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SECY / SE / 2019 / 896-897
Friday, 30th August, 2019

The General Manager,
Department of Corporate Services,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, **Mumbai - 400 001**

The Manager, Listing Department,
National Stock Exchange of India Ltd.,
"Exchange Plaza", C-1, Block - G,
Bandra – Kurla Complex, Bandra (East)
Mumbai – 400 051

Sub : Submission of 33rd Annual Report of the Company for the financial year 2018-19.

Ref : Sunflag Iron and Steel Company Limited – BSE Scrip Code : 500404 / NSE Scrip Code : SUNFLAG

Dear Sir / Madam,

Pursuant to the Regulation 34 (1) (a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), we are submitting herewith the 33rd Annual Report of the Company along with the Notice convening the Annual General Meeting (AGM) of the Company to be held on Friday, the 27th September, 2019 at 03.00 p.m.

The Board of Directors have recommended a final dividend of 5% (i.e. Rs. 0.50 per Equity Share) on Equity Shares of the Company for approval of the members of the Company at the ensuing 33rd AGM of the Company.

The Annual Report is also available on the website of the Company at the link:
www.sunflagsteel.com/wp-content/uploads/2019/08/Thirty-third-33rd-Annual-Report-2018-2019.pdf

This is for your information and records.

Sincerely,
For **Sunflag Iron and Steel Company Limited**


CS Ashutosh Mishra
Company Secretary & Compliance Officer
Membership No. ACS - 23011



Visit us at www.sunflagsteel.com



SUNFLAG IRON & STEEL CO. LTD.
REGD. OFFICE :
33, MOUNT ROAD, SADAR, NAGPUR - 440 001 (INDIA)
PH.: 2524661, 2532901, 2520356, 2520358 FAX : 0712-2520360
E-Mail : admin@sunflagsteel.com
Website : www.sunflagsteel.com
CIN:L27100MH1984PLC034003

BHANDARA OFFICE :
BHANDARA ROAD,
WARTHAI - 441 905
TEL.: 07184-285551 TO 285555
FAX : 07184 - 285740
GRAM : FLAGDYER
E-mail : admin@sunflagsteel.com

DELHI OFFICE :
D-47, DEFENCE CDLONY,
2ND FLOOR, NEW DELHI - 110 024
TEL.: 011-49576030/6040/6050
FAX : 011-49576020
E-mail : delhioffice@sunflagsteel.com

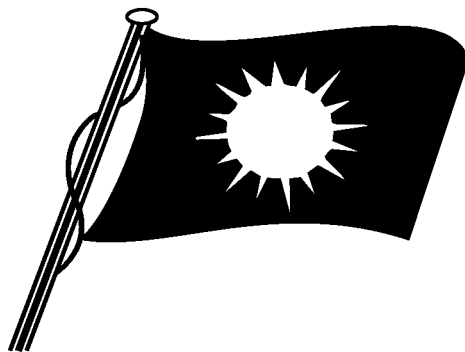
MUMBAI OFFICE :
307, HAMILTON - B
HIRANANDANI BUSINESS PARK
GHODBUNDER ROAD,
THANE - 400 607
TEL. : 022-25862294/5/6
FAX : 022-25861931
E-mail : mktg_wz@sunflagsteel.com



PUNE OFFICE :
65-69, FIFTH FLOOR,
'SAI KRIPA BHAVAN',
PUNE MUMBAI HIGHWAY,
OPP. KSB PUMPS, S. No. 5743,
KHARALWADI, PIMPRI,
PUNE - 411 018,
TEL.: 020 - 27424685
FAX : 020 - 27423013
E-mail : mktg_pz@sunflagsteel.com

FARIDABAD OFFICE :
PLOT No. 12, SECTOR '6'
MATHURA ROAD,
FARIDABAD - 121 006
TEL.: 0129 - 2311116, 2311112,
2311117
E-mail : mktg_rz@sunflagsteel.com

CHENNAI OFFICE :
705, 7th FLOOR, CHALLAMALL,
11/11A, SIR THIAGARAYA ROAD,
T NAGAR, CHENNAI - 600 017
044-24342262, 24342263
FAX : 044-24347649
E-mail : mktg_sz@sunflagsteel.com



SUNFLAG IRON & STEEL CO. LTD.
THIRTY-THIRD (33RD) ANNUAL REPORT
2018 - 2019

SUNFLAG IRON AND STEEL COMPANY LIMITED

BOARD OF DIRECTORS	Mr. RAVI BHUSHAN BHARDWAJ (Non-executive Chairman) Mr. PRANAV BHARDWAJ (Managing Director) Mr. SURENDRA KUMAR GUPTA (Deputy Managing Director) Dr. E. R. C. SHEKAR (Non-executive, Independent Director) Mr. S. GAJENDRAN (Non-executive, Independent Director) (up to 7 th July, 2019) CA JAYESH M. PARMAR (Non-executive, Independent Director) Mr. KUMAR JITENDRA SINGH (Non-executive, Independent Director) CA NEELAM KOTHARI (Non-executive, Independent Director) Mr. SUHRIT RAVI BHUSHAN BHARDWAJ (Non-executive Director) CA R. MURALIDHAR [Whole-time Director designated as Executive Director (Finance)] Mr. RAMCHANDRAVASANT DALVI [Whole-time Director designated as Executive Director (Works)] Mr. ROOSHAD RUSSI PATEL (Non-executive, Independent Director) Mr. SAJIV DHAWAN [Additional Director (Non-executive, Independent), w.e.f. 12 th August, 2019]
CHIEF FINANCIAL OFFICER	CA R. MURALIDHAR
COMPANY SECRETARY	CS PRANAB PANIGRAHI (up to 12 th November, 2018) CS ASHUTHOSH MISHRA (w.e.f. 12 th November, 2018)
STATUTORY AUDITORS	M/s. S.S. KOTHARI MEHTA & CO. CHARTERED ACCOUNTANTS, NEW DELHI
SECRETARIAL AUDITORS	M/s. MUKESH PARAKH & ASSOCIATES COMPANY SECRETARIES, NAGPUR
COST AUDITORS	M/s. G. R. PALIWAL & COMPANY COST ACCOUNTANTS, NAGPUR
INTERNAL AUDITORS	M/s. AKMK & ASSOCIATES CHARTERED ACCOUNTANTS, SURAT
JOINT INTERNAL AUDITORS	M/s. NITIN ALSHI & ASSOCIATES CHARTERED ACCOUNTANTS, NAGPUR
BANKERS	STATE BANK OF INDIA BANK OF INDIA CANARA BANK INDIAN BANK IDBI BANK LIMITED AXIS BANK LIMITED
REGISTERED OFFICE	33, MOUNT ROAD, SADAR, NAGPUR - 440001, MH, IN
WORKS	WARTH, BHANDARA ROAD, BHANDARA - 441905, MH, IN
WEB SITE & e-mail	www.sunflagsteel.com / e-mail - investor@sunflagsteel.com
REGISTRAR & SHARE TRANSFER AGENT	BIGSHARE SERVICES PRIVATE LIMITED, MUMBAI

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SUNFLAG IRON AND STEEL COMPANY LIMITED**REGISTERED OFFICE : 33, MOUNT ROAD, SADAR, NAGPUR - 440001, MH, IN****Corporate Identification Number (CIN) – L 27100 MH 1984 PLC 034003****Tel Nos. + 91 712 2524661 / 2520356-7-8, Fax No. + 91 712 2520360, e-mail Id : investor@sunflagsteel.com, Website : www.sunflagsteel.com****NOTICE**

NOTICE is hereby given that the **Thirty-third (33rd) Annual General Meeting** of the Members of **Sunflag Iron and Steel Company Limited** will be held on **Friday, the 27th day of September, 2019 at 3.00 P. M.** at Indian Medical Association's - Dr. Dinkar Hardas CME Hall, Dr. Hardas IMA Annex, North Ambazari Road, Nagpur – 440010 MH, IN, to transact the following business :

ORDINARY BUSINESS

- To receive, consider and adopt the Audited Financial Statements (Standalone & Consolidated) of the Company for the year 2018-2019 ended 31st March, 2019, including, the Balance Sheet as at 31st March, 2019, Profit and Loss and Cash Flow for the year 2018-2019 ended 31st March, 2019, together with the Board's Report and Report of the Statutory Auditors thereon.
- To declare Dividend @5% (i.e. ₹ 0.50 per Equity share) on Equity Shares of the Company.
- To appoint a Director in place of CA Rambhatla Muralidhar (DIN : 00982212), who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

- To consider and, if thought fit, to pass, the following Resolution as an Ordinary Resolution :

Appointment of Mr. Sajiv Dhawan (DIN - 00160085), as a Director (Category - Non-executive, Independent) of the Company, and also for a fixed first term of three (3) consecutive years, as an Independent Director of the Company.

