



**SRB & Associates**  
CHARTERED ACCOUNTANTS

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## **Independent Auditors' Report**

**To the members of Scan Steels Limited**

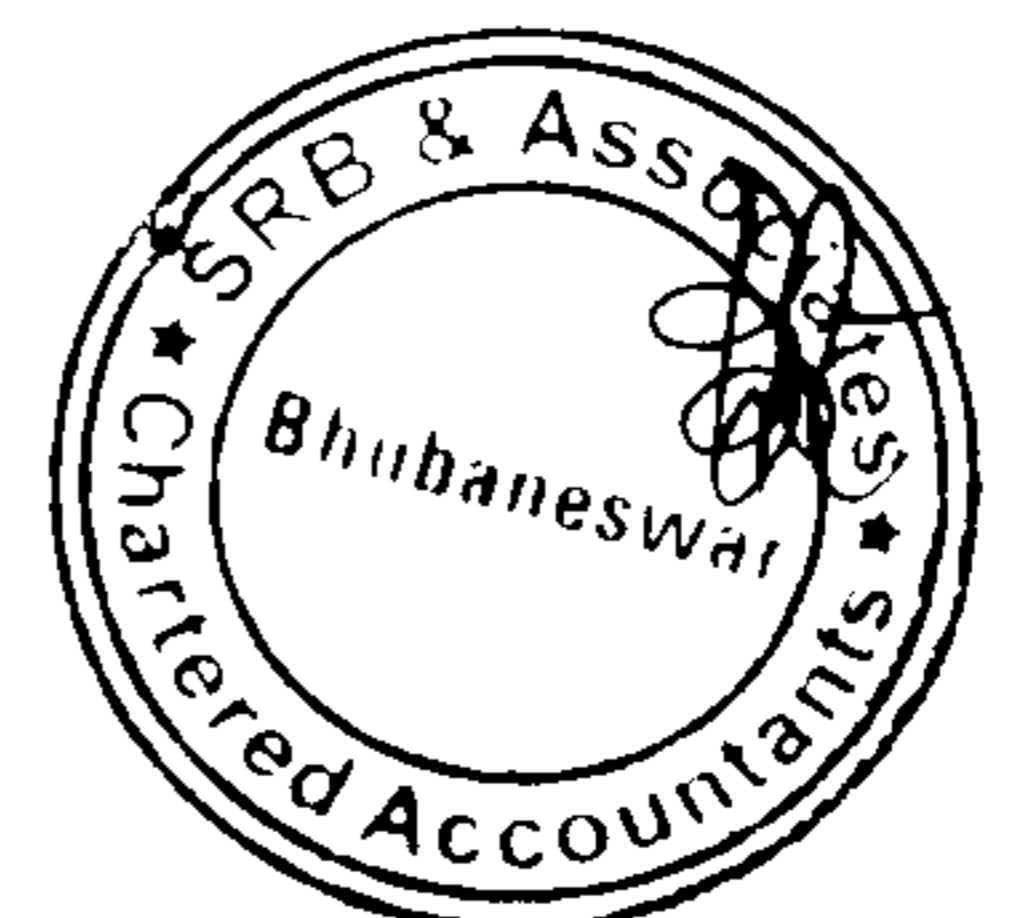
### **Report on the Ind AS Financial Statements**

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

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

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.





### **Auditor's Responsibility**

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

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

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

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

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

### **Opinion**

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit and its cash flows for the year ended on that date.





### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to

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

Our opinion is not qualified in respect of this matter.

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

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



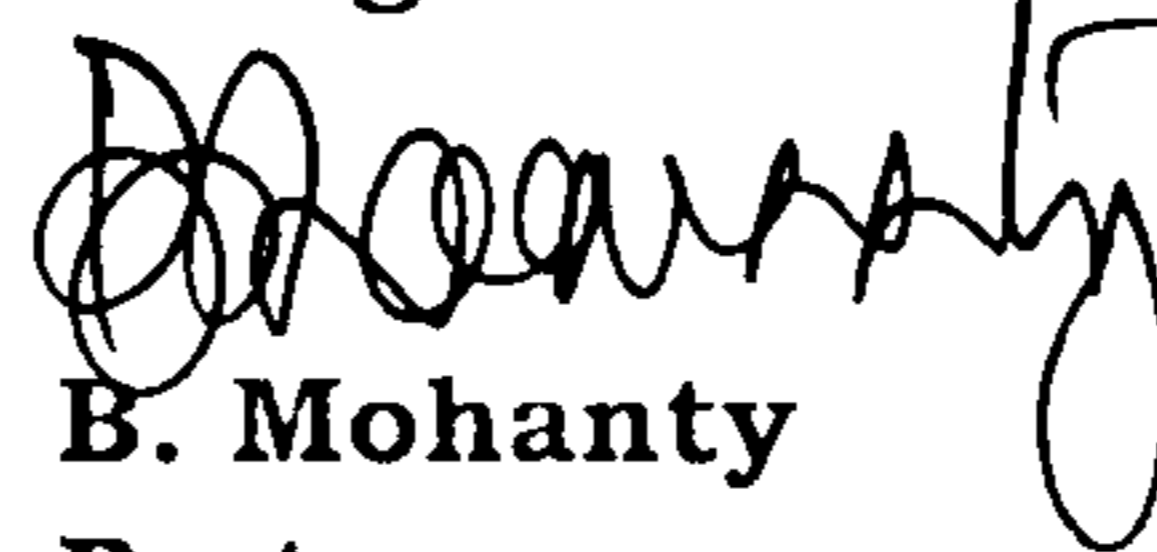


- d. In our opinion, the aforesaid Ind AS financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014
- e. On the basis of the written representations received from the Directors as on 31st March 2018 and taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March 2018 from being appointed as a Director in terms of section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in '**Annexure B**';
- g. With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements. Refer **Note-28** to the Ind AS financial statements;
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

**30<sup>th</sup> May, 2018**  
**Bhubaneswar**



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



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



**Annexure-A to the Independent Auditors' Report**

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

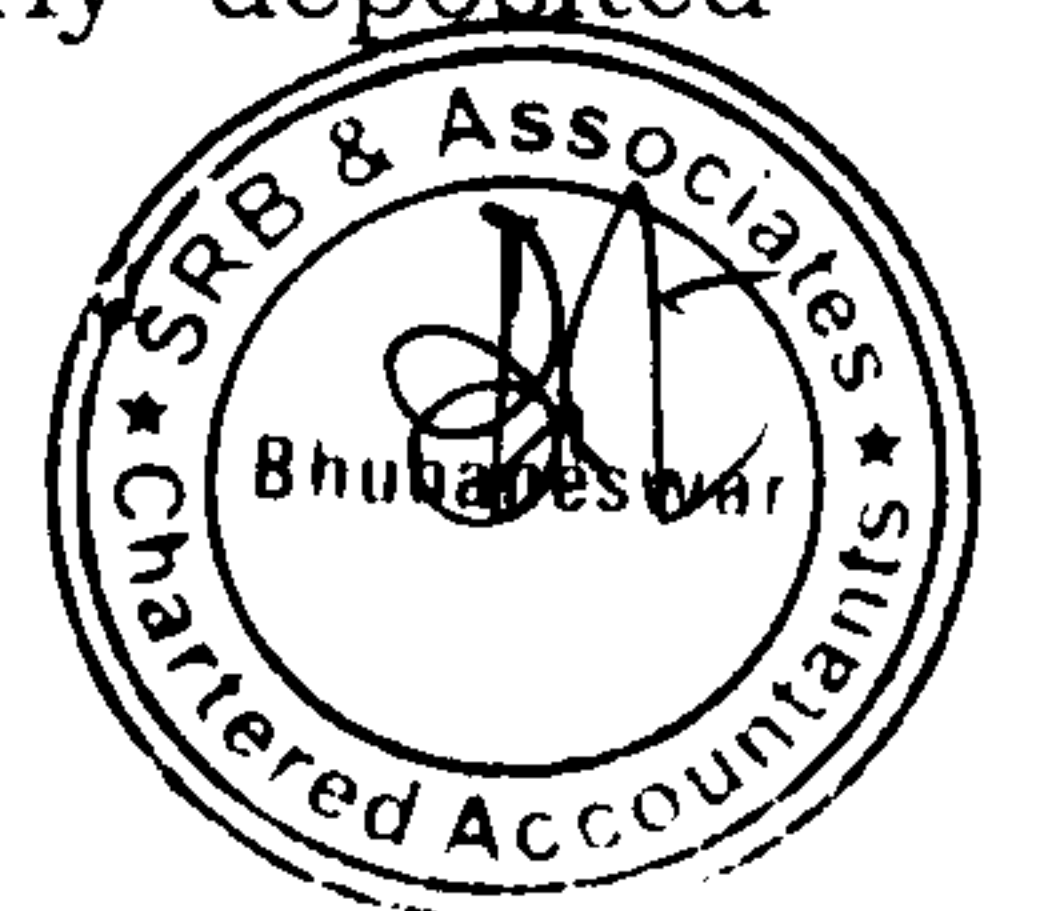
The Annexure referred to in our Independent Auditor's Report to the members of **Scan Steels Limited** (the Company) on the Ind AS financial statements for the year ended March 31, 2018, we report that:

- (i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to such program, a portion of fixed asset has been physically verified by the management during the year and no material discrepancies were noticed on such verification.
  - (c) The deed of immovable properties are held in the name of the Company in almost all cases excepting for
    - ☞ Freehold land of 7.68 Acres situated in Village Raiberna and Laing, Sundergarh which is in the name of M/s. Shristi Ispat Limited, the company which was merged in to this company during 2005.
    - ☞ Land of 14.88 Acres occupied by the company situated in Village-Kudithini, Bellary, Karnataka.
- (ii)
  - a. The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.





- b. The discrepancies noticed on the aforesaid verification between the physical stocks and book records were not material.
- (iii) According to the information and explanations given to us, no loan has been granted by the Company (secured/ unsecured loans) to companies/ firms/ limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly reporting on interest and its repayment are not applicable.
- (iv.) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v.) In our opinion and according to the information and explanations given to us, the Company has accepted deposits from the public and complied in accordance with Chapter-VI (section 73 to 76) of the Act.
- (vi.) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section (1) of section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii.)(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and services tax, cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.





(b) According to the information and explanations given to us, the following dues of Customs Duty, Income Tax, VAT, Goods and Services Tax and Entry Tax have not been deposited by the Company on account of disputes:

**STATEMENT OF DISPUTED DUES**

SI No.	Name of the Statute	Period	Nature of Dues	Amount (₹ 'Lakhs')	Forum where dispute is pending
1	Orissa Sales Tax Act	2001-2002	OST	0.63	Sales Tax Tribunal, Cuttack
2	Entry Tax Act	2001-2002	ENTRY TAX	0.09	Sales Tax Tribunal, Cuttack
3	Orissa Sales Tax Act	2002-2003	OST	11.00	Assistant Commissioner of Commercial Tax, RKL
4	Orissa Sales Tax Act	2004-2005	OST	3.66	OST Tribunal, Cuttack
5	Entry Tax Act	2004-2005	ENTRY TAX	3.45	OST Tribunal, Cuttack
6	Orissa Sales Tax Act	2005-2006	OST	100.62	High Court of Odisha, Cuttack
7	Entry Tax Act	2005-2006	ENTRY TAX	16.79	High Court of Odisha, Cuttack
8	Central Sales Tax Act	2005-2006	CST	4.25	High Court of Odisha, Cuttack
9	OVAT, Act	2006-2007	OVAT	101.28	High Court of Odisha, Cuttack
10	Central Sales Tax Act	2006-2007	CST	153.29	High Court of Odisha, Cuttack
11	Entry Tax Act	2006-2007	ENTRY TAX	30.73	High Court of Odisha, Cuttack





12	OVAT , Act	2007-08 & 2008-09	OVAT	1.10	Additional CST Northern Zone
13	Entry Tax Act	2007-08 & 2008-09	ENTRY TAX	0.67	Additional CST Northern Zone
14	Central Sales Tax Act	2007-08 & 2008-09	CST	0.93	Additional CST Northern Zone
15	Central Sales Tax Act	01.08.2008 to 28.02.2011	CST	3.18	Additional CST Northern Zone
16	OVAT, Act	01.04.2009 to 31.03.2011	OVAT	1.98	Additional CST Northern Zone
17	Entry Tax Act	01.04.2009 to 31.03.2011	ENTRY TAX	4.55	Additional CST Northern Zone
18	OVAT, Act	01.08.2008 to 28.02.2011	OVAT	1499.34	OST Tribunal, Cuttack / Stay Revision Commissioner
19	Entry Tax Act	01.08.2008 to 28.02.2011	ENTRY TAX	315.77	OST Tribunal, Cuttack / Stay Revision Commissioner
20	OVAT , Act	04.04.2012 to 31.03.2014	OVAT	2.71	Commissioner Cuttack , Revision
21	Entry Tax Act	01.04.2012 to 31.03.2014	ENTRY TAX	21.05	Commissioner Cuttack, Revision
22	Central Sales Tax Act	01.04.2012 to 31.03.2014	CST	5.38	Commissioner Cuttack, Revision
23	Central Sales Tax Act	01.04.2014 to 30.09.2015	CST	1.54	DCCT, Rourkela
24	Central Sales Tax Act	01.04.2016 to	CST	1.14	DCCT, Rourkela





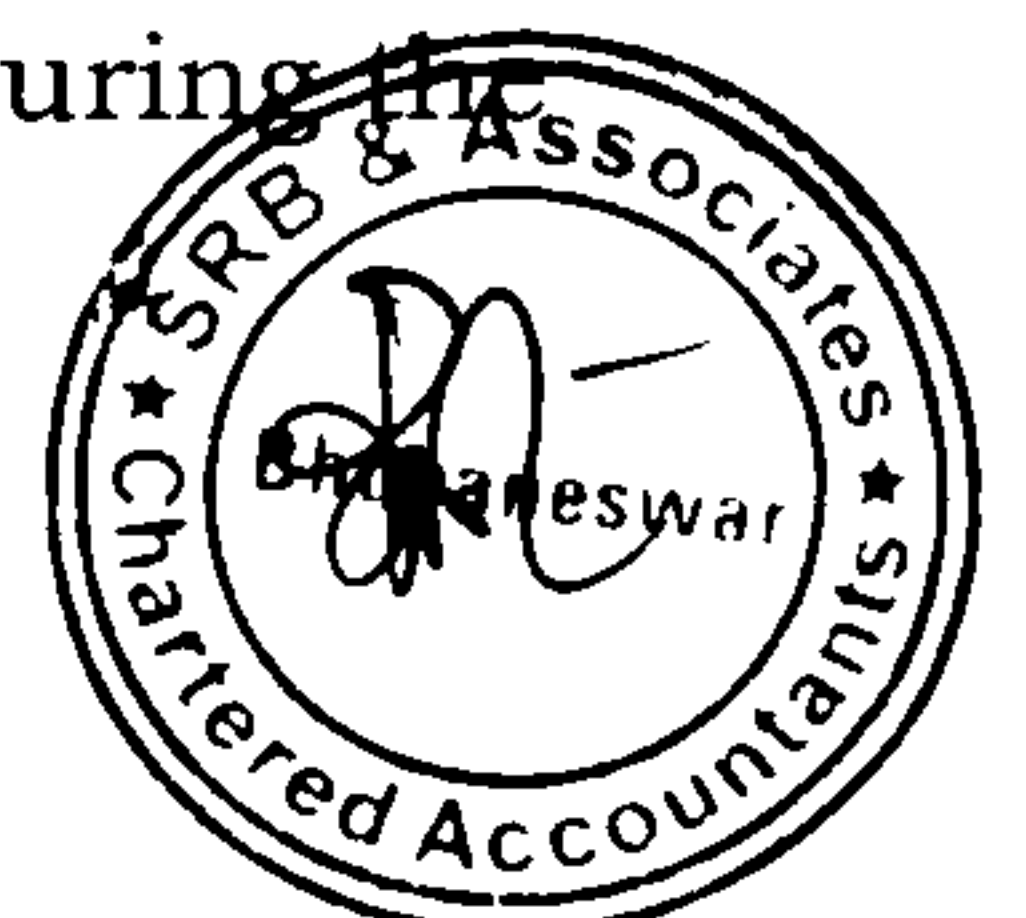


25	Custom Act 1962	2012 & 2013	Custom Duty	132.04	Customs, Excise & Service Tax Appellate Tribunal, Bangalore
26	Income Tax act	2009-10 & 2011-12	Income Tax	88.94	The Commissioner of Income Tax (appeals)
<b>Total</b>				<b>2506.10</b>	

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

Particular	Nature of Loan	Period of Default	Principal Amount outstanding in Books of Account as at 31 <sup>st</sup> March 2018 (Rs. In Lakhs)	Remarks
Oriental Bank of Commerce	Cash Credit	30 <sup>th</sup> April, 2016 to 31 <sup>st</sup> March, 2018.	1265.00	Refer Note No-40 and 12 to Financial Statements.
Punjab National Bank.	Cash Credit	30 <sup>th</sup> April, 2016 to 31 <sup>st</sup> March, 2018.	2527.00	
IDBI Bank	Cash Credit	30 <sup>th</sup> June, 2016 to 31 <sup>st</sup> March, 2018.	1760 .00	
	Term Loan		368 .00	
Bank of India	Cash Credit	30 <sup>th</sup> June, 2017 to 31 <sup>st</sup> March, 2018.	1306.0	

(ix.) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.



- (x.) According to the information and explanations given to us, no fraud by the Company or on by its officers or employees has been noticed or reported during the course of our audit.
- (xi.) According to the information and explanations given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii.) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii.) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 and the details of such transactions have been disclosed in the Ind AS financial statements of the Company as required by the applicable accounting standards.
- (xiv.) Based upon audit procedures performed and the information and explanations given by the management, The company has allotted on Preferential basis 8,00,000 no of equity shares at a premium as decided by the Board of Directors out of the conversion of warrants allotted earlier. **(Refer Note - 42)**
- (xv.) The Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.





**SRB & Associates**  
CHARTERED ACCOUNTANTS

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the order are not applicable to the Company.

