan Agencies Pvt. Ltd.	Sale Purchase Rent	24,61,89,327.34 63,98,506.94 3,54,000.00	2,35,18,118.72(Dr.)
19.	S P Industries	Rent	2,12,400.00	25,09,000.50 (Dr.)
20.	Reliable Sales	Sales	9,24,636.00	45,60,356.94(Dr.)

### **DISCLOSURE UNDER SEXUAL HARASSMENT POLICY FOR WOMEN**

Your Company has already framed the Sexual Harassment Policy regarding women and female employees of the Company. During the year under review, there were no complaints from any employee regarding the said issue.

### **SECRETARIAL AUDIT REPORT**

The Board had appointed Mr. Vaibhav Agnihotri (Prop. M/s V. Agnihotri & Associates) Practicing Company Secretary, to conduct the Secretarial Audit for the Financial Year 2019-2020. Therefore, as per the requirement of Section 204(1) of the Companies Act, 2013, the Company has obtained a Secretarial Audit Report from the Secretarial Auditor in the prescribed format. The format is attached as “**Annexure A**” to this Report. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.



### **CERTIFICATE FROM PRACTICING COMPANY SECRETARY**

As required by Regulation 34(3) and Schedule V of the SEBI Listing Regulations, the certificate given under Part E by M/s. V. Agnihotri & Associates (Memb. No. 10363/C.P. No. 21596) Practicing Company Secretaries, is annexed to this Report.

As required by Clause 10 (i) of Part C under Schedule V of the SEBI Listing Regulations, the Company has received a certificate from M/s. V. Agnihotri & Associates certifying that none of our Director have been debarred or disqualified from being appointed or continuing as Directors of the Company by SEBI or MCA or such other statutory authority.

### **COST RECORDS AND COST AUDIT**

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

### **SHARE REGISTRAR & TRANSFER AGENT**

The Company's Registrar & Transfer Agent is Skyline Financial Services Private Limited, New Delhi. It is a SEBI Registered R & TA. The contact details of the same are mentioned at the beginning of the Report. The investors are kindly requested to address their queries, if any, to the R & TA. However, in case of any difficulties, they are always welcome to contact the Company's Company Secretary & Compliance Officer, the contact particulars of whom are contained in the Report and are also hosted on the website of the Company i.e. [www.rakansteels.co.in](http://www.rakansteels.co.in).

### **CORPORATE SOCIAL RESPONSIBILITY**

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable on your Company.

### **REPORTING OF FRAUD BY AUDITORS**

During the year under review, neither the Statutory Auditors nor the Secretarial Auditor has reported to the Audit Committee under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officer or employees, the details of which would need to be mentioned in the Board's Report.



### **WEBLINK OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as “**Annexure B**”. Moreover, pursuant to Section 92(3) of the Companies Act, 2013 the same will be posted on the website of the Company i.e. [www.rakansteels.co.in](http://www.rakansteels.co.in) as and when it will be completed.

### **SECRETARIAL STANDARDS**

The Company complies with all the applicable and notified Secretarial Standards issued by the Institute of Company Secretaries of India.

### **GENERAL**

Your Directors state that no disclosure or reporting is required in respect of the following matters as there were no such transactions on these items during the year under review:-

- Details relating to deposits covered under Chapter V of the Act.
- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme or even as Employee’s Stock Option Plan.
- The Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company’s operations in future.
- No fraud has been reported by the Auditors to the Audit Committee or the Board.
- During the year under review, there were no cases filed or reported pursuant to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### **RECORDING MINUTES OF PROCEEDINGS OF BOARD & COMMITTEE MEETINGS**

The Company Secretary records minutes of proceedings of each Board and Committee meetings. Draft minutes are circulated to Board/Committee members for their comments as prescribed under the guidelines of Secretarial Standard-1 issued by the



ICSI. The minutes are entered in the Minutes Book within 30 days from the conclusion of the meeting.

### **COMPLIANCE**

The Company Secretary, while preparing the agenda, notes on agenda and minutes of the meetings is responsible for and is required to ensure adherence to all applicable laws and regulations, including the Companies Act, 2013 read with rules issued there under, Listing Regulations and Secretarial Standards issued by the Institute of Company Secretaries of India.

### **ACKNOWLEDGEMENT**

The Board of Directors would like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and members during the year under review. The Board of Directors also wish to place on record its deep sense of appreciation and gratitude for the committed services by the Company's executives, staff and workers. Our consistent growth was made possible by their hard work, solidarity, cooperation and support.

By the Order and on behalf of the Board of Directors

**For RAKAN STEELS LIMITED**

**DATE: SEPTEMBER 2, 2020**  
**PLACE: KANPUR**

**Sd/-**  
**KANNAN AGARWAL**  
**(MANAGING DIRECTOR)**  
**DIN: 07318672**

**Sd/-**  
**SANDEEP AGARWAL**  
**(DIRECTOR)**  
**DIN: 02957566**



**DECLARATION REGARDING ADHERENCE TO THE CODE OF CONDUCT**

As provided under Clause 26(3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, all the Board Members and Senior Managerial Personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2020.

By the Order and on behalf of the Board of Directors

**For RAKAN STEELS LIMITED**

**Sd/-**

**KANNAN AGARWAL  
(MANAGING DIRECTOR)**

**DIN: 07318672**

**DATE: SEPTEMBER 2, 2020**

**PLACE: KANPUR**



## ANNEXURE "A" TO THE BOARD'S REPORT

### FORM No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

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

To,  
The Members,  
**Rakan Steels Limited**  
NH-2 (1 km from Bara Toll Plaza)  
Umran, Rania,  
Kanpur Dehat-209311

**We have conducted** the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by *Rakan Steels Limited* (hereinafter 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 Rakan 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 there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made



there under- **(Not applicable during the reporting period)**

- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings- **(Not applicable during the reporting period)**
- (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 (Prohibition of Insider Trading) Regulations, 2015;
  - (b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
  - (c) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

However, the following are **not applicable** to the Company during the reporting period:-

- (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
- (d) The Securities and Exchange Board of India (Delisting of Equity Shares)



Regulations, 2009; and

- (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (f) Other Acts- As per the information provided by the Company, its officers and authorized representative, there is no such other act/s applicable specifically to the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India as amended from time to time.
- (ii) The Listing Agreements entered into by the Company with Metropolitan Stock Exchange of India Limited (MSE/MCX).
- (iii) SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

To the best of our understanding, during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report** that based on the information provided by the Company, its officers and authorized representatives during the conduct of the Audit and Reports given by respective Department Heads/Company Secretary/CEO taken on record by the Board of Directors of the Company in our opinion, adequate systems and processes and control mechanism exist in the Company to monitor and to ensure the compliance with applicable general laws such as labor laws and environmental laws.

**We further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system



exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

**We further report that** the compliance by the Company of the applicable financial laws like direct and indirect tax laws has not been reviewed in this Audit since, the same have been subject to review by statutory financial auditor and other designated professionals.

All the decisions were carried through with the assenting members' views and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, the Company undertook the process of Share Sub-Division/ Split by seeking approval from the shareholders in an Extra-Ordinary General meeting duly convened on March 18, 2019 whose record date was eventually kept to be May 10, 2019 and it is having a major bearing on the Company's affair in pursuance of the above referred laws, rules, regulations, guidelines etc. It is further stated that the process was duly completed within the stipulated time.

This report is to be read with our letter of even date which is annexed as "**Annexure A**" and forms an integral part of this report.

**For V. Agnihotri & Associates  
Company Secretaries**

**Sd/-**

**Vaibhav Agnihotri**

**FCS: 10363/ C.P. No.: 21596**

**UDIN: F010363B000643589**

**Place: Kanpur**

**Date: September 2, 2020**



**"ANNEXURE-A" TO THE SECRETARIAL AUDIT REPORT**

To,  
 The Members,  
**Rakan Steels Limited**  
 NH-2 (1 km from Bara Toll Plaza)  
 Umran, Rania,  
 Kanpur Dehat-209311

Our Report of even date is to be read along with this letter:-

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and 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 provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulation and happening of every 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 future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For V. Agnihotri & Associates  
 Company Secretaries**

Sd/-

**Vaibhav Agnihotri**

FCS: 10363/ C.P. No.: 21596

**Place: Kanpur**

**Date: September 2, 2020**



## ANNEXURE "B" TO THE BOARD'S REPORT

### EXTRACT OF ANNUAL RETURN

**As on the financial year ended on 31/03/2020**

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

#### I. REGISTRATION AND OTHER DETAILS

1.	CIN	L27320UP1985PLC007582
2.	Registration Date	16.12.1985
3.	Name of the Company	Rakan Steels Limited
4.	Category/Sub-Category of the Company	Listed Public Company
5.	Address of the registered office and contact details	NH-2 (1 km from Bara Toll Plaza) Umran, Rania, Kanpur Dehat-209311 Tel : 9598668666 Fax : 0512-2544025
6.	Whether a Listed Company	Yes
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Skyline Financial Services Private Limited D-1 53 A, 1 <sup>st</sup> Floor, Okhla Industrial Area, Phase-1, New Delhi-110020 Tele.: 011-26812682;011-26812683