"RESOLVED THAT Mr. Sajiv Dhawan (DIN - 00160085), who was appointed by the Board of Directors as an Additional Director of the Company effective 12th August, 2019 and who holds office up to the date of this Thirty-third (33rd) Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 ("the Act") and Article 128 of the Articles of Association of the Company but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of a Director of the Company, be and is hereby appointed as a Director of the Company."

"RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act and the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act, as amended, from time to time and Regulation 17 and other applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ("Listing Regulations"), Mr. Sajiv Dhawan (DIN - 00160085), who meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of Listing Regulations, and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation, for a fixed first term of three (3) consecutive years i.e. from 27th September, 2019 up to 26th September, 2022."

- To consider and, if thought fit, to pass, the following Resolution as an Ordinary Resolution:

Ratification of Remuneration of Cost Auditors of the Company

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications and / or re-enactment thereof, for the time being in force), the remuneration ₹ 2,40,000/- (Rupees Two Lakh Forty Thousand only) plus applicable taxes (GST) and reimbursement of actual out of pocket expenses, if any, payable in connection with audit of cost records of the Company, for the financial year 2019-2020 ending 31st March, 2020, to M/s. G. R. Paliwal & Company, Cost accountants, Nagpur (Membership No. 7815), whose appointment as the Cost Auditors of the Company, for the financial year 2019-2020 ending 31st March, 2020, has been duly approved by the Board of Directors, based on the recommendations of the Audit Committee of the Company, be and is hereby ratified."

By Order of the Board

CS Ashutosh Mishra
Company Secretary
ICSI M. No. ACS - 23011

Nagpur
 12.08.2019

NOTES :

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY, SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING. PROXY FORM, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT (48) HOURS BEFORE THE TIME APPOINTED FOR THE MEETING.

A Proxy submitted on behalf of the Company, Trust or Society (Institutional Investors) must be supported by an appropriate Resolution or Authority, as applicable. A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% (ten percent) of the total Share Capital of the Company carrying voting rights. In case, a proxy is proposed to be appointed by a member holding more than 10% (ten percent) of the total Share Capital of the Company carrying voting rights, then such proxy shall not act as proxy for any other person or shareholder.

- An explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of Special Business under Item Nos. 4 & 5 is annexed hereto and form part of the Notice.
- All documents referred to in the Notice including Explanatory Statement thereof, will be available for inspection by Members during working hours on any working day till the date of the Thirty-third (33rd) Annual General Meeting at the Registered Office of the Company and also at the place of the Meeting at the scheduled time of the Thirty-third (33rd) Annual General Meeting of the Company.

3. The Register of Members and Share Transfer Books of the Company will remain closed, from **Saturday, the 7th day of September, 2019 to Friday, the 27th day of September, 2019 (both days inclusive)** for the purpose of Thirty-third (33rd) Annual General Meeting and Dividend, if declared.
4. The Members are requested to send their queries, if any, in writing at least ten (10) days in advance of the date of the meeting to the Company at its Registered Office.
5. The Members or Proxies are requested to bring the attendance slip attached at page 116, duly filled in, for attending the meeting.

6. **DEMATERIALIZATION OF SHARES**

This is to inform that about **11,08,95,184** Equity Shares (**61.5334%**) of the total Issued, Subscribed and Paid-up Share Capital of the Company, have already been dematerialized as of 31st March, 2019. The Members who have not dematerialised their Equity Shareholding may opt the same accordingly.

7. **REGISTRAR & SHARE TRANSFER AGENT**

M/s. Bigshare Services Private Limited, 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis Apartments, Makwana Road, Marol, Andheri (East), Mumbai – 400059, MH, IN, have been appointed by the Company as the Registrar and Share Transfer Agent (RTA) effective 31st March, 2003. Therefore, the Depository Participants, Shareholders / Investors of the Company, are advised to send all documents and correspondence, such as requests for Dematerialisation of Shares, Change of Address, Registration of e-mail Id, Change of Bank Mandate or NACH and other Shares related documents to M/s. Bigshare Services Private Limited at the above mentioned address only.

8. **CHANGE OF INFORMATION / BANK MANDATE**

The Members holding Equity Shares in physical form are requested to notify or update any change in their Registered Address, Bank Mandate e.g. Name of Bank, Branch Address, Account Number, MICR and IFS Code to the Registrar and Share Transfer Agent (RTA) and/or the Company or to their respective Depository Participants (DP), if the Shares are held in Demat mode.

9. **TRANSFER OF UNCLAIMED DIVIDEND AND SHARES TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)**

DIVIDEND :

The dividend declared by the Company which remains unpaid or unclaimed for a period of Seven (7) years is required to be transferred to the Investor Education & Protection Fund (IEPF) established by the Central Government pursuant to Section 124(5) of the Companies Act, 2013.

As such, the details of dividend remaining unpaid or unclaimed for Seven (7) years and subsequently its transfer to IEPF Account of Central Government is as under :

S. N.	Number and Date of AGM	Date of Transfer to IEPF	Amount (₹)
1	Twentieth (20 th) - 28 th September, 2006	27 th September, 2013	15,92,685.00
2	Twenty-first (21 st) - 25 th September, 2007	24 th September, 2014	11,71,767.00
3	Twenty-second (22 nd) - 23 rd September, 2008	22 nd September, 2015	18,71,945.00
4	Twenty-third (23 rd) - 25 th September, 2009	24 th September, 2016	22,14,452.00
5	Twenty-fourth (24 th) - 23 rd September, 2010	22 nd September, 2017	20,24,582.00
6	Twenty-fifth (25 th) - 23 rd September, 2011	22 nd September, 2018	20,36,465.00

The shareholders who have not claimed the dividend declared and paid for the financial year 2017-2018 are requested to claim it at the earliest possible.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the requisite details on 25th September, 2018 (date of last Annual General Meeting) on the website of the Company www.sunflagsteel.com and also of the Ministry of Corporate Affairs.

In terms of SEBI Circular Reference No. **SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018** on "**Strengthening of the Guidelines and Raising Industry Standards for RTA, Issuer Companies and Banker to an issue**", by which the SEBI has fixed certain responsibilities on the RTA & the Issuer Companies with respect to the following and informed that the three (3) communication/s be sent to all those shareholders of the Company:

1. Provisions with respect to payment of dividend / interest / redemption money.
2. Provisions with respect to Transfer / Transmission / Correction of errors etc.

Accordingly, first communication to this effect was sent by the Company through its RTA in the month of July, 2018, specifically focused on provisions pertaining to collection of Income Tax PAN and Bank Account details of all security holders holding securities in physical form. The second and third communication to this effect were sent in the month of August, 2018 and January, 2019 respectively.

All the Members of the Company, holding Equity Shares in physical form, are requested to comply with the subject SEBI Circular by responding to the notices issued to them. All the above circulars and notices are available on the Company's website www.sunflagsteel.com

SHARES:

In terms of the provisions of Section 124(5) of the Companies Act, 2013 ('the Act') read with the rules made there under, dividend amount remaining unpaid or unclaimed for a period of Seven (7) years, from the date it became due for payment, is required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government.