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

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

**30<sup>th</sup> May, 2018**  
**Bhubaneswar,**





**Annexure -B to the Independent Auditors' Report**

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

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

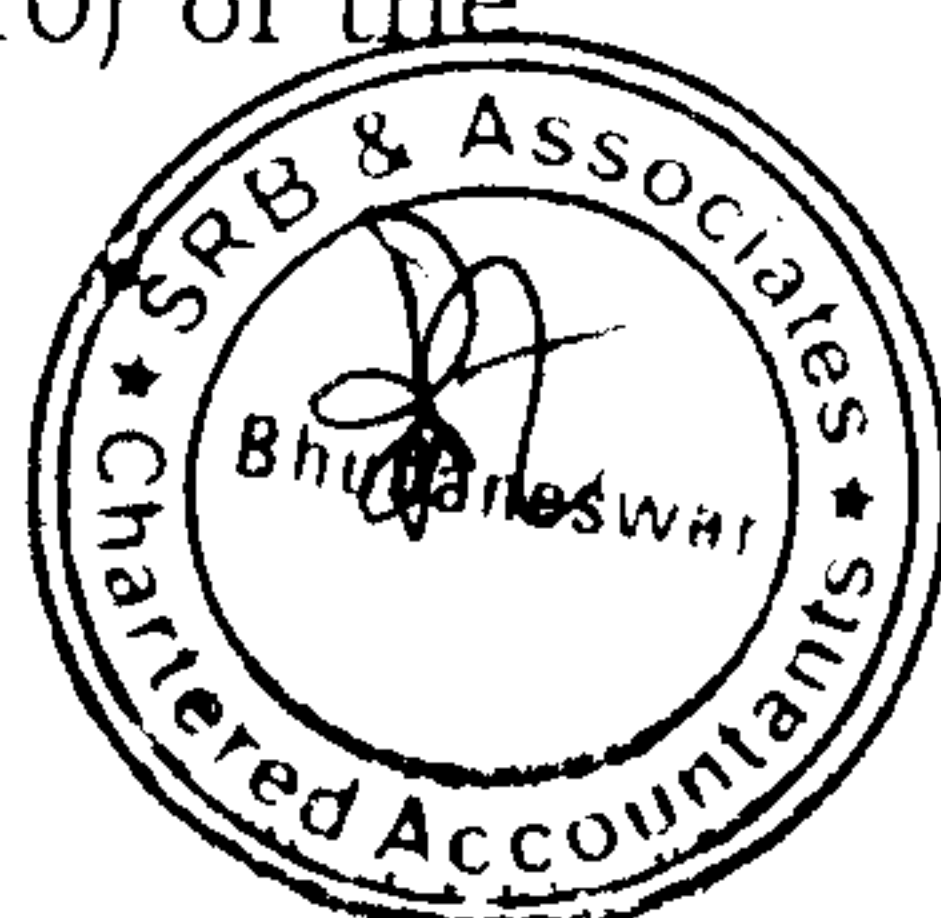
We have audited the internal financial controls over financial reporting of **Scan Steels Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, (the 'Standards') issued by ICAI and deemed to be prescribed under section 143 (10) of the





**SRB & Associates**

CHARTERED ACCOUNTANTS

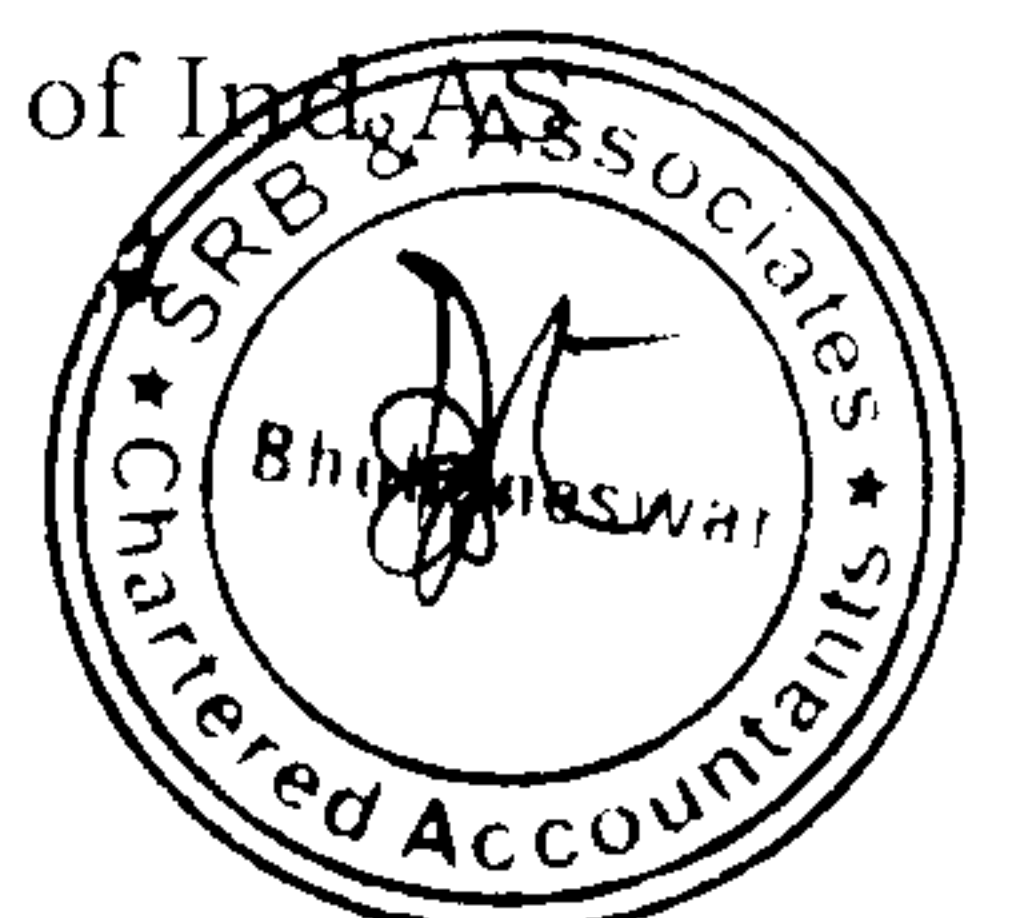
Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements 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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Bhubaneswar,  
30<sup>th</sup> May, 2018**

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

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





# SCAN STEELS LIMITED

CIN- L27209MH1994PLC076015

## Balance Sheet as at March 31, 2018

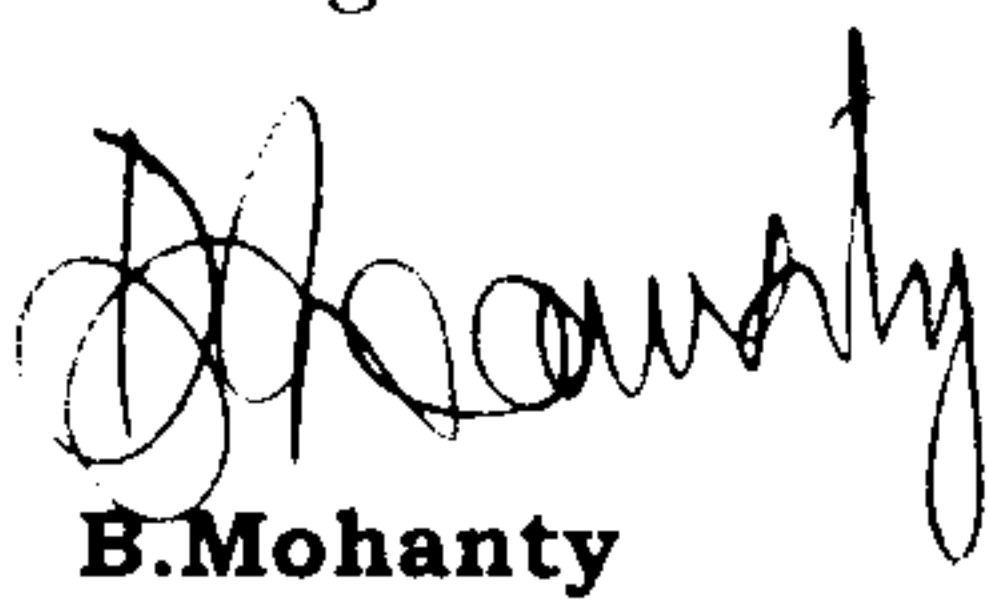
	Notes	As at 31st March '2018 INR 'Lakhs'	As at 31st March '2017 INR 'Lakhs'
<b>I. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Plant, Property and Equipments	2	29,278.39	28,362.16
(b) Capital work-in-progress	2	-	886.15
(c) Intangible Assets	2	0.29	0.29
(d) Financial Assets			
(i) Investments	3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

Notes forming part of financial statements

1 to 45

As per our report of even date attached.

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

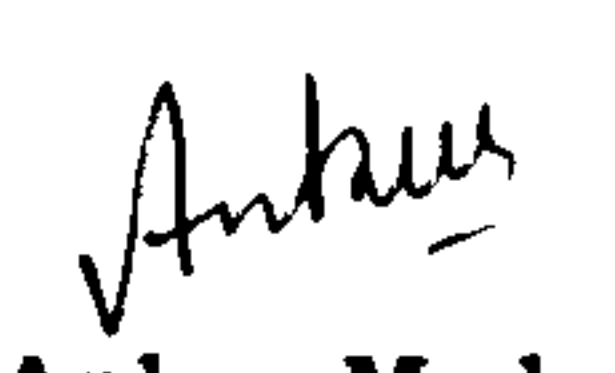
  
**B. Mohanty**  
Partner

M.No.056264



30th May, 2018  
Bhubaneswar

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

  
**Ankur Madaan**  
Director  
DIN: - 07002199

  
**Vinay Goyal**  
Director  
DIN: - 07002206

  
**Prabir Kumar Das**  
Company Secretary

  
**Gobinda Ch. Nayak**  
Chief Financial Officer

**SCAN STEELS LIMITED**

CIN- L27209MH1994PLC076015

**Statement of Profit and Loss**  
for the year ended March 31, 2018

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

Notes forming part of financial statements  
As per our report of even date attached.

1 to 45

For SRB & Associates  
Chartered Accountants  
F. Regd. No.310009E  
B. Mohanty  
Partner

M.No.056264

30th May, 2018  
BhubaneswarFor and on behalf of the Board  
M/s. Scan Steels Limited  
Ankur Madaan  
Director

DIN: - 07002199

  
Prabir Kumar Das  
Company Secretary  
Vinay Goyal  
Director

DIN: - 07002206

  
Gobinda Ch. Nayak  
Chief Financial Officer



**SCAN STEELS LIMITED**

CIN- L27209MH1994PLC076015

**Statement of Changes in Equity for the year ended March 31, 2018**



**A. Equity Share Capital**

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

**B. Other Equity**

Amount INR' Lakhs'

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

**For SRB & Associates**

Chartered Accountants

F. Regd. No.310009E

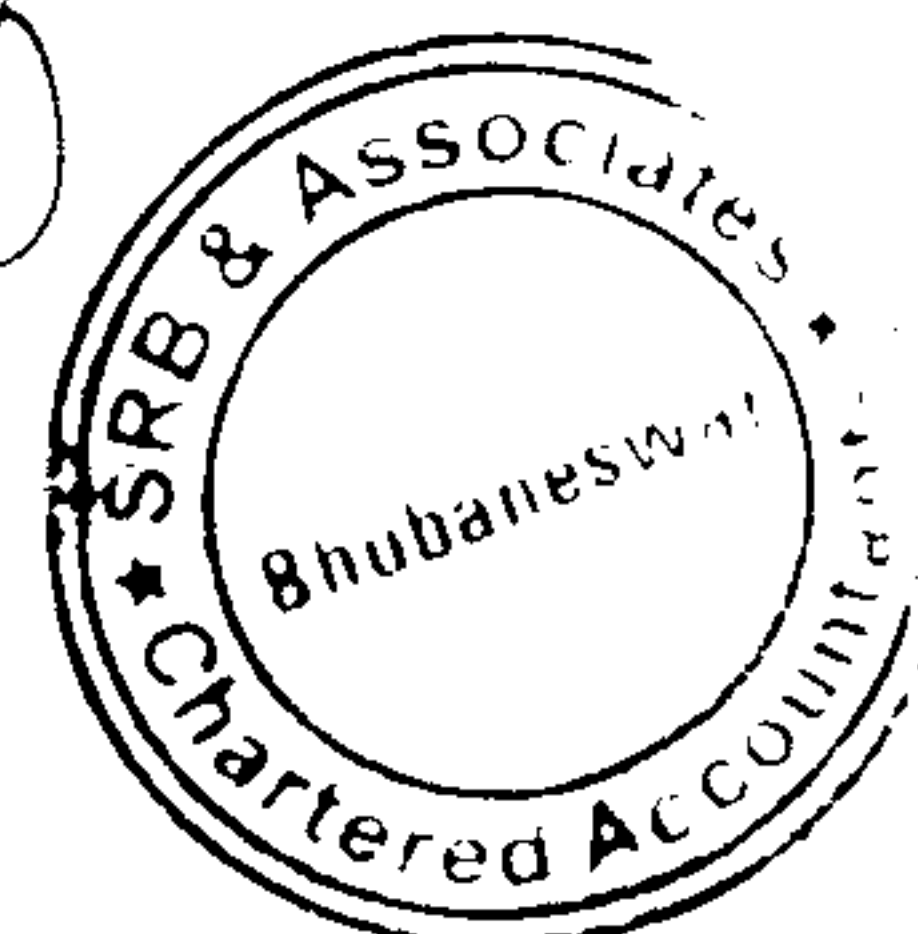
*B. Mohanty*  
**B. Mohanty**

Partner

M.No.056264

30th May, 2018

Bhubaneswar



**For and on behalf of the Board**

**Scan Steels Limited**

*Ankur Madaan*

**Ankur Madaan**

Director

DIN: - 07002199

*Prabir Kumar Das*

**Prabir Kumar Das**

Company Secretary

*Vinay Goyal*

**Vinay Goyal**

Director

DIN: - 07002206

*Gobinda Ch. Nayak*

**Gobinda Ch. Nayak**

Chief Financial Officer



# SCAN STEELS LIMITED

CIN - L27209MH1994PLC076015

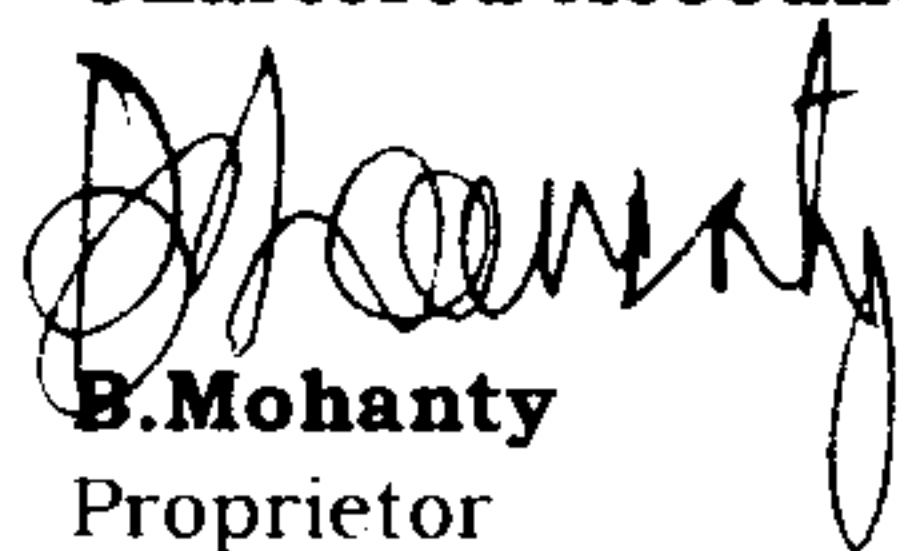
## Statement of Cash Flow for the year ended March 31, 2018

(Rupees in INR' Lakhs)

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

As per our report of even date attached.

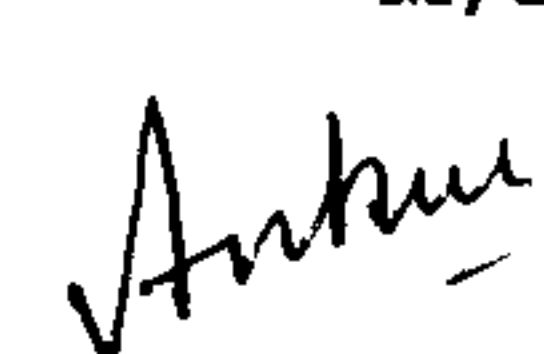
For SRB & Associates  
Chartered Accountants

  
**B. Mohanty**  
Proprietor  
M.No. - 056264

30th May, 2018  
Bhubaneswar

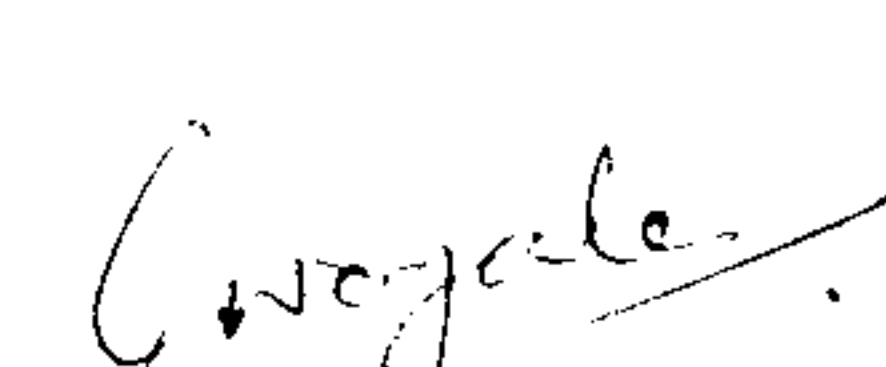


For and on behalf of the Board  
M/s Scan Steels Limited

  
**Ankur Madaan**  
Director  
DIN: - 07002199

  
**Vinay Goyal**  
Director  
DIN: - 07002206

  
**Prabir Kumar Das**  
Company Secretary

  
**Gobinda Ch. Nayak**  
Chief Financial Officer

## **Notes forming part of Financial Statements**

### **Note -1 SIGNIFICANT ACCOUNTING POLICIES**

#### **1.1 Company Overview**

M/s Scan Steels Limited is a public limited company domiciled in India. The company has its listings on the BSE Limited in India. The company is engaged in manufacturing of steel products and in generation of power for captive consumption. The company is also involved in derivative contracts that are intended for trading.

