

ANNUAL REPORT &
FINANCIAL STATEMENTS
2016-17

24th Annual General Meeting



THE NEVER ENDING
TECHNOLOGY



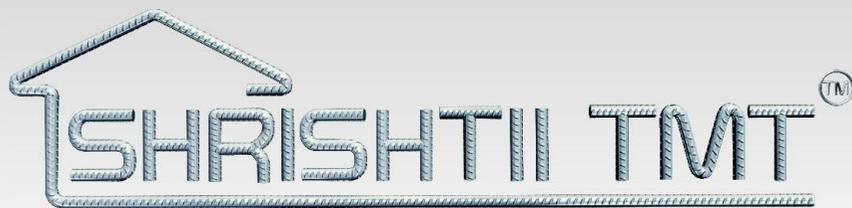
SCAN STEELS LTD.

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



ANDAR SE MAZBOOT



CONTENTS

COMPANY OVERVIEW

Achievements	1-2
Chairman's Message	3-4
Organizational overview of business model and Operations Overview	5-8

NOTICE

Notice convening Annual General Meeting	9-17
Information required under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	18

STATUTORY REPORTS

Directors' Report	20-71
Management Discussion and Analysis Report	72-80
Corporate Governance Report	81-119
Declaration Regarding Code of Conduct by Directors	119
CEO/CFO Certificate.	120
Corporate Governance Certificate	121
Management Responsibility Report	122

FINANCIAL STATEMENTS

Independent Auditors' Report	124-126
Annexure to the Independent Auditors' Report	127-132
Balance Sheet	133
Statement of Profit and Loss	134
Cash Flow Statement	135-136
Notes to Balance Sheet and Statement of Profit and Loss	138-165

Go Green Initiative

Attendance slip

Proxy Form

Ballot Form

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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

PRESIDENT & COMPANY SECRETARY

Shri. Prabir Kumar Das

CHIEF FINANCIAL OFFICER

Shri. Gobinda Chandra Nayak

AUDITORS

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

BANKERS

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

INSURANCE

United India Insurance Company Limited
Bajaj Allianz General Insurance Company Limited
Oriental Insurance Company Limited

REGISTRAR & TRANSFER AGENT

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

REGISTERED OFFICE

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

CORPORATE OFFICE

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

WORKS

Scan Steels Limited
Unit-I : At - Vill- Rambahal, Sundergarh (OD)
Unit-II : Gangajal, Budhakata, Sundergarh (OD)
Unit-III : Bai-bai, Tudalaga, Sundergarh (OD)
Unit-IV : Veniveerapura, Bellary, Karnataka
Ph: 06624-280327/280328,
Fax: 06624-280326
Email – id: secretarial@scansteels.com
Web: www.scansteels.com

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

ACHIEVEMENTS

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

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

VISION

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

OUR MISSION

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

JOURNEY TOWARDS ACHIEVEMENTS

The Scan Group is renowned name in Iron and Steel Industry backed by 23 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, Odisha. In 1996, he started a rolling mill and an induction furnace of the company which is now a complete integrated steel manufacturing unit having its own captive power plants, sponge iron and SMS.

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

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

The Company has been listing with BSE since a long.

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

RESEARCH AND DEVELOPMENT

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

ENVIRONMENT

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

CHAIRMAN'S MESSAGE

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



Dear Shareholders,

It gives me immense pleasure to welcome you all to the 24th Annual General Meeting of your Company. At the outset, I would like to congratulate all board members, shareholders and internal as well as external stake holder. I am extremely happy and satisfied with the contribution of all of our people, who have been directly or indirectly associated with us and contributed for our growth and sustenance year after year. Every company is ought to undergo the roller-coaster during its life cycle for sure , there is no

respite for Scan Steels Ltd also , we have experienced tremor and not tsunami , we withstand and able to stick our neck out in the cracks and cranny of market dynamics . It's only because of our business model and customised strategy to match the market undercurrents. Steel industry still is reeling under recession, topsy-turvy with demand and supply.

World steel market is not in good shape but India is making its dent and mark in world steel map , we leapfrogged to 3rd position beating US this year ,may surpass Japan to be second next to china going forward. To match the consumption and supply china plan to kill capacity which are with obsolete technology. Indian flat products really rein its value better than long products. Cost leadership, Technology up gradation and production differentiation strategy is the mantra for survival to have leverage for organic growth. There was time, when people are thinking about backward integration and forward integration but time has changed. Cost leadership thru technology integration and consolidation taking the lead. Iron ores mines in India still are not full capacity utilization, export has come down. There is very unique situation in Indian steel industry, only consolidation and acquisition spree is becoming the order the day. Financial anomalies forced companies to land in the cobweb of CDR, SDR and finally S4R scheme to bail out. Sick steel companies are under hammer and opportunities buyers are at advantage. The shareholder values have

been eroded like any things; small time investors have already lost money. IBC take its way to settle matter thru insolvency way .Big players with big problem. Once thing is sure, once the steel business in India are consolidated and become big players, there will be lots of scope for small and secondary steel producers like us.

Scan Steels Ltd, we are happy to be small players but having good reckoning in the market .We have our core competencies, market knowledge , value chain and leadership are sustaining us in the market . We become customer's delight by catering them low cost & high quality product. We know the strategic spending and costing. We have people, who are with us since last 22 years; they understand the DNA of SCAN STEELS. I wish all of them to be part of this joyous growth of Scan Steels Ltd.

Indian love cash, demonetization has affected all business including us. Small traders and retailer in villages rely upon cash. Change in tax regime with advent of GST has also brought impact on business. IRR has come down and revenue –operation ratios has been increased, there is barely any leverage to meet financial exigency.

Time has come to invest on technology and product along with strengthening value chain, which can yield result. 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 seize this opportunity to extend our deep thanks and appreciation to all stakeholders and well-wishers for their constant support in our journey of growth.

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

Place: Bhubaneswar
Date: 30th May, 2017

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 group's objectives for the future include:

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

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

Parameters such as Proof stress, tensile strength,

Elongation, Bend test and rebend test are being adopted in our production plant.

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

TECHNOLOGY FOR MANKIND

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

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

OPERATIONS OVERVIEW

THE JOURNEY SO FAR

The business model of the Scan Steel Limited is aligned to its vision of “Becoming the Benchmark in Value Creation and Corporate Citizenship” in the steel industry. Through this, it maintains a strategic focus on continuous value creation for all its stakeholders.

SCAN STEELS LIMITED

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

- DRI unit
- Steel Melting Shop
- TMT Rolling mills
- Captive Power Plant
- Coal Washery

THE SCAN QUALITY TRUST

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

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

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

“ZERO DEFECTS = TOTAL TRUST”

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

This means that the SCAN group is committed to ensure highest quality through constant improvements in human resources, equipment and machinery, materials and processes.

Offering every client nothing but the very best in every product.

SHRISHTII TMT BAR:

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

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

PRODUCT RANGE:

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

The mark of SHRISHTII TMT bar:

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

ADVANTAGES OF SHRISHTII TMT BARS

HIGH TENSILE STRENGTH

SHRISHTII TMT rods are special grade of TMT bars

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

EARTHQUAKE – RESISTANT QUALITY

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

UNIFORM WEIGHT

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

GREATER BENDABILITY AND GRIPPING POWER

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

LOWER CARBON COMPONENT

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

HIGH TEMPERATURE RESISTANCE

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

IMPROVEMENT IN SAFETY PERFORMANCE

In FY 2016-17, majority of the employees at the plants - including associate employees - were trained in various internal safety standards to inculcate good practices.

PROFILE SHEET

The Company introduces SHRISHTII Roofing, a superior quality polypropylene galvanized aluminum sheet ranging from 8ft., 10ft., 12ft., 14ft., 16ft., 18ft. and 20ft.

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 manufactures fly ash bricks in different size. It is good quality of bricks use in captive consumption as well as out side sales.

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 Fourth Annual General Meeting of the members of SCAN STEELS LIMITED will be held on Wednesday, the 20th day of September, 2017 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, 2017 and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Runvijay Singh (DIN:02239382), who retires by rotation and being eligible, offers himself for re-appointment.
3. To ratify the appointment of the auditors of the company and to fix their remuneration, in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

“RESOLVED that pursuant to the provisions of Section 139 and such other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time and pursuant to the resolution passed by the Members at the Twenty First Annual General Meeting (AGM) held on December 30, 2014 in respect of appointment of the auditors, M/s. SRB & Associates, Chartered Accountants (Firm's Registration No. 310009E) (SRB), till the conclusion of the AGM to be held in the year 2019, the Company hereby ratifies and

confirms the appointment of SRB, as Auditors of the Company to hold office from the conclusion of this AGM till the conclusion of the Twenty Fifth AGM of the Company to be held in the year 2018 to examine and audit the accounts of the Company for the Financial Year ending March 31, 2018 on such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS:

4. Ratification of Cost Auditors' Remuneration

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

“Resolved that, in accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit & Auditors), Rules, 2014 (including any statutory modification(s) thereto or re-enactment thereof, for the time being in force), the remuneration of Messrs. Ray, Nayak & Associates, Cost Accountants, appointed by the Board of Directors of the Company as the Cost Auditors to conduct audit of Cost Records maintained in respect of all applicable products of the Company for the financial year 2017-18, at ₹45000/- plus tax as applicable, and reimbursement of out-of-pocket expenses incurred, be and is hereby ratified.”

**BY ORDER OF THE BOARD
FOR SCAN STEELS LIMITED**

Sd/-

Prabir Kumar Das

(President & Company Secretary)

Place: Bhubaneswar

Date: 14th August, 2017

NOTES

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

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

4. In terms of Section 152 of the Companies Act, 2013, Mr. Runvijay Singh (DIN:02239382), Director, retire by rotation at the Meeting and being eligible, offer himself for re-appointment.

The Board of Directors of the Company commends their respective appointment / re-appointments. Brief resume of Directors including those proposed to be re-appointed, nature of their expertise in specific functional

areas, names of Listed companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is furnished as annexure to the Notice. The Directors have furnished consent / declaration for their appointment / re-appointment as required under the Companies Act, 2013 and the Rules there under.

5. Members are requested to notify any change of address or bank mandates:
 - a. To their depository participants (DP) in respect of shares held in dematerialized form, and
 - b. To Registrar and Share Transfer Agent of the Company- Adroit Corporate Services Pvt. Ltd, whose office is located at 19, Jafferbhoy Industrial Estate, 1st Floor, Makwana Lane , Marol Naka, Andheri-E, Mumbai - 400059, Maharashtra, in respect of shares in physical form, to notify their change of address/ residential status/email-id, bank details etc., if any, under their signatures and quoting respective folio number.
6. Members are requested to kindly mention their Folio Number / Client ID and DP ID Number (in case of demat shares) in all their correspondence with the Companies Registrar in order to reply to their queries promptly, and for easy identification.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Members are requested to bring your copies of the Annual Report/ the Notice of the meeting along with the Attendance Slip with them duly filled in and hand over the same at the entrance of the Meeting Hall.

24th Annual General Meeting

9. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 13th day of September, 2017 to Wednesday, the 20th day of September, 2017 (both day inclusive).
10. Members desirous of obtaining any information concerning Accounts and operations of the Company are requested to address their questions in writing to the Company at an early date so as to enable the management to keep the information ready at the meeting.
11. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with our Registrar & Share Transfer Agent - Adroit Corporate Services Pvt. Ltd, whose office is located at 19, Jafferbhoy Industrial Estate, 1st Floor, Makwana Lane , Marol Naka, Andheri-E, Mumbai - 400059, Maharashtra.
12. In accordance with the Companies Act, 2013 read with the rules framed there under, the Annual Report 2016-2017 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 2016-2017 is being sent by the permitted mode.
13. Members may also note that the Notice of the 24th Annual General Meeting and the Annual Report for the financial year ended on 31.03.2017 will also be available on the Company's website 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
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / RTA - Adroit Corporate Services Pvt. Ltd.
15. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
16. Corporate Members intending to send their authorized representatives to attend the AGM Pursuant to Section 113 of Companies Act, 2013 are requested to send to the Company a certified true copy of the Board resolution authorizing

their representative to attend and vote on their behalf at the Meeting.

17. Members are requested to bring their Identity Card or Details of Shares Held (eg. Folio No./ DP ID, CLIENT ID etc.) for easy identification of attendance at the Meeting Hall.
18. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form SH - 13 can be obtain from Adroit Corporate Services Pvt Limited (RTA),. Members holding shares in electronic form may obtain Nomination forms from their respective Depository Participant (DP).
19. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Adroit Corporate Services Pvt Limited (RTA), for consolidation into a single folio.

20. VOTING THROUGH ELECTRONIC MEANS

In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting by electronic means and the business may be transacted through e-voting services arranged by Central Depository Services (India) Limited ("CDSL"). The members may cast their votes using an electronic voting system from a place other than the venue of the Annual General Meeting ("remote e-voting"). In order to enable the Members, who do not have the access to e-voting facility, to send their assent

or dissent in writing in respect of the resolutions as set out in this Notice, the Company is enclosing a Ballot Form with the Notice. Instructions for Ballot Form are given at the back of the said form and instructions for e-voting are given here in below.

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

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

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

- (i) The remote e-voting period begins on Sunday, 17th September, 2017 from 9.00 a.m. and ends on Tuesday, 19th September, 2017 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 13th September, 2017, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting after 5.00 p.m. on 19th September, 2017.
- (ii) The shareholders should log on to the e-voting website 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.

24th Annual General Meeting

- (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 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"> 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. 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.
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"> 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).

- (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 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
 - 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 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, Deputy Manager of CDSL (Contact No - 18002005533). In case you have any queries or issues regarding e-voting, you may also refer the Frequently Asked Question (FAQ) and e-voting manual available at www.evotingindia.com under the help section or write an email to 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 13th September, 2017 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., 13th September, 2017, may obtain the login ID and password by sending a request at 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.
- (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.

24th 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) and the website of CDSL (www.cdslindia.com)

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

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

23. Voting through Physical Ballot Form:

The members who do not have access to remote e-voting, are requested to fill in the physical ballot form being part of the Annual Report (a copy of the same is also part of the soft copy of the Annual Report) and submit the same in a sealed envelope to the Scrutinizer. Unsigned, incomplete or incorrectly ticked forms shall be rejected. The ballot form must be received by the Scrutinizer at the office address on or before 19th September, 2017 (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.

24. Voting Facility at AGM

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

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

26. The Chairman or a person authorised by him in writing shall declare the result of voting forthwith.

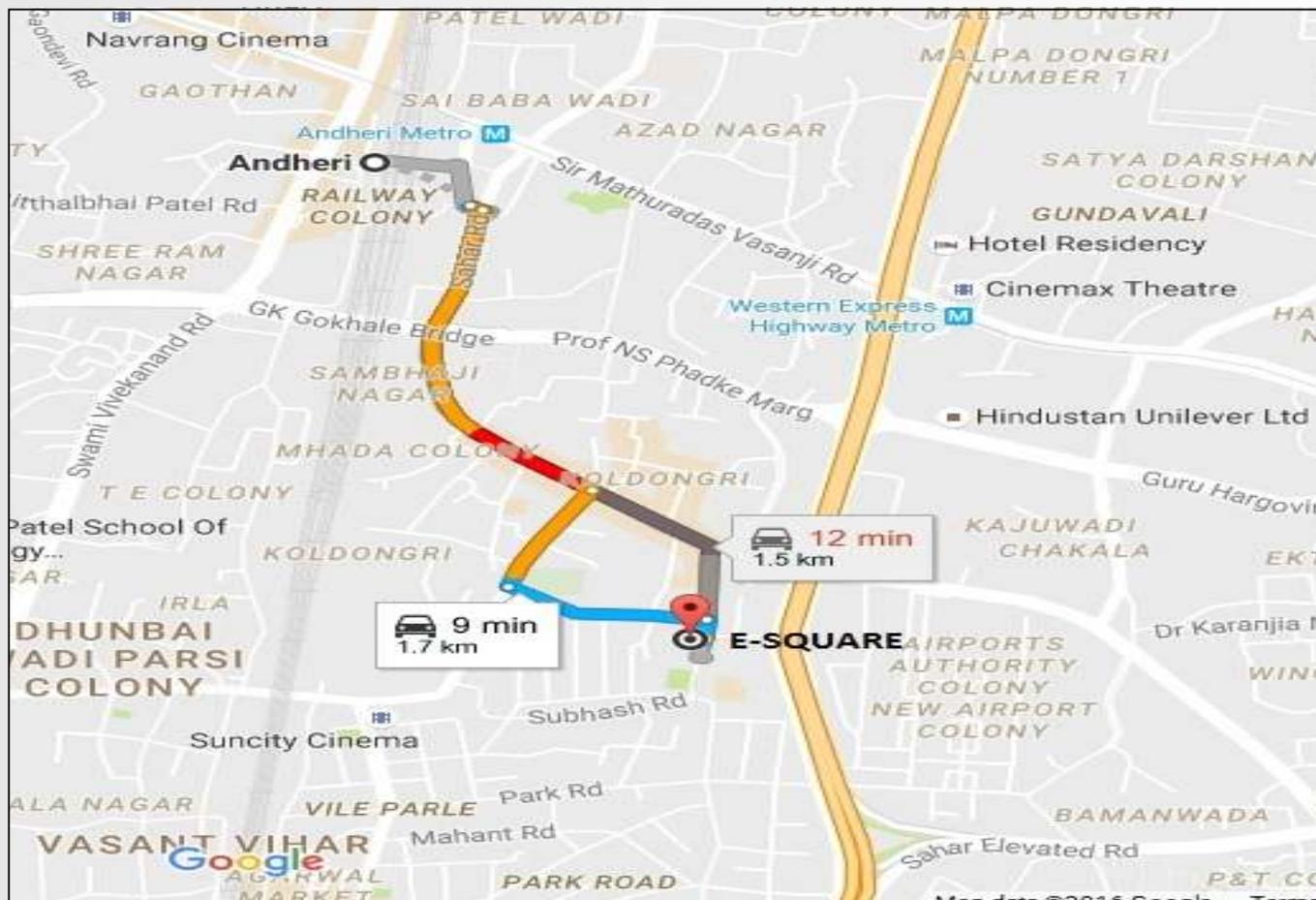
27. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.scansteels.com and on the website of CDSL www.evotingindia.com immediately after the result declared by the Chairman or any other person authorised by the Chairman and the same shall be communicated 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 be passed to have been passed on the date of the Annual General Meeting (i.e. 20th September, 2017)

28. The investors may contact the Company Secretary for redressal of their grievances / queries. For this purpose, they may either write to

him at the Registered office address or e-mail their grievances / queries to the Company Secretary at the following e-mail address: secretarial@scansteels.com

29. Route-map from Andheri Railway Station to E-Square, the venue of the Meeting is as under.



REGISTERED OFFICE:
104-105, "E-Square", Subhash Road,
Opp. Havmor Ice Cream,
Vile Parle (E), Mumbai - 400 057
CIN: L27209MH1994PLC076015
Website: www.scansteels.com
Email Id: secretarial@scansteels.com

**BY ORDER OF THE BOARD
FOR SCAN STEELS LIMITED**

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

Place: Bhubaneswar
Date: 14th August, 2017

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 10th August, 2017.

ITEM NO. 3

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

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

In view of the above, SRB continuing to be eligible to act as Auditors of the Company and based on the

recommendation of the Audit Committee at its Meeting held on May 30th, 2017 and pursuant to Rule 3 of the Companies (Audit and Auditors) Rules, 2014, the Board commends the Resolution at Item No. 3 for approval by the Members.

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

ITEM NO. 4

The Board of Directors of the Company ('the Board') at the meeting held on 30th May, 2017, 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 2017-18 at a remuneration of ₹45000/- plus tax as applicable and reimbursement of out-of-pocket expenses 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. 4 of the notice for ratification of the payment of remuneration of the cost auditors for FY 2017-18.

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

REGISTERED OFFICE:

104-105, "E-Square", Subhash Road,
Opp. Havmor Ice Cream,
Vile Parle (E), Mumbai - 400 057
CIN: L27209MH1994PLC076015
Website: www.scansteels.com
Email Id: secretarial@scansteels.com

**BY ORDER OF THE BOARD
FOR SCAN STEELS LIMITED**

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

Place: Bhubaneswar
Date: 14th August, 2017

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			Share-holdings in the Company	Directors inter-se relation
					Directorship	Chair-person of Board Committees	Members of Board Committees		
Mr. Runvijay Singh	37 years	Mechanical Engineer	He has more than 12 years of industrial and business experience in steel sector. He is involved in Taxation, Finance and Liaison with Govt. / Non-Govt. department.	Executive Director	Nil	Nil	Nil	Nil	Nil

STATUTORY REPORTS

2016-17

DIRECTOR'S REPORT

Dear Shareowners,

Your Directors have pleasure in presenting the Twenty Fourth Annual Report of your Company together with the Audited Financial Statements for the year ended March 31, 2017.

FINANCIAL HIGHLIGHTS / RESULTS

Your Directors take pleasure in presenting the 24th Annual Report on the business and operations of your Company along with the financial statements for the year ended 31 March, 2017.

(₹ In Lacs)

	2016-2017	2015-2016
Gross Turnover and other Income	42,024.03	38,972.71
Profit / (Loss) before Tax	(1,493.34)	(3,301.60)
Less : Tax Expenses		
Current Tax		-
Deferred Tax (Charge)/ Credit	(3,12.77)	(3,119.59)
Profit After Tax	(1,180.57)	(172.23)
Less : Prior Period Expenses	-	9.78
Net Profit for the year	(1,180.57)	(182.01)
Surplus Brought Forward from last balance sheet	600.21	687.29
Add: Earlier Year Adjustment (Tax)	5.12	94.92
Less: Adjustment for net carrying amount of tangible fixed assets	-	-
Balance at the end of the year	(575.24)	(600.21)

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 2017 has been prepared in accordance with Ind AS. The financial statements for the year ended 31st March 2016 have been restated to comply with Ind AS to make them comparable.

The effect of the transition from IGAAP to Ind AS has been explained by way of an reconciliation in the Standalone Financial Statements.

RESULTS OF OPERATIONS & STATE OF AFFAIRS OF THE COMPANY

The gross turnover from manufacturing operation and including of other income, the company has achieved ₹42,024.03 lakhs which is incremental income of ₹3,051.32 lakhs as compared to corresponding period of last fiscal. There is an enhancement of 7.83% in gross sales and other income due to incremental quantity movement as compared to last fiscal. The net Loss after tax was ₹11.81 crores as compared to previous year loss of ₹1.82 crore. The reason of Loss is unprecedented movement in realization price of the finished product of the company.

The Company produced 62,542 tonnes (MT) of TMT Rods in FY 2016-17, increased by 27.58% in compare to the previous year and sold 46,611.00 MT, decreased by 21.65% 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 31 st March, 2017	Years ended 31 st March, 2016	Years ended 31 st March, 2017	Years ended 31 st March, 2016
Sponge Iron	148179.120	133529.280	105152.170	98,638.27
MS Ingot/ Billet	68767.000	39648.000	7865.760	5,410.65
Long and Flat Products	62542.000	49025.500	64919.270	46,611.94

NEW PROJECTS AND EXPANSION

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

Sr. No.	Unit	Product	Rated Capacity	Annual Production in TPA
1.	DRI Kiln	Sponge Iron	2 X 500 TPD	3,00,000
2.	Blast furnace 175 M ³	HM/Pig Iron	350 TPD	122,500 Hot Metal / 36,750 Pig Iron
3.	Captive Power Plant	Power	30 MW (20 MW WHRB + 4 MW BF Gas based (TRT) + 6 MW AFBC)	-

Sr. No.	Unit	Product	Rated Capacity	Annual Production in TPA
4.	SMS ? Induction Furnace ? Elec. Arc Furnace ? Ladle Refining Furnace ? Continues Casting M/c.	Billets	2 x30 T 1x30 T 1x4 Strand	3,11,040
5.	Pellet Plant	Iron Ore Pellet	4,000 TPD	12,00,000
6.	Submerged Arc Furnace	Silico Management	2x 7.5 MVA	10,200
7.	Rolling Mill-1	TMT Rods/ Bars	1 x 38 TPH	2,00,000
8.	Rolling Mill-2	Structural Steel	1 x 38 TPH	2,00,000
9.	Galvanizing Plant	Galvanized Product	20 TPH	1,08,000
10.	Oxygen Plant	Oxygen	4800 Nm ³ /hr	622 Mn. Nm ³ /year

GREENFIELD PROJECT

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

OUTLOOK

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

MARKETING ARRANGEMENT

The Company has a Well-organized Marketing Department We have major market share in Odisha

and also catering to outside states. We are in the process expanding our market plan in India by appointment of Dealers at other major cities across India. We also directly sell to the Customers through our Marketing staffs and agents.

