



**REGD. OFFICE & WORKS:** Plot No. 2, G.I.D.C. Estate, Palej, Dist. Bharuch – 392 220, Gujarat, India.  
**Phone :** (02642) 277479 (Hunting Line) 277480, 277481, 277317, 277326, 277332, Fax : (+91-2642) 277307.  
**Visit us on :** www.steelcojguarat.com, **E-mail :** sgl@steelcojguarat.com, **CIN .:** 27110GJ1989PLC011748

**SGL/PLJ/CS/2018-19/153**  
**October 3, 2018**

To,  
The Manager,  
Corporate Relationship Department,  
BSE Limited,  
Floor no. 25, P J Tower, Dalal Street,  
Mumbai – 400 001.

By: BSE Listing Center & e-mail at [corp.relations@bseindia.com](mailto:corp.relations@bseindia.com)

**Ref: - scrip No. 500399 & Scrip- Steelco**

**Sub: - Submission of 28<sup>th</sup> Annual Report for the financial year 2017-18.**

Dear Sir,

Pursuant to Regulation 34 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, please find attached herewith 28<sup>th</sup> Annual Report for the year ended 31<sup>st</sup> March, 2018 containing the information & disclosures as required under the Companies Act, 2013 and other requirements as specified in schedule V of SEBI Regulations, briefly mentioned as under:

1. Notice of 28<sup>th</sup> Annual General Meeting with Attendance Slip and Proxy Form.
2. Audited Financial Statements i.e. Balance Sheet, Statement of Profit & Loss & Cash Flow Statement with notes and Report of Auditors thereon.
3. Board's Report with annexures thereof (including Management Discussion & Analysis Report).

We would like to add that this 28<sup>th</sup> Annual Report for financial year 2017-18, along with necessary attachment are being sent to you by uploading through BSE listing Centre as well as through E-mail @ [corp.relations@bseindia.com](mailto:corp.relations@bseindia.com) .

We would request to kindly take the same on record and acknowledge the receipt.

Thanking you,

Yours Faithfully  
For Steelco Gujarat Limited

  
Acha Thakkar  
Company Secretary



**Corporate Office:**

4<sup>th</sup> Floor, Marble Arch, Race Course Circle, Vadodara – 390 007, Gujarat. Phone: 0265-2333484, Fax: 2333483

28<sup>th</sup>

ANNUAL  
REPORT

2017-18



# “Parivartan” being carried out by initiating various Employee Engagement Activities



Navratri - 2017



Cricket Tournament - 2018

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Shri Mitesh H. Shah	Managing Director
Shri Rashmi Chandaria	Non-Executive Director (upto 29 <sup>th</sup> July, 2017)
Shri Vimal Chandaria	Non-Executive Director (upto 5 <sup>th</sup> March, 2018)
Shri Amish H. Mehta	Non-Executive Director (w.e.f. 24 <sup>th</sup> May, 2017)
Shri J. Mehra	Independent Director (upto 2 <sup>nd</sup> February, 2018)
Shri Mahendra Lodha	Independent Director (upto 26 <sup>th</sup> February, 2018)
Shri S. S. Ranjan	Independent Director (upto 24 <sup>th</sup> May, 2017)
Shri Jiban Goswami	Nominee Director (upto 29 <sup>th</sup> March, 2018)
Smt. Ameeta Trehan	Independent Director
Shri Praful Chandaria	Non-Executive Director (w.e.f. 7 <sup>th</sup> March, 2018)
Shri Lakshminarayanan Venkataraman	Independent Director (w.e.f. 28 <sup>th</sup> March, 2018 and upto 5 <sup>th</sup> July, 2018)
Shri Ajay Pratapray Shanghvi	Independent Director (w.e.f. 4 <sup>th</sup> August, 2018)

### CHIEF FINANCIAL OFFICER (CFO)

Shri Abhishek Jajoo

### COMPANY SECRETARY

Shri Achal S. Thakkar

### REGISTERED OFFICE & WORKS

Plot No. 2, G.I.D.C. Estate,  
National Highway No. 8,  
Palej - 392 220, Dist. Bharuch, Gujarat.  
CIN : L27110GJ1989PLC011748  
Phone : 02642-277 479 / 481, 277326  
Fax : 02642-277 307  
E-mail : sgl@steelcogujarat.com  
Website : www.steelcogujarat.com

### REGISTRAR & SHARE TRANSFER AGENT

#### Link Intime India Private Limited

##### Head Office :

Unit : Steelco Gujarat Limited  
C-101, 247 Park, L.B.S. Marg, Vikhroli (West),  
Mumbai - 400 083.  
Tel No. : 022 49186270, 49186000 Fax : 49186060  
E-mail Id : rnt.helpdesk@linkintime.co.in  
Website : www.linkintime.co.in

##### Branch :

Unit : Steelco Gujarat Limited  
B-102 & 103, 1st Floor, Shangrila Complex,  
Near Radhakrishna Char Rasta, Akota,  
Vadodara - 390 020.  
Tel No. : 0265-2356573, 2356794 Fax : 2356791  
E-mail Id : vadodara@linkintime.co.in  
Website : www.linkintime.co.in

### BANKERS

State Bank of India (SBI)  
State Bank of Mysore (merged with SBI)  
State Bank of Travancore (merged with SBI)  
State Bank of Hyderabad (merged with SBI)  
Bank of India  
Canara Bank  
The Federal Bank Limited

### STATUTORY AUDITORS

M/s. Walker Chandiook & Co LLP  
Chartered Accountants, Mumbai

### INTERNAL AUDITORS

M/s. CNK & Associates, LLP  
Chartered Accountants, Vadodara

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Pursuant to per circular of SEBI & BSE Limited, All the shareholders are requested to refer to page No. 71 & 72 of the Annual Report at the end, regarding requirement of updating KYC and demat of shares and accordingly, requested to comply to the same..

## NOTICE

**NOTICE** is hereby given that **28<sup>th</sup> Annual General Meeting** of the Members of **Steelco Gujarat Limited** will be held on **Friday, 28<sup>th</sup> September, 2018 at 02:30 P.M.** at its **Registered Office** at Plot No. 2, GIDC Estate, Palej – 392 220, Dist. Bharuch, Gujarat to transact the following business:

### **ORDINARY BUSINESS :**

#### **Item No. 1 – Adoption of Audited Financial Statements**

To consider & adopt Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2018 and the Reports of the Board of Directors and the Auditors thereon.

#### **Item No. 2 – Re-appointment of a Director**

To appoint a Director in place of Shri Mitesh H. Shah (DIN: 07013137), who retires by rotation and being eligible, offers himself for re-appointment.

#### **Item No. 3 – Appointment of Auditors**

To consider appointment of M/s. Kedia & Kedia Associates, Chartered Accountants (Firm Registration No. 104954W) as Statutory Auditors of the Company to hold office from the conclusion of 28<sup>th</sup> Annual General Meeting until the conclusion of 33<sup>rd</sup> Annual General Meeting and to authorize the Board to fix their remuneration.

### **SPECIAL BUSINESS:**

#### **Item No. 4 – To consider appointment of Statutory Auditors to fill up Casual Vacancy caused by resignation of auditors.**

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

**“RESOLVED THAT** pursuant to the provisions of Section 139(8) and other applicable provisions, if any, of the Companies Act, 2013 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], approval, be and is hereby accorded to the appointment of M/s. Kedia & Kedia Associates, Chartered Accountants (Firm Registration No. 104954W), made by the Board of Directors of the Company at its meeting held on 8<sup>th</sup> August, 2018 as recommended by the Audit Committee, as Statutory Auditors of the Company to fill up the casual vacancy caused by the resignation of M/s. Walker Chandiook & Co LLP, Chartered Accountants, (Firm Registration No. 001076N/500013), to hold the office of the Statutory Auditors of the Company until the conclusion of the ensuing Annual General Meeting, on such remuneration as may be fixed by the Board of Directors in consultation with them.”

#### **Item No. 5 – To consider appointment of Shri Praful Chandaria (DIN: 02516129) as a Director of the Company.**

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

**“RESOLVED THAT** Shri Praful Chandaria (DIN: 02516129), who was appointed by the Board of Directors as an Additional Director of the Company pursuant to Section 161 of the Companies Act, 2013 (**“the Act”**) read with applicable articles of the Articles of Association of the Company, to hold office upto the next Annual General Meeting and in respect of whom a requisite notice is received pursuant to Section 160 of the Act, and whose appointment is recommended by the Nomination & Remuneration Committee and the Board of Directors, be and is, hereby appointed as a Director of the Company, liable to retire by rotation, pursuant to provisions of Section 152 of the Act.”

#### **Item No. 6 – To consider appointment of Shri Ajay Pratapray Shanghavi (DIN: 00084653) as a Director of the Company.**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (**“the Act”**) and the Companies (Appointment and Qualifications of Directors) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**“the Listing Regulations”**), Shri Ajay Pratapray Shanghavi (DIN: 00084653) who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, who was appointed as an Additional Director pursuant to Section 161 of the Act and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is, hereby appointed as a Non-Executive Independent Director of the Company w.e.f. 4<sup>th</sup> August, 2018 for a period of five (5) years.”

**“RESOLVED FURTHER THAT** the Board of Directors and / or the Company Secretary of the Company, be and are, hereby jointly and severally authorised to do all such acts, deeds and things as may be necessary and expedient to give effect to the aforesaid resolution/s.”

#### **Item No. 7 – To consider and approve fixation of remuneration of Cost Auditors of the Company for the year ending 31<sup>st</sup> March, 2019.**

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

**“RESOLVED THAT** pursuant to the provisions of section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit & Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014 and other applicable provisions, if any, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, the appointment of M/s. Y. S. Thakar & Co., Cost and Management Accountants in practice, be and is hereby approved to conduct the audit of cost accounting records of the company for the financial year 2018-19 on a remuneration (plus applicable GST and out of pocket expenses) as set out in statement annexed to the notice convening this meeting.”

**“RESOLVED FURTHER THAT** the Board of Directors and / or the Company Secretary of the Company be and are, hereby jointly and severally authorized to do all such acts, deeds and things as may be necessary and expedient to give effect to the aforesaid resolution/s.”

#### **Item No. 8 – To consider and approve sell, lease or otherwise dispose of the Undertaking of the Company.**

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

**“RESOLVED THAT** pursuant to Section 180(1)(a) and any other provisions applicable, if any, of the Companies Act, 2013 (**“the Act”**) and the rules made thereunder and subject to the provisions of the Memorandum and the Articles of Association of the Company, the Board of Directors of the Company (which shall include any committee thereof) be and is hereby authorized to sell, lease or otherwise dispose of including to mortgage and / or to create charge, in addition to the mortgages / charges created / to be created by the Company in such form and manner and with such ranking and at such time and on such terms and conditions as may be determined, on all or any of the movable and / or immovable property/ies of the Company including the property/ies situated at 4<sup>th</sup> Floor, Marble Arch, Race Course, Vadodara – 390 007, Gujarat and / or the interest held by the Company in all or any of the said movable and / or immovable property/ies / undertaking/s, both present and future and / or the whole or any part of the undertaking(s) of the Company, or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking(s) in favour of lender(s), agent(s) and trustee(s) for securing the borrowings of the Company

availed / to be availed by way of loan(s), from time to time, together with interest at the respective agreed rates and all other costs, charges and expenses and all other monies payable by the Company in terms of the loan agreement(s), debenture trust deed(s) or any other agreement / document, entered into / to be entered into between the Company and the lender(s) / investor(s) / agent(s) and / or trustee(s), in respect of the said loans, borrowings / debentures and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Company and the lender(s), investor(s), agent(s) and / or trustee(s) or otherwise.”

“**RESOLVED FURTHER THAT** any Director of the Company, Chief Financial Officer and /or the Company Secretary be and are hereby jointly and severally authorized to do all the acts and deeds necessary and expedient for the purpose.”

**Item No. 9 – To consider and approve authorization to the Board to make Loans / Advances /to provide Bank Gurantee / Security in connection with loan and to Invest pursuant to Section 186 of the Companies Act, 2013.**

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

“**RESOLVED THAT** pursuant to Section 186 and other applicable provisions of the Companies Act, 2013 (“the Act”) read with the Companies (Meeting of Board and its Powers) Rules, 2014, as may be amended, from time to time and the Articles of Association of the Company, and subject to other approvals, as may be required, if any, approval of the shareholders of the Company be and is hereby accorded to the Board of Directors of the Company for (a) giving any loan to any person or other body corporate; (b) giving guarantee or providing any security in connection with the loan given to any person or body corporate; and/or (c) acquiring by way of subscription, purchase or otherwise the securities of anybody corporate, up to aggregate sum of ` 1,00,00,000 (Rupees One Crore Only) notwithstanding the fact that such aggregate sum may exceed 60% of the Paid up capital, Free Reserves and Securities Premium account or 100% of Free Reserves and Securities Premium Account of the Company, and also to do all the acts and deeds necessary, expedient and incidental for the purpose, as may be decided by the Board, from time to time, on such other terms and conditions as it deems fit.”

**By order of the Board,  
For Steelco Gujarat Limited**

**Place : Mumbai  
Date : 8<sup>th</sup> August, 2018  
CIN : L27110GJ1989PLC011748**

**Achal S. Thakkar  
Company Secretary**

**NOTES :**

**THE EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013, IN RESPECT OF THE BUSINESS TO BE TRANSACTED AT THE ANNUAL GENERAL MEETING (AGM), AS SET OUT THE MATERIAL FACTS IN RESPECT OF THE BUSINESS UNDER ITEM NOS. 4 TO 9 SET OUT ABOVE AND THE RELEVANT DETAILS OF THE DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT UNDER ITEM NO. 2, 5 and 6 ABOVE AS REQUIRED UNDER REGULATION 26(4) & 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 (“THE LISTING REGULATIONS”) AND AS REQUIRED UNDER SECRETARIAL STANDARD ON GENERAL MEETING (SS-2) ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA IS ANNEXED HERETO.**

**A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT**

**THE MEETING ON HIS/HER BEHALF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Members are requested to note that a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

Members desiring any information as regards the Accounts and Operations of the Company are requested to write their questions/ queries to the Company Secretary of the Company so as to reach at least seven days before the date of the Annual General Meeting to enable the Company to keep the information available to the best extent possible.

Members are requested to intimate changes, if any, in their registered addresses to the Share Transfer Agent for shares held in physical format to their respective Depository Participant(s) for shares held in electronic form, quoting their Registered Folio Number / DP ID No. as the case may be in all the correspondence.

The Register of Members and Share Transfer Books of the Company will remain closed from 22<sup>nd</sup> September, 2018 to 28<sup>th</sup> September, 2018 (both days inclusive).

Members are requested to bring their copy of the Annual Report and the Attendance Slips at the Annual General Meeting.

Equity Shares of the Company are listed at BSE Ltd., P. J. Tower, Dalal Street, Mumbai.

Equity Shares of the Company are dematerialized with NSDL and CDSL.

All the documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Company’s registered office at Plot No. 2, GIDC Estate, Palej - 392 220, Dist. Bharuch, Gujarat on all working days of the Company between 3:00 p.m. to 5:00 p.m. up to the date of Annual General Meeting.

Explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of item no. 4 to 9 is annexed hereto.

**E-Voting:**

Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligation Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its members the facility to exercise their right to vote by electronic means. The facility of casting votes using an electronic voting system from a place other than the AGM venue (‘remote e-voting’) will be provided to the members by Link Intime India Private Limited (LIPL).

The Company is providing facility for voting by electronic means and the business may be transacted through such electronic voting. The facility for voting through ballot paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

The e-voting period begins on 25<sup>th</sup> September, 2018 (9:00 a.m.) and ends on 27<sup>th</sup> September, 2018 (5:00 p.m.). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 21<sup>st</sup> September, 2018, may cast their vote electronically. The e-voting module shall be disabled by LIPL for voting after 27<sup>th</sup> September, 2018 (5.00 p.m.).

Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holds shares

as on 21<sup>st</sup> September, 2018, may obtain the login ID and password by following instructions given at notice which is uploaded at <https://instavote.linkintime.co.in> or sending request at [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in).

## PROCEDURE FOR E- VOTING

### Instructions for shareholders to vote electronically:

#### - **Log-in to e-Voting website of Link Intime India Private Limited (LIPL)**

1. Visit the e-voting system of LIPL. Open web browser by typing the following URL: <https://instavote.linkintime.co.in>.
2. Click on "Login" tab, available under 'Shareholders' section.
3. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".
4. Your User ID details are given below:
  - a. **Shareholders holding shares in demat account with NSDL:** Your User ID is 8 Character DP ID followed by 8 Digit Client ID
  - b. **Shareholders holding shares in demat account with CDSL:** Your User ID is 16 Digit Beneficiary ID
  - c. **Shareholders holding shares in Physical Form (i.e. Share Certificate):** Your User ID is Event No + Folio Number registered with the Company.
5. Your Password details are given below:

If you are using e-Voting system of LIPL: <https://instavote.linkintime.co.in> for the first time or if you are holding shares in physical form, you need to follow the steps given below:

Click on "Sign Up" tab available under 'Shareholders' section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

#### **For Shareholders holding shares in Demat Form or Physical Form**

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders).  - Members who have not updated their PAN with depository Participant or in the company record are requested to use the sequence number which is printed on Ballot Form / Attendance Slip indicated in the PAN Field.
DOB/ DOI	Enter the DOB (Date of Birth)/ DOI as recorded with depository participant or in the company record for the said demat account or folio number in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio number.  - Please enter the DOB/ DOI or Dividend Bank Details in order to register. If the above mentioned details are not recorded with the depository participants or company, please enter Folio number in the Dividend Bank Details field as mentioned in instruction (iv-c).

If you are holding shares in demat form and had registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier voting of

any company then you can use your existing password to login.

#### **If Shareholders holding shares in Demat Form or Physical Form have forgotten password:**

Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

In case shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter)

**NOTE:** The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for e-voting platform of LIPL.

For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

#### - **Cast your vote electronically**

6. After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View Event No. "180161" of the Company, you choose to vote.
7. On the voting page, you will see "Resolution Description" and against the same the option "Favour / Against" for voting. Cast your vote by selecting appropriate option i.e. Favour / Against as desired.  
  
Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour / Against'. You may also choose the option 'Abstain' and the shares held will not be counted under 'Favour / Against'.
8. If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.
9. After selecting the appropriate option i.e. Favour / Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.
10. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
11. You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.

#### - **General Guidelines for shareholders:**

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIPL: <https://instavote.linkintime.co.in> and register themselves as '**Custodian / Mutual Fund / Corporate Body**'. They are also required to upload a scanned certified true copy of the board resolution / authority letter/ power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the '**Custodian / Mutual Fund / Corporate Body**' login for the Scrutinizer to verify the same.
- During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".

- Shareholders holding multiple folios / demat account shall choose the voting process separately for each of the folios / demat account.
- In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions (“FAQs”) and Instavote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or write an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or Call us :- Tel : 022 - 49186000.

Shri Devesh A. Pathak, Practicing Company Secretary (Membership No. FCS 4559), Vadodara has been appointed as a Scrutinizer for conducting the e-voting process in a fair and transparent manner.

The Scrutinizer shall, after conclusion of the voting at General meeting, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Consolidated Scrutinizer’s Report of the votes cast in favor or against, not later than three days of the conclusion of the meeting, if any, forthwith to the Chairman of the Company or a person authorized by him.

The results declared along with the Scrutinizer’s Report shall be placed on the Company’s website [www.steelco.gujarat.com](http://www.steelco.gujarat.com) and on the website of LIPL <https://instavote.linkintime.co.in> immediately after result is declared and shall be communicated to the stock exchanges, where the shares of the Company are listed.

#### **ANNEXURE TO NOTICE**

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

##### **Item No. 4 – To consider appointment of Statutory Auditors to fill up Casual Vacancy caused by resignation of auditors.**

Your Directors at their meeting held on 8<sup>th</sup> August, 2018, on the recommendation of the Audit Committee, approved appointment of M/s. Kedia & Kedia Associates, Chartered Accountants (Firm Registration No. 104954W), as Statutory Auditors to fill up the casual vacancy caused by the resignation of M/s. Walker Chandok & Co LLP, Chartered Accountants (Firm Registration No. 001076N/500013), to hold the office upto the conclusion of next Annual General Meeting pursuant to Section 139 (8) and other applicable provisions, if any, of the Companies Act, 2013. They have found to have high level of professional integrity and service levels, with competent team with wide experience, expertise in various areas like Statutory Audit, Internal Audit, Corporate Laws, Indirect Tax Consultancy, Direct Tax, FEMA matters, etc. and have well experienced Partners, Chartered Accountants, Employees, Staff, etc. to deliver the results in utmost professional manner, pursuant to applicable provisions of the Companies Act, 2013. As per the said provisions, such appointment shall also require approval of shareholders in General Meeting.

Accordingly, your Directors recommend and seek your approval to the resolution in respect of the appointment of M/s. Kedia & Kedia Associates as aforesaid and authorize the Board of Directors to fix their remuneration, as set out in item no.4 of the accompanying notice, by way of Ordinary Resolution.

A copy of the resignation tendered by M/s. Walker Chandok & Co LLP and necessary consent / certificate of eligibility received from M/s. Kedia & Kedia Associates, Chartered Accountants (Firm Registration No. 104954W), (New Auditors), as referred elsewhere are available for inspection to the members till the date of the meeting during business hours.

Neither any of the Directors / Key Managerial Personnel of the Company nor any of their relative(s) shall be deemed to be concerned or interested, financially or otherwise, in the resolution set out at item no. 4 of the notice.

##### **Item No. 5 – To consider appointment of Shri Praful Chandaria (DIN: 02516129) as a Director of the Company.**

Shri Praful Chandaria, has been appointed by the Board of Directors as an Additional Director pursuant to Section 161 of the Companies Act, 2013 and pursuant to applicable articles of the Articles of Association of the Company, to hold office up to the date of the ensuing Annual General Meeting (“AGM”) and is eligible to be appointed as a Director of the Company. The Company has, in terms of Section 160 of the Act, received, in writing, a requisite notice from a Member proposing his candidature for the office of Director. His appointment is also recommended by the Nomination & Remuneration Committee.

The Company has received from Shri Praful Chandaria (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 and (ii) an intimation in Form DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Act. The profile and specific areas of expertise of Shri Praful Chandaria are provided in the Corporate Governance Report.

Your Directors recommend and seek your approval to the resolution, as appearing in item no. 5 of the accompanying notice, by way of Ordinary Resolution.

Except Shri Praful Chandaria, Neither any of the Directors / Key Managerial Personnel of the Company nor any of their relative(s) shall be deemed to be concerned or interested, financially or otherwise, in the resolution set out at item no. 5 of the notice.

##### **Item No. 6 – To consider appointment of Shri Ajay Pratapray Shanghavi (DIN: 00084653) as a Director of the Company.**

The Board of Directors, in terms of the recommendation of Nomination and Remuneration Committee approved the appointment of Shri Ajay Pratapray Shanghavi (DIN: 00084653) for a period of five (5) years as a Non-Executive Independent Director w.e.f. 4<sup>th</sup> August, 2018.

The Company has received from Shri Ajay Pratapray Shanghavi (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 and (ii) an intimation in Form DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2), (iii) Certificate of Independence under Section 149(6) of Companies Act, 2013 and other applicable provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The profile and specific areas of expertise of Shri Ajay Pratapray Shanghavi, are provided in the Corporate Governance Report.

In the opinion of the Board, he fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as a Non-Executive Independent Director of the Company and is independent of the management. The copy of the draft letter for his appointment as a Non-Executive Independent Director would be available for inspection by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturdays, Sundays and Public Holidays upto the date of the Annual General Meeting.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to avail his services as a Non-Executive Independent Director. The Company has received the proposal for appointment/ reappointment as a Director as per applicable rules and regulations.

Shri Ajay Pratapray Shanghavi does not hold any Equity Shares of the Company.



Accordingly, your Directors recommend and seek your approval to the resolution as appearing in item no. 6 of the accompanying notice by way of Ordinary Resolution.

Except Shri Ajay Pratapray Shanghavi, Neither any of the Directors / Key Managerial Personnel of the Company nor any of their relative(s) shall be deemed to be concerned or interested, financially or otherwise, in the resolution set out at item no. 6 of the notice.

**Item No. 7 – To consider and approve fixation of remuneration of Cost Auditors of the Company for the year ending 31<sup>st</sup> March, 2019.**

The Board, on the recommendation of the Audit Committee, has approved the appointment, M/s. Y. S. Thakar & Co., Cost & Management Accountants in Practice, (FRN 000318) as Cost Auditors of the Company, to conduct the audit of the cost records of the Company for the financial year ending on 31<sup>st</sup> March, 2019 at a remuneration of ₹ 1,00,000 (Rupees One Lakh Only) plus GST and out of pocket expenses, if any.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014, the remuneration payable to the Cost Auditors shall be determined by the shareholders of the Company.

Accordingly, your Directors recommend and seek your approval to the resolution as set out in item no. 7 of the accompanying notice by way of Ordinary Resolution.

Neither any of the Directors / Key Managerial Personnel of the Company nor any of their relative(s) shall be deemed to be concerned or interested, financially or otherwise, in the resolution set out at item no. 7 of the notice.

**Item No. 8 – To consider and approve sell, lease or otherwise dispose of the Undertaking of the Company.**

The Company owns two offices at 4th Floor, Marble Arch, Race Course, Vadodara – 390007, Gujarat, India viz., Office 1 comprising Block No. 401, 409 & 410 admeasuring 1975 Sq. Ft. and Office 2 comprising Block No. 411 to 421 admeasuring 4200 Sq. Ft. Recently, the Lenders, at one of their Joint Lenders meeting, has advised to have their charge on the aforesaid property also and in view of the same, the Board of Directors considered the same at their Board Meeting held on 28<sup>th</sup> December, 2017, subject to the approval of shareholders, pursuant to Section 180(1)(a) of the Companies Act, 2013 & the rules made there under, if any. Alternatively, the Company may sell / lease or otherwise dispose of the undertaking/s also, if feasible otherwise.

Your Directors recommend and seek your approval to the resolution, as appearing in item no. 8 of the accompanying notice, by way of Special Resolution.

Neither any of the Directors / Key Managerial Personnel of the Company nor any of their relative(s) shall be deemed to be concerned or interested, financially or otherwise, in the resolution set out at item no. 8 of the notice.

**Item No. 9 – To consider and approve authorization to the Board to make Loans / Advances / to provide Bank Gurantee / Security in connection with loan and to Invest pursuant to Section 186 of the Companies Act, 2013.**

According to section 186 of the Companies Act, 2013, aggregate of any loan made to any person or body corporate, guarantee/security provided in connection with a loan to any other body corporate or person and acquisition by way of subscription or purchase or otherwise, the securities of any other body corporate shall not exceed 60% of the paid up capital, free reserves and securities premium account or 100% of free reserves and securities premium account unless it is approved by share holders by way of special resolution. Hence, your Directors at their meeting held on 8<sup>th</sup> August, 2018 have recommended to authorize the Board of Directors to give Loans / Advances / to give Bank Guarantees / securities/ to acquire securities by investments, up to aggregate sum of ₹ 1,00,00,000/- (Rupees One Crore Only) even if it may exceed 60% of the paid up capital, free reserves and securities premium account or 100% of free reserves and securities premium account of the Company.

Your Directors recommend and seek approval to the resolution as set out in item no. 9 of the accompanying notice by way of Special Resolution.

Neither any of the Directors / Key Managerial Personnel of the Company nor any of their relative(s) shall be deemed to be concerned or interested, financially or otherwise, in the resolution set out at item no. 9 of the notice.

**By order of the Board,  
For Steelco Gujarat Limited**

**Place : Mumbai  
Date : 8<sup>th</sup> August, 2018  
CIN : L27110GJ1989PLC011748**

**Achal S. Thakkar  
Company Secretary**

## BOARD'S REPORT

To  
The Members,

Your Directors are pleased to present the **28<sup>th</sup> Annual Report** of your Company together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2018.

