



SRB & Associates
CHARTERED ACCOUNTANTS

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Independent Auditor's Report

To the Members of Scan Steels Limited

Report on the Financial Statements

Opinion

We have audited the financial statements of **Scan Steels Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2021, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2021, its Profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.





Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Sl.No. | Key audit Matter | Auditor's Response |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | <p>Application of Ind AS 115 "Revenue from Contract with Customers") involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Disclosures which involve collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> <p>Refer Notes 1.5 and 1.7 to the Financial Statements.</p> | <p>Principal Audit Procedures</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none">▪ Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.▪ Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.▪ Tested the relevant information technology systems' access and change management controls relating to contracts and related information used in |





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| | | <p>recording and disclosing revenue in accordance with the new revenue accounting standard.</p> <ul style="list-style-type: none">▪ Selected a sample of continuing and new contracts and performed the following procedures: ▪ Read, analyzed and identified the distinct performance obligations in these contracts.▪ Compared these performance obligations with that identified and recorded by the Company.▪ Considered the terms of the contracts to determine the transaction parties including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.▪ Sample in respect of revenue recorded for time and material contracts were tested using a combination of approved time sheets including customer acceptances, subsequent invoicing and historical trend of collections and disputes.▪ In respect of samples relating to fixed price contract progress towards satisfaction of performance obligation used to compute recorded revenue was verified with actual and estimated efforts from the time recording and budgeting systems. We also tested the access and change to |
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| | | <p>management controls relating to these systems.</p> <ul style="list-style-type: none">▪ Sample of revenues disaggregated by type and service offering was tested with the performance obligations specified in the underlying contracts.▪ Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.▪ We reviewed the collation of information and the logic of the report generated from the budgeting system used to prepare the disclosure relating to the periods over the remaining performance obligations will be satisfied subsequent to the balance sheet date.▪ The standard is applied retrospectively and the cumulative effect of applying this standard is recognized. The adoption of Ind AS 115 did not have any significant impact for the company. |
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| 2. | <p>Evaluation of uncertain tax positions</p> <p>The company has material uncertain tax positions including matters under dispute which involves significant judgement to determining the possible outcome of these disputes.</p> <p>Refer Note 25 to the Financial Statements.</p> | <p>Principal Audit Procedures</p> <p>Obtained details of completed tax assessments and demands for the year ended March 31, 2021 from management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at April 1, 2020 to evaluate whether any change was required to management's position on these uncertainties.</p> |
| 3 | <p>Contingent Liabilities against litigation and claims</p> | <p>We have obtained an understanding of the company's internal instructions and procedures in respect of estimation and disclosure of contingent liabilities and adopted the following audit procedures:</p> <ul style="list-style-type: none">▪ Understood and tested the design and operating effectiveness of control established by the management for obtaining all relevant information for pending litigation cases.▪ Discussed with the management any material developments and latest status of legal matters.▪ Read various correspondences and related documents pertaining to litigation |





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| | | <p>cases and relevant external legal opinions obtained by the management and performed various substantive procedures on calculation supporting the disclosure of contingent liabilities.</p> <ul style="list-style-type: none">▪ Examined management's judgment and assessment those matters that are not disclosed as the probability of material outflow is considered to be remote.▪ Reviewed the adequacy and completeness of disclosures. <p>Based on the above procedures performed estimation and disclosure of contingent liabilities are considered to be adequate and reasonable.</p> |
| 4. | <p>a) Disclosure for COVID 19</p> <p>The Company has assessed the potential impact of COVID -19 and no impact is expected on its ability to continue as a going concern and meeting its obligation since the majority of the company's existing arrangement in production and sales is not affected.</p> | <p>We have obtained an understanding of the requirement as per ICAI guideline and SEBI circular dated 20 May,2020 relating to COVID -19 and following audit procedure were adopted.</p> |
| | <p>b) Modified Audit Procedure because of COVID-19</p> <p>Because of extended period of lockdown in the country due to pandemic and consequent travel restrictions, audit in the operating locations of the company could not be undertaken. Accordingly, the audit procedure required modification to facilitate remote location audit.</p> | <p>Discussed with the management to understand the business and assessed if there was any impact on production, sales, capital projects and inventory management.</p> <p>Assessed the impact on property, plant and equipment and effect on on going contracts and arrangement.</p> <p>Based on the audit procedures involved, we found assessment made by the management in</p> |





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| | | <p>relation to impact as reasonable.</p> <p>To complete the audit from a remote location within a prescribed time schedule a road map was prepared and discussed with the company. The company provided us access to their accounting system for verification of books of accounts and various documents backed by tele conference, video conference, email and other communication systems to complete the audit.</p> <p>We also verified the scanned document produced to us from time to time as audit evidences.</p> <p>Our observations were addressed through regular video conferences and scanned documents.</p> <p>We also relied upon and performed audit procedures in accordance with guidance issued by the Institute of Chartered Accountants of India for the audit and accounting procedures under COVID situation.</p> |
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Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis of Board's Report including Annexures to board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.





In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.





Report on Other Legal and Regulatory Requirements

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 paragraphs 3 and 4 of the Order, to the extent applicable.

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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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 financial statements – Refer **Note 25** to the financial statements;





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- 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.

15th June, 2021
Bhubaneswar
UDIN: 21306323AAAADL2138

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

K. P. Swain

K. P. Swain
Partner
M. No: 306323





Annexure-A to the Independent Auditor's 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, 2021, 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, Odisha which is in the name of M/s. Shristi Ispat Limited, the company which was merged in to this company during 2005.
 - ✓ Land of 24.820 Acres occupied, by the company situated in Village-Kudithini, Bellary, Karnataka, on long term lease basis.
 - ✓ Land of 7.95 Acres occupied, by the company situated in Village-Raiberna and Laing, Sundergarh, Odisha, which is in the name of one of the relative of Key Managerial Personnel, on long term lease basis.





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- ✓ Land area of Acres 5.000 occupied, by the company situated in Village-Laing, Sundergarh, Odisha, on long term lease basis.
- (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 not accepted any deposits from the public and complied in accordance with Chapter-VI (section 73 to 76) of the Act.
- (vi) We have 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, duty of customs, duty of excise, 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. There were no undisputed statutory dues payable as at March 31, 2021 which were outstanding for a period of more than six months from the date, they become payable.

- (b) Details of disputed dues in respect of income tax or sales tax or duty of customs or value added tax or entry tax and other statutory dues which have not been deposited on account of disputes are given as below.

STATEMENT OF DISPUTED DUES

| Name of the Statute | Nature of Dues | Period to which the amount relates | Amount (In Rs 'Lakhs') | Forum where dispute is pending |
|-----------------------|----------------|------------------------------------|------------------------|-------------------------------------------------------------|
| Custom Act 1962 | Custom Duty | 2012 & 2013 | 111.58 | Customs, Excise & Service Tax Appellate Tribunal, Bangalore |
| SEBI Act | SEBI | 01.04.2014 to 30-09-2015 | NIL | Securities Appellate Tribunal |
| Central Sales Tax Act | CST | 01.04.2012 to 31.03.2014 | 5.38 | Commissioner Cuttack, Revision |
| | | 01.04.2014 to 30.09.2015 | 1.54 | DCCT, Rourkela |
| | | 01.04.2016 to 31.03.2017 | 0.25 | DCCT, Rourkela |
| | | 01.08.2008 to 28.02.2011 | 3.18 | Additional CST Northern Zone |
| | | 2005-2006 | 2.11 | High Court of Odisha, Cuttack |
| | | 2006-2007 | 153.29 | High Court of Odisha, Cuttack |
| | | 2007-08 & 2008-09 | 0.93 | Additional CST Northern Zone |





