

# ANNUAL REPORT & FINANCIAL STATEMENTS 2017-18

25th Annual General Meeting



**SCAN STEELS LTD.**

Regd. Office : Off. No. 104,105, E-Square, Subhash Road,  
Opp. Havmor Ice-Cream, Vile Parle (East), Mumbai - 57  
Tel: 022-26185461/62 Fax 022-26185463





**Sawarmal Gadodia**  
Scan Group Founder & Visionary

**SHRISHTII TMT<sup>®</sup>**

ANDAR SE MAZBOOT





## Content

01 Key Performance Indicator

02 Corporate Information

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### Company Overview

05 Chairman's Message

07 Organizational overview of business model and Operations Overview

---

### Notice

11 Notice convening Annual General Meeting

23 Information required under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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### Statutory Reports

26 Directors' Report

79 Management Discussion and Analysis Report

89 Corporate Governance Report

129 Declaration Regarding Code of Conduct by Directors

130 CEO/CFO Certificate.

131 Management Responsibility Report

---

### Financial Statements

134 Independent Auditors' Report

137 Annexure to the Independent Auditors' Report

143 Balance Sheet

144 Statement of Profit and Loss

145 Statement of Changes in Equity

146 Cash Flow Statement

148 Notes forming part of Financial Statements

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### Go Green Initiative.

**Attendance slip**

**Proxy Form**

**Ballot Form**

## Scan Steels Limited

### 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.

### 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 realised, 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 materialise, 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.

### FY 2017-18: ANNUAL PERFORMANCE

**151785**

MT

Sponge Iron Production  
(2.43% y-o-y growth)

**68957**

MT

Long and Flat Products  
production  
(10.25% y-o-y growth)

**₹519.74**

crores

Total Revenue

(23.68% y-o-y growth)

**17.60%**

ROCE

(221.76% y-o-y growth)



## Key Performance Indicator

| Total Revenue (₹in crore) |        | 23.68% y-o-y |
|---------------------------|--------|--------------|
| <b>₹519.74</b>            |        |              |
| FY 2017-18                | 519.74 |              |
| FY 2016-17                | 420.24 |              |
| FY 2015-16                | 389.73 |              |

| Net-worth (₹in crore) |        | 37.92% y-o-y |
|-----------------------|--------|--------------|
| <b>₹262.92</b>        |        |              |
| FY 2017-18            | 262.92 |              |
| FY 2016-17            | 190.63 |              |
| FY 2015-16            | 180.52 |              |

| EPS (₹per share) |       | 83.82% y-o-y |
|------------------|-------|--------------|
| <b>₹-0.38</b>    |       |              |
| FY 2017-18       | -0.38 |              |
| FY 2016-17       | -2.35 |              |
| FY 2015-16       | -0.25 |              |

| PAT & PAT Margin (₹in crore) |        | 83.32% y-o-y |
|------------------------------|--------|--------------|
| <b>₹-1.97</b>                |        |              |
| FY 2017-18                   | -1.97  | -0.38%       |
| FY 2016-17                   | -11.81 | -2.81%       |
| FY 2015-16                   | -33.02 | -8.47%       |

| MARKET CAPITALIZATION* (₹in crore) |        | 82.90% y-o-y |
|------------------------------------|--------|--------------|
| <b>₹114.28</b>                     |        |              |
| FY 2017-18                         | 114.28 |              |
| FY 2016-17                         | 62.48  |              |
| FY 2015-16                         | 72.23  |              |

| Debt Equity Ratio |      |
|-------------------|------|
| <b>₹0.36</b>      |      |
| FY 2017-18        | 0.36 |
| FY 2016-17        | 0.19 |
| FY 2015-16        | 0.20 |

\*Based on the price on the last day of year end

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

|                          |  |
|--------------------------|--|
| Shri Rajesh Gadodia      | : Non- Executive<br>Chairman               |
| Shri Ankur Madaan        | : Whole – Time<br>Director                 |
| Shri Praveen Kumar Patro | : Executive Director<br>(w.e.f 30.05.2018) |
| Shri Punit Kedia         | : Independent<br>Director                  |
| Shri Vinay Goyal         | : Independent<br>Director                  |
| Smt. Debjani Sahu        | : Independent<br>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  
ICICI Lombard General Insurance Company  
Limited  
Oriental Insurance Company Limited

### REGISTRAR & TRANSFER AGENT

Adroit Corporate Services Pvt. Limited  
17-20, Jafferbhoy Industrial Estate,  
Makwana Lane, Marol Naka,  
Andheri (E), Mumbai-400 059.  
Tel: +91 22 42270400 / +91 22 42270423  
+91 22 42270427 / +91 22 42270422  
Fax: +91 22 28503748  
Email: sandeeps@adroitcorporate.com  
rameshg@adroitcorporate.com  
prafuls@adroitcorporate.com  
Web Site: www.adroitcorporate.com

### REGISTERED OFFICE:-

104-105, "E- Square", 1st Floor,  
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

Trishana 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  
Unit -1 : Rambahal, At- Keshramal, Rajgangpur,  
Sundergarh (Odisha)  
Unit -2 : Gangajal, Budhakata, Sundergarh,  
Odisha  
Unit-3 : Bai-bai, Tudalaga, Rajgangpur,  
Sundergarh, Odisha  
Unit-4 : Vill -Veniveerapura, Bellary, Karnataka  
Email – id: secretarial@scansteels.com  
Web: www.scansteels.com



### VISION

By fostering teamwork, nurturing talent, enhancing leadership capability and acting with pace, pride and passion.

By becoming the supplier of choice, delivering premium products and services and creating value for our customers.

By developing leading edge solutions in technology, processes and products.

By providing a safe workplace, respecting the environment, caring for our communities and demonstrating high ethical standards.

### VALUES

- Integrity. We must conduct our business fairly, with honesty and transparency. Everything we do must stand the test of public scrutiny.
- Understanding. We must be caring, show respect, compassion and humanity for our colleagues and customers around the world, and always work for the benefit of the communities we serve.
- Excellence. We must constantly strive to achieve the highest possible standards in our day-to-day work and in the quality of the goods and services we provide.
- Unity. We must work cohesively with our colleagues across the group and with our customers and partners around the world, building strong relationships based on tolerance, understanding and mutual cooperation
- Responsibility. We must be responsible and responsive to the countries, communities and environments in which we work, always ensuring that what comes from the people goes back to the people many times over.

### GOALS

Scan Steels is proud of its performance culture. We are committed to the pursuit of challenging targets, and to safety, environmental protection, continuous improvement, openness and social responsibility in every aspect of our business.

### BUSINESS ETHICS

Strong focus on Value Creation and Corporate Citizenship has helped the Company to build an enviable corporate reputation founded in honest and transparent approaches. This was intended to serve as a guide to each employee on the values, ethics and business principles expected of him or her in personal and professional conduct. The Management of Business Ethics is effectively instituted today in Scan Steels Limited through its four pillars concept.

- Leadership
- System and Processes
- Training and Awareness
- Measurement

### RESEARCH AND DEVELOPMENT

In the changing business environment, with competition from alternate materials and increasing regulatory risks, Scan Steels is leveraging capabilities in the areas of Research and Technology Development. While our research and technical capabilities focus on manufacturing innovative products with lower environmental footprint, our research initiatives ensure integration of Information Technology (IT) with our operational processes for productivity, safety, transparency and cost optimization.

## 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.

## 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.

## JOURNEY TOWARDS ACHIEVEMENTS

The Scan Steels is renowned name in Iron and Steel Industry backed by 25 glorious years of experience in steel making. The Company was founded by Shri. Sawarmal Gadodia 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 Gadodia that in the year 1990 the first foundation stone was driven into the soil of Rajgangpur, Dist- Sundargarh, 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 irons 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. The company has been listed with BSE since a long.

Scan Steels become a house hold name in Odisha and nearby states because of its innovative marketing strategy - The key differentiator of our marketing strategy has been our ability to develop and sustain relationships with our customers and channel partners, while managing a growing distribution network 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.

## CHAIRMAN'S MESSAGE



***Consistent with the vision and values of the founder Shri. Sawarmal Gadodia, Scan Steels strives to strengthen India's industrial base through effective utilisation of staff and materials. The means envisaged to achieve this are cutting-edge technology and high productivity, consistent with modern management practices.***

**Dear Shareholders,**

At the outset, I would like to thank you all the stakeholders for the unflinching support for the growth of the company during the financial year 2017-18 and Wonderful contributions from our employees, dealers and all the stakeholders in our value chain. I thank you all by the name of sincerity, professionalism and patron-ship. This is an exceptional year of reckoning in the history of Company. This year has seen lots of tumultuous in Steel and Mining industry around the globe. Scan Steels Limited belongs to different league of steel making house and we are proud of our business Modus -Vivendi to run the show with financial leverage. We come over challenges with grit and élan. Our organizational capital in term of People, other tangible and intangible assets has buttressed our growth. The aftermath affect of GST and demonetization has created tremor everywhere and we particularly were under serious operational hammering, which induces us to change our financial as well as operational model to sync with growth and compliances.

We do not have backward integration, probably, we never intended for looking into to the complexities of Mining? We Preferred to focus and ameliorate

our core competence to make its a sustainable business model. Over the year, we have focused on strategic sourcing and make sure to have our raw materials security strong .The world and India today is now going thru the business order of M&A.

Since the recession in 2008, most of the big Steel makers of India are not able wake up from the financial doldrums. Steel Industries is now seeing inorganic growth thru stressed asset acquisition by big Players. Never applied financial gimmicks like CDR and SDR are being promulgated by banks. Big Steel companies are into ICU and some are in ventilators, waiting haplessly for their self-demolition.

NCLAT monster has spread its tentacles to dissolute the stressed assets and giving way new lease of life. India has seen worst banking embezzlement in the financial history which became the anathema of growth driver. The NPA become a talk in the street though the percentage is less than the USA.

India is going thru Challenging fund situation as there are huge irregularities of advances. Banks are bleeding with denudation of assets and squeezed funding created a stymie for industrial growth. It's

becoming a Herculean task to get fund for business. RBI recent PCA policy tightened the noose around bank operation as a result cost of funding has eroded. Tough time is ahead for all manufacturers. The ray of hope is CAGR of Steel demand/production is around 10 Percentage. India is poised next to China by 2030 with a vision of 300 Million ton production, it will have 300 % jump in 12 years, the scope for all small and medium scale production units will have enough scope to grab the share and grow faster. The present consolidation of Steel industries thru acquisition will create a bridge which will be a scope for us to grow

Scan Steels Limited as a company will happy to announce that we are the number one accepted TMT Producer as local company in Odisha. We become a house lore in all rural as well urban area. At last, I thank our management team, who have

been with us since last 20 years and have their unstinted support with lots of sacrifice. Let's have resolution together to make Scan Steels Limited as great company of values & services. I request all of my employees to work with professional disposition aligning the business strategy with tailor made approach to maintain our growth trajectory.

I appreciate for the support and co-operation received from all Shareholders, Regulatory & Government Authorities, Suppliers, Customers and Bankers. The Company has always looked upon them as partners in its progress. It will be the Company's endeavor to build and nurture strong links with trade based on mutuality, respect and co-operation with each other. On behalf of the Company I wish all of the employees for their committed services and responsibilities towards

Place: Bhubaneswar  
Date: 30th May 2018

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

***Scan Steels has been striving towards transforming its stakeholder engagement in to a dynamic and continuous dialogue. The Company's approach to business is deeply ingrained in the belief that empowering communities and enabling them to have a better quality of life go hand-in-hand as an integral component of growth that is truly inclusive.***

## ORGANIZATIONAL OVERVIEW OF BUSINESS MODEL

### BUILT AS PER YOUR IMAGINATION

For the Scan Steels Limited, 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 Steels Limited'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 and 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

### LEADERSHIP STRUCTURE

We have a well-defined operating structure to ensure that the Company is on track to achieve its vision and strategic objectives. Our executive management rests with Mr. Ankur Madaan, Whole - Time Director, and Mr. Praveen Kumar Patro, Executive Director and Mr. Prabir Kumar Das, President & Compliance Officer. We have a strong, diverse, highly qualified and richly experienced leadership team with a track record of excellence and passion for performance.

### 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
- Induction furnace and Billet caster
- 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 SHRITISHTII 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 SHRISHTI TMT bar:

SHRISHTI 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. The Company has registered trademarks of the following brand:

- 1) SHRISHTI TMT
- 2) SHRISHTI
- 3) KONARK TMT
- 4) SCAN TMT
- 5) SHRISHTI GOLD TMT
- 6) SCAN GOLD TMT

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### 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.

#### **PROFILE SHEET:**

The company introduces SHRISHTII Roofing, a separate quality polypropylene galvanized aluminum sheet ranging from 8 ft., 10 ft., 12 ft., 14 ft., 16ft. ,18 ft. and 80 ft.

It is an ideal roofing solution for domestic and industrial purpose. Its advanced design technique makes it lighter, durable as well as attractive.

#### **FLY ASH BRICKS:**

The company also manufacturing fly ash bricks in different size. It is a good qualities of bricks used in captive consumption as well as out side sales.

### **IMPROVEMENT IN SAFETY PERFORMANCE**

In FY 2017-18, majority of the employees at the plants - including associate employees - were trained in various internal safety standards to inculcate good practices.

### **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 1994 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.



## SCAN STEELS LIMITED

(CIN: L27209MH1994PLC076015)

Regd. Office: Off. No. 104-105, "E-Square", Subhash Road,

Opp.Havmor Ice- Cream, Vile Parle (East), Mumbai - 57

Tel: 022-26185461/62 Fax 022-26185463

Web site: www.scansteels.com, E-mail: secretarial@scansteels.com

## NOTICE

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the members of SCAN STEELS LIMITED will be held on Saturday, the 29th day of September, 2018 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, 2018 and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Rajesh Gadodia (DIN: 00574465), who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:-

#### 3. Ratification of Cost Auditors' Remuneration

To consider, and if thought fit, to pass, 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 2018-19, at ₹45000/- plus tax as applicable, and reimbursement of out-of-pocket expenses incurred, be and is hereby ratified."

#### 4. Appointment of Mr. Praveen Kumar Patro as the Director of the Company

To consider and if thought fit, to pass 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 152,197, and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) read with provisions of Section 196, 198 & 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. Praveen Kumar Patro (DIN: 02469361), as a Executive Director of the Company designated as Director – Project for the period of five years with effect from 30th May, 2018 to 29th May, 2023, 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, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year, 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 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. Praveen Kumar Patro.

**RESOLVED FURTHER THAT** the remuneration

payable to Mr. Praveen Kumar Patro, 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 Director(s) to give effect to the aforesaid 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

Place: Bhubaneswar  
Date: 14th August, 2018

BY ORDER OF THE BOARD  
FOR SCAN STEELS LIMITED

Sd/-  
**Prabir Kumar Das**  
(President & Company Secretary)

## 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. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable
  4. Information under regulation 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard -2 on General Meetings, in respect of the directors seeking appointment / reappointment at the AGM, forms integral part of the notice.
- The Director[s] have furnished consent / declaration for his/their appointment / re- appointment as required under the Companies Act, 2013 and the Rules there under.
  5. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, M/s. SRB & Associates, Chartered Accountant (Firm's Registration No. 310009E), Bhubaneswar, who were appointed in the Annual General Meeting held on December 30, 2014.
  6. 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 17-20, 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.
  7. 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.
8. As per SEBI circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018 on Strengthening the Guidelines and Raising Industry Standards. Refer Point no. 12 under Provision II which states that all RTA's and clients to embark upon to collect PAN and Bank details of the physical Shareholders as per process stipulated in the circular and the whole exercise must be completed within 180 days of this circular, accordingly our Registrar and Share Transfer Agent of the Company- Adroit Corporate Services Pvt. Ltd, had already Started The Process for collecting the data from physical Shareholders of the Company as mentioned above, Members are requested to submit the data to our RTA as required at their earliest.
  9. Securities and Exchange Board of India (SEBI) has notified amendments to Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 vide Gazette notification dated June 8, 2018 which will come into force on 5th December, 2018. Pursuant to these amendments, SEBI has mandated that transfer of securities would be carried out in dematerialized form only and shares held in physical form cannot be transferred to any other person unless the shares are held in dematerialized form. Only transmission or transposition of securities can be carried out if the shares are held in physical form. You are therefore requested to approach Depository Participants (DP) and get your shares demat on or before 5th December, 2018 in your interest.
  10. 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.
  11. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names as per the Register of Members of the Company will be entitled to vote.
  12. 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.
  13. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 22nd day of September, 2018 to Saturday, the 29th day of September, 2018 (both day inclusive).
  14. 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.
  15. 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 17-20, Jafferbhoy Industrial Estate, 1st Floor, Makwana Lane , Marol Naka, Andheri-E, Mumbai - 400059, Maharashtra.

16. In accordance with the Companies Act, 2013 read with the rules framed there under, the Annual Report 2017-2018 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 2017-2018 is being sent by the permitted mode.
17. Members may also note that the Notice of the 25th Annual General Meeting and the Annual Report for the financial year ended on 31.03.2018 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)
18. 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.
19. 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.
20. 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.
21. 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). The said form can also be downloaded from the Company's website [www.scansteels.com](http://www.scansteels.com) (under 'Investors' section).
22. 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.
23. **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 Wednesday, 26th September, 2018 from 9.00 a.m. and ends on Friday, 28th September, 2018 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 22nd September, 2018, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting after 5.00 p.m. on 28th September, 2018.
- (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:

**For Members holding shares in Demat Form and Physical Form**

|  |   |
|--|---|
| 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. Rakesh Dalvi, Manager of CDSL (Contact No - 1800225533). 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 22nd September, 2018 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., 22nd September, 2018, 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))

24. 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.

25. 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.

**26. 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 28th September, 2018 (5.00 p.m.). The Scrutinizer's decision on the validity of the forms will be final. 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.

**27. 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.

28. 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.

29. The Chairman or a person authorised by him in writing shall declare the result of voting forthwith.
30. 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. 29th September, 2018)

31. 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)
32. 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: Bhubaneswar  
Date: 14th August, 2018

BY ORDER OF THE BOARD  
FOR SCAN STEELS 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 4 of the accompanying Notice dated 14th August, 2018.

### ITEM NO. 3

The Board of Directors of the Company (‘the Board’) at the meeting held on 30th May, 2018, 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 2018-19 at a remuneration of ₹45000/- plus tax as applicable and reimbursement of out-of-pocket expense incurred.

In terms of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration of the Cost Auditors needs ratification by the Members. Accordingly, the members are requested to pass an Ordinary Resolution as set out in Item No. 3 of the notice for ratification of the payment of remuneration of the cost auditors for F.Y. 18-19.

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

### ITEM NO. 4

Mr. Praveen Kumar Patro (DIN: 02469361), aged about 44 years is a B-Tech (Electric) having

more than 17 years of industrial and business experience in steel sector. He is involved in Projects and operations of the Company.

Pursuant to the recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company vide resolution passed on May 30, 2018 approved appointment of Mr. Praveen Kumar Patro as Additional Director on the Board of the Company with effect from May 30, 2018 as a Executive Director (designated as Director- project) in accordance with the provisions contained in Section 152, 161(1), 197 read with Section 196 , 198 & Schedule V and other applicable provisions, if any, of the Companies Act 2013 and the Rules made there under. Mr. Praveen Kumar Patro will hold office up to the date of ensuing Annual General Meeting (“AGM”) and is eligible to be appointed as a director of the company. The Company has, in terms of Section 160 of the Act, received a notice in writing, from a member, proposing the candidature of Mr. Patro for the office of Director. Mr. Patro once appointed will be liable to retire by rotation and will be subject to the Company’s Policy on Retirement of Directors.

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. Praveen Kumar Patro and the terms and conditions of the appointment are given below:

#### I. Period of appointment:

May 30, 2018 to May 29, 2023

### II.A) Remuneration:

In the Board Meeting held on 30th May, 2018, it was proposed to pay overall salary of ₹6,00,000/- per annum. The salary payable to Mr. Praveen Kumar Patro 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. Praveen Kumar Patro 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. Praveen Kumar Patro endeavour, during the continuance of his employment, to prevent any other person from disclosing the aforesaid information.
- ii. If Mr. Praveen Kumar Patro 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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.

The Company has received from Mr. Praveen Kumar Patro (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and (ii) Intimation in Form DIR-8 in terms of the Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Act.

Mr. Praveen Kumar Patro 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. Praveen Kumar Patro, as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to this Notice.

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

Except Mr. Praveen Kumar Patro, none of the Director, Key Managerial Personnel or their respective relatives are concerned or interested in the Resolutions mentioned at Item Nos. 4 of the Notice.

**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: Bhubaneswar  
Date: 14th August, 2018

BY ORDER OF THE BOARD  
FOR SCAN STEELS 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-se relation |
|-------------------------|----------|---------------------|---|------------------------------|--|----------------------------------|-----------------------------|----------------------------------|-----------------------------|
|                         |          |                     |   |                              | Directorship   | Chair person of Board Committees | Members of Board Committees |                                  |                             |
| Mr. Rajesh Gadodia      | 45 years | Mechanical Engineer | having more than 22 years of industrial and business experience, primarily in the steel sector. 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. | Non-Executive Chairman       | Nil  | Nil                              | Nil                         | 3535531 (as on 31st March, 2018) | Nil                         |
| Mr. Praveen Kumar Patro | 44 years | B-Tech (Electric)   | having more than 20 years of industrial and business experience in steel sector. He is involved in Projects and operations of the Company.  | (Executive) Director-Project | Nil  | Nil                              | Nil                         | Nil                              | Nil                         |



# **STATUTORY REPORTS**

**2017-18**

## DIRECTOR'S REPORT

**Dear Shareholders,**

Your Directors have pleasure in presenting the Twenty Fifth Annual Report of your Company together with the Audited Financial Statements for the year ended March 31, 2018.

### FINANCIAL HIGHLIGHTS / RESULTS

Your Directors take pleasure in presenting the 25th Annual Report on the business and operations of your Company along with the financial statements for the year ended 31 March, 2018.

(₹In Lacs)

|   | 2017-2018        | 2016-2017        |
|---|------------------|------------------|
| Gross Turnover and other Income                                   | <b>51,973.51</b> | <b>42,024.03</b> |
| Profit / (Loss) before Tax  | 549.20           | (1,493.34)       |
| Less : Tax Expenses   |                  |                  |
| Current Tax   | 132.94           | -                |
| Deferred Tax (Charge)/ Credit                                     | 613.05           | (3,12.77)        |
| Profit After Tax  | (196.78)         | (1,180.57)       |
| Less : Prior Period Expenses                                      | -                | -                |
| Net Profit/(Loss) for the year                                    | (196.78)         | (1,180.57)       |
| Add: Other Comprehensive Income                                   | (18.32)          | 13.96            |
| Total Comprehensive Income for the year                           | (215.10)         | (1166.61)        |
| Surplus Brought Forward from last balance sheet                   | (575.23)         | 600.21           |
| Add: Earlier Year Adjustment (Tax)                                | -                | 5.13             |
| Less: Adjustment for net carrying amount of tangible fixed assets | -                | -                |
| Balance at the end of the year (excluding comprehensive income)   | (772.01)         | (575.23)         |

### INDIAN ACCOUNTING STANDARD (IND AS)

In accordance with the notification issued by the Ministry of Corporate Affairs (MCA), your Company has complied with the new Accounting Standards, IND AS in preparation of financial statements under Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act 2013 read with rule 3 of the Companies (Indian Accounting Standards Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 with effect from 1st April 2016. Ind AS has replaced the existing Indian GAAP prescribed under section 133 of the Companies Act, 2013, read with rule 7 of Companies (Accounts) Rules, 2014.

Accordingly the Company has adopted Indian

Accounting Standard ("Ind AS") with effect from 1st April 2016 with the transition date of 1st April 2015 and the financial Statements for the year ended 31st March 2018 has been prepared in accordance with Ind AS.

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

The gross turnover from manufacturing operation and including of other income, the company has achieved ₹51,973.51 Lacs which is incremental income of ₹42,024.03 Lacs as compared to corresponding period of last fiscal. There is an enhancement of about 24% in gross sales and other income due to incremental quantity movement as compared to last fiscal. The net Loss after tax was ₹1.96 crore as compared to



previous year loss of ₹11.81 crores. The reason of Loss is unprecedented movement in realization price of the finished product of the company.

The Company produced 68957.080 tonnes (MT) of TMT Rods in FY 2017-18, increased by 10.25% in compare to the previous year and sold 69281.020MT, increased by 6.72% in compare to previous year.

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            | Years ended      | Years ended          | Years ended      |
|                        | 31st March, 2018       | 31st March, 2017 | 31st March, 2018     | 31st March, 2017 |
| Sponge Iron            | 151785.000             | 148179.120       | 86436.580            | 105152.170       |
| MS Ingot/ Billet       | 76395.000              | 68767.000        | 17379.440            | 7865.760         |
| Long and Flat Products | 68957.080              | 62542.000        | 69281.020            | 64919.270        |

### OUTLOOK

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 very good 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.

### ENVIRONMENT

The Company aims to be the benchmark for environmental stewardship in Steel Industry by focusing on climate change mitigation and reducing its resource footprint. Given the nature of the business and the industry that we operate in, the Company recognises its impact on the environment and is conscious of its duty towards safeguarding the environment. The Company is committed to responsible use and protection of the natural environment through conservation and sustainable practices. The Company focuses on operational excellence aimed at resource efficiency through a 'Prevent, Minimise, Recover, Reuse and Recycle' hierarchical approach to reducing its ecological footprint.

### RESEARCH AND DEVELOPMENT

The competitive business environment in which the Company operates makes innovation imperative for success of the business. Recognizing the need to improve, expand and innovate, the Company is concentrating efforts on research and development of alternate materials and new products.

The Company has started working on the technology roadmap that aligns with its vision of becoming a leader among the innovation driven organizations. Venturing into new market areas is another focus area for research and development and accordingly, a number of new product developments have been targeted.

### **DIVIDEND**

In view of the losses incurred during the FY 2017-18, your Board of Directors has not recommended any dividend on equity shares as well as on preference shares.

### **PROSPECTS**

In terms of Regulation 34(2)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a report on the Management Discussion and Analysis covering prospects is provided as a separate section in the Annual Report.

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

Your Company did not recommend 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 2017-18, no amount has been transferred to reserve account. There is a loss of ₹(772.02) Lacs in retained earning accounts is to be carried forward to next year.