### 1. FINANCIAL HIGHLIGHTS

(` in Lakhs)

Particulars	Current Year Ended 31.03.18	Previous Year Ended 31.03.17
Sales / Other Income (Net of Excise Duty)	47,921.59	55,342.64
Profit / (Loss) before Depreciation & Interest	(2,129.15)	(214.03)
<b>Less : Depreciation</b>	<b>716.24</b>	970.04
Profit / (Loss) before interest & financial charges	(2,845.39)	(1,184.07)
<b>Less : Interest &amp; financial charges</b>	<b>2,123.59</b>	2,552.10
Profit / (Loss) after interest & financial charges	(4,968.98)	(3,736.17)
Exceptional & extraordinary items	(291.82)	0.00
Profit / (Loss) after exceptional & extraordinary items	(5,260.80)	(3,736.17)
Net profit / (loss) before tax	(5,260.80)	(3,736.17)
<b>Less : Tax</b>	<b>0.00</b>	0.00
<b>Net profit / (loss) after tax</b>	<b>(5,260.80)</b>	(3,736.17)
Items that will not be reclassified to profit / (loss) (net of tax)	(19.00)	(2.68)
Items that will be reclassified to profit / (loss) (net of tax)	0.00	0.00
Total Other Comprehensive Income / (Loss) (net of tax)	(5,279.80)	(3,738.85)

### 2. CHANGE IN THE NATURE OF BUSINESS

There was no material change in the nature of business of the Company during the year.

### 3. CHANGE IN SHARE CAPITAL

There was no change in the capital structure of the Company during the financial year under review. The equity paid up capital as on 31<sup>st</sup> March, 2018 was ` 42,56,18,220.

### 4. AMOUNT TRANSFERRED TO RESERVES:

In view of the losses, your directors do not recommend to transfer any amount to the reserves.

### 5. DIVIDEND

Your Directors do not recommend any dividend on the equity shares of the Company in view of carried forward losses.

### 6. DEPOSITS

The Company has not accepted / renewed any deposit within the meaning of the Companies (Acceptance of Deposits) Rules, 2014.

### 7. LOANS, GUARANTEES OR INVESTMENTS

The Company, as such, has not given any guarantees or securities covered under the provisions of Section 186 of the Companies Act, 2013 ('the Act').

### 8. REVIEW OF OPERATIONS & PERFORMANCE

The overall sales in revenue including other income during FY 2017-18 stood at ` 479.59 crores, decreased by around 13% over FY 2016-17 of ` 553.42 crores and the net loss stood at ` 52.60 crores as compared to the same of previous year of ` 37.36 crores. The main reason for reduction in the revenue as well as the profits were mainly, due to shortage of working capital from the lenders as well as due to non-materialization of the capex / restructuring proposals because of delays for various reasons beyond the control of the Company, which proposals, if materialized would have impacted in improvement of financial structure. Further, it is the endeavor of the Board of Directors of your Company to improve the financial restructuring of the Company and the said restructuring proposal is at advanced stage and the Company is hopeful of reviving the same and the Board members are cautiously optimistic of a turnaround in the performance with better outlook of the Company in long run.

### 9. INFORMATION ABOUT SUBSIDIARY COMPANY / JOINT VENTURE / ASSOCIATE COMPANY

Neither the Company has any Subsidiary, Joint Venture or Associate Company nor any other Company has become or ceased to be Subsidiary/Joint Venture/ Associate Company.

### 10. BOARD OF DIRECTORS

Shri S. S. Ranjan, Independent Director ceased to be Director w.e.f. 24<sup>th</sup> May, 2017 and Shri Amish H. Mehta has been appointed as Non-Executive Director (Non-Independent Director) of the Company w.e.f. 24<sup>th</sup> May, 2017.

Shri Rashmi Chandaria ceased to be a director w.e.f. 29<sup>th</sup> July, 2017, due to his sad and sudden demise on 29<sup>th</sup> July, 2017.

Shri J Mehra (Independent Director), Shri Mahendra Lodha (Independent Director), and Shri Vimal Chandaria (Non-Executive Director) ceased to be the Directors of the Company w.e.f. 2<sup>nd</sup> February, 2018, 26<sup>th</sup> February, 2018 and 5<sup>th</sup> March, 2018 respectively, due to their resignations.

Shri Praful Chandaria has been appointed as an Additional Director (Non-Executive) of the Company, w.e.f. 7<sup>th</sup> March, 2018, liable to retire by rotation, to hold office up to next Annual General Meeting.

Shri Mitesh H. Shah, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Shri Lakshminarayanan Venkataraman, was appointed as an Additional Director (Independent) of the Company, w.e.f. 28<sup>th</sup> March, 2018, not liable to retire by rotation, to hold office up to next Annual General Meeting, however, he ceased to be Director of the Company w.e.f. 6<sup>th</sup> July, 2018 due to his resignation.

Shri Jiban Goswami, Nominee Director ceased to be Director of the Company, w.e.f. 29<sup>th</sup> March, 2018, due to the withdrawal of Nomination by State Bank of India, Lead Bank of Consortium Bankers.

Shri Ajay Pratapray Shanghavi has been appointed as an Additional Director (Independent) of the Company, not liable to retire by rotation, w.e.f. 4<sup>th</sup> August, 2018 for a period of five years, subject to approval of shareholders at the ensuing Annual General Meeting.

#### 11. TRANSFER OF AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND

Since there was no Unpaid/Unclaimed Dividend, the Company was not required to transfer any amount to Investor Education & Protection Fund during the year under review.

#### 12. MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the Company have occurred between the end of financial year to which this financial statement relates and the date of this report and hence not reported.

#### 13. KEY MANAGERIAL PERSONNEL

During the year under review, there was no change in Key Managerial Personnel. However, after the year end & upto the date of this report, there is a change in one Key Managerial Personnel. The details of Key Managerial Personnel are as under:

Sr. No	Name of person	Designation
1	Shri Mitesh H. Shah	Managing Director
2	Shri Abhishek Jajoo	Chief Financial Officer (upto 6 <sup>th</sup> July, 2018)
3	Shri Saurabh Jog	Chief Financial Officer (w.e.f. 7 <sup>th</sup> July, 2018)
4	Shri Achal S. Thakkar	Company Secretary

#### 14. INDEPENDENT DIRECTORS

As on 31<sup>st</sup> March, 2018, the Independent Directors on the Board of the Company were Smt. Ameeta Trehan (Woman Director) and Shri Lakshminarayanan Venkataraman and the Company has received confirmation / declarations from the said Independent Directors of the Company under Section 149(6) of the Companies Act, 2013 and applicable provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

#### 15. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as may be applicable, a structured questionnaire was prepared after taking into consideration of the various aspects of the Board's functioning, composition of the Board and its committees, culture, execution and performance of specific duties, obligations and governance. Respective member of the Board does not participate in the discussion of his / her evaluation. The separate meeting of Independent Directors was held on 14<sup>th</sup> February, 2018 and the Board of Directors expressed their satisfaction with the evaluation process.

#### 16. NUMBER OF MEETINGS OF THE BOARD

The Company has complied with the provisions for holding Board Meetings and the gap between any two meetings did not exceed 120 days. Five meetings (including two adjourned meetings) of the Board of Directors of the Company were held during the year under review on 24/05/2017, 30/08/2017, 28/12/2017 (adjourned), 14/02/2018 and 30/03/2018 (adjourned).

#### 17. WHISTLE BLOWER POLICY / VIGIL MECHANISM

The Company has a Whistle Blower Policy pursuant to Section 177 of the Companies Act, 2013 and the rules made there under and applicable provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, to report genuine

concerns of Directors and Employees. The Policy has been posted on website of the Company at [www.steelcogujarat.com](http://www.steelcogujarat.com).

#### 18. NOMINATION AND REMUNERATION POLICY

The Policy of the Company has been framed on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and remuneration of Key Managerial Personnel and other employees of the Company pursuant to Sub-section (3) of Section 178 and Regulation 19 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Policy has been posted on website of the Company at [www.steelcogujarat.com](http://www.steelcogujarat.com).

#### 19. CORPORATE GOVERNANCE

Your Company is substantially compliant of all mandatory requirements pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. A separate report on Corporate Governance as stipulated by Regulation 72 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, along with the required certificate from a Practicing Company Secretary regarding compliance of the conditions of Corporate Governance as stipulated by the said Regulations is given at Annexure - 3.

#### 20. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report is given at Annexure - 4.

#### 21. RELATED PARTY TRANSACTIONS

The transactions entered into with related parties during the year under review, if any, were on arm's length basis and in ordinary course of business and hence the provisions of Section 188 of the Companies Act, 2013 are not attracted. Further, there is no material related party transaction during the year under review with the promoters, directors or key managerial personnel.

#### 22. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of the knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(4) (c) of the Companies Act, 2013:

- i. That in preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2018, the applicable accounting standards read with requirements set out under Schedule III have been followed along with proper explanation relating to material departures, if any;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2018 and of the loss of the Company for the year ended on that date;
- iii. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other regularities;
- iv. The annual accounts have been prepared on a 'Going Concern' basis;
- v. That the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively, as such, however, the same needs to be strengthened further.

- vi. That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

### 23. APPOINTMENT OF STATUTORY AUDITORS

During the year under review, there were no change in Statutory Auditors, however, after the year end & up to the date of this report, there is a change in Statutory Auditors.

Your Directors at their meeting held on 8<sup>th</sup> August, 2018, on the recommendation of the Audit Committee, approved appointment of M/s. Kedia & Kedia Associates, Chartered Accountants (Firm Registration No. 104954W), as Statutory Auditors to fill up the casual vacancy caused by the resignation of M/s. Walker Chandio & Co LLP, Chartered Accountants (Firm Registration No. 001076N/500013), to hold the office upto the conclusion of next Annual General Meeting pursuant to Section 139(8) and other applicable provisions, if any, of the Companies Act, 2013. They have found to have high level of professional integrity and service levels, with competent team with wide experience, expertise in various areas like Statutory Audit, Internal Audit, Corporate Laws, Indirect Tax Consultancy, Direct Tax, FEMA matters, etc. and have well experienced Partners, Chartered Accountants, Employees, Staff, etc. to deliver the results in utmost professional manner, pursuant to applicable provisions of the Companies Act, 2013. As per the said provisions, such appointment shall also require approval of shareholders in General Meeting.

The Board of Directors at the said meeting have also recommend to the shareholders at the ensuing Annual General Meeting, appointment of M/s. Kedia & Kedia Associates, Chartered Accountants (Firm Registration No. 104954W), as the Statutory Auditors of the Company, to hold the office for a period of 5 years i.e. from the conclusion of ensuing 28<sup>th</sup> Annual General Meeting to the conclusion of 33<sup>rd</sup> Annual General Meeting to be held in 2023.

Necessary resolutions for appointments of the said firm are included in the notice of Annual General Meeting for seeking approval of shareholders.

### 24. COST AUDITORS & MAINTENANCE OF COST RECORDS

The maintenance of cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013 is required by the Company and accordingly, such accounts and records are made and maintained.

Your Directors have appointed M/s. Y. S. Thakar & Co., Cost & Management Accountants, as Cost Auditors in compliance with the Companies (Cost Accounting Records) Rules, 2011.

Pursuant to provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014, and the Companies (Cost Records and Audit) Rules, 2014 and other applicable provisions, if any, the Board on the recommendation of the Audit Committee, has approved the appointment of M/s. Y. S. Thakar & Co., Cost & Management Accountants, as the Cost Auditors and remuneration payable to them, to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2019. The Company has received a letter from M/s. Y. S. Thakar & Co., Cost & Management Accountants showing their willingness to be appointed as Cost Auditors, certifying that they are not disqualified under section 148(5) read with section 141(3) of the Companies Act, 2013.

The Cost Auditors have filed the Cost Audit Report for the financial year ended 31<sup>st</sup> March, 2017 within the due date.

### 25. SECRETARIAL AUDITORS

The Company has received consent and requisite certificate from M/s. Devesh Pathak & Associates, Practicing Company Secretaries, Vadodara, the present Secretarial Auditors, to the effect that their re-appointment, if made, would be within the prescribed limit, confirming their eligibility for re-appointment as Secretarial Auditors of the Company. Accordingly, M/s. Devesh Pathak & Associates has been re-appointed to act as Secretarial Auditors of the Company for the FY 2018-19.

### 26. QUALIFICATIONS / OBSERVATIONS OF STATUTORY AUDITORS' REPORT AND SECRETARIAL AUDIT REPORT

The observation of the Statutory Auditors when read together with the relevant notes to the financial statements and the observation of the Secretarial Auditors when read together with the relevant observations of the report, are self-explanatory and do not call for any further comment.

### 27. SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rules made thereunder, the Company had appointed M/s. Devesh Vimal & Co. Practicing Company Secretaries, Vadodara to undertake the Secretarial Audit of the Company for the financial year 2017-18. The Secretarial Audit Report is included as Annexure -5 and forms an integral part of this report.

### 28. COMPLIANCE WITH SECRETARIAL STANDARDS

The Secretarial Standards issued and notified by the Institute of Company Secretaries of India has been generally complied by the Company during the Financial Year 2017-18 under review.

### 29. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 forms an integral part of this report as Annexure - 6. The Annual Report excluding the said annexure is being sent to the members of the Company. The said information is available on the website of the Company at [www.steelcogujarat.com](http://www.steelcogujarat.com).

### 30. INTERNAL FINANCIAL CONTROLS

The Company has appointed M/s. CNK & Associates LLP, Chartered Accountants, as Internal Auditors, to report on adequacy and effectiveness of internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable weakness in the design or operation was observed by them. The Statutory Auditors have opined that internal financial controls over financial reporting are required to be strengthened further and its operative effectiveness requires improvement.

### 31. ENVIRONMENT & SAFETY

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires conduct of operations in such a manner so as to ensure safety of all concerned compliances environmental requirement regulations and preservation of natural resources.

### 32. ANTI-SEXUAL HARASSMENT POLICY

As required by the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has formulated and implemented a policy as well as constituted the Internal Complaints Committee on prevention of sexual

harassment at workplace with a mechanism of lodging complaints, under the Sexual Harassment of Women under Workplace (Prevention Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year under review, there were no cases filed pursuant to the said Act.

### 33. HUMAN RESOURCES & INDUSTRIAL RELATIONS

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. The Company has structured induction process and management development programs to upgrade skills of managers. Objective appraisal systems based on Key Result Areas (KRAs) / Key Performance Areas (KPA) are in place for management staff. The Company is committed to nurturing, enhancing and retaining top talent through superior learning & organizational development.

### 34. CREDIT RATING

M/s Brickwork Ratings India Pvt. Ltd. had awarded BWR 'B' in respect of long term debts and BWR 'A4' in respect of Short term Debts during FY 2015-16 and during the year under review, there has been no update on the rating renewal.

### 35. DISCLOSURE OF PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The disclosure of particulars relating to conservation of energy and technology absorption and foreign exchange earnings and outgo as required by Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is given at Annexure - 1.

### 36. CORPORATE SOCIAL RESPONSIBILITY

Considering the losses and exposure, the CSR requirements are not applicable to your Company; hence, the Company has not framed Corporate Social Responsibility (CSR) Policy.

### 37. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of the Act read with Rules 5(1), 5(2) and Rules 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees and the Disclosure pertaining to remuneration and other details are set out at Annexure - 2 to the Board's Report.

Having regard to the provisions of the first proviso to Section 136(1) of the Act and as advised, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

None of the employees listed in the said Annexure - 2 is a relative of any Director of the Company. None of the employees hold (by himself or along with his / her spouse and dependent children) more than two percent of the equity shares of the Company.

### 38. NO SIGNIFICANT OR MATERIAL ORDER PASSED

There were no significant and material orders passed by any Regulator or Court or Tribunal impacting the going concern status and Company's Operations in future during the year under review.

### 39. GENERAL DISCLOSURES

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

- a) Details relating to deposits covered under Chapter V of the Act.
- b) Details of remained, unpaid or unclaimed dividend at the end of year.
- c) Issue of equity shares with differential right as to dividend, voting or otherwise.
- d) Issue of shares (including Sweat Equity Shares) to employees of the Company under any scheme.
- e) Neither the Managing Director nor the Whole Time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
- f) No significant or material order, is passed by the Regulators or Courts or Tribunals, which impact the going concern status and Company's operations in future.

### 40. ACKNOWLEDGEMENT

Your Directors take this opportunity to express their appreciation for the co-operation and assistance received from the Government of India, Government of Gujarat, Financial Institution, the Company's Bankers, Electricity Companies, Palej Gram Panchayat, other Government Agencies, Customers, Suppliers and Investors. Your Directors express gratitude to the investors for their confidence reposed in the Company and Co-operation, and especially to the employees for their dedicated service and support.

### 41. CAUTIONARY STATEMENT

Statement in the Board's Report and Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'Forward Looking Statements' within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed or implied. Important factors that may make difference to the Company's operations include raw material availability and its prices, cyclic demand and the pricing in the Company's principal markets, changes in government policies, regulations, tax regimes, economic developments within India and countries in which the Company conducts business.

**By order of the Board  
For Steelco Gujarat Limited**

**Place : Mumbai  
Date : 8<sup>th</sup> August, 2018**

**Amish H. Mehta      Mitesh H. Shah  
Director              Managing Director**

**ANNEXURE - 1 TO THE BOARD'S REPORT**

**REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO**

**(PARTICULARS REQUIRED UNDER SECTION 134(3) (M) OF THE COMPANIES ACT, 2013,  
READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014)**

**I. CONSERVATION OF ENERGY**

**Energy Conservation & Pollution measures taken: -**

The energy conservation measure taken are as under:

- The Company has entered into a long term agreement with private party for purchase of power, effective from March 2018, which started giving saving in power cost significantly and during the financial year, the saving in amount was around INR 140 Lakhs.
- In addition to existing capacitor banks, 300 KVAR additional capacitor banks added, in order to improve power factor, which led to increase in Power Factor rebate, ultimately saving in power cost.
- 2 numbers of 132 KW of Variable Frequency Drive (VVVF Drive) have been utilized in Updraft Fans of 6-Hi Mill leading to saving in power consumption of approx. 45,000 units per month of 6-Hi Mill consumption, during running condition.
- The Company has added a Hydraulic system in entry section at Colour Coating Line to reduce the entry feeding cycle time, leading to productivity enhancement.
- The Company has added a Pinch Roll after Uncoiler-1 in Colour Coating Line, which has helped the coil to tail out, leading to improvement in yield.

The Energy optimization scheme and pollution control measures are being continuously reviewed and improved as an ongoing exercise. The Company is also meeting the requirements of local Pollution Control Board and other statutory obligations.

**FORM A:**

The required data with respect to total energy consumption and energy consumption per unit of production is furnished below:

**A. Power and Fuel Consumption -**

	<b>Current Year ended 31.03.2018</b>	Previous Year ended 31.03.2017
<b>1 ELECTRICITY</b>		
(a) Purchased (Units in '000 KWH)	<b>23,627.57</b>	29,337.30
Total Amount (₹ in Lakhs)	<b>1,797.93</b>	2,337.74
Rate/Unit (₹)	<b>7.61</b>	7.97
(b) Own generation (through Diesel Generator)		
Units (KWH)	-	-
Units per Ltr. of Fuel	-	-
Cost/Unit (₹)	-	-
<b>2 LIGHT DIESEL OIL / HIGH SPEED DIESEL</b>		
Quantity (Ltrs.)	<b>23,891.00</b>	1,26,016
Total Cost (₹ in Lakhs)	<b>13.57</b>	74.89
Rate / Unit per Ltr (₹)	<b>56.80</b>	59.43
<b>3 CNG</b>		
Quantity (SCM)	<b>23,94,403.00</b>	28,12,716.00
Total (₹ in Lakhs)	<b>704.94</b>	750.11
Rate / Unit (₹)	<b>29.44</b>	26.67

**B. Consumption per Unit of Production –**

<b>PRODUCT</b>	<b>Current Year ended 31.03.2018</b>	Previous Year ended 31.03.2017
<b>Cold Rolled (Steel) Coils / Sheets &amp; GP/GC Coils / Sheets</b>		
<b>ELECTRICITY (Units/PMT)</b>		
CR Coils / Sheets	<b>282.99</b>	273.06
GP / GC Coils	<b>32.09</b>	36.89
<b>Total (LDO+CNG) (Ltrs/PMT)</b>		
CR Coils / Sheets	<b>17.88</b>	14.46
GP / GC Coils	<b>28.78</b>	30.10

## II TECHNOLOGY ABSORPTION

### Research & Development :

The Company does not have any in-house Research and Development Department.

### Technology absorption, adaptation and innovation :

1. Successfully received product license for IS 14246:2008 for Pre-painted Galvanized Steel.
2. Successfully Re-certification of the Integrated Management System (ISO: 9001:2015 and ISO: 14001:2015) with new standard of 2015.
3. Innovated new areas of markets successfully as well as flexibility in product mix.

## III FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to Exports, Initiatives to increase Exports, Development of new Export Markets for Products and Services and Export Plans:

The Company is exporting a large quantity of its Cold Rolled and Galvanized Products and has achieved a significant presence in the Global market as its products have been well accepted.

2. **Total Foreign Exchange Earned and Expended:**

	( ₹ in Lakhs)	
	Current Year ended 31.03.2018	Previous Year ended 31.03.2017
a. Earnings	18,189.13	32,492.69
b. Expenditure	20,198.88	23,216.48

**By order of the Board  
For Steelco Gujarat Ltd.**

Place : Mumbai  
Date : 8<sup>th</sup> August, 2018

Amish H. Mehta      Mitesh H. Shah  
Director                      Managing Director

## ANNEXURE - 3 TO THE BOARD'S REPORT CORPORATE GOVERNANCE REPORT

### I COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance essentially is the system by which companies are directed and controlled by the management in the best interest of all the stakeholders and others. Corporate Governance ensures fairness, transparency and integrity of the management.

Your Company believes that for its sustained success, it must maintain global standards of corporate conduct towards its shareholders, customers, employees, all other stakeholders and society in general. The Company has always focused on good Corporate Governance, which is a key driver of sustainable corporate growth and long-term value creation for its shareholders.

Above all, Corporate Governance must balance individual interest with corporate goals and operate within accepted norms of propriety, equity, fair play and a sense of justice. Accountability and transparency are key drivers to improve decision-making and rationale behind such decisions, which in turn improves confidence of all stakeholders.

### II. GOVERNANCE STRUCTURE

The corporate governance structure of Steelco Gujarat Limited is as follows:

**The Board of Directors:** The Board is entrusted with the ultimate responsibility of the management, directions and performance of the Company. As its primary role is fiduciary in nature, the Board provides leadership, strategic guidance, objective and independent view to the Company's management and adheres to ethics, transparency and disclosure.

**Committees of the Board:** The Board has constituted all the mandatory committees viz, Audit Committee, Nomination & Remuneration Committee as well as Stakeholders' Relationship Committee. Each of the said committee has been mandated to operate within a given framework.

### III. BOARD OF DIRECTORS

**Composition :** The Board has optimum combination of Executive and Non-Executive Directors. The composition of the Board as on 31<sup>st</sup> March, 2018 was as under:

Category of Directors	No. of Directors
Executive Director	1
Promoters, Non-Executive	1
Non-Promoter Non-Executive	1
Non-Executive Independent	2

#### Meetings and Attendance:

During the year from 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018, the Board met 5 (Five) times, i.e. 24/05/2017, 30/08/2017, 28/12/2017 (adjourned), 14/02/2018 and 30/03/2018 (adjourned). Attendance of Directors at the Meeting of the Board of Directors (BOD) held during the financial year 2017-2018 and Annual General Meeting (AGM) held on 29<sup>th</sup> September, 2017 are as follows:

Category	Name of Directors	No. of Board Meetings attended	Whether attended AGM held on 29.09.2017	*No. of Directorships in other Companies		**No. of Committee Memberships in other Companies	
				Chairman of the Board/MD	Board Members	Chairman of the Committee	Member
Promoter:							
- Executive Director	-	-	-	-	-	-	-
- Non-Executive Director	Shri Rashmi Chandaria(a) Shri Vimal Chandaria(b) Shri Praful Chandaria(d)	1 2 1	N.A. No N.A.	- - -	1 - -	- - -	- - -
Non Promoter Executive/ Non-Executive Director(s):							
- Non-Executive Director	Shri Amish H. Mehta(d)	4	No	-	-	-	-
- Managing Director	Shri Mitesh H. Shah	5	Yes	-	1	-	-
Independent Non-Executive Director(s):							
	Shri J. Mehra(b)	3	No	-	3	-	-
	Shri M. Lodha(b)	4	No	-	3	1	3
	Shri S. S. Ranjan(b)	0	No	-	-	-	-
	Smt. Ameeta Trehan	5	No	-	3	-	1
	Shri Lakshminarayanan Venkataraman(b,d)	1	N.A.	-	-	-	-
Nominee Director(s):	Shri Jiban Goswami(c)	4	No	-	-	-	-

(a) Ceased to be a Director due to his sad demise on 29<sup>th</sup> July, 2017.

(b) Ceased to be Director due to Resignation: Shri S S Ranjan, Independent Director (w.e.f. 24<sup>th</sup> May, 2017) Shri Vimal Chandaria, Non-Executive Director (w.e.f. 5<sup>th</sup> March, 2018), Shri J Mehra, Independent Director (w.e.f. 2<sup>nd</sup> February, 2018), Shri Mahendra Lodha, Independent Director (w.e.f. 26<sup>th</sup> February, 2018) and Shri Lakshminarayanan Venkataraman, Independent Director (Additional) (w.e.f. 6<sup>th</sup> July, 2018).

(c) Ceased to be a Director w.e.f. 29<sup>th</sup> March, 2018 due to withdrawal of nomination by State Bank of India.

(d) Appointed as a Director : Shri Amish H. Mehta, Non-Executive Director (w.e.f. 24<sup>th</sup> May, 2017), Shri Praful Chandaria, Non-Executive Director (Additional) (w.e.f. 7<sup>th</sup> March, 2018) and Shri Lakshminarayanan Venkataraman, Independent Director (Additional) (w.e.f. 28<sup>th</sup> March, 2018).

\* Directorship in private companies, foreign companies and associates are excluded.

\*\*Represents Membership / Chairmanship of Audit Committee and Shareholders' / Investors' Grievance Committee only.)



#### IV. AUDIT COMMITTEE

**Terms of reference :** The role and terms of reference of the Audit Committee cover the matters specified for Audit Committees under Regulation 18 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("LODR") and Section 177 of the Companies Act, 2013 ("the Act").

**Composition and Attendance :** As on 31<sup>st</sup> March, 2018, the Audit Committee consists of Three Non-Executive Directors as under:

Name of Director	Composition as on 31 <sup>st</sup> March, 2018	No. of Meetings held	No. of Meetings attended
Shri Lakshminarayanan Venkataraman	Chairman (w.e.f. 30 <sup>th</sup> March, 2018 and up to 6 <sup>th</sup> July, 2018)	1	1
Shri Amish H. Mehta	Member	4	4
Smt. Ameeta Trehan	Member	5	5
Shri Mahendra Lodha	Chairman (up to 26 <sup>th</sup> February, 2018)	4	4
Shri S S Ranjan	Member (up to 24 <sup>th</sup> May, 2017)	1	-
Shri Jiban Goswami	Member (up to 29 <sup>th</sup> March, 2018)	4	4
Shri Ajay Pratapray Shanghavi	Chairman (w.e.f 8 <sup>th</sup> August, 2018)	-	-

All the members of the Audit Committee are having financial and accounting knowledge. The Audit Committee invites such of the executives, as it considers appropriate to be present at its meetings. The other Board members also attended the Audit committee meetings as invitees. The Company Secretary acts as the Secretary to the Audit Committee.