#### **1.2 Basis of Preparation**

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

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

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

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

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

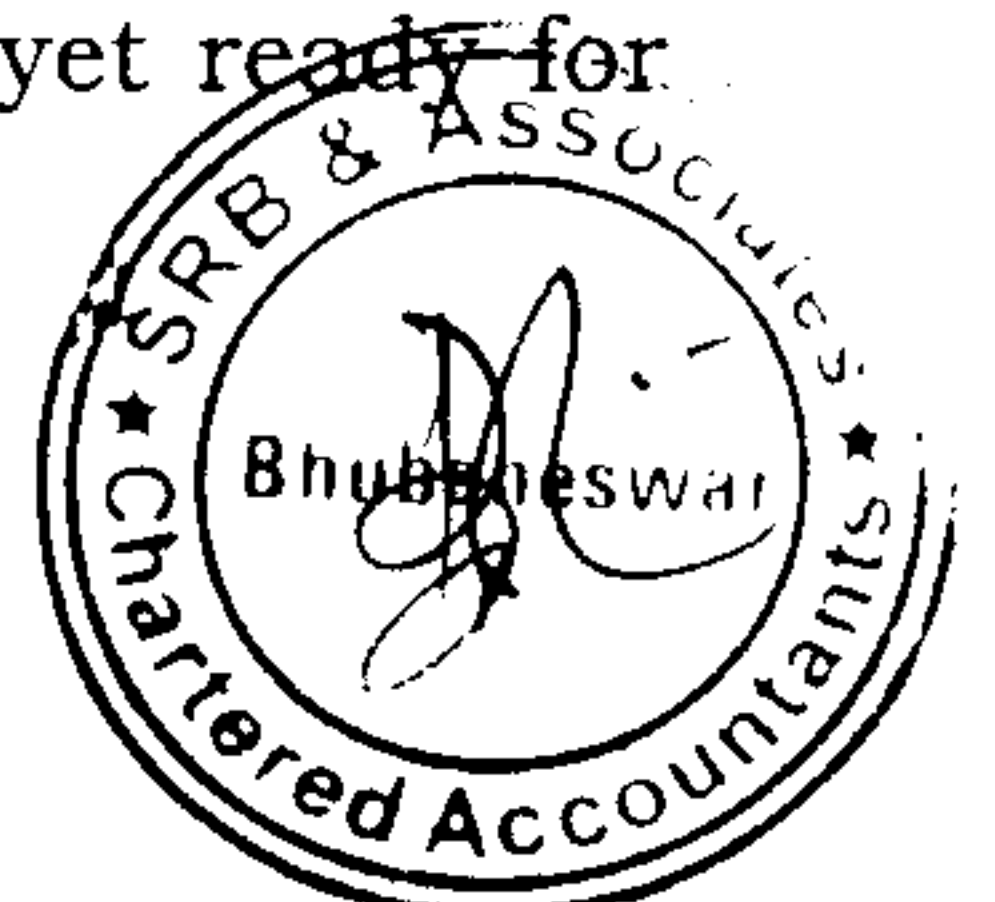
#### **1.3 Use of Estimates :**

- (i) The preparation of the financial statements are in conformity with Indian Accounting Standards (Ind AS) that requires management to make judgment estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosures relating to contingent liabilities as at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and action uncertainty above these consumptions and estimates could not in the outcomes requiring a material adjustments to the carrying amounts of assets and liabilities in future periods.
- (ii) Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.
- (iii) Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact and that are believed to be reasonable under the circumstances.
- (iv) All the assets and liabilities have been classified as current and non-current as per the company's normal operating cycle of twelve months and other criteria set 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.



## Notes forming part of Financial Statements

- c) The whole of the finance charges paid on assets acquired under Hire Purchase Scheme are considered as "Unmatured finance charges" under the head "Other Current Assets" in the Balance sheet. Subsequently, at the end of the year the portion of finance charges is transferred to profit & loss account on the basis of the number of instalments due during the year.

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

- a) Depreciation is provided on the straight line method applying the useful lives as prescribed in part C of Schedule II to the Companies Act, 2013.
- b) Depreciation on assets purchased/acquired during the year is charged from the date of purchase of the assets. Assets that are acquired during the year are depreciated fifty percent of the amount calculated for one year based on the new method and the balance is proposed to be in the year of disposal.
- c) An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
- d) Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

### iii. Intangible Assets :

- a) Intangible assets are recorded at the consideration paid for acquisition of such assets and claimed at cost less accumulated amortization and impairment.
- b) **Amortisation methods and periods**  
The entity amortises intangible assets with a definite useful life using the straight-line method.

### iv. Capital Work-in-Progress

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

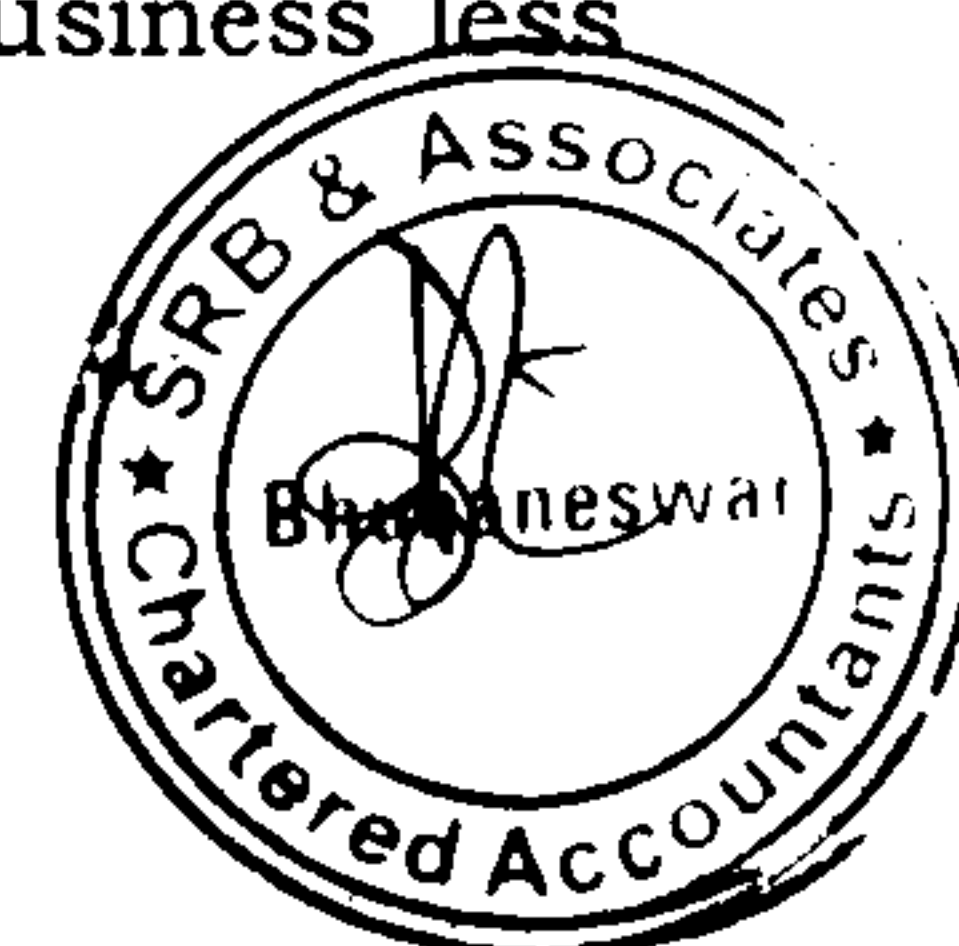
## 1.5 Revenue Recognition :

- i. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty, net of returns, trade allowances, rebates, Goods and services tax and amounts collected on behalf of third parties.
- ii. It recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the company.
- iii. The company adopts the following criteria for recognizing the revenue:-
- a) Sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods.
- b) Sale of traded goods is recognized when the goods are dispatched to the customers.

## 1.6 Inventories :

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

- a) Raw materials, components and stores & spares are valued at cost following FIFO method. Cost includes purchase price, freight, handling charges and other directly attributable costs to bring the material to its present location and are net of duties and taxes wherever applicable.
- b) Semi-finished goods and finished goods are valued at lower of cost or Net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on average cost of production.
- c) Cost of finished goods inside the plant is exclusive of GST
- d) Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.



### **1.7 Financial Instruments**

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instruments. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial assets or financial liability. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in Statement of profit and loss.

#### **i. Financial Assets**

##### **a) measured at amortised cost**

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

##### **b) measured at fair value through other comprehensive income**

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

##### **c) measured at fair value through profit or loss**

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

##### **d) Equity instruments**

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

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

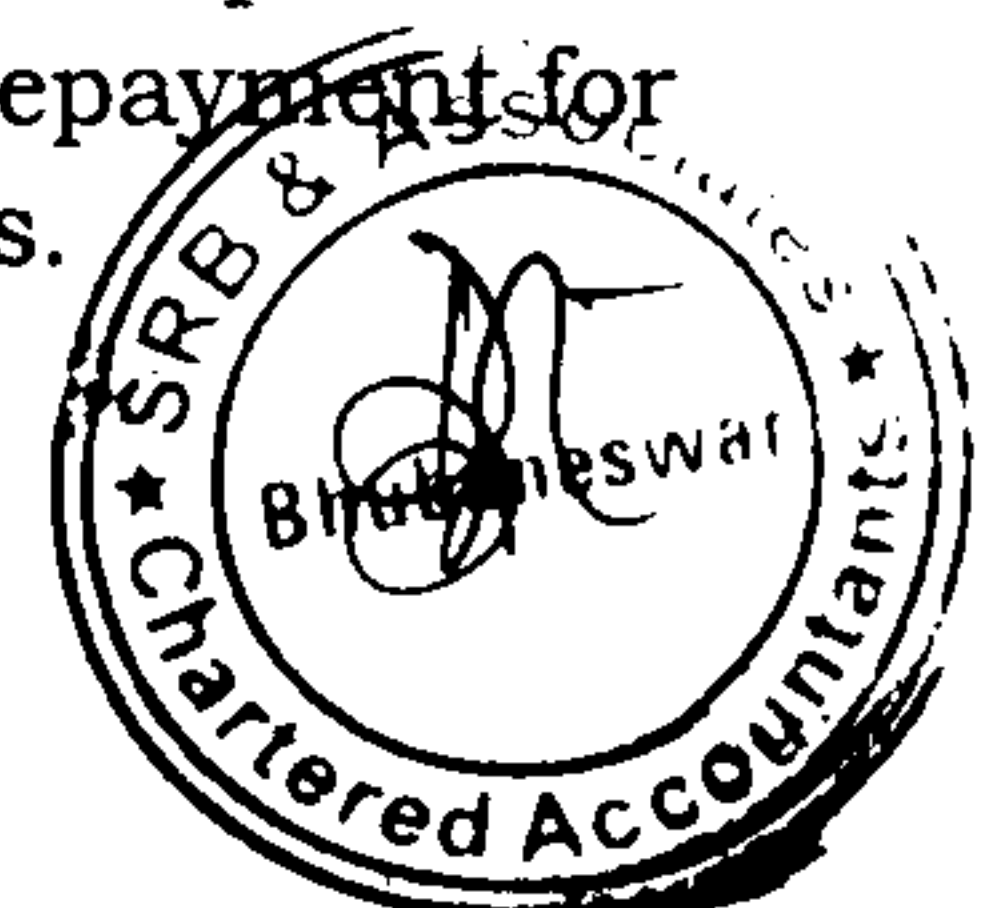
#### **ii. Financial Liabilities**

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

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

### **1.8 Borrowings :**

**i.** Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.



## **Notes forming part of Financial Statements**

- ii. Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The cost on these preference shares are recognised in profit or loss as finance costs.
- iii. Borrowings are withdrawn from the balance sheet when obligations specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of profit and loss as other gains/(losses).
- iv. Borrowings are classified as current liabilities unless the entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current and if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

### **1.9 Employee Benefits :**

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

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

All Short term employee benefits such as salaries, incentives, special award, medical benefits which fall due within 12 months of the period in which the employee renders related services, which entitles him to avail such benefits and non accumulating compensated absences (like maternity leave and sick leave) are recognized on an undiscounted basis and charged to Statement of Profit and loss.

#### **(ii) Post-employment obligations**

The entity operates the following post-employment schemes:

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

#### **Provident fund obligations**

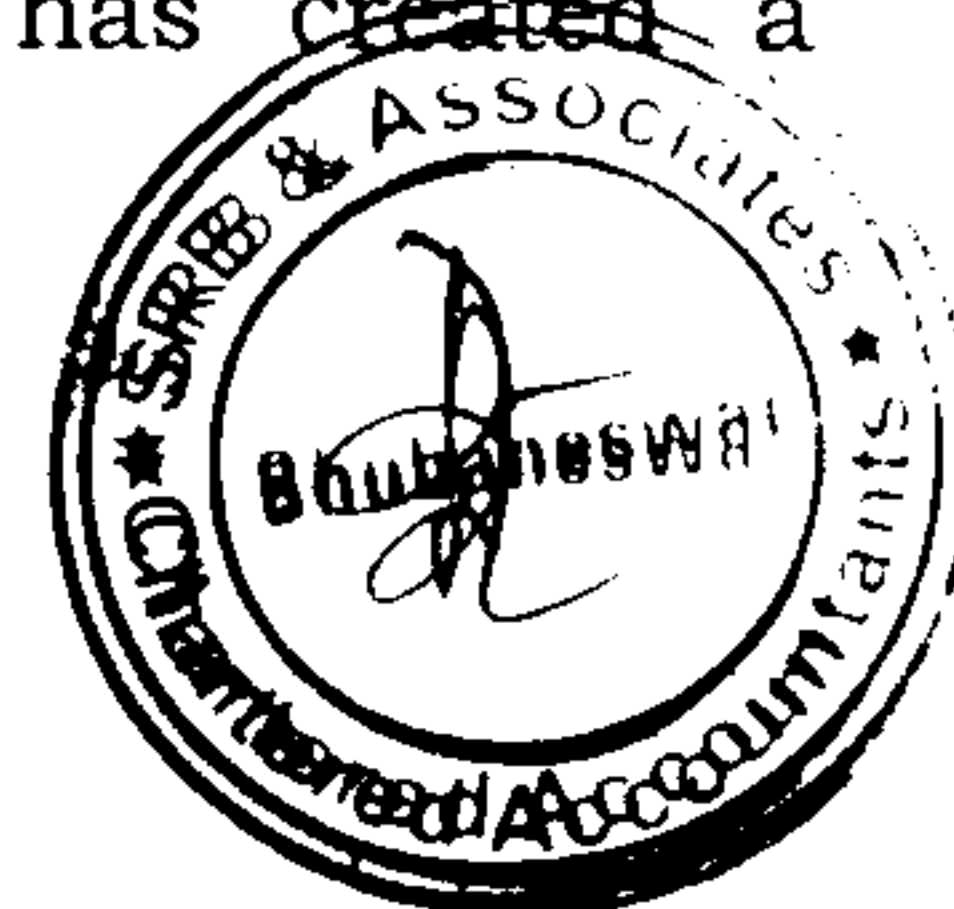
Contribution to the provident fund, which is a defined contribution plan, made to the Regional Provident Fund Commissioner is charged to the Statement of Profit and loss on accrual basis.

#### **Gratuity and Superannuation obligations**

The company has not made any provision with regard to gratuity and superannuation benefits on actuarial basis in compliance to the provisions laid in accounting standard on accounting for retirement benefits. However the company has taken a group gratuity policy with life insurance corporation of india in respect of retirement benefits of its employees, the annual premium of which is charged to the Statement of Profit and Loss.

#### **(iii) Bonus plans**

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



## Notes forming part of Financial Statements

### 1.10 Foreign currency translation :

#### (i) Functional and presentation currency

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

#### (ii) Transactions and balances

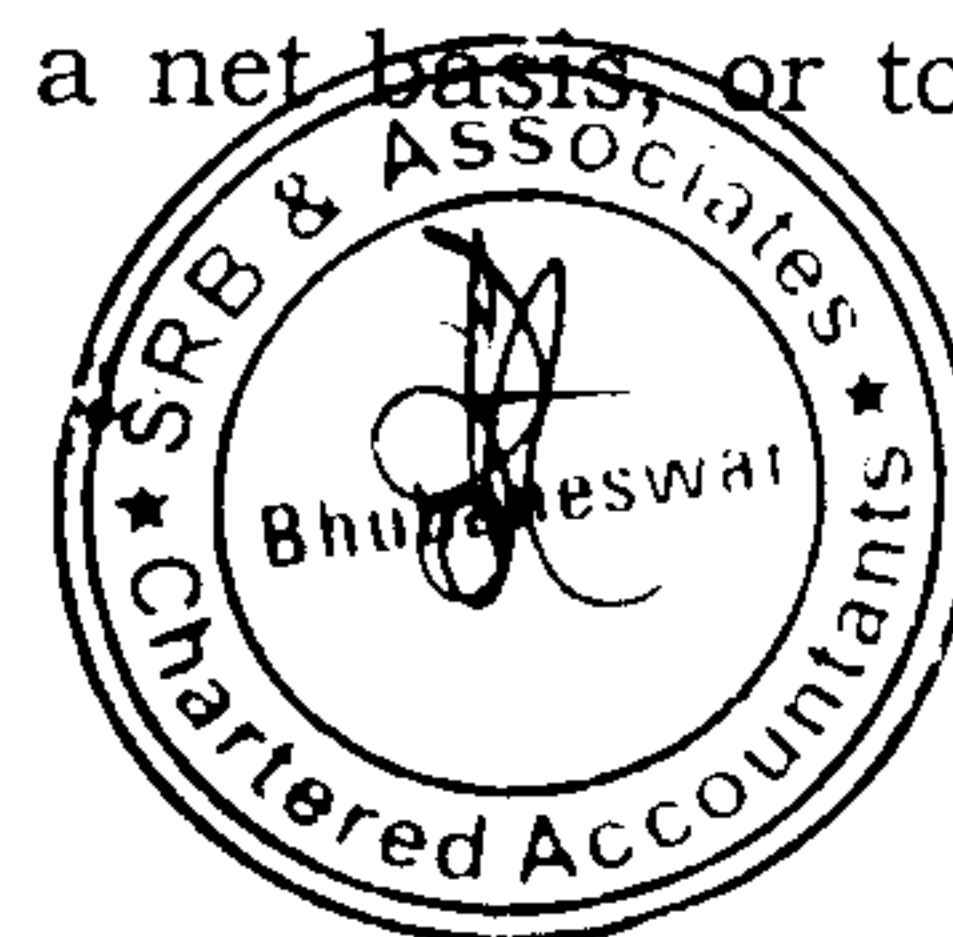
Foreign currency transactions i.e. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from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

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

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

### 1.11 Income Tax :

- i. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.
- ii. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.
- iii. Current income tax expense comprises taxes on income from operations in India and is determined in accordance with the provisions of the Income Tax Act, 1961. Minimum Alternate Tax (MAT) is paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability. The company offsets on a year on basis, the current tax assets and liabilities, where it intends to settle such assets and liabilities on a net basis. The current tax expense recognized in the financial statements is net off MAT credit utilized during the period.
- iv. Deferred income tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- v. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.
- vi. Deferred tax assets and liabilities are set off when there is a legally enforceable right to *offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority*. Current tax assets and tax liabilities are set off where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.



## Notes forming part of Financial Statements

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

### 1.12 Trade and Other Payables :

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

### 1.13 Purchases :

Purchase of materials is recognized on dispatch of such goods by the suppliers based on certainty irrespective of receipt of such goods at the factory. It is shown net of CENVAT/VAT credit wherever applicable.