### **CONSOLIDATED FINANCIAL STATEMENT**

As per the definition in the Companies Act, 2013 ("the Act") and Ind AS - 110 on Consolidated Financial Statements read with Ind AS - 28 on Investment in Associates and Ind AS-31 Interest in Joint Venture, 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 the Companies (Accounts) Rules, 2014. The details relating to deposits, covered under Chapter V of the Act are as follows:-

- a. accepted during the year – ₹Nil
- b. remained unpaid or unclaimed as at the end of the year – Nil
- 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**

During the year under review, there are no changes in the nature of business. The Company is continuing into the Steel Manufacturing Business.

## **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 include:

- 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 Directors and 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.

### **Audit plan and execution**

Internal Audit department has prepared a risk-based Audit Plan. The frequency of audit is decided by risk ratings of areas functions. The audit plan is carried out by the internal team. The audit plan is reviewed periodically to include areas which have assumed significant importance in line with the emerging industry trend and the aggressive growth of the Company.

In addition, the audit committee also places reliance on internal customer feedback and other external events for inclusion of areas into the audit plan.

### **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 & financial statements 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.

### **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.

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. 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. The Policy intends to ensure that proper reporting; approval and disclosure processes are in place for all transactions between the Company and Related Parties. This Policy specifically deals with the review and approval of Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All Related Party Transactions are placed before the Audit Committee for review and approval. All Related Party Transactions are subjected to independent review by a reputed accounting firm to establish compliance with the requirements of Related Party Transactions under the Companies Act, 2013 and Regulation 23 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Your Directors draw attention of the members to Note 30 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 have not been rated due to Non Performing Asset (NPA) declared by Banks/lenders.

### **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.

## **CUSTOMER RELATIONSHIP**

The Company endeavors to develop and sustain long-term value-creating partnerships with our customers and channel partners through a wide range of product offerings, innovative services and unique solutions.

## **FINANCE**

During the year, the lead banker State Bank of India has approved the restructuring proposal and has executed all related documents for restructuring of the facility and has filed with the Ministry of Corporate Affairs towards creation/modification of charges in its favour. The State Bank of India has recovered all the scheduled repayments along with overdue (till the date of recovery) as per proposal approved vide letter dated March 17, 2018. Other members to the consortium are in the process of up gradation of the account.

## **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 takes care of company's credit facilities requirement from time to time. The consortium meetings hold quarterly in regular basis and also visit company's plant from time to time as per their requirement.

## **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 AND PERSONNEL**

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. 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 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. During the year under the review, industrial relations at all units of the Company continued to be cordial and peaceful.

## **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.
- Water: The Company makes affordable solution for water crises in the local area within the factory.

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.

## RISK MANAGEMENT

The Company's robust risk management framework identifies and evaluates business risks and opportunities. The Company recognizes that these risks need to be managed and mitigated to protect its shareholders and other stakeholder's interest, to achieve its business objectives and enable sustainable growth. The risk framework is aimed at effectively mitigating the Company's various business and operational risks, through strategic actions. Risk management is embedded in our critical business activities, functions and processes. The risks are reviewed for the change in the nature and extent of the major risks identified since the last assessment. It also provides control measures for risks and future action plans. Pursuant to the requirement of Regulation 21 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company has constituted a sub-committee of Directors to oversee Enterprise Risk Management Framework to ensure execution of decided strategies with focus on action and monitoring risks arising out of unintended consequences of decisions or actions and related to performance, operations, compliance, incidents, processes, systems and transactions are managed appropriately. The Company believes that the overall risk exposure of present and future risks remains within risk capacity.

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.

## GOODS AND SERVICES TAX (GST)

The introduction of Goods and Services Tax (GST) is a very significant step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single

tax, it would mitigate cascading or double taxation in a major way and pave the way for a common national market. The transition to GST scenario is a major change process and the Company has established a dedicated team to evaluate the impact analysis and carry out changes to the business process & IT systems as per the GST framework.

### **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 and Companies Act, 2013. 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 Directors Report as Annexure 'I'. 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 Annual Report.

### **SHARE CAPITAL**

#### **ISSUED/SUBSCRIBED/PAID UP CAPITAL**

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.

On 04.04.2017 the allottee(s) had exercised their right to convert 8,00,000 warrants into equity shares of ₹10/- each out of total allotted to them. Accordingly, During the Year under review the company has allotted 8,00,000 Equity Shares of ₹10 / - each on Conversion of Warrants in to Equity Shares.

There were No outstanding Warrants of the company as on March 31, 2018 which was to be convertible into equity shares.

The paid-up equity share capital as on March 31, 2018 and as on date is ₹52,35,22,950 (Fifty Two Crore Thirty Five Lakhs Twenty Two Thousand Nine Fifty) divided into 5,23,52,295 (Five Crore Twenty Three Lakhs Fifty Two Thousand Two Hundred Ninety Five) fully paid up Equity Shares of ₹10/- (Rupees Ten Only) each and the preference share capital is ₹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.

### **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. Rajesh Gadodia (DIN: 00574465), 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. Praveen Kumar Patro (DIN: 02469361), was appointed as an Additional Director and designated as the Executive Director (Director-Project) w. e. f. 30/05/2018. Mr.



Praveen Kumar Patro 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. Praveen Kumar Patro for appointment as a director of the company in the forthcoming Annual General Meeting.

Suitable resolution(s) for appointment / reappointment of Director(s), 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 director(s), in terms of the Regulation 26(4) and 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.

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

#### **KEY MANAGERIAL PERSONNEL**

Mr. Ankur Madaan, Whole Time Director, Mr. Prabir Kumar Das, President & Company Secretary 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 current policy is to have a balanced mix of executive and non-executive Independent Directors to maintain the independence of the Board, and separate its functions of governance and management.

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 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.

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

All New Independent Directors (IDs) whenever 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. Visits to Plant and Factory locations are organized for the IDs to enable them to understand the business better.

The company familiarises the New and Existing Independent Directors of the Company from time to time with their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc.. and also by updating them about latest amendments in Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Details of Same 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 14th February, 2018 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 evaluation of the working of the Committees of the Board. The performance evaluation of the Chairman, Whole-Time Director and the Non-Independent Directors was carried out by Independent Directors. The performance evaluation of the Independent Directors was carried out by the entire Board in compliance with the Companies Act, 2013. The performance evaluation of all the Directors was also carried out by the Nomination and Remuneration Committee. Details of the same are given in the Report on Corporate Governance annexed hereto.

The Chairman of the Board had one-on-one meetings with the IDs. 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. These meetings were intended to obtain Directors' inputs on effectiveness of the Board/ Committee processes.

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 judgment, 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 Board considered and discussed the inputs received from the Directors. Further, the IDs at their meeting reviewed the performance of non Independent Directors, Board as a whole and Chairman of the Board after taking into account views of Executive Directors and Non-Executive Directors.

The Directors expressed their satisfaction with the evaluation process.

The evaluation process endorsed the Board Members' confidence in the ethical standards of the Company, the resilience of the Board and Management in navigating the Company during challenging times, cohesiveness amongst the Board Members, constructive relationship between the Board and the Management and the openness of the Management in sharing strategic information to enable the Board Members to discharge their responsibilities.

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:**

Based on the recommendations of the NRC, the Board has approved the Remuneration Policy for Directors, Key Managerial Personnel ('KMPs') and all other employees of the Company. As part of the policy, the Company strives to ensure that:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- relationship between remuneration and performance is clear and meets appropriate performance benchmarks; and

- remuneration to Directors, KMPs and Senior Management involves a balance between fixed and incentive pay, reflecting short, medium and long-term performance objectives appropriate to the working of the Company and its goals.

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, 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 STEELS’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.

## SECRETARIAL STANDARDS

The Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

## 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 for the year ended March 31, 2018, the applicable accounting standards read with requirements set out under Schedule III to the Act have been followed and there are no material departures from the same;
- 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, 2018 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.

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 including any statutory modification or re-enactment thereof for the time being in force.

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. 40 to the financial statements which describes the approval of the restructuring arrangement by the lead bankers State Bank of India and about recognition of interest cost of other members.

In the opinion of the Board, The company's funding has been funded through consortium member banks. The leader State Bank of India along with other member banks have classified the asset as Non-performing Assets in their books of account in previous year. During the year, the lead banker State Bank of India has approved the restructuring proposal and has executed all related documents for restructuring of the facility and has filed with the Ministry of Corporate Affairs towards creation/ modification of charges in its favour. The State Bank of India has recovered all the scheduled repayments alongwith overdues (till the date of recovery) as per proposal approved vide letter dated March 17, 2018. The interest component

of ₹16.92 crores, from the date of NPA to the cut off date i.e March 31, 2017 has been converted to FITL and same has been charged to current year's financial statement. Other members to the consortium are in the process of restructuring as at the end of reporting date.

Further, the company has provided interest cost on borrowings for all the member banks except IDBI Bank Limited for the FY 2017-18 as per interest rate approved by the lead banker i.e State Bank of India. IDBI Bank Limited has recalled the loan vide letter dated October 31, 2017 for which no interest has been provided for.

**Auditors have in their report drawn attention to Note No- 41 to the financial statements which describes on steps taken by the company for transition to the Ind AS compliances.**

In the opinion of the Board, The company has implemented / adopted the following policies and procedures for accounting:

**Componentization:** As per prevailing practice, company componentized fixed assets as detailed in the Invoice. It does not have a separate componentization policy. Accordingly, components identified ( as mentioned above ) are also depreciated based on the useful lives prescribed under Schedule-II ( of the Companies Act. ) for the main asset.

**Steps :** The company is in the process of identification of the major components significant to the total cost of the asset accordingly necessary requirements to be complied.

**Stores and Spares :** The company on purchases of stores and spares, if it relates to an item of PPE, the same are capitalized on the date of issue, and which are issued for revenue expenditure purpose, are charged to Profit & Loss Account on the date of consumption.

**Steps :** The company is in the process of identifying the doubtful debtors to make provision for impairment to be recognized as per the Expected Credit Loss Method.

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 2018 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 30, 2018 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 2018-19 on a remuneration of ₹45,000/- 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.

Pursuant to section 148(1) of the companies act, 2013, The company has maintained the cost accounts and records.

The Cost Audit Report for the financial year ended 31st March, 2017 was filed in XBRL mode on 7th August, 2017.

### **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 Plot No-215(I), 2nd floor, District Centre, Chandrasekharpur, Bhubaneswar - 751016 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)(f)(ii) of the Companies Act, 2013.

The Board at its meeting held on May 30, 2018, has re-appointed M/s. K.K.Giri & Associates, a Practicing Company Secretary [CP No-14459] having office at Plot No-215(I), 2nd floor, District Centre, Chandrasekharpur, Bhubaneswar - 751016, as Secretarial Auditor, for conducting Secretarial Audit of the Company for F.Y. 2018-19.

#### **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 2017-2018 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.

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 of 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 operate. 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.

#### **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.

#### **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 25th 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.

#### **DISCLOSURES**

##### **NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

During the year, Six 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 Annual 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(3) read with Rule 12 of the Companies (Management and administration) Rules, 2014 and Section 134(3)(a) of Companies Act, 2013 is furnished in Form No. MGT-9 as Annexure 'F' and is attached to this Report.

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

There were no loans, made by the Company under Section 186 of the Companies Act, 2013 during the year under review. However the company has given the corporate guarantee and made investment in quoted securities as a long term investments and the details of the guarantees and 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, 2018 stood at 1489.

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.
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.

### **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.

Place: Bhubaneswar  
Date: 30th May, 2018

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

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

## ANNEXURES TO THE BOARD REPORT

| ANNEXURE NO.  | CONTENTS  |
|---------------|---|
| ANNEXURE 'A'  | Form 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] 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. |
| ANNEXURE 'B'  | Annual Report on CSR  |
| ANNEXURE 'C'  | Policy for Selection of Directors and determining Directors' independence.  |
| ANNEXURE 'D'  | Nomination and Remuneration Policy  |
| ANNEXURE 'E'  | Secretarial Audit Report (In Form - MR 3 )  |
| ANNEXURE- 'F' | Extracts of the Annual Return (In Form MGT - 9)   |
| ANNEXURE 'G'  | Particulars of Conservation of Energy, Technology Absorption and foreign Exchange Earnings and outgo.   |
| ANNEXURE 'H'  | Rule 5 (1) (2) AND (3) of Companies (Managerial Remuneration) Rules   |
| ANNEXURE 'I'  | Certificate of Compliances 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  |

### 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<br><br>(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. However during the year under review there were no transaction with Nav Durga Fuel Private Limited. | 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 -30 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)

Place: Bhubaneswar  
Date: 30th May, 2018

## 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<br>(1) Local area or other<br>(2) Specify the State and district where projects or programs was undertaken | Amount out-lay (budget) project or programs wise | Amount spent on the projects or programs<br>Sub – heads:<br>(1) Direct expenditure on projects or programs<br>(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

Place: Bhubaneswar  
Date: 30th May, 2018

## 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 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, other than remuneration as such director or having transaction not exceeding ten per cent. of his total income or such amount as may be prescribed, with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d. None of whose relatives –
  - i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:

Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;

- (ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;



- (iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or
- (iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);”;
- 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;
 

“Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years.”.
  - (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 reckoning Limit of Directorship Dormant Co. (whether Pvt. Or Public) to be excluded.

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 appointment/Re-appointment and 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.

#### **MINUTES OF COMMITTEE MEETING**

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting or before the Next Committee 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 2018

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

**To,**  
**The Members,**  
**Scan Steels 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, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Scan Steels Limited ("The Company") for the Financial Year ended on 31st March, 2018 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 (Share Based Employee Benefits) Regulation,

2014; (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);
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable to the company during the audit period) and
  - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
6. Other than fiscal, labour and environmental laws which are generally applicable to all manufacturing/ trading companies, the following laws/acts are also, inter-alia, applicable to the company:
- a. Legal Metrology Act, 2009 and the Rules made thereunder;
  - b. Orissa Electricity (Duty) Act, 1961 and Rules made thereunder;
  - c. The Static & Mobile Pressure Vessels Rules, 1981;
  - d. The Gas Cylinder Rules, 2004;

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 Listing Agreement entered into by the Company with BSE read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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. There were No changes in the composition of the Board of Directors during the period under review.

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.

All decisions at Board Meeting and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be. Dissenting member's views were not required to be captured and records as a part of the minutes as there was no such instance.



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 has not undertaken any specific events to report and 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.

For K.K. Giri & Associates,  
Company Secretaries

Sd/-  
**Kamala Kanta Giri**  
ACS No.: 34449  
C.P. No. 14459

Place: Bhubaneswar  
Date: 30th May, 2018

\*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-1’**

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 / Whole-Time 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: 30th May, 2018

**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, 2018

[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:**

| <b>Sr. No.</b> | <b>Particulars</b>  | <b>Details</b>   |
|----------------|---|--|
| 1.             | Corporate Identification Number   | L27209MH1994PLC076015  |
| 2.             | Registration Date   | 18/01/1994   |
| 3.             | Name of the Company   | Scan Steels 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.<br>Email: secretarial@scansteels.com<br>Website: www.scansteels.com<br>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<br>17-20, Jafferbhoy Industrial Estate,<br>Makwana Lane, Marol Naka,<br>Andheri (E),<br>Mumbai-400 059.<br>Tel Ph. - 022-42270400<br>Email: sandeeps@adroitcorporate.com<br>rameshg@adroitcorporate.com<br>prafuls@adroitcorporate.com<br>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 | 27151                            | 49.45%                              |
| 2       | Manufacturing of Sponge Iron                        | 24102                            | 31.38%                              |

#% 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/<br>SUBSIDIARY 2(87)<br>(ii) /<br>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<br>(As on 01-04-2017) |          |          |                   | No. of Shares held at the end of the year<br>(As on 31-03-2018) |          |          |                   | % 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        | 10231909  | -        | 10231909 | 19.85             | 10231909  | -        | 10231909 | 19.54             | (0.31)                       |
| b) Central Govt.         | -   | -        | -        | -                 | -   | -        | -        | -                 | -                            |
| c) state Govt. (s)       | -   | -        | -        | -                 | -   | -        | -        | -                 | -                            |
| d) Bodies                |   |          |          |                   |   |          |          |                   |                              |
| Corporate                | 14950076  | -        | 14950076 | 29.00             | 14950076  | -        | 14950076 | 28.56             | (0.44)                       |
| e) Banks/Fl              | -   | -        | -        | -                 | -   | -        | -        | -                 | -                            |
| f) Any other             | -   | -        | -        | -                 | -   | -        | -        | -                 | -                            |
| <b>SUB-TOTAL (A)(1)</b>  | 25181985  | -        | 25181985 | 48.85             | 25181985  | -        | 25181985 | 48.10             | (0.75)                       |

| Category of Shareholders                                    | No. of Shares held at the beginning of the year<br>(As on 01-04-2017) |          |          |                   | No. of Shares held at the end of the year<br>(As on 31-03-2018) |          |          |                   | % of change during the years |
|---|---|----------|----------|-------------------|---|----------|----------|-------------------|------------------------------|
|   | Demat   | Physical | Total    | % of total shares | Demat   | Physical | Total    | % of total shares |                              |
| <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>TOTAL SHAREHOLDING OF PROMOTER (A) = (A)(1) + (A)(2)</b> | 25181985  | -        | 25181985 | 48.85             | 25181985  | -        | 25181985 | 48.10             | (0.75)                       |
| <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) FIs  | -   | -        | -        | -                 | -   | -        | -        | -                 | -                            |
| h) Foreign Venture Capital Funds                            | -   | -        | -        | -                 | -   | -        | -        | -                 | -                            |
| (i) Other   | -   | -        | -        | -                 | -   | -        | -        | -                 | -                            |
| <b>SUB- TOTAL (B)(1)</b>                                    | -   | -        | -        | -                 | -   | -        | -        | -                 | -                            |
| <b>2. Non-Institutions</b>                                  |   |          |          |                   |   |          |          |                   |                              |
| a) Bodies Corporate   |   |          |          |                   |   |          |          |                   |                              |

| Category of Shareholders   | No. of Shares held at the beginning of the year<br>(As on 01-04-2017) |                |                 |                   | No. of Shares held at the end of the year<br>(As on 31-03-2018) |               |                 |                   | % of change during the years |
|--|---|----------------|-----------------|-------------------|---|---------------|-----------------|-------------------|------------------------------|
|  | Demat   | Physical       | Total           | % of total shares | Demat   | Physical      | Total           | % of total shares |                              |
| i) Indian  | 21905662  | 1055532        | 22961194        | 44.54             | 23207461  | 42200         | 23249661        | 44.41             | (0.13)                       |
| ii) Overseas   | -   | -              | -               | -                 | -   | -             | -               | -                 | -                            |
| b) Individuals   |   |                |                 |                   |   |               |                 |                   |                              |
| I) Individual shareholders holding nominal share capital up to ₹1 lakh         | 566132  | 209900         | 776032          | 1.51              | 557463  | 209300        | 766763          | 1.46              | (0.05)                       |
| II) Individual shareholders holding nominal share capital in excess of ₹1 lakh | 2589514   | 26300          | 2615814         | 5.07              | 3123077   | 26300         | 3149377         | 6.02              | 0.95                         |
| c) others  | -   | -              | -               | -                 | -   | -             | -               | -                 | -                            |
| Clearing Member  | 497   | -              | 497             | -                 | 1500  | -             | 1500            | -                 | -                            |
| NRI  | 476   | -              | 476             | -                 | 62  | -             | 62              | -                 | -                            |
| Corporate Body - Broker  | 16297   | -              | 16297           | 0.03              | 2947  | -             | 2947            | 0.01              | (0.02)                       |
| <b>SUB-TOTAL (B)(2)</b>  | <b>25078578</b>   | <b>1291732</b> | <b>26370310</b> | <b>51.15</b>      | <b>26892510</b>   | <b>277800</b> | <b>27170310</b> | <b>51.90</b>      | <b>0.75</b>                  |
| <b>TOTAL PUBLIC SHAREHOLDING (B) = (B)(1) + (B)(2)</b>                         | <b>25078578</b>   | <b>1291732</b> | <b>26370310</b> | <b>51.15</b>      | <b>26892510</b>   | <b>277800</b> | <b>27170310</b> | <b>51.90</b>      | <b>0.75</b>                  |
| <b>c. SHARE HELD BY CUSTODIAN FOR GDRS &amp; ADRS</b>                          | <b>-</b>  | <b>-</b>       | <b>-</b>        | <b>-</b>          | <b>-</b>  | <b>-</b>      | <b>-</b>        | <b>-</b>          | <b>-</b>                     |
| <b>GRAND TOTAL (A + B + C)</b>   | <b>50260563</b>   | <b>1291732</b> | <b>51552295</b> | <b>100</b>        | <b>52074495</b>   | <b>277800</b> | <b>52352295</b> | <b>100</b>        | <b>-</b>                     |

## ii) Shareholding of Promoters

| Sr. No. | Shareholder's Name                 | Shareholding at the beginning of the year (01-04-2017) |                                  |  | Share holding at the end of the year (31-03-2018) |                                  |  | % change in share holding during the year |
|---------|------------------------------------|--|----------------------------------|--|---|----------------------------------|--|---|
|         |                                    | No. of Shares  | % of total Shares of the company | %of Shares Pledged / encumbered to total | No. of Shares                                     | % of total Shares of the company | %of Shares Pledged / encumbered to total Shares* |   |
| 1       | ARCHANA GADODIA                    | 1363007  | 2.64                             | -  | 1363007   | 2.60                             | -  | (0.04)                                    |
| 2       | ARTLINE COMMERCE PRIVATE LIMITED   | 9566575  | 18.56                            | -  | 9566575   | 18.27                            | -  | (0.29)                                    |
| 3       | BAYANWALA BROTHERS PRIVATE LIMITED | 5383501  | 10.44                            | -  | 5383501   | 10.28                            | -  | (0.16)                                    |
| 4       | BINITA GADODIA                     | 1431662  | 2.78                             | -  | 1431662   | 2.73                             | -  | (0.05)                                    |
| 5       | NIMISH GADODIA                     | 3408316  | 6.61                             | 47.71                                    | 3408316   | 6.51                             | 47.71  | (0.1)                                     |
| 6       | RAJESH GADODIA                     | 3535531  | 6.86                             | 47.25                                    | 3535531   | 6.75                             | 47.25  | (0.11)                                    |
| 7       | SARASWATI DEVI GADODIA             | 21815  | 0.04                             | -  | 21815   | 0.04                             | -  | 0.00                                      |
| 8       | SAWARMAL GADODIA                   | 471578   | 0.91                             | -  | 471578  | 0.90                             | -  | (0.01)                                    |
|         | <b>Total</b>                       | <b>25181985</b>  | <b>48.85</b>                     | <b>13.09</b>                             | <b>25181985</b>                                   | <b>48.10</b>                     | <b>13.09</b>                                     | <b>(0.75)</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 8 are disclosed as promoters under regulation 30(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as on March 31, 2018.

**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 shareholding | Reason    | Cumulative Shareholding during the year (01.04.2017 to 31.03.2018) |                                  |
|---------|------------------------------|---|----------------------------------|---------------------|------------------------------------|-----------|--|----------------------------------|
|         |                              | Number of shares held as on 01.04.2017    | % of total shares of the Company |                     |                                    |           | Number of shares held as on 31.03.2018                             | % of total shares of the Company |
| 1       | Bayanwala Brothers Pvt. Ltd. | 5383501                                   | 10.44                            | Nil                 | Nil                                | No Change |  |                                  |
|         |                              |   |                                  | 31-03-2018          |                                    |           | 5383501  | 10.28                            |
| 2       | Artline Commerce Pvt. Ltd.   | 9566575                                   | 18.56                            | Nil                 | Nil                                | No Change |  |                                  |
|         |                              |   |                                  | 31-03-2018          |                                    |           | 9566575  | 18.27                            |
| 3       | Nimish Gadodia               | 3408316                                   | 6.61                             | Nil                 | Nil                                | No Change |  |                                  |
|         |                              |   |                                  | 31-03-2018          |                                    |           | 3408316  | 6.51                             |
| 4       | Sarswati Devi Gadodia        | 21815                                     | 0.04                             | Nil                 | Nil                                | No Change |  |                                  |
|         |                              |   |                                  | 31-03-2018          |                                    |           | 21815  | 0.04                             |
| 5       | Sawarmal Gadodia             | 471578                                    | 0.91                             | Nil                 | Nil                                | No Change |  |                                  |
|         |                              |   |                                  | 31-03-2018          |                                    |           | 471578   | 0.90                             |
| 6       | Rajesh Gadodia               | 3535531                                   | 6.86                             | Nil                 | Nil                                | No Change |  |                                  |
|         |                              |   |                                  | 31-03-2018          |                                    |           | 3535531  | 6.75                             |
| 7       | Binita Gadodia               | 1431662                                   | 2.78                             | Nil                 | Nil                                | No Change | 1431662  | 2.73                             |
|         |                              |   |                                  | 31-03-2018          |                                    |           |  |                                  |
| 8       | Archana Gadodia              | 1363007                                   | 2.64                             | Nil                 | Nil                                | No Change |  |                                  |
|         |                              |   |                                  | 31-03-2018          |                                    |           | 1363007  | 2.60                             |



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 (01.04.2017 to 31.03.2018) |                                  |
|---------|---|---|----------------------------------|---------------------|------------------------------------|------------------------|--|----------------------------------|
|         |   | Number of shares held as on 01.04.2017    | % of total shares of the Company |                     |                                    |                        | Number of shares held as on 31.03.2018                             | % of total shares of the Company |
| 1       | MONO TYPE INDIA LIMITED.                          | 3004320                                   | 5.83                             | Nil                 | Nil                                | No Change              |  |                                  |
|         |   |   |                                  | 31-03-2018          |                                    |                        | 3004320  | 5.74                             |
| 2       | DECENT VINCOM PRIVATE LIMITED                     | 2547221                                   | 4.94                             | Nil                 | Nil                                | No Change              |  |                                  |
|         |   |   |                                  | 31-03-2018          |                                    |                        | 2547221  | 4.87                             |
| 3       | GOPIKAR SUPPLY PVT. LTD.                          | 2000000                                   | 3.88                             | Nil                 | Nil                                | No Change              |  |                                  |
|         |   |   |                                  | 31-03-2018          |                                    |                        | 2000000  | 3.82                             |
| 4       | WEST & BEST TRADING PVT. LTD.                     | 1999999                                   | 3.88                             | Nil                 | Nil                                | No Change              |  |                                  |
|         |   |   |                                  | 31.03.2018          |                                    |                        | 1999999  | 3.82                             |
| 5       | SYNERGY TRADEVISTA PRIVATE LIMITED                | 1999999                                   | 3.88                             | Nil                 | Nil                                | No Change              |  |                                  |
|         |   |   |                                  | 31.03.2018          |                                    |                        | 1999999  | 3.82                             |
| 6       | S & D SHARE & STOCK PRIVATE LIMITED               | 1199999                                   | 2.33                             | 04.04.2017          | 800000                             | Preferential Allotment | 1999999  |                                  |
|         |   |   |                                  | 31-03-2018          |                                    |                        | 1999999  | 3.82                             |
| 7       | ALKEN MANAGEMENT AND FINANCIAL SERVICES PVT. LTD. | 1999998                                   | 3.88                             | Nil                 | Nil                                | No Change              |  |                                  |
|         |   |   |                                  | 31-03-2018          |                                    |                        | 1999998  | 3.82                             |
| 8       | BLUE CIRCLE SERVICES LIMITED                      | 1385770                                   | 2.69                             | Nil                 | Nil                                | No Change              |  |                                  |
|         |   |   |                                  | 31-03-2018          |                                    |                        | 1385770  | 2.65                             |

| 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 (01.04.2017 to 31.03.2018) |                                  |
|---------|-------------------------------------|---|----------------------------------|---------------------|------------------------------------|-----------|--|----------------------------------|
|         |                                     | Number of shares held as on 01.04.2017    | % of total shares of the Company |                     |                                    |           | Number of shares held as on 31.03.2018                             | % of total shares of the Company |
| 9       | ASCON MERCHANDISE PVT. LTD.         | 688000                                    | 1.33                             |                     |                                    |           |  |                                  |
|         |                                     |   |                                  | Nil                 | Nil                                | No Change |  |                                  |
|         |                                     |   |                                  | 31-03-2018          |                                    |           | 688000   | 1.31                             |
| 10      | VALUETIME COMMODEAL PRIVATE LIMITED | 630000                                    | 1.22                             |                     |                                    |           |  |                                  |
|         |                                     |   |                                  | Nil                 | Nil                                | No Change |  |                                  |
|         |                                     |   |                                  | 31-03-2018          |                                    |           | 630000   | 1.20                             |
| 11      | SYKES & RAY EQUITIES (I) LTD.       | 720275                                    | 1.40                             |                     |                                    |           |  |                                  |
|         |                                     |   |                                  | 07-04-2017          | -720175                            | Sold      | 100  |                                  |
|         |                                     |   |                                  | 08-12-2017          | 8000                               | Purchase  | 8100   |                                  |
|         |                                     |   |                                  | 15-12-2017          | 2422                               | Purchase  | 10522  |                                  |
|         |                                     |   |                                  | 22-12-2017          | 7052                               | Purchase  | 17574  |                                  |
|         |                                     |   |                                  | 23-02-2018          | -5422                              | Sold      | 12152  |                                  |
|         |                                     |   |                                  | 23-03-2018          | 72948                              | Purchase  | 85100  |                                  |
|         |                                     |   |                                  | 30-03-2018          | 73700                              | Purchase  | 158800   |                                  |
|         |                                     |   |                                  | 31-03-2018          |                                    |           | 158800   | 0.30                             |

Note: List Top 10 Shareholder was taken as on 31st March 2018.