#### V NOMINATION AND REMUNERATION COMMITTEE

**Terms of reference and Remuneration Policy :**

The terms of reference of the Nomination and Remuneration Committee include the matters as specified under Section 178 and other applicable provisions of the Act and the rules made there under and Regulation 18 of LODR. The terms includes mainly formulation of the criteria for determining qualifications, positive attributes and independence of director as also to recommend to the Board, a policy relating to the remuneration for the Directors, Key Managerial Personnel and other Employees.

**Composition and Attendance :**

As on 31<sup>st</sup> March, 2018, Nomination & Remuneration Committee consists of three Non-Executive Directors are as under:

Name of Director	Composition as on 31 <sup>st</sup> March, 2018	No. of Meetings held	No. of Meetings attended
Shri Lakshminarayanan Venkataraman	Chairman (w.e.f. 30 <sup>th</sup> March, 2018 & up to 6 <sup>th</sup> July, 2018)	1	1
Shri Amish H. Mehta	Member	3	3
Smt. Ameeta Trehan	Member	3	3
Shri Mahendra Lodha	Chairman (up to 26 <sup>th</sup> February, 2018)	2	2
Shri J Mehra	Member (up to 2 <sup>nd</sup> February, 2018)	2	2
Shri S S Ranjan	Member (up to 24 <sup>th</sup> May, 2017)	-	-
Shri Ajay Pratapray Shanghavi	Chairman (w.e.f. 8 <sup>th</sup> August, 2018)	-	-

The Company Secretary acts as the Secretary to the Audit Committee.

#### REMUNERATION POLICY:

The Company has a credible and transparent policy in determining and accounting for the remuneration of Directors, Key Managerial Personnel & Employees of the Company and has been posted on its website [www.steelcojaguarat.com](http://www.steelcojaguarat.com).

##### A. Remuneration to Non-Executive Directors

The Non-Executive Directors are not paid any remuneration except payment of sitting fees. The Non-Executive especially the Independent Directors are paid sitting fees for each meeting of the Board or Committee of Directors attended by them, as approved by the Board of Directors from time to time. The total amount of sitting fees for the Financial Year 2017-18 was ` 17.44 Lakhs. The Directors do not have any material pecuniary relationship or transactions with the Company.

##### B. Remuneration to Executive Directors

The appointment and remuneration of Executive Directors including Managing Director is governed by the recommendation of the Nomination and Remuneration Committee, approved by the Board of Directors and Shareholders of the Company and approval of Central Government, and the lenders, wherever required. The remuneration package of Managing Director comprises of salary, perquisites, allowances and contributions to provident and other retirement benefit funds. Annual Bonus is linked to the performance and is recommended by the Nomination and Remuneration Committee and then approved by the Board. The approval of lenders for remuneration paid to Managing Director for the Financial Year 2017-18 has been applied for and is awaited.

Presently, the Company does not have a scheme for grant of stock option or performance linked incentives for its directors.

**DETAILS OF SITTING FEES/REMUNERATION PAID TO NON-EXECUTIVE DIRECTORS FOR THE YEAR ENDED 2017-18**

**(a) NON-EXECUTIVE DIRECTORS** ( ` in Lakhs)

Name of the Non-Executive Directors	Sitting Fees ( ` )
Rashmi Chandaria*	-
Shri Vimal Chandaria*	-
Shri Praful Chandaria*	-
Shri J. Mehra	3.09
Shri Mahendra Lodha	4.25
Shri S S Ranjan	-
Shri Jiban Goswami	4.00
Smt. Ameeta Trehan	5.10
Shri Amish H. Mehta*	-
Shri Lakshminarayanan Venkataraman	1.00
<b>Total</b>	<b>17.44</b>

\* Sitting Fees has been waived off voluntarily.

**(b) EXECUTIVE DIRECTORS**

**Remuneration to Executive Directors**

( ` in lakhs)

Particulars	Shri Mitesh H. Shah (Managing Director)
Salary	88.02
Retiral Benefits (part of Remuneration)	23.77
Other Benefits & Allowances	63.57

**VI STAKEHOLDERS' RELATIONSHIP COMMITTEE**

**Composition and Attendance:**

This Committee comprises of three Directors. The table below highlights the composition and attendance of the Members of the Committee.

Name of Director	Composition as on 31 <sup>st</sup> March, 2017	No. of Meetings held	No. of Meetings attended
Smt. Ameeta Trehan	Chairperson (w.e.f. 30 <sup>th</sup> March, 2018)	-	-
Shri Mitesh H. Shah	Member	1	1
Shri Amish H. Mehta	Member (w.e.f. 24 <sup>th</sup> May, 2017)	-	-
Shri Mahendra Lodha	Chairman (up to 26 <sup>th</sup> February, 2018)	1	1
Shri J. Mehra	Member (up to 2 <sup>nd</sup> February, 2018)	1	1

The Company Secretary & Compliance Officer acts as a Secretary to the Committee.

**Terms of Reference :**

The Company has authorized its Registrar and Transfer Agent, M/s. Link Intime India Private Limited, for taking necessary actions to the investors' requests / complaints like, share Transfer / Transmission / Transposition/issue of duplicate share certificates in lieu of lost / misplaced / worn out and such other activities related to shares and for various types of complaints from all stakeholders and all statutory authorities (including complaints received through SEBI SCORES).

The Committee is looking after the Shareholders' Relationship and Redressal of investors' / shareholders' major complaints, if required through with the help of Registrar and Share Transfer Agent.

The secretarial department of the Company and the Registrar and Share Transfer Agent, Link Intime India Private Limited attend to all grievances of the shareholders received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, etc. The minutes of the Stakeholders Relationship Committee meeting are circulated to the Committee and to the Board and noted by the Board of Directors of the Company at the next Board Meetings. Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of the investors. Shareholders are requested to furnish and update their telephone numbers, address and e-mail address to facilitate prompt action.

**Status of Investor Complaints as on 31<sup>st</sup> March, 2018 and reported under regulation 13 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 are as under:**

**Total 15 numbers of complaints received and addressed to the shareholders during the year ended on 31<sup>st</sup> March, 2018. There was no Complaint outstanding as on 31<sup>st</sup> March, 2018.** The number of pending share transfer and pending requests for dematerialization as on 31<sup>st</sup> March, 2018 were nil. Shareholders' / Investors' complaints and other correspondence are normally attended to within seven working days except where constrained by disputes or legal impediments. No investor grievances remained unattended / pending for more than 30 days as on 31<sup>st</sup> March, 2018.

## VII. SEPARATE MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company had separately met during the year on 14<sup>th</sup> February, 2018 *inter alia* to review the performance of non-independent directors and of Board as a whole, to review the performance of the Chairperson of the Company and to assess the efficiency of flow of information between the management and the Board.

All the Independent Directors were present at this meeting and the Board of Directors has expressed their satisfaction with the evaluation process.

## VIII. SUBSIDIARY COMPANY

There is no subsidiary Company of the Company.

## IX. MEANS OF COMMUNICATION

The quarterly financial results of the Company are forwarded to the Stock Exchanges immediately on approval by the Board of Directors and are also published in newspaper widely circulated, national English Daily and local Gujarati Daily.

The financial results, other compliances, regulatory official news releases and presentation made to institutional investors, if any and other statutory information, are also displayed on the Company's website [www.steelcojgujarat.com](http://www.steelcojgujarat.com).

Management Discussion and Analysis forms part of the Annual Report.

## X. GENERAL SHAREHOLDER INFORMATION

### ANNUAL GENERAL MEETINGS

The last three Annual General Meetings (AGMs) of the Company were held at the Registered Office of the Company at Plot No. 2, GIDC Estate, Palej – 392 220, Dist. Bharuch, Gujarat, as detailed below:

Financial Year	Date	Day	Time	Special Resolution
2014 - 2015	30 <sup>th</sup> September, 2015	Wednesday	2:30 P.M	1
2015 - 2016	30 <sup>th</sup> September, 2016	Friday	3:30 P.M	2
2016 - 2017	29 <sup>th</sup> September, 2017	Friday	2:30 P.M	1

The Company has been listed on BSE Limited and Annual Listing Fees for financial year 2018-19 has been paid to them.

The Company has also paid Annual Custodian Fees to respective depositories i.e. NSDL, CDSL.

### Tentative Calendar for Financial year ending on 31<sup>st</sup> March, 2019

Audited Annual Results for the year ended 31 <sup>st</sup> March, 2018.	On 5 <sup>th</sup> July, 2018
Unaudited First Quarter Results	By 15 <sup>th</sup> September, 2018
Unaudited Second Quarter Results	By 14 <sup>th</sup> November, 2018
Unaudited Third Quarter Results	By 14 <sup>th</sup> February, 2019
Audited Annual Results	By 30 <sup>th</sup> May, 2019

### BSE Stock code:

Scrip code: 500399 & Scrip – STEELCO

### Dematerialisation of Shares & Liquidity

95.83% of the equity shares of the Company have been dematerialized (NSDL – 87.14% and CDSL- 8.69%) as on 31<sup>st</sup> March, 2018. The Company has entered into an agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), whereby shareholders have an option to dematerlise their shares with either of the Depositories.

### Reconciliation of Share Capital Audit Report

As stipulated by SEBI Regulations in this regards, a qualified Practicing Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchange where the shares of the Company are listed. The audit reports confirms the total listed and paid up capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL & CDSL) and total number of shares in physical form.

**Details of the Directors seeking appointment / reappointment at the forthcoming Annual General Meeting**

Name of Director	Shri Mitesh H. Shah	Shri Ajay Pratapray Shanghavi	Shri Praful Chandaria
Date of Birth	11.12.1968	08.03.1962	03.10.1938
Date of Appointment	14.11.2014	04.08.2018	07.03.2018
Expertise	27 years of vast experience in the field of Steel at various senior positions including CEO & Managing Director. Starting of career as a Trainee and with his technical expertise, knowledge and leadership qualities, spearhead various operational functions like Steel Melting Plant, Cold Rolling Complex, Heading Operation Strategy Group in Essar Steel and also as CEO and thereafter, Managing Director at Steelco Gujarat Limited. He is passionate to take challenges for transformation in manufacturing with not only by technology upgradation but changing mind set of team for organization growth, employee engagement activity & taking leadership assignment with commitment to turn around an Organization and an enterprising leader & planner with a successful record of contributions in driving Manufacturing Excellence, Business Operations, New Set-ups, Improving Productivity and enhancing revenue growth, targeting top management assignments with an organization of high repute.	Planning, Market Development amongst various areas of the Country, General Management of the Company, New Projects development, Diversification Banking, Finance, Joint Ventures, Mergers & Acquisitions, Media related & Production of Movies & Television Shows, New Investment Initiatives, etc.	More than six decades of extensive global experience in establishing and running various manufacturing and service industries and has played significant and crucial role in developing various industries globally with his valuable guidance & directions and also attended the PMD program at the Harvard Business School.
Qualification	Engineering Graduate in Metallurgy	Mechanical Engg., Production Engg. & Foundry Technology	Honours in Economics and International Relations from University of Wales.
List of public companies in which outside directorship held as on 31 <sup>st</sup> March, 2018	1	1**	NIL
No. of shares held	Nil	NIL	NIL

\* Directorship in private companies, foreign companies and associates are excluded. \*\* As of the date of appointment.

**Registrar and Share Transfer Agent :**

Share Transfer and all other Investor's / Shareholder's related activities are attended and processed by our Registrars and Transfer Agent (RTA). For lodgment of transfer deeds and any other documents or for any grievances/ complaints, kindly contact our Registrar and Transfer Agent at following address:

**M/s. LINK INTIME INDIA PVT. LTD.**

**Head Office: Unit: Steelco Gujarat Limited**

C-101, 247 Park, L.B.S. Marg,  
Vikhroli (West), Mumbai - 400 083  
Tel No: 049186270 Fax: 49186060  
E-mail id : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Website : [www.linkintime.co.in](http://www.linkintime.co.in)

**Branch:**

**Unit: Steelco Gujarat Limited,**

B-102 & 103, Shangrila Complex, First Floor,  
Opp. HDFC Bank, Near Radhakrishna Char Rasta  
Akota, Vadodara - 390 020  
Tel No: 0265-2356573, 2356794, Fax: 2356791  
E-mail ID: [vadodara@linkintime.co.in](mailto:vadodara@linkintime.co.in)

**DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2018**

No. of Equity shares held	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shareholding
1 - 500	1,29,024	98.52	27,04,635	6.35
501 - 1000	820	0.63	7,17,803	1.69
1001 - 2000	479	0.37	7,65,480	1.80
2001 - 3000	179	0.14	4,73,077	1.11
3001 - 4000	83	0.06	2,99,260	0.70
4001 - 5000	104	0.08	4,95,598	1.16
5001 - 10000	156	0.12	11,83,448	2.78
10001 & Above	123	0.09	3,59,22,521	84.40
<b>Total</b>	<b>1,30,968</b>	<b>100.00</b>	<b>4,25,61,822</b>	<b>100.00</b>

**Category of Shareholders as on 31<sup>st</sup> March, 2018:**

Category of Shareholders	Total Holding	Percentage (%)
<b>Promoter (SPICA INVESTMENTS LTD.)</b>	<b>3,19,21,366</b>	<b>75.00</b>
<b>Institutional Investors</b>		
a. Mutual Funds	19,290	0.05
b. Banks, FI's, Insurance Companies	7,072	0.02
Private Corporate Bodies	3,43,931	0.81
NRIs / OCBs (other than Promoter Group)	64,230	0.15
Indian Public	1,02,05,933	23.98
<b>Total</b>	<b>4,25,61,822</b>	<b>100.00</b>

**Stock Market Price Data :**

High and Low of market the stock price of the Company's equity shares traded on BSE Ltd (BSE) during the last financial year was as follows:

Month	Steelco Share price		BSE SENSEX	
	High	Low	High	Low
April - 17	12.86	7.54	30,184.22	29,241.48
May - 17	13.00	8.86	31,255.28	29,804.12
Jun-17	10.20	8.71	31,522.87	30,680.66
Jul-17	9.09	7.57	32,672.66	31,017.11
Aug-17	8.33	6.31	32,686.48	31,128.02
Sep-17	11.29	6.71	32,524.11	31,081.83
Oct-17	11.80	9.53	33,340.17	31,440.48
Nov-17	11.00	8.83	33,865.95	32,683.59
Dec-17	11.20	8.55	34,137.97	32,565.16
Jan-18	10.50	8.40	36,443.98	33,703.37
Feb-18	10.00	7.76	36,256.83	33,482.81
Mar-18	9.32	6.35	34,278.63	32,483.84

**COMPLIANCE**

In compliance with LODR executed with the Stock Exchange(s), as applicable, the Company has obtained the certificate regarding compliance of conditions of Corporate Governance from M/s. Devesh Pathak Associates, Practicing Company Secretaries, Vadodara, which appears as a part of the Annual Report of the Company.

Shareholder's correspondence should be addressed to the Company's RTA at the address mentioned above. The Shareholders having securities in a dematerialized form should give instructions relating to change of address, nomination and /or power of attorney executed by the shareholders directly to their respective Depository Participant(s). Alternatively shareholders may contact us at [secretarial@steelcogujarat.com](mailto:secretarial@steelcogujarat.com).

**XI. AFFIRMATION AND OTHER DISCLOSURES**

**Compliance with Governance Framework:**

The Company has been in compliance with all mandatory requirements of LODR.

**Related Party Transaction:**

All transactions entered in to with the related parties as defined under the Act and Regulation 23 of LODR during the financial year were in the ordinary course of business and on arm's length basis and hence do not attract the provisions of Section 188 (1) of the Act. There were no materially significant transactions with related parties during the financial year. Related Party Transactions have been disclosed under the Note 34 of the significant accounting policies and notes forming part of the financial statements in accordance with "Accounting Standard 18". A statement in summary form of transactions with related parties in the ordinary course of business and arm's length basis are periodically placed before the Audit Committee for review and recommendation to the Board for their approval.

As required under regulation 23 of LODR, the Company has formulated a policy on dealing with Related Party Transaction, which is posted on Company's website [www.steelcogujarat.com](http://www.steelcogujarat.com).

None of the transactions with related parties were in conflict with the interest of the Company. All the transactions are in the ordinary course of the business and have no potential conflicts with the interest of the Company at large and are carried out on an arm's length basis or fair value.

**Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange(s) or SEBI or any statutory authority, on any matter related to capital markets, during the year:**

The Company has complied with all requirements of the LODR and other Regulations and Guidelines of SEBI. Consequently there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three years. However, in case of non-compliance of Minimum Public Shareholding, the Compliance was made in August 2014 after delay of 14 months, the adjudication proceedings were initiated and after adjudication, the adjudicating officer of SEBI has ordered penalty of ₹ 25 lakhs in this matter for delayed compliance. The Company made an appeal to Securities Appellate Tribunal (SAT) against the said order, praying to consider the genuine difficulties beyond control faced, for delayed compliance, which has caused neither loss to the investors nor undue gain to the promoters, however, the appeal was dismissed by Securities Appellate Tribunal (SAT) & the order for the same was passed on 31<sup>st</sup> January, 2018 and hence, the Company has complied with the same by payment of penalty of ₹ 25 Lakhs against an order on 27/02/2018.

The Company has also received penalty for delayed compliance of Regulation 33 of LODR for delayed approval of Unaudited Financial Results. The Company has requested BSE Limited to take lenient view on penalties keeping in view genuine circumstances and their response is awaited.

**Whistle Blower Policy/Vigil Mechanism:**

Pursuant to Section 177(9) and (10) of the Act and Regulation 22 of LODR, the Company has formulated Whistle Blower Policy / Vigil Mechanism for Directors and Employees to report to the management about the unethical behaviour, fraud or violations of Company's Code of Conduct. The mechanism provides for adequate safeguards against victimization of Employees and Directors who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee.

**Disclosure of Accounting Treatment:**

In preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Act. The significant accounting policies, which are consistently applied, are set out in the notes to the Financial Statements.

**Disclosure on Remuneration to Managing Director:**

The remuneration of Managing Director consists of Salary, retirement benefits (fixed) and other perquisites (variable as on actual), bonus, etc. as mentioned in the explanatory statement to the notice convening 27<sup>th</sup> Annual General Meeting. The remuneration also consists of annual performance linked bonus, which is variable as it depends on the performance of the appointee and the Company. The notice period is of three(3) months as mentioned in the notice. The approval of lenders for remuneration paid to Managing Director for the Financial Year 2017-18 has been applied for and is awaited. Further, there is neither Stock Options scheme nor service contracts any nor severance fees.

**Non-mandatory requirements:**

Adoption of non-mandatory requirements of LODR are being reviewed by the Board from time to time.

**XII. DECLARATION REGARDING COMPLIANCE BY BOARD MEMEBRS AND SENIOR MANAGERIAL PERSONNEL WITH COMPANY'S CODE OF CONDUCT PURSUANT TO SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2016:**

This is to confirm that all Board Members and Senior Management Personnel of the Company have complied with the code of conduct for Directors & Senior Managerial Personnel during the year ended 31<sup>st</sup> March, 2018.

**XIII. In terms of the Regulations of LODR, the certification by Chief Financial Officer and Managing Director of the Company on the financial statements and internal control relating to financial reporting, have been obtained by the Board of Directors.**

**XIV. PLANT LOCATION:**

Steelco Gujarat Limited  
Plot No.2, GIDC Estate,  
Palej-392220, Dist. Bharuch, Gujarat.

**XV. ADDRESS FOR CORRESPONDENCE:**

Steelco Gujarat Limited  
Plot No.2, GIDC Estate, Palej-392220, Dist. Bharuch, Gujarat.

As per requirement of the Regulation 46(2) (j) of LODR with Stock Exchanges, the Company has created a dedicated email ID [secretarial@steelcojguarat.com](mailto:secretarial@steelcojguarat.com) exclusively for the purpose of registering complaints of the investors and is prominently displayed on the Company's website [www.steelcojguarat.com](http://www.steelcojguarat.com).

**XVI. COMPLIANCE OFFICER:**

Shri Achal S. Thakkar, Company Secretary is the Compliance Officer of the Company and Secretary to all Committees of the Board.

**By Order of the Board  
For Steelco Gujarat Limited**

Place : Mumbai  
Date : 8<sup>th</sup> August, 2018

**Amish H. Mehta**                      **Mitesh H. Shah**  
**Director**                                      **Managing Director**

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## INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members of  
Steelco Gujarat Limited,  
Palej.

We have examined the compliance of conditions of Corporate Governance of STEELCO GUJARAT LIMITED ("the Company") for the year ended March 31, 2018, as stipulated in Regulation 15 and other relevant regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR')

The compliance of conditions of Corporate Governance is a responsibility of the Management. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 15 and other relevant regulations of LODR, during the year ended March 31, 2018 as applicable subject to following observations:

The Company was non-compliant intermittently of the composition of the Board of Directors pursuant to section 149 of the Act read with Regulation 17 of LODR and of the composition of the Audit Committees as well as Nomination and Remuneration Committee under section 177 and 178 of the Companies Act, 2013 read with Regulation 18 & 19 of LODR. However, the Company is compliant as at 31<sup>st</sup> March, 2018.

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

**For Devesh Pathak & Associates  
Practising Company Secretaries**

**Place : Vadodara  
Date : 8<sup>th</sup> August, 2018**

**CS Devesh A. Pathak  
Sole proprietor  
Membership No. FCS - 4559  
CP No. - 2306**

## ANNEXURE - 4 TO BOARD'S REPORT MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE, DEVELOPMENTS, OPPORTUNITIES AND OUTLOOK

The Steel Industry plays a dynamic role in the development of any modern and emerging economy. The demand for steel industry is driven mainly from industries like infrastructure, automobile, engineering, aviation, construction. The per capita consumption of steel is a normally accepted measure for socio-economic development of the people of the country. Consequently, the steel sector has been a major contributor to India's manufacturing output.

#### Indian Economy

India has achieved a growth of 6.7% in FY 18 and has bounced back as the fastest growing economy in the world for the 3<sup>rd</sup> quarter of FY 18. The Index of Industrial Production (IIP) reached 4.3% during the FY18. Consumer Price Inflation reduced to 3.6% in FY18 from 4.5% in previous year, keeping inflation under control. Rural Electrification Drive, Smart Cities, Focus on infrastructure, low inflationary pressures, Seventh Pay Commission, increase in exports, One Rank One Pension Make in India, Skill India and Digital India in the subject financial year witnessed healthy growth. India became the world's sixth-biggest economy, with USD 2.6 trillion GDP at the end of 2017.

The budget of 2018-19 focused more on infrastructure, mainly on roads, railways, rural infrastructure and health & education sectors, which is expected to lead to continued development of economy as a whole. The macro-economic conditions are evidencing sustained growth with the recent reforms. As per IMF, India is expected to grow at 7.3% in FY 2018-19 and 7.5% in FY 2019-20 & will be ahead of China.

#### Global Steel Industry

The Global Crude Steel Production witnessed growth of 3.8% over previous year, with 1.69 Bil. Tonne 2017. The global Steel Consumption also grew at 4.7% over previous year, with 1.59 Bil. Tonne. The Global steel production is expected to have strong growth in the near future in both developed and developing economies. The Global Steel Demand is expected to grow by 1.8% in 2018 over 2017 and 0.7% in 2019 over 2018. The overall growth in global steel industry is picking up and expected to grow further led by strong momentum and improving market sentiments.

#### Indian Steel Industry

India's Crude Steel Production increased by 5.1% & achieved highest numbers of 102 Mil. Tonne in FY18 and the Finished Steel Production reached to 104.98 Mil. Tonne in FY18. India's per capita steel consumption also grew 6.2% to 69kg during the FY18. The domestic Steel Demand has grown at 7.9% to 91 Mil. Tonne in FY18 with growth of various sectors, viz. automobiles, infrastructure, capital goods, etc.

The growth was supplemented by recovery in construction & infrastructure sector, easy availability of raw materials and cost effective labour as well shut down of excess capacities in China, as China has phased out capacities to the tune of 115 Mil. Tonne in two years and is further gearing up for another production cut of 30 million tonnes in 2018. This will lead to benefit the countries including India giving ample scope for development.

#### Certain key information about the Indian Steel Industry:

- All-time high crude steel production of 102.34 Mil. Tonne during FY18
- Continued at the Third Largest Crude Steel Producer in the world in 2017
- Third largest consumer of finished steel in the world in 2017
- Steel production capacity is expected to reach to 300 Mil. Tonne by 2030
- Contributes to over 2% to GDP of the country.
- The industry employs about 0.5 Mil. people directly & 2.5 Mil. people indirectly.
- The National Steel Policy, 2017 (NSP) aims to increase steel production, with an objective to make India self-sufficient in steel production. Amongst various core elements, the main elements are; Projected crude steel capacity of 300 Mil. Tonne by 2030 against 102 Mil. Tonne of FY18 and Projected per capita consumption of 160 kg of finished steel by 2030-2031 against existing 69kg of FY18.
- The demand projected is 230 Mil. Tonne by 2030, with expected growth in demand through various sectors like construction & infrastructure, engineering & fabrication, automotive & parts and transportation & packaging.

The Government of India has taken major steps to curb unfair trade with a view to safeguard the interests of domestic players. The measures of Govt. of India such as the National Steel Policy and continuation of anti-dumping duty and imposition of quality standards have played a vital role towards the growth of domestic steel sector in India. The reserve of ` 14.3 Lakh crores towards infrastructure spending, will lead towards further increase in demand of Steel. India is the fastest growing market for steel among the top 10 largest steel markets by volume, as per the World Steel Association. The domestic demand is expected to increase by 5.5% in 2018 and 6% in 2019. The growing sectors, viz. construction & infrastructure, automobile, railway, shall lead to growth in domestic steel sector & increase in per capita consumption.

#### THREATS, RISKS AND CONCERN

The per capita consumption of steel in India, even though increased against previous year, is still very low in comparison to global average as well as in comparison to various other Asian economies. Eventually India has a long way to go in the consumption of steel, which as such, ensures long-term growth and good prospects for the steel sector in long run.

The Indian steel industry still writhes with high cost of power and fuel, which are expected to be addressed by Government by various measures. Continuous capacity expansion of integrated steel manufacturer for processing value added products are resulting into increase in their market share at the cost of secondary manufactures and resulting into squeezing margins due to keen competition. To stay ahead your company continues to develop more and more value added specialized products and better product mix and geography mix to ensure its own growth.

As a measure of cost control by saving on power cost, the Company has tied up with private power supplier for purchase of power under Long-Term Open Access mechanism which has provided significant saving in power cost. The Company is also exploring the other options in reducing its cost further with optimum utilization of available resources.

Your Company continues to have high exposure to forex due to significant export and import. The volatility of currency contributes to high risk and to minimize the impact of the same a prudent policy of necessary hedging / forward sales has been adopted to draw the balance between the forex asset and liabilities.

The Board of Directors is being informed periodically in respect of risk assessment and steps being taken by the Company.

#### FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONS

The revenue from operations, during FY 2017-18 stood at ` 476.60 crores against ` 549.67 crores in FY 2016-17, decreased by around 14% and the net loss stood at ` 52.60 crores during FY 2017-18 against ` 37.36 crores in FY 2016-17.



The Company's performance has been impacted adversely during the year due to various factors, which are as under:

- Lack of adequate working capital assistance from the lenders adversely affected the operations, both volume & margins.
- Due to curtailment of facilities by lenders, the Company, in order to cover the fixed cost & overheads and to sustain with reasonable volumes, had to obtain the support of third party financing, which was with higher interest cost led to high input cost, impacting margins of the Company adversely;
- The domestic coated market has moved towards 1220 mm material with rapid growth in the Colour Coated Steel subsector and against that, the Company was not able to participate in this high growth, high margin market, due to width concern;
- Non-materialization of capex plan & various restructuring proposals, because of various reasons beyond the control of the company; and
- Fluctuation in raw material prices and currency during the year.