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	% to total turnover of the company
1.	Iron and Steel Products	98.66%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
NIL	NIL	N/A	N/A	N/A	N/A

Annexure to the Board's Report



**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i) Category-wise Share Holding**

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
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>									
<b>(1) Indian</b>									
a) Individual / HUF	687166	-	687166	21.21	6871660	-	6871660	21.21	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	268300	-	268300	8.28	2683000	-	2683000	8.28	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	<b>955466</b>	<b>-</b>	<b>955466</b>	<b>29.49</b>	<b>9554660</b>	<b>-</b>	<b>9554660</b>	<b>29.49</b>	<b>-</b>
<b>(2) Foreign</b>									
a) NRIs -	-	-	-	-	-	-	-	-	-

**Annexure to the Board's Report**



Individuals									
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholdin g of Promoter (A) = (A)(1)+(A)(2 )</b>	955466	-	955466	29.49	9554660	-	9554660	29.49	-
<b>B. Public Shareholdi</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	504255	504255	15.56	-	5042550	5042550	15.56	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital	-	-	-	-	-	-	-	-	-

Annexure to the Board's Report



Funds									
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	504255	504255	15.56	-	5042550	5042550	15.56	-
<b>2. Non-Institutions</b>									
a) Body Corp.	-	-	-	-	-	-	-	-	-
i) Indian	126600	535372	661972	20.43	1265900	5339720	6605620	20.39	-0.04
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	500	441345	441845	13.64	73100	4359450	4432550	13.68	0.04
ii) Individual shareholders holding nominal share capital	178476	497986	676462	20.88	4392890	2371730	6764620	20.88	-

Annexure to the Board's Report



in excess of Rs. 1 lakh									
c) Others (HUF)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	305576	1474703	1780279	54.95	5731890	12070900	17802790	54.95	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	305576	1978958	2284534	70.51	5731890	17113450	22845340	70.51	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>1261042</b>	<b>1978958</b>	<b>3240000</b>	<b>100</b>	<b>15286550</b>	<b>17113450</b>	<b>32400000</b>	<b>100</b>	<b>NIL</b>

\*\* The shares of the Company were Sub-divided/Split during the period under review, therefore, the shares in the beginning of the year are written as per the FV of Rs. 10/- per share whereas the shares at the end of the year are written as per the FV of Re. 1/- per share.

ii) Shareholding of the Promoters

S. No.	Shareholder's Name	Shareholding in the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Surendra Mohan Agarwal	243100	7.50	0	2431000	7.50	0	0.00
2.	Pawan Kumari Agarwal	83000	2.56	0	830000	2.56	0	0.00
3.	Bindu Agarwal	81950	2.53	0	819500	2.53	0	0.00

Annexure to the Board's Report



4.	Sanjeev Agarwal	110300	3.40	0	1103000	3.40	0	0.00
5.	Vandana Agarwal	87501	2.70	0	875010	2.70	0	0.00
6.	Sandeep Agarwal	81315	2.51	0	813150	2.51	0	0.00
7.	Rajvardhan Agencies Private Limited	268300	8.28	0	2683000	8.28	0	0.00
	<b>TOTAL</b>	<b>955466</b>	<b>29.49</b>	<b>0</b>	<b>9554660</b>	<b>29.49</b>	<b>0</b>	<b>0</b>

iii) Change in Promoter's Shareholding (please specify if there is no change)

S. No.	Shareholder's Name	Shareholding in the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Surendra Mohan Agarwal	243100	7.50	0	2431000	7.50	0	0.00
2.	Pawan Kumari Agarwal	83000	2.56	0	830000	2.56	0	0.00
3.	Bindu Agarwal	81950	2.53	0	819500	2.53	0	0.00
4.	Sanjeev Agarwal	110300	3.40	0	1103000	3.40	0	0.00
5.	Vandana Agarwal	87501	2.70	0	875010	2.70	0	0.00
6.	Sandeep Agarwal	81315	2.51	0	813150	2.51	0	0.00
7.	Rajvardhan Agencies Private Limited	268300	8.28	0	2683000	8.28	0	0.00
	<b>TOTAL</b>	<b>955466</b>	<b>29.49</b>	<b>0</b>	<b>9554660</b>	<b>29.49</b>	<b>0</b>	<b>0</b>



iv) Shareholding Pattern of top ten shareholders other than Directors, Promoters and Holders of GDRs and ADRs

S. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Transaction Details			Cumulative Shareholding during the year		Reason
		No. of shares	% of total shares of the company	Sale	Purchase	Date		% of total shares of the company	
1.	Vaibhav Agarwal	149817	4.62	-			1498170	4.62	-
2.	Success Vyapar Limited	142800	4.41	-	-	-	1428000	4.41	-
3.	Raghuvansh Agro Farms Limited	131774	4.07	-	-	-	1317740	4.07	-
4.	3A Capital Services Limited	126600	3.91	-	-	-	1266000	3.91	-
5.	Mahendra Girdhari Lal	120700	3.73	-	-	-	1207000	3.73	-
6.	Bank of Baroda	95300	2.94	-	-	-	953000	2.94	-
7.	BOI Finance Limited	95300	2.94	-	-	-	953000	2.94	-
8.	State Bank of Mysore	95100	2.94	-	-	-	951000	2.94	-
9.	Enam Financial Consultants Private Limited	93100	2.87	-	-	-	931000	2.87	-
10.	The Federal Bank Limited	86600	2.67	-	-	-	866000	2.67	-

v) Shareholding of Directors and Key Managerial Personnel

S. No.	For Each of the Directors and KMP	Designation	Shareholding at the beginning of the year		Shareholding at the end of the year	
			No. of shares	% of total shares	No. of shares	% of total shares

Annexure to the Board's Report



1.	Mr. Kannan Agarwal	Managing Director	138773	4.28	1387730	4.28
2.	Mr. Sandeep Agarwal	Director	81315	2.51	813150	2.51
3.	Mrs. Bindu Agarwal	Director	81950	2.53	819500	2.53
4.	Mrs. Kashish (Grover) Agarwal	Chief Financial Officer	46200	1.43	462000	1.43

**\*\* The shares of the Company were Sub-divided/Split during the period under review, therefore, the shares in the beginning of the year are written as per the FV of Rs. 10/- per share whereas the shares at the end of the year are written as per the FV of Re. 1/- per share.**

#### **V. INDEBTEDNESS**

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	5,61,19,802	53,36,455	-	6,14,56,257
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total( i+ ii + iii )</b>	5,61,19,802	53,36,455	-	6,14,56,257
<b>Change in Indebtedness during the financial year</b>				
· Addition	2,74,061	-	-	2,74,061
· Reduction	-	5,36,276	-	5,36,276
<b>Net Change</b>	2,74,061	5,36,276	-	(2,62,215)
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	5,63,93,863	48,00,179	-	6,11,94,042
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total(i+ ii+ iii)</b>	5,63,93,863	48,00,179	-	6,11,94,042

**Annexure to the Board's Report**



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

S. no.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		a) Mr. Kannan Agarwal b) Mr. Sandeep Agarwal c) Mrs. Bindu Agarwal	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	a) Rs. 75,000/- per month for 6 months and Rs. 90,000/- per month for 6 months	9,90,000
		b) Rs. 75,000/- per month for 6 months and Rs. 90,000/- per month for 6 months	9,90,000
		c) Rs. 75,000/- per month for 6 months and Rs. 90,000/- per month for 6 months	9,90,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- others, specify	-	-

Annexure to the Board's Report



5	Others, please specify	-	-
	Total (A)	a) Rs. 75,000/- per month for 6 months and Rs. 90,000/- per month for 6 months b) Rs. 75,000/- per month for 6 months and Rs. 90,000/- per month for 6 months c) Rs. 75,000/- per month for 6 months and Rs. 90,000/- per month for 6 months	9,90,000 9,90,000 9,90,000

#### B. Remuneration to other Directors

S. no.	Particulars of Remuneration	Name of Directors				Total Amount
	3. Independent Directors	-	-	-	-	-
	· Fee for attending board committee meetings	-	-	-	-	-
	· Commission	-	-	-	-	-
	· Others, please specify	-	-	-	-	-
	Total (1)	-	-	-	-	-
	4. Other Non-Executive Directors	-	-	-	-	-
	· Fee for attending board committee meetings	-	-	-	-	-
	· Commission	-	-	-	-	-
	· Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	-	-	-	-	-
	Total Managerial	-	-	-	-	-

Annexure to the Board's Report



Overall Ceiling as per the	-	-	-	-	-
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**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

S. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary	-	2,04,000	6,30,000	8,34,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	17,000/- per month	a) Rs. 50,000/- per month paid to Late Mrs. Vandana Agarwal for 9 months b) Rs. 90,000/- per month paid to Mrs. Kashish Agarwal for 2 months	
	(b) Value of perquisites u/s17(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	-	-	-	-
	<b>Total</b>	-	<b>2,04,000</b>	<b>6,30,000</b>	<b>8,34,000</b>

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

**NONE**

**Annexure to the Board's Report**



**CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE  
ON DIRECTORS**

**CERTIFICATE**

*(pursuant to clause 10 of Part C of Schedule V of LODR)*

To,  
The Members,  
**Rakan Steels Limited**  
NH-2 (1 km from Bara Toll Plaza)  
Umran, Rania,  
Kanpur Dehat-209311

This Certificate is issued in accordance with Regulation 34(3) read with Schedule V Para-C Sub-clause 10(i) of the Securities and 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 portal [www.mca.gov.in](http://www.mca.gov.in)) 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 ended March 31, 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 ('MCA'), or any such other Statutory Authority.