### 1.14 Cash and Cash Equivalents :

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

### 1.15 Borrowing Costs :

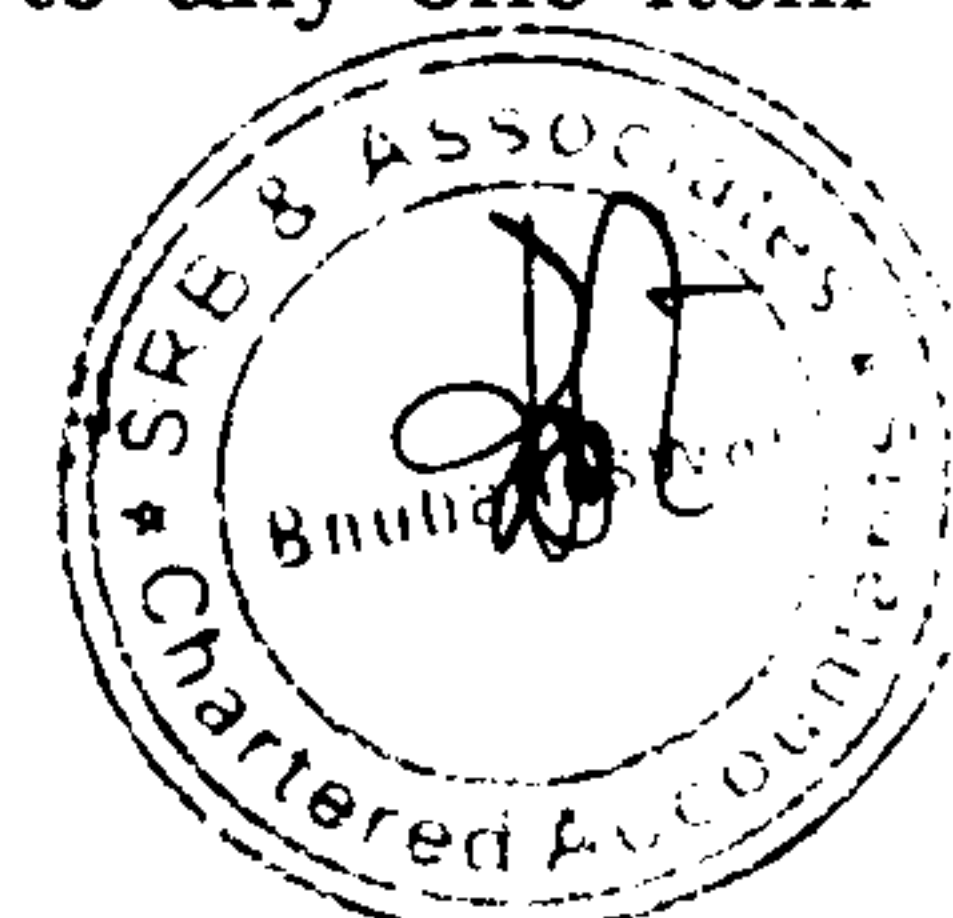
- a) General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily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

### 1.16 Segment Reporting :

- (i) The Company is primarily engaged in the business of manufacturing of steel and power for captive consumption and Trading of Sponge Iron. The Company has identified two primary business segments namely Manufacturing and trading, which in context of Indian Accounting Standard 108 on "Operating Segments" constitute reportable segment. However, as the turnover of trading segment is less than 10% of the total revenue, no such reporting is required.
- (ii) The company's products are dispatched from plants located at Rajgangpur (Odisha), and Bellary (Karnataka) to various parts of the country and considering the customer base which is wide spread all over the country, no such geographical differentiation can be done for presenting the information.

### 1.17 Provisions & Contingent Liabilities:

- a. A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. Contingent assets are not recognized.
- b. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.





## Notes forming part of Financial Statements

- c. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

### 1.18 Fair value of Investments

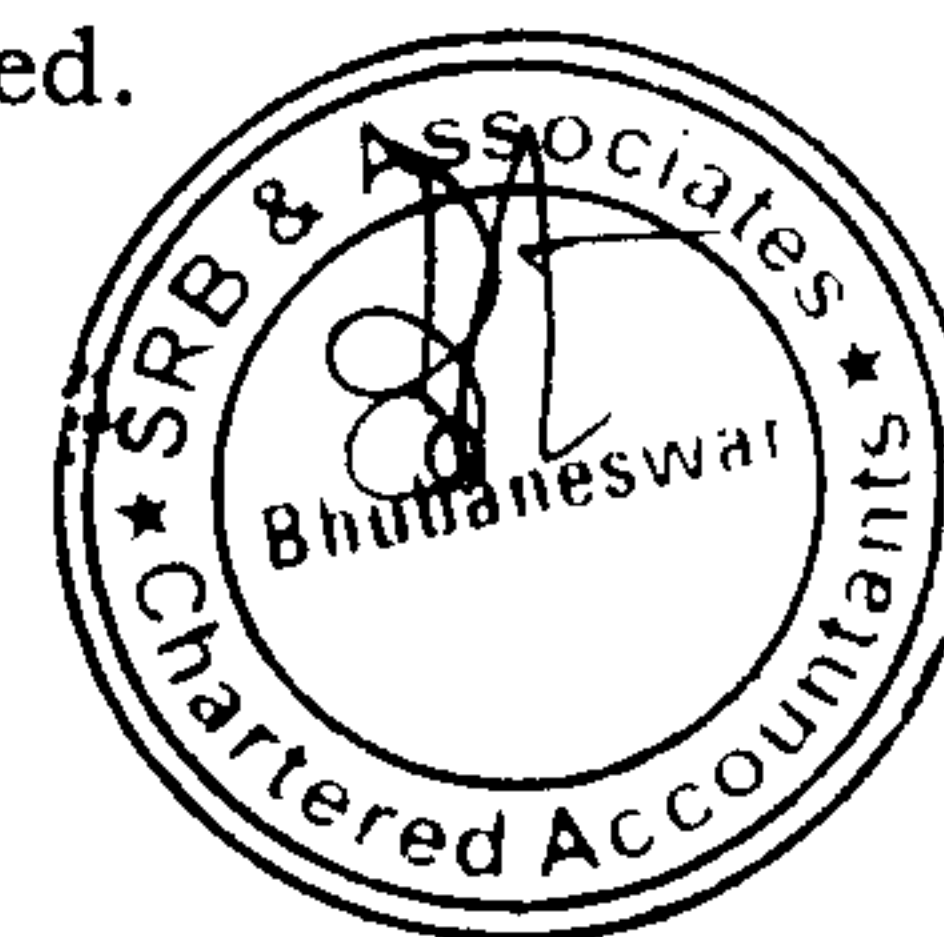
Investment in quoted equity instruments are measured at fair value through other comprehensive income on the basis active bid market prices and accordingly the changes in fair value has been recognised in the retained earnings as at the date of transition and subsequently in the Other Comprehensive income.

### 1.19 Contributed Equity :

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

### 1.20 Rounding of Amounts :

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

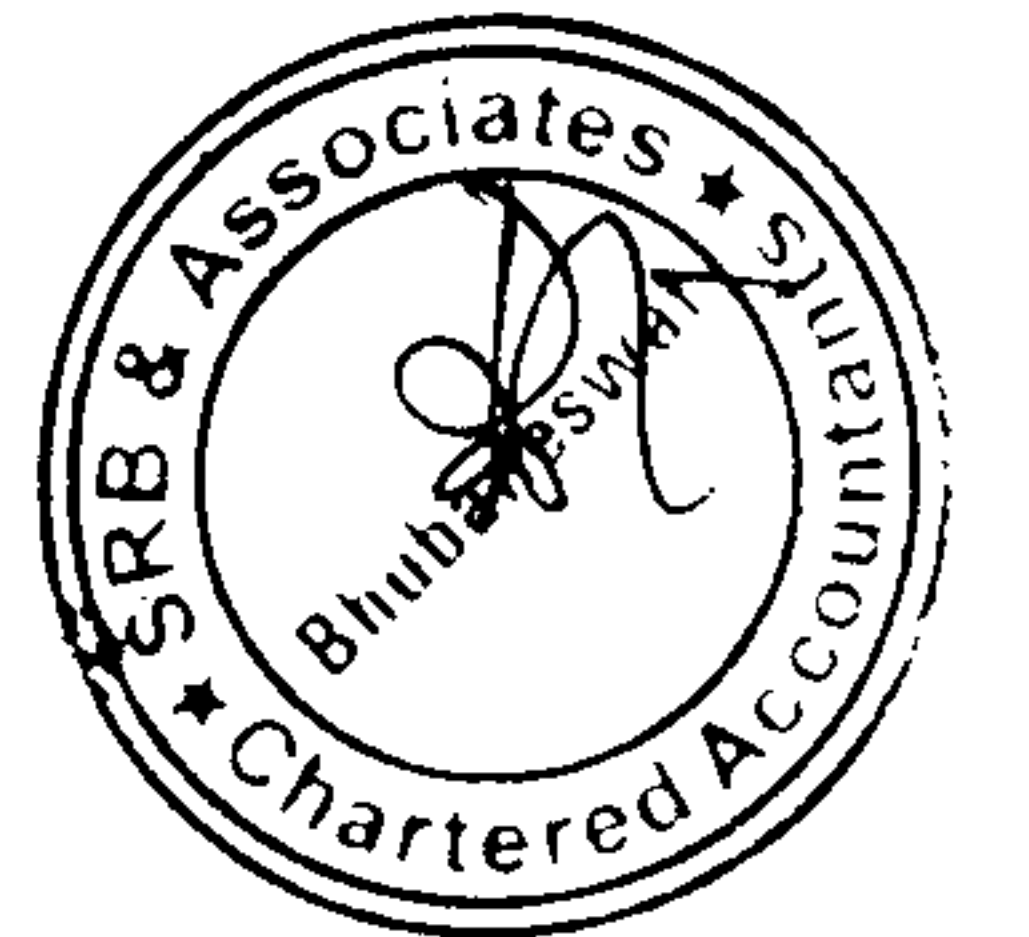


## Notes forming part of Financial Statements

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

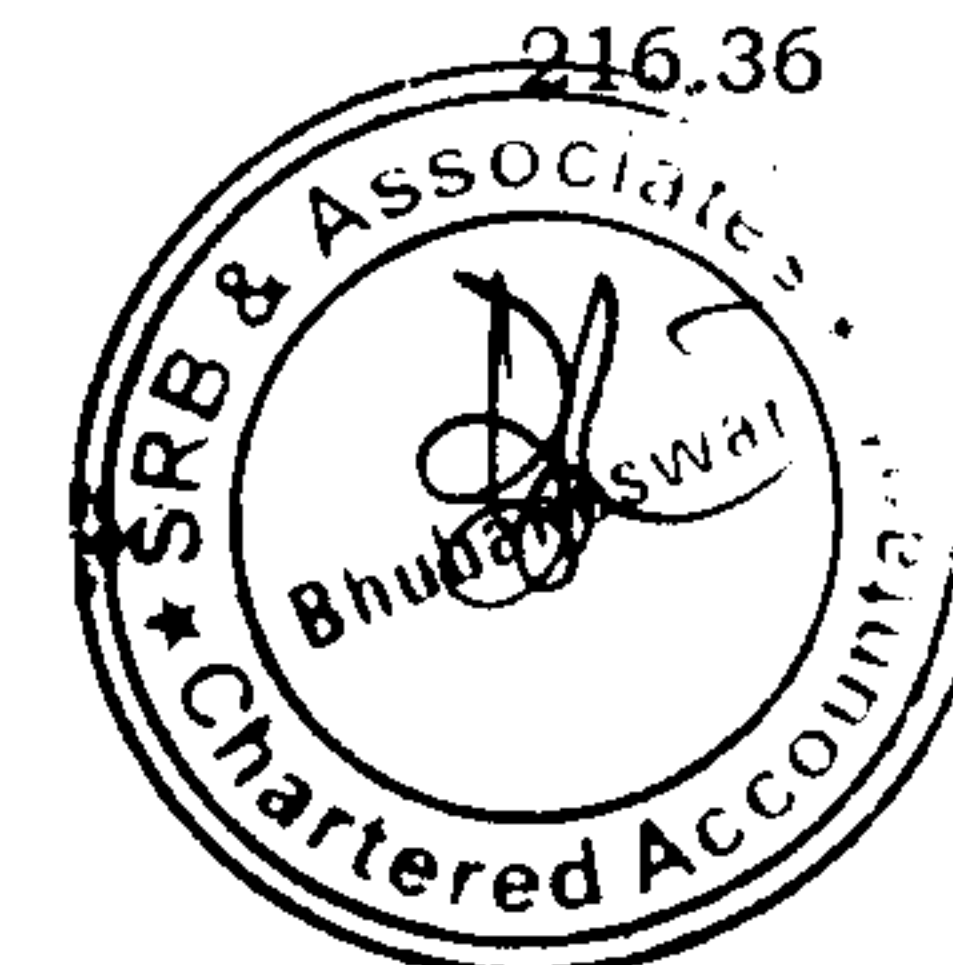
Particulars	Freehold Land	Freehold Buildings	Furniture, Fittings and Equipment	Plant and Machinery	Total	Capital Work-in-Progress	Intangible Assets
Gross Carrying Amount(Deemed Cost)	INR 'Lakhs'	INR 'Lakhs'	INR 'Lakhs'	INR 'Lakhs'	INR 'Lakhs'	INR 'Lakhs'	INR 'Lakhs'
<b>At 1st April,2017</b>	4,123.62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

Net Book Value	As at	
	31st March'2018	31st March'2017
	INR 'Lakhs'	INR 'Lakhs'
Property,Plant and Equipment	-	28,362.16
Capital Work-in-progress	-	886.15
Intangible Assets	0.29	0.29



**Note-3:Investments**

Particulars	As at 31st March '2018	As at 31st March 2017
	INR 'Lakhs'	INR 'Lakhs'
<b>Investments at fair value through OCI (fully paid)</b>		
<b>Quoted Shares</b>		
369481 nos equity shares of Karuna Cables Limited. (31st March,2017:369481 Nos)	0.52	0.52
25363 nos equity shares of Matra Reality Limited. (31st March,2017:25363 Nos)	0.11	0.15
4360 nos equity shares of Millenium Cybertech Limited. (31st March,2017:4360 Nos)	0.08	0.08
31474 nos equity shares of PFL Infotech Ltd. (31st March,2017:31474 Nos)	2.67	3.40
55449 nos equity shares of Polytech India Limited. (31st March,2017:55449 Nos)	2.56	2.05
387908 nos equity shares of Shri Bajrang Alloys Limited. (31st March,2017:387908 Nos)	69.82	67.69
172572 nos equity shares of Steel Exchange India Limited. (31st March,2017:172572 Nos)	42.63	140.21
13558 nos equity shares of VMS Industries Ltd. (31st March,2017:13558 Nos)	2.12	2.25
<b>Total</b>	<b>120.49</b>	<b>216.36</b>
Aggregate cost price of quoted shares	133.10	133.10
Aggregate market value of quoted shares	120.49	216.36



**Note -4. Other Financial Assets**

Particulars	As at	As at
	31st March '2018	31st March '2017
	INR 'Lakhs'	INR 'Lakhs'
Security Deposits	1,015.21	1,043.97
Other bank balances*	298.92	440.64
<b>Sub-Total</b>	<b>1,314.13</b>	<b>1,484.61</b>

**\*Details of other balances with banks**

Particulars	As at	As at
	31st March '2018	31st March '2017
	INR 'Lakhs'	INR 'Lakhs'
<b>Other bank balances consist of the following:</b>	-	-
Earmarked Balances with Banks	38.95	36.78
Term Deposits with Bank	146.17	49.57
Margin money, guarantee and security with banks	113.80	354.30
<b>Total</b>	<b>298.92</b>	<b>440.64</b>

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

**Note-5 :Other Assets**

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



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

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

**Note-7 Inventories**

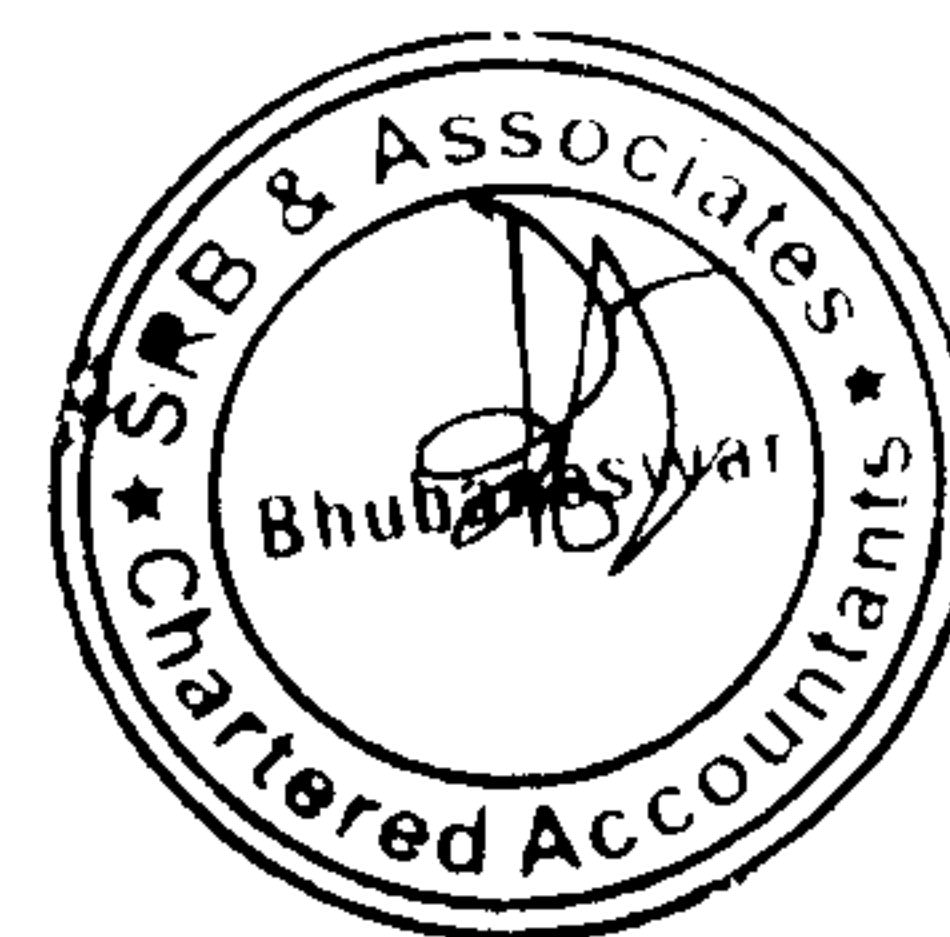
Particulars	As at	As at
	31st March '2018	31st March'2017
	INR 'Lakhs'	INR 'Lakhs'
Raw Materials	6,273.94	3,305.08
Semi-finished goods	500.79	819.76
Finished goods	3,023.57	2,101.58
Stock-in-trade	7.59	69.09
Stores,spares and consumables	504.20	608.25
<b>Total</b>	<b>10,310.09</b>	<b>6,903.76</b>

**Note 8 Trade Receivables**

Particulars	As at	As at
	31st March '2018	31st March'2017
	INR 'Lakhs'	INR 'Lakhs'
<b>Unsecured,considered good</b>		
Related Parties	-	-
Others	6,038.39	5,398.88
<b>Total</b>	<b>6,038.39</b>	<b>5,398.88</b>

No trade receivables or other receivables are due from directors or other officers of the company either severally or jointly with any other person.Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner or a director.