SYKES & RAY EQUITIES (I) LTD. Not in the list of Top 10 shareholders as on 31-03-2018. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 01-04-2017.

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

| 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 (01.04.2017 to 31.03.2018) |                                  |
|----------|---|---|----------------------------------|---------------------|------------------------------------|-----------|--|----------------------------------|
|          |   | Number of shares held as on 01.04.2017    | % of total shares of the Company |                     |                                    |           | Number of shares held as on 31.03.2018                             | % of total shares of the Company |
| <b>A</b> | <b>DIRECTORS</b>  |   |                                  |                     |                                    |           |  |                                  |
| 1        | Mr. Rajesh Gadodia,<br>Non - Executive<br>Chairman      | 3535531                                   | 6.86                             | Nil                 | Nil                                | No Change |  |                                  |
|          |   |   |                                  | 31-03-2018          |                                    |           | 3535531  | 6.75                             |
| 2        | Mr. Ankur Maddan<br>Whole- Time Director                | -   | -                                | -                   | -                                  | -         | -  | -                                |
| 3.       | Mr. Runvijay Singh<br>Executive Director                | -   | -                                | -                   | -                                  | -         | -  | -                                |
| 4.       | Mr. Punit Kedia<br>Independent Director                 | -   | -                                | -                   | -                                  | -         | -  | -                                |
| 5.       | Mr. Vinay Goyal<br>Independent Director                 | -   | -                                | -                   | -                                  | -         | -  | -                                |
| 6.       | Mrs. Debjani Sahu<br>Independent Women<br>Director      | -   | -                                | -                   | -                                  | -         | -  | -                                |
| <b>B</b> | <b>KMP'S</b>  |   |                                  |                     |                                    |           |  |                                  |
| 1        | Mr. Prabir Das<br>President &<br>Company Secretary      | -   | -                                | -                   | -                                  | -         | -  | -                                |
| 2        | Mr. Gobinda<br>Chandra Nayak<br>Chief Financial Officer | -   | -                                | -                   | -                                  | -         | -  | -                                |

**V. INDEBTEDNESS**

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

Amount (₹In Lakhs)

|  | Secured loans<br>excluding<br>deposits | Unsecured<br>Loans | Deposits        | Total<br>Indebtedness |
|--|--|--------------------|-----------------|-----------------------|
| <b>Indebtedness at the beginning of<br/>the financial year</b> |  |                    |                 |                       |
| i. Principal amount  | 17896.25                               | 102.24             | 1640.12         | 19638.61              |
| ii. Interest due but not paid                                  | 107.36                                 | -                  | 29.41           | 136.77                |
| iii. Interest accrued but not due                              | -                                      | -                  | -               | -                     |
| <b>Total (i+ii+iii)</b>  | <b>18003.61</b>                        | <b>102.24</b>      | <b>1669.53</b>  | <b>19775.38</b>       |
| <b>Change in Indebtedness during the<br/>financial year</b>    |  |                    |                 |                       |
| • Addition   | 3104.02                                | 58.10              | 17.72           | 3179.84               |
| • Reduction  | 3344.00                                | -                  | 143.25          | 3487.25               |
| <b>Net Change</b>  | <b>(239.98)</b>                        | <b>58.10</b>       | <b>(125.53)</b> | <b>(307.41)</b>       |
| <b>Indebtedness at the end of the<br/>financial year</b>       |  |                    |                 |                       |
| i. Principal amount  | 16489.99                               | 152.24             | 1496.85         | 18139.08              |
| ii. Interest due but not paid                                  | 1273.64                                | 8.10               | 47.15           | 1328.89               |
| iii. Interest accrued but not due                              | -                                      | -                  | -               | -                     |
| <b>Total (i+ii+iii)</b>  | <b>17763.63</b>                        | <b>160.34</b>      | <b>1544.00</b>  | <b>19467.97</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. Ankur Maddan, Whole Time Director   | Mr. Runvijay Singh, Executive Director |              |
| 1.                                    | Gross salary   |   |  |              |
|                                       | a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 4.80  | 4.20                                   | 9.00         |
|                                       | 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   | -   | -                                      | -            |
|                                       | Total  | 4.80  | 4.20                                   | 9.00         |
| Ceiling as per the Compines Act, 2013 |  | ₹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) |  |              |

Note - Mr. Praveen Kumar Patro appointed as Executive Director, (Director -Project) w.e.f 30.05.2018, thus, his appointment does not fall during F.Y. 17-18, hence, details of his remuneration is not mentioned above.

**B. Remuneration to other directors:**

Amount (In ₹)

| Sr. no.   | Name of the Director | Commission  | Sitting fees | Total Compensation |
|---|----------------------|---|--------------|--------------------|
| <b>Non Executive &amp; Independent Director</b> |                      |   |              |                    |
| 1   | Mr. Rajesh Gadodia   | -   | 5000         | 5000               |
| 2   | Mr. Punit Kedia      | -   | 15000        | 15000              |
| 3   | Mr. Vinay Goyal      | -   | 15000        | 15000              |
| 4   | Mr. Debjani Sahu     | -   | 8000         | 8000               |
|   | <b>Total</b>         | <b>-</b>  | <b>43000</b> | <b>43000</b>       |
| Ceiling as per the Compines Act, 2013           |                      | 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:**

(₹ In Lakhs)

| Sr.no. | Particulars of Remuneration  | Key Managerial Personnel                 |   |              |
|--------|--|--|---|--------------|
|        |  | Prabir Kumar Das<br>Company<br>Secretary | Mr. Gobinda<br>Chandra Nayak,<br>Chief Financial<br>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/s 17(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, 2018)

| 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, 2018.

**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
- d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; Not Applicable
- (iv) The expenditure incurred on Research and Development:

| Sr. No. | Particulars  | Amount (₹ in Crore) |
|---------|--------------|---------------------|
| 1       | Capital      | Nil                 |
| 2       | Revenue      | Nil                 |
|         | <b>Total</b> | <b>Nil</b>          |

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

|  | Current Year<br>(Amount) | Previous Year<br>(Amount) |
|--|--------------------------|---------------------------|
| Total foreign exchange outgo in terms of actual outflow In US \$ | 16140                    | <b>12540</b>              |
| Total foreign exchange outgo in terms of actual outflow In Euro  | 1436                     | <b>Nil</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 2017-2018 and ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2017-18 are as under;

| Sr. No. | Name of the Director/ KMP and designation                       | Remuneration of Director/ KMP for the FY 2017-2018 (₹ in lacs) | % increase in remuneration in the FY 2017-2018 | Ratio of remuneration of each Director/ to median remuneration of employees |
|---------|---|--|--|---|
| 1       | Mr. Ankur Madaan  | 4.80   | Nil  | 6.95  |
| 2       | Mr. Runvijay singh  | 4.20   | Nil  | 6.08  |
| 3       | Mr. Prabir Kumar Das,<br>Company Secretary & Compliance Officer | 6.00   | Nil  | Not Applicable  |
| 4       | Mr. Gobinda Chandra Nayak,<br>Chief Financial Officer           | 12.00  | Nil  | Not Applicable  |

### Note -

Mr. Praveen Kumar Patro appointed as Executive Director, (Director -Project) w.e.f 30.05.2018, thus, his appointment does not follow during F.Y. 17-18, hence, details of his remuneration is not mentioned above.

- (ii) The median remuneration of employees of the company during the financial year was ₹ 68986 ;
- (iii) In the Financial year, there was an increase 23.98% in the median remuneration of employees;
- (iv) There were 1489 permanent employees on the rolls of Company as on March 31, 2018;
- (v) Average percentage increase in the salaries of employees other than the managerial personnel in the last financial year i.e. 2017-18 was 34.77 % 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 ₹) | Total Experience (No. of yrs.) | Previous Employment (Designation)                | Percentage of equity share held by employee in company |
|-------|----------------------|--------------|---------------------------------|------------------------------------|-------------------------------|----------------------------|--------------------------------|--|--|
| 1     | GOBIND CHANDRA NAYAK | 45           | B.Com, CA (Inter), ICWA (Inter) | 1/11/2014                          | Chief Financial Officer       | 1200000                    | 19 yrs                         | Sree Metaliks Ltd., GM (finance)                 | Nil  |
| 2     | AJIT KUMAR KESHRI    | 41           | B.Com, MBA                      | 1/03/2003                          | Marketing Head                | 900000                     | 15 yrs                         | NA   | Nil  |
| 3     | CHIITTARAN JAN GUROO | 37           | B. Tech                         | 23/01/2017                         | Electrical Sr. Manager (CPP)  | 684000                     | 18 yrs                         | Adhunik Group (Dy. Man.)                         | Nil  |
| 4     | MUKESH KUMAR VERMA   | 35           | B A                             | 4/07/2010                          | Manager-Commercial            | 678000                     | 14 yrs                         | Navdurga Fule P Ltd (DGM-Marketing)              | Nil  |
| 5     | PRAVEEN KUMAR PATRO  | 44           | B-Tech (Electric)               | 1/02/2000                          | Director (Project)            | 600000                     | 20 yrs                         | Orissa Cement Limited, Chief Manager - Operation | Nil  |
| 6     | PRABIR KUMAR DAS     | 46           | B.Com, CS, MBA, LLB             | 1/12/2004                          | President & Company Secretary | 600000                     | 20 yrs                         | Rohit Ferro Tech Ltd., Company Secretary         | Nil  |
| 7     | OMPRAKASH AGRAWAL    | 51           | B.Com                           | 1/02/2011                          | Senior Manager Accounts       | 600000                     | 30 yrs                         | Orissa Cement Limited, Chief Manager -Accounts   | Nil  |
| 8     | HEMANT KEDIA         | 57           | Graduate                        | 1/03/2002                          | Manager                       | 600000                     | 22 yrs                         | NA   | Nil  |
| 9     | VINEET GADODIA       | 39           | B. Com                          | 1/10/2002                          | Factory Manager               | 600000                     | 16 yrs                         | NA   | Nil  |
| 10    | SAURAV SENGUPTA      | 45           | Diploma (Tech.)                 | 1/01/2017                          | General Manager               | 600000                     | 23 yrs                         | OCL, GM (Operation)                              | 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 elsewhere 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)

Date: 30th May, 2018

Place: Bhubaneswar

## ANNEXURE 'I'

**CERTIFICATE OF COMPLIANCES 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**

We have examined the compliance of conditions of Corporate Governance by Scan Steels Limited (**"the Company"**), for the year ended on March 31, 2018, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"the Listing Regulations"**).

### **Managements' Responsibility**

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

### **Auditors' Responsibility**

Our responsibility is limited to examining 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 regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2018.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For M/s. K K Giri & Associates

**CS Kamala Kanta Giri**  
Company Secretary  
M. No.:A34449  
C.P. No. : 14459

Place: Bhubaneswar  
Date: 30th May, 2018

## 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 2017-18.

This Report should be read in conjunction with the Company’s financial statements, the schedules and notes thereto and other information included elsewhere in the Integrated Report. The Company’s financial statements have been prepared in accordance with Indian Accounting Standards (‘Ind AS’) complying with the requirements of the Companies Act, 2013 and guidelines issued by the Securities and Exchange Board of India (‘SEBI’).

### MACROECONOMIC CONDITION

During the Financial Year 2017-18, the global economy continued its broad-based momentum and registered a growth of 3.8%, its strongest level since 2011, as more than half of the world’s economies registered growth. Global manufacturing activity continued to grow on account of favourable financing conditions globally, accommodative policies, rising investor confidence and increase in commodity prices.

Global economy was aided by rebound in global trade, investment recovery in advanced economies and continued growth in emerging Asia. Growth in advanced economies was driven by strong domestic demand and improved labour markets while emerging markets witnessed strong consumption and trade momentum. The United States of America (‘US’) witnessed a growth of 2.3% on the back of strong external demand, private investment and a weaker dollar. Demand was positively affected by the overhaul of the tax code in 30 years - the corporate income tax rate was slashed to 21% from 35% and taxes for

households were also lowered. Strong domestic demand is also a recurring theme in Europe and Asia. Euro area registered a growth of 2.4%, which is almost 0.6% higher than previous year. Policy stimulus and strengthening global demand has contributed to this increase in growth. Growth in India was 6.7% owing to consumption led growth influenced by Government policies and investments. Overall, improved growth in US, Europe and other key regions more than offset the lower growth in other regions and helped sustain growth momentum.

### ECONOMIC GROWTH

#### 1.1 Global economic outlook

According to International Monetary Fund (‘IMF’), global growth is projected to rise to 3.9% in 2018 and 2019, closer to the long-term growth trend of 4%. The IMF estimates that the growth of more than 1.5% in 2017 in each of the world’s seven biggest economies—the US, China, Germany, Japan, France, the UK and India— will provide an impetus to the world economy to achieve more robust growth in 2018.

Advanced economies are expected to maintain their growth momentum in 2018. The US economy is projected by IMF to grow at a faster pace (2.7%) in 2018 aided by fiscal stimulus and policies. The euro area economic recovery has broadened across its member nations and is likely to be aided by rise in capex and consumption. Among other key regions, China’s GDP growth is likely to moderate to 6.5% in 2018 as the policy makers. Supply side reforms through capacity cuts, rural revitalisation, urbanisation & housing reform and controlled pace of credit growth are likely to determine domestic demand and potential movement in commodity prices. As per IMF, India is expected to grow between 7.0% to

7.5% in Financial Year 2018-19 aided by rural development, infrastructure investment and expansion of manufacturing activity.

Structural issues though continue to pose a significant risk to the global growth cycle. While the supportive economic environment, policies and commodity prices are likely to aid growth in the short term, possible financial stress, increased protectionism and rising geopolitical tensions may pose as downside risks to growth.

## 1.2 Indian economy

After a brief period that was dedicated to introducing economic reforms that would further formalize the economic boost ease for doing business, India has achieved a growth of 6.7% in FY18 with a 7.1% growth in Q-4'18. India has bounced back as the fastest growing economy in the world during the third quarter for FY18.

The Investment cycle exhibited a growth of 7.6% in FY18 and 14.4% in the Q4'18. The FY18 is likely to see an improved growth of 7.5% due to transformative reforms undertaken by the government.

India's economic fundamentals continued to improve during the year. The Index of Industrial Production (IIP) touched 4.3% during the FY18 after a robust growth of 6.2% in the Q-4'18, which was 1.9% in Q-1'18. Inflation figures are also largely in control, with the Consumer Price Inflation reducing to 3.6% in FY18 from a level of 4.5% in FY17, keeping the food prices under control. Through the year, India's foreign exchange reserves has also increased to more than US\$420 billion. The eight key sectors rose to 3.4% year-on-year in FY18, with cement, coal and electricity registering a growth of 13%, 9% and 6% respectively.

The Government of India has put in place multiple enablers to bolster the country's consumption demand. Higher spending on social schemes such as MNREGA, continued thrust on rural infrastructure projects, raising of minimum support prices, implementation of 7th Pay

Commission pay hikes across states and One Rank, One Pension scheme are also likely to lead to robust disposable income leading to higher spend and consumption.

The major driver of India's consumption economy is the country's large population of youth (more than half of the population is below the age of 35). Two consecutive years of favourable monsoon, addition of young working population and rising urbanization are other major growth drivers.

The 2018-19 Union Budget has emphasised on India's infrastructural requirements and the allocation on roads, railways and rural infrastructure has been significant. The Budget also focussed considerably on health and education sectors, which are instrumental in developing a sustainable economy and society

### 1.2.1. Outlook

During FY19, India is likely to record a robust GDP growth of 7.4% (Source: IMF). This growth will be driven by structural and wide ranging reforms such as the Goods and Services Tax (GST) to widen the indirect tax base, Insolvency and Bankruptcy Code to address asset quality of banks and formalization and digitisation of the economy improving business ecosystem, thrust on infrastructure development, and a liberal FDI regime. Banking reforms through recapitalization and the Insolvency and Bankruptcy Code are expected to resolve the stressed assets of over-leveraged corporate and restore lending support to these sectors.

To make the growth broad based and inclusive, there is a clear budgetary and policy focus on rural development to construct 3.17 lakh km of road, 51 lakh houses, 1.88 crores toilets and provide electricity connections to 1.75 crores new households. Rural employment too, is expected to improve with MNREGA budget expanded by ₹7,000 crores to ₹ 55,000 crores Further, the latest IMD forecast predicts a normal monsoon in

2018. Since over 65% of the nation is employed in the agricultural sector, this would boost the consumer expenditure resulting in improved demand prospects.

## 2. STEEL INDUSTRY

### 2.1 Global steel industry

Global steel markets continued their recovery in Financial Year 2017-18. Steel prices were up across the regions aided by growth in regional demand, supply side reforms in China and low inventory levels. During 2017, global steel demand grew by nearly 2% to 1.58 billion tonnes while the global crude steel production increased by 4% to 1.7 billion tonnes, as compared to the previous year. Policy led capacity cuts have led to improved utilisation levels in China. This coupled with strong domestic demand has led to lower steel exports from China compared to the previous year. China's steel net exports were down 20% to 0.08 billion tonnes. Low level of exports coupled with volatile raw material prices have led to demand pull and cost push for steel prices at various times during the year.

During the year, India witnessed steel (including alloy and stainless steel) demand growth of approximately 7.8% in apparent steel use terms, aided by strong demand in steel consuming sectors i.e. Auto, Construction and Consumer durables etc. The Indian steel industry has witnessed improved utilisation levels (approximately 80%) even as the resolution process under Insolvency and Bankruptcy Code, 2016 paves way for further consolidation within the industry. This is likely to ease the financial stress and further improve utilisation levels within the industry.

#### 2.1.1 Outlook for steel industry

As per the World Steel Association ('WSA'), global steel demand is expected to grow at 1.8% in 2018 to 1.62 billion tonnes and a further 0.7% in 2019 to reach 1.63 billion tonnes. Broad-based global growth momentum is expected to aid growth in advanced as well as developing markets. However,

possible escalation of trade tensions between US and China and rising inflationary pressure due to oil prices poses a significant risk to the outlook.

### 2.2 Indian steel industry

India's steel production grew 4.5% to its highest ever level of 102 million tonnes in FY18. The Government of India has been proactive in addressing the issues faced by domestic steel makers. It has taken major steps to stop unfair trade and to safeguard the interests of domestic players.

This has been accompanied by recovery in construction activity and shut down of excess capacities in China. China has phased out capacities to the tune of 115 million tonnes in the past two years; and is gearing up for another production cut of 30 million tonnes in 2018. Leading steel makers in India are well poised to benefit from this development

Riding high on an all-round improvement in the growth of key sectors, namely automobiles, infrastructure, and capital goods, among others, India's steel demand grew at a high rate of 7.9% to 91 million tonnes in FY18. This pace may accelerate further as domestic steel demand growth is pegged at 8.3% to 98.2 million tonnes in the current fiscal year (Source: JPC). In FY18, India's per capita steel consumption grew 6.2% to 69 kg, while share of flats improved from 42% to 44%

India's construction activity, particularly in highways, bridges and metro lines has bolstered the demand for long steel products in recent times. Given their size, long steel products are relatively difficult to ship and hence most contractors are sourcing them locally.

Domestic steel prices have started trending northwards since November 2017, owing to a surge in global prices, healthy recovery in domestic demand, and a weaker rupee. The prices though still trail international prices and hence there is a scope for further uptick in prices.

Governmental measures such as the National Steel Policy and extension of anti-dumping duty on steel products, imposition of quality standards are key facilitators for the growth of domestic steel sector in India. Additionally, the Government has earmarked ₹ 14.3 lakh crores towards infrastructure spending, which will also enhance steel demand in the domestic market

## **GOVERNMENT MEASURES TO BOOST INDUSTRY GROWTH**

### **Major Changes in the Regulatory Landscape in CY 2018**

The National Steel Policy, 2017 (NSP) aims to make India a self-sufficient steel producing nation by 2030. The Policy will promote the indigenous industry to eliminate steel imports in the country by 2030. Reduction in import dependence for procuring coking coal, emphasis on BF / BOF technology, sharper focus on pelletisation and installation of slurry pipelines and conveyors, promotion of domestically manufactured steel in government procurement and production of value-added steel indigenously are the key goals of this Policy

To achieve these targets, some Indian companies have undertaken capacity expansions, which will drive their market shares further in the coming years. The acquisition of debt-laden steel companies will reduce the time for ramping up existing capacities. Overall, the NSP will empower domestic steel makers by making them more competitive globally

In the domestic market as well, there are multiple catalysts to drive steel industry growth. Relatively lower per capita steel consumption, healthy prospects of consumption demand on the back of buoyant infrastructure growth and strong growth in the automobile and railways sector being the prominent ones. Against this backdrop, it is expected domestic steel demand would grow by around 5% in the financial year 2018-19.

### **Rural steel demand**

Rural India is expected to reach a per capita consumption from 12.11 kg to 14 kg for finished steel by CY20. The policies like Food for Work Programme (FWP) and Indira Awaas Yojana, Pradhan Mantri Gram Sadak Yojana and Affordable Housing, among others are expected to drive the demand.

### **Housing demand**

The allocation towards building houses in rural and urban areas under the PMAY scheme stood at ₹ 275 billion in the Union Budget 2018-19. Rising transparency in the real-estate sector following the implementation of The Real Estate (Regulation and Development) Act has bolstered the confidence of both investors and home buyers. In this scenario, housing demand is likely to accelerate going forward, leading to higher steel demand in the domestic market.

### **Renewable Energy**

India aims to generate 275 GW of total renewable energy by CY27. Of the total pie, 72 GW will be from hydro-energy and 15 GW from nuclear energy. Nearly 100 GW is expected to come from 'other zero emission' sources. Both generation and transmission capacities are expected to raise steel demand from the sector.

### **BIS (Bureau of Indian Standards) Norms**

Last year, the BIS norms were laid down for the steel industry and production of steel adhering to those norms was made mandatory. The import of steel was also restricted to such overseas firms that had acquired the BIS license to export to India. This reform sought to bring consistency and improvement in steel quality to compete with international standards.

### **Anti-dumping Measures**

Various trade measures were put in place by the Government in 2016. Anti-dumping duties on China, the United States and other countries



proved to be a significant relief for domestic steel producers. A Minimum Import Price (MIP) imposed on certain steel imports in February last year for a period of six months was later extended. This restricted low-priced steel imports into India to a very large extent.

Safeguard duty is another measure adopted by the Government. The Government defended its move at the WTO by asserting that the introduction of such a measure was imminent, and that the MIP would be phased out eventually.

## 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”.**

According to the World Steel Association, consumption of finished steel products in India is estimated at 92 million tonnes in 2018 – a growth of 5.5% over 2017. Of the total incremental demand of 28.7 million tonnes in 2018 worldwide, India alone is likely to add steel demand of 4.8 million tones.

Pegged at 5.5%, the domestic steel demand is likely to grow at a faster pace than the global steel demand. Steel demand worldwide is likely to grow by 1.8% in 2018. The nation’s per capita steel consumption is likely to improve to 72-74 kgs in 2018-19. Clearly, Indian steel players are looking inwards to achieve higher growth. As China continues to trim its excess capacities in 2018 as well, and given the low-cost, higher quality products offered by Indian companies, opportunity to grow exports is also sizeable. Against this backdrop, Indian players having significant capacity expansions on the cards are well poised to tap into these opportunities over the next few years.

## 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.

## STRENGTH

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

- ❖ DRI Unit
- ❖ Induction Furnace with Concast
- ❖ Steel Melting Shop
- ❖ TMT Rolling Mills
- ❖ Captive Power Plant
- ❖ Coal Washery

Company has produced the TMT Rod under the brand name of “SHRISHTII TMT”. 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.

### Macroeconomic Risks

Overcapacity and oversupply in the global steel industry as well as increased levels of imports may adversely affect steel prices, impacting profitability.