S. No.	Name of Director	DIN	Date of Appointment in Company*
1.	Kannan Agarwal	07318672	04/01/2016
2.	Sandeep Agarwal	02957566	08/08/2014
3.	Bindu Agarwal**	01578595	14/08/2018
4.	Mahendra Bahadur Singh	03550534	11/06/2011
5.	Umashanker Dixit	02145858	08/08/2014
6.	Radhika Bansal	07989800	13/11/2017

\*The date of appointment is as per the MCA portal.

\*\*Mrs. Bindu Agarwal resigned from the Company on July 29, 2020.

Annexure to the Board's Report



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 V. Agnihotri & Associates  
Company Secretaries**

**Sd/-**

**Vaibhav Agnihotri**

**FCS: 10363/ C.P. No.: 21596**

**UDIN: F010363B000644722**

**Place: Kanpur**

**Date: September 2, 2020**

**Annexure to the Board's Report**



**RAKAN STEELS LIMITED**

**STANDALONE FINANCIAL  
STATEMENTS FOR THE F.Y.  
2019-2020**



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## *INDEPENDENT AUDITOR'S REPORT*

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To,  
The Members,  
RAKAN STEELS LIMITED,  
Kanpur.

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

We have audited the accompanying standalone financial statements of **M/s Rakan Steels Limited** ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March 2020, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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



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

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and its profit/loss and its cash flows for the year ended on that date.

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

- 1) As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the order to the extent applicable.
- 2) As required by section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.



- d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2020 from being appointed as a director in terms of sub section (2) of Section 164 of the Companies Act, 2013.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”; and
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The Company does not have any pending litigations which would impact its financial position.
  - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For RAJANI MUKESH & ASSOCIATES**  
**Chartered Accountants**  
**FRN: 008433C**

**MUKESH RAJANI**  
**Proprietor**  
**M. No: 073098**

**Place: Kanpur.**  
**Dated: 29.07.2020**



### Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March 2020, we report that:

- i. In respect of its fixed assets :
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The fixed assets were physically verified during the year by the Management in accordance with a phased programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company, nature and value of its assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties are held in the name of the Company.
- ii. The inventories have been physically verified during the year by the management. In our opinion frequency of verification is reasonable. As explained to us, there were no material discrepancies noticed on physical verification as compared to the book records.
- iii. As per the records produced before us and explanations given to us, the Company has not granted any loans, secured and unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013, therefore, the relevant provisions of the Companies (Auditor's Report) order, 2016, are not applicable to the Company.
- 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, with respect to loans and investments made.
- v. In our opinion and according to information and explanations given to us, the Company has not accepted any deposits within the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act , 2013 , therefore , the relevant provisions of the Companies (Auditor's Report) order, 2016, are not applicable to the Company.
- vi. The Central Government has not prescribed maintenance of cost records under Section 148 (1) of the Companies Act, 2013 in respect of business activities of the Company.



vii. In respect of statutory dues :

- a) The Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty excise duty and other statutory dues mentioned above were in arrears, as at 31.03.2020 for a period of more than six months from the date they became payable.

- b) According to the information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty and excise duty which have not been deposited on account of any dispute.

viii. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or banks. The Company does not have any loans or borrowings from Government or debenture holders during the year.

ix. The Company did not raise any money by way of Initial Public offer or further Public Offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.

x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees have been noticed or reported during the course of our audit.

xi. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions 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 on the basis of our examination of the records of the Company, the Company has not made any

**Standalone Financial Statements**



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 on the basis of our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For RAJANI MUKESH & ASSOCIATES**  
**Chartered Accountants**  
**FRN: 008433C**

**MUKESH RAJANI**  
**Proprietor**  
**M. No: 073098**

**Place: Kanpur.**  
**Dated: 29.07.2020**



### **Annexure-B to the 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 **M/s Rakan Steels Limited** ("the Company") as of 31st March, 2020 in the conjunction with our audit of standalone financial statements of the company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("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, the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standard 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 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 risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Standalone 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 system 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 the financial statements in accordance with generally accepted accounting principles, and that the receipts and expenditures of the company are being made only in accordance with authorizations of the management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have 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 period are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For RAJANI MUKESH & ASSOCIATES**  
**Chartered Accountants**  
**FRN: 008433C**

**MUKESH RAJANI**  
**Proprietor**  
**M. No: 073098**

**Place: Kanpur.**  
**Dated: 29.07.2020**



## RAKAN STEELS LIMITED

### BALANCE SHEET

AS AT 31ST MARCH, 2020

	Note No.	As at 31st March, 2020	As at 31st March, 2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	2.1	6,724,911	5,499,921
Capital Work-in-Progress		-	-
<b>Financial Assets</b>			
Investments	2.2	-	-
Loan	2.3	-	-
Other Financial Assets	2.4	-	-
Deferred Tax Assets (Net)		138,247	161,306
Other Non-Current Assets	2.5	473,667	473,667
<b>Current Assets</b>			
Inventories	2.6	67,322,710	66,476,171
<b>Financial Assets</b>			
Investments	2.7	-	-
Trade Receivables	2.8	38,787,492	45,285,267
Cash and Cash Equivalents	2.9	3,330,862	2,321,982
Bank Balances other than Cash and Cash equivalents	2.10	-	-
Loans	2.11	-	-
Other Financial Assets	2.12	-	-
Current Tax Assets (Net)	2.13	407,582	477,855
Other Current Assets	2.14	2,068,818	321,299
<b>TOTAL ASSETS</b>		<b>119,254,289</b>	<b>121,017,468</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	2.15	3,24,00,000	3,24,00,000
Other Equity	2.16	13,228,391	12,459,600
		<b>45,628,391</b>	<b>44,859,600</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	2.17	61,194,042	61,456,257
Other Financial Liabilities	2.18	-	-
		<b>61,194,042</b>	<b>61,456,257</b>
Provisions	2.19	-	-
Deferred Tax Liabilities (Net)	2.20	-	-
Other Non-Current Liabilities	2.21	-	-
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	2.22	-	-
Trade Payables-Total Outstanding Dues of	2.23	5,908,602	9,286,933
- Micro and Small Enterprises		-	-
- Creditors other than Micro and Small Enterprises		5,908,602	9,286,933
Other Financial Liabilities	2.24	2,400,000	2,400,000
		<b>8,308,602</b>	<b>11,686,933</b>
Other Current Liabilities	2.25	3,637,393	2,494,351
Provisions	2.26	485,861	520,328
Current Tax Liabilities (Net)		-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>119,254,289</b>	<b>121,017,468</b>

#### Significant Accounting Policies

The accompanying Notes are an integral part of the Financial Statements

In terms of our report on even date attached

For RAKAN STEELS LIMITED  
CIN - L27320UP1985PLC007582

For Rajani Mukesh & Associates  
Chartered Accountants

(Mukesh Rajani)  
Proprietor  
M.No: 073098  
FRNo : 004072C

Kannan Agarwal  
(Managing Director) (Director)  
DIN: 07318672 DIN: 02957566

Place : Kanpur  
Date : 29.07.2020

Kashish Grover  
(Chief Financial Officer) (Company Secretary)

Standalone Financial Statements



**RAKAN STEELS LIMITED**  
**STATEMENT OF PROFIT & LOSS**  
**FOR THE YEAR ENDED 31ST MARCH, 2020**

	Note No.	Year Ended 31st March, 2020 Current Year	Year Ended 31st March, 2019 Previous Year
<b>INCOME</b>			
Revenue from Operations	3.1	277,126,473	291,922,442
Other Income	3.2	3,760,065	1,857,862
<b>Total Income (I)</b>		<b>280,886,538</b>	<b>293,780,304</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	3.3	51,188,830	35,537,944
Purchase of Stock-in-Trade	3.4	205,487,615	234,878,367
Changes in Inventories of Finished Goods, Wo	3.5	-2,474,076	-394,875
Employees Benefits Expenses	3.6	3,907,350	3,229,488
Finance Costs	3.7	5,934,552	5,931,792
Depreciation and Amortisation Expenses	2.1	1,290,182	995,422
Other Expenses	3.8	14,528,352	12,422,657
<b>Total Expenses (II)</b>		<b>279,862,805</b>	<b>292,600,795</b>
<b>Profit Before Exceptional Item and Tax</b>		<b>1,023,733</b>	<b>1,179,509</b>
Exceptional Item		-	-
<b>Profit Before Tax</b>		<b>1,023,733</b>	<b>1,179,509</b>
Tax Expenses			
Current Tax		190,533	225,000
Tax Relating To Prior Period		41,350	28,900
Deferred Tax		23,059	16,016
<b>Total Tax Expense</b>		<b>254,942</b>	<b>269,916</b>
<b>Profit for the Year (III)</b>		<b>768,791</b>	<b>909,593</b>
<b>OTHER COMPREHENSIVE INCOME</b>	3.9		
Items that will not be considered to profit or loss		-	-
Items that will be considered to profit or loss			
Exchange differences on translating foreign operations		-	-
Less: Tax Effect on above		-	-
<b>Other Comprehensive Income for the Year (IV)</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the Year (III+IV)</b>		<b>768,791</b>	<b>909,593</b>
Earnings per Equity Share (Face Value Rs. 1 each)			
Basic (Rs.)		0	0
Diluted (Rs.)		0	0