| | | | | |
|----------------------|-----------|--------------------------|--------|----------------------------------------------------|
| Entry Tax Act | Entry Tax | 01.04.2009 to 31.03.2011 | 4.55 | Additional CST Northern Zone |
| | | 01.04.2012 to 31.03.2014 | 18.74 | Commissioner Cuttack, Revision |
| | | 01.08.2008 to 28.02.2011 | 315.77 | OST Tribunal, Cuttack / Stay Revision Commissioner |
| | | 2001-2002 | 0.09 | Sales Tax Tribunal, Cuttack |
| | | 2004-2005 | 3.45 | OST Tribunal, Cuttack |
| | | 2005-2006 | 16.79 | High Court of Odisha, Cuttack |
| | | 2006-2007 | 30.73 | High Court of Odisha, Cuttack |
| | | 2007-08 & 2008-09 | 0.67 | Additional CST Northern Zone |
| Odisha Sales Tax Act | OST | 2001-2002 | 0.63 | Sales Tax Tribunal, Cuttack |
| | | 2002-2003 | 11.00 | Assistant Commissioner of Commercial Tax, RKL |
| | | 2004-2005 | 3.66 | OST Tribunal, Cuttack |
| OVAT ACT | OVT | 2006-2007 | 14.38 | Odisha Sales Tax Tribunal, Cuttack |
| | | 01.04.2009 to 31.03.2011 | 1.98 | Additional CST Northern Zone |





| | | | | |
|----------|-----|--------------------------|---------|-------------------------------------------------------------|
| | | 01.04.2015 to 31.03.2016 | 2.20 | Assistant Commissionaire of Taxes, Rourkela |
| | | 01.04.2016 to 31.06.2017 | 0.95 | Assistant Commissionaire of Taxes, Rourkela |
| OVAT ACT | OVT | 01.08.2008 to 28.02.2011 | 1499.34 | OST Tribunal, Cuttack / Stay Revision Commissioner |
| | | 2007-08 & 2008-09 | 1.10 | Additional CST Northern Zone |

(viii) The company has not defaulted in repayment of any loans or borrowings from financial institution, bank, Government or due to debenture holders.

(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 not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year, hence the clause (xiv) of the paragraph 3 of the Order is not applicable.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the order are not applicable to the Company.

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

K P Swain

**15th June, 2021
Bhubaneswar
UDIN: 21306323AAAADL2138**

**K. P. Swain
Partner
M.N.306323**





Annexure -B to the Independent Auditor's 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, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, (the 'Standards') issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by





the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind-AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.





Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, 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,
15th June, 2021
UDIN: 21306323AAAADL2138**

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

K. P. Swain

**K. P. Swain
Partner
M.No.306323**



SCAN STEELS LIMITED

CIN- L27209MH1994PLC076015

Reg. Off: Office No. 104, 105, E-Square, Subhash Road, Opp. Havmor Ice Cream, Vile Parle (East), Mumbai - 400057

Balance Sheet as at 31st March'2021

| Particulars | Notes | As at | As at |
|------------------------------------|--------|------------------|------------------|
| | | 31st March'2021 | 31st March'2020 |
| | | INR 'Lakhs' | INR 'Lakhs' |
| I. ASSETS | | | |
| 1. Non-Current Assets | | | |
| (a) Plant, Property and Equipments | 2 | 26,877.32 | 27,239.49 |
| (b) Capital work-in-progress | 2 | 44.46 | 181.21 |
| (c) Intangible Assets | 2 | 0.29 | 0.29 |
| (d) Financial Assets | | | |
| (i) Investments | 3 | 44.59 | 80.49 |
| (ii) Loans | | - | - |
| (iii) Other Financial Assets | 4 | 1,649.76 | 1,518.66 |
| (e) Other non-current Assets | 5(i) | 678.09 | 1,163.79 |
| (f) Deferred Tax Assets (Net) | | - | - |
| 2. Current Assets | | | |
| a. Inventories | 7 | 12,899.87 | 12,589.07 |
| b. Financial Assets | | | |
| (i) Current investments | | - | - |
| (ii) Trade Receivables | 8 | 2,817.93 | 3,025.11 |
| (iii) Cash & Bank balances | 9 | 283.41 | 179.47 |
| (iv) Other Financial Assets | | - | - |
| c. Other Assets | 5(ii) | 2,113.76 | 1,779.04 |
| TOTAL | | 47,409.46 | 47,756.62 |
| II. EQUITY AND LIABILITIES | | | |
| 1. Equity | | | |
| a. Equity Share Capital | 10 | 5,235.23 | 5,235.23 |
| b. Other Equity | 11 | 24,780.81 | 21,666.07 |
| 2. Non-Current Liabilities | | | |
| a. Financial Liabilities | | | |
| (i) Borrowings | 12(i) | 4,888.17 | 7,198.20 |
| (ii) Trade Payables | | - | - |
| (iii) Other Financial Liabilities | | - | - |
| b. Provisions | | - | - |
| c. Deferred Tax Liabilities (Net) | 6 | 2,286.27 | 556.67 |
| d. Other Non-Current Liabilities | | - | - |
| 3. Current Liabilities | | | |
| a. Financial Liabilities | | | |
| (i) Borrowings | 12(ii) | 3,522.52 | 6,181.06 |
| (ii) Trade Payables | 13 | 1,377.99 | 2,871.42 |
| (iii) Other Financial Liabilities | 14 | 3,055.56 | 3,033.45 |
| b. Provisions | | 30.07 | - |
| c. Other Current Liabilities | 15 | 2,232.84 | 1,014.52 |
| TOTAL | | 47,409.46 | 47,756.62 |

Notes forming part of financial statements

1 to 46

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

K P Swain

K. P. Swain
Partner
M.No.306323



June-15,2021
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

Praveen Kumar Patro
Praveen Kumar Patro
Director

DIN: - 02469361

Gobinda Ch. Nayak
Gobinda Ch. Nayak
Chief Financial Officer

SCAN STEELS LIMITED

CIN- L27209MH1994PLC076015

Reg. Off: Office No. 104, 105, E-Square, Subhash Road, Opp. Havmor Ice Cream, Vile Parle (East), Mumbai - 400057

Statement of Profit and Loss

for the period ended 31st March, 2021

| Particulars | Notes | For the period ended | For the period ended 31st |
|--------------------------------------------------------------------------|-------|----------------------|---------------------------|
| | | 31st March, 2021 | March, 2020 |
| | | INR 'Lakhs' | INR 'Lakhs' |
| Income | | | |
| I.Revenue from Operations | 16 | 73,210.37 | 66,757.70 |
| II.Other Incomes | 17 | 435.17 | 95.99 |
| III.Total Income | | 73,645.54 | 66,853.68 |
| IV.Expenses | | | |
| (a)Cost of Raw Materials Consumed | 18 | 48,825.30 | 42,688.80 |
| (b)Purchases of Stock in Trade | | 800.48 | 4,757.16 |
| (c)Change in Inventory (Increase) /Decrease | 19 | 1,180.68 | (468.49) |
| (d)Employee Benefit Expenses | 20 | 2,613.95 | 2,585.97 |
| (e)Finance Cost | 21 | 1,087.03 | 1,493.33 |
| (f)Depreciation and Amortization | 2 | 1,397.60 | 1,260.47 |
| (g)Other Expenses | 22 | 12,906.29 | 13,213.94 |
| Total Expenses | | 68,811.32 | 65,531.18 |
| V.Profit Before exceptional and extra ordinary items and tax | | 4,834.22 | 1,322.50 |
| Exceptional items | | - | - |
| VI.Profit before extraordinary items and tax | | 4,834.22 | 1,322.50 |
| VII.Extraordinary items | | - | - |
| VIII.Profit before Taxes | | 4,834.22 | 1,322.50 |
| IX.Provision for Taxes | | | |
| (a)Current Tax | | 30.07 | - |
| (b)Deferred Tax | | 1,729.60 | 1,290.27 |
| (c) Income tax for earlier years | | (0.02) | 0.34 |
| Total Tax Expenses | | 1,759.65 | 1,290.61 |
| X.Profit (Loss) for the Year | | 3,074.57 | 31.90 |
| XI.Other Comprehensive Income | | | |
| (i) Items that will not be reclassified subsequently to profit or loss : | | | |
| (a) Changes in investments in equity shares carried at FVTOCI | | 40.18 | 12.73 |
| (b) Income tax effect | | - | - |
| (ii) Items that will be reclassified subsequently to profit or loss : | | | |
| (a) Re-measurement of defined employee benefit plans | | - | - |
| (b) Fair Valuation of Commodity /Derivative instruments | | - | - |
| (c) Income tax effect | | - | - |
| XII.Total Other comprehensive Income after tax | | 40.18 | 12.73 |
| XIII.Total comprehensive income for the period | | 3,114.75 | 44.62 |
| XIV.Earnings per equity share: | | | |
| (1) Basic | | 5.87 | 0.06 |
| (2) Diluted | | 5.87 | 0.06 |

Notes forming part of financial statements

1 to 46

As per our report of even date attached.