**key mitigation strategies :** Diversification of product portfolio, Development of alternate markets etc.

### Regulatory Risks

Non-compliance to increasing stringent regulatory environmental norms may result in liabilities and damage to reputation

**key mitigation strategies :** Focus on compliance Dialogue with regulatory authorities for greater clarity and availing legal consultations for timely clearances, Working with industry associations towards simplification of rules, a predictive policy regime and transition time for regulatory changes.

### Operational Risks

The steel industry is prone to high proportion of fixed costs and volatility in the prices of raw materials and energy. Limitations or disruptions

in the supply of raw materials could adversely affect the Company's profitability. Failure of critical information systems/ servers that control the Company's manufacturing plants may adversely impact business operations.

**key mitigation strategies :** Enhancing in-house capability and leveraging from past learnings and expertise, Establishing sources of supplies from alternate geographies

### Market Related Risks

Steel is a cyclical industry and excess volatility in the steel and raw material markets may adversely impact the Company's financial condition. Competition from substitute materials, or changes in manufacturing processes, may lead to a decline in product demand, resulting in loss of market share.

**key mitigation strategies :** Development of value-added products and enhanced services and solutions Strengthening contractual agreements

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.

### MEDIUM - TERM AND LONG TERM STRATEGY

The Company focuses on the following strategy to make its competitive position and progress of the company:

- 1) In-house research, reports of specialized agencies and interactions with all concerned to help track macro environment.

- 2) Internal meetings ensure multi-disciplinary stress testing and regular tracking of assumptions to proactively respond, due diligence review before dealing with uncertainties.
- 3) Compliance with norms through selecting right equipment, processes, competencies, inputs and Security arrangements like access monitoring system, vigilance, mock drills.
- 5) Executive committee & other unit/functional meetings closely monitor operational plans; cost optimization, inventory, collections & vendor credit Initiatives have been taken up.

### SEGMENT WISE PERFORMANCE:

The Company is engaged in only one segment viz. Steel Manufacturing and as such there is no separate reportable segments as per IND AS -108 "Operating Segment."

### PRODUCTS AND MARKET PERFORMANCE

It is imperative that we keep pace with the growing needs of our customers, primarily those in the Automotive and Construction sectors. We aim to deliver enhanced benefits through customised services and solutions and value-added products throughout the customer's purchase journey.

### A SNAPSHOT

Scan Steels recorded steel production for FY 2017-18 at 68 thousand metric tonnes. Besides this, the company has also produced 151 thousand intermediary steels (i.e. Sponge Iron) in the FY 2017-18.

## 1. PRODUCT HIGHLIGHTS

### 1.1 LONGS

#### Volume

Long products are comprised of almost 50% of product portfolio (in terms of sales value) in FY 2018. Long products are manufactured at Rambahal unit.

#### Sector

Long Product in India is largely consumed by Construction & Infra and Industrial & Engineering

sector. The volume movement was better in FY 2017-18 as compared to corresponding last fiscal.

## 2. OPERATIONAL REVIEW

The company is engaged in the manufacturing of TMT Rod, Sponge Iron, MS Billets/ Ingots and also generating power for captive consumption. The Company has Semi Automatic Rolling Mill.

### 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.

**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, 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

Scan Steels is an Integrated Steel Plant. It manufactures TMT Bars to fulfill the requirement of the state. It is a local brand in Odisha.

### 2.3 Turn Over:-

Gross Turnover including Other incomes for the year 2018 was stood at ₹519.74 Crores which is almost 24% incremental figure as compared to last fiscal 2017. 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 2017-18

₹ In Cr.

|  | 2017-18 | 2016-17 | Growth (%) |
|--|---------|---------|------------|
| Gross Turnover & Other income          | 519.74  | 420.24  | 23.68      |
| Operating EBIDTA                       | 57.66   | 16.24   | 255        |
| EBIDTA margin (%)                      | 11.09%  | 3.86%   | 187.31     |
| Depreciation and amortization expenses | 17.31   | 20.03   | -13.58     |
| Interest Cost                          | 36.03   | 13.19   | 173.16     |
| Profit before Exceptional Items        | 5.49    | (14.93) | 136.77     |
| Exceptional Items                      | -       | -       | -          |
| PAT                                    | (1.97)  | (11.81) | 83.32      |
| Earnings per shares (diluted)          | (0.38)  | (2.35)  | 83.83      |
| ROCE (%)                               | 17.60%  | 5.47%   | 221.76     |
| Net Debt Gearing Ratio                 | 0.65    | 0.76    | 14.47      |

The company is able to achieve a incremental sales of ₹ 100.38 crore which is almost 24% above the sales achieved in the last fiscal 2016-17. The operating efficiency of the company has also got improved. As a result of that , the company has achieved at ₹ 57.66 crore operating EBIDTA which is 255% as compared to last FY 2016-17. This shows a healthy improvement in operating efficiency as well as profit before exceptional item has got improved.

The company return of capital employed (ROCE) has also got improved to 17.60% from 5.47% as compared to last year 2016-17.

Net debt gearing ratio related to total debt to share holders equity has improved due to repayment of borrowings to banks.

### 4. OPERATIONAL PERFORMANCE

#### 4.1 PRODUCT WISE GROSS SALES:

Breakup (₹in crores)

| PRODUCT     | 2017-18 | 2016-17 | % CHANGE |
|-------------|---------|---------|----------|
| TMT REBARS  | 240.07  | 195.69  | 22.68%   |
| SPONGE IRON | 152.34  | 144.38  | 5.51%    |

#### 4.2 PRODUCT WISE SALES QUANTITY:

Breakup (₹in crores)

| PRODUCT     | 2017-18   | 2016-17     | % CHANGE |
|-------------|-----------|-------------|----------|
| TMT REBARS  | 69281.020 | 64,919.270  | 6.72%    |
| SPONGE IRON | 86436.580 | 105,152.170 | -17.80%  |

In the financial year 2017-18, the company's turnover improved by 6.72% whereas the turnover in relation to sale of long product has improved by 22.68% as well as quantity despatch is also improved by 6.72% as compared to last year 2016-17.

### 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 2017-18 the company's financial health has been improved after the 2nd half of the year, as a result of this the company could able to achieve EBDITA of ₹57.66 crore from ₹16.24 crore was for FY 2016-17. Unfortunately, the bankers have declared our account as non-performing assets towards the starting of the financial year 2016-17. Due to certain unprecedented conditions of the steel market in the year 2015-16, the company faced finance crises and could not met financial commitment in time due to liquidity problems arose, reason being the sluggish economical conditions of the country resulting lower demand and low price of finished products and cheaper import of Steels products into India. However During the year, the lead banker State Bank of India has approved the restructuring proposal and has executed all related documents for restructuring of the facility and has filed with the Ministry of Corporate Affairs

towards creation/modification of charges in its favour. The State Bank of India has recovered all the scheduled repayments alongwith overdues (till the date of recovery) as per proposal approved vide letter dated March 17, 2018. Other members to the consortium are in process to up gradation of their respective accounts.

### INDUSTRIAL RELATIONS AND HUMAN MANAGEMENT

The total no. of employees as on 31.03.2018 was 1489. 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)

Date: 30th May, 2018  
Place: Bhubaneswar

## CORPORATE GOVERNANCE REPORT

**(Pursuant to Regulation 34 (3) and Schedule V (C) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015).**

In accordance with Regulation 34 and Schedule V read with compliance of Corporate Governance as contained in Chapter IV 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 compliances.

#### **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:

- 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 (UPSI)

- 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.
- Risk Management Policy

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 conduct 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 2018, the Board consisted 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). The composition of the board is in conformity with Reg 17 of the SEBI (Listing Regulation), 2015 read with Section 149 of the Companies Act, 2013.

Further, between Year End date 31st March 2018 and the date of Director's Report, Mr. Praveen Kumar Patro was appointed on the Board as a Executive Director (Director – Project) w.e.f 30.05.2018.

- (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, 2018 have been made by the Directors. None of the directors of the Company holds office as a director, including as an alternate director, in more than twenty companies at the same time. None of them has directorships in more than ten public limited companies. 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. No Director is related to any other Director on the Board in terms of the definition of "relative" as defined in Section 2(77) of the Companies Act, 2013..
- (c) The Company had no pecuniary relationship or transactions with the Non-Executive Directors during FY 2018. 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. Independent directors are non executive directors as defined under Reg 16(1)(b) of SEBI (Listing Regulation), 2015. 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"). Maximum Tenure of Independent directors is in compliance with the Act.
- (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,<br>Non Executive     | 2                                  | -                      | -                        |
| Mr. Ankur Maddan          | Whole-Time Director | Executive,<br>Non-Promoter     | 1                                  | 2                      | -                        |
| Mr. Runvijay Singh        | Director            | Executive,<br>Non-Promoter     | 1                                  | -                      | -                        |
| **Mr. Praveen Kumar Patro | Director            | Executive,<br>Non-Promoter     | 1                                  | -                      | -                        |
| Mr. Vinay Goyal           | Independent         | Non Executive<br>& Independent | 1                                  | 2                      | 2                        |
| Mr. Punit Kedia           | Independent         | Non Executive<br>& Independent | 1                                  | 2                      | -                        |
| Mrs. Debjani Sahu         | Independent         | Non Executive<br>& Independent | 1                                  | -                      | -                        |

\* Directorship includes only Indian 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. Praveen Kumar Patro was appointed on the Board as an Executive Director (Director - Project) w.e.f 30.05.2018.

**Note:**

1. As required under the Indian Accounting Standard 24 (IndAD 21) transaction with related parties are furnished under note 30 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 the website of the [www.scansteels.com/wp-content/uploads/2018/08/SCAN-STEELS-LIMITED-FAMILARISATION-PROGRAMME-FOR-INDEPENDENT-DIRECTOR.pdf](http://www.scansteels.com/wp-content/uploads/2018/08/SCAN-STEELS-LIMITED-FAMILARISATION-PROGRAMME-FOR-INDEPENDENT-DIRECTOR.pdf)

## PROFILE OF THE BOARD OF DIRECTORS

### MR. RAJESH GADODIA

Mr. Rajesh Gadodia (DIN: 00574465) aged about 45 years is a Mechanical Engineer and has more than 22 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 Steels into a leading player in the steel industry.

### MR. ANKUR MADAN

Mr. Ankur Madan (DIN:07002199) aged about 28 years is a Whole-time Executive Director of the company. He is an Commerce Graduate and has more than 7 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 38 years is a Executive Director of the company. He is a Mechanical Engineer having more than 13 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 28 years is an Independent Director of the company. He is a commerce graduate and has wide experience in steels sector.

### MR. VINAY GOYAL

Mr. Vinay Goyal (DIN: 07002206) aged about 30 years is a Non Executive & Independent Director

of the company. He is a commerce graduate and having more than 8 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 40 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.

### MR. PRAVEEN KUMAR PATRO

Mr. Praveen Kumar Patro (DIN: 02469361), aged about 44 years is a Executive Director (Director- Project) of the company. He is a B.Tech (Electric) having more than 20 years of industrial and business experience in steel sector. He is involved in Projects and operations of the Company.

### Board membership criteria

Matching the needs of the Company and enhancing the competencies of the Board are the basis for the Nomination and Remuneration Committee to select a candidate for appointment to the Board. 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 age, qualifications, integrity, expertise and experience, positive attributes, independence, relationships, diversity of gender, background, professional skills and personal qualities required to operate successfully 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 Programmer 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. The Executive Directors on the Board serve in accordance with the terms of their contracts of service with the Company.

As per Section 149(10) of the Companies Act, 2013, 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 and can be accessed from the website of the Company at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

The Board carried out an annual performance evaluation of its own performance, the individual Directors, as well as the evaluation of the working of the Committees of the Board. The performance evaluation of the Non-Independent Directors was carried out by the Independent Directors. The performance evaluation of the Independent Directors was carried out by the entire Board in compliance with the Companies Act, 2013. The performance evaluation of all the Directors was also carried out by the Nomination and Remuneration Committee.

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.

The Observations of board evaluation is carried out for the year. There was not any previous year's observations on which Board needs to take any actions to resolve them. Further, in current year also Board Performance was evaluated on following criteria and it seems that no immediate Proposed actions to be taken regarding the same.

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.

### **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 2018 all the board members and the senior management personnel



of the Company have adhered to the code of conduct for FY 2018 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, plant location at Rambahal (Odisha) and Bhubaneswar.
- 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 at any time before the next Meeting is held/ Chairman of the next meeting at the next Meeting as per clause 7.6.1 of Revised SS-1. Copies 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 and Secretarial Standards.

**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 other committees of Board constituted as and when needed 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 2017-18, six 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       | 04th April, 2017    | 6              | 6                        |
| 2       | 30th May, 2017      | 6              | 5                        |
| 3       | 14th August, 2017   | 6              | 6                        |
| 4       | 14th November, 2017 | 6              | 6                        |
| 5       | 14th February, 2018 | 6              | 6                        |
| 6       | 21st March, 2018    | 6              | 6                        |

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

| Sr. No. | Name of the Director | No. of Board Meeting Attended | Attendance at the Last AGM held on 20.09.2017 | No. of Shares held in the Company |
|---------|----------------------|-------------------------------|---|-----------------------------------|
| 1       | Mr. Rajesh Gadodia   | 5                             | No  | 3535531                           |
| 2       | Mr. Ankur Madaan     | 6                             | Yes   | NIL                               |
| 3       | Mr. Runvijay Singh   | 6                             | No  | NIL                               |
| 4       | Mr. Punit Kedia      | 6                             | Yes   | NIL                               |
| 5       | Mr. Vinay Goyal      | 6                             | Yes   | NIL                               |
| 6       | Mrs. Debjani Sahu    | 6                             | No  | NIL                               |

#### Note:

^ Mr. Praveen Kumar Patro, Executive director was appointed w.e.f 30.05.2018 thereby; there are No Details to be mentioned regarding his attendance in the Board Meetings held during the financial year or Previous AGM.

### **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 other Independent Director.

The Independent Directors of the Company had met during the year on 14.02.2018, 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 wherever necessary.

The audit committee comprised of the following directors for the year ended 31st March 2018:

#### **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. Punit Kedia - Member

| Name             | Category | No of Meetings during the Year 2017-2018 |          |
|------------------|----------|--|----------|
|                  |          | Held                                     | Attended |
| Mr. Vinay Goyal  | Chairman | 4  | 4        |
| Mr. Ankur Madaan | Member   | 4  | 4        |
| Mr. Punit Kedia  | Member   | 4  | 4        |

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.

All the current members of the Committee are financially literate and have relevant finance / audit exposure. The chief financial officer is permanent invitees 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 20th September, 2017.

#### **Details of audit committee meetings during the financial year:**

During the year under review, the committee met Four times during the financial year ended 31st March, 2018 on 30.05.2017, 14.08.2017, 14.11.2017, 14.02.2018. The Composition of the Committee and the attendance at each Committee Meetings are as follows :-

#### **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, Internal Auditor and Secretarial Auditor 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 2018, the Nomination and Remuneration Committee consisted of 3 Non – Executive Independent directors, Mr. Punit Kedia, Mr. Vinay Goyal and Mrs. Debjani Sahu, Non-Executive Independent Directors of the Company.

Mr. Punit Kedia 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. Punit Kedia - Chairman
- # Mrs. Debjani Sahu - Member
- # Mr. Vinay Goyal - Member

### II. Meeting and Attendance during the year

The committee Did Not met during the financial year ended 31st March, 2018.

| Name              | Category | No of Meetings during the Year 2017-2018 |          |
|-------------------|----------|--|----------|
|                   |          | Held                                     | Attended |
| Mr. Punit Kedia   | Chairman | Nil                                      | Nil      |
| Mrs. Debjani Sahu | Member   | Nil                                      | Nil      |
| Mr. Vinay Goyal   | Member   | Nil                                      | Nil      |

### 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 2017-18:**

**Amount (₹In Lacs)**

| Name of the Director | Designation          | ** Remuneration Paid during the year 17-18 |
|----------------------|----------------------|--|
| Mr. Ankur Madaan     | Whole- Time Director | 4.80                                       |
| Mr. Run Vijay Singh  | Executive Director   | 4.20                                       |

\* Mr. Praveen Kumar Patro was appointed as an Executive Director of the Company w.e.f 30.05.2018 and accordingly his Remuneration is not applicable for the F.Y 2017-18

\*\* the above mentioned remuneration are in aggregate and apart from this there were no such other benefits like bonuses, stock options, pension, performance linked incentives given.

**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:**

Board makes a payment of a sum of ₹1000/- (Rupees One Thousand only) as sitting fees to the Non-Executive Directors of the Company for every meeting of the Board of Directors and committee thereof attended by them. 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.

**Amount in ₹**

| Name of the Director | Designation            | Sitting Fees paid during the year 17-18 |
|----------------------|------------------------|---|
| Mr. Rajesh Gadodia   | Non-Executive Chairman | 5000.00                                 |
| Mr. Punit Kedia      | Independent Director   | 15000.00                                |
| Mr. Vinay Goyal      | Independent Director   | 15000.00                                |
| Mrs. Debjani Sahoo   | Independent Director   | 8000.00                                 |

### Criteria for making payments to non- executive directors:

The Company has 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 2018.

| Name of the Director | Category                             | Equity Shareholding as on 31st March 2018 |
|----------------------|--------------------------------------|---|
| Mr. Rajesh Gadodia   | Non Executive Chairman               | 3535531                                   |
| Mr. Ankur Madaan     | Whole - Time Director                | Nil                                       |
| Mr. Runvijay Singh   | Executive Director                   | Nil                                       |
| Mr. Punit Kedia      | Non Executive – Independent Director | Nil                                       |
| Mr. Vinay Goyal      | Non Executive – Independent Director | Nil                                       |
| Mrs. Debjani Sahu    | Non Executive – Independent Director | Nil                                       |

\* Mr. Praveen Kumar Patro was appointed as an Executive Director of the Company w.e.f 30.05.2018 and accordingly his Details about shareholding for the F.Y 2017-18 is not applicable to be mentioned, though, he do not hold any shares in the Company.

### 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 (Non-executive Independent)
- # Mr. Punit Kedia – Member
- # Mr. Ankur Maddan – Member

The committee met Four times during the financial year ended 31st March, 2018 on 30.05.2017, 21.07.2017, 14.11.2017, 14.02.2018. 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 2017-2018 |          |
|------------------|----------|--|----------|
|                  |          | Held                                     | Attended |
| Mr. Vinay Goyal  | Chairman | 4  | 4        |
| Mr. Ankur Maddan | Member   | 4  | 4        |
| Mr. Punit Kedia  | Member   | 4  | 4        |

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 2017-2018**

| Sr. No. | Nature of Complaints  | Number of Complaints |           |
|---------|---|----------------------|-----------|
|         |   | Redressed            | 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   | 1                    | 1         |
| 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 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:

- # 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, 2018.

#### **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. 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, 2018 and details of the Members participation at the Meetings of the Committee are as under:

| Name                      | Category                   | Attendance at the Risk Management Committee meeting held on 14.02.2018 |
|---------------------------|----------------------------|--|
| Mr. Ankur Maddan          | Whole- Time Director       | Present  |
| Mrs. Debjani Sahu         | Women Independent Director | Present  |
| Mr. Gobinda Chandra Nayak | Chief Financial Officer    | Present  |

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>

### FINANCE AND MANAGEMENT COMMITTEE

In compliance with provision of Section 179 (3) of the Companies Act, 2013 and other applicable Provisions if any, the Board has constituted the Finance and Management Committee, for delegation of power of Board and/ or to approve the matters as specified in section 179(3) (d) to (f) of Companies Act, 2013 and any other Finance related Matters.

The Finance and Management Committee consisted of 2 Executive directors, Mr. Ankur Madaan (Chairman of the committee) and Mr. Runvijay Singh, Member of the Committee.

The terms of reference of the Committee inter alia, include the following:

1. To approve availing of Credit / Financial Facilities of any description from Banks / Financial Institutions / bodies Corporate within the limits approved by the Board.
2. To approve investments and dealings with any monies of the Company upon such security or without security in such manner as the Committee may deem fit, and from time to time to vary or realise such investments within the frame work of the guidelines laid down by the Board.
3. To open new Branch offices of the Company, to declare the same as such and to authorise personnel by way of power of attorney or otherwise, to register the aforesaid branches and to deal with various authorities such as the Central Excise, Profession Tax, Commercial Tax, State & Central Sales Tax, VAT Authorities and other Local Authorities.
4. To Make Loans and/ or give guarantee to Individuals / Bodies Corporate and/or to place deposits with other Companies / Firms upon such security or without security in such manner as the committee may deem fit within the limits approved by the Board.
5. To open current Account(s), collection Account(s), Operation Account(s) or any other Account(s) with Banks and also to close such accounts, which the "said committee" may consider necessary and expedient.

#### **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 in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition

and Redressal] Act, 2013. The Company provides equal employment opportunity 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, had been duly submitted to the board and is attached to this Report.

In terms of Regulation 33(2)(a) of SEBI LODR, the Whole- Time 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 Directors Report.

### **CORPORATE ETHICS**

The Company adheres to the highest standards of business ethics, compliance with statutory and legal requirements and commitment to transparency in business dealings. A Code of Conduct for Board Members and Senior Management and SSL Code of Conduct to Regulate, Monitor and Report Trading by Insiders (formerly known as Code of Conduct for Prevention of Insider Trading) as detailed in this report has been adopted pursuant to Clause 49 (E) of the erstwhile Listing Agreement & the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, respectively.

### **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) and Schedule V (D) 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-OF-CONDUCT-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. the Company adheres to these standards as and where applicable.

#### **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 & Head Compliance 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   |
|----------------|------------|------------|--|---|
| 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> |
| 2015-2016      | 30.09.2016 | 10.00 A.M. | E-Square, Conference room (Off. no-11), Ground Floor, Subhash Road, Opp. Havmor Ice Cream, Vile Parle (E), Mumbai - 400057 | No Special Resolution was Passed.   |
| 2016-2017      | 20.09.2017 | 10.00 A.M. | E-Square, Conference room (Off. no-11), Ground Floor, Subhash Road, Opp. Havmor Ice Cream, Vile Parle (E), Mumbai - 400057 | No Special Resolution was Passed.   |

**b) Extraordinary General Meeting:**

The company held No Extra Ordinary General Meeting during the Financial Year 2017-2018.

**c) Postal ballot**

During the year ended 31st March, 2018, no resolution was passed by the Company's shareholder requiring voting by Postal Ballot. Thereby, there is no Voting Pattern required to be disclosed by the Company for F.Y. 17-18 to comply with Schedule V (7) (c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. And accordingly, there are no details to be

provided regarding Person who conducted Postal Ballot exercise or Procedure of Postal Ballot.

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 corporate. 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 compliant 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 | Saturday, the 29 <sup>th</sup> Day of September, 2018 at 10.00 A.M.  |
| Venue of AGM              | E-Square, Conference room (Off. no-11), Ground Floor, Subhash Road, Opp. Havmor Ice Cream, Vile Parle (E), Mumbai - 400057           |
| Book closure Date         | Saturday, the 22 <sup>nd</sup> Day of September, 2018 to Saturday, the 29 <sup>th</sup> Day of September, 2018 (both days inclusive) |

|   |  |                                       |
|---|--|---------------------------------------|
| Dividend Payment Date<br>Date of declaration<br>Rate of dividend<br>Book Closure Date<br>Date of payment of dividend<br>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<br>Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001  |                                       |
| Stock / Scrip Code  | 511672   |                                       |
| ISIN Numbers  | INE099G01011   |                                       |
| Financial Calendar  | 1st April, 2018 – 31st March, 2019   |                                       |
|   | First Quarter Results  | Up to 14 <sup>th</sup> August, 2018   |
|   | Second Quarter Results   | Up to 14 <sup>th</sup> November, 2018 |
|   | Third Quarter Results  | Up to 14 <sup>th</sup> February, 2019 |
|   | Fourth Quarter Results   | Up to 30 <sup>th</sup> May, 2019      |
| 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 :<br>High, Low during each month in the Financial Year 2017-2018  | 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<br>17-20, 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 <b>transmission of shares</b> 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 Mr. Prabir Kumar Das, Company Secretary of the company w.e.f. 20.10.2016. Such transactions are placed before next committee meeting and 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   |

