

# SCAN STEELS LTD.

AN ISO 9001 : 2008 COMPANY

*(Formerly Known as Clarus Infrastructure Realities Limited)*



**23<sup>rd</sup>**  
Annual General Meeting

**REGISTERED OFFICE :**

Office No.: 104, 105, E-Square, Subhash Road,  
Opp. Havmor Ice-Cream, Vile Parle (East), Mumbai-57

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## **Sawarmal Gadodia**

Scan Group Founder & Visionary



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## Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Shri Rajesh Gadodia	: Non- Executive Chairman (w.e.f. 24.05.2016)
Shri Ankur Madaan	: Whole – Time Director (w.e.f. 24.05.2016)
Shri Runvijay Singh	: Executive Director (w.e.f. 24.05.2016)
Shri Punit Kedia	: Independent Director (w.e.f. 24.05.2016)
Shri Vinay Goyal	: Independent Director
Smt. Debjani Sahu	: Independent Director

### PRESIDENT & COMPANY SECRETARY

Shri Prabir Kumar Das

### CHIEF FINANCIAL OFFICER

Shri Gobinda Chandra Nayak

### AUDITORS

SRB & Associates,  
Chartered Accountants  
5th Floor, IDCO Tower,  
Janapath, Bhubaneswar – 751022, ODISHA

### BANKERS

State Bank of India  
IDBI Bank Limited  
Bank of India  
Punjab National Bank  
Oriental Bank of Commerce  
Central Bank of India

### INSURANCE

United India Insurance Company Limited  
Bajaj Allianz

### REGISTRAR & TRANSFER AGENT

Adroit Corporate Services Pvt Limited  
19, Jafferbhoy Industrial Estate,  
Makwana Lane, Marol Naka,  
Andheri (E), Mumbai-400 059.  
Tel: +91 22 28596060 / 4060/ 4428 / 4442 / 0942  
+91 22 42270400 / +91 22 42270423  
Fax: +91 22 28503748  
Email: pratapp@adroitcorporate.com  
Web Site: www.adroitcorporate.com

### REGISTERED OFFICE:-

104-105, “E- Square”  
Subhash Road,  
Opp. Havmor Ice Cream,,  
Vile Parle (E), Mumbai – 400057  
Ph.: 022-26185461/62, Fax: 022-26185463  
Email – id: secretarial@scansteels.com  
Web: www.scansteels.com

### CORPORATE OFFICE

Trishna Nirmalya  
Plot No. 516/1723/3991, 2ND Floor  
Magnetics Chowk, Patia, Bhubaneswar – 751024  
Ph. 0674-2726237, 2726438  
Fax- 0674-2726591  
Email – id: secretarial@scansteels.com  
Web: www.scansteels.com

### WORKS

Scan Steels Limited  
At – Vill- Rambahal, Po- Keshramal,  
Near Rajgangpur,  
Dist: Sundergarh, Odisha - 770017  
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Email – id: secretarial@scansteels.com  
Web: www.scansteels.com



**As a long-term value creator for the nation, our endeavors are aligned with the government's Make in India initiative. We are putting in place relevant strategies to bolster our steel producing capabilities; with a consistent focus on new technologies, innovation and quality benchmarks to help empower an aspirational India.**

## Achievements

Scan Steels a name to reckon in the steel industry with diversified steel products with the world class technology & infrastructure. It is self sufficient in all most all aspects of steel making with own Sponge Iron Plants, Induction Furnace, Rolling Mills, Billet-Caster, & Power Plant.

With a collaboration of world famous Belgium Centre de Recherches Metallurgiques (Centre of Metallurgical Engineering), the company has honoured with ISO 9001:2008 & ISI: 1786 Certificates.

## Vision

Providing credible value addition to customers, employees and shareholders while simultaneously being recognised by society as a responsible corporate citizen. In addition, achieving operational excellence while addressing and taking steps towards environmental protection.

## Our Mission:

- To attain the best practices and become a leading TMT manufacturing company.
- To achieve excellence in project execution, quality, reliability, safety and operational efficiency.
- To consistently enhance our competitiveness and deliver profitable growth.
- To practice highest standards of corporate culture and to be a financially sound company.
- To be a responsible corporate citizen nurturing human values and concern for society.
- To improve the lives of local community in all our projects.
- To be a partner in nation building and contribute towards India's economic growth.
- To promote a work culture that fosters learning, individual growth, team spirit and creativity to overcome challenges and attain goals.
- To encourage ideas, talent and value systems and become the employer of choice.
- To earn the trust and confidence of all employees, exceeding their expectation.
- To upheld the guiding principles of trust, integrity and transparency in all aspects of interaction and dealings.



## JOURNEY TOWARDS ACHIEVEMENTS

The Scan Group is renowned name in Iron and Steel Industry backed by 22 glorious years of experience in steel making. The Company was founded by Shri Sawarmal Gododia in a small town called Rajgangpur near Rourkela in the state of ODISHA and under whose stewardship the Company grew from strength to strength and now has steel manufacturing facilities, with full integration, in two states of India.

It was the vision of the founder, Shri Sawarmal Gododia that in the year 1990 the first foundation stone was driven into the soil of Rajgangpur, Odisha. In 1996, he started a rolling mill and an induction furnace of the company which is now a complete integrated steel manufacturing unit having its own captive power plants, sponge iron and SMS.

The company is a pioneer in starting DRI unit in the State of Odisha. Over the years the Company has added many upstream as well as down-stream value adding installations to attain better control over its processes, minimize production cost , wider market penetration

and minimize energy dependence on the state grid by means of installing a Captive Power Plant. During a decade the Company from merely being a rolling mill became Integrated Steel Producer. The Company expanded its activities by way of acquisition, at present is having manufacturing facilities in the States of Odisha, Karnataka.

To take the company further growth path, the company has been listed in BSE in the year 2014.

Scan Steels become a house hold name in Odisha and nearby states because of its innovative marketing strategy and market outreach to direct customers; the uniform quality produce over the period of the years has become a big brand in the State. The secret of the business success lies with low cost production with best quality material plus committed employees & distributors. This is one of the organization, who carry people for long time and employee have their confidence & believe on the management.

### RESEARCH AND DEVELOPMENT

Innovation and product development are at the core of Scan Steel's business. The Company is constantly pushing the boundaries on innovations that drive business results.

### ENVIRONMENT

With a firm belief in sustainable Environment, Scan Steels continues to be ahead of regulations through adoption of best practices, modern technologies and innovation to ensure that its production activities are efficient causing minimum environmental impact and leading to social development in the neighboring areas.



## Chairman's Message



“Core infrastructure sector like Steel is eternal, and has no substitutes; we have completed our expansion projects and added capacities in Steel business to cater to the next demand surge. We are confident that the government's impetus to fulfill the growing aspirations of its billion plus population will encourage the industry to flourish, despite short term challenges.”

### Dear Shareholders,

It gives me immense pleasure to welcome you all to the 23rd Annual General Meeting of your Company.

Financial year 2015-2016 was another year of mixed result but remarkable for Scan Steels Limited in other aspects. Since its inception, The company has grown into one of the reputed Steel companies in the eastern region, increasing its production substantially and modernizing its plant facilities, it has become one of the leading steel players not only in the eastern market, but it has got its foot prints in Southern and Central markets of India . As we know steel industry is cyclic industry and there is huge impact of recession and china effect. Domestic steel industries are at their nadir. We see enormous growth potentials for steel industry in coming time in India as well as in global scale. Scan Steels is rapidly pursuing its growth plans to enhance its annual production through revamping its existing facilities, planning new expansions, establishing joint ventures and acquisitions.

Global economic recovery, during the year, remained sluggish, fragile and uninspiring. In advance economies the recovery was modest and largely uneven. The US economy performed with resilience, supported by relatively easy financial conditions with strengthening housing and labour markets. In the Euro area, robust private consumption, supported by lower oil prices and easy financial conditions outweighed the weakening net exports.

The scenario for emerging markets and developing economies is not very encouraging either. China is on a re-balancing mode; it is navigating a momentous but complex transition towards a more sustainable growth. Given China's important role in global trade, the re-balancing efforts can have substantial spill-over effects, especially on emerging market and developing economies.

Keeping in view on our vision and strategic goals, Scan Steels has established strategic investments in Karnataka. We are working diligently to seize possible joint venture opportunities in the Steel processing and



raw material security sector. We are crafting plan for long term strategic sourcing of key raw material for current and future production requirements.

Over the years, we have successfully forged a leadership brand image by establishing unrivalled quality, flexibility and reliability in all our products and services. Through our motto of making steel better, we are constantly striving for continuous improvements in all areas of operations keeping customers as the core theme of our business. Our close collaboration with our valued distributors has enabled us to proactively respond to changing market requirements and to stay ahead of competition and it will continue to strive not only to maintain but enhance its reputation by a process of continuous improvement in every area of its operations. As an existing or potential customer, your unstinted support is highly valued as we continue to grow and participate in the development of the steel industry.

Place: Mumbai.  
Date: 20th August, 2016

In the difficult times also our business grows to shape new horizons for both our own people and the communities, we remain committed to our philosophy of producing high quality products which comply with the highest standards and cost effective for our customers .

As a forward looking company, we believe on planning for the long term & have a well laid out policy for our employees. Our people are the key to our success and we take measured steps to build skill and efficiency in our staff to help them achieve their professional goals.

Our management teams are working tirelessly to achieve the business result and keep our company ahead of completion.

I seize this opportunity to extend our deep thanks and appreciation to all stakeholders and well-wishers for their constant support in our journey of growth. )

With kind regards,  
**Rajesh Gadodia**  
Chairman  
(DIN: 00574465)





Steel continues to be the lifeblood of developing economies. The impetus on manufacturing and infrastructure development will propel a new era of growth in India. At SSL, we are at the forefront of emerging opportunities on the strength of our products.

## ORGANIZATIONAL OVERVIEW OF BUSINESS MODEL

### BUILT AS PER YOUR IMAGINATION

For the SCAN group, the customer has always been the king. But our all new client focused policy involves value creation to build trust. With foundations deeply rooted in traditions of integrity and honesty, the SCAN group's objectives for the future include:

- Adoption of an international management system
- 100% durability and safety of all products
- 100% customer satisfaction
- Adoption of latest technology
- Abiding by its social responsibilities
- Up-gradation of products and services every year

We strive for excellence both in products & services. In order to meet the expectation of our customer to increase the level of customer satisfaction, we can deliver TMT rods according to individual specification or demand.

Parameters such as Proof stress, tensile strength, Elongation, Bend test and rebend test are being adopted in our production plant.

We have vast range of rolled steel TMT products which ranges from 8mm to 32mm.

### TECHNOLOGY FOR MANKIND

Continuous improvement in environment in environmental performance is a key element of our commitment towards sustainable development. As a manufacturer of steel we are well aware of our responsibilities towards the environment and have developed an ecological policy which is grounded in liabilities of constant improvement and prevention of environmental pollution and health protection to the population adjoining our surroundings.

The latest technology is being used to establish gradual improvement in our environmental management activities and to reduce the emission of carbon dioxide in our production process. The long lasting stability and usability of steel products with further help to save the environment, ensuring stable and secure conditions among our nature.

## OPERATIONS OVERVIEW

### THE JOURNEY SO FAR

The business model of the Scan Steels Limited is aligned to its vision of “Becoming the Benchmark in Value Creation and Corporate Citizenship” in the steel industry. Through this, it maintains a strategic focus on continuous value creation for all its stakeholders. The Company is progressing towards the largest steel producers in the country and also making efforts to make its presence felt geographically, in operations and also commercially in the country. With a focus on continuous improvement, the Company meets diverse customer requirements across multiple segments, globally.

### SCAN STEELS LIMITED

The Scan Steels Limited is a fully integrated self sufficient steel making company having multi-location manufacturing facilities and the various plants comprises of:

- DRI unit
- Steel Melting Shop
- TMT Rolling mills
- Captive power plant
- Coal Washery

### THE SCAN QUALITY TRUST

The company’s obsession with quality control reflects in every stage of production from iron ore and coal selection to the final stage of finished steel. The highest standards are adhered to tested and verified at the company’s own state of the art laboratory.

These effects have earned it the much coveted ISO 9001:2008 as well as the ISI: 1786 certifications while its products are formally approved by the DEP & M of the government of Odisha and the DG & D of the Government of India.

But for the Scan Steels the sky is the limit when it comes to quality. That’s why the company in collaboration with the world famous Belgian centre de Research Metallurgiques (Centre of Metallurgical engineering, Belgium) makes use of TEMPCORE Technology to produce the best thermo mechanically treated (TMT) steel rods.



## “ZERO DEFECTS = TOTAL TRUST”

In keeping with this spirit of excellence, the company lives by its “Zero Defects” policy.

This means that the SCAN group is committed to ensure highest quality through constant improvements in human resources, equipment and machinery, materials and processes. Offering every client nothing but the very best in every product.

### SHRISHTII TMT BAR:

During these years SHRISHTII TMT bars, which are the perfect combination of strength, economy & trust have been developed by SCAN STEELS LIMITED in collaboration with world famous Belgium Centre de Recherches Metallurgiques (Centre of Metallurgical Engineering, Belgium) makes use of “TEMPCORE” CRM – BELGIUM Technology, to produce the best thermo mechanically treated (TMT) steel rods.

The USP about this product is its unique chemical composition that gives it power beyond the scope of ordinary steel rods. ALL SHRISHTII TMT bars are made in accordance with the ISI standards and standards of TEMPCORE, the licensee.

### Product Range:

SHRISHTII TMT bars are available in various diameters ranging from 8mm, 10mm, 12mm, 16mm, 20mm, 25mm, 28mm & 32mm. We also produce 16mm, 20mm, and 25mm plain rods.

### The mark of SHRISHTII TMT bar:

SHRISHTII TMT bar is a registered trade mark of SCAN STEELS LIMITED. To purchase a genuine SHRISHTII TMT bar look for the SHRISHTII TMT logo that is carved on the TMT bar in its own style.

## ADVANTAGES OF SHRISHTII TMT BARS

### HIGH TENSILE STRENGTH

SHRISHTII TMT rods are special grade of TMT bars that are more consistent in strength and able to bear continuous load. SHRISHTII TMT bars are ideal for heavy load structures like making of flyover, dams etc and other critical structures where high yield stress is required without compromising on ductility.

### EARTHQUAKE – RESISTANT QUALITY

Its high tensile strength means SHRISHTII TMT rods are more resistant to earthquakes, unlike ordinary, weaker rods. Due to its uniform weight and cross section it can withstand heavy pressure for longer periods of time.

### UNIFORM WEIGHT

Due to its uniform weight and cross section, SHRISHTII TMT rods can withstand heavy pressure for longer periods of time. Ordinary rods, with varying degrees of strength at different sections, make constructions weaker and increase costs.

### GREATER BENDABILITY AND GRIPPING POWER

The perfect chemical and mechanical properties allow SHRISHTII rods to bend easily, without breaking. Its evenly designed ribbed pattern gives it greater gripping power, which imparts solid strength to any critical constructions.

### LOWER CARBON COMPONENT

Thanks to the unique low carbon composition of SHRISHTII TMT rods, they are easy to weld and do not lose strength during welding process, unlikely ordinary rods.

### HIGH TEMPERATURE RESISTANCE

Where ordinary rods lose power at about 300°C, SHRISHTII rods stay super-strong and super-safe even at 500°C.

### FORGING THE FUTURE

A new era has dawned for the steel industry and it's transformed the steel making landscape creating a more stable & sustainable market environment. We are proud to have played our vital role in this process. We have long believed that size and scale are vital, both to compete in a global market place & to manage supply & to fulfill the demand of our customers through the economic cycle.

Over the years, the group, through meticulous quality control, has built a reputation for quality, reliability & integrity. What started off in the year 1992 It has now being modified into an organization who established manufacturing facilities at multiple locations with ultra modern facilities and exceptional team. The group works hand in hand to produce the finest steel products with a focus to fit client's requirements.

## NOTICE

**NOTICE is hereby given that the Twenty Third Annual General Meeting of the members of SCAN STEELS LIMITED (formerly Known as Clarus Infrastructure Realities Limited) will be held on Friday, the 30th day of September, 2016 at 10.00 A.M. at E-Square, Conference room (Off. no-11), Ground Floor, Subhash Road, Opp. Havmor Ice Cream, Vile Parle (E), Mumbai – 400057 to transact the following business:**

### ORDINARY BUSINESS:-

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2016 and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Ankur Madaan (DIN:07002199), who retires by rotation and being eligible, offers himself for re-appointment.
3. To ratify the appointment of the auditors of the company and to fix their remuneration, in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

“RESOLVED that pursuant to the provisions of Section 139 and such other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time and pursuant to the resolution passed by the Members at the Twenty First Annual General Meeting (AGM) held on December 30, 2014 in respect of appointment of the auditors, M/s. SRB & Associates, Chartered Accountants (Firm's Registration No. 310009E) (SRB), till the conclusion of the AGM to be held in the year 2019, the Company hereby ratifies and confirms the appointment of SRB, as Auditors of the Company to hold office from the conclusion of this AGM till the conclusion of the Twenty Forth AGM of the Company to be held in the year 2017 to examine and audit the accounts of the Company for the Financial Year ending March 31, 2017 on such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

### SPECIAL BUSINESS:-

4. Ratification of Cost Auditors' Remuneration

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

“Resolved that, in accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit & Auditors), Rules, 2014 (including any statutory modification(s) thereto or re-enactment thereof, for the time being in force), the remuneration of Messrs. Ray, Nayak & Associates, Cost Accountants, appointed by the Board of Directors of the Company as the Cost Auditors to conduct audit of Cost Records maintained in respect of all applicable products of the Company for the financial year 2016-17, at ₹ 30,000/- plus service tax as applicable, and reimbursement of out-of-pocket expenses incurred, be and is hereby ratified.”

5. Appointment of Mr. Ankur Madaan as a Whole-time Director of the Company.

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

“RESOLVED THAT pursuant to Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Act, the Company hereby approves the appointment and



terms of remuneration of Mr. Ankur Madaan (DIN: 07002199), as a Whole- Time Director of the Company for the period of five years with effect from 24th May, 2016 to 23rd May, 2021, liable to retire by rotation, upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this meeting, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year, with liberty to the Directors to alter and vary the terms and conditions of the said appointment in such manner so as to not exceed the limits specified in Schedule V to the Act, as may be agreed to between the Board of Directors and Mr. Ankur Madaan.

RESOLVED FURTHER THAT the Board, including any Committee thereof, be and is hereby authorised to do and perform all such acts, deeds, matters and things as may be considered necessary to give effect to the aforesaid resolution.”

**6. Appointment of Mr. Runvijay Singh as the Director of the Company**

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

“RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 152, 196, 197, 198 and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification or re-enactment thereof) read with Schedule- V of the Companies Act, 2013 and Article 19 of Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Runvijay Singh (DIN: 02239382), as Whole-time Director of the Company designated as executive director with effect from May 24, 2016, liable to retire by rotation, as well as the payment of salary, commission and perquisites (hereinafter referred to as “remuneration”), upon the terms and conditions as detailed in the explanatory statement attached

hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and / or agreement in such manner as may be agreed to between the Board of Directors and Mr. Runvijay Singh.

RESOLVED FURTHER THAT the remuneration payable to Mr. Runvijay Singh, shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such other limits as may be prescribed from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.

**7. Appointment of Mr. Punit Kedia (DIN: 07501851) as an Independent Director of the Company**

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

RESOLVED THAT pursuant to Sections 149, 150, 152, 160 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or enactment thereof for the time being in force) and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Punit Kedia (DIN 07501851) who was appointed as an Additional Director in the capacity of Independent Director of the Company by the Board of Directors effective May 24, 2016 and who holds office till the date of the Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member in terms of Section 160 of the Companies Act, 2013 signifying

his intention to propose Mr. Punit Kedia (DIN 07501851) as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company for a period of five years with effect from May 24, 2016 or till such earlier date to conform with the policy on retirement and as may be determined by any applicable statutes, rules, regulations or guidelines and his term shall not be subject to retirement by rotation.

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

“RESOLVED THAT pursuant to provisions of Section 20 of the Companies Act, 2013 and other applicable provisions, if any, of the said Act and relevant rules prescribed there under, whereby a document may be served on any members by the Company by sending it to him by post or by registered post or by speed post or by courier or by delivery to his office address or by such electronic or other mode as may be prescribed, the consent of the Company be and is hereby accorded to charge from the member the fee

in advance equivalent to the estimated actual expenses of delivery of the documents, pursuant to any request made by the shareholder for delivery of such document to him, through a particular mode of services mentioned above provided such request along with the requisite fee has been duly received by the Company at least one week advance of the dispatch of the document by the Company and that no such request shall be entertained by the Company post the dispatch of such document by the Company to the shareholder.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, Directors or Key Managerial Personnel of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the matter aforesaid and further to do all such acts, deeds and things as may be necessary, proper or desirable or expedient to give effect to the above resolution.”

**REGISTERED OFFICE:-**

104-105, “E- Square”, Subhash Road,  
Opp. Havmor Ice Cream,  
Vile Parle (E), Mumbai-400057  
CIN: L27209MH1994PLC076015  
Web Site: www.scansteels.com  
Email – id: secretarial@scansteels.com

**BY ORDER OF THE BOARD**

of SCAN STEELS LIMITED  
(Formerly Known as Clarus  
Infrastructure Realities Limited)  
Sd/-  
Prabir Kumar Das  
(President & Company Secretary)

**Place: Mumbai**

**Date: 20th August, 2016**



## NOTES

1. An explanatory statement pursuant to section 102 of the Companies Act, 2013, relating to the special business to be transacted at the meeting is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll on his behalf and the proxy need not be a member of the company. Pursuant to the provision of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. Proxies in order to be effective must be received at the registered office of the company not less than 48 hours before the meeting. A blank proxy form is enclosed with this report.

During the Period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.

4. In terms of Section 152 of the Companies Act, 2013, Mr. Ankur Madaan (DIN:07002199), Director, retire by rotation at the Meeting and being eligible, offer himself for re-appointment.

The Board of Directors of the Company commends their respective appointment / re-appointments. Brief resume of Directors including those proposed to be re-appointed, nature of their expertise in specific functional areas, names of Listed companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Regulation 36 (3) of the SEBI

(Listing Obligations and Disclosure Requirements) Regulations, 2015, is furnished as annexure to the Notice. The Directors have furnished consent / declaration for their appointment / re- appointment as required under the Companies Act, 2013 and the Rules there under.

5. Members are requested to notify any change of address or bank mandates:
  - a. To their depository participants (DP) in respect of shares held in dematerialized form, and
  - b. To Registrar and Share Transfer Agent of the Company- Adroit Corporate Services Pvt. Ltd, whose office is located at 19, Jafferbhoy Industrial Estate, 1st Floor, Makwana Lane , Marol Naka, Andheri-E, Mumbai - 400059, Maharashtra, in respect of shares in physical form, to notify their change of address/residential status/email-id, bank details etc., if any, under their signatures and quoting respective folio number.
6. Members are requested to kindly mention their Folio Number / Client ID and DP ID Number (in case of demat shares) in all their correspondence with the Companies Registrar in order to reply to their queries promptly, and for easy identification.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Members are requested to bring your copies of the Annual Report/ the Notice of the meeting along with the Attendance Slip with them duly filled in and hand over the same at the entrance of the Meeting Hall.
9. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 23rd day of September, 2016 to Friday, the 30th day of September, 2016 (both day inclusive).
10. Members desirous of obtaining any information concerning Accounts and operations of the Company are requested to address their questions in writing to the Company at an early date so as to enable the management to keep the information ready at the meeting.

- 11.** The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with our Registrar & Share Transfer Agent - Adroit Corporate Services Pvt. Ltd, whose office is located at 19, Jafferbhoy Industrial Estate, 1st Floor, Makwana Lane , Marol Naka, Andheri-E, Mumbai - 400059, Maharashtra.
- 12.** In accordance with the Companies Act, 2013 read with the rules framed there under, the Annual Report 2015-2016 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) unless any member has requested for a physical copy of the report. For members who have not registered their email addresses, physical copy of the Annual Report 2015-2016 is being sent by the permitted mode.
- 13.** Members may also note that the Notice of the 23rd Annual General Meeting and the Annual Report for the financial year ended on 31.03.2016 will also be available on the Company’s website [www.scansteels.com](http://www.scansteels.com) for their download. The physical copies of the aforesaid documents will also be available at the Company’s Registered Office in Mumbai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same. For any communication, the shareholders may also send requests to the Company’s investor email id: [secretarial@scansteels.com](mailto:secretarial@scansteels.com)
- 14.** The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / RTA - Adroit Corporate Services Pvt. Ltd.
- 15.** To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
- 16.** Corporate Members intending to send their authorized representatives to attend the AGM Pursuant to Section 113 of Companies Act, 2013 are requested to send to the Company a certified true copy of the Board resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- 17.** Members are requested to bring their Identity Card or Details of Shares Held (eg. Folio No./ DP ID , CLIENT ID etc.) for easy identification of attendance at the Meeting Hall.
- 18.** Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form SH - 13 can be obtain from Adroit Corporate Services Pvt Limited (RTA),. Members holding shares in electronic form may obtain Nomination forms from their respective Depository Participant (DP).
- 19.** Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Adroit Corporate Services Pvt Limited (RTA), for consolidation into a single folio.
- 20. VOTING THROUGH ELECTRONIC MEANS**

In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to





its members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting by electronic means and the business may be transacted through e-voting services arranged by Central Depository Services (India) Limited ("CDSL"). The members may cast their votes using an electronic voting system from a place other than the venue of the Annual General Meeting ("remote e-voting"). In order to enable the Members, who do not have the access to e-voting facility, to send their assent or dissent in writing in respect of the resolutions as set out in this Notice, the Company is enclosing a Ballot Form with the Notice. Instructions for Ballot Form are given at the back of the said form and instructions for e-voting are given here in below.

The facility for voting through ballot paper or polling paper will also be made available at the Annual General Meeting and the members attending the meeting who have not cast their vote by remote e-voting or by Ballot Form, shall be able to exercise their right at the meeting.

The Members who have cast their vote by remote e-voting or by Ballot Form prior to the Annual General Meeting may also attend the meeting but shall not be entitled to cast their vote again.

**The Process and manner for remote e-voting are as under:**

(I) The remote e-voting period begins on Tuesday, 27th September, 2016 from 9.00 a.m. and ends on

Thursday, 29th September, 2016 at 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 23rd September, 2016, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting after 5.00p.m. on 29th September, 2016.

- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iii) Click on "Shareholders" Tab.
- (iv) Now Enter your User ID:
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company
- (v) Next enter the image verification as displayed and Click on Login
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	<p>Enter your 10 digit alpha -numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the given sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details or Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii)** After entering these details appropriately, click on “SUBMIT” tab.
- (ix)** Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x)** For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi)** Click on the EVSN for the relevant SCAN STEELS LIMITED on which you choose to vote.
- (xii)** On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii)** Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv)** After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv)** Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi)** You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii)** If Demat account holder has forgotten the same password / login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii)** Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix)** Note for Non-Individual Shareholders & Custodians:
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate and Custodians respectively.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx)** Person responsible to address the grievances connected with the electronic voting: Mr. Wenceslaus Futardo, Deputy Manager of CDSL (Contact No – 18002005533). In case you have any queries or issues regarding e-voting, you may also refer the Frequently Asked Question (FAQ) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com)



under the help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**(xxi)** 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 (record date) of 23rd September, 2016 and as per the Register of Members of the Company.

**(xxii)** Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice of Annual General Meeting and holding shares as of the cut-off date, i.e., 23rd September, 2016, may obtain the login ID and password by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). However, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on [www.evotingindia.com](http://www.evotingindia.com).

**(xxiii)** A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cutoff date only shall be entitled to avail the facility of remote e-voting, voting through Ballot Form, as well as voting at the Annual General Meeting.

**(xxiv)** M/s. Arihant & Associates (CA Arihant Kumar Bothra) (FRN-021046C), Practicing Chartered Accountant, has been appointed as the Scrutinizer to scrutinize the remote e-voting process (including the Ballot Form received from the Members who do not have access to the remote e-voting process) in a fair and transparent manner.

(xxv) A copy of this notice has been placed on the website of the company ([www.scansteels.com](http://www.scansteels.com)) and the website of CDSL ([www.cdslindia.com](http://www.cdslindia.com))

**21.** All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office, Corporate Office as well as at Head Office of the Company during normal business hours (10.00 am to 1.00 pm) on all working days except Saturdays, up

to and including the date of the Annual General Meeting of the Company.

**22.** The register of contracts or agreement in which the director’s are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

**23.** Voting through Physical Ballot Form:

The members who do not have access to remote e-voting, are requested to fill in the physical ballot form being part of the Annual Report (a copy of the same is also part of the soft copy of the Annual Report) and submit the same in a sealed envelope to the Scrutinizer. Unsigned, incomplete or incorrectly ticked forms shall be rejected. The ballot form must be received by the Scrutinizer at the office address on or before 29th September, 2016 (5.00 p.m.). The Scrutinizer’s decision on the validity of the forms will be final. A members can opt for only one mode of voting i.e. either through remote e-voting or by ballot form. If a member casts votes by both modes, then voting done through remote e-voting shall prevail and Ballot Form shall be treated as invalid.

**24.** Voting Facility at AGM

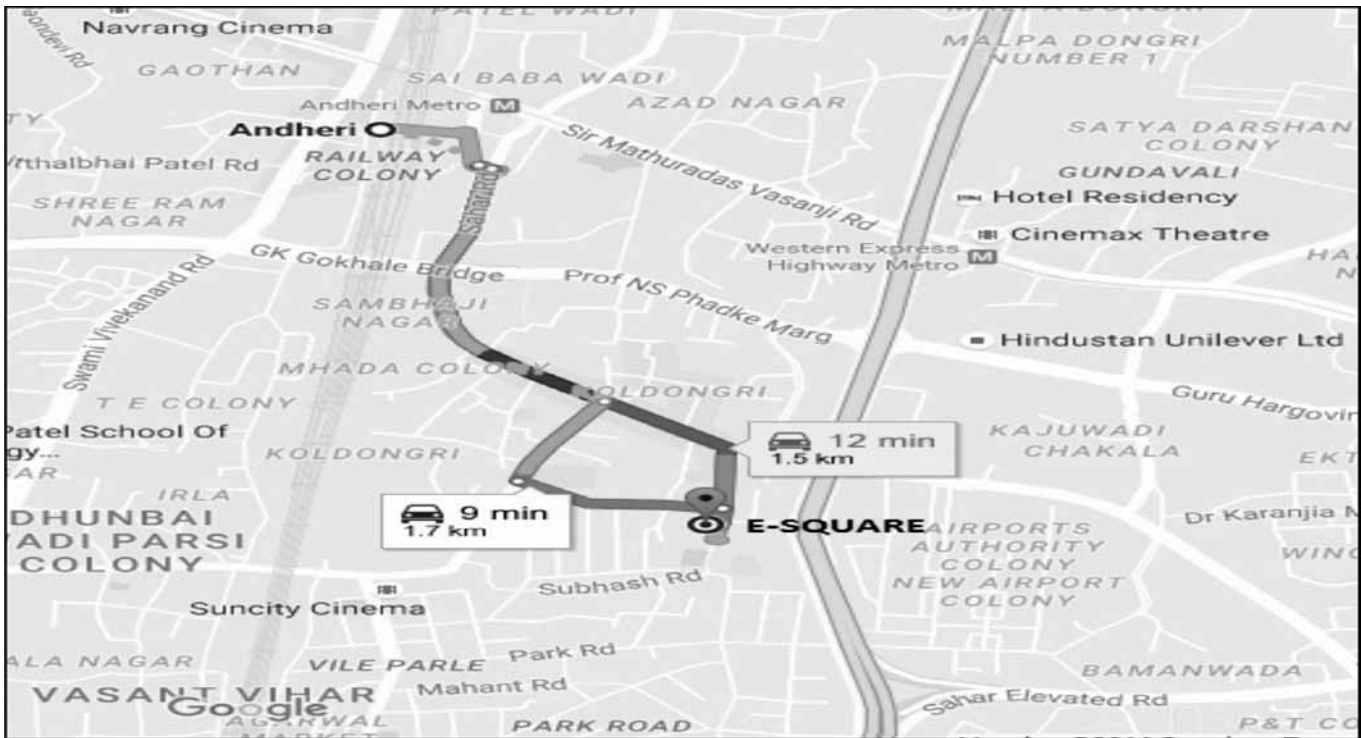
At the Annual General Meeting, at the end of the discussion of the resolutions on which voting is to be held, the Chairman shall with the assistance of the Scrutinizer order voting, by way of Ballot paper, for all those members who are present but have not cast their vote electronically using the remote e-voting facility or Ballot Form.

**25.** The Scrutinizer shall immediately after the conclusion of voting at the Annual General Meeting, first count the votes at the Annual General Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make not later than 3 (Three days) from the conclusion of the meeting, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.

26. The Chairman or a person authorised by him in writing shall declare the result of voting forthwith.
27. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.scansteels.com](http://www.scansteels.com) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com) immediately after the result declared by the Chairman or any other person authorised by the Chairman and the same shall be communicated to BSE Limited, where the shares of the Company are listed. The above said report and results shall also be displayed on the notice board of the company at its registered office and its head office as well as corporate office. The resolutions, if passed by a requisite majority, shall

be deemed to have been passed on the date of the Annual General Meeting (i.e. 30th September, 2016)

28. The investors may contact the Company Secretary for redressal of their grievances/queries. For this purpose, they may either write to him at the Registered office address or e-mail their grievances/queries to the Company Secretary at the following e-mail address: [secretarial@scansteels.com](mailto:secretarial@scansteels.com).
29. Route-map from Andheri Railway Station to E-Square, the venue of the Meeting is as under.



**REGISTERED OFFICE: -**  
 104-105, "E- Square", Subhash Road,  
 Opp. Havmor Ice Cream,  
 Vile Parle (E), Mumbai – 400057  
 CIN: L27209MH1994PLC076015  
 Web Site: [www.scansteels.com](http://www.scansteels.com)  
 Email – id: [secretarial@scansteels.com](mailto:secretarial@scansteels.com)  
 Place: Mumbai  
 Date: - 20th August, 2016

**BY ORDER OF THE BOARD**  
 of SCAN STEELS LIMITED  
 (Formerly Known as Clarus Infrastructure Realities Limited)  
 Sd/-  
 Prabir Kumar Das  
 (President & Company Secretary)



## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013.

As required by Section 102 of the Companies Act, 2013, (hereinafter referred to as “the Act”) the following Explanatory Statements set out all material facts relating to the business mentioned under Item Nos. 3 to 8 of the accompanying Notice dated 20th August, 2016.

### ITEM NO. 3

This Statement is provided though strictly not required as per Section 102 of the Act.

In the Annual General Meeting of the Company held on December 30, 2014, M/s. SRB & Associates, Chartered Accountant (Firm's Registration No. 310009E), Bhubaneswar had been appointed as the Statutory Auditors of the Company for a period of 5 years to hold office from the conclusion of the twenty first Annual General Meeting held on December 30, 2014 till the conclusion of the twenty sixth Annual General Meeting of the Company to be held in the year 2019, subject to the ratification of their appointment at every Annual General Meeting by Members. Accordingly, ratification of the Members is being sought for appointment of the Statutory Auditors as per the proposal contained in the Resolution set out at Item No. 3 of the Notice. As per the requirement of the Act, SRB have confirmed that the appointment if made would be within the limits specified under Section 141(3)(g) of the Act and it is not disqualified to be appointed as Auditor in terms of the provisions of Sections 139 and 141 of the Act and the Companies (Audit and Auditors) Rules, 2014.

In view of the above, SRB continuing to be eligible to act as Auditors of the Company and based on the recommendation of the Audit Committee at its Meeting held on August 20, 2016 and pursuant to Rule 3 of the Companies (Audit and Auditors) Rules, 2014, the Board commends the Resolution at Item No. 3 for approval by the Members.

None of the Directors, Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise in the Resolution at Item No. 3 of the Notice.

### ITEM NO. 4

The Board of Directors of the Company (“the Board”) at the meeting held on 24th May, 2016, on the recommendation of the Audit Committee, have approved the appointment and remuneration of M/s. Ray, Nayak & Associates, Partner CMA. Chaitanya Kumar Ray, Cost Accountants, to conduct audit of Cost Records maintained by the Company in respect of all applicable products of the Company for the financial year 2016-17.

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration of the Cost Auditors needs ratification by the Members.

None of the Directors and Key Managerial Personnel of the Company, or their relatives, is interested in these Resolutions.

Your Directors recommend the resolution as at Item No. 4 for your approval.

### ITEM NO. 5

Mr. Ankur Madaan (DIN:07002199), is a commerce graduate having more than 4 years of experience in the steels and cement sector business.

Initially Mr. Ankur Madaan Joined the Board as an Independent Director on October 24, 2014 and subsequently in the Board meeting held on May 24 2016, based on the recommendation of the Nomination & Remuneration Committee and subject to the approval of members, Mr. Ankur Madaan was re-designated as Whole Time Director for a period of five years w.e.f. 24.05.2016

Approval of the members is required by way of Ordinary Resolution for appointment and payment of remuneration.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The details of remuneration payable to Mr. Ankur Madaan and the terms and conditions of the appointment are given below:

**(1) Period:** From 24th May, 2016 to 23 May, 2021

**(2) Nature of Duties:**

The WTD shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board of Directors from time to time and separately communicated to him and such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its associated companies and/or joint venture companies and/or subsidiaries. This includes performing duties as assigned by the Board from time to time by serving on the boards of such associated companies and/or joint venture companies and/or subsidiaries or any other executive body or any committee of such a company for which he may be allowed to receive remuneration as may be determined by the Board of such associated companies and/or joint venture companies and/or subsidiaries, subject to compliance with the applicable provisions of the prevailing laws and regulations.

**(3) a) Remuneration:**

In the Board Meeting held on 24th May, 2016, it was proposed to pay salary of ₹ 4,80,000/- per annum. The salary payable to Mr. Ankur Madaan is in consonance & comparable with industry norms and in accordance with the provisions of the Companies Act, 2013 read with Schedule V and other applicable provisions of the Companies Act, 2013.

**b) Minimum Remuneration:**

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of WTD, the Company has no profits or its profits are inadequate, the Company will pay him remuneration by way of salary, benefits and perquisites and allowances, bonus/performance linked incentive as approved by the Board and to the

extent permitted under the Act.

- (4) (i)** The WTD shall not become interested or otherwise concerned, directly or through his spouse and/or children, in any selling agency of the Company.
- (ii)** The terms and conditions of his appointment may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, irrespective of the limits stipulated under Schedule V to the Act, or any amendments made hereinafter in this regard in such manner as may be agreed to between the Board and him, subject to such approvals as may be required.
- (iii)** The employment of the WTD may be terminated by the Company without notice or payment in lieu of notice:
  - (a)** If the WTD is found guilty of any gross negligence, default or misconduct in connection with or affecting the business of the Company or any subsidiary or joint venture company or associated company to which he is required by the Agreement to render services; or
  - (b)** In the event of any serious repeated or continuing breach (after prior warning) or non-observance by him of any of the stipulations contained in the agreement to be executed between the Company and him; or
  - (c)** In the event the Board expresses its loss of confidence in him.
- (iv)** Upon the termination by whatever means of the WTD's employment:
  - (a)** He shall immediately cease to hold offices held by him in any subsidiary or Joint Venture Company or associated company and other entities without claim for compensation for loss of office.
  - (b)** He shall not without the consent of the Company at any time thereafter represent himself as connected with the Company or any of its subsidiaries or joint venture companies or associated companies.
  - (v)** If and when the agreement expires or is terminated for any reason whatsoever, Mr. Ankur Madaan will cease to be the WTD and also cease to be a Director. If at any time he ceases to be a Director of the Company



for any reason whatsoever, he shall cease to be the WTD and the agreement shall forthwith terminate. If at any time, he ceases to be in the employment of the Company for any reason whatsoever, he shall cease to be a Director and WTD of the Company.