For SRB & Associates

Chartered Accountants

F. Regd. No.310009E

K. P. Swain

K. P. Swain
Partner
M.No.306323



June-15,2021
Bhubaneswar

For and on behalf of the Board

Scan Steels Limited

Ankur Madaan
Ankur Madaan
Director
DIN: - 07002199

Praveen Kumar Patro
Praveen Kumar Patro
Director
DIN: - 02469361

Prabir Kumar Das
Prabir Kumar Das
Company Secretary

Gobinda Ch. Nayak
Gobinda Ch. Nayak
Chief Financial Officer

SCAN STEELS LIMITED

CIN- L27209MH1994PLC076015

Statement of Changes in Equity for the year ended 31st March , 2021

A. Equity Share Capital

| Particulars | Nos. of Shares | Amount INR' Lakhs' |
|---------------------------------|----------------|--------------------|
| As at 1st April 2020 | 523.52 | 5,235.20 |
| Changes in equity share capital | - | - |
| As at 31st March 2021 | 523.52 | 5,235.20 |

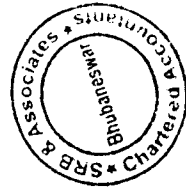
B. Other Equity

| Particulars | Attributable to owners of Scan Steels Limited | | | | | | | Total Other Equity |
|-------------------------------------------------------------|----------------------------------------------------|----------------------|--------------------|-------------------|------------------|---------------------------|------------------------------------|--------------------|
| | Equity component of compound financial instruments | Reserves and surplus | | | Other reserves | | Reserves for Commodity Derivatives | |
| | | General Reserves | Securities Premium | Retained Earnings | Capital Reserves | FVOCI- equity investments | | |
| Balance at 1st April 2020 | - | 1,344.12 | 19,864.84 | (75.56) | 554.73 | (22.06) | - | 21,666.06 |
| Profit for the year | - | - | - | 3,074.57 | - | - | - | 3,074.57 |
| Other comprehensive income | - | - | - | - | - | 40.18 | - | 40.18 |
| Total comprehensive income for the year | - | 1,344.12 | 19,864.84 | 2,999.00 | 554.73 | 18.13 | - | 24,780.81 |
| Deferred hedging gains/(losses) and cos | - | - | - | - | - | - | - | - |
| Transactions with owners in their capacity as owners | - | - | - | - | - | - | - | - |
| Issue of equity shares | - | - | - | - | - | - | - | - |
| Dividends paid | - | - | - | - | - | - | - | - |
| Other adjustments | - | - | - | - | - | - | - | - |
| Balance at 31st March 2021 | - | 1,344.12 | 19,864.84 | 2,999.00 | 554.73 | 18.13 | - | 24,780.81 |

Amount INR' Lakhs'

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

K.P. Swain
K. P. Swain
Partner
M.No.306323



Bhubaneswar
June-15,2021

For and on behalf of the Board
Scan Steels Limited

Ankur Madaan
Ankur Madaan
Director
DIN: - 07002199

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Company Secretary

Gobinda Ch. Nayak
Gobinda Ch. Nayak
Chief Financial Officer

SCAN STEELS LIMITED

CIN- L27209MH1994PLC076015

Reg. Off: Office No. 104, 105, E-Square, Subhash Road, Opp. Havmor Ice Cream, Vile Parle (East), Mumbai - 400057

Statement of Cash Flow for the Year Ended 31st March, 2021

(Rupees in INR' Lakhs)

| Particulars | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|---------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| Operating Activities | | |
| Profit before tax from continuing operations | 4,834.22 | 1,322.50 |
| Profit/(loss) before tax from discontinuing operations | - | - |
| Profit before tax | 4,834.22 | 1,322.50 |
| Adjustments for | | |
| Depreciation and Amortisation | 1,397.60 | 1,260.47 |
| Loss/(Gain) on Sale of Property, plant and equipment and Shares | (4.66) | (2.24) |
| Interest Income | (67.33) | (88.39) |
| Profit on sale of shares | (304.96) | - |
| Interest Paid | 1,087.03 | 1,493.33 |
| Interest on Income Tax refund | (2.78) | - |
| Misc. Income | (55.44) | 14.10 |
| <i>Operating profit / (loss) before working capital changes</i> | 6,883.67 | 3,999.77 |
| Working capital adjustments: | | |
| Increase/(decrease) in Short-term Borrowings | (2,658.54) | (199.17) |
| Increase/(decrease) in Trade payables | (1,493.43) | 1,456.88 |
| Increase/(Decrease) in Other current financial liabilities | 22.11 | 93.85 |
| Increase/(decrease) in Other current liabilities | 1,218.33 | (274.01) |
| Decrease/(increase) in Trade receivables | 207.18 | 281.40 |
| Decrease/(increase) in Inventories | (310.80) | (2,300.59) |
| Decrease/(increase) in Other current assets | (336.41) | (9.84) |
| | 3,532.11 | 3,048.29 |
| Income taxes paid | (4.05) | (22.07) |
| NET CASH INFLOW FROM OPERATING ACTIVITIES (A) | 3,528.05 | 3,026.22 |
| Investing Activities | | |
| Purchase of property, plant and equipment | (419.99) | (230.55) |
| Proceeds from Sale of Property, Plant and equipment | - | - |
| Proceeds from Sale of Investment | 276.00 | - |
| Interest received (finance income) | 67.33 | 88.39 |
| Dividend received (finance income) | - | - |
| Movement in Other Non-current financial assets | (131.10) | (278.59) |
| Movement in Other Non-current assets | 180.70 | (263.15) |
| NET CASH OUTFLOW FROM INVESTING ACTIVITIES (B) | (27.04) | (683.90) |
| Financing Activities | | |
| Interest paid | (1,087.03) | (1,493.34) |
| Proceeds / (Repayment) of Borrowings | (2,310.03) | (921.50) |
| NET CASH INFLOW (OUTFLOW) FROM FINANCING ACTIVITIES (C) | (3,397.06) | (2,414.84) |
| Net Foreign exchange difference | - | - |
| Net increase (decrease) in cash and cash equivalents (A+B+C) | 103.95 | (72.52) |
| Cash and cash equivalents at the beginning of the year | 179.47 | 251.99 |
| Cash and cash equivalents at year end | 283.41 | 179.47 |

As per our report of even date attached.

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

K. P. Swain
Partner
M.No.306323



June-15,2021
Bhubaneswar

For and on behalf of the Board
Scan Steels Limited

Ankur Madaan
Director
DIN: - 07002199

Praveen Kr. Patro
Director
DIN: - 02469361

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.

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) 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.



Notes forming part of Financial Statements

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.
- 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 fair value of consideration received or receivable. Amount disclosed as revenue are 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 stock in trade 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, finished goods and traded 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 necessary to make the sale.



Notes forming part of Financial Statements

1.7 Financial Instruments

Initial Recognition

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.

Subsequent Recognition

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.

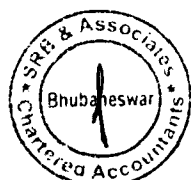
ii. Financial Liabilities

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.

iii De-Recognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires. The entity transfers the difference between the carrying amount of Financial Liability (Bank Loan) and the consideration paid in full settlement to wave off the loan to profit and loss account.