DIVIDEND

In view of the losses incurred during the FY 2016-17, your Board of Directors has not recommended any dividend on equity shares as well as on preference shares.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

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

TRANSFER TO RESERVE

During the financial year 2016 -17, the company has not transfer any amount to the reserve. the Company is maintaining a balance of ₹1344.12 Lacs in General Reserve, ₹554.73 Lacs in Capital Reserve, and there is a loss of ₹575.23 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 Accounting Standard (AS)-21 on Consolidated Financial Statements read with AS - 23 on Accounting for Investments, the company does not have any investment in the Subsidiary Company, Joint Ventures Company or any other Associates Company therefore the Consolidation of Financial Statements is not applicable.

DETAILS OF SUBSIDIARY / JOINT VENTURES / ASSOCIATE COMPANIES

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

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

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

- a. accepted during the year – ₹2,53,74,000/-
- 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

Company is in to Steel Manufacturing Business and also expended its business activities into Derivatives market and now in to setting up a power Plant to generate electricity for captive and distribute by using coal, coal-waste, Hydro Power and conserving heat arising out of production process of owned units and adjacent units and to use, purchase, sale electricity subject to government regulation.

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 committed 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.

24th Annual General Meeting

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

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

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

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

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.

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 - 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 2.3(B) 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.

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

Mr. Ankur Madaan, Whole- Time Director, of the Company, and Mr. Prabir Kumar Das, Company Secretary and Compliance Officer of the Company and Mr. Gobinda Chandra Nayak, Chief Financial Officer of the Company authorized by the Board for the purpose of determining the materiality of an event or information, in terms with the Company's Policy on disclosure of material event / information and archival policy to comply with the Provisions of Regulation 30 (5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and they are jointly

and severally authorized to make necessary disclosure to stock exchanges regarding the same on behalf of the Company.

BRANDING INITIATIVE

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

INSURANCE

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

INDUSTRIAL RELATIONS AND PERSONNEL

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

FINANCE

During the year the company has faced finance crises and could not meet financial commitment in time reason being liquidity problems arose due to sluggish economical conditions of the country resulting lower

24th Annual General Meeting

demand and low price of finished products and cheaper import of Steels products into India.

The banker State Bank of India, being leader of Consortium has treated its lending facilities to the company as non-performing on 28th November, 2015. To get rid of this situation, the Company has placed the re-structuring proposal to the consortium members. The proposal is under process with the lead bank i.e. State Bank of India. The insufficient cash flow due to drastic reduction in prices of steel products, cheaper imports into India & slowdown of global economy, being the reasons for non honoring commitments to the bank.

BANKERS AND CONSORTIUM ARRANGEMENT

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

SAFETY

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

HUMAN RESOURCE DEVELOPMENT

The company has been given much emphasis on Human Resources Development and thus has been well recognized in the steel industrial for sound Human Resources Management. The Company has

emerged as a true national firm with cosmopolitan atmosphere.

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

activities to be undertaken by the Company, which has been approved by the Board.

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

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

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

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

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

The CSR Policy of the Company is available on the company's website at www.scansteels.com - Investor Relations Segment.

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. The paid-up equity share capital as on March 31, 2017 was ₹51,55,22,950 (Fifty one Crore Fifty Five Lakhs Twenty Two Thousand Nine Fifty) divided

into 5,15,52,295 (Five Crore Fifteen Lakhs Fifty Two Thousand Two Hundred Ninety Five) fully paid up Equity Shares of ₹10/- (Rupees Ten Only) each and the preference share capital was ₹12,84,96,050/- (Twelve Crore Eighty Four Lacs Ninety Six Thousand Fifty) divided into 1,28,49,605 (One crore Twenty Eight Lacs Forty Nine Thousand Six Hundred Five only) fully paid up NCRPS of ₹10/- (Rupees Ten) each.

During the Year under review the company has allotted 27,46,665 Equity Shares of ₹10 / - each on Conversion of Warrants in to Equity Shares.

The aggregate outstanding amount of Warrants of the company as on March 31, 2017 was ₹40,000,250 /- representing 8,00,005 warrants convertible into equity shares.

However, as 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.

Thereby, 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 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.

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. Runvijay Singh (DIN:02239382), 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.

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 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.

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 - Investor Relations Segment.

Familliarisation Programme for Independent Directors.

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

The company familiarises the Independent Directors of the Company with their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc and related matters are put up on the website of the Company at www.scansteels.com - 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 March, 2017 and All the Independent Directors were present at the said Meeting.

The Independent Directors at the meeting reviewed the following:

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

Post the Annual ID meeting, the collective feedback of each of the Independent Directors was discussed by the Chairperson of the Nomination Remuneration Committee with the Board covering performance of the Board as a whole, performance of the non-independent directors and performance of the Board Chairman.

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

BOARD ANNUAL EVALUATION

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

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

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

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

and contribution to Board deliberations, independence of 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 Directors expressed their satisfaction with the evaluation process.

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

MANAGERIAL REMUNERATION:

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

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

CODE OF INDEPENDENT DIRECTORS - SCHEDULE-IV

The Board has considered Code of Independent Directors as prescribed in Schedule IV of the Companies Act, 2013. The code is a guide to professional conduct for independent directors' adherence to these standards by independent

directors and fulfillment of their responsibility in a professional and faithful manner will promote confidence of the investment community and regulators.

The broad items for code for independent directors are:

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

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

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

The Board of Directors has adopted the Insider Trading Policy in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

The Insider Trading Policy of the Company lays down guidelines and procedures to be followed, and disclosures to be made while dealing with shares of the Company. As well as the consequences of violation. The Policy has been formulated to regulate, monitor and ensure reporting of deals by employees and to maintain the highest ethical standards of dealing in Company Securities.

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

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

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

DIRECTORS RESPONSIBILITY STATEMENT

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

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2017 and of the profit and loss of the company for the year ended on that date;
- c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The directors had prepared the annual accounts on a going concern basis; and

- e) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS AND AUDITOR'S REPORT

STATUTORY AUDITORS

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

In terms of the first proviso to section 139 of the companies act, 2013, the appointment of the Auditors shall be placed for ratification at every annual general meeting. Accordingly, The Board, on the recommendation of the Audit Committee, has recommended for the ratification of the Members the appointment of M/s. SRB & Associates, from the conclusion of the ensuing AGM till the conclusion of the 25th AGM. Appropriate resolution for the purpose is appearing in the Notice convening the 24th AGM of the Company.

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

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

AUDITORS' REPORT

Explanation to Auditor's emphasis of matter:

Auditors have in their report drawn attention to Note No. 2.5 to the financial statements which describes that the company has defaulted on debt payments to consortium lenders, due to unprecedented adverse developments witnessed by industry as a whole during the financial year.

In the opinion of the Board, The company's funding has been funded through consortium member banks. The leader State Bank of India alongwith two other member banks have classified the asset as Non-performing Assets in their books of account during the year under review and in earlier year. Besides this, rest of the member banks have also classified the asset as Non-performing Assets but for which the company has not received any communication in this regard.

The monthly interest application has been made by the three member banks and the other members have not applied the monthly interest since the account is treated as "Non-performing Assets". The non charging of interest, by the three member banks, has an impact on the profitability of the company for aggregating loan of ₹12628 lakhs which was extended to the company, the interest component not being determinable as of now.

Auditors have in their report drawn attention to Note No-2.6 to the financial statements which describes that the company has advance from customers for more than 365 days.

In the opinion of the Board, The Company has advance from customers for more than 365 days which is against the provisions of Sec 73 of the Companies Act, 2013 which states that "Any money received as advance in the course of ordinary business shall be treated as deposit if goods or services are not provided within 365 days of receipt". It is to be clarified that the company is in the process of identifying the reasons of such accumulation. Also

necessary correspondences has been made in this regards and will be squared off in the coming financial year.

The Company has advance from customers for more than 365 days which is against the provisions of Sec 73 of the Companies Act, 2013 which states that "Any money received as advance in the course of ordinary business shall be treated as deposit if goods or services are not provided within 365 days of receipt".

Auditors have in their report drawn attention to Note No-2.7 to the financial statements which describes on steps taken by the company for transition to Ind AS compliance.

In the opinion of the Board, The company has opted to implement / adopt the following policies and procedures as per the Indian GAAP irrespective of the requirements and compliance on transition to Ind AS:

1. **Componetisation:** As per prevailing practice, company componetises fixed assets as detailed in the Invoice. It does not have a separate componetisation 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.
2. **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.
3. 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.
4. 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 2017 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, 2017 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 2017-18 on a remuneration of ₹45,000/- plus tax as applicable and reimbursement of actual travel and out of pocket expenses.

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

The Cost Audit Report for the Financial year ended 31st March, 2016 was filed in XBRL mode on 27th September, 2016.

The Cost Auditor submitted their Cost Audit Reports for the financial year 2016-2017 to the Board and the report does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDITORS AND AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial

Personnel) Rules, 2014, the Company had appointed M/s. K.K.Giri & Associates, a Practicing Company Secretary (CP No-14459) having office at 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) of the Companies Act, 2013.

The Board at its meeting held on May 30, 2017, 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 FY 2017-18.

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 2016-2017 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.

RISK MANAGEMENT

The Board has set up a Risk Management Committee in Compliance with Companies Act, 2013 and

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

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

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

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

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual

harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under.

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

CORPORATE GOVERNANCE

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

E-VOTING FACILITY AT AGM

In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company is pleased to provide members facility to exercise their votes for all the resolutions detailed in the Notice of the 24th 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.

INDUSTRIAL RELATIONS

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

DISCLOSURES

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

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

EXTRACT OF THE ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the

Companies (Management and administration) Rules, 2014 and Section 134(3)(a) of Companies Act, 2013 is furnished in 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, guarantees made by the Company under Section 186 of the Companies Act, 2013 during the year under review. However the company has made the Investment in quoted securities as a long term investments and the details of the investments covered under the provisions of section 186 of the companies act, 2013 are given in the financial statements.

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

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

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

The total number of employees as on 31st March, 2017 stood at 1533.

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.

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

ACKNOWLEDGEMENTS

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

FOR AND ON BEHALF OF THE BOARD
Ankur Madaan, Whole-Time Director
(DIN: 07002199)
Runvijay Singh, Director
(DIN: 02239382)

Place: Bhubaneswar
Date: 30th May, 2017

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 'A'

Form No. AOC-2
(Pursuant to clause (h) of sub-section (3) of section 134 of
the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 and Related Party Transactions Justification for Entering into Related Party Transactions referred to in sub-section (2) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

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

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

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

(a) Name(s) of the related party and nature of relationship	(b) Nature of contracts / arrangements / transactions	(c) Duration of the contracts / arrangements / transactions	(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	(e) Date(s) of approval by the Board, if any:	(f) Amount paid as advances, if any:
Nav Durga Fuel Private Limited, One director is member	Sale and Purchase products, goods etc.	Continuous Basis	Sale of Steel Products, Purchase of Steel/Scrap and allocating common corporate expenditure, providing guarantee, etc. at arm's length basis. (for details of transactions during the year refer Note 2.3(B) to the financial statements)	Please refer note below	Nil
Scan Energy & Power Limited, One director is holding more than two percent of its paid up share capital	Sale of Steel Products, Purchase of Steels etc.	Continuous Basis	Sale of Steel Products, Purchase of Steel/Scrap and allocating common corporate expenditure, providing guarantee, etc. at arm's length basis. (for details of transactions during the year refer Note 2.3(B) to the financial statements)	Please refer note below	Nil

Note: as per regulation 23 of the SEBI Listing Regulations, 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, 2017

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- Investor Relations Segment.

2. The Composition of the CSR Committee.

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

The composition of CSR Committee is as Mentioned below:

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

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

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

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

NIL

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

- (a) Total amount to be spent for the financial year - Nil
 (b) Amount unspent, if any - NA
 (c) Manner in which the amount spent during the financial year is detailed below.

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

*Give details of implementing agency.

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

As there are average losses in the company during the three immediately preceding financial years hence company could not 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.

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
 Chairman 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, 2017

ANNEXURE 'C'

POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTOR'S INDEPENDENCE

1. Introduction

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

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

2. Scope and Exclusion :

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

3. Terms and References:

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

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

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

3.3 "Independent Director" means a director

referred to in sub-section (6) of section 149 of the companies Act, 2013 and Regulation 16 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

4. Policy :

4.1 Qualification and criteria

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

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

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

4.1.3 The proposed appointee shall also fulfill the following requirements:

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

- Shall Endeavour to attend all Board Meetings and wherever he is appointed as a committee members, the committee Meetings;
 - Shall abide by the code of conduct established by the Company for Directors and senior Management Personnel;
 - Shall disclose his concern or interest in any company or companies bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
 - Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other relevant laws.
- 4.1.4** The Nomination and Remuneration committee shall evaluate each individual with the objective of having a group that best enables the success of the Company's business.
- 4.2 Criteria of Independence**
- 4.2.1** The Nomination and Remuneration Committee shall assess the independence of Director at the time of appointment/re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.
- 4.2.2** The criteria of independence, as laid down in Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is as below:
- An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director-
- a. Who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
 - b.(i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
 - (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
 - c. Who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial year or during the current financial year;
 - d. None of whose relatives has or had pecuniary relationship or transaction with the company, its holding subsidiary or associate company, or their promoters, or director, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial years;
 - e. Who, neither himself nor any of his relatives –
 - (i) Holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - (ii) Is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial in which he is proposed to be appointed, of—
 - (A) A firm of auditors or company secretaries in practice or cost auditors of the company or its

- holding, subsidiary or associate company; or
- (B)** Any legal or a consulting firm that has or any transaction with the company its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
- (iii)** Holds together with his relative two per cent or more of the total voting power of the company; or
- (iv)** Is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts from the company, any of its promoter, directors or its holding, subsidiary or associate company or that holds two per cent or more of more of the total voting power of the company; or
- (v)** Is a material supplier, service provider or customer or a lessor or lessee of the company
- f.** Shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research corporate governance, technical operations, corporate social responsibility or other disciplines related to the Company's business.
- g.** Shall possess such other qualifications as may be prescribed, from time to time, under the Companies Act, 2013
- h.** Who is not less than 21 years of age
- 4.2.3** The Independent Director shall abide by the "Code for Independent Directors" as specified in schedule IV to the Companies Act, 2013

4.3 Other directorship/committee memberships

- 4.3.1** The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorship in other listed public limited companies in such a way that is does not interfere with their role as directors of the Company. The Nomination and Remuneration Committee shall take into account the nature of, and the time involved in a Director's service on other Boards, in evaluating the suitability of the individual Directors and making its recommendations to the Board.
- 4.3.2** A Director shall not serve as Director in more than 20 companies of which not more than 10 shall be Public Limited Companies.
- 4.3.3** A Director shall not serve as an Independent Director in more than 7 Listed Companies and not more than 3 listed Companies in case he is serving as a whole-time Director in any Listed Company.
- 4.3.4** A Director shall not be a member in more than 10 Committees or act as Chairman of more than 5 Committees across all companies in which he holds directorships.

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

ANNEXURE 'D'

SCAN STEELS LIMITED (SSL) NOMINATION AND REMUNERATION POLICY

INTRODUCTION

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

OBJECTIVE

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

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

of Directors, key managerial personnel and other employees.

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

APPLICABILITY

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

DEFINITIONS

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

24th Annual General Meeting

“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.

24th Annual General Meeting

- 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. 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 2017
[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, 2017, 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, 2017 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the Rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company :-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not Applicable to the Company during the audit period);**
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the company during the audit period);**
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer

- Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g.** The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable to the company during the audit period)** and
- h.** The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not Applicable to the company during the audit period)**
- 6.** All relevant laws applicable to the Company as provided by the management hereunder :
- A. INDUSTRIAL & LABOUR LAWS**
1. Factories Act, 1948;
 2. Industrial Disputes Act, 1947
 3. The Apprentices Act, 1961
 4. The Contract Labour (Regulation and Abolition) Act, 1970
 5. The Employees Provident Funds and Miscellaneous Provisions Act, 1952
 6. The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
 7. The Equal Remuneration Act, 1976
 8. The Industrial Employment (Standing Orders) Act, 1946
 9. The Maternity Benefit Act, 1961
 10. The Minimum Wages Act, 1948
 11. The Payment of Bonus Act, 1965
 12. The Payment of Gratuity Act, 1972
 13. The Payment of Wages Act, 1936
 14. The Workmen's Compensation Act, 1923
 15. Odisha/ Karnataka Labour Welfare Act
- B. ENVIRONMENT RELATED**
1. Air (Prevention & Control of Pollution) Act, 1981
 2. Water (Prevention & Control of Pollution) Act, 1974
 3. Hazardous Waste (Management & Handling) Rules, 1989
 4. Manufacture, Storage and Import of Hazardous Chemical Rules, 1989
 5. Environment (Protection) Act, 1986
 6. Water Cess Act, 1977
- C. PLANT RELATED**
1. Standard of Weights & Measures (General) Rules, 1987
 2. The Electricity (Supply) Act, 1948
 3. The Indian Boilers Act, 1923: Part of Factories Act
 4. The Indian Electricity Act, 2003
 5. The Explosive Act, 1884
 6. The Gas Cylinder Rules, 2004
- D. TAXATION-DIRECT AND INDIRECT TAXATION (INCLUDING SALES TAX AND MUNICIPAL/LOCAL LEVIES)**
1. Income Tax Act, 1961
 2. Central Sales Tax Act, 1956
 3. Odisha VAT Act/ Karnataka Sales Tax Act
 4. Octroi / Entry Tax
 5. Cess and other Related Local Levies
 6. Electricity Payments (Indian Electricity Act, 2013)
 7. Panchayat
 8. Motor Vehicles Act
 9. Central Excise Act, 1944
- E. INSURANCE**
- Public Liability Insurance Act
- F. MOVEMENT RELATED**
- The Indian Port Act, 1909 & Major Port Act, 1960
- G. BRANCH OFFICE RELATED**
- Shop and Establishment Act

24th Annual General Meeting

H. APPLICABLE LOCAL / MUNICIPAL LAWS

I. COMPETITION LAW

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

(i) Secretarial Standards

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

(ii) Listing Agreements

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

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

We further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on

agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

we further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company had the following specific events:

1. Main Object Clause of Memorandum of Association of the company altered by adding the activities relating power plant under new sub-clause 5 after existing sub-clause 4 in Clause III (A) which was duly approved by the Members through Postal Ballot Notice Dated 14.02.2017 result of which was declared on the 30.03.2017.

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

**For K.K. Giri & Associates,
Company Secretaries**

Sd/-

Kamala Kanta Giri

ACS No.: 34449

C.P. No. 14459

**Place: Bhubaneswar
Date: 30th May, 2017**

*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 / Managing Director taken on record by the Board of the Company, in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws & Environment laws.
8. We further report that the Compliance by the Company of applicable Financial laws like Direct & Indirect tax laws has not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

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

Place: Bhubaneswar
Date: 30th May, 2017

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, 2017
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of
the Companies (Management and Administration) Rules, 2014]**

I. REGISTRATION AND OTHER DETAILS:

Sr. No. Particulars	Details
1. Corporate Identification Number	L27209MH1994PLC076015
2. Registration Date	18/01/1994
3. Name of the Company	Scan Steels Limited
4. Category of the Company	Public Company
5. Sub-Category of the Company	Limited by Shares
6. Address of the Registered office and contact details	104/105, 'E-Square', Subhash Road, Opp. Havmor Ice-cream, Vile-Parle (East), Mumbai – 400057, Maharashtra. Email: secretarial@scansteels.com Website: www.scansteels.com Tel. Ph. 022-26185461 / 62 Fax: 022-26185463
7. Whether listed company	Yes
8. Name, Address and Contact details of Registrar and Transfer Agent, if any	Adroit Corporate Services Pvt Limited 19, Jafferbhoy Industrial Estate, Makwana Lane, Marol Naka, Andheri (E), Mumbai-400 059. Tel Ph. – 022-28596060 / 022-28594060 Email: sandeeps@adroitcorporate.com rameshg@adroitcorporate.com prafuls@adroitcorporate.com Website: www.adroitcorporate.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of Main Products/ Services	NIC Code of the Product / service	% to total turnover of the Company#
1	Manufacturing of TMT Re bars / Flat / Angel / Chennel	2715	46.79
2	Manufacturing of Sponge Iron	2712	34.52
3	Trading Sales – Steel Products		5.93

#% of Total Turn-over of the Company

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

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

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2016)				No. of Shares held at the end of the year (As on 31-03-2017)				% of change during the years
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. PROMOTERS									
(1) Indian									
a) Individual/HUF	10231909	-	10231909	20.96	10231909	-	10231909	19.85	(1.11)
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) state Govt. (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	14950076	-	14950076	30.63	14950076	-	14950076	29.00	(1.63)
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
SUB-TOTAL (A)(1)	25181985	-	25181985	51.60	25181985	-	25181985	48.85	(2.75)
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individual	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d)) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
SUB-TOTAL(A)(2)	-	-	-	-	-	-	-	-	-
TOTAL SHAREHOLDING OF PROMOTER (A) = (A)(1) + (A)(2)	25181985	-	25181985	51.60	25181985	-	25181985	48.85	(2.75)
B. PUBLIC SHAREHOLDING									
1. Institutions									
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	-	-	-	-	-	-	-	-	-
SUB- TOTAL(B)(1)	-	-	-	-	-	-	-	-	-

24th Annual General Meeting

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2016)				No. of Shares held at the end of the year (As on 31-03-2017)				% of change during the years
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
2. Non- Institutions									
a)Bodies Corporate									
i)Indian	21933035	42200	21975235	45.03	21921959	1055532	22977491	44.57	(0.46)
ii)Overseas	-	-	-	-	-	-	-	-	-
b)Individuals									
I)Individual shareholders holding nominal share capital up to ₹ 2 lakh	565094	237200	802294	1.64	654957	236200	891157	1.73	0.09
II) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	845689	-	845689	1.73	2500689	-	2500689	4.85	3.12
c) others	-	-	-	-	-	-	-	-	-
Clearing Member	-	-	-	-	497	-	497	-	-
NRI	427	-	427	-	476	-	476	-	-
SUB-TOTAL(B)(2)	23344245	279400	23623645	48.40	25078578	1291732	26370310	51.15	2.75
TOTAL PUBLIC SHAREHOLDING (B) = (B) (1) + (B)(2)	23344245	279400	23623645	48.40	25078578	1291732	26370310	51.15	2.75
c. SHARE HELD BY CUSTODIAN FOR GDRS & ADRS	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A+B+C)	48526230	279400	48805630	100	50260563	1291732	51552295	100	-

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (01-04-2016)			Share holding at the end of the year (31-03-2017)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total Shares*	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total Shares*	
1	ARCHANA GADODIA	1363007	2.79	-	1363007	2.64	-	(0.15)
2	ARTLINE COMMERCE PRIVATE LIMITED	9566575	19.60	-	9566575	18.56	-	(1.04)
3	BAYANWALA BROTHERS PRIVATE LIMITED	4541384	9.31	-	5383501	10.44	-	1.13

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (01-04-2016)			Share holding at the end of the year (31-03-2017)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total Shares*	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total Shares*	
4	BINITA GADODIA	1431662	2.93	-	1431662	2.78	-	(0.15)
5	NIMISH GADODIA	3408316	6.98	3.33	3408316	6.61	3.15	(0.37)
6	RAJESH GADODIA	3535531	7.24	3.42	3535531	6.86	3.24	(0.38)
7	SARASWATI DEVI GADODIA	21815	0.04	-	21815	0.04	-	-
8	SAWARMAL GADODIA	471578	0.97	-	471578	0.91	-	(0.06)
9	** MANJIT MANAGEMENT SERVICES PVT. LIMITED	312786	0.64	-	-	-	-	(0.64)
10	** PEACOCK VINMAY PVT. LIMITED	316797	0.65	-	-	-	-	(0.65)
11	**SHIVVANGA N ADVISORY SERVICES PVT. LTD	212534	0.44	-	-	-	-	(0.44)
	Total	25181985	51.60	6.75	25181985	48.85	6.39	(2.75)

* 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, 2017

** Shareholders listed under Sl. No. 9 to 11 were merged with BAYANWALA BROTHERS PRIVATE LIMITED and thereby their entire shareholding were transferred to BAYANWALA BROTHERS PRIVATE LIMITED w.e.f 13.05.2016 hence, they do not hold any shareholding as on 31.03.2017.