**Notes:**

- i. Mr. Ankur Madaan shall not, during the continuance of his employment or at any time thereafter, divulge or disclose to whomsoever or make any use whatsoever, whether for his own or for any other purpose other than that of the Company, any information or knowledge obtained by him during his employment with the business or affairs or other matters whatsoever of the Company and it shall be Mr. Ankur Madaan's endeavour, during the continuance of his employment, to prevent any other person from disclosing the aforesaid information.
- ii. If Mr. Ankur Madaan is guilty of such inattention to or negligence in the conduct of the business of the Company or of misconduct or of any other act or omission inconsistent with his duties as Director or any breach of the terms of his appointment, as in the opinion of all other Directors renders his retirement from the office desirable, the opinion of such other Directors shall be final, conclusive and binding on him and the Company may, by giving thirty days' notice in writing, terminate this appointment and he shall cease to be the Director of the Company, upon expiration of such notice.
- iii. In the event of any re-enactment or re-codification of the Companies Act, 2013 or the Income Tax Act, 1961 or amendments thereto, the foregoing shall continue to remain in force and the reference to various provisions of the Companies Act, 2013 or the Income Tax Act, 1961 shall be deemed to be substituted by the corresponding provisions of the new Act or the amendments thereto or the Rules and notifications issued there under.

Brief particulars of Mr. Ankur Madaan, as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to this Notice.

Mr. Ankur Madaan does not hold any Equity Share in the Company and is not related to any Director or Key Managerial Personnel of the Company in any way.

Except Mr. Ankur Madaan himself, none of the Director, Key Managerial Personnel or their respective relatives are concerned or interested in the Resolutions mentioned at Item Nos. 5 of the Notice.

In compliance with the provisions of Sections 196, 197 and other applicable provisions of the Act, read with Schedule V to the Act, the approval of the Members is sought for the appointment and terms of remuneration of Mr. Ankur Madaan as WTD as set out above.

**ITEM NO. 6**

Mr. Runvijay Singh (DIN 02239382) aged about 36 years is a mechanical engineer having more than 11 years of industrial and business experience in steel sector. He is involved in Taxation, Finance and Liaison with Govt./ Non-Govt. department.

Pursuant to the recommendation of Nomination and Remuneration Committee the Board of Directors of the Company vide resolution passed on May 24, 2016 approved appointment of Mr. Runvijay Singh as Additional Director on the Board of the Company with effect from May 24, 2016 (designated as Executive Director) in accordance with the provisions contained in Section 196 and 197. Mr. Runvijay Singh shall hold office up to the date of the Annual General Meeting to be held on September 30, 2016 and shall be eligible for election subject to the approval of the shareholders at this Annual General meeting.

Approval of the members is required by way of Ordinary Resolution for appointment and payment of remuneration.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The details of remuneration payable to Mr. Runvijay Singh and the terms and conditions of the appointment are given below:

**I. Period of appointment:**

May 24, 2016 to May 23, 2019

**II.A) Remuneration:**

In the Board Meeting held on 24th May, 2016, it was proposed to pay overall salary of ₹ 3,60,000/- per annum. The salary payable to Mr. Runvijay Singh is in consonance & comparable with industry norms and in accordance with the provisions of the Companies Act, 2013 read with Schedule V and other applicable provisions of the Companies Act, 2013. The annual increments will be decided by the Board of Directors and will be merit-based and take into account other relevant factors.

**B) Minimum Remuneration:**

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of executive director, the Company has no profits or its profits are inadequate, the Company will pay him remuneration by way of salary, benefits and perquisites and allowances, bonus/performance linked incentive as approved by the Board and to the extent permitted under the Act.

**Notes:**

- i. Mr. Runvijay Singh shall not, during the continuance of his employment or at any time thereafter, divulge or disclose to whomsoever or make any use whatsoever, whether for his own or for any other purpose other than that of the Company, any information or knowledge obtained by him during his employment with the business or affairs or other matters whatsoever of the Company and it shall be Mr. Runvijay Singh's endeavour, during the continuance of his employment, to prevent any other person from disclosing the aforesaid information.
- ii. If Mr. Runvijay Singh is guilty of such inattention to or negligence in the conduct of the business of the Company or of misconduct or of any other act or omission inconsistent with his duties as Director or any breach of the terms of his appointment, as in the opinion of all other Directors renders his retirement from the office desirable, the opinion of such other Directors shall be final, conclusive and binding on him

and the Company may, by giving thirty days' notice in writing, terminate this appointment and he shall cease to be the Director of the Company, upon expiration of such notice.

- iii. In the event of any re-enactment or re-codification of the Companies Act, 2013 or the Income Tax Act, 1961 or amendments thereto, the foregoing shall continue to remain in force and the reference to various provisions of the Companies Act, 2013 or the Income Tax Act, 1961 shall be deemed to be substituted by the corresponding provisions of the new Act or the amendments thereto or the Rules and notifications issued there under.

Upon approval by the members, a separate agreement to give effect to the above terms will be executed by and between the Company and Mr. Runvijay Singh.

The Board of Directors recommends the resolution in relation to the appointment of Executive Director, for the approval of the members of the Company.

Notice u/s 160 has been received from member signifying their intention to propose appointment of Mr. Runvijay Singh as Executive Director of the Company along with a deposit of ₹ 1,00,000.

Mr. Runvijay Singh does not hold any Equity Share in the Company and is not related to any Director or Key Managerial Personnel of the Company in any way.

Brief particulars of Mr. Runvijay Singh, as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to this Notice.

Except Mr. Runvijay Singh, none of the Director, Key Managerial Personnel or their respective relatives are concerned or interested in the Resolutions mentioned at Item Nos. 6 of the Notice.

**ITEM NO. 7**

The Board of Directors of the Company ('the Board') at the meeting held on 24th May, 2016, on the recommendation of the Nomination & Remuneration Committee, have approved the appointment of Mr. Punit Kedia, as Additional Director, and subject to the approval of the Members, also as Independent Director, with





effect from 24th May, 2016, in terms of Section 149 read with Schedule IV of the Companies Act, 2013, or any amendment thereto or modification thereof ('the Act'), and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

The Board at the meeting held on 20th August, 2016, on the recommendation of the Nomination & Remuneration Committee, has recommended for the approval of the Members, the appointment of Mr. Punit Kedia as Independent Director of the Company for a period of five years with effect from 24th May, 2016.

Mr. Kedia is a commerce graduate and has wide experience in steel sector, In the view of your Board, the association of Mr. Kedia and the rich experience he brings with him, would benefit the Company. Declaration has been received from Mr. Punit Kedia that he meets the criteria of Independence prescribed under Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16 of the Listing Regulations. In the opinion of your Board, Mr. Punit Kedia fulfils the conditions specified in the Act, the Rules thereunder and the Listing Regulations for appointment as Independent Director and he is independent of the management of the Company.

Mr. Punit Kedia does not hold any share in the Company in his individual capacity or on a beneficial basis for any other person. Additional information in respect of Mr. Punit Kedia, pursuant to the Listing Regulations and the Secretarial Standard on General Meetings, is appearing in corporate governance report.

Notice under Section 160 of the Act proposing the appointment of Mr. Punit Kedia has been received. Requisite consent, pursuant to Section 152 of the Act, has been filed by Mr. Punit Kedia.

**REGISTERED OFFICE: -**

104-105, "E- Square", Subhash Road, Opp. Havmor Ice Cream,  
Vile Parle (E), Mumbai – 400057  
Email – id: secretarial@scansteels.com  
Place: Mumbai  
Date: - 20th August, 2016

Mr. Punit Kedia and his relatives are interested in this Resolution.

The notice received from the member proposing the candidature of Mr. Punit Kedia in terms of Section 160 of the Companies Act, 2013 and the terms and conditions of appointment of Independent Directors shall be open for inspection by the Members during business hours in between 11.00 a.m. to 01.00 p.m. on all working days (except Saturday) at the Registered Office of the company up to the date of the meeting.

None of the other Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this Resolution. Mr. Punit Kedia is not related to any of the Directors or Key Managerial Personnel of the Company.

The Board recommends this Resolution for your approval.

**ITEM NO. 8**

Company had received a notice from one of the members to send all the notices, annual reports and other documents in a particular mode of speeds post. In view of provisions of Section 20 of the Companies Act, 2013, a member may request for any document through a particular mode, for which the member shall pay such fees as may be determined by the company in its annual general meeting. Since the cost of providing documents may vary according to the mode of service, weight and its destination etc., therefore it is proposed that actual expenses borne by the company for such dispatch will be paid in advance by the member to the company.

The board recommends the resolution at item no. 8 for the approval of the shareholders.

None of the Directors or key Managerial Personnel including their relatives is concerned or interested, financially or otherwise, in the said resolution.

**BY ORDER OF THE BOARD**

of SCAN STEELS LIMITED  
(Formerly Known as Clarus Infrastructure Realities Limited)

Sd/-

Prabir Kumar Das  
(President & Company Secretary)

**INFORMATION REQUIRED TO BE FURNISHED UNDER REGULATION 36 (3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 FOR DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT IN FORTHCOMING ANNUAL GENERAL MEETING.**

Name	Age	Qualification	Experience	Position in the Company	Listed Co. (other than SSL) in which directors hold directorship and committee membership.			Shareholdings in the Company	Directors inter-relationship
					Directorship	Chair person of Board Committees	Members of Board Committees		
<b>Mr. Ankur Madaan</b>	26 years	Graduate in Commerce	He has commerce graduate and having more than 5 years experience in the steels and cement sector business.	Whole-Time Director (Executive)	Nil	Nil	Nil	Nil	Nil
<b>Mr. Runvijay Singh</b>	36 years	Mechanical Engineer	He has more than 11 years of industrial and business experience in steel sector. He is involved in Taxation, Finance and Liaison with Govt./ Non - Govt. department .	Executive Director	Nil	Nil	Nil	Nil	Nil
<b>Mr. Punit Kedia</b>	26 years	Graduate in Commerce	He has commerce graduate and having more than 3 years experience in the steels sector business.	Independent Nonexecutive Director	Nil	Nil	Nil	Nil	Nil



## DIRECTOR'S REPORT

Dear Share owners,

Your Directors have pleasure in presenting the Twenty Third Annual Report of your Company together with the Audited Financial Statements for the year ended March 31, 2016.

### FINANCIAL HIGHLIGHTS / RESULTS

Your Directors take pleasure in presenting the 23rd Annual Report on the business and operations of your Company along with the financial statements for the year ended 31 March, 2016.

(₹ In Lacs)

	2015-2016	2014-2015
<b>Net Turnover and other Income</b>	<b>35,422.83</b>	<b>44,966.04</b>
<b>Profit / (Loss) before Tax</b>	<b>(3202.68)</b>	<b>536.68</b>
Less : Tax Expenses		
Current Tax	-	(110.77)
Deferred Tax (Charge)/ Credit	(173.98)	(157.58)
<b>Profit After Tax</b>	<b>(3376.66)</b>	<b>268.33</b>
Less : Prior Period Expenses	-	-
Net Profit for the year	(3376.66)	268.33
Surplus Brought Forward from last balance sheet	68.73	(71.13)
Add: Earlier Year Adjustment (Tax)	94.92	-
Less: Adjustment for net carrying amount of tangible fixed assets	-	(128.48)
Balance at the end of the year	(3213.01)	68.73

### RESULTS OF OPERATIONS & STATE OF AFFAIRS OF THE COMPANY

The gross turnover and net turnover for the year under review was ₹387.34 crores and ₹353.09 crores, respectively, and showed a decline of 21.60% and 21.11%, respectively. The net Loss after tax was ₹33.77 crores as compared to previous year Profit ₹2.68 crore. The reason of Loss is several unfavorable developments during the last couple of fiscal, including raw material, price fluctuations and availability issues, as well as the burden of high steel imports but, we are striving to give better result in future years.

The Company produced 49,025 tonnes (MT) of TMT Rods in FY 2015-16, down by 18.76% in compare to the previous year and sold 46,611.00 MT, decreased by 21.65% in compare to previous year. The reason of lower of production is because of decrease in sales due to sluggish economical conditions of the country resulting lower demand and low price of finished products and cheaper import of Steels products into India.

The Company's sustained efforts towards back-end cost control, new product launches and efficiency improvement measures, supported the insulation and limited the impact on the profitability margins. The Company's ability to better utilise capacities and product range will help derive better margins out of the businesses. The outlook of each business has been discussed in detail in the 'Management Discussion & Analysis' which forms a part of this Annual Report.

## PRODUCTION & TURNOVER / SALES

The production of steel product during the year under report, compared to the previous year is given below.

Item	Production (Qty in MT)		Turnover (Qty in MT)	
	Years ended 31 <sup>st</sup> March, 2016	Years ended 31 <sup>st</sup> March, 2015	Years ended 31 <sup>st</sup> March, 2016	Years ended 31 March, 2015
Sponge Iron	133529.280	125342.000	98,638.27	80503.570
MS Ingot/ Billet	39648.000	67856.000	5,410.65	6589.550
Long and Flat Products	49025.500	60350.000	46,611.94	59490.480

## NEW PROJECTS AND EXPANSION

Your company has emerged as a flourishing and dexterous steel enterprise because of its ability to cope with the changing steel scenario and to contribute to the growth of steel production where the country is aiming to increase the crude steel production to 300 Million tons by 2025-26 from currently 70 Million tones of production. For which your company has obtained necessary clearances from appropriate authorities. The upcoming project compositions are as enumerated below:-

Sr. No.	Unit	Product	Rated Capacity	Annual Production in TPA
1.	DRI Kiln	Sponge Iron	2 X 500 TPD	3,00,000
2.	Blast furnace <b>175 M<sup>3</sup></b>	HM/Pig Iron	350 TPD	122,500 Hot Metal /36,750 Pig Iron
3.	Iron Ore Crusher	Sized Iron Ore	50 TPH/ 1000TPD	3,00,000
4.	Captive Power Plant	Power	30 MW (20 MW WHRB +4 MW BF Gas based (TRT) +6 MW AFBC)	-
5.	Coal Washery	Washed Coal (65 %) Middlings (30%) Rejects (5%)	40 TPH/800 TPD	2,40,000 (Coal Input)
6.	SMS • Induction Furnace • Elec. Arc Furnace • Ladle Refining Furnace • Continues Casting M/c.	Billets	2 x30 T 1x30 T 1x4 Strand	3,11,040
7.	Pellet Plant	Iron Ore Pellet	4,000 TPD	12,00,000
8.	Submerged Arc Furnace	Silico Management	2x 7.5 MVA	10,200
9.	Rolling Mill-1	TMT Rods/ Bars	1 x 38 TPH	2,00,000
10.	Rolling Mill-2	Structural Steel	1 x 38 TPH	2,00,000
11.	Galvanizing Plant	Galvanized Product	20 TPH	1,08,000
12.	Fly Ash Bricks Unit	Fly Ash Bricks	4x42 TPD	50,400
13.	Oxygen Plant	Oxygen	4800 Nm <sup>3</sup> /hr	622 Mn. Nm <sup>3</sup> /year



## GREENFIELD PROJECT

The process of land acquisition work for our project at Gangajal, Budhakata, Sundargarh, Odisha is in progress. Discussion with concerned authorities for allotment of land has been initiated. The environmental clearances for this proposed project has been obtained from the appropriate authorities.

## OUTLOOK

Currently, the Steels business account for nearly 100% of its revenues. The outlook for its margins and profitability for this business depends on overall economic outlook. This company is likely to benefit most from an upturn in the business cycle, given its scale of operations and its competitive cost positions. Today, it is truly a market-driven company, making innovative changes and technological improvements, leaving no stone, unturned in fulfilling dreams of its founding fathers, tuning every activity to meet the subtle demands of its customers.

## MARKETING ARRANGEMENT

The Company has a Well-organized Marketing Department We have around 50 % market share in Odisha and also catering to outside states. We are in the process expanding our market plan in India by appointment of Dealers at other major cities across India. We also directly sell to the Customers through our Marketing staffs and agents.

## DIVIDEND

In view of the losses incurred during the FY 2015-16, your Board of Directors has not recommended any dividend on equity shares as well as on preference shares.

## TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Your Company did not recommended any dividend therefore there were no such funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

## TRANSFER TO RESERVE

During the financial year 2015-16, the company has not transfer any amount to the reserve. the Company is maintaining a balance of ₹ 1344.12 Lacs in General

Reserve, ₹ 61.01 Lacs in Capital Reserve, ₹ 493.71 Lacs in Amalgamation adjustment reserve and a debit balance of ₹ 3213.01 Lacs is retained in the Profit and Loss Statement.

## CONSOLIDATED FINANCIAL STATEMENT

As per the definition in the Companies Act, 2013 ("the Act") and Accounting Standard (AS) - 21 on Consolidated Financial Statements read with AS - 23 on Accounting for Investments, the company does not have any investment in the Subsidiary Company, Joint Ventures Company or any other Associates Company therefore the Consolidation of Financial Statements is not applicable.

## DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Associates and Joint venture Companies there by; there are no details to be provided under [Rule 8 of the Companies (Accounts) Rules, 2014]. Read with section 129 (3) of the Companies Act, 2013. during the year under review, no company has become or ceased as subsidiary, associate or joint venture companies.

## FIXED DEPOSITS COVERED UNDER CHAPTER V OF THE COMPANIES ACT, 2013

Pursuant to Section 73, 74 & 76 Rule 8(5)(v) of Companies (Accounts) Rules, 2014. The details relating to deposits, covered under Chapter V of the Act are as follows:-

- a. accepted during the year—₹ 3,85,28,000/-
- b. remained unpaid or unclaimed as at the end of the year—₹ 2000/-
- c. whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved
  - i. at the beginning of the year - Nil
  - ii. maximum during the year - Nil
  - iii. at the end of the year - Nil

There was No default in repayment of deposits or payment of interest thereon during the year by Company

and accordingly No details to be provided by the Company in this regard.

The details of deposits which are not in compliance with the requirements of Chapter V of the Act

Your Company has not accepted any deposits which are not in Compliance with the requirement of Chapter V of the Act.

#### **CHANGE IN THE NATURE OF BUSINESS, IF ANY**

Company is in to Steel Manufacturing Business and also expended its business activities into Derivatives market.

#### **DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS.**

##### **INTERNAL CONTROL SYSTEMS AND AUDIT OVERVIEW**

The Company has in place adequate internal financial controls with reference to financial statements, commensurate with the size and nature of its business, forms an integral part of the Company's corporate governance policies.

##### **INTERNAL CONTROL**

The Company has a proper and adequate system of internal control commensurate with the size and nature of its business. Internal control systems are integral to the Company's corporate governance policy. Some of the significant features of internal control systems includes:

- Documenting of policies, guidelines, authorities and approval procedures, encompassing the Company's all primary functions.
- Deploying of an ERP system which covers most of its operations and is supported by a defined on-line authorization protocol.
- Ensuring 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 accounting system's integrity proper and authorised recording and reporting of all transactions.

- Preparing and monitoring of annual budgets for all operating and service functions.
- Ensuring the reliability of all financial and operational information.
- Forming an Audit committee of the Board of Directors, comprising Independent Directors. The Audit Committee regularly reviews audit plans, significant audit findings, adequacy of internal controls, and compliance with accounting standards and so on.
- Forming a comprehensive Information Security Policy and continuous up-gradation of IT Systems.

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.

##### **INTERNAL AUDIT**

The Company has a strong internal audit department reporting to the Audit Committee comprising Independent Directors who are experts in their field. The scope of work, authority and resources of Internal Audit (IA) are regularly reviewed by the Audit Committee and its work is supported by the services of M/s GRC & Associates, the Internal Auditor of the Company.

The Company continued to implement their suggestions and recommendations to improve the control environment. Their scope of work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. Internal Auditors findings are discussed with the process owners and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations.

Through IA function the Board obtains the assurance it requires to ensure that risks to the business are properly identified, evaluated and managed. IA also provides assurance to the Board on the effectiveness of relevant internal controls.



## 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 robust systems and framework of internal financial controls. This provides the Directors with reasonable assurance regarding the adequacy and operating effectiveness of controls with regards to reporting, operational and compliance risks. To enable them to meet these responsibilities, the Company has devised appropriate systems and framework including proper delegation of authority, policies and procedures, effective IT systems aligned to business requirements, risk based internal audit framework, risk management framework and whistle blower mechanism.

The Audit Committee regularly reviews the internal control system to ensure that it remains effective and aligned with the business requirements. Where weaknesses are identified as a result of the reviews, new procedures are put in place to strengthen controls. These are in turn reviewed at regular intervals.

The Company has developed a framework for designing and assessing effectiveness of internal controls over financial reporting and has already laid down entity level policies and process level standard operating procedures.

The entity level policies comprise anti-fraud policies (code of conduct, including conflict of interest, confidentiality and whistle-blower policy) and other policies (organization structure, roles and responsibilities, insider trading policy, HR policy, related party policy, prevention of sexual harassment policy, IT security policy, business continuity and disaster recovery plan and treasury risk management policy). The Company has also prepared Standard Operating Practices (SOP) for each of its processes of revenue to receive, procure to pay, hire to retire, finance and accounts, fixed assets, treasury, inventory, manufacturing operations, and administrative expenses.

Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and During the year, such controls were tested and no reportable material weakness in the design or operation

were observed and such systems were adequate and operating effectively.

## INDIAN ACCOUNTING STANDARD (IND AS)

As per the roadmap announced by the Ministry of Corporate affairs, the Company will comply with the new Accounting Standards, IND AS in preparation of its financial statements for accounting periods beginning on April 1, 2016, along with the comparatives for the period ending March 31, 2016.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All contracts / arrangements / transactions entered by the Company during the financial year with related parties referred to in Section 188 (1) of the Companies Act, 2013 were in the ordinary course of business and on an arm's length basis and Detail of which is furnished in the Annexure 'A' in Form AOC-2 attached with this Report in compliance with Section 134 (3) (h) read with 188 (2) of the Companies Act, 2013.

Further, there are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained on a quarterly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are subject to internal audit and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis.

The Company has developed an Internal Guide on Related Party Transactions Manual and prescribed, Standard Operating Procedures for purpose of identification and monitoring of such transactions. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

Moreover, on the recommendations of the Audit Committee, your Board had revised the Policy on Related Party Transactions in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per the amended provisions of the Companies Act, 2013. The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

Your Directors draw attention of the members to Note No. 2 (iii) to the financial statement which sets out related party disclosures.

#### **ISO 9002 CERTIFICATION**

Your company is having status of ISO 9001, ISO 14001 and ISO 18001 certification, which is internationally recognized for the production, quality control and Environmental as well as OHSAS respectively.

#### **CREDIT RATING**

During the year, the credit rating for long term debt/facilities/FD by CARE has been downgraded to "CARE-D" and the short term bank facilities has also been downgraded to "CARE-D"

The downward rating actions were driven on account of Sharp fall in steel Prices due to excessive import from China at predatory prices affecting the operating performance of the company during the year and Stressed Liquidity Position of the Company has triggered a review of Scan Steel's credit rating by CARE.

#### **AUTHORITY TO DETERMINE MATERIALITY OF AN EVENT AND DISCLOSURE OF THE SAME TO STOCK EXCHANGE UNDER REGULATION 30(5) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATION, 2015**

Mr. Ankur Madaan, Whole- Time Director, of the Company, and Mr. Prabir Kumar Das, Company Secretary and Compliance Officer of the Company and Mr. Gobinda Chandra Nayak, Chief Financial Officer of the Company authorized by the Board for the purpose of determining the materiality of an event or information, in terms with the Company's Policy on disclosure of material event /

information and archival policy to comply with the Provisions of Regulation 30 (5) of the SEBI ( Listing Obligations and Disclosure Requirements) Regulations, 2015 and they are jointly and severally authorized to make necessary disclosure to stock exchanges regarding the same on behalf of the Company.

#### **BRANDING INITIATIVE**

The "SHRISTII" brand for its TMT bars are well accepted in the market in varied segments and sectors with wide customer base.

#### **INSURANCE**

The Assets of the company are adequately insured against the loss of fire, riot, earthquake, loss of profit etc, and other risk which is considered by management, In addition to this coverage, a statutory public liability insurance policy has been taken to cover by the company for providing against the public liability arising out of industrial accidents for employees working in plants.

#### **INDUSTRIAL RELATIONS AND PERSONNEL**

Your Company attaches great importance to human resource. Over a period of time, we have built and nurtured a dedicated and excellent workforce and also recruiting new people in order to meet the revival plans of the company. The processes for attracting, retaining and rewarding talent are well laid down and the systems are transparent to identify and reward performers. Company is committed to the welfare of its people and their families and to improve the quality of their life by providing the required facilities. The Company recognizes the importance and contribution of its people towards achieving the common goal. During the year under the review, industrial relations at all units of the Company continued to be cordial and peaceful.

#### **FINANCE**

During the year the company has faced finance crises and could not met financial commitment in time reason being liquidity problems arose due to sluggish economical conditions of the country resulting lower demand and low price of finished products and cheaper import of Steels products into India.

The banker State Bank of India, being leader of Consortium has treated its lending facilities to the





company as non-performing on 28th November, 2015. The insufficient cash flow due to drastic reduction in prices of steel products, cheaper imports into India & slowdown of global economy, being the reasons for non honoring commitments to the bank.

### **BANKERS AND CONSORTIUM ARRANGEMENT**

The Company has consortium arrangement of their bankers with State Bank of India as Lead Bank. This consortium arrangement is well defined and take care of company's term loan and working capital requirement from time to time. The consortium members meet regularly at company office quarterly and also visit company's plant from time to time.

### **SAFETY**

The company has continued to scale up safety performance at all locations. Safety measures have been strengthened and employees are being trained to think on hazards/risks associated with their job. Systems have been established to make employees responsible and accountable for safety. Good safety performance is being rewarded. While Safety has been included as a corporate value, the main objective is to achieve better standard of safety in the shortest possible time.

### **HUMAN RESOURCE DEVELOPMENT**

The company has been given much emphasis on Human Resources Development and thus has been well recognized in the steel industrial for sound Human Resources Management. The Company has emerged as a true national firm with cosmopolitan atmosphere.

The company's HR policies and process is as well aligned to effectively suit its expanding business horizons and future manpower requirement. This has been achieved by continuously stressing upon training & development, empowerment and creating a compelling work environment and maintaining well structured reward & recognition mechanism. Company is committed to the welfare of its people and their families and to improve the quality of their life by providing the required facilities.

### **CORPORATE SOCIAL RESPONSIBILITY**

Corporate Social Responsibility is the continuing

commitment by the business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. As a part of its policy for corporate social responsibility, the Company is associated with charitable and social activities and thereby playing a pro-active role in the socioeconomic growth. In structuring its efforts to the various aspects of Corporate Social Responsibilities, the Company takes account guidelines and statements issued by stakeholders and other regulatory bodies.

The management has adopted corporate social responsibility (CSR) well at par with its business with the objective of creating wealth in the community with focus on education, health, water and society. Social welfare, community development, economic and environmental responsibilities are at the core of the CSR of the Company.

The Corporate Social Responsibility Committee (CSR Committee) Composition and Terms of reference of which is detailed in the Corporate Governance Part of this Annual Report, has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board.

The key philosophy of all CSR initiatives of the Company is guided by three core commitments of Scale, Impact and sustainability.

The Company has identified six focus areas of engagement which are as under:

- Rural Transformation: Creating sustainable livelihood solutions, addressing poverty, hunger and malnutrition.
- Health: Affordable solutions for healthcare through improved access, awareness and health seeking behavior.
- Education: Access to quality education, training and skill enhancement.
- Environment: Environmental sustainability, ecological balance, conservation of natural resources.

The Company would also undertake other need based initiatives in compliance with Schedule VII to the Act.

The disclosures required to be made as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed to this report as Annexure 'B'.

The CSR Policy of the Company is available on the company's website at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

## SHARE CAPITAL

### ISSUED/SUBSCRIBED/PAID UP CAPITAL

Pursuant to allotment of 4453330 Equity Shares of ₹ 10 / - each on Conversion of Warrants in to Equity Shares, Issued, Subscribed and Paid-up Share Capital of the Company shall stand Increased from ₹ 44,35,23,000 (Forty Four Crore Thirty Five Lakhs Twenty Three Thousand) divided into 4,43,52,300 (Four Crore Forty Three Lakhs Fifty Two Thousand Three Hundred ) Equity Shares of ₹10/- (Rupees Ten) to ₹ 48,80,56,300 (Forty Eight Crore Eighty Lakhs Fifty Six Thousand Three Hundred) divided into 4,88,05,630 (Four Crore Eighty Eight Lakhs Five Thousand Six Hundred Thirty ) Equity Shares of ₹10/- (Rupees Ten).

The authorized share capital of the Company is ₹ 70,00,00,000/- (Rupees Seventy Crores only) divided into 5,50,00,000 (Five Crore Fifty Lacs) equity shares of ₹ 10/- (Rupees Ten) each and 1,50,00,000 (One Crore Fifty Lacs only) Non-cumulative Redeemable Preference Share of ₹ 10/- (Rupees Ten) each.

The paid-up equity share capital as on March 31, 2016 was ₹48,80,56,300 (Forty Eight Crore Eighty Lakhs Fifty Six Thousand Three Hundred) divided into 4,88,05,630 (Four Crore Eighty Eight Lakhs Five Thousand Six Hundred Thirty ) fully paid up Equity Shares of ₹10/- (Rupees Ten Only) each and the preference share capital was ₹12,84,96,050/- (Twelve Crore Eighty Four Lacs Ninety Six Thousand Fifty) divided into 1,28,49,605 (One crore Twenty Eight Lacs Forty Nine Thousand Six Hundred Five only) fully paid up NCRPS of ₹10/- (Rupees Ten) each.

During the year under review, the company has issued and allotted 80,00,000 (Eighty Lakhs Only) Warrants

Convertible in to Equity Shares of face value of ₹ 10.00 (Rupees Ten) each at a premium of ₹ 40/- (Rupees Forty) each). Further the allottees had exercised their right to convert 44,53,330 warrants into equity shares of ₹ 10/- each out of total allotted to them.

The aggregate outstanding amount of Warrants of the company as on March 31, 2016 was ₹ 4,43,33,500/- representing 35,46,670 warrants convertible into equity shares.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

- In accordance with the provisions of Section 152 of the Companies Act, 2013 and in terms of the Articles of Association of the Company, Mr. Ankur Madaan (DIN:07002199), retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

The proposal regarding the re-appointment of the aforesaid Director is placed for your approval. The Board of Directors recommends his re-appointment.

- Mr. Rajesh Gadodia, (DIN 00574465) has been elected as Non-executive chairman of the company w.e.f. 24.05.2016 in the board meeting upon the recommendation received from the Nomination and Remuneration Committee of the Board. He ceased to be KMP (Managing Director) of the company w.e.f 24.05.2016.
- Mr. Ankur Madaan (DIN:07002199), who was appointed as Whole- Time Director of the Company w.e.f 24.05.2016 by the Board based on the recommendation received from the Nomination and Remuneration Committee Company for a period of Five year with effect from 24/05/ 2016 subject to approval of shareholders of the Company at the ensuing Annual General Meeting.
- Mr. Runvijay Singh (DIN 02239382) , was appointed as an Additional Director and designated as the Executive Director w. e. f. 24/05/2016. Mr. Runvijay Singh shall hold office till the date of the forthcoming Annual General Meeting (AGM). Your company has received a notice under section 160 of the companies act, 2013 from a member, signifying his intension to



propose the name of Mr. Runvijay Singh for appointment as a director of the company.

- Mr. Punit Kedia (DIN 07501851) who was appointed as an Additional Director w.e.f. 24/05/2016 in the category of Independent Director and who will hold office till the date of the forthcoming Annual General Meeting (AGM). Your company has received a notice under section 160 of the companies act, 2013 from a member of the company, signifying his intension to propose the name of Mr. Punit Kedia for appointment as an Independent Director of the company. Pursuant to section 149 and other applicable provisions of the Companies Act, 2013 your directors are seeking appointment of Mr. Punit Kedia as Independent Director to hold office for five consecutive years for a term up to the conclusion of the 28th Annual General Meeting of the company and his office shall not be liable to retire by rotation.”
- Mr. Nimish Gadodia (DIN 01258815), resigned from the post of director of the company w. e. f. 16/12/2015. Your directors would like to record their deep sense of appreciation for the enormous contributions made by him during his tenure.

Suitable resolutions for appointment / reappointment of Directors, as referred above, will be placed for approval of the members in the forthcoming Annual General Meeting. The brief resume and other information of the concerned directors, in terms of the Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been detailed as an annexure in the notice convening the forthcoming Annual General Meeting.

Your Company has received from the Independent Directors Certificate of Independence, as enumerated in section 149(6) of the Companies Act, 2013.

#### **KEY MANAGERIAL PERSONNEL**

Mr. Ankur Madaan, Whole Time Director, Mr. Prabir Kumar Das, Company Secretary & Compliance office and Mr. Gobinda Chandra Nayak, Chief Financial Officer are the Key Managerial Personnel of your company in

accordance with the provision of Section 2(51) and 203 of the companies act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with SEBI (LODR) Regulations, 2015.

Company's policy of appointment and remuneration for directors, KMP and other employees including criteria for determining qualifications, positive attributes, director's independence (read with Sections 178 (1) (3) (4) The Nomination and Remuneration Committee works with the Board to determine the appropriate characteristics, skills and experience for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience in business, government, education and public service. Characteristics expected of all Directors include independence, integrity, high personal and professional ethics, sound business judgment, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner.

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished in Annexure 'C' and is attached to this report.

Further, Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees is furnished in Annexure 'D' and is attached to this report.

#### **Declaration by an Independent Director(s)**

As required under section 149(7) of the Companies Act, 2013, The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence and / or to qualify themselves to be appointed as Independent Directors as prescribed both under Section 149 (6) of the Companies Act' 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 , The Board considered the independence of each of the Independent Directors in terms of the above provisions and is of the view that they fulfill/meet the criteria of independence. and the

declarations are put up on the website of the Company at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

#### **Familliarisation Programme for Independent Directors.**

All New Independent Directors (IDs) inducted into the Board are given an orientation. Presentations are made by Executive Directors (EDs) and Senior Management giving an overview of our operations, to familiarize the new IDs with the Company's business operations. The new IDs are given an orientation on our products, group structure, Board constitution and Procedures, matters reserved for the Board, and our major risks and risk management strategy.

The company familiarises the Independent Directors of the Company with their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc and related matters are put up on the website of the Company at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

#### **Separate Independent Director Meeting**

In term of requirements of Schedule IV of the Companies Act, 2013 and Regulation 25 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the independent directors ("Annual ID meeting") was convened on 05th March, 2016 and All the Independent Directors were present at the said Meeting.

The Independent Directors at the meeting reviewed the following:

- a. Performance of Non-Independent Directors and the Board as a whole;
- b. Performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors; and
- c. Assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Post the Annual ID meeting, the collective feedback of each of the Independent Directors was discussed by the Chairperson of the Nomination Remuneration

Committee with the Board covering performance of the Board as a whole, performance of the non-independent directors and performance of the Board Chairman.

In addition to formal meetings, interactions outside the Board meetings also take place between the Chairman and Independent Directors.

#### **BOARD ANNUAL EVALUATION**

Pursuant to Regulation 17(10) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, and In compliance with the Section 134(3) (p) Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive directors.

The Board carried out an annual performance evaluation of its own performance, the individual Directors as well as the working of the Committees of the Board. The performance evaluation of the Independent Directors was carried out by the entire Board in compliance with Schedule IV to the Companies Act, 2013. The performance evaluation of the Chairman, Whole- Time Director and the Non- Independent Directors was carried out by Independent Directors. Details of the same are given in the Report on Corporate Governance annexed hereto.

The Chairperson of the Nomination and Remuneration Committee (NRC) held separate discussions with each of the Directors of the Company and obtained their feedback on overall board effectiveness as well as on each of the other Directors.

While evaluating the performance and effectiveness of the Board, various aspects of the Board's functioning such as adequacy of the composition and quality of the Board, time devoted by the Board to Company's long-term strategic issues, quality and transparency of Board discussions, execution and performance of specific duties, obligations and governance were taken into consideration. Committee performance was evaluated on the basis of their effectiveness in carrying out respective mandates. A separate exercise was carried out to evaluate the performance of Independent Directors including the Chairman of the Board,



who were evaluated on parameters such as level of engagement and contribution to Board deliberations, independence of judgement, safeguarding the interest of the Company and focus on creation of shareholders value, ability to guide the Company in key matters, attendance at meetings, etc. The Executive Directors were evaluated on parameters such as strategy implementation, leadership skills, quality, quantity and timeliness of the information flow to the Board, etc.

The Directors expressed their satisfaction with the evaluation process.

The Detailed Policy on Performance Evaluation of Independent Directors, Board, Committees and other individual Directors can be accessed from the website of the Company at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

#### **MANAGERIAL REMUNERATION:**

The following disclosures have been mentioned in detail under the heading "Corporate Governance", part of this Annual Report:—

- (i) all elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors;
- (ii) details of fixed component and performance linked incentives along with the performance criteria;
- (iii) service contracts, notice period, severance fees;
- (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

#### **CODE OF INDEPENDENT DIRECTORS - SCHEDULE - IV**

The Board has considered Code of Independent Directors as prescribed in Schedule IV of the Companies Act, 2013. The code is a guide to professional conduct for independent directors' adherence to these standards by independent directors and fulfillment of their responsibility in a professional and faithful manner will promote confidence of the investment community and regulators.

The broad items for code for independent directors are:

- (i) Guidelines for Professional conduct.
- (ii) Role and Functions.

- (iii) Duties
- (iv) Manner and process of appointment.
- (v) Re-appointment on the basis of report of performance evaluation.
- (vi) Resignation or Removal.
- (vii) At least one Separate meeting of Independent Directors in a year without attendance of non independent directors or members of management.
- (viii) Evaluation mechanism of Independent Directors by entire Board of Directors.

The Detailed Code of Conduct of Independent Directors of the Company and Code of Conduct for Board of Directors and Senior Management of the Company can be accessed on the website of the Company at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

#### **SCAN STEEL'S CODE OF CONDUCT FOR THE PREVENTION OF INSIDER TRADING**

The Board of Directors has adopted the Insider Trading Policy in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Insider Trading Policy of the Company lays down guidelines and procedures to be followed, and disclosures to be made while dealing with shares of the Company. as well as the consequences of violation. The Policy has been formulated to regulate, monitor and ensure reporting of deals by employees and to maintain the highest ethical standards of dealing in Company Securities.

The Insider Trading Policy of the Company covering code of Practices and procedures for fair disclosures of unpublished price sensitive information and code of conduct for the prevention of insider trading, is available on our website at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

#### **COMPLIANCE WITH CODE OF ETHICS FOR BOARD OF DIRECTORS AND SENIOR EXECUTIVES**

All Directors and Senior Management Personnel have affirmed Compliance with the Code of Ethics for Board of Directors and Senior Executives. A Declaration to that effect is attached with the Corporate Governance

Report.

### **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the requirements under section 134(3)(c) and 134(5) of the Companies Act, 2013, your directors hereby state and confirm that —

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2016 and of the profit and loss of the company for the year ended on that date;
- c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The directors had prepared the annual accounts on a going concern basis; and
- e) 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; and
- f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **AUDITORS AND AUDITOR'S REPORT**

#### **STATUTORY AUDITORS**

The Auditors, M/s. SRB & Associates, Chartered Accountant (Firm's Registration No. 310009E) (SRB) of Bhubaneswar, were appointed with your approval at the 21st AGM for a period of five years to hold such office till the conclusion of the 26th AGM.

In terms of the first proviso to section 139 of the

companies act, 2013, the appointment of the Auditors shall be placed for ratification at every annual general meeting. Accordingly, The Board, on the recommendation of the Audit Committee, has recommended for the ratification of the Members the appointment of SRB from the conclusion of the ensuing AGM till the conclusion of the 24th AGM. Appropriate resolution for the purpose is appearing in the Notice convening the 23rd AGM of the Company.

The Company has received necessary consent and certificates under Section 139 from the above Auditors to the effect that they satisfied the criteria provided in section 141 of the Companies Act, 2013 read with Cos. (Audit & Auditors) Rules, 2014.

No frauds have been reported by the Auditors under Section 143 (12) of the Companies Act, 2013 requiring disclosure in the Board Report.