Notes forming part of Financial Statements

1.8 Borrowings :

- i. Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.
- ii. Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The cost on these preference shares are recognised in profit or loss as finance costs.
- iii. Borrowings are withdrawn from the balance sheet when obligations specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of profit and loss as other gains/(losses).
- iv. Borrowings are classified as current liabilities unless the entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current and if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

1.9 Employee Benefits :

(i) Short-term employee benefit obligations

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

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

(ii) Post-employment obligations

The entity operates the following post-employment schemes:

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

Provident fund obligations

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

Gratuity and Superannuation obligations

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

(iii) Bonus plans

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



Notes forming part of Financial Statements

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

1.17 Provisions & Contingent Liabilities:

- a. A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. Contingent assets are not recognized.
- b. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.
- c. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

1.18 Fair value of Investments

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

1.19 Contributed Equity :

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

1.20 Rounding of Amounts :

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



Notes forming part of Financial Statements

Note-2: Property, Plant and Equipment

| Particulars | Freehold Land | | Freehold Buildings | | Furniture, Fittings and Equipment | | Plant and Machinery | | Total | | Capital Work-in-Progress | | Intangible Assets | |
|-------------------------------------------------------|-----------------|------------------|--------------------|------------------|-----------------------------------|--------------|---------------------|------------|------------|------------|--------------------------|------------|-------------------|------------|
| | INR Lakhs' | INR Lakhs' | INR Lakhs' | INR Lakhs' | INR Lakhs' | INR Lakhs' | INR Lakhs' | INR Lakhs' | INR Lakhs' | INR Lakhs' | INR Lakhs' | INR Lakhs' | INR Lakhs' | INR Lakhs' |
| Gross Carrying Amount (Deemed Cost) | | | | | | | | | | | | | | |
| At 1st April, 2020 | 4,123.62 | 10,199.13 | 48.60 | 30,142.88 | 44,514.24 | 181.21 | 5.77 | | | | | | | |
| Additions during the year | 7.18 | 175.25 | - | 857.59 | 1,040.03 | 491.68 | - | | | | | | | |
| Exchange differences | - | - | - | - | - | - | - | | | | | | | |
| Disposals/Deletions during the year | - | - | - | (419.59) | (419.59) | (628.42) | - | | | | | | | |
| At 31st March, 2021 | 4,130.80 | 10,374.38 | 48.60 | 30,580.89 | 45,134.67 | 44.46 | 5.77 | | | | | | | |
| Accumulated Depreciation and Impairment | | | | | | | | | | | | | | |
| At 1st April, 2020 | - | 2,991.48 | 38.30 | 14,244.96 | 17,274.74 | - | 5.49 | | | | | | | |
| Depreciation for the year | - | 294.82 | 1.89 | 947.76 | 1,244.47 | - | - | | | | | | | |
| Disposals/Deletions during the year | - | - | - | (261.86) | (261.86) | - | - | | | | | | | |
| At 31st March, 2021 | - | 3,286.29 | 40.20 | 14,930.87 | 18,257.36 | - | 5.49 | | | | | | | |
| Depreciation for the period ended 31st Mar, 20 | | | | | | | | | | | | | | |
| At 31st March, 2021 | - | 295.51 | 4.23 | 960.73 | 1,260.47 | - | - | | | | | | | |
| Net Book Value | | | | | | | | | | | | | | |
| At 31st March, 2021 | 4,130.80 | 7,088.09 | 8.40 | 15,650.02 | 26,877.32 | 44.46 | 0.29 | | | | | | | |
| At 31st March, 2020 | 4,123.62 | 7,207.65 | 10.30 | 15,897.92 | 27,239.49 | 181.21 | 0.29 | | | | | | | |
| Amortization | | | | | | | | | | | | | | |
| At 31st March, 2021 | - | - | - | 153.12 | 153.12 | - | - | | | | | | | |
| At 31st March, 2020 | - | - | - | - | - | - | - | | | | | | | |
| Depreciation & Amortization | | | | | | | | | | | | | | |
| At 31st March, 2021 | - | 294.82 | 1.89 | 1,100.89 | 1,397.60 | 44.46 | 0.29 | | | | | | | |
| At 31st March, 2020 | - | 295.51 | 4.23 | 960.73 | 1,260.47 | 181.21 | 0.29 | | | | | | | |
| Net Book Value | | | | | | | | | | | | | | |
| At 31st March, 2021 | 26,877.32 | 26,877.32 | 26,877.32 | 26,877.32 | 26,877.32 | 26,877.32 | 26,877.32 | | | | | | | |
| At 31st March, 2020 | 27,239.49 | 27,239.49 | 27,239.49 | 27,239.49 | 27,239.49 | 27,239.49 | 27,239.49 | | | | | | | |
| Property, Plant and Equipment | | | | | | | | | | | | | | |
| Capital Work-in-progress | | | | | | | | | | | | | | |
| Intangible Assets | | | | | | | | | | | | | | |



Note-3:Investments

| Particulars | As at | As at |
|-------------|-----------------|-----------------|
| | 31st March'2021 | 31st March'2020 |
| | INR 'Lakhs' | INR 'Lakhs' |

Investments at fair value through OCI (fully paid)**Quoted Shares**

| | | |
|------------------------------------------------------------------------------------------|-------|-------|
| 369481 nos equity shares of Globus Corporation Limited. (31st March,2020:369481 Nos) | 0.70 | 0.70 |
| 25363 nos equity shares of Matra Reality Limited. (31st March,2020:25363 Nos) | - | 0.09 |
| 31474 nos equity shares of PFL Infotech Ltd. (31st March,2020:31474 Nos) | 1.18 | 1.35 |
| 55449 nos equity shares of Polytex India Limited. (31st March,2020:55449 Nos) | 1.22 | 0.39 |
| 15000 nos equity shares of Shri Bajrang Alliance Ltd (31st March,2020:360370 Nos) | 21.53 | 63.43 |
| 30000 nos equity shares of Steel Exchange India Limited. (31st March,2020:103439 Nos) | 18.80 | 13.40 |
| 13558 nos equity shares of VMS Industries Ltd. (31st March,2020:13558 Nos) | 1.04 | 1.08 |
| Un-Quoted Shares | | |
| 4360 nos equity shares of Millenium Cybertech Limited. (31st March,2020:4360 Nos) | 0.05 | 0.05 |
| 25363 nos equity shares of Matra Realty Limited. | 0.08 | - |

| | | |
|-----------------------------------------|--------------|--------------|
| Total | 44.59 | 80.49 |
| Aggregate cost price of quoted shares | 26.33 | 102.50 |
| Aggregate market value of quoted shares | 44.46 | 80.44 |

Note -4. Other Financial Assets

| Particulars | As at | As at |
|----------------------|-----------------|-----------------|
| | 31st March'2021 | 31st March'2020 |
| | INR 'Lakhs' | INR 'Lakhs' |
| Security Deposits | 1,411.34 | 1,281.10 |
| Other bank balances* | 238.42 | 237.56 |
| Sub-Total | 1,649.76 | 1,518.66 |

Details of other balances with banks*Other bank balances consist of the following:**

Earmarked Balances with Banks

| | | |
|-------------------------------------------------|---------------|---------------|
| Term Deposits with Bank | 169.90 | 169.05 |
| Margin money, guarantee and security with banks | 68.51 | 68.51 |
| Total | 238.42 | 237.56 |

*The margin money in form of fixed deposits (kept for more than 12 months) earmarked for issuing Bank Guarantee. Fixed deposits face value of INR 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 31st March'2021 | As at 31st March'2020 |
|--------------------------------------|--------------------------|--------------------------|
| | INR 'Lakhs' | INR 'Lakhs' |
| (i)Non-Current | | |
| Advance against Property | 135.36 | 329.25 |
| Advance For Capital Goods | - | 305.00 |
| Balances with Government Authorities | 540.65 | 522.80 |
| Unmatured Financial Charges | 2.08 | 6.74 |
| Sub-Total | 678.09 | 1,163.79 |
| (ii)Current | | |
| Advance to Suppliers & Expenses | 1,143.95 | 947.11 |
| Balances with Government Authorities | 879.14 | 700.97 |
| Insurance claim receivable | 45.61 | 50.78 |
| Prepaid Expenses | 40.55 | 71.86 |
| Unmatured Financial Charges | 4.50 | 8.32 |
| Sub-Total | 2,113.76 | 1,779.04 |
| Total | 2,791.84 | 2,942.83 |

Note-6 Deferred tax assets/(liabilities)(net)

| Particulars | As at 31st March'2021 | As at 31st March'2020 |
|-------------------------------------------------------------|--------------------------|--------------------------|
| | INR 'Lakhs' | INR 'Lakhs' |
| (i) Opening balance | (556.67) | 733.59 |
| (ii) Closing balance | | |
| Property,Plant and Equipment and Intangible Assets | (3,440.85) | (3,445.05) |
| Fair Value measurement of financial liabilities | - | (44.58) |
| Losses available for offsetting future taxable income | 1,154.57 | 2,826.49 |
| Allowance/Disallowances of expenses | - | 106.47 |
| Sub- Total | (2,286.27) | (556.67) |
| (iii) Transfer to Statement of profit and loss(ii-i) | (1,729.60) | (1,290.27) |