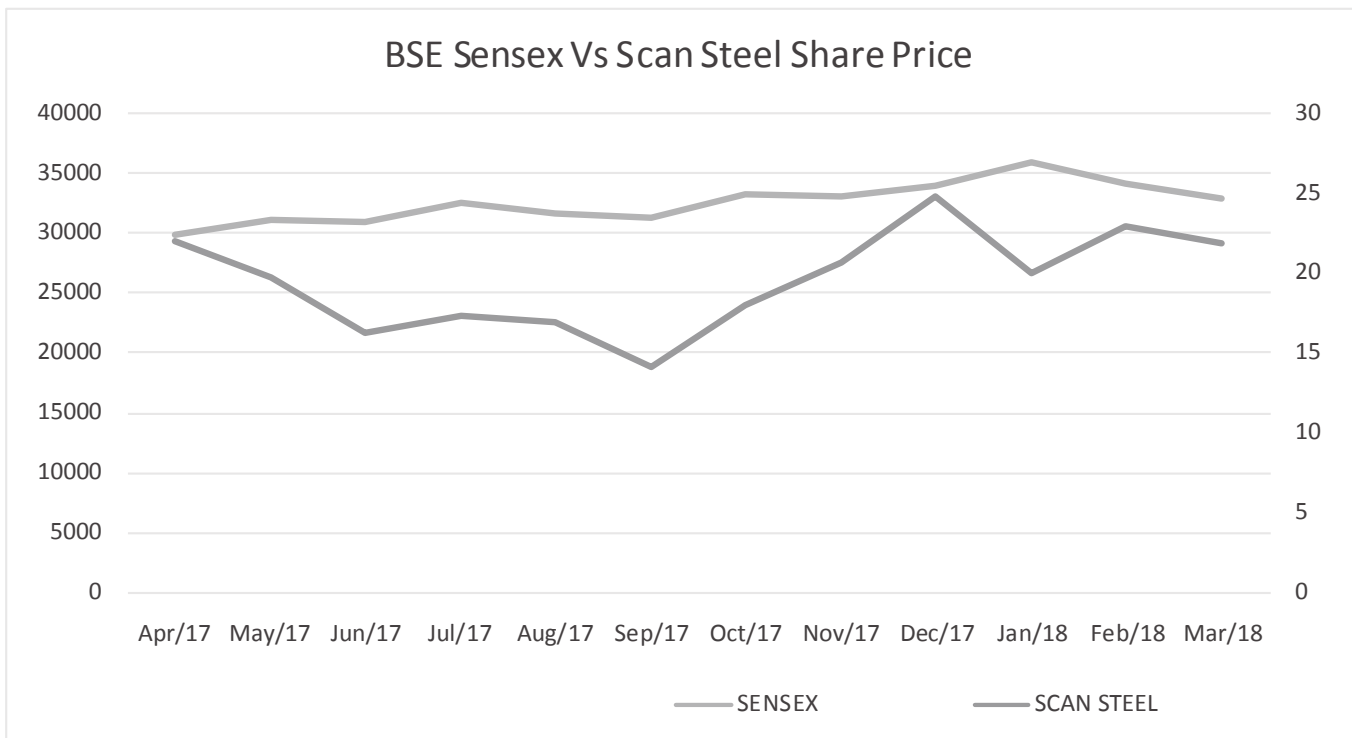
| <p>Dematerialization of Securities and Liquidity</p>  | <p>The Company's Shares are available for trading in the Depository System both at the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Demat Status of the Company as on March 31, 2018 is as under:</p> <table border="1" data-bbox="727 466 1474 714"> <thead> <tr> <th>Particulars</th> <th>No. of Share-holders</th> <th>No. of Shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>CDSL</td> <td>677</td> <td>41622562</td> <td>79.50</td> </tr> <tr> <td>NSDL</td> <td>863</td> <td>10451933</td> <td>19.96</td> </tr> <tr> <td>PHYSICAL</td> <td>1151</td> <td>277800</td> <td>.53</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>2691</b></td> <td><b>52352295</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 Share-holders | No. of Shares | % | CDSL | 677 | 41622562 | 79.50 | NSDL | 863 | 10451933 | 19.96 | PHYSICAL | 1151 | 277800 | .53 | <b>TOTAL</b> | <b>2691</b> | <b>52352295</b> | <b>100.00</b> |
|---|--|-----------------|----------------------|---------------|---|------|-----|----------|-------|------|-----|----------|-------|----------|------|--------|-----|--------------|-------------|-----------------|---------------|
| Particulars   | No. of Share-holders   | No. of Shares   | %                    |               |   |      |     |          |       |      |     |          |       |          |      |        |     |              |             |                 |               |
| CDSL  | 677  | 41622562        | 79.50                |               |   |      |     |          |       |      |     |          |       |          |      |        |     |              |             |                 |               |
| NSDL  | 863  | 10451933        | 19.96                |               |   |      |     |          |       |      |     |          |       |          |      |        |     |              |             |                 |               |
| PHYSICAL  | 1151   | 277800          | .53                  |               |   |      |     |          |       |      |     |          |       |          |      |        |     |              |             |                 |               |
| <b>TOTAL</b>  | <b>2691</b>  | <b>52352295</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 2018, The Company had No outstanding warrants to be converted in to shares.</p> <p>Further, during the F.Y. 17-18 out of 800005 nos. of warrants convertible into equity shares, 800000 warrants was converted into equity shares on 04.04.2017 and fraction amounts remain after conversion of all warrants in to equity shares had been refunded to the respective allottees due to laps of time.</p> <p>After taking into effect of conversion, the paid-up equity share capital of the Company as on date is ₹52,35,22,950 (Fifty Two Crore Thirty Five Lakhs Twenty Two Thousand Nine hundred Fifty) divided into 5,23,52,295 (Five Crore Twenty Three Lakhs Fifty Two Thousand Two Hundred Ninety Five) fully paid up Equity Shares of ₹10/- (Rupees Ten Only) each.</p> <p>The company has not issued any GDR's/ ADR's.</p>   |                 |                      |               |   |      |     |          |       |      |     |          |       |          |      |        |     |              |             |                 |               |

|   |   |
|---|---|
| Commodity Price risk / Foreign Exchange risk and hedging activities | <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> |
| Plant Locations   | <p>Unit -1 is situated at Rambahal, At- Keshramal, Rajgangpur, Sundergarh (Odisha)</p> <p>Unit -2 is situated at Gangajal, Budhakata, Sundergarh, Odisha</p> <p>Unit-3 is situated at Bai-bai, Tudalaga, Rajgangpur, Sundergarh, Odisha</p> <p>Unit-4 is situated at Vill -Veniveerapura, Bellary, Karnataka</p>  |
| Address for Correspondence  | 104-105, E Square, 1 <sup>st</sup> Floor, Subhash Road, Nr. Garware House, Opp. Havmor Ice Cream , Vile Parle (E) , Mumbai – 400057, Maharashtra  |
| <b>Payment of Listing Fees</b>                                      | Annual listing fee for the year 2018-19 has been paid by the Company to BSE.  |
| <b>Payment of Depository Fees</b>                                   | Annual Custody/Issuer fee for the year 2018-19 has been paid by the Company to NSDL and CDSL on receipt of the invoices.  |

**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 - 2017 - 2018:-

|                 | Highest (₹) | Lowest (₹) | No. of shares Traded | BSE High  | BSE Low   |
|-----------------|-------------|------------|----------------------|-----------|-----------|
| April, 2017     | 22.88       | 12.72      | 20,688               | 30,184.22 | 29,241.48 |
| May, 2017       | 22.60       | 19.75      | 5,226                | 31,255.28 | 29,804.12 |
| June, 2017      | 19.40       | 16.30      | 3,128                | 31,522.87 | 30,680.66 |
| July, 2017      | 17.25       | 14.00      | 8,528                | 32,672.66 | 31,017.11 |
| August, 2017    | 18.60       | 16.85      | 718                  | 32,686.48 | 31,128.02 |
| September, 2017 | 17.00       | 14.10      | 3,588                | 32,524.11 | 31,081.83 |
| October, 2017   | 18.04       | 13.40      | 3,262                | 33,340.17 | 31,440.48 |
| November, 2017  | 24.80       | 18.00      | 54,847               | 33,865.95 | 32,683.59 |
| December, 2017  | 24.80       | 19.00      | 39,938               | 34,137.97 | 32,565.16 |
| January, 2018   | 25.90       | 19.00      | 11,795               | 36,443.98 | 33,703.37 |
| February, 2018  | 23.15       | 17.65      | 36,677               | 36,256.83 | 33,482.81 |
| March, 2018     | 23.05       | 19.00      | 4,35,808             | 34,278.63 | 32,483.84 |

**TABLE - 2: PERFORMANCE OF THE SHARE PRICE OF THE COMPANY IN COMPARISON TO BSE SENSEX FOR THE PERIOD 1ST APRIL, 2017 TO 31ST MARCH, 2018 IS GIVEN BELOW:**




**TABLE – 3: DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2018**

| Range (No. of shares held) | Share Holders |               | Shares Held     |               |
|----------------------------|---------------|---------------|-----------------|---------------|
|                            | Numbers       | % of Total    | Numbers         | % of Total    |
| UPTO - 100                 | 1819          | 67.60         | 141652          | 0.27          |
| 101-500                    | 542           | 20.14         | 157444          | 0.30          |
| 501-1000                   | 102           | 3.79          | 87934           | 0.17          |
| 1001-2000                  | 79            | 2.94          | 124025          | 0.24          |
| 2001-3000                  | 25            | 0.93          | 63223           | 0.12          |
| 3001-4000                  | 20            | 0.74          | 67763           | 0.13          |
| 4001-5000                  | 7             | 0.26          | 31287           | 0.06          |
| 5001-10000                 | 22            | 0.82          | 158415          | 0.30          |
| 10001-20000                | 16            | 0.59          | 220225          | 0.42          |
| 20001-50000                | 8             | 0.30          | 251803          | 0.48          |
| 50001-ABOVE                | 51            | 1.90          | 51048524        | 97.51         |
| <b>Total</b>               | <b>2691</b>   | <b>100.00</b> | <b>52352295</b> | <b>100.00</b> |

**TABLE – 4: SHAREHOLDING PATTERN AS ON 31ST MARCH, 2018**

| CATEGORY              | No. of Shares Held | % of Shareholding |
|-----------------------|--------------------|-------------------|
| Promoters             | 25181985           | 48.10             |
| Corporate Bodies      | 23249661           | 44.41             |
| Indian Public         | 3916140            | 7.48              |
| NRI                   | 62                 | 0.00              |
| Clearing Members      | 1500               | 0.00              |
| Corporate Body-Broker | 2947               | 0.01              |
| <b>Total</b>          | <b>52352295</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'
- 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.

### 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.

- 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.
- As per SEBI circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018 on Strengthening the Guidelines and Raising Industry Standards. Refer Point no. 12 under Provision II which states that all RTA's and clients to embark upon to collect PAN and Bank details of the physical Shareholders as per process stipulated in the circular and the whole exercise must be completed within 180 days of this circular, accordingly our Registrar and Share Transfer Agent of the Company- Adroit Corporate Services Pvt. Ltd, had already Started The Process for collecting the data from physical Shareholders of the Company as mentioned above, Members are requested to submit the data to our RTA as required at their earliest.

## 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. All transactions entered into with Related Parties as defined under the Companies Act, 2013, Regulation 23 of the SEBI (LODR Regulations) during the financial year were in the ordinary course of business and on arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. 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 Ind AS -24 on Related Party Disclosures prescribed under the Companies Act, 2013 are disclosed in Note -30 of notes to the Accounts for the year ended 31st March, 2018 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

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**

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. 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 AND ARCHIVAL POLICY**

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.

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 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. 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>).

### 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,<br>Dalal Street, Kala Ghoda,<br>Fort, Mumbai-400 001.<br>India.<br>Tel: 91 22 2272 1233<br>Fax: 91 22 2272 1919 | <a href="http://www.bseindia.com">www.bseindia.com</a> |

### 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 lodgment., 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

17-20, Jafferbhoy Industrial Estate, 1st Floor,  
Makwana Lane, Marol Naka, Andheri (E),  
Mumbai- 400 059.

Tel: +91 22 42270400 / +91 22 42270423 /  
+91 22 42270427 / +91 22 42270422  
Fax: +91 22 2850 3748

Email: sandeeps@adroitcorporate.com/  
 rameshg@adroitcorporate.com /  
 prafuls@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, 1st Floor, 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. 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** – Marathon Futurex, A-Wing, 25th floor, NM Joshi Marg, Lower Parel (East), Mumbai – 400013. Phone: 91 - 22-2302-3333 , Fax: 91 - 22 - 2300 2035/2036., 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 22nd September, 2018 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) DESIGNATED DEPOSITORY**

SEBI, vide circular dated December 01, 2015, had introduced system-driven disclosures in securities market detailing the procedure to be adopted for its implementation with effect from January 01, 2016. The procedure was further streamlined vide SEBI circular dated December 21, 2016. As specified in SEBI circular dated December

01, 2015, the system is being implemented in phases and in the first phase, the disclosures of promoter/promoter group under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and SEBI (Prohibition of Insider Trading) Regulations, 2015 have been implemented, company had given required details about the same to concern authorities.

As per SEBI circular dated May 28, 2018 for implementation of the next phase of systems driven disclosure, Company had already provided to both depositories the information about its directors and employees in the manner prescribed by the depositories.

Company has appointed Central Depository Services (India) Limited (“CDSL”) as its Designated Depository in order to comply with the SEBI Circular No. IMD/FPIC/CIR/P/2018/61 dated April 5, 2018 regarding Monitoring of Foreign Investment limits in listed Indian companies.

**XXII) All Mandatory requirements have been appropriately complied with.**

## **XXIII) 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.

**XXIV)** 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 of sub-regulation (2) of 46 (Except Clause h, n, o- those are not Applicable to Company) have been adhered and complied with.

## **XXV) 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, 2018.

- 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.

#### **XXV) COMPLIANCE WITH ACCOUNTING STANDARDS**

The Company has followed Indian Accounting Standards ["Ind AS"] in the preparation of the Financial Statements for accounting periods beginning on or after 1st April, 2017, with the comparatives for the periods ending 31st March, 2018, as per the roadmap announced by Ministry of Corporate Affairs Companies. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

#### **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 2017-18.

Place: Bhubaneswar  
Date: 30th May, 2018

For Scan Steels Limited  
**Ankur Madaan**  
Whole- Time Director  
(DIN: 07002199)

## CEO AND CFO COMPLIANCE CERTIFICATE

To  
The Members of  
Scan Steels 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, 2018 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, 2018 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: Bhubaneswar  
Date: 30th May, 2018

**Ankur Madaan**  
Whole- Time Director

**Gobinda Chandra Nayak**  
Chief Financial Officer



## 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: Bhubaneswar  
Date: 30th May, 2018

For Scan Steels Limited

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



# **FINANCIAL STATEMENTS**

**2017-18**

## Independent Auditors' Report

**To the members of Scan Steels Limited**

### **Report on the Ind AS Financial Statements**

We have audited the accompanying financial statements of Scan Steels Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2018, the statement of Profit and Loss (including other comprehensive income) and the statement of cash flows and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income and cash flows and changes in equity of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS 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 Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters that 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate

in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS 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 Ind AS financial statements.

### Opinion

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

### Emphasis of Matter

Without qualifying our opinion, we draw attention to

- i. Note - 40 to the financial statements which describes the approval of the restructuring arrangement by the lead banker State Bank of India and about recognition of interest cost of other members.
- ii. Note - 41 to the financial statements which describes on steps taken by the company for transition to Ind AS compliances.

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 the paragraph 3 and 4 of the said order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss and the statement of cash flows and the statement of changes in equity dealt with by this report are in agreement with the books of account.
  - d. In our opinion, the aforesaid Ind AS financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014
  - e. On the basis of the written representations received from the Directors as on 31st March 2018 and taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March 2018 from being appointed as a Director in terms of section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal

financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B';

- 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 Ind AS financial statements. Refer Note-28 to the Ind AS 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

30th May, 2018  
Bhubaneswar

**For SRB & Associates**  
Chartered Accountants  
F.Regd. No-310009E

**B. Mohanty**  
Partner  
M. No: 056264

## Annexure-A to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

The Annexure referred to in our Independent Auditor's Report to the members of Scan Steels Limited (the Company) on the Ind AS financial statements for the year ended March 31, 2018, we report that:

- (i)[a] The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to such program, a portion of fixed asset has been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) The deed of immovable properties are held in the name of the Company in almost all cases excepting for
  - ☞ 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.
  - ☞ Land of 14.88 Acres occupied by the company situated in Village-Kudithini, Bellary, Karnataka.
- (ii.) a. The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- b. The discrepancies noticed on the aforesaid verification between the physical stocks and book records were not material.
- (iii) According to the information and explanations given to us, no loan has been granted by the Company (secured/ unsecured loans) to companies/ firms/ limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly reporting on interest and its repayment are not applicable.
- (iv.) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v.) In our opinion and according to the information and explanations given to us, the Company has accepted deposits from the public and complied in accordance with Chapter-VI (section 73 to 76) of the Act.
- (vi.) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section (1) of section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii.)[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, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and services tax, cess and other material statutory dues have been generally regularly deposited

during the year by the Company with the appropriate authorities.

- (b) According to the information and explanations given to us, the following dues of Customs Duty, Income Tax, VAT, Goods and Services Tax and Entry Tax 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 (₹ 'Lakhs') | Forum where dispute is pending                |
|--------|-----------------------|-------------------|----------------|--------------------|---|
| 1      | Orissa Sales Tax Act  | 2001-2002         | OST            | 0.63               | Sales Tax Tribunal, Cuttack                   |
| 2      | Entry Tax Act         | 2001-2002         | ENTRY TAX      | 0.09               | Sales Tax Tribunal, Cuttack                   |
| 3      | Orissa Sales Tax Act  | 2002-2003         | OST            | 11.00              | Assistant Commissioner of Commercial Tax, RKL |
| 4      | Orissa Sales Tax Act  | 2004-2005         | OST            | 3.66               | OST Tribunal, Cuttack                         |
| 5      | Entry Tax Act         | 2004-2005         | ENTRY TAX      | 3.45               | OST Tribunal, Cuttack                         |
| 6      | Orissa Sales Tax Act  | 2005-2006         | OST            | 100.62             | High Court of Odisha, Cuttack                 |
| 7      | Entry Tax Act         | 2005-2006         | ENTRY TAX      | 16.79              | High Court of Odisha, Cuttack                 |
| 8      | Central Sales Tax Act | 2005-2006         | CST            | 4.25               | High Court of Odisha, Cuttack                 |
| 9      | OVAT , Act            | 2006-2007         | OVAT           | 101.28             | High Court of Odisha, Cuttack                 |
| 10     | Central Sales Tax Act | 2006-2007         | CST            | 153.29             | High Court of Odisha, Cuttack                 |
| 11     | Entry Tax Act         | 2006-2007         | ENTRY TAX      | 30.73              | High Court of Odisha, Cuttack                 |
| 12     | OVAT , Act            | 2007-08 & 2008-09 | OVAT           | 1.10               | Additional CST Northern Zone                  |
| 13     | Entry Tax Act         | 2007-08 & 2008-09 | ENTRY TAX      | 0.67               | Additional CST Northern Zone                  |
| 14     | Central Sales Tax Act | 2007-08 & 2008-09 | CST            | 0.93               | Additional CST Northern Zone                  |



|              |                       |                          |             |                |   |
|--------------|-----------------------|--------------------------|-------------|----------------|---|
| 15           | Central Sales Tax Act | 01.08.2008 to 28.02.2011 | CST         | 3.18           | Additional CST Northern Zone                                |
| 16           | OVAT, Act             | 01.04.2009 to 31.03.2011 | OVAT        | 1.98           | Additional CST Northern Zone                                |
| 17           | Entry Tax Act         | 01.04.2009 to 31.03.2011 | ENTRY TAX   | 4.55           | Additional CST Northern Zone                                |
| 18           | OVAT, Act             | 01.08.2008 to 28.02.2011 | OVAT        | 1499.34        | OST Tribunal, Cuttack / Stay Revision Commissioner          |
| 19           | Entry Tax Act         | 01.08.2008 to 28.02.2011 | ENTRY TAX   | 315.77         | OST Tribunal, Cuttack / Stay Revision Commissioner          |
| 20           | OVAT , Act            | 04.04.2012 to 31.03.2014 | OVAT        | 2.71           | Commissioner Cuttack , Revision                             |
| 21           | Entry Tax Act         | 01.04.2012 to 31.03.2014 | ENTRY TAX   | 21.05          | Commissioner Cuttack, Revision                              |
| 22           | Central Sales Tax Act | 01.04.2012 to 31.03.2014 | CST         | 5.38           | Commissioner Cuttack, Revision                              |
| 23           | Central Sales Tax Act | 01.04.2014 to 30.09.2015 | CST         | 1.54           | DCCT, Rourkela  |
| 24           | Central Sales Tax Act | 01.04.2016 to 31.03.2017 | CST         | 1.14           | DCCT, Rourkela  |
| 25           | Custom Act 1962       | 2012 & 2013              | Custom Duty | 132.04         | Customs, Excise & Service Tax Appellate Tribunal, Bangalore |
| 26           | Income Tax act        | 2009-10 & 2011-12        | Income Tax  | 88.94          | The Commissioner of Income Tax (appeals)                    |
| <b>Total</b> |                       |                          |             | <b>2506.10</b> |   |

(vii) In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to banks who have declared the same as non-performing in respect of the following amounts:

| Particular                | Nature of Loan | Period of Default   | Principal Amount outstanding in Books of Account as at 31 <sup>st</sup> March 2018 (Rs. In Lakhs) | Remarks  |
|---------------------------|----------------|---|---|--|
| Oriental Bank of Commerce | Cash Credit    | 30 <sup>th</sup> April, 2016 to 31 <sup>st</sup> March, 2018. | 1265.00   | Refer Note No-40 and 12 to Financial Statements. |
| Punjab National Bank.     | Cash Credit    | 30 <sup>th</sup> April, 2016 to 31 <sup>st</sup> March, 2018. | 2527.00   |  |
| IDBI Bank                 | Cash Credit    | 30 <sup>th</sup> June, 2016 to                                | 1760 .00  |  |
|                           | Term Loan      | 31 <sup>st</sup> March, 2018.                                 | 368 .00   |  |
| Bank of India             | Cash Credit    | 30 <sup>th</sup> June, 2017 to 31 <sup>st</sup> March, 2018.  | 1306.00   |  |

- (ix.) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- (x.) According to the information and explanations given to us, no fraud by the Company or on by its officers or employees has been noticed or reported during the course of our audit.
- (xi.) According to the information and explanations given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii.) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii.) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 and the details of such transactions have been disclosed in the Ind AS financial statements of the Company as required by the applicable accounting standards.
- (xiv.) Based upon audit procedures performed and the information and explanations given by the management, The company has allotted on Preferential basis 8,00,000 no of equity shares at a premium as decided by the Board of Directors out of the conversion of warrants allotted earlier. (Refer Note - 42)
- (xv.) The Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- (xvi.) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the order are not applicable to the Company.

**For SRB & Associates**  
Chartered Accountants  
F.Regd. No-310009E

**B. Mohanty**  
Partner  
M. No: 056264

30th May, 2018  
Bhubaneswar

## Annexure -B to the Independent Auditors' Report

(Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### 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, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, 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, (the 'Standards') 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 Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system 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 Ind AS 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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

30th May, 2018  
Bhubaneswar

### 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For SRB & Associates**  
Chartered Accountants  
F.Regd. No-31009E

**B. Mohanty**  
Partner  
M. No: 056264

## Balance Sheet as at March 31, 2018

|                                    | Notes  | As at 31st March'2018<br>INR 'Lakhs' | As at 31st March'2017<br>INR 'Lakhs' |
|------------------------------------|--------|--------------------------------------|--------------------------------------|
| <b>I. ASSETS</b>                   |        |                                      |                                      |
| <b>1. Non-Current Assets</b>       |        |                                      |                                      |
| (a) Plant, Property and Equipments | 2      | 29,278.39                            | 28,362.16                            |
| (b) Capital work-in-progress       | 2      | -                                    | 886.15                               |
| (c) Intangible Assets              | 2      | 0.29                                 | 0.29                                 |
| <b>(d) Financial Assets</b>        |        |                                      |                                      |
| (i) Investments                    | 3      | 120.49                               | 216.36                               |
| (ii) Loans                         |        | -                                    | -                                    |
| (iii) Other Financial Assets       | 4      | 1,314.13                             | 1,484.61                             |
| (e) Other Asset                    | 5(i)   | 1,129.89                             | 7,805.24                             |
| (f) Deferred Tax Assets (Net)      | 6      | 1,380.94                             | 1,993.99                             |
| <b>2. Current Assets</b>           |        |                                      |                                      |
| a. Inventories                     | 7      | 10,310.09                            | 6,903.76                             |
| <b>b. Financial Assets</b>         |        |                                      |                                      |
| (i) Current investments            |        | -                                    | -                                    |
| (ii) Trade Receivables             | 8      | 6,038.39                             | 5,398.88                             |
| (iii) Cash & Bank balances         | 9      | 2,585.95                             | 1,279.08                             |
| (iv) Other Financial Assets        |        | -                                    | -                                    |
| c. Other Assets                    | 5(ii)  | 2,217.92                             | 1,951.90                             |
| <b>TOTAL</b>                       |        | <b>54,376.49</b>                     | <b>56,282.41</b>                     |
| <b>II. EQUITY AND LIABILITIES</b>  |        |                                      |                                      |
| <b>1. Equity</b>                   |        |                                      |                                      |
| a. Equity Share Capital            | 10     | 5,235.23                             | 5,155.23                             |
| b. Other Equity                    | 11     | 21,056.61                            | 20,951.71                            |
| <b>2. Non-Current Liabilities</b>  |        |                                      |                                      |
| <b>a. Financial Liabilities</b>    |        |                                      |                                      |
| (i) Borrowings                     | 12(i)  | 9,436.14                             | 3,674.80                             |
| (ii) Trade Payables                |        | -                                    | -                                    |
| (iii) Other Financial Liabilities  |        | -                                    | -                                    |
| b. Provisions                      |        | -                                    | -                                    |
| c. Deferred Tax Liabilities (Net)  |        | -                                    | -                                    |
| d. Other Non-Current Liabilities   |        | -                                    | -                                    |
| <b>3. Current Liabilities</b>      |        |                                      |                                      |
| <b>a. Financial Liabilities</b>    |        |                                      |                                      |
| (i) Borrowings                     | 12(ii) | 9,288.32                             | 15,839.49                            |
| (ii) Trade Payables                | 13     | 3,186.51                             | 5,898.03                             |
| (iii) Other Financial Liabilities  | 14     | 3,173.05                             | 2,753.68                             |
| b. Provisions                      | 15     | 132.94                               | 233.22                               |
| c. Other Current Liabilities       | 16     | 2,867.70                             | 1,776.25                             |
| <b>TOTAL</b>                       |        | <b>54,376.49</b>                     | <b>56,282.41</b>                     |

Notes forming part of financial statements

1 to 45

As per our report of even date attached.