### **AUDITORS' REPORT**

#### **Explanation to Auditor's emphasis of matter:**

Auditors have in their report drawn attention to Note No. 2 (vi) to the financial statements regarding default of company on repayment of debts to consortium lenders

In the opinion of the Board, The banker State Bank of India, being leader of Consortium has treated its lending facilities to the company as non-performing on 28th November, 2015. The insufficient cash flow due to drastic reduction in prices of steel products, cheaper imports into India & slowdown of global economy, being the reasons for non honoring commitments to the bank. As a result interest component on such loan of ₹ 80,00,00,000 has not been provided in the financial statement for the period from 20th December 2015 to 31st March, 2016 which has impact on the profitability for the year under reporting, the said figure not being determinable as of now. Further, in relation to this one more banker has classified the lending facilities of ₹ 5,84,00,000 as non-performing as per their



communication letter subsequent to balance sheet date and before signing of the financial report.

Auditors have in their report drawn attention to Note No. 2 (xi) to the financial statements regarding reduction in value of inventory amounting ₹78,42,86,306/-

In the opinion of the Board, This denotes the reduction in value of inventory held for day to day operation as raw materials, finished goods, semi-finished goods and trading goods of the company. The reduction in value of stock arose due to sharp decline in finished goods price mainly arose on account of cheaper import of steel into India and fall in international raw material prices. During this slowdown of economy, the company has suffered a lot. The company has calculated reduction value amounting to ₹ 78,42,86,306 which has been treated as non-current assets in the audited financial statement for the year under review. The board of directors has decided to amortize this amount in the subsequent years by charging to profit & loss account on proportionate basis.

Except of the emphasis of matters mentioned above all other observations made by the Statutory Auditors in their report for the financial year ended 31st March 2016 read with the explanatory notes therein are self-explanatory and therefore, do not call for any further explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

#### **COST AUDITORS**

Pursuant to Section 148 (2) of the Companies Act, 2013 read with the Companies (Cost Records and Audit), Amendment Rules 2014, your Company is required to get its cost accounting records audited by Cost Auditor.

Accordingly, the Board at its meeting held on May 24, 2016 has on the recommendation of the Audit Committee, re-appointed M/s. Ray, Nayak & Associates, Partner CMA. Chaitanya Kumar Ray, Cost Accountants, having office at MIG-26, Manorama Estate, Rasulgarh, Bhubaneswar – 751010 (Odisha), as the Cost Auditors of the Company to conduct the audit of the cost accounting records of the Company for the financial year 2016-17 on a remuneration of ₹30,000/- plus service tax as applicable and reimbursement of actual travel and out of pocket expenses.

The remuneration is subject to the ratification of the members in terms of Section 148 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and is accordingly placed for your ratification.

The Cost Auditor submitted their Cost Audit Reports for the financial year 2015-2016 to the Board and the report does not contain any qualification, reservation or adverse remark.

#### **SECRETARIAL AUDITORS AND AUDIT REPORT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. K.K.Giri & Associates, a Practicing Company Secretary (CP No-14459) having office at MIG 9/11 Arya Vihar Sailashree Vihar, Bhubaneswar – 751021 to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit carried out is annexed herewith as Annexure “E”.

The report does not contain any observation or qualification requiring explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

The Board at its meeting held on August 20, 2016, has re-appointed M/s. K.K.Giri & Associates, a Practicing Company Secretary (CP No-14459) having office at MIG 9/11 Arya Vihar Sailashree Vihar, Bhubaneswar – 751021, as Secretarial Auditor, for conducting Secretarial Audit of the Company for FY 2016-17.

#### **AUDIT COMMITTEE.**

Audit Committee is constituted as per Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013. Composition of Audit Committee is as per Section 177 (8) of Companies Act, 2013. The Prime Objective of the Committee is to monitor and provide effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting.

Composition and Terms of reference of the Committee is explained in Detail in the Corporate Governance Part of this Annual Report.

There was no recommendation as such in the Financial Year 2015-2016 from the Audit Committee which was not accepted by the Board.

### **VIGIL MECHANISM**

In pursuance of Section 177(9) of the Companies Act, 2013 and Regulation 22 read with Regulation 4(2)(d)(iv) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Vigil Mechanism has been Constituted for directors and employees to report genuine concerns and Audit committee shall oversee the vigil mechanism through the committee and provide adequate safeguards against victimization of employees and directors who availed of the vigil mechanism and have a direct access to the chairman of the audit committee in exceptional case.

In case of repeated frivolous complaints being filed by the director or an employee the audit committee may take suitable action including reprimand if necessary.

### **CONSTITUTION OF STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Board has constituted a Stakeholders Relationship Committee According to 178 (5) of the Companies Act 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The SR Committee is primarily responsible to review all matters connected with the Company's transfer of securities and redressal of shareholders' / investors' / security holders' complaints. The Committee also monitors the implementation and compliance with the Company's Code of Conduct for prohibition of Insider Trading.

Composition and Terms of Reference of the SR Committee is Detailed in Corporate Governance Report Part of this Annual Report.

### **NOMINATION AND REMUNERATION COMMITTEE**

The Board has set up a Nomination and Remuneration Committee In compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI

(Listing Obligations and Disclosure Requirements) Regulations, 2015. This Committee is responsible for making Policy pursuant to Proviso to Section 178 (3) & (4) read with Rules made there under and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and / or recommending to the Board, the remuneration package Directors, KMP & other employees, including their annual increment and commission after reviewing their performance and also to decide the Criteria for determining appointment Qualifications, Positive attributes, and Independence of a Director

The Details Regarding the Composition of the Committee, Meetings held and Terms Of reference etc.. is Detailed in Corporate Governance Report Part of this Annual Report. And the Detailed Nomination and Remuneration Policy is attached as Annexure 'D' to this Report.

### **CONSTITUTION OF CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

Scan Steels's commitment towards excellence in Health, Safety and Environment is one of the company's core values by complying with the Laws and Regulations first, and then going beyond the mandate to keep our planet safe for future generations. Minimizing the environment impact of our operations assumes utmost priority.

The company is unwavering in its policy of "safety of persons overrides all production targets" which drives all employees to continuously break new grounds in safety management for the benefit of the people, property, environment and the communities in which Scan Steels operates. Our dedicated measures by conducting the Risk Assessment, Identification of significant environment aspects of all manufacturing plants and signatory commitment of Responsible Care, Greatest emphasis is given to safety measures for minimizing accidents and incidents.

In View of the above The Board has Constituted Corporate Social Responsibility Committee to Comply the Section 135 of the Companies Act, 2013. Composition and Terms of Reference of which is Detailed in Corporate Governance Report Part of this Annual Report.





## RISK MANAGEMENT

During the year, your Directors have constituted a Risk Management Committee in Compliance with Companies Act, 2013 and Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which has been entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's enterprise wide risk management framework; and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks. A Risk Management Policy was reviewed and approved by the Committee and which can be accessed on the website of the Company at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

The Company manages monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company's management systems, organizational structures, processes, standards, code of conduct and behaviors together form the Scan Steels Management System that governs how the Group conducts the business of the Company and manages associated risks.

The Company has introduced several improvements to Integrated Enterprise Risk Management, Internal Controls Management and Assurance Frameworks and processes to drive a common integrated view of risks, optimal risk mitigation responses and efficient management of internal control and assurance activities. This integration is enabled by all three being fully aligned across Group wide Risk Management, Internal Control and Internal Audit methodologies and processes.

## RE-CONSTITUTION OF VARIOUS BOARD COMMITTEE

Pursuant to Re- Composition of Board , Various Committees of the Company has been Re- constituted in compliance with Applicable Provisions of Companies Act, 2013 and Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with Inclusion and Exclusion of New Members of the

Committee in the Board Meeting Held on 24/05/2016. Composition and Terms of reference of the Committees is explained in Detail in the Corporate Governance Part of this Annual Report.

## DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under.

Your Directors state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## CORPORATE GOVERNANCE

Transparency is the cornerstone of your Company's philosophy and all requirements of Corporate Governance are adhered to both in letter and spirit. All the Committees of the Board of Directors meets at regular intervals as required in terms of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Your Board of Directors has taken all necessary steps to ensure compliance with all statutory requirements. The Directors and Key Management Personnel of your Company have complied with the approved 'Code of Ethics for Board of Directors and Senior Executives' of the Company.

The Report on Corporate Governance as required under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 forms part of this Annual Report. The Auditors' Certificate on compliance with Corporate Governance requirements is also attached to Corporate Governance's Report. Further as required under Regulation 17(8) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, a certificate from the Whole- Time Director & CFO is being annexed with this Report.

## MANAGEMENT DISCUSSION AND ANALYSIS

In terms of the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management's Discussion and Analysis Report for the year under review, is presented in a separate section forming part of the Annual Report.

### E-VOTING FACILITY AT AGM

In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company is pleased to provide members facility to exercise their votes for all the resolutions detailed in the Notice of the 23rd Annual Report of the company and the business may be transacted through e-voting. The company has engaged the services of Central Depository Services Limited (CDSL) as the authorized agency to provide the e-voting facility.

### LISTING ON STOCK EXCHANGE

The Company continues to remain listed with Bombay Stock Exchange Limited and annual listing fee for the same has been paid.

### LISTING AGREEMENT

The Securities and Exchange Board of India (SEBI), on September 2, 2015, issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said regulations were effective from December 1, 2015. Accordingly, all listed entities were required to enter in to the Listing Agreement within Six Months from the effective date. The Company entered into Listing Agreement with BSE Limited w.e.f 08.02.2016.

### INDUSTRIAL RELATIONS

During the year under review, your Company had cordial and harmonious industrial relations at all levels

of the Organization.

## DISCLOSURES

### NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the year, Thirteen Board Meeting were convened and held, details of the meetings of the Board and various Committees of your Company are set out in the Corporate Governance Report which forms part of this Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### EXTRACT OF THE ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration ) Rules, 2014 and Section 134(3)(a) of Companies Act, 2013 is furnished in Annexure 'F' and is attached to this Report.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

There were no loans and guarantees made by the Company under Section 186 of the Companies Act, 2013 during the year under review. However the company has made the investment in quoted securities as a long term investments and the details of the investments covered under the provisions of section 186 of the companies Act 2013 are given in the financial statements.

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

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in Annexure 'G' and is attached to this report.



**PARTICULARS OF EMPLOYEES (RULE 5(2), AND 5(3)) AND MANAGERIAL REMUNERATION ( RULE 5(1) ) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014, AND UNDER SECTION 197(12) OF THE ACT**

The total number of employees as on 31st March, 2016 stood at 686.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1), 5(2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in the Annexure 'H' in this Report.

**MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

In term of Section 134(3)(l) of the Companies Act, 2013, no material changes and commitments have occurred after the close of the year till the date of this Report, which could affect the financial position of the Company.

**GENERAL**

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.

3. 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.
4. There is No Revision of Financial Statement or Board Report Adopted by the Company, thereby there is no Disclosures to be made by the Company u/s 131 of the Companies Act, 2013 for Voluntary Revision of Financial Statement.
5. Your Company has No Holding or Subsidiary Company and thereby, Whole time Director of the Company do not receive any commission or remuneration from the same. Accordingly there is no Details to be Provided by the Company pursuant to Section 197 (14) of the Companies Act, 2013.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**ACKNOWLEDGEMENTS**

Your Directors wish to place on record their gratitude for the valuable guidance and support rendered by the Government of India, various State Government departments, Financial Institutions, Banks and various stakeholders, such as, shareholders, customers and suppliers, among others. The Directors also commend the continuing commitment and dedication of the employees at all levels, which has been critical for the Company's success. The Directors look forward to their continued support in future.

**FOR AND ON BEHALF OF THE BOARD**

**Ankur Madaan**

Whole- Time Director  
(DIN: 07002199)

Runvijay Singh, Director  
(DIN: 02239382)

Place: Mumbai  
Date: 20th August, 2016

## ANNEXURE TO THE BOARD REPORT

ANNEXURE NO.	CONTENTS
<b>ANNEXURE 'A'</b>	<b>Form AOC – 2</b> (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014) disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 and Related Party Transactions Justification for Entering into Related Party Transactions referred to in sub-section (2) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.
<b>ANNEXURE 'B'</b>	Annual Report on CSR
<b>ANNEXURE 'C'</b>	Policy for Selection of Directors and determining Directors' independence.
<b>ANNEXURE 'D'</b> -	Nomination and Remuneration Policy
<b>ANNEXURE 'E'</b> -	Secretarial Audit Report (In Form- MR 3 )
<b>ANNEXURE- 'F'</b> –	Extracts of the Annual Return (In Form MGT-9)
<b>ANNEXURE 'G'</b> -	Particulars of Conservation of Energy, Technology Absorption and foreign Exchange Earnings and outgo.
<b>ANNEXURE 'H'</b> -	Rule 5 (1) (2) AND (3) of Companies (Managerial Remuneration) Rules

### ANNEXURE 'A'

#### 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 and Related Party Transactions Justification for Entering into Related Party Transactions referred to in sub-section (2) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

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

a.	Name(s) of the related party and nature of relationship	NIL (All the contracts or arrangements or transactions with related parties are at arm's length basis.)
b.	Nature of contracts /arrangements / transactions	
c.	Duration of the contracts / arrangements/transactions	
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	
e.	Justification for entering into such contracts or arrangements or transactions	
f.	date(s) of approval by the Board	
g.	Amount paid as advances, if any:	
h.	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	



## 2. Details of material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship	(b) Nature of contracts/arrangements/transactions	(c) Duration of the contracts / arrangements/transactions	(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	(e) Date(s) of approval by the Board, if any:	(f) Amount paid as advances, if any:
Nav Durga Fuel Private Limited, One director is member	Sale and Purchase products, goods etc.	Continuous Basis	Sale of Steel Products, Purchase of Steel/Scrap and allocating common corporate expenditure, providing guarantee, etc. at arm's length basis. (for details of transactions during the year refer Note 2(iii) to the financial statements)	Please refer note below	Nil
Scan Energy & Power Limited, One director is holding more than two percent of its paid up share capital	Sale of Steel Products, Purchase of Steels etc.	Continuous Basis	Sale of Steel Products, Purchase of Steel/Scrap and allocating common corporate expenditure, providing guarantee, etc. at arm's length basis. (for details of transactions during the year refer Note 2(iii) to the financial statements)	Please refer note below	Nil

Note: as per regulation 23 of the SEBI Listing Regulations erstwhile Clause -49 of Listing agreement, transaction with above mentioned related parties were considered material and approval of shareholders has been obtained at the Extraordinary General Meeting held on 26.03.2015 for an estimated amount around ₹ 200 cr. every financial year.

**FOR AND ON BEHALF OF THE BOARD**

Ankur Madaan , Whole- Time Director  
(DIN: 07002199)

Runvijay Singh, Director  
(DIN: 02239382)

**Date: 20th August, 2016**

**Place: Mumbai**

## ANNEXURE 'B'

### Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

As a part of its policy for corporate social responsibility, the Company is associated with charitable and social activities and thereby playing a pro-active role in the socioeconomic growth. In structuring its efforts to the various aspects of Corporate Social Responsibilities, the Company takes account guidelines and statements issued by stakeholders and other regulatory bodies.

The management has adopted corporate social responsibility (CSR) with the objective of creating wealth in the community with focus on education, health, water and society. Social welfare, community development, economic and environmental responsibilities are at the core of the CSR of the Company.

The key philosophy of all CSR initiatives of the Company is guided by three core commitments of Scale, Impact and Sustainability.

The Company has identified six focus areas of engagement which are as under:

- Rural Transformation: Creating sustainable livelihood solutions, addressing poverty, hunger and malnutrition.
- Health: Affordable solutions for healthcare through improved access, awareness and health seeking behaviour.
- Education: Access to quality education, training and skill enhancement.
- Environment: Environmental sustainability, ecological balance, conservation of natural resources.
- Protection of National Heritage, Art and Culture: Protection and promotion of India's art, culture and heritage.

The Company would also undertake other need based initiatives in compliance with Schedule VII to the Act. The CSR Policy may be accessed on the Company's website at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

2. The Composition of the CSR Committee.

The Committee is constituted in line with the Provision of Section 135 of the Companies Act 2013. It is the commitment by the business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large give Social Contribution to the Society.

The composition of CSR Committee is as Mentioned below:

- Shri Vinay Goyal - Non Executive Chairman & Independent Director
- Shri Ankur Madaan - Member & Whole- Time Director
- Shri Punit Kedia - Member & Independent Director

3. Average net profit of the company for last three financial years :

There are aggregate losses in the company during last three financial years.

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)

**NIL**

5. Details of CSR spent during the financial year- Nil

(a) Total amount to be spent for the financial year - Nil

(b) Amount unspent, if any-NA

(c) Manner in which the amount spent during the financial year is detailed below.



(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent : Direct or through implementing agency*
NOT APPLICABLE							
TOTAL							

Give details of implementing agency.

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

As there are average losses in the company during the three immediately preceding financial years hence company could not spend on CSR activities however the Company Gradually reducing its Losses and start making Profit, in Future the Company shall find out ways and means to spend the same and shall submit the relevant report in the ensuing year.

#### RESPONSIBILITY STATEMENT

The Responsibility Statement of the Corporate Social Responsibility Committee of the Board of Directors of the Company is reproduced below:

The CSR committee of Scan Steels Limited hereby declares that the implementation and monitoring of the CSR policy is in compliance with the CSR objectives and Policy of the company.

Sd/-  
Vinay Goyal  
Chirman of CSR Committee

Sd/-  
Ankur Madaan  
Member of committee  
Whole- Time Director

Sd/-  
Punit Kedia  
Independent Director &  
Member of Committee

Date: 20th August, 2016  
Place: Mumbai

## ANNEXURE 'C' -

### POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTORS' INDEPENDENCE

#### 1. Introduction

**1.1** Scan Steels Limited (SSL) believes that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. Towards this, SSL ensures constitution of a Board of Directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively.

**1.2** SSL recognizes the importance of Independent Directors in achieving the effectiveness of the Board. SSL aims to have an optimum combination of Executive, Non-Executive and Independent Directors.

#### 2. Scope and Exclusion :

**2.1** This Policy sets out the guiding principles for, Nomination and Remuneration Committee for identifying person who are qualified to become Director and to determine the independence of Directors, in case of their appointment as independent director of the Company.

#### 3. Terms and References:

In this Policy, the following terms shall have the following meaning :

**3.1** "Director" means a director appointed to the Board of a company.

**3.2** "Nomination and Remuneration Committee" means the committee constituted by SSL's Board in accordance with the provision of section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**3.3** "Independent Director" means a director referred to in sub-section (6) of section 149 of

the companies Act, 2013 and Regulation 16 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

#### 4. Policy :

##### 4.1 Qualification and criteria

**4.1.1** The Nomination and Remuneration Committee, and the Board, shall review on an annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that are relevant for the Company's global operations.

**4.1.2** In evaluating the suitability of individual Board members, the Nomination and Remuneration Committee may take into account factors, such as:

- General understanding of the Company's business dynamics, global business and social perspective;
- Educational and professional background
- Standing in the profession;
- Personal and professional ethics, integrity and values;
- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

**4.1.3** The proposed appointee shall also fulfill the following requirements:

- Shall possess a Director Identification Number;
- Shall not be disqualified under the Companies Act, 2013;
- Shall give his written consent to act as a Director;





- Shall Endeavour to attend all Board Meetings and wherever he is appointed as a committee members, the committee Meetings;
- Shall abide by the code of conduct established by the Company for Directors and senior Management Personnel;
- Shall disclose his concern or interest in any company or companies bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other relevant laws.

**4.1.4** The Nomination and Remuneration committee shall evaluate each individual with the objective of having a group that best enables the success of the Company's business.

#### **4.2 Criteria of Independence**

**4.2.1** The Nomination and Remuneration Committee shall assess the independence of Director at the time of appointment/re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

**4.2.2** The criteria of independence, as laid down in Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is as below:

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director-

- a. Who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b. (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;  
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c. Who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial year or during the current financial year;
- d. None of whose relatives has or had pecuniary relationship or transaction with the company, its holding subsidiary or associate company, or their promoters, or director, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial years;
- e. Who, neither himself nor any of his relatives –
  - (i) Holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
  - (ii) Is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial in which he is proposed to be appointed, of –
- (A) A firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or



**(B)** Any legal or a consulting firm that has or any transaction with the company its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;

**(iii)** Holds together with his relative two per cent or more of the total voting power of the company; or

**(iv)** Is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts from the company, any of its promoter, directors or its holding, subsidiary or associate company or that holds two per cent or more of more of the total voting power of the company; or

**(v)** Is a material supplier, service provider or customer or a lessor or lessee of the company

**f.** Shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research corporate governance, technical operations, corporate social responsibility or other disciplines related to the Company's business.

**g.** Shall possess such other qualifications as may be prescribed, from time to time, under the Companies Act, 2013

**h.** Who is not less than 21 years of age

**4.2.3** The Independent Director shall abide by the "Code for Independent Directors" as specified in schedule IV to the Companies Act, 2013

### **4.3 Other directorship/committee memberships**

**4.3.1** The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorship in other listed public limited companies in such a way that is does not interfere with their role as directors of the Company. The Nomination and Remuneration Committee shall take into account the nature of, and the time involved in a Director's service on other Boards, in evaluating the suitability of the individual Directors and making its recommendations to the Board.

**4.3.2 A** Director shall not serve as Director in more than 20 companies of which not more than 10 shall be Public Limited Companies.

**4.3.3** A Director shall not serve as an Independent Director in more than 7 Listed Companies and not more than 3 listed Companies in case he is serving as a whole-time Director in any Listed Company.

**4.3.4 A** Director shall not be a member in more than 10 Committees or act as Chairman of more than 5 Committees across all companies in which he holds directorships.

For the purpose of considering the limit of the Committees, Audit Committee and stakeholders' Relationship Committee of all Public Limited Companies, whether listed or not, shall be included and all other companies including Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 shall be excluded.



## ANNEXURE 'D' -

### SCAN STEELS LIMITED (SSL) NOMINATION AND REMUNERATION POLICY

#### INTRODUCTION

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, key managerial personnel and employees of the company, to harmonize the aspirations of human resources consistent with the goals of the company and in terms of the provisions of the Companies Act, 2013 and in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management has been formulated by the Nomination and Remuneration Committee ("NRC") and approved by the Board of Directors of the Company.

#### OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The objective of this policy is to lay down a framework in relation to remuneration of directors, KMP, senior management personnel and other employees. The Key Objectives of the Committee would be:

- 1.1 To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 1.2 Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.

- 1.3 Formulation of criteria for evaluation of Independent Director and the Board.
- 1.4 To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 1.5 To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 1.6. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 1.7. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 1.8. To develop a succession plan for the Board and to regularly review the plan.
- 1.9. To assist the Board in fulfilling responsibilities.
- 1.10 To Implement and monitor policies and processes regarding principles of corporate governance.

#### APPLICABILITY

- A. Directors (Executive and Non Executive)
- B. Key Managerial Personnel
- C. Senior Management Personnel

#### DEFINITIONS

"Act" means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

Board" means Board of Directors of the Company.

Directors" mean Directors of the Company.

Key Managerial Personnel" means

- I. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;



- ii. Chief Financial Officer;
- iii. Company Secretary; and
- iv. such other officer as may be prescribed.

“Senior Management” means the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

#### **CONSTITUTION OF COMMITTEE**

- The Board of Directors of the Company (the Board) constituted the committee to be known as the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half are independent directors.
- The Chairman of the Committee is an Independent Director. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- However, the chairperson of the company (whether executive or nonexecutive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee."
- Minimum Two (2) members shall constitute a quorum for the Committee meeting.
- Membership of the Committee shall be disclosed in the Annual Report.
- Term of the Committee shall be continued unless terminated by the Board of Directors.

#### **FREQUENCY OF COMMITTEE MEETING**

The meeting of the Committee shall be held at such regular intervals as may be required.

### **POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

#### **1. Appointment Criteria and Qualifications**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

#### **2. Term / Tenure**

##### **a) Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

##### **b) Independent Director:**

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.



- No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

### 3. Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

### 4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### 5. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## POLICY FOR REMUNERATION TO DIRECTORS/KMP/ SENIOR MANAGEMENT PERSONNEL

1. Remuneration to Managing/Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

The Remuneration/ Compensation/ Commission etc. to be paid to Director / Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

2. Remuneration to Non- Executive / Independent Director:

The Non-Executive Independent Director may receive remuneration / compensation / commission as per the provisions of Companies Act, 2013. The amount of sitting fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

## COMMITTEE MEMBER'S INTEREST

- A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

## SECRETARY

**The Company Secretary of the Company shall act as Secretary of the Committee**

## VOTING

- Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- In the case of equality of votes, the Chairman of the meeting will have a casting vote.



## **DUTIES IN RELATION TO NOMINATION MATTERS**

The duties of the Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Identifying and recommending Directors who are to be put forward for retirement by rotation
- Determining the appropriate size, diversity and composition of the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board; and
- Considering any other matters, as may be requested by the Board.

## **DUTIES IN RELATION TO REMUNERATION MATTERS**

The duties of the Committee in relation to remuneration matters include:

- Considering and determining the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- Approving the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee.
- Considering any other matters as may be requested by the Board.

## **MINUTE**

### **MINUTES OF COMMITTEE MEETING**

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

### **REVIEW AND AMENDMENT**

- i. The NRC or the Board may review the Policy as and when it deems necessary.
- ii. The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- iii. This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.



## ANNEXURE 'E'

Form No- MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31st March 2016

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

To,  
The Members,  
Scan Steels Limited  
(Formerly Clarus Infrastructure Realties Limited)  
Office No. 104-105, E-square, Subhash Raod,  
Opp. Havmor Ice Cream, Vile Parle (E), Mumbai – 400  
057

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Scan 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 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 ended on 31st March, 2016, 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 Scan Steels Limited ("The Company") for the Financial Year ended on 31st March, 2016 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the Rules made there under;

2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company :-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not Applicable to the Company during the audit period);
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the company during the audit period);
  - f. 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;
  - g. The Securities and Exchange Board of India

(Delisting of Equity Shares) Regulations, 2009; (Not Applicable to the company during the audit period) and

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable to the company during the audit period)

6. All relevant laws applicable to the Company as provided by the management hereunder :

**A. INDUSTRIAL & LABOUR LAWS**

1. Factories Act, 1948;
2. Industrial Disputes Act, 1947
3. The Apprentices Act, 1961
4. The Contract Labour (Regulation and Abolition) Act, 1970
5. The Employees Provident Funds and Miscellaneous Provisions Act, 1952
6. The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
7. The Equal Remuneration Act, 1976
8. The Industrial Employment (Standing Orders) Act, 1946
9. The Maternity Benefit Act, 1961
10. The Minimum Wages Act, 1948
11. The Payment of Bonus Act, 1965
12. The Payment of Gratuity Act, 1972
13. The Payment of Wages Act, 1936
14. The Workmen's Compensation Act, 1923
15. Odisha/ Karnataka Labour Welfare Act

**B. ENVIRONMENT RELATED**

1. Air (Prevention & Control of Pollution) Act, 1981
2. Water (Prevention & Control of Pollution) Act, 1974
3. Hazardous Waste (Management & Handling) Rules, 1989
4. Manufacture, Storage and Import of Hazardous Chemical Rules, 1989
5. Environment (Protection) Act, 1986
6. Water Cess Act, 1977

**C. PLANT RELATED**

1. Standard of Weights & Measures (General) Rules, 1987
2. The Electricity (Supply) Act, 1948
3. The Indian Boilers Act, 1923: Part of Factories Act
4. The Indian Electricity Act, 2003
5. The Explosive Act, 1884
6. The Gas Cylinder Rules, 2004

**D. TAXATION-DIRECT AND INDIRECT TAXATION (INCLUDING SALES TAX AND MUNICIPAL/ LOCAL LEVIES)**

1. Income Tax Act, 1961
2. Central Sales Tax Act, 1956
3. Odisha Sales Tax Act, 1959/ Karnataka Sales Tax Act
4. Octroi / Entry Tax
5. Cess and other Related Local Levies
6. Electricity Payments (Indian Electricity Act, 2013)
7. Panchayat
8. Motor Vehicles Act
9. Central Excise Act, 1944

**E. INSURANCE**

Public Liability Insurance Act

**F. MOVEMENT RELATED**

The Indian Port Act, 1909 & Major Port Act, 1960

**G. BRANCH OFFICE RELATED**

Shop and Establishment Act

**H. APPLICABLE LOCAL / MUNICIPAL LAWS**

**I. COMPETITION LAW**

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

**(i) Secretarial Standards**

The Secretarial Standards issued by the Institute of Company Secretaries of India with respect to board and general meetings.





## (ii) Listing Agreements

The new Uniform Listing Agreement pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the Company with Bombay Stock Exchange (BSE).

During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

### **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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

we further report that based on the information received and records maintained 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 had the following specific events:**

1. The Company In order to facilitate the issue of Preference Shares, Re-classified the Authorized Share Capital from ₹ 70,00,00,000/- (Rupees Seventy Crores only) divided into 7,00,00,000

(Seven Crore) equity shares of ₹ 10/- (Rupees Ten) each to ₹ 70,00,00,000/- (Rupees Seventy Crores only) divided into 5,50,00,000 (Five Crore Fifty Lacs) equity shares of ₹ 10/- (Rupees Ten) each and 1,50,00,000 (One Crore Fifty Lacs only) Non-cumulative Redeemable Preference Share of ₹ 10/- (Rupees Ten) each, by reclassifying the existing 7,00,00,000 (Seven Crore) equity shares of ₹ 10/- (Rupees Ten) each into 5,50,00,000 (Five Crore Fifty Lacs) equity shares of ₹ 10/- (Rupees Ten) each and 1,50,00,000 (One Crore Fifty Lacs only) Non-cumulative Redeemable Preference Share of ₹ 10/- (Rupees Ten) each which was duly approved by the Members through Postal Ballot Notice Dated 03th July, 2015 result of which was declared on the 11th August, 2015.

2. The Company has issued, on a private placement basis, upto 1,30,00,000 Non-cumulative Redeemable Preference Shares ("NCRPS") of ₹ 10/- (Rupees Ten) each at a premium of ₹ 30/- (Rupees Thirty) per NCRPS for an aggregate amount not exceeding ₹ 52,00,00,000 (Rupees Fifty Two Crore Only), to General Investors and promoters and the said issue was duly approved by the Members through Postal Ballot Notice Dated 03th July, 2015 result of which was declared on the 11th August, 2015. However the Company has allotted 1,28,49,605 (One Crore Twenty Eight Lacs Forty Nine Thousand Six Hundred and Five Only) Non-cumulative Redeemable Preference Share (NCRPS) of face value ₹ 10/- (Rupees Ten) each at a premium of ₹ 30/- (Rupees Thirty) per NCRPS to General Investors and promoters on Preferential basis on 12th August, 2015.

3. The Company to diversify its business portfolio and growing opportunities, the company entered into certain new business ventures such as business of merchant, broker, sub-broker of all type of commodities and/ or goods and deal in future and option and in other derivatives in commodity exchange of India including trading in shares, derivatives, currencies and readymade garments including yarns, fabrics of wool, poplin, cotton, jute,

silk, rayon, nylon and other natural, synthetics, and/or fibrous substance etc. by altering existing object of the company to insert new clauses in the Main Objects of the company in order to carry on the said business and to facilitate the diversification which will enable the company to carry on its business economically and efficiently and the proposed activities can be, under existing circumstances, conveniently and advantageously combined with the present activities of the company.

Main Object Clause of Memorandum of Association of the company altered by adding new sub-clause 4 after existing sub-clause 3 in Clause III (A) which was duly approved by the Members through Postal Ballot Notice Dated 03th July, 2015 result of which was declared on the 11th August, 2015.

4. The Company has Offered upto 1,00,00,000 (One Crore) Warrants having an option/ entitlement to apply for and be allotted equivalent number of equity shares of face value of ₹ 10 each of the Company (“Warrants”) at a future date, not exceeding 18 (Eighteen) months from the date of issue of such Warrants at an exercise price of ₹ 50/- (Rupees Fifty Only) (including a premium of ₹ 40/-) per equity share (“Exercise Price” or “Issue Price”) to Other than Promoters on preferential basis and the said offer duly approved by the Members in the Annual General Meeting held on 30th September, 2015. However the Company has allotted 80,00,000 (Eighty Lakhs Only) Warrants Convertible in to

Equity Shares of of face value of ₹ 10.00 (Rupees Ten) each at a premium of ₹ 40/- (Rupees Forty) each) on 14th October, 2015. And out of total allotted 80,00,000 warrants 44,53,330 Warrants are already been converted in to Equity Shares of the Company.

5. Mr. Ankur Madaan, Whole- Time Director, of the Company, and Mr. Prabir Kumar Das, Company Secretary and Compliance Officer of the Company and Mr. Gobinda Chandra Nayak, Chief Financial Officer of the Company authorized by the Board for the purpose of determining the materiality of an event or information, in terms with the Company’s Policy on disclosure of material event / information and archival policy to comply with the Provisions of Regulation 30 (5) of the SEBI ( Listing Obligations and Disclosure Requirements) Regulations, 2015 and they are jointly and severally authorized to make necessary disclosure to stock exchanges regarding the same on behalf of the Company.
6. Sharp Fall in steel Prices due to excessive exports from China and Stressed Liquidity Position of the Company has triggered a review of Scan Steel’s credit rating by CARE. The credit rating has been downgraded to “D”.

Except of the above there were no specific events/actions such as public/right/ debentures/ sweat equity of securities, buy back, foreign technical collaborations etc. which require compliance of applicable provisions thereof.

Place: Bhubaneswar  
Date: 16th August, 2016

For K.K. Giri & Associates,  
Company Secretaries  
Sd/-  
Kamala Kanta Giri  
ACS No.: 34449  
C.P. No. 14459

\*This report is to be read with our letter of even date which is annexed as ‘ Annexure E-1’ and forms an integral part of this report.



## ‘ANNEXURE E-I’

To,  
The Members,  
Scan Steels Limited  
104/105, ‘E-Square’,  
Subhash Road, opp. Havmor Ice-Cream,  
Vile-Parle (East), Mumbai – 400057.

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed 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 regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
7. We further report that, based on the information provided by the Company its officers, authorised representatives during the conduct of the audit and also on the review of quarterly compliance report by the respective departmental heads / Company Secretary / Managing Director taken on record by the Board of the Company, in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws & Environment laws.
8. We further report that the Compliance by the Company of applicable Financial laws like Direct & Indirect tax laws has not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

For K.K. Giri & Associates,  
Company Secretaries  
Sd/-  
Kamala Kanta Giri  
ACS No.: 34449  
C.P. No. 14459

Place: Bhubaneswar  
Date: 16th August 2016



## ‘ANNEXURE - F’

Annual Return Extracts in MGT 9

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2016

[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:

#### Sr. No. Particulars

#### Details

1. Corporate Identification Number	L27209MH1994PLC076015
2. Registration Date	18/01/1994
3. Name of the Company	Scan Steels Limited (Formerly Clarus Infrastructure Realities Limited)
4. Category of the Company	Public Company
5. Sub-Category of the Company	Limited by Shares
6. Address of the Registered office and contact details	104/105, 'E-Square', Subhash Road, Opp. Havmor Ice-cream, Vile-Parle (East), Mumbai- 400057, Maharashtra. Email: secretarial@scansteels.com Website: www.scansteels.com Tel. Ph. 022-26185461/62 Fax: 022-26185463
7. Whether listed company	Yes
8. Name, Address and Contact details of Registrar and Transfer Agent, if any	Adroit Corporate Services Pvt Limited 19, Jafferbhoy Industrial Estate, Makwana Lane, Marol Naka, Andheri (E), Mumbai-400 059. Tel Ph. – 022-28596060/ 022-28594060 Email: pratapp@adroitcorporate.com Website: www.adroitcorporate.com

### 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:-

Sr. No.	Name and Description of Main Products/ Services	NIC Code of the Product/ service	% to total turnover of the Company#
1	Manufacturing of TMT Re bars /Flat/ Angel/ Chennel	241	37.39%
2	Manufacturing of Sponge Iron		36.38%
3	Trading Sales – Steel Products		15.84%



#% of Total T/o of the Company

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES – N.A**

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY 2(87)(ii) / ASSOCIATE 2(6)	% of shares held	Applicable Section
1	N.A	N.A	N.A	N.A	N.A
2	N.A	N.A	N.A	N.A	N.A

**IV. SHARE HOLDING 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 (As on 01-04-2015)				No. of Shares held at the end of the year (As on 31-03-2016)				% of change during the years
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. PROMOTERS</b>									
<b>(1) Indian</b>									
a) Individual/HUF	9371909	-	9371909	24.79	10231909	-	10231909	20.96	(3.83)
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt. (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	12550076	-	12550076	33.20	14950076	-	14950076	30.63	(2.57)
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>SUB-TOTAL (A)(1)</b>	<b>21921985</b>	<b>-</b>	<b>21921985</b>	<b>57.99</b>	<b>25181985</b>	<b>-</b>	<b>25181985</b>	<b>51.60</b>	<b>(6.40)</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individual	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
<b>SUB-TOTAL(A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL SHAREHOLDING OF PROMOTER (A)=(A)(1)+(A)(2)</b>	<b>21921985</b>	<b>-</b>	<b>21921985</b>	<b>57.99</b>	<b>25181985</b>	<b>-</b>	<b>25181985</b>	<b>51.60</b>	<b>(6.40)</b>
<b>B. PUBLIC SHAREHOLDING</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-

b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Other	-	-	-	-	-	-	-	-	-
<b>SUB-TOTAL(B)(1)</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	14201195	42200	14243395	37.68	21933035	42200	21975235	45.03	7.35
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
I) Individual shareholders holding nominal share capital up to ₹ 2 lakh	445016	212300	657316	1.74	565094	237200	802294	1.64	(0.1)
II) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	950059	26300	976359	2.58	845689	-	845689	1.73	(0.85)
c) others	-	-	-	-	-	-	-	-	-
Clearing Member	218	-	218	-	-	-	-	-	-
NRI	1027	-	1027	-	427	-	427	-	-
<b>SUB-TOTAL(B)(2)</b>	<b>15597515</b>	<b>280800</b>	<b>15878315</b>	<b>42.01</b>	<b>23344245</b>	<b>279400</b>	<b>23623645</b>	<b>48.40</b>	<b>6.40</b>
<b>TOTAL PUBLIC SHAREHOLDING (B)=(B)(1)+(B)(2)</b>	<b>15597515</b>	<b>280800</b>	<b>15878315</b>	<b>42.01</b>	<b>23344245</b>	<b>279400</b>	<b>23623645</b>	<b>48.40</b>	<b>6.40</b>
c. SHARE HELD BY CUSTODIAN FOR GDRS & ADRS	-	-	-	-	-	-	-	-	-
<b>GRAND TOTAL</b>	<b>37519500</b>	<b>280800</b>	<b>37800300</b>	<b>100</b>	<b>48526230</b>	<b>279400</b>	<b>48805630</b>	<b>100</b>	<b>-</b>



ii) Shareholding of Promoters

Sr.No.	Shareholder's Name	Shareholding at the beginning of the year (01-04-2015)			Share holding at the end of the year (31-03-2016)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total Shares*	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total Shares*	
1	ARCHANA GADODIA	1253007	3.31	-	1363007	2.79	-	(0.52)
2	ARTLINE COMMERCE PRIVATE LIMITED	9566575	25.31	-	9566575	19.60	-	(5.71)
3	BAYANWALA BROTHERS PRIVATE LIMITED	2141384	5.66	-	4541384	9.31	-	3.65
4	BINITA GADODIA	1161662	3.07	-	1431662	2.93	-	(0.14)
5	MANJIT MANAGEMENT SERVICES PVT. LIMITED	312786	0.83	-	312786	0.64	-	(0.19)
6	NIMISH GADODIA	3188316	8.43	4.30	3408316	6.98	3.33	(1.45)
7	PEACOCK VINMAY PVT. LIMITED	316797	0.84	-	316797	0.65	-	(0.19)
8	RAJESH GADODIA	3275531	8.67	4.42	3535531	7.24	3.42	(1.43)
9	SARASWATI DEVI GADODIA	21815	0.06	-	21815	0.04	-	(0.02)
10	SAWARMAL GADODIA	471578	1.25	-	471578	0.97	-	(0.28)
11	SHIVVANGAN ADVISORY SERVICES PVT. LTD	212534	0.56	-	212534	0.44	-	(0.12)
	<b>Total</b>	<b>21921985</b>	<b>57.99</b>	<b>8.72</b>	<b>25181985</b>	<b>51.60</b>	<b>6.75</b>	<b>(6.40)</b>

\* The term "encumbrance" has the same meaning as assigned to it in regulation 28(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

\* Shareholders listed under Sl. No. 1 to 11 are disclosed as promoters under regulation 30(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as on March 31, 2016.

iii) Change in Promoters' Shareholding ( please specify, if there is no change)

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Date of Transaction	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		Number of shares held as on 01.04.2015	% of total shares of the Company				Number of shares held as on 31.03.2016	% of total shares of the Company
1	Bayanwala Brothers Pvt. Ltd.	2141384	5.66					
				04-04-2015	2400000	Preferential Allotment		
				31-03-2016			4541384	9.31
2	Peacock Vinimay Pvt. Ltd.	316797	0.84					
				Nil	Nil	No Change		
				31-03-2016			316797	0.65
3	Artline Commerce Pvt. Ltd.	9566575	25.31					
				Nil	Nil	No Change		
				31-03-2016			9566575	19.60
4	Manjit Mgt Ser. Pvt. Ltd.	312786	0.83					
				Nil	Nil	No Change		
				31-03-2016			312786	0.64
5	Shivvang an Adv. Ser. Pvt. Ltd.	212534	0.56					
				Nil	Nil	No Change		
				31-03-2016			212534	0.44
6	Nimish Gadodia	3188316	8.43					
				04-04-2015	220000	Preferential Allotment		
				31-03-2016			3408316	6.98
7	Sarswati Devi Gadodia	21815	0.06					
				Nil	Nil	No Change		
				31-03-2016			21815	0.04
8	Sawarma l Gadodia	471578	1.25					
				Nil	Nil	No Change		
				31-03-2016			471578	0.97
9	Rajesh Gadodia	3275531	8.67					
				04-04-2015	260000	Preferential Allotment		
				31-03-2016			3535531	7.24
10	Binita Gadodia	1161662	3.07					
				04-04-2015	270000	Preferential Allotment		
				31-03-2016			1431662	2.93
11	Archana Gadodia	1253007	3.31					
				04-04-2015	110000	Preferential Allotment		
				31-03-2016			1363007	2.79





**iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Date of Transaction	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)		
		Number of shares held as on 01.04.2015	% of total shares of the Company				Number of shares held as on 31.03.2016	% of total shares of the Company	
1	MONO TYPE INDIA LIMITED.	3004320	7.95						
					Nil	Nil	No Change		
					31-03-2016			3004320	6.16
2	DECENT VINCOM PRIVATE LIMITED	2547221	6.74						
					Nil	Nil	No Change		
					31-03-2016			2547221	5.22
3	*SUPERIOR RETAIL PVT. LTD.	-	-						
					11-03-2016	935085	Purchase	935085	
					18-03-2016	744452	Purchase	1679537	
					25-03-2016	415000	Purchase	2094537	
					31-03-2016	60463	Purchase	2155000	
					31-03-2016			2155000	4.42
4	*GOPIKAR SUPPLY PVT. LTD.	-	-						
					04-04-2015	2000000	Preferential Allotment	2000000	
					31-03-2016			2000000	4.10
5	*ALKEN MANAGEMENT AND FINANCIAL SERVICES PVT. LTD.	-	-						
					25-11-2015	906666	Preferential Allotment	906666	
					16-12-2015	280000	Preferential Allotment	1186666	
					08-02-2016	626666	Preferential Allotment	1813332	

				31-03-2016			1813332	3.72
6	BLUE CIRCLE SERVICES LIMITED	1385770	3.67					
				Nil	Nil	No Change		
				31-03-2016			1385770	2.84
7	*S & D SHARE & STOCK PRIVATE LIMITED	-	-					
				16-12-2015	266666	Preferential Allotment	266666	
				08-02-2016	533333	Preferential Allotment	799999	
				26-02-2016	400000	Preferential Allotment	1199999	
				31-03-2016			1199999	2.46
8	*SYNERGY TRADEVISTA PVT. LTD.	-	-					
				16-12-2015	1053333	Preferential Allotment	1053333	
				08-02-2016	80000	Preferential Allotment	1133333	
				31-03-2016			1133333	2.32
9	*ASCON MERCHANDISE PVT. LTD.	-	-					
				04-04-2015	688000	Preferential Allotment	688000	
				31-03-2016			688000	1.41
10	*SYKES & RAY EQUITIES (I) LTD.	100	0.00					
				29-01-2016	180	Purchase	280	
				05-02-2016	100	Purchase	380	
				12-02-2016	280	Sold	100	
				19-02-2016	5000	Purchase	5100	
				04-03-2016	150	Purchase	5250	
				11-03-2016	200	Purchase	5450	
				18-03-2016	300	Sold	5150	
				25-03-2016	84891	Purchase	90041	
				31-03-2016	545059	Purchase	635100	
				31-03-2016			635100	1.30

\* Not in the list of Top 10 shareholders as on 01-04-2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31-03-2016. – name of the shareholders:

SUPERIOR RETAIL PVT. LTD, GOPIKAR SUPPLY PVT. LTD. , ALKEN MANAGEMENT AND FINANCIAL SERVICES PVT. LTD , S & D SHARE & STOCK PRIVATE LIMITED, SYNERGY TRADEVISTA PVT. LTD. , ASCON MERCHANDISE PVT. LTD. and SYKES & RAY EQUITIES (I) LTD.