Significant Accounting Policies

The accompanying Notes are an integral part of the Financial Statements

In terms of our report on even date attached

**For Rajani Mukesh & Associates**  
**Chartered Accountants**

**For RAKAN STEELS LIMITED**  
**CIN - L27320UP1985PLC007582**

(Mukesh Rajani)  
Proprietor  
M.No: 073098  
FRNo : 004072C

Kannan Agarwal      Sandeep Agarwal  
(Managing Director)      (Director)  
DIN: 07318672      DIN: 02957566

Place : Kanpur  
Date : 29.07.2020

Kashish Grover      Garima Priyani  
(Chief Financial Officer)      (Company Secretary)

**Standalone Financial Statements**



## RAKAN STEELS LIMITED

### Cash Flow Statement For The Year Ended 31.03.2020

Particulars	Year Ended 31.03.2020		Year Ended 31.03.2019	
<b>A Cash Flow from Operating Activities</b>				
Profit for the Year before tax & extraordinary items		1023733		1179509
<u>Adjustment for:</u>				
Depreciation	1290182		995422	
Interest & Financial Charges	5934552	7224734	5931792	6927214
Operating Profit before Working Capital changes		8248467		8106723
<u>Adjustments for:</u>				
(Increase)/Decrease in Loans and Advances	0		0	
(Increase)/Decrease in Trade Recievables	6497775		-16616383	
(Increase)/Decrease in Inventory	-846539		-3211818	
(Increase)/Decrease in Current Assets	-1677246		-61163.15	
Increase/(Decrease) in current Liabilities	-2235289		9281434	
Less:-Direct Taxes Paid (Net)	-231883	1506818	-253900	-10861830
<b>Net Cash from Operating Activities</b>		<b>9755285</b>		<b>-2755108</b>
<b>B Cash Flow from Investing Activities</b>				
Purchase of fixed asset	2515172	-2515172	1417076	-1417076
Purchase of investment	0	0	0	0
(Increase)/Decrease in Non Current Assets	0	0	0	0
Increase/(Decrease) in Non Current Liabilities	-34467	-34467	225000	225000
<b>Net Cash from Investing Activities</b>		<b>-2549639</b>		<b>-1192076</b>
<b>C Cash Flow from Financing Activities</b>				
(Payment)/ Receipt of Long Term Borrowing	-262215		11054326	
(Payment)/ Receipt of other Long Term Liabilities	0		0	
Interest and Financial Charges	-5934552		-5931792	
Dividends paid	0	-6196767	0	5122534
<b>Net Cash from Financing Activities</b>		<b>-6196767</b>		<b>5122534</b>
NET CASH FLOWS DURING THE YEAR(A+B+C)		1008880		1175350
Cash and Cash Equivalents(Opening Balance)		2321982		1146632
Cash and Cash Equivalents(Closing Balance)		3330862		2321982

For Rajani Mukesh & Associates  
Chartered Accountants

For RAKAN STEELS LIMITED  
CIN - L27320UP1985PLC007582

(Mukesh Rajani)  
Proprietor  
M.No: 073098  
FRNo : 004072C

Kannan Agarwal  
(Managing Director)  
DIN: 07318672

Sandeep Agarwal  
(Director)  
DIN: 02957566

Place : Kanpur  
Date : 29.07.2020

Kashish Grover  
(Chief Financial Officer)

Garima Priyani  
(Company Secretary)

Standalone Financial Statements



**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31st March, 2020

**A. EQUITY SHARE CAPITAL**

For the year ended 31st March, 2020

Balance as at 1st April, 2019	Changes in Equity Share Capital	Balance as at 31st March, 2020
3,24,00,000	-	3,24,00,000

**B. OTHER EQUITY**

	Reserves & Surplus				Other Comprehensive Income				Total
	Securities Premium Reserve	General Reserve	Capital Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Currency Translation Reserve	Effective Portion of Hedge Cash Flow	Other Items of Other Comprehensive Income	
<b>As at 31st March 2020</b>									
Opening Balance as at 1st April, 2019	14,000,000	800,000	1,589,220	-3,929,620	-	-	-	-	12,459,600
Profit for the year	-	-	-	768,791	-	-	-	-	768,791
Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	-
Transfer from Retained Earnings to Capital Reserve	-	-	-	-	-	-	-	-	-
Capital Subsidy (effect under Ind AS to be set off)	-	-	-	-	-	-	-	-	-
Dividend (Including Corporate Dividend Tax)	-	-	-	-	-	-	-	-	-
<b>Other Comprehensive Income for the year</b>									
Exchange Difference on Translation of Foreign Operations	-	-	-	-	-	-	-	-	-
<b>Closing Balance as at 31st March, 2020</b>	<b>14,000,000</b>	<b>800,000</b>	<b>1,589,220</b>	<b>-3,160,829</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,228,391</b>

	Reserves & Surplus				Other Comprehensive Income				Total
	Securities Premium Reserve	General Reserve	Capital Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Currency Translation Reserve	Effective Portion of Hedge Cash Flow	Other Items of Other Comprehensive Income	
<b>As at 31st March 2019</b>									
Opening Balance as at 1st April, 2018	14,000,000	800,000	1,589,220	-4,839,213	-	-	-	-	11,550,007
Profit for the year	-	-	-	909,593	-	-	-	-	909,593
Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	-
Transfer from Retained Earnings to Capital Reserve	-	-	-	-	-	-	-	-	-
Transfer from Retained Earnings to General Reserve	-	-	-	-	-	-	-	-	-
Capital Subsidy (effect under Ind AS to be set off)	-	-	-	-	-	-	-	-	-
Dividend (Including Corporate Dividend Tax)	-	-	-	-	-	-	-	-	-
<b>Other Comprehensive Income for the year</b>									
Exchange Difference on Translation of Foreign Operations	-	-	-	-	-	-	-	-	-
<b>Closing Balance as at 31st March, 2019</b>	<b>14,000,000</b>	<b>800,000</b>	<b>1,589,220</b>	<b>-3,929,620</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,459,600</b>

The accompanying Notes are an integral part of the Financial Statements

In terms of our report on even date attached

For R For Rajani Mukesh & Associates  
Chartered Accountants

(Mukesh Rajani)  
Partner  
M.No: 073098  
FRNo.0004072C

Place : Kanpur  
Date : 29.07.2020

For RAKAN STEELS LIMITED  
CIN - L27320UP1985PLC007582

Kannan Agarwal  
(Managing Director)  
DIN: 07318672

Sandeep Agarwal  
(Director)  
DIN: 02957566

Kashish Grover  
(Chief Financial Officer)

Garima Priyani  
(Company Secretary)

**Standalone Financial Statements**



## RAKAN STEELS LIMITED

Notes forming part of the Financial Statements

### 2.1 PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	Gross Block				Depreciation				NET BLOCK	
	As at 1st	Additions	Deductions/ Derecognition	As at 31st	As at 1st	For the	Deductions/ Derecognition	As at 31st	As at 31st	As at 1st
	April, 2019			March, 2020	April, 2019	Year		March, 2020	March, 2020	April, 2019
<b>Tangible Assets *</b>										
Laboratory Equipment	1,520,765	2,500	-	1,523,265	1,185,721	151,799	-	1,337,520	185,745	335,044
Computer Peripherals	630,750	64,020	-	694,770	573,296	38,434	-	611,730	83,040	57,454
Buildings	3,408,464	-	-	3,408,464	411,151	145,969	-	557,120	2,851,344	2,997,313
Plant & Machinery	2,600,633	760,000	-	3,360,633	1,394,578	309,819	-	1,704,397	1,656,236	1,206,055
Office Equipments	405,459	85,796	-	491,255	273,396	82,402	-	355,798	135,457	132,063
Furniture & Fittings	234,754	-	-	234,754	124,678	30,758	-	155,436	79,318	110,076
Vehicles	1,727,306	1,602,856	-	3,330,162	1,092,084	524,090	-	1,616,174	1,713,988	635,222
Electrical Equipments	57,206	-	-	57,206	30,512	6,911	-	37,423	19,783	26,694
<b>Total Tangible Assets</b>	<b>10,585,337</b>	<b>2,515,172</b>	<b>-</b>	<b>13,100,509</b>	<b>5,085,416</b>	<b>1,290,182</b>	<b>-</b>	<b>6,375,598</b>	<b>6,724,911</b>	<b>5,499,921</b>
<b>Previous Year</b>	<b>9,168,261</b>	<b>1,417,076</b>	<b>-</b>	<b>10,585,337</b>	<b>4,089,994</b>	<b>995,422</b>	<b>-</b>	<b>5,085,416</b>	<b>5,499,921</b>	<b>5,078,267</b>

\* The Tangible Assets of the Company are pledged as security against the secured borrowings disclosed in the separate note

# The Leasehold Land classified as Finance Lease is recognised under PPE as substantially all the significant risk and rewards incidental to ownership of land under lease have been transferred to the Company.