Trade receivables are non-interest bearing and are generally on terms of 30 to 150 days.



**Note-9 Cash and Bank Balances**

Particulars	As at	As at
	31st March 2018	31st March 2017
	INR 'Lakhs'	INR 'Lakhs'
<b>Balances with banks</b>		
In Current Accounts	2,086.39	1,131.90
In Deposits Accounts	298.92	440.64
Cash on Hand	499.56	147.18
<b>Sub Total</b>	<b>2,884.87</b>	<b>1,719.72</b>
Less: Balances with bank other than above (Note-4)	(298.92)	(440.64)
<b>Total</b>	<b>2,585.95</b>	<b>1,279.08</b>



**Note-10:Equity Share Capital**

Particulars	As at	As at
	31 st' March '2018	31st March'2017
	INR 'Lakhs'	INR 'Lakhs'
<b>Equity Share Capital</b>		
<b>a) Authorised</b>		
550 lakhs Nos of Equity shares of 10/- each	5,500.00	5,500.00
150 lakhs Nos of Preference shares of 10/- each (550 lakhs Nos of Equity shares of 10/- each) (150 lakhs Nos of Preference shares of 10/- each)	1,500.00	1,500.00
	<b>7,000.00</b>	<b>7,000.00</b>
<b>b) Issued, Subscribed and Paid Up [Ref Note 2(v)]</b>		
<b>Equity Shares:</b>		
523.52 lakhs Nos of shares of 10/- each fully paid up (P.Y 515.52 lakhs Nos of shares of 10/- each fully paid up)	5,235.23	5,155.23
<b>Total</b>	<b>5,235.23</b>	<b>5,155.23</b>

**i) Reconciliation of number of equity shares are set out below:**

a) Shares outstanding at the beginning of the financial year.	515.52	488.06
b) Issued during the year	8.00	27.47
c) Shares outstanding at the end of the financial year	<b>523.52</b>	<b>515.52</b>

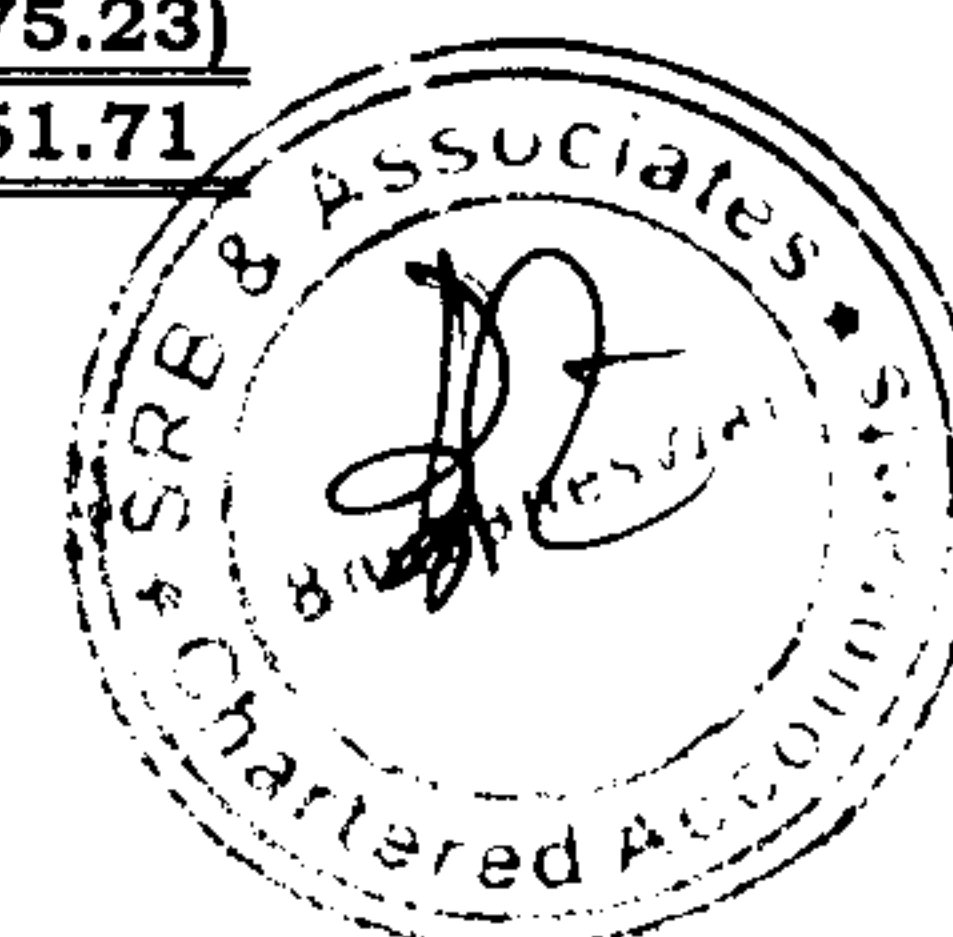
**d) Details of shareholders holding more than 5% of shares**

Name of the Shareholders	No. of Shares	% held	No. of Shares	% held
i) Rajesh Gadodia	35.36	6.75%	35.36	6.86%
ii) Nimish Gadodia	34.08	6.51%	34.08	6.61%
iii) Artline Commerce Pvt Ltd	95.67	18.27%	95.67	18.56%
iv) Bayanwala Brothers (p ) Limited	53.84	10.28%	45.41	8.81%
v) Monotype India Ltd	30.04	5.74%	30.04	5.83%

a) The Company has a single class of Equity shares. Accordingly ,all equity shares rank equally with regard to dividend and share in the company's residual assets.

**Note- 11. Other Equity**

Particulars	As at	As at
	31 st' March '2018	31st March'2017
	INR 'Lakhs'	INR 'Lakhs'
<b>a. General Reserve</b>		
Opening Balance	1,344.12	1,344.12
Add:-Additions during the year		
<b>Subtotal</b>	<b>1,344.12</b>	<b>1,344.12</b>
<b>b. Securities Premium</b>		
Opening Balance	19,544.84	18,446.17
Add:-Additions during the year	320.00	1,098.67
<b>Subtotal</b>	<b>19,864.84</b>	<b>19,544.84</b>
<b>c. Capital Reserve</b>		
Opening Balance	554.73	554.73
Add:-Additions during the year	-	-
<b>Subtotal</b>	<b>554.73</b>	<b>554.73</b>
<b>d. Reserve for investments at Fair Value through OCI</b>		
Opening Balance	83.26	69.30
Add: Net fair value gain/(loss) on investments during the period	(95.87)	13.96
<b>Subtotal</b>	<b>(12.61)</b>	<b>83.26</b>
<b>e. Reserves for Commodity Tradings</b>		
Opening Balance	-	-
Add: Changes during the year	77.55	-
Less: Amount reclassified to profit and loss	-	-
<b>Subtotal</b>	<b>77.55</b>	<b>-</b>
<b>f. Retained Earnings</b>		
Opening Balance	(575.23)	600.21
Add: Profit/(Loss) during the year	(196.78)	(1,180.57)
Add: Adjustment for earlier years	-	5.13
<b>Subtotal</b>	<b>(772.02)</b>	<b>(575.23)</b>
<b>Total</b>	<b>21,056.61</b>	<b>20,951.71</b>



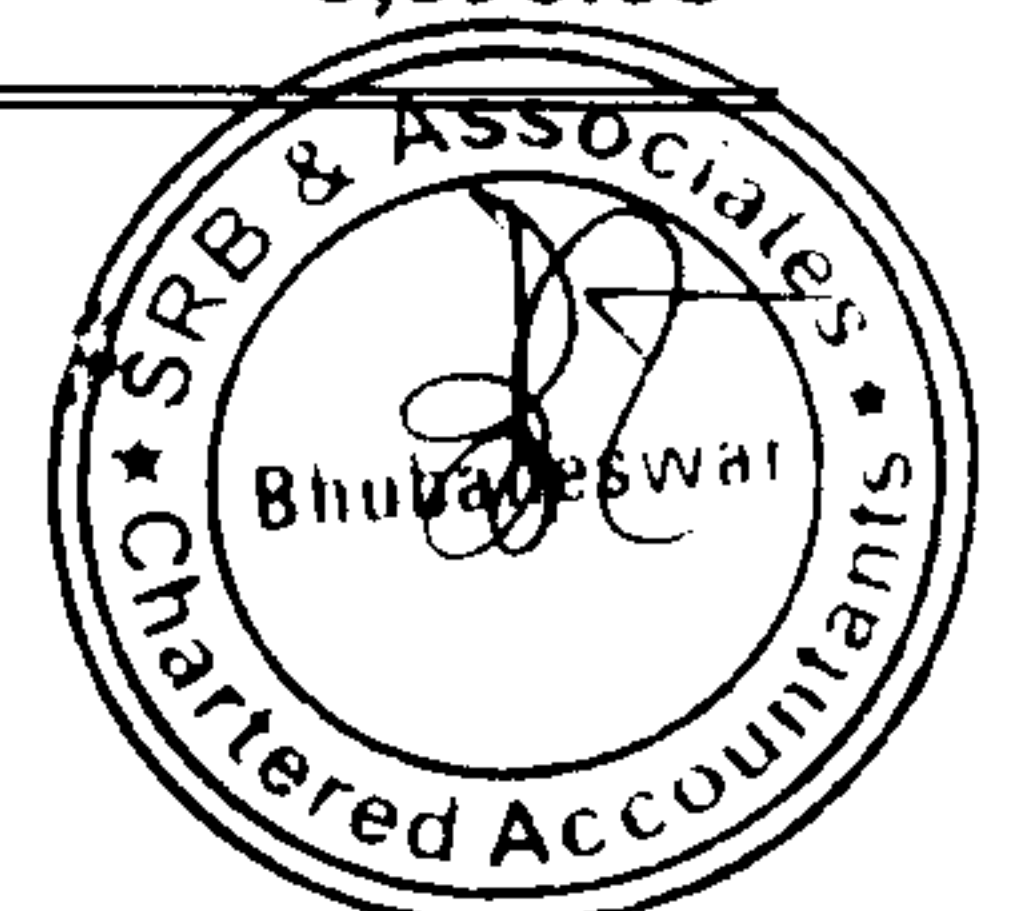
**Note-12. Borrowings**

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

\*The Company has allotted in earlier years 12,849,605 Number of 1% Non - Convertible & Non-Cumulative Redeemable Preference Shares(NCRPS) , at face value of Rs. 10 each fully paid up with a premium of Rs. 30 each . The preference shareholders have preferential right over payment of dividend and settlement of principal amount upon liquidation, over common shareholders. The dividend shall be paid out upon availability of profits. The preference shares shall be redeemed out of profits or out of the proceeds of fresh issue of shares after the end of the Fifth year but within a period of 20 years either in one or on more tranches as may be determined by the board of directors of the company in its absolute discretion at such price as may be decided but in any case not less than price of Rs.44.

**Note-13. Trade Payables**

Particulars	As at 31st March '2018	As at 31st March '2017
	INR 'Lakhs'	INR 'Lakhs'
Related Parties	28.93	416.15
Others	3,157.58	5,481.87
<b>Total</b>	<b>3,186.51</b>	<b>5,898.03</b>





**Note-14. Other financial liabilities**

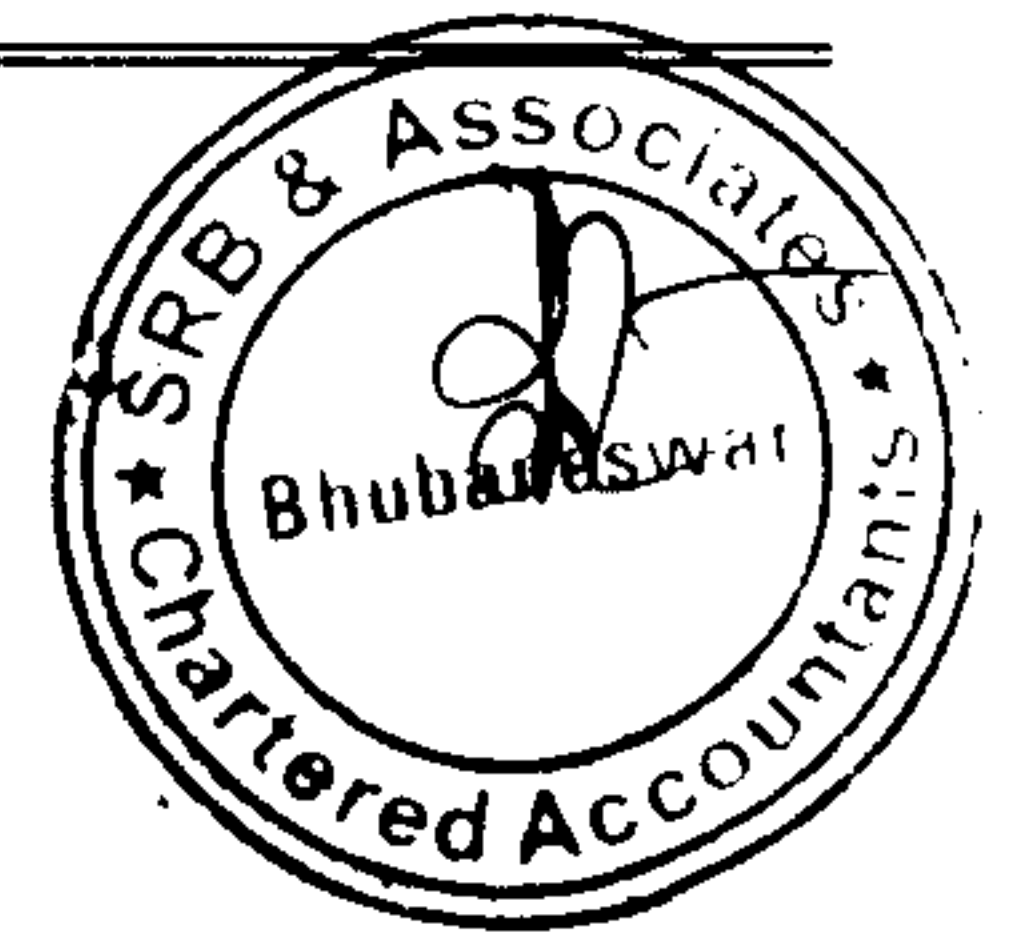
Particulars	As at	As at
	31st March '2018	31st March'2017
	INR 'Lakhs'	INR 'Lakhs'
Current maturities of long term debt	878.59	1,328.88
Current maturities of finance lease obligations	76.49	65.89
Current maturities of deposits	102.25	141.41
Current maturities of unsecured loans	-	102.24
Interest accrued and due on borrowings	1,273.64	107.36
Money received against share warrants/Shares	-	400.00
Liabilities for Expenses	842.09	607.89
<b>Total</b>	<b>3,173.05</b>	<b>2,753.68</b>

**Note-15. Provisions**

Particulars	As at	As at
	31st March '2018	31st March'2017
	INR 'Lakhs'	INR 'Lakhs'
Provision of excise duty on closing stock	-	233.22
Income tax Provision	132.94	-
<b>Total</b>	<b>132.94</b>	<b>233.22</b>

**Note-16. Other Current Liabilities**

Particulars	As at	As at
	31st March '2018	31st March'2017
	INR 'Lakhs'	INR 'Lakhs'
Advance from Customers	1,807.10	1,729.56
Statutory Dues Payable	1,060.60	46.69
<b>Total</b>	<b>2,867.70</b>	<b>1,776.25</b>



**Note-17 Revenue from operations**

Particulars	31st March'2018	31st March'2017
	INR 'Lakhs'	INR 'Lakhs'
Sale of Products*	48,543.81	39,813.45
Other Operating Revenue**	3,312.42	2,005.44
<b>Total</b>	<b>51,856.24</b>	<b>41,818.89</b>

\*Post the applicability of Goods & Service Tax ( GST ) with effect from July 01, 2017, revenue from operations is disclosed net of GST. Accordingly, revenue from operations and other expenses for the year ended on March 31, 2018 are not comparable with the previous year figures.

\*\*Other Operating Income includes sale of services alongwith gain or loss from "Commodity/Equity Derivative transactions under F&O segment" of various commodities through Stock Exchange. The profit/(Loss) on the settlement date is recognised in the financial statement and the fair value of derivative instruments measured at FVTOCI of the instruments in hand as on the reporting date and shown under "Reserves for fair valuation of derivative instruments" to be reclassified to profit & loss account on future settlement date.