**For SRB & Associates**  
Chartered Accountants  
F. Regd. No.310009E

**B. Mohanty**  
Partner  
M.No.056264  
30th May, 2018  
Bhubaneswar

*For and on behalf of the Board*  
*Scan Steels Limited*

**Ankur Madaan**  
Director  
DIN: - 07002199

**Vinay Goyal**  
Director  
DIN: - 07002206

**Prabir Kumar Das**  
Company Secretary

**Gobinda Ch. Nayak**  
Chief Financial Officer

## Statement of Profit and Loss

for the year ended March 31, 2018

|  | Notes | For the year ended March<br>31, 2018 INR 'Lakhs' | For the year ended March<br>31, 2017 INR 'Lakhs' |
|--|-------|--|--|
| <b>Income</b>  |       |  |  |
| I.Revenue from Operations  | 17    | 51,856.24  | 41,818.89  |
| III.Other Incomes  | 18    | 117.27   | 205.14   |
| <b>IV.Total Income</b>   |       | <b>51,973.51</b>                                 | <b>42,024.03</b>                                 |
| <b>V.Expenses</b>  |       |  |  |
| (a)Cost of Raw Materials Consumed  | 19    | 33,884.87  | 23,722.03  |
| (b)Cost of Traded Goods Sold   | 20    | 1,912.74   | 2,269.57   |
| (c)Change in Inventory (Increase) /Decrease                              | 21    | (603.02)   | 2,090.98   |
| (d)Employee Benefit Expenses   | 22    | 1,428.60   | 1,192.48   |
| (e)Finance Cost  | 23    | 3,602.59   | 1,318.57   |
| (f)Depreciation and Amortization Expenses                                | 24    | 1,731.03   | 2,002.61   |
| (g)Other Expenses  | 25    | 9,467.49   | 10,921.13  |
| <b>Total Expenses</b>  |       | <b>51,424.31</b>                                 | <b>43,517.37</b>                                 |
| <b>V.Profit Before exceptional and extra ordinary items and tax</b>      |       | <b>549.20</b>                                    | <b>(1,493.34)</b>                                |
| <b>Exceptional items</b>   |       | -  | -  |
| <b>VI.Profit before extraordinary items and tax</b>                      |       | <b>549.20</b>                                    | <b>(1,493.34)</b>                                |
| <b>VII.Extraordinary items</b>   |       | -  | -  |
| <b>VIII.Profit before Taxes</b>  |       | <b>549.20</b>                                    | <b>(1,493.34)</b>                                |
| <b>IX.Provision for Taxes</b>  |       |  |  |
| (a)Current Tax   |       | 132.94   | -  |
| (b)Deferred Tax  |       | 613.05   | (312.77)   |
| <b>Total Tax Expenses</b>  |       |  |  |
| <b>X.Profit (Loss) for the Year</b>                                      |       | <b>(196.78)</b>                                  | <b>(1,180.57)</b>                                |
| <b>XI.Other Comprehensive Income</b>                                     |       |  |  |
| (i) Items that will not be reclassified subsequently to profit or loss : |       |  |  |
| (a) Changes in investments in equity shares carried at FVTOCI            |       | (95.87)  | 13.96  |
| (b) Income tax effect  |       | -  |  |
| (ii) Items that will be reclassified subsequently to profit or loss :    |       |  |  |
| (a) Re-measurement of defined employee benefit plans                     |       | -  | -  |
| (b) Fair Valuation of Commodity /Derivative instruments                  |       | 77.55  |  |
| (c) Income tax effect  |       |  | -  |
| <b>XII.Total Other comprehensive Income after tax</b>                    |       | <b>(18.32)</b>                                   | <b>13.96</b>                                     |
| <b>XIII.Total comprehensive income for the period</b>                    |       | <b>(215.10)</b>                                  | <b>(1,166.61)</b>                                |
| <b>XIV.Earnings per equity share:</b>                                    |       |  |  |
| (1) Basic  |       | (0.38)   | (2.29)   |
| (2) Diluted  |       | (0.38)   | (2.35)   |

Notes forming part of financial statements

1 to 45

As per our report of even date attached.

**For SRB & Associates**  
Chartered Accountants  
F. Regd. No.310009E

**B.Mohanty**  
Partner  
M.No.056264  
30th May, 2018  
Bhubaneswar

*For and on behalf of the Board  
Scan Steels Limited*

**Ankur Madaan**  
Director  
DIN: - 07002199

**Vinay Goyal**  
Director  
DIN: - 07002206

**Prabir Kumar Das**  
Company Secretary

**Gobinda Ch. Nayak**  
Chief Financial Officer

## Statement of Changes in Equity

for the year ended March 31, 2018

### A. Equity Share Capital

| Particulars                     | Nos. of Shares | Amount INR' Lakhs' |
|---------------------------------|----------------|--------------------|
| <b>As at 1 April 2016</b>       | <b>488.06</b>  | <b>4,880.56</b>    |
| Changes in equity share capital | 27.47          | 274.67             |
| <b>As at 31 March 2017</b>      | <b>515.52</b>  | <b>5,155.23</b>    |
| Changes in equity share capital | 8.00           | 80.00              |
| <b>As at 31 March 2018</b>      | <b>523.52</b>  | <b>5,235.23</b>    |

Amount INR' Lakhs'

| Particulars   | Attributable to owners of Scan Steels Limited      |                  |                    |                      |                  |                          |                                    |                    |
|---|--|------------------|--------------------|----------------------|------------------|--------------------------|------------------------------------|--------------------|
|   | Equity component of compound financial instruments |                  |                    | Reserves and surplus |                  | Other reserves           |                                    |                    |
|   | Equity component of compound financial instruments | General Reserves | Securities Premium | Retained Earnings    | Capital Reserves | FVOCI-equity investments | Reserves for Commodity Derivatives | Total Other Equity |
| <b>Balance at 1 April 2016</b>  | -  | <b>1,344.12</b>  | <b>18,446.17</b>   | <b>600.21</b>        | <b>554.73</b>    | <b>69.30</b>             | -                                  | <b>21,014.52</b>   |
| Profit for the year   | -  | -                | -                  | (1,180.57)           | -                | -                        | -                                  | (1,180.57)         |
| Other comprehensive income  | -  | -                | -                  | -                    | -                | 13.96                    | -                                  | 13.96              |
| <b>Total comprehensive income for the year</b>  | -  | <b>1,344.12</b>  | <b>18,446.17</b>   | <b>(580.36)</b>      | <b>554.73</b>    | <b>83.26</b>             | -                                  | <b>19,847.92</b>   |
| Deferred hedging gains/(losses) and costs of hedging transferred to the carrying value of inventory purchased in the year | -  | -                | -                  | -                    | -                | -                        | -                                  | -                  |
| <b>Transactions with owners in their capacity as owners</b>   | -  | -                | -                  | -                    | -                | -                        | -                                  | -                  |
| Issue of equity shares  | -  | -                | 1,098.67           | -                    | -                | -                        | -                                  | 1,098.67           |
| Dividends paid  | -  | -                | -                  | -                    | -                | -                        | -                                  | -                  |
| Other adjustments   | -  | -                | -                  | 5.13                 | -                | -                        | -                                  | 5.13               |
| <b>Balance at 31 March 2017</b>   | -  | <b>1,344.12</b>  | <b>19,544.84</b>   | <b>(575.23)</b>      | <b>554.73</b>    | <b>83.26</b>             | -                                  | <b>20,951.71</b>   |
| Profit for the year   | -  | -                | -                  | (196.78)             | -                | -                        | -                                  | (196.78)           |
| Other comprehensive income  | -  | -                | -                  | -                    | -                | (95.87)                  | -                                  | (95.87)            |
| <b>Total comprehensive income for the year</b>  | -  | <b>1,344.12</b>  | <b>19,544.84</b>   | <b>(772.02)</b>      | <b>554.73</b>    | <b>(12.61)</b>           | -                                  | <b>20,659.06</b>   |
| Unrealised gains/(losses) on commodity derivatives  | -  | -                | -                  | -                    | -                | 77.55                    | -                                  | 77.55              |
| <b>Transactions with owners in their capacity as owners</b>   | -  | -                | -                  | -                    | -                | -                        | -                                  | -                  |
| Issue of equity shares  | -  | -                | 320.00             | -                    | -                | -                        | -                                  | 320.00             |
| Dividends paid  | -  | -                | -                  | -                    | -                | -                        | -                                  | -                  |
| Other Adjustments   | -  | -                | -                  | -                    | -                | -                        | -                                  | -                  |
| <b>Balance at 31 March 2018</b>   | -  | <b>1,344.12</b>  | <b>19,864.84</b>   | <b>(772.02)</b>      | <b>554.73</b>    | <b>(12.61)</b>           | <b>77.55</b>                       | <b>21,056.61</b>   |

**For SRB & Associates**  
Chartered Accountants  
F. Regd. No.310009E

**B. Mohanty, Partner**  
M.No.056264  
30th May, 2018  
Bhubaneswar

*For and on behalf of the Board*  
**Scan Steels Limited**

**Ankur Madaan**  
Director  
DIN: - 07002199

**Vinay Goyal**  
Director  
DIN: - 07002206

**Prabir Kumar Das**  
Company Secretary

**Gobinda Ch. Nayak**  
Chief Financial Officer

**Statement of Cash Flow**  
for the year ended March 31, 2018

(Rupees in INR' Lakhs)

| Particulars  | For the year ended March<br>31, 2018 | For the year ended March<br>31, 2017 |
|--|--------------------------------------|--------------------------------------|
| <b>Operating Activities</b>                                  |                                      |                                      |
| Profit before tax from continuing operations                 | 549.20                               | (1,493.34)                           |
| Profit/(loss) before tax from discontinuing operations       | -                                    | -                                    |
| <b>Profit before tax</b>                                     | <b>549.20</b>                        | <b>(1,493.34)</b>                    |
| Adjustments for  |                                      |                                      |
| Depreciation and Amortisation                                | 1,731.03                             | 2,002.61                             |
| Loss/(Gain) on Sale of Property, plant and equipment         | (4.96)                               | 0.68                                 |
| Interest Income  | (92.38)                              | (201.28)                             |
| Interest Paid  | 3,602.59                             | 1,318.57                             |
| Dividend Income  | (8.00)                               | -                                    |
| Reversal of Provision of Excise Duty                         | (233.22)                             | (289.10)                             |
| Sundry balances written-off                                  | -                                    | 5.13                                 |
| Operating profit / (loss) before working capital changes     | 5,544.27                             | 1,343.27                             |
| <b>Working capital adjustments:</b>                          |                                      |                                      |
| Increase/(decrease) in short-term Borrowings                 | (6,551.17)                           | (1,025.09)                           |
| Increase/(decrease) in Trade payables                        | (2,711.51)                           | 184.74                               |
| Increase/(Decrease) in other current financial liabilities   | 419.37                               | (636.73)                             |
| Increase/(decrease) in other current liabilities             | 1,091.45                             | (2,012.82)                           |
| Decrease/(increase) in trade receivables                     | (561.97)                             | (112.78)                             |
| Decrease/(increase) in inventories                           | (3,913.62)                           | 1,839.13                             |
| Decrease/(increase) in other current assets                  | (147.40)                             | 783.05                               |
|  | <b>(6,830.59)</b>                    | <b>362.77</b>                        |
| Income taxes paid  | (118.62)                             | (42.96)                              |
| <b>NET CASH INFLOW FROM OPERATING ACTIVITIES (A)</b>         | <b>(6,949.21)</b>                    | <b>319.82</b>                        |
| <b>Investing Activities</b>                                  |                                      |                                      |
| Purchase of property, plant and equipment                    | (1,272.07)                           | (979.59)                             |
| Proceeds from Sale of Property, Plant and equipment          | 23.21                                | 7.60                                 |
| Interest received (finance income)                           | 92.38                                | 201.28                               |
| Dividend received (finance income)                           | 8.00                                 | -                                    |
| Movement in Other non-current financial assets               | 170.48                               | 621.94                               |
| Movement in Other non-current assets                         | 6,675.34                             | 448.98                               |
| <b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES (B)</b>        | <b>5,697.33</b>                      | <b>300.21</b>                        |
| <b>Financing Activities</b>                                  |                                      |                                      |
| Proceeds from issue of equity shares                         | 80.00                                | 274.67                               |
| Proceeds from securities premium                             | 320.00                               | 1,098.67                             |
| Interest paid  | (3,602.59)                           | (1,318.57)                           |
| Changes in borrowings on account of restructuring            | 5,761.33                             | (0.88)                               |
| <b>NET CASH INFLOW (OUTFLOW) FROM FINANCING ACTIVITIES</b>   | <b>2,558.74</b>                      | <b>53.88</b>                         |
| Net Foreign exchange difference                              | -                                    | -                                    |
| Net increase (decrease) in cash and cash equivalents (A+B+C) | 1,306.87                             | 673.91                               |
| Cash and cash equivalents at the beginning of the year       | 1,279.08                             | 605.17                               |
| <b>Cash and cash equivalents at year end</b>                 | <b>2,585.95</b>                      | <b>1,279.08</b>                      |

As per our report of even date attached.

**For SRB & Associates**  
Chartered Accountants  
F. Regd. No.310009E

**B. Mohanty**  
Partner  
M.No.056264  
30th May, 2018  
Bhubaneswar

*For and on behalf of the Board*  
*Scan Steels Limited*

**Ankur Madaan**, Director  
DIN: - 07002199

**Prabir Kumar Das**  
Company Secretary

**Vinay Goyal**, Director  
DIN: - 07002206

**Gobinda Ch. Nayak**  
Chief Financial Officer



**NOTES FORMING PART OF  
FINANCIAL STATEMENTS**

**2017-18**

## Notes forming part of Financial Statements

### Note -1 SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Company Overview

M/s Scan Steels Limited is a public limited company domiciled in India. The company has its 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.

#### 1.2 Basis of Preparation

##### (i) Compliance with Ind AS :

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. The financial statements up to year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

##### (ii) Historical Cost Convention :

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

- a) certain financial assets and liabilities and contingent consideration that is measured at fair value;
- b) assets held for sale – measured at fair value less cost to sell;
- c) defined benefit plans – plan assets measured at fair value; and share-based payments.

#### 1.3 Use of Estimates :

- (i) The preparation of the financial statements are in conformity with Indian Accounting Standards (Ind AS) that 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.
- (ii) 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) Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact and that are believed to be reasonable under the circumstances.
- (iv) All the assets and liabilities have been classified as current and non-current as

per the company,s normal operating cycle of twelve months and other criteria set our in Schedule-III of the Companies Act,2013.

#### 1.4 Property, Plant and Equipment, Intangible Assets and Capital Work-in-Progress

##### i. Property,Plant and Equipment

- a) Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
- b) Capital Work-In-Progress comprises of the cost of Fixed Assets that are not yet ready for their intended use at the reporting date.
- c) The whole of the finance charges paid on assets acquired under Hire Purchase Scheme are considered as “Unmatured 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 instalments due during the year.

##### ii Depreciation methods, Estimated useful lives and Residual value

- a) Depreciation is provided on the straight line method applying the useful lives as prescribed in part C of Schedule II to the Companies Act,2013.
- b) 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

- c) An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.
- d) Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/[losses].

##### iii. Intangible Assets :

- a) Intangible assets are recorded at the consideration paid for acquisition of such assets and claimed at cost less accumulated amortization and impairment.
- b) Amortisation methods and periods

The entity amortises intangible assets with a definite useful life using the straight-line method.

##### iv. Capital Work-in-Progress

Capital Work-In-Progress comprises of the cost of Fixed Assets that are not yet ready for their intended use at the reporting date.

##### 1.5 Revenue Recognition :

- i. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty,net of returns, trade allowances, rebates, Goods and services tax and amounts collected on behalf of third parties.
- ii. It recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the company.

- iii. The company adopts the following criteria 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.
  - b) Sale of traded goods is recognized when the goods are dispatched to the customers.

### 1.6 Inventories :

Raw materials, Stores and Spares, Semi-finished Goods, Traded and Finished Goods

- 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) Semi-finished goods 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 is exclusive of GST
- 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.

### 1.7 Financial Instruments

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instruments. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and

financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial assets or financial liability. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in Statement of profit and loss.

#### i. Financial Assets

- a) measured at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

- b) measured at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

- c) measured at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or fair value through other comprehensive income on initial recognition.

d) Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recognised at the proceeds received net off direct issue cost.

All equity instruments classified under financial assets are subsequently measured at fair value. Equity instruments which are held for trading are measured at FVTPL.

ii. **Financial Liabilities**

a) Financial liabilities are measured at amortised cost using effective interest method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

b) Interest bearing loans and borrowings are subsequently measured at amortised cost using effective interest rate method. Gain and losses recognised in profit and loss when the liabilities are derecognised.

**1.8 Borrowings :**

i. Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent it is probable that some or all of the facility will be drawn down. In

this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

ii. Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The cost on these preference shares are recognised in profit or loss as finance costs.

iii. Borrowings are withdrawn from the balance sheet when obligations specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of profit and loss as other gains/(losses).

iv. Borrowings are classified as current liabilities unless the entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current and if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

## 1.9 Employee Benefits :

### (i) Short-term employee benefit obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

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 Statement of Profit and loss.

### (ii) Post-employment obligations

"The entity operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity, Superannuation and
- (b) defined contribution plans such as provident fund."

#### **Provident fund obligations**

Contribution to the provident fund, which is a defined contribution plan, made to the Regional Provident Fund Commissioner is charged to the Statement of Profit and loss on accrual basis.

## **Gratuity and Superannuation obligations**

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 Statement of Profit and Loss.

### (iii) Bonus plans

The entity recognises a liability and an expense for bonuses. It recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

## 1.10 Foreign currency translation :

### (i) Functional and presentation currency

Each items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is functional and presentation currency.

### (ii) Transactions and balances

Foreign currency transactions i.e. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

**(iii) Adjustments for foreign exchange differences**

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

**1.11 Income Tax :**

- i. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.
- ii. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.
- iii. 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.

- iv. Deferred income tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- v. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.
- vi. Deferred tax assets and liabilities are set off when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are set off where the entity has a legally enforceable right to offset and

intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

- vii. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### 1.12 Trade and Other Payables :

These amounts represent liabilities for goods and services provided to the entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### 1.13 Purchases :

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.

### 1.14 Cash and Cash Equivalents :

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of twelve months or less that are readily convertible to known amounts of cash and which are subject to

an insignificant risk of changes in value, and bank overdrafts.

### 1.15 Borrowing Costs :

- a) General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.
- b) Other borrowing costs are expensed in the period in which they are incurred.

### 1.16 Segment Reporting :

- (i) 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 Indian Accounting Standard 108 on "Operating Segments" constitute reportable segment. However, as the turnover of trading segment is less than 10% of the total revenue, no such reporting is required.
- (ii) 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.

### 1.17 Provisions & Contingent Liabilities:

- a. 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.

- b. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.
- c. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest

expense. The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

#### **1.18 Fair value of Investments**

Investment in quoted equity instruments are measured at fair value through other comprehensive income on the basis active bid market prices and accordingly the changes in fair value has been recognised in the retained earnings as at the date of transition and subsequently in the Other Comprehensive income.

#### **1.19 Contributed Equity :**

- a. Equity shares are classified as equity.
- b. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **1.20 Rounding of Amounts :**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

## Notes forming part of Financial Statements

### Note-2: Property, Plant and Equipment

| Particulars                                    | Freehold Land | Freehold Buildings | Furniture, Fittings and Equipment | Plant and Machinery               | Total              | Capital Work-in-Progress          | Intangible Assets  |
|--|---------------|--------------------|-----------------------------------|-----------------------------------|--------------------|-----------------------------------|--------------------|
|  | INR 'Lakhs'   | INR 'Lakhs'        | INR 'Lakhs'                       | INR 'Lakhs'                       | INR 'Lakhs'        | INR 'Lakhs'                       | INR 'Lakhs'        |
| <b>Gross Carrying Amount (Deemed Cost)</b>     |               |                    |                                   |                                   |                    |                                   |                    |
| At 1st April, 2017                             | 4,123.62      | 9,867.17           | 47.38                             | 27,956.83                         | 41,995.00          | 886.15                            | 5.77               |
| Additions during the year                      | -             | 146.30             | 0.92                              | 2,010.99                          | 2,158.21           | 1,208.80                          | -                  |
| Exchange differences                           | -             | -                  | -                                 | -                                 | -                  | -                                 | -                  |
| Disposals during the year                      | -             | -                  | -                                 | (46.29)                           | (46.29)            | (2,094.95)                        | -                  |
| At 31st March, 2018                            | 4,123.62      | 10,013.48          | 48.29                             | 29,921.53                         | 44,106.92          | -                                 | 5.77               |
| <b>Accumulated Depreciation and Impairment</b> |               |                    |                                   |                                   |                    |                                   |                    |
| At 1st April, 2017                             | -             | 2,113.28           | 25.69                             | 11,493.87                         | 13,632.84          | -                                 | 5.49               |
| Depreciation for the year                      | -             | 289.50             | 4.16                              | 930.09                            | 1,223.75           | -                                 | -                  |
| Disposals during the year                      | -             | -                  | -                                 | (28.05)                           | (28.05)            | -                                 | -                  |
| At 31st March, 2018                            | -             | 2,402.78           | 29.85                             | 12,395.90                         | 14,828.53          | -                                 | 5.49               |
| <b>Net Book Value</b>                          |               |                    |                                   |                                   |                    |                                   |                    |
| At 31st March, 2018                            | 4,123.62      | 7,610.70           | 18.44                             | 17,525.63                         | 29,278.39          | -                                 | 0.29               |
| At 31st March, 2017                            | 4,123.62      | 7,753.89           | 21.69                             | 16,462.97                         | 28,362.16          | 886.15                            | 0.29               |
| <b>Net Book Value</b>                          |               |                    |                                   | <b>" As at 31st March '2018 "</b> | <b>INR 'Lakhs'</b> | <b>" As at 31st March '2017 "</b> | <b>INR 'Lakhs'</b> |
| Property, Plant and Equipment                  |               |                    |                                   | 29,278.39                         |                    | 28,362.16                         |                    |
| Capital Work-in-progress                       |               |                    |                                   | -                                 |                    | 886.15                            |                    |
| Intangible Assets                              |               |                    |                                   | 0.29                              |                    | 0.29                              |                    |

| <b>Note-3:Investments</b>   |                           |                          |
|---|---------------------------|--------------------------|
| Particulars   | As at<br>31st March '2018 | As at<br>31st March'2017 |
|   | INR 'Lakhs'               | INR 'Lakhs'              |
| <b>Investments at fair value through OCI (fully paid)</b>                                 |                           |                          |
| <b>Quoted Shares</b>  |                           |                          |
| 369481 nos equity shares of Karuna Cables Limited.<br>(31st March,2017:369481 Nos)        | 0.52                      | 0.52                     |
| 25363 nos equity shares of Matra Reality Limited.<br>(31st March,2017:25363 Nos)          | 0.11                      | 0.15                     |
| 4360 nos equity shares of Millenium Cybertech Limited.<br>(31st March,2017:4360 Nos)      | 0.08                      | 0.08                     |
| 31474 nos equity shares of PFL Infotech Ltd.<br>(31st March,2017:31474 Nos)               | 2.67                      | 3.40                     |
| 55449 nos equity shares of Polytech India Limited.<br>(31st March,2017:55449 Nos)         | 2.56                      | 2.05                     |
| 387908 nos equity shares of Shri Bajrang Alloys Limited.<br>(31st March,2017:387908 Nos)  | 69.82                     | 67.69                    |
| 172572 nos equity shares of Steel Exchange India Limited.<br>(31st March,2017:172572 Nos) | 42.63                     | 140.21                   |
| 13558 nos equity shares of VMS Industries Ltd.<br>(31st March,2017:13558 Nos)             | 2.12                      | 2.25                     |
| <b>Total</b>  | <b>120.49</b>             | <b>216.36</b>            |
| Aggregate cost price of quoted shares   | 133.10                    | 133.10                   |
| Aggregate market value of quoted shares   | 120.49                    | 216.36                   |
| <b>Note -4. Other Financial Assets</b>  |                           |                          |
| Particulars   | As at<br>31st March '2018 | As at<br>31st March'2017 |
|   | INR 'Lakhs'               | INR 'Lakhs'              |
| Security Deposits   | 1,015.21                  | 1,043.97                 |
| Other bank balances*  | 298.92                    | 440.64                   |
| <b>Sub-Total</b>  | <b>1,314.13</b>           | <b>1,484.61</b>          |
| <b>*Details of other balances with banks</b>  |                           |                          |
| Particulars   | As at<br>31st March '2018 | As at<br>31st March'2017 |
|   | INR 'Lakhs'               | INR 'Lakhs'              |
| <b>Other bank balances consist of the following:</b>                                      | -                         | -                        |
| Earmarked Balances with Banks   | 38.95                     | 36.78                    |

|   |               |               |
|---|---------------|---------------|
| Term Deposits with Bank                         | 146.17        | 49.57         |
| Margin money, guarantee and security with banks | 113.80        | 354.30        |
| <b>Total</b>                                    | <b>298.92</b> | <b>440.64</b> |

The margin money in form of fixed deposits earmarked for issuing Bank Guarantee. Fixed deposits face value of ₹ 90 lakhs held as collateral security with lead bank State Bank of India on behalf of other consortium member banks.