**Standalone Financial Statements**


**RAKAN STEELS LIMITED**
**2.2 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS**

	As at 31st March, 2020	As at 31st March, 2019
<b>Investments at Cost</b>		
Investments in Equity instruments of Subsidiaries		
Unquoted		
<b>Total Investments carried at cost</b>	<b>0</b>	<b>0</b>
<b>Investments at fair value through OCI (fully paid)</b>		
<b>Quoted Shares</b>		
Unquoted Investments in Equity Shares	0	0
Quoted Investments in Mutual Funds	0	0
<b>Investments carried at fair value through Other Comprehensive Income</b>	<b>0</b>	<b>0</b>
<b>Total Investments</b>	<b>0</b>	<b>0</b>
Current	0	0
Non-Current	0	0
	<b>0</b>	<b>0</b>

**2.3 NON-CURRENT FINANCIAL ASSETS - LOANS**

	As at 31st March, 2020	As at 31st March, 2019
(Unsecured, Considered Good unless otherwise stated)		
Loans to Related Parties	0	0
Other Loans	0	0
Loans to Employees	0	0
	<b>0</b>	<b>0</b>

**2.4 NON-CURRENT FINANCIAL ASSETS - OTHERS**

	As at 31st March, 2020	As at 31st March, 2019
Fixed Deposits with Banks with maturity more than 12 Months	0	0
	<b>0</b>	<b>0</b>

**2.5 OTHER NON-CURRENT ASSETS**

	As at 31st March, 2020	As at 31st March, 2019
Capital Advances for Purchase of Property, Plant and Equipment	0	0
Security Deposits	473,667	473,667
Other Advances (Deposit with Government Authorities, etc.)	0	0
	<b>473,667</b>	<b>473,667</b>

**Standalone Financial Statements**



## 2.6 INVENTORIES

(Valued at lower of cost and net realisable value, unless otherwise stated)

	As at 31st March, 2020	As at 31st March, 2019
Raw Material	989,406	2,691,943
Finished Goods	66,133,304	63,659,228
Stock in Process	0	0
Packing Materials, Stores & Chemicals	200,000	125,000
	<b>67,322,710</b>	<b>66,476,171</b>

## 2.7 CURRENT FINANCIAL ASSETS - INVESTMENTS

	As at 31st March, 2020	As at 31st March, 2019
<b>Investments at fair value through FVTPL (fully paid)</b>		
Quoted Shares	0	0
Quoted Investments in Mutual Funds	0	0
Investments carried at fair value through Other Comprehensive Income	0	0
<b>Total Investments</b>	<b>0</b>	<b>0</b>

## 2.8 TRADE RECEIVABLES

(Unsecured, unless otherwise stated)

	As at 31st March, 2020	As at 31st March, 2019
Considered Good	38,787,492	45,285,267
Doubtful	0	0
	38,787,492	45,285,267
Less: Impairment Loss	0	0
	<b>38,787,492</b>	<b>45,285,267</b>

## 2.9 CASH AND CASH EQUIVALENTS

	As at 31st March, 2020	As at 31st March, 2019
Cash in hand	1,030,005	884,589
Balances with Banks		
In Current Account	2,000,857	1,437,393
In Deposit Account - Original Maturity of 3 Months or Less	300,000	0
	<b>3,330,862</b>	<b>2,321,982</b>

## 2.10 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at 31st March, 2020	As at 31st March, 2019
Deposits with Bank in Dividend Account	0	0
Bank Deposits (with maturity more than 3 months but less than 12 months)	0	0
	<b>0</b>	<b>0</b>

**Standalone Financial Statements**



### 2.11 CURRENT FINANCIAL ASSETS - LOANS

	As at 31st March, 2020	As at 31st March, 2019
<u>(Unsecured, Considered Good unless otherwise stated)</u>		
Loans to Related Parties	0	0
Other Loans	0	0
Loans to Employees	0	0
	<u>0</u>	<u>0</u>

### 2.12 OTHERS FINANCIAL ASSETS

	As at 31st March, 2020	As at 31st March, 2019
Interest Accrued on Fixed Deposit	0	0
Cash Flow Hedges	0	0
	<u>0</u>	<u>0</u>

### 2.13 CURRENT TAX ASSETS (NET)

	As at 31st March, 2020	As at 31st March, 2019
Advance Income Tax (Net of Provision)	407,582	217,133
GST (Net of Provision)	-	260,722
	<u>407,582</u>	<u>477,855</u>

### 2.14 OTHER CURRENT ASSETS

	As at 31st March, 2020	As at 31st March, 2019
<u>Unsecured, Considered Good</u>		
Advances to Suppliers	1,967,371	0
Prepaid Expenses	31,830	23,410
Other Advances	69,617	297,889
	<u>2,068,818</u>	<u>321,299</u>



## 2.15 EQUITY SHARE CAPITAL

	As at 31st March, 2020	As at 31st March, 2019
<b>2.151 Authorised</b>		
55,00,000 Equity Shares of Re. 10/- each (Previous Year 55,00,000 Equity Shares of Re. 10/- each)	5,50,00,000	5,50,00,000
	<u>5,50,00,000</u>	<u>5,50,00,000</u>
	As at 31st March, 2020	As at 31st March, 2019
<b>2.152 Issued, Subscribed and Fully Paid-up</b>		
3,24,00,000 Equity Shares of Re. 1/- each (Previous Year 32,40,000 Equity Shares of Re. 10/- each)	3,24,00,000	3,24,00,000
	<u>3,24,00,000</u>	<u>3,24,00,000</u>

### 2.153 Reconciliation of the Number of Equity Shares Outstanding

	Number of Shares	
	Current Year	Previous Year
Outstanding as at the beginning of the year	32,40,000	32,40,000
Add: Issued/sub-divided during the year	29,160,000	0
Outstanding as at the end of the year	<u>32,400,000</u>	<u>32,40,000</u>

### 2.154 Rights, Preferences and Restrictions attached to Equity Shares

The Company has only one class of Equity Shares having a par value of Re. 1 per share. Each holder of the Equity Shares is entitled to one vote per share. The Company declares dividend in Indian Rupees but has not proposed any dividend for the current year.

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 amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

### 2.155 List of Shareholders holding more than 5% Shares in the Equity Share Capital of the Company

	Current Year		Previous Year	
	No. of Shares	% Holding	No. of Shares	% Holding
Rajvardhan Agencies Private Limited	2683000	8.28%	268300	8.28%
Surendra Mohan Agarwal	2430000	7.50%	243000	7.50%

## 2.16 OTHER EQUITY

	As at 31st March, 2020	As at 31st March, 2019
Securities Premium Reserve	14000000	14000000
General Reserve	800000	800000
Capital Reserve	1589220	1589220
Retained Earnings	-3160829	-3929620
Other Comprehensive Income	0	0
	<u>13228391</u>	<u>12459600</u>

The Description of the nature and purpose of each reserve within equity is as follows:

- Securities Premium Reserve:** Securities premium reserve is credited when shares are issued at premium. It can be used to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs, etc.
- General Reserve:** It is a free reserve which is created by appropriation from profits of the current year and/or undistributed profits of previous years, before declaration of dividend duly complying with any regulations in this regard.
- Capital Reserve:** Capital Reserve is the reserve created by investment made in plant and machinery in accordance with the then applicable Government Policies. It can be used for acquiring plant and machinery and other capital investments.