Note-7 Inventories

| Particulars | As at 31st March'2021 | As at 31st March'2020 |
|-------------------------------|--------------------------|--------------------------|
| | INR 'Lakhs' | INR 'Lakhs' |
| Raw Materials | 8,046.86 | 6,468.79 |
| Semi-finished goods | 968.15 | 867.38 |
| Finished Goods-Manufacturing | 3,514.60 | 4,783.64 |
| Stock-in-trade | 14.38 | 26.78 |
| Stores,spares and consumables | 355.89 | 442.48 |
| Total | 12,899.87 | 12,589.07 |



Note 8 Trade Receivables

| Particulars | As at 31st March'2021 | As at 31st March'2020 |
|-----------------------------------|--------------------------|--------------------------|
| | INR 'Lakhs' | INR 'Lakhs' |
| Unsecured, considered good | | |
| Debtors More than Six Months | 309.77 | 345.55 |
| Others | 2,508.16 | 2,679.56 |
| Total | 2,817.93 | 3,025.11 |

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 31st March'2021 | As at 31st March'2020 |
|----------------------------------------------------|--------------------------|--------------------------|
| | INR 'Lakhs' | INR 'Lakhs' |
| Balances with banks | | |
| In Current Accounts | 46.95 | 31.90 |
| In Deposits Accounts | 238.42 | 237.56 |
| Cash on Hand | 236.46 | 147.57 |
| Sub Total | 521.82 | 417.03 |
| Less: Balances with bank other than above (Note-4) | (238.42) | (237.56) |
| Total | 283.41 | 179.47 |



Note-10:Equity Share Capital

| Particulars | As at 31st March'2021 | As at 31st March'2020 |
|--------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| | INR 'Lakhs' | INR 'Lakhs' |
| Equity Share Capital | | |
| a) Authorised | | |
| 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) | 1,500.00 | 1,500.00 |
| (150 lakhs Nos of Preference shares of 10/- each) | 7,000.00 | 7,000.00 |

b) Issued, Subscribed and Paid Up [Ref Note 2(v)]**Equity Shares:**

| | | |
|-------------------------------------------------------------|-----------------|-----------------|
| 523.52 lakhs Nos of shares of 10/- each fully paid up | 5,235.23 | 5,235.23 |
| (P.Y 523.52 lakhs Nos of shares of 10/- each fully paid up) | | |
| Total | 5,235.23 | 5,235.23 |

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

| | | |
|---------------------------------------------------------------|---------------|---------------|
| a) Shares outstanding at the beginning of the financial year. | 523.52 | 523.52 |
| b) Issued during the year | - | - |
| Shares outstanding at the end of the financial year | 523.52 | 523.52 |

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 | 49.70 | 9.49% | 35.36 | 6.75% |
| ii) Archana Gadodia | 31.45 | 6.01% | 13.63 | 2.60% |
| iii) Nimish Gadodia | 16.26 | 3.11% | 34.08 | 6.51% |
| iv) Artline Commerce Pvt Ltd | 95.67 | 18.27% | 95.67 | 18.27% |
| v) Bayanwala Brothers (p) Limited | 53.84 | 10.28% | 53.84 | 10.28% |
| vi) ORBIS Financial Corporation Limited | - | 0.00% | 45.00 | 8.60% |
| vii) Florence Securities Pvt Ltd | 35.00 | 6.69% | 35.00 | 6.69% |

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 31st March'2021 | As at 31st March'2020 |
|------------------------------------------------------------------|--------------------------|--------------------------|
| | INR 'Lakhs' | INR 'Lakhs' |
| a. General Reserve | | |
| Opening Balance | 1,344.12 | 1,344.12 |
| Add:-Additions during the year | - | - |
| Subtotal | 1,344.12 | 1,344.12 |
| b. Securities Premium | | |
| Opening Balance | 19,864.84 | 19,864.84 |
| Add:-Additions during the year | - | - |
| Subtotal | 19,864.84 | 19,864.84 |
| c. Capital Reserve | | |
| Opening Balance | 554.73 | 554.73 |
| Add:-Additions during the year | - | - |
| Subtotal | 554.73 | 554.73 |
| d. Reserve for investments at Fair Value through OCI | | |
| Opening Balance | (22.06) | (34.78) |
| Add: Net fair value gain/(loss) on investments during the period | 40.18 | 12.73 |
| Subtotal | 18.13 | (22.06) |
| e. Retained Earnings | | |
| Opening Balance | (75.56) | (107.46) |
| Add: Profit/(Loss) during the year | 3,074.57 | 31.90 |
| Subtotal | 2,999.00 | (75.56) |
| Total | 24,780.81 | 21,666.07 |



Note-12. Borrowings

| Particulars | As at 31st March'2021 | As at 31st March'2020 |
|-----------------------------------------------------------|--------------------------|--------------------------|
| | INR 'Lakhs' | INR 'Lakhs' |
| Borrowings consists of the followings | | |
| (i) Non-Current Borrowings | | |
| Secured Loan | | |
| (a) Term Loan From Banks | 2,255.92 | 4,519.11 |
| (b) Financial Lease Obligations | 33.31 | 61.12 |
| Unsecured Loan | | |
| (a) Loan From Related Parties | 800.00 | 825.00 |
| (b) Preference Share 1%* | 1,798.94 | 1,792.97 |
| Total non-current borrowings | 4,888.17 | 7,198.20 |
| (ii) Current Borrowings | | |
| Current maturities of long term debt | 98.08 | 972.84 |
| Current maturities of finance lease obligations | 34.87 | 50.24 |
| Current maturities of Unsecured Loan | 6.48 | 18.47 |
| Current maturities of Loan From Others | 1,020.53 | - |
| Cash Credit from Banks | 3,522.52 | 6,181.06 |
| Total current borrowings | 4,682.48 | 7,222.61 |
| Less: Amounts clubbed under "other financial liabilities" | 1,159.96 | 1,041.55 |
| Net current borrowings | 3,522.52 | 6,181.06 |
| Total | 9,570.65 | 14,420.81 |

* 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 per share. However, the company has set aside the premium component (i.e Rs.4.00 per preference share) out of profits of the company by debiting statement of profit & loss account in the head "Cost of Preference Shares under Note 21- Finance Cost"

Note-13. Trade Payables

| Particulars | As at 31st March'2021 | As at 31st March'2020 |
|-------------------|--------------------------|--------------------------|
| | INR 'Lakhs' | INR 'Lakhs' |
| Payable to MSME | 0.07 | 0.10 |
| Payable to Others | 1,377.92 | 2,871.33 |
| Total | 1,377.99 | 2,871.42 |

Note-14. Other financial liabilities

| Particulars | As at 31st March'2021 | As at 31st March'2020 |
|-------------------------------------------------|--------------------------|--------------------------|
| | INR 'Lakhs' | INR 'Lakhs' |
| Current maturities of long term debt | 98.08 | 972.84 |
| Current maturities of finance lease obligations | 34.87 | 50.24 |
| Current maturities of Unsecured loans | 6.48 | 18.47 |
| Current maturities of Loan From Others | 1,020.53 | - |
| Interest accrued and due on borrowings | 16.23 | 36.63 |
| Liabilities for Expenses | 1,879.37 | 1,955.27 |
| Total | 3,055.56 | 3,033.45 |

Note-15. Other Current Liabilities

| Particulars | As at 31st March'2021 | As at 31st March'2020 |
|----------------------------|--------------------------|--------------------------|
| | INR 'Lakhs' | INR 'Lakhs' |
| Income Received in Advance | 1,161.92 | 595.03 |
| Statutory Dues Payable | 1,070.92 | 419.49 |
| Total | 2,232.84 | 1,014.52 |



Note-16 Revenue from Operations

| Particulars | As at 31st March'2021 | As at 31st March'2020 |
|-------------------------|--------------------------|--------------------------|
| | INR 'Lakhs' | INR 'Lakhs' |
| Sale of Products | 73,157.12 | 66,582.15 |
| Sale of Services | 53.24 | 175.53 |
| Other Operating Revenue | - | 0.02 |
| Total | 73,210.37 | 66,757.70 |

Sale of products and services is exclusive of GST.