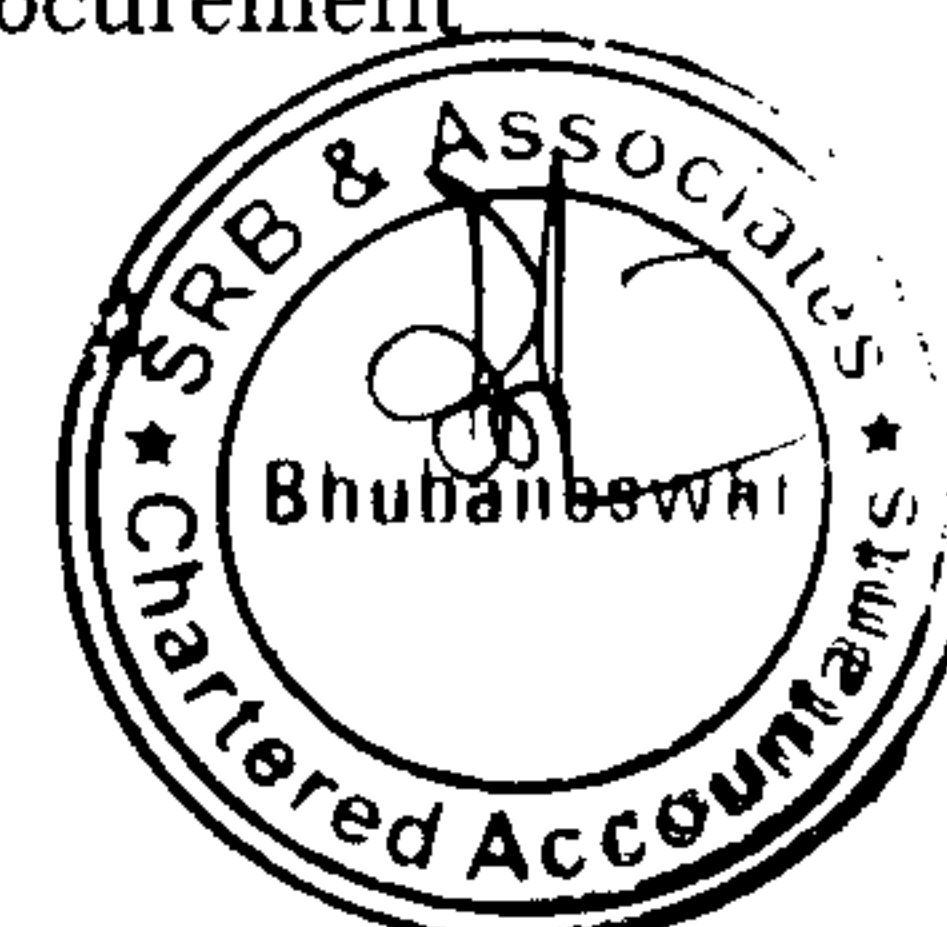
**Note-18 Other Incomes**

Particulars	31st March'2018	31st March'2017
	INR 'Lakhs'	INR 'Lakhs'
Interest Income	92.38	118.97
Dividend Income	8.00	-
Net Gain on foreign currency fluctuations	-	2.71
Profit on sale of asset	4.96	-
Notional gain on financial instruments	-	82.31
Miscellaneous Income	11.93	1.15
<b>Total</b>	<b>117.27</b>	<b>205.14</b>

**Note-19 Cost of Raw Material Consumed**

Particulars	31st March'2018	31st March'2017
	INR 'Lakhs'	INR 'Lakhs'
<b>Raw material and components consumed</b>		
Opening Stock	3,305.08	3,416.12
Add:Purchased during the year *	36,853.74	23,610.99
Less:Closing Stock	6,273.94	3,305.08
<b>Total</b>	<b>33,884.87</b>	<b>23,722.03</b>

\*Purchases includes material cost , expenses & other costs which are directly atributable to procurement



**Note-20 Cost of Traded Goods Sold**

Particulars	31st March'2018	31st March'2017
	INR 'Lakhs'	INR 'Lakhs'
Opening Stock	69.09	360.43
Add: Purchases during the year *	1,851.25	1,978.23
Less: Closing Stock	7.59	69.09
<b>Total</b>	<b>1,912.74</b>	<b>2,269.57</b>

\*Purchases includes material cost , expenses & other costs which are directly attributable to procurement

**Note-21 Change in Inventories-(Increase)/Decrease**

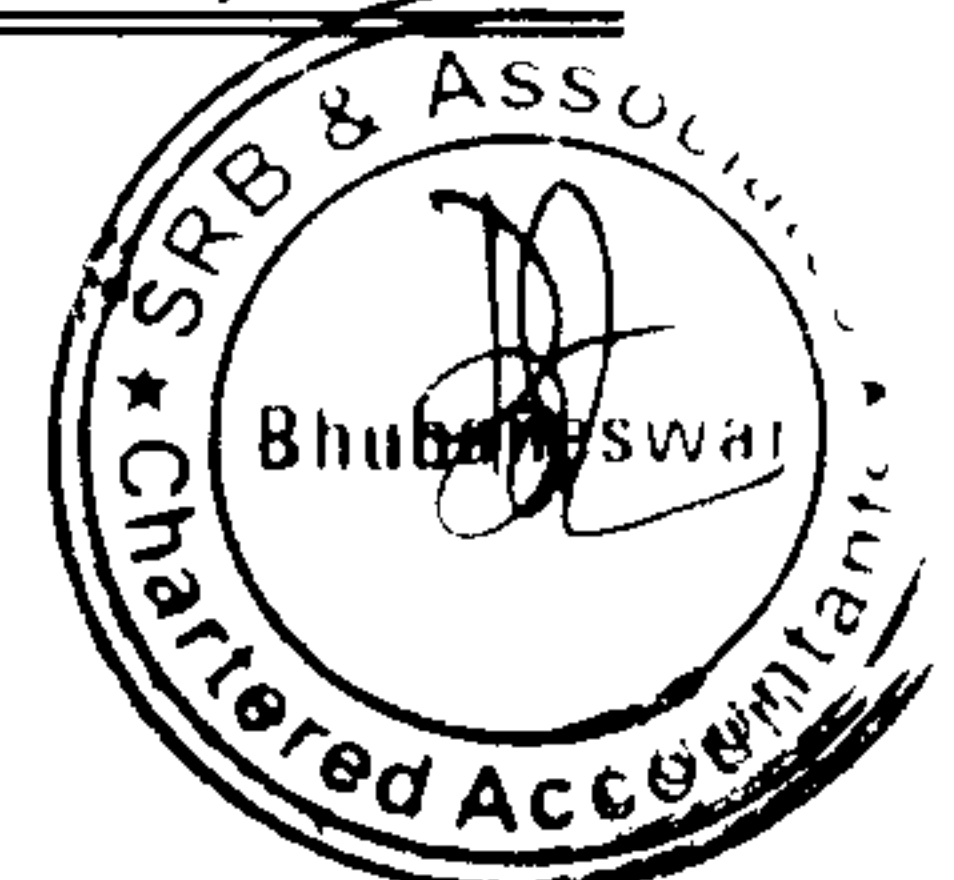
Particulars	31st March'2018	31st March'2017
	INR 'Lakhs'	INR 'Lakhs'
Opening Stock		
Semi-Finished Goods	819.76	72.16
Finished Goods	2,101.58	4,940.15
<b>Sub-Total(A)</b>	<b>2,921.34</b>	<b>5,012.31</b>
Less:- Closing Stock		
Semi-Finished Goods	500.79	819.76
Finished Goods	3,023.57	2,101.58
<b>Sub-Total(B)</b>	<b>3,524.36</b>	<b>2,921.34</b>
<b>Total(A-B)</b>	<b>(603.02)</b>	<b>2,090.98</b>

**Note-22 Employee Benefit Expenses**

Particulars	31st March'2018	31st March'2017
	INR 'Lakhs'	INR 'Lakhs'
Salaries,wages and bonus	1,296.81	1,079.29
Contribution to providend and other funds	131.79	113.19
<b>Total</b>	<b>1,428.60</b>	<b>1,192.48</b>

**Note-23 Finance Cost**

Particulars	31st March'2018	31st March'2017
	INR 'Lakhs'	INR 'Lakhs'
Interest on Debts & Borrowings	3,271.61	978.14
Interest on finance lease obligations	15.54	17.06
Interest on deposits	189.79	195.06
Interest to Others	22.89	27.49
Cost of Preference Shares	102.76	100.82
<b>Total</b>	<b>3,602.59</b>	<b>1,318.57</b>

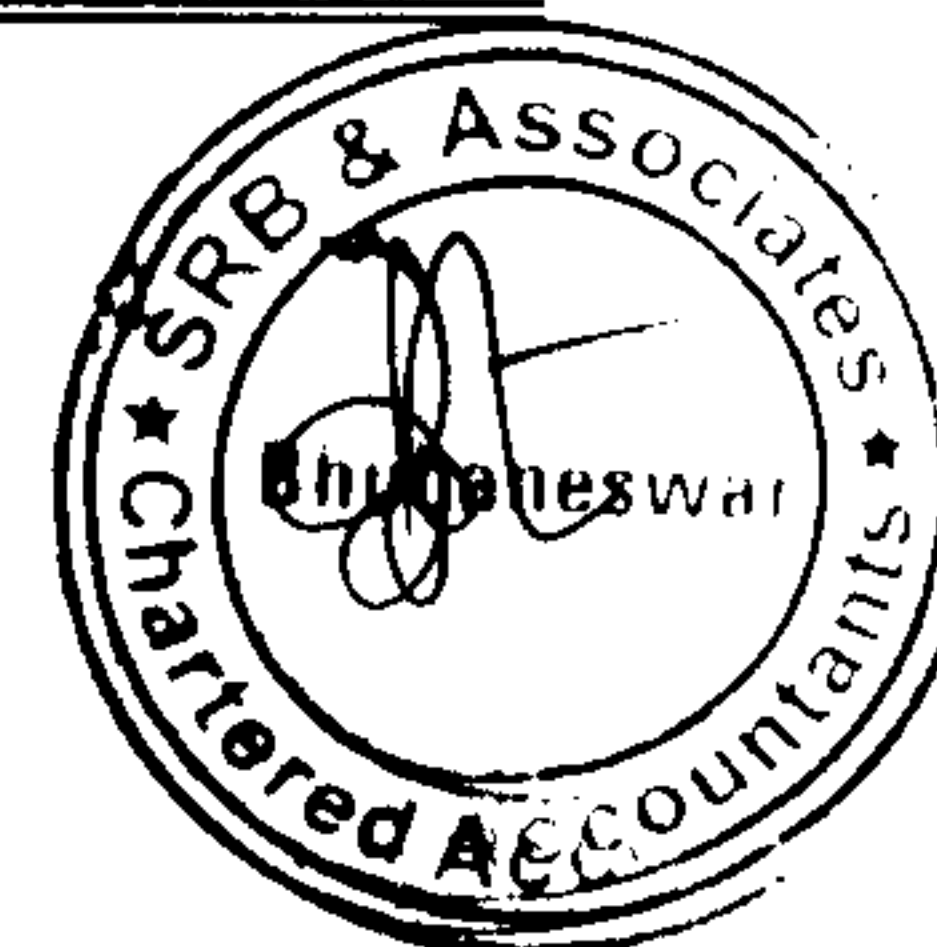


**Note-24 Depreciation and Amortisation expenses**

Particulars	31st March'2018	31st March'2017
	INR 'Lakhs'	INR 'Lakhs'
Depreciation of tangible assets	1,223.75	1,203.88
Amortisation of Expenses	507.28	798.73
<b>Total</b>	<b>1,731.03</b>	<b>2,002.61</b>

**Note-25 Other Expenses**

Particulars	31st March'2018	31st March'2017
	INR 'Lakhs'	INR 'Lakhs'
Consumption of stores and spares	1,195.95	867.89
Excise duty expenses	1,182.94	4,053.80
Power and fuel	6,226.59	5,626.54
Water charges	32.94	29.06
Operational Expenses	459.80	275.45
Security Service Charges	41.72	42.78
Rent,Rates and taxes	315.71	133.40
Insurance	24.27	19.63
Bank Charges	38.16	2.15
Provision on excise duty on closing stock	(233.22)	(289.10)
Repairs and maintenance	14.53	61.12
Advertising and sales promotion	60.16	12.29
Professional & Consultancy fess	62.57	46.65
Communication costs	8.58	11.19
Remuneration to Auditors	21.80	22.70
Loss on sale of assets (net)	-	0.68
Net Gain on foreign currency fluctuations	0.09	-
General expenses	14.89	4.91
<b>Total</b>	<b>9,467.49</b>	<b>10,921.13</b>



## Notes forming part of Financial Statements

(All amounts in INR Lakhs, unless otherwise stated)

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

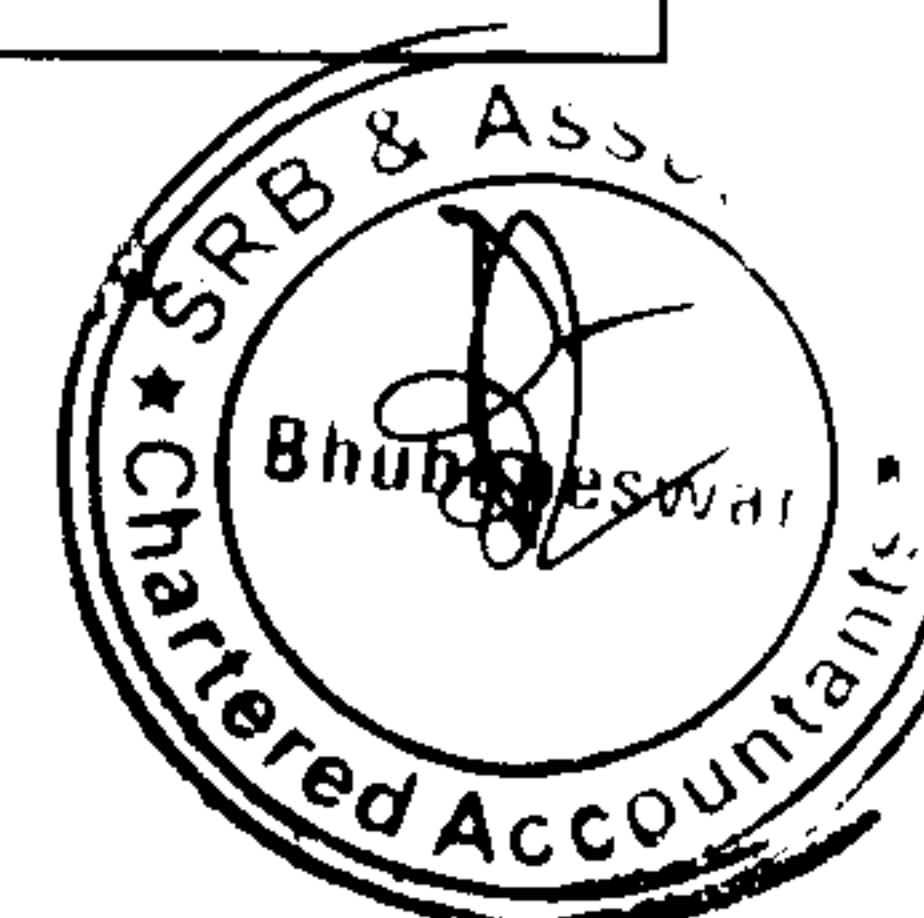
Particulars	31st March 2018	31st March 2017
i) Net Profit after tax as per statement of Profit & Loss attributable to Equity Shareholders (Rs Lakhs)	(196.78)	(1,180.57)
ii) Weighted Average number of equity shares used as denominator for calculating EPS	523.52	515.52
iii) Face Value per Equity Share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

### NOTE -27 Foreign Currency Transactions

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

### NOTE - 28 Contingent Liabilities

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



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

**NOTE-29 Additional Disclosures As per Ind AS 108 "Operating Segments "**

**(i) Revenue From Customers Exceeding 10% of Total revenue**

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

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

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

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

**NOTE -30 RELATED PARTY DISCLOSURE AS PER Ind AS 24**

**(I) List of Related Parties**

**Key Managerial Personnel**

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



## Notes forming part of Financial Statements

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

<b>Close Family members of Key Managerial Personnel(KMP)</b>	
<b>Name</b>	<b>Relationships</b>
Mrs.Archana Gadodia	Relative of KMP
Miss Shristi Gadodia	Relative of KMP
Mr.Sawarmal Gadodia	Relative of KMP
Mr.Nimish Gadodia	Relative of KMP

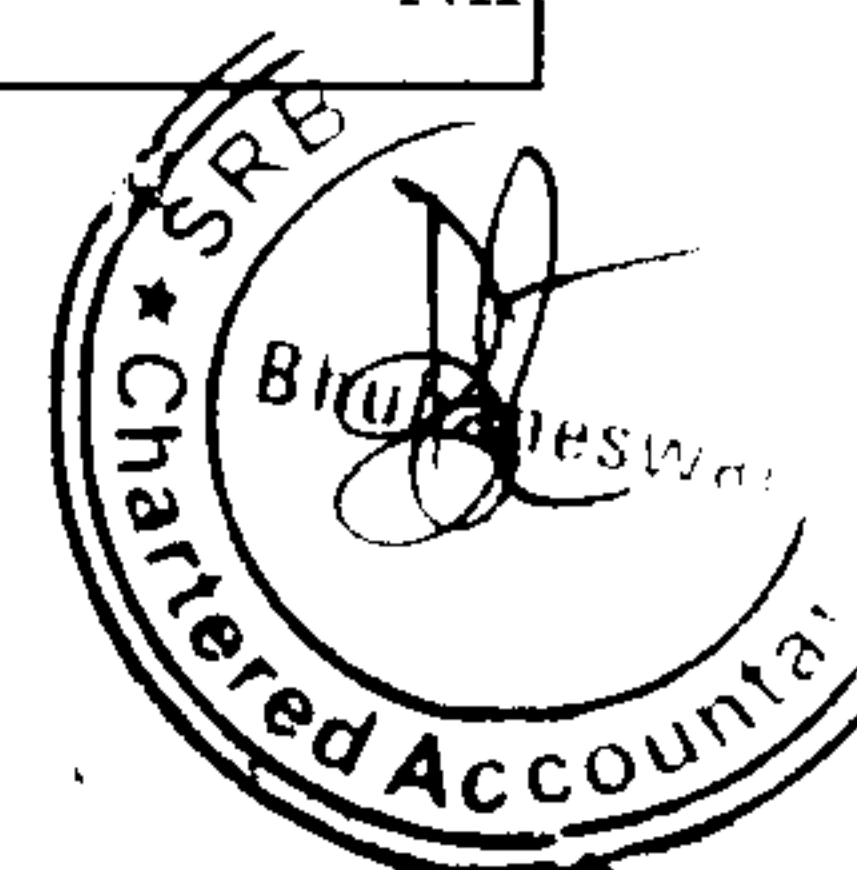
None of the close members of all Key managerial Personnels are considered as Related Party In accordance with Ind AS 24 considering the fact that they are neither participating nor influencing executive decision making of the company.