There are challenges going forward in FY 2018-19, however, the outlook of the Company is optimistic in view of the following:

- The Company is hopeful of recovery and revival of the operations of the Company by advancement of technology and achieving higher output and efficiencies. The Company has submitted debt resolution proposal to the bankers and is in the process of renegotiating the proposal, which is at advanced stage. With the support & commitment of the Ultimate Holding Company for providing necessary support, including financial support, for smooth operations of the Company, the management has committed to effective utilization of the same.
- With the adequate working capital facilities post restructuring of debts, with effective working capital management, overall productivity improvement & capacity enhancement will lead to improvement in margin.
- Long Term availability of Open Access Power, which already started giving significant saving in power cost, one of the major costs of the Company;
- Strategies & Markets with upcoming economy with value-add capex of Colour Coated Products, which already has high demand, both domestic & global;
- The proposed value-add capex of Aluminum Zinc (AZ) Line will enable the company to enhance the Company's viability in the market with wider market, both domestic & export, better margin and branding of the Company;
- Forward Integration by implementation of capex adding value added products resulting in higher realization per ton of production;
- Diversifying the product basket and market with large basket of products after capex;
- With various products, the Company will be in a position to explore and penetrate new markets including domestic markets, which will enable sustained growth; and
- Various measures & initiatives being taken by the Government of India / Ministry of Steel has already started to help grow steel industry as a whole;

The outlook, hence, is quite positive in long run.

#### **INTERNAL CONTROL SYSTEM AND THEIR EFFICACY**

The Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses executing transaction with proper authorization and ensure compliance of corporate policies.

Internal Audit covering the key areas of operations and Audit on Internal Financial Control covering areas including operations having Financial Reporting impact are conducted at regular intervals. It is an independent assurance and functions responsible for evaluating and improving the effectiveness of risk management control and governance processes.

An Audit Committee consisting of three Independent Directors, one Nominee Director and one Non-Executive Director is in place. The Internal Audit Reports are placed before the Audit Committee. The Audit Committee deliberates and advises the Management on improvements/compliance and the management provides complies with the same to the said Committee, from time to time.

#### **STATUTORY COMPLIANCES**

After obtaining confirmation from the various departments of the Company in respect of compliance with all the statutory requirements, a declaration regarding compliance of the provisions of various statutes is made by the Managing Director at each Board Meeting and deviations, if any, are brought to the notice of Directors with reasons and remedial measures taken to comply with the same. The Company Secretary, as a Compliance Officer, ensures compliance of the Companies Act, provisions of the Listing Agreement and various SEBI Regulations.

#### **QUALITY**

Your Company believes in branding its products for sustainable and long term growth, through customer satisfaction that goes beyond contractual obligations, improvement in quality, resolution of customer complaints with a target of improvement in reduction of complaints from time to time. In today's global competition and open economy, quality plays a vital role in marketing the products and in staying ahead of others. Therefore, more emphasis is being given to manufacturing of products that meets high standards of quality in the global market and customers' satisfaction. Proactive efforts are directed towards determining customers' requirements and achieving all-round customer satisfaction. This is primarily achieved through automated systems, high attention to complaint resolution, online communication, and information exchange, at various levels.

#### **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS**

Industrial and employee relations with the company remain cordial throughout the year. It has been with the fulfillment of our market commitments, prompt communications, and participation in social activities and to provide challenging and safe environment in the company, where every employee can develop its own strength and deliver its best expertise in the company's interest.

The Board of Directors on record conveys thanks to all the employees for their valuable contribution towards their support in performance of the company in this difficult situation.

Your Company encourages employees to go beyond their scope of work, initiated various employee engagement activities and encourages them to participate, undertake voluntary projects and training and developmental sessions enabling the employees to learn and contribute innovative ideas in line with the vision, mission and core values of the Company.

**ANNEXURE - 5 TO BOARD'S REPORT**  
**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018**  
**Form No. MR-3**

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

To,  
The Members  
Steelco Gujarat Limited  
Plot No.2, GIDC Estate, Palej - 392 220  
Dist. Bharuch, Gujarat.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Steelco Gujarat Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances expressing our opinion thereon.

Based on our verification of the Steelco Gujarat Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; [Presently: The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015]
    - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; [Presently: The Securities and Exchange Board of India (Share based Employee benefits) Regulations, 2014.]
    - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) Having regard to the products, processes and locations of the Company as also having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test check basis, we further report that laws specifically applicable to the Company are:
- (a) Water (Prevention and Control of Pollution) Act, 1974
  - (b) Air (Prevention and Control of Pollution) Act, 1981
  - (c) Hazardous Waste (Management and Handling) Rules, 1989
  - (d) The Environment Protection Act, 1986
  - (e) Indian Boilers Regulations, 1950

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Ltd. [including Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. ('LODR')]

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- (a) Earlier, the Company had received notice from SEBI for non compliance of the Clause 40A of the Listing Agreement regarding Minimum Public Shareholding. Then, promoters fully liquidated the excess Equity Shares by way of sale under OFS scheme on 30th June, 2014 and 6<sup>th</sup> August, 2014 as per the prescribed SEBI Guidelines. Thereafter SEBI issued order vide no. EAD-2/DSR/RG/PU/566-567/2016 dtd. 29<sup>th</sup> April, 2016 pursuant to Section 23-I of the SCR Act, 1956 read with Rule 5 of the SCR Rules, 1957 imposing a penalty of ` 25,00,000 under Section 23E of the SCR Act, 1956 on the Company & Spica Investment Ltd., the promoter, to be paid jointly & severally. Thereafter the Company and the promoter preferred Joint Appeal before Securities Appellate Tribunal (SAT) challenging the aforesaid SEBI order which was dismissed by SAT vide their order dtd. 29<sup>th</sup> January, 2018. Thereafter, the Company paid penalty of ` 25,00,000 by demand drafts vide their letter no. SGL/PLJ/CS/2017-18/109 dtd. 27<sup>th</sup> February, 2018 and complied with order of SAT.
- (b) The Company was non-compliant intermittently

Of the composition of the Board of Directors pursuant to section 149 of the Act read with Regulation 17 of LODR and of the composition of the Audit Committees as well as Nomination and Remuneration Committee under section 177 and 178 of the Act read with Regulation 18 & 19 of LODR. However, the Company is compliant as at 31<sup>st</sup> March, 2018.

(c) Unaudited Financial Results for the quarter ended 30<sup>th</sup> September, 2017 and 31<sup>st</sup> December, 2017 were approved on 28<sup>th</sup> December, 2017 and 30<sup>th</sup> March, 2018 respectively with delay. We have been informed by the Company that they have received notices for respective delays from BSE Limited with amount of penalty imposed. The Company has requested BSE Limited to view it sympathetically in the light of genuine concerns for delay and the response from BSE Limited is awaited.

We further report that

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report (by way of information) in respect of the Company that during the audit period :

(a) Since the Company has not issued any securities during the period under review:

- The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
- The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014.
- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008

were not applicable during the period under review.

(b) In view of neither voluntary delisting of Equity Shares nor buy back of any security of the Company,

- The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and
- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

were not applicable during the period under review,

(c) The Company has paid managerial remuneration to the Managing Director aggregating to ` 151.60 Lakhs for the year 2017-18 within the limit approved by Nomination and Remuneration Committee, Board of Directors and members of the Company. However the same is subject to No objection certificate of members.

(d) In view of accumulated losses aggregating to ` 22286.96 Lakhs as at 31<sup>st</sup> March, 2018, net worth of the Company is totally eroded.

**For Devesh Pathak & Associates  
Practising Company Secretaries**

**CS Devesh A. Pathak  
Sole Proprietor  
FCS No. 4559  
C P No: 2306**

**Place : Vadodara  
Date : 8<sup>th</sup> August, 2018**

Note: This report is to be read with our letter of even date which is enclosed as per Annexure forming integral part of this report.

8<sup>th</sup> August, 2018

To,  
The Members,  
Steelco Gujarat Limited  
Plot No. 2, G.I.D.C. Estate, Palej,  
Dist. Bharuch, Gujarat- 392220

Ref: Secretarial Audit Report dated 8<sup>th</sup> August, 2018 pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

1. Maintenance of secretarial records is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and the practices we followed provided reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of Accounts of the Company and have relied upon the reports of designated professionals including Statutory Auditors for the purpose.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules, regulations and happenings of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards, is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Devesh Pathak & Associates  
Practising Company Secretaries**

**CS Devesh A. Pathak  
Sole Proprietor  
FCS No. 4559  
C P No: 2306**

**Place : Vadodara  
Date : 8<sup>th</sup> August, 2018**

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## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
Steelco Gujarat Limited

### Report on the Financial Statements

1. We were engaged to audit the accompanying financial statements of Steelco Gujarat Limited ('the Company'), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. 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 state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### Basis for Disclaimer of Opinion

6. As stated in Note 43 to the financial statements, which indicates that the Company has incurred a net loss of INR 5,260.80 lakhs during the year ended 31<sup>st</sup> March, 2018, and as of that date, its accumulated losses aggregating INR 22,286.96 lakhs, have resulted in erosion of its net worth in entirety. Further, as of that date, the Company's current liabilities exceeded its current assets by INR 20,018.48 lakhs and the Company is under negotiations with the lenders as further discussed in paragraph 11 below. These conditions, along with other matters explained in Note 43 to the financial statements, create multiple material uncertainties that lead to a significant doubt on the Company's ability to continue as a going concern. In the absence of necessary and adequate evidence with respect to Company's assessment of going concern, we are unable to comment on the ability of the Company to continue as a going concern.
7. As stated in Note 44 to the financial statements, the Company's trade receivables aggregating INR 9,173.07 lakhs, in respect of which the Company has not made assessment for expected credit loss, in accordance with the requirements of Ind AS 109, Financial Instruments, as the Management believes that they are good and recoverable in the future, which is not in accordance with the principles of recognition and measurement of Ind AS 109. In the absence of such assessment for expected credit loss by the management and any other evidence to corroborate the management's assessment, we are unable to comment on the recoverability of these balances and the consequential impact, if any, on the provision thereon and the loss for the year ended 31<sup>st</sup> March, 2018.
8. As stated in Note 49 to the financial statements, the Company has paid managerial remuneration of INR 151.60 lakhs during the year ended 31<sup>st</sup> March, 2018, without obtaining prior approval from lenders for such remuneration in excess of limits prescribed in Schedule V of the Companies Act, 2013, which is not in accordance with the provisions of Schedule V. The Company is yet to obtain approval from lenders and hence we are unable to comment on the possible impact, if any, on the accompanying financial statements.

### Disclaimer of Opinion

9. Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

### Emphasis of Matters

10. We draw attention to note 45 and note 48 to the financial statements, regarding the delays in receipt of foreign currency receivables aggregating INR 6,845.46 lakhs and payment of foreign currency payables aggregating INR 4,309.43 lakhs, against the export sales and import of goods and services, respectively, that are outstanding for a period beyond the timelines stipulated vide FED Master Direction No. 16/2015-16 and 17/2016-17 under the Foreign Management Act, 1999. The Management of the Company has represented that the Company is in the process of regularising these defaults and has filed necessary applications with the appropriate authority for condonation of delays in the receipt and payment of foreign currency receivables and payables. The Management is of the view that the possible penalties etc. which may be levied for this contravention are likely to be condoned by the regulatory authorities. Our report is not modified in respect of this matter.
11. We draw attention to note 46 to the financial statements, regarding defaults in repayment of dues to the banks by the Company during the year ended 31<sup>st</sup> March, 2018 and aggregating INR 1,358.51 lakhs, including the accrued interest. The cumulative amount of arrears, including accrued interest, aggregate to INR 2,503.92 lakhs as at 31<sup>st</sup> March 2018. The Company is in breach of the related covenants and these loans are secured against the assets of the Company. The Company is currently in the process of negotiating the restructuring of these debts with the lenders. Our report is not modified in respect of this matter.

12. We draw attention to note 47 to the financial statements, regarding excess managerial remuneration paid to the Managing Director of the Company and aggregating INR 43.16 lakhs, in excess of the limits specified under the relevant provisions of the Companies Act, 2013, which was recognised as an expense in the financial statements for the year ended 31<sup>st</sup> March, 2017. The Company has filed an application for seeking approval of the Central Government, as required by the relevant provisions of the Act and rules thereunder, and which is yet to be approved. Our report is not modified in respect of this matter.
13. We draw attention to note 50 to the financial statements, which describes the details relating to restatement of the comparative financial statements to rectify the carrying value of opening reserves as at 1<sup>st</sup> April, 2016 and 31<sup>st</sup> March, 2017, current financial assets and net block of leasehold land classified under Property, Plant and Equipment, in accordance with the requirements of Ind AS 8 'Accounting Policies, Change in Accounting Estimates and Errors'. Our report is not modified in respect of this matter.

#### **Other Matter**

14. The comparative financial information for the year ended 31<sup>st</sup> March, 2017 and the transition date opening balance sheet as at 1<sup>st</sup> April, 2016, prepared in accordance with Ind AS and included in these financial statements, are based on the previously issued statutory financial statements for the year ended 31<sup>st</sup> March, 2017 and 31<sup>st</sup> March, 2016, respectively, prepared in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), which were audited by the predecessor auditor, whose reports dated 24<sup>th</sup> May, 2017 and 20<sup>th</sup> May, 2016, respectively, expressed unmodified opinion on those financial statements, and have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by us. Our report is not modified in respect of this matter.

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

15. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
16. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
- As described in the Basis for Disclaimer of Opinion paragraph, we sought but were unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether 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;
  - The financial statements dealt with by this report are in agreement with the books of account;
  - Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act;
  - The matters described in the Basis for Disclaimer of Opinion paragraph may have an adverse effect on the functioning of the Company;
  - On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2018 from being appointed as a director in terms of Section 164(2) of the Act;
  - The reservations relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Disclaimer of Opinion paragraph;
  - We have also audited the Internal Financial Controls over Financial Reporting (IFCoFR) of the Company as on 31<sup>st</sup> March, 2018, in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 5<sup>th</sup> July, 2018, as per Annexure B, expressed adverse opinion;
  - 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 (as amended), and to the best of our information and according to the explanations given to us:
    - the Company has disclosed the impact of pending litigations on its financial position in its financial statements as detailed in Note 41 to the financial statements;
    - the Company did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses;
    - there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
    - the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

**For Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Registration No. 001076N/N500013

**Khushroo B. Panthaky**  
Partner  
Membership No. 42423

Place : Mumbai  
Date : 5<sup>th</sup> July, 2018

### Annexure A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year by engaging an outside expert and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable, having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) In our opinion, the management has conducted a physical verification of inventory at reasonable intervals, except for stores and spares (including packing material), which have not been verified during the year. No material discrepancies between physical inventory and book records were noticed on physical verification of inventory. However, in respect of inventories which were not physically verified, we are unable to comment on the discrepancies which could have arisen between physical inventory and book records.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company, pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services 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 cost records with a view to determine whether they are accurate or complete.
- (vii) (a) Undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in few cases. Undisputed amounts payable which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:

Statement of arrears of statutory dues outstanding for more than six months

Name of the Statute	Nature of dues	Amount (₹ in lakhs)	Period to which the amount relates	Due Date	Date of Payment
Gujarat Stamp Act, 1958	Stamp duty (including interest)	53.32	2008-12	Various	Unpaid

- (b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Amount paid under Protest (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
The Income tax Act, 1961	Income tax/ Penalty	253.85	-	A.Y. 2008-09	Deputy Commissioner of Income Tax
	Income tax/ Penalty	0.76	-	A.Y. 2009-10	Assistant Commissioner of Income Tax
	Income tax/ Penalty	240.49	0.01	A.Y. 2013-14	Deputy Commissioner of Income Tax
	Income tax/ Penalty	148.57	-	A.Y. 2014-15	Deputy Commissioner of Income Tax
	Income tax/ Penalty	2.53	-	A.Y. 2015-16	Assistant Commissioner of Income Tax
Custom Act, 1962	Export obligation non-fulfillment	2,072.54	-	F.Y. 2017-18	Commissioner of Custom Act
Cenvat Credit Rules, 2002	CENVAT credit wrongly availed	167.41	-	F.Y. 2008-10	Commissioner, Vadodara-II
	CENVAT credit wrongly availed	71.79	-	F.Y. 2005-14	Additional Commissioner, Vadodara-II
	CENVAT credit wrongly availed	73.44	-	F.Y. 2009-13	Deputy Commissioner, Bharuch
	Cenvat credit wrongly availed	21.79	-	F.Y. 2010-13	Commissioner (Appeal), Vadodara-II
	Cenvat credit wrongly availed	23.75	-	F.Y. 2013-17	Assistant Commissioner, Bharuch
	Cenvat credit wrongly availed	12.58	-	F.Y. 2016-17	Joint Commissioner, Bharuch
Customs Act, 1962	Non - payment of custom duty	32.66	-	F.Y 2008-09	CESTAT, Ahmedabad

\* A.Y. – Assessment Year / F.Y. – Financial Year

(viii) The Company has defaulted in repayment of borrowings to the following banks during the year, which is detailed below:

Name of the bank	Amount of default during year ended 31 <sup>st</sup> March, 2018 ( ` in lakhs)	Period of default
State Bank of India	1,218.82	0 to 335 Days
Federal Bank	139.68	0 to 335 Days

The Company did not have any outstanding debentures during the year.

- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand.
- (x) In our opinion, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) As described in Note 8 in the Basis for Disclaimer of Opinion paragraph, the Company has provided (and)/paid managerial remuneration, which is not in accordance with the requisite approval mandated by the provisions of Section 197 of the Act, read with Schedule V to the Act. The details of the same are as follows:

S. No	Payment made to	Amount Paid/provided in excess of limits prescribed ( ` in lakhs)	Amount due for Recovery as at 31 <sup>st</sup> March, 2018 ( ` in lakhs)	Steps taken to secure the recovery of the amount	Remarks (if any)
1.	Managing Director	151.60	151.60	None	No objection certificate secure form lender is applied for and awaited.

- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion, all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements, as required by the applicable Ind AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Registration No. 001076N/N500013

Place : Mumbai  
Date : 5<sup>th</sup> July, 2018

**Khushroo B. Panthaky**  
Partner  
Membership No. 42423

### **Annexure - B to in the Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. In conjunction with our engagement to audit the financial statements of Steelco Gujarat Limited ("the Company") as at and for the year ended 31<sup>st</sup> March, 2018, we have audited the Internal Financial Controls over Financial Reporting ("IFCoFR") of the Company as at that date.

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

2. The Company's Board of Directors 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 ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the 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 the Company's 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 Act.

#### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion on the Company's IFCoFR.

#### **Meaning of Internal Financial Controls over Financial Reporting**

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Adverse opinion**

8. In our opinion, according to the information and explanations given to us and based on audit procedures performed, the following material weaknesses have been identified in the internal financial controls as at 31<sup>st</sup> March, 2018:
  - a) The Company did not have sufficient appropriate supervisory and review controls over financial statement closure process, in accordance with the accounting principles generally accepted in India, which led to multiple modifications in the financial statements during the course of the audit.
  - b) The Company's internal control system with respect to assessing the Company's ability to continue as a going concern, was not operating effectively, which could result in the incorrect fundamental assumption that the Company can continue as a going concern, which could potentially result in a material misstatement in the carrying value and classification of assets and liabilities and consequential impact on earnings, reserves and related disclosures in the financial statements.
  - c) The Company's internal control system with respect to assessment of recoverability of trade receivables and consequent provision towards expected credit loss / doubtful debts in accordance with Ind AS 109 "Financial Instruments", was not operating effectively, which could potentially result in a material misstatement in the carrying value of trade receivables and consequential impact on the earnings, reserves and related disclosures in the financial statements.
  - d) The Company's internal control system with respect to payment of managerial remuneration in accordance with the provisions of Schedule V to the Act, was not operating effectively, thereby resulting in non-adherence with the relevant provisions of the Act and a potential material misstatement in the employee benefits expense and consequential impact on the earnings, reserves and related disclosures in the financial statements.
  - e) The Company did not have an appropriate internal control system with respect to the assessment of settlement of advances received, remittance of payments and receipt of receivables within the time limit stipulated by FEMA, which could result in a material misstatement in the carrying value of the Company's trade receivables, trade payables, other current liabilities and the resultant impact on the earnings, reserves and related disclosures in the financial statements.
9. A 'material weakness' is a deficiency, or a combination of deficiencies, in IFCoFR, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.
10. In our opinion, because of the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has not maintained adequate internal financial controls over financial reporting and such internal controls over financial reporting were not operating effectively as of 31<sup>st</sup> March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.
11. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our engagement to audit the financial statements of the Company as at and for the year ended 31<sup>st</sup> March, 2018, and these material weaknesses have affected our audit report on the financial statements of the Company and we have issued a disclaimer of opinion on the financial statements.

**For Walker Chandio & Co LLP**  
Chartered Accountants  
**Firm Registration No. 001076N/N500013**

**Place : Mumbai**  
**Date : 5<sup>th</sup> July, 2018**

**Khushroo B. Panthaky**  
Partner  
Membership No. 42423



## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2018

(INR in lakhs)

Particulars	Note No.	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	6,198.33	5,233.22	5,801.19
Capital work-in-progress	4	652.66	987.86	96.22
Investment property	5	57.52	58.67	59.72
Intangible assets	6	20.70	11.52	9.38
Financial assets				
(i) Loans	7	30.54	12.50	9.73
Deferred tax assets	33	-	-	-
Income tax assets (net)	8	209.49	205.29	199.87
Other non current assets	9	627.72	1,062.58	1,134.66
		<b>7,796.96</b>	<b>7,571.65</b>	<b>7,310.77</b>
<b>Current assets</b>				
Inventories	10	3,170.12	8,767.17	5,980.04
Financial assets				
(i) Trade receivables	11	9,173.07	10,654.29	9,267.99
(ii) Cash and cash equivalents	12	72.04	133.49	254.30
(iii) Other bank balances	13	440.20	424.47	1,038.90
(iv) Other financial assets	14	1,211.45	1,045.30	945.42
Other current assets	9	1,588.16	1,536.61	1,154.12
		<b>15,655.04</b>	<b>22,561.33</b>	<b>18,640.76</b>
Assets classified as held for sale	15	350.00	13.02	13.02
<b>TOTAL ASSETS</b>		<b>23,802.00</b>	<b>30,146.00</b>	<b>25,964.54</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	16	4,256.18	4,256.18	4,256.18
Other equity	17	(21,512.81)	(16,233.01)	(12,634.76)
<b>Total equity</b>		<b>(17,256.63)</b>	<b>(11,976.83)</b>	<b>(8,378.58)</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
(i) Borrowings	18	4,653.72	4,925.43	6,553.57
(ii) Others financial liabilities	19	3.86	5.94	3,085.86
Provisions	20	377.20	295.49	251.41
Other non-current liabilities	21	0.35	-	-
		<b>5,035.13</b>	<b>5,226.86</b>	<b>9,890.84</b>
<b>Current liabilities</b>				
Financial liabilities				
(i) Borrowings	18	7,631.25	9,723.72	5,732.29
(ii) Trade payables	22	16,703.50	17,722.04	15,753.23
(iii) Other financial liabilities	19	10,640.02	7,517.98	1,725.94
Other current liabilities	21	950.58	1,796.46	1,115.31
Provisions	20	11.30	48.92	38.55
Current tax liabilities (net)	23	86.85	86.85	86.95
		<b>36,023.50</b>	<b>36,895.97</b>	<b>24,452.27</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>23,802.00</b>	<b>30,146.00</b>	<b>25,964.54</b>

The accompanying notes 1 to 52 form an integral part of the financial statements

This is the balance sheet referred to in our audit report of even date.

**For Walker Chandio & Co LLP**

Chartered Accountants

Firm Registration No. 001076N / N500013

**Khushroo B. Panthaky**

Partner

Membership No. 42423

Place : Mumbai

Date : 5<sup>th</sup> July, 2018

**For and on behalf of the Board**

**Amish H. Mehta**

Director

DIN: 07068022

**Abhishek Jajoo**

Chief Financial Officer

Place : Mumbai

Date : 5<sup>th</sup> July, 2018

**Mitesh H. Shah**

Managing Director

DIN: 07013137

**Achal S. Thakkar**

Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

(INR in lakhs)

Particulars	Note No.	For the year ended	
		31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
<b>Income</b>			
Revenue from operations	24	47,660.85	54,967.35
Other income	25	260.74	375.29
<b>Total income</b>		<b>47,921.59</b>	<b>55,342.64</b>
<b>Expenses</b>			
Cost of materials consumed	26	37,986.75	43,287.55
Excise duty		844.65	1,851.69
Changes in inventories of finished goods and work in progress	27	2,006.75	(49.30)
Employee benefits expense	28	1,825.60	1,701.73
Finance costs	29	2,123.59	2,552.10
Depreciation and amortisation expense	30	716.24	970.04
Other expenses	31	7,386.99	8,765.00
<b>Total expenses</b>		<b>52,890.57</b>	<b>59,078.81</b>
<b>Loss before exceptional item and tax</b>		<b>(4,968.98)</b>	<b>(3,736.17)</b>
<b>Add: Exceptional item</b>	32	<b>(291.82)</b>	-
<b>Loss before tax</b>		<b>(5,260.80)</b>	<b>(3,736.17)</b>
<b>Tax expense</b>	33		
Current tax		-	-
Deferred tax		-	-
Total tax expense		-	-
<b>Loss for the year</b>		<b>(5,260.80)</b>	<b>(3,736.17)</b>
<b>Other comprehensive income (OCI)</b>			
<b>Items that will not be reclassified to profit and loss</b>			
Remeasurements of defined benefit plans		(19.00)	(2.68)
Income tax relating to items that will not be reclassified to profit or loss		-	-
<b>Other comprehensive loss for the year</b>		<b>(19.00)</b>	<b>(2.68)</b>
<b>Total comprehensive loss for the year</b>		<b>(5,279.80)</b>	<b>(3,738.85)</b>
<b>Earnings per equity share</b>			
Number of equity shares (face value of INR 10 each)		42,561,822	42,561,822
Basic and diluted loss per share (INR)	34	(12.36)	(8.78)

The accompanying notes 1 to 52 form an integral part of the financial statements

This is the balance sheet referred to in our audit report of even date.

**For Walker Chandio & Co LLP**

Chartered Accountants

Firm Registration No. 001076N / N500013

**Khushroo B. Panthaky**

Partner

Membership No. 42423

Place : Mumbai

Date : 5<sup>th</sup> July, 2018

**For and on behalf of the Board**

**Amish H. Mehta**

Director

DIN: 07068022

**Abhishek Jajoo**

Chief Financial Officer

Place : Mumbai

Date : 5<sup>th</sup> July, 2018

**Mitesh H. Shah**

Managing Director

DIN: 07013137

**Achal S. Thakkar**

Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

(INR in lakhs)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before tax	(5,260.80)	(3,736.17)
<b>Adjustments for:</b>		
Depreciation	716.24	970.04
[Profit]/Loss on sale of assets [Net]	4.16	0.60
Interest income	(46.05)	(77.01)
Finance costs	2,123.59	2,552.10
Exceptional items	695.85	-
Consumption of spares and parts	-	(519.17)
Provision for doubtful debts written back	-	6.05
Unrealised exchange gain	(105.29)	(457.08)
Provisions for employee benefits	73.50	62.39
<b>Operating profit/(loss) before working capital changes</b>	<b>(1,798.80)</b>	<b>(1,198.25)</b>
<b>Adjustments for changes working capital</b>		
Trade receivables	1,401.26	(1,170.17)
Inventories	5,597.05	(2,655.81)
Other financial assets and other current assets	(305.52)	(460.51)
Trade payables	(868.28)	2,299.07
Other financial liabilities and current liabilities	650.03	164.77
Provisions	(29.41)	(15.68)
<b>Cash flow from operating activities post working capital changes</b>	<b>4,646.32</b>	<b>(3,036.58)</b>
Income tax paid (net)	(4.20)	(5.43)
<b>Net cash flow from operating activities (A)</b>	<b>4,642.12</b>	<b>(3,042.01)</b>
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,675.05)	(653.91)
Fixed deposits matured	(15.73)	614.43
Proceeds from sale of property, plant and equipment	3.00	0.01
Interest received	133.87	108.91
<b>Net cash flows from investing activities (B)</b>	<b>(1,553.91)</b>	<b>69.44</b>
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Availment of borrowings	-	635.85
Repayment of borrowings	(2,311.59)	3,579.26
Interest paid	(838.07)	(1,363.36)
<b>Net cash used in financing activities (C)</b>	<b>(3,149.66)</b>	<b>2,851.75</b>
Decrease in cash and cash equivalents (A+B+C)	(61.45)	(120.81)
Cash and cash equivalents at the beginning of the year	133.49	254.30
<b>Cash and cash equivalents at the end of the year</b>	<b>72.04</b>	<b>133.49</b>

The accompanying notes 1 to 52 form an integral part of the financial statements

This is the balance sheet referred to in our audit report of even date.