Note-17 Other Incomes

| Particulars | As at 31st March'2021 | As at 31st March'2020 |
|------------------------------------------|--------------------------|--------------------------|
| | INR 'Lakhs' | INR 'Lakhs' |
| Interest Income | 67.33 | 88.39 |
| Profit / (Loss) on Sale of Listed Shares | 304.96 | - |
| Interest on Income tax Refund | 2.78 | - |
| Profit on sale of Fixed Assets | 4.66 | 2.24 |
| Other Income | 55.44 | 5.36 |
| Total | 435.17 | 95.99 |

Note-18 Cost of Raw Material Consumed

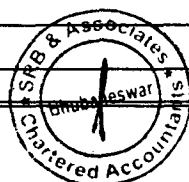
| Particulars | As at 31st March'2021 | As at 31st March'2020 |
|---------------------------------------------|--------------------------|--------------------------|
| | INR 'Lakhs' | INR 'Lakhs' |
| Raw material and components consumed | | |
| Opening Stock | 6,468.79 | 4,772.65 |
| Add:Purchased during the year * | 50,436.48 | 44,442.39 |
| Less:Stock used for fixed Assets** | 33.11 | 57.45 |
| Less:Closing Stock | 8,046.86 | 6,468.79 |
| Total | 48,825.30 | 42,688.80 |

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

** Stock used for Fixed assets valued at cost of goods sold and GST reversal considered

Note-19 Change in Inventories-(Increase)/Decrease

| Particulars | As at 31st March'2021 | As at 31st March'2020 |
|------------------------------|--------------------------|--------------------------|
| | INR 'Lakhs' | INR 'Lakhs' |
| Opening Stock | | |
| Semi-Finished Goods | 867.38 | 1,171.60 |
| Finished Goods-Manufacturing | 4,783.64 | 3,983.51 |
| Stock In Trade | 26.78 | 54.20 |
| Sub-Total(A) | 5,677.80 | 5,209.30 |
| Less:- Closing Stock | | |
| Semi-Finished Goods | 968.15 | 867.38 |
| Finished Goods-Manufacturing | 3,514.60 | 4,783.64 |
| Stock In Trade | 14.38 | 26.78 |
| Sub-Total(B) | 4,497.12 | 5,677.80 |
| Total(A-B) | 1,180.68 | (468.49) |



Note-20 Employee Benefit Expenses

| Particulars | As at 31st March'2021 | As at 31st March'2020 |
|-------------------------------------------|--------------------------|--------------------------|
| | INR 'Lakhs' | INR 'Lakhs' |
| Salaries,wages and bonus | 2,387.66 | 2,363.77 |
| Contribution to provident and other funds | 226.29 | 222.20 |
| Total | 2,613.95 | 2,585.97 |

Note-21 Finance Cost

| Particulars | As at 31st March'2021 | As at 31st March'2020 |
|---------------------------------------|--------------------------|--------------------------|
| | INR 'Lakhs' | INR 'Lakhs' |
| Interest on Debts & Borrowings | 935.65 | 1,270.06 |
| Interest on finance lease obligations | 8.36 | 14.53 |
| Interest on Unsecured loans & Others | 137.06 | 105.98 |
| Cost of Preference Shares | 5.97 | 102.76 |
| Total | 1,087.03 | 1,493.33 |

Note-22 Other Expenses

| Particulars | As at 31st March'2021 | As at 31st March'2020 |
|------------------------------------|--------------------------|--------------------------|
| | INR 'Lakhs' | INR 'Lakhs' |
| Consumption of stores and spares * | 2,493.59 | 2,601.91 |
| CSR Expenses | 24.22 | 5.59 |
| Power and fuel | 9,128.73 | 9,100.70 |
| Water charges | 46.65 | 42.45 |
| Operational Expenses | 509.10 | 441.39 |
| Selling & Distribution expenses | 3.48 | 315.26 |
| Security Service Charges | 39.20 | 41.12 |
| Rent,Rates and taxes | 219.54 | 229.16 |
| Insurance | 50.68 | 51.59 |
| Bank Charges | 26.04 | 29.28 |
| Repair & Maintenance | 196.52 | 154.11 |
| Advertising and Sales promotion | 7.10 | 17.79 |
| Professional & Consultancy fees | 117.70 | 124.94 |
| Communication costs | 7.12 | 9.66 |
| Remuneration to Auditors | 21.80 | 21.80 |
| General expenses | 14.83 | 27.19 |
| Total | 12,906.29 | 13,213.94 |

* Consumption of Stores and Spares included Imported material of INR Nil (Prev year INR 8.46 Lakhs)



Notes forming part of Financial Statements

(All amounts in INR Lakhs, unless otherwise stated)

Note -23 Earnings Per Share(EPS)

| Sl. No | Particulars | 31st March 2021 | 31st March 2020 |
|--------|-------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| i) | Net Profit after tax as per statement of Profit & Loss attributable to Equity Shareholders (Rs Lakhs) | 3,074.57 | 31.90 |
| ii) | Weighted Average number of equity shares used as denominator for calculating EPS | 523.52 | 523.52 |
| iii) | Face Value per Equity Share (INR 'Lakhs') | 10.00 | 10.00 |
| iv) | Basic Earnings per share (INR 'Lakhs') | 5.87 | 0.06 |

Note -24 Foreign Currency Transactions

| Sl.No | Particulars | 31st March 2021 | 31st March 2020 |
|-------|--------------------------------------------------------------------------------|-----------------|-----------------|
| i) | USD Outgo | - | 5,550 |
| ii) | INR in 'Lakhs' | - | 3.95 |
| iii) | Thailand Baht (THB) Outgo | - | 1,00,000 |
| iv) | INR in 'Lakhs' | - | 2.32 |
| v) | Amount of Exchange differences debited/(credited) to profit or loss (in Lakhs) | - | 0.17 |

Note - 25 Contingent Liabilities

| Sl.No | Particulars | 31st March 2021 | 31st March 2020 |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| i. | Estimated amount of contracts remaining to be executed on capital accounts and not provided | Nil | Nil |
| ii. | Claims against the Company not acknowledged as debts (Net of payment): | | |
| | a) Central Sales Tax | 166.67 | 166.67 |
| | b) OVAT/OST | 1,535.25 | 1,535.33 |
| | c) Orissa Entry tax | 390.79 | 393.10 |
| | d) Customs duty | 111.58 | 111.58 |
| | e) Income Tax | - | 184.75 |
| | f) Securities Trading (SEBI) | - | 18.80 |
| iii | Bank Guarantees | 143.28 | 259.65 |
| iv | Claims raised vide notice dated. 30.09.2016 by M/s Mahanadi Coalfields Limited, towards the reimbursement of Contribution to NMET Rs.6,27,549 for the period 12.01.2015 to 19.10.2015 where the company has Challenged before Hon'ble High Court of Orissa , granted interim stay in favour of the Company. | 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 17.09.2015 to 15.01.2016 and 14.08.2015 to 10.02.2016 respectively where the Company had challenged before Hon'ble High Court of Orissa. As per the verdict, the company has discharged the liability. However as per management perception, the above liabilities will not devolve upon the company in future. During the year, the company has paid the entire demand amount including interest thereon to Securities And Exchange Board of India (SEBI) as per their demand notice received therein. However, the appeal is pending before Securities Appellate Tribunal (SAT) for final order. The company has given Corporate Guarantees to M/s Scan Energy & Power Limited to the tune of INR 2200.00 Lakhs (outstanding balance as on 31.03.2021) towards fund based limit extended by Assets Reconstruction Company (ARC). (Previous Year INR 2749.75 Lakhs) | - | 8.66 |



Notes forming part of Financial Statements

Note-26 Right of Recompense (ROR)

The company received a letter from State Bank of India mentioning Right of Recompense amount for the year 2018 to 2020 on account of restructuring of loan in the year 2018. The company has made written request to the bank for waiver of the said Right of Recompense amount considering the economic condition of steel industry and current COVID-19 pandemic.