**Note-5 :Other Assets**

| Particulars                          | As at<br>31st March '2018<br>INR 'Lakhs' | As at<br>31st March'2017<br>INR 'Lakhs' |
|--------------------------------------|--|---|
| <b>(i)Non-Current</b>                |  |   |
| Advance against Property             | 439.36                                   | 328.75                                  |
| Balances with government authorities | 684.56                                   | 422.55                                  |
| Diminution in value of inventory     | -  | 7,044.13                                |
| Unmatured Financial Charges          | 5.98                                     | 9.80                                    |
| <b>Sub-Total</b>                     | <b>1,129.89</b>                          | <b>7,805.24</b>                         |
| <b>(ii)Current</b>                   |  |   |
| Advance for Expenses & others        | 9.36                                     | 18.61                                   |
| Advance to Suppliers                 | 1,672.90                                 | 1,397.95                                |
| Balances with government authorities | 418.82                                   | 437.92                                  |
| Insurance claim receivable           | 48.23                                    | 47.11                                   |
| Prepaid Expenses                     | 57.91                                    | 38.28                                   |
| Unmatured Financial Charges          | 10.69                                    | 12.04                                   |
| <b>Sub-Total</b>                     | <b>2,217.92</b>                          | <b>1,951.90</b>                         |
| <b>Total</b>                         | <b>3,347.81</b>                          | <b>9,757.14</b>                         |

**Note-6 Deffered tax assets/(liabilities)(net)**

| Particulars   | As at<br>31st March '2018<br>INR 'Lakhs' | As at<br>31st March'2017<br>INR 'Lakhs' |
|---|--|---|
| <b>(i) Opening balance</b>                                  | <b>1,993.99</b>                          | <b>1,681.23</b>                         |
| <b>(ii) Closing balance</b>                                 |  |   |
| Property, Plant and Equipment and Intangible Assets         | (3,988.71)                               | (3,424.65)                              |
| MAT Credit Entitlement                                      | 1,286.96                                 | 1,085.11                                |
| Fair Value measurement of financial liabilities             | (32.99)                                  | 30.34                                   |
| Losses available for offsetting future taxable income       | 4,433.65                                 | 4,303.19                                |
| Allowance/Disallowances of expenses                         | (317.97)                                 | -                                       |
| <b>Sub- Total</b>   | <b>1,380.94</b>                          | <b>1,993.99</b>                         |
| <b>(iii) Transfer to Statement of profit and loss(ii-i)</b> | <b>(613.05)</b>                          | <b>312.77</b>                           |

| <b>Note-7 Inventories</b>  |   |  |
|--|---|--|
| <b>Particulars</b>   | <b>As at<br/>31st March '2018<br/>INR 'Lakhs'</b> | <b>As at<br/>31st March'2017<br/>INR 'Lakhs'</b> |
| Raw Materials  | 6,273.94  | 3,305.08   |
| Semi-finished goods  | 500.79  | 819.76   |
| Finished goods   | 3,023.57  | 2,101.58   |
| Stock-in-trade   | 7.59  | 69.09  |
| Stores,spares and consumables  | 504.20  | 608.25   |
| <b>Total</b>   | <b>10,310.09</b>                                  | <b>6,903.76</b>                                  |
| <b>Note 8 Trade Receivables</b>  |   |  |
| <b>Particulars</b>   | <b>As at<br/>31st March '2018<br/>INR 'Lakhs'</b> | <b>As at<br/>31st March'2017<br/>INR 'Lakhs'</b> |
| <b>Unsecured,considered good</b>   |   |  |
| Related Parties  | -   | -  |
| Others   | 6,038.39  | 5,398.88   |
| <b>Total</b>   | <b>6,038.39</b>                                   | <b>5,398.88</b>                                  |
| No trade receivables or other receivables are due from directors or other officers of the company either severally or jointly with any other person.Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner or a director. |   |  |
| Trade receivables are non-interest bearing and are generally on terms of 30 to 150 days.   |   |  |
| <b>Note-9 Cash and Bank Balances</b>   |   |  |
| <b>Particulars</b>   | <b>As at<br/>31st March '2018<br/>INR 'Lakhs'</b> | <b>As at<br/>31st March'2017<br/>INR 'Lakhs'</b> |
| <b>Balances with banks</b>   |   |  |
| In Current Accounts  | 2,086.39  | 1,131.90   |
| In Deposits Accounts   | 298.92  | 440.64   |
| Cash on Hand   | 499.56  | 147.18   |
| <b>Sub Total</b>   | <b>2,884.87</b>                                   | <b>1,719.72</b>                                  |
| Less:Balances with bank other than above(Note-4)   | (298.92)  | (440.64)   |
| <b>Total</b>   | <b>2,585.95</b>                                   | <b>1,279.08</b>                                  |

| <b>Note-10:Equity Share Capital</b>   |   |               |  |               |
|---|---|---------------|--|---------------|
| <b>Particulars</b>  | <b>As at<br/>31 st' March '2018<br/>INR 'Lakhs'</b> |               | <b>As at<br/>31st March'2017<br/>INR 'Lakhs'</b> |               |
| <b>Equity Share Capital</b>   |   |               |  |               |
| <b>a) Authorised</b>  |   |               |  |               |
| 550 lakhs Nos of Equity shares of ₹10/- each  | 5,500.00  |               | 5,500.00   |               |
| 150 lakhs Nos of Preference shares of ₹10/- each<br>(P.Y. 550 lakhs Nos of Equity shares of ₹10/- each)   | 1,500.00  |               | 1,500.00   |               |
| (P.Y. 150 lakhs Nos of Preference shares of ₹10/- each)   |   |               |  |               |
| <b>Total</b>  | <b>7,000.00</b>                                     |               | <b>7,000.00</b>                                  |               |
| <b>b) Issued, Subscribed and Paid Up [Ref Note 2(v)]</b>  |   |               |  |               |
| <b>Equity Shares:</b>   |   |               |  |               |
| 523.52 lakhs Nos of shares of ₹10/- each fully paid up  | 5,235.23  |               | 5,155.23   |               |
| (P.Y. 515.52 lakhs Nos of shares of ₹10/- each fully paid up)   |   |               |  |               |
| <b>Total</b>  | <b>5,235.23</b>                                     |               | <b>5,155.23</b>                                  |               |
| <b>i) Reconciliation of number of equity shares are set out below:</b>  |   |               |  |               |
| a) Shares outstanding at the beginning of the financial year.   | 515.52  |               | 488.06   |               |
| b) Issued during the year   | 8.00  |               | 27.47  |               |
| c) Shares outstanding at the end of the financial year  | <b>523.52</b>                                       |               | <b>515.52</b>                                    |               |
| <b>c) Details of shareholders holding more than 5% of shares</b>  |   |               |  |               |
| <b>Name of the Shareholders</b>   | <b>No.of Shares</b>                                 | <b>% held</b> | <b>No.of Shares</b>                              | <b>% held</b> |
| i) Rajesh Gadodia   | 35.36   | 6.75%         | 35.36  | 6.86%         |
| ii) Nimish Gadodia  | 34.08   | 6.51%         | 34.08  | 6.61%         |
| iii)Artline Commerce Pvt Ltd  | 95.67   | 18.27%        | 95.67  | 18.56%        |
| iv) Bayanwala Brothers (P) Limited  | 53.84   | 10.28%        | 53.84  | 10.44%        |
| v) Monotype India Ltd   | 30.04   | 5.74%         | 30.04  | 5.83%         |
| Note- 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>Note- 11. Other Equity</b>                                    |  |  |  |  |
|--|--|--|--|--|
| <b>Particulars</b>   | <b>As at<br/>31 st'March '2018<br/>INR 'Lakhs'</b> |  | <b>As at<br/>31st March'2017<br/>INR 'Lakhs'</b> |  |
| <b>a.General Reserve</b>   |  |  |  |  |
| Opening Balance  | 1,344.12   |  | 1,344.12   |  |
| Add:-Additions during the year                                   | -  |  | -  |  |
| <b>Subtotal</b>  | <b>1,344.12</b>                                    |  | <b>1,344.12</b>                                  |  |
| <b>b.Securities Premium</b>                                      |  |  |  |  |
| Opening Balance  | 19,544.84  |  | 18,446.17  |  |
| Add:-Additions during the year                                   | 320.00   |  | 1,098.67   |  |
| <b>Subtotal</b>  | <b>19,864.84</b>                                   |  | <b>19,544.84</b>                                 |  |
| <b>c. Capital Reserve</b>  |  |  |  |  |
| Opening Balance  | 554.73   |  | 554.73   |  |
| Add:-Additions during the year                                   | -  |  | -  |  |
| <b>Subtotal</b>  | <b>554.73</b>                                      |  | <b>554.73</b>                                    |  |
| <b>d. Reserve for investments at Fair Value through OCI</b>      |  |  |  |  |
| Opening Balance  | 83.26  |  | 69.30  |  |
| Add: Net fair value gain/(loss) on investments during the period | (95.87)  |  | 13.96  |  |
| <b>Subtotal</b>  | <b>(12.61)</b>                                     |  | <b>83.26</b>                                     |  |
| <b>e.Reserves for Commodity Tradings</b>                         |  |  |  |  |
| Opening Balance  | -  |  | -  |  |
| Add:Changes during the year                                      | 77.55  |  | -  |  |
| Less:Amount reclassified to profit and loss                      | -  |  | -  |  |
| <b>Subtotal</b>  | <b>77.55</b>                                       |  | <b>-</b>   |  |
| <b>f. Retained Earnings</b>                                      |  |  |  |  |
| Opening Balance  | (575.23)   |  | 600.21   |  |
| Add: Profit/(Loss) during the year                               | (196.78)   |  | (1,180.57)                                       |  |
| Add: Adjustment for earlier years                                | -  |  | 5.13   |  |
| <b>Subtotal</b>  | <b>(772.02)</b>                                    |  | <b>(575.23)</b>                                  |  |
| <b>Total</b>   | <b>21,056.61</b>                                   |  | <b>20,951.71</b>                                 |  |

| <b>Note-12. Borrowings</b>                             |   |  |
|--|---|--|
| <b>Particulars</b>                                     | <b>As at<br/>31st March '2018<br/>INR 'Lakhs'</b> | <b>As at<br/>31st March'2017<br/>INR 'Lakhs'</b> |
| <b>Borrowings consists of the followings</b>           |   |  |
| <b>(i)Non-Current Borrowings</b>                       |   |  |
| <b>Secured Loan</b>                                    |   |  |
| (a) Term Loan From Banks                               | 6,162.00  | 563.00   |
| (b) Financial Lease Obligations                        | 84.59   | 98.99  |
| <b>Unsecured Loan</b>                                  |   |  |
| (a) Loan from Bodies Corporates                        | 160.34  | -  |
| (b) Deposits Accepted - Public                         | 348.27  | 266.76   |
| (c) Deposits Accepted - From Related Party             | 1,093.48  | 1,261.36   |
| (d) Preference Share 1%*                               | 1,587.45  | 1,484.70   |
| <b>Total non-current borrowings</b>                    | <b>9,436.14</b>                                   | <b>3,674.80</b>                                  |
| <b>(ii)Current Borrowings</b>                          |   |  |
| Current maturities of long term debt                   | 878.59  | 1,328.88   |
| Current maturities of finance lease obligations        | 76.49   | 65.89  |
| Current maturities of deposits                         | 102.25  | 141.41   |
| Current maturities of unsecured loans                  | -   | 102.24   |
| Cash Credit from Banks                                 | 9,288.32  | 15,839.49  |
| <b>Total current borrowings</b>                        | <b>10,345.64</b>                                  | <b>17,477.92</b>                                 |
| Less:Amounts clubbed under "other current libailities' | 1,057.33  | 1,638.43   |
| <b>Net current borrowings</b>                          | <b>9,288.32</b>                                   | <b>15,839.49</b>                                 |
| <b>Total</b>   | <b>19,781.78</b>                                  | <b>21,152.72</b>                                 |

\*The Company has allotted in earlier years 12,849,605 Number of 1% Non - Convertible & Non-Cumulative Redeemable Preference Shares(NCRPS) , at face value of Rs. 10 each fully paid up with a premium of Rs. 30 each . The preference shareholders have preferential right over payment of dividend and settlement of principal amount upon liquidation, over common shareholders. 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 after the end of the Fifth year but within a period of 20 years either in one or on 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 Rs.44.



| <b>Note-13. Trade Payables</b>                  |   |  |
|---|---|--|
| <b>Particulars</b>                              | <b>As at<br/>31st March '2018<br/>INR 'Lakhs'</b> | <b>As at<br/>31st March'2017<br/>INR 'Lakhs'</b> |
| Related Parties                                 | 28.93   | 416.15   |
| Others  | 3,157.58  | 5,481.87   |
| <b>Total</b>                                    | <b>3,186.51</b>                                   | <b>5,898.03</b>                                  |
| <b>Note-14. Other financial liabilities</b>     |   |  |
| <b>Particulars</b>                              | <b>As at<br/>31st March '2018<br/>INR 'Lakhs'</b> | <b>As at<br/>31st March'2017<br/>INR 'Lakhs'</b> |
| Current maturities of long term debt            | 878.59  | 1,328.88   |
| Current maturities of finance lease obligations | 76.49   | 65.89  |
| Current maturities of deposits                  | 102.25  | 141.41   |
| Current maturities of unsecured loans           | -   | 102.24   |
| Interest accrued and due on borrowings          | 1,273.64  | 107.36   |
| Money received against share warrants/Shares    | -   | 400.00   |
| Liabilities for Expenses                        | 842.09  | 607.89   |
| <b>Total</b>                                    | <b>3,173.05</b>                                   | <b>2,753.68</b>                                  |
| <b>Note-15. Provisions</b>                      |   |  |
| <b>Particulars</b>                              | <b>As at<br/>31st March '2018<br/>INR 'Lakhs'</b> | <b>As at<br/>31st March'2017<br/>INR 'Lakhs'</b> |
| Provision of excise duty on closing stock       | -   | 233.22   |
| Income tax Provision                            | 132.94  | -  |
| <b>Total</b>                                    | <b>132.94</b>                                     | <b>233.22</b>                                    |
| <b>Note-16. Other Current Liabilities</b>       |   |  |
| <b>Particulars</b>                              | <b>As at<br/>31st March '2018<br/>INR 'Lakhs'</b> | <b>As at<br/>31st March'2017<br/>INR 'Lakhs'</b> |
| Advance from Customers                          | 1,807.10  | 1,729.56   |
| Statutory Dues Payable                          | 1,060.60  | 46.69  |
| <b>Total</b>                                    | <b>2,867.70</b>                                   | <b>1,776.25</b>                                  |

| <b>Note-17 Revenue from operations</b>  |  |  |
|---|--|--|
| <b>Particulars</b>  | <b>31st<br/>March'2018<br/>INR 'Lakhs'</b> | <b>31st<br/>March'2017<br/>INR 'Lakhs'</b> |
| Sale of Products*   | 48,543.81                                  | 39,813.45                                  |
| Other Operating Revenue**   | 3,312.42                                   | 2,005.44                                   |
| <b>Total</b>  | <b>51,856.24</b>                           | <b>41,818.89</b>                           |
| *Post the applicability of Goods & Service Tax ( GST ) with effect from July 01, 2017, revenue from operations is disclosed net of GST. Accordingly, revenue from operations and other expenses for the year ended on March 31, 2018 are not comparable with the previous year figures.   |  |  |
| **Other Operating Income includes sale of services alongwith gain or loss from “Commodity/Equity Derivative transactions under F&O segment” of various commodities through Stock Exchange. The profit/(Loss) on the settlement date is recognised in the financial statement and the fair value of derivative instruments measured at FVTOCI of the instruments in hand as on the reporting date and shown under “Reserves for fair valuation of derivative instruments” to be reclassified to profit & loss account on future settlement date. |  |  |
| <b>Note-18 Other Incomes</b>  |  |  |
| <b>Particulars</b>  | <b>31st<br/>March'2018<br/>INR 'Lakhs'</b> | <b>31st<br/>March'2017<br/>INR 'Lakhs'</b> |
| Interest Income   | 92.38                                      | 118.97                                     |
| Dividend Income   | 8.00                                       | -  |
| Net Gain on foreign currency fluctuations   | -  | 2.71                                       |
| Profit on sale of asset   | 4.96                                       | -  |
| Notional gain on financial instruments  | -  | 82.31                                      |
| Miscellaneous Income  | 11.93                                      | 1.15                                       |
| <b>Total</b>  | <b>117.27</b>                              | <b>205.14</b>                              |
| <b>Note-19 Cost of Raw Material Consumed</b>  |  |  |
| <b>Particulars</b>  | <b>31st<br/>March'2018<br/>INR 'Lakhs'</b> | <b>31st<br/>March'2017<br/>INR 'Lakhs'</b> |
| <b>Raw material and components consumed</b>   |  |  |
| Opening Stock   | 3,305.08                                   | 3,416.12                                   |
| Add:Purchased during the year *   | 36,853.74                                  | 23,610.99                                  |
| Less:Closing Stock  | 6,273.94                                   | 3,305.08                                   |
| <b>Total</b>  | <b>33,884.87</b>                           | <b>23,722.03</b>                           |
| *Purchases includes material cost , expenses & other costs which are directly atributable to procurement  |  |  |

| <b>Note-20 Cost of Traded Goods Sold</b>   |  |  |
|--|--|--|
| <b>Particulars</b>   | <b>31st<br/>March'2018<br/>INR 'Lakhs'</b> | <b>31st<br/>March'2017<br/>INR 'Lakhs'</b> |
| Opening Stock  | 69.09                                      | 360.43                                     |
| Add: Purchases during the year *   | 1,851.25                                   | 1,978.23                                   |
| Less: Closing Stock  | 7.59                                       | 69.09                                      |
| <b>Total</b>   | <b>1,912.74</b>                            | <b>2,269.57</b>                            |
| *Purchases includes material cost , expenses & other costs which are directly atributable to procurement |  |  |
| <b>Note-21 Change in Inventories-(Increase)/Decrease</b>   |  |  |
| <b>Particulars</b>   | <b>31st<br/>March'2018<br/>INR 'Lakhs'</b> | <b>31st<br/>March'2017<br/>INR 'Lakhs'</b> |
| Opening Stock  |  |  |
| Semi-Finished Goods  | 819.76                                     | 72.16                                      |
| Finished Goods   | 2,101.58                                   | 4,940.15                                   |
| <b>Sub-Total(A)</b>  | <b>2,921.34</b>                            | <b>5,012.31</b>                            |
| Less:- Closing Stock   |  |  |
| Semi-Finished Goods  | 500.79                                     | 819.76                                     |
| Finished Goods   | 3,023.57                                   | 2,101.58                                   |
| <b>Sub-Total(B)</b>  | <b>3,524.36</b>                            | <b>2,921.34</b>                            |
|  | -  | -  |
| <b>Total(A-B)</b>  | <b>(603.02)</b>                            | <b>2,090.98</b>                            |
| <b>Note-22 Employee Benefit Expenses</b>   |  |  |
| <b>Particulars</b>   | <b>31st<br/>March'2018<br/>INR 'Lakhs'</b> | <b>31st<br/>March'2017<br/>INR 'Lakhs'</b> |
| Salaries,wages and bonus   | 1,296.81                                   | 1,079.29                                   |
| Contribution to providend and other funds  | 131.79                                     | 113.19                                     |
| <b>Total</b>   | <b>1,428.60</b>                            | <b>1,192.48</b>                            |

| <b>Note-23 Finance Cost</b>                           |  |  |
|---|--|--|
| <b>Particulars</b>                                    | <b>31st<br/>March'2018<br/>INR 'Lakhs'</b> | <b>31st<br/>March'2017<br/>INR 'Lakhs'</b> |
| Interest on Debts & Borrowings                        | 3,271.61                                   | 978.14                                     |
| Interest on finance lease obligations                 | 15.54                                      | 17.06                                      |
| Interest on deposits                                  | 189.79                                     | 195.06                                     |
| Interest to Others                                    | 22.89                                      | 27.49                                      |
| Cost of Preference Shares                             | 102.76                                     | 100.82                                     |
| <b>Total</b>  | <b>3,602.59</b>                            | <b>1,318.57</b>                            |
| <b>Note-24 Depreciation and Amortisation expenses</b> |  |  |
| <b>Particulars</b>                                    | <b>31st<br/>March'2018<br/>INR 'Lakhs'</b> | <b>31st<br/>March'2017<br/>INR 'Lakhs'</b> |
| Depreciation of tangible assets                       | 1,223.75                                   | 1,203.88                                   |
| Amortisation of Expenses                              | 507.28                                     | 798.73                                     |
| <b>Total</b>  | <b>1,731.03</b>                            | <b>2,002.61</b>                            |
| <b>Note-25 Other Expenses</b>                         |  |  |
| <b>Particulars</b>                                    | <b>31st<br/>March'2018<br/>INR 'Lakhs'</b> | <b>31st<br/>March'2017<br/>INR 'Lakhs'</b> |
| Consumption of stores and spares                      | 1,195.95                                   | 867.89                                     |
| Excise duty expenses                                  | 1,182.94                                   | 4,053.80                                   |
| Power and fuel  | 6,226.59                                   | 5,626.54                                   |
| Water charges   | 32.94                                      | 29.06                                      |
| Operational Expenses                                  | 459.80                                     | 275.45                                     |
| Security Service Charges                              | 41.72                                      | 42.78                                      |
| Rent,Rates and taxes                                  | 315.71                                     | 133.40                                     |
| Insurance   | 24.27                                      | 19.63                                      |
| Bank Charges  | 38.16                                      | 2.15                                       |
| Provision on excise duty on closing stock             | (233.22)                                   | (289.10)                                   |
| Repairs and maintenance                               | 14.53                                      | 61.12                                      |
| Advertising and sales promotion                       | 60.16                                      | 12.29                                      |
| Professional & Consultancy fess                       | 62.57                                      | 46.65                                      |
| Communication costs                                   | 8.58                                       | 11.19                                      |
| Remuneration to Auditors                              | 21.80                                      | 22.70                                      |

|   |                 |                  |
|---|-----------------|------------------|
| Loss on sale of assets (net)              | -               | 0.68             |
| Net Gain on foreign currency fluctuations | 0.09            | -                |
| General expenses                          | 14.89           | 4.91             |
| <b>Total</b>                              | <b>9,467.49</b> | <b>10,921.13</b> |

(All amounts in INR Lakhs, unless otherwise stated)

**NOTE -26 Earnings Per Share(EPS)**

|      | Particulars  | 31st<br>March'2018 | 31st<br>March'2017 |
|------|--|--------------------|--------------------|
| i)   | Net Profit after tax as per statement of Profit & Loss attributable to Equity Shareholders (INR 'Lakhs') | (196.78)           | (1,180.57)         |
| ii)  | Weighted Average number of equity shares used as denominator for calculating EPS (INR 'Lakhs')           | 523.52             | 515.52             |
| iii) | Face Value per Equity Share  | 10.00              | 10.00              |
| iv)  | Basic Earnings per share   | <b>(0.38)</b>      | <b>(2.29)</b>      |
| v)   | Diluted Earnings per share   | <b>(0.38)</b>      | <b>(2.35)</b>      |

**NOTE -27 Foreign Currency Transactions**

|          | Particulars    | 31st<br>March'2018                    | 31st<br>March'2017 |
|----------|----------------|---------------------------------------|--------------------|
|          |                | <b>Stores, Spares and Consumables</b> |                    |
| (i)USD   |                | 16,140                                | 12,540             |
|          | INR in 'Lakhs' | 10.59                                 | 8.13               |
| (ii)EURO |                | 1,436.00                              | -                  |
|          | INR in 'Lakhs' | 1.04                                  | -                  |

**NOTE - 28 Contingent Liabilities**

|     | Particulars  | 31st<br>March'2018 | 31st<br>March'2017 |
|-----|--|--------------------|--------------------|
| i.  | Estimated amount of contracts remaining to be executed on capital accounts and not provided for. | Nil                | Nil                |
| ii. | Claims against the Company not acknowledged as debts (Net of payment)                            |                    |                    |
|     | a) Central Sales Tax   | 169.69             | 203.03             |
|     | b) OVAT/OST  | 1,722.32           | 1,722.32           |
|     | c) Orissa Entry tax  | 393.10             | 393.10             |
|     | d) Customs   | 132.04             | 132.04             |
|     | e) Recompense amount   | 352.31             | -                  |

|     |  |        |        |
|-----|--|--------|--------|
|     | f)Income Tax   | 88.94  | 88.94  |
| iii | Bank Guarantees  | 346.67 | 313.79 |
| iv  | Claims raised vide notice dated. 30.09.2016 by M/s Mahanadi Coalfields Limited   |        |        |
|     | (a)DMF   | -      | 49.10  |
|     | (b)NMET  | 6.28   | 6.28   |
| v   | Claims raised vide letter dtd. 07.11.2016 by the OMC Ltd. towards the reimbursement of contribution to DMF ( Rs. 7,88,121 & NMET (Rs. 78,191 ) for the period                          | 8.66   | 8.66   |
|     | However as per management perception, the above liabilities will not devolve upon the company in future.   |        |        |
|     | The company has given Corporate Guarantees to M/s Scan Energy & Power Limited to the tune of Rs.159.42 Crores towards fund and non-fund based limit extended by consortium of bankers. |        |        |

**NOTE-29 Additional Disclosures As per Ind AS 108 “Operating Segments “**
**(i) Revenue From Customers Exceeding 10% of Total revenue**

As per Para 34 of Ind AS 108 ,if revenues from transactions with a single external customer amounts to 10 per cent or more of an entity’s revenue, the company is required to disclose, the total amount of revenue from each such customer, and the identity of the segment or segments reporting the revenue.The company’s revenue from any single customer doesnt exceed 10% of the total revenue and hence the disclosure requirement is not applicable

**(ii) Extent of Reliance on Major Customers**

Extent of Reliance on Major Customers of the company can be depicted by assessing their sales chunk compared to total revenue of the operation. The percentage of group of major customer to its total revenue is as below :

| Customer Name    | % of Total Revenues |         |
|------------------|---------------------|---------|
|                  | 2017-18             | 2016-17 |
| Top 10 Customers | 28.44%              | 13.26%  |
| Top 25 Customers | 37.90%              | 20.64%  |

**NOTE -30 RELATED PARTY DISCLOSURE AS PER Ind AS 24**
**(I) List of Related Parties**
**Key Managerial Personnel**

| Name                     | Designation             |
|--------------------------|-------------------------|
| Mr.Rajesh Gadodia        | Non Executive Chairman  |
| Mr.Ankur Madaan          | Whole-Time Director     |
| Mr Run Vijay Singh       | Executive Director      |
| Mr.Gobinda Chandra Nayak | Chief Financial Officer |

The Company Secretary has not been considered as related party as he is not having the authority and responsibility for planning, directing and controlling the executive decision making activities of the entity, directly or indirectly. This is in line with Ind AS 24, “Related party transactions”.

| Close Family members of Key Managerial Personnel(KMP)  |                 |
|--|-----------------|
| Name   | Relationships   |
| Mrs.Archana Gadodia  | Relative of KMP |
| Miss Shristi Gadodia   | Relative of KMP |
| Mr.Sawarmal Gadodia  | Relative of KMP |
| Mr.Nimish Gadodia  | Relative of KMP |
| None of the close members of all Key managerial Personnels are considered as Related Party In accordance with Ind AS 24 considering the fact that they are neither participating nor influencing executive decision making of the company. |                 |

## (II) Balances and Transactions with Related Parties

## a) Statement Of Profit And Loss Items

| Name                          | Net Transaction During the Period |          |
|-------------------------------|-----------------------------------|----------|
|                               | Particulars                       | 2017-18  |
| Scan Energy and Power Limited | Purchase of goods                 | 137.92   |
| Scan Energy and Power Limited | Sale of Goods                     | 9,037.20 |
| Mrs. Archana Gadodia          | Sale of goods                     | 23.86    |
| Mrs. Archana Gadodia          | Interest on loan                  | 6.56     |
| Mrs. Archana Gadodia          | Rent                              | 9.60     |
| Mr. Rajesh Gadodia            | Interest on loan                  | 4.00     |
| Miss Shristi Gadodia          | Interest on loan                  | 96.00    |
| Mr. Sawarmal Gadodia          | Interest on loan                  | 6.56     |

## b. Balance Sheet Items

| Name                             | Particulars               | 2017-18 | 2016-17 |
|----------------------------------|---------------------------|---------|---------|
| Artline Commerce Private Limited | Finance Lease Obligations | 35.15   | Nil     |
| Mr. Nimish Gadodia               | Deposits                  | 217.10  | 211.77  |
| Mr. Sawarmal Gadodia             | Deposits                  | 25.00   | 85.00   |
| Mrs Archana Gadodia              | Deposits                  | Nil     | 8.00    |
| Mrs. Archana Gadodia             | Outstanding Rent          | -       | 0.72    |
| Miss Shristi Gadodia             | Deposits                  | 800.00  | 800.00  |
| Mr. Runvijay Singh               | Directors Remuneration    | 0.50    | 0.29    |
| Mr. Ankur Madaan                 | Directors Remuneration    | 0.40    | 0.40    |
| Scan Energy and Power Limited    | Trade Receivable          | 2.56    | Nil     |

**(III) Remuneration to key managerial personnel**

| Name                  | 2017-18 | 2016-17 |
|-----------------------|---------|---------|
| Mr Rajesh Gadodia     | -       | 4.00    |
| Mr. Runvijay Singh    | 4.80    | 4.80    |
| Mr. Ankur Madaan      | 4.20    | 4.20    |
| Director Sitting Fees | 0.05    | 0.03    |

**NOTE -31 ASSETS PROVIDED AS SECURITY**

| Particulars                                 | 31st<br>March'2018 | 31st<br>March'2017 |
|---|--------------------|--------------------|
| (i) Trade Receivables                       | 6,038.39           | 5,398.88           |
| (ii) <b>Property, Plant and Equipment :</b> |                    |                    |
| I. Tangible Assets                          | 29,278.39          | 28,362.16          |
| II. Intangible Assets                       | 0.29               | 0.29               |
| (iii) Inventories                           | 10,310.09          | 6,903.76           |
| <b>Total Assets provided as Security</b>    | <b>45,627.16</b>   | <b>40,665.09</b>   |

**NOTE -32 Recognition of Corporate Guarantee as Financial Liability**

Financial guarantee is a contractual right of the lender to receive cash from the guarantor, and a corresponding contractual obligation of the guarantor to pay the lender, if the borrower defaults. The contractual right and obligation exist because of a past transaction or event (assumption of the guarantee), even though the lender's ability to exercise its right and the requirement for the guarantor to perform under its obligation are both contingent on a future act of default by the borrower. A contingent right and obligation meet the definition of a financial asset and a financial liability, even though such assets and liabilities are not always recognised in the financial statements. Based on the measurement principles laid down under Ind AS 109 "Financial Instrument :Recognition and Measurement", the fair value of all those financial guarantee contracts are reasonable below to the materiality threshold limit set by the company. Accordingly the entity has made appropriate disclosure in Note -28 without additionally recognising any financial assets or liability.