**For Walker Chandiook & Co LLP**

Chartered Accountants

Firm Registration No. 001076N / N500013

**Khushroo B. Panthaky**

Partner

Membership No. 42423

Place : Mumbai

Date : 5<sup>th</sup> July, 2018

**For and on behalf of the Board**

**Amish H. Mehta**

Director

DIN: 07068022

**Abhishek Jajoo**

Chief Financial Officer

Place : Mumbai

Date : 5<sup>th</sup> July, 2018

**Mitesh H. Shah**

Managing Director

DIN: 07013137

**Achal S. Thakkar**

Company Secretary

## Summary of significant accounting policies and other explanatory information to the financial statements as at and for the year ended 31<sup>st</sup> March, 2018

### 1. Corporate information

Steelco Gujarat Limited (the "Company") is a listed public limited company domiciled in India, incorporated under the Companies Act, 1956. The Company is listed on the Bombay Stock Exchange (BSE). The Company's commercial production of cold rolled steel products started in 1994 with cold rolling of steel continuous hot dip galvanising line in 1997. The Company is engaged in manufacturing of GP/GC coil sheets and CR coils and sheets and the factory and office is located at Palej – 392220, Bharuch, Gujarat. The Company is accredited with ISO9001:2000 and ISO 14001:2004 certification on quality management standards for the manufacturing and supply of CR steel sheet/coils/strips and CR galvanized plain/corrugated sheet/coil/strips.

### 2. Significant accounting policies

The significant accounting policies applied by the Company in the preparation of its financial statements are listed below.

#### a. Basis of Preparation of financial statements

The Company has prepared the financial statements which comprise the balance sheet as at 31<sup>st</sup> March, 2018, the statement of profit and loss, the statement of cash flows and the statement of changes in equity for the year ended 31<sup>st</sup> March, 2018, and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "financial statements").

These financial statements for the year ended 31<sup>st</sup> March, 2018 are the first financial statements prepared by the Company under Indian Accounting Standards. For all periods up to and including the year ended 31<sup>st</sup> March, 2017, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India, immediately before adopting Ind AS. The financial statements for the comparative year ended 31<sup>st</sup> March, 2017 and opening balance sheet at the beginning of the comparative year (as at 1<sup>st</sup> April, 2016) are also prepared in accordance with Ind AS for comparative information. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Company's Balance Sheet, Statement of Profit and Loss and Statement of Cash Flows are provided under note 42.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1<sup>st</sup> April, 2016 being the date of transition to Ind AS.

The financial statements for the year ended 31<sup>st</sup> March, 2018 were authorized and approved by the Board of Directors on 5<sup>th</sup> July, 2018.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments); and
- Defined benefit plans – measured using actuarial valuation.

All the assets and liabilities have been classified as current or non-current as per the operating cycle of the Company in accordance with the guidance set out in Schedule III to the Act. The operating cycle for the business activities of the Company is considered to be twelve months.

#### b. Use of estimates and judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the related disclosures. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Any revision to accounting estimates and assumptions are recognised prospectively i.e. recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant judgements and areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

##### - Recognition of deferred tax assets –

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized.

##### - Evaluation of indicators for impairment of assets –

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

##### - Impairment of financial assets –

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding financial assets.

- **Provisions, contingent liabilities and contingent assets--**

The Company is subject to legal proceedings and tax issues covering certain matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

- **Useful lives of depreciable/amortisable assets –**

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other plant and equipment.

- **Defined benefit obligation (DBO) –**

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

- **Fair value measurements –**

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

- **Impairment of assets –**

In assessing impairment, management estimates the recoverable amounts of each asset (in case of non-financial assets) based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future cash flows and the determination of a suitable discount rate.

**c. Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable net of discounts, taking into account contractually defined terms and excluding taxes or duties collected on behalf of the government.

**i. Sale of goods**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the amount due, associated costs or the possible return of goods.

**ii. Interest and dividend**

Interest income is recognised on an accrual basis using the effective interest method. Dividends are recognised at the time the right to receive the payment is established.

**iii. Rental income**

Rental income from investment properties and subletting of properties is recognised on a straight line basis over the term of the relevant leases.

**iv. Export benefits**

Export benefits / incentives are accounted on accrual basis in accordance with various government schemes in respect thereof and are shown under "Other Operating Revenue".

**v. Other income**

Other income is recognised when no significant uncertainty as to its determination or realisation exists.

**d. Foreign currencies and operations**

**i. Functional and presentation currency**

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

## ii. Foreign currency transactions and balances

Foreign currency transactions are recorded in the functional currency by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency on the date of the transaction (spot exchange rate).

All monetary items denominated in foreign currency are converted into the functional currency at the year-end exchange rate. The exchange differences arising on such conversion and on settlement of the transactions are recognised in the statement of profit and loss.

Non-monetary items in terms of historical cost denominated in a foreign currency are reported using the exchange rate prevailing on the date of the transaction.

## e. Property, plant and equipment (“PPE”)

### i. Initial recognition

PPE are stated at cost less accumulated depreciation and impairment losses, if any.

Cost comprises the purchase price and any attributable / allocable cost of bringing the asset to its working condition for its intended use. The cost also includes direct cost and other related incidental expenses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits attributable to such subsequent cost associated with the item will flow to the Company, and the benefit shall be availed over a period of more than 1 year. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

On transition to Ind AS, the Company has opted to continue with the carrying values measured under the previous GAAP as at 1<sup>st</sup> April, 2016 of its PPE and use that carrying value as the deemed cost of the PPE on the date of transition i.e. 1<sup>st</sup> April, 2016.

Gains or losses arising on the disposal of PPE are determined as the difference between the disposal proceeds and the carrying amount of the assets, and are recognized in the statement of profit and loss within 'other income' or 'other expenses', respectively.

### f. Intangible assets

Intangible assets include computer software which is stated at cost less accumulated amortisation.

On transition to Ind AS, the Company has opted to continue with the carrying values measured under the previous GAAP as at 1<sup>st</sup> April, 2016 of its intangible assets and used that carrying value as the deemed cost of the intangible assets on the date of transition i.e. 1<sup>st</sup> April, 2016.

### g. Depreciation and amortisation of property, plant and equipment and intangible assets

Depreciation or amortisation is provided from the date the assets are ready to be put to use, using straight line method over the estimated useful life of the assets.

Leasehold land is being amortised over the life of the lease. Depreciation on assets under construction commences only when the assets are ready for their intended use.

For determining the appropriate depreciation rates, plant and machinery falling under the category of continuous process plant has been identified on the basis of technical opinion obtained. Depreciation on additions to and disposals of the property, plant and equipment and intangible assets during the period has been provided on pro-rata basis, according to the period each such asset was used during the period except in case of low value items not exceeding INR 10,000/- which are depreciated fully in the period of addition. Depreciation on addition or extension to the existing property, plant and equipment which becomes integral part of that asset is provided on pro-rata basis according to the remaining useful life of the existing asset.

The estimated useful lives for the main categories of property, plant and equipment and other intangible assets are:

<b>Class of assets</b>	<b>Estimated useful life (in years)</b>
Buildings	0 to 45
Plant and machinery	0 to 22
Furniture and fixtures	0 to 10
Vehicles	8
Office equipment	1 to 15
Computer softwares	3 to 6

Depreciation method, useful life and residual value are reviewed periodically and when necessary, revised. No further charge is provided in respect of assets that are fully written down but are still in use.

### h. Investment property

Investment properties are those that are held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company. Investment property is measured initially at its cost, including related transaction costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company in a period exceeding 1 year and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Investment properties are depreciated using the straight-line method over their estimated useful lives. The useful life has been determined based on technical evaluation performed by the management's expert.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investment properties recognised as at 1<sup>st</sup> April, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

**i. Leases**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the lessee is classified as a finance lease.

**A. The Company as lessee**

**i. Operating lease –**

Rentals payable under operating leases are charged to the statement of profit and loss on a straight line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**ii. Finance lease –**

Finance leases are capitalised at the commencement of lease, at the lower of the fair value of the property or the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the statement of profit and loss over the period of the lease, using the effective interest rate method.

**B. The Company as lessor**

**iii. Operating lease -**

Rental income from operating leases is recognised in the statement of profit and loss on a straight line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset is diminished.

**iv. Finance lease -**

The Company does not have any finance leases as lessor.

**j. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**i. Recognition, initial measurement and derecognition**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by 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 and loss)

The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows under an eligible transaction.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

**ii. Classification and subsequent measurement of financial assets**

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)
- Equity instruments measured at fair value profit or loss (FVTPL)
- **Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

1. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
2. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (the "EIR") method. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

- **Debt instruments at fair value through other comprehensive income**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

1. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
2. The asset's contractual cash flows represent SPPI.

The Company does not have any debt instruments classified in FVOCI category.

- **Debt instruments at fair value through profit or loss**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

The Company does not have any debt instruments classified in FVTPL category.

- **Equity instruments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in the OCI subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no recycling of the amounts from the OCI to the statement of profit and loss, even on sale of the investment. However, the Company may transfer the cumulative gain or loss within categories of equity.

**iii. Impairment of financial assets**

In accordance with Ind AS 109, the Company applies the expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets and credit risk exposures. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cashflows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the EIR of the instrument. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the statement of profit and loss.

**iv. Classification and subsequent measurement of financial liabilities**

All financial liabilities are recognised initially at its fair value adjusted by directly attributable transaction costs.

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred



for the purpose of repurchasing in the near term. The Company does not have any financial liabilities classified at fair value through profit or loss.

- **Financial liabilities measured at amortised cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

**k. Equity shares**

Equity shares are classified as equity. 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.

**l. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than 3 months) that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and cash credits as they are considered an integral part of the Company's cash management.

**m. Income taxes**

Income tax comprises of current and deferred income tax. Income tax is recognised as an expense or income in the Statement of Profit and Loss, except to the extent it relates to items directly recognised in equity or in OCI.

- **Current Income Tax**

Current income tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

- **Deferred Income Tax**

Deferred tax is determined by applying the Balance Sheet approach. Deferred tax assets and liabilities are recognised for all deductible temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each Balance Sheet date to reassess realisation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent it is probable that the Company will pay normal income tax during the specified period.

**n. Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**o. Impairment of non-financial assets**

If at a balance sheet date, there is an indication of impairment of any non-financial asset, the same is treated as impairment loss and is charged to the statement of profit and loss. After impairment of an asset, the depreciation is provided on the revised carrying amount of the assets over its remaining useful life. At a balance sheet date, if there is an indication that a previously recognised impairment loss no longer exists, the recoverable amount is reassessed and the previously recognised impairment loss may be reversed.

**p. Inventories**

Inventories consisting of raw materials, work-in-process and finished goods are valued at lower of cost and net realizable value. For this purpose, the cost of raw material is determined using monthly moving average cost method (net of Cenvat credit availed). Cost of finished goods and Work-in-process is determined by taking average material costs (net of Cenvat credit availed) and other appropriate and relevant manufacturing overheads. Inventories consisting of stores, consumables, spare parts, and packing materials etc. are valued at lower of cost and net realizable value. For this purpose direct costs, and appropriate relevant overheads are apportioned using the FIFO method.

**q. Provisions, contingent liabilities and contingent assets**

A provision is recognised when:

- The Company has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

Provisions are measured at the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted using a current 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 finance costs.

The Company does not recognise contingent liabilities but it is disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent asset is not recognised in the financial statements.

**r. Employee benefits**

**i. Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, performance incentives are recognised at actual amounts due in the period in which the employee renders the related service.

**ii. Post-employment benefits**

**1. Defined contribution plans:** The Company contributes on a defined contribution basis to Employees' Provident Fund towards post-employment benefits, all of which are administered by the respective Government authorities. The Company has no further obligation beyond making its contribution, which is expensed in the period to which it pertains.

**2. Defined benefit plans:**

**i. Superannuation plan:**

The Superannuation scheme is administered through the Life Insurance Corporation of India (LIC). The liability for the defined benefit plan is funded by way of payment of premium as determined by the LIC of India and the same is administered by LIC and the Company has no further obligation beyond making its contribution, which is expensed in the period to which it pertains.

**ii. Gratuity plan:**

The Company administers the gratuity scheme being unfunded liability. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in the Other Comprehensive Income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

### 3. Leave Entitlements (long term employee benefit):

The employees of the company are entitled to leave as per the leave policy of the Company. The unfunded liability in respect of unutilized leave balances is provided based on an actuarial valuation carried out by an independent actuary, which is calculated using projected unit credit method as at the year end and charged to the statement of profit and loss.

#### s. Borrowing costs

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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

#### t. Operating segments

An operating segment is a component of a Company that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relates to transactions with any of the Company's other components, and for which discrete financial information is available.

The Company has identified manufacture of steel products as its sole business segment. The operating results of this segment are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) i.e. Managing Director (MD) to make key decision on operations of the segments and assess its performance.

#### u. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share after considering the income tax effect of all finance costs associated with dilutive potential equity shares, and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

The Company has not issued any dilutive potential equity shares.

#### v. Rounding off 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.

### 3. Standards issued but not yet effective

#### i. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On 28<sup>th</sup> March, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from 1<sup>st</sup> April, 2018. The effect on adoption of Ind AS 21 is expected to be insignificant.

#### ii. Ind AS 115 – "Revenue from Contracts with Customers

Ind AS 115 establishes a single model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard, Ind AS 18 "Revenue" and Ind AS 11 "Construction Contracts" when it becomes effective which is 1<sup>st</sup> April, 2018. The core principle of Ind AS 115 is that, an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods or services. The new standard also requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue. The Company is in the process of evaluating the impact of adoption of Ind AS 115 on its financial statements.

## Statement of changes in equity for the year ended 31<sup>st</sup> March, 2018

### A Equity share capital

Particulars	Note No.	Number of shares	(INR in lakhs) Amount
Balance as on 1 <sup>st</sup> April, 2016	16	42,561,822	4,256.18
Changes in equity share capital during the year		-	-
Equity shares as at 31 <sup>st</sup> March, 2017		42,561,822	4,256.18
Changes in equity share capital during the year		-	-
Equity shares as at 31 <sup>st</sup> March, 2018		42,561,822	4,256.18

### B Other equity

Particulars	Share application money pending allotment	Equity component of other financial instruments with shareholder	Reserves and Surplus		Total
			Capital reserve	Retained earnings	
<b>Balance as at 1<sup>st</sup> April, 2016</b>	<b>0.01</b>	<b>143.89</b>	<b>489.68</b>	<b>13,268.31</b>	<b>(12,634.73)</b>
Loss for the year	-	-	-	(3,736.17)	(3,736.17)
Other comprehensive loss for the year	-	-	-	(2.68)	(2.68)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,738.85)</b>	<b>(3,738.85)</b>
Additions during the year	-	140.60	-	-	140.60
<b>Balance as at 31<sup>st</sup> March, 2017</b>	<b>0.01</b>	<b>284.49</b>	<b>489.68</b>	<b>(17,007.17)</b>	<b>(16,232.99)</b>
Loss for the year	-	-	-	(5,260.80)	(5,260.80)
Other comprehensive loss for the year	-	-	-	(19.00)	(19.00)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,279.80)</b>	<b>(5,279.80)</b>
Movement during the year	-	-	-	-	-
<b>Balance as at 31<sup>st</sup> March, 2018</b>	<b>0.01</b>	<b>284.49</b>	<b>489.68</b>	<b>(22,286.96)</b>	<b>(21,512.79)</b>

The accompanying notes 1 to 52 form an integral part of the financial statements

This is the balance sheet referred to in our audit report of even date.

**For Walker Chandiook & Co LLP**

Chartered Accountants

Firm Registration No. 001076N / N500013

**Khushroo B. Panthaky**

Partner

Membership No. 42423

Place : Mumbai

Date : 5<sup>th</sup> July, 2018

**For and on behalf of the Board**

**Amish H. Mehta**

Director

DIN: 07068022

**Abhishek Jajoo**

Chief Financial Officer

Place : Mumbai

Date : 5<sup>th</sup> July, 2018

**Mitesh H. Shah**

Managing Director

DIN: 07013137

**Achal Thakkar**

Company Secretary

## Notes to the financial statements for the year ended 31<sup>st</sup> March, 2018

### 4. Property, plant and equipment

(INR in lakhs)

Description	Leasehold land	Buildings	Plant and machinery	Furniture and fixtures	Vehicles	Office equipments	Total(A)	Capital work in progress (B)	Total (A+B)
<b>Gross block</b>									
<b>Carrying value</b>									
<b>(at deemed cost) at 1<sup>st</sup> April, 2016</b>	23.69	1,481.48	4,130.09	46.70	86.19	33.04	5,801.19	96.22	5,897.41
Additions during the year	-	-	393.05	0.58	-	3.53	397.16	891.64	1,288.81
Disposals during the year	-	-	(0.66)	-	-	-	(0.66)	-	(0.66)
<b>Balance as at 31<sup>st</sup> March, 2017</b>	<b>23.69</b>	<b>1,481.48</b>	<b>4,522.49</b>	<b>47.28</b>	<b>86.19</b>	<b>36.57</b>	<b>6,197.70</b>	<b>987.86</b>	<b>7,185.56</b>
Additions during the year	-	33.90	1,625.57	0.23	-	8.63	1,668.33	1,246.27	2,914.60
Capitalised during the year (Refer note 4(iv))	-	-	-	-	-	-	-	-(1,231.47)	(1,231.47)
Reclassified from held for sale (refer note 15)	14.87	-	-	-	-	-	14.87	-	14.87
Reclassified to held for sale (refer note 15)	-	-	-	-	-	-	-	(350.00)	-
Disposals during the year	-	-	(0.00)	-	(11.84)	-	(11.84)	-	(11.84)
<b>Balance as at 31<sup>st</sup> March, 2018</b>	<b>38.56</b>	<b>1,515.38</b>	<b>6,148.06</b>	<b>47.51</b>	<b>74.35</b>	<b>45.20</b>	<b>7,869.06</b>	<b>652.66</b>	<b>8,871.72</b>
<b>Accumulated depreciation</b>									
<b>Balance as at 1<sup>st</sup> April, 2016</b>	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	51.94	882.19	7.03	17.04	6.19	964.39	-	964.39
Amortisation for the year	0.13	-	-	-	-	-	0.13	-	0.13
Disposals during the year	-	-	(0.05)	-	-	-	(0.05)	-	(0.05)
<b>Balance as at 31<sup>st</sup> March, 2017</b>	<b>0.13</b>	<b>51.94</b>	<b>882.14</b>	<b>7.03</b>	<b>17.04</b>	<b>6.19</b>	<b>964.47</b>	-	<b>964.47</b>
Depreciation charge for the year	-	52.36	626.80	6.77	16.60	6.40	708.93	-	708.93
Amortisation for the year	0.16	-	-	-	-	-	0.16	-	0.16
Reclassified from held for sale (refer note 15)	1.86	-	-	-	-	-	1.86	-	1.86
Disposals during the year	-	-	-	-	(4.68)	-	(4.68)	-	(4.68)
<b>Balance as at 31<sup>st</sup> March, 2018</b>	<b>2.15</b>	<b>104.30</b>	<b>1,508.94</b>	<b>13.80</b>	<b>28.95</b>	<b>12.59</b>	<b>1,670.73</b>	-	<b>1,670.73</b>
<b>Net block</b>									
<b>Balance as at 1<sup>st</sup> April, 2016</b>	<b>23.69</b>	<b>1,481.48</b>	<b>4,130.09</b>	<b>46.70</b>	<b>86.19</b>	<b>33.04</b>	<b>5,801.19</b>	<b>96.22</b>	<b>5,897.41</b>
<b>Balance as at 31<sup>st</sup> March, 2017</b>	<b>23.56</b>	<b>1,429.54</b>	<b>3,640.35</b>	<b>40.25</b>	<b>69.15</b>	<b>30.38</b>	<b>5,233.22</b>	<b>987.86</b>	<b>6,221.09</b>
<b>Balance as at 31<sup>st</sup> March, 2018</b>	<b>36.41</b>	<b>1,411.08</b>	<b>4,639.12</b>	<b>33.71</b>	<b>45.40</b>	<b>32.61</b>	<b>6,198.33</b>	<b>652.66</b>	<b>6,850.99</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018

### (i) Assets acquired under a finance lease

During the year 1991-92, Company has acquired under a finance lease from G.I.D.C., land admeasuring 2,47,581.81 Sq. mtr. situated at plot No.2, G.I.D.C. estate, N.H.No.8, Palej, Dist. Bharuch, Gujarat (India). The lease period is for 99 years which can be extended for another 99 years at option of the Company.

### (ii) Contractual obligations

There are no contractual commitments for the acquisition of property, plant and equipment during the years presented.

### (iii) Property, plant and equipment pledged as security

Refer note 18 for details on property, plant and equipment pledged as security.

### (iv) Capital work in progress

Capital work-in-progress ('CWIP') includes payments made for implementation of ERP systems, labour charges, materials used for for implementation of plant which will be used for production line. During the year ended 31<sup>st</sup> March, 2018, Company has capitalised INR 1,231.47 lakhs of CWIP into property, plant and equipment. This includes items of plant and machinery pertaining to colour coating production line.

## 5. Investment property

	(INR in lakhs)		
Description	Leasehold land	Buildings	Total
<b>Gross block</b>			
<b>Carrying value (at deemed cost) at 1<sup>st</sup> April, 2016</b>	<b>42.90</b>	<b>16.82</b>	<b>59.72</b>
Additions during the year	-	-	-
<b>Balance as at 31<sup>st</sup> March, 2017</b>	<b>42.90</b>	<b>16.82</b>	<b>59.72</b>
Additions during the year	-	-	-
<b>Balance as at 31<sup>st</sup> March, 2018</b>	<b>42.90</b>	<b>16.82</b>	<b>59.72</b>
<b>Accumulated depreciation</b>			
<b>Balance as at 1<sup>st</sup> April, 2016</b>	-	-	-
Depreciation charge for the year	-	0.81	0.81
Amortisation for the year	0.24	-	0.24
<b>Balance as at 31<sup>st</sup> March, 2017</b>	<b>0.24</b>	<b>0.81</b>	<b>1.05</b>
Depreciation charge for the year	-	0.81	0.81
Amortisation for the year	0.34	-	0.34
<b>Balance as at 31<sup>st</sup> March, 2018</b>	<b>0.58</b>	<b>1.62</b>	<b>2.20</b>
<b>Net block</b>			
<b>Balance as at 1<sup>st</sup> April, 2016</b>	<b>42.90</b>	<b>16.82</b>	<b>59.72</b>
<b>Balance as at 31<sup>st</sup> March, 2017</b>	<b>42.66</b>	<b>16.01</b>	<b>58.67</b>
<b>Balance as at 31<sup>st</sup> March, 2018</b>	<b>42.32</b>	<b>15.20</b>	<b>57.52</b>

### (i) Contractual obligations

There are no contractual obligation to purchase, construct or develop investment property or for its repair, maintenance or enhancement.

### (ii) Amount recognised in profit and loss for investment properties

	(INR in lakhs)	
Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Rental income	1.05	-
Depreciation	1.15	1.06
<b>Profit from leasing of investment properties</b>	<b>(0.10)</b>	<b>(1.06)</b>

(INR in lakhs)			
	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
<b>(iii) Leasing arrangements</b>			
Building under investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payment receivable under non-cancellable leases of investment property are as follows:			
Within one year	9.41	-	-
Later than one year but not later than 5 years	19.09	-	-
Later than 5 years	-	-	-
	<b>28.50</b>	-	-
<b>(iv) Fair value</b>			
Leasehold land**	2,088.94	1,272.94	1,272.94
Buildings	198.00	198.00	198.00
** In absence of valuation being carried out by the Company for the year ended 31 <sup>st</sup> March, 2017, the Company has considered the fair value as on 31 <sup>st</sup> March, 2016 as the fair value for 31 <sup>st</sup> March, 2017.			
<b>(v) Estimation of fair value</b>			
The fair values of the investment properties have been carried out by independent valuer. The best evidence of fair value is current prices in an active market for similar properties. The investment properties have been fair valued using sales comparison method in which due weightage has been given to property rates as evident from sales instances of comparable land and building found upon market enquiry, area, location, nearby civic amenities available etc. This is a Level 2 measurement as per the fair value hierarchy set out in fair value measurement disclosures.			

## 6. Intangible assets

(INR in lakhs)		
Description	Computer software	Total
<b>Gross block</b>		
Carrying value (at deemed cost) at 1 <sup>st</sup> April, 2016	9.38	9.38
Additions during the year	6.60	6.60
<b>Balance as at 31<sup>st</sup> March, 2017</b>	<b>15.98</b>	<b>15.98</b>
Additions during the year	15.18	15.18
<b>Balance as at 31<sup>st</sup> March, 2018</b>	<b>31.16</b>	<b>31.16</b>
<b>Accumulated amortisation</b>		
Balance as at 1 <sup>st</sup> April, 2016	-	-
Amortisation for the year	4.46	4.46
<b>Balance as at 31<sup>st</sup> March, 2017</b>	<b>4.46</b>	<b>4.46</b>
Amortisation for the year	6.00	6.00
<b>Balance as at 31<sup>st</sup> March, 2018</b>	<b>10.46</b>	<b>10.46</b>
<b>Net block</b>		
Balance as at 1 <sup>st</sup> April, 2016	9.38	9.38
Balance as at 31 <sup>st</sup> March, 2017	11.52	11.52
<b>Balance as at 31<sup>st</sup> March, 2018</b>	<b>20.70</b>	<b>20.70</b>

(INR in lakhs)			
Particulars	Non-current		
	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
<b>7. Loans</b>			
(Unsecured, considered good)			
Security deposits	30.54	12.50	9.73
<b>Total</b>	<b>30.54</b>	<b>12.50</b>	<b>9.73</b>
<b>8. Income tax assets (net)</b>			
Advance tax (net of provisions)	209.49	205.29	199.87
<b>Total</b>	<b>209.49</b>	<b>205.29</b>	<b>199.87</b>

(INR in lakhs)

Particulars	Non-current			Current		
	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
<b>9. Other assets</b>						
Balance with government authorities	614.02	1,060.18	1,129.34	1,338.88	1,069.44	584.34
Prepaid expenses	0.40	0.29	0.93	63.50	80.01	191.98
Advance to vendors	-	-	-	180.15	350.01	364.61
Other advances	13.30	2.11	4.39	5.63	37.15	13.19
<b>Total</b>	<b>627.72</b>	<b>1,062.58</b>	<b>1,134.66</b>	<b>1,588.16</b>	<b>1,536.61</b>	<b>1,154.12</b>

(INR in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
<b>10. Inventories</b>			
Raw materials	479.66	5,248.29	2,528.12
Work-in-progress	476.79	1,407.96	1,032.09
Finished goods	587.07	366.30	401.47
Stores and spares	1,303.55	1,336.52	1,348.92
Packing materials	6.49	2.66	3.78
Scrap inventory	316.56	405.44	665.66
<b>Total</b>	<b>3,170.12</b>	<b>8,767.17</b>	<b>5,980.04</b>

- The amount of inventories recognised as an expense is recognised in costs of materials consumed, changes in inventory and consumption of stores and spares.
- No inventory has been written down to its net realisable value and also there was no reversal of written down of inventories of previous years during the years presented.
- There was no capitalisation of borrowings costs to inventories during the years presented.