Note-27 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 :

| Particulars | % of Total Revenues | |
|--------------|---------------------|-----------------|
| | 31st March 2021 | 31st March 2020 |
| One Customer | 15.92% | 17.14% |

Note -28 RELATED PARTY DISCLOSURE AS PER Ind AS 24

(I) List of Related Parties

Key Managerial Personnel

| Sl. No | Name | Designation |
|--------|--------------------------|-------------------------|
| i) | Mr.Rajesh Gadodia | Non Executive Chairman |
| ii) | Mr.Ankur Madaan | Whole-Time Director |
| iii) | Mr Praveen Kumar Patro | Executive Director |
| iv) | Mr.Gobinda Chandra Nayak | Chief Financial Officer |

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

Close Family Members of Key Managerial Personnel(KMP)

| Sl. No | Name | Relationships |
|--------|-----------------------|-----------------|
| i) | Mrs.Archana Gadodia | Relative of KMP |
| ii) | Miss Shrishti Gadodia | Relative of KMP |
| iii) | Mr.Sawarmal Gadodia | Relative of KMP |
| iv) | 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.

Key Managerial Personnel having Significant Influence

| Sl. No | Name of the Organisation |
|--------|----------------------------------------------|
| i) | Artline Commerce Private Limited |
| ii) | Scan Energy and Power Limited |
| iii) | Shrishti Trading Corporation Private Limited |
| iv) | Shrishti Resorts & Multiplex Private Limited |



Notes forming part of Financial Statements

(II) Related Party transactions

| Sl. No | Particulars | 31st March 2021 | 31st March 2020 |
|--------|---------------------------------|-----------------|-----------------|
| i) | Purchase of goods | 4,498.66 | 2,178.50 |
| ii) | Sale of Goods | 18,861.75 | 12,015.13 |
| iii) | Interest expenses recognised | 93.18 | 102.51 |
| iv) | Services received | 96.00 | 76.00 |
| v) | Services rendered | - | 1.92 |
| vi) | Outstanding loans and payables | 1,954.02 | 2,065.31 |
| vii) | Guarantees provided outstanding | 2,200.00 | 2,749.75 |

(III) Remuneration to Key Managerial Personnel

| Sl. No | Name | 31st March 2021 | 31st March 2020 |
|--------|------------------------|-----------------|-----------------|
| i) | Mr. Ankur Madaan | 6.00 | 6.00 |
| ii) | Mr Praveen Kumar Patro | 7.12 | 7.43 |
| iii) | Director Sitting Fees | 0.16 | 0.07 |

Note -29 ASSETS PROVIDED AS SECURITY

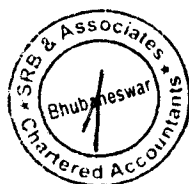
| Sl. No | Particulars | As at | As at |
|--------|------------------------------------------|------------------|------------------|
| | | 31st March 2021 | 31st March 2020 |
| (i) | Trade Receivables | 2,817.93 | 3,025.11 |
| (ii) | Property, Plant and Equipment : | | |
| | I. Tangible Assets | 26,877.32 | 27,239.49 |
| | II. Intangible Assets | 0.29 | 0.29 |
| (iii) | Inventories | 12,899.87 | 12,589.07 |
| | Total Assets provided as Security | 42,595.40 | 42,853.96 |

Note -30 Recognition of Corporate Guarantee as Financial Liability

Financial guarantee is a contractual right of the lender to receive cash from the guarantor, and a corresponding contractual obligation of the guarantor to pay the lender, if the borrower defaults. The contractual right and obligation exist because of a past transaction or event (assumption of the guarantee), even though the lender's ability to exercise its right and the requirement for the guarantor to perform under its obligation are both contingent on a future act of default by the borrower. A contingent right and obligation meet the definition of a financial asset and a financial liability, even though such assets and liabilities are not always recognised in the financial statements. Based on the measurement principles laid down under Ind AS 109 "Financial Instrument :Recognition and Measurement", the fair value of all those financial guarantee contracts are reasonably below to the materiality threshold limit set by the company. Accordingly the entity has made appropriate disclosure in Note -25 without additionally recognising any financial assets or liability.

Note -31 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 Trade Payable 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 -32 Estimated Useful Lives of Property Plant & Equipment (PPE)

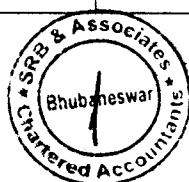
| Sl. No | Financial Classification | Nature | Useful Lives | |
|--------|-----------------------------------|--------------------------------------|----------------------------|-------------------------------------|
| | | | As per Management Estimate | As per SCH-II of Companies Act 2013 |
| i) | Freehold Building | Building (Factory) | 30 Years | 30 Years |
| | | Building (Non Factory) | 60 Years | 60 Years |
| ii) | Furniture, Fittings and Equipment | Furniture & Fixtures | 10 Years | 10 Years |
| iii) | Office Equipment | Computer | 3 Years | 3 Years |
| iv) | Plant & Equipment | Plant & Machinery (Non-Earth Moving) | 25 Years | 25 Years |
| | | Plant & Machinery (Earth Moving) | 25 Years | 25 Years |
| v) | Vehicles | Motor car | 8 years | 8 years |

Note -33 Fair value measurements

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

| Sl.No | Particulars | 31st March 2021 | | |
|-------|------------------------------------|-----------------|-------------------------------------------------------------------------|----------------|
| | | FVPL | FVOCI Equity instruments designated as such upon initial recognition | Amortised cost |
| i) | Financial assets | | | |
| | Investments: | | | |
| | Equity instruments | | 44.46 | - |
| | Trade receivables | | - | 2,817.93 |
| | Cash and cash equivalents | | - | 283.41 |
| | Others | | - | 1,649.76 |
| | Total financial assets | - | 44.46 | 4,751.10 |
| ii) | Financial liabilities | | | |
| | Borrowings | | | 8,410.68 |
| | Derivative financial liabilities | | | |
| | Trade payables | | | 1,377.99 |
| | Other financial liabilities | | | 3,055.56 |
| | Total financial liabilities | - | - | 12,844.24 |

| Sl.No | Particulars | 31st March 2020 | | |
|-------|------------------------------------|-----------------|-------------------------------------------------------------------------|----------------|
| | | FVPL | FVOCI Equity instruments designated as such upon initial recognition | Amortised cost |
| i) | Financial assets | | | |
| | Investments: | | | |
| | Equity instruments | - | 80.44 | - |
| | Trade receivables | - | - | 3,025.11 |
| | Cash and cash equivalents | - | - | 179.47 |
| | Others | - | - | 1,518.66 |
| | Total financial assets | - | 80.44 | 4,723.24 |
| ii) | Financial liabilities | | | |
| | Borrowings | | | 13,379.25 |
| | Derivative financial liabilities | | | - |
| | Trade payables | | | 2,871.42 |
| | Other financial liabilities | | | 3,033.45 |
| | Total financial liabilities | - | - | 19,284.13 |



(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 31st March, 2021 | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------------------------------------------------------------------------------------------|--------------|----------|----------|--------------|
| Financial assets | | | | |
| Financial investments at FVPL | | | | |
| Equity instruments | | | | - |
| Mutual funds | | | | - |
| Financial investments at FVOCI | | | | |
| Quoted equity investments | 44.46 | | | 44.46 |
| Unquoted equity investments | 0.13 | | | 0.13 |
| Derivatives | | | | |
| Foreign exchange forward contracts | | | | - |
| Foreign currency options | | | | - |
| Interest rate swaps | | | | - |
| Total | 44.59 | - | - | 44.59 |

| Financial assets and liabilities measured at fair value - recurring fair value measurements At 31st March, 2020 | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------------------------------------------------------------------------------------------|--------------|----------|----------|--------------|
| Financial assets : | | | | |
| Financial investments at FVPL | | | | |
| Equity instruments | | | | |
| Mutual funds | | | | |
| Financial investments at FVOCI | | | | |
| Quoted equity investments | 80.44 | | | 80.44 |
| Unquoted equity investments | 0.05 | | | 0.05 |
| Derivatives | | | | |
| Foreign exchange forward contracts | | | | |
| Foreign currency options | | | | |
| Interest rate swaps | | | | |
| Total | 80.49 | - | - | 80.49 |

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 are reasonably approximate to the fair value. Accordingly fair value disclosures have not been made for the following financial instruments:-



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

Note -34 : 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 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 |

(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 .