24th Annual General Meeting

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 (01.04.2016 to 31.03.2017)	
		Number of shares held as on 01.04.2016	% of total shares of the Company				Number of shares held as on 31.03.2017	% of total shares of the Company
1	Bayanwala Brothers Pvt. Ltd.	4541384	9.31					
				13-05-2016	842117	Transfer due to Merger		
				31-03-2017			5383501	10.44
2	#Peacock Vinimay Pvt. Ltd.	316797	0.65					
				13-05-2016	-316797	Transfer due to Merger		
				31-03-2017			-	-
3	Artline Commerce Pvt. Ltd.	9566575	19.60					
				Nil	Nil	No Change		
				31-03-2017			9566575	18.56
4	#Manjit Mgt Ser. Pvt. Ltd.	312786	0.64					
				13-05-2016	-312786	Transfer due to Merger		
				31-03-2017			-	-
5	#Shivvangan Adv. Ser. Pvt. Ltd.	212534	0.44					
				13-05-2016	-212534	Transfer due to Merger		
				31-03-2017			-	-
6	Nimish Gadodia	3408316	6.98					
				Nil	Nil	No Change		
				31-03-2017			3408316	6.61

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 (01.04.2016 to 31.03.2017)	
		Number of shares held as on 01.04.2016	% of total shares of the Company				Number of shares held as on 31.03.2017	% of total shares of the Company
7	Sarswati Devi Gadodia	21815	0.04					
				Nil	Nil	No Change		
				31-03-2017			21815	0.04
8	Sawarmal Gadodia	471578	0.97					
				Nil	Nil	No Change		
				31-03-2017			471578	0.91
9	Rajesh Gadodia	3535531	7.24					
				Nil	Nil	No Change		
				31-03-2017			3535531	6.86
10	Binita Gadodia	1431662	2.93					
				Nil	Nil	No Change	1431662	2.78
				31-03-2017				
11	Archana Gadodia	1363007	2.79					
				Nil	Nil	No Change		
				31-03-2017			1363007	2.64

Shareholders listed under Sl. No. 2, 4 and 5 were merged with BAYANWALA BROTHERS PRIVATE LIMITED and thereby their entire shareholding were transferred to BAYANWALA BROTHERS PRIVATE LIMITED w.e.f 13.05.2016 hence, they do not hold any shareholding as on 31.03.2017.

24th Annual General Meeting

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 (01.04.2016 to 31.03.2017)	
		Number of shares held as on 01.04.2016	% of total shares of the Company				Number of shares held as on 31.03.2017	% of total shares of the Company
1	MONO TYPE INDIA LIMITED	3004320	6.16					
				29.04.2016	-1167822	Sold	1836498	
				10.03.2017	1167822	Purchase	3004320	
				31-03-2017			3004320	5.83
2	DECENT VINCOM PRIVATE LIMITED	2547221	5.22					
					Nil	Nil	No Change	
				31-03-2017			2547221	4.94
3	GOPIKAR SUPPLY PVT. LTD.	2000000	4.10					
					Nil	Nil	No Change	
				31-03-2017			2000000	3.88
4	WEST & BEST TRADING P VT. LTD.	306666	0.63					
				20.10.2016	800000	Preferential Allotment	1106666	
				14.03.2017	893333	Preferential Allotment	1999999	
				31.03.2017			1999999	3.88
5	SYNERGY TRADEVISTA PRIVATE LIMITED	1133333	2.32					
				20.10.2016	840000	Preferential Allotment	1973333	
				14.03.2017	26666	Preferential Allotment	1999999	
				31.03.2017			1999999	3.88
6	ALKEN MANAGEMENT AND FINANCIAL SERVICES PVT. LTD.	1813332	3.72					
				20.10.2016	93333	Preferential Allotment	1906665	
				14-03-2017	93333	Preferential Allotment	1999998	
				31-03-2017			1999998	3.88
7	BLUE CIRCLE SERVICES LIMITED	1385770	2.84					
					Nil	Nil	No Change	
				31-03-2017			1385770	2.69
8	S & D SHARE & STOCK PRIVATE LIMITED	1199999	2.46					
					Nil	Nil	No Change	
				31-03-2017			1199999	2.33

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 (01.04.2016 to 31.03.2017)	
		Number of shares held as on 01.04.2016	% of total shares of the Company				Number of shares held as on 31.03.2017	% of total shares of the Company
9	SYKES & RAY EQUITIES (I) LTD.	635100	1.30					
				15-04-2016	-5000	Sold	630100	
				24-06-2016	-630000	Sold	100	
				01-07-2016	400	Purchase	500	
				08-07-2016	-400	Sold	100	
				15-07-2016	100	Purchase	200	
				26-08-2016	-100	Sold	100	
				23-09-2016	200	Purchase	300	
				30-09-2016	193227	Purchase	193527	
				21-10-2016	45	Purchase	193572	
				28-10-2016	350	Purchase	193922	
				04-11-2016	75	Purchase	193997	
				25-11-2016	-450	Sold	193547	
				30-12-2016	-193447	Sold	100	
				13-01-2017	200000	Purchase	200100	
				03-02-2017	-200000	Sold	100	
				10-02-2017	222675	Purchase	222775	
				03-03-2017	-100	Sold	222675	
				10-03-2017	-2400	Sold	220275	
				24-03-2017	1000000	Purchase	1220275	
				31-03-2017	-500000	Sold	720275	1.40
10	ASCON MERCHANDISE PVT. LTD.	688000	1.41					
				Nil	Nil	No Change		
				31-03-2017			688000	1.33
11	* SUPERIOR RETAIL PVT. LTD.	2155000	4.42					
				17.03.2017	-2155000	Sold	-	
				31-03-2017			-	-

Note: List Top 10 Shareholder was taken as on 31st March 2017.

* SUPERIOR RETAIL PVT. LTD Not in the list of Top 10 shareholders as on 31-03-2017. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 01-04-2016.

24th Annual General Meeting

(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 (01.04.2016 to 31.03.2017)	
		Number of shares held as on 01.04.2016	% of total shares of the Company				Number of shares held as on 31.03.2017	% of total shares of the Company
A	DIRECTORS							
1	*Mr. Rajesh Gadodia, Non -Executive Chairman	3535531	7.24					
				Nil	Nil	No Change		
				31-03-2017			3535531	6.86
2	**Mr. Ankur Madaan Whole-Time Director	-	-	-	-	-	-	-
3.	Mr. Runvijay Singh Executive Director	-	-	-	-	-	-	-
4.	Mr. Punit Kedia Independent Director	-	-	-	-	-	-	-
5.	Mr. Vinay Goyal Independent Director	-	-	-	-	-	-	-
6.	Mrs. Debjani Sahu Independent Women Director	-	-	-	-	-	-	-
B	KMP'S							
1	Mr. Prabir Das President & Company Secretary	-	-	-	-	-	-	-
2	Mr. Gobinda Chandra Nayak Chief Financial Officer	-	-	-	-	-	-	-

* Mr. Rajesh Gadodia, (DIN 00574465) had been elected as Non-executive chairman of the company w.e.f. 24.05.2016, and He ceased to be KMP (Managing Director) of the company w.e.f 24.05.2016.

** Mr. Ankur Madaan (DIN:07002199) who was Independent Director of the Company, had been appointed as Whole- Time Director (KMP) of the Company w.e.f 24.05.2016 for a period of Five years.

V. INDEBTEDNESS

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

Amount in ₹

	Secured loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	1,91,52,20,103	15,66,13,345	14,80,93,000	2,21,99,26,448
i. Principal amount				
ii. Interest due but not paid	77,60,734	--	50,530	78,11,264
iii. Interest accrued but not due	23,36,297	98,91,563	88,83,117	2,11,10,977
Total (i + ii + iii)	1,92,53,17,134	16,65,04,908	15,70,26,647	2,24,88,48,689
Change in Indebtedness during the financial year				
• Addition	43,74,20,444	1,32,01,488	2,53,74,000	47,59,95,932
• Reduction	56,23,80,388	2,10,12,375	1,54,48,239	59,88,41,002
Net Change	(12,49,59,944)	(78,10,887)	99,25,761	(12,28,45,070)
Indebtedness at the end of the financial year	1,78,96,25,726	13,87,20,534	16,40,12,000	2,09,23,58,260
i. Principal amount				
ii. Interest due but not paid	77,60,734	--	1,32,821	78,93,555
iii. Interest accrued but not due	29,70,730	1,99,73,487	28,07,587	2,57,51,804
Total (i + ii + iii)	1,80,03,57,190	15,86,94,021	16,69,52,408	2,12,60,03,619

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	3.83	3.00	6.83
	a) Salary as per provision contained in section 17(1) of the Income-tax Act, 1991			
	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.	Sweet Equity		-	-
4.	Commission		-	-
	- As % of profit			
	- Others			
5.	Others, please specify		-	-
	Total (A)	3.83	3.00	6.83
Ceiling as per the Act		₹60 Lacs for each director (Managing Director / Whole-Time Director) (being the maximum remuneration payable as per part A, Section-II of schedule V to the companies act, 2013)		

* Mr. Ankur Madaan (DIN:07002199) was appointed as Whole-Time Director of the Company w.e.f 24.05.2016 hence, he is been paid remuneration from the Month of June 2016 to march 2017 during the FY 2016-2017.

** Mr. Runvijay Singh (DIN:02239382) was appointed w.e.f 24.05.2016 as an Executive Director of the Company hence, he is been paid remuneration from the Month of June 2016 to march 2017 during the FY 2016-2017.

24th Annual General Meeting

B. Remuneration to other directors:

(Amount in ₹)

Sr. No.	Name of the Director	Commission	Sitting Fees	Total Compensation
	Non Executive & Independent Director			
1	Mr. Rajesh Gadodia	-	3000	3000
2	Mr. Punit Kedia	-	6000	6000
3	Mr. Vijay Goyal	-	6000	6000
4	Mr. Debjani Sahu	-	4000	4000
	Total	-	19000	19000
Ceiling as per the Act		Not Applicable as there were loss of the company calculated as per Section 198 of the Companies Act, 2013		

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

Amount (₹In Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Prabir Kumar Das, Company Secretary	Mr. Gobinda Chandra Nayak, Chief Financial Officer	Total
1.	Gross salary	6.00	12.00	18.00
	a) Salary as per provision contained in section 17(1) of the Income-tax Act, 1991			
	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.	Sweet Equity	-	-	-
4.	Commission	-	-	-
	- As % of profit			
	- Others			
5.	Others, please specify	-	-	-
	Total	6.00	12.00	18.00

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

(For the year ended 31st March, 2017)

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT)	Apeal made, if any (give Details)
A. COMPANY					
Penalty	NIL				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	NIL				
Punishment					
Compounding					
C. OTHER OFFICERS IN DAFULT					
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, 2017.

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

Sr. No.	Particulars	Amount (Rs. in Crore)
1	Capital	Nil
2	Revenue	Nil
	Total	Nil

C) FOREIGN EXCHANGE EARNING AND OUTGO:

	Current Year (₹ in Lakhs)	Previous Year (₹ in Lakhs)
Total foreign exchange outgo in terms of actual outflow	9.52	13.97
Total foreign exchange earned in terms of actual inflows	Nil	Nil

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 2016-2017 and ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2016-17 are as under;

Sr. No.	Name of the Director/ KMP and designation	Remuneration of Director/ KMP for the FY 2016-2017 (₹in lacs)	% increase in remuneration in the FY 2016-2017	Ratio of remuneration of each Director/ to median remuneration of employees
1	#Mr. Rajesh Gadodia	4.03	*	*
2	* Mr. Ankur Madaan	3.83	*	6.88
3	**Mr. Runvijay singh	3.00	*	5.39
4	Mr. Prabir Kumar Das, Company Secretary & Compliance Officer	6.00	Nil	Not Applicable
5	Mr. Gobinda Chandra Nayak, Chief Financial Officer	12.00	Nil	Not Applicable

* Since the remuneration of these directors is only for part of the year, the ratio of their remuneration is not comparable and hence increase in remuneration is not stated.

Notes:

- # Mr. Rajesh Gadodia, (DIN 00574465) had been elected as Non-executive chairman of the company w.e.f. 24.05.2016, and He ceased to be KMP (Managing Director) of the company w.e.f 24.05.2016 thereby he is been paid remuneration only for the Month of April 2016 to 24.05.2016 during the FY 2016-2017
- * Mr. Ankur Madaan (DIN:07002199) was appointed as Whole- Time Director of the Company w.e.f 24.05.2016 hence, he is been paid remuneration from the Month of June 2016 to march 2017 during the FY 2016-2017.
- ** Mr. Runvijay Singh (DIN:02239382) was appointed w.e.f 24.05.2016 as an Executive Director of the Company hence, he is been paid remuneration from the Month of June 2016 to march 2017 during the FY 2016-2017.
- (ii) The median remuneration of employees of the company during the financial year was Rs. 55645;
- (iii) In the Financial year, there was an increase 8.58% in the median remuneration of employees;
- (iv) There were 1533 permanent employees on the rolls of Company as on March 31, 2017;

- (v) Average percentage increase in the salaries of employees other than the managerial personnel in the last financial year i.e. 2016-17 was 6.62% 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	01/11/2014	Chief Financial Officer	1200000	18 yrs	Sree Metaliks Ltd., GM (finance)	NIL
2	MUKESH KUMAR VERMA	34	B A	01/01/2010	Manager-Commercial	678000	13 yrs	Navdurga Fule Pvt Ltd (DGM-Marketing)	NIL
3	AJIT KUMAR KESHRI	41	B.Com, MBA	01/03/2003	Marketing Head	675000	14 yrs	NA	NIL
4	PRAVEEN KUMAR PATRO	44	B-Tech (Electrical)	01/02/2000	Vp-Project and Operation	600000	17 yrs	NA	NIL
5	PRABIR KUMAR DAS	45	Company Secretary, MBA, LLB	01/03/2005	President & Company Secretary	600000	19 yrs	Rohit Ferro Tech Ltd., Company Secretary	NIL
6	OMPRAKASH AGRAWAL	50	B.Com	01/02/2011	Senior Manager Accounts	480000	29 yrs	Orissa cement Limited, Chief Manager - Accounts	NIL
7	SURI BABU	39	Dipl in met engineering	02/01/2000	Process-HOD	432000	17 yrs	NA	NIL

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
8	AMARNATH CHOUDHURY	53	Graduate	01/02/2015	GM (Admin)	415161	20 years	Orissa Iron and Steels Ltd., Sr.Manager	NIL
9	MADHUSUDAN PATTNAIK	49	Graduate	01/03.2012	Manager (Insurance)	395420	18 years	Cholamandalam MS General Insurance, Manager	NIL
10	MOHAMMED SANALLA	67	BE MECH	05/05/1974	GM (Tech)	372000	43 years	ACC Cements Limited, DGM (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)

Place: Bhubaneswar
Date: 30th May, 2017

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 2016-17. This should be read in conjunction with the Company’s financial statements, the schedules and notes thereto and the other information included elsewhere in the Annual Report. The Company’s financial statements have been prepared in compliance with the requirements of the Companies Act, 2013, the guidelines issued by the Securities and Exchange Board of India (SEBI) and Indian Accounting Standard (Ind-AS).

ECONOMIC GROWTH

1.1 Global economic outlook

Global economic activity improved in the second half of CY2016, especially in advanced economies. Growth picked up in the US as firms grew more confident about future demand. The economy also recorded a lower rate of unemployment and buoyant consumer demand. In the aftermath of the Brexit vote, the Euro area growth was also resilient on the back of strong domestic demand and continued easing; the growth in the United Kingdom remained robust on the back of resilient spending. Japan’s performance has also been on the upside with strong exports.

However, the global economic growth, at 3.1% on a y-o-y basis, fell short of expectations in CY2016 as deceleration in key emerging markets and developing economies (EMDEs) overshadowed the modest recovery in major developed countries. The EMDEs contribute to more than half of the global economic

growth rate. Their deceleration was accompanied by a modest increase in commodity prices, subdued global trade, financial market volatility and weakening capital flows. Although China’s growth turned out to be better than expected on the back of policy stimulus, it was lower than CY2015. India fared better than the world in terms of growth, even though the demonetisation exercise temporarily threw a challenge. Brazil, on the other hand, remained mired in a deep recession. Activity remained weak in fuel and nonfuel commodity exporters more generally, while geopolitical factors held back growth in parts of the Middle East and Turkey.

1.2 Indian economy

India’s economic growth is gradually improving since 2014. The favourable policy as well as executive reforms by the Government to support strong and sustainable growth, prudent fiscal regime and calibrated monetary easing that reigned in inflation have helped to strengthen macroeconomic stability. The lower crude oil prices have also helped to reduce current account deficit, improve fiscal positions, and lower inflation. This, in turn, has helped boost economic activities in India. Driven by these positive developments, the country has emerged as the world’s fastest growing major economy.

However, according to estimates by the Central Statistics Office (CSO), India’s GDP growth has moderated in FY 2016-17 to 7.1% from 7.9% recorded in the previous financial year. This happened largely owing to the demonetisation initiative that led to temporary de-circulation of money. The situation has largely normalised, following the Government’s re-monetisation process.

1.3 Outlook

The growth momentum should rise, driven by the Government's policy initiatives in areas such as taxation (GST), foreign direct investment (FDI), and the ease of doing business, among others. Other major factors helping India stay as a bright spot in the global economic landscape include the lower global oil price, with positive impact on the country's import bill, a well-regulated monetary policy by the Reserve Bank to stabilise prices, and improving fiscal condition. The Government's endeavour to drive a bigger as well as a cleaner GDP is expected to augur well for the economy in the medium and long terms.

The growth recovery has primarily happened due to discretionary spending, public investment and FDI reforms. The introduction of GST and higher outlays in the Budget 2017 are expected to drive growth as well.

2. STEEL INDUSTRY

2.1 Global steel industry

The global steel consumption grew by just 1% on a y-o-y basis to 1.52 billion tonnes in CY 2016. Although the figure declined in 1Q CY 2016, it started improving from 2Q CY 2016 and accelerated during 4Q CY 2016. This happened mainly due to an improving apparent consumption in China where the Government's mini stimulus measures drove buoyancy in infrastructure investment and the housing market. The apparent consumption in China appeared in the green than the largely expected negative 4%. However, the statistic remained depressed in CIS, Middle East, Africa and Americas.

The global crude steel production grew marginally at 0.8% y-o-y to 1.63 billion tonnes in CY 2016. China, India, Turkey and Ukraine were the only four countries among the top 10 steel-producing nations to witness growth in steel production in CY 2016. During the year, China recorded a 1.2% y-o-y increase in production, as the world's largest

producer reversed the decline, it witnessed in Jan-Feb 2016. Crude steel production decreased in Europe, the Americas and Africa.

However, the global crude steel output grew strongly at 3.3% y-o-y in second half of the year with increase in all major steel producing regions except South America, despite the fact that the global steel industry continues to face headwinds of overcapacity and weak demand. The production growth in China further accelerated to 3% y-o-y in the second half of the year

2.1.1 Outlook

According to the World Steel Association's forecasts, the global apparent consumption of finished steel is expected to grow by 20.2 million tonnes i.e. 1.3% to 1.54 billion tonnes in CY 2017. The apparent consumption in China is expected to remain flat at 681 million tonnes. The steel consumption in Emerging and Developing economies (ex-China) is expected to increase by 4% to 452.7 million tonnes. As for the developed economies, consumption is expected to grow by 0.7% to 401.5 million tonnes. The optimism for demand recovery is based on the following factors:

2.1.2 Developed economies

The new US administration has promised to unveil an ambitious infrastructure package, which will include building new roads, highways, bridges, airports, tunnels and railway lines across the country. This is expected to boost steel demand significantly. Taking a cue from a resurging global economy and a weak yen, Japan's steel demand is also expected to recover in a stable manner. While Europe is still at the cusp of a political turnaround, positive developments are expected with the current monetary policy. Some stability in the region is bound to garner future investments. The recent French election that has selected a centrist leader, who is supportive of free trade, is a welcome change.

2.1.3 Emerging economies

Emerging countries of the world contribute to 30% of the total global steel demand. Except for the possible currency volatility risk dependent on the US dollar, the ASEAN nations are expected to throw a solid growth year. A stabilising trend is evident in BRICS nations such as Russia and Brazil, which are likely to put forth modest growth figures. India is also expected to grow encouragingly, even though growth will be marginally stunted due to demonetization.

Downside risks to this outlook emanate from the high corporate debt and real estate market situation in China, Brexit uncertainties and possible further escalation of instability in some regions. Meanwhile, raw materials price volatility is expected to subside with increased availability unlike in CY2016. Trade remedial measures should continue to influence trade flows, and, in turn, regional steel price. Thus, short-term remedial actions alone will not suffice, proactive measures need to be adopted for sustainable industry growth.

2.2 Indian steel industry

During the year, India's steel sector was impacted by intense competitive pressure with a surge in domestic steel production and elevated level of steel imports at predatory pricing. In FY2016-17, India's crude steel production grew by 8.5% y-o-y to 97.4 million tonnes. India imposed 'Minimum Import Price' (MIP) in Feb 2016 on various iron and steel products, after seeing that the provisional safeguard duty of hot rolled sheet failed to have a desirable impact on unbridled and unfair flow of steel imports into the country. This was an emergency provision, which provided some relief to the industry.

Later on the Government imposed provisional anti-dumping duty on: hot rolled and cold roll products in August 2016; wire rods in November 2016; and colour coated rods in January 2017 as the industry needed adequate, swifter and longer shelf-life trade remedial measures to check unbridled and unfair steel

imports. India also notified final safeguard duty on hot rolled sheets and plates in November 2016. However, steel imports remained at around 8 million tonnes on an annualised basis, despite these trade remedial measures. The domestic steel industry suspects circumvention of these trade remedial measures. Therefore, a stringent monitoring mechanism is required.

The situation was further aggravated by the fact that the apparent finished steel consumption in the country grew by just 2.6% y-o-y for the same period. India's steel demand was expected to gather momentum in the second half of FY2016-17, driven by the Government's measures to drive the economy and manage quantifiable progress on various policy reforms. Normal monsoon and the Seventh Pay Commission announcements were also likely to drive consumer discretionary spending. However, the steel demand did not see the desirable upswing in the second half of the year, amid poor liquidity, following the Government's de-monetisation initiative. This led to a liquidity crunch and a contraction of the major consuming sectors such as real estate.

However, this does not negate the fact that the long-term potential of the Indian steel industry remains bright. The opportunities for the industry have been identified and efforts are being taken by both public and private entities to achieve sustainable growth.

Major Changes in the Regulatory Landscape in CY2016

2016 was the year of reforms in the Indian steel industry. The timely remedial measures by the Indian Government, shielded the Indian steel sector from succumbing to external threats of dumping and uniform trade. The measures taken comprise:

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.

Annulling Classification

To remove the stigma of using steel produced by primary steelmakers in Government projects and provide equal opportunity to all steelmakers, the classification of steelmakers as primary, secondary and integrated was scrapped by the Government. This is widely seen as a timely measure to ensure a level-playing field to all players.

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.

GOVERNMENT MEASURES TO BOOST INDUSTRY GROWTH

Advantage India

National Steel Policy 2017 (NSP):

The National Steel Policy (NSP) 2017, released by the Government, aims to increase steel production. Its objective is to make India self-sufficient in steel production and projects crude steel capacity of 300 million tonnes (mt) and per capita consumption of 160kg of finished steel by 2030-31. As a part of its focus area, the policy aims to address adequate local manufacturing to meet the demand for high-grade automotive steel, electrical steel, special steels and alloys for strategic applications by the same year.

The NSP has nine core elements to it. These are the following:

1. 300 MnT steel-making capacity by 2030
2. 160 per capita steel consumption by 2030
3. Preference for domestically produced steel in Government procurement
4. Export 24 MnT steel (10% of production) by 2030
5. Reduction of imports to nil by 2030
6. Domestically produce value added steel-CRGO, special steel, and alloys
7. Reduce import dependence on coking coal to 65% by 2030-31
8. Focus on pelletisation and installation of slurry pipelines and conveyors
9. Emphasis on BF/BOF technology

Over the next five years, the share of large players are expected to rise further to 53%, with most of them adding capacities through the blast furnace route. Even in the long term, steel sector analysts expect the blast furnace route to continue its dominance.

The revamped National Steel Policy, with ambitious targets, expects to garner an investment to the tune of ₹ 10 lakh crore. However, any forecasted growth for the future would mandate scaling up of facilities at the earliest. An impediment in achieving this would be a lack of greenfield lands. In the present regulatory environment, large steel companies could be the major beneficiaries of the policy.

There is an inherent direct impact of the NSP on the country's development as much of the efforts will be driven towards increasing consumption in housing and infrastructure sectors. The new policy, if properly directed, can certainly equip the domestic steel industry, making it globally competitive. With the introduction of the NSP and a supportive business environment, the steel makers of the nation can capitalise well on the same, building capacity for the forecasted demand.

In India, overall consumer discretionary spending, public capex on 'Rurban' infrastructure development and foreign direct investment have continued to improve, supporting a gradual growth recovery.