### (II) Balances and Transactions with Related Parties

<b>a. Statement Of Profit And Loss Items</b>	<b>Net Transaction During the Period</b>	
<b>Name</b>	<b>Particulars</b>	<b>2017-18</b>
Scan Energy and Power Limited	Purchase of goods	137.92
Scan Energy and Power Limited	Sale of Goods	9,037.20
Mrs Archana Gadodia	Sale of goods	23.86
Mrs Archana Gadodia	Interest on loan	6.56
Mrs Archana Gadodia	Rent	9.60
Mr Rajesh Gadodia	Interest on loan	4.00
Miss Shristi Gadodia	Interest on loan	96.00
Mr.Sawarmal Gadodia	Interest on loan	6.56

### b. Balance Sheet Items

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



## Notes forming part of Financial Statements

### (III) Remuneration to key managerial personnel

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

### NOTE -31 ASSETS PROVIDED AS SECURITY

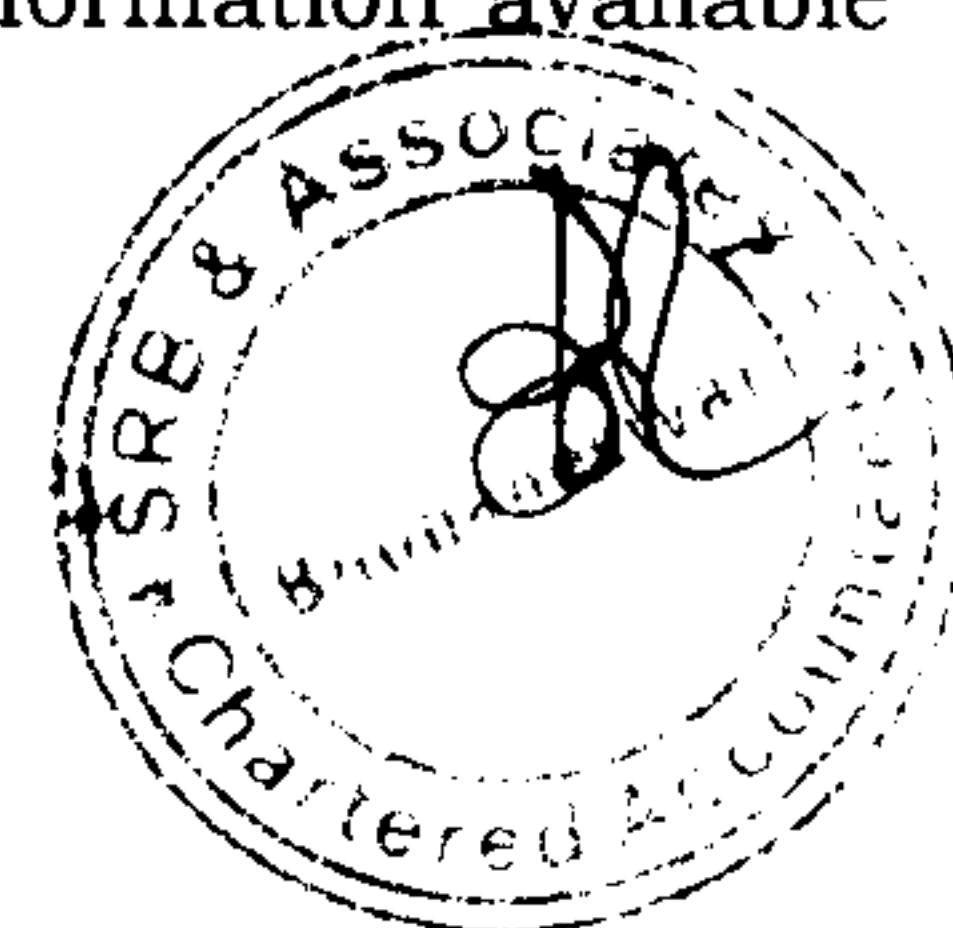
Particulars	As at	As at
	31-Mar-18	31-Mar-17
(i) Trade Receivables	6,038.39	5,398.88
(ii) <b>Property, Plant and Equipment :</b>		
I. Tangible Assets	29,278.39	28,362.16
II. Intangible Assets	0.29	0.29
(iii) Inventories	10,310.09	6,903.76
<b>Total Assets provided as Security</b>	<b>45,627.16</b>	<b>40,665.09</b>

### NOTE -32 Recognition of Corporate Gurantee as Financial Liability

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

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

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





## Notes forming part of Financial Statements

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

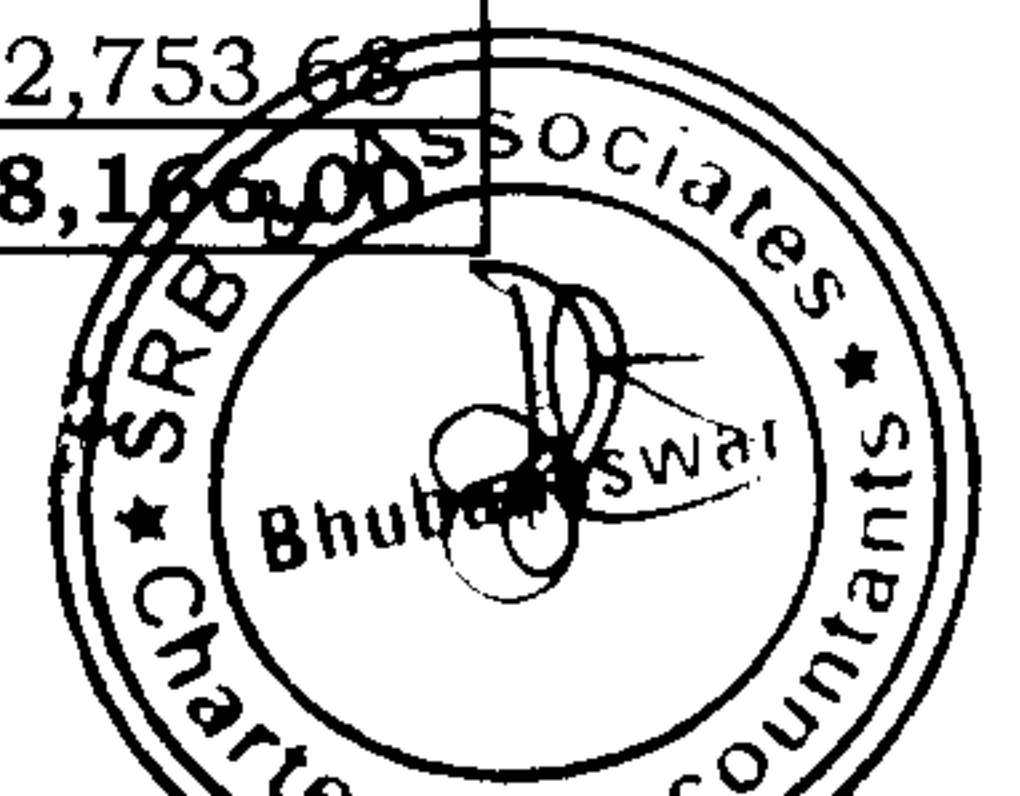
Financial Classification	Nature	Useful Lives	
		As per Management Estimate	As per SCH-II of Companies Act 2013
Freehold Building	Building (Factory)	30 Years	30 Years
	Building (Non Factory)	60 Years	60 Years
Furniture, Fittings and Equipment	Furniture & Fixtures	10 Years	10 Years
Office Equipment	Computer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

### NOTE -35 Fair value measurements

#### (i) Financial instruments by category:

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

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



**Notes forming part of Financial Statements**

**(ii) Fair value Hierarchy:**

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

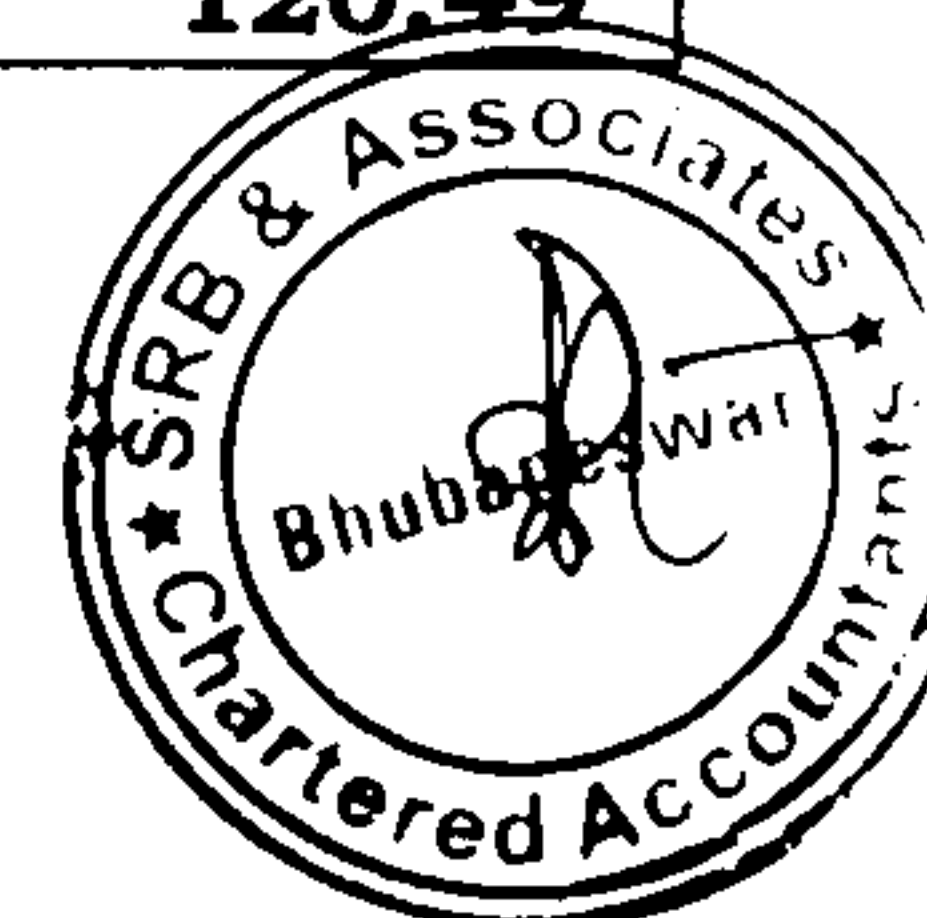
(a) recognised and measured at fair value, and

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

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

INR 'Lakhs'

Financial assets and liabilities measured at fair value - recurring fair value measurements At March 31, 2018	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b>Financial investments at FVPL</b>				
Equity instruments				-
Mutual funds				-
<b>Financial investments at FVOCI</b>				
Quoted equity investments	120.49			120.49
Unquoted equity investments				-
<b>Derivatives</b>				
Foreign exchange forward contracts				-
Foreign currency options				-
Interest rate swaps				-
<b>Total</b>	<b>120.49</b>	<b>-</b>	<b>-</b>	<b>120.49</b>



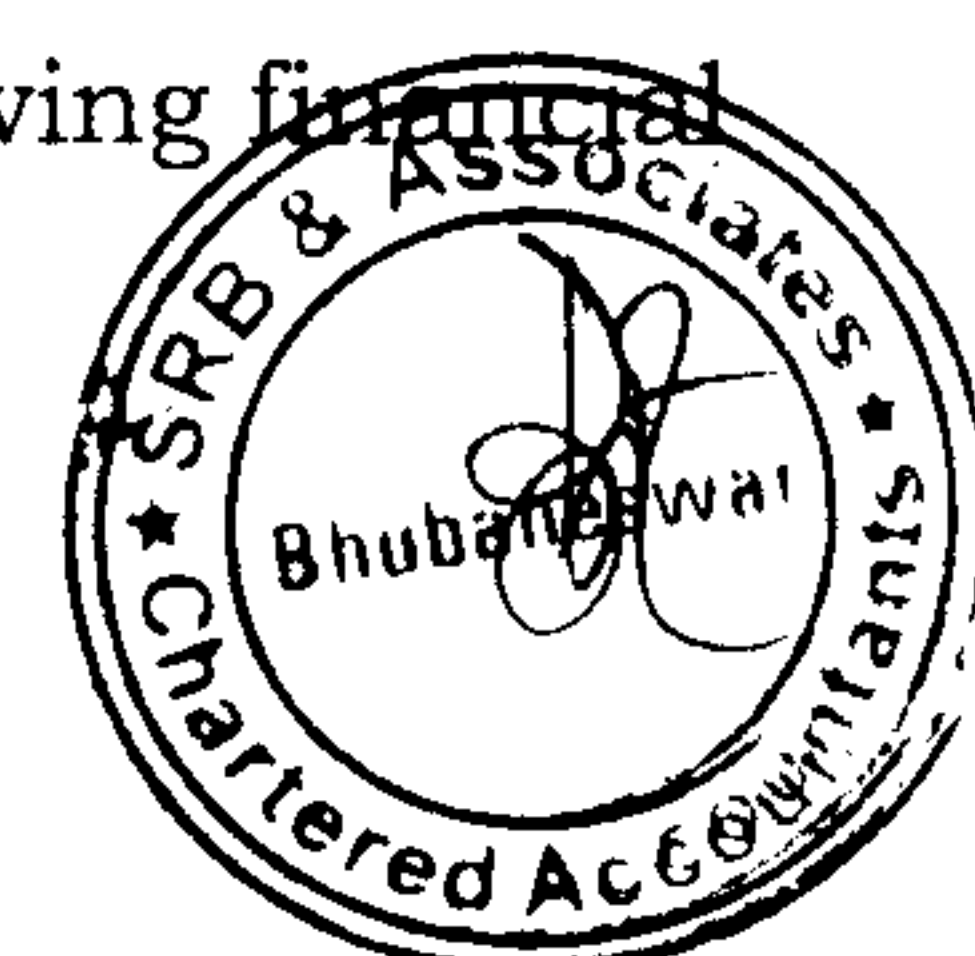
<b>Financial assets and liabilities measured at fair value - recurring fair value measurements At March31, 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets :</b>				
<b>Financial investments at FVPL</b>				
Equity instruments				
Mutual funds				
<b>Financial investments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

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

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

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

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



## Notes forming part of Financial Statements

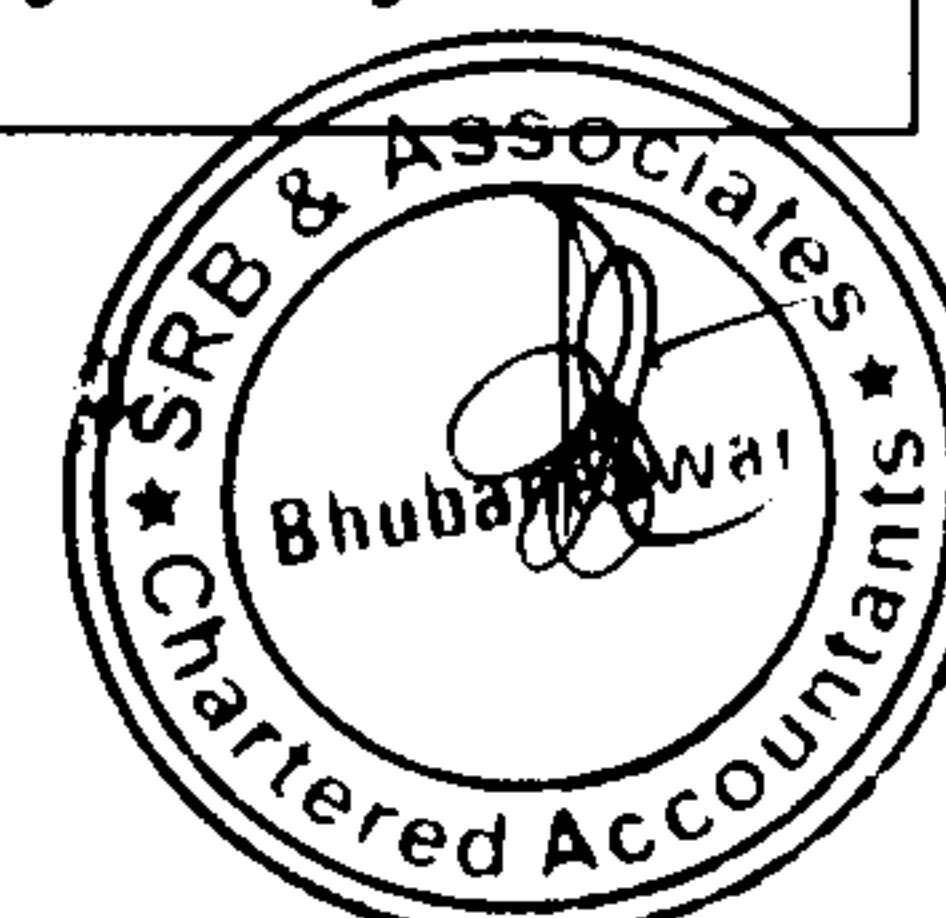
1. Trade receivables
2. Cash and cash Equivalent
3. Loans and advances
4. Borrowings
5. Trade Payables
6. Capital Creditors
7. Other payables

### Note -36 : Financial risk management

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

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

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



## Notes forming part of Financial Statements

### (A) Credit risk

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

#### (i) Credit risk management

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

VL1 : High-quality assets, negligible credit risk

VL2 : Quality assets, low credit risk

VL3 : Standard assets, moderate credit risk

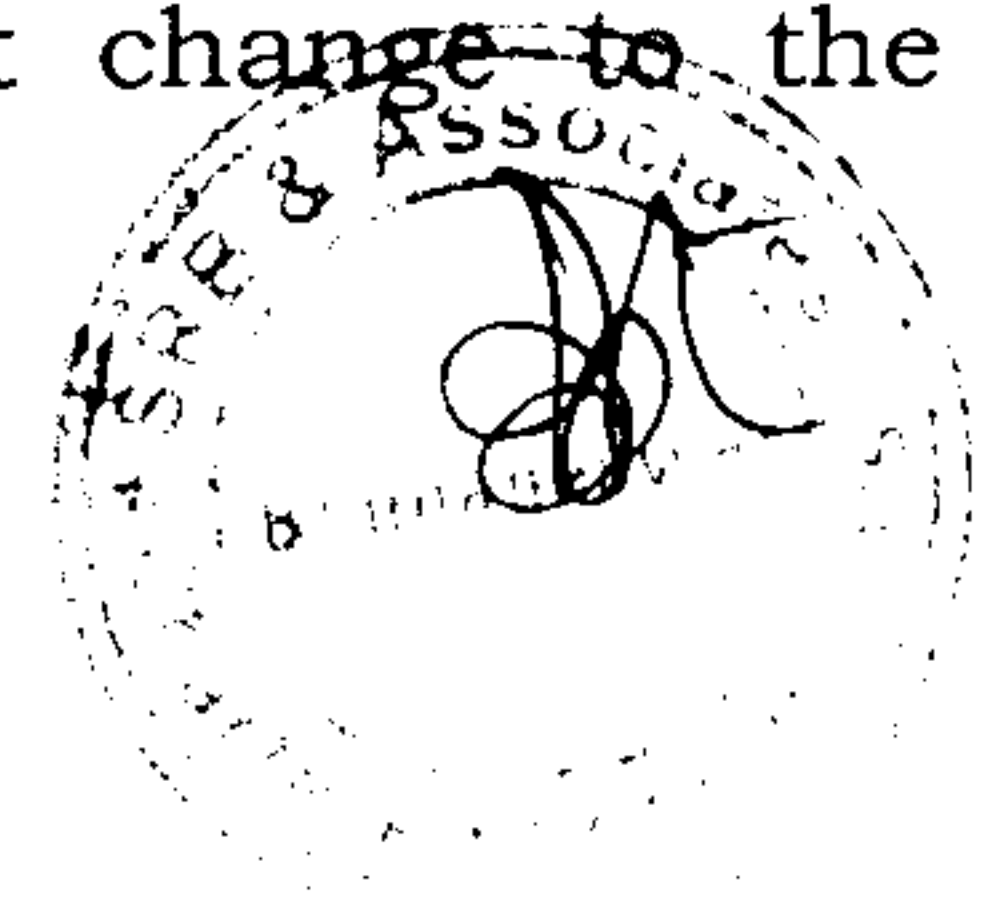
VL4 : Sub-standard assets, relatively high credit risk

VL5 : Low-quality assets, very high credit risk

VL6 : Doubt full assets, credit-impaired

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

1. Internal credit rating
2. External credit rating (as far as available)
3. Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet the obligation.