Further, the Ministry of Corporate Affairs has notified "Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016" (the Rules) which have come into force from 7th September, 2016. The said Rules, amongst other matters, contain provisions for transfer of all shares in respect of which dividend has not been claimed for Seven (7) years or more, in the name of 'IEPF Demat Account'.

Accordingly, the Company has transferred a total 31,69,315 equity shares constituting about 1.7586% of the total issued, subscribed and paid-up share capital, including 28,050 equity shares of "Unclaimed Suspense Account", which was created pursuant to Regulation 39 of the SEBI (LODR) Regulations, 2015 (as amended).

The voting rights on these shares shall remain frozen till the rightful owner of such shares claim the shares from the IEPF Authority. The IEPF Authority has laid down the detailed procedure for claiming both dividend as well as shares. The detailed list of shares transferred to this IEPF Authority Account as well as detailed procedure to claim is available on the Company's website www.sunflagsteel.com. Further, the procedure for claim is also available on the website of IEPF authority at www.iepf.gov.in. During the financial year 2018-2019 under review, two (2) rightful shareholder have claimed 225 shares from this account. The detailed list of shares transferred to this IEPF account is available on the Company's website www.sunflagsteel.com.

10. GREEN INITIATIVE

As a part of Green Initiative in Corporate Governance, your Company proposes to send Annual Report, Notice of General Meeting/s, Statement annexed to Notice, Financial Statement/s, Board's Report, Auditors' Report, Postal Ballot Notice, Postal Ballot Form and other communications, documents and notices, etc. (referred to as 'communications or documents'), as may be required under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (as amended), to its Members, in electronic form.

In view of above, you are requested to notify or update, if there is any change in your registered e-mail id (address), with the DP or the Company, as the case may be, from time to time. **We strongly believe that with your support we can make this step of the Government meaningful in creating a healthier and greener environment.**

11. e-VOTING

In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the Company is pleased to provide its Members, facility to exercise their right to vote at the Thirty-third (33rd) Annual General Meeting by electronic means and the business may be transacted through e-voting services provided by the Central Depository Services (India) Limited (CDSL).

The instructions for members for voting electronically are as under:

I. In case of members receiving e-mail :

- i) The e-voting period begins on **Tuesday, 24th September, 2019 at 9:00 a.m.** and ends on **Thursday, the 26th September, 2019 at 5:00 p.m.** During this period Members' of the Company, holding Shares either in physical form or in dematerialised form, as on the cut-off date (record date) of **Friday, the 20th September, 2019**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) Log on to the e-voting website www.evotingindia.com
- iii) Click on "Shareholders" Tab.
- iv) Now Enter your User ID
 - a) For CDSL : 16 digits beneficiary ID
 - b) For NSDL : 8 Character DP ID followed by 8 Digits Client ID
 - c) Members holding shares in Physical Form should enter Folio Number registered with the Company
- v) Next enter the Image Verification as displayed and Click on Login.
- vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- vii) If you are a first time user follow the steps given below :

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker / mail) in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. e.g. If your name is Ramesh Kumar with serial number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the Depository or Company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (iv).

- viii) After entering these details appropriately, click on "SUBMIT" tab.

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- ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi) Click on the EVSN for the **Sunflag Iron and Steel Company Limited** to vote.
- xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES / NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual members/shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

II. In case of members receiving the physical copy :

- a) Please follow all steps from sl. no. (i) to sl. no. (xix) above to cast vote.
- b) The e-voting period begins on **Tuesday, the 24th September, 2019 at 9:00 a.m.** and ends on **Thursday, the 26th September, 2019 at 5:00 p.m.** During this period, the Members of the Company, holding Equity Shares either in physical or in dematerialised (demat) form, as on the cut-off date (record date) of **Friday, the 20th September, 2019**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- c) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or contact Mr. Rakesh Dalvi, Manager, CDSL, 25th Floor, A-Wing, Marathon Futurex, Mafatlal Mills Compound, N.M. Joshi Marg, Lower Parel (East), Mumbai - 400 013 or write an email to helpdesk.evoting@cdslindia.com or call on Toll-free No. 1800 22 5533.
- d) The Board of Directors has appointed M/s. Mukesh Parakh & Associates, Company Secretaries, Nagpur (ICSI Membership No. FCS-4343 & Certificate of Practice No. 13693) as a Scrutinizer to process the e-voting and voting through physical ballot at the venue of the Thirty-third (33rd) Annual General Meeting in a fair and transparent manner.
- e) CS Ashutosh Mishra (ICSI Membership No. ACS-23011) of the Company shall be responsible for addressing all the grievances in relation to this Thirty-third (33rd) Annual General Meeting of the Company.
- f) The Notice of the Thirty-third (33rd) Annual General Meeting will be sent to all the Members of the Company, whose names appear in the Register of Members as on the latest BENPOS date i.e. **Friday, the 16th August, 2019** through Speed Post, Registered Post or Couriers and also by e-Mail, wherever registered. The Members may also download a copy of the Notice from the Website of the Company www.sunflagsteel.com.
- g) The Members of the Company, holding Equity Shares either in physical or in dematerialised (demat) form as on **Friday, the 20th September, 2019** and not casting their vote electronically, may only cast their vote at the Thirty-third (33rd) Annual General Meeting of the Company through physical ballot. The voting rights of members shall be in proportion to their shareholding of paid-up share capital of the Company as on cut-off date i.e. **Friday, the 20th September, 2019**.
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- h) Kindly note that the Members can opt only one mode of voting i.e. either by e-voting or physical mode. If you are opting for e-voting, then do not vote by physical mode also. However, in case, a Member cast his/her/their vote through e-voting as well as physically, then voting done through e-voting will prevail.
- i) **The results of voting shall be declared within forty-eight (48) hours of the conclusion of the Thirty-third (33rd) Annual General Meeting. The results of voting so declared along with the Scrutinizer's Report shall be placed on the Company's Website (www.sunflagsteel.com), CDSL Website and shall also be communicated to the Stock Exchanges (BSE & NSE).**

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No. 4 :

The Board of Directors, on the recommendation of Nomination & Remuneration Committee of the Board, at its meeting held on 12th August, 2019, has approved and appointed, Mr. Sajiv Dhawan (DIN - 00160085), as an Additional Director [Category: Non-executive, Independent], of the Company, effective 12th August, 2019. Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act") and Article 128 of the Articles of Association of the Company, Mr. Sajiv Dhawan (DIN - 00160085), shall hold office up to the date of this Thirty-third (33rd) Annual General Meeting of the Company, and is eligible to be appointed as a Director of the Company. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from a Member of the Company, proposing his candidature for the office of a Director of the Company.

Mr. Sajiv Dhawan (DIN - 00160085), aged about 49 years, a graduate in Classics - Latin from Leeds University, is an entrepreneur and managing affairs of J V Capital Services Private Limited as CEO. The additional information of Mr. Sajiv Dhawan (DIN - 00160085), has been given in the Annex to this Notice as per the provisions of Regulations 26 (4) and 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ["Listing Regulations"] and Clause 1.2.5 of the Secretarial Standards-2 .

The Company has also received a self-declaration from Mr. Sajiv Dhawan (DIN - 00160085), to the effect that he was or is not disqualified from being appointed as a Director of the Company in terms of the provisions of Section 164 of the Act and has submitted his consent to act as a Director of the Company.

The Company has also received a self-declaration from Mr. Sajiv Dhawan (DIN - 00160085), to the effect that he was or is not debarred from holding the office of a Director pursuant to any order of the SEBI or such other authority in terms of SEBI's Circular No. LIST/COMP/14/2018-19 dated 20th June, 2018 on the subject "Enforcement of SEBI Orders regarding appointment of Directors by listed Companies".