The increased allocation for infrastructure development at ₹4 trillion in the Union Budget with thrust on affordable housing, water and gas pipelines, renewable energy and road sector, and expected recovery in rural demand on the back of normal monsoon expectations augurs well for steel consumption growth in the country. We expect the Indian steel demand to grow by around 4 million tonnes i.e. around 5% in FY2018.

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, India will contribute 5.1 million tonnes out of the forecasted growth of around 20 million tonnes in global steel demand during CY 2017.

In the short and medium term, the steel industry is set to grow at a 6-6.5% CAGR according to CRISIL. This sets the stage for steel producers to grow in line with the steel demand and at the same time capitalise on Government policies. With several budgetary allocations boosting infrastructure, the demand of steel and steel products is expected to rise. Another major policy reform favouring the Indian companies is the recent ruling that domestic steel will be given preference in Government projects as part of the Make in India programme.

OPPORTUNITIES AND THREATS

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

assets. Presently, the Company is consolidating its gains out of creating additional production capabilities.

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

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

STRENGTH

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

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

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

RISK AND CONCERNS

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

- shortage of Labour
- rising manpower and material costs,
- approvals and procedural difficulties.
- lack of adequate sources of finance.

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

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

SEGMENT WISE PERFORMANCE:

The Company is 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

A SNAPSHOT

Scan Steels recorded steel production for FY 2016-17 at 62 thousand metric tonnes. Besides this, the company has also produced 148 thousand intermediary steels (i.e. Sponge Iron) in the FY 2016-17. There were planned shutdowns for modification resulting in lower production volumes during the 2nd and 3rd quarter of financial years.

1. PRODUCT HIGHLIGHTS

1.1 LONGS

Volume

Long products are comprised of almost 50% of product portfolio (in terms of sales value) in FY 2017. 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 2016-17 as compared to corresponding last fiscal.

2. OPERATIONAL REVIEW

The company is engaged in the manufacturing of TMT Re-Bars, Sponge Iron, MS Billets/ Ingots and also generating power for captive use in the production process at our unit II located at Budhakata, Sundergarh, Odisha. The Company has Semi Automatic Rolling Mill with an installed capacity of 90,000 MT per annum.

2.1 Facilities:-

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

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

Unit -2 is situated at 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

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

3. FINANCIAL PERFORMANCE

Highlights FY 2016-17

(₹Crores)

	2016-17	2015-16	Growth (%)
Gross Turnover & Other income	420.24	389.73	7.83%
Operating EBIDTA	18.76	10.17	84.46%
EBIDTA margin (%)	4.46%	2.61%	70.88%
Depreciation and amortization expenses	20.03	12.46	
Interest Cost	13.19	30.26	
Profit before Exceptional Items	(14.93)	(32.92)	
Exceptional Items	-	0.10	
PAT	(11.81)	(1.82)	
Earnings per shares (diluted)	(2.35)	(0.25)	
ROCE (%)	3.25%	1.62%	
Net Debt Gearing Ratio	1.12	1.25	

The company is able to achieve a incremental sales of ₹30.51 crore which is almost 8% above the sales achieved in the last fiscal 2015-16. The operating efficiency of the company has also got improved. As a result of that, the company has achieved at ₹18.76 crore operating EBIDTA which is 184% as compared to last FY 2015-16. 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 3.25% from 1.62% as compared to last year 2015-16.

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	2016-17	2015-16	% CHANGE
TMT REBARS	195.69	144.82	35.13%
SPONGE IRON	144.38	140.90	2.47%
OTHERS	78.12	101.62	-23.13%
TOTAL	418.19	387.34	7.96%

4.2 PRODUCT WISE SALES QUANTITY:

Breakup (Qty in MT)

Product	2016-17	2015-16	% change
TMT Rebars	64,919.270	46,611.940	39.28%
Sponge Iron	105,152.170	98,638.270	6.60%

In the financial year 2016-17, the company's turnover improved by 8% whereas the turnover in relation to sale of long product has improved by 35% as well as quantity despatch is also improved by 39% as compared to last year 2015-16.

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 2016-17 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 ₹18.76 crore from ₹10.17 crore was for FY 2015-16. 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 was faced finance crises and could not met financial commitment in time due to liquidity problems arose sluggish economical conditions of the country resulting lower demand and low price of finished products and cheaper import of Steels products into India.

INDUSTRIAL RELATIONS AND HUMAN MANAGEMENT

The total no. of employees as on 31.03.2017 was 1533. 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 statues and other incidental factors. The Company assumes no responsibility to publicly modify or revise any forward-looking statements on the basis of any further events or new information. Actual results may differ from those mentioned in the report.

CONCLUSION

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

FOR AND ON BEHALF OF THE BOARD
Ankur Madaan, Whole-Time Director
(DIN: 07002199)
Runvijay Singh, Director
(DIN: 02239382)

Place: Bhubaneswar
Date: 30th May, 2017

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 benefitted 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:

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

secretarial audit conducted by an independent company secretary who is in whole-time practice. The quarterly secretarial audit reports are placed before the Board and the annual secretarial audit report placed before the Board, is included in the Annual Report.

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

Ethics / Governance Policies

At SSL, we strive to conduct our business and strengthen our relationships in a manner that is dignified, distinctive and responsible. We adhere to ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Therefore, we have adopted various codes and policies in line with Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to carry out our duties in an ethical manner. Some of these codes and policies are as follow and the detailed code and / or Policies can also be accessed from the website of the Company [www.scansteels.com / Investors Relations / Corporate Governance](http://www.scansteels.com/Investors%20Relations/Corporate%20Governance) 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.

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 2017, the Board consists of Six Directors. Out of which 3 (Three) directors is Non-Executive & Independent Directors which include one woman director (Mr. Vinay Goyal, Mr. Punit Kedia and Mrs. Debjani Sahu), One Executive Director (Mr. Runvijay Singh) and one Whole-Time Director (Mr. Ankur Madaan) and The Non Executive Chairman of the Company who is also the promoter of Company (Mr. Rajesh Gadodia).

- (b) None of the Directors on the Board are Members of more than ten Committees or Chairman of more than five Committees (as specified in Regulation 26 (1) of SEBI (LODR) Regulations) across all the Companies in which they are Directors. Necessary disclosures regarding Committee positions in other public Companies as on March 31, 2017 have been made by the Directors and none of the NEDs serve as IDs in more than Seven Listed Companies and none of the Executive or whole-time Directors serve as IDs on any listed company. 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 2017. The Independent Directors are not related to promoters or persons occupying management positions at the Board level or any level below the Board; they were neither in employment for the last three years nor they are material suppliers, service providers, customers, a lessor, or a lessee of the Company, which may affect their independence. They do not hold substantial shares in the Company. All these directors are above 21 years of age.
- (d) All Independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board thereby ensuring the best interest of stakeholders and the Company. All Independent Directors meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”).
- (e) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorship and Committee Chairmanships/ Memberships held by them in other Companies are given herein below. Chairmanships/ Memberships of the Board Committees include only Audit and Stake Holders Relationship Committee.
- (f) The Information stipulated under Part A of Schedule II of SEBI (LODR Regulations) is being made available to the Board.
- *Details Regarding Appointment and Re-appointment of all the Board of Directors has been detailed in the Director’s Report.

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

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

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

Note:

1. As required under the Indian Accounting Standard 24 (IndAD 21) transaction with related parties are furnished under note 2.3(B) of notes on accounts. There was no transactions of

material nature with Promoter Directors or their relatives, etc. that may have potential conflict with the interest of the company. With regards to disclosure received from Directors and senior management there was no transaction with the company which might have potential conflict with the interest of the company at a large.

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

PROFILE OF THE BOARD OF DIRECTORS

MR. RAJESH GADODIA

Mr. Rajesh Gadodia (DIN: 00574465) aged about 44 years is a Mechanical Engineer and has more than 21 years of industrial and business experience, primarily in the steel sector with hands on experience of setting up green field projects. He is primarily involved in business development activities of the company and manages the distribution network of the company in the coastal, northern and southern region of Odisha and southern India operation. In finance he had the exposure in Treasury, Accounting, MIS, Forex Risk Management, Taxation, IT and all other related areas with exposure in India and overseas. He is responsible for transforming Scan Steel into a leading player in the steel industry.

MR. ANKUR MADAN

Mr. Ankur Madan (DIN:07002199) aged about 27 years is a Whole-time Executive Director of the company. He is an Commerce Graduate and has more than 6 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 37 years is a Executive Director of the company. He is a Mechanical Engineer having more than 12 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 27 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 29 years is a Non Executive & Independent Director of the company. He is a commerce graduate and having more than 7 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 39 years, is a Independent Woman Director of the Company. She is a Graduate in Arts and having over decades of experience in the field of Human Resource, Administration, Sales & Marketing in retails and Steel Sectors.

Board membership criteria

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 - 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.

An independent director shall hold office of a term of up to five consecutive years on the Board of the Company and will be eligible for re-appointment on the passing of a special resolution by the Company.

Performance evaluation

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

directors and executive directors and the policy has been approved by the Nomination and Remuneration Committee.

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

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

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board’s functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc.

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

24th Annual General Meeting

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 - 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 Mindset, Respect, Integrity, One Team and Excellence.

A copy of the Code has been put on the Company's website (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 2017 all the board members and the senior management personnel of the Company have adhered to the code of conduct for FY 2017 and the same has been included in this report duly signed by the Whole- Time Director of the Company.

BOARD MEETINGS, BOARD COMMITTEE MEETINGS AND PROCEDURES:

A. INSTITUTIONALISED DECISION MAKING PROCESS:

The Board of Directors oversees the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interest of the stakeholders are being served. The Chairman is assisted by the Executive Directors/Senior Managerial Personnel in overseeing the functional matters of the Company.

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

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

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

The Board is also provided with Audit Committee observations on the Internal audit findings and matters required to be included in the Director's

24th Annual General Meeting

Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.

C. DISTRIBUTION OF BOARD AGENDA MATERIAL:

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

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

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

E. POST-MEETING FOLLOW-UP MECHANISM:

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

F. COMPLIANCE:

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

G. AVAILABILITY OF INFORMATION TO BOARD MEMBERS

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

- Annual operating plans and budgets, capital budgets and updates
- Quarterly results of our operating divisions or business segments
- Minutes of meetings of audit, nomination and remuneration, risk management, stakeholders relationship, and corporate social responsibility committees, and abstracts of circular resolution passed
- General notice of interest received from directors
- Dividend date, if any.
- Information on recruitment and remuneration of senior officers below the Board level, including appointment or removal of the Chef 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 2016-17, seven 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	24 th May, 2016	4	4
2	20 th August, 2016	6	6
3	13 th September, 2016	6	6
4	20 th October, 2016	6	6
5	14 th December, 2016	6	6
6	14 th February, 2017	6	6
7	14 th March, 2017	6	6

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

Sr. No.	Date	No. of Board Meeting Attended	Attendance at the Last AGM held on 30.09.2016	No. of Shares held in the Company
1	Mr. Rajesh Gadodia	7	Yes	3535531
2	Mr. Ankur Madaan	7	Yes	NIL
3	Mr. Runvijay Singh	6	Yes	NIL
4	Mr. Punit Kedia	6	Yes	NIL
5	Mr. Vinay Goyal	7	Yes	NIL
6	Mrs. Debjani Sahu	7	No	NIL

- * Mr. Runvijay Singh, Executive Director of the Company was appointed on 24.05.2016
- * Mr. Punit Kedia, Independent Director of the Company was appointed on 24.05.2016.

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 Directors.

The Independent Directors of the Company had met during the year on 14.03.2017, 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 time lines 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 - Investor Relations Segment.

PROCEDURE AT COMMITTEE MEETINGS

The Company's guidelines relating to Board meetings are applicable to Committee meetings as far as practicable. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its function. Minutes of proceedings of Committee meetings are circulated to the Directors and placed before Board meetings for noting.

The Board has constituted various Committees, namely Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee and Vigil Mechanism. The Board is authorized to constitute additional functional Committees, from time to time, depending on business needs.

The Company's internal guidelines for Board/Board Committee meetings facilitate the decision-making process at its meetings in an informed and efficient manner.

AUDIT COMMITTEE

The audit committee assists the board in the dissemination of financial information and in overseeing the financial and accounting processes in the company. The terms of reference of the audit committee covers all matters specified in Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also those specified in section 177 of the Companies Act 2013. The terms of reference broadly include review of internal audit reports and action taken reports, assessment of the efficacy of the internal control systems/ financial reporting systems and reviewing the adequacy of the financial policies and practices followed by the company. The audit committee reviews the compliance with legal and statutory requirements, the quarterly and annual financial statements and related party transactions and reports its findings to the Board. The committee also recommends the appointment of internal auditor, statutory auditor, Secretarial Auditor and cost auditor. The audit committee takes note of any default in the payments to creditors and shareholders. The committee also looks into those matters specifically referred to it by the Board. The statutory auditors were present at all audit committee meetings.

The audit committee comprised of the following directors for the year ended 31st March 2017:

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. Punit Kedia - Member
- # Mr. Ankur Madaan - Member

All the current members of the Committee are financially literate and have relevant finance / audit exposure. The chief financial officer is permanent 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 30th September, 2016.

Details of audit committee meetings during the financial year:

During the year under review, the committee met Five times during the financial year ended 31st March, 2017 on 24.05.2016, 20.08.2016, 13.09.2016, 14.12.2016, 14.02.2017. The Composition of the Committee and the attendance at each Committee Meetings are as follows :-

Name	Category	No of Meetings during the Year 2016-2017	
		Held	Attended
Mr. Vinay Goyal	Chairman	5	5
Mr. Ankur Madaan	Member	5	5
Mr. Rajesh Gadodia	Member	5	1
Mr. Punit Kedia	Member	5	4

- Mr. Punit Kedia Member of the Audit Committee appointed in the Committee and / or Become Member of the Audit Committee w.e.f 24.05.2016
- Mr. Rajesh Gadodia ceases to be the Member of the Audit Committee w.e.f 24.05.2016.

This Committee of the Board, inter-alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- Efficiency and effectiveness of operations;
- Safeguarding of assets and adequacy of provisions for all liabilities;

- Reliability of financial and other management information and adequacy of disclosures
- Compliance with all relevant statutes.

Internal Controls and Risk Management

The Company has robust systems for internal audit and corporate risk assessment and mitigation. The Company has an independent Control Assurance Department assisted by dedicated internal auditors' team.

The internal audit covers all the factories, sales offices, warehouses and businesses and functions controlled centrally. Every quarter, the Audit Committee of the

24th Annual General Meeting

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 and secretarial auditors of the Company;
- c) Approval of payment to Statutory Auditors for any other services rendered by the statutory auditors;
- d) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board, focusing primarily on:
 - 1) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of subsection 3 of Section 134 of the Companies Act.

- 2) Changes, if any, in accounting policies and practices and reasons for the same.
- 3) Major accounting entries involving estimates based on the exercise of judgment by Management.
- 4) Significant adjustments made in the financial statements, if any, arising out of audit findings.
- 5) Compliance with respect to accounting standards, listing agreements and legal requirements concerning financial statements.
- 6) Disclosure of any related party transactions.
- 7) Modified opinion(s) in the draft audit report, if any.
- e) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- g) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- h) Approval or any subsequent modification of transactions of the company with related parties;
- i) Scrutiny of inter-corporate loans and investments;
- j) Valuation of undertakings or assets of the company, wherever it is necessary;
- k) Evaluation of internal financial controls and risk management systems;

- l) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- n) Discussion with internal auditors of any significant findings and follow up there on;
- o) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- p) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- r) To review the functioning of the Whistle Blower mechanism;
- s) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- t) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of Information by Audit Committee

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

NOMINATION AND REMUNERATION COMMITTEE:

In compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has constituted the Nomination & Remuneration Committee.

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

- a) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every director's performance.
- b) Formulating a criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
- c) Formulating a criteria for evaluation of Independent Directors and the Board.
- d) Devising a policy on Board diversity.

24th Annual General Meeting

- e) To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria. Mr. Vinay Goyal and Mrs. Debjani Sahu, Non-Executive Independent Directors of the Company.
- 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; Mr. Punit Kedia Independent Director is the Chairman of the Committee. The company secretary is the secretary to the committee.
- g) To perform such other functions as may be necessary or appropriate for the performance of its duties. The Nomination and Remuneration Committee comprises of the following Directors:-
- # Mr. Punit Kedia - Chairman
 - # Mr. Vinay Goyal - Member
 - # Mrs. Debjani Sahu - Member

I. Composition of the Committee Members.

As of 31st March 2017, the Nomination and Remuneration Committee consisted of 3 Non – Executive Independent directors, Mr. Punit Kedia,

II. Meeting and Attendance during the year

The committee met Twice on 24.05.2016 and 20.10.2016 during the financial year ended 31st March, 2017.

Name	Category	No of Meetings during the Year 2016-2017	
		Held	Attended
Mr. Punit Kedia	Chairman	2	1
Mr. Ankur Madaan	Member	2	1
Mrs. Debjani Sahu	Member	2	2
Mr. Vinay Goyal	Member	2	2

*Shri Punit Kedia Member of the Nomination and Remuneration Committee appointed in the Committee and / or Become Member of the Committee w.e.f 24.05.2016.

* Shri Ankur Madaan, who was Earlier Chairman / Member of the Committee cease to be the Member of the Nomination and Remuneration Committee w.e.f 24.05.2016.

III. Performance Evaluation criteria for Independent Directors

Board Evaluation Policy has been framed by the Nomination and Remuneration Committee (NRC) and approved by the Board and subsequently amended by the Board as and when needed. This policy has been framed in compliance with the provisions of section 178(2), 134(3) (p) and other applicable provisions, if any, of the Companies Act, 2013 and Regulation 17(10), 19(4) and part D of Schedule II of the SEBI (LODR Regulations), as amended from time to time.

The Company adopted the following criteria to carry out the evaluation of Independent Directors, which is in terms of the provisions of the Companies Act, 2013 and the SEBI (LODR Regulations);

- The Nomination and Remuneration Committee (NRC) shall carry out evaluation of every Director's Performance.
- In addition, performance evaluation of the Independent Directors shall be done by the entire Board, excluding the director being evaluated. This is to be done on an annual basis

for determining whether to extend or continue the term of appointment of the independent director.

The Evaluation process of Independent Directors and the Board will consist of two parts;

- Board Member Self Evaluation; and
- Overall Board and Committee Evaluation.

In the Board Member Self Evaluation, each Board member is encouraged to be introspective about his/her personal contribution / performance/ conduct as director with reference to a questionnaire provided to them. Copies of the evaluation forms as applicable will be distributed to each Board Member. Board members shall complete the forms and return them to the Company Secretary or Board nominee or the consultant, as may be informed.

The Company Secretary or Board nominee or the consultant will tabulate the Forms. The Tabulated Report would be sent to all Board Members for evaluation and if any directors disagrees with the self-evaluated results, he she will suitably intimate the Chairman of the Board, else the same will be deemed to have been accepted.

The individually completed forms will be preserved by the Company Secretary and the Tabulated Report would be presented to the Board and NRC for evaluation.

Apart from the above, the NRC will carry out an evaluation of every director's performance. For this purpose, the NRC would review the Tabulated Report. The NRC would provide feedback to the Board on its evaluation of every director's performance and based on such feedback, the Board will recommended appointments, re-appointments and removal of the non-performing Directors of the Company.

IV. Remuneration policy

The remuneration of the Whole-time/Executive Directors and Senior Executive Officers is decided by the Board based upon the recommendations of the Nomination and Remuneration Committee, subject to the approval of the Company in general meeting, which inter-alia is based on the criteria such as industry benchmarks, the Company's performance, and the performance of the individual concerned. Remuneration of the Executives and employees largely consists of basic salaries, perquisites and incentives. The component of the total remuneration varies from grades and is governed by the industry pattern, qualifications, experience and the responsibilities carried on by the individual employee concerned. The objectives of the remuneration policy are to motivate the deserving employee in improving their performance, along with recognizing their contributions, retain best talent in the organization and record the merits.

The Policy inter alia provides for the following:

- (a) attract, recruit, and retain good and exceptional talent;
- (b) list down the criteria for determining the qualifications, positive attributes, and independence of the directors of the Company;
- (c) ensure that the remuneration of the directors, key managerial personnel and other employees is performance driven, motivates them, recognises their merits and achievements and promotes excellence in their performance;
- (d) motivate such personnel to align their individual interests with the interests of the Company, and further the interests of its stakeholders;
- (e) ensure a transparent nomination process for directors with the diversity of thought, experience, knowledge, perspective and gender in the Board; and

24th Annual General Meeting

(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 - 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 2016-17:

Amount in ₹

Name of the Director	Designation	Remuneration Paid during the year 16-17
Mr. Rajesh Gadodia	Managing Director	4.03
**Mr. Ankur Madaan	Whole- Time Director	3.83
***Mr. Run Vijay Singh	Executive Director	3.00

* Mr. Rajesh Gadodia, (DIN 00574465) had been elected as Non-executive chairman of the company w.e.f. 24.05.2016, and He ceased to be KMP (Managing Director) of the company w.e.f 24.05.2016 thereby he is been paid remuneration only for the Month of April 2016 to 24.05.2016 during the FY 2016-2017

** Mr. Ankur Madaan (DIN:07002199) was appointed as Whole- Time Director of the Company w.e.f 24.05.2016 hence, he is been paid remuneration from the Month of June 2016 to march 2017 during the FY 2016-2017.

*** Mr. Runvijay Singh (DIN:02239382) was appointed w.e.f 24.05.2016 as an Executive Director of the Company hence, he is been paid remuneration from the Month of June 2016 to march 2017 during the FY 2016-2017.

Performance criteria for one Executive Director, entitled for Performance Linked Incentive (PLI), are determined by the, Nomination and Remuneration Committee.

Service Contracts, Severance Fee and Notice Period

The appointment of the Executive Directors is governed by resolutions passed by the Board and the Shareholders of the Company, which cover the terms and conditions of such appointment read with the service rules of the Company. A separate Service Contract is not entered into by the Company with them. They can be terminated by either party by giving three months notice in writing as per the T&C of appointment letters. Letters of appointment have been

issued by the Company to the Independent Directors, incorporating their roles, duties, responsibilities etc., which have been accepted by them.

There is no separate provision for payment of severance fee under the resolutions governing the appointment of Executive Directors. The statutory provisions will however apply. With respect to notice period of Directors, the statutory provisions will also apply.

Sitting fee and commission paid on net profit to Non-Executive Directors:

Board w.e.f 20.10.2016 decided to make 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 Rs.

Name of the Director	Designation	Sitting Fees paid during the year 16-17
Mr. Rajesh Gadodia	Non-Executive Chairman	3000.00
Mr. Punit Kedia	Independent Director	6000.00
Mr. Vinay Goyal	Independent Director	6000.00
Mrs. Debjani Sahu	Independent Director	4000.00

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 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 2017.

Sr. No.	Name of the Director	Category	Equity Shareholding as on 31 st March 2017
1	Mr. Rajesh Gadodia	Non Executive Chairman	3535531
2	Mr. Ankur Madaan	Whole - Time Director	Nil
3	Mr. Runvijay Singh	Executive Director	Nil
4	Mr. Punit Kedia	Non Executive – Independent Director	Nil
5	Mr. Vinay Goyal	Non Executive – Independent Director	Nil
6	Mrs. Debjani Sahu	Non Executive – Independent Director	Nil

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 Madaan - Member

The committee met Fourteen times during the financial year ended 31st March, 2017 on 15.04.2016, 30.04.2016, 14.05.2016, 31.05.2016, 15.06.2016, 30.06.2016, 15.07.2016, 30.07.2016, 13.08.2016, 30.08.2016, 13.09.2016, 29.09.2016, 14.10.2016, 14.02.2017. To oversee and review all matters related to the transfer of securities of the company and other Shareholders Grievances if any.

24th Annual General Meeting

The composition and attendance of each member of the Committee is given below.

Name	Category	No of Meetings during the Year 2016-2017	
		Held	Attended
Mr. Vinay Goyal	Chairman	14	14
Mr. Ankur Maddan	Member	14	14
Mr. Rajesh Gadodia	Member	14	3
Mr. Punit Kedia	Member	14	11

*Shri Punit Kedia Member of the Stakeholders' Relationship Committee appointed in the Committee and / or Become Member of the Committee w.e.f 24.05.2016

* Shri Rajesh Gadodia, Member of the Committee ceases to be the Member of the Stakeholders' Relationship Committee w.e.f 24.05.2016.

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 2016-2017

Sr. No.	Nature of Complaints	Number of Complaints	
		Received	Redressed
1	Non-receipt of Share Certificate after Transfer	NIL	NIL
2	Non-receipt of Dividend Warrant	NIL	NIL
3	Non- receipt of Annual Report	NIL	NIL
4	Grievance Received through SCORES	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 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.