**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Date of Transaction	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		Number of shares held as on 01.04.2015	% of total shares of the Company				Number of shares held as on 31.03.2016	% of total shares of the Company
<b>A</b>	<b>DIRECTORS</b>							
1	Mr. Rajesh Gadodia, Managing Director	3275531	8.67					
				04-04-2015	260000	Preferential Allotment	3535531	
				31-03-2016			3535531	7.24
2	*Mr. Nimish Gadodia, Director	3188316	8.43					
				04-04-2015	220000	Preferential Allotment	3408316	
				31-03-2016			3408316	6.98
3	Mr. Ankur Maddan	-	-	-	-	-	-	-
4	Mr. Vinay Goyal	-	-	-	-	-	-	-
5	Mrs. Debjani Sahu	-	-	-	-	-	-	-
<b>B</b>	<b>KMP'S</b>							
1	Mr. Prabir Das, Company Secretary	-	-	-	-	-	-	-
2	Mr. Gobinda Chandra Nayak, Chief Financial Officer	-	-	-	-	-	-	-

\* Mr. Nimish Gadodia ceased to be the Director of the Company w.e.f 16.12.2015

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment. Amount in ₹

	Secured loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>	1,977,863,100.00	402,452,670.00	140,223,602.00	2,520,539,372.00
i. Principal amount				
ii. Interest due but not paid	4,624,850.00	-	-	4,624,850.00
iii. Interest accrued but not due	2,305,968.00	-	-	2,305,968.00
<b>Total (i+ii+iii)</b>	<b>1,984,793,918.00</b>	<b>402,452,670.00</b>	<b>140,223,602.00</b>	<b>2,527,470,190.00</b>
<b>Change in Indebtedness during the financial year</b>				-
<b>Addition</b>	95,339,740.00	10,000,000.00	38,530,000.00	143,869,740.00
<b>Reduction</b>	157,982,737.00	384,335,375.00	30,660,602.00	572,978,714.00
<b>Net Change</b>	<b>(62,642,997.00)</b>	<b>(374,335,375.00)</b>	<b>7,869,398.00</b>	<b>(429,108,974.00)</b>
<b>Indebtedness at the end of the financial year</b>	1,915,220,103.00	28,117,295.00	148,093,000.00	2,091,430,398.00
i. Principal amount				
ii. Interest due but not paid	7,760,734.00	-	-	7,760,734.00
iii. Interest accrued but not due	2,336,297.00	-	-	2,336,297.00
<b>Total (i+ii+iii)</b>	<b>1,925,317,134.00</b>	<b>28,117,295.00</b>	<b>148,093,000.00</b>	<b>2,101,527,429.00</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Amount (₹ in Lakhs)

Sr. no.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		Mr. Rajesh Gadodia, Managing Director	Mr. Nimish Gadodia, Director	
1.	Gross salary			
	a) Salary as per provisions contained in section 17(1) of the Income -tax Act, 1961	24.00	-	24.00
	b) Value of perquisites u/s 17(2) Income -tax Act, 1961	-	-	-
	c) Profits in lieu of salary under Section 17 (3) of the Income Tax, Act 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit			
	- Others			
5.	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>24.00</b>	<b>-</b>	<b>24.00</b>
Ceiling as per the Act		₹ 60 Lacs for each director (Managing Director/Whole time Director) (Being the maximum remuneration Payable as per part-A, Section -II of schedule V to the Companies Act,2013)		

**B. Remuneration to other directors:**

Amount (₹ in Lakhs)

Sr. no.	Name of the Director	Director Remuneration	Sitting fees	Total Compensation
1	<b>Non Executive &amp; Independent Director</b> Mr. Ankur Maddan	Nil	Nil	Nil
2	Mr. Vinay Goyal			
3	Mr. Debjani Sahu			
	<b>Total</b>	Nil	Nil	Nil
Ceiling as per the Act		Not Applicable as there were loss of the company calculated as per Section 198 of the Companies Act, 2013		

**C. Remuneration to key managerial personnel other than MD / Manager / WTD:**

Amount (₹ in Lakhs)

Sr no.	Particulars of Remuneration	Key Managerial Personnel		
		Prabir Kumar Das, Company Secretary	Mr. Gobinda Chandra Nayak, Chief Financial Officer	Total
1.	Gross salary			
	a) Salary as per provisions contained in section 17(1) of the Income -tax Act, 1961	6.00	12.00	18.00
	b) Value of perquisites u/s17(2) of the Income-tax Act, 1961	-	-	-
	c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit			
	- Others			
5.	Others, please specify	-	-	-
	<b>Total</b>	<b>6.00</b>	<b>12.00</b>	<b>18.00</b>



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

(For the year ended 31st March 2016)

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



## ANNEXURE 'G'

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended 31st March, 2016.

### A) CONSERVATION OF ENERGY:

#### (I) Steps taken or impact on for conservation of energy:

In addition to the existing measures being practiced, the following steps were taken:-

- i) Education of work at the Head Office regarding use of various office equipments, especially computers in a manner that use less energy.
- ii) Adoption of Policy of Having our heating and cooling equipment serviced regularly.
- iii) Moved to energy efficient compressors and motors along with optimisation of capacity;
- iv) Replacement of conventional lamps to LED for Street lights;
- v) All machines provided with timers to reduce idling;

#### (II) Steps taken by the Company for utilising alternate source of energy:

The Company is under process for installation of Solar Power Plant.

#### (III) The Capital investment on energy conservation equipments:

The company has Not made any capital investment for utilising alternate source of energy.

### B) TECHNOLOGY ABSORPTION:

#### (I) the efforts made towards technology absorption

##### Coal Beneficiation:

Introduced "modifier" in flotation cell to increase clean coal yield.

Developed process flow sheet for new washery at Rajgangpur by introducing intermediate coal

beneficiation to enhance clean coal recovery.

#### Research and Development:

Specific areas in which R & D is carried out by your company.

- i) Horizontal and vertical expansion of company's product profile.
- ii) New & Improved Product Development.
- iii) Up gradation of R&D lab, efforts are being made to develop state of the art R&D centre at Rambahal works to cater to the growing demand of products.

#### (II) The benefit derived like product improvement, cost reduction, product development or import substitution:

- Quality of Coal improved and ultimately the production has been improved.
- Customer satisfaction, cost reduction and quality improvement.
- Efficiency and yield improvement, loss reduction and modernization program
- Increased Market share for various products.
- Better market penetration of various products.
- Strength of Products are being developed by up gradation and innovation.

#### (III) Information regarding imported technology (imported during last three years reckoned from the beginning of the financial year)

- a) the details of technology imported; Not Applicable
- b) the year of import; Not Applicable
- c) whether the technology been fully absorbed; Not



Applicable

**(IV) The expenditure incurred on Research and Development:**

- d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; Not Applicable

Sr. No.	Particulars	Amount (₹ in Lakhs)
1	Capital	Nil
2	Revenue	Nil
	Total	Nil

**C) FOREIGN EXCHANGE EARNING AND OUTGO:**

	Current Year (₹ in Lakhs)	Previous Year (₹ in Lakhs)
Total foreign exchange outgo in terms of actual outflow	<b>13.97</b>	<b>58.81</b>
Total foreign exchange earned in terms of actual inflows	<b>Nil</b>	<b>Nil</b>





## ANNEXURE 'H'

DETAILS PERTAINING TO EMPLOYEES AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH RULE 5 (1) (2) & (3) OF COS (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

THE INFORMATION REQUIRED UNDER SECTION 197 OF THE ACT READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 ARE GIVEN BELOW:

- (i) The percentage increase in remuneration of each director, Chief Financial Officer, Company Secretary during the financial year 2015-2016 and ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2015-16 are as under;

Sr. No.	Name of the Director/ KMP and designation	Remuneration of Director/ KMP for the FY 2015-2016 (₹ in lacs)	% increase in remuneration in the FY 2015-2016	Ratio of remuneration of each Director/ to median remuneration of employees
1	Mr. Nimish Gadodia, Director	Nil	# Nil	Nil
2	Mr. Rajesh Gadodia, Managing Director	24.00	Nil	28.37
3	Mr. Prabir Kumar Das, Company Secretary & Compliance Officer	6.00	Nil	Not Applicable
4	Mr. Gobinda Chandra Nayak, Chief Financial Officer	12.00	Nil	Not Applicable

# Mr. Nimish Gadodia ceased to be the Director of the Company w.e.f 16.12.2015

- (ii) The median remuneration of employees of the company during the financial year was ₹ 84592.08;
- (iii) In the Financial year, there was an increase of 0.70 % in the median remuneration of employees;
- (iv) There were 686 permanent employees on the rolls of Company as on March 31, 2016;
- (v) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2015-16 was 1.90 % whereas there were no increase in the managerial remuneration for the same financial year.; and
- (vi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employee.



**THE INFORMATION REQUIRED UNDER SECTION 197 OF THE ACT READ WITH RULE 5(2) & (3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 ARE GIVEN BELOW:**

SL.NO	Name	AGE IN YEARS	Qualification	Date of Commencement Of Employment	Designation	Remuneration Amount (₹ in Lakhs)	Total Experience (No. of yrs.)	Previous Employment (Designation)	Percentage of equity share held by employee in company
1	CHIRANJIB DAS	38	BE (Electronic) , MBA	05/08/2004	GM(Operation)	18.00	12yrs	Karvey Stock Broking Limited, Sr. Manager	Nil
2	GOBIND CHANDRA NAYAK	44	B.Com	01/11/2014	Chief Financial Officer	12.00	17yrs	Sree Metaliks Ltd., GM (finance)	Nil
3	MUKESH KUMAR VERMA	34	B A	04/07/2004	Manager - Commercial	6.78	12yrs	Navdurga Fule P Ltd (DGM-Marketing)	Nil
4	AJIT KUMAR KESHRI	40	B.Com, MBA	01/03/2003	Marketing Head	6.00	13yrs	NA	Nil
5	PRAVEEN KUMAR PATRO	43	B-Tech (Electric)	01/02/2000	Vp-Project and Operation	6.00	16yrs	NA	Nil
6	PRABIR KUMAR DAS	45	Company Secreaty, MBA, LLB	01/12/2004	President & Company Secretary	6.00	18yrs	Rohit Ferro Tech Ltd., Company Secretary	Nil
7	SURI BABU	39	Dipl in met engineering	02/01/2000	Process-HOD	4.32	16yrs	NA	Nil
8	OMPRAKASH AGRAWAL	50	B.Com	01/02/2011	Senior Manager Accounts	4.20	28yrs	Orissa cement Limited, Chief Manager - Accounts	Nil
9	MOHAMMED SANALLA	67	BE MECH	05/05/1974	GM (Admin)	3.72	42yrs	ACC Cements Limited, DGM(Oper ation)	Nil
10	RAMBABU GUNDAMALLA	36	B.Tech	03/03/2003	Mechanical - HOD	3.60	13yrs	BMLT Ispat Limited, Sr. Manager-Technology	Nil



1. The remuneration includes salary, perquisites and contribution to provident fund.
2. None of the employee is a relative of any director of the company.
3. All appointments are/were contractual in accordance with terms and conditions as per company rules.
4. None of the employees hold by himself or along with his/her spouse and dependent children, 2% or more equity shares of the company.
5. Details of remuneration of Directors are given else where in the Board Report and Corporate Governance Report.

**FOR AND ON BEHALF OF THE BOARD**

Ankur Madaan ,  
Whole- Time Director  
(DIN:07002199)  
Runvijay Singh, Director  
(DIN:02239382)

**Place: Mumbai**  
**Date: 20th August, 2016**



## MANAGEMENT DISCUSSION AND ANALYSIS

“Demand for iron and steel products is bound to increase in coming years due to strong emphasis of the Government on development of infrastructure in the country”

### OVERVIEW

The following operating and financial review is intended to convey the management’s perspective on the financial and operating performance of the Company at the end of Financial Year 2015-16. This should be read in conjunction with the Company’s financial statements, the schedules and notes thereto and the other information included elsewhere in the Annual Report. The Company’s financial statements have been prepared in compliance with the requirements of the Companies Act, 2013, the guidelines issued by the Securities and Exchange Board of India (SEBI) and the Generally Accepted Accounting Principles (GAAP) in India.

### ECONOMIC GROWTH

#### 1.1 Global economic outlook

Global recovery is grappling with multiple challenges, and is progressing at a fragile pace. The picture that is emerging across geographies is one of uncertainty and financial turbulence. Among advanced economies the US demonstrated resilience in FY 2015; and growth in the country is projected to continue at a moderate pace. The recovery in the Euro Area during the year was modest in 2015-16; and is projected to continue in the backdrop of low energy prices, a modest fiscal expansion and supportive financial conditions. However, potential growth is expected to remain weak, as a result of high private and public debt, low investment, and eroding skills due to high long-term unemployment and an ageing population.

The scenario for emerging markets and developing economies is not uniform. The commodity exports of Brazil and Russia were severely impacted by a decline in prices and owing to China’s rebalancing act, which is having a spill-over effect on the overall global trade. The economic performance of many African countries was

also discouraging. Resource-intensive countries in Africa suffered a two-fold blow. First owing to a decline in the prices of commodities; and second because their frontier markets were adversely affected by tighter global financing conditions.

#### 1.2 Indian economy

India’s GDP grew by 7.6% in FY 2015-16, making it one of the world’s fastest growing major economies. Interestingly, the GDP grew at 7.9% in the fourth quarter, a stellar performance. According to the data released by the Central Statistics Office, the growth in manufacturing and farm sectors during the fourth quarter accelerated to 9.3% and 2.3%, respectively. The policy initiatives of the government, low interest rates, declining fiscal deficit and moderating inflation have helped the Indian economy stay on a sustainable growth path. The growth rate is expected to touch 8% in FY 2016-17 on the back of a favourable monsoon. The government’s Make in India campaign is helping India emerge as a hub for global manufacturing giants.

#### 1.3 Outlook

India’s long-term growth potential continues to be strong with focus on faster infrastructure creation, improving manufacturing and farm output, expanding services sector, increasing urbanisation; and stronger regulatory framework for banking and financial services. In addition, the Government of India’s ‘Make in India’ initiative has encouraged domestic entrepreneurship and attracted more FDI into the country. FDI into the country has increased by 37% after the launch of ‘Make in India’ programme in the 17-month period from October 2014 to February 2016 (Source: Government of India Report). The concept of Make in India is also expected to boost employment through skill enhancement; with this, India has now become a vibrant market for manufacturers. The economy has recently crossed the \$2 trillion-dollar mark to hit its highest ever value; and with supportive policy initiatives, it has the potential to grow by 8-10%, going forward (Source: CSO).

## 2. STEEL INDUSTRY

### 2.1 Global steel industry

Global crude steel production reached 1,622.8 million tonnes (Mt) for the year 2015, down by 2.8% compared to that of 2014. Crude steel production declined in all regions except Oceania in 2015.

The global steel industry is going through tough times. Steel demand in 2016 is likely to decline owing to slower pace of economic growth across geographies. As a result, steelmakers are struggling to sustain margins with excess capacity worldwide and historically low prices. Exports from China continue to penetrate markets all over the world, exerting downward pressure on the price of hot-rolled band (HRB), which is pushing down prices to levels not seen since 2002 to 2004.

In this scenario, steel companies are likely to reduce debt, manage costs and implement operational improvements to counter the turbulence ahead. However, steel will never lose its relevance; and will remain the cornerstone for industrial and infrastructure growth.

#### 2.1.1 Outlook

The outlook for the global economy is mostly positive with growth picking up in the US, India and Southeast Asia, while several emerging markets are experiencing a deceleration in growth. However, the structural shift in the transitioning Chinese economy could cap this momentum. Although, global steel demand is expected to decline by 0.8% to 1,488 Mt in 2016, following a contraction of 3.0% in 2015, it is expected to return to growth in 2017, the world steel demand is likely to return to a growth of 0.4% and reach 1,494 Mt.

#### 2.1.2 Developed economies

Steel demand in developed economies will grow by 1.7% in 2016 and 1.1% in 2017 owing to economic volatilities. Steel demand in the US is dampened by the fall in oil prices and a strong dollar, but an improving job market and a robust housing sector will support steel demand. Steel demand in the US is expected to grow by 3.2% in 2016 and 2.7% in 2017. The EU saw a mild recovery in

steel demand with generally improving economic sentiments and investment conditions. However, uncertainties in the political landscape related to the refugee crisis and Brexit raises risks to the improving economic condition. Steel demand in the EU is forecasted to grow by 1.4% in 2016 and a further 1.7% in 2017.

#### 2.1.3 Emerging economies

Weak exports, low commodity prices, capital outflows and China's rebalancing have worsened the macro scenario for these economies. Steel demand for Brazil and Russia are expected to contract strongly, going forward. India's prospects are brightening due to low oil prices, the reform momentum and policies to strengthen infrastructure and manufacturing output. The country's steel demand will increase by 5.4% in both 2016 and 2017, reaching 88.3 Mt in 2017. In Turkey, steel demand is expected to grow by 3.3% in 2016 and 3.2% in 2017, supported by the government's focus on progrowth economic policies and low oil prices. Steel demand in the ASEAN 5 (Thailand, Malaysia, Vietnam, Indonesia and the Philippines) is also expected to sustain a growth rate of around 6% (despite their exposure to China's rebalancing) due to their infrastructure building activities; and will reach 74.6 Mt in 2017. Steel demand in the emerging and developing economies excluding China is forecasted to grow by 1.8% and 4.8% in 2016 and 2017, respectively. Steel demand in these economies will touch 457.1 Mt in 2017, about 30% of world steel demand.

#### 2.1.4 Key challenges

##### Transition in China

While rebalancing continues, the Chinese economy is decelerating. The severe depression in construction activities is contributing to a slowdown in manufacturing sectors. A recovery for the construction sector is not likely in the near future.

##### Low commodity prices

Falling oil and gas related investments and the squeeze on government spending have affected steel demand in economies relying on oil based revenue.



## Slowing growth in global trade

With deep integration of China in the global manufacturing supply chain, this sector has slowed as a consequence of weak growth in global trade. Manufacturing exports in emerging economies, in particular in Asia, declined owing to sluggish Chinese demand. The same is true for developed countries, experiencing a reduction in the exports of consumer goods and machinery.

## 2.2 Indian steel industry

Despite multiple headwinds, India produced 89.8 MnT crude steel in FY 2015-16, an increase of 0.9% since last year. In FY 2015-16, the country consumed 80.5 million tonnes (MnT) of finished steel, growth of 4.5% over last year. The industry growth is driven by an availability of raw materials such as iron ore and cost-effective labour.

India was the only major steel consuming market globally which continued to witness increasing demand environment - finished steel demand growth stood at 4.5% in FY 2015-16. However, the country suffered from an unprecedented, unbridled and unfair inflow of steel imports from countries like China, Japan, South Korea and Russia, which continued to sell their surplus steel production at predatory prices.

South Korea and Japan, especially, benefited due to the free trade agreement with India. Consequently, the consumption of domestically produced steel fell by 0.6% during the financial year. The domestic steel industry was forced to take a series of price cuts – leading to a severe margin squeeze for the Indian steel companies.

The surge in imports at predatory pricing led to the Indian government first increasing import duty on carbon steel by 5% (in two steps). Subsequently, it also imposed a safeguard duty on certain hot rolled steel products. When these measures were ineffective, in February 2016, the Government imposed a minimum import price (MIP) on various steel products for a period of six months to create a level playing field for the domestic steel industry. Meanwhile, Indian steel manufacturers (including JSW Steel) continued their focus on enhancing product mix/quality standards,

rationalizing cost and manufacturing value-added steel products to minimize erosion of margins.

## GOVERNMENT MEASURES TO BOOST INDUSTRY GROWTH

The Government of India is aiming to scale up steel production in the country to 300 MnT by 2025 from current levels. Some of the other recent government initiatives in this sector are as follows:

- The Ministry of Steel is facilitating setting up of an industry driven Steel Research and Technology Mission of India (SRTMI) in association with the public and private sector steel companies to spearhead research and development activities in the iron and steel industry at an initial corpus of ₹ 200 crore.
- Government of India plans to auction eight coal blocks with reserves of 1,143 million tonnes to steel and cement firms.
- Government has planned Special Purpose Vehicles (SPVs) with four iron ore rich states i.e., Karnataka, Jharkhand, Orissa, and Chhattisgarh to set up plants having capacity between 3 to 6 MTPA.
- A Project Monitoring Group (PMG) has been constituted under the Cabinet Secretariat to fast track various clearances/resolution of issues related to investments of ₹ 1,000 crore or more.
- To increase domestic value addition and improve iron ore availability for domestic steel industry, duty on export of iron ore was increased to 30%.
- In union budget 2016-17 the Government of India has proposed to spend ₹ 2,18,000 Crores on roads and railways.

## OUTLOOK

“Opportunities abound in growing economies and opening of economy in India has created opportunities for Indian enterprise to move beyond national boundaries as well to create productive assets”.

Despite challenges, India has emerged as one of the brightest spots in a world grappling with economic turbulence and fragile growth. It is expected to be the largest growing economy in the world in FY 2017 with a growth rate anywhere between 7.5-8% – driven by the fundamentals of strong consumption and growth in real income as well as the government’s push for streamlining business processes.

The Indian economy continues to recover gradually as public capital expenditure (with focus on infrastructure creation and extensive urbanization/Smart Cities) and foreign direct investment continue to improve. The infrastructure project awards are seeing a pick-up with higher budgetary allocations.

The household consumption demand is expected to benefit from the upcoming Pay Commission award, continued low commodity prices, recent interest rate cuts, and measures announced in the Union Budget 2016-17 to transform the rural sector. The consumer confidence remains upbeat, while the corporate sector’s expectations of business conditions remain positive. The expectations of a normal monsoon this year is likely to drive consumer discretionary spending in rural areas.

Overall, the Indian economy is poised to realize the benefits of large scale capital expenditure, policy initiatives by the Government, and corporate deleveraging in FY 2017. The Indian government’s measures to pump prime the economy and progress on various policy reforms underpin a constructive medium term demand outlook. However, this also makes India an attractive export destination for steel surplus countries. Imposition of minimum import price on various steel products has provided some relief; however, the industry sees the need for adequate, swifter and longer shelf-life trade remedial measures to check unbridled and unfair imports of steel into India.

#### **OPPORTUNITIES AND THREATS**

Opportunities abound in growing economies and opening of economy in India has created opportunities for India enterprise to move beyond national boundaries as well to create productive assets. Presently, the Company is consolidating its gains out of creating additional production capabilities.

Demand for residential, commercial and retail real estate is rising throughout India, accompanied by increased demand for hotel accommodation and improved infrastructure. Demand is expected to grow at a compound annual growth rate (CAGR) of 19 per cent between 2010 and 2016 and Tier 1 metropolitan cities are expected to account for about 40 per cent of this. The Indian real estate market size is expected to touch US\$ 180 billion by 2020.

Competition in Steel industry is escalating and technological changes will spur or drag the forward march of individual units in steel industry. Supply side could also be an issue in next few years because of increase in production capacity by steel industry in India and expression of interest by foreign companies to set up new steel making units. However, coming years are also going to witness substantial additions particularly in the Asian regions. The Company’s thrust on improving productivity and reducing cost of production will, in such a scenario, help in forging ahead in globally competitive environment.

#### **STRENGTH**

Company having fully integrated sufficient steel making multi-location manufacturing facilities and the various plants comprises of:

- DRI Unit
- Steel Melting Shop
- TMT Rolling Mills
- Captive Power Plant
- Coal Washery

Company has the production capacity of 300 TPD of TMT Rods under the brand name of “SHRISHTII”. It is the largest TMT manufacturing plant in Odisha with total integration. The marketing network of the company is very well organized. It fulfills the demand and requirements of all type of customers in urban area as well as in rural areas.

#### **RISK AND CONCERNS**

- Global economic uncertainties have affected India’s economy, Key risks synonymous to industry include



the global recessionary trend, economic slowdown, increase in financial charges, non-availability (or undue increase in cost) of raw materials, such as , steel and labour etc., coupled with market fluctuations. The Company does not apprehend any inherent risk in the long run, with the exception of certain primary concerns that have afflicted the progress of our industry in general, like:

- Shortage of Labour
- Rising manpower and material costs,
- Approvals and procedural difficulties.
- Lack of adequate sources of finance.

The Company is exposed to risks from market fluctuation of interest rate and stock market fluctuation of the share prices.

Apart from this there could be an oversupply position due to capacity expansion and setting up new projects in the steel industry and scarcity of raw material. Industry is highly labour intensive and is subject to stringent labour laws. Your Company has identified the major thrust areas to concentrate on, which it believes to be critical to achievement of organizational goals. Company annually reviews the 'List of Risk Area' to identify potential business threats and suitable corrective actions are initiated. Confirmations of compliance with appropriate statutory requirements are obtained from the respective units/divisions. Corporate Governance Policy clearly laying down roles, duties and responsibilities of various entities in relation to risk management is in place.

#### **SEGMENT WISE PERFORMANCE:**

The Company is primarily engaged in the business of manufacturing of steel and power for captive use with in the same premisel. Hence,the segment performance is not required to report as per AS 17 prescribed by ICAI.

#### **PRODUCTS AND MARKET PERFORMANCE**

##### **A SNAPSHOT**

Scan Steels recorded steel production for FY 2015-16 at 50 thousand metric tonnes. Besides this, the company has also produced 133 thousand intermediary steels (i.e.

Sponge Iron) in the FY 2015-16. There were planned shutdowns for modification resulting in lower production volumes during the 2nd and 3rd quarter of financial years.

During this financial year there was planned shutdowns due to sluggish economy resulting lower demand, low price of finished steels and cheaper import of steel products to India.

#### **1. PRODUCT HIGHLIGHTS**

##### **1.1 COLOUR COATED**

###### **Volume**

Colour Coated products comprised minimal product portfolio in FY 2016. Colour coated sheets and profiles are manufactured in our Bai-bai and Bellary units.

###### **Sector**

Colour coated products in India is almost fully consumed by construction & Infra and consumer durables.

##### **1.2 LONGS**

###### **Volume**

Long products comprised 27% of product portfolio (including intermediary steel) in FY 2016. Long products are manufactured at Rambahal unit.

###### **Sector**

Long Product in India is largely consumed by Construction & Infra and Industrial & Engineering sector. During this year, due to sluggish economy specially in steel sector the quantity movement was lower than the earlier years.

#### **2. OPERATIONAL REVIEW**

The company is engaged in the manufacturing of TMT Bars, Sponge Iron, MS Billets/ Ingots. The Company has Fully Automatic Rolling Mill with an installed capacity of 300 TPD.

##### **2.1 Facilities:-**

The company has its four Units' at different places of India:-



**Unit -1** is situated at Rambahal, At- Keshramal, Rajgangpur, Sundergarh (Odisha) with the facilities of Rolling Mills – 2, Sponge Iron-2, Induction Furnace – 2 and Billet Caster - 1

**Unit -2** is situated at Gangajal, Budhakata, Sundergarh, Odisha with the facilities of Sponge Iron- 4, SMS Billet Caster-3, Captive Power Plant – 1 and Coal Washery -1.

**Unit-3** is situated at Bai-bai, Tudalaga, Rajgangpur, Sundergarh, Odisha with the facilities of Induction Furnace – 2.

**Unit-4** is situated at Vill-Veniveerapura, Bellary, Karnataka with the facilities of Sponge Iron 2.

## 2.2 Overview

The 0.09 MTPA Rambahal works, the company’s flagship steel manufacturing plant, is India’s first to use Tempcore technology to manufacture steel. Leverage cutting-edge technologies, the plant has become one of the most efficient in terms of conversion cost locally.

## 2.3 Turn Over:-

Gross Turnover for the year 2016 was ₹ 387.34 Crores. Your company continues with its focus on quality and strength of its products. Your Company has initiated steps to explore new markets in addition to developing existing ones.

## 2.4 Quality:-

Your Company continues to concentrate on quality, the strict adherence to this policy continuing to benefit your company in price realizations.

## 3. FINANCIAL PERFORMANCE

Highlights FY 2015-16

(₹ Crores)

	2015-16	2014-15	Growth (%)
Gross Turnover	387.00	494.00	-22%
Net Turnover	353.00	448.00	-21%
Operating EBIDTA	9.00	53.00	-83%
EBIDTA margin (%)	2.55%	11.82%	-78%
Depreciation and amortization expenses	12.00	12.00	-
Interest Cost	28.00	35.00	-
Profit before Exceptional Items	(31.00)	6.00	-
Exceptional Items	-	-	-
PAT	(34.00)	3.00	-
Earnings per shares (diluted)	(5.02)	0.71	-
ROCE (%)	1.55%	8.88%	-
Net Debt Gearing Ratio	0.37	1.91	-



The company's gross turnover in FY2015-16 declined by 22% from ₹494.00 crores to ₹387.00 crores mainly due to sluggish economy resulting lower demand, low price of finished steels and cheaper import of steel products to India and a decline in realizations. The operating EBITDA for the year was at ₹9 crore, lower by 83% over last year and EBITDA margin stood 2.55%. EBITDA is lower due to reduction in sales realization in line with international prices and import of steel products at predatory prices into India. However lower prices of Iron ore and coal and operational efficiency had mitigated the impact of lower realization of some extent. The company registered a net loss after tax of ₹34.00 crores during the FY2015-16. The company's total net debt gearing was at ₹0.37 (vis-à-vis ₹1.91 as on March 31, 2015).

#### 4. OPERATIONAL PERFORMANCE

##### 4.1 PRODUCT WISE SALES:

Breakup (₹in crores)

PRODUCT	2015 -16	2014 -15	% Change
TMT REBARS	145 .00	229 .00	-37%
SPONGE IRON	141 .00	168 .00	-16%
OTHERS	101 .00	97 .00	4%
TOTAL	387 .00	494 .00	

##### 4.2 PRODUCT WISE SALES QUANTITY:

(Breakup (Qty in MT))

PRODUCT	2015-16	2014-15	% Change
TMT REBARS	46,611.94	59,490.48	-21.64%
SPONGE IRON	98,638.27	80,503.57	22.53%
OTHERS (M.S. INGOT & BILLETS)	5,410.65	6,589.55	-17.90%
TOTAL	1,50,660.86	1,46,583.60	

FY 2015-16 was particularly challenging for the Steel Industry, due to structural global over supply and fall in demand. The global steel demand was weak with lower investment activities and weak manufacturing across most regions. As the steel surplus countries resorted to dumping in other countries, the realisations were impacted severely. More over the global uncertainties and volatility has significantly impacted the commodities market.

The domestic steel industry continues to suffer from rising imports – especially from China, Japan and South Korea. The domestic steel industry is grappling with headwinds of an insipid demand, excess supply and pricing pressure, driven by a surge in imports at predatory pricing.

#### **FINANCIAL MANAGEMENT**

Senior management reviews the requirement of funds for projects under implementation periodically and after assessing the financial market, decisions are taken to identify the lenders. A part of fund requirement is arranged by way of borrowing from Banks on competitive terms and balance is met from internal accruals.

Finance department is working at Bhubaneswar & Factory establishment and is manned by qualified and experienced personnel.

The department properly records all financial transactions and proper financial reports are periodically sent to the senior management. Proper controls are in place and audit is conducted regularly.

During the year the company has faced finance crises and could not met financial commitment in time due to liquidity problems arose sluggish economical conditions of the country resulting lower demand and low price of finished products and cheaper import of Steels products into India.

The banker State Bank of India, being leader of Consortium has treated its lending facilities to the company as non-performing on 28th November, 2015. The insufficient cash flow due to drastic reduction in

prices of steel products, cheaper imports into India & slowdown of global economy, being the reasons for non honoring commitments to the bank.

#### **INDUSTRIAL RELATIONS AND HUMAN MANAGEMENT**

The total no. of employees as on 31.03.2016 was 686. Human Resources Department (HRD) works continuously for maintaining healthy working relationship with the workers and other staff members. The Company has adopted a progressive policy for helping employees to develop their organizational skills, knowledge and abilities to achieve efficiency. The focus of all aspects of Human Resource Development is on developing a superior workforce so that the organization and individual employee can accomplish their work goals of service to customers. Training programmes are regularly conducted to update their skills and apprise them of latest techniques. Senior management is easily accessible for counseling and redressal of grievances. The HR department continuously strives to maintain and promote harmony and co-ordination among workers, staff and members of the senior management. Social awareness and cultural/sports programmes are arranged regularly to create interest in living a meaningful life and release tensions.

#### **INTERNAL CONTROL SYSTEMS AND AUDIT**

The Company believes in systematic working and placing of proper checks. Proper systems are in place and regular reviews are held at higher levels to check efficacy and relevance of these systems. These reviews also prescribe changes wherever required. The internal auditors of the company conducts audit of various department and areas. Their reports are placed before the Audit Committee, which reviews these reports and comments/suggestions of the Internal Auditors. The Audit Committee also oversees financial systems/procedures and internal controls and is competent to call for any information/document from any department.

#### **CORE VALUES AND CULTURE:**

Corporate success is based on certain core values and corporate culture developed by the Company.



Underlying this is a firm belief that teamwork and motivation rooted in fairness are the key to success in business. The group sets benchmarks for itself in these areas and strives to achieve them, believing in seeking the active participation of everyone in decision-making rather than relying on the imposition of central diktats. Quality, productivity and optimal utilization of resources, human and materials, woven around the concept of the welfare of the community as a whole is central to the management's philosophy.

#### **RESEARCH AND DEVELOPMENT A PRIORITY:**

A research and development focus has provided strong scientific support to the group's quantitative growth with continuing enhancement in the quality of the product. The research and development policy keeps the group's long-term interests in view and believes in anticipating the needs of the future. It is committed to modernization and encourages it in every field.

#### **CAUTIONARY STATEMENT**

This report contains projections, estimates, and expectations etc., which are just "forward-looking statements". Actual results could differ from those expressed or implied in this report. Important factors

that may have an impact on the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets, changes in the Government regulations/policies, tax laws and other statutes and other incidental factors. The Company assumes no responsibility to publicly modify or revise any forward-looking statements on the basis of any further events or new information. Actual results may differ from those mentioned in the report.

#### **CONCLUSION**

Your Company is very conscious that it operates in a highly challenging and dynamic environment, where realities vary between place to place. We believe that the best way to navigate this environment is by constructing a robust strategy that puts consumer needs first, and thereafter focusing on sharp execution of that strategy. You will be happy to note that we have acted on both these priorities – robust strategy and perfect execution – and we believe that this will constitute a winning combination that, along with passion and commitment, will make us the finest natural beverages company on this planet.