## 2.17 NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS

	As at 31st March, 2020	As at 31st March, 2019
<b>Secured</b>		
Rupee Term Loan from Banks	56,393,863	56,119,802
Foreign Currency Term Loan from Banks		
<b>Un-Secured</b>		
Loans & Advances from Related Parties/ Shareholders & Directors	4,800,179	5,336,455
	<b>61,194,042</b>	<b>61,456,257</b>

### 2.171 Nature of Security, Repayment Terms and Break-up of Current and Non-Current

	Current Year		Previous Year	
	Current *	Non-Current	Current *	Non-Current
<b>Secured Long-Term Borrowings:</b>				
Rupee Term Loan secured by first charge on the premises situated on arazi number 2153, 2159, 2160, 2161 and 2191 mauza umran, tehsil- Akbarpur, District-Kanpur and personal guarantee by three directors and their relatives.	2,400,000	56,393,863	2,400,000	56,119,802
	<b>2,400,000</b>	<b>56,393,863</b>	<b>2,400,000</b>	<b>56,119,802</b>

### 2.172 Maturity Profile of Non-Current Borrowings (including Current Maturities) is as set out below:

	Maturity Profile			
	Within 2 Years	2 - 3 Years	5 - 6 Years	7 Years & Above
<b>Secured</b>				
Rupee Term Loan from Banks	0	0	0	0
Foreign Currency Term Loan from Banks	0	0	0	0
Current Year	0	0	0	0
Previous Year	0	0	0	0

## 2.18 NON-CURRENT OTHER FINANCIAL LIABILITIES

	As at 31st March, 2020	As at 31st March, 2019
Security and other Deposits	0	0
	<b>0</b>	<b>0</b>

## 2.19 NON-CURRENT PROVISIONS

	As at 31st March, 2020	As at 31st March, 2019
Employees Benefits - Gratuity etc	0	0
	<b>0</b>	<b>0</b>


**2.20 DEFERRED TAX LIABILITIES (NET)**

	As at 31st March, 2019	MAT Credit Utilized	Charge for the C. Year Profit or Loss	Other Comprehensive Income	As at 31st March, 2020
<b>Deferred Tax Liabilities:</b>	0	0	0	0	0
Accumulated Depreciation	0	0	0	0	0
Fair Valuation of Equity Instruments and Bonds measured at FVTOCI	0	0	0	0	0
Fair Valuation of Mutual Funds measured at FVTPL	0	0	0	0	0
Others	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Deferred Tax Assets:</b>					
Accrued Expenses Allowable on Payment Basis	0	0	0	0	0
Expenses Allowable in Instalments in Income Tax	0	0	0	0	0
Provision for Contingencies Allowable on Payment Basis	0	0	0	0	0
MAT Credit Entitlement	0	0	0	0	0
Fair Valuation of Preference Shares measured at FVTPL	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

	As at 31st March, 2018		Charge for the C. Year Profit or Loss	Other Comprehensive Income	As at 31st March, 2019
<b>Deferred Tax Liabilities:</b>	0	0	0	0	0
Accumulated Depreciation	0	0	0	0	0
Fair Valuation of Equity Instruments and Bonds measured at FVTOCI	0	0	0	0	0
Fair Valuation of Mutual Funds measured at FVTPL	0	0	0	0	0
Others	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Deferred Tax Assets:</b>					
Accrued Expenses Allowable on Payment Basis	0	0	0	0	0
Expenses Allowable in Instalments in Income Tax	0	0	0	0	0
Provision for Contingencies Allowable on Payment Basis	0	0	0	0	0
MAT Credit Entitlement	0	0	0	0	0
Fair Valuation of Preference Shares measured at FVTPL	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**2.21 OTHER NON-CURRENT LIABILITIES**

	As at 31st March, 2020	As at 31st March, 2019
Other Creditors	0	0
Deferred Revenue from Government Grant	0	0
Other Liabilities	0	0
	<b>0</b>	<b>0</b>



## 2.22 CURRENT FINANCIAL LIABILITIES - BORROWINGS

	As at 31st March, 2020	As at 31st March, 2019
<b>Loans Repayable on Demand from Banks</b>		
<b>Secured:</b>		
Working Capital Borrowings	0	0
	<b>0</b>	<b>0</b>

## 2.23 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

	As at 31st March, 2020	As at 31st March, 2019
Due to Micro and Small Enterprises	0	0
Due to Related Parties	0	0
Others	5,908,602	9,286,933
	<b>5,908,602</b>	<b>9,286,933</b>

# This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

## 2.24 CURRENT - OTHER FINANCIAL LIABILITIES

	As at 31st March, 2020	As at 31st March, 2019
Current Maturities of Long-Term Debts (Note 2.16.1)	0	0
Interest Accrued but not Due on Borrowings	0	0
Security and Other Deposits (Trade Deposits)	0	0
Dividend Payable	0	0
Liability for Capital Goods	0	0
Other Payables (including Retention money etc.)	0	0
Term Loan Installments repayable	2,400,000	2,400,000
	<b>2,400,000</b>	<b>2,400,000</b>

## 2.25 OTHER CURRENT LIABILITIES

	As at 31st March, 2020	As at 31st March, 2019
Statutory Liabilities	0	0
Advance from Customers	3,386,079	2,220,499
Deferred Revenue from Government Grant	-	-
Other Payables (including Employee Benefits Payable, Provision etc.)	251,314	273,852
	<b>3,637,393</b>	<b>2,494,351</b>

## 2.26 CURRENT PROVISIONS

	As at 31st March, 2020	As at 31st March, 2019
For Employee Benefits (Leave Encashment and Pension)	0	0
Provision for Taxation	485,861	520,328
	<b>485,861</b>	<b>520,328</b>

### 2.26.1 Movement of provisions during the year as required by Ind AS - 37 "Provisions, Contingent Liabilities and Contingent Asset"

	As at 31st March, 2020	As at 31st March, 2019
Changes in provisions required by Ind AS-37	0	0
	<b>0</b>	<b>0</b>



### 3.1 SALE OF PRODUCT & SERVICES (GROSS)

	Current Year	Previous Year
Sale of Product	270,444,790	286,819,982
Sale of Service:		
Educational Fee Receipt	6,681,683	5,102,460
Rent		
	<u>277,126,473</u>	<u>291,922,442</u>

### 3.2 OTHER INCOME

	Current Year	Previous Year
Interest Received	21,750	-
Interest on Income Tax Refund	-	-
Dividend	-	-
Profit of Sale of Investments	-	-
Profit of Sale of Assets	-	-
Profit of Sale of Investments (Measured at FVTPL)	-	-
Other Income	3,738,315	1,857,862
	<u>3,760,065</u>	<u>1,857,862</u>

### 3.3 COST OF MATERIAL CONSUMED

	Current Year	Previous Year
<b>Raw-Material Consumed</b>		
Opening Stock	2,691,943	-
Add: Purchase & Incidental Expenses	48,809,771	37,444,252
Less: Closing Stock	989,406	2,691,943
<b>Raw-Material Consumed</b>	<b>50,512,308</b>	<b>34,752,309</b>
<b>Packing Material, Stores &amp; Chemicals consumed</b>		
Opening Stock	125,000	-
Add: Purchase & Incidental Expenses	751,522	910,635
Less: Closing Stock	200,000	125,000
<b>Packing Material, Stores &amp; Chemicals consumed</b>	<b>676,522</b>	<b>785,635</b>
	<u>51,188,830</u>	<u>35,537,944</u>

### 3.4 PURCHASE OF STOCK-IN-TRADE

	Current Year	Previous Year
Purchase of Stock	205,487,615	234,878,367
	<u>205,487,615</u>	<u>234,878,367</u>

### 3.5 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE

	Current Year	Previous Year
Opening Stock		
Finished Goods	63,659,228	63,264,353
Stock-in-Process	-	-
	<u>63,659,228</u>	<u>63,264,353</u>
Less: Closing Stock		
Finished Goods	66,133,304	63,659,228
Stock-in-Process	-	-
	<u>66,133,304</u>	<u>63,659,228</u>
<b>(Increase)/Decrease in Stock</b>	<b>-2,474,076</b>	<b>-394,875</b>



### 3.6 EMPLOYEES BENEFIT EXPENSES

	Current Year	Previous Year
Salaries, Wages and Bonus etc	3,830,557	3,152,510
Contribution to Provident and other funds	64,153	68,210
Staff Welfare Expenses	12,640	8,768
	<b>3,907,350</b>	<b>3,229,488</b>

### 3.7 FINANCE COST

	Current Year	Previous Year
Interest Expense	5,773,141	5,648,175
Other Finance Cost	161,411	283,617
	<b>5,934,552</b>	<b>5,931,792</b>

### 3.8 OTHER EXPENSES

	Current Year	Previous Year
<b>Manufacturing Expenses</b>		
Power and Fuel	1,611,575	1,305,818
Freight and Cartage	6,740,109	5,626,408
<b>Administrative, Selling &amp; Distribution Expenses</b>		
Repairs & Maintenance	254,871	440,770
Office Expenses	166,636	192,004
Vehicle Running & Maintenance	468,103	228,420
Legal Expenses	10,185	-
Travelling Expenses	197,034	130,135
Director's/ CFO Remuneration	3,420,000	3,215,000
Insurance	113,264	29,078
Rate & Taxes & Fees	473,341	752,788
Auditor Fees	30,000	30,000
Postage, Telegram & telephone	55,065	31,860
Printing & Stationery	116,929	25,271
Miscellaneous Expenses	49,636	28,860
Professional & Consultancy Charges	141,600	30,000
Administrative Expenses	103,428	8,684
Advertisement & Publicity	576,576	347,561
	<b>14,528,352</b>	<b>12,422,657</b>

### 3.9 OTHER COMPREHENSIVE INCOME

	Current Year	Previous Year
<b>Items that will not be reclassified to Profit and Loss</b>		
Equity Instrument through Other Comprehensive Income	-	-
Re-measurement of Defined Benefit Plan	-	-
Less: Income Tax	-	-
<b>Items that will be reclassified to Profit and Loss</b>		
Exchange differences on translating foreign operations	-	-
Less: Income Tax	-	-
	<b>-</b>	<b>-</b>



## **RAKAN STEELS LIMITED**

### **Notes to the Ind AS financial statements for the year ended March 31, 2020**

#### **BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

##### **a) Basis of preparation and compliance with Ind AS**

For all periods upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India and complied with the accounting standards (Previous GAAP) as notified under Section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014, as amended, to the extent applicable, and the presentation requirements of the Companies Act, 2013.