The powers (terms of reference) delegated to the committee are as under:

- 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;
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
 - To monitor the CSR policy of the company from time to time; and
 - Other matter as the CSR committee may deem appropriate after approval of the board of directors or as may be directed by the board of directors from time to time.

The committee did not meet during the financial year ended 31st March, 2017.

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, 2017 and details of the Members participation at the Meetings of the Committee are as under:

Name of the Member	Category	Attendance at the Risk Management Committee meeting held on 14.03.2017
Mr. Ankur Maddan	Whole- Time Director	Present
Mrs. Debjani Sahu	Women Independent Director	Present
Mr. Gobinda Chandra Nayak	Chief Financial Officer	Present

Mr. Ankur Madaan who was appointed as a WTD w.e.f. 24.05.2016 was also appointed as a Member of the Risk Management Committee instead of Mr. Rajesh Gadodia, Director of the Company who cease to be part of the Committee w.e.f 24.05.2016.

The 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, GST 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 is an equal employment opportunity provides and is committed to creating a healthy working environment that enables employees to work without fear of prejudice, gender bias and sexual harassment. The Company also believes that all employees of the Company have the right to be

treated with dignity. Sexual harassment at the work place or other than work place, if involving employees, is a grave offence and is, therefore, punishable.

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has formulated a policy known as 'Vigil Mechanism / 'Whistle Blower Policy' As per the requirement of Section 177(9) of the Companies Act, 2013 and Regulation 22 read with Regulation 4(2)(d)(iv) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to allow and encourage our employees to bring to the Management's Notice (Audit Committee) directly, without necessarily informing their superiors about suspected unethical behavior, malpractice, wrongful conduct, fraud, violation of the Company's policies including code of conduct, violation of law or questionable accounting or auditing matters by any employee/director in the Company without fear of reprisal.

The Company further undertakes that it has not denied any personnel access to the Chair man of the Audit Committee of the Company in respect of matters involving alleged misconduct / malpractice / unethical behavior and that it has provided protection to 'Whistle Blowers' from unfair termination and other unfair or prejudicial employment practices.

The Details Vigil Mechanism / 'Whistle Blower Policy' may be accessed on the Company's website at the link: <http://www.scansteels.com/wp-content/uploads/2016/06/WB-OR-VM-POLICY.pdf>

CEO/CFO CERTIFICATE:

A certificate from Whole- Time Director (CEO) and the Chief Financial Officer of the Company, in terms of regulation 17(8) read with schedule II Part B of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, have been duly submitted to the board and is attached to this Report.

In terms of Regulation 33(2)(a) of SEBI LODR, the 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 this Corporate Governance 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 below has been adopted pursuant to SEBI (LODR) Regulation, 2015 & 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) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015) is annexed separately to this report.

The standards for business conduct provide that the directors and the senior management will uphold ethical values and legal standards as the company pursues its objectives, and that honesty and personal integrity will not be compromised under any circumstances. A copy of the said code of conduct (in compliance with Regulations 46 (2) (d) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015) is available on the <http://www.scansteels.com/wp-content/uploads/2016/06/SCAN-STEELS-LIMITED-MODEL-CODE-OFCONDUCT-OF-BOD-AND-SENIOR-MGT.pdf>

ROLE OF THE COMPANY SECRETARY IN OVERALL GOVERNANCE PROCESS

The Company Secretary plays a key role in ensuring that the Board (including committees thereof) procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and senior management for effective decision-making at the meetings. The Company Secretary is primarily responsible to assist and advise the Board in the conduct of affairs of the Company, to ensure compliance with applicable statutory requirements and Secretarial Standards, to provide guidance to directors and to facilitate convening of meetings. He interfaces between the management and regulatory authorities for governance matters.

OBSERVANCE OF THE SECRETARIAL STANDARDS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA

The Institute of Company Secretaries of India (ICSI), one of India's premier professional bodies, has issued Secretarial Standards on important aspects like Board meetings, General meetings, Payment of Dividend, Maintenance of Registers and Records, Minutes of Meetings, Transmission of Shares and Debentures, Passing of Resolutions by Circulation, Affixing of Common Seal and Board's Report. Although these standards, as of now, are recommendatory in nature, the Company substantially adheres to these standards voluntarily.

PREVENTION OF INSIDER TRADING

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

24th Annual General Meeting

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
2013-2014	30.12.2014	10.00 A.M.	104/105, E-Square, Subhash Road, Opp. Havmor Ice Cream, Vile Parle (E), Mumbai – 400057	? Consent to hypothecation / mortgage and / or charge all or any part of the movable and / or immovable properties of the company u/s 180(1)(a) of the Companies Act, 2013. ? Increase in borrowing powers of the Board to upto ₹1000.00 Cr. u/s 180(1)(c) of the Companies Act, 2013. ? for accepting of Fixed Deposits u/s 73 & 76 of the Companies Act, 2013 ? for Increase of authorized share capital of the company ? for issue of equity shares on preferential basis under section 42 and 62 of the Companies Act, 2013
2014-2015	30.09.2015	10.00 A.M.	104/105, E-Square, Subhash Road, Opp. Havmor Ice Cream, Vile Parle (E), Mumbai – 400057	? for offer, issue and allotment of warrants convertible into equity shares on preferential basis under section 42 and 62 of the Companies Act, 2013 ? for adoption of new set of Articles of Association (AOA) of the Company in conformity with provisions of Companies Act 2013
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.

b) Extraordinary General Meeting:

The company held No Extra Ordinary General Meeting during the Financial Year 2016-2017.

c) Postal ballot

During the year ended 31st March, 2017, A Postal Ballot, including E-Voting (In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment

Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) was conducted pursuant to section 110 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 for obtaining approval of the shareholders for the following:

1. Special Resolution under section 13 of the Companies Act, 2013 for alteration of main object in the Memorandum of Association of the Company.

Summary of Voting Pattern to be disclosed for the resolution passed through Postal Ballot During the F.Y. 16-17 in compliance with Schedule V (7) (c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Sr. No.	Particulars	No. of Postal Ballot Forms / e-voting options	No. of Shares
(a)	Total Postal Ballot forms received	21	2011
	Total E-voting Options received	28	35667100
	Total	49	35669111
(b)	Less: Invalid Postal Ballot forms	0	0
(c)	Net Valid Postal ballot forms	21	2011
	Net E-voting options	28	35667100
	Total	49	35669111

The vote cast in favour and against on the resolution mentioned in the Postal Ballot Notice dated 14th February, 2017 is as follows:

Resolution No.	RESOLUTIONS	Vote Cast	
		In favour	Against
	SPECIAL BUSINESS		
1.	Special Resolution for Alteration of Main Object of the Company	35669082	29

Procedure for Postal Ballot

(In compliance with the Rule 22 of the Companies (Management and Administration) Rules, 2014 (the "Rules"), as amended by the Companies (Management and Administration) Amendment Rules, 2015 read with Section 110 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, read with the related rules):

In compliance with Section 108 and 110 and other applicable provisions of the of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company provided electronic voting (e-voting) facility to all its Members, to enable them to cast their votes

electronically between the period commenced from Sunday, 26th February, 2017 at 9.00 A.M. And ended on Monday, 27th March, 2017 at 5.00 P.M. on Resolution as mentioned above.

The Company engaged the services of CDSL for the purpose of providing e-voting facility to all its Members. The Members had the option to vote either by physical ballot or e-voting.

The Company dispatched the postal ballot notices dated 14th February, 2017 and forms along with postage prepaid business reply envelopes to its Members whose names appear on register of members / list of beneficiaries as on a cut-off date i.e. February 17, 2017. The postal ballot notice was sent to members in electronic form to the email addresses registered with their depository participants (in case of electronic shareholding) / the Company's registrar and share transfer agents (in case physical

24th Annual General Meeting

shareholding). The Company also published a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

Voting rights were reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms were requested to return the forms, duly completed and signed, to the scrutinizer M/s. Arihant & Associates (CA Arihant Kumar Bothra) (FRN-021046C), Practicing Chartered Accountants, as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner on or before the close of the voting period. Members desiring to exercise their votes by electronic mode were requested to vote before close of business hours on the last date of e-voting.

The scrutinizer submitted his report to the Chairman (ie. March 29, 2017), after the completion of scrutiny, and the consolidated results of the voting by postal ballot were then announced by the Chairman / authorized officer (i.e. Thursday, March 30, 2017 at the Registered Office of the Company situated at Office No. 104/105, E-Square, Subhash Road, Opp. Havmor Ice cream, Vile Parle (East), Mumbai – 400057 at 11.30 a.m.). The results were also displayed on the Company website, www.scansteels.com, besides being communicated to the stock exchanges, depository and registrar and share transfer agent.

The Company successfully completed the process of obtaining approval of its Shareholders for special resolutions on the items / resolutions mentioned in the Postal Ballot Notice dated 14th February, 2017

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

b) BSE Corporate Compliance & Listing Centre (the 'Listing Centre')

BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

c) SEBI Complaints Redress System

SEBI administers a centralized web-based complaints redress system (SCORES). It enables investors to lodge and follow up complaints and track the status of redressal online on the website www.scores.gov.in. It also enables the market intermediaries and listed companies to receive the complaints from investors against them, redress such complaints and report redressal. All the activities starting from lodging of a complaint till its disposal are carried online at any time. The Company has registered itself on SCORES and endeavors to resolve all investor complaints received through SCORES.

d) Website

The primary source of information regarding the operations of the Company is the corporate website: www.scansteels.com. 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	Wednesday, the 20 th Day of September, 2017 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	Wednesday, the 13 th Day of September, 2017 to Wednesday, the 20 th Day of September, 2017 (both days inclusive)	
Dividend Payment Date Date of declaration Rate of dividend Book Closure Date Date of payment of dividend Amount of dividend paid	Not Applicable	
Company Registration Details	The Company is registered in the State of Maharashtra, India. The Corporate Identification Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L27209MH1994PLC076015	
Listing on Stock Exchange	The Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	
Stock / Scrip Code	511672	
ISIN Numbers	INE099G01011	
Financial Calendar	1st April, 2017 – 31st March, 2018	
	First Quarter Results	Up to 14 th August , 2017
	Second Quarter Results	Up to 14 th November, 2017
	Third Quarter Results	Up to 14 th February, 2018
	Fourth Quarter Results	Up to 30 th May, 2018
E-Voting	Pursuant to the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, members have been provided the facility to exercise their right to vote at General Meetings by electronic means, through e-Voting Services provided by Central Depository Services India Limited.	
Market Price Data : High, Low during each month in the Financial Year 2016-2017	Refer Table No. 1	

Performance in comparison to board indices BSE Sensex	Refer Table No. 2																				
Suspension from Trading	No Security of the Company has been suspended from trading on Bombay Stock Exchanges.																				
Registrar & Transfer Agents.	Adroit Corporate Services Private Limited 19, Jaferbhoy Industrial Street, Makwana Road, Marol Naka, Andheri(E), Mumbai- 400 059																				
Share Transfer / Transmission System	<p>Request for Transfers/Transmission of shares held in physical form can be lodged with Adroit Corporate Services Pvt Limited at the above mentioned addresses. The transfers are normally processed within 15 days from the date of receipt if the documents are complete in all respects.</p> <p>SEBI has vide its circular dated 7 January, 2010 made it mandatory to furnish a copy of PAN Card in the following cases for transmission of shares in physical form:</p> <ol style="list-style-type: none"> Deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholders. Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder. 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. <p>The Board has delegated the authority for approving transfer, transmission etc. of the Company's securities to Mr. Prabir Kumar Das, the 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 and files a copy of the certificate with the Stock Exchange.</p>																				
Distribution of Shareholding	Refer Table No. 3																				
Shareholding Pattern	Refer Table No. 4																				
Dematerialization of Securities and Liquidity	<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, 2017 is as under:</p> <table border="1" data-bbox="646 1346 1474 1562"> <thead> <tr> <th>Particulars</th> <th>No. of Shareholders</th> <th>No. of Shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>CDSL</td> <td>681</td> <td>39680275</td> <td>76.97</td> </tr> <tr> <td>NSDL</td> <td>856</td> <td>10580288</td> <td>20.52</td> </tr> <tr> <td>PHYSICAL</td> <td>1160</td> <td>1291732</td> <td>2.51</td> </tr> <tr> <td>TOTAL</td> <td>2697</td> <td>51552295</td> <td>100.00</td> </tr> </tbody> </table> <p>And on an average the dematerialization process is completed within a period of 15 days from receipt of a valid demat request along with all documents.</p>	Particulars	No. of Shareholders	No. of Shares	%	CDSL	681	39680275	76.97	NSDL	856	10580288	20.52	PHYSICAL	1160	1291732	2.51	TOTAL	2697	51552295	100.00
Particulars	No. of Shareholders	No. of Shares	%																		
CDSL	681	39680275	76.97																		
NSDL	856	10580288	20.52																		
PHYSICAL	1160	1291732	2.51																		
TOTAL	2697	51552295	100.00																		
Outstanding GDR/ADR or warrants or any convertible instruments, conversion date and likely impact on equity.	As on March 31 2017, The Company has 800005 nos. of warrants convertible into equity shares out of which 800000 warrants was converted on 04.04.2017. And Fraction amounts (i.e. 5 shares) remain after conversion of all warrants in to equity shares had been refunded to the respective allottees due to laps of time. 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 Fifty) divided into 5,23,52,295 (Five																				

	<p>Crore Twenty Three Lakhs Fifty Two Thousand Two Hundred Ninety Five) fully paid up Equity Shares of ₹ 10/- (Rupees Ten Only) each. 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) Unit -2 is situated at Gangajal, Budhakata, Sundergarh, Odisha Unit-3 is situated at Bai-bai, Tudalaga, Rajgangpur, Sundergarh, Odisha Unit-4 is situated at Vill -Veniveerapura, Bellary, Karnataka</p>
Address for Correspondence	104-105, E Square, Subhash Road, Opp. Havmor Ice Cream, Vile Parle (E), Mumbai , Maharashtra - 400057
Payment of Listing Fees	Annual listing fee for the year 2017-18 has been paid by the Company to BSE.
Payment of Depository Fees	Annual Custody/Issuer fee for the year 2017 -18 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 - 2016 – 2017:-

	Highest (₹)	Lowest (₹)	No. of shares Traded	BSE High	BSE Low
April, 2016	16.45	13.38	3,241	26,100.54	24,523.20
May, 2016	16.50	13.55	378	26,837.20	25,057.93
June, 2016	22.40	14.95	3,015	27,105.41	25,911.33
July, 2016	27.65	21.35	2,077	28,240.20	27,034.14
August, 2016	30.00	26.10	9,101	28,532.25	27,627.97
September, 2016	29.15	20.20	3,92,952	29,077.28	27,716.78
October, 2016	25.30	19.85	10,903	28,477.65	27,488.30
November, 2016	28.70	18.60	9,585	28,029.80	25,717.93
December, 2016	17.70	12.75	18,431	26,803.76	25,753.74
January, 2017	12.75	10.87	2,16,044	27,980.39	26,447.06
February, 2017	11.08	8.60	2,47,380	29,065.31	27,590.10
March, 2017	12.12	8.16	22,46,145	29,824.62	28,716.21

TABLE – 2: PERFORMANCE OF THE SHARE PRICE OF THE COMPANY IN COMPARISON TO BSE SENSEX FOR THE PERIOD 1ST APRIL, 2016 TO 31ST MARCH, 2017 IS GIVEN BELOW:

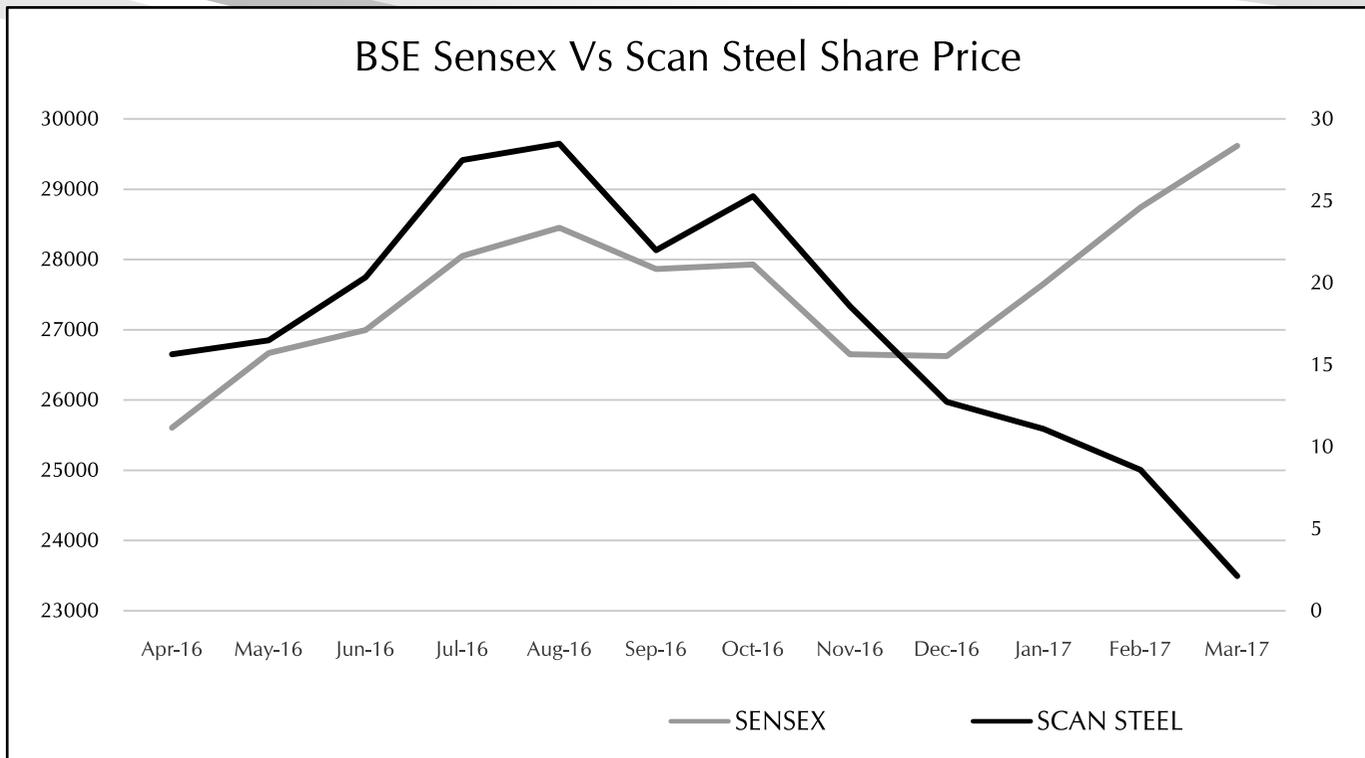


TABLE – 3: DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2017

Range (No. of shares held)	Share Holders		Shares Held	
	Numbers	% of Total	Numbers	% of Total
UPTO - 100	1817	67.37	143752	0.28
101-500	549	20.36	159862	0.31
501-1000	105	3.89	89976	0.17
1001-2000	67	2.48	105419	0.20
2001-3000	22	0.82	54563	0.11
3001-4000	23	0.85	79152	0.15
4001-5000	14	0.52	63082	0.12
5001-10000	24	0.89	177885	0.35
10001-20000	14	0.52	198927	0.39
20001-50000	9	0.33	278469	0.54
50001-ABOVE	53	1.97	50201208	97.38
Total	2697	100.00	51552295	100.00

TABLE – 4: SHAREHOLDING PATTERN AS ON 31ST MARCH, 2017

CATEGORY	No. of Shares Held	% of Shareholding
Promoters	25181985	48.85
Corporate Bodies	22977491	44.57
Indian Public	3391846	6.58
NRI	476	0.00
Clearing Members	497	0.00
Total	51552295	100

- Shareholding pattern of the Company in detail is presented in MGT – 9 enclosed to the Board’s report as Annexure ‘F’.

REQUEST TO INVESTORS

Shareholders are requested to follow the general safeguards/procedures as detailed hereunder in order to avoid risks while dealing in the securities of the company.

- Shareholders are requested to convert their physical holding to demat/electronic form through any of the DPs to avoid any possibility of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities.
- Shareholders holding shares in physical form should communicate the change of address, if any, directly to the Registrars and Share Transfer Agent of the company.
- It has become mandatory for transferees to furnish a copy of Permanent Account Number for registration of transfer of shares held in physical mode.
- Shareholders holding shares in physical form who have not availed nomination facility and would like to do so are requested to avail the same, by submitting the nomination in Form SH-13. The form will be made available on request. Those holding shares in electronic form are advised to contact their Dps.
- As required by SEBI, it is advised that the shareholders furnish details of their bank

account number and name and address of their bank for incorporating the same in the dividend warrants. This would avoid wrong credits being obtained by unauthorized persons.

DISCLOSURES

I) **DISCLOSURES ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS THAT MAY HAVE POTENTIAL CONFLICT WITH THE INTEREST OF THE COMPANY AT LARGE:**

The Board has received disclosures from key managerial personnel relating to material, financial and commercial transactions where they and/or their relatives have personal interest. 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 Accounting Standard (AS) 18 on Related Party Disclosures prescribed under the Companies Act, 2013 are disclosed in Note 2.3(B) of notes to the Accounts for the year ended 31st March, 2017 may be referred.

All related party transactions are negotiated on an

24th Annual General Meeting

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 - Investor Relations Segment. And necessary approval of the audit committee and Board of directors were taken wherever required in accordance with the Policy.

Details of Related Party Transactions in form AOC 2 attached to Board Report may also be referred to.

II) STATUTORY COMPLIANCES, PENALTIES & STRICTURES

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other statutory authorities relating to the above.

III) WHISTLE BLOWER POLICY

Whistle Blower Policy/Vigil Mechanism: The Whistle Blower Policy/Vigil Mechanism has been formulated by the Company with a view to provide a mechanism for directors and employees of the Company to approach the Ethics Counsellor / Chairman of the Audit Committee of the Board to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Code of Conduct or ethics policy or any other unethical or improper activity including misuse or improper use of accounting policies and procedures resulting in misrepresentation of accounts and financial statements. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards, the Company encourages Whistle Blower Policy/Vigil Mechanism: The Whistle Blower Policy/Vigil Mechanism has been formulated by the Company with a view to provide a mechanism

for directors and employees of the Company to approach the Ethics Counsellor / Chairman of the

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, Dalal Street, KalanGhoda, Mumbai-400 001. Inida. Tel: 91 22 2272 1233 Fax: 91 22 2272 1919	www.bseindia.com

XIII) REGISTRARS AND TRANSFER AGENTS

For communications regarding share transfer and dematerialization requests and all matters connected with share transfer, transmission, dividend payment is handled by the share transfer agent. Share transfers are processed within 10-12 days of 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

19, Jafferbhoy Industrial Estate,
1st Floor, Makwana Lane, Marol Naka,
Andheri (E), Mumbai- 400 059.
Tel: +91 22 28596060/4060/4428/4442/0942
+91 22 42270400/ +91 22 42270423
Fax: +91 22 2850 3748
Email: 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, 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 – Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street, Fort, Mumbai-400 001. Telephone: (022) 2272 3333, Toll free: 1800-200-5533, Fax: (022) 2272 3199,
E-mail: helpdesk@cdslindia.com
Website: www.cdslindia.com

XX) REMOTE E-VOTING AND BALLOT VOTING AT THE AGM

To allow the shareholders to vote on the resolutions proposed at the AGM, the Company has arranged for a remote e-voting facility. The Company has engaged CDSL to provide e-voting facility to all the members. Members, whose names appear on the register of members as on 13th September, 2017 shall be eligible to participate in the e-voting.

The facility for voting through ballot will also be made available at the AGM, and the members who have not already cast their vote by remote e-voting can exercise their vote at the AGM.

XXI) All Mandatory requirements have been appropriately complied with.

XXII) NON COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE

There are no instances of non-compliance of

24th Annual General Meeting

Corporate Governance Report as mentioned in sub- paras (2) to (10) of para (C) of schedule V.

XXIII) The disclosures on corporate governance as required under Regulation 17 to 27 (Except Reg. 24 as Company Does not have any Subsidiary Company) and clauses (b) to (i) of sub-regulation (2) of 46 (Except Clause h, n, o- those are not Applicable to Company) have been adhered and complied with.