The Company has also received a self-declaration from Mr. Sajiv Dhawan (DIN - 00160085), to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations.

In the opinion of Nomination & Remuneration Committee and Board of Directors of the Company, Mr. Sajiv Dhawan (DIN - 00160085), fulfills the conditions specified in the Act and Listing Regulations, for appointment as a Director and also, as an Independent Director of the Company. Mr. Sajiv Dhawan (DIN - 00160085) is independent of the Management and Promoters of the Company.

As such, it is proposed to appoint Mr. Sajiv Dhawan (DIN - 00160085) as a Director [Category – Non-executive, Independent], of the Company, not liable to retire by rotation, and also, as an Independent Director of the Company, to hold the office for a fixed first term of three (3) consecutive years, from 27th September, 2019 till 26th September, 2022.

The terms and conditions of his appointment (appointment letter) shall be open for inspection by the Members of the Company, at the Registered Office of the Company during the normal business hours on any working day till the date of Thirty-third (33rd) Annual General Meeting, and will also be kept open at the venue of the Thirty-third (33rd) Annual General Meeting of the Company.

Mr. Sajiv Dhawan (DIN - 00160085), may be deemed to be interested or concerned in the Resolution set out at Agenda Item No. 4 of the Notice with regard to his appointment. Except Mr. Sajiv Dhawan (DIN – 00160085), none of the other Director/s, Key Managerial Personnel of the Company, and their relatives are, in any way, concerned or interested, financially or otherwise, in this Resolution.

Keeping in view the vast experience and knowledge of Mr. Sajiv Dhawan (DIN - 00160085), the Board of Directors of the Company, recommends the Ordinary Resolution at Item No. 4 of the Notice for approval of the Members in the interest of the Company.

Item No. 5 :

On recommendation of the Audit Committee, the Board of Directors of the Company, at its meeting held on 21st May, 2019 has approved and appointed M/s. G. R. Paliwal & Company, Cost Accountants, Nagpur (Membership No. 7815), as the Cost Auditors of the Company, for the financial year 2019–2020 ending 31st March, 2020, to audit the cost records of the Company at a remuneration of ₹ 2,40,000/- (Rupees Two Lakh Forty Thousand only) plus applicable taxes (GST) and reimbursement of actual out of pocket expenses, if any.

Pursuant to Section 148(3) of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (as amended), the remuneration as recommended by the Board of Directors, is subject to ratification by the Members of the Company at the ensuing Thirty-third (33rd) Annual General Meeting of the Company.

None of the Director/s, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in this Resolution. The Board of Directors of the Company recommends the Ordinary Resolution at Item No. 5 of the Notice for ratification of the Members in the interest of the Company.

**Nagpur
12.08.2019**

By Order of the Board
**CS Ashutosh Mishra
Company Secretary
ICSI M. No. ACS - 23011**

Details of Director/s seeking appointment/re-appointment at the Thirty-third (33rd) Annual General Meeting of the Company
[Pursuant to Regulations 26(4) and 36(3) of the Listing Regulations and Clause 1.2.5 of the Secretarial Standards-2]

Name of Director	CA Rambhatla Muralidhar
Director Identification Number (DIN)	00982212
Brief Resume	CA Rambhatla Muralidhar, age 64 years, is a Fellow Member of the Institute of Chartered Accountants of India (ICAI). He joined Sunflag in the year 1993 as a Manager (Finance) posted at Works and thereafter rose to the position of Executive Director (Finance) & CFO of the Company. He has rich and varied experience of about 38 years in all the fields of Finance. Prior to joining Sunflag, he was associated with various organisations viz. Cement Corporation of India Limited, Priyadarshani Cements Limited, Hindustan Fluorocarbons Limited and Bharat Aluminum Company Limited.
Nationality	Indian
Date of Birth / Age	1 st May, 1955 / 64 Years
Date of Appointment	14 th August, 2017
Expertise in specific functional area	Accounts & Finance, Banking
Qualification	Chartered Accountant (CA)
Shareholding in the Company	NIL
Relationship with other Director, Manager and other Key Managerial Personnel of the Company	Not related
No. of Board Meeting attended during the Financial Year 2018-2019	4/4 (Held/Attended)
Name of the other Companies/LLP in which Director/Partner	i) Surjagarh Metals and Minerals Limited ii) Khappa Coal Company Private Limited iii) Ramesh Sunwire Private Limited iv) Sunflag Power Limited
Chairman / Member of the Committee of Board of Directors of the Company or of other Listed Company	Member - Risk Management Committee and Project Monitoring Committee (w.e.f. 12 th August, 2019) - Sunflag Iron and Steel Company Limited

Name of Director	Mr. Sajiv Dhawan
Director Identification Number (DIN)	00160085
Brief Resume	Mr. Sajiv Dhawan, age 49 years, is a graduate in Classics-Latin from the Leeds University, UK. He has been involved in the Indian Equity Markets for the last 20 years and has successfully managed a well-known and highly regarded Broking House and Managing Investor's Portfolios. He has been a regular Securities Market Analyst and Expert appearing on CNBC (India and Singapore), Bloomberg TV, NDTV/ET Now channels as well as on BBC World. He is a Member of India's largest Angel Investment Network (IAN). He is the CEO of JV Capital Services Pvt. Ltd. - a Member of the National Stock Exchange of India Limited (NSE). He has been appointed as an Additional Director of the Company w.e.f. 12 th August, 2019.
Nationality	British
Date of Birth / Age	19 th September, 1970 / 49 Years
Date of Appointment	12 th August, 2019
Expertise in specific functional area	Securities Market Analyst and Investor's Portfolio Management
Qualification	Graduate in Classics - Latin
Shareholding in the Company	NIL
Relationship with other Director, Manager and other Key Managerial Personnel of the Company	Not related
No. of Board Meeting attended during the Financial Year 2018-2019	Not Applicable
Name of the other Companies/LLP in which Director/Partner	JV Capital Services Limited Redbell.com Online Store Private Limited
Chairman / Member of the Committee of Board of Directors of the Company or of other Listed Company	NIL

Nagpur
12.08.2019

By Order of the Board
CS Ashutosh Mishra
Company Secretary
ICSI M. No. ACS - 23011

BOARD'S REPORT

To,
The Members,

Your Directors take pleasure in presenting the Thirty-third (33rd) Annual Report alongwith the Audited Financial Statements of the Company for the year 2018-2019 ended 31st March, 2019.

The financial year under review could not see consistency in the demand supply scenario in the steel market throughout the year, particularly in the Automobile sector. However, the Company could maintain capacity utilization at its maximum and remained stable during the year. This was due to the Company's potential to cater all sub-segment within the Automobile sector. Further, the input cost kept on increasing trend during the second half of the financial year which has resulted in marginal drop in the bottom line for the year ended 31st March, 2019. EBIDTA as percentage to total income for the year was 11.11% as compared to 11.82% for the previous year.

1. FINANCIAL RESULTS

The summarised financial results for the year are as follows :-

(₹ in Lakh except EPS)

Sr. No.	Particulars	For the financial year	
		2018-2019	2017-2018
1	Total Income	224,061	214,612
2	Total Expenditure	199,171	189,234
3	Gross Profit	24,890	25,378
4	Finance Cost	3,874	3,549
5	Profit before Depreciation	21,016	21,829
6	Depreciation	3,787	3,413
7	Profit before exceptional and extraordinary items and Tax	17,229	18,416
8	Tax Expenses and Provisions	6,170	5,549
9	Other comprehensive Income	382	-
10	Profit After tax	11,441	12,867
11	Earnings Per Share (EPS) [Basic and Diluted] in ₹	6.35	7.14

2. FINANCE

The Total Income of your Company for the financial year 2018-2019 stood at ₹ 224,061 Lakh as compared to ₹ 214,612 Lakh of the previous financial year. Your Company has ended the financial year 2018-2019 with a profit after tax of ₹ 11,441 Lakh as against the previous financial year's ₹ 12,867 Lakh. After taking into account the brought forward profit of ₹ 61,627 Lakh, your Company has carried forward an amount of ₹ 71,600 Lakh to the Balance Sheet after appropriation of ₹ 1,086 Lakh towards Dividend including Dividend distribution tax.