(INR in lakhs)

Particulars	current		
	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
<b>11. Trade receivables</b>			
<b>Unsecured</b>			
Considered good	9,173.07	10,654.29	9,267.99
Considered doubtful	280.23	280.23	274.18
	9,453.30	10,934.52	9,542.17
Provision for doubtful receivables	(280.23)	(280.23)	(274.18)
<b>Total</b>	<b>9,173.07</b>	<b>10,654.29</b>	<b>9,267.99</b>

Receivables due by directors and its officers of the company is nil (previous year nil)

(INR in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
<b>12. Cash and cash equivalents</b>			
Cash on hand	2.68	1.84	4.84
<b>Balances with banks</b>			
In current accounts	69.36	131.65	249.46
<b>Total</b>	<b>72.04</b>	<b>133.49</b>	<b>254.30</b>

There are no repatriation restrictions with regard to cash and cash equivalents at the end of the reporting period and prior periods presented.

<b>13. Other bank balances</b>			
In fixed deposit accounts with original maturity 12 months or less	440.20	424.47	1,038.90
<b>Total</b>	<b>440.20</b>	<b>424.47</b>	<b>1,038.90</b>



Particulars	(INR in lakhs)		
	Non-current		
	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
<b>14. Other financial assets</b>			
Insurance claim receivable	35.81	-	-
Export incentives receivable	901.75	617.74	485.09
Interest receivable	148.25	236.07	381.83
Other receivables	125.64	191.49	78.50
<b>Total</b>	<b>1,211.45</b>	<b>1,045.30</b>	<b>945.42</b>

Particulars	(INR in lakhs)		
	Non-current		
	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
<b>15. Assets classified as held for sale</b>			
Leasehold land at Palej	-	13.02	13.02
Plant and machinery at port	350.00	-	-
<b>Total</b>	<b>350.00</b>	<b>13.02</b>	<b>13.02</b>

- (i) As on 31<sup>st</sup> March, 2016 the Company has entered into an "Agreement to sell" a part of its leasehold industrial land admeasuring 40,470.99 sq. mtr. (out of total 2,47,581.81 square metres of leasehold land) with M/s Steelco Colour Coating Limited at a total consideration of INR 1,500 lakhs. The Company has received a part payment of INR 519 lakhs during the year ended 31<sup>st</sup> March, 2016. As at 31<sup>st</sup> March, 2016, the final sale deed and conveyancing and registration of titles in the favour of the buyer was yet to be executed. Owing to this, the part of the lease hold land is shown under "Assets held for sale" for the period ended 31<sup>st</sup> March, 2016 and 31<sup>st</sup> March, 2017.

During the year ended 31<sup>st</sup> March, 2018, the above sale transaction was cancelled due to non-payment of balance consideration by M/s Steelco Colour Coating Limited and the entire money received in advance was forfeited by the Company. The same is shown as an income under "Exceptional items" in the statement of profit and loss for the year ended 31<sup>st</sup> March, 2018. The piece of leasehold land shown under "Assets held for sale" in the previous years has been recognised under property, plant and equipment in the current year since the 'held for sale criteria' is no longer fulfilled.

Further during the year ended 31<sup>st</sup> March, 2018, an imported plant and machinery lying at the customs port which was part of CWIP was put to auction. Management has an intention to sell the machinery in the open market and has chalked out a programme to carry out the sale which is expected to be fully completed within 12 months from the end of the reporting date.

**(ii) Non recurring fair value measurements**

Leasehold land classified as held for sale is measured at the lower of the carrying amount and fair value less costs to sell at the time of reclassification. The cost is lower than the fair value on initial classification and subsequently at all reporting dates presented. The land has been fair valued by independent valuer. The valuation methodology adopted is 'sales comparison method' in which due weightage has been given to land rates as evident from sales instances of comparable land found upon market enquiry. This is a level 2 measurement as per the fair value hierarchy set out in fair value measurement disclosures.

The imported plant and machinery was written down to its net realisable value of INR 350 lakhs and impairment loss of INR 695.85 lakhs was recognised in the statement of profit and loss. The valuation was carried out by an independent chartered engineer using 'accumulated depreciation value' method. This is a level 2 measurement as per the fair value hierarchy set out in fair value measurement disclosures.

Particulars	Number of shares			Amount (INR in lakhs)		
	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
	<b>16. Equity share capital</b>					
<b>Authorised capital</b>						
Equity shares of INR in 10 each	75,000,000	75,000,000	75,000,000	7,500.00	7,500.00	7,500.00
<b>Total</b>	<b>75,000,000</b>	<b>75,000,000</b>	<b>75,000,000</b>	<b>7,500.00</b>	<b>7,500.00</b>	<b>7,500.00</b>
<b>Issued and subscribed and fully paid-up capital</b>						
Equity shares of INR in 10 each	42,561,822	42,561,822	42,561,822	4,256.18	4,256.18	4,256.18
<b>Total</b>	<b>42,561,822</b>	<b>42,561,822</b>	<b>42,561,822</b>	<b>4,256.18</b>	<b>4,256.18</b>	<b>4,256.18</b>

**(a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period**

Particulars	Number of shares	Amount (INR in lakhs)
<b>Equity shares as at 1<sup>st</sup> April, 2016</b>	<b>42,561,822</b>	<b>4,256.18</b>
Add: Issued during the year	-	-
<b>Equity shares as at 31<sup>st</sup> March, 2017</b>	<b>42,561,822</b>	<b>4,256.18</b>
Add: Issued during the year	-	-
<b>Equity shares as at 31<sup>st</sup> March, 2018</b>	<b>42,561,822</b>	<b>4,256.18</b>

- (i) All shares rank equally with regard to the repayment of capital in the event of liquidation of the Company.  
(ii) Details of shareholders holding more than 5% shares in the Company

Particulars	% holding			Number of shares		
	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
Spica Investments Limited (Holding Company), Mauritius which is a subsidiary of Spica Business Corp., Panama.	75%	75%	75%	31,921,366	31,921,366	31,921,366

- (iii) The Company has neither issued bonus shares nor has bought back any shares during last 5 years.

Particulars	(INR in lakhs)	
	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>17. Other equity</b>		
<b>Capital reserve</b>		
Opening balance	489.68	489.68
Changes during the year	-	-
<b>Closing balance</b>	<b>489.68</b>	<b>489.68</b>
<b>Retained earnings</b>		
Opening balance	(17,007.16)	(13,268.31)
Net loss for the year	(5,260.80)	(3,736.17)
Other comprehensive loss	(19.00)	(2.68)
<b>Closing balance</b>	<b>(22,286.96)</b>	<b>(17,007.16)</b>
<b>Share application money pending allotments</b>		
Opening balance	0.01	0.01
Changes during the year	(0.00)	-
<b>Closing balance</b>	<b>0.01</b>	<b>0.01</b>
<b>Equity component of other financial instruments with shareholder</b>		
Opening balance	284.46	143.86
Changes during the year	-	140.60
<b>Closing balance</b>	<b>284.46</b>	<b>284.46</b>
<b>Total other equity</b>	<b>(21,512.81)</b>	<b>(16,233.01)</b>

Particulars	(INR in lakhs)		
	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
<b>Summary of balance of other equity</b>			
Capital reserve	489.68	489.68	489.68
Retained earnings	(22,286.96)	(17,007.16)	(13,268.31)
Share application money pending allotments	0.01	0.01	0.01
Equity component of other financial instruments with shareholder	284.46	284.46	143.86
<b>Total</b>	<b>(21,512.81)</b>	<b>(16,233.01)</b>	<b>(12,634.76)</b>

#### Nature and purpose of other reserves

##### Capital reserve

Capital reserve is created out of the profit earned from some specific transactions of capital nature. Capital reserve is not available for the distribution to the shareholders

##### Retained earnings

Retained earnings represents the accumulated profits / losses made by the Company over the year.

##### Equity component of other financial instruments with shareholder

This includes equity component of two classes of cumulative redeemable non-convertible preference shares and interest free loan from shareholder. On transition to Ind AS, these instruments have been fair valued and the difference between the carrying amount and the fair value has been shown as equity contribution from the shareholder.

## 18. Borrowings

### (A) Non-current

(INR in lakhs)						
Particulars	Maturity date	Terms of repayment	Coupon/ Interest rate	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
<b>Secured</b>						
Term loan from bank, secured	31/03/2021*	30 Quarterly repayments starting from 31 <sup>st</sup> December 2013- 31 <sup>st</sup> March 2021	SBI PLR Rate + 1 %	4,651.36	4,057.61	3,687.07
<b>Unsecured</b>						
Vehicle Loan	11/10/2017	36 equal monthly instalments	10%-11%	-	6.82	19.36
Loans from Holding company	1 <sup>st</sup> Tranche- 3 <sup>rd</sup> December 2020 2 <sup>nd</sup> tranche- 26 <sup>th</sup> December 2021 3 <sup>rd</sup> tranche- 14 <sup>th</sup> February 2022	Single repayment at the time of maturity	0%	652.55	621.20	108.83
<b>Liability component of compound financial instruments</b>						
328.20 lakhs 12.50% cumulative redeemable non-convertible preference shares	9/29/2026	Single repayment at the time of maturity	12.50%	7,182.18	6,771.93	6,361.68
34.86 lakhs 7.00% cumulative redeemable non-convertible preference shares	2/21/2029	Single repayment at the time of maturity	7%	237.73	233.01	228.81
<b>Total non-current borrowings</b>				<b>12,723.82</b>	<b>11,690.57</b>	<b>10,405.75</b>
Current maturities of long-term borrowings (refer note 19)				(2,503.62)	(2,486.04)	(749.07)
Interest accrued on above borrowings (refer note 19)				(5,566.48)	(4,279.10)	(3,103.11)
<b>Non-current borrowings as per balance sheet</b>				<b>4,653.72</b>	<b>4,925.43</b>	<b>6,553.57</b>

#### (i) Rupee Term loan

\* **Default in repayment of monthly interest and term loan instalments:** During the year the Company has made delays in payment of interest on long term borrowings above 350 days. Interest accrued and due during the year ended 31<sup>st</sup> March, 2018 amounting to INR 222.90 lakhs (31<sup>st</sup> March, 2017 INR 177.14 lakhs) has not been paid till the date of financial statements. During the year the Company has made delays in repayment of principal value of long term borrowings in the range of 1 to 274 days. The Company has not paid loan instalments of INR 473.43 lakhs which were due during the year ended 31<sup>st</sup> March, 2018 (31<sup>st</sup> March, 2017 INR 364.20 lakhs) Due to above, portion of loans having principal amount of INR 1,694.97 lakhs as on 31<sup>st</sup> March, 2018 (INR 1,738.81 lakhs INR 31<sup>st</sup> March, 2017) have become payable on demand and are hence classified under 'Other current financial liabilities'.

(ii) **Unsecured loan from holding company:** Unsecured, long term borrowings from the ultimate holding company, Spica Business Corp. Panama, is interest free and is repayable at the end of five years from the date of loan.

(INR in lakhs)

Particulars	Maturity date	Terms of repayment	Coupon/ Interest rate	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
<b>(B) Current</b>						
<b>Secured</b>						
Working capital loans from banks, secured	Payable on demand	Payable on demand	Refer 18 B (i)	7,631.25	9,723.72	5,082.07
<b>Unsecured</b>						
Inter corporate deposits, unsecured	-	-	-	-	-	650.22
<b>Total</b>				<b>7,631.25</b>	<b>9,723.72</b>	<b>5,732.29</b>

#### Working Capital Loans from Banks- Secured

Working capital loans from banks comprises of cash credit (CC), export packing facility (EPC), demand loan (DL) and packing credit foreign currency (PCFC). Interest for borrowing in Indian currency through CC, EPC, DL is 9.70 % p.a. and for borrowing in foreign currency through PCFC is in the range of Libor + 2.61 % p.a. to Libor + 2.64 % p.a.

### (C) Security details

These term loans and short term credit facilities from banks are secured by way of joint mortgage of immovable properties of the Company situated at Plot No.2, GIDC Estate, Palej, Dist. Bharuch, Gujarat (India) both present and future, and by way of hypothecation of whole of movable property of the Company, including plant and machinery and other movables, both present and future (save and except inventories and book debts) whether installed or not, or in the course of transit by way of first charge to the lenders (subject to the first charge on specified movable assets created in favour of banks providing working capital finance) to rank on "pari-passu" basis. The borrowings are further secured by way of pledge of INR 319.21 lakhs equity shares held by the promoters in favour of the consortium of bankers and corporate guarantee of Spica Business Corp., Panama, the holding company of Spica Investments Ltd., Mauritius.

(INR in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
The carrying amounts of assets pledged as security for current and non-current borrowings are as under:			
<b>Current</b>			
Inventories and trade receivables (to the extent pledged)	12,343.18	19,421.45	15,248.03
<b>Non Current</b>			
Plant and Machinery (movable assets)	4,639.12	3,640.35	4,130.09
Land (at Palej)	36.41	23.56	23.69
<b>Total</b>	<b>17,018.71</b>	<b>23,085.36</b>	<b>19,401.81</b>

**(D) Net Debt reconciliation**

This section sets out analysis of net debt and the movements in net debt for each of the periods presented

(INR in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2018				Total
Particulars	Cash and cash equivalents	Liquid investments	Non current	Current	
Cash and cash equivalents					(72.04)
Liquid investments					(440.20)
Non current borrowings					12,723.82
Current borrowings					7,631.26
<b>Net debt</b>					<b>19,842.84</b>
Particulars	Cash and cash equivalents	Liquid investments	Non current	Current	Total
<b>Net debt as on 31<sup>st</sup> March, 2017</b>	133.49	424.47	11,690.57	9,723.72	20,856.34
Net cash flows	(61.45)	-	(1,114.41)	(2,092.47)	(3,145.43)
Interest expense and other finance charges	-	-	2,147.66	-	2,147.66
Interest income	-	15.73	-	-	(15.73)
<b>Net debt as on 31<sup>st</sup> March, 2018</b>					<b>19,842.84</b>

(INR in lakhs)

Particulars	Non-current			Current		
	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
<b>19. Others financial liabilities</b>						
Security deposits from customers	3.86	5.94	6.18	-	-	-
Dividend payable on 12.5% cumulative preference shares	-	-	3,079.68	3,900.18	3,489.93	-
Current maturities of long term debt*	-	-	-	2,503.62	2,486.04	749.06
Interest accrued but not due on borrowings	-	-	-	-	7.96	5.03
Interest accrued and due on borrowings	-	-	-	1,666.29	781.21	18.40
Other expenses payable	-	-	-	1,269.95	710.24	915.08
Creditors for capital goods	-	-	-	1,254.73	-	-
Amount repayable to Holding company against Offer For Sale (OFS)	-	-	-	45.25	42.60	38.37
<b>Total</b>	<b>3.86</b>	<b>5.94</b>	<b>3,085.86</b>	<b>10,640.02</b>	<b>7,517.98</b>	<b>1,725.94</b>

\* Current maturities of long term debt includes principal portion of loans which are under default and hence classified under current.

**20. Provisions**

Provision for Employee Benefits	377.20	295.49	251.41	11.30	48.92	38.55
<b>Total</b>	<b>377.20</b>	<b>295.49</b>	<b>251.41</b>	<b>11.30</b>	<b>48.92</b>	<b>38.55</b>

For detailed disclosures on employee benefit plans, refer note 40

**21. Other liabilities**

Deferred rental income	0.35	-	-	0.19	-	-
Advances from customers				832.77	1,017.04	559.17
Advance from sale of land				-	519.00	519.00
Statutory dues				117.62	260.42	37.14
<b>Total</b>	<b>0.35</b>	<b>-</b>	<b>-</b>	<b>950.58</b>	<b>1,796.46</b>	<b>1,115.31</b>

Particulars	(INR in lakhs)		
	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
<b>22. Trade payables</b>			
Payable to micro, medium and small enterprises (MSME)*	-	-	0.50
Acceptances	2,595.47	2,085.03	9,798.25
Other Trade Payables	14,108.03	15,637.01	5,954.48
<b>Total</b>	<b>16,703.50</b>	<b>17,722.04</b>	<b>15,753.23</b>
<b>* Disclosures in respect of amount payable to MSME</b>			
i) Principal amount remaining unpaid to any supplier as at the Year	-	-	0.50
ii) Interest due thereon	0.06	0.03	0.14
iii) Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-	-
iv) Amount of interest due and payable for the period of delay in making payment [which have been paid but beyond the appointed day during the Year] but without adding the interest specified under the MSMED.	0.06	0.03	0.14
v) Amount of interest accrued and remaining unpaid at the end of the accounting Year	-	-	-
vi) The amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure u/s 23.	-	-	-
The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprises on the basis of information available with the Company.			
<b>23. Current tax liabilities</b>			
Provision for Income tax	86.85	86.85	86.95
<b>Total</b>	<b>86.85</b>	<b>86.85</b>	<b>86.95</b>

Particulars	(INR in lakhs)	
	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
<b>24. Revenue from operations</b>		
Sale of manufactured goods	43,088.86	49,354.42
Other operating revenue	4,571.99	5,612.93
<b>Total</b>	<b>47,660.85</b>	<b>54,967.35</b>
<b>25. Other income</b>		
Interest income	46.05	77.33
Net gain on foreign currency transactions and translation	153.08	235.56
Insurance claim received	48.43	41.86
Others	13.18	20.54
<b>Total</b>	<b>260.74</b>	<b>375.29</b>
<b>26. Cost of materials consumed</b>		
<b>Raw materials:</b>		
Opening stock	5,248.29	2,528.12
Add: Purchases	32,627.78	45,291.87
	37,876.07	47,819.99
Less: Closing stock	(479.66)	(5,248.29)
	37,396.41	42,571.70
Packing materials consumed	590.34	715.85
<b>Total</b>	<b>37,986.75</b>	<b>43,287.55</b>

(INR in lakhs)

Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
<b>27. Changes in inventories</b>		
<b>Closing stock:</b>		
Work-in-progress	476.78	1,407.96
Finished Goods	903.63	771.74
	<b>1,380.41</b>	<b>2,179.70</b>
<b>Opening stock</b>		
Work-in-progress	1,407.96	1,032.09
Finished goods	771.74	1,067.13
	<b>2,179.70</b>	<b>2,099.22</b>
<b>Stock movement</b>	799.29	(80.48)
Cost of goods produced and sold - Trial run		1,207.46
Differential excise duty on opening and closing stock of finished goods	-	31.18
<b>Total</b>	<b>2,006.75</b>	<b>(49.30)</b>
<b>28. Employee benefits expense</b>		
Salaries and wages	1,297.41	1,167.65
Contribution to provident and other funds	106.46	95.66
Staff welfare expenses	421.73	438.42
<b>Total</b>	<b>1,825.60</b>	<b>1,701.73</b>
<b>29. Finance costs</b>		
Interest expense	1,883.25	2,191.99
Other borrowing costs	40.37	57.59
Bank commission and charges	199.97	302.52
<b>Total</b>	<b>2,123.59</b>	<b>2,552.10</b>
<b>30. Depreciation and amortisation</b>		
Depreciation on property, plant and equipment	709.09	964.52
Amortisation on intangible assets	6.00	4.46
Depreciation on investment property	1.15	1.06
<b>Total</b>	<b>716.24</b>	<b>970.04</b>
<b>31. Other expenses</b>		
Consumption of stores and spares	1,438.90	1,771.82
Other manufacturing expenses	322.40	343.75
Power and fuel	2,516.44	3,162.74
Rent	18.82	21.39
Repairs to buildings	29.97	7.25
Repairs to plant and machinery	186.28	237.10
Repairs to others	5.71	7.17
Insurance	65.36	60.81
Rates and taxes	5.79	5.77
Traveling expenses	85.98	107.16
Legal and professional fees	191.66	197.48
Commission on sales	127.91	210.88
Freight and forwarding on sales	1,418.51	2,122.83
Other marketing expenses	47.40	40.78
Amount written off (net)	17.43	75.95
Provision for doubtful debts	-	6.05
Audit fees (Refer below)	34.00	16.32
Directors' sitting fees	17.75	21.42
Net loss on sale of property, plant and equipment	4.16	0.60
Donations	1.25	0.07
Miscellaneous expenses	851.27	347.66
<b>Total</b>	<b>7,386.99</b>	<b>8,765.00</b>
<b>Miscellaneous expenses includes remuneration to auditors, the break up of which is given below</b>		
<b>As auditor</b>		
Audit fees	34.00	11.00
For Tax Audit	-	2.50
<b>In other capacity</b>		
For other services	-	2.82
<b>Reimbursement of expenses</b>	-	-
<b>CSR expenses</b>		
Since the Company is continually making losses since past few years, it is not required to incur any CSR expenses for both the years presented.		

(INR in lakhs)

Particulars	(INR in lakhs)	
	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
<b>32. Exceptional items</b>		
Forfeiture of advance money on sale of land*	519.00	-
Loss due to fire	(114.97)	-
Impairment of plant and machinery held for sale	(695.85)	-
<b>Total</b>	<b>(291.82)</b>	<b>-</b>

\*During the year ended 31<sup>st</sup> March, 2018, Company has forfeited INR 519 lakhs received as advance money from Steelco Colour Coating Limited (SCCL). This amount was received at the time of entering into an agreement for sale of portion of leasehold land at Palej. Due to non-payment of the balance consideration by SCCL, Company cancelled the contract and forfeited the entire amount received as advance.

### 33. Income tax expense / Deferred tax

(INR in lakhs)

Deferred Tax Liabilities	WDV	WDV	Difference	Tax Rate	DTL
	As per Income tax	As per Books			
Depreciation	1,732.36	6,198.33	4,465.97	34.61%	1,545.58
<b>Deferred Tax Assets</b>					
			Closing balance	Tax Rate	DTA
43-B Disallowances			1,765.42	34.61%	610.98
Bad Debts Provisions			280.23	34.61%	96.98
Unabsorbed Business loss			5,553.64	34.61%	1,922.00
Unabsorbed Depreciation			15,283.33	34.61%	5,289.25
<b>Net DTA</b>					<b>6,373.64</b>

DTA is not recognised since the company doesn't have any reasonable certainty that sufficient future taxable income would be available against which such deferred tax assets can be realised.

### 34. Earnings per share

Basic earnings per share is calculated by dividing the net profit / (loss) for the year available for equity shareholders (after deducting preference dividends and attributable taxes) by weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit / (loss) for the year available for equity shareholders and the weighted average numbers of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Loss as per the statement of profit and loss available for equity shareholders (INR in lakhs)	(5,260.80)	(3,736.17)
Weighted average number of equity shares for EPS computation	42,561,822	42,561,822
<b>Basic and diluted earnings/(loss) per share (INR)</b>	<b>(12.36)</b>	<b>(8.78)</b>

### 35. Financial instruments

#### i) Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the balance sheet are categorized into three levels of the fair value hierarchy. The three levels are defined based on whether the significant inputs are observable to the measurement, as follows:

**Level 1:** Quoted prices (unadjusted) in active markets for financial instruments.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

ii) **Financial assets measured at fair value - recurring fair value measurements**

(INR in lakhs)				
	Level 1	Level 2	Level 3	Total
<b>As at 31<sup>st</sup> March, 2018</b>				
<b>Financial assets</b>				
<b>Investments at FVOCI</b>				
Unquoted-Equity instruments	-	-	-	-
<b>Total financial assets</b>	-	-	-	-
<b>Financial assets measured at fair value - recurring fair value measurements</b>				
<b>As at 31<sup>st</sup> March, 2017</b>				
<b>Financial assets</b>				
<b>Investments at FVOCI</b>				
Unquoted-Equity instruments	-	-	-	-
<b>Total financial assets</b>	-	-	-	-
<b>Financial assets measured at fair value - recurring fair value measurements</b>				
<b>As at 01<sup>st</sup> April, 2016</b>				
<b>Financial assets</b>				
<b>Investments at FVOCI</b>				
Unquoted-Equity instruments	-	-	-	-
<b>Total financial assets</b>	-	-	-	-

There are no financial liabilities measured at fair value for the years presented.

iii) **Financial assets and liabilities - for which fair values are disclosed**

(INR in lakhs)							
Particulars	Level	As at 31 <sup>st</sup> March, 2018		As at 31 <sup>st</sup> March, 2017		As at 1 <sup>st</sup> April, 2016	
		Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair Value
<b>Financial assets</b>							
Loans	Level-3	30.54	30.57	12.50	12.61	9.73	9.84
<b>Total financial assets</b>		<b>30.54</b>	<b>30.57</b>	<b>12.50</b>	<b>12.61</b>	<b>9.73</b>	<b>9.84</b>
<b>Financial liabilities</b>							
Borrowings	Level-3	12,284.97	20,380.76	14,649.15	21,453.37	12,285.86	12,285.86
<b>Total financial liabilities</b>		<b>12,284.97</b>	<b>20,380.76</b>	<b>14,649.15</b>	<b>21,453.37</b>	<b>12,285.86</b>	<b>12,285.86</b>

iv) **Valuation process and technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- The carrying value of borrowings bearing variable interest rate are considered to be representative of their fair value.
- The carrying value of financial assets and liabilities with maturities less than 12 months are considered to be representative of their fair value.  
This includes trade receivables, trade payables, other current payables and other current receivables.
- Fair value of fixed interest rate financial assets and liabilities carried at amortised cost is determined by discounting the cash flows using a discount rate equivalent to market interest rate applicable to similar assets and liabilities as at the balance sheet date.

- The only financial instruments measured at FVOCI using level 3 inputs is the unquoted equity investments, the fair value of which is ascertained to be nil as on 1<sup>st</sup> April, 2016 and subsequently at all the reporting dates presented. Hence, reconciliation of fair value changes for the same is not presented



### 36. Financial risk management

#### i) Financial instruments by category

(INR in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2018			As at 31 <sup>st</sup> March, 2017			As at 1 <sup>st</sup> April, 2016		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>									
<b>Investments</b>									
Equity instruments	-	-	-	-	-	-	-	-	-
Trade receivables	-	-	9,173.07	-	-	10,654.29	-	-	9,267.99
<b>Cash and cash equivalents</b>	-	-	72.04	-	-	133.49	-	-	254.30
Other bank balances	-	-	440.20	-	-	424.47	-	-	1,038.90
Loans	-	-	30.54	-	-	12.50	-	-	9.73
Other receivables	-	-	1,211.45	-	-	1,045.30	-	-	945.42
<b>Total</b>	-	-	10,927.30	-	-	12,270.05	-	-	11,516.34
<b>Financial liabilities</b>									
Borrowings	-	-	12,284.97	-	-	14,649.15	-	-	12,285.86
Current maturities of long term borrowings	-	-	2,503.62	-	-	2,486.04	-	-	749.07
Interest accrued on above borrowings	-	-	5,566.48	-	-	4,279.10	-	-	3,103.11
Trade payable	-	-	16,703.50	-	-	17,722.04	-	-	15,753.23
Other payables	-	-	2,573.78	-	-	758.77	-	-	959.63
<b>Total</b>	-	-	39,632.35	-	-	39,895.10	-	-	32,850.90

#### ii) Risk Management

The Company is exposed to various risk in relation to financial instruments. The Company's financial asset and liabilities are summarised by category in note 36(i). The main types of risks to which the Company is exposed are market risk, credit risk and liquidity risk. The Company's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to volatile financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.

##### A) Credit risk

Credit risk is the risk that a counter party fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial assets such as trade receivables, security deposits, other receivables etc. The Company's maximum exposure to credit risk is limited to the carrying amount of following types financial assets.

- Trade receivables
- Fixed deposits with banks
- Cash and cash equivalents
- Other financial assets measured at amortised cost

The Company continuously monitors defaults of customers and other counter parties, identified either individually or by the Company and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

##### a) Credit risk management

###### Cash and cash equivalent and fixed deposits with banks

Credit risk related to cash and cash equivalents is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

###### Trade receivables

In case of export sales, credit risk related to trade receivables are mitigated by taking letter of credit from the overseas customers or making sales against advances where credit risk is high. Sales to domestic customers are made on cash and carry basis. The Company closely monitors the credit-worthiness of the customers and only sells goods to credit-worthy parties.