XXIV) ADOPTION OF DISCRETIONARY REQUIREMENTS:

The status of adoption of discretionary requirements of Regulation 27(1) as specified under Part E of Schedule II of the SEBI (LODR Regulations) is provided below:

- i. The Board & Separate posts of Chairman and CEO: The positions of the Chairman and the CEO (WTD) are separate. Mr. Rajesh Gadodia, Non-Executive Chairman of the Company maintains office at the Company's expenses and is also allowed reimbursement of expenses incurred in performance of his duties.
- ii. Shareholders' Rights: As the quarterly, half yearly and annual financial performance including summary of significant events are published in the newspapers, communicated to the stock exchanges and also posted on the Company's website under - the Investor Relation Corner. The complete Annual Report is sent to every Shareholders of the Company. However the half yearly declaration of financial

performance including summary of the significant events in the last six months, are not being sent separately to each household of Shareholders.

- iii. Modified Opinion in Auditors Report: It has always been the Company's endeavour to present financial statements with unmodified audit opinion. The Statutory Auditors have issued an unmodified audit opinion on the Company's financial statements for the year ended 31st March, 2017.
- 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, 2016, with the comparatives for the periods ending 31st March, 2016, 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 2016-17

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

Place: Bhubaneswar
Date: 30th May, 2017

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, 2017 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, 2017 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, 2017

Ankur Madaan
Whole-Time Director

Gobinda Chandra Nayak
Chief Financial Officer

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, 2017, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E 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, 2017.

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, 2017

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.

**For and on Behalf of the Board
Ankur Madaan
Whole-Time Director
(DIN: 07002199)**

**Place: Bhubaneswar
Date: 30th May, 2017**

FINANCIAL STATEMENTS

2016-17

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, 2017, 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

24th Annual General Meeting

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, 2017, and its profits and its cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to

- i. Note No-2.5 to the financial statements which describes that the company has defaulted on debt payments to consortium lenders, due to unprecedented adverse developments witnessed by industry as a whole during the financial year.
- ii. Note No-2.6 to the financial statements which describes that the company has advance from customers for more than 365 days.
- iii. Note No-2.7 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 2017 and taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March 2017 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 additional Note-2.1 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.
- iv. the Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note-10 to the Ind AS financial statements.

**Place: Bhubaneswar
Date: 30th May, 2017**

**For SRB & Associates
Chartered Accountants
F.Regd. No-31009E
Sd/-
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, 2017, 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
 - (i) Freehold land of 7.68 Acres situated in Village Raiberna and Laing, Sundergarh which is in the name of M/s. Shristi Ispat Limited, the company which was merged in to this company during 2005.
 - (ii) Land of 14.88 Acres occupied by the company situated in Village-Kudithini, Bellary, Karnataka.
- (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.
- (ii) 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.
- (iii) 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.
- (iv) 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.
- (v) 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.
- (vi)(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, 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 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 (Rs.)	Forum where dispute is pending
1	Orissa Sales Tax Act	2001-2002	OST	1,37,958	Sales Tax Tribunal,Cuttack
2	Entry Tax Act	2001-2002	ENTRY TAX	24,482	Sales Tax Tribunal,Cuttack
3	Orissa Sales Tax Act	2002-2003	OST	22,96,983	Assistant Commissioner of Commercial Tax,RKL
4	Orissa Sales Tax Act	2003-2004	OST	4,57,299	Assistant Commissioner of Commercial Tax,RKL
5	Entry Tax Act	2003-2004	ENTRY TAX	5,10,878	Assistant Commissioner of Commercial Tax,RKL
6	Orissa Sales Tax Act	2004-2005	OST	10,04,979	Assistant Commissioner of Commercial Tax,RKL
7	Entry Tax Act	2004-2005	ENTRY TAX	4,62,467	OST Tribunal, Cuttack
8	Orissa Sales Tax Act	2004-2005	OST	17,15,871	OST Tribunal, Cuttack
9	Entry Tax Act	2004-2005	ENTRY TAX	9,95,460	OST Tribunal, Cuttack
10	Orissa Sales Tax Act	2005-2006	OST	1,07,26,881	High Court of Odisha,cuttack
11	Entry Tax Act	2005-2006	ENTRY TAX	18,50,937	High Court of Odisha,cuttack
12	Central Sales Tax Act	2005-2006	CST	5,30,992	High Court of Odisha,cuttack
13	OVAT , Act	2006-2007	OVAT	1,07,38,853	High Court of Odisha,cuttack
14	Central Sales Tax Act	2006-2007	CST	1,61,83,731	High Court of Odisha,cuttack
15	Entry Tax Act	2006-2007	ENTRY TAX	33,51,331	High Court of Odisha,cuttack

SI No.	Name of the Statute	Period	Nature of Dues	Amount (Rs.)	Forum where dispute is pending
16	OVAT , Act	2007-08 & 2008-09	OVAT	2,25,331	Additional CST Northern Zone
17	Entry Tax Act	2007-08 & 2008-09	ENTRY TAX	1,36,613	Additional CST Northern Zone
18	Central Sales Tax Act	2007-08 & 2008-09	CST	1,82,853	Additional CST Northern Zone
19	Central Sales Tax Act	01.08.2008 to 28.02.2011	CST	5,17,563	Additional CST Northern Zone
20	OVAT , Act	01.04.2009 to 31.03.2011	OVAT	2,98,363	Additional CST Northern Zone
21	Entry Tax Act	01.04.2009 to 31.03.2011	ENTRY TAX	9,04,748	Additional CST Northern Zone
22	OVAT , Act	01.08.2008 to 28.02.2011	OVAT	16,96,61,165	OST Tribunal, Cuttack / Stay Revision Commissioner
23	Entry Tax Act	01.08.2008 to 28.02.2011	ENTRY TAX	4,00,53,670	OST Tribunal, Cuttack / Stay Revision Commissioner
24	OVAT , Act	04.04.2012 to 31.03.2014	OVAT	3,48,051	Commissioner Cuttack , Revision
25	Entry Tax Act	01.04.2012 to 31.03.2014	ENTRY TAX	27,15,479	Commissioner Cuttack , Revision
26	Central Sales Tax Act	01.04.2012 to 31.03.2014	CST	6,52,117	Commissioner Cuttack , Revision
27	Central Sales Tax Act	01.04.2014 to 30.09.2015	CST	45,01,268	DCCT , Rourkela
28	Custom Act 1962	2012 & 2013	Custom Duty	1,38,48,914	Customs,Excise& Service Tax Appellate Tribunal, Bangalore
29	Income Tax act	2009-10 & 2011-12	Income Tax	88,93,575	The Commissioner of Income Tax(appeals)
Total				29,39,28,812	

(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	Amount outstanding in Books of Account as at 31 st March 2017 (Rs.)	Remarks
State Bank of India.	Cash Credit	28 th November, 2015 to 31 st March, 2017.	77,28,31,110	Refer Note No-2.5 and 13 to Financial Statements.
	Term Loan		4,67,80,655	
Central Bank of India.	Cash Credit	30 th April, 2016 to 31 st March, 2017.	5,40,65,102	
	Term Loan		6,01,55,978	
Punjab National Bank.	Cash Credit		25,91,09,185	

- (viii) 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.
- (ix) 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.
- (x) 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.
- (xi) 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 27,46,665 nos. of equity shares at a premium decided by the Board of Directors out of the conversion of warrants allotted earlier. Further, the company has also allotted on Preferential basis 80,00,000 Nos of share warrants convertible into equivalent number of equity shares of face value of Rs. 10 each of the company at an exercise price of Rs. 50 (Rupees Fifty Only) (including a premium of Rs 40) per equity share within 18 months from the date of issue of warrants, in its Board Meeting held on 14th October, 2015, the allottees had exercised such power to convert 27,46,665 number of warrants into equity shares at board meeting held on different dates during the year (Refer note no.2.8)
- (xii) The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- (xiii) 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-31009E
Sd/-
B. Mohanty
Partner
M. No: 056264

Place: Bhubaneswar
Date: 30th May, 2017

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, 2017 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.

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, 2017, 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-310009E**

Sd/-

**B. Mohanty
Partner**

M. No: 056264

**Date: 30th May, 2017
Place: Bhubaneswar**

Balance Sheet as at 31ST March, 2017

Particulars	Notes	As at 31st -Mar-17 INR	As at 31st -Mar-16 INR	As at 1st -Apr-15 INR
I. ASSETS				
1. Non-current assets				
(a) Property, Plant and Equipments	3	2,83,62,16,296	2,94,80,87,751	2,64,40,22,353
(b) Capital work-in-progress	3	8,86,14,597	-	28,58,96,156
(c) Intangible Assets	3	28,870	28,870	28,870
(d) Financial Assets				
(i) Investments	4	2,16,35,746	2,02,39,642	-
(ii) Loans		-	-	-
(iii) Other Financial assets	5	18,13,36,205	21,06,55,122	25,16,46,842
(e) Other non-current asset	6(i)	74,76,48,367	82,54,21,985	2,60,268
(f) Deferred tax assets (net)	7	19,93,99,443	16,81,22,524	-
2. Current assets				
a. Inventories	8	69,03,75,600	95,41,61,651	1,51,55,15,328
b. Financial Assets				
(i) Current investments		-	-	-
(ii) Trade Receivables	9	53,98,87,819	52,86,09,972	86,45,70,294
(iii) Cash & Cash Equivalents	10	12,79,07,516	6,05,16,935	1,20,52,021
(iv) Other financial Assets		-	-	-
c. Other assets	6(ii)	19,51,90,103	26,91,99,339	39,15,37,313
TOTAL		5,62,82,40,562	5,98,50,43,791	5,96,55,29,445
II. EQUITY AND LIABILITIES				
1. Equity				
a. Equity Share Capital	11	51,55,22,950	48,80,56,300	37,80,03,000
b. Other Equity	12	2,09,51,70,857	2,10,14,52,155	1,27,73,52,406
2. Non-current liabilities				
a. Financial Liabilities				
(i) Borrowings	13	36,74,80,397	36,75,68,387	72,53,60,057
(ii) Trade payables		-	-	-
(iii) Other Financial Liabilities		-	-	-
b. Provisions		-	-	-
c. Deferred Tax Liabilities (net)	7	-	-	14,38,36,364
d. Other Non-current Liabilities		-	-	-
3. Current liabilities				
a. Financial Liabilities				
(i) Borrowings	13	1,58,39,49,001	1,68,64,58,430	1,60,90,72,207
(ii) Trade payables	14	58,98,02,587	57,13,29,064	98,68,17,841
(iii) Other Financial Liabilities	15	27,53,68,003	33,90,40,961	64,36,92,703
b. Provisions	16	2,33,21,653	5,22,31,385	4,38,53,169
c. Other Current Liabilities	17	17,76,25,114	37,89,07,109	15,75,41,698
TOTAL		5,62,82,40,562	5,98,50,43,791	5,96,55,29,445
Significant Accounting Policies and Notes to Accounts	1 & 2			
Notes forming part of Balance Sheet	3 to 17			

As per our report of even date attached.

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

For and on behalf of the Board
M/s. Scan Steels Limited

B. Mohanty
Partner
M. No: 056264

Ankur Madaan
Director

Vinay Goyal
Director

Place: Bhubaneswar
Date: 30th May, 2017

Prabir Kumar Das
Company Secretary

Gobinda Chandra Nayak
Chief Finance Officer

Statement of Profit and Loss for the year ended 31ST March, 2017

Particulars	Notes	31st March,2017 INR	31st March,2016 INR
I.Income			
(a)Revenue from Operations	18	4,18,18,89,012.00	3,87,34,36,065.00
(b)Finance Income	19	82,31,320.00	1,04,53,856.00
(c)Other Incomes	20	1,22,82,683.00	1,33,80,858.00
Total Income		<u>4,20,24,03,015.00</u>	<u>3,89,72,70,779.00</u>
II.Expenses			
(a)Cost of Raw Materials Consumed	21	2,37,22,02,627.00	2,49,63,81,074.00
(b)Cost of Traded Goods Sold	22	22,69,57,100.00	50,37,46,382.00
(c)Change in Inventory (Increase) /decrease	23	20,90,97,579.00	(23,63,58,239.00)
(d)Employee Benefit Expenses	24	11,92,48,375.00	11,13,02,483.00
(e)Finance cost	25	13,18,57,363.00	30,26,24,109.00
(f)Depreciation and Amortization expenses	26	20,02,60,657.00	12,45,60,201.00
(g)Other Expenses	27	1,09,21,12,984.00	92,41,96,648.00
Total expenses		<u>4,35,17,36,685.00</u>	<u>4,22,64,52,658.00</u>
III.Profit Before exceptional and extra ordinary items and tax		(14,93,33,670.00)	(32,91,81,879.00)
IV.Exceptional items		-	9,78,050.00
V.Profit Before extraordinary items and tax		(14,93,33,670.00)	(33,01,59,929.00)
VI.Extraordinary items		-	-
VII.Profit before Taxes		(14,93,33,670.00)	(33,01,59,929.00)
VIII.Tax Expenses			
(a)Current Tax		-	-
(b)Deferred Tax		(3,12,76,919.00)	(31,19,58,888.00)
IX.Profit (Loss) for the Year		<u>(11,80,56,751.00)</u>	<u>(1,82,01,041.00)</u>
X.Other Comprehensive Income			
(i) Items that will not be reclassified subsequently to profit or loss:			
(a) Changes in investments other than equity shares carried at FVTOCI		-	-
(b) Changes in Fair value of cash flow hedges		-	-
(c) Changes in Fair value of of cash flow hedges		-	-
(d) Income tax effect		-	-
(ii) Items that will be reclassified subsequently to profit or loss :			
(a) Changes in investments in equity shares carried at FVTOCI		13,96,105.00	69,29,841.00
(b) Re-measurement of defined employee benefit plans		-	-
(c) Income tax effect		-	-
XI.Total Other comprehensive Income after tax		<u>13,96,105.00</u>	<u>69,29,841.00</u>
XII.Total comprehensive income for the period		<u>(11,66,60,646.00)</u>	<u>(1,12,71,200.00)</u>
XIII.Earnings per equity share:			
(1) Basic		(2.26)	(0.23)
(2) Diluted		(2.35)	(0.25)
Significant Accounting Policies and Notes to Accounts	1 & 2		
Notes forming part of Statement of Profit and Loss	18 to 27		

As per our report of even date attached.

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

For and on behalf of the Board
M/s. Scan Steels Limited

B. Mohanty
Partner
M. No: 056264

Ankur Madaan
Director

Vinay Goyal
Director

Place: Bhubaneswar
Date: 30th May, 2017

Prabir Kumar Das
Company Secretary

Gobinda Chandra Nayak
Chief Finance Officer

Statement of Cash Flows for the year ended 31ST March, 2017

Particulars	Notes	As at	As at
		31st March'2017	31st March'2016
		INR	INR
A Operating Activities			
Profit before tax from continuing operations		(14,93,33,670.00)	(33,01,59,929.00)
Profit/(loss) before tax from discontinuing operations		-	-
Profit before tax		(14,93,33,670.00)	(33,01,59,929.00)
Adjustment to reconcile profit before tax to net cash flows:			
Depreciation and impairment of Property, Plant and equipment		12,03,87,732.00	12,45,60,201.00
Depreciation and impairment of intangible assets		-	-
Depreciation of investment Properties		-	-
Contribution of Property, Plant and equipment by customers		-	-
Share-based payment expenses		-	-
Net foreign exchange differences		(2,71,266.00)	(16,861.00)
Gain on disposal of Property, plant and equipment		68,128.00	(1,68,847.00)
Fair value adjustment of a contingent consideration		-	-
Finance income (including fair value change in financial instruments)		(82,31,320.00)	(1,04,53,856.00)
Finance costs (including fair value change in financial instruments)		13,18,57,363.00	30,26,24,109.00
Share of profit of an associate and a joint venture		-	-
Other capital receipts		-	1,77,437.00
Adjustments of earlier years		5,12,748.00	94,92,162.00
Working capital adjustments:		9,49,89,715.00	9,60,54,416.00
Movement in provisions, gratuity and government grants		(2,89,09,732.00)	83,78,216.00
Proceeds/(Repayment) of borrowings		(10,25,09,429.00)	7,73,86,223.00
Increase in trade and other receivables and pre payments		6,27,31,389.00	45,82,98,296.00
Decrease in inventories		26,37,86,051.00	56,13,53,677.00
Increase in trade and other Payables		(24,64,81,430.00)	(49,87,75,108.00)
		4,36,06,564.00	70,26,95,720.00
Income tax paid		-	-
NET CASH GENERATED BY OPERATING ACTIVITIES (A)		4,36,06,564.00	70,26,95,720.00
B Investing Activities			
Proceeds from sale of property, plant and equipment		7,60,000.00	50,53,720.00
Purchase of property, plant and equipment		(9,79,59,002.00)	(14,76,14,316.00)
Purchase of Investment Properties			
Intangible asset under development			
Purchase of financial instruments		(13,96,104.00)	(2,02,39,642.00)
Proceeds from sale of financial instruments		2,93,18,917.00	4,09,91,720.00
Interest received (finance income)		82,31,320.00	1,04,53,856.00
Acquisition of subsidiary, net of cash acquired			
Receipt of government grants			-
Changes in other non-current assets		7,77,73,618.00	(82,51,61,717.00)
Net fair value gain/(loss) on investments		13,96,105.00	69,29,841.00
NET CASH USED IN FINANCING ACTIVITIES (B)		1,81,24,854.00	(92,95,86,538.00)

Particulars	Notes	As at	As at
		31st March'2017	31st March'2016
		INR	INR
C Financing Activities			
Proceeds from issue of equity shares		13,73,33,250.00	93,57,54,650.00
Acquisition of non-controlling interests			
Transaction costs on issue of shares			-
Payment of finance lease liabilities			-
Interest paid		(13,18,57,363.00)	(30,26,24,109.00)
Proceeds from borrowings			-
Repayment of borrowings		(87,990.00)	(35,77,91,670.00)
Dividends paid to equity holders of the parent			-
Dividends paid to non-controlling interests			-
Dividend distribution tax			-
NET CASH USED IN FINANCING ACTIVITIES (C)		53,87,897.00	27,53,38,871.00
Net foreign exchange differences		2,71,266.00	16,861.00
Net increase in cash and cash equivalents (A + B + C)		6,73,90,581.00	4,84,64,914.00
Cash and cash equivalents at the beginning of the year		6,05,16,935.00	1,20,52,021.00
Cash and cash equivalents at year end		12,79,07,516.00	6,05,16,935.00
Significant Accounting Policies and Notes to Accounts	1 & 2		
Notes forming part of Statement of Profit and Loss	3 to 27		

As per our report of even date attached.

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

B. Mohanty
Partner
M. No: 056264

Place: Bhubaneswar
Date: 30th May, 2017

For and on behalf of the Board
M/s. Scan Steels Limited

Ankur Madaan
Director

Vinay Goyal
Director

Prabir Kumar Das
Company Secretary

Gobinda Chandra Nayak
Chief Finance Officer

**NOTES TO
FINANCIAL STATEMENTS**

2016-17

Notes to the Financial Statements for the year ended 31st March, 2017

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 primary listings on the BSE Limited in India. The company is engaged in manufacturing of steel products and in generation of power for captive consumption. The company is also involved in derivative contracts that are intended for trading.

1.2 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. These financial statements are the first financial statements under Ind AS.

(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) 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) 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 judgments 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 out 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 "Un matured finance charges" under the head "Other Current Assets" in the Balance sheet. Subsequently, at the end of the year the portion of finance charges is transferred to profit & loss account on the basis of the number of installments due during the year.
- d) **Transition to Ind AS**
On transition to Ind AS, the entity has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.
- e) **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).
- ii. **Intangible assets :**
- a) Intangible assets are recorded at the consideration paid for acquisition of such assets and a claimed at cost less accommodated amortization and impairment.
- b) **Amortisation methods and periods**
The entity amortises intangible assets with a finite useful life using the straight-line method.
- c) **Transition to Ind AS**
On transition to Ind AS, the entity has elected to continue with the carrying value of all of intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.
- iii. **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 and net of returns, trade allowances, rebates, value added taxes 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 as for recognizing the revenue:-
- a) Sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods, net of Value-added taxes.
- b) Sale of traded goods is recognized when the goods are dispatched to the customers.

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 includes excise duty.
- d) Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

1.7 Financial Instruments

Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. 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 recognized in profit or loss.

i. Financial Assets

a) measured at amortised cost

Financial assets are subsequently measured at amortized 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 recognised at the proceeds received net off direct issue cost.

All equity instruments classified under financial assets are subsequently measured at fair value.

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 amortized cost using

effective interest rate method. Gain and losses recognized in profit and loss when the liabilities are derecognized.

1.8 Borrowings :

- i. Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that 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 capitalized as a prepayment for liquidity services and amortized 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 removed from the balance sheet when the obligation 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 profit or 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, 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 Profit and Loss Statement.

- (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 Profit and loss Statement 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.

(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 recognized 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 realized 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 offset 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 offset 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 Excise Duty :

Excise duty is accounted for on dispatch of products from the factory and on closing stock.

1.14 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.

1.15 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.

1.16 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.

1.17 Segment reporting :

- (i) The Company is primarily engaged in the business of manufacturing of steel and power for captive consumption and Trading of TMT Re-bars. 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.

1.18 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.

1.19 Fair value of investments

Investments 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 recognized in the retained earnings as at the date of transition and subsequently in the Other Comprehensive income for the year ended 31st March, 2016.

1.20 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.

1.21 Rounding of amounts :

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

1.22 First Time adoption of Ind AS

The company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1st April, 2016, with transition date of 1st

April, 2015. The adoption of Ind AS has been carried out in accordance with Ind AS 101, First time adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements for the year ended 31st March, 2017, be applied retrospectively and consistently for all financial years presented. However, in preparing these Ind AS financial statements, the company has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements at the transition date under Ind AS and previous GAAP have been recognised directly in the equity (retained earnings).

A. Optional Exemption

Deemed Cost

Ind AS 101 permits to measure all its property, plant & equipments and intangible assets at their previous GAAP carrying value i.e. being deemed cost represented by Gross Block reduced by accumulated depreciation or amortisation on 1st April, 2015.

B. Mandatory Exceptions

(a) Estimates

"An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies). Ind AS estimates as at 1st April, 2015 are consistent with the estimates as

at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:- Investment in equity instruments carried at FVTPL or FVOCI; and Interest on deposits accepted from related parties at concessional rate of interest."

(b) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Transition to Ind AS - Reconciliation

"The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS in accordance with Ind AS 101:

- I. Reconciliation of Balance sheet as at April 1, 2015 and March 31, 2016
- II. Reconciliation of Statement of Profit and Loss for the year ended March 31, 2016
- III. Reconciliation of Equity as at April 1, 2015 and March 31, 2016

The presentation requirements under Previous GAAP differs from Ind AS and hence Previous GAAP information has been regrouped for ease of reconciliation with Ind AS. The Regrouped Previous GAAP information is derived from the Financial Statements of the Company prepared in accordance with Previous GAAP."