3. DIVIDEND

The Company is in need of more funds through internal accruals to cope up with the terms and conditions of the lending banks financing the ongoing capital projects under the expansion programme, which will enable future growth of the Company.

As such, the Board of Directors feels appropriate and are pleased to recommend a Dividend @5% (i.e. ₹ 0.50) per Equity Share, on the Equity Shares in the Capital of the Company for the financial year 2018-2019 ended 31st March, 2019, subject to approval of the Members in the ensuing Thirty-third (33rd) Annual General Meeting of the Company.

4. SHARE CAPITAL

During the financial year 2018-2019 ended 31st March, 2019 under review, there is no change in the capital structure of the Company and accordingly, the issued, subscribed and paid-up Share Capital of the Company stand at ₹ 180,21,94,480/- divided into 18,02,19,448 equity shares of face value of ₹ 10/- each, as on 31st March, 2019.

5. MARKET SCENARIO

Although Indian steel industry have seen a bit growth during the first half of the financial year under review, the demand in the auto sector was not showing any growth and remained sluggish during the rest of the year. Besides, liquidity pressures in the banking system delayed availability of funds for operation as well as for CAPEX, which was one of the major constraints for overall economic growth. This has adversely impacted your Company's sales and consequently end up with marginal decrease in the bottom line.

6. COMPANY'S OPERATIONS OR OVERALL WORKING PERFORMANCE

During the financial year 2018-2019 under review, the operational (production) details of the Company are as under:

Production in MT and Power in Lakh kWh

Sr. No.	Particulars	Financial Year 2018-2019	Financial Year 2017-2018
1	Direct Reduction Plant (I + II)	148,355	131,293
2	Steel Melt Shop	382,597	384,269
3	Rolled products	381,997	381,905
4	Mini Blast Furnace (Hot Metal)/Pig Iron	297,763	319,598
5	Coal (Belgaon Coal Block)	270,000	270,000
6	Power Plant (Lakh kWh)	1971.99	1793.49

7. PROJECTS
Steel Plant:-

The Company has taken up expansion in its existing Blooming Mill to utilize the full capacity of the Mill together with installation of finishing facilities like Bright Bar Machines for value addition to the final products of Rolling Mill. The Company has also taken up the installation of certain Balancing Equipment to expand its existing Steel Melt Shop to produce high quality clean steel to expand its market base and diversify its products. During the financial year under review, the Company has successfully commissioned induction furnace which is a part of the above expansion program in Steel Melt Shop.

Subsidiary Companies:-
Sunflag Power Limited [CIN – U 31200 UR 2003 PLC 027802]

There were no specific developments or updates for reporting and the process of obtaining necessary approvals were continued for implementation and commencement of operations of Hydro Power Project of the Company at Hanol-Tuini in the State of Uttarakhand.

Khappa Coal Company Private Limited [CIN – U 10100 MH 2009 PTC 191907]

In view of order of the Hon'ble Supreme Court of India dated 24th September 2014, the Khappa & Extⁿ Coal Block which was allocated to Khappa Coal Company Private Limited, stands de-allocated with immediate effect. The closure of the said Company solely depends upon the outcome of final decision regarding bank guarantee and compensation from the appropriate authorities.

Sunflag Foundation [CIN – U 74999 MH 2017 NPL 289961]

Sunflag Foundation, a Section 8 Company (a Company not for profits) was incorporated on 27th January, 2017 as a Wholly-owned Subsidiary of Sunflag Iron and Steel Company Limited. The said Company was appointed as an Implementing Agency to carry out the Corporate Social Responsibility (CSR) activities as per CSR Policy of the Company within the framework of applicable provisions of law.

Associate / Joint Venture (JV) Companies:-
Madanpur (North) Coal Company Private Limited [CIN – U 10101 CT 2007 PTC 020161] and C T Mining Private Limited [CIN – U 10100 JH 2008 PTC 013329]

In view of order of the Hon'ble Supreme Court of India dated 24th September, 2014, the Coal Block(s) which were allocated to Madanpur (North) Coal Company Private Limited in the State of Chhattisgarh and to C T Mining Private Limited in the state of Jharkhand, stands de-allocated with immediate effect. The closure of the said Company solely depends upon the outcome of final decision regarding bank guarantee and compensation from the appropriate authorities.

Daido D.M.S. India Private Limited [CIN – U 28113 HR 2015 FTC 054839]

Daido D.M.S. India Private Limited is a Joint Venture (JV) Company of Sunflag Iron and Steel Co. Ltd., Daido Steel Co. Ltd., Japan and Daido Die and Mold Steel Solutions Co. Ltd., Japan. Sunflag has made an investment of INR 36,000,000/- (INR Three crores sixty lakh) constituting twenty percent (20%) in the capital of the said JV Company. The JV Company is engaged in the business of manufacturing, import, export and distribution in die, mould steel (tool steel and other metallic materials), processed products and mould parts.

Ramesh Sunwire Private Limited [CIN – U 28999 MH 2016 PTC 287281]

Sunflag jointly with Stumpp Schuele & Somappa Springs Private Limited, Bengaluru has formed and incorporated a Joint Venture (JV) Company - Ramesh Sunwire Private Limited on 31st October, 2016 in the State of Maharashtra. The main object of the JV Company is manufacturing high quality of alloy steel wire for automobile and auto component industries both in domestic and export markets. Further, during the financial year 2018-2019 ended 31st March, 2019 under review, Sunflag has contributed an additional sum of ₹ 1,50,00,000/- in the capital of the Company.

The plant commissioned on 6th May, 2019 and has now started its manufacturing activities.

Present Status of Coal and Mineral Mines:-

S/N	Name of Mine	Area in (Ha.)	Mineral	Present Status
1	Belgaon Coal Mine, at Village, Balgaon (Deshpande), Tah. Warora, Dist. Chandrapur, Maharashtra	383.56	Coal	Underground Coal mine having estimated reserves of 8 million tons (MT) with extractable balance of about 5.96 MT.
2	Navegaon Manganese Mine at Village Navegaon, Tah. Mohadi, Dist. Bhandara, Maharashtra	15.90	Manganese Ore	Open cast mine with reserves of about 30,000 tons.
		48.78	Manganese Ore	Application for conversion of Prospecting Licence into Mining Lease is under process.
3	Warpani Manganese Ore Block at Village Warpani, Tah. Saoner, Dist. Nagpur, Maharashtra	1419.65	Manganese Ore	Application for conversion of Prospecting Licence into Mining Lease over an area of 439 Ha is under process.
4	Bande Iron Ore Block, at Village Bande, Tah. Ettapalli, Dist. Gadchiroli, Maharashtra	236.75	Iron Ore	Application for conversion of Prospecting Licence into Mining Lease over an area of 205.75 Ha is under process.
5	Kodalibad Iron and Manganese Ore Mine at Village - Kodalibad, Tah - Noamundi, Dist. - Singhbhum / Jharkhand	120.00	Iron and Manganese Ore	Mining Lease is yet to be executed.
6	Lohardongri Iron Ore Mines at Village Lohardongri, Tah-Brahmapuri, District Chandrapur, Maharashtra	35.73	Iron Ore	Declared successful bidder in auction. Letter of Intent (LOI) awaited from Government of Maharashtra.

8. NATURE OF BUSINESS ACTIVITIES AND CHANGES THEREOF

During the financial year 2018-2019 under review, the Board of Directors, though exploring addition to existing business and commercial activities, had neither been explored any change in nature of business and commercial activities for the Company nor there is a change in nature of business and commercial activities of the Company. As such, no specific details regarding change in nature of business activities are required to be given or provided.