###### Other financial assets measured at amortised cost

Other financial assets measured at amortised cost includes security deposits, export incentives receivable and others. The Company does not see any credit risk from export incentives receivable since the counter party involved are government authorities. Credit risk related to other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system is in place to ensure the amounts are within defined limits.

**b) Expected credit losses**

Company provides expected credit losses based on the following;

**Trade receivables**

The Company recognizes lifetime expected credit losses on trade receivables using a simplified approach and uses historical information to arrive at loss percentage relevant to each category of trade receivables:

(INR in lakhs)							
Ageing (As at 31 <sup>st</sup> March, 2018)	0 - 30 days	30 - 60 days	60 - 90 days	90 - 180 days	180 - 360 days	More than one year	Total
Gross carrying amount	1,049.26	559.36	10.08	2.61	787.14	7,044.85	9,453.30
Expected loss rate							2.96%
Expected credit loss provision	31.10	16.58	0.30	0.07	23.33	208.84	280.23
<b>Carrying amount of trade receivables (Net of impairment)</b>	<b>1,018.16</b>	<b>542.78</b>	<b>9.78</b>	<b>2.54</b>	<b>763.81</b>	<b>6,836.01</b>	<b>9,173.07</b>
<b>Ageing (As at 31<sup>st</sup> March, 2017)</b>							
Gross carrying amount	3,472.03	244.32	46.08	3,050.86	943.89	3,177.33	10,934.52
Expected loss rate							2.56%
Expected credit loss provision	88.98	6.26	1.18	78.19	24.19	81.43	280.23
<b>Carrying amount of trade receivables (Net of impairment)</b>	<b>3,383.05</b>	<b>238.06</b>	<b>44.90</b>	<b>2,972.67</b>	<b>919.70</b>	<b>3,095.90</b>	<b>10,654.29</b>
<b>Ageing (As at 1<sup>st</sup> April, 2016)</b>							
Gross carrying amount	3,568.74	2,145.15	1,632.53	62.22	1,128.42	1,005.11	9,542.16
Expected loss rate							2.87%
Expected credit loss provision	102.54	61.64	46.91	1.79	32.42	28.87	274.17
<b>Carrying amount of trade receivables (Net of impairment)</b>	<b>3,466.20</b>	<b>2,083.51</b>	<b>1,585.62</b>	<b>60.43</b>	<b>1,096.00</b>	<b>976.24</b>	<b>9,267.99</b>

**Reconciliation of Expected credit loss provision**

Particulars	(INR in lakhs)
<b>As at 1<sup>st</sup> April, 2016</b>	274.17
Changes in provision	(6.06)
<b>As at 31<sup>st</sup> March, 2017</b>	<b>280.23</b>
Changes in provision	0.00
<b>As at 31<sup>st</sup> March, 2018</b>	<b>280.23</b>

**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. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which it operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

### Maturities of financial liabilities

The tables below analyses the Company's financial liabilities into relevant maturity based on their contractual maturities for all non-derivative financial liabilities and the amounts disclosed in the table are the contractual undiscounted cash flows.

(INR in lakhs)

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>Contractual maturities of financial liabilities as at 31<sup>st</sup> March, 2018</b>					
Borrowings*	11,807.62	331.86	433.50	12,028.93	<b>24,601.91</b>
Trade payable	16,703.50	-	-	-	<b>16,703.50</b>
Other payables	2,569.92	-	2.34	2.07	<b>2,574.33</b>
<b>Total</b>	<b>31,081.04</b>	<b>331.86</b>	<b>435.84</b>	<b>12,031.00</b>	<b>43,879.74</b>
<b>Contractual maturities of financial liabilities as at 31<sup>st</sup> March, 2017</b>					
Borrowings*	13,065.31	365.60	465.03	12,335.01	<b>26,230.95</b>
Trade payable	17,722.04	-	-	-	<b>17,722.04</b>
Other payables	752.84	-	-	5.94	<b>758.78</b>
<b>Total</b>	<b>31,540.19</b>	<b>365.60</b>	<b>465.03</b>	<b>12,340.95</b>	<b>44,711.77</b>
<b>Contractual maturities of financial liabilities as at 1<sup>st</sup> April, 2016</b>					
Borrowings	6,856.91	1,042.13	959.14	13,211.16	<b>22,069.34</b>
Trade payable	15,753.23	-	-	-	<b>15,753.23</b>
Other payables	953.45	-	-	6.19	<b>959.64</b>
<b>Total</b>	<b>23,563.59</b>	<b>1,042.13</b>	<b>959.14</b>	<b>13,217.35</b>	<b>38,782.21</b>

\* In case of defaulted term loans from banks included in borrowings, contractual maturities are beyond 12 months period, however same has become repayable on demand due to default event occurring during the year ended 31<sup>st</sup> March, 2017

### C) Market Risk

#### a) Foreign currency risk

Most of the Company's transactions are carried out in INR. Exposures to currency exchange rates arise from the Company's loan from holding company, trade receivables in case of export sales and trade payables denominated in Euro and USD. To mitigate the Company's exposure to foreign currency risk, non-INR cash flows are monitored in accordance with the Company's risk management policies. Generally, the Company's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows (due after 6 months). Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

#### Foreign currency risk exposure:

The Company's significant exposures to foreign currency risk at the end of the reporting period expressed in INR lakhs are as follows

Particulars	As at 31 <sup>st</sup> March, 2018		As at 31 <sup>st</sup> March, 2017	
	USD	Euro	USD	Euro
<b>Financial assets</b>				
Trade receivables	<b>8,534.53</b>	<b>29.41</b>	9,458.44	25.81
<b>Net exposure to foreign currency risk (assets)</b>	<b>8,534.53</b>	<b>29.41</b>	<b>9,458.44</b>	<b>25.81</b>
<b>Financial liabilities</b>				
Borrowings	<b>652.55</b>	-	621.20	-
Trade payables	<b>66.45</b>	-	56.86	-
Other payables	<b>45.25</b>	-	42.60	-
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>764.25</b>	-	<b>720.66</b>	-

### Sensitivity

The following table illustrates the sensitivity of profit and equity with respect to the Company's financial assets and financial liabilities. For the year ended 31<sup>st</sup> March, 2018, the Company assumes 4.16% (31<sup>st</sup> March, 2017: 4.09%) change of the INR/USD exchange rate and 7.68% (31<sup>st</sup> March, 2017: 7.86%) change for INR/EUR exchange rate. Both of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date:

Particulars	(INR in lakhs)	
	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
<b>USD sensitivity</b>		
INR/USD- increase by 4.16% (31 <sup>st</sup> March, 2018)	323.24	
INR/USD- decrease by 4.16% (31 <sup>st</sup> March, 2018)	(323.24)	
INR/USD- increase by 4.09% (31 <sup>st</sup> March, 2017)		317.80
INR/USD- decrease by 4.09% (31 <sup>st</sup> March, 2017)		(317.80)
<b>Euro sensitivity</b>		
INR/EUR- increase by 7.68% (31 <sup>st</sup> March, 2018)	2.26	
INR/EUR- decrease by 7.68% (31 <sup>st</sup> March, 2018)	(2.26)	
INR/EUR- increase by 7.86% (31 <sup>st</sup> March, 2017)		2.03
INR/EUR- decrease by 7.86% (31 <sup>st</sup> March, 2017)		(2.03)

### b) Interest rate risk

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at 31<sup>st</sup> March, 2018, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings i.e. loan from holding company and redeemable preference shares are at fixed interest rates. The Company does not have any investments in bond or money markets and hence it is not exposed to any interest rate changes in financial assets. The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% for the year ended 31<sup>st</sup> March, 2018 (31<sup>st</sup> March, 2017: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

#### i) Liabilities

##### Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

Particulars	(INR in lakhs)	
	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Variable rate borrowing	12,282.61	13,781.33
Fixed rate borrowing	2.36	867.82
<b>Total</b>	<b>12,284.97</b>	<b>14,649.15</b>

##### Sensitivity analysis

Below is the sensitivity of profit or loss and equity changes in interest rates. Increase in interest rates will have negative impact on profit and loss and equity. Conversely, decrease in interest rates will have positive impact on profit and loss and equity.

##### Interest sensitivity

Interest rates – increase by 100 basis points	(122.83)	(137.81)
Interest rates – decrease by 100 basis points	122.83	137.81

#### ii) Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. 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

Below is the overall exposure of the financial assets:

Variable rate deposits/ loans	-	-
Fixed rate deposits/ loans	470.74	436.97
<b>Total</b>	<b>470.74</b>	<b>436.97</b>

### 37. Capital management

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Particulars	(INR in lakhs)		
	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
Net debts	11,773	14,091	10,993
Total equity	(17,257)	(11,977)	(8,379)
<b>Net debt to equity ratio</b>	<b>-68%</b>	<b>-118%</b>	<b>-131%</b>
<b>Dividends</b>			
(i) Equity shares	Nil	Nil	Nil
(ii) Dividends not recognised at the end of the reporting period	Nil	Nil	Nil

### 38. Operating segment information

a) The Company has identified manufacture of steel products as its sole business segment. Hence the segment wise information and reconciliation to the items in the financial statements has not be presented separately.

b) Geographical information

The Company has its operations in India with customers spread across India and outside India as well.

The geographical information analyses the Company's revenue and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographic location of customers and segment assets has been based on location of assets.

#### (i) Revenue from external customers

Revenue from external customers include revenue from sale of steel and steel products

Particulars	(INR in lakhs)	
	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
India	24,423.83	17,404.29
Outside India	23,237.02	37,563.06
<b>Total revenue from operations as per statement of profit or loss</b>	<b>47,660.85</b>	<b>54,967.35</b>

#### ii) Non-current assets

Particulars	(INR in lakhs)	
	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>Non-current operating assets*</b>		
India	7,766.42	7,559.15
Outside India	-	-
<b>Total Non-current assets</b>	<b>7,766.42</b>	<b>7,559.15</b>

\*The total of non current assets other than financial assets and deferred tax assets

Party name	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
<b>c) Major customers</b>		
Aluzinc Asia Pte Ltd.	5,396.93	11,446.33
Krishna Coil Cutter Pvt Ltd	4,163.80	-
G J B Trading Co (LLC)	1,746.00	935.26
Marubeni-Itochu Steel Pte Ltd	1,359.69	-
Yomaxx Enterprise	1,175.01	1,427.15
Qubico Bvba	1,051.70	-
Peter Cremer GMBH	938.84	-
Deepak Commercial Brokerage	932.63	955.93
Toyota Tsusho Corporat	865.11	-
Qubis Bvba	833.83	-
Geele Motors Company	-	1,680.06
Texvista International Pte Lt	-	1,440.48
S.V.Steelage Pvt Ltd	-	1,115.47
Bundy India Limited	-	1,085.97
Mabati Rolling Mills Limited	-	1,063.54
Kaybee Exim Pte Ltd	-	1,061.61
<b>Total</b>	<b>18,463.54</b>	<b>22,211.80</b>

### 39. Related parties disclosures

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures" name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during the reported period are as follows:

- |                                    |  |
|------------------------------------|--|
| <b>a) Ultimate holding company</b> | Spica Business Corp. - Panama  |
| <b>b) Holding company</b>          |  |
| <b>Name of the entity</b>          | Spica Investment Limited, Mauritius  |
| <b>c) Fellow subsidiaries</b>      | Steelco Colour Coating Limited<br>Gujarat Nippon Enterprises Private Limited<br>Gujarat Nippon International Private Limited |

#### **d) Key management personnel (KMP)**

Name of person	Nature of relationship
Mr. Rashmi Chandaria	Non-Executive Director
Mr.Vimal Chandaria	Non-Executive Director
Dr. R. S. Mamak	Executive Director (retired w.e.f. 15 <sup>th</sup> September, 2016)
Mr. Mahendra Lodha	Non-Executive Independent Director (retired w.e.f 26 <sup>th</sup> February, 2018)
Mr. Jatinder Mehra	Non-Executive Independent Director (retired w.e.f 2 <sup>nd</sup> February, 2018)
Mr.S. S. Ranjan	Non-Executive Independent Director (retired w.e.f 24 <sup>th</sup> May, 2017)
Mr. Jiban Goswami	Nominee Director
Mrs. Ameeta Trehan	Non-Executive Independent Director (w.e.f. 16 <sup>th</sup> May, 2015)
Mr. Mitesh H Shah	Managing Director (w.e.f. 14 <sup>th</sup> November, 2014)
Mr. Abhishek Jajoo	Chief Financial Officer (w.e.f. 6 <sup>th</sup> November, 2015)
Mr. Achal Thakkar	Company Secretary (w.e.f. 29 <sup>th</sup> August, 2015)

#### **e) Relative of KMP**

Name of person	Nature of relationship
Mrs. Tejal M Shah	Wife of Mr.Mitesh H. Shah (Managing Director)

#### **f) Enterprises significantly influenced by Directors and/or their relatives:**

Grip Strapping Technologies Private Limited (Influence of relative of Dr.R. S. Mamak)

**g) Transactions with related parties**

							(INR in lakhs)
Sr. No.	Nature of transaction	Year	Holding companies	Fellow subsidiary companies	Enterprise significantly influenced by group of individuals or their relatives who have significant influence over the Company	KMPs and relative of KMP	Total
<b>Transactions during the year</b>							
<b>1</b>	<b>Purchase of property, plant and equipment</b>						
	Gujarat Nippon International Private Limited	2017-2018	-	(41.47)	-	-	(41.47)
		2016-2017	-	(717.17)	-	-	(717.17)
<b>2</b>	<b>Rent</b>						
	Gujarat Nippon International Private Limited	2017-2018	-	(3.69)	-	-	(3.69)
		2016-2017	-	(3.42)	-	-	(3.42)
<b>3</b>	<b>Advance money forfeited</b>						
	Steelco Colour Coating Limited	2017-2018	-	519.00	-	-	519.00
		2016-2017	-	-	-	-	-
<b>4</b>	<b>Guarantees Availed</b>						
	<b>Spica Business Corp. - Panama</b>	2017-2018	25,372.00	-	-	-	25,372.00
		2016-2017	(25,372.00)	-	-	-	(25,372.00)
<b>5</b>	<b>Unsecured Loan taken</b>						
	Spica Business Corp. - Panama	2017-2018	771.60	-	-	-	771.60
		2016-2017	(769.20)	-	-	-	(769.20)
<b>6</b>	<b>Loan given</b>						
	Mr. Mitesh H Shah	2017-2018	-	-	-	-	-
		2016-2017	-	-	-	(9.44)	(9.44)
<b>7</b>	<b>Salary advance given</b>						
	Mr. Abhishek Jajoo	2017-2018	-	-	-	-	-
		2016-2017	-	-	-	(0.19)	(0.19)
<b>Balances at the balance sheet</b>							
<b>1</b>	<b>Receivables</b>						
	Grip Strapping Technologies Private Limited	31 <sup>st</sup> Mar-18	-	-	-	-	-
		31 <sup>st</sup> Mar-17	-	(28.39)	-	(28.39)	-
		1 <sup>st</sup> Apr-16	-	-	-	-	-
<b>2</b>	<b>Steelco Colour Coating Limited</b>						
		31 <sup>st</sup> Mar-18	-	-	-	-	-
		31 <sup>st</sup> Mar-17	(981.00)	-	-	-	(981.00)
		1 <sup>st</sup> Apr-16	-	-	-	-	-
<b>3</b>	<b>Mr. Mitesh H Shah</b>						
		31 <sup>st</sup> Mar-18	-	-	-	-	-
		31 <sup>st</sup> Mar-17	-	-	-	(9.44)	(9.44)
		1 <sup>st</sup> Apr-16	-	-	-	-	-
<b>4</b>	<b>Mr. Abhishek Jajoo</b>						
		31 <sup>st</sup> Mar-18	-	-	-	-	-
		31 <sup>st</sup> Mar-17	-	-	-	(0.19)	(0.19)
		1 <sup>st</sup> Apr-16	-	-	-	-	-

**Footnotes:**

a. Previous year figures are given in brackets.

# Above all transactions are excluding service tax.

**(g) Remuneration to KMP**

During the year, the Company recognised an amount of INR 204.18 lakhs (2016-17: INR 177.32 lakhs) as remuneration to key managerial personnel. The details of such remuneration is as below:

Particulars	(INR in lakhs)	
	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Short term employee benefit	189.78	163.24
Post employment benefit	12.15	12.56
Other long term employee benefit	2.25	1.52
<b>Total</b>	<b>204.18</b>	<b>177.32</b>

#### 40. Employee benefit obligations

##### Defined contribution plan

##### Provident fund

The Company contributes to a statutory provident fund. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards provident fund is INR 91.05 lakhs (31<sup>st</sup> March, 2017: INR 80.37 lakhs).

##### Defined benefit plans

##### Sick leaves

The employees of the Company are entitled to sick leave as per the leave policy of the Company which shall be encashed by the employees during the tenure of their services to a maximum limit of 30 sick leaves beyond which the leaves are lapsed. The provision as on 31<sup>st</sup> March, 2018 includes INR 6.57 lakhs (31<sup>st</sup> March, 2017: NIL; 31<sup>st</sup> March, 2016: NIL) for sick leaves.

(INR in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
<b>Gratuity</b>			
<b>I Changes in present value of obligations (PVO)</b>			
<b>PVO at beginning of year</b>	<b>255.09</b>	<b>226.28</b>	<b>218.13</b>
Interest cost (net)	18.95	17.66	17.45
Current service cost	20.75	19.49	20.33
Past service cost	1.61	-	-
Benefit payments from employer	(21.18)	(11.02)	(18.22)
Remeasurements - Due to financial assumptions	7.66	5.80	-
Remeasurements - Due to experience adjustments	11.34	(3.12)	(11.41)
<b>PVO at end of year</b>	<b>294.22</b>	<b>255.09</b>	<b>226.28</b>
<b>II Amounts to be recognised in balance sheet</b>			
Funded status	-	-	-
Non-funded status	294.22	255.09	226.28
<b>Net asset/(liability) recognised in the balance sheet</b>	<b>294.22</b>	<b>255.09</b>	
<b>III Expenses recognised in the statement of profit and loss</b>			
Current service costs	20.75	19.49	20.33
Past service cost	1.61	-	-
Net interest	18.95	17.66	17.45
<b>Expenses recognised in the statement of profit and loss</b>	<b>41.31</b>	<b>37.15</b>	<b>37.77</b>
<b>IV Actuarial gains/loss recognised in other comprehensive income</b>			
Remeasurements - Due to financial assumptions	7.66	5.80	-
Remeasurements - Due to experience adjustments	11.34	(3.12)	(11.41)
<b>Actuarial (gains)/losses recognised for the period</b>	<b>19.00</b>	<b>2.68</b>	<b>(11.41)</b>
<b>V Movements in liability recognised in balance sheet</b>			
Opening net liability	255.09	226.28	218.13
Defined Benefit Cost included in Profit and loss account	41.31	37.15	37.78
Total Remeasurements included in OCI	19.00	2.68	(11.41)
Employer Direct Benefit Payments	(21.18)	(11.02)	(18.22)
<b>Closing net liability</b>	<b>294.22</b>	<b>255.09</b>	<b>226.28</b>
<b>VI Classification in the balance sheet</b>			
<b>Current liability</b>	<b>6.15</b>	<b>13.12</b>	<b>22.63</b>
<b>Non-current liability</b>	<b>288.07</b>	<b>241.97</b>	<b>203.65</b>
<b>VII Assumptions used in actuarial valuations</b>			
<b>Assumptions as at</b>	<b>As at 31<sup>st</sup> March, 2018</b>	<b>As at 31<sup>st</sup> March, 2017</b>	<b>As at 1<sup>st</sup> April, 2016</b>
<b>Financial assumptions</b>			
- Discount Rate	7.50%	7.75%	8.00%
- Salary Escalation	4%	4%	4%
<b>Demographic assumption</b>			
- Mortality Rate	100%	100%	100%
- Disability Rate	0%	0%	0%
- Withdrawal Rate	1%	1%	1%
- Normal Retirement Age	58 Years	58 Years	58 Years
- Adjusted Average Future Service	15	18.47	15



## Leave encashment

The employees of the Company are entitled to leave as per the leave policy of the Company. The liability on account of accumulated leave as on last day of the accounting year is recognised at present value of the defined obligation at the balance sheet date based on the actuarial valuation carried out by an independent actuary using projected unit credit method. The leave encashment obligations administered by the Company, being unfunded liability. The amount of provision with respect of leave obligations is INR 4.53 lakhs (31<sup>st</sup> March, 2017: INR 35.79 lakhs; 1<sup>st</sup> April, 2016: INR 15.92 lakhs) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months, therefore based on the independent actuarial report, INR. 87.72 lakhs (31<sup>st</sup> March, 2017: INR. 84.26 lakhs; 1<sup>st</sup> April, 2016: INR 63.68 lakhs) is classified as non-current.

The components of the net benefit expense recognized in the statement of profit and loss and the amounts recognised in the balance sheet in respect of the Company's leave encashment plan is summarised below.

Particulars	(INR in lakhs)		
	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
<b>I Changes in present value of obligations (PVO)</b>			
<b>PVO at beginning of year</b>	<b>84.26</b>	63.68	57.42
Interest cost (net)	<b>6.21</b>	4.85	4.59
Current service cost	<b>9.22</b>	5.09	15.62
Past service cost	-	-	-
Benefit payments from employer	<b>(8.24)</b>	(5.58)	(12.27)
Remeasurements - Due to financial assumptions	<b>2.07</b>	1.43	-
Remeasurements - Due to experience adjustments	<b>(5.80)</b>	14.79	(1.68)
<b>PVO at end of year</b>	<b>87.73</b>	<b>84.26</b>	<b>63.68</b>
<b>II Amounts to be recognised in balance sheet</b>			
Funded status	-	-	-
Non-funded status	<b>87.73</b>	84.26	63.68
<b>Net asset/(liability) recognised in the balance sheet</b>	<b>87.73</b>	<b>84.26</b>	<b>63.68</b>
<b>III Expenses recognised in the statement of profit and loss</b>			
Current service costs	<b>9.22</b>	5.09	15.62
Net interest	<b>6.21</b>	4.85	4.59
<b>Expenses recognised in the statement of profit and loss</b>	<b>15.43</b>	<b>9.94</b>	<b>20.21</b>
<b>IV Actuarial gains/loss recognised in other comprehensive income</b>			
Remeasurements - Due to financial assumptions	<b>2.07</b>	1.43	-
Remeasurements - Due to experience adjustments	<b>(5.80)</b>	14.79	(1.69)
<b>Actuarial (gains)/losses recognised for the period</b>	<b>(3.73)</b>	16.22	(1.69)
<b>V Movements in liability recognised in balance sheet</b>			
Opening net liability	<b>84.26</b>	63.68	57.42
Defined benefit cost included in profit and loss account	<b>15.43</b>	9.94	20.21
Total remeasurements included in OCI	<b>(3.73)</b>	16.22	(1.69)
Employer direct benefit payments	<b>(8.24)</b>	(5.58)	(12.26)
<b>Closing net liability</b>	<b>87.73</b>	<b>84.26</b>	<b>63.68</b>
<b>VI Classification in the balance sheet</b>			
<b>Current liability</b>	<b>4.53</b>	<b>35.80</b>	<b>15.92</b>
<b>Non-current liability</b>	<b>83.19</b>	<b>48.46</b>	<b>47.76</b>
<b>VII Assumptions used in actuarial valuations</b>			
<b>Assumption as at</b>	<b>As at 31<sup>st</sup> March, 2018</b>	<b>As at 31<sup>st</sup> March, 2017</b>	<b>As at 1<sup>st</sup> April, 2016</b>
<b>Financial assumptions</b>			
- Interest/discount rate	<b>8%</b>	8%	8%
- Rate of increase in compensation	<b>4%</b>	4%	4%
<b>Demographic assumption</b>			
Mortality	<b>100%</b>	100%	100%
- Disability Rate	<b>0%</b>	0%	0%
- Attrition Rate	<b>1%</b>	1%	1%
- Normal Retirement Age	<b>58 Years</b>	58 Years	58 Years
- Leave ailment Rate	<b>2%</b>	2%	2%
- Leave Encashment Rate during employment	<b>0%</b>	0%	0%

## Risk exposures

### Salary risk:

Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

### Discount rate risk:

Reduction in discount rate in subsequent valuations can increase the plan's liability.

### Mortality and disability risk:

Death and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

### Withdrawals risk:

Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

### Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

<b>Gratuity (non-funded)</b>		<b>31<sup>st</sup> March, 2018</b>					
<b>Assumptions</b>	<b>Discount rate</b>		<b>Salary escalation rate</b>		<b>Withdrawal Rate</b>		
Sensitivity level	1%	-1%	1%	-1%	1%	(0.01)	
<b>(INR in lakhs)</b>							
Impact on defined benefit obligation	(28.91)	33.93	35.84	(30.96)	11.27	(12.97)	
<b>Gratuity (non-funded)</b>		<b>31<sup>st</sup> March, 2017</b>					
<b>Assumptions</b>	<b>Discount rate</b>		<b>Salary escalation rate</b>		<b>Withdrawal Rate</b>		
Sensitivity level	1%	-1%	1%	-1%	1%	(0.01)	
<b>(INR in lakhs)</b>							
Impact on defined benefit obligation	(22.06)	25.25	25.87	(22.93)	7.03	(7.86)	
<b>Leave Encashment</b>		<b>31<sup>st</sup> March, 2018</b>					
<b>Assumptions</b>	<b>Discount rate</b>		<b>Salary escalation rate</b>		<b>Withdrawal Rate</b>		
Sensitivity level	1%	-1%	1%	-1%	1%	(0.01)	
<b>(INR in lakhs)</b>							
Impact on defined benefit obligation	(7.82)	9.21	11.02	(7.59)	3.16	(3.61)	
<b>Leave Encashment</b>		<b>31<sup>st</sup> March, 2017</b>					
<b>Assumptions</b>	<b>Discount rate</b>		<b>Salary escalation rate</b>		<b>Withdrawal Rate</b>		
Sensitivity level	1%	-1%	1%	-1%	1%	(0.01)	
<b>(INR in lakhs)</b>							

Impact on defined benefit obligation

The weighted average duration of the defined benefit plan obligation at 31<sup>st</sup> March, 2018 is 16.57 years (31<sup>st</sup> March, 2017: 18 years, 1<sup>st</sup> April, 2016: 17 years)

**Expected employer's contribution in future years for gratuity and leave encashment are as follows:**

<b>(INR in lakhs)</b>					
<b>As at 31<sup>st</sup> March, 2018</b>	<b>Less than a year</b>	<b>Between 1-2 years</b>	<b>Between 2-5 years</b>	<b>Beyond 5 Years</b>	<b>Total</b>
Gratuity	6.15	9.71	56.85	133.90	206.61
<b>Total</b>	<b>6.15</b>	<b>9.71</b>	<b>56.85</b>	<b>133.90</b>	<b>206.61</b>
<b>As at 31<sup>st</sup> March, 2017</b>					
Gratuity	13.12	14.75	51.99	136.94	216.80
<b>Total</b>	<b>13.12</b>	<b>14.75</b>	<b>51.99</b>	<b>136.94</b>	<b>216.80</b>
<b>As at 1<sup>st</sup> April, 2016</b>					
Gratuity	22.63	20.68	71.04	189.34	303.69
<b>Total</b>	<b>22.63</b>	<b>20.68</b>	<b>71.04</b>	<b>189.34</b>	<b>303.69</b>

Particulars	(INR in lakhs)		
	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
<b>41. Contingent liabilities and commitment</b>			
<b>A) Contingent liabilities</b>			
i) In respect of guarantees given by Banks and/or counter guarantees given by the Company	307.00	402.76	386.00
ii) Other money for which the company is contingent liable:			
In respect of the demands raised by the Central Excise, State Excise & Service Tax Authority	403.42	290.32	378.51
In respect of Income Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals/Courts.	646.19	1,098.75	1,379.91
Letters of credit	131.66	113.38	298.57
Interest on electricity duty deferment loan	39.80	39.80	39.80
Labour matters	-	35.02	50.00
Liability of import duty on raw materials imported under advance licence benefit scheme against which stamp duty payable under Gujarat Stamp Act, 1958 for various hypothecation deeds executed	2,072.54	5,175.12	2,288.62
Penalty under SECURITIES CONTRACTS (REGULATION) ACT, 1956 for delayed compliance with Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957	-	-	45.44
Interest waived under CDR package, payable under recompense clause (refer note - iv below)	-	25.00	25.00
	<b>1,272.90</b>	<b>1,272.90</b>	<b>1,272.90</b>
<b>Total</b>	<b>4,873.51</b>	<b>8,453.05</b>	<b>6,164.75</b>

- iii) Central Board of excise & customs ("CBEC") vide its office memorandum dated 22<sup>nd</sup> February, 2011 has clarified that where the cenvat credit is availed in respect of goods exported under the duty free import authorisation ("DFIA"), if the said credit without being utilised is reversed or paid back along with interest after the goods are cleared for export, it will be treated as if such credit is availed by the assessee. Being aggrieved by issue of such memorandum in respect of benefits claimed by the Company on DFIA, the Company has filed a writ petition in Mumbai High Court challenging the memorandum issued by CBEC, which is decided in favour of the Company, based on the facts of the case and prevalent legal position and Foreign Trade Policy. However, central excise department has filed special leave petition in the H'noble Supreme Court challenging the above decision of the Mumbai high court, which has been admitted by H'noble Supreme Court. The Company has been advised by its legal advisors that the stand of the excise department is not tenable, hence there would not be any financial liabilities arising on the Company.
- (iv) The Company and the CDR lenders executed a CDR Restructuring Package ('CDR Package') during the financial year ending 31<sup>st</sup> March, 2013. The CDR Package as well as the provisions of the Master Circular on Corporate Debt Restructuring issued by the Reserve Bank of India, gives a right to the CDR lenders to get a compensation of their waivers and sacrifice made as part of the CDR Proposal. Hence, INR 1,272.90 lakhs, the compensation amount payable by the Company is contingent upon the exit which is inter-alia dependent upon improved financial performance and various factors, the outcome of which currently is materially uncertain, none of the CDR lenders have exercised this right.