I. Reconciliations of Balance Sheet as at April 1,2015 and March 31,2016
(a) Reconciliations of Balance Sheet as at April 1,2015

Particulars	Notes	As at 1st April,2015	Adjustments	As at 1st April,2015
		(Previous GAAP)		(Ind AS)
		INR	INR	INR
ASSETS				
Non-current Assets				
1.Property,Plant and Equipment	1.4	2,64,40,22,353.00	-	2,64,40,22,353.00
2.Intangible Assets		28,870.00	-	28,870.00
3.Capital work in Progress		28,58,96,156.00	-	28,58,96,156.00
4.Investments	1	-	-	-
5.Other non-current financial assets		16,73,92,362.00		16,73,92,362.00
6.Other Non-current Assets		-	2,60,268.00	2,60,268.00
7.Deferred Tax Assets(Net)	2	-	-	-
		3,09,73,39,741.00	2,60,268.00	3,09,76,00,009.00
Current Assets				
1.Inventories		1,51,55,15,328.00	-	1,51,55,15,328.00
2.Financial Assets				-
Trade receivables		86,45,70,294.00	-	86,45,70,294.00
Other financial assets		36,29,36,481.00		36,29,36,481.00
Cash & Cash Equivalents		11,11,12,472.00		11,11,12,472.00
3.Other current Assets		1,40,55,129.00	(2,60,268.00)	1,37,94,861.00
		2,86,81,89,704.00	(2,60,268.00)	2,86,79,29,436.00
TOTAL ASSETS		5,96,55,29,445.00	(2,60,268.00)	5,96,55,29,445.00
EQUITY AND LIABILITIES				
Equity				
1.Equity Share Capital		37,80,03,000.00	-	37,80,03,000.00
2.Other Equity		1,21,54,95,577.00	6,18,56,829.00	1,27,73,52,406.00
TOTAL EQUITY		1,59,34,98,577.00	6,18,56,829.00	1,65,53,55,406.00
Non-current Liabilities				
1.Financial Liabilities				
Borrowings	3	20,71,03,386.00	-	20,71,03,386.00
Un Secured Loan		40,24,52,670.00		40,24,52,670.00
Deposits (UnSecured)		11,58,04,001.00		11,58,04,001.00
Other financial liabilities		-	-	-
2.Long term Provisions		-	-	-
3.Deferred Tax Liabilities(Net)		20,56,93,193.00	(6,18,56,829.00)	14,38,36,364.00
4.Other Liabilities		-	-	-
		93,10,53,250.00	(6,18,56,829.00)	86,91,96,421.00
Current Liabilities				
1.Financial Liabilities				
Borrowings		-	-	-
Secured Loan		1,77,07,59,714.00		1,77,07,59,714.00
Unsecured Loan		3,05,64,820.00		3,05,64,820.00
Trade Payables		98,68,17,841.00	-	98,68,17,841.00
Other Current Financial Liabilities		59,79,05,555.00	-	59,79,05,555.00
2.Income Tax Payable		1,10,76,519.00	-	1,10,76,519.00
3.Provisions		4,38,53,169.00	-	4,38,53,169.00
		3,44,09,77,618.00	-	3,44,09,77,618.00
TOTAL LIABILITIES		4,37,20,30,868.00	(6,18,56,829.00)	4,31,01,74,039.00
TOTAL EQUITY and LIABILITIES		5,96,55,29,445.00	(6,18,56,829.00)	5,96,55,29,445.00

24th Annual General Meeting

(b) Reconciliations of Balance Sheet as at March 31, 2016

Particulars	Notes	As at 31st March, 2016	Adjustments	As at 31st March, 2016
		(Previous GAAP)		(Ind AS)
		INR	INR	INR
ASSETS				
Non-current Assets				
1. Property, Plant and Equipment	1.4	2,94,80,87,751.00	-	2,94,80,87,751.00
2. Intangible Assets		28,870.00	-	28,870.00
3. Capital work in Progress		-	-	-
4. Investments		1,33,09,801.00	69,29,841.00	2,02,39,642.00
5. Other non-current financial assets		20,49,68,926.00	-	20,49,68,926.00
6. Other Non-current Assets		78,42,86,306.00	13,47,099.00	78,56,33,405.00
7. Deferred Tax Assets (Net)	2	-	16,81,22,524.00	16,81,22,524.00
		3,95,06,81,654.00	17,63,99,464.00	4,12,70,81,118.00
Current Assets				
1. Inventories		95,41,61,651.00	-	95,41,61,651.00
2. Financial Assets		-	-	-
Trade receivables		52,86,09,972.00	-	52,86,09,972.00
Other financial assets		25,69,20,719.00	-	25,69,20,719.00
Cash & Cash Equivalents		10,59,91,711.00	-	10,59,91,711.00
3. Other current Assets		1,36,25,719.00	(13,47,099.00)	1,22,78,620.00
		1,85,93,09,772.00	(13,47,099.00)	1,85,79,62,673.00
TOTAL ASSETS		5,80,99,91,426.00	(13,47,099.00)	5,98,50,43,791.00
EQUITY AND LIABILITIES				
Equity				
1. Equity Share Capital		61,65,52,350.00	(12,84,96,050.00)	48,80,56,300.00
2. Other Equity		1,71,32,00,611.00	38,82,51,544.00	2,10,14,52,155.00
TOTAL EQUITY		2,32,97,52,961.00	25,97,55,494.00	2,58,95,08,455.00
Non-current Liabilities				
1. Financial Liabilities				
Borrowings	3	14,28,58,298.00	-	14,28,58,298.00
Un Secured Loan		8,63,22,476.00	-	8,63,22,476.00
1% Preference Share Capital		-	13,83,87,613.00	13,83,87,613.00
Other financial liabilities		-	-	-
2. Long term Provisions				
		-	-	-
3. Deferred Tax Liabilities (Net)				
		22,30,90,742.00	(22,30,90,742.00)	-
4. Other Liabilities				
		-	-	-
		45,22,71,516.00	(8,47,03,129.00)	36,75,68,387.00
Current Liabilities				
1. Financial Liabilities				
Borrowings		1,77,23,61,805.00	-	1,77,23,61,805.00
Unsecured Loan		9,87,70,936.00	-	9,87,70,936.00
Trade Payables		57,13,29,064.00	-	57,13,29,064.00
Other Financial Liabilities		53,32,73,759.00	-	53,32,73,759.00
2. Income Tax Payable				
		-	-	-
3. Provisions				
		5,22,31,385.00	-	5,22,31,385.00
		3,02,79,66,949.00	-	3,02,79,66,949.00
TOTAL LIABILITIES		3,48,02,38,465.00	(8,47,03,129.00)	3,39,55,35,336.00
TOTAL EQUITY and LIABILITIES		5,80,99,91,426.00	17,50,52,365.00	5,98,50,43,791.00

II. Reconciliation of Statement of Profit and Loss for the year ended March 31, 2016

Particulars	Notes	31st March,2016 (Previous GAAP)	Adjustments	31st March,2016 (Ind AS)
		INR	INR	INR
I.Income				
(a)Revenue from Operations		3,53,09,19,201.00	34,25,16,864.00	3,87,34,36,065.00
(b)Finance Income	4	-	1,04,53,856.00	1,04,53,856.00
(c)Other Incomes		1,33,63,997.00	16,861.00	1,33,80,858.00
Total Income		3,54,42,83,198.00	35,29,87,581.00	3,89,72,70,779.00
II.Expenses				
(a)Cost of Raw Materials consumed		2,49,63,81,074.00	-	2,49,63,81,074.00
(b)Cost of Traded Goods Sold		53,24,89,342.00	(2,87,42,960.00)	50,37,46,382.00
(c)Change in Inventory (Increase) / decrease		(26,51,01,199.00)	2,87,42,960.00	(23,63,58,239.00)
(d)Employee Benefit Expenses		11,13,02,483.00	-	11,13,02,483.00
(e)Finance cost		28,22,78,690.00	2,03,45,419.00	30,26,24,109.00
(f)Depreciation and Amortization expenses		12,45,60,201.00	-	12,45,60,201.00
(g)Other Expenses		58,16,62,923.00	34,25,33,725.00	92,41,96,648.00
Total expenses		3,86,35,73,514.00	36,28,79,144.00	4,22,64,52,658.00
III.Profit Before exceptional and extra ordinary items and tax		(31,92,90,316.00)	-	(32,91,81,879.00)
IV.Exceptional items		9,78,050.00	-	9,78,050.00
V.Profit Before extraordinary items and tax		(32,02,68,366.00)	36,28,79,144.00	(33,01,59,929.00)
VI.Extraordinary items		-	-	-
VII.Profit before Taxes		(32,02,68,366.00)	36,28,79,144.00	(33,01,59,929.00)
VIII.Tax Expenses				
(a)Current Tax		-	-	-
(b)Deferred Tax		1,73,97,549.00	(32,93,56,437.00)	(31,19,58,888.00)
IX.Profit (Loss) for the Year		(33,76,65,915.00)	69,22,35,581.00	(1,82,01,041.00)
X.Other Comprehensive Income				
(i) Items that will not be reclassified subsequently to profit or loss				
a. Fair Value measurement of financial Instruments		-	-	-
b. Equity instruments through other comprehensive income		-	69,29,841.00	69,29,841.00
(ii) Items that will be reclassified subsequently to profit or loss :				
a. Fair value changes on cash flow hedges		-	-	-
b. Exchange differences on translation of foreign operations		-	-	-
Total Other comprehensive Income after tax		-	69,29,841.00	69,29,841.00
XII.Total comprehensive income for the period		(33,76,65,915.00)	69,91,65,422.00	(1,12,71,200.00)

III.Reconciliation of Equity as at April 1,2015 and March 31, 2016

Particulars	Refer Notes below	As at 31-March-16	As at 1-April-15
		INR	INR
Total equity as per previous GAAP		2,32,97,52,961.00	1,59,34,98,577.00
Fair valuation of investments through other comprehensive income	1	69,29,841.00	-
Deferred taxes under balance sheet approach	2	39,12,13,266.00	6,18,56,829.00
Redeemable Preference shares classified as financial liabilities	3	(12,84,96,050.00)	-
Finance cost of redeemable preference shares	3	(98,91,563.00)	-
Total equity as per Ind AS		<u>2,58,95,08,455.00</u>	<u>1,65,53,55,406.00</u>

Notes to first time adoption

1. Fair Valuation of Investments

"Under previous GAAP, investment in equity instruments were classified into long term and current investments. Long term investments were carried at cost less provision other than temporary in nature. Current investments were carried at lower of cost or fair value.Under Ind AS, these investments are required to be measured at fair value through OCI (FVTOCI).The company has opted for fair value of these investments through other comprehensive income (FVTOCI). Accordingly, resulting fair value change of these investments have been recognised in retained earnings as at the date of transition and subsequently in the other comprehensive income for the year ended March 31 2016."

2. Deferred Taxes

Under previous GAAP, deferred taxes were recognised based on Profit & loss approach i.e. tax impact on difference between the accounting income and taxable income. Under Ind AS, deferred tax is recognised by following balance sheet approach i.e. tax impact on temporary difference between the carrying value of asset and liabilities in the books and their respective tax base.

3. Redeemable Preference Shares

Under previous GAAP, redeemable preference shares were classified as part of total equity.Dividends and cost towards premium paid on redemption were adjusted against retained earnings and not recognised as finance costs in profit or loss.However,under Ind AS,financial instruments it is classified as liability or equity according to the substance of the contractual arrangement and not its legal form.These shares do not contain any equity component and hence,have been classified in their entirety as a financial liability under Ind AS.The resultant dividend or cost towards premium on redemption has been recognised as finance cost in the statement of profit or loss.

4. Deposits accepted from Related Parties

The Company has accepted deposits from related parties,on which the company pays interest at a concessional rate in comparison to arms length interest rate on deposits accepted from others.Hence as per the requirement of the Ind AS the company has recognised the concessional amount of interest as finance income.

2. NOTES TO ACCOUNTS :
2.1.i Contingent Liabilities :

Amount in Rs. INR

SI No.	Nature of Contingent Liability	2016-17	2015-16
1	Estimated amount of contracts remaining to be executed on capital accounts and not provided for.	Nil	Nil
2	Bank Guarantees	3,13,79,221.00	2,97,65,781.00
3	Claims not acknowledged by the company relating to Statutory dues (Net of payments)	25,36,12,067.00	25,29,34,476.00
4	Claims raised vide notice dtd. 30.09.2016 by M/s Mahanadi Coalfields Ltd. towards the reimbursement of contribution to DMF (Rs. 49,09,587 & NMET (Rs. 6,27,549) for the period 12.01.2015 to 19.10.2015 where the company has challenged before Hon'ble High Court of Orissa , granted interim stay in favour of the company	55,37,136.00	Nil
5	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 17.09.2015 to 15.01.2016 and 14.08.2015 to 10.02.2016 respectively where the company has challenged before Hon'ble High Court of Orissa, granted interim stay in favour of the company	8,66,312.00	Nil

2.1.ii The Company has given Corporate Guarantees to M/s. Scan Energy & Power Limited to the tune of Rs. 159.42 crore towards fund & non fund based limit extended by Consortium of Bankers.

2.2 Earning Per Share (EPS) :

Basic and diluted earnings per share are computed by dividing the net profit after tax by the weighted average no of equity shares outstanding during the period.

SL.No.	Particulars	2016-17	2015-16
1	a) Net Profit/(Loss) after Tax as per Statement of Profit and Loss attributable to Equity Shareholders	(11,66,60,646.00)	(1,12,71,200.00)
2	b) Weighted Average number of equity shares used as denominator for calculating EPS	515522950	488056300
3	c) Basic Earnings per share	(2.26)	(0.23)
4	d) Diluted Earnings per share	(2.35)	(0.25)
5	e) Face value per equity share	10	10

24th Annual General Meeting

2.3 Related Party Disclosures :

A. Lists of Related Parties :

SI No.	Description of Relationship	Related Parties	
		Sl. No.	Name of Parties
1	Key Management personnel (KMP)	i.	Mr. Rajesh Gadodia
		ii	Mr. Ankur Madaan
		iii.	Mr. Run Vijay Singh
2	Relatives of KMP	i.	Mr. Sawarmal Gadodia
		ii	Mrs. Archana Gadodia
		iii.	Miss Shrishti Gadodia
3	Companies in which KMP / Relatives of KMP have significant influence	i.	Artline Commerce Pvt. Ltd.
		ii.	Scan Energy & Power Limited

B. Transactions with Related Parties :

Sl. No.	Nature of Transaction	Name of the Related parties	KMP	Relatives of KMP	Significant being influential persons	Balance Outstanding as on 31.03.2017	
1	Repayment of Loan	Scan Energy & Power Ltd.	Nil			Nil	
			(1,48,05,971)			(Nil)	
2	Deposits accepted	Mr. Rajesh Gadodia	Nil			80,00,000	
			(12,00,000)			(8,46,00,000)	
		Mr. Nimish Gadodia	Nil			2,11,77,000	
			(Nil)			(1,95,00,000)	
		Mr. Swarmal Gadodia		45,00,000			85,00,000
				(Nil)			(80,00,000)
		Mrs. Archana Gadodia		Nil			80,00,000
		(Nil)			(1,15,00,000)		
3	Repayment of Deposits	Mrs. Archana Gadodia		42,47,635			
				(Nil)			
		Mr. Rajesh Gadodia	38,87,624				
			(Nil)				
Mr. Sawarmal Gadodia		45,18,600					
		(Nil)					
4	Repayment of Loan	Artline Commerce Pvt Ltd			1,81,56,896	Nil	
					(50,07,146)	(1,80,00,000)	
5	Purchase of Goods	Scan Energy & Power Ltd.			4,46,63,048	4,15,96,188	
					(16,28,99,784)	(4,19,31,504)	
		Nav Durga Fuel Private Limited			Nil	Nil	
				(95,64,840)	(Nil)		

Sl. No.	Nature of Transaction	Name of the Related parties	KMP	Relatives of KMP	Significant being influential persons	Balance Outstanding as on 31.03.2017	
6	Sale of Goods	Scan Energy & Power Ltd.			58,04,89,761	Nil	
					(80,98,12,850)	(Nil)	
		Nav Durga Fuel Private Limited			10,77,428	5,58,39,682	
					(1,66,83,548)	(6,28,51,417)	
7	Service Accepted	Mrs. Archana Gadodia		9,60,000		72,000	
				(9,60,000)		(Nil)	
8	Service Provided	Scan Energy & Power Ltd.			19,030	(Nil)	
					(Nil)	(Nil)	
		Nav Durga Fuel Private Limited			22,690		
					(Nil)	(Nil)	(Nil)
9	Directors' Remuneration including Sitting fees	Mr. Rajesh Gadodia	4,03,000			Nil	
			(24,00,000)			(50,775)	
		Mr. Ankur Madaan	3,83,226			39,800	
			(Nil)			(Nil)	
Mr. Runvijay Singh	3,00,000			28,875			
	(Nil)			(Nil)			

Note: Figures shown in brackets represents figures of previous year.

2.4 Foreign Currency Transactions :

Sl No.	Nature of Expenditure	2016-17		2015-16	
		USD (\$)	INR	USD (\$)	INR
1	Consumables	12,540	8,91,800.00	21,412	13,97,481.76

2.5 The company's funding has been funded through consortium member banks. The leader State Bank of India alongwith other two member banks have classified the asset as Non-performing Assets in their books of account during the year under review and in earlier year. Besides this, other members have also classified the asset as Non- performing Assets but for which the company has not received any communication in this regard.

The monthly interest application has been made by the three member banks and the other members have not applied the monthly interest since the account is treated as "Non-performing Assets". The non charging of interest , by the three member banks , has an impact on the profitability of the company for aggregating loan of ₹12628 lakhs which was extended to the company, the interest component not being determinable as of now.

2.6 "The Company has advance from customers for more than 365 days which is against the provisions of Sec 73 of the Companies Act, 2013 which states that "Any money received as advance in the course of ordinary business shall be treated as deposit if goods or services are not provided within 365 days of receipt".It is to be clarified that the company is in the process of to identifying the reasons of such accumulation. Also necessary correspondences has been made in this regards and will be squared off in the coming financial year.

2.7 The company has opted to implement / adopt the following policies and procedures as per the Indian GAAP irrespective of the requirements and compliance on transition to Ind AS:

24th Annual General Meeting

- i) Componetisation.
As per prevailing practice, company componetises fixed assets as detailed in the Invoice. It does not have a separate componetisation 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.
- 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.
- iii) 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.
- iv) 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.
- 2.8 The company has allotted on Preferential basis 27,46,665 no of equity shares at a premium as decided by the Board of Directors out of the conversion of warrants allotted earlier. Further 8,00,000 no. of warrants convertible into equity remains as on 31st March, 2017.

2.9 Auditors Remuneration : (net of service tax)

INR

SI No.	Particulars	2016-17	2015-16
1	Statutory Audit Fees	16,50,000.00	14,00,000.00
2	Tax Audit Fees	3,50,000.00	2,00,000.00
3	Internal Audit Fees	2,70,000.00	3,60,000.00
4	Other Matters	-	-
	TOTAL	22,70,000.00	19,60,000.00

- 2.10 Trade Payable includes acceptances of bill representing liability towards MSME RFS limit from Banks. The MSME RFS limit solely sanctioned by SIDBI is primarily secured with pledge of Fixed Deposits, personal guarantee of directors along with other specified collateral securities in the company' name.
- 2.11 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.
- 2.12 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

For and on behalf of the Board
M/s. Scan Steels Limited

B. Mohanty
Partner
M. No: 056264

Ankur Madaan
Director

Vinay Goyal
Director

Place: Bhubaneswar
Date: 30th May, 2017

Prabir Kumar Das
Company Secretary

Gobinda Chandra Nayak
Chief Finance Officer

Note-3 : Property, Plant and Equipment

Particulars	Freehold Land		Freehold Buildings		Furniture, Fittings and Equipment		Plant and Machinery		Total		Capital Work-in-Progress		Intangible Assets	
	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR
Gross Carrying Amount														
At 1st April, 2015	18,67,43,368.00	85,50,22,603.00	37,48,460.00	2,71,93,90,056.00	3,76,49,04,487.00	28,58,96,156.00	5,77,400.00							
Additions during the year	22,72,07,103.00	13,48,09,819.00	-	7,14,93,550.00	43,35,10,472.00	56,39,52,519.00	-							
Exchange differences	-	-	-	-	-	-	-							
Disposals during the year	(15,88,481.00)	(31,15,238.00)	-	(9,23,303.00)	(56,27,022.00)	(84,98,48,675.00)	-							
At 31st March, 2016	41,23,61,990.00	98,67,17,184.00	37,48,460.00	2,78,99,60,303.00	4,19,27,87,937.00	8,86,14,597.00	5,77,400.00							
Additions during the year	-	-	9,89,382.00	83,55,023.00	93,44,405.00	8,86,14,597.00	-							
Exchange differences	-	-	-	-	-	-	-							
Disposals during the year	-	-	-	(26,32,081.00)	(26,32,081.00)	-	-							
At 31st March, 2017	41,23,61,990.00	98,67,17,184.00	47,37,842.00	2,79,56,83,245.00	4,19,95,00,261.00	8,86,14,597.00	5,77,400.00							
Accumulated Depreciation and Impairment														
At 1st April, 2015	-	15,39,07,063.00	18,18,598.00	96,51,56,473.00	1,12,08,82,134.00	-	5,48,530.00							
Depreciation charge for the year	-	2,88,73,372.00	3,85,680.00	9,53,01,149.00	12,45,60,201.00	-	-							
Disposals during the year	-	(1,70,216.00)	-	(5,71,933.00)	(7,42,149.00)	-	-							
At 31st March, 2016	-	18,26,10,219.00	22,04,278.00	1,05,98,85,689.00	1,24,47,00,186.00	-	5,48,530.00							
Additions during the year	-	2,87,18,036.00	3,64,848.00	9,13,04,848.00	12,03,87,732.00	-	-							
Exchange differences	-	-	-	-	-	-	-							
Disposals during the year	-	-	-	(18,03,953.00)	(18,03,953.00)	-	-							
At 31st March, 2017	-	21,13,28,255.00	25,69,126.00	1,14,93,86,584.00	1,36,32,83,965.00	-	5,48,530.00							
Net Book Value														
At 31st March, 2017	41,23,61,990.00	77,53,88,929.00	21,68,716.00	1,64,62,96,661.00	2,83,62,16,296.00	8,86,14,597.00	28,870.00							
At 31st March, 2016	41,23,61,990.00	80,41,06,965.00	15,44,182.00	1,73,00,74,614.00	2,94,80,87,751.00	-	28,870.00							
At 1st April, 2015	18,67,43,368.00	70,11,15,540.00	19,29,862.00	1,75,42,33,583.00	2,64,40,22,353.00	28,58,96,156.00	28,870.00							
Net Book Value	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2016	As at 31st March 2015	As at 31st March 2016	As at 31st March 2015							
	INR	INR	INR	INR	INR	INR	INR							
Property, Plant and Equipment		2,83,62,16,296.00		2,94,80,87,751.00		2,64,40,22,353.00		2,64,40,22,353.00						
Capital Work-in-progress		8,86,14,597.00		-		28,58,96,156.00		28,58,96,156.00						
Intangible Assets		28,870.00		28,870.00		28,870.00		28,870.00						

24th Annual General Meeting

Note-4 : Investment

Particulars	As at	As at	As at
	31st March'2017	31st March'2016	1st April'2015
	INR	INR	INR
Investments at fair value through OCI (fully paid)			
Quoted Shares			
369481 nos equity shares of Karuna Cables Limited. (31st March,2016:369481 nos,1st April,2015:Nil)	51,727.00	73,896.00	-
25363 nos equity shares of Matra Reality Limited. (31st March,2016:25363 nos,1st April,2015:Nil)	15,471.00	23,588.00	-
4360 nos equity shares of Millenium, cybertech Limited. (31st March,2016:4360 nos,1st April,2015:Nil)	7,935.00	7,935.00	-
31474 nos equity shares of PFL Infotech Ltd. (31st March,2016:31474 nos,1st April,2015:Nil)	3,39,919.00	6,73,544.00	-
55449 nos equity shares of Polytech India Limited. (31st March,2016:55449 nos,1st April,2015:Nil)	2,05,161.00	3,26,040.00	-
387908 nos equity shares of Shri Bajrang Alloys Limited. (31st March,2016:387908 nos,1st April,2015:Nil)	67,68,995.00	1,22,38,497.00	-
172572 nos equity shares of Steel Exchange India Limited. (31st March,2016:172572 nos,1st April,2015:Nil)	1,40,21,475.00	66,78,536.00	-
13558 nos equity shares ofVMS Industries Ltd. (31st March,2016:13558 nos,1st April,2015:Nil)	2,25,063.00	2,17,606.00	-
Total	2,16,35,746.00	2,02,39,642.00	-
Aggregate cost price of quoted shares	1,33,09,801.00	1,33,09,801.00	-
Aggregate market value of quoted shares	2,16,35,746.00	2,02,39,642.00	-

Note-5 : Other Financial Assets

Particulars	As at	As at	As at
	31st March'2017	31st March'2016	1st April'2015
	INR	INR	INR
Security Deposits	10,43,96,609.00	10,59,42,712.00	10,14,09,469.00
Advance against Property	3,28,75,196.00	5,92,37,634.00	5,11,76,922.00
Other bank balances*	4,40,64,400.00	4,54,74,776.00	9,90,60,451.00
Total	18,13,36,205.00	21,06,55,122.00	25,16,46,842.00

* Details of other balances with banks

Particulars	As at	As at	As at
	31st March'2017	31st March'2016	1st April'2015
	INR	INR	INR
Earmarked Balances with Banks	36,77,824.00	34,07,674.00	6,58,589.00
Term Deposits with Bank	49,56,888.00	41,69,784.00	1,14,48,829.00
Margin money,guarantee and security with banks*	3,54,29,688.00	3,78,97,318.00	8,69,53,033.00
Total	4,40,64,400.00	4,54,74,776.00	9,90,60,451.00

*The margin money,guarantee and security with banks includes deposits held as collateral Security.