## Notes forming part of Financial Statements

4. Actual or expected significant changes in the operating results of the borrower.
5. Significant increase in credit risk on other financial instruments of the same borrower
6. Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements.
7. Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.
8. Macro economic information (such as regulatory changes, market interest rate or growth rate) is incorporated as part of the internal rating model.

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

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

### (B) Liquidity Risk

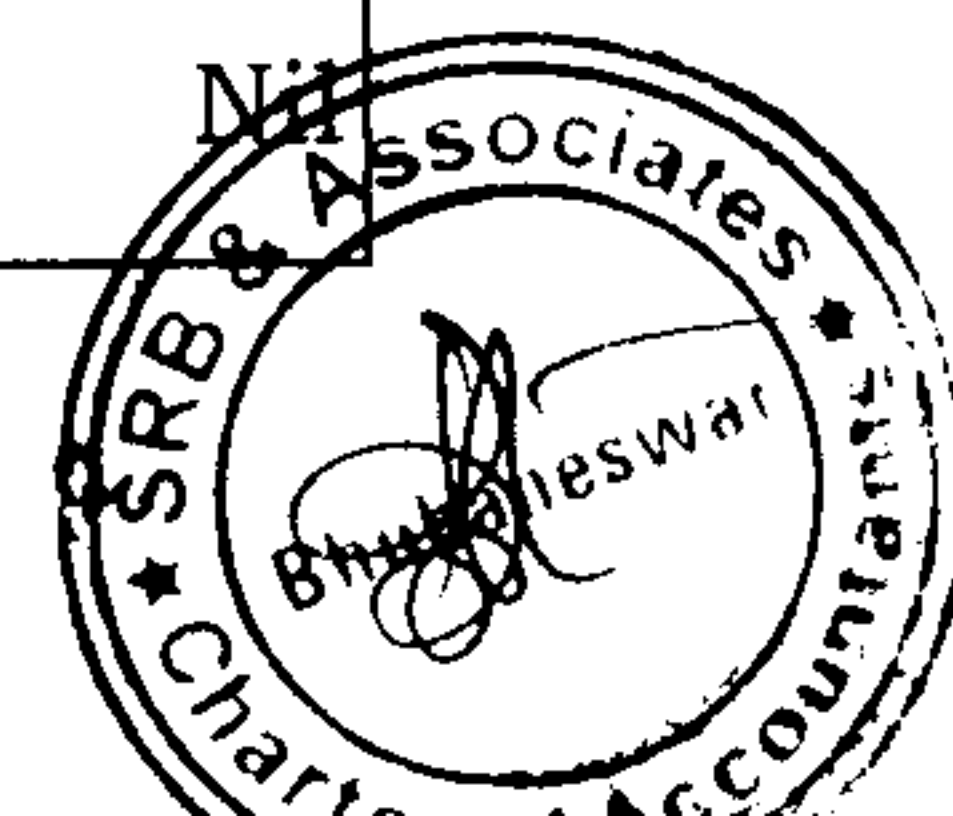
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses,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

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

### (i) Financing arrangements

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

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



## Notes forming part of Financial Statements

### (ii) Maturities of financial liabilities

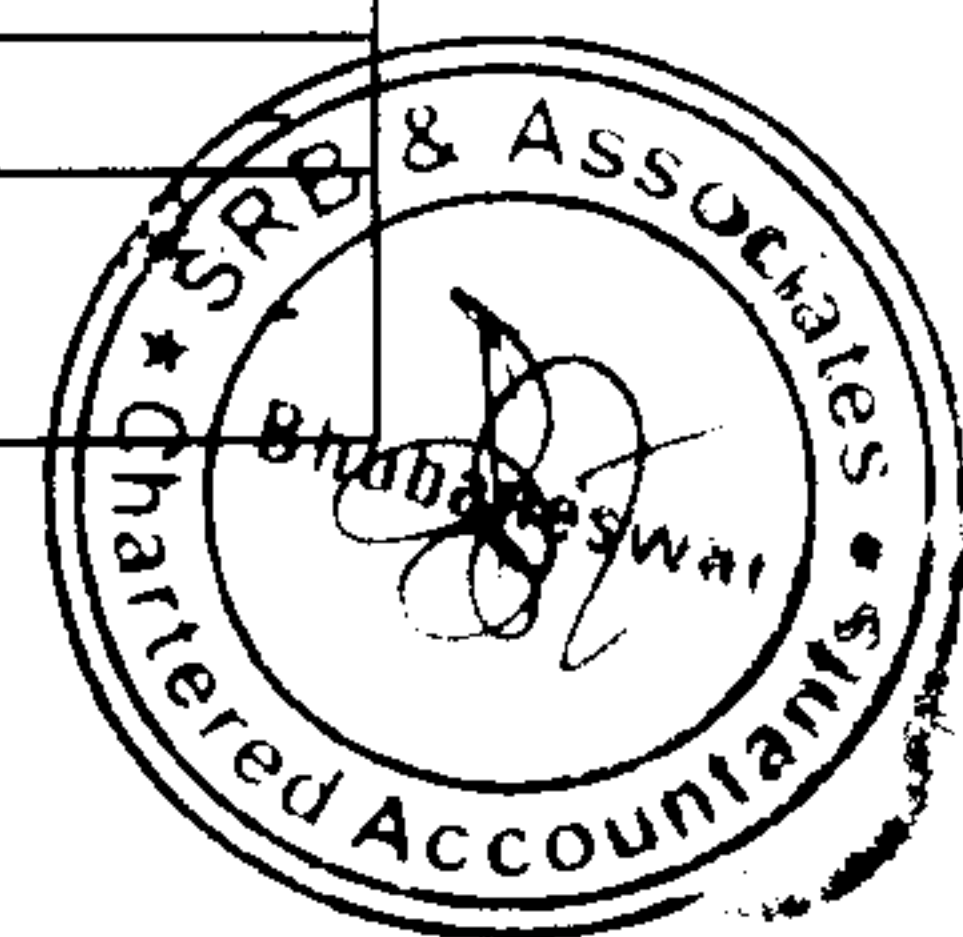
The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities for :

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

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

INR in 'Lakhs'

Contractual maturities of financial liabilities	Upto 1 year	1 to 3 years	3 to 5 years	5 to 9 years	Total
<b>31-Mar-18</b>					
<b>Non derivatives</b>					
Borrowings(including cash credits)	10,166.90	1,646.00	1,860.00	2,656.00	16,328.90
obligations under finance lease	76.49	84.59	-	-	161.08
Trade payables	3,186.51	-	-	-	3,186.51
Other financial liabilities	3,173.05	-	-	-	3,173.05
<b>Total non derivative liabilities</b>	<b>16,602.96</b>	<b>1,730.59</b>	<b>1,860.00</b>	<b>2,656.00</b>	<b>22,849.55</b>
<b>Derivatives (net settled)</b>					
Foreign exchange forward contracts	-	-	-	-	-
Principal swap	-	-	-	-	-
<b>Total derivative liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contractual maturities of financial liabilities</b>	<b>Upto 1 year</b>	<b>1 to 3 years</b>	<b>3 to 5 years</b>	<b>5 to 9 years</b>	<b>Total</b>
<b>31-Mar-17</b>					
<b>Non derivatives</b>					
Borrowings(including cash credits)	17,168.37	563.00	-	-	17,731.37
obligations under finance lease	65.89	98.99	-	-	164.89
Trade payables	5,898.03	-	-	-	5,898.03
Other financial liabilities	2,753.68	-	-	-	2,753.68
<b>Total non derivative liabilities</b>	<b>25,885.97</b>	<b>661.99</b>	<b>-</b>	<b>-</b>	<b>26,547.96</b>
<b>Derivatives (net settled)</b>					
Foreign exchange forward contracts	-	-	-	-	-
Principal swap	-	-	-	-	-
<b>Total derivative liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**(C) Market Risk**

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

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

**(i) Foreign Currency Risk**

**The company's exposure to foreign currency risk & Derivative financial Instruments as on March 31, 2018**

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

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

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

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

**(a) Interest rate risk exposure**

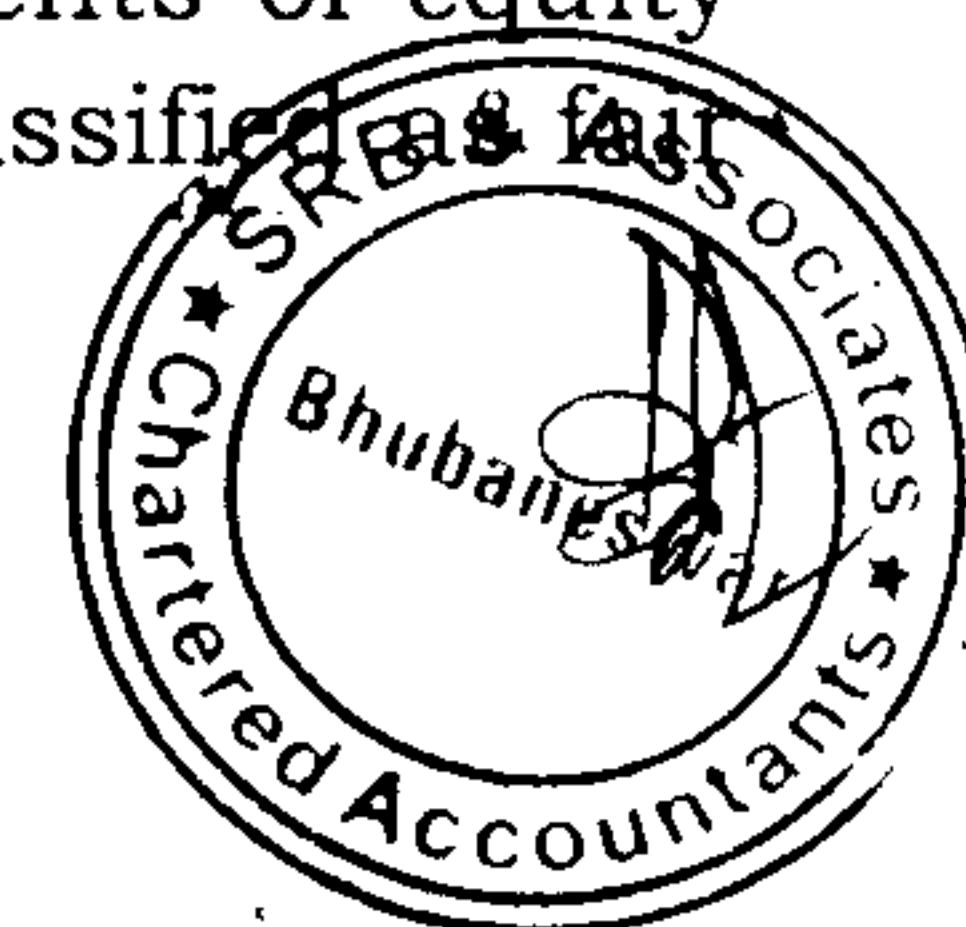
The exposure of the company's borrowing from banks and financial institutions to interest rate changes at the end of the reporting period are as follows:

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

**(iii) Price risk**

The company's exposure to equity securities price risk arises from investments held by the company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss .

Profit for the period would increase/ decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as at fair value through other comprehensive income.





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

The company's objectives when managing capital are to:

(a) safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

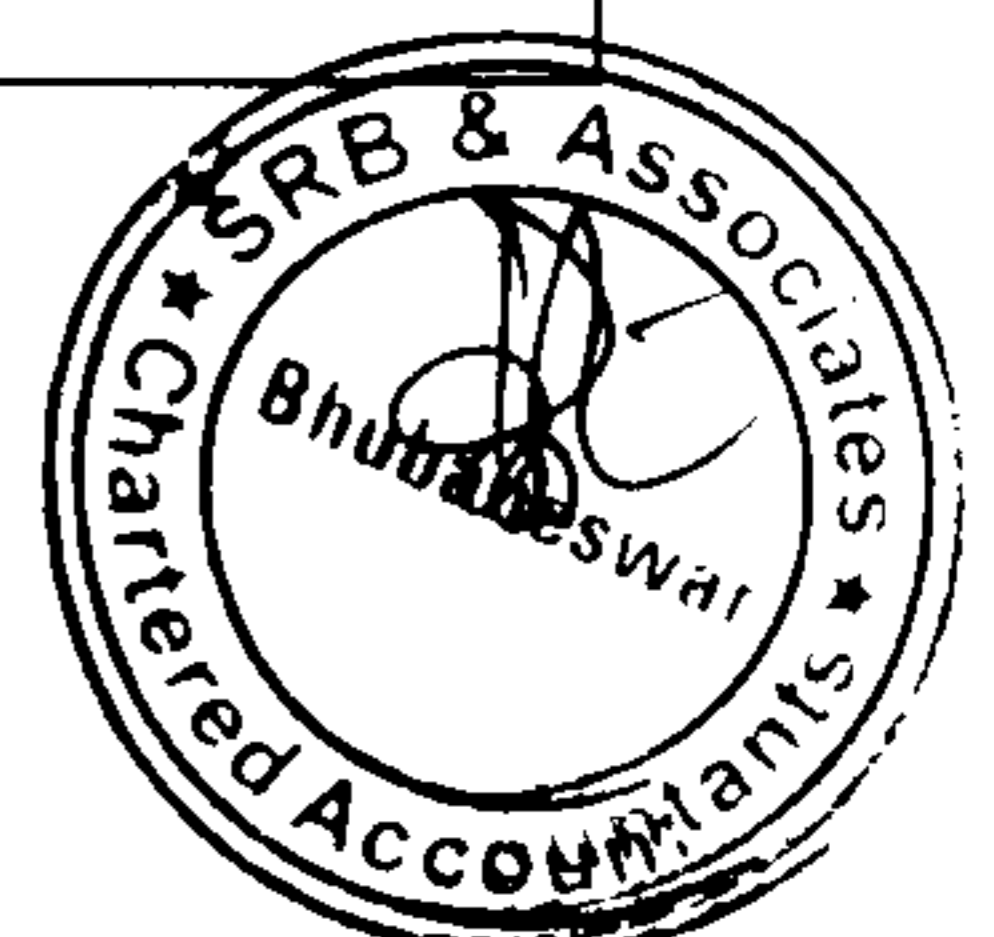
(b) maintain an optimal capital structure to reduce the cost of capital.

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

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

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

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



## Notes forming part of Financial Statements

### NOTE -39

#### Covenants of Borrowings

##### (i) Details of Repayment Schedule, Interest Rate of Borrowings

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

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

##### (ii) Details of Security

Particulars	Security Details
Term Loan from Banks	Secured by first charge on plant and machinery acquired out of bank finance on pari passu basis with consortium members and equitable mortgage of land and building on which the plant is located (both present and future). It is further secured against personal guarantee of promoters' and Corporate Guarantee from M/s Artline Commerce Private Limited.
Leased assets financed	Secured by hypothecation of respective fixed or movable assets.
Cash Credit	Secured by hypothecation of whole of current assets both present and future namely, raw materials, Stock-in-Progress, semi-finished and finished goods,

### NOTE -40

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

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



## Notes forming part of Financial Statements

### NOTE -41

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

#### i Componentisation.

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

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

#### ii Stores and Spares

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

iii 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.

### NOTE -42

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

### NOTE -43

#### Auditors' Remuneration :

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

### NOTE -44

The company has not received any intimation from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. and hence disclosures, relating to amount unpaid as at the year end together with the interest paid /payable as required under the said act have not been given.

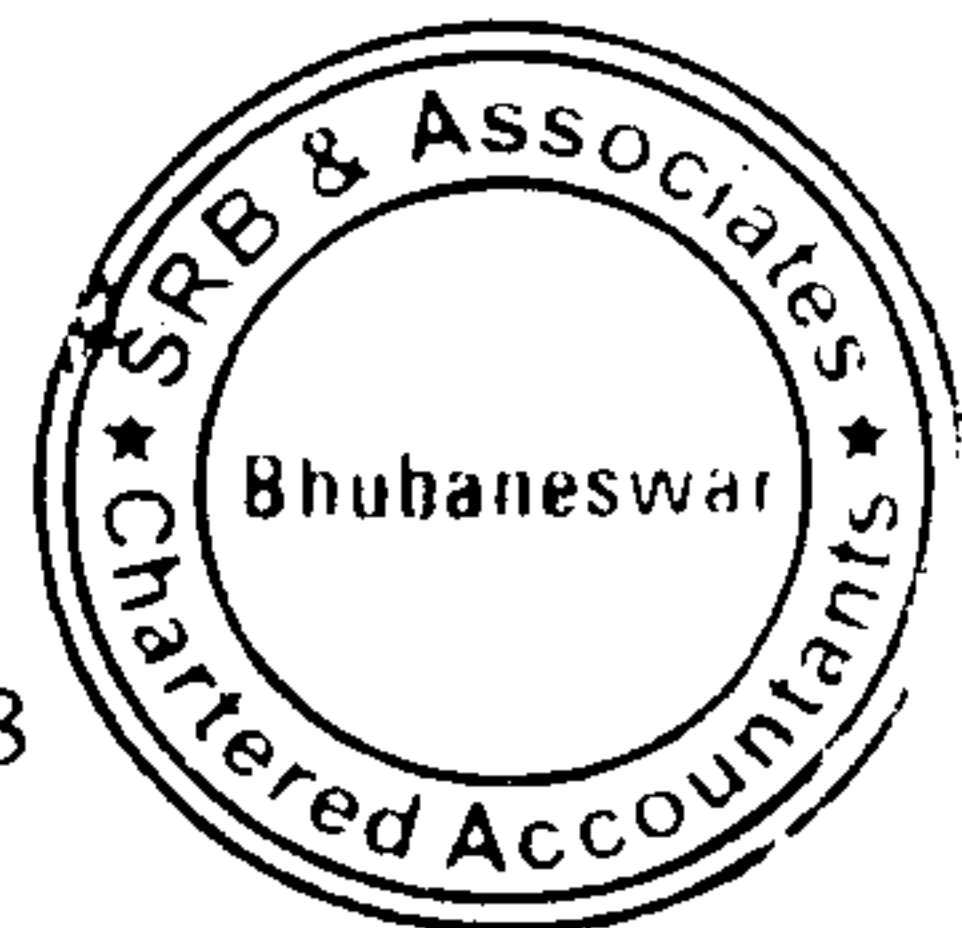
### NOTE -45

Previous year figures have been regrouped and/or rearranged wherever necessary, confirming to current year. Figures in bracket represent previous year figure.

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

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

30th May, 2018  
Bhubaneswar



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

**Ankur Madaan**  
Director  
DIN: - 07002199

**Prabir Kumar Das**  
Company Secretary

**Vinay Goyal**  
Director  
DIN: - 07002206

**Gobinda Ch. Nayak**  
Chief Financial Officer