In accordance with the notification dated February 16, 2015, issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (Ind AS) notified under Section 133 read with Rule 4A of Companies (Indian Accounting Standards) Rules, 2015, as amended, and the relevant provisions of the Companies Act, 2013 (collectively, "Ind ASs") with effect from April 1, 2016 and the Company is required to prepare its financial statements in accordance with Ind ASs for the year ended March 31, 2017 and succeeding years.

The financial statements for the year ended March 31, 2020 (the "Ind AS Financial Statements") have been prepared in accordance with Ind AS.

##### **b) Basis of measurement**

The Ind AS Financial Statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities, including derivative financial instruments which have been measured at fair value as described below and defined benefit plans which have been measured at actuarial valuation as required by relevant Ind ASs.

##### **Fair value measurement**

Fair value for measurement and /or disclosure purpose in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.



The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

**c) Functional and presentation currency**

These Ind AS Financial Statements are prepared in Indian Rupee which is the Company's functional currency.

All financial information presented in Rupees has been rounded to the nearest rupee.

**RAKAN STEELS LIMITED**

**Notes to the Ind AS financial statements for the year ended March 31, 2020**

**SIGNIFICANT ACCOUNTING POLICIES**

The Company has applied following accounting policies to all periods presented in the Ind AS Financial Statement.

**a) Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable, net of discounts, volume rebates, outgoing sales taxes and other indirect taxes excluding excise duty.

Excise duty is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to Company on its own account, revenue includes excise duty. However, GST is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the Government. Accordingly, it is excluded from revenue.

Revenue from sales is recognised when all significant risks and rewards of ownership of the commodity sold are transferred to the customer, which generally coincides with delivery. Revenues from sale of by products are included in revenue.

**b) Property, Plant and Equipment**

**(i) Property, plant and equipment**

The Company has applied Ind AS 16 with retrospective effect for all of its property, plant and equipment as at the transition date, viz., 1 April 2015. The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, attributable borrowing cost and any other directly



attributable costs of bringing an asset to working condition and location for its intended use. It also includes the present value of the expected cost for the decommissioning and removing of an asset and restoring the site after its use, if the recognition criteria for a provision are met.

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the statements of profit and loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized if the recognition criteria are met when significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as are placement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/other expenses in statement of profit and loss.

An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognised. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## **(ii) Depreciation**

Assets in the course of development or construction and freehold land are not depreciated. Other property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Depreciation commences when the assets are ready for their intended use. Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual value. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a written down value basis over its expected useful life (determined by the management based on technical estimates), as follows:

The estimated useful lives of assets are as follows:

- Buildings 60 years
- Plant and equipments 15 years
- Furniture and fixtures 8 years



- Vehicles 8 years
- Office equipments 5 years
- Laboratory equipments 5 years
- Electrical Installations and equipments 10 years
- Computer and data processing units 3-10 years
- Individual items of assets costing up to Rs. 5,000 are fully depreciated in the year of acquisition.

When significant spare parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Depreciation methods, useful lives and residual values are reviewed at each financial year end and changes in estimates, if any, are accounted for prospectively.

#### **c) Intangible assets**

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. The Company currently does not have any intangible assets with indefinite useful life. Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

#### **d) 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.

#### **e) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and bank balance, as defined above.



#### **f) Inventories**

Inventories are valued at the lower of cost and net realisable value except scrap which are valued at net realisable value. Costs incurred in bringing the inventory to its present location and conditions are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on FIFO basis.
- Finished goods and work in progress: cost includes cost of direct materials and labour and apportionment of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on FIFO basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Obsolete inventories are identified and written down to net realisable value. Slow moving and defective inventories are identified and provided to net realisable value.

Inventory includes non-current item in form of purchase of land kept in and accounted as Stock-In-Trade.

#### **g) Taxation**

##### **(i) Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### **(ii) Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when it is probable that the temporary differences will not reverse in the foreseeable future.



Deferred tax assets are recognised for all deductible temporary differences, the carry forward of un used tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included, the net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

**h) Retirement Benefits**

The company has not provided for any retirement benefits including gratuity.

**i) Earnings per share**

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit and loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit and loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

**j) Cash Flow Statement**

Cash flows are reported using indirect method as set out in Ind AS -7 "Statement of Cash Flows", whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**k) Use of Estimates and Judgments**

The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates under different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.



## **RAKAN STEELS LIMITED**

CIN: L27320UP1985PLC007582

R/O: NH-2 (1 km from Bara Toll Plaza), Umran, Rania, Kanpur Dehat-209311

Corporate Office: Anand Palace, 10/499, Allen Ganj, Kanpur-208002

**E-Mail: [support@rakansteels.co.in](mailto:support@rakansteels.co.in)**

Tel no. +91-9598668666 WEB: [www.rakansteels.co.in](http://www.rakansteels.co.in)

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**September 2, 2020**

**Dear Member,**

You are cordially invited to attend the **33<sup>rd</sup>** Annual General Meeting of the members of Rakan Steels Limited ("the Company") to be held on **Wednesday, September 30, 2020** at **02:00 P.M. IST** through Video Conferencing and Other Audio Visual Means (VC/OAVM).

The Notice of the meeting, containing business to be transacted, is enclosed herewith. As per Section 108 of the Companies Act, 2013, ('the Act') read with the related Rules and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its members the facility to cast their vote by electronic means on all resolutions set forth in the Notice.

Very truly yours,

Sd/-  
**Kannan Agarwal**  
(Managing Director)

**Enclosures:**

- **Notice of the 33<sup>rd</sup> Annual General Meeting**
- **Instructions for participation through VC**
- **Instructions for E-voting**



## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the **Thirty-Third** Annual General Meeting (AGM) of the Members of *Rakan Steels Limited* ("the Company") will be held on **Wednesday, September 30, 2020** at **02:00 p.m. IST** through Video Conferencing/Other Audio Visual Means (VC) to transact the following business:-

### **ORDINARY BUSINESS:-**

#### **Item No. 1- Adoption of Financial Statements**

**To receive, consider and adopt the Audited Financial Statements (including consolidated Audited Financial Statements) of the Company for the year ended on March 31, 2020 along with the Reports of the Directors and Auditors thereon and in this regard pass the following resolution as an Ordinary Resolution:**

"RESOLVED THAT the Audited Financial Statements of the Company for the Financial Year ended March 31, 2020, the reports of the Board of Directors and Auditors thereon laid before this meeting be and are hereby considered and adopted."

#### **Item No. 2- Appointment of Sandeep Agarwal as a director liable to retire by rotation**

**To appoint Mr. Sandeep Agarwal (DIN: 02957566), Director who retires by rotation and who being eligible offers himself for re-appointment and in this regard pass the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, rules framed there under and other applicable provisions, if any, Mr. Sandeep Agarwal (DIN: 02957566) who retires by rotation at this meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

Date: September 2, 2020

Place: Kanpur

By the order of the Board

*For Rakan Steels Limited*

Sd/-

Garima Priyani

(Company Secretary & Compliance Officer)

(Membership No.: A49540)



## NOTES:-

1. Pursuant to the General Circular numbers 20/2020, 14/2020, 17/2020 issued by the Ministry of Corporate Affairs (MCA) and Circular number SEBI/HO/CFD/CMD1/CIR/P/2020/79 issued by the Securities and Exchange Board of India (SEBI) (hereinafter collectively referred to as “the Circulars”), companies are allowed to hold AGM through VC, without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC.
2. A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Since the AGM is being held in accordance with the Circulars through VC, the facility for appointment of proxies by the members will not be available.
3. Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Companies Act, 2013 (“the Act”).
4. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC. Corporate members intending to authorize their representatives to participate and vote at the meeting are requested to send a certified copy of the Board resolution/authorization letter to the Company or upload on the VC portal/ e-voting portal.
5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members from the date of circulation of this Notice up to the date of the AGM i.e. September 30, 2020. Members seeking to inspect such documents can send an e-mail to [support@rakansteels.co.in](mailto:support@rakansteels.co.in).
6. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Business to be transacted at the Meeting is annexed hereto.
7. The Register of Members and Share Transfer Books will remain closed from **September 23, 2020 to September 30, 2020** (both days inclusive) for the purpose of AGM.
8. Shareholders are requested to promptly notify any changes in their address to the Company's Registrar and Share Transfer Agents, **Skyline Financial Services Private Limited**.
9. Members who have not registered their e-mail id addresses so far are requested to register their e-mail address in case of physical holding with the Company and in case of demat holding with the Depository Participant.