Note-6 : Other non-current Assets

Particulars	As at	As at	As at
	31st March'2017	31st March'2016	1st April'2015
	INR	INR	INR
(i)Non-Current			
Balances with government authorities	4,22,55,280.00	3,97,88,580.00	-
Diminution in value of inventory	70,44,13,382.00	78,42,86,306.00	-
Unmatured Financial Charges	9,79,705.00	13,47,099.00	2,60,268.00
Sub-Total	74,76,48,367.00	82,54,21,985.00	2,60,268.00
(ii)Current			
Advance for Expenses	18,60,792.00	59,55,743.00	43,78,539.00
Advance to Suppliers	13,97,95,125.00	18,87,58,259.00	26,60,04,970.00
Advance to related parties	-	-	1,48,05,971.00
Balances with government authorities	4,37,92,341.00	6,25,10,098.00	9,16,75,387.00
Compensation receivable	-	-	14,05,614.00
Insurance claim receivable	47,10,619.00	63,58,450.00	69,67,337.00
Prepaid Expenses	38,27,514.00	42,87,895.00	56,72,109.00
Unmatured Financial Charges	12,03,712.00	13,28,894.00	6,27,386.00
Sub-Total	19,51,90,103.00	26,91,99,339.00	39,15,37,313.00
Total	94,28,38,470.00	1,09,46,21,324.00	39,17,97,581.00

Note-7 : Deferred tax assets / (liabilities) (net)

Particulars	As at	As at	As at
	31st March'2017	31st March'2016	1st April'2015
Opening balance	16,81,22,524.00	(14,38,36,364.00)	(20,56,93,193.00)
Property, plant and equipment and intangible assets	(34,24,64,631.00)	(34,96,63,767.00)	(37,30,08,900.00)
MAT Credit entitlement	10,85,11,004.00	8,03,50,271.00	9,72,18,985.00
Fair value measurement of financial liabilities	30,33,651.00	29,76,371.00	-
Losses available for offsetting future taxable income	43,03,19,419.00	43,44,59,649.00	13,19,53,551.00
Transfer to Statement of profit and loss account	(3,12,76,919.00)	(31,19,58,888.00)	(6,18,56,829.00)
Closing balance	19,93,99,443.00	16,81,22,524.00	(14,38,36,364.00)

24th Annual General Meeting

Note-8 : Inventories

Particulars	As at	As at	As at
	31st March'2017	31st March'2016	1st April'2015
	INR	INR	INR
Raw Materials(Including Transit)	33,05,08,021.00	34,44,34,029.00	97,46,56,701.00
Semi-finished goods	8,19,76,259.00	72,16,365.00	1,40,84,985.00
Finished goods	21,01,57,625.00	49,40,15,098.00	40,21,38,532.00
Stock-in-trade-Material	69,08,858.00	3,60,43,453.00	73,00,493.00
Stock-in-trade-Securities	-	-	1,90,26,672.00
Stores,spares and consumables	6,08,24,837.00	7,24,52,706.00	9,83,07,945.00
Total	69,03,75,600.00	95,41,61,651.00	1,51,55,15,328.00

Note-9 : Trade receivables

Particulars	As at	As at	As at
	31st March'2017	31st March'2016	1st April'2015
	INR	INR	INR
Secured, considered good			
Trade receivable	53,98,87,819.00	52,86,09,972.00	86,45,70,294.00
Receivable from related parties	-	-	-
Total	53,98,87,819.00	52,86,09,972.00	86,45,70,294.00

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, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of upto 180 days.

Note-10 : Cash and cash equivalents

Particulars	As at	As at	As at
	31st March'2017	31st March'2016	1st April'2015
	INR	INR	INR
Balances with banks	-	-	-
On current accounts	11,31,89,908.00	4,99,88,619	74,74,714
Deposits with original maturity of less than three months	-	-	-
Cash on Hand	1,47,17,608.00	1,05,28,316.00	45,77,307.00
Less:Bank overdraft	-	-	-
Total	12,79,07,516.00	6,05,16,935.00	1,20,52,021.00

Specified Bank Note Disclosure(SBNs)

In accordance with the MCA notification G.S.R.308E dated 30th March, 2017 details of Specified Bank Note (SBN) and Other Denomination Notes(ODN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 is given below:

Particulars	SBNs	ODNs	Total
Closing cash on hand as on November 8, 2016	5,93,72,000.00	1,66,80,012.25	7,60,52,012.25
(+) Non permitted receipts			-
(+) Permitted receipts		2,50,06,854.00	2,50,06,854.00
(-) Permitted payments		3,50,78,484.00	3,50,78,484.00
(-) Amounts Deposited in Banks	5,93,72,000.00	76,500.00	5,94,48,500.00
Closing cash on hand as on December 30, 2016	-	65,31,882.25	65,31,882.25

Note-11 : Equity Share Capital

Particulars	As at 31st March'2017	As at 31st March'2016	As at 1st April'2015	
a) Authorised				
55,000,000 Nos of Equity shares of 10/- each	55,00,00,000.00	55,00,00,000.00	55,00,00,000.00	
15,000,000 Nos of Preference shares of 10/- each (55,000,000 Nos of Equity shares of 10/- each)	15,00,00,000.00	15,00,00,000.00	15,00,00,000.00	
(15,000,000 Nos of Preference shares of 10/- each)	70,00,00,000.00	70,00,00,000.00	70,00,00,000.00	
b) Issued, Subscribed and Paid Up				
Equity Shares:				
51,552,295 Nos of shares of 10/- each fully paid up (P.Y 48,805,630 Nos of shares of 10/- each fully paid up)	51,55,22,950.00	48,80,56,300.00	37,80,03,000.00	
Total	51,55,22,950.00	48,80,56,300.00	37,80,03,000.00	
i) Reconciliation of number of equity shares are set out below:				
a) Shares outstanding at the beginning of the financial year.	4,88,05,630.00	3,78,00,300.00	3,78,00,300.00	
b) Issued during the year	27,46,665.00	1,10,05,330.00	-	
c) Shares outstanding at the end of the financial year	5,15,52,295.00	4,88,05,630.00	3,78,00,300.00	
d) Details of shareholders holding more than 5% of shares				
Name of the Shareholders	No.of Shares	% held	No.of Shares	% held
i) Rajesh Gadodia	3535531	6.86%	3535531	7.24%
ii) Nimish Gadodia	3408316	6.61%	3408316	6.98%
iii)Artline Commerce Pvt Ltd	9566575	18.56%	9566575	19.60%
iv) Bayanwala Brothers (p) Limited	5383501	10.44%	4541384	9.31%
v)Decent Vincom pvt Ltd	2547221	4.94%	2547221	5.22%
vi) Monotype India Ltd (Earstwhile Mono Herbicides Ltd)	3004320	5.83%	3004320	6.16%

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.

24th Annual General Meeting

Note-12 : Other Equity

Particulars	As at 31st March'2017	As at 31st March'2016	As at 1st April'2015
a.General Reserve			
Opening Balance	13,44,11,859.00	13,44,11,859.00	13,44,11,859.00
Add:-Additions during the year			
Sub total	13,44,11,859.00	13,44,11,859.00	13,44,11,859.00
b. Securities Premium			
Opening Balance	1,84,46,17,114.00	1,01,89,15,764.00	1,01,89,15,764.00
Add:-Additions during the year	10,98,66,600.00	82,57,01,350.00	
Subtotal	1,95,44,83,714.00	1,84,46,17,114.00	1,01,89,15,764.00
c. Capital Reserve			
Opening Balance	5,54,72,809.00	5,52,95,372.00	5,52,95,372.00
Add:-Received During the Year	-	1,77,437.00	
Subtotal	5,54,72,809.00	5,54,72,809.00	5,52,95,372.00
d. Reserve for investments at Fair Value through OCI			
Opening Balance	69,29,841.00	-	-
Add: Net fair value gain/(loss) on investments during the period	13,96,105.00	69,29,841.00	
Subtotal	83,25,946.00	69,29,841.00	-
e. Retained Earnings			
Opening Balance	6,00,20,532.00	6,87,29,411.00	68,72,582.00
Add: Profit/(Loss) during the year	(11,80,56,751.00)	(1,82,01,041.00)	
Deferred taxes OCI	-	-	6,18,56,829.00
Add: Adjustment for earlier years	5,12,748.00	94,92,162.00	
Sub total	(5,75,23,471.00)	6,00,20,532.00	6,87,29,411.00
Total	2,09,51,70,857.00	2,10,14,52,155.00	1,27,73,52,406.00

Note-13 : Borrowings

Particulars	As at	As at	As at
	31st March'2017	31st March'2016	1st April'2015
	INR	INR	INR
Non-Current Borrowings			
Secured Loan			
(a) Term Loan From Banks	5,63,00,000.00	13,13,00,000.00	20,31,89,474.00
(b) Financial Lease Obligations	98,99,249.00	1,15,58,298.00	39,13,912.00
Unsecured Loan			
(a) Deposits Accepted - Publics	2,66,75,790.00	1,54,87,150.00	1,56,28,468.00
(b) Deposits Accepted - From Related Party	12,61,35,821.00	7,08,35,326.00	10,01,75,533.00
(c) Loan From Related Parties			2,13,67,903.00
(d) Loan From Others			38,10,84,767.00
(e) 1% Preference Share *	14,84,69,537.00	13,83,87,613.00	-
Total non-current borrowings	36,74,80,397.00	36,75,68,387.00	72,53,60,057.00
Current Borrowings			
Current maturities of long term debt	13,28,88,212.00	7,77,53,462.00	15,72,12,945.00
Current maturities of finance lease obligations	65,89,264.00	81,49,913.00	44,74,562.00
Current maturities of deposits	1,41,40,797.00	7,06,53,641.00	57,66,921.00
Current maturities of unsecured loans	1,02,24,484.00	2,81,17,295.00	2,47,97,899.00
Cash Credit from Banks	1,58,39,49,001.00	1,68,64,58,430.00	1,60,90,72,207.00
Total current borrowings	1,74,77,91,758.00	1,87,11,32,741.00	1,80,13,24,534.00
Less: Amounts clubbed under "other current liabilities"	16,38,42,757.00	18,46,74,311.00	19,22,52,327.00
Net current borrowings	1,58,39,49,001.00	1,68,64,58,430.00	1,60,90,72,207.00
Total	2,11,52,72,155.00	2,23,87,01,128.00	2,52,66,84,591.00

i. Details of Security

Particulars	Security Details
Term Loan from banks	a) 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. b) Extension charge over current assets and pledge of fixed deposit of face value of Rs.47.00 Lakhs on paripassu basis with consortium members.
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 process, semi finished and finished goods, consumable stores and spares, book debts of the company on pari passu basis with consortium members.

* The Company has allotted 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 share holders have preference right over payment of dividend and settlement of principal amount upon liquidation, over common shareholder. The dividend shall be paid out upon availability of profits. The preference shares shall be redeemed out of profits or out of the proceeds of fresh issue of shares at or after the end of the Fifth year but with in a period of 20 years either in one or more tranches as may be determined by the board of directors of the company in its absolute discretion at such price as may be decided but in any case not less than price of Rs.44 for each.

24th Annual General Meeting

Note-14 : Trade Payables

Particulars	As at	As at	As at
	31st March'2017	31st March'2016	1st April'2015
	INR	INR	INR
Trade Payables	54,81,87,369.00	52,93,97,560.00	98,68,17,841.00
Related Parties	4,16,15,218.00	4,19,31,504.00	-
Total	58,98,02,587.00	57,13,29,064.00	98,68,17,841.00

Note-15 : Other Financial Liabilities

Particulars	As at	As at	As at
	31st March'2017	31st March'2016	1st April'2015
	INR	INR	INR
Current maturities of long term debt	13,28,88,212.00	7,77,53,462.00	15,72,12,945.00
Current maturities of finance lease obligations	65,89,264.00	81,49,913.00	44,74,562.00
Current maturities of deposits	1,41,40,797.00	7,06,53,641.00	57,66,921.00
Current maturities of unsecured loans	1,02,24,484.00	2,81,17,295.00	2,47,97,899.00
Interest accrued and due on borrowings	1,07,36,042.00	1,00,97,031.00	69,30,818.00
Money received against share warrants/Shares pending allotments	4,00,00,000.00	4,43,33,500.00	32,76,00,000.00
Liabilities for Expenses	6,07,89,204.00	9,99,36,119.00	11,69,09,558.00
Total	27,53,68,003.00	33,90,40,961.00	64,36,92,703.00

Note-16 : Provisions

Particulars	As at	As at	As at
	31st March'2017	31st March'2016	1st April'2015
	INR	INR	INR
Provision of excise duty on closing stock	2,33,21,653.00	5,22,31,385.00	4,38,53,169.00
Total	2,33,21,653.00	5,22,31,385.00	4,38,53,169.00

Note-17 : Other Current Liabilities

Particulars	As at	As at	As at
	31st March'2017	31st March'2016	1st April'2015
	INR	INR	INR
Advance from Customers	17,29,56,281.00	36,57,78,974.00	12,48,73,805.00
Statutory Dues Payable	46,68,833.00	1,31,28,135.00	2,15,91,374.00
Income tax payable	-	-	1,10,76,519.00
Total	17,76,25,114.00	37,89,07,109.00	15,75,41,698.00

Note-18 : Revenue from operations

Particulars	31st March'2017	31st March'2016
	INR	INR
Sale of Products		
Sale of Manufactured Goods(Including Excise Duty)	3,73,31,35,478.00	3,19,91,37,596.00
Sale of Traded Goods	24,82,09,109.00	61,36,02,165.00
Other Operating Revenue*	20,05,44,425.00	6,06,96,304.00
Total	4,18,18,89,012.00	3,87,34,36,065.00

Details of Sale of Products

Particulars	31st March'2017	31st March'2016
	INR	INR
(a)Sales - TMT Re-bars	1,95,69,05,526.00	1,44,81,86,386.00
(b)Sales - M.S Billet/ M.S Ingot	18,16,55,669.00	13,71,99,533.00
(c)Sales - Sponge Iron	1,44,38,11,776.00	1,40,90,46,844.00
(d)Sales - Trading Materials	24,82,09,109.00	61,36,02,165.00
(e)Sales - Others**	35,13,06,932.00	26,54,01,137.00
Total	4,18,18,89,012.00	3,87,34,36,065.00

** Other shares includes sale of Iron ore fines, Ash char, Waste mill scale, M S Coated sheet, Fly Ash bricks etc.

Note-19 : Finance Income

Particulars	31st March'2017	31st March'2016
	INR	INR
Interest income on deposits from Related Parties	82,31,320.00	1,04,53,856.00
Total	82,31,320.00	1,04,53,856.00

Note-20 : Other Income

Particulars	31st March'2017	31st March'2016
	INR	INR
Interest Income	1,18,96,797.00	1,31,51,687.00
Profit on sale of asset(net)	-	1,68,847.00
Net Gain on foreign currency fluctuations	2,71,266.00	16,861.00
Miscellaneous Income	1,14,620.00	43,463.00
Total	1,22,82,683.00	1,33,80,858.00

24th Annual General Meeting

Note-21 : Cost of raw material consumed

Particulars	31st March'2017	31st March'2016
	INR	INR
Raw material and components consumed		
Opening Stock	34,16,11,811.00	86,15,86,951.00
Add:Purchased during the year	2,36,10,98,831.00	2,49,05,55,328.00
Less:Closing Stock	33,05,08,015.00	34,16,11,811.00
Less:Diminution in value of raw material	-	51,41,49,394.00
Total	2,37,22,02,627.00	2,49,63,81,074.00

Details of raw materials consumed

Particulars	31st March'2017	31st March'2016
	INR	INR
Coal indigenous	94,61,74,241.00	93,17,14,043.00
Iron ore /Pillet	93,99,78,814.00	82,99,52,548.00
Spong Iron	7,98,56,299.00	6,27,72,618.00
Scrap	19,68,92,863.00	8,46,35,159.00
Pig iron	5,69,52,690.00	20,01,64,122.00
M.S Ingot/Billet	9,27,65,759.00	32,78,16,420.00
Other raw materials	5,95,81,961.00	5,93,26,164.00
Total	2,37,22,02,627.00	2,49,63,81,074.00

Note-22 : Cost of traded goods sold

Particulars	31st March'2017	31st March'2016
	INR	INR
Opening Stock	3,60,43,453.00	73,00,493.00
Add: Purchases during the year	19,78,22,505.00	53,24,89,342.00
Less:Closing Stock	69,08,858.00	3,60,43,453.00
Total	22,69,57,100.00	50,37,46,382.00

Note-23 : Change in Inventories

Particulars	31st March'2017	31st March'2016
	INR	INR
Opening Stock		
Semi-Finished Goods	72,16,365.00	1,40,84,985.00
Finished Goods	49,40,15,098.00	51,52,08,282.00
Stock In Trade-Security	-	1,90,26,672.00
Sub-Total	50,12,31,463.00	54,83,19,939.00
Less:- Closing Stock		
Semi-Finished Goods	8,19,76,259.00	72,16,365.00
Finished Goods	21,01,57,625.00	49,40,15,098.00
Stock In Trade non current Investment	-	1,33,09,801.00
Sub-Total	29,21,33,884.00	51,45,41,264.00
Diminution in value of Stocks:-		-
Trade Goods	-	1,21,13,236.00
Work-in-Progress	-	66,39,780.00
Finished goods	-	25,13,83,898.00
Sub-Total	-	27,01,36,914.00
Total	20,90,97,579.00	(23,63,58,239.00)

Note-24 : Employee Benefit Expenses

Particulars	31st March'2017	31st March'2016
	INR	INR
Salaries,wages and bonus	10,79,28,882.00	10,12,52,325.00
Contribution to provident and other funds	1,13,19,493.00	1,00,50,158.00
Total	11,92,48,375.00	11,13,02,483.00

Note-25 : Finance Cost

Particulars	31st March'2017	31st March'2016
	INR	INR
Interest on Debts & Borrowings	9,78,14,178.00	27,21,84,806.00
Interest on finance lease obligations	17,06,047.00	13,84,107.00
Interest on deposits	1,95,05,893.00	1,81,31,324.00
Interest to Others	27,49,321.00	10,32,309.00
Cost of Preference Shares	1,00,81,924.00	98,91,563.00
Total	13,18,57,363.00	30,26,24,109.00

24th Annual General Meeting

Note-26 : Depreciation and amortisation of expenses

Particulars	31st March'2017	31st March'2016
	INR	INR
Depreciation on tangible assets	12,03,87,732.00	12,45,60,201.00
Amortisation of Expenses	7,98,72,925.00	-
Total	20,02,60,657.00	12,45,60,201.00

Note-27 : Other Expenses

Particulars	31st March'2017	31st March'2016
	INR	INR
Consumption of stores and spares	8,67,89,207.00	7,44,41,674.00
Central Excise duty expenses	40,53,79,559.00	34,25,16,864.00
Power and fuel	56,26,53,640.00	43,41,77,996.00
Water charges	29,05,653.00	31,25,269.00
Operational Expenses	2,75,44,523.00	2,53,10,322.00
Security Service Charges	42,78,160.00	50,00,899.00
Rent,Rates and taxes	1,33,40,457.00	1,07,23,730.00
Insurance	19,62,982.00	33,60,905.00
Bank Charges	2,14,916.00	58,60,662.00
Provision on excise duty on closing stock	(2,89,09,732.00)	83,78,215.00
Repairs and maintenance	61,11,541.00	38,29,211.00
Advertising and sales promotion	12,29,284.00	10,02,688.00
Professional & Consultancy	46,64,597.00	18,73,965.00
Communication costs	11,18,908.00	9,63,379.00
Remuneration to Auditors	22,70,000.00	19,60,000.00
Loss on sale of assets (net)	68,128.00	-
General expenses	4,91,161.00	16,70,869.00
Total	1,09,21,12,984.00	92,41,96,648.00

This Page Intentionally Left Blank

SCAN STEELS LIMITED

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

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies vide its circular no. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 after considering certain provisions of the Information Technology Act, 2000, permitted the companies to send the notices / annual reports etc. through email to its members. To support this green initiative of the MCA whole heartedly, members who have not yet registered their email address, are requested to register their e-mail address with the Depository through their concerned Depository Participant and members who hold shares in physical mode are requested to intimate their e-mail address at which they would like to receive the above documents electronically, either to the company or to its Registrar and Share Transfer Agent. Shareholders are requested to fill the consent form below and send it to the Registrar and Share Transfer Agent, Adroit Corporate Services Pvt Limited or to the company.

CONSENT FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE

(Pursuant to circulars no. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011)

To,

Adroit Corporate Services Private Limited
19, Jafferbhoy Industrial Estate,
Makwana Lane, Marol Naka, Andheri (E),
Mumbai-400 059.

Dear Sir,

I/We _____ shareholder (s) of Scan Steels Limited, agree to receive all notices and documents including the Annual Report, Notice for General Meetings and other Shareholders Communication in electronic mode (through email).

I/We request you to kindly register my / our below mentioned email id in the Company's records for sending such communication through email.

Folio No...../DP ID No.*.....and Client ID No.*.....

*Applicable for members holding shares in electronic form.

Name of the Sole / First Shareholder : _____

Name of the Joint Shareholders (if any) : _____

No. of Shares held : _____

E-mail id for receipt of documents in
Electronic mode : _____

Date :

Place:

Signature: _____

(Sole / First Shareholder)

Note:

1. Shareholders are requested to inform the Company's Registrar and Share Transfer Agents as and when there is change in their registered email-id.
2. for shares held in demat form, shareholders are also requested to inform /update their email-ids to their respective Depository Participants.

SCAN STEELS LIMITED

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

(CIN L27209MH1994PLC076015)

24th Annual General Meeting- 20th September, 2017 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 24th 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 Wednesday, the 20th Day of September, 2017 at 10.00 A.M.

Signature of the Share Holder / Proxy / Representative :

NOTES:

- 1) Please complete the Folio/ DP ID-Client ID No. and name of the Member/ Proxy, sign this Attendance Slip and hand it over, duly signed, at the entrance of the Meeting Hall.
- 2) Shareholder/ Proxy holder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.
- 3) Members are requested to Bring their Identity Cards or details of Shares held by them in the Company (i.e. Folio no., DP ID, CLIENT ID) while Coming to attend the Annual General Meeting for easy identification.

PROXY FORM

(Form No. MGT-11)

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules 2014)

CIN	L27209MH1994PLC076015
Name of the Company	Scan Steels Limited
Registered office	104 - 105, E Square, Subhash Road, Opp. Havmor Ice Cream, Vile Parle (E), Mumbai – 400057.
Name of the Member(s)	
Registered Address	
Email - id	
Folio No. / Client ID	

I/We, being the member(s) of shares of the above named company, hereby appoint or

1.	Name
	Address
	E-mail Id
	Signature

failing him

2.	Name
	Address
	E-mail Id
	Signature

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the company, to be held on the 20th September 2017 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 31-03-2017
2.	Ordinary resolution for re-appointment of director in place of Mr. Runvijay Singh (DIN:02239382), who retires by rotation and being eligible, offers himself for re-appointment.
3.	Ordinary resolution for ratification of appointment of the auditors (M/s. SRB & Associates, Chartered Accountants) of the company
4.	Ordinary Resolution for ratification of Remuneration of Cost Auditors under section 148 of the companies Act, 2013

Signed this day of 2017

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 ₹ 1

SCAN STEELS LIMITED

(CIN-L27209MH1994PLC076015)

Registered Office : Office No. 104/105, E-Square, 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 24TH ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON WEDNESDAY, THE 20TH DAY OF SEPTEMBER, 2017 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, 2017, 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)
ORDINARY BUSINESS				
1.	Ordinary resolution for adoption of Audited Financial Statements, Report of the Board of Directors and Auditors for the year ended 31-03-2017			
2.	Ordinary resolution for re-appointment of director in place of Mr. Runvijay Singh (DIN:02239382) who retires by rotation and being eligible, offers himself for re-appointment.			
3.	Ordinary Resolution for ratification of appointment of the auditors (M/s. SRB & Associates, Chartered Accountants) of the company			
SPECIAL BUSINESS				
4.	Ordinary Resolution for ratification of Remuneration of Cost Auditors under section 148 of the Companies Act, 2013			

ELECTRONIC VOTING PARTICULARS

EVEN (E-Voting Event No.)	User ID	Password

Signed this.....day of.....2017

Signature of shareholder :.....

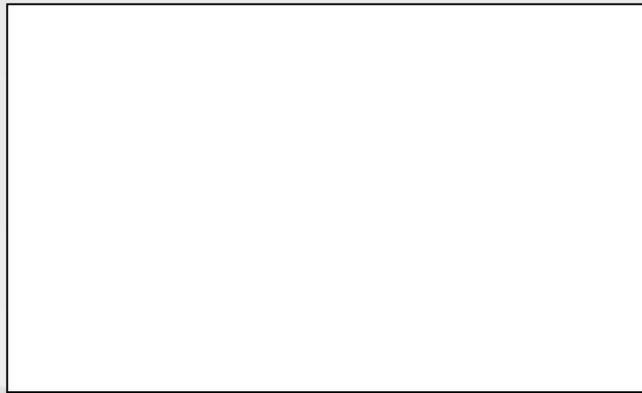
INSTRUCTION

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 19th September, 2017 (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 13th September, 2017.
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 communicate to Stock Exchanges where the shares are listed.



BOOK-POST
(Printed Matter)

To,



24TH ANNUAL GENERAL MEETING

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

E-mail: scansteels@scansteels.com / secretarial@scansteels.com