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.



Notes forming part of Financial Statements

- VL1 : High-quality assets, negligible credit risk
 VL2 : Quality assets, low credit risk
 VL3 : Standard assets, moderate credit risk
 VL4 : Sub-standard assets, relatively high credit risk
 VL5 : Low-quality assets, very high credit risk
 VL6 : Doubt full assets, credit-impaired

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

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

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

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

(B) Liquidity Risk

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

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

(i) Financing arrangements

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

| Particulars | 31st March, 2021 | 31st March, 2020 |
|----------------------------------------------------------------|------------------|------------------|
| Floating rate | | |
| 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 |
|--------------------------------------------------------|------------------|-----------------|-----------------|--------------|------------------|
| 31st March, 2021 | | | | | |
| Non derivatives | | | | | |
| Borrowings(including cash credits) | 3,620.60 | 1,176.96 | 1,078.96 | - | 5,876.52 |
| obligations under finance lease | 34.87 | 33.31 | - | - | 68.18 |
| Trade payables | 1,377.99 | - | - | - | 1,377.99 |
| Other financial liabilities | 3,055.56 | - | - | - | 3,055.56 |
| Total non derivative liabilities | 8,089.03 | 1,210.27 | 1,078.96 | - | 10,378.25 |
| Derivatives (net settled) | | | | | |
| Foreign exchange forward contracts | - | - | - | - | - |
| Principal swap | - | - | - | - | - |
| Total derivative liabilities | - | - | - | - | - |
| Contractual maturities of financial liabilities | | | | | |
| 31st March, 2020 | | | | | |
| Non derivatives | | | | | |
| Borrowings(including cash credits) | 7,153.90 | 2,785.11 | 1,734.00 | - | 11,673.01 |
| obligations under finance lease | 50.24 | 61.12 | - | - | 111.37 |
| Trade payables | 2,871.42 | - | - | - | 2,871.42 |
| Other financial liabilities | 3,033.45 | - | - | - | 3,033.45 |
| Total non derivative liabilities | 13,109.01 | 2,846.23 | 1,734.00 | - | 17,689.24 |
| Derivatives (net settled) | | | | | |
| Foreign exchange forward contracts | - | - | - | - | - |
| Principal swap | - | - | - | - | - |
| Total derivative liabilities | - | - | - | - | - |

(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. Accordingly, fair value fluctuations arising from market volatility is recognised in other comprehensive income.

(i) Foreign Currency Risk

The company's exposure to foreign currency risk & Derivative financial Instruments as on 31st March, 2021

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.



Notes forming part of Financial Statements

(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.

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.

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:

| Particulars | 31st March,2021 | 31st March,2020 |
|--------------------------|-----------------|-----------------|
| Variable rate borrowings | 5,876.52 | 11,654.91 |
| Fixed rate borrowings | 68.18 | 129.46 |

(iii) Price risk

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

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

Note-35 : 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.

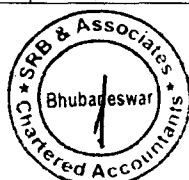
In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return on capital to shareholders or issue new shares. The company monitors capital using gearing ratio, which is net debt divided by total Equity. Net debt comprises of long term 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 | 31st March,2021 | 31st March,2020 |
|---------------------------------|-----------------|-----------------|
| Net Debt | 9,287.24 | 14,241.34 |
| Total Equity | 30,016.04 | 26,901.30 |
| Net debt to Equity Ratio | 0.31 | 0.53 |

Note -36

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 -37

Covenants of Borrowings

(i) Details of Repayment Schedule, Rate of Borrowings

| Term Loan | 31st March,2021 | | 31st March,2020 | |
|-----------------|------------------|------------------------|------------------|------------------|
| | Repayment Tenure | Rate of Interest (p.a) | Repayment Tenure | Rate of Interest |
| WCTL * | 0 | 0.00% | 9 years | 10.40% |
| FITL * | 0 | 0.00% | 5 years | 5.00% |
| GECL 2.0 (WCTL) | 4 years | 7.95% & 8.35% | 0 | 0.00% |

* The company has repaid entire amount during the year.

(ii) Details of Security

| Particulars | Security Details |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| GECL 2.0 (WCTL) | Primary : 2nd Charge over hypothecation of stocks, receivables and other current assets of the company , both present & future Collateral Security : 2nd charge over Equitable Mortgage of landed property in the name of the company. |
| | Guarantee: 100% Guarantee Coverage by National Credit Guarantee Trustee Company Limited (NCGTC) on the outstanding amount for the credit facility provided under the scheme. |
| Leased assets financed | Secured by hypothecation of respective fixed or movable assets. |
| Cash Credit | Primary : Secured by Hypothecation of company's stocks of raw material, finished goods, SIP, Consumables, Stores , book debts and other current assets of the company both present & future. |
| | Collateral Security : 1. Extension of Equitable Mortgage of Land & Building on properties in the name of the company. 2. Pledge of Fixed Deposits in thee name of the company. Face Value Rs. 90 Lakhs , on parri-passu basis with member banks. 3. Charge over fixed assets of the company to secure the working capital limit on parri passu basis with member banks. 4. Pledge of shares of Scan Steels Limited held by Mr. Rajesh Gadodia. 5. Personal Guarantee of Mr. Rajesh Gadodia and Mr. Nimish Gadodia and Corporate Guarantee of M/s Artline Commerce Pvt. Ltd. |

Note -38

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

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.

Note -39

The company after considering the general nature of the industry and average collection period of trade receivables being 30-60 days,the receivables are considered as having low credit risk.Accordingly the impact of the expected credit loss arises to an insignificant amount.



Notes forming part of Financial Statements

Note -40

Auditors' Remuneration :

INR 'Lakhs'

| SI No. | Particulars | 31st March, 2021 | 31st March, 2020 |
|--------|----------------------|------------------|------------------|
| 1 | Statutory Audit Fees | 16.50 | 16.50 |
| 2 | Tax Audit Fees | 3.50 | 3.50 |
| 3 | Internal Audit Fees | 1.80 | 1.80 |
| | Total | 21.80 | 21.80 |

Note -41

The company has received intimations from some of 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 been disclosed in Note No-13 to the Financial Statements.

Note -42

Effective from April 01,2019, the company has applied Ind AS 116 "Leases". The standard is applied prospectively and the cumulative effect of applying this standard is recognised. The adoption of Ind AS 116 did not have any significant impact for the company.

Note -43

Pursuant to The Taxation Laws (Amendment) Ordinance , 2019 ('Ordinance') issued by Ministry of Law and Justice (Legislative Department) on 20th September, 2019 which is effective 01 April 2019 , domestic companies have the option to pay corporate income tax rate at 22% plus applicable surcharge and cess ('New tax rate') subject to certain conditions. The company had opted for New Tax Regime from AY 2020-21 onwards.

Note -44

The spread of COVID-19 across the globe has resulted in decline in economic activity and increase in volatility in financial markets . In this situation, though the challenges continue to unfold, the company is gearing itself on all fronts to meet the same. The situation continues to be uncertain and the company is evaluating the situation on an ongoing basis. The challenges for the company would arise from loss revenue and waning cash flows. Despite these conditions, there would not be any significant impact on the liquidity and profitability of the company.

Note -45

Corporate Social Responsibility (CSR) Activity :

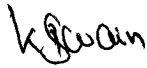
The amount required to be spent u/s 135 of Companies Act,2013 is INR 23.87 lakhs. Whereas, the company has spent by implimenting on its own of INR 24.22 lakhs in the areas of education, infrastructure support for rural development and to the extent possible covid care support within the vicinity of the plant area. (Previous year INR 5.59 lakhs)

Note -46

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

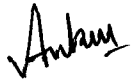

K. P. Swain
Partner
M.No.306323





June-15,2021
Bhubaneswar

For and on behalf of the Board

Scan Steels Limited


Ankur Madaan
Director
DIN: - 07002199


Prabir Kumar Das
Company Secretary


Praveen Kumar Patro
Director
DIN: - 02469361


Gobinda Ch. Nayak
Chief Financial Officer