9. PUBLIC DEPOSITS

During the financial year 2018-2019 under review, the Company has neither invited nor accepted any public deposits within the meaning of Section 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 (as amended). As such, no specific details prescribed in Rule 8(1) of the Companies (Accounts) Rules, 2014 (as amended) have been given or provided.

10. DIRECTORS AND KEY MANAGERIAL PERSONNEL

The changes amongst the Board of Director/s including the Executive Director/s and Key Managerial Personnel during the period under review are as follows:-

I. CHANGES RELATED TO THE PROMOTER DIRECTOR(S) :-

Pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the Members of the Company, on the recommendation of the Board of Directors and the Nomination and Remuneration Committee (NRC) of the Board, at their Thirty-second (32nd) Annual General Meeting held on 25th September, 2018, consented for the continuation beyond 1st April, 2019 of Mr. Ravi Bhushan Bhardwaj (DIN - 00054700) [Category- Non-executive Chairman & Promoter], who was attaining the age of seventy-five (75) years on 23rd October, 2018, as the Director of the Company for his remainder term in the office of Director, on the existing terms and conditions of his appointment.

II CHANGES RELATED TO THE EXECUTIVE DIRECTOR/S:-

Pursuant to the provisions of Section 152 of the Companies Act, 2013, the Members of the Company, on the recommendation of the Board of Directors and the Nomination and Remuneration Committee (NRC) of the Board, at their Thirty-second (32nd) Annual General Meeting held on 25th September, 2018, consented to the re-appointment of Mr. Surendra Kumar Gupta (DIN-00054836), Deputy Managing Director of the Company, who retired by rotation and being eligible offered himself for re-appointment.

III. CHANGES RELATED TO THE KEY MANAGERIAL PERSONNEL (KMP):-

The Board of Directors of the Company at its 170th Meeting held on 12th November, 2018 on the recommendation of the Nomination and Remuneration Committee of the Board:

- accepted the resignation of CS Pranab Panigrahi (ICSI Membership No. ACS-16186), Company Secretary & Compliance Officer, designated Whole-time Key Managerial Personnel (KMP) of the Company and consequently CS Pranab Panigrahi ceased with effect from the close of the business hours of 12th November, 2018 as the Company Secretary & Compliance Officer, designated Whole-time Key Managerial Personnel (KMP) of the Company.
- pursuant to the provisions of Section 203 of the Companies Act, 2013 read with Rule 8 of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 and Regulation 6 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, appointed CS Ashutosh Mishra, an Associate Member of the ICSI (Membership No: ACS-23011) holding the prescribed qualification under Section 2(24) of the Companies Act, 2013, as the Company Secretary and Compliance Officer, designated Whole-time Key Managerial Personnel (KMP) of the Company with effect from 12th November, 2018.

IV. CHANGES RELATED TO THE INDEPENDENT DIRECTOR/S:-

- The Members of the Company at their Thirty-second (32nd) Annual General Meeting held on 25th September, 2018, on the recommendation of the Board of Directors and the Nomination and Remuneration Committee (NRC) of the Board have appointed Mr. Rooshad Russi Patel (DIN - 00473945), as a Director [Category – Non-executive, Independent] to hold the office for a fixed first term of consecutive five (5) years, i.e. from the conclusion of Thirty-second (32nd) Annual General Meeting held for the financial year 2017-2018 up to the conclusion of Thirty-seventh (37th) Annual General Meeting of the Company to be held for the financial year 2022-2023 in the calendar year 2023 of the Company, in the interest of the Company.
- Pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the Members of the Company, on the recommendation of the Board of Directors and the Nomination and Remuneration Committee (NRC) of the Board, at their Thirty-second (32nd) Annual General Meeting held on 25th September, 2018, consented for the continuation beyond 1st April, 2019 of Dr. E.R.C. Shekar (DIN - 00013670) [Category- Non-executive & Independent], who has already attained the age of seventy-five (75) years, as the Director of the Company for his remainder term in the office of Director, on the existing terms and conditions of his appointment.
- The Members of the Company, at their Thirty-first (31st) Annual General Meeting held on 28th September, 2017, had approved the appointment of Mr. S. Gajendran (DIN - 00250136), as a Director [Category - Non-executive, Independent] of the Company, for a fixed second term of consecutive two (2) years i.e. from the conclusion of Thirty-first (31st) Annual General Meeting up to the conclusion of Thirty-third (33rd) Annual General Meeting of the Company to be held for the financial year 2018-2019.

However, pursuant to the provisions of New Regulation 17(1A) incorporated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 - "No listed entity shall appoint a person or continue the directorship of any person as a Non-executive Director who has attained the age of Seventy-five (75) years unless a special resolution is passed to that effect."

Mr. S. Gajendran [DIN – 00250136], Non-executive, Independent Director of the Company, [Date of Birth – 7th July, 1944], has attained the age of Seventy-five (75) years on 7th July, 2019, and since, no such Special Resolution has been passed by the Members, Mr. S. Gajendran, ceased as a Non-executive, Independent Director of the Company w.e.f. 7th July, 2019 on attaining the age of Seventy-five (75) years pursuant to aforesaid provisions.

Your Board places on record its appreciation for the valuable services rendered by Mr. S. Gajendran during the tenure of his directorship.

4. The Board of Directors vide its 173rd Meeting held on 12th August, 2019 has on the recommendation of the Nomination and Remuneration Committee (NRC) of the Board appointed Mr. Sajiv Dhawan (DIN - 00160085) as an Additional Director [Category - Non-executive, Independent] of the Company with effect from 12th August, 2019, to hold the office till the conclusion of ensuing Annual General Meeting of the Company.

V. DIRECTOR - RETIREMENT BY ROTATION:-

Pursuant to Section 152 of Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (as amended), CA Rambhatla Muralidhar (DIN - 00982212), Director [Category - Executive & Non-Independent] of the Company, retires by rotation and being eligible, offers himself for re-appointment. The Board recommends his re-appointment as a Director (with existing category) of the Company for the approval of the Members at the ensuing Annual General Meeting in the interest of the Company.

VI. PROPOSED CHANGES RELATED TO DIRECTOR/S TO BE PLACED BEFORE THE MEMBERS FOR THEIR APPROVAL:-

The term of Mr. Sajiv Dhawan (DIN - 00160085), as an Additional Director [Category – Non-executive, Independent] of the Company, is expiring at the conclusion of the ensuing Thirty-third (33rd) Annual General Meeting of the Company.

The Board recommends appointment of Mr. Sajiv Dhawan (DIN - 00160085), as an Independent Director, [Category – Non-executive, Independent], to hold the office for a fixed first term of consecutive three (3) years, from 27th September, 2019 till 26th September, 2022 in the interest of the Company.

The Company has received a Notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing the candidature of Mr. Sajiv Dhawan (DIN - 00160085), for the office of a Director of the Company.

The Company has also received the self-declaration/s from Mr. Sajiv Dhawan (DIN - 00160085), inter-alia to the effect that, (i) he was/is not disqualified from being appointed as a Director of the Company in terms of the provisions of Section 164 of the Companies Act, 2013 and has submitted his consent to act as a Director of the Company; (ii) he was or is not debarred from holding the office of a Director pursuant to any order of the SEBI or such other authority in terms of SEBI's Circular No. LIST/COMP/14/2018-19 dated 20th June, 2018 on the subject "Enforcement of SEBI Orders regarding appointment of Directors by listed companies"; and, (iii) he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ["Listing Regulations"].

[Brief profile of all the Director/s, including those seeking appointment and re-appointment, is given in the Corporate Governance Report].