Particulars	(INR in lakhs)		
	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
<b>B) Commitments</b>			
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	65.52	65.52	-
<b>Total</b>	<b>65.52</b>	<b>65.52</b>	<b>-</b>

The Company has entered into a supply agreement with supplier of zinc during the period 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017 under which it is under obligation to purchase minimum 3,000- 4,500 MT of Zinc during the said period with a minimum monthly commitment of 250 MT (quantity tolerance (+/-) 5 MT). In case of any shortfall, the favourable pricing treatment would not be available to the Company for such shortfall quantity, the amount of which is not ascertainable.

#### 42. First time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31<sup>st</sup> March, 2018, the comparative information presented in these financial statements for the year ended 31<sup>st</sup> March, 2017 and in the preparation of an opening Ind AS balance sheet as at 1<sup>st</sup> April, 2016 (the Company's date of transition). An explanation of how the transition from Indian GAAP ('previous GAAP') to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

## A Ind AS optional exemptions

### 1 Deemed cost for property, plant and equipment, investment property and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for impact of applying other standards of Ind AS. This exemption can also be used for intangible assets covered by Ind AS 38, Intangible Assets and investment property covered by Ind AS 40, Investment Properties. Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

### 2 Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has elected to apply this exemption for its investment in equity investments.

## B Ind AS mandatory exemptions

### 1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

#### Classification and measurement of financial assets and liabilities

### 2 The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

- The effects of the retrospective application or retrospective restatement are not determinable;
- The retrospective application or restatement requires assumptions about what management's intent would have been in that period;  
The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

## C (i) Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

### 1 Reconciliation of total equity as at 31<sup>st</sup> March 2017 and 1<sup>st</sup> April 2016

Particulars	Notes to first time adoption	(INR in lakhs)	
		As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
<b>Total equity (shareholder's funds) as per previous GAAP</b>		<b>(10,806.96)</b>	<b>(7,732.75)</b>
<u>Impact of restatements not identified earlier:</u>			
Impact of reversing sale of land that was recognised under previous GAAP		(1,488.84)	(1,488.84)
Impact of items of inventory being recognised at value above costs under previous GAAP		(32.03)	-
<b>Total impact of restatements</b>		<b>(1,520.87)</b>	<b>(1,488.84)</b>
<b>Restated balance as per previous GAAP</b>		<b>(12,327.83)</b>	<b>(9,221.59)</b>
<b>Adjustments:</b>			
1 Impact of financial assets being recognised at fair value at inception, and subsequently at amortised cost	1	(0.10)	(0.06)
2 Impact of long term land leases being accounted for as finance lease	2	11.93	11.36
3 Impact of cumulative redeemable preference shares being classified as liabilities and accounted for at amortised cost	3	(3,374.32)	(2,959.87)
4 Impact of financial liabilities being recognised initially at fair value and subsequently at amortised cost	4	152.59	24.52
5 Impact of certain spare parts being classified as property, plant and equipment as per Ind AS	5	(514.04)	(318.69)
6 Impact of fair valuation on investments in equity instruments	6	(5.00)	(5.00)
7 Impact of prior period errors under previous GAAP, that are retrospectively restated under Ind AS		(176.24)	(165.43)
<b>Total adjustments</b>		<b>(3,905.18)</b>	<b>(3,413.17)</b>
<b>Total equity as per Ind AS</b>		<b>(16,233.01)</b>	<b>(12,634.76)</b>

		(INR in lakhs)	
Particulars	Notes to first time adoption	As at 31 <sup>st</sup> March, 2017	
<b>2 Reconciliation of total comprehensive income for the year ended 31<sup>st</sup> March, 2017</b>			
<b>Loss after tax as per previous GAAP</b>			<b>(3,074.21)</b>
Impact of restatements not identified earlier			
Impact of items of inventory being recognised at value above costs under previous GAAP			(32.03)
<b>Restated balance as per previous GAAP</b>			<b>(3,106.24)</b>
<b>Adjustments:</b>			
1 Impact of financial assets being recognised at fair value at inception, and subsequently at amortised cost	1		(0.05)
2 Impact of long term land leases being accounted for as finance lease	2		0.58
3 Impact of cumulative redeemable preference shares being classified as liabilities and accounted for at amortised cost	3		(414.45)
4 Impact of financial liabilities being recognised initially at fair value and subsequently at amortised cost	4		(12.53)
5 Impact of certain spare parts being classified as property, plant and equipment as per Ind AS	5		(195.35)
6 Impact of remeasurement on post employment employee benefit plants	6		2.68
7 Impact of prior period errors under previous GAAP, that are retrospectively restated under Ind AS			(10.81)
<b>Total adjustments</b>			<b>(629.93)</b>
<b>Loss after tax as reported under Ind AS</b>			<b>(3,736.17)</b>
<b>Other Comprehensive Income (OCI) (net of tax):</b>			
Remeasurement of defined benefit obligations	7		(2.68)
<b>Total Comprehensive Loss under IND-AS</b>			<b>(3,738.85)</b>
<b>3 Impact of Ind AS adoption on statement of cash flows for the year ended 31<sup>st</sup> March, 2017</b>			
There are no material impacts to statement of cash flows on transition to Ind AS for the year ended 31 <sup>st</sup> March, 2017.			

#### D Notes to first time adoption

##### Note – 1

##### Measurement of financial assets at amortised costs

Under previous GAAP, security deposits paid were carried at cost. Under Ind AS, interest free security deposits are initially measured at fair value and subsequently measured at amortised cost, which involves the application of effective interest method.

##### Note – 2

##### Recognition and measurement of leasehold land as finance lease

Under previous GAAP, leases of land were not classified between operating or finance leases as there was no specific accounting requirement. Accordingly, all such leases were capitalised as fixed assets. Under Ind AS, leases of land have been considered as finance leases by the Company, and the consequent accounting treatment is followed.

##### Note – 3

##### Cumulative redeemable non convertible preference shares

Under previous GAAP 12.5% and 7% cumulative redeemable non-convertible preference shares were recognised at cost and were part of share capital under equity. However, under Ind AS, redeemable preference shares are classified as liabilities. Any difference between the fair value of such liabilities at initial recognition (without considering any equity features), and the notional amount, is adjusted within equity.

##### Note – 4

##### Interest free foreign currency loan from holding company

Under previous GAAP, interest free loan from holding company was recognised at the amount payable at the end of the term of the loan. Under Ind AS, such loan is fair valued on the transition date using the incremental borrowing rate applicable to the Company and the difference between the carrying amount and the fair value of the loan has been treated as equity. The liability component are subsequently measured at amortised costs and equity component is measured at cost.

##### Note – 5

##### Capitalisation of spare parts

Under previous GAAP, capital spares were recognised as inventory and charged to statement of profit and loss upon issuance. Under Ind AS spares have been capitalised if they are in the nature of property, plant and equipment that is expected to be used for more than one year.

## Note – 6

### Fair valuation of equity instruments

Under previous GAAP, long term investments in equity instruments were measured at costs less impairment loss for permanent diminution. The Company has an investment in equity shares which was accordingly recognised at cost under previous GAAP. Under Ind AS, investments in equity shares are measured at FVOCI.

## Note – 7

### Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. One of the several items which shown in the statement of other comprehensive income is gain/loss on re-measurements of defined benefit plans. This was classified as employee benefit expenses under previous GAAP.

43. The Company has incurred a net loss of INR 5,260.80 lakhs during the year ended 31<sup>st</sup> March, 2018, and as of that date, the accumulated losses aggregating INR 22,896.96 lakhs have resulted in erosion of its net worth. Further, as of that date, the Company's current liabilities exceeded its current assets by INR 20,018.48 lakhs. The financial results of the Company have been prepared on a going concern basis in view of the management's efforts of recovery and the revival of the operations of the Company by purchase of new machinery and achieving higher output and efficiencies. The Company is in the process of renegotiating the restructuring of its debts and has submitted debt resolution proposal to the bank. The Ultimate Holding Company has committed to provide necessary support, including financial support, for smooth operations of the Company and the management has committed to effective utilization of the same. The appropriateness of the said basis is inter-alia dependent upon the Company's ability to raise requisite long term finance and/or generate sufficient cash flows in future to meet its commitment of future revival plans and for continuing operations. The matter is disclosed under basis of disclaimer of conclusion in the independent auditor's audit report.
44. The trade receivables include balances aggregating INR 9,173.07 lakhs in respect of which the Company has not made any assessment for expected credit loss, in accordance with the requirements of Ind AS 109. Financial instruments, as the management considered such balances as good and recoverable in future. The matter is disclosed under basis of disclaimer of conclusion in the independent auditor's audit report.
45. The trade receivables include balances aggregating INR 6,845.46 lakhs in foreign currency, which are pending for settlement and have resulted in delays in receipt beyond the timeline stipulated by the FED Master Direction No. 16/2015-16 under the Foreign Management Act, 1999. Further, there are balances payable to the same parties and aggregating INR 4,810.96 lakhs. The Company has filed necessary applications with the appropriate authority for condonation of such delays, except for the amount aggregating INR 56.43 lakhs. The management is of the view that the possible penalties etc. which may be levied for such irregularities are likely to be condoned by the regulatory authorities. The matter is emphasized in the independent auditor's audit report.
46. The Company has defaulted in repayment of dues to the banks during the year ended 31<sup>st</sup> March, 2018 and aggregating INR 1,358.51 lakhs, including accrued interest thereon. The total amounts overdue, including accrued interest thereon, aggregate to INR 2,503.92 lakhs, as at 31<sup>st</sup> March, 2018. Further, these loans from banks are secured by way of joint mortgage of immovable properties of the Company situated at Plot no. 2, GIDC Estate, Palej, Dist. Bharuch, Gujarat (India), both present and future, and by way of hypothecation of whole of immovable property of the Company, including plant and machinery and other movables, both present and future (save and except inventories and book debts) whether installed or not, or in the course of transit by way of first charge to the lenders subject to the first charge on specified movable assets created in favour of banks providing working capital finance to rank on pari-passu basis. The secured borrowings are further secured by way of pledge of 31,921,356 equity shares held by the promoters in favour of the consortium of Bankers and corporate guarantee of Spica Business Corp. Panama, the Ultimate Holding Company. The Company has appointed a financial advisor for devising a suitable debt resolution plan for the Company, which will enable the Company to come out of the present stressed liquidity situation and honour the bank liabilities either by way of negotiated settlement or deep restructuring over the year INR. The matter is emphasized in the independent auditor's audit report.
47. The Company has paid excess managerial remuneration to the managing director, amounting to INR 43.16 lakhs, which was recognised as an expense in financial year 2016-17. The Company has filed an application for seeking approval of the Central Government as required under the relevant provisions of the Companies Act, 2013 ('Act') and rules made thereunder. The Company has currently not shown such payment as recoverable from the managing director. The management is of the view that such an approval is likely to be obtained. This has been emphasized in the independent auditor's audit report.
48. The trade payables include balances aggregating INR 4,309.43 lakhs in foreign currency which are pending for settlement and have resulted in delays in payment beyond the timeline stipulated by the FED Master Direction No. 17/2016-17 under the Foreign Exchange Management Act, 1999. The Company has filed necessary applications with the appropriate authority for condonation of such delays. The management is of the view that the possible penalties etc. which may be levied for such irregularities are likely to be condoned by the regulatory authorities. The matter is emphasized in the independent auditor's audit report.
49. The Company has paid managerial remuneration of INR 151.60 lakhs for the year ended 31<sup>st</sup> March, 2018, which is subject to no objection certificate to be received from certain bankers of the Company. The management is of the view that such an approval is likely to be obtained. This matter has been disclosed under basis of disclaimer of conclusion in the independent auditor's audit report.
50. During the year ended 31<sup>st</sup> March, 2018, the Company has restated the opening reserves as at 1<sup>st</sup> April, 2016, in accordance with the requirements of Ind AS 8 - 'Accounting Policies, Changes in accounting estimates and errors' on account of reversing the impact of the sale of land of Color Coating Limited pertaining to prior years. The restatement adjustment resulted in a net decrease of INR 1,488.84 lakhs to the previously reported opening retained earnings as at 1<sup>st</sup> April, 2016 and increased the gross block of land under property, plant and equipment as at that date. Retained earnings as at 1<sup>st</sup> April, 2017 within the statement of changes in equity has been considered after adjusting the impact of such adjustments relating to prior years. The matter is emphasized in the independent auditor's audit report.

51. The Government of India introduced the Goods and Service Tax (GST) with effect from 1<sup>st</sup> July, 2017 which subsumes excise duty and various other indirect taxes. As required under Ind AS 18, revenue for the year ended 31<sup>st</sup> March, 2018 is reported net of GST. The revenue for year ended 31<sup>st</sup> March, 2018 includes excise duty up to 30<sup>th</sup> June, 2017. Accordingly, income from operations for the year ended 31<sup>st</sup> March, 2018 and 31<sup>st</sup> March, 2017 are not comparable.

**52. Authorisation of financial statements**

The financial statements for the year ended 31<sup>st</sup> March, 2018 were approved by the Board of Directors on 5<sup>th</sup> July, 2018.

This is the balance sheet referred to in our audit report of even date.

**For Walker Chandio & Co LLP**

Chartered Accountants

Firm Registration No. 001076N / N500013

**Khushroo B. Panthaky**

Partner

Membership No. 42423

Place : Mumbai

Date : 5<sup>th</sup> July, 2018

**For and on behalf of the Board**

**Amish H. Mehta**

Director

DIN: 07068022

**Abhishek Jajoo**

Chief Financial Officer

Place : Mumbai

Date : 5<sup>th</sup> July, 2018

**Mitesh H. Shah**

Managing Director

DIN: 07013137

**Achal S. Thakkar**

Company Secretary

## STEELCO GUJARAT LIMITED

**Regd. Office:** Plot No. 2, G.I.D.C. Estate, National Highway No. 8, Palej - 392 220, Dist. Bharuch, Gujarat.  
Tel No 02642-277 479 / 480 / 481, Fax : 277 307 E-mail : sgl@steelcogujarat.com Website : www.steelcogujarat.com  
CIN: L27110GJ1989PLC011748

### PROXY FORM

Name of the Member(s): .....
Registered Address: .....
.....E-mail Id: .....
Folio No./ DP Id & Client Id: .....

I/We, being the member (s) of ..... shares of the Steelco Gujarat Limited, hereby appoint:

1. Name : ..... Address : .....  
Email Id : ..... Signature : .....
2. Name : ..... Address : .....  
Email Id : ..... Signature : .....
3. Name : ..... Address : .....  
Email Id : ..... Signature : .....

as my/our proxy to attend and vote (on a poll) for me / us on my / our behalf at the 28<sup>th</sup> Annual General Meeting of the Company to be held on Friday, 28<sup>th</sup> September, 2018 at 02:30 P.M. and at any adjournment thereof in respect of resolutions are indicated below:

Reso. No.	Description	Optional	
		For	Against
	<b>ORDINARY BUSINESS:</b>		
1	To consider & adopt Audited Financial Statements of the Company for the financial year ended 31 <sup>st</sup> March, 2018 and the Reports of the Board of Directors and the Auditors thereon.		
2	To appoint a Director in place of Shri Mitesh H. Shah (DIN: 07013137), who retires by rotation and being eligible, offers himself for re-appointment.		
3	To consider appointment of M/s. Kedia & Kedia Associates, Chartered Accountants (Firm Registration No. 104954W) as Statutory Auditors of the Company to hold office from the conclusion of 28 <sup>th</sup> Annual General Meeting until the conclusion of 33 <sup>rd</sup> Annual General Meeting and to authorize the Board to fix their remuneration.		
	<b>SPECIAL BUSINESS:</b>		
4	To consider appointment of Statutory Auditors to fill up Casual Vacancy caused by resignation of auditors.		
5	To consider appointment of Shri Praful Chandaria (DIN: 02516129) as a Director of the Company.		
6	To consider appointment of Shri Ajay Pratapray Shanghavi (DIN: 00084653) as a Director of the Company.		
7	To consider and approve fixation of remuneration of Cost Auditors of the Company for the year ending 31 <sup>st</sup> March, 2019.		
8	To consider and approve sell, lease or otherwise dispose of the Undertaking of the Company.		
9	To consider and approve authorization to the Board to make Loans / Advances / to provide Bank Guarantee / Security in connection with loan and to Invest pursuant to Section 186 of the Companies Act, 2013.		

Signed this on \_\_\_ day of \_\_\_\_\_, 2018

Signature of Shareholder : .....

Note: This Proxy Form in order to be effective should be duly completed and deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.



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### ATTENDANCE SLIP

Folio No./DP Id - Client Id : \_\_\_\_\_ No. of Shares held : \_\_\_\_\_

I/We hereby record my/our presence at the 28<sup>th</sup> Annual General Meeting of Members of the Company being held at its Registered Office at Plot No. 2, GIDC Estate, Palej – 392 220, Dist. Bharuch, Gujarat, on Friday, 28<sup>th</sup> September, 2018 at 2:30 P.M.

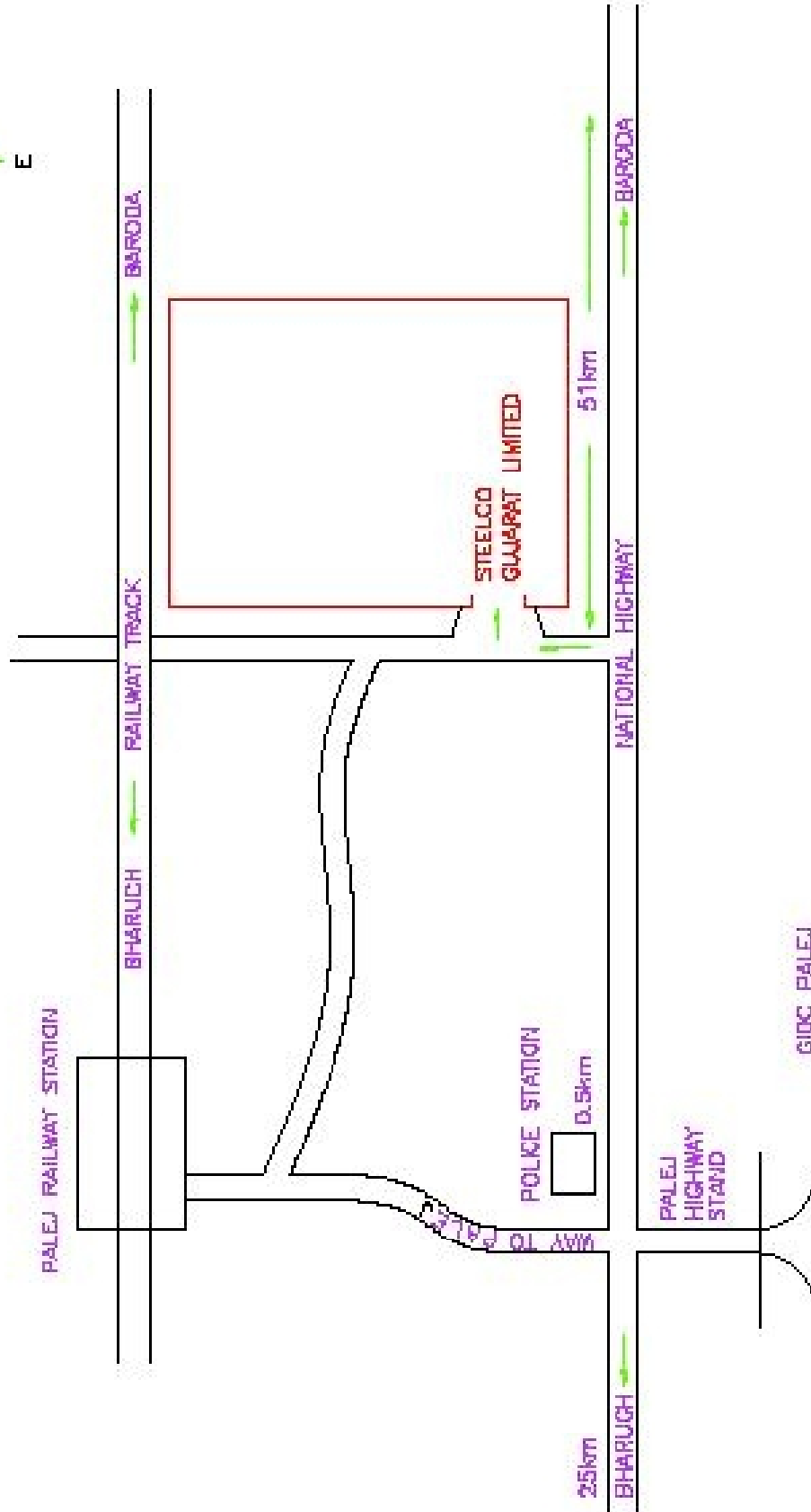
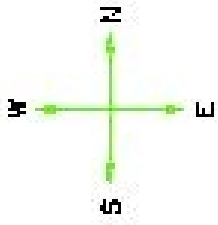
Member's / Proxy's Name (in Block Letters)

Member's / Proxy's Signature

Note : A Member/Proxy attending the meeting must complete this Attendance Slip and hand it over at entrance of meeting hall.



ROUTE MAP TO STEELCO GUJARAT LTD.



Dear Shareholder,

Ref:1) SUBMISSION OF DETAILS OF PAN CARD NO./S, BANK DETAILS, EMAIL ID ETC. OF SHARE HOLDER/S.

**2) DEMATERIALISATION OF PHYSICAL SHARES**

- 1) We would like to inform you that SEBI has, by their circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20.04.2018 directed all Companies to obtain PAN No. of shareholders who held shares in physical form and also make payment of dividend to the shareholders through approved electronic modes and also directed that updated Bank Details of the shareholders must be maintained by the Companies and RTAs. If such information is not available, the same must be obtained from the concerned shareholders.

If you have not updated your PAN Card and Bank details, you are requested to please fill in the form as mentioned overleaf and submit it along with an original Cheque (please ensure that the cheque exhibits your name), duly cancelled, to our Registrar & Share Transfer Agent, Link Intime India Private Limited, Unit : Steelco Gujarat Limited, B-102 & 103, 1st Floor, Shangrila Complex, Near Radhakrishna Char Rasta, Akota, Vadodara - 390 020 to enable them to update our record for payment of any future dividend.

Please also provide your Email Id, Phone No. and copy of PAN CARD NO. for records as well as for receiving all communications by electronic means in accordance with various circulars issued by the Ministry of Corporate Affairs from time to time.

Residents of Sikkim may send a valid identity proof issued by the Government instead of the PAN Card.

You are requested to provide your PAN and bank details to our Registrar & Share Transfer Agent/Depository Participant within 21 days.

- 2) Further, BSE has issued a Circular to listed Companies on July 05, 2018 informing about amendment to Regulation 40 of SEBI (LODR) Regulations, 2015, vide gazette notification dated June 08, 2018 has mandated that transfer of securities would be carried out in dematerialised form only.

As per Circular, w.e.f. December 5, 2018 all off market trades in Physical mode in respect of shares of listed entities shall be prohibited and shall be required to be done compulsorily in Demat mode. However, this shall not affect the transmission/transposition of shares in Physical form. Hence, please dematerialise your shares at the earliest.

Shareholders holding their shares in **DEMATERIALIZED FORM**, may ignore this communication.

Thanking you,

Yours faithfully,

For Steelco Gujarat Limited

SD/-

Achal S. Thakkar  
Company Secretary

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**Bank Details, Email ID & PAN Registration Form**

To,  
**Link Intime India Private Limited**  
 Unit : **Steelco Gujarat Limited**  
 L27110GJ1989PLC011748  
 B-102 & 103, 1st Floor, Shangrila Complex,  
 Near Radhakrishna Char Rasta, Akota,  
 Vadodara - 390 020.

Dear Sir,

I give my consent to update the following details in your records for effecting payments of dividend and sending other communication by electronic means for equity shares of Steelco Gujarat Limited.

- 1) Folio No.: \_\_\_\_\_
- 2) Name of the First/Sole holder: \_\_\_\_\_
- 3) Bank's Name: \_\_\_\_\_
- 4) Branch's Name & Address: \_\_\_\_\_
- 5) Account No.: \_\_\_\_\_
- 6) Account Type (SB/Current): \_\_\_\_\_
- 7) IFSC Code: \_\_\_\_\_
- 8) MICR Code: \_\_\_\_\_
- 9) Email Id: \_\_\_\_\_
- 10) Phone/Mobile No.: \_\_\_\_\_

Particulars	Name of Shareholders	PAN
First/ Sole Shareholder		
1 <sup>st</sup> Joint Holder		
2 <sup>nd</sup> Joint Holder		

Date:

\_\_\_\_\_  
 Signature of 1<sup>st</sup>/Sole Holder

\_\_\_\_\_  
 Signature of 1<sup>st</sup> Jt. Holder

\_\_\_\_\_  
 Signature of 2<sup>nd</sup> Jt. Holder

ENCL:

Original cancelled cheque leaf/attested bank passbook showing name of A/c holder and copy of self-attested PAN Card (s).

# “Parivartan” being carried out by initiating various Employee Engagement Activities



Yoga Awareness Program – on Yoga Day



Tree Plantation Activities on Environment Day



Rangoli Competition - Diwali Festival



Engineers' Day Celebration



Uttarayan Festival Celebration



Carom Championship 2018



Leadership Development Training (In-house as well as Outbound Training)



“RUBY” (2nd highest in category) in the event organized by QCFI, Vaododara chapter on HR Convention with theme of PERFORM, REFORM & TRANSFORM for the best HR practices across the manufacturing Industries.

Flag Hoisting on Independence Day & Republic Day



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