#### **FOR AND ON BEHALF OF THE BOARD**

Ankur Madaan  
Whole- Time Director  
(DIN: 07002199)  
Runvijay Singh  
Director  
(DIN:02239382)

**Place: Mumbai**  
**Date: 20th August, 2016**

## CORPORATE GOVERNANCE REPORT

The Securities and Exchange Board of India (SEBI) has notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (LODR) on September 2, 2015, replacing the earlier Listing Agreement (w.e.f. December 1, 2015) and is aimed to consolidate and streamline the Provisions of earlier Listing Agreement for different segments of the capital markets viz. equity, debentures, debt instruments, etc. The LODR regulations have incorporated the principles for corporate governance in line with the Organisation for Economic Co-operation and Development (OECD) principles and provide broad principles for periodic disclosure by listed entities in line with the International Organisations of Securities Commissions (IOSCO) principles.

In accordance with Regulation 34 and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”), the report containing the details of Corporate Governance systems and processes at Scan Steels Limited is as follows:

At Scan Steels Limited (SSL) Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders. We consider stakeholders as partners in our success, and we remain committed to maximizing stakeholder’s value, be it shareholders, employees, suppliers, customers, investors, communities, or policy makers. This approach to value creation emanates from our belief that sound governance System, based on relationship and trust, is integral to creating enduring value for all. We have a defined policy framework for ethical conduct of business. We believe that any business conduct can be ethical only when it rests on the six core values of Customer Value, Ownership Mindset, Respect, Integrity, One Team and Excellence.

### COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance refers to the set of systems, principles and processes by which a company is governed. The Company believes that good Corporate Governance practices should be enshrined in all activities of the Company. The Company strongly

believes that Good Corporate Governance is a pre-requisite for enhancing shareholder value and its image in the prevailing competitive business scenario. Your Company affirms its commitment to follow good corporate governance practices proactively. The Company has consistently sought to improve its focus by increasing transparency and accountability to all its stakeholders.

Corporate Governance encompasses a set of systems and practices to ensure that the Company’s affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions in the widest sense. The objective is to meet stakeholders’ aspirations and societal expectations. Good governance practices stem from the dynamic culture and positive mindset of the organisation. We are committed to meet the aspirations of all our stakeholders. This is demonstrated in shareholder returns, high credit ratings, governance processes and an entrepreneurial performance focused work environment. Additionally, our customers have benefited from high quality products delivered at extremely competitive prices.

The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability in the management’s higher echelons. The demands of Corporate Governance require professionals to raise their competence and capability levels to meet the expectations in managing the enterprise and its resources effectively with the highest standards of ethics. It has thus become crucial to foster and sustain a culture that integrates all components of good governance by carefully balancing the complex inter-relationship among the Board of Directors, Audit Committee, Finance, Compliance and Assurance teams, Auditors and the senior management. Our employee satisfaction is reflected in the stability of our senior management, low attrition across various levels and substantially higher productivity.

Over the years, we have strengthened governance practices. These practices define the way business is



conducted and value is generated. Stakeholders' interests are taken into account, before making any business decision.

We believe, Corporate Governance is not just a destination, but a journey to constantly improve sustainable value creation. It is an upward-moving target that we collectively strive towards achieving. Our multiple initiatives towards maintaining the highest standards of governance are detailed in the following pages.

The Corporate Governance framework of the Company is based on the following broad practices:

- a) Engaging a diverse and highly professional, experienced and competent Board of Directors, with versatile expertise in industry, finance, management and law;
- b) Deploying well defined governance structures that establishes checks and balances and delegates decision making to appropriate levels in the organisation;
- c) Adoption and implementation of fair, transparent and robust systems, processes, policies and procedures;
- d) Making high levels of disclosures for dissemination of corporate, financial and operational information to all its stakeholders;
- e) Having strong systems and processes to ensure full and timely compliance with all legal and regulatory requirements and zero tolerance for non-compliance.

#### **Appropriate Governance Structure with defined roles and responsibilities**

The Company has put in place an internal governance structure with defined roles and responsibilities of every constituent of the system. The Company's shareholders appoint the Board of Directors, which in turn governs the Company. The Board has established various Committees to discharge its responsibilities in an effective manner. SSL's Company Secretary acts as the Secretary to all the Committees of the Board constituted

under the Companies Act, 1956 / Companies Act, 2013. The Whole- Time Director (WTD) provides overall direction and guidance to the Board. Concurrently, the WTD is responsible for overall implementation. In the operations and functioning of the Company, the WTD is assisted by One Executive Director and a core group of senior level executives.

#### **Audits and internal checks and balances**

M/s SRB & Associates, Chartered Accountants, audit firm audit the accounts of the Company. The Company has an Internal Audit Cell besides external firms, and M/s. GRC & Associates, Chartered Accountants, acting as independent internal auditors that review internal controls and operating systems and procedures. A dedicated Legal Compliance Cell ensures that the Company conducts its businesses with high standards of legal, statutory and regulatory compliance.

#### **Best Corporate Governance practices**

SSL maintains the highest standards of Corporate Governance. It is the Company's constant Endeavour to adopt the best Corporate Governance practices keeping in view the international codes of Corporate Governance and practices of well-known global companies.

Some of the best implemented global governance norms include the following:

- The Company has a designated Lead Independent Director with a defined role.
- All securities related filings with Stock Exchanges and SEBI are reviewed every quarter by the Company's Stakeholders' Relationship Committee of Directors.
- The Company's internal audit is also conducted by independent auditors.
- Internal Audit is conducted regularly and report on findings of Internal Auditor are submitted to the Audit Committee on quarterly basis.
- The Company also undergoes quarterly secretarial audit conducted by an independent company secretary who is in whole-time practice. The quarterly secretarial audit reports are placed before

the Board and the annual secretarial audit report placed before the Board, is included in the Annual Report.

- Observance and adherence of the Secretarial Standards issued by the Institute of Company Secretaries of India.

### **Ethics/Governance Policies**

At SSL, we strive to conduct our business and strengthen our relationships 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 stakeholders. Therefore, we have adopted various codes and policies in line with Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to carry out our duties in an ethical manner. Some of these codes and policies are as follow and the detailed code and/or Policies can also be accessed from the website of the Company [www.scansteels.com](http://www.scansteels.com) / Investors Relations/Corporate Governance segment:

- Code of Conduct for Directors & Senior Management and Independent Directors of Scan Steels Limited
- Familiarisation Programme for Independent Directors (IDs)
- Performance Evaluation Policy of Directors of Scan Steels Limited
- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPS I)
- Vigil Mechanism and Whistle Blower Policy
- Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions
- Policy on Disclosure of Material Events and Information
- Corporate Social Responsibility Policy
- Policy on Preservation of Documents & Archival of Documents on the Website.

Policy for Selection of Directors and determining Directors Independence is attached as Annexure 'C' and Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other Employees is attached as Annexure 'D' to the Board Report.

### **BOARD OF DIRECTORS:**

The Board of Directors is the apex body constituted by shareholders for overseeing the Company's overall functioning. The Board provides and evaluates the Company's strategic direction, management policies and their effectiveness, and ensures that shareholders' long-term interests are being served.

The Board of Directors (The Board) is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with the requisite powers, authorities and duties. The management committee of the Company is headed by the Whole- Time Director and has functional heads as its members, which looks after the management of the day to day affairs of the Company.

### **Chairman of the Board**

Mr. Rajesh Gadodia, (DIN 00574465) has been appointed as non-executive chairman of the board w.e.f. 24.05.2016 on the recommendation received from the Nomination and Remuneration Committee.

### **Responsibilities of the Chairman, and Whole- Time Director**

The Company has appointed a non-executive chairman of the Board (the Chairman) –Mr. Rajesh Gadodia, and a Whole- Time director Mr. Ankur Madaan w.e.f 24.05.2016.

### **The responsibilities and authority of these officials are as follows:**

The chairman is the leader of the Board. As Chairman, he is responsible for fostering and promoting the integrity of the board while nurturing a culture where the board works harmoniously for the long –term benefit of the Company and all its stakeholders. The Chairman is primarily responsible for ensuring that the Board provides effective governance to the Company. In doing so, the Chairman presides over meetings of the Board and of the shareholders of the Company.

The Chairman takes a lead role managing the Board and facilitating effective communication among directors. He is responsible for matters pertaining to governance,



including the organization, composition and effectiveness of the Board and its committees, and the performance of individual directors in fulfilling their responsibilities. The chairman provides independent leadership of the Board, identifies guidelines for the and performance of directors, and oversees the management of the Board's administrative activities such as meeting, schedules, agendas, communication and documentation.

The Chairman actively works with the nomination and remuneration committee to plan the Board and Board committees' composition, induct director to the Board, plan for director succession, participate in the Board effectiveness evaluation process and meet with individual directors to provide constructive feedback and advice.

The WTD is responsible for corporate strategy, brand equity, planning, external contacts and all matters related to the management of the company. He is also responsible for achieving annual and long-terms business targets.

### **Board Leadership**

A majority of the Board, 3 out of 6, are Independent Directors. At SSL, it is our belief that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. The Board's actions and decisions are aligned with the Company's best interests. It is committed to the goal of sustainably elevating the company's value creation. The Company has defined guidelines and an established framework for the meetings of the Board and Board Committees.

These guidelines seek to systematize the decision-making process at the meeting of the Board and Board Committees in an informed and efficient manner.

The Board critically evaluates the Company's strategic direction, management policies and their effectiveness. The agenda for the Board reviews include strategic review from each of the Board committees, a detailed analysis and review of annual strategic and operating plans and capital allocation and budgets. Additionally,

the Board reviews related party transactions, possible risks and risk mitigation measures, financial reports from the CFO and business reports from each of the sector heads. Frequent and detailed interaction sets the agenda and provides the strategic roadmap for the Company's future growth.

### **Composition**

The Board of Scan Steels Limited Comprises Executive and Non-Executive Directors. The Non-Executive Directors include Independent Directors and Non Executive Chairman of the Company.

- (a) The Company has composition of Executive and Non-Executive Directors. As on 31 March 2016, the Board consists of Six Directors. Out of which 3 (Three) directors is Non-Executive & Independent Directors which include one woman director (Mr. Vinay Goyal, Mr. Punit Kedia and Mrs. Debjani Sahu), One Executive Director (Mr. Runvijay Singh) and one Whole- Time Director (Mr. Ankur Madaan) and The Non Executive Chairman of the Company who is also the promoter of Company (Mr. Rajesh Gadodia).
- (b) None of the Directors on the Board are Members of more than ten Committees or Chairman of more than five Committees (as specified in Regulation 26 (1) of SEBI (LODR) Regulations) across all the Companies in which they are Directors. Necessary disclosures regarding Committee positions in other public Companies as on March 31, 2016 have been made by the Directors and none of the NEDs serve as IDs in more than Seven Listed Companies and none of the Executive or whole- time Directors serve as IDs on any listed company.
- (c) The Company had no pecuniary relationship or transactions with the Non-Executive Directors during FY 2016. The Independent Directors are not related to promoters or persons occupying management positions at the Board level or any level below the Board; they were neither in employment for the last three years nor they are material suppliers, service providers, customers, a lessor, or a lessee of the Company, which may affect their





independence. They do not hold substantial shares in the Company. All these directors are above 21 years of age.

(d) All Independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board thereby ensuring the best interest of stakeholders and the Company. All Independent Directors meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”).

(e) The names and categories of the Directors on the Board, their attendance at Board Meetings held

during the year and the number of Directorship and Committee Chairmanships/ Memberships held by them in other Companies are given herein below. Chairmanships/ Memberships of the Board Committees include only Audit and Stake Holders Relationship Committee.

(f) The Information stipulated under Part A of Schedule II of SEBI (LODR Regulations) is being made available to the Board.

\*Details Regarding Appointment and Re- appointment of all the Board of Directors has been Detailed in the Director’s Report.

Name	Designation	Category	Directorships & Committee Position		
			Directorships*	Committee Memberships#	Committee Chairmanships #
**Mr. Rajesh Gadodia	Chairman	Promoter, Non Executive	2	-	-
***Mr. Ankur Maddan	Whole-Time Director	Executive, Non-Promoter	1	2	-
^Mr. Runvijay Singh	Director	Executive, Non-Promoter	1	-	-
Mr. Vinay Goyal	Independent	Non Executive & Independent	1	2	2
^^Mr. Punit Kedia	Independent	Non Executive & Independent	1	2	-
Mrs. Debjani Sahu	Independent	Non Executive & Independent	1	-	-
****Mr. Nimish Gadodia	Director	Executive	1	-	-

\* Directorship includes only Public Companies Whether Listed or not including Scan Steels Limited has been considered.

# In accordance with Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Memberships/Chairmanships of only Audit Committee, Stakeholders Relationship Committee in all public limited companies Whether Listed or not including Scan Steels Limited have been considered.

\*\* Mr. Rajesh Gadodia was Managing Director of the Company but was Re- designated as Non Executive Chairman w.e.f 24.05.2016

\*\*\*Mr. Ankur Madaan was Non- Executive Independent Director of the Company and was appointed as a whole-time Director of the Company by the Board w.e.f 24.05.2016

\*\*\*\*Mr. Nimish Gadodia Executive Director of the



Company ceased to be Director of the Company w.e.f 16.12.2015

^ Mr. Runvijay Singh was appointed on the Board as a Executive Director w.e.f 24.05.2016

^^Mr. Punit Kedia was appointed on the Board as a Independent Director w.e.f 24.05.2016

**Note:**

1. As required under the Accounting Standard 18 transaction with related parties are furnished under note 2 of notes on accounts. There was no transactions of material nature with Promoter Directors or their relatives, etc. that may have

potential conflict with the interest of the company. With regards to disclosure received from Directors and senior management there was no transaction with the company which might have potential conflict with the interest of the company at a large.

2. There are no inter-se relationships between our Board Members.
3. The details of familiarization programmes imparted to Independent Directors can be access at <http://www.scansteels.com/wp-content/uploads/2016/06/DETAILS-OF-familiarization-programmes.pdf>

**PROFILE OF THE BOARD OF DIRECTORS**

**MR. RAJESH GADODIA**

Mr. Rajesh Gadodia (DIN: 00574465) aged about 44 years is a Mechanical Engineer and has more than 20 years of industrial and business experience, primarily in the steel sector with hands on experience of setting up green field projects. He is primarily involved in business development activities of the company and manages the distribution network of the company in the coastal, northern and southern region of Odisha and southern India operation. In finance he had the exposure in Treasury, Accounting, MIS, Forex Risk Management, Taxation, IT and all other related areas with exposure in India and overseas. He is responsible for transforming Scan Steel into a leading player in the steel industry.

**MR. ANKUR MADAAN**

Mr. Ankur Madaan (DIN- 07002199) aged about 26 years is a Whole-time Executive Director of the company. He is an Commerce Graduate and has more than 5 years of industrial and business experience in steel sector. He is involved in administration, production, & purchase.

**MR. RUNVIJAY SINGH**

Mr. Runvijay Singh (DIN- 02239382) aged about 36 years is a Executive Director of the company. He is a

Mechanical Engineer having more than 11 years of industrial and business experience in steel sector. He is involved in Taxation, Finance and Liaison with Govt./ Non-Govt. department .

**MR. PUNIT KEDIA**

Mr. Punit Kedia (DIN- 07501851) aged about 26 years is an Independent Director of the company. He is a commerce graduate and has experience in steels sector.

**MR. VINAY GOYAL**

Mr. Vinay Goyal (DIN: 07002206) aged about 28 years is a Non Executive & Independent Director of the company. He is a commerce graduate and having more than 6 years experience in the corporate sector and has excellent Command in the field of Finance, Legal and Administration.

**MRS. DEBJANI SAHU**

Mrs. Debjani Sahu, (DIN:02674022) aged about 38 years, is a Independent Woman Director of the Company. She is a Graduate in Arts and having over decades of experience in the field of Human Resource, Administration, Sales & Marketing in retails and Steel Sectors.

**Board membership criteria**

The nomination and remuneration committee works

with the entire Board to determine the appropriate characteristics, skills and experience required for the Board as a whole and for individual members. Members are expected to possess the required qualifications, integrity, expertise and experience for the position. They should also possess deep expertise and insights in sectors/areas relevant to the Company, and ability to contribute to the Company's growth.

The age limit for managing director/executive director is 60 years while the age limit for an independent director is 70 years. A director's term may be extended at the discretion of the committee beyond the age of 60 or 70 years with shareholder approval by passing a special resolution based on the explanatory statement annexed to the Notice for such motion indicating the justification for extension of appointment beyond 60 or 70 years as the case may be.

The Board members are expected to rigorously prepare for, attend and participate in all board and applicable committee meetings. Each member is expected to ensure that their other current and planned future commitments do not materially interfere with their responsibilities with us.

#### **Directors' Induction and Selection of new directors**

The provision of an appropriate induction programme for new Directors and ongoing training for existing Directors is a major contributor to the maintenance of high Corporate Governance standards of the Company. The Whole Time Director & CFO and the Company Secretary are jointly responsible for ensuring such induction. The Board is responsible for the selection of new directors. The Board delegates the screening and selection process to the nomination and remuneration committee, which consists exclusively of independent directors. The nomination and remuneration committee makes recommendations to the Board on the induction of new directors. After getting appointed, the Directors receive a formal letter of appointment which inter alia explains the role, functions, duties and responsibilities expected from him as a Director of the Company. The Director is also explained in detail the compliances required to be made under the Companies

Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Regulations, 2015") and other relevant regulations.

#### **Familiarization programme for Board Members**

The Company believes that the Board be continuously empowered with the knowledge of the latest developments in the Company's business and the external environment affecting the industry as a Whole. To this end, The Board members were given presentations on the global business environment, as well as all business areas of the Company including business strategy, risks opportunities, they are also provided with necessary documents/brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices. The management provides such information and training either at the meeting of Board of Directors or otherwise quarterly updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the Directors. Site visits to various plant locations are organized for the Directors to enable them to understand the operations of the Company.

The Details of such Familiarizations Programme for Directors are posted on the website of the Company and can be accessed at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

#### **Membership term**

The Board constantly evaluates the contribution of the members and periodically shares updates with the shareholders about re-appointment consistent with applicable status. The current law in India mandates the retirements of two-third of the total non-independent directors (who are liable to retire by rotation) every year, and qualifies the retiring members for re-appointment. Executive directors are appointed by the shareholder for a maximum period of five years, but are eligible for re-appointment upon completion of their term. An independent director shall hold office of a term of up to five consecutive years on the Board of the Company and will be eligible for re-appointment on the



passing of a special resolution by the Company.

### **Performance evaluation**

In compliance with the Section 134(3) (p) and Section 178 (2) of the Companies Act, 2013 read with Regulation 17 (10) , 19 (4) and Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of the non-executive directors and executive directors and the policy has been approved by the Nomination and Remuneration Committee.

The Board carried out an annual performance evaluation of its own performance, the Independent Directors individually as well as the evaluation of the working of the Committees of the Board. The performance evaluation of all the Directors was carried out by the Nomination and Remuneration Committee. The performance evaluation of the Non-Independent Directors was carried out by the Independent Directors.

The purpose of the Board evaluation is to achieve persistent and consistent improvement in the Governance of the Company at the Board level with the participation of all concerned in an environment of harmony. The Board acknowledges its intention to establish and follow “best practices” in Board governance in order to fulfill its fiduciary obligation to the Company. The Board believes the evaluation will lead to a closer working relationship among the Board members, greater efficiency in the use of the Board’s time and increased effectiveness of the Board as a governing body.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board’s 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 judgement, safeguarding the interest of the Company and its minority shareholders etc.

Some of the key criteria for performance evaluation, as laid down by the Company are as follows-

#### **Performance evaluation of Directors:**

- Contribution at Board / Committee meetings
- Guidance / Support to Management outside Board /Committee Meetings

#### **Performance evaluation of Board and Committees:**

- Board structure and composition
- Degree of fulfillment of key responsibilities
- Establishment and delineation of responsibilities to Committees
- Effectiveness of Board Processes, Information and Functioning
- Board Culture and Dynamics
- Quality of relationship between the Board and Management
- Efficacy of communication with External Stakeholders
- Committees – strengths and areas of improvement

The Directors expressed their satisfaction with the evaluation process.

#### **Succession planning**

The nomination and remuneration committee works with the Board on the leadership succession plan, and prepares contingency plans for succession in case of any exigencies.

### **INDEPENDENT DIRECTORS**

#### **Definition**

The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 defines an ‘ Independent Director’ as a person who is not a promoter or employee or one of the Key Managerial Personnel of the Company or its

subsidiaries. The Laws also state that the person should not have a material pecuniary relationship or transactions with the Company or its subsidiaries, apart from receiving remuneration as an independent director. We abide by these definitions of Independent director.

### **Selection of Independent Directors**

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as Independent Directors on the Board. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons in accordance with the Company's Policy for Selection of Directors and determining Directors' independence. The Board considers the Committee's recommendation, and takes appropriate decision. Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under law.

A statement, in connection with fulfilling the criteria of independence and directorships as per the requirement of the provisions of the Companies Act, 2013 ("the Act") and the Regulation 25 of SEBI LODR received from each of the Independent Directors, is disclosed in the Board's Report. Your Company had also issued formal appointment letters to all the Independent Directors in the manner provided under the Act. Terms and conditions for appointment of Independent Directors are available on the website of the Company and can be accessed at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

The Lead Independent Director's role is as follows:

- To preside over all meetings of Independent Directors

- To ensure there is an adequate and timely flow of information to Independent Directors
- To liaise between the Chairman and Managing / Whole- Time Director, the Management and the Independent Directors
- To preside over meetings of the Board and Shareholders when the Chairman and Managing Director / Whole- Time Director is not present, or where he is an interested party
- To perform such other duties as may be delegated to the Lead Independent Director by the Board/ Independent Directors.

### **Code of Conduct**

The Company has prescribed Code of Conduct for its directors and senior management. The Code is applicable to Non-executive Directors including Independent Directors to such extent as may be applicable to them depending on their roles and responsibilities. The Code gives guidance and support needed for ethical conduct of business and compliance of law. The Code reflects the values of the Company viz. - Customer Value, Ownership Mind-set, Respect, Integrity, One Team and Excellence.

A copy of the Code has been put on the Company's website ([www.scansteels.com](http://www.scansteels.com)). The Code has been circulated to Directors and Management Personnel, and its compliance is affirmed by them annually.

The declaration from the Whole- Time Director stating that as on 31 March 2016 all the board members and the senior management personnel of the Company have adhered to the code of conduct for FY 2016 and the same has been included in this report duly signed by the Whole- Time Director of the Company.

### **BOARD MEETINGS, BOARD COMMITTEE MEETINGS AND PROCEDURES:**

#### **A. INSTITUTIONALISED DECISION MAKING PROCESS:**

The Board of Directors oversees the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the



long-term interest of the stakeholders are being served. The Chairman is assisted by the Executive Directors/Senior Managerial Personnel in overseeing the functional matters of the Company.

The Board has constituted Five Standing Committees, namely, Audit Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee, Risk Management Committee. The Board constitutes additional functional committees, from time to time, depending on the business needs.

#### **B. SCHEDULING AND SELECTION OF AGENDA ITEMS FOR BOARD MEETINGS:**

- i. A minimum of four Board Meetings are held every year. Dates for the Board Meetings in the ensuing quarter are decided well in advance and communicated to the Directors. The Agenda along with the explanatory notes are sent in advance to the Directors. Additional meetings of the Board are held when deemed necessary to address the specific needs of the Company. In case of business exigencies or urgency of matters, resolutions are passed by circulation.
- ii. The meetings are usually held either at the Company's Registered Office at Mumbai or plant location at Rambahal (Odisha).
- iii. All divisions/departments of the Company are advised to schedule their work plans well in advance, with regard to matters requiring discussion/approval/ decision at the Board/ Committee meetings. All such matters are communicated to the Company Secretary in advance so that the same can be included in the Agenda for the Board/Committee Meetings.
- iv. In addition to items which are mandated to be placed before the Board for its noting and/or approval, information is provided on various significant issues.
- v. The Board is given presentations covering present steel scenario, Indian Economy, Company's Financials, Sales, Production, Business Strategy,

Competitor's Performance and Risk Management practices before taking on record the Quarterly/ Half Yearly/ Nine Monthly/ Annual financial results of the Company.

The Board is also provided with Audit Committee observations on the Internal audit findings and matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.

#### **C. DISTRIBUTION OF BOARD AGENDA MATERIAL:**

Agenda and Notes on Agenda are circulated to the Directors, in advance, in the defined Agenda format. All material information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practical to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary item(s) on the Agenda are considered.

#### **D. RECORDING MINUTES OF PROCEEDINGS AT BOARD AND COMMITTEE MEETINGS:**

The Company Secretary records the minutes of the proceedings of each Board and Committee meeting. Draft minutes are circulated to all the members of the Board/Committee for their comments. The final minutes are entered in the Minutes Book within 30 days from conclusion of the meeting and are signed by the Chairman of the meeting/ Chairman of the next meeting. A copy of the signed Minutes certified by the Company Secretary are circulated to all members within fifteen days after those are signed.

#### **E. POST-MEETING FOLLOW-UP MECHANISM:**

The Company has an effective post meeting follow-up, review and reporting process mechanism for the decisions taken by the Board/Committees. The important decisions taken at the Board/Committee meetings are communicated to the concerned functional Heads promptly. Action Taken Report on decisions of the previous meeting(s) is placed at the



immediately succeeding meeting of the Board/Committee for noting by the Board/Committee members.

#### **F. COMPLIANCE:**

While preparing the Agenda, Notes on Agenda, Minutes etc. of the meeting(s), adequate care is taken to ensure adherence to all applicable laws and regulations including the Companies Act, 2013, read with the Rules made thereunder.

#### **G. AVAILABILITY OF INFORMATION TO BOARD MEMBERS**

The Board has unrestricted access to all Company-related information, including that of our employees. At Board meetings, managers and representatives who can provide additional insights into the items being discussed are invited. Regular updates provided to the Board include:

- Annual operating plans and budgets, capital budgets and updates
- Quarterly results of our operating divisions or business segments
- Minutes of meetings of audit, nomination and remuneration, risk management, stakeholders relationship, and corporate social responsibility committees, and abstracts of circular resolution passed
- General notice of interest received from directors
- Dividend date, if any.
- Information on recruitment and remuneration of senior officers below the Board level, including appointment or removal of the Chief Financial Officer and Company Secretary, if any
- Materially important litigations, show cause, demand, prosecution and penalty notices

- Fatal or serious accidents, dangerous occurrences, and issues related to material effluents or pollution
- Any materially relevant defaults in financial obligations to and by us
- Any issue that involves possible public or product liability claims of a substantial nature
- Details of joint ventures, acquisitions of companies, or collaboration agreements
- Transactions that involve substantial payments toward goodwill, brand equity or Intellectual Property (IP)
- Any significant development involving human resource management
- Sale of a material nature , or of investment, subsidiaries and assets, which are not part of the normal course of business
- Details of foreign exchange exposure and the steps taken by the Management to limit risks of advance exchanges rate movement
- Non-compliance with any regulatory, statutory or listing requirements, as well as shareholders services, such as non-payment of dividend and delays in share transfer
- Quarterly compliance reports and investor grievance reports
- Discussion with independent directors

#### **Details of board meetings during the financial year:**

During the financial year 2015-16, twelve meetings of the Board were held during the year and the gap between two meetings did not exceed four months. The dates on which the said meetings were held are as follows:



Sr. No.	Date	Board Strength	No. of Directors Present
1	4 <sup>th</sup> April 2015	5	5
2	29 <sup>th</sup> May 2015	5	5
3	3 <sup>rd</sup> July 2015	5	5
4	12 <sup>th</sup> August 2015	5	5
5	31 <sup>st</sup> August 2015	5	5
6	22 <sup>nd</sup> September 2015	5	5
7	14 <sup>th</sup> October 2015	5	5
8	14 <sup>th</sup> November 2015	5	5
9	25 <sup>th</sup> November 2015	5	5
10	16 <sup>th</sup> December 2015	4	4
11	8 <sup>th</sup> February 2016	4	4
12	26 <sup>th</sup> February 2016	4	4

Attendance of each Director in the Board Meetings and the Last Annual General Meeting is detailed herein below :

Sr. No.	Date	No. of Board Meeting Attended	Attendance at the Last AGM held on 30.09.2015	No. of Shares held in the Company
1	Mr. Rajesh Gadodia	12	Yes	3535531
2	Mr. Nimish Gadodia	9	Yes	3408316
3	Mr. Ankur Madaan	12	Yes	NIL
4	Mr. Vinay Goyal	12	Yes	NIL
5	Mrs. Debjani Sahu	12	No	NIL

\*Mr. Rajesh Gadodia was appointed on 14.03.2014 and Designated as Managing Director w.e.f 24.10.2014, has resigned from the Post of Managing Director of the Company w.e.f. 24.05.2016 and Re- Designated as Non-Executive Chairman of the Company w.e.f 24.05.2016

\* Mr. Ankur Madaan was appointed as an Additional Director w.e.f. 24/10/2014 and designated as the Independent Director of the Company and Further Appointed as Whole- Time Director of the Company w.e.f 24.05.2016.

\* Mr. Nimish Gadodia Appointed on the Board as an Executive Director of the Company as on 14.03.2014 and he Resigned from the Board as on 16.12.2015

#### MEETING OF INDEPENDENT DIRECTORS:

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or management personnel. Such

meetings are conducted informally to enable Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views to the Lead Independent Director. The Lead Independent Director takes appropriate steps to present Independent Directors' views to the whole- Time Director.

The Independent Directors of the Company had met during the year on 05.03.2016, inter alia, to discuss:

- Evaluation of the performance of Non-independent Directors and the Board of Directors as a whole.
- Evaluation of the performance of the chairman of the Company, taking into account the views of the Executive and Non-executive directors.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.



- All the Independent Directors were present at the Meeting.

The Company had also further during the year, conducted Familiarisation Programme for Independent Directors of the Company and the details of such Familiarisation Programmes are disseminated on the website of the Company at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

### PROCEDURE AT COMMITTEE MEETINGS

The Company's guidelines relating to Board meetings are applicable to Committee meetings as far as practicable. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its function. Minutes of proceedings of Committee meetings are circulated to the Directors and placed before Board meetings for noting.

The Board has constituted various Committees, namely Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee and Vigil Mechanism. The Board is authorized to constitute additional functional Committees, from time to time, depending on business needs.

The Company's internal guidelines for Board/Board Committee meetings facilitate the decision-making process at its meetings in an informed and efficient manner.

### AUDIT COMMITTEE

The audit committee assists the board in the dissemination of financial information and in overseeing the financial and accounting processes in the company. The terms of reference of the audit committee covers all matters specified in Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also those specified in section 177 of the Companies Act 2013. The terms of reference broadly include review of internal audit reports and action taken reports, assessment of the efficacy of the internal control systems/ financial

reporting systems and reviewing the adequacy of the financial policies and practices followed by the company. The audit committee reviews the compliance with legal and statutory requirements, the quarterly and annual financial statements and related party transactions and reports its findings to the Board. The committee also recommends the appointment of internal auditor, statutory auditor, Secretarial Auditor and cost auditor. The audit committee takes note of any default in the payments to creditors and shareholders. The committee also looks into those matters specifically referred to it by the Board. The statutory auditors were present at all audit committee meetings.

The audit committee comprised of the following directors for the year ended 31st March 2016:

### Composition, names of members and Chairperson

The Audit Committee of the Company is constituted in line with Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013 which is headed by Mr. Vinay Goyal. All the members of the Audit Committee are financially literate as defined in Regulation 18 (1) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company's Audit Committee comprises of the following Directors:-

# Mr. Vinay Goyal	-	Chairman
# Mr. Ankur Madaan	-	Member
# Mr. Rajesh Gadodia	-	Member

The Committee was Re-Constituted Pursuant to Re-Composition of Board of the Company as Mr. Punit Kedia Member of the Committee was Appointed on: 24/05/2016 and Mr. Ankur Madaan remains as a Member of the Committee but as a Executive Director instead of Mr. Rajesh Gadodia w.e.f 24.05.2016.

The Company's Audit Committee Re-constituted (w.e.f 24.05.2016) with the following Directors:

# Mr. Vinay Goyal	-	Chairman
# Mr. Punit Kedia	-	Member
# Mr. Ankur Madaan	-	Member



All the current members of the Committee are financially literate and have relevant finance / audit exposure. The chief financial officer is permanent invitee to the meetings of the committee. The other directors are invited to attend the audit committee meetings as and when required. The company secretary acts as the secretary to the committee. Chairman of the Audit Committee was present at the previous Annual General Meeting of the company held on 30th September, 2015.

**Details of audit committee meetings during the financial year:**

During the year under review, the committee met seven times during the financial year ended 31st March, 2016 on 04.04.2015, 29.05.2015, 12.08.2015, 31.08.2015, 22.09.2015, 14.11.2015 and 08.02.2016. The Composition of the Committee and the attendance at each Committee Meetings are as follows :-

Name	Category	No of Meetings during the Year 2015-2016	
		Held	Attended
Mr. Vinay Goyal	Chairman	7	7
Mr. Ankur Madaan	Member	7	7
Mr. Rajesh Gadodia	Member	7	7

\*Shri Punit Kedia Member of the Audit Committee and / or Re-constituted Audit Committee appointed in the Committee and / or Become Member of the Existing Audit Committee w.e.f 24.05.2016

\* Shri Ankur Madaan, remains as a Member of the Committee but as a Executive Director instead of Mr. Rajesh Gadodia who cease to be the Member of the Audit Committee w.e.f 24.05.2016.

This Committee of the Board, inter-alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- Efficiency and effectiveness of operations;
- Safeguarding of assets and adequacy of provisions for all liabilities;
- Reliability of financial and other management information and adequacy of disclosures compliance with all relevant statutes.

**Internal Controls and Risk Management**

The Company has robust systems for internal audit and corporate risk assessment and mitigation. The Company has an independent Control Assurance Department assisted by dedicated internal auditors' team.

The internal audit covers all the factories, sales offices,

warehouses and businesses and functions controlled centrally. Every quarter, the Audit Committee of the Board is presented with key control issues and actions taken on past issues.

Business risk assessment procedures have been set in place for self assessment of business risks, operating controls and compliance with corporate policies. There is an ongoing process to track the evolution of the risks and delivery of mitigation action plan.

**Power of Audit Committee**

The audit committee shall have powers which should include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

**The broad terms of reference of Audit Committee are:**

- a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

- b) Recommending to the Board, the appointment, re-appointment, remuneration and terms of appointment of statutory auditors, cost auditors of the Company.
- c) Approval of payment to Statutory Auditors for any other services rendered by the statutory auditors;
- d) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board, focusing primarily on:
  - 1) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of subsection 3 of Section 134 of the Companies Act.
  - 2) Changes, if any, in accounting policies and practices and reasons for the same.
  - 3) Major accounting entries involving estimates based on the exercise of judgment by Management.
  - 4) Significant adjustments made in the financial statements, if any, arising out of audit findings.
  - 5) Compliance with respect to accounting standards, listing agreements and legal requirements concerning financial statements.
  - 6) Disclosure of any related party transactions.
  - 7) Modified opinion(s) in the draft audit report, if any.
- e) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- g) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- h) Approval or any subsequent modification of transactions of the company with related parties;
- i) Scrutiny of inter-corporate loans and investments;
- j) Valuation of undertakings or assets of the company, wherever it is necessary;
- k) Evaluation of internal financial controls and risk management systems;
- l) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- n) Discussion with internal auditors of any significant findings and follow up there on;
- o) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- p) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- r) To review the functioning of the Whistle Blower mechanism;
- s) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;



- t) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

#### **Review of Information by Audit Committee**

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

#### **NOMINATION AND REMUNERATION COMMITTEE :**

In compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has constituted the Nomination & Remuneration Committee.

The terms of reference of the Committee inter alia, include the following:

- a) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every director's performance.
- b) Formulating a criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
- c) Formulating a criteria for evaluation of Independent Directors and the Board.

- d) Devising a policy on Board diversity.
- e) To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria.
- f) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable;
- g) To perform such other functions as may be necessary or appropriate for the performance of its duties.

#### **I. Composition of the Committee Members.**

As of 31st March 2016, the Nomination and Remuneration Committee consisted of 3 Non – Executive Independent directors, Mr. Ankur Maddan , Mr. Vinay Goyal and Mrs. Debjani Sahu, Non- Executive Independent Directors of the Company.

Mr. Ankur Maddan Independent Director is the Chairman of the Committee. The company secretary is the secretary to the committee.

The Nomination and Remuneration Committee comprises of the following Directors:-

# Mr. Ankur Madaan	-	Chairman
# Mr. Vinay Goyal	-	Member
# Mrs. Debjani Sahu	-	Member

The Committee was Re-Constituted Pursuant to Re-Composition of Board of the Company and Mr. Punit Kedia Non – Executive Independent director of the Company appointed as Chairman and Member of the Committee on: 24/05/2016 Instead of Mr. Ankur Madaan who ceased to be the Committee Member w.e.f 24.05.2016.

The Nomination and Remuneration Committee Re-constituted (w.e.f 24.05.2016) with the following Directors:-

# Mr. Punit Kedia	-	Chairman
# Mr. Vinay Goyal	-	Member
# Mrs. Debjani Sahu	-	Member

## II. Meeting and Attendance during the year

The committee did not meet during the financial year ended 31st March, 2016.

## III. Performance Evaluation criteria for Independent Directors

Board Evaluation Policy has been framed by the Nomination and Remuneration Committee (NRC) and approved by the Board and subsequently amended by the Board as and when needed. This policy has been framed in compliance with the provisions of section 178(2), 134(3) (p) and other applicable provisions, if any, of the Companies Act, 2013 and Regulation 17(10), 19(4) and part D of Schedule II of the SEBI (LODR Regulations), as amended from time to time.

The Company adopted the following criteria to carry out the evaluation of Independent Directors, which is in terms of the provisions of the Companies Act, 2013 and the SEBI (LODR Regulations);

- The Nomination and Remuneration Committee (NRC) shall carry out evaluation of every Director's Performance.
- In addition, performance evaluation of the Independent Directors shall be done by the entire Board, excluding the director being evaluated. This is to be done on an annual basis for determining whether to extend or continue the term of appointment of the independent director.

The Evaluation process of Independent Directors and the Board will consist of two parts;

- Board Member Self Evaluation; and
- Overall Board and Committee Evaluation.

In the Board Member Self Evaluation, each Board member is encouraged to be introspective about his/her personal contribution/ performance/ conduct as director with reference to a questionnaire provided to them. Copies of the evaluation forms as applicable will be distributed to each Board Member. Board members shall complete the forms and return them to the Company Secretary or Board nominee or the consultant, as may be informed.

The Company Secretary or Board nominee or the consultant will tabulate the Forms. The Tabulated Report would be sent to all Board Members for evaluation and if any directors disagrees with the self- evaluated results, he she will suitably intimate the Chairman of the Board, else the same will be deemed to have been accepted.

The individually completed forms will be preserved by the Company Secretary and the Tabulated Report would be presented to the Board and NRC for evaluation.

Apart from the above, the NRC will carry out an evaluation of every director's performance. For this purpose, the NRC would review the Tabulated Report. The NRC would provide feedback to the Board on its evaluation of every director's performance and based on such feedback, the Board will recommended appointments, re-appointments and removal of the non-performing Directors of the Company.

## IV. Remuneration policy

The remuneration of the Whole-time/Executive Directors and Senior Executive Officers is decided by the Board based upon the recommendations of the Nomination and Remuneration Committee, subject to the approval of the Company in general meeting, which inter-alia is based on the criteria such as industry benchmarks, the Company's performance, and the performance of the individual concerned. Remuneration of the Executives and employees largely consists of basic salaries, perquisites and incentives. The component of the total remuneration varies from grades and is governed by the industry pattern, qualifications, experience and the responsibilities carried on by the individual employee concerned. The objectives of the remuneration policy are to motivate the deserving employee in improving their performance, along with recognizing their contributions, retain best talent in the organization and record the merits.

### The Policy inter alia provides for the following:

- (a) attract, recruit, and retain good and exceptional talent;



- (b) list down the criteria for determining the qualifications, positive attributes, and independence of the directors of the Company;
- (c) ensure that the remuneration of the directors, key managerial personnel and other employees is performance driven, motivates them, recognises their merits and achievements and promotes excellence in their performance;
- (d) motivate such personnel to align their individual interests with the interests of the Company, and further the interests of its stakeholders;
- (e) ensure a transparent nomination process for directors with the diversity of thought, experience, knowledge, perspective and gender in the Board; and

- (f) Fulfil the Company's objectives and goals, including in relation to good corporate governance, transparency, and sustained long-term value creation for its stakeholders.