11. NUMBER OF MEETINGS OF THE BOARD

During the Financial year 2018-2019 under review Four (4) meetings of the Board of Directors of the Company held on (i) 28th May, 2018, (ii) 13th August, 2018, (iii) 12th November, 2018 and (iv) 24th January, 2019.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors confirms:-

- i. That in the preparation of the Annual Accounts (Financial Statements), the applicable Accounting Standards had been followed along with proper explanation, relating to material departures;
- ii. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that financial year;
- iii. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. That the Directors had prepared the Annual Financial Statements on a going concern basis;
- v. That the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls were adequate and operating effectively; and
- vi. That the Directors had devised proper system to ensure compliance with the provisions of all applicable laws and regulations and that such systems were adequate and operating effectively.

13. COST RECORDS

Pursuant to the amendment to the Companies (Accounts) Rules, 2014 vide MCA's Notification dated 31st July, 2018, the Board of Directors do confirm that the maintenance of cost records as specified by the Central Government under Sub-section (1) of Section 148 of the Companies Act, 2013, is required by the Company and accordingly, such accounts and records are made and maintained by the Company for the financial year 2018-2019.

14. COMMITTEE(S) OF THE BOARD

The Company has constituted all the requisite Committee(s) of the Board, namely Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility (CSR) Committee, Share Transfer Committee, Risk Management Committee and Project Monitoring Committee, pursuant to the provisions of the Companies Act, 2013 read with the rules made there under and Listing Regulations. The details of its constitution, objective or terms of reference and other related information has been provided under the Corporate Governance Report, which forms part and parcel of the Board's Report.

15. AUDITORS**I. STATUTORY AUDITORS AND THEIR REPORT:-**

M/s. S. S. Kothari Mehta & Co., Chartered Accountants, New Delhi (ICAI Firm Registration No. 000756N, Peer Review Certificate No. 008927) have been recommended by the Audit Committee and subsequently, also approved and recommended by the Board of Directors of the Company, has been appointed as the Statutory Auditors of the Company at the Thirty-second (32nd) Annual General Meeting to hold office of the Statutory Auditors for a fixed second term of two (2) years from the conclusion of Thirty-second (32nd) Annual General Meeting until the conclusion of Thirty-fourth (34th) Annual General Meeting of the Members of the Company to be held for the financial year 2019-20.

The Statutory Auditors have furnished a Certificate of their consent, qualification and eligibility for appointment including re-appointment under Section 139 and 141 of the Companies Act, 2013 read with the rules and regulations made thereunder.

The Auditors' Report submitted by M/s. S. S. Kothari Mehta & Co., Chartered Accountants, New Delhi (ICAI Firm Registration No. 000756N, Peer Review Certificate No. 008927), the Statutory Auditors to the Members of the Company for the financial year 2018-19 ended 31st March, 2019 do not contain any qualification. The observations made by the Statutory Auditors in their report are self-explanatory and have also been further amplified in the Notes to the financial statements and as such, do not call for any explanations.

During the financial year 2018-19 under review:

- a) there is no fraud occurred, noticed and/or reported by the Statutory Auditors under Section 143(12) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (as amended);
- b) the observations made by the Statutory Auditors on the financial statements for the financial year 2018-2019 ended 31st March, 2019 under review including the affairs of the Company are self-explanatory and do not contain any qualification, reservation, adverse remarks or disclaimer.

As such, no specific information, details or explanations required to be given or provided by the Board of Directors of the Company.

II. COST AUDITORS AND THEIR REPORT:-

Pursuant to Section 148 of the Companies Act, 2013, the Board of Directors, on the recommendations of the Audit Committee of the Company, has appointed, M/s. G. R. Paliwal & Company, Cost Accountants, Nagpur (Membership No. 7815), Cost Accountants, Nagpur, as the Cost Auditors of the Company, for the financial year 2019-20 and has also recommended their remuneration to the Members of the Company for their ratification at the ensuing Thirty-third (33rd) Annual General Meeting of the Company.

The said Cost Auditors have furnished a Certificate of their eligibility for appointment including re-appointment pursuant to Section 141(3)(g), Section 148(5) of the Companies Act, 2013 read with the rules made there under, Certificate for independence and arms' length relationship with the Company and have confirmed about their not being disqualified for such appointment including re-appointment within the meaning of Section 141(3) of the Companies Act, 2013.

Pursuant to the applicable provisions of the Act read with the rules made there under, the Statements, Annexures, Proforma, annexed to the Cost Audit Report in Form No. CRA-3, to be submitted by the said Cost Auditors with the Central Government in e-Form No. CRA-4, for the financial year 2017-18 was filed vide SRN H-05616321 dated 30th August, 2018.

Moreover, the Statements, Annexures, Proforma, annexed to the Cost Audit Report in Form No. CRA-3, to be submitted by the said Cost Auditors with the Central Government in e-Form No. CRA-4, for the financial year 2018-19, do not contain any adverse remarks and qualifications, is self-explanatory and do not call for any further explanation/s by the Company.

III. SECRETARIAL AUDITORS AND THEIR REPORT:-

M/s. Mukesh Parakh & Associates, Company Secretaries, Nagpur [ICSI Membership No. FCS-4343 & Certificate of Practice No. 13693], were appointed as the Secretarial Auditors of the Company, for the financial year 2018-19.

The Secretarial Audit Report in Form No. MR-3 submitted by the said Secretarial Auditors is attached herewith as an **Annex – B**, which forms an integral part of the Board's Report, do not contain any adverse remarks and qualifications, is self-explanatory and do not call for any further explanation/s by the Company.

Further, the Board of Directors of the Company at its 173rd meeting held on 12th August, 2019, has approved and re-appointed, M/s. Mukesh Parakh & Associates, Company Secretaries, Nagpur [ICSI Membership No. FCS-4343 & Certificate of Practice No. 13693], as the Secretarial Auditors of the Company for the financial year 2019-20.

IV. INTERNAL AUDITORS AND THEIR REPORT:-

M/s. AKMK & Associates, Chartered Accountants, Surat [ICAI Firm Registration No. 136206W] and M/s. Nitin Alshi & Associates, Chartered Accountants, Nagpur [ICAI Firm Registration No. 116875W], were appointed as the Internal Auditors and Joint Internal Auditors, respectively, of the Company, for the financial year 2018-19, pursuant to the provisions of Section 138 of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014 and relevant SEBI Regulations including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).

The Internal Audit finding/s and report/s submitted by the said Internal Auditor/s, from time to time, during the financial year 2018-19 to the Audit Committee and Board of Directors of the Company, do not contain any adverse remarks and qualifications, is/are self-explanatory and do not call for any further explanation/s by the Company.

M/s. AKMK & Associates, Chartered Accountants, Surat (ICAI Firm Registration No. 136206W) will continue to act as the Internal Auditors of the Company, as approved and appointed, on the recommendation of the Audit Committee, by the Board of Directors of the Company at its 153rd meeting held on 12th August, 2015, for a period of five (5) financial year/s, from the financial year 2015-16 to the financial year 2019-20.

Further, the Board of Directors of the Company at its 173rd meeting held on 12th August, 2019, on the recommendation of the Audit Committee, has approved and appointed, M/s. Nitin Alshi & Associates, Chartered Accountants, Nagpur (ICAI Firm Registration No. 116875W) as the Joint Internal Auditors of the Company, for the financial year 2019-20.

16. PERSONNEL / PARTICULARS OF EMPLOYEES

The information required to be provided pursuant to the provisions of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:-

- a) The ratio of the remuneration of each Executive Director to the median remuneration of the Employees of the Company for the financial year 2018-19 ended 31st March, 2019:-

Executive Director(s)	Ratio to Median remuneration of employees
Mr. Pranav Bhardwaj - Managing Director	25.94:1
Mr. Surendra Kumar Gupta - Deputy Managing Director	17.66:1
CA R. Muralidhar - Executive Director (Finance) & Chief Financial Officer	15.09:1
Mr. Ramchandra Vasant Dalvi - Executive Director (Works)	12.30:1

- b) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year 2018-2019 ended 31st March 2019:-

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase in remuneration over previous financial year
Mr. Pranav Bhardwaj - Managing Director	10.91
Mr. Surendra Kumar Gupta - Deputy Managing Director	8.46
CA R. Muralidhar - Executive Director (Finance) & Chief Financial Officer	8.94
Mr. Ramchandra Vasant Dalvi - Executive Director (Works)	11.70
CS Pranab Panigrahi - Company Secretary (up to 12 th November, 2018) (*)	-
CS Ashutosh Mishra - Company Secretary (w.e.f. 12 th November, 2018) (*)	-

(*) - Not comparable, as they were in service for part of the year.