**NOTE -33 Micro, Small and Medium Enterprises (MSME) Dues Disclosure**

There are no Micro and Small enterprises to whom the Company owes dues which are outstanding for a period of more than 45 days as at the balance sheet date. The above information and that given under Current liabilities regarding Micro, Small and Medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.



## NOTE -34 Estimated Useful Lives of Property Plant &amp; Equipment (PPE)

| Financial Classification          | Nature                               | Useful Lives               |                                     |
|-----------------------------------|--------------------------------------|----------------------------|-------------------------------------|
|                                   |                                      | As per Management Estimate | As per SCH-II of Companies Act 2013 |
| Freehold Building                 | Building (Factory)                   | 30 Years                   | 30 Years                            |
|                                   | Building (Non Factory)               | 60 Years                   | 60 Years                            |
| Furniture, Fittings and Equipment | Furniture & Fixtures                 | 10 Years                   | 10 Years                            |
| Office Equipment                  | Computer                             | 3 Years                    | 3 Years                             |
| Plant & Equipment                 | Plant & Machinery (Non-Earth Moving) | 25 Years                   | 25 Years                            |
|                                   | Plant & Machinery (Earth Moving)     | 25 Years                   | 25 Years                            |
| Vehicles                          | Motor car                            | 8 years                    | 8 years                             |

## NOTE -35 Fair value measurements

## (i) Financial instruments by category:

| Particulars                        | 31-Mar-18 |               |                  |
|------------------------------------|-----------|---------------|------------------|
|                                    | FVPL      | FVOCI         | Amortised Cost   |
| <b>Financial assets</b>            |           |               |                  |
| Investments:                       |           |               |                  |
| Equity instruments                 |           | 120.49        |                  |
| Trade receivables                  |           |               | 6,038.39         |
| Cash and cash equivalents          |           |               | 2,585.95         |
| Others                             |           |               | 1,314.13         |
| <b>Total financial assets</b>      | -         | <b>120.49</b> | <b>9,938.47</b>  |
| <b>Financial liabilities</b>       |           |               |                  |
| Borrowings                         |           |               | 18,724.45        |
| Derivative financial liabilities   |           |               |                  |
| Trade payables                     |           |               | 3,186.51         |
| Other financial liabilities        |           |               | 3,173.05         |
| <b>Total financial liabilities</b> | -         | -             | <b>25,084.02</b> |

| Particulars                        | 31-Mar-17 |               |                  |
|------------------------------------|-----------|---------------|------------------|
|                                    | FVPL      | FVOCI         | Amortised Cost   |
| <b>Financial assets</b>            |           |               |                  |
| Investments:                       |           |               |                  |
| Equity instruments                 | -         | 216.36        | -                |
| Trade receivables                  | -         | -             | 5,398.88         |
| Cash and cash equivalents          | -         | -             | 1,279.08         |
| Others                             | -         | -             | 1,484.61         |
| <b>Total financial assets</b>      | -         | <b>216.36</b> | <b>8,162.56</b>  |
| <b>Financial liabilities</b>       |           |               |                  |
| Borrowings                         |           |               | 19,514.29        |
| Derivative financial liabilities   |           |               | -                |
| Trade payables                     |           |               | 5,898.03         |
| Other financial liabilities        |           |               | 2,753.68         |
| <b>Total financial liabilities</b> | -         | -             | <b>28,166.00</b> |

**(ii) Fair value Hierarchy:**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are

(a) recognised and measured at fair value, and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into three levels prescribed under the Ind AS 113 "Fair Value Measurements". An explanation of each level follows underneath the table.

| Financial assets and liabilities measured at fair value - recurring fair value measurements At March31, 2018 | INR 'Lakhs' |         |         |        |
|--|-------------|---------|---------|--------|
|  | Level 1     | Level 2 | Level 3 | Total  |
| <b>Financial assets</b>  |             |         |         |        |
| <b>Financial investments at FVPL</b>   |             |         |         |        |
| Equity instruments   |             |         |         | -      |
| Mutual funds   |             |         |         | -      |
| <b>Financial investments at FVOCI</b>  |             |         |         |        |
| Quoted equity investments  | 120.49      |         |         | 120.49 |
| Unquoted equity investments  |             |         |         | -      |

|   |                |                |                |               |
|---|----------------|----------------|----------------|---------------|
| <b>Derivatives</b>  |                |                |                |               |
| Foreign exchange forward contracts  |                |                |                | -             |
| Foreign currency options  |                |                |                | -             |
| Interest rate swaps   |                |                |                | -             |
| <b>Total</b>  | <b>120.49</b>  | <b>-</b>       | <b>-</b>       | <b>120.49</b> |
| <b>Financial assets and liabilities measured at fair value - recurring fair value measurements At March31, 2017</b> | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>  |
| <b>Financial assets :</b>   |                |                |                |               |
| <b>Financial investments at FVPL</b>  |                |                |                |               |
| Equity instruments  |                |                |                |               |
| Mutual funds  |                |                |                |               |
| <b>Financial investments at FVOCI</b>   |                |                |                |               |
| Quoted equity investments   | 216.36         |                |                | 216.36        |
| Unquoted equity investments   |                |                |                |               |
| <b>Derivatives</b>  |                |                |                |               |
| Foreign exchange forward contracts  |                |                |                |               |
| Foreign currency options  |                |                |                |               |
| Interest rate swaps   |                |                |                |               |
| <b>Total</b>  | <b>216.36</b>  | <b>-</b>       | <b>-</b>       | <b>216.36</b> |

**Level 1 :** This hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have quoted price. The fair value of all equity instruments(including bonds) which are traded in the stock exchange is valued using the closing price as at the reporting period.

**Level 2 :** Fair value of financial instruments that are not traded in an active market (for example, traded bonds, over the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument is observable, the instrument is included in level 2.

**Level 3 :** If one or more of the significant inputs is not based on observable data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification assets.

(iii) As per Ind AS 107 "Financial Instrument:Disclosure", fair value disclosures are not required when the carrying amounts reasonably approximate the fair value. Accordingly fair value disclosures have not been made for the following financial instruments:-

- |                             |                      |
|-----------------------------|----------------------|
| 1. Trade receivables        | 5. Trade Payables    |
| 2. Cash and cash Equivalent | 6. Capital Creditors |
| 3. Loans and advances       | 7. Other payables    |
| 4. Borrowings               |                      |

**Note -36 : Financial Risk Management**

The company's few portion of activities are exposed to variety of financial risks i.e. market risk, credit risk and liquidity risk. The company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the company is foreign exchange risk. The company's financial instruments (excluding receivables from related parties) are influenced mainly by the individual characteristics of each customer. The company's exposure to credit risk is the concentration of risk from the top few customers and the demographics of the customers.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

| Risk                          | Exposure arising from  | Measurement                                   |
|-------------------------------|--|---|
| Credit risk                   | Cash and cash equivalents, trade receivables and other financial instruments, financial assets measured at amortised cost. | Ageing analysis<br>Credit rating              |
| Liquidity risk                | Borrowings and other liabilities   | Rolling cash flow forecasts                   |
| Market risk- foreign exchange | Future commercial transactions recognised financial assets and liabilities not denominated in Indian Rupees (INR)          | Cash flow forecasting<br>Sensitivity analysis |
| Market risk- security prices  | Investments in equity securities   | Sensitivity analysis                          |

**(A) Credit Risk**

Credit risk refers to the risk of default on its obligation by the counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily trade receivables from customers other than government entities. These Trade receivables are typically unsecured and are derived from revenue earned from domestic and foreign customers. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess impairment loss or gain. the company uses a matrix to compute the expected credit loss allowance for trade receivable .

**(i) Credit Risk Management**

Credit risk is managed on instrument basis. For Banks and financial institutions ,only high rated banks /institutions are accepted. For other financial instruments, the company assesses and maintains an internal credit rating system. The finance function consists of a separate team who assesses and maintain internal credit rating system. Internal credit rating is performed on a company level basis for each class of financial instrument with different characteristics.

VL1 : High-quality assets, negligible credit risk

VL2 : Quality assets, low credit risk

VL3 : Standard assets, moderate credit risk

VL4 : Sub-standard assets, relatively high credit risk

VL5 : Low-quality assets, very high credit risk

VL6 : Doubt full assets, credit-impaired

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward- looking information. Especially the following indicators are incorporated:

1. Internal credit rating
2. External credit rating (as far as available)
3. Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet the obligation.
4. Actual or expected significant changes in the operating results of the borrower.
5. Significant increase in credit risk on other financial instruments of the same borrower
6. Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements.
7. Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.
8. Macro economic information (such as regulatory changes, market interest rate or growth rate) is incorporated as part of the internal rating model.

In general , it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

A default on a financial asset is when the counterparty fails to make contractual payment within 180 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other-economic factors.

#### **(B) Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the company treasury maintains flexibility in funding by maintaining available under committed credit lines.

Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in accordance with practice and limits set by the company. These limits vary by locations to take into account the liquidity of the market in which the entity operates. In addition, the company's liquidity management policy involves, projecting cash flows in major currencies, considering the level of liquid assets necessary , monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

**(i) Financing arrangements**

The company had access to the following undrawn borrowing facilities at the end of the reporting period :

| Particulars  | 31-Mar-18 | 31-Mar-17 |
|--|-----------|-----------|
| <b>Floating rate</b>   |           |           |
| Expiring within one year (bank overdraft and other facilities) | Nil       | Nil       |
| Expiring beyond one year (bank loans)                          | Nil       | Nil       |

**(ii) Maturities of financial liabilities**

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities for :

1. All non-derivative financial liabilities and
2. Net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows.

INR in 'Lakhs'

| Contractual maturities of financial liabilities | Upto 1 year      | 1 to 3 years    | 3 to 5 years    | 5 to 9 years    | Total            |
|---|------------------|-----------------|-----------------|-----------------|------------------|
|   |                  |                 |                 |                 |                  |
| <b>Non derivatives</b>                          |                  |                 |                 |                 |                  |
| Borrowings(including cash credits)              | 10,166.90        | 1,646.00        | 1,860.00        | 2,656.00        | 16,328.90        |
| obligations under finance lease                 | 76.49            | 84.59           | -               | -               | 161.08           |
| Trade payables                                  | 3,186.51         | -               | -               | -               | 3,186.51         |
| Other financial liabilities                     | 3,173.05         | -               | -               | -               | 3,173.05         |
| <b>Total non derivative liabilities</b>         | <b>16,602.96</b> | <b>1,730.59</b> | <b>1,860.00</b> | <b>2,656.00</b> | <b>22,849.55</b> |
| <b>Derivatives (net settled)</b>                |                  |                 |                 |                 |                  |
| Foreign exchange forward contracts              | -                | -               | -               | -               | -                |
| Principal swap                                  | -                | -               | -               | -               | -                |
| <b>Total derivative liabilities</b>             | <b>-</b>         | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>         |
| Contractual maturities of financial liabilities | Upto 1 year      | 1 to 3 years    | 3 to 5 years    | 5 to 9 years    | Total            |
| 31-Mar-17                                       |                  |                 |                 |                 |                  |
| <b>Non derivatives</b>                          |                  |                 |                 |                 |                  |
| Borrowings(including cash credits)              | 17,168.37        | 563.00          | -               | -               | 17,731.37        |
| obligations under finance lease                 | 65.89            | 98.99           | -               | -               | 164.89           |
| Trade payables                                  | 5,898.03         | -               | -               | -               | 5,898.03         |
| Other financial liabilities                     | 2,753.68         | -               | -               | -               | 2,753.68         |

|   |                  |               |          |          |                  |
|---|------------------|---------------|----------|----------|------------------|
| <b>Total non derivative liabilities</b> | <b>25,885.97</b> | <b>661.99</b> | <b>-</b> | <b>-</b> | <b>26,547.96</b> |
| <b>Derivatives (net settled)</b>        |                  |               |          |          |                  |
| Foreign exchange forward contracts      | -                | -             | -        | -        | -                |
| Principal swap                          | -                | -             | -        | -        | -                |
| <b>Total derivative liabilities</b>     | <b>-</b>         | <b>-</b>      | <b>-</b> | <b>-</b> | <b>-</b>         |

**(C) Market Risk**

The company is not an active investor in equity market. It continues to hold certain investments in equity for long term value accretion which are accordingly measured at fair value through other comprehensive income. The value of investments in such equity instruments as at 31st March, 2018 is INR 120.49 lakhs (as at 31st March, 2017 - INR 216.36 lakhs). Accordingly, fair value fluctuations arising from market volatility is recognised in other comprehensive income.

The company is an active trader in "Commodity/Equity Derivative transactions under F&O segment" of various commodities through Stock Exchange. The profit/(Loss) on the settlement date is recognised in the financial statement and the fair value of derivative instruments measured at FVTOCI of the instruments in hand as on the reporting date is shown under "Reserves for fair valuation of derivative instruments" to be reclassified to profit & loss account on future settlement date.

**(i) Foreign Currency Risk****The company's exposure to foreign currency risk & Derivative financial Instruments as on March 31, 2018**

The Company doesn't have foreign currency exposure hence no foreign exchange forward contracts are required to hold and to mitigate the risk of foreign exchange fluctuation.

**(ii) Cash flow and fair value interest rate risk**

The company's main interest rate risk arises from long term borrowings with variable rates, which exposes the company to cash flow interest rate risk. Group policy is to maintain most of its borrowings at fixed and variable rate using interest rate swaps to achieve this when necessary. During 31 March 2018 and 31 March 2017 the company's borrowings at variable rate were mainly denominated in INR.

The company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

**(a) Interest rate risk exposure**

The exposure of the company's borrowing from banks and financial institutions to interest rate changes at the end of the reporting period are as follows:

| <b>Particulars</b>       | <b>31-Mar-18</b> | <b>31-Mar-17</b> |
|--------------------------|------------------|------------------|
| Variable rate borrowings | -                | 17,731.37        |
| Fixed rate borrowings    | 16,489.98        | 164.89           |

**(iii) Price risk**

The company's exposure to equity securities price risk arises from investments held by the company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss. Profit for the period would increase/ decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as fair value through other comprehensive income.

**NOTE-37 : Capital Mangement**
**Risk management**

The company's objectives when managing capital are to:

- (a) safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- (b) maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return on capital to shareholders or issue new shares. The company monitors capital using gearing ratio, which is net debt divided by total Equity. Net debt comprises of long term and short term borrowings less cash and bank balances. Equity includes equity share capital and reserves that are managed as capital. The gearing at the end of reporting period was as follows:

| Particulars                     | March 31, 2018 | March 31, 2017 |
|---------------------------------|----------------|----------------|
| Net Debt                        | 16,138.51      | 18,235.22      |
| Total Equity                    | 26,291.84      | 26,106.94      |
| <b>Net debt to Equity Ratio</b> | <b>0.61</b>    | <b>0.70</b>    |

**NOTE -38**
**Nature and Purpose of Reserves Disclosed under Other Equity**

| Particulars                                       | Purpose   |
|---|---|
| General Reserve                                   | General Reserve has been created to comply with requirements of erstwhile Company's Act 1956 with regard to Payment of dividend.  |
| Retained Earnings                                 | Retained Earnings contains the balance of retained earnings to carry forward. It is fully distributable and shown as part of shareholders' reserves on the balance sheet. |
| Securities Premium Reserve                        | Securities Premium Reserve has been created for issue of equity shares.   |
| Reserve for investments at Fair value through OCI | Fair value changes of equity instruments designated at Fair value through OCI   |
| Capital Reserve                                   | Capital reserves includes amalgamation reserve to be used for the specified purpose as per the scheme of arrangement.   |



## NOTE -39

**Covenants of Borrowings****(i) Details of Repayment Schedule, Interest Rate of Borrowings**

| Term Loan | 2017-18          |                        | 2016-17          |                  |
|-----------|------------------|------------------------|------------------|------------------|
|           | Repayment Tenure | Rate of Interest (p.a) | Repayment Tenure | Rate of Interest |
| WCTL      | 9 Years          | 10%                    | -                | -                |
| FITL      | 5 years          | 5%                     | -                | -                |

During the year the lead banker State Bank of India has restructured the credit facilities sanctioned earlier and the other consortium members are in the process of restructuring their facilities for the substance of which the previous year comparatives are not disclosed.

**(ii) Details of Security**

| Particulars            | Security Details  |
|------------------------|---|
| Term Loan from Banks   | Secured by first charge on plant and 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 and future).It is further secured against personal guarantee of promoters' and Corporate Guarantee from M/s Artline Commerce Private Limited. |
| Leased assets financed | Secured by hypothecation of respective fixed or movable assets.   |
| Cash Credit            | Secured by hypothecation of whole of current assets both present and future namely,raw materials,Stock-in-Progress,semi-finished and finished goods,  |

## NOTE -40

During the year, the lead banker State Bank of India has approved the restructuring proposal and has executed all related documents for restructuring of the facility and has filed with the Ministry of Corporate Affairs towards creation/modification of charges in its favour. The State Bank of India has recovered all the scheduled repayments alongwith overdues (till the date of recovery) as per proposal approved vide letter dated March 17 , 2018. The interest component of Rs. 16.92 crores, from the date of NPA to the cut off date i.e March 31, 2017 has been converted to FITL and same has been charged to current year's financial statement. Other members to the consortium are in the process of restructuring as at the end of reporting date.

Further, the company has provided interest cost on borrowings for all the member banks except IDBI Bank Limited for the FY 2017-18 as per interest rate approved by the lead banker i.e State Bank of India. IDBI Bank Limited has recalled the loan vide letter dated October 31, 2017 for which no interest has been provided for.

## NOTE -41

As per the requirements of Ind AS, the company has implemented / adopted the following policies and procedures for accounting:

**i Componentisation.**

As per prevailing practice, company componentises fixed assets as detailed in the Invoice. It does not have a separate componentisation policy. Accordingly, components identified ( as mentioned above ) are also depreciated based on the useful lives prescribed under Schedule-II ( of the Companies Act. ) for the main asset.

The company is in the process of identification of the major components significant to the total cost of the asset accordingly necessary requirements to be complied.

**ii Stores and Spares**

The company on purchases of stores and spares, if it relates to an item of PPE, the same are capitalised on the date of issue, and which are issued for revenue expenditure purpose, are charged to Profit & Loss Account on the date of consumption.

The company is in the process of identifying the doubtful debtors to make provision for impairment to be recognised as per the Expected Credit Loss Method.

iii

**NOTE -42**

The company has allotted on Preferential basis 8,00,000 no of equity shares at a premium as decided by the Board of Directors out of the conversion of warrants allotted earlier.

**NOTE -43**
**Auditors' Remuneration :**
**INR 'Lakhs'**

| SI No.       | Particulars          | 2017-18      | 2016-17      |
|--------------|----------------------|--------------|--------------|
| 1            | Statutory Audit Fees | 16.50        | 16.50        |
| 2            | Tax Audit Fees       | 3.50         | 3.50         |
| 3            | Internal Audit Fees  | 1.80         | 2.70         |
| <b>Total</b> |                      | <b>21.80</b> | <b>22.70</b> |

**NOTE -44**

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.

**NOTE -45**

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  
F. Regd. No.310009E

**B.Mohanty**  
Partner  
M.No.056264  
30th May,2018  
Bhubaneswar

*For and on behalf of the Board  
Scan Steels Limited*

**Ankur Madaan**  
Director  
DIN: - 07002199

**Prabir Kumar Das**  
Company Secretary

**Vinay Goyal**  
Director  
DIN: - 07002206

**Gobinda Ch. Nayak**  
Chief Financial Officer

## SCAN STEELS LIMITED

Regd. Office: Off. No. 104,105, E-Square, 1st Floor, 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  
17-20, 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.

FolioNo...../DPIDNo.\*.....andClientIDNo.\*.....

\*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 :

Signature: \_\_\_\_\_

Place:

(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, 1st Floor, Subhash Road, Opp.Havmor Ice- Cream,  
Vile Parle (East), Mumbai – 57.  
(CIN L27209MH1994PLC076015 )

**25th Annual General Meeting- 29th September, 2018 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 25th 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 Saturday, the 29th Day of September, 2018 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, 1 <sup>st</sup> Floor, 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 :

|                |           |
|----------------|-----------|
| 1.             | Name      |
|                | Address   |
|                | E-mail Id |
|                | Signature |
| or 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 25<sup>th</sup> Annual General Meeting of the company, to be held on the 29<sup>th</sup> September 2018 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 31-03-2018                                     |
| 2.      | Ordinary resolution for re-appointment of director in place of Mr. Rajesh Gadodia (DIN: 00574465), who retires by rotation and being eligible, offers himself for re-appointment. |
| 3.      | Ordinary Resolution for ratification of Remuneration of Cost Auditors under section 148 of the companies Act, 2013  |
| 4.      | Ordinary Resolution for Appointment and terms of remuneration of Mr. Praveen Kumar Patro as an executive director of the Company  |

Signed this.....day of.....2018

Signature of shareholder : .....

Signature of proxy holder(s) : .....

**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.**

AFFIX  
REVENUE  
STAMP OF  
NOT LESS  
THEN Rs. 1





# SCAN STEELS LIMITED

(CIN L27209MH1994PLC076015 )

**Registered Office :** Office No. 104/105, E-Square, 1St Floor, Subhash Road, Opp. Havmor Ice cream, Vile Parle (East), Mumbai – 400057 , Website : www.scansteels.com Email: secretarial@scansteels.com  
Telephone : +91 02226185461; 02226185462; Fax : +91 02226185463

## **BALLOT FORM FOR VOTING ON RESOLUTIONS IN THE 25th ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON SATURDAY, THE 29TH DAY OF SEPTEMBER, 2018 AT 10.00 A.M.**

1. Name(s) / Registered Address :  
of the sole / first named Member
2. Name(s) of the Joint Holder(s) if any :
3. Registered Folio No. :
4. Number of Share(s) held :

I/We hereby exercise my/our vote in respect of the following resolutions to be passed for the business stated in the Notice of the Annual General Meeting dated 14th August, 2018, by conveying my / our assent or dissent to the resolutions by placing tick ( ✓ ) mark in the appropriate box below :

| Sr. No.                  | RESOLUTIONS   | No. of Shares | I/We assent to the Resolution (FOR) | I /We dissent to the Resolution (AGAINST) |
|--------------------------|---|---------------|-------------------------------------|---|
| <b>ORDINARY BUSINESS</b> |   |               |                                     |   |
| 1.                       | Ordinary resolution for adoption of Audited Financial Statements, Report of the Board of Directors and Auditors for the year ended 31-03-2018                                     |               |                                     |   |
| 2.                       | Ordinary resolution for re-appointment of director in place of Mr. Rajesh Gadodia (DIN: 00574465), who retires by rotation and being eligible, offers himself for re-appointment. |               |                                     |   |
| <b>SPECIAL BUSINESS</b>  |   |               |                                     |   |
| 3.                       | Ordinary Resolution for ratification of Remuneration of Cost Auditors under section 148 of the Companies Act, 2013  |               |                                     |   |
| 4.                       | Ordinary Resolution for Appointment and terms of remuneration of Mr. Praveen Kumar Patro as an executive director of the Company  |               |                                     |   |

### **ELECTRONIC VOTING PARTICULARS**

| <b>EVEN</b><br><b>(E-Voting Event No.)</b> | <b>User ID</b> | <b>Password</b> |
|--|----------------|-----------------|
|  |                |                 |

Signed this.....day of.....2018

Signature of shareholder :.....



## INSTRUCTION

1. In case of those members, who do not have access to e-voting facility, they can use this Ballot form and convey their assent / dissent to each one of the items of business to be transacted at the ensuing AGM.
2. A Member desiring to exercise vote by physical ballot form may complete this Ballot form and send it to the Company at its registered office in the name of Scrutinizer, on or before 28th September, 2018 (05.00 p.m.)
3. The voting shall be reckoned in proportion to a Member's share of the paid up equity share capital of the Company as on 22nd September, 2018.
4. The Scrutinizer's decision on the validity of Ballot form will be final.
5. The Company is pleased to offer e-voting facility as an alternative, for all the shareholders of the Company to enable them to cast their votes electronically instead of dispatching Ballot Form. E-voting is optional. The detailed Procedure of e-voting is enumerated in the Notice of Annual General Meeting.
6. If a shareholder has opted for Physical Ballot Form, then he/she should not vote by e-voting and vice versa. However, in case Shareholders cast their vote through both physical Ballot form and e-voting, then vote cast through e-voting shall be considered, and vote cast through Ballot form subject to the form being found to be valid shall be treated as invalid.
7. The Scrutinizer shall make a Scrutinizer's Report of the votes cast in favour or against, if any, to the Chairman.
8. The Results declared along with Scrutinizer's Report shall be displayed on the notice board of the company at its registered office and its head office as well as corporate office and on the website of company as well as on website of CDSL not later than 3 days of the passing of the resolutions at the AGM of the Company and communicated to Stock Exchanges where the shares of the Company are listed.





**BOOK-POST (Printed Matter)**

To,

.....  
.....  
.....

*If undelivered, please return to:*

**SCAN STEELS LTD.**

**Regd. Office :** Off. No. 104,105, E-Square, Subhash Road,  
Opp. Havmor Ice-Cream, Vile Parle (East), Mumbai - 57  
Tel: 022-26185461/62 Fax 022-26185463

Website: [www.scansteels.com](http://www.scansteels.com)

E-mail: [scansteels@scansteels.com](mailto:scansteels@scansteels.com) / [secretarial@scansteels.com](mailto:secretarial@scansteels.com)