The Company's Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees is annexed as Annexure D to the Board Report. Further, the Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which may be accessed on the Company's website at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

**The details relating to remuneration of Directors, as required under Schedule V, Part C – Point No. 5 read with Regulation 34 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**Remuneration paid to the directors during 2015-16:**

Amount (₹in Lakh)

Name of the Director	Designation	Remuneration Paid during the year 15-16
*Mr. Rajesh Gadodia	Managing Director	24.00
Mr. Nimish Gadodia	Executive Director	Nil
**Mr. Ankur Madaan	Whole- Time Director	Nil
***Mr. Run Vijay Singh	Executive Director	Nil

The Managing Director's compensation had been set at ₹24.00 Lacs as approved, reflecting his desire to continue to set a personal example for moderation in managerial compensation levels.

\*Mr. Rajesh Gadodia, (DIN 00574465) who was appointed by Board of Directors as a Managing Director of the Company for a period of Five year with effect from 24/10/ 2014 has resigned from the Post of Managing Director of the Company w.e.f. 24.05.2016 and he is been Re- Designated as Non- Executive Chairman of the Company w.e.f 24.05.2016

\*\*Mr. Ankur Maddan was appointed as a Whole- Time Director's of the Company w.e.f 24.05.2016 and accordingly his Remuneration is not applicable for the FY 2015-16

\*\*\*Mr. RunVijay Singh was appointed as a Executive Director of the Company w.e.f 24.05.2016 and accordingly his Remuneration is not applicable for the FY 2015-16

Performance criteria for one Executive Director, entitled for Performance Linked Incentive (PLI), are determined by the, Nomination and Remuneration Committee.

**Service Contracts, Severance Fee and Notice Period**

The appointment of the Executive Directors is governed by resolutions passed by the Board and the Shareholders of the Company, which cover the terms and conditions of such appointment read with the service rules of the Company. A separate Service Contract is not entered into by the Company with them.



They can be terminated by either party by giving three months notice in writing as per the T&C of appointment letters. Letters of appointment have been issued by the Company to the Independent Directors, incorporating their roles, duties, responsibilities etc., which have been accepted by them.

There is no separate provision for payment of severance fee under the resolutions governing the appointment of Executive Directors. The statutory provisions will however apply. With respect to notice period of Directors, the statutory provisions will also apply

**Sitting fee and commission paid on net profit to Non-Executive Directors:**

No Sitting Fees been paid to Non- Executive Directors of the Company. There were no other pecuniary

relationships or transactions of Non-Executive Directors vis-à-vis the Company. The Company has not granted any stock option to any of its Non-Executive Directors.

**Criteria for making payments to non- executive directors:**

The Company has created laid down the criteria for making payments to the Non- Executive Directors. The details of such criteria are available in the Nomination and Remuneration Policy disseminated on the website of the Company at [www.scansteels.com](http://www.scansteels.com) and / or the Nomination and Remuneration Policy is also annexed as 'Annexure D' to Board Report.

**Details of shareholding of Directors as on 31st March 2016.**

Sr. No.	Name of the Director	Category	Equity Sharehold ing as on 31 <sup>st</sup> March 2016
1	Mr. Rajesh Gadodia	#	3535531
2	*Mr. Nimish Gadodia	Executive Director	3408316
3	Mr. Ankur Madaan	##	Nil
4	Mr. Vinay Goyal	Non Executive - Independent Director	Nil
5	Mrs. Debjani Sahu	Non Executive - Independent Director	Nil

# Mr. Rajesh Gadodia ceased to be the Managing Director of the Company and re-designated as Non – Executive Chairman w.e.f 24.05.2016

\*Nimish Gadodia, ceased to be Director of the Company w.e.f 16.12.2015

##Mr. Ankur Madaan was Independent Director of the Company and re-designated as a Whole Time Director w.e.f 24.05.2016

**STAKE HOLDERS RELATIONSHIP COMMITTEE**

Section 178(5) of the Companies Act, 2013 read with Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 prescribes that a company which consists of more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year shall constitute a Stakeholders'

Relationship Committee. The Company has complied with this provision and the Stakeholders' Relationship Committee carries the mandate as was decided upon in the erstwhile Shareholders' Grievance Committee. Further, the Company has merged the erstwhile Share Transfer Committee with the Stakeholders' Relationship Committee.

**The Stakeholders' Relationship Committee comprises of the following Directors:-**

- # Mr. Vinay Goyal - Chairman
- # Mr. Ankur Madaan - Member
- # Mr. Rajesh Gadodia - Member

The Committee was Re-Constituted Pursuant to Re-Composition of Board of the Company and Mr. Punit Kedia – independent Director of the Company be appointed as a Stakeholders' Relationship Committee



Member w.e.f 24/05/2016, and Mr. Ankur Madaan Whole- time Director and Mr. Vinay Goyal , Independent Director of the Company be continue to be part of Stakeholders’ Relationship Committee and Mr. Rajesh Gadodia ceased to the member of the Committee w.e.f. 24/05/2016.

The Stakeholders’ Relationship Committee Re-constituted (w.e.f 24.05.2016) with the following Directors:-

- # Mr. Vinay Goyal – Chairman (Non-executive Independent)
- # Mr. Punit Kedia – Member
- #Mr. Ankur Maddan - Member

The committee met Sixteen times during the financial year ended 31st March, 2016 on 30.04.2015, 29.05.2015, 05.06.2015, 31.07.2015, 31.08.2015, 18.09.2015, 31.10.2015, 06.11.2015, 15.12.2015, 30.12.2015, 15.01.2016, 29.01.2016, 15.02.2016, 29.02.2016, 15.03.2016, and 31.03.2016. to oversee and review all matters related to the transfer of securities of the company and other Shareholders Grievances if any.

The composition and attendance of each member of the Committee is given below.

Name	Category	No of Meetings during the Year 2015-2016	
		Held	Attended
Mr. Vinay Goyal	Chairman	16	16
Mr. Ankur Maddan	Member	16	16
Mr. Rajesh Gadodia	Member	16	16

The powers (terms of reference) delegated to the committee are as under:

- to review statutory compliance relating to all security holders,
- consider and resolve the grievances of security holders of the company including complaints related to transfer of securities, non-receipt of annual report/declared dividends/notices/ balance sheet,
- oversee compliances in respect of dividend payments and transfer of unclaimed amounts to the Investor Education and Protection Fund,
- oversee and review all matters related to the transfer of securities of the company ,
- approve issue of duplicate certificates of the company,
- review movements in shareholding and ownership structures of the company,
- ensure setting of proper controls and oversee

performance of the Registrar and Share Transfer Agent,

- Recommend measures for overall improvement of the quality of investor services and set forth policies relating to and oversee implementation of the Code of Conduct for prevention of Insider Trading.
- To scrutinize and take on records the shares / securities transfers and transmission of shares / securities etc. made by the Registrar and Transfer Agent of the Company and authorize the registration of transfers in the Register of Members as well as in the Register of Transfers of the Company and to take all other consequential and incidental actions and measures.
- Carry out any other function as is referred by the Board from time to time and / or enforced by any statutory notification / amendment or modification as may be applicable.

Complaints received and redressed during the year 2015-2016



Sr.No.	Nature of Complaints	Number of Complaints	
		Received	Redressed
1	Non-receipt of Share Certificate after Transfer	NIL	NIL
2	Non-receipt of Dividend Warrant	NIL	NIL
3	Non – receipt of Annual Report	NIL	NIL
4	Grievance Received through SCORES	NIL	NIL
5	Grievance Received through SCORES – Non receipt of Dividend	NIL	NIL
6	Grievance Received through SCORES – Non receipt of Share Certificate after Transfer	NIL	NIL

Ref: CIR/OIAE/2/2011 dated June 3, 2011 informed the company that they had commenced processing of investor complaints in a web based complaints redress system “SCORES”. Under this system, all complaints pertaining to companies are electronically sent through SCORES and the companies are required to view the complaints pending against them and submit Action Taken Report (ATRs) along with supporting documents electronically in SCORES.

All the requests and complaints received from the shareholders were attended to within the stipulated time and nothing was pending for disposal at the end of the year. Mr. Prabir Kumar Das, company secretary is the compliance officer of the company for complying with the requirement of SEBI Regulations and the Listing Agreement with the stock exchange in india. His address and contact details are as given below: Address: Office no 104,105, E-Square, Subhash Road, Opp. Havmor Ice Cream, Vile Parle (E), Mumbai - 400057. Phone: +91 0222 618 5461; FAX: +91 0222 618 5463. For any clarification / complaint the shareholders may contact company secretary at [secretarial@scansteels.com](mailto:secretarial@scansteels.com) and / or at the registered office of the company.

#### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:**

SSL is committed to create value for the nation and enhance the quality of life across the entire socio-economic spectrum. SSL believes that Corporate Social Responsibility extends beyond the ambit of business and should focus on a broad portfolio of assets – human physical, environmental and social. SSL gives utmost importance to conservation of the natural capital at its operations. SSL is committed to responsible stewardship

of the natural resources to conduct its operations in a sustainable manner.

The Committee is constituted in line with the Provision of Section 135 of the Companies Act 2013. It is the commitment by the business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large give Social Contribution to the Society.

#### **The composition of CSR Committee is as Mentioned below:**

- #Shri Vinay Goyal – Chairman
- #Shri Ankur Madaan - Member
- #Shri Rajesh Gadodia - Member

# The Committee was Re-Constituted Pursuant to Re-Composition of Board of the Company and Mr. Punit Kedia – independent Director of the Company be appointed as a CSR Committee Member w.e.f 24/05/2016, and Mr. Ankur Madaan Whole-time Director of the Company be continue to be part of CSR Committee and Mr. Rajesh Gadodia ceased to be member of the Committee w.e.f 24/05/2016.

#### **The CSR Committee Re-constituted (w.e.f 24.05.2016) with the following Directors:**

- # Mr. Vinay Goyal – Chairman
- # Mr. Punit Kedia – Member
- #Mr. Ankur Maddan - Member

As there are average losses in the company during the



three immediately preceding financial years hence company could not spent on CSR activities however the Company Gradually reducing its Losses and start making Profit, in Future the Company shall find out ways and means to spend the same and shall submit the relevant report in the ensuing year.

The powers (terms of reference) delegated to the committee are as under:

- a. To formulate and recommend to the board , a CSR policy which shall indicate the activities to be undertaken by the company as per the companies act, 2013;
- b. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- c. To monitor the CSR policy of the company from time to time; and
- d. Other matter as the CSR committee may deem appropriate after approval of the board of directors or as may be director by the board of director from time to time.

The committee did not meet during the financial year ended 31st March, 2016.

## RISK MANAGEMENT COMMITTEE

### A) RISK MANAGEMENT

Periodic assessments to identify the risk areas are carried out and management is briefed on the risks in advance to enable the company to control risk through a properly defined plan. The risks are classified as financial risks, operational risks and market risks. The risks are taken into account while preparing the annual business plan for the year. The Board is also periodically informed of the business risks and the actions taken to manage them. The Company has formulated a policy for Risk management with the following objectives:

- Provide an overview of the principles of risk management
- Explain approach adopted by the Company for risk management

- Define the organizational structure for effective risk management
- Develop a “risk” culture that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions.
- Identify access and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost, to protect and preserve Company’s human, physical and financial assets.

### B) RISK MANAGEMENT COMMITTEE:

Committee was constituted in Compliance with Companies Act, 2013 and Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The composition of the Risk Management Committee are as under:

# Mr. Rajesh Gadodia – Chairman

# Mrs. Debjani Sahu – Member

# Mr. Gobinda Chandra Nayak - Chief Financial Officer

# The Committee was Re-Constituted Pursuant to Re-Composition of Board of the Company and Mr. Ankur Madaan who is appointed as a WTD w.e.f. 24.05.2016 be appointed as a Member of the Risk Management Committee instead of Mr. Rajesh Gadodia, Director of the Company who cease to be part of the Committee w.e.f 24.05.2016.

The Risk Management Committee be Re- constituted (w.e.f 24.05.2016) with the following Members:

# Mr. Ankur Madaan - Chairman & WTD

# Mrs. Debjani Sahu - Member & Women Independent Director

# Mr. Gobinda Chandra Nayak- Member & Chief Financial Officer

The composition of the Risk Management Committee as at March 31, 2016 and details of the Members participation at the Meetings of the Committee are as under:

Name of the Member	Category	Attendance at the Risk Management Committee meeting held on 18.03.2016
Mr. Rajesh Gadodia	Chairman and Executive Director	Present
*Mrs. Debjani Sahu	Women Independent Director	Present
Mr. Gobinda Chandra Nayak	Chief Financial Officer	Present
#Mr. Nimish Gadodia	Executive Director	#

# Mr. Nimish Gadodia Cease to be part of the Member of the Risk Management Committee due to his Resignation from the Board of the Company as a Executive Director w.e.f 16.12.2015

\* Mrs. Debjani Sahu was appointed as a Member of the Risk Management Committee w.e.f 16.12.2015.

The objectives and scope of the Risk Management Committee broadly comprises:

- Oversight of risk management performed by the executive management;
- Reviewing the RMC policy and framework in line with local legal requirements and SEBI guidelines;
- Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle;
- Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.

**C) The Company has also formulated a Risk Management policy which can be accessed on the link : <http://www.scansteels.com/wp-content/uploads/2016/06/RISK-MANAGEMENT-POLICY.pdf>**

**POLICY FOR PREVENTION OF SEXUAL HARASSMENT**

Sexual harassment can have a devastating effect upon the health, confidence, morale and performance of those affected by it and the best way to prevent sexual harassment is to adopt a comprehensive sexual

harassment policy. The Company is an equal employment opportunity provides and is committed to creating a healthy working environment that enables employees to work without fear of prejudice, gender bias and sexual harassment. The Company also believes that all employees of the Company have the right to be treated with dignity. Sexual harassment at the work place or other than work place, if involving employees, is a grave offence and is, therefore, punishable.

**VIGIL MECHNISM/ WHISTLE BLOWER POLICY:**

The Company has formulated a policy known as Vigil Mechanism / ‘Whistle Blower Policy’ As per the requirement of Section 177(9) of the Companies Act, 2013 and Regulation 22 read with Regulation 4(2)(d)(iv) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to allow and encourage our employees to bring to the Management’s Notice (Audit Committee) directly, without necessarily informing their superiors about suspected unethical behavior, malpractice, wrongful conduct, fraud, violation of the Company’s policies including code of conduct, violation of law or questionable accounting or auditing matters by any employee/director in the Company without fear of reprisal.

The Company further undertakes that it has not denied any personnel access to the Chair man of the Audit Committee of the Company in respect of matters involving alleged misconduct/malpractice/unethical behavior and that it has provided protection to ‘Whistle



Blowers' from unfair termination and other unfair or prejudicial employment practices.

The Details Vigil Mechanism / 'Whistle Blower Policy' may be accessed on the Company's website at the link: <http://www.scansteels.com/wp-content/uploads/2016/06/WB-OR-VM-POLICY.pdf>

#### **CEO /CFO CERTIFICATE :-**

A certificate from Whole- Time Director (CEO) and the Chief Financial Officer of the Company , in terms of regulation 17(8) read with schedule II Part B of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, have been duly submitted to the board and is attached to this Report.

In terms of Regulation 33(2)(a) of SEBI LODR, the Managing Director (CEO) and the CFO certified the quarterly financial results while placing the financial results before the Board.

#### **CERTIFICATE ON CORPORATE GOVERNANCE**

As required by Regulation 34(3) read with schedule-V(E) of SEBI (LODR) Regulations, 2015, a certificate from M/s. K K Giri & Associates., Practicing Company Secretary confirming compliance with conditions of Corporate Governance as stipulated under Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to this Corporate Governance Report.

#### **CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT.**

The Company has adopted the code of conduct for its employees in compliance with Regulation 17(5) read with Regulation 26 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 at all levels including Senior Management and Directors. The code has been circulated to all the members of the Board and senior management. The Board members and senior management have affirmed their compliance with the code and a declaration signed by the Whole- Time Director of the Company appointed in terms of the Companies Act, 2013 (i.e.

the CEO within the meaning of Part B of Schedule II read with Regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015) is annexed separately to this report.

The standards for business conduct provide that the directors and the senior management will uphold ethical values and legal standards as the company pursues its objectives, and that honesty and personal integrity will not be compromised under any circumstances. A copy of the said code of conduct (in compliance with Regulations 46 (2) (d) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015) is available on the <http://www.scansteels.com/wp-content/uploads/2016/06/SCAN-STEELS-LIMITED-MODEL-CODE-OFCONDUCT-OF-BOD-AND-SENIOR-MGT.pdf>

#### **ROLE OF THE COMPANY SECRETARY IN OVERALL GOVERNANCE PROCESS**

The Company Secretary plays a key role in ensuring that the Board (including committees thereof) procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and senior management for effective decision-making at the meetings. The Company Secretary is primarily responsible to assist and advise the Board in the conduct of affairs of the Company, to ensure compliance with applicable statutory requirements and Secretarial Standards, to provide guidance to directors and to facilitate convening of meetings. He interfaces between the management and regulatory authorities for governance matters.

#### **OBSERVANCE OF THE SECRETARIAL STANDARDS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA**

The Institute of Company Secretaries of India (ICSI), one of India's premier professional bodies, has issued Secretarial Standards on important aspects like Board meetings, General meetings, Payment of Dividend,

Maintenance of Registers and Records, Minutes of Meetings, Transmission of Shares and Debentures, Passing of Resolutions by Circulation, Affixing of Common Seal and Board's Report. Although these standards, as of now, are recommendatory in nature, the Company substantially adheres to these standards voluntarily.

### 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 Company Secretary & Compliance Officer is responsible for implementation of the Code.

**All Board Directors and the designated employees have confirmed compliance with the Code.**

The Insider Trading Policy of the Company covering code of Practices and procedures for fair disclosures of unpublished price sensitive information and code of conduct for the prevention of insider trading, is available on our website at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

### DETAILS OF GENERAL BODY MEETINGS

a) The company held its last Three Annual General Meeting as under along with the details of special resolutions passed in AGM in the last 3 years is as follows:

FINANCIAL YEAR	DATE	TIME	VENUE	SPECIAL RESOLUTION PASSED
2012-2013	25.09.2013	10.30 A.M.	Pranjali School Auditorium, Ground Floor, 155/157, August Kranti Marg, Next to Stephens Church, Kempes Corner, Mumbai- 400036	No Special Resolution was passed in the meeting
2013-2014	30.12.2014	10.00 A.M.	104/105, E -Square, Subhash Road, Opp. Havmor Ice Cream, Vile Parle (E), Mumbai – 400057	<ul style="list-style-type: none"> <li>• Consent to hypothecation/ mortgage and/or charge all or any part of the movable and /or immovable properties of the company u/s 180(1)(a) of the Companies Act, 2013.</li> <li>• Increase in borrowing powers of the Board to upto ₹1000.00 Cr. u/s 180(1)( c) of the Companies Act, 2013.</li> <li>• for accepting of Fixed Deposits u/s 73 &amp; 76 of the Companies Act, 2013</li> <li>• for Increase of authorized share capital of the company</li> <li>• for issue of equity shares on preferential basis under section 42 and 62 of the Companies Act, 2013</li> </ul>
2014-2015	30.09.2015	10.00 A.M.	104/105, E -Square, Subhash Road, Opp. Havmor Ice Cream, Vile Parle (E), Mumbai – 400057	<ul style="list-style-type: none"> <li>• for offer, issue and allotment of warrants convertible into equity shares on preferential basis under section 42 and 62 of the Companies Act, 2013</li> <li>• for adoption of new set of Articles of Association (AOA) of the Company in conformity with provisions of Companies Act 2013</li> </ul>



### b) Extraordinary General Meeting:

The company held No Extra Ordinary General Meeting during the Financial Year 2015-2016.

### c) Postal ballot

During the year ended 31st March, 2016, A Postal Ballot, including E-Voting (In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) was conducted pursuant to section 110 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 for obtaining approval of the

shareholders for the following:

1. Ordinary Resolution u/s 13 and 61 of the Companies Act, 2013 for Re-Classification of Authorized Share Capital
2. Special Resolution u/s 42, 55 and 66 of the Companies Act, 2013 for Issue and Allotment of Non-cumulative Redeemable Preference Share (NCRPS)
3. Special Resolution under section 13 of the Companies Act, 2013 for alteration of main object in the Memorandum of Association of the Company.

**Summary of Voting Pattern to be disclosed for the resolutions passed through Postal Ballot During the F.Y. 15-16 in compliance with Schedule V (7) (c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Sr. No.	Particulars	No. of Postal Ballot Forms/ e voting options	No. of Shares
(a)	Total Postal Ballot forms received	17	1330
	Total E -voting Options received	25	31901239
	Total	42	31902569
(b)	Less: Invalid Postal Ballot forms	0	0
(c)	Net Valid Postal ballot forms	17	1330
	Net E -voting options	25	31901239
	Total	42	31902569

The vote cast in favour and against on each of the resolutions mentioned in the Postal Ballot Notice dated 3rd July, 2015 are as follows:

Resoluti on No.	RESOLUTIONS	Vote Cast	
		In favour	Against
	<b>SPECIAL BUSINESS</b>		
1.	Ordinary Resolution for Re-Classification of Authorized Share Capital	31902569	0
2.	Special Resolution for Issue and Allotment of Non-cumulative Redeemable Preference Shares (NCRPS)	31902569	0
3.	Special Resolution for Alteration of Main Object of the Company	31902569	0

### Procedure for Postal Ballot

(In compliance with the Rule 22 of the Companies (Management and Administration) Rules, 2014 (the "Rules"), as amended by the Companies (Management and Administration) Amendment Rules, 2015 read with Section 110 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, read with the related rules):

In compliance with Section 108 and 110 and other applicable provisions of the of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company provides electronic voting (e-voting) facility to all its Members, to enable them to cast their votes electronically between the period commenced from Thursday, 9th July, 2015 at 9.00 A.M. and ends on Friday, 7th August, 2015 at 6.00 P.M on Resolutions as mentioned above.

The Company engages the services of CDSL for the purpose of providing e-voting facility to all its Members. The Members have the option to vote either by physical ballot or e-voting.

The Company dispatches the postal ballot notices dated 03.07.2015 and forms along with postage prepaid business reply envelopes to its Members whose names appear on register of members / list of beneficiaries as on a cut-off date i.e. 03rd July, 2015. The postal ballot notice is sent to members in electronic form to the email addresses registered with their depository participants (in case of electronic shareholding)/ the Company's registrar and share transfer agents (in case physical shareholding). The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the

forms, duly completed and signed, to the scrutinizer M/s. Arihant & Associates (CA Arihant Kumar Bothra) (FRN-021046C), Practicing Chartered Accountants, as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner on or before the close of the voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting.

The scrutinizer submits his report to the Chairman (ie. 10th August, 2015), after the completion of scrutiny, and the consolidated results of the voting by postal ballot are than announced by the Chairman/authorized officer (ie. Tuesday, 11th August, 2015 at the Registered Office of the Company situated at Office No. 104/105, E-Square, Subhash Road, Opp. Havmor Ice cream, Vile Parle (East), Mumbai – 400057 at 11.30 a.m.) The results are also displayed on the Company website, [www.scansteels.com](http://www.scansteels.com), besides being communicated to the stock exchanges, depository and registrar and share transfer agent. The last for the receipt of duly completed Postal Ballot Forms or e-voting shall be the date on which the resolution would be deemed to have been passed, if approved by the requisite majority,

The Company successfully completed the process of obtaining approval of its Shareholders for special resolutions on the items /resolutions mentioned in the Postal Ballot Notice dated 03.07.2015

None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing a resolution through Postal Ballot.

### MEANS OF COMMUNICATION

The Board recognizes the importance of two-way communication with shareholders and giving a balanced report of results and progress and responding to questions and issues raised in a timely and consistent manner.

#### a) Quarterly, Half yearly and Annual results

The quarterly, half yearly and annual results of the Company as approved by the Board of Directors are submitted to the Stock Exchanges where the Company's shares are listed. Further, the quarterly, half yearly and



annual results of the Company are also published in widely circulated national newspapers such as The Financial Express (English Newspaper) and in the local vernacular daily, Mumbai Mitra (Marathi Newspaper)

These are also made available on the Company's website: [www.scansteels.com](http://www.scansteels.com)

#### **b) BSE Corporate Compliance & Listing Centre (the 'Listing Centre')**

BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

#### **c) SEBI Complaints Redress System**

SEBI administers a centralized web-based complaints redress system (SCORES). It enables investors to lodge and follow up complaints and track the status of redressal online on the website [www.scores.gov.in](http://www.scores.gov.in). It also enables the market intermediaries and listed companies to receive the complaints from investors against them, redress such complaints and report redressal. All the activities starting from lodging of a complaint till its disposal are carried online at any time. The Company has registered itself on SCORES and endeavors to resolve all investor complaints received through SCORES.

#### **d) Website**

The primary source of information regarding the operations of the Company is the corporate

website: [www.scansteels.com](http://www.scansteels.com). It contains a separate dedicated section for Shareholders "Investor Relations" as per required under SEBI (LODR) Regulation, 2015, where the latest and updated information about financials/ activities of the Company are available.

The website of the Company also displays official news releases and presentations made to the institutional investors and analysts from time to time, if any.

#### **e) Annual report**

The Company's annual report containing the Board's Report, Corporate Governance Report, Management Discussion and Analysis (MD&A), Audited Annual Financial Statements, Auditors' Report and other important information is circulated to members and other stakeholders. Annual Reports are also emailed to the shareholders who have registered their email IDs with the Company/ depositories. The annual report is also available on the Company's corporate website in a user friendly and downloadable form.

Note: The Company has not made any presentation to any institutional investors or to analysts during the year.



### GENERAL SHAREHOLDERS INFORMATION

Day, Date and Time of AGM	Friday, the 30 <sup>th</sup> Day of September, 2016 at 10.00 A.M.	
Venue of AGM	104/105, E-Square, Subhash Road, Vile- Parel-(E), Mumbai-400 057	
Book closure Date	Friday, the 23 <sup>rd</sup> Day of September, 2016 to Friday, the 30 <sup>th</sup> Day of September, 2016 (both days inclusive)	
Dividend Payment Date Date of declaration Rate of dividend Book Closure Date Date of payment of dividend Amount of dividend paid	Not Applicable	
Company Registration Details	The Company is registered in the State of Maharashtra, India. The Corporate Identification Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L27209MH1994PLC076015	
Listing on Stock Exchange	The Bombay Stock Exchange Limited	
Stock /Scrip Code	511672	
ISIN Numbers	INE099G01011	
Financial Calendar	1st April, 2016 – 31st March, 2017	
	First Quarter Results	Up to 15 <sup>th</sup> August , 2016
	Second Quarter Results	Up to 15 <sup>th</sup> November, 2016
	Third Quarter Results	Up to 15 <sup>th</sup> February, 2017
	Fourth Quarter Results	Up to 30 <sup>th</sup> May, 2017
E-Voting	Pursuant to the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, members have been provided the facility to exercise their right to vote at General Meetings by electronic means, through e-Voting Services provided by Central Depository Services India Limited.	
Market Price Data : High, Low during each month in the Financial Year 2015-2016	Refer Table No. 1	
Performance in comparison to board indices BSE Sensex	Refer Table No. 2	



Suspension from Trading	No Security of the Company has been suspended from trading on Bombay Stock Exchanges.
Registrar & Transfer Agents.	Adroit Corporate Services Private Limited 19, Jaferbhoy Industrial Street, Makwana Road, Marol Naka, Andheri(E), Mumbai- 400 059
Share Transfer/ Transmission System	<p>Request for Transfers/Transmission of shares held in physical form can be lodged with Adroit Corporate Services Pvt Limited at the above mentioned addresses. The transfers are normally processed within 15 days from the date of receipt if the documents are complete in all respects.</p> <p>SEBI has vide its circular dated 7 January, 2010 made it mandatory to furnish a copy of PAN Card in the following cases for transmission of shares in physical form:</p> <ol style="list-style-type: none"><li>Deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholders.</li><li>Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder.</li><li>Transposition of shares in case of change in the order of names in which physical shares are held jointly in the names of two or more shareholders.</li></ol> <p>The Board has delegated the authority for approving transfers, transmissions etc. of the Company's securities to the Stake Holders and Relationship Committee. The decisions of Committee are placed at the next Board Meeting. The Company obtains from a Company Secretary in Practice, a half yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the SEBI (LODR) Regulation, 2015 erstwhile Clause 47(c) of the Listing Agreement and files a copy of the certificate with the Stock Exchanges.</p>
Distribution of Shareholding	Refer Table No. 3
Shareholding Pattern	Refer Table No. 4

<p>Dematerialization of Securities and Liquidity</p>	<p>The Company's Shares are available for trading in the Depository System both at the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Demat Status of the Company as on March 31, 2016 is as under:</p> <table border="1" data-bbox="701 445 1453 649"> <thead> <tr> <th>Particulars</th> <th>No. of Shareholders</th> <th>No. of Shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>CDSL</td> <td>657</td> <td>37932362</td> <td>77.72</td> </tr> <tr> <td>NSDL</td> <td>865</td> <td>10593868</td> <td>21.71</td> </tr> <tr> <td>PHYSICAL</td> <td>1161</td> <td>279400</td> <td>0.57</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>2683</b></td> <td><b>48805630</b></td> <td><b>100.00</b></td> </tr> </tbody> </table> <p>and on an average the dematerialization process is completed within a period of 15 days from receipt of a valid demat request along with all documents.</p>	Particulars	No. of Shareholders	No. of Shares	%	CDSL	657	37932362	77.72	NSDL	865	10593868	21.71	PHYSICAL	1161	279400	0.57	<b>TOTAL</b>	<b>2683</b>	<b>48805630</b>	<b>100.00</b>
Particulars	No. of Shareholders	No. of Shares	%																		
CDSL	657	37932362	77.72																		
NSDL	865	10593868	21.71																		
PHYSICAL	1161	279400	0.57																		
<b>TOTAL</b>	<b>2683</b>	<b>48805630</b>	<b>100.00</b>																		
<p>Outstanding GDR /ADR or warrants or any convertible instruments, conversion date and likely impact on equity.</p>	<p>As on March 31 2016, The Company has 35,46,670 nos. of warrants convertible into equity shares which shall be converted with in March 31, 2017. After taking into effect of conversion, the paid up equity shares of the company will be ₹ 52,35,23,000/- (Fifty Two Crore Thirty Five Lacs Twenty Three Thousand) divided into 5,23,52,300 (Five crore twenty three lacs fifty two thousand three hundred) fully paid up equity shares of ₹ 10/- (Rupees Ten only) each. The company has not issued any GDR's/ADR's.</p>																				
<p>Commodity Price risk / Foreign Exchange risk and hedging activities</p>	<p>The Company purchases Iron ore and other raw materials that are used in the manufacturing operations from domestic suppliers. The total procurement of materials are sourced from the domestic market and therefore do not have foreign exchange fluctuation risks. The Company has Risk Management framework to pro-actively mitigate the impact through measures like cost based price increases, cost reduction measures, portfolio rationalization, renegotiate procurement contracts etc. The Company also develops on an ongoing basis alternate supply sources for key products subject to economic justification.</p> <p>The company does not have any foreign currency exposure hence there are no risk associated with Currency Hedging.</p>																				
<p>Plant Locations</p>	<p>Unit -1 is situated at Rambahal, At- Keshramal, Rajgangpur, Sundergarh (Odisha)  Unit-2 is situated at Gangajal, Budhakata, Sundergarh, Odisha  Unit-3 is situated at Bai-bai, Tudalaga, Rajgangpur, Sundergarh, Odisha  Unit-4 is situated at Vill- Veniveerapura, Bellary, Karnataka.</p>																				
<p>Address for Correspondence</p>	<p>104-105, E Square, Subhash Road, Opp. Havmor Ice Cream , Vile Parle (E) , Mumbai , Maharashtra - 400057</p>																				
<p>Payment of Listing Fees</p>	<p>Annual listing fee for the year 2016-17 has been paid by the Company to BSE.</p>																				
<p>Payment of Depository Fees</p>	<p>Annual Custody/Issuer fee for the year 2016 -17 has been paid by the Company to NSDL and CDSL on receipt of the invoices.</p>																				

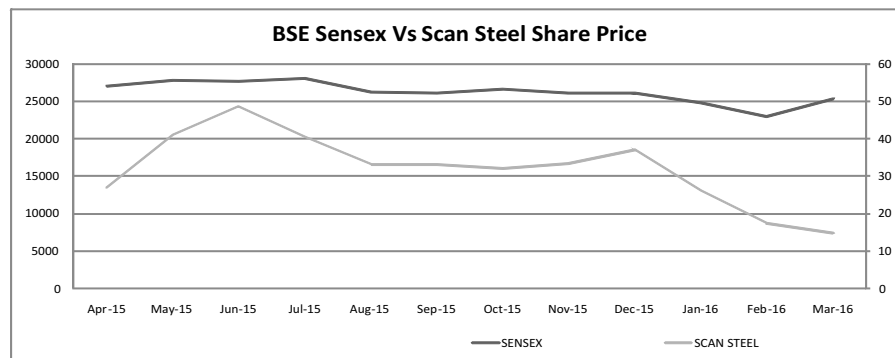


**TABLE - 1: STOCK MARKET PRICE DATA**

High and Low of market price of the Company's Shares traded on Bombay Stock Exchange Limited, During the Financial Year - 2015 – 2016:-

	Highest (₹)	Lowest (₹)	No. of shares Traded	BSE High	BSE Low
April, 2015	34.75	26.60	2824	29094.61	26897.54
May, 2015	41.35	26.75	4519	28071.16	26423.99
June, 2015	48.50	43.05	645	27968.75	26307.07
July, 2015	56.70	40.40	10983	28578.33	27416.39
August, 2015	42.00	33.10	377	28417.59	25298.42
September, 2015	33.10	33.10	2	26471.82	24833.54
October, 2015	34.00	30.00	6279	27618.14	26168.71
November, 2015	35.25	32.00	336	26824.30	25451.42
December, 2015	40.60	34.40	528	26256.42	24867.73
January, 2016	37.70	26.00	13472	26197.27	23839.76
February, 2016	24.75	17.45	10965	25002.32	22 494.61
March, 2016	17.15	14.80	717637	25479.62	23133.18

**TABLE – 2: PERFORMANCE OF THE SHARE PRICE OF THE COMPANY IN COMPARISON TO BSE SENSEX FOR THE PERIOD 1ST APRIL, 2015 TO 31ST MARCH, 2016 IS GIVEN BELOW:**



**TABLE – 3: DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2016**

Range (No. of shares held)	Share Holders		Shares Held	
	Numbers	% of Total	Numbers	% of Total
UPTO - 500	2372	88.41	300466	0.62
501 - 1000	98	3.65	84411	0.17
1001 - 2000	72	2.68	112697	0.23
2001 - 3000	19	0.71	46537	0.10
3001 - 4000	18	0.67	61820	0.13
4001 - 5000	13	0.48	58319	0.12
5001 - 10000	18	0.67	130888	0.27
10001 - Above	73	2.72	48010492	98.37
Total	<b>2683</b>	<b>100</b>	<b>48805630</b>	<b>100</b>

**TABLE – 4: SHAREHOLDING PATTERN AS ON 31ST MARCH, 2016**

CATEGORY	No. of Shares Held	% of Shareholding
Promoters	25181985	51.60
Corporate Bodies	21975235	45.03
Indian Public	1647983	3.37
NRI	427	0.00
Clearing Members	-	-
<b>Total</b>	<b>48805630</b>	<b>100</b>

- Shareholding pattern of the Company in detail is presented in MGT – 9 enclosed to the Board’s report as Annexure ‘F’

#### REQUEST TO INVESTORS

Shareholders are requested to follow the general safeguards/procedures as detailed hereunder in order to avoid risks while dealing in the securities of the company.

- Shareholders are requested to convert their physical holding to demat/electronic form through any of the DPs to avoid any possibility of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities.
- Shareholders holding shares in physical form should communicate the change of address, if any, directly to the Registrars and Share Transfer Agent of the company.
- It has become mandatory for transferees to furnish a copy of Permanent Account Number for registration of transfer of shares held in physical mode.
- Shareholders holding shares in physical form who have not availed nomination facility and would like to do so are requested to avail the same, by submitting the nomination in Form SH-13. The form will be made available on request. Those holding shares in electronic form are advised to contact their DPs.
- As required by SEBI, it is advised that the shareholders furnish details of their bank account number and name and address of their bank for incorporating the same in the dividend warrants. This would avoid wrong credits being obtained by unauthorized persons.

#### DISCLOSURES

##### I) DISCLOSURES ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS THAT MAY HAVE POTENTIAL CONFLICT WITH THE INTEREST OF THE COMPANY AT LARGE:-

The Board has received disclosures from key managerial personnel relating to material, financial and commercial transactions where they and/or their relatives have personal interest. There are no materially significant transactions made by the company with its promoters, Directors or Management or relatives etc. that may have potential conflict with the interest of the Company at large. However, the related party relationships and transactions as required under Accounting Standard (AS) 18 on Related Party Disclosures prescribed under the Companies Act, 2013 are disclosed in Note No. 2 (iii) of notes to the Accounts for the year ended 31st March, 2016 may be referred.

All related party transactions are negotiated on an arms-length basis, and are intended to further the Company’s interests.

The Company has also formulated a policy on dealing with the Related Party Transactions which can be accessed on our website at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment. and necessary approval of the audit committee and Board of directors were taken wherever required in accordance with the Policy.

Details of Related Party Transactions in form AOC 2 attached to Board Report may also be referred to.

##### II) STATUTORY COMPLIANCES, PENALTIES & STRICTURES



The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other statutory authorities relating to the above.

### III) WHISTLE BLOWER POLICY

Whistle Blower Policy/Vigil Mechanism: The Whistle Blower Policy/Vigil Mechanism has been formulated by the Company with a view to provide a mechanism for directors and employees of the Company to approach the Ethics Counsellor / Chairman of the Audit Committee of the Board to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Code of Conduct or ethics policy or any other unethical or improper activity including misuse or improper use of accounting policies and procedures resulting in misrepresentation of accounts and financial statements. 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 Whistle Blower Policy/Vigil Mechanism: The Whistle Blower Policy/Vigil Mechanism has been formulated by the Company with a view to provide a mechanism for directors and employees of the Company to approach the Ethics Counsellor / Chairman of the Audit Committee of the Board to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Code of Conduct or ethics policy or any other unethical or improper activity including misuse or improper use of accounting policies and procedures resulting in misrepresentation of accounts and financial statements. 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 provides 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 Whistle Blower Policy/Vigil Mechanism adopted by the Company in line with Section 177 of the Companies Act, 2013 and Regulation 22 of the Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015, which is a mandatory requirement, has been posted on the Company's website <http://www.scansteels.com/wp-content/uploads/2016/06/WB-OR-VM-POLICY.pdf>

### IV) SUBSIDIARY COMPANIES

As Your Company has No Subsidiaries there are no details to be provided for the same.

### V) POLICY ON DETERMINATION OF MATERIALITY FOR DISCLOSURES AND ARCHIVAL POLICY

In accordance with Regulation 30 of SEBI Regulations, 2015, the Company has framed a Policy on Determination of Materiality for Disclosures to disclose events or information which, in the opinion of the Board of Directors of the Company, are material. Further the Company has an Archival Policy in line with the requirements of SEBI Regulations to ensure that information relating to the Company is adequately disclosed on its web-site as required by law. The Policies have been uploaded on the Company's at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment

### VI) POLICY ON PRESERVATION OF DOCUMENTS

In accordance with Regulation 9 of SEBI Regulations, 2015, the Company has framed a Policy on preservation of documents approved by the Board of Directors of the Company. The Policy is intended to define preservation of documents and to provide guidance to the executives and employees working in the Company to make decisions that may have an impact on the operations of the Company. It not only covers the various aspects on preservation of the Documents, but also the safe disposal/destruction of the Documents. The Policies have been uploaded on the Company's website at <http://www.scansteels.com/wp-content/uploads/2016/06/POLICY-ON-DOCUMENT-RETENTION-AND-ARCHIVAL.pdf>

## VII) RECONCILIATION OF SHARE CAPITAL AUDIT

The Reconciliation of Share Capital Audit is conducted by a Company Secretary in practice to reconcile the total admitted capital with National Securities Depository Limited and Central Depository Services (India) Limited (“Depositories”) and the total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form (held with Depositories) and that the requests for dematerialisation of shares are processed by the R&T agents within stipulated period of 21 days and uploaded with the concerned depositories.