10. Electronic copy of the notice of the 33<sup>rd</sup> Annual General Meeting of the Company *inter alia* indicating the e-voting procedure is being sent to all the members whose e-mail address are registered with the Company/Depository Participant for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their e-mail address, physical copies of the notice of the 33<sup>rd</sup> Annual General Meeting of the Company *inter alia* indicating the e-voting procedure is being sent in the permitted mode.
11. Pursuant to Section 72 of the Companies Act, 2013, shareholders holding shares in physical form may file nomination in the prescribed form SH-13 with the Company's Registrar and Transfer Agent. In respect of shares held in demat / electronic form, the nomination form may be filed with the respective Depository Participant.
12. In compliance with Section 108 of the Act read with corresponding rules, and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), the Company has provided a facility to its members to exercise their votes electronically through the electronic voting ("e-voting") facility provided by the **National Securities Depository Limited (NSDL)**. Members who have cast their vote by remote e-voting prior to the AGM may participate in the AGM but shall not be entitled to cast their votes again. The manner of voting remotely by members holding shares in dematerialized mode, physical mode and for members who have not registered their e-mail addresses is provided in the instructions for e-voting section which forms part of this notice. The Board has appointed FCS Vaibhav Agnihotri of M/s V. Agnihotri & Associates, Practicing Company Secretaries, as the Scrutinizer to scrutinize the e-voting in a fair and transparent manner.
13. The e-voting period commences on **September 27, 2020 (09:00 a.m.) and ends on September 29, 2020 (05:00 p.m.)**. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the **cut-off date (record date) of September 18, 2020** may cast their vote electronically. The e-voting module shall also be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
14. The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the **cut-off date September 18, 2020**.
15. Any person who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he / she is already registered with NSDL for remote e-voting then he / she can use his / her existing user ID and password for casting the vote.



16. In compliance with the Circulars, the Annual Report 2019-2020, the Notice of the 33<sup>rd</sup> AGM, and instructions for e-voting are being sent only through electronic mode to those members whose email addresses are registered with the Company / depository participant(s).
17. A copy of this notice has been placed on the website of the Company and website of NSDL. Practicing Company Secretary, *Mr. Vaibhav Agnihotri* (Certificate of Practice no. 21596) has been appointed as scrutinizer to scrutinize the e voting process in a fair and transparent manner.
18. The facility for voting during the AGM will also be made available. Members present in the AGM through VC and who 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 the e-voting system during the AGM.
19. The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the e-Voting period unlock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.
20. The Results shall be declared on or after the 33<sup>rd</sup> Annual General Meeting of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website "[www.rakansteels.co.in](http://www.rakansteels.co.in)" and on the website of NSDL within two (2) days of passing of the resolutions in the 33<sup>rd</sup> Annual General Meeting of the Company on **September 30, 2020** and communicated to the **Metropolitan Stock Exchange of India Limited (MSE)**.
21. Since the AGM will be held through VC in accordance with the Circulars, the Route map, Proxy form and Attendance slip are not attached to this Notice.

**Date: September 2, 2020**

**Place: Kanpur**

**By the order of the Board**

*For Rakan Steels Limited*

**Sd/-**

**Garima Priyani**

**(Company Secretary & Compliance Officer)**

**(Membership No.: A49540)**



## ANNEXURE TO THE NOTICE

### ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT/RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36 OF THE LISTING REGULATIONS AND APPLICABLE SECRETARIAL STANDARDS

#### Item - 2

Based on the terms of appointment, office of executive directors and the non-executive & non independent chairman are subject to retirement by rotation. Mr. Sandeep Agarwal, who was appointed on August 8, 2014, whose office is liable to retire at the ensuing AGM, being eligible, seeks re-appointment. Mr. Sandeep Agarwal is an Executive Non-Independent Director of the Company whose office is subject to retirement in the Annual General Meeting of the Company as per Section 152(6) of the Companies Act, 2013. Based on performance evaluation and the recommendation of the nomination and remuneration committee, the Board recommends his re-appointment.

The particulars of the Director are given below:

#### PROFILE OF MR. SANDEEP AGARWAL

NAME	SANDEEP AGARWAL
DIN	02957566
FATHER'S NAME	SURENDRA MOHAN AGARWAL
DATE OF BIRTH	09/12/1966
AGE	54 YEARS
ADDRESS	704, ANAND PALACE, 10/499 KHALAASI LINE, KANPUR-208002
QUALIFICATION	GRADUATE
DATE OF FIRST APPOINTMENT ON THE BOARD	08/08/2014
EXPERIENCE	13 YEARS OF EXPERIENCE IN THE IRON & STEEL INDUSTRY
DISCLOSURE OF INTER-SE RELATIONSHIPS BETWEEN DIRECTORS AND KEY MANAGERIAL PERSONNEL	PATERNAL UNCLE OF MR. KANNAN AGARWAL
REMUNERATION PROPOSED TO BE PAID	THERE ARE NO CHANGES TO THE REMUNERATION PROPOSED. THE REMUNERATION IS AS APPROVED BY THE SHAREHOLDERS IN RESOLUTION PASSED IN THE LAST AGM HELD ON SEPTEMBER 30, 2019
KEY TERMS AND CONDITIONS OF RE-APPOINTMENT	AS PER THE RESOLUTION OF THE MEMBERS WITH RESPECT TO HIS APPOINTMENT, HIS OFFICE AS DIRECTOR SHALL BE SUBJECT TO RETIREMENT BY ROTATION.
LAST DRAWN REMUNERATION	Rs. 90,000 PER MONTH



MEMBERSHIP/CHAIRMANSHIP OF COMMITTEES OF OTHER BOARDS AS ON 31.03.2020	NIL
NUMBER OF BOARD MEETINGS ATTENDED	THE INFORMATION IS PROVIDED IN THE BOARD MEETINGS SECTION OF BOARD'S REPORT
SHAREHOLDING IN THE COMPANY AS ON 31.03.2020	1688160 SHARES

The Board of Directors recommends Resolution No. 2 for approval by members.

Date: September 2, 2020

Place: Kanpur

By the order of the Board

*For Rakan Steels Limited*

Sd/-

**Garima Priyani**

(Company Secretary & Compliance Officer)

(Membership No.: A49540)



## **INSTRUCTIONS FOR PARTICIPATION THROUGH VC**

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, physical attendance of the Members to the AGM venue is not required and Annual General Meeting (AGM) be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
3. The Members can join the 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 AGM through VC/OAVM will be made available for 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 AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. 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 the Circulars issued by the Ministry of Corporate Affairs 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. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.rakansteels.co.in](http://www.rakansteels.co.in). The Notice can also be accessed from the websites of the Stock Exchanges i.e. MSE Limited at [www.msei.in](http://www.msei.in) and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).



7. AGM 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 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

### **THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-**

The remote e-voting period begins on September 27, 2020 at 09:00 A.M. and ends on September 29, 2020 at 05:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.

#### **How do I vote electronically using NSDL e-Voting system?**

*The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:*

**Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2: Cast your vote electronically on NSDL e-Voting system.**

Details on Step 1 is mentioned below:

#### **How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

4. Your User ID details are given below :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID  For example if your DP ID is IN300*** and Client ID is 12***** then your user



	ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**



6. If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password:
  - a) Click on “**Forgot User Details/Password?**”(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) **Physical User Reset Password?**” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

**Details on Step 2 is given below:**

**How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.



### **General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [rmsaconsultantsllp@gmail.com](mailto:rmsaconsultantsllp@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAAR (self attested scanned copy of Aadhaar Card) by email to [support@rakansteels.co.in](mailto:support@rakansteels.co.in).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAAR (self attested scanned copy of Aadhaar Card) to [support@rakansteels.co.in](mailto:support@rakansteels.co.in).

### **THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM 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 Members/ shareholders, who will be 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 in the AGM.



3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

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

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.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 EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. The Skyline Financial Services Private Limited, Registrar and Share Transfer Agent, of the Company will be providing VC/OAVM Services.
3. Members are encouraged to join the Meeting through Laptops for better experience.
4. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
5. 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.
6. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request mentioning their name, demat account number/folio number, email id, mobile number at (company email id).
7. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at (company email id). The same will be replied by the company suitably.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.



**FOR FURTHER INFORMATION  
PLEASE VISIT OUR WEBSITE: [www.rakansteels.co.in](http://www.rakansteels.co.in)**

**RAKAN STEELS LIMITED  
REGISTERED OFFICE: NH-2 (1 KM FROM BARA TOLL PLAZA)  
UMRAN, RANIA,  
KANPUR DEHAT-209311**

**CIN: L27320UP1985PLC007582**