In terms of Regulation 40 (9) of the Listing Regulations, certificates, on half-yearly basis, have been issued by the Company Secretary in- practice with respect to due compliance of share transfer formalities by the Company.

The Company Secretary-in-practice carried out a Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (“NSDL”) and Central Depository Services (India) Limited (“CDSL”) (collectively “Depositories”) and the total issued and listed capital. The Audit confirms that the total paid-up capital is in agreement with the aggregate of the total number of shares in physical form and in dematerialised form (held with Depositories), respectively.

## VIII) SECRETARIAL AUDIT

The Company’s Board of Directors appointed M/s. K. K. Giri & Associates, Practising Company Secretaries, to conduct secretarial audit of its records and documents.

## XII) LISTING ON STOCK EXCHANGES

The Company’s Ordinary shares are listed on BSE Limited in India:

Stock Exchange	ISIN	Stock Code	Address	Website
BSE Limited	INE099G01011	511672	Phiroze Jeejeebhoy Towers, Dalal Street, KalanGhoda, Mumbai-400 001. India. Tel: 91 22 2272 1233 Fax: 91 22 2272 1919	www.bseindia.com

The secretarial audit reports confirms that the Company has complied with all applicable provisions of the Companies Act, 2013, Depositories Act, 1996, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI (Prohibition of Insider Trading) Regulations, 2015 and all other regulations and guidelines of SEBI as applicable to the Company.

## IX) MANAGEMENT DISCUSSION & ANALYSIS REPORT (MD&A REPORT)

The MD&A Report forms a part of the Directors' Report. All matters pertaining to industry structure and developments, opportunities and threats, segment/product wise performance, outlook, risks and concerns, internal control and systems, etc., are discussed in the said Report.

## X) INTIMATION TO STOCK EXCHANGES

All price sensitive information and matters which are material and relevant to shareholders are intimated to the Stock Exchange (ie. BSE Limited) where the securities of the Company are listed.

## XI) FILING WITH BSE “LISTING CENTRE”:

Pursuant to Regulation 10 (1) of the SEBI (LODR Regulations), BSE has mandated the Listing Centre as the “Electronic Platform” for filing all mandatory filings and any other information to be filed with the Stock Exchanges by Listed Entities. All the data relating to financial results, shareholding pattern, Corporate Governance Report, various submissions/ disclosure documents etc., have been electronically filed with the Exchange on the “Listing Centre” (<http://listing.bseindia.com>).



### **XIII) REGISTRARS AND TRANSFER AGENTS**

For communications regarding share transfer and dematerialization requests and All matters connected with share transfer, transmission, dividend payment is handled by the share transfer agent. Share transfers are processed within 10-12 days of lodgement., Members are requested to correspond with the Company's Registrars and Transfer Agents – Adroit Corporate Services Pvt Limited quoting their folio no./DP ID & Client ID at the following addresses:-

#### **Adroit Corporate Services Pvt Limited**

19, Jafferbhoy Industrial Estate, 1st Floor, Makwana Lane, Marol Naka, Andheri (E), Mumbai- 400 059.

Tel: +91 22 28596060 / 4060/ 4428 / 4442 / 0942

+91 22 42270400 / +91 22 42270423

Fax: +91 22 2850 3748

Email: pratapp@adroitcorporate.com

Web Site: www.adroitcorporate.com

### **XIV) NOMINATION FACILITY**

Pursuant to Section 72 of the Companies Act, 2013 read with Rule 19(1) of the Companies (Share Capital & Debentures) Rules, 2014, nomination facility is available to the shareholders. This facility is mainly useful for shareholders holding the shares in single name. In cases where the shares are held in joint names, the nomination will be effective only in the event of death of all the joint holders.

Investors are advised to avail of this facility, especially those holding securities in single name, to avoid the expensive and long drawn process of transmission by law.

Shareholders who hold shares in the physical form and wish to make/change a nomination in respect of their shares in the Company, as permitted under section 72 of the Companies Act, 2013, may submit to RTA (Adroit Corporate Services Pvt Limited), the prescribed Forms SH-13. The nomination form can be downloaded from the company's website – www.scansteels.com under Investor relations segment. However, if the shares are held in dematerialised form, the nomination has to be

intimated to your depository participants directly, as per the format prescribed by them.

### **XV) SHARES HELD IN ELECTRONIC FORM**

Shareholders holding shares in electronic form may please note that instructions regarding change of address, bank or PAN details, nomination and power of attorney should be given directly to the DP.

### **XVI) SHARES HELD IN PHYSICAL FORM**

Shareholders holding shares in physical form may please note that instructions regarding change of address, bank or PAN details, nomination and power of attorney should be given to the Company's RTA viz. Adroit Corporate Services Pvt. Limited.

### **XVII) ADDRESS FOR CORRESPONDENCE**

Name, designation & address of Compliance Officer:

Mr. Prabir Kumar Das,

Company Secretary and Compliance Officer,

104/105, E-Square, Subhash Road, Vile – Parle – (E), Mumbai – 400057

Phone – 022-26185461/62

Fax – 022-26185463

In terms of Regulation 46(2)(j) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the designated email address for investor complaint is [secretarial@scansteels.com](mailto:secretarial@scansteels.com). The email address of grievance redressal division is continuously monitored by the company's compliance officer.

### **XVIII) OTHER INFORMATION TO THE SHAREHOLDERS GREEN INITIATIVE**

As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, Government of India, enabling electronic delivery of documents including the Annual Report, Quarterly, Half-yearly results etc., to shareholders at their e-mail address previously registered with the Depository Participants (DPs)/ Company/Registrars & Transfer Agents.

Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail



addresses. Those holding shares in demat form can register their e-mail address with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with Adroit Corporate Services Pvt Limited, by sending a letter, duly signed by the first/sole holder quoting details of Folio No.

### **XIX) DEPOSITORY SERVICES**

Shareholders may write to the respective Depository or to Adroit Corporate Services Pvt Limited for guidance on depository services.

**Address for correspondence with Depositories are as follows:**

1. National Securities Depository Limited – Trade World, A Wing, 4th & 5th Floors, Kamala Mills Compound, Senapati Bapat Road, Lower Parel, Mumbai-400 013. Telephone: (022) 2499 4200, Facsimile: (022) 2497 6351,  
E-mail: info@nsdl.co.in, Website: www.nsdl.co.in
2. Central Depository Services (India) Limited – Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street, Fort, Mumbai-400 001. Telephone: (022) 2272 3333, Toll free: 1800-200-5533, Fax: (022) 2272 3199, E-mail: helpdesk@cdslindia.com , Website: www.cdslindia.com

### **XX) REMOTE E-VOTING AND BALLOT VOTING AT THE AGM**

To allow the shareholders to vote on the resolutions proposed at the AGM, the Company has arranged for a remote e-voting facility. The Company has engaged CDSL to provide e-voting facility to all the members. Members, whose names appear on the register of members as on 23rd September, 2016 shall be eligible to participate in the e-voting.

The facility for voting through ballot will also be made available at the AGM, and the members who have not already cast their vote by remote e-voting can exercise their vote at the AGM.

**XXI) All Mandatory requirements have been appropriately complied with.**

### **XXII) NON COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE**

There are no instances of non-compliance of Corporate Governance Report as mentioned in sub-paras (2) to (10) of para (C) of schedule V.

**XXIII)** The disclosures on corporate governance as required under Regulation 17 to 27 (Except Reg. 24 as Company Does not have any Subsidiary Company) and clauses (b) to (i) of sub-regulation (2) of 46 (Except Clause h, n, o- those are not Applicable to Company) have been adhered and complied with.

### **XXIV) ADOPTION OF DISCRETIONARY REQUIREMENTS:**

The status of adoption of discretionary requirements of Regulation 27(1) as specified under Part E of Schedule II of the SEBI (LODR Regulations) is provided below:

- i. The Board & Separate posts of Chairman and CEO: The positions of the Chairman and the CEO (WTD) are separate. Mr. Rajesh Gadodia, Non-Executive Chairman of the Company maintains office at the Company's expenses and is also allowed reimbursement of expenses incurred in performance of his duties.
- ii. Shareholders' Rights: As the quarterly, half yearly and annual financial performance including summary of significant events are published in the newspapers, communicated to the stock exchanges and also posted on the Company's website under - the Investor Relation Corner. The complete Annual Report is sent to every Shareholders of the Company. However the half yearly declaration of financial performance including summary of the significant events in the last six months, are not being sent separately to each household of Shareholders.
- iii. Modified Opinion in Auditors Report: It has always been the Company's endeavour to present financial statements with unmodified audit opinion. The Statutory Auditors have issued an unmodified audit opinion on the Company's financial statements for the year ended 31st March, 2016.



- iv. Reporting of Internal Auditor: The Internal Auditor of the Company directly reports to the Audit Committee on functional matters. The Company has submitted quarterly compliance report on Corporate Governance with the Stock Exchanges, in accordance with the requirements of Regulation 27(2)(a) of the Listing Regulations.

#### **DECLARATION AFFIRMING COMPLIANCE OF CODE OF CONDUCT**

In terms of Schedule V of the said regulations and as per 'affirmation of compliance' letters received from the Directors and the members of senior managerial personnel of the Company I, Ankur Madaan, Whole - Time Director of Scan Steels Limited hereby declare that all the Board Members and the members of Senior Management of the company have complied with the Code of Conduct of the Company during the financial year 2015-16.

**Place: Mumbai**  
**Date: 20th August, 2016**

**For Scan Steels Limited**  
Ankur Madaan  
Whole- Time Director  
(DIN: 07002199)

## CEO AND CFO COMPLIANCE CERTIFICATE

To  
The Members of  
Scan Steels Limited

(Formerly Clarus Infrastructure Realities Limited)

**Sub: CEO/ CFO certification to the Board Pursuant to Regulation 17(8) read with Part B of Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

We, Ankur Madaan, Whole –Time Director (CEO) and Gobinda Chandra Nayak, CFO, of Scan Steels Limited, hereby certify that:

- a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2016 and to the best of our knowledge and belief :
  - I. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - II. 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.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2016 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)i) There has not been any significant change in internal control over financial reporting during the year under reference;
- ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
- iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Mumbai  
Date: 20th August, 2016

Ankur Madaan  
Whole- Time Director

Gobinda Chandra Nayak  
Chief Financial Officer



**CERTIFICATE OF COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENT PURSUANT TO REGULATION 34(3) READ WITH SCHEDULE V (E) - OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To  
The Members,  
Scan Steels Limited  
(Formerly Clarus Infrastructure Realities Limited)

We have examined the compliance of conditions of Corporate Governance by Scan Steels Limited ("the Company"), for the year ended on March 31, 2016, as stipulated in:

- Clause 49 (excluding clause 49(VII)(E)) of the Listing Agreements of the Company with stock exchange(s) for the period from April 01, 2015 to November 30, 2015.
- Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchange(s) for the period from April 01, 2015 to September 01, 2015.
- Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") for the period from September 02, 2015 to March 31, 2016 and
- Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from December 01, 2015 to March 31, 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the

Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and all the mandatory requirements of Corporate Governance as stipulated in Schedule II of the said Regulations and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2016.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Bhubaneswar  
Date: 16th August, 2016

For M/s. K K Giri & Associates  
CS Kamala Kanta Giri  
Company Secretary  
M. No.:A34449  
C.P. No. : 14459

## MANAGEMENT RESPONSIBILITY STATEMENT

The financial statements are in full conformity with the requirements of the Companies Act, 2013 and the Accounting Standards issued by the Central Government. The Management of Company accepts responsibility for the integrity and objectivity of these financial statements, as well as, for estimates and judgments relating to matters not concluded by the year-end. The management believes that the financial statements reflect fairly the form and substance of transactions and reasonably presents the company's financial condition, and results of operations. To ensure

this, the Company has installed a system of internal controls, which is reviewed, evaluated and updated on an ongoing basis. Our auditors have conducted audits to provide reasonable assurance that the company's established policy and procedures have been followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls. These financial statements have been audited by M/s. SRB & Associates Chartered Accountants, Bhubneswar, the Statutory Auditors of the Company.

**Place: Mumbai**  
**Date: 20th August, 2016**

**For and on Behalf of the Board**  
Ankur Madaan  
Whole- Time Director  
(DIN: 07002199)

# **Financial Statement**

**2015-16**

## Independent Auditor's Report

### To the Members of Scan Steels Limited

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of SCAN STEELS LIMITED ('the Company'), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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, 2016, and its loss and its cash flows for the year ended on that date.



## Emphasis of Matter

Without qualifying our opinion, we draw attention to

- i. Note No-2(vi) to the financial statements that describes that the company has defaulted on debt payments to consortium lenders, due to unprecedented adverse developments witnessed by industry as a whole during financial year.
- ii. Note No-2(xi) to the financial statements that describes that the company has calculated reduction in value of inventory amounting to ₹ 78,42,86,306 due to sharp decline in finished goods price.

Our opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013, we give in the Annexure-A a statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this

Report are in agreement with the books of account.

- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act; and
- (f) With respect to the adequacy of the internal financial control over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure-B" and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
  - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

**For SRB & Associates**

Chartered Accountants  
Firm Regn. No: 310009E

**B.Mohanty**  
Partner  
M.N-056264

Place : Rajgangpur  
Date : 24th May, 2016



## “Annexure A” to the Independent Auditors’ Report

The Annexure referred to in our Independent Auditors’ Report to the members of the Company on the standalone financial statements for the year ended 31 March 2016, we report that:

- 1.(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the Management in phased periodic manner, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such verification.
- (c) The deed of immovable properties are held in the name of the Company in almost all cases excepting for
  - (i.) Freehold land of 7.68 Acres situated in Village Raiberna and Laing, Sundergarh which is in the name of M/s. Shristi Ispat Limited, the company which was merged in to this company during 2005.
  - (ii.) Land of 14.88 Acres occupied by the company situated in Village-Kudithini, Bellary, Karnataka.
2. In respect of its Inventories:
  - (a) As explained to us, Stocks have been physically verified by the management at regular intervals during the year. The frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventories as compared to book records.
3. The Company has not granted any loan during the year, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
4. In our opinion and as per explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies’ Act 2013 in respect of loans, investment, guarantees and security.
5. The Company has accepted deposits from public and in our opinion and according to the information and explanation given to us, the directives issued by Reserve Bank of India with respect to relevant provisions of section 73 to 76 or any other relevant provisions of Act and Companies Rules 2015 with regard to deposits from public are complied with. We are informed that no order has been passed by the Company Law Board of National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, in this context.
6. According to information and explanations given to us, the company is maintaining cost records as prescribed by central government under section 148(1) of the Act, in respect of the activities carried on by the company.
- 7.a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
- (b) According to the information and explanations given to us, there are no material dues of wealth tax, duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute excepting for following which have not been deposited by the Company on account of disputes:



## STATEMENT OF DISPUTED DUES

SI No.	Name of the Statute	Period	Nature of Dues	Amount (₹)	Forum where dispute is pending
1	Orissa Sales Tax Act	2001-2002	OST	1,37,958	Sales Tax Tribunal,Cuttack
2	Entry Tax Act	2001-2002	ENTRY TAX	24,482	Sales Tax Tribunal,Cuttack
3	Orissa Sales Tax Act	2002-2003	OST	22,96,983	Assistant Commissioner of Commercial Tax,RKL
4	Orissa Sales Tax Act	2004-2005	OST	17,15,871	Assistant Commissioner of Commercial Tax,RKL
5	Entry Tax Act	2004-2005	ENTRY TAX	9,95,460	OST Tribunal, Cuttack
6	Orissa Sales Tax Act	2005-2006	OST	1,07,26,881	High Court of Odisha,Cuttack
7	Entry Tax Act	2005-2006	ENTRY TAX	18,50,937	High Court of Odisha,Cuttack
8	Central Sales Tax Act	2005-2006	CST	5,30,992	High Court of Odisha,Cuttack
9	OVAT , Act	2006-2007	OVAT	1,07,38,853	High Court of Odisha,Cuttack
10	Central Sales Tax Act	2006-2007	CST	1,61,83,731	High Court of Odisha,Cuttack
11	Entry Tax Act	2006-2007	ENTRY TAX	33,51,331	High Court of Odisha,Cuttack
12	OVAT , Act	2007-08 & 2008-09	OVAT	2,25,331	Additional CST Northern Zone
13	Entry Tax Act	2007-08 & 2008-09	ENTRY TAX	1,36,613	Additional CST Northern Zone
14	Central Sales Tax Act	2007-08 & 2008-09	CST	1,82,853	Additional CST Northern Zone
15	Central Sales Tax Act	01.04.2009 to 30.06.2010	CST	64,03,136	Additional CST Northern Zone
16	Central Sales Tax Act	01.08.2008 to 28.02.2011	CST	5,17,563	Additional CST Northern Zone

17	OVAT , Act	01.04.2009 to 31.03.2011	OVAT	2,98,363	Additional CST Northern Zone
18	Entry Tax Act	01.04.2009 to 31.03.2011	ENTRY TAX	9,04,748	Additional CST Northern Zone
19	OVAT , Act	01.08.2008 to 28.02.2011	OVAT	16,96,61,165	Commissioner of Commercial Tax,Cuttack
20	Entry Tax Act	01.08.2008 to 28.02.2011	ENTRY TAX	4,00,53,670	Commissioner of Commercial Tax,Cuttack
21	Custom Act 1962	2012 & 2013	Custom Duty	1,38,48,914	Customs,Excise& Service Tax Appellate Tribunal, Bangalore
22	Income Tax act	2009-10 & 2011-12	Income Tax	88,93,575	The Commissioner of Income Tax(appeals)
<b>Total</b>				<b>28,96,79,410</b>	

8 In our opinion and according to the information and explanation given to us, the company has defaulted in repayment of dues to banks who have declared the same as non-performing in respect of following amounts:

Particular	Nature of Loan	Period of Default	Amount outstanding in Books of Account as at 31 <sup>st</sup> March 2016 (₹)	Remarks
State Bank of India	Cash Credit	28 <sup>th</sup> November,2015 to 31 <sup>st</sup> March, 2016.	88,29,08,085	Refer Note No-2(vi) to Financial Statements
	Term Loan		5,57,30,655	
Central Bank of India	Cash Credit		5,72,67,850	
	Term Loan		6,99,59,128	

9 Based upon the audit procedures performed and the information and explanations given by management, the company has not raised moneys by way of initial public offer or further public offer including debt instrument.

10 Based upon audit procedures performed and the information and explanations given by management, we report that no fraud by the company has been noticed.

11 Based upon audit procedures performed and the information and explanations given by management,

the managerial remuneration has been paid or provided in accordance with the requisite approvals mandate by the provisions of section 197 read with schedule V to the companies Act.

12 In our opinion, the company is not a nidhi company.

13 In our opinion, all transactions with related parties are in compliance with section 177 and 188 of companies Act 2013 and the details have been disclosed in the financial statements as required by the applicable accounting standards.



- 14 Based upon audit procedures performed and the information and explanations given by the management, the company has allotted on Preferential basis 1,10,05,330 no of equity shares and 1,28,49,605 no. of preference shares at a premium as decided by the Board of Directors. Further, the company has also allotted on Preferential basis 80,00,000 Nos of share warrants convertible into equivalent number of equity shares of face value of ₹10 each of the company at an exercise price of ₹ 50(Rupees Fifty Only) (including a premium of ₹ 40) per equity shares within 18 months from the date of issue of warrants, in its Board Meeting held on 14th October,2015, the allottees had exercised such power to convert 44,53,330 number of warrants into equity shares at board meeting held on different dates during the year ( Refer note no.2(v) &5).
- 15 Based upon audit procedures performed and the information and explanations given by the management, the company has not entered into any non cash transaction with directors or persons connected with them.
- 16 In our opinion, the company is not required to be registered under section 45 1A of the Reserve Bank of India Act,1934.

Place : Rajgangpur  
Date : 24th May, 2016

**For SRB & Associates**  
Chartered Accountants  
Firm Regn. No: 310009E

**B.Mohanty**  
Partner  
M.N-056264

## **Annexure “B” to the Independent Auditor’s report of even date on the Standalone Financial Statements as at and for the year ended 31st March 2016 of Scan Steels Limited**

### **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 Scan Steels Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

### **Auditors’ Responsibility**

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

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

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

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

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

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally preparation of standalone financial statements in accordance with



generally expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are

subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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 SRB & Associates**

Chartered Accountants  
Firm Regn. No: 310009E

**B.Mohanty**  
Partner  
M.N-056264

Place : Rajgangpur  
Date : 24th May, 2016

## BALANCE SHEET AS AT 31st MARCH 2016

PARTICULARS	NOTES	Amount ₹ As at 31st March'16	Amount ₹ As at 31st March'15
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
a. Share Capital	3	61,65,52,350	37,80,03,000
b. Reserves & Surplus	4	1,71,32,00,611	1,21,54,95,576
c. Money Received Against Share Warrants	5	4,43,33,500	-
<b>2. Share application money pending allotment</b>		-	32,76,00,000
<b>3. Non-current liabilities</b>			
a. Long-term borrowings	6	22,65,20,298	72,21,21,658
b. Deferred Tax Liabilities (Net)	7	22,30,90,742	20,56,93,193
c. Other Long-term Liabilities		-	-
<b>4. Current liabilities</b>			
a. Short-term borrowings	8	1,68,64,58,430	1,60,90,72,207
b. Trade payables	9	57,13,29,064	98,68,17,841
c. Other current liabilities	10	67,62,75,046	46,57,96,281
d. Short-term provisions	11	5,22,31,385	5,49,29,688
<b>TOTAL :</b>		<b>5,80,99,91,426</b>	<b>5,96,55,29,445</b>
<b>II. ASSETS</b>			
<b>1. Non-current assets</b>			
a. Fixed assets			
(i) Tangible assets	12	2,94,80,87,751	2,64,40,22,353
(ii) Intangible assets		28,870	28,870
(iii) Capital work-in-progress		-	28,58,96,156
b. Non-current investments	13	1,33,09,801	-
c. Deferred tax assets (net)		-	-
d. Long-term loans and advances	14	20,49,68,926	17,89,76,942
e. Other Non current asset	15	78,42,86,306	-
<b>2. Current assets</b>			
a. Current investments		-	-
b. Inventories	16	95,13,39,433	1,51,55,15,327
c. Trade receivables	17	52,86,09,972	86,45,70,294
d. Cash and Bank Balance	18	10,59,91,711	11,11,12,471
e. Short-term loans and advances	19	25,69,20,719	35,13,51,901
f. Other current assets	20	1,64,47,937	1,40,55,129
		<b>5,80,99,91,426</b>	<b>5,96,55,29,445</b>

Significant Accounting Policies and Notes to Accounts 1 & 2  
Notes forming part of Balance Sheet 3 to 20

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

**For SRB & Associates**  
**Chartered Accountants**  
**Firm Regn. No:310009E**

**For and on behalf of the Board**  
**M/s. Scan Steels Limited**

**B.Mohanty**  
**Partner**  
**M. No.056264**

Vinay Goyal  
**Director**

Rajesh Gadodia  
**Managing Director**

**Date:24-05-2016**  
**Place: Rajgangpur**

Prabir Kumar Das  
**Company Secretary**

Gobinda Chandra Nayak  
**Chief Financial Officer**



## STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH, 2016

PARTICULARS	NOTES	Amount ₹ for The Period ended 31st March'2016	Amount ₹ for The Period ended 31st March'2015
<b>INCOME :</b>			
Revenue from Operations	21	3,87,34,36,065	4,94,03,49,978
Less: Excise Duty		34,25,16,864	46,48,27,974
Net Revenue from Operations		3,53,09,19,201	4,47,55,22,004
Other Incomes	22	1,33,63,997	2,10,81,527
<b>Total Revenue</b>		<b>3,54,42,83,198</b>	<b>4,49,66,03,531</b>
<b>EXPENDITURE :</b>			
a. Cost of Materials Consumed	23	2,49,63,81,074	2,80,04,30,726
b. Purchase Of Stock In Trade		53,24,89,342	42,13,87,722
c. Change in Inventory (Increase) /decrease	24	(26,51,01,199)	(3,88,88,361)
d. Employee Benefit Expenses	25	11,13,02,483	9,94,41,606
e. Finance cost	26	28,22,78,691	35,27,80,093
f. Depreciation and Amortization expenses	12	12,45,60,201	12,13,63,712
g. Other Expenses	27	58,16,62,923	68,47,33,115
<b>TOTAL :</b>		<b>3,86,35,73,515</b>	<b>4,44,12,48,613</b>
<b>Profit Before exceptional and extra ordinary items and tax</b>		<b>(31,92,90,316)</b>	<b>5,53,54,919</b>
<b>Exceptional items</b>		9,78,050	16,86,580
<b>Profit Before extraordinary items and tax</b>		<b>(32,02,68,366)</b>	<b>5,36,68,339</b>
<b>Extraordinary items</b>		-	-
<b>Profit before Taxes</b>		<b>(32,02,68,366)</b>	<b>5,36,68,339</b>
<b>Provision for Taxes</b>			
a. Current Tax		-	1,10,76,519
b. Deferred Tax		1,73,97,549	1,57,57,731
<b>Profit (Loss) for the period from continuing operations</b>		<b>(33,76,65,914)</b>	<b>2,68,34,089</b>
<b>Profit/(loss) from discontinuing operations</b>		-	-
<b>Tax expense of discontinuing operations</b>		-	-
<b>Profit/(loss) from Discontinuing operations (after tax)</b>		-	-
<b>Profit (Loss) for the period</b>		<b>(33,76,65,914)</b>	<b>2,68,34,089</b>
<b>Earnings per equity share:</b>			
<b>(1) Basic</b>		(6.92)	0.71
<b>(2) Diluted</b>		(5.02)	0.71

Significant Accounting Policies and Notes to Accounts  
Notes forming part of Balance Sheet

1 & 2  
21 to 27 & 12

As per our report of even date attached.

**For SRB & Associates**  
Chartered Accountants  
Firm Regn. No:310009E

**For and on behalf of the Board**  
M/s. Scan Steels Limited

**B.Mohanty**  
Partner  
M. No.056264

Vinay Goyal  
Director

Rajesh Gadodia  
Managing Director

Date:24-05-2016  
Place: Rajgangpur

Prabir Kumar Das  
Company Secretary

Gobinda Chandra Nayak  
Chief Financial Officer



## Cash Flow Statement (Prepared Pursuant to AS-3)

	Particulars	For The period Ended 31st March'2016		For The Year Ended 31st March'2015	
<b>A</b>	<b>Cash flow from operating activities</b>				
	Net Profit before taxation and extraordinary items	(33,76,65,914)		2,68,34,089	
	Adjustments for:				
	Depreciation and amortisation expenses	12,45,60,201		12,13,63,712	
	(Profit)/Loss on Sale of Fixed Assets	1,68,847		-	
	Compensation Received	-		(61,24,828)	
	Deffered Expenses Written Off	1,73,97,549		1,57,57,731	
	Income Tax of Earlier years				
	Exceptional Items	9,78,050		16,86,580	
	Miscellaneous Income	43,463		5,55,000	
	Income Tax Provision	-		1,10,76,519	
	Finance cost	28,22,78,691		35,27,80,093	
	Interest Income	(1,31,51,687)		(1,37,80,992)	
	<b>Operating profit before working capital changes</b>	<b>7,46,09,199</b>		<b>51,01,47,904</b>	
	Changes in working Capital:				
	(Increase) / Decrease in Inventories	56,41,75,894		4,00,26,383	
	Diminution value Of Inventories	(78,42,86,306)		-	
(Increase) / Decrease in Trade Receivables.	33,59,60,322		10,27,73,275		
(Increase) / Decrease in Short Term Loans & Advances	9,55,58,182		(12,02,67,462)		
(Increase) / Decrease in other current assets	(23,92,808)		(87,40,121)		
Increase / (Decrease) Short Term Borrowings.(Net.)	7,73,86,223		6,79,43,025		
Increase / (Decrease) Trade payables (Net.)	(41,54,88,777)		14,66,01,576		
Increase / (Decrease) in Other Current Liabilities	22,13,72,602		(3,37,48,947)		
<b>Cash generated from operations.</b>	<b>16,68,94,530</b>		<b>70,47,35,632</b>		
Income Tax (Payment) / Refund received (net)	33,65,162		(64,21,991)		
<b>Net Cash flow from / (used in) Operating activities</b>		<b>17,02,59,692</b>		<b>69,83,13,641</b>	
<b>B</b>	<b>Cash Flows from Investing Activities</b>				
	Purchase of Fixed Assets	(14,62,73,583)		(23,28,79,905)	
	Sale of fixed assets	46,12,020		-	
	Increase/(Decrease) in long-term loans and advances	(2,59,91,984)		(3,60,95,071)	
	Interest received	1,31,95,150		1,37,80,992	
	Non-current investments	(1,33,09,801)		-	
Compensation Received	-		61,24,828		
<b>Net Cash from / (used in) Investing activities</b>		<b>(16,77,68,198)</b>		<b>(24,90,69,156)</b>	
<b>C</b>	<b>Cash Flows from Financing Activities</b>				
	Increase/(decrease) in Share Capital And Money Received Against Share Warrants	1,10,87,61,637		-	
	Increase/(decrease) in Share Application Money pending Allotment	(32,76,00,000)		(33,74,00,000)	
	Increase/(decrease) in Unsecured Loan	(37,43,35,375)		34,45,02,671	
	Increase/(decrease) in Secured Loan	(15,13,48,957)		(13,12,62,988)	
	Increase/(decrease) in Finanace Lease Obligation	1,13,19,737		-	
	Increase/(decrease) in Deposits	78,69,398		1,33,76,000	
	Finance Cost	(28,22,78,691)		(35,27,80,093)	
<b>Net Cash from / (used in) Financing activities</b>		<b>(76,12,251)</b>		<b>(46,35,64,410)</b>	
<b>D</b>	<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>(51,20,760)</b>		<b>(1,43,19,925)</b>
	Cash and Cash equivalents at the beginning of the year	11,11,12,471		12,54,32,396	
	Cash and Cash equivalents at the end of the year	10,59,91,711	<b>51,20,760</b>	11,11,12,471	<b>1,43,19,925</b>



**Notes :**

- 1 Cash & Cash equivalent includes Cash & Bank Balances and Fixed Deposits with bank.  
The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India
- 2
- 3 Figures are in brackets indicates Cash outgoing. This is the Cash Flow Statement referred to, in our report of even date
- 4 The Figures shown in brackets denotes outflow of money.

**For SRB & Associates  
Chartered Accountants  
Firm Regn. No:310009E**

**B.Mohanty  
Partner  
M. No.056264**

**Date:24-05-2016  
Place: Rajgangpur**

**For and on behalf of the Board  
M/s. Scan Steels Limited**

Vinay Goyal  
**Director**

Rajesh Gadodia  
**Managing Director**

Prabir Kumar Das  
**Company Secretary**

Gobinda Chandra Nayak  
**Chief Financial Officer**

## Notes forming part of financial statements for the Year ended 31st March 2016

### Corporate Information

M/s Scan Steels Limited is a public limited company domiciled in India. The company has its primary listings on the BSE Limited in India. The company is engaged in manufacturing of steel products and in generation of power for captive consumption. The company is also involved in derivative contracts that are intended for trading.

#### 1. Significant Accounting Policies :

##### i Basis of Accounting:

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting stands as prescribed under Section 133 of the Companies Act.,2013 )'Act') read with Rule 7 of the Companies (Accounting) Rules, 2014 the provisions of the Act (to the extent notified ) and guidelines issued by the Securities and exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

##### ii. Use of Estimates:

The preparation of the financial statements' in conformity with GAAP requires management to make judgment estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosures relating to contingent liabilities as at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and action uncertainty above these consumptions and estimates could not in the outcomes requiring a material adjustments to the carrying amounts of assets and liabilities in future periods.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in

estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

##### iii. Classification of Assets and Liabilities:

All the asset and liabilities of the companies are segregated into current and non-current based on the principles and definitions as set out in the schedule III of the Companies Act.2013 as amended. The company has adopted a period of twelve months as its operating cycle.

##### iv. Fixed Assets:

- a. Tangible Assets are stated at cost net of CENVAT credit after deducting the accumulated depreciation. The cost of an asset comprises its purchase price and any attributable costs of bringing such assets to its working condition for intended use.
- b. Intangible assets are recorded at the consideration paid for acquisition of such assets and a claimed at cost less accommodated amortization and impairment.
- c. Capital Work-In-Progress comprises of the cost of Fixed Assets that are not yet ready for their intended use at the reporting date.
- d. The whole of the finance charges paid on assets acquired under Hire Purchase Scheme are considered as "Un matured finance charges" under the head "Other Current Assets" in the Balance sheet. Subsequently, at the end of the year the portion of finance charges is transferred to profit & loss account on the basis of the number of installments due during the year.

##### v. Inventories :

- a. Raw materials, components and stores & spares are valued at cost following FIFO method. Cost includes purchase price, freight, handling charges and other directly attributable costs to bring the material to its present location and are net of duties and taxes wherever applicable.
- b. Work-in-progress and finished goods are valued at lower of cost or Net realizable value. Cost includes direct materials, labour and a proportion of



manufacturing overheads based on average cost of production.

- c. Cost of finished goods inside the plant includes excise duty.
- d. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.
- e. Shares held as stock-in trade are valued at current market price.

#### **vi. Revenue Recognition :**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be readily measured. The company adopts the following criteria as for recognizing the revenue:-

- a. Sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods, net of Value-added taxes.
- b. Sale of traded goods is recognized when the goods are dispatched to the customers.
- c. Sale of Share is accounted when contract for sale is entered into.
- d. Net gain arising from trading of derivatives contracts is recognized after considering the offsetting effect of the net loss if any.

#### **vii. Provisions and Contingent Liabilities :**

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. Contingent assets are not recognized.

#### **viii Foreign Currency Transactions :**

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency

transactions are included in determining net profit for the period in which the transaction is settled.

#### **ix. Cash and Cash equivalents :**

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers highly liquid investments with a maturity of more than twelve months and that are readily convertible to known amounts of cash to be cash equivalents.

#### **x. Excise Duty:**

Excise duty is accounted for on dispatch of products from the factory and on closing stock.

#### **xi Purchase:**

Purchase of materials is recognized on dispatch of such goods by the suppliers based on certainty irrespective of receipt of such goods at the factory. It is shown net of CENVAT/VAT credit wherever applicable.

#### **xii. Employee Benefits:**

##### **a. Short Term Employee Benefits:**

All Short term employee benefits such as salaries, incentives, special award, medical benefits which fall due within 12 months of the period in which the employee renders related services, which entitles him to avail such benefits and non accumulating compensated absences (like maternity leave and sick leave) are recognized on an undiscounted basis and charged to Profit and Loss Statement.

##### **b. Defined Contribution Plan:**

Contribution to the provident fund, which is a defined contribution plan, made to the Regional Provident Fund Commissioner is charged to the Profit and loss Statement on accrual basis.

##### **c. Defined Benefit Plan:**

The company has not made any provision with regard to gratuity and superannuation benefits on actuarial basis in compliance to the provisions laid in accounting standard on accounting for retirement benefits. However, the Company has taken a group gratuity policy with Life Insurance Corporation of India in respect of retirement benefits of its employees, the annual premium of which is charged to the profit and loss statement

### xiii. Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of quelling asset are capitalized as part of the respective asset. All other borrowing costs are expended in the period they occur.

### xiv. Depreciation:

Depreciation is provide on Straight Line Method over the period of assets after keeping 5% of cost as residual value in the manner prescribed in the Companies Act, 2013. Depreciation on assets purchased/acquired during the year is charged from the date of purchase of the assets. Assets that are acquired during the year are depreciated fifty percent of the amount calculated for one year based on the new method and the balance is proposed to be in the year of disposal. Similarly depreciation on assets sold/discarded during the year is charged up the date of sale of assets.

### xv. Tax Expenses:

- a. Current income tax expense comprises taxes on income from operations in India and is determined in accordance with the provisions of the Income Tax Act, 1961. Minimum Alternate Tax (MAT) is paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability. The company offsets on a year on basis, the current tax assets and liabilities, where it intends to settle such assets and liabilities on a net basis. The current tax expense

recognized in the financial statements is net off MAT credit utilized during the period.

- b. Deferred tax liability or asset is recognized on timing difference related to depreciation on fixed assets being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in subsequent periods. Deferred tax assets and liabilities are calculated using the tax rates and tax laws prevailing on the balance sheet date.

### xvi Segment Reporting:

- a. The Company is primarily engaged in the business of manufacturing of steel and power for captive consumption and Trading of Sponge Iron. The Company has identified two primary business segments namely Manufacturing and trading, which in context of Accounting Standard 17 on Segment Reporting” constitute reportable segment. However, as the turnover of trading segment is less than 10% of the total revenue, no such reporting is required.
- b. The company’s products are dispatched from plants located at Rajgangpur (Odisha), and Bellary (Karnataka) to various parts of the country and considering the customer base which is wide spread all over the country, no such geographical differentiation can be done for presenting the information.

## 2. Notes on Accounts

### i. Contingent Liabilities

SI No.	Nature of Contingent Liability	2015-16	2014-15
1	Estimated amount of contracts remaining to be executed on capital accounts and not provided for.	Nil	Nil
2	The company has accepted the bills under Letter of Credit and MSME RFS limit in aggregate, which is due for payment on or before 31 <sup>st</sup> March 2016.	₹ 15,10,66,622.00	₹ 27,03,52,082.00
3	Bank Guarantees	₹ 2,97,65,781.00	₹ 2,78,82,713.00
4	Claims not acknowledged by the company relating to Statutory dues(Net of payments)	₹ 25,29,34,476	₹ 6,77,33,750.00



## ii. Earnings per Share (EPS):

Basic and diluted earnings per share are computed by dividing the net profit after tax by the weighted average no of equity shares outstanding during the period.

Particulars	2015-16	2014-15
a) Net Profit /(Loss) after Tax as per Statement of Profit and Loss attributable to Equity Shareholders	₹ (337,665,915)	₹ 2,68,34,089
b) Weighted Average number of equity shares used as denominator for calculating EPS	488,056,300	3,78,00,300
c) Basic Earnings per share	₹ (6.92)	₹ 0.71
d) Diluted Earnings per share	₹ (5.02)	₹ 0.71
e) Face value per equity share	₹ 10	₹ 10

## iii. Related Party Disclosures :

### A. Listed of Related Parties :

SI No.	Description of Relationship	Name of related parties	
1.	Key Management personnel (KMP)	i.	Mr. Rajesh Gadodia
		ii.	Mr. Nimi sh Gadodia
2	Relatives of KMP	i.	Mr. Sawarmal Gadodia
		ii.	Mrs. Archana Gadodia
3	Companies in which KMP / Relatives of KMP have significant influence	i.	Artline Commerce Pvt. Ltd.
		ii.	Scan Energy & Power Limited
		iii.	Nav-Durga Fuel Private Limited

**B. Transaction with Related Parties :**

Sl. No.	Nature of Transaction	Name of the Related parties	KMP ( ₹ )	Relatives of KMP( ₹ )	Significant being influential persons ( ₹ )	Balance Outstanding ( ₹ )
1	Loans Repaid	Scan Energy & Power Ltd.	1,48,05,971 (Nil)			Nil (1,48,05,971)
2	Deposits Receipt	Mr. Rajesh Gadodia	12,00,000 (1,60,00,000)			8,46,00,000 (8,32,00,000)
		Mr. Nimish Gadodia	(Nil) (7,00,000)			1,95,00,000 (1,95,00,000)
		Mr. Swarmal Gadodia		(Nil) (80,00,000)		80,00,000 (80,00,000)
		Mrs. Archana Gadodia		(Nil) (75,00,000)		1,15,00,000 (1,15,00,000)
3	Repayment of Loan	Artline Commerce Pvt Ltd			50,07,146 (58,00,000)	1,80,00,000 (2,13,67,903)
4	Purchase of Goods	Scan Energy & Power Ltd.			16,28,99,784 (7,17,35,921)	4,19,31,503.75
		Nav Durga Fuel Private Limited			95,64,840 (20,21,835)	Nil (Nil)
5	Sale of Goods	Scan Energy & Power Ltd.			80,98,12,850 (90,79,91,537)	Nil
		Nav Durga Fuel Private Limited			1,66,83,548 (1,65,95,922)	6,28,51,417.36 (8,59,87,158)
6	Rent	Mrs. Archana Gadodia		9,60,000 (9,60,000)		Nil (10,20,000)
7	Directors Remuneration	Mr. Rajesh Gadodia	24,00,000 (15,00,000)			50775 (21,200)

Note: Figures shown in brackets represents figures of previous year.

**iv. Foreign Currency Transactions :**

Sl No.	Nature of Expenditure	2015-16		2014-15	
		Amount (USD)	Amount ( ₹ )	Amount (USD)	Amount ( ₹ )
1	Consumables	21,412	13,97,481.76	29,940	18,50,576.64
2	Fixed Assets	-	-	65,000	40,31,300.00



- v. The company has allotted on Preferential basis 1,10,05,330 no of equity shares & 1,28,49,605 no. of preference shares at a premium as decided by the Board of Directors. Further, the company has also allotted on Preferential basis 80,00,000 Nos of share warrants having an option/entitlement to apply for end be allotted equivalent number of equity shares of face value of ₹ 10 each of the company at an exercise price of ₹ 50(Rupees Fifty Only) (including a premium of ₹ 40) per equity shares, in its Board Meeting held on 14th October,2015, the allottees had exercised such power to convert 44,53,330 number of warrants into equity shares at board meeting held on different dates during the year.
- vi. The banker State Bank of India, being leader of Consortium has treated its lending facilities to the company as non-performing on 28th November, 2015. The insufficient cash flow due to drastic reduction in prices of steel products, cheaper imports into India & slowdown of global economy, being the reasons for non honoring commitments to the bank. As a result interest component on such loan of ₹ 80,00,00,000 has not been provided in the financial statement for the period from 20th December 2015 to 31st March,2016 which has impact on the profitability for the year under reporting, the said figure not being determinable as of now. Further, in relation to this one more banker has classified the lending facilities of ₹ 5,84,00,000

as non-performing as per their communication letter subsequent to balance sheet date and before signing of the financial report.

#### vii. Investments

Long-term investments are carried at cost less provision for diminution other than temporary, if any, in value of such investments. During the year the company has converted its equity instruments into long-term investment, which were treated as stock-in-trade in earlier years.

#### viii. Amalgamation:

Pursuant to the scheme of Arrangement (the scheme) approved by the shareholders and sanctioned by the Hon'ble High Court of Odisha and at Bombay whereby Scan Steels Ltd. the transferor company are amalgamated with M/s Clarus Infrastructure Realities Ltd. the transferee company. The scheme became effective on 1st of April, 2010. Under the provisions of the Companies Act 1956, the transferor company was transferred to and vested in the company as a going concern basis.

- ix. The Amalgamation has been accounted for in the books of account of 'Clarus Infrastructure Realities Ltd. under "Pooling of Interest Method" as prescribed under Accounting Standard (As) 14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India.

#### x. Auditors Remuneration (net of service tax)

Amount (₹)

Particulars	2015-16	2014-15
a) Audit Fees	14,00,000	14,00,000
b) Tax Audit	2,00,000	2,00,000
c) Internal Audit	3,60,000	3,60,000
d) Other Matters	Nil	8,427
<b>Total</b>	<b>19,60,000</b>	<b>19,68,427</b>

#### xi. Diminution in value of Inventory :

This denotes the reduction in value of inventory held for day to day operation as raw materials, finished goods, semi-finished goods and trading goods of the company. The reduction in value of stock arose due to sharp decline in finished goods price mainly arose on account

of cheaper import of steel into India and fall in international raw material prices. During this slowdown of economy, the company has suffered a lot. The company has calculated reduction value amounting to ₹78,42,86,306 which has been treated as non-current assets in the audited financial statement for the year





under review. The board of directors has decided to amortize this amount in the subsequent years by charging to profit & loss account on proportionate basic.

**xii.** Trade Payable includes acceptances of bill representing liability towards Letter of Credit and MSME RFS limit from Banks. The Letter Of credit is primarily secured with hypothecation of merchandise covered under said LC on pari-passu basis with Consortium member Banks. The MSME RFS limit solely sanctioned by SIDBI is primarily secured with pledge of Fixed Deposit, personal guarantee of directors along with other specified collateral securities in the company' name.

**xiii.** The company has not received any intimation from the suppliers regarding their status under the Micro,

Small and Medium Enterprises Development Act, 2006. and hence disclosures, relating to amount unpaid as at the year end together with the interest paid /payable as required under the said act have not been given.

**xiv.** The exceptional items represent expenses of LC Usance Interest and Stores, Spares and Consumables related to earlier years.

**xv.** Debtors & Creditors balances are subject to confirmation.

**xvi.** Previous year figures have been regrouped and/or rearranged wherever necessary, confirming to current year. Figures in bracket represent previous year figure.

**For SRB & Associates  
Chartered Accountants  
Firm Regn. No:310009E**

**B.Mohanty  
Partner  
M. No.056264**

**Date:24-05-2016  
Place: Rajgangpur**

**For and on behalf of the Board  
M/s. Scan Steels Limited**

Vinay Goyal  
**Director**

Rajesh Gadodia  
**Managing Director**

Prabir Kumar Das  
**Company Secretary**

Gobinda Chandra Nayak  
**Chief Financial Officer**



PARTICULARS	Amount ₹ As at 31st March'16	Amount ₹ As at 31st March'15
<b>Note - 3</b>		
<b>Share Capital</b>		
<b>a) Authorised</b>		
55,000,000 Nos of Equity shares of ₹10/- each	70,00,00,000	70,00,00,000
15,000,000 Nos of Preference shares of ₹10/- each (P.Y 70,000,000 Nos of Equity shares of ₹10/- each)		
<b>b) Issued, Subscribed and Paid Up [Ref Note 2(v)]</b>		
<b>i) Equity Shares:</b>		
4,88,05,630 Nos of shares of ₹10/- each fully paid up (P.Y 37,800,300 Nos of shares of ₹10/- each fully paid up)	48,80,56,300	37,80,03,000
<b>ii) 1% Non Cumulative Redeemable Preference Share(NCRPS) : **</b>		
12,849,605 Nos of shares of ₹10/- each fully paid up,( P.Y.- NIL)	12,84,96,050	—
<b>Total</b>	<b>61,65,52,350</b>	<b>37,80,03,000</b>

\*\* The Company has allotted 12,849,605 Number of 1% Non - Convertible & Non-Cumulative Redeemable preference shares(NCRPS) , at face value of ₹ 10 each fully paid up with a premium of ₹ 30 each . The preference share holders have preference right over payment of dividend and settlement of principal amount upon liquidation, over common shareholder. The dividend shall be paid out upon availability of profits. The preference shares shall be redeemed out of profits or out of the proceeds of fresh issue of shares at or after the end of the Fifth year but within a period of 20 years either in one or more tranches as may be determined by the board of directors of the company in its absolute discretion at such price as may be decided but in any case not less than price of ₹ 44 for each.

PARTICULARS	Amount ₹ As at 31st March'16	Amount ₹ As at 31st March'15
<b>i) Reconciliation of number of equity shares are set out below:</b>	<b>No of shares</b>	<b>No of shares</b>
a) Shares outstanding at the beginning of the financial year.	3,78,00,300	3,78,00,300
b) Issued during the year	1,10,05,330	-
c) Shares outstanding at the end of the financial year	<b>4,88,05,630</b>	<b>3,78,00,300</b>

PARTICULARS	No of Shares As at 31st March'16	No of Shares As at 31st March'15
<b>ii) Reconciliation of number of preference shares are set out below:</b>		
a) Shares outstanding at the beginning of the financial year.	—	-
b) Issued during the year	1,28,49,605	-
c) Shares outstanding at the end of the financial year	<b>1,28,49,605</b>	<b>-</b>

**d) Details of shareholders holding more than 5% of shares**

NAME OF THE SHARE HOLDERS	As at 31st March-16		As at 31st March-15	
	No of Shares	% held	No of Shares	% held
i) Rajesh Gadodia	3535531	7.24%	32,75,531	8.67%
ii) Nimish Gadodia	3408316	6.98%	31,88,316	8.43%
iii) Artline Commerce Pvt Ltd	9566575	19.60%	95,66,575	25.31%
iv) Bayanwala Brothers (p ) Limited	4541384	9.31%	21,41,384	5.66%
v) Decent Vincom pvt Ltd	2547221	5.22%	25,47,221	6.74%
vi) Monotype India Ltd. (Earstwhile Mono Ltd.) Herbicides	3004320	6.16%	30,04,320	7.95%

a) The Company has a single class of Equity shares. Accordingly ,all equity shares rank equally with regard to dividend and share in the company's residual assets.

b) The NCRPS shall be Non participating in the surplus Assets and carry a preferential right vis-à-vis Equity Share of Company with respect to payment of Dividend & Repayment in case of a winding up or Re payment of Capital.

<b>Note-4</b>		
<b>Reserves &amp; Surplus</b>		
<b>a. Profit and Loss Statement</b>		
Opening Balance	68,72,581	(71,13,463)
<u>Add:</u> Profit during the year	(33,76,65,914)	2,68,34,089
<u>Less:</u> Adjustment of net carrying amount of tangible Fixed Asset		(1,28,48,045)
<u>Add:</u> Income Tax of Earlier years	94,92,162	-
<b>Sub Total</b>	(32,13,01,171)	68,72,581
<b>b. Securities Premium</b>		
Opening Balance	1,01,89,15,764	1,01,89,15,764
<u>Add:</u> -Received During the Year	82,57,01,350	-
<b>Sub Total</b>	1,84,46,17,114	1,01,89,15,764
<b>c. General Reserve</b>		
Opening Balance	13,44,11,859	13,44,11,859
<u>Add:</u> -Received During the Year	-	-
<b>Sub Total</b>	13,44,11,859	13,44,11,859
<b>d. Capital Reserve</b>		
Opening Balance	59,23,982	59,23,982
<u>Add:</u> -Received During the Year	1,77,437	-
<b>Sub Total</b>	61,01,419	59,23,982
<b>e. Amalgamation Adjustment Reserves</b>		
Opening Balance	4,93,71,390	4,93,71,390
<u>Add:</u> -Received During the Year	-	-
<b>Sub Total</b>	4,93,71,390	4,93,71,390
<b>Total(a+b)</b>	<b>1,71,32,00,611</b>	<b>1,21,54,95,576</b>

**Note- 5**

PARTICULARS	Amount ₹ As at 31st March'16	Amount ₹ As at 31st March'15
<b>Money received against share warrants [Ref Note 2(v)]</b>		
80,00,000 Nos of warrants convertible into equivalent number of equity shares of face value of ₹ 10/- each, issued at a price of ₹ 50/- (Rupees Fifty only) (including a premium of ₹ 40/-) per warrant and which shall be converted into equity within 18 months period from the date of issue of warrants (i.e. on or before April-2017) on prodate basis as a Equity share Capital (P.Y Nil)	4,43,33,500	-
<b>Total</b>	<b>4,43,33,500</b>	<b>-</b>



**Note- 6**

PARTICULARS	Amount ₹ As at 31st March'16		Amount ₹ As at 31st March'15	
	Non Current Maturities	Current Maturities	Non Current Maturities	Current Maturities
<b>Long-term borrowings:</b>	-			
<b>Secured Loan:</b>				
(a) Term Loan From Banks *	13,13,00,000	7,77,53,462	20,31,89,474	15,72,12,945
(b) Financial Lease Obligations	1,15,58,298	81,49,913	39,13,912	44,74,562
<b>Un Secured Loan:</b>				
(a) Deposits Accepted - Public	1,45,62,000	47,93,000	1,27,27,602	51,58,000
(b) Deposits Accepted - From Related Party	6,91,00,000	5,96,38,000	9,98,38,000	2,25,00,000
(c) Loan from Related Parties	-	1,80,00,000	2,13,67,903	-
(d) Loan from Others*	-	1,01,17,295	38,10,84,767	-
<b>Total</b>	<b>22,65,20,298</b>	<b>17,84,51,670</b>	<b>72,21,21,658</b>	<b>18,93,45,507</b>

\* Term Loan From banks includes ₹ 5,57,30,655 from State Bank Of India ,which has been classified the facility non performing as on 28 th November,2015. However there being no recall notice in respect of loan, Segregation in to non current has been done as per Shedule III of the Companies Act, 2013

\*\* Loan from Others includes loan from bodies corporate.

**i) Details of Security**

Particulars	Security Details	
Term Loan From Banks	a) Secured by first charge on plant & Machinery acquired out of bank finance on paripassu basis with consortium members and equitable mortgage of land and building on which the plant is located(both present & future). It is further secured against personal guarantee of Promoters' and Corporate Guarantee from M/s Artline Commercial Pvt. Ltd.	
	b) Extension charge over current assets and pledge of fixed deposit of face value of ₹ 47.00 Lakhs on paripassu basis with consortium members.	
Leased assets financed	Secured by hypothecation of respective fixed or movable assets.	
<b>ii) Maturity Profile of Secured Loan:</b>		
Particulars	Maturity Profile	
	2017-18	2018-19
a) Term Loan from Banks	7,50,00,000	5,63,00,000

PARTICULARS	Amount ₹ As at 31st March'16	Amount ₹ As at 31st March'15
<b>Note- 7</b>		
<b>.Deferred Tax Liabilities (Net)</b>		
(a) Opening Balance (Timing difference related to Depreciation)	20,56,93,193	19,56,76,897
(b) Deferred Tax Liability/(Asset) recognised in the statement of profit and Loss Account	1,73,97,549	1,57,57,731
(c) Depreciation Adjustment	-	(57,41,435)
<b>Closing Balance {Deferred Tax Liability(Net)}</b>	<b>22,30,90,742</b>	<b>20,56,93,193</b>

**Note-8**

PARTICULARS	Amount ₹ As at 31st March'16	Amount ₹ As at 31st March'15
<b>Short-term borrowings</b>		
<b>Secured:</b>		
Cash Credit * [Ref Note 2(vi)]	1,68,64,58,430	1,60,90,72,207
<b>Total</b>	<b>1,68,64,58,430</b>	<b>1,60,90,72,207</b>

\* Cash Credit Limit includes ₹ 88,29,08,085 (Sanctioned Limit ₹ 80,00,00,000 ) facility extended by State Bank Of India as Lead banker to consortium member banks ,which has been classified the Non Performing on dated 28th November-2015

**i) Details of Security**

Particulars	Security Details
Cash credit	Secured by hypothecation of whole of current assets both present and future namely: raw Materials, stock in process, semi finished and finished goods,consumable stores and spares, book debts of the company on pari passu basis with consortium members.

PARTICULARS	Amount ₹ As at 31st March'16	Amount ₹ As at 31st March'15
<b>Note-9</b>		
<b>Trade Payables [Ref Note 2(xii &amp; xiii)]</b>		
(a) Trade Creditors	42,02,62,442	63,16,29,819
(b) Acceptance Of Bills *	15,10,66,622	35,51,88,022
<b>Total</b>	<b>57,13,29,064</b>	<b>98,68,17,841</b>

\* Acceptance of bill denotes Liability towards Letter of Credit by StateBank Of India MSME RFS limit from Banks.The Letter Of credit is Primarily secured with hypothecation of merchandisc covered under said LC on pari-passu basis with Consortium member Banks. The SIDBI sanctioned MSME RFS limit is primarily secured with pledge of Fixed Deposit Receipts ,personal guarantee of directors along with other collateral security.

**Note- 10**

<b>PARTICULARS</b>	<b>Amount ₹ As at 31st March'16</b>	<b>Amount ₹ As at 31st March'15</b>
<b>Other current liabilities</b>		
(a) Current maturities of long-term debt	7,77,53,462	15,72,12,945
(b) Current maturities of finance lease obligations	81,49,913	44,74,562
(c) Current maturities Deposit / Loan	9,25,48,295	2,76,58,000
(d) Interest accrued and due on borrowings	1,00,97,031	69,30,818
(e) Advance from customers	36,57,78,974	12,48,73,805
(f) Statutory dues payable.	1,31,28,135	2,15,91,374
(g) Other Liabilities**	10,88,19,236	12,30,54,777
<b>Total</b>	<b>67,62,75,046</b>	<b>46,57,96,281</b>

\*\* Other liabilities includes Liability for expenses , Sundry Current Liabilities etc.

**Note- 11**

<b>PARTICULARS</b>	<b>Amount ₹ As at 31st March'16</b>	<b>Amount ₹ As at 31st March'15</b>
<b>Short-term provisions</b>		
(a)Income Tax Provisions	-	1,10,76,519
(b)Provision for Excise Duty on Closing Stock of F.Goods	5,22,31,385	4,38,53,169
<b>Total</b>	<b>5,22,31,385</b>	<b>5,49,29,688</b>

NOTE NO-12

FIXED ASSETS SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31.03.2016

SL. NO	PARTICULARS	GROSS BLOCK			DEPRECIATION			NETBLOCK		
		UP TO 01.04.2015	ADDITIONS	DEDUCTIONS	UP TO 31.03.2016	UP TO 01.04.2015	DEPRECIATION FOR THE YEAR	ADJUSTMENTS	UP TO 31.03.2016	AS ON 31.03.2016
1	LAND & LAND DEVELOPMENT	18,67,43,368	22,72,07,103	15,88,481	41,23,61,990	-	-	-	41,23,61,990	18,67,43,368
2	FACTORY SHED & BUILDING	72,48,54,966	13,48,09,919	-	85,96,64,784	14,53,77,337	2,68,50,020	17,22,27,357	68,74,37,427	57,94,77,629
3	NON-FACTORY BUILDING	13,01,67,638	-	31,15,238	12,70,52,400	85,29,726	20,23,332	1,70,216	11,66,69,538	12,16,37,912
4	PLANT & MACHINERY	1,70,82,88,455	3,34,90,839	-	1,74,17,79,294	53,24,32,112	5,73,18,157	-	1,15,20,29,025	1,17,58,56,344
5	CAPTIVE POWER PLANT	65,85,74,344	33,95,402	-	66,19,69,746	23,45,22,506	1,25,85,270	-	41,48,61,970	42,40,51,838
6	ELECTRICAL INSTALLATION & EQUIPMENT	8,70,21,979	47,95,842	-	9,18,17,821	6,54,06,672	64,03,824	-	2,00,07,325	2,16,15,307
7	LABORATORY EQUIPMENT	1,38,74,363	-	-	1,38,74,363	42,44,624	16,25,408	-	80,04,330	96,29,738
8	COMPUTER & PERIPHERALS	1,24,46,226	2,39,430	-	1,26,85,656	1,16,49,198	1,17,668	-	9,18,790	7,97,028
9	OFFICE & FACTORY EQUIPMENTS	15,06,278	-	-	15,06,278	10,12,923	2,19,535	-	2,73,820	4,93,355
10	ERABX & XEROX	2,93,261	33,000	-	3,26,261	2,23,567	33,498	-	69,196	69,694
11	WATER SUPPLY INSTALLATION	21,39,855	78,621	-	22,18,476	5,02,371	62,364	-	16,53,741	16,37,484
12	FURNITURE & FIXTURES	37,48,460	-	-	37,48,460	18,18,598	3,85,680	-	15,44,181	19,29,861
13	VEHICLES	5,10,92,363	1,25,41,985	9,23,303	6,27,11,045	2,97,42,383	50,40,557	5,71,933	2,85,00,039	2,13,49,980
14	DUMPER & TIPPER	5,78,34,972	52,06,145	-	6,30,41,117	3,98,57,145	49,59,993	-	1,82,23,980	1,79,77,828
15	WIRELESS COMMUNICATION	14,30,981	-	-	14,30,981	11,93,064	72,733	-	1,65,184	2,37,917
16	TUBE WELL	40,87,537	-	-	40,87,537	32,88,086	4,64,418	-	3,35,032	7,99,450
17	POLLUTION CONTROL EQUIPMENT	10,05,70,563	86,38,309	-	10,92,08,872	3,27,44,710	35,80,106	-	7,28,84,056	6,78,25,853
18	ENERGY SAVING DEVICES	25,22,814	-	-	25,22,814	6,19,160	2,72,290	-	16,31,365	19,03,654
19	AIR CONDITIONER	29,10,616	2,81,538	-	31,92,154	10,97,079	3,54,971	-	17,40,104	18,13,536
20	DIESEL GENERATOR	1,26,71,969	-	-	1,26,71,969	57,09,405	16,47,842	-	53,14,723	69,62,564
21	WEIGH BRIDGE	21,23,481	27,92,439	-	49,15,920	9,11,468	5,42,516	-	34,61,936	12,12,013
	TOTAL	3,76,49,04,488	43,35,10,472	56,27,022	4,19,27,87,938	1,12,08,82,135	12,45,60,201	7,42,149	2,94,80,87,751	2,64,40,22,353
	INTANGIBLE ASSETS									
1	TRADE MARK	5,77,400	-	-	5,77,400	5,48,530	-	-	28,870	28,870
	TOTAL	5,77,400	-	-	5,77,400	5,48,530	-	-	28,870	28,870
	GRAND TOTAL	3,76,54,81,888	43,35,10,472	56,27,022	4,19,33,65,338	1,12,14,30,665	12,45,60,201	7,42,149	2,94,81,16,621	2,64,40,51,223
	PREVIOUS YEAR	3,54,51,44,392	22,03,37,496	-	3,76,54,81,888	75,94,99,917	12,15,85,442	1,85,99,480	2,64,38,29,493	2,56,36,66,694



**Note- 13**

PARTICULARS	Amount ₹ As at 31st March'16	Amount ₹ As at 31st March'15
<b>Non-current investments *</b>		
<b>No Of shares</b>		
<b>Investment in Equity Instrument (Quoted) [Ref Note 2(vii)]</b>	1,33,09,801	-
(a) Karunna Cables Limited (Globus Corp. Ltd).	369481	-
(b) Matra Realty Ltd.	25363	-
(c) Millenium Cybertech Ltd	4360	-
(d) PFL Infotech Ltd	31474	-
(e) Polytex India Limited	55449	-
(f) Shri Bajrang Alloys Ltd	387908	-
(g) Steel Exchange India Ltd	172572	-
(h) VMS Industries Ltd	13558	-
<b>Total</b>	<b>1,33,09,801</b>	<b>-</b>

\*Quoted Securities which were reflected as Stock In Trade in earlier years now have been treated as Long Term Investment

Quoted Securities market value ₹2,02,39,642.

**Note -14**

PARTICULARS	Amount ₹ As at 31st March'16	Amount ₹ As at 31st March'15
<b>Long-term loans and advances</b>		
(Unsecured Considered Good, recoverable in cash or in kind, or for value to be received)		
(a) Security Deposits;	10,59,42,712	10,14,09,469
(b) Advance Against property	5,92,37,634	5,11,76,922
(c) Advance with Sales tax authorities	3,91,43,885	1,09,39,885
(d) Advance with Central Excise & Custom authorities	6,44,695	6,44,695
(e) Advance with Related Party	-	1,48,05,971
<b>Total</b>	<b>20,49,68,926</b>	<b>17,89,76,942</b>

**Note -15**

PARTICULARS	Amount ₹ As at 31st March'16	Amount ₹ As at 31st March'15
<b>Diminution Value Of Goods : * [Ref Note 2(xi)]</b>		
(a) Of Raw Materials	51,41,49,393	-
(b) Of Traded Goods	1,21,13,236	-
(c) Of Semi Finished Goods	66,39,780	-
(d) Of Finished Goods	25,13,83,897	-
<b>Total</b>	<b>78,42,86,306</b>	<b>-</b>

\* Diminution in Value Of Goods has arisen due to sharp reduction in prices of Finished product as well as Raw Material prices , cheaper imports of steel product into india and reduction in Raw Material prices in the International Market .



**Note -16**

P A R T I C U L A R S	Amount ₹ As at 31st March'16	Amount ₹ As at 31st March'15
<b>Inventories</b> (As taken, valued and certified by the Management)		
(a) Raw Materials	34,16,11,811	86,15,86,951
(b) Finished goods	49,40,15,098	51,52,08,282
(c) Work - in - Process	72,16,365	1,40,84,985
(d) Stock In Trade- Material	3,60,43,453	73,00,493
(e) Stock in Trade- Security	-	1,90,26,672
(f) Consumable, Stores, Fuels	7,24,52,706	9,83,07,945
<b>Total</b>	<b>95,13,39,433</b>	<b>1,51,55,15,327</b>

**Note -17**

P A R T I C U L A R S	Amount ₹ As at 31st March'16	Amount ₹ As at 31st March'15
<b>Trade Receivables:</b> <b>(Un secured Considered good)</b>		
More than Six months	14,54,31,228	8,59,87,158
Less than Six months	38,31,78,744	77,85,83,136
<b>Total</b>	<b>52,86,09,972</b>	<b>86,45,70,294</b>

**Note -18**

P A R T I C U L A R S	Amount ₹ As at 31st March'16	Amount ₹ As at 31st March'15
<b>Cash &amp; Bank Balance</b>		
(i) Balance with Scheduled Banks		
In Current Accounts	4,99,88,619	74,74,714
In Fixed Deposit Accounts **	4,28,59,362	8,95,05,992
In Accrued Interest	26,15,414	95,54,459
(ii) Cash in hand	1,05,28,316	45,77,307
<b>Total</b>	<b>10,59,91,711</b>	<b>11,11,12,471</b>

Details of Balances with banks to the extent held as margin Money or Guarantees.

P A R T I C U L A R S	Amount ₹ As at 31st March'16	Amount ₹ As at 31st March'15
a) Margin Money L.C & B.G	1,08,00,000	3,94,50,000
b) Others - Fixed deposit	3,20,59,362	5,00,55,992
<b>Total</b>	<b>4,28,59,362</b>	<b>8,95,05,992</b>

\*\* All fixed deposits with banks taken for maturity period of more than one year.

**Note -19**

<b>PARTICULARS</b>	<b>Amount ₹ As at 31st March'16</b>	<b>Amount ₹ As at 31st March'15</b>
<b>Short Term Loans &amp; Advances</b>		
(Unsecured, Considered Good)		
(a) Balance with Govt. Authorities		
Central Excise	2,53,00,838	2,05,09,982
Sales tax	2,89,44,311	4,90,15,348
Income Tax	82,64,948	1,05,65,477
(b) Advances to Suppliers	18,87,58,259	26,60,04,970
(c) Others Advances*	56,52,362	52,56,124
<b>Total</b>	<b>25,69,20,719</b>	<b>35,13,51,901</b>

**Note -20**

<b>PARTICULARS</b>	<b>Amount ₹ As at 31st March'16</b>	<b>Amount ₹ As at 31st March'15</b>
<b>Other Current Assets</b>		
Insurance Claim Receivable	63,58,450	69,67,337
Un Expired Finance Charges	26,75,993	8,87,654
Advance To Staff	3,03,381	5,28,029
Material in Transit	28,22,218	-
Pre Paid Expenses	42,87,895	56,72,109
<b>Total</b>	<b>1,64,47,937</b>	<b>1,40,55,129</b>

**Note -21**

P A R T I C U L A R S	Amount for The Period ended 31st March'2016	Amount for The Period ended 31st March'2015
<b>Revenue from Operations :</b>		
(a) Sale of Products*	3,19,91,37,596	4,31,07,54,924
(b) Sale of Traded Goods	61,36,02,165	44,99,11,637
(c) Sale of Power	70,395	4,21,085
(d) Other Operating Revenue**	6,06,25,909	17,92,62,332
Gross Revenue	3,87,34,36,065	4,94,03,49,978
(e) Less: Excise Duty	34,25,16,864	46,48,27,974
<b>Total</b>	<b>3,53,09,19,201</b>	<b>4,47,55,22,004</b>

\*\* Other Operating Revenue Includes Derivative Income

**Details of Sale of Products**

P A R T I C U L A R S	Amount for The Period ended 31st March'2016	Amount for The Period ended 31st March'2015
(a) Sales - TMT Bar, Flat, Angel & Channel	1,44,81,86,386	2,28,90,67,295
(b) Sales - M.S. Billet/ M.S. Ingot	13,71,99,533	21,49,18,409
(c) Sales - Sponge Iron	1,40,90,46,844	1,67,56,35,223
(d) Sales - Trading Materials	61,36,02,165	44,99,11,637
(e) Sales - Power	70,395	4,21,085
(f) Other Sales**	26,53,30,742	31,03,96,329
<b>Total</b>	<b>3,87,34,36,065</b>	<b>4,94,03,49,978</b>

\*\* Other sales includes sale of Iron ore fines ,Ash char, Waste mill scale, M S Coated sheet, Fly Ash bricks etc.

**Note -22**

P A R T I C U L A R S	Amount for The Period ended 31st March'2016	Amount for The Period ended 31st March'2015
<b>Other Income :</b>		
(a) Interest Income -Fixed Deposit	39,77,465	85,84,905
(b) Interest Income -Security deposit	78,11,179	51,96,087
(c) Interest Income- On IT Refund	13,63,043	-
(d) Compensation Received	-	61,24,828
(e) Profit On sales Of Fixed Asset	1,68,847	-
(f) Other Receipt	43,463	11,75,707
<b>Total</b>	<b>1,33,63,997</b>	<b>2,10,81,527</b>



**Note -23**

PARTICULARS	Amount for The Period ended 31st March'2016	Amount for The Period ended 31st March'2015
<b>Cost of Materials Consumed</b>		
(a) Opening Stock	86,15,86,951	99,43,78,733
(b) Add: Raw Materials purchased	2,49,05,55,328	2,74,46,27,102
(c) Less: Realisation	-	7,69,88,158
(d) Closing Stock Raw Material	34,16,11,811	86,15,86,951
(e) Diminution Value Of Raw Material	51,41,49,394	-
<b>Total</b>	<b>2,49,63,81,074</b>	<b>2,80,04,30,726</b>

**Details of Material Consumed**

PARTICULARS	Amount for The Period ended 31st March'2016	Amount for The Period ended 31st March'2015
(a) Iron Ore /Pellet	82,99,52,548	1,59,58,03,301
(b) Pig Iron	20,01,64,122	31,40,60,381
(c) Scrap	8,46,35,159	16,74,60,627
(d) Sponge Iron	6,27,72,618	6,91,33,915
(e) Coal-Indigenous	54,77,14,800	25,87,42,137
(f) Coal-Imported	38,39,99,243	30,67,06,591
(g) M.S Ingot / Billet	32,78,16,420	1,43,43,037
(h) Other Raw Materials	5,93,26,164	7,41,80,738
<b>Total</b>	<b>2,49,63,81,074</b>	<b>2,80,04,30,726</b>

**Note -24**

PARTICULARS	Amount for The Period ended 31st March'2016	Amount for The Period ended 31st March'2015
<b>Change in Inventories</b>		
<b>Opening Stock</b>		
Stock - in - Process	1,40,84,985	2,60,56,227
Finished Goods	51,52,08,282	46,05,04,945
Stock In Trade-Material	73,00,493	2,03,400
Stock In Trade-Security	1,90,26,672	2,99,67,499
<b>Sub-total</b>	<b>55,56,20,432</b>	<b>51,67,32,071</b>
<b>Less : Closing Stock</b>		
Stock - in - Process	72,16,365	1,40,84,985
Finished Goods	49,40,15,098	51,52,08,282
Stock In Trade-Material	3,60,43,453	73,00,493
Stock In Trade-Security	-	1,90,26,672
Stock treated as non current Investment	1,33,09,801	-
<b>Diminution in Value Of Stock :</b>		
of Traded Goods	1,21,13,236	-
of Semi Finished Goods	66,39,780	-
of Finished Goods	25,13,83,898	-
<b>Sub-total</b>	<b>82,07,21,631</b>	<b>55,56,20,432</b>
<b>Total</b>	<b>(26,51,01,199)</b>	<b>(3,88,88,361)</b>

**Note -25**

P A R T I C U L A R S	Amount for The Period ended 31st March'2016	Amount for The Period ended 31st March'2015
<b>Employee Benefit Expenses:</b>		
Salaries,Wages & Bonus	10,12,52,325	8,89,03,039
Contribution to Provident and other Funds	1,00,50,158	98,10,167
Staff Welfare Expenses	-	7,28,400
<b>Total</b>	<b>11,13,02,483</b>	<b>9,94,41,606</b>

**Note -26**

P A R T I C U L A R S	Amount for The Period ended 31st March'2016	Amount for The Period ended 31st March'2015
<b>Financial Cost</b>		
Interest on Borrowing	23,66,94,730	30,17,87,729
Other Borrowing Costs	3,79,06,493	4,53,07,203
Other Interest	76,77,468	56,85,161
	<b>28,22,78,691</b>	<b>35,27,80,093</b>

**Note -27**

P A R T I C U L A R S	Amount for The Period ended 31st March'2016	Amount for The Period ended 31st March'2015
<b>Other Expenses :</b>		
Excise duty On closing Stock	83,78,215	(62,73,945)
Consumption of Stores,Spares	7,44,41,674	3,60,16,140
Power and Fuel	43,41,77,996	59,00,73,669
Operational Expenses	2,53,10,322	2,18,47,754
Security Service Charges	50,00,899	49,01,300
Repairs And Maintenance	37,14,874	38,25,895
Water Charges	31,25,269	27,95,856
Insurance	33,60,905	41,61,721
Bank Charges	58,60,662	38,95,100
Rates and Taxes	77,17,942	70,64,800
Office Rent	28,68,006	18,39,002
Auditors' Remuneration [Ref Note 2(x)]	19,60,000	19,68,427
Advertisement & sales promotion	8,56,584	72,92,265
Professional & Consultancy	18,73,965	18,97,541
Telephone Expenses	9,63,379	8,07,085
Swachh Bharat Cess(Other)	1,37,782	-
Foreign Exchange Fluctuations Loss/(Gain)	(16,861)	-
General Expenses	19,31,310	26,20,504
<b>Total</b>	<b>58,16,62,923</b>	<b>68,47,33,114</b>

**SCAN STEELS LIMITED**

**Regd. Office: Off. No. 104,105, E-Square, Subhash Road, Opp. Havmor Ice- Cream,  
Vile Parle (East), Mumbai - 57.**

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies vide its circular no. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 after considering certain provisions of the Information Technology Act, 2000, permitted the companies to send the notices / annual reports etc. through email to its members. To support this green initiative of the MCA whole heartedly, members who have not yet registered their email address, are requested to register their e-mail address with the Depository through their concerned Depository Participant and members who hold shares in physical mode are requested to intimate their e-mail address at which they would like to receive the above documents electronically, either to the company or to its Registrar and Share Transfer Agent. Shareholders are requested to fill the consent form below and send it to the Registrar and Share Transfer Agent, Adroit Corporate Services Pvt Limited or to the company.

**CONSENT FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE**

**(Pursuant to circulars no. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011)**

To,  
Adroit Corporate Services Private Limited  
19, Jafferbhoy Industrial Estate,  
Makwana Lane, Marol Naka,  
Andheri (E),  
Mumbai-400 059.

Dear Sir,

I/We \_\_\_\_\_ shareholder (s) of Scan Steels Limited, agree to receive all notices and documents including the Annual Report, Notice for General Meetings and other Shareholders Communication in electronic mode (through email).

I/We request you to kindly register my / our below mentioned email id in the Company's records for sending such communication through email.

Folio No...../DP ID No.\* .....and Client ID No.\* .....

\*Applicable for members holding shares in electronic form.

Name of the Sole / First Shareholder : \_\_\_\_\_

Name of the Joint Shareholders (if any) : \_\_\_\_\_

No. of Shares held : \_\_\_\_\_

E-mail id for receipt of documents in  
Electronic mode : \_\_\_\_\_

Date :

Place:

Signature: \_\_\_\_\_

(Sole / First Shareholder)

**Note:**

1. Shareholders are requested to inform the Company's Registrar and Share Transfer Agents as and when there is change in their registered email-id.
2. for shares held in demat form, shareholders are also requested to inform /update their email-ids to their respective Depository Participants.

**SCAN STEELS LIMITED**

**Regd. Office: Off. No. 104,105, E-Square, Subhash Road, Opp.Havmor Ice- Cream,  
Vile Parle (East), Mumbai – 57.  
(CIN L27209MH1994PLC076015 )**

**23rd Annual General Meeting- 30th September, 2016 at 10.00 a.m.**

**ATTENDANCE SLIP**

DP ID:

Client Id

Folio NO.

No. of Shares

Name of the Shareholder

.....

Joint Holder 1

.....

Joint Holder 2

.....

Registered address of the Shareholder

.....

Name of the Proxy / Representative

.....

I/We hereby record my/our presence at the 23rd Annual General Meeting of the Company to be held at E-Square, Conference room (Off. no-11), Ground Floor, Subhash Road, Opp. Havmor Ice Cream, Vile Parle (E), Mumbai – 400057 on Friday, the 30th Day of September, 2016 at 10.00 A.M.

Signature of the Share Holder/Proxy / Representative :.....

**NOTES:**

- 1) Please complete the Folio/ DP ID-Client ID No. and name of the Member/ Proxy, sign this Attendance Slip and hand it over, duly signed, at the entrance of the Meeting Hall.**
- 2) Shareholder/ Proxy holder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.**
- 3) Members are requested to Bring their Identity Cards or details of Shares held by them in the Company (i.e. Folio no. , DP ID, CLIENT ID) while Coming to attend the Annual General Meeting for easy identification.**

# PROXY FORM

(Form No. MGT-11)

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

CIN	L27209MH1994PLC076015
Name of the Company	Scan Steels Limited
Registered office	104 - 105, E Square, Subhash Road, Opp. Havmor Ice Cream, Vile Parle (E), Mumbai – 400057.
Name of the Member(s)	
Registered Address	
Email - id	
Folio No. / Client ID	

I/We, being the member(s) of ..... shares of the above named company, hereby appoint or

1.	Name
	Address
	E-mail Id
	Signature

failing him

2.	Name
	Address
	E-mail Id
	Signature

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23rd Annual General Meeting of the company, to be held on the 30th September 2016 at 10.00 A.M at E-Square, Conference room (Off. no-11), Ground Floor, Subhash Road, Opp. Havmor Ice Cream, Vile Parle (E), Mumbai – 400057 and at any adjournment thereof in respect of such resolutions as are indicated below. The security holder may vote either for or against each of the resolutions mentioned in the AGM notice.

Sr. No.	RESOLUTIONS
1.	Ordinary resolution for adoption of Audited Financial Statements, Report of the Board of Directors and Auditors for the year ended 31-03-2016
2.	Ordinary resolution for re-appointment of director in place of Mr. Ankur Madaan (DIN: 07002199), who retires by rotation and being eligible, offers himself for re-appointment.
3.	Ordinary resolution for ratification of appointment of the auditors (M/s. SRB & Associates, Chartered Accountants) of the company and to fix their remuneration.
4.	Ordinary Resolution for ratification of Remuneration of Cost Auditors under section 148 of the companies Act, 2013
5.	Ordinary Resolution for Appointment and terms of remuneration of Mr. Ankur Madaan as a Whole-time Director of the Company.
6.	Ordinary Resolution for Appointment and terms of remuneration of Mr. Runvijay Singh as an executive director of the Company
7.	Ordinary Resolution for Appointment of Mr. Punit Kedia as an Independent Director of the Company
8.	Ordinary Resolution for approval to deliver documents through a particular mode as may be sought by the member.

Signed this ..... day of ..... 2016

Signature of shareholder : .....

Signature of proxy holder(s) : .....


AFFIX  
REVENUE STAMP  
OF NOT LESS  
THEN ₹ 1

**Note : This form of proxy in order to be effective should be duly completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**



**BOOK-POST  
(Printed Matter)**

**To,**



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*If undelivered, please return to:*

**SCAN STEELS LTD.**

**Office No.:** 104,105, E-Square, Subhash Road,  
Opp.Havmor Ice-Cream, Vile Parle (East), Mumbai - 57

Tel: 022-26185461/62 Fax: 022-26185463

Web.: [www.scansteels.com](http://www.scansteels.com), E-mail: [scansteels@scansteels.com](mailto:scansteels@scansteels.com)