- c) The percentage increase in the median remuneration of employees in the financial year 2018-2019 ended 31st March, 2019 : **6.26%**
- d) The number of permanent employees on the rolls of Company as on 31st March, 2019 : **1,257**
- e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
- ▲ The average annual increase was about 6.26%. During the financial year, the total increase was approximately 4.92% after accounting for promotions and other event based compensation revisions.
 - ▲ The increase in the managerial remuneration for the financial year 2018-19 ended 31st March, 2019 was around 11.50%, other than commission based on net profit as per the terms of their appointment.
- f) Affirmation : The remuneration paid to Director/s, Key Managerial Personnel and Employees of the Company is as per the remuneration policy of the Company.
- g) Information as per Section 197 of the Companies Act, 2013 ("the Act") read with Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (as amended), forms part of this report. However, in terms of Section 136(1) of the Act, the Report and Financial Statements are being sent to all the Shareholders and others entitled to receive the same, excluding the statement of particulars of employees. The statement is available for inspection by the Members at the Registered Office of the Company during business hours on any working day up to the date of the ensuing Annual General Meeting. If any member interested in obtaining a copy thereof, such member may write to the Company Secretary, whereupon a copy would be sent.

17. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are given in the **Annex - C** to this report.

18. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The particulars of Loans, Guarantees or Investments given or made by the Company under Section 186 of the Companies Act, 2013 are disclosed in the Notes to the Financial Statements of the Company for the financial year 2018-19.

19. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES UNDER SECTION 188 OF THE COMPANIES ACT, 2013

a) Details of contracts or arrangements or transactions not at arm's length basis:

There are no such transactions and hence not applicable.

b) Details of contracts or arrangements or transactions at arm's length basis:

The details of contracts or arrangements or transactions in the ordinary course of business and at arm's length basis are as given below:

Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014 (as amended):

Name of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of contracts / arrangements / transactions	Salient terms of the contracts / arrangements / transactions, including the value, if any	Dates of approval by the Board, if any	Amount paid as advance, if any
Haryana Television Limited	Ordinary Course of Business and at Arm's length	Continuing	Refundable Security Deposit	28.05.2018 and ratified on 21.05.2019	Outstanding ₹ 24 Lakh as on 31 st March, 2019
Haryana Television Limited	Ordinary Course of Business and at Arm's length	Continuing	Rent paid for Company's Godown at Faridabad	28.05.2018, and ratified on 21.05.2019	Rent ₹ 56.99 Lakh for the financial year 2018-19

Note : Particulars of contracts or arrangements or transactions with related parties are not given in Form AOC-2, as during the financial year 2018-19 under review the Company has not entered into any contracts or arrangements or transactions which are material in nature or are not at arm's length.

20. LISTING OF SHARES

The Equity Shares in the capital of the Company continued to be listed with and actively traded on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The listing fees for the financial year 2019-20 ending 31st March, 2020 have been paid to both the Stock Exchanges (BSE & NSE) within the normal stipulated time.

21. DEMATERIALISATION OF SHARES

As on 31st March, 2019, there were 11,08,95,184 Equity Shares dematerialised through depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited, which represents about 61.53% of the total issued, subscribed and paid-up capital of the Company.

22. EXTRACT OF THE ANNUAL RETURN

The extract of the Annual Return (MGT-9) for the financial year 2018-2019 ended and as on 31st March, 2019 pursuant to the provisions of Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 (as amended) is furnished in the **Annex – D** attached to this report, which forms an integral part of the Board's Report of the Company. The extract of Annual Return is also available on the website of the Company i.e. <https://www.sunflagsteel.com>.

23. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The detailed information related to the dividend declared by the Company in the previous year/s together with the amount remained unpaid or unclaimed, its transfer to the Investor Education and Protection Fund are provided in the Notes annexed to the Notice convening the Thirty-third (33rd) Annual General Meeting of the Company. To avoid repetition, the Shareholders of the Company are advised to refer the said Notes for detailed information on the subject matter.

24. TRANSFER OF SHARES TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Ministry of Corporate Affairs (MCA) has notified "Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016" (the Rules), which have come into force from 7th September, 2016. The said Rules, amongst other matters, contain provisions for transfer of all shares in respect of which dividend has not been claimed for seven (7) consecutive years or more, in the name of 'IEPF Demat Account'. Accordingly, the Company has transferred during the period under review 77,616 Equity Shares constituting about 0.0431% of the total issued, subscribed and paid-up capital. The voting rights on these shares shall remain frozen till the rightful owner of such shares claim the Equity Shares from the IEPF Authority. The IEPF Authority has laid down the detailed procedure for claiming both Dividend as well as Equity Shares, by the Shareholders or Investors of the Company.

25. CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance practices or requirements as set out in the Listing Regulations by the SEBI, enforced through the Stock Exchange/s (BSE & NSE). The Company has also implemented several best Corporate Governance practices as prevalent globally.

Your Board of Directors are pleased to report that your Company has complied with the SEBI Guidelines on Corporate Governance for the financial year 2018-2019 ended and as of 31st March, 2019 relating to the Listing Regulations. Certificates from M/s. Mukesh Parakh & Associates, Company Secretaries, Nagpur (ICSI Membership No. FCS-4343, Certificate of Practice No. 13693) confirming compliance with conditions as stipulated under Listing Regulations and Non-disqualification of Directors are annexed to the Corporate Governance Report, which form an integral part of the Board's Report of the Company.

26. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company's Steel plant is located at Bhandara Road, Village Warthi, Tahsil Mohadi, District Bhandara in the State of Maharashtra. It is located at a distance of about 12 kilometers from the Bhandara District Headquarters. The unit is surrounded by seven (7) villages in the radius of 5 KMs. The Company is having its captive Coal Mines at Belgaon, Village Aathmurdi, District Chandrapur in the State of Maharashtra. The Company's CSR activities as per its CSR Policy are strictly implemented in all the areas close to the manufacturing facilities (Steel Plant) and coal mines of the Company.

All the activities and programs covered under SISCO CSR are being monitored by the CSR Committee and are implemented by the CSR Sub-committee through an implementing Agency.

Sunflag Foundation (CIN-U 74999 MH 2017 NPL 289961) – a Section 8 Company (A Company not for Profits) was incorporated on 27th January, 2017 as a Wholly-owned Subsidiary of Sunflag Iron and Steel Company Limited. The said Company has been appointed as an implementing Agency to carry out the Corporate Social Responsibility (CSR) activities as per CSR Policy of the Company within the framework of applicable provisions of law.

Accordingly, Sunflag Foundation is implementing and monitoring all the CSR activities, budget and accounts for the same, the manner in which the CSR amount has been spent or to be spent, etc. and in turn, furnishes its report to the Company on regular basis. As required, the details pertaining to the Corporate Social Responsibility (CSR) activities together with details of expenditure is enclosed herewith as an **Annex – A**, which forms an integral part of the Board's Report of the Company.

27. CODES OF CONDUCT OF BUSINESS PRINCIPLES & ETHICS AND PREVENTION OF INSIDER TRADING AND OTHER CODES / POLICIES

The Board of Directors are pleased to report that your Company has complied with the:-

- i) Code of Conduct of Business Principles and Conduct;
- ii) Code of Prevention of Insider Trading in Sunflag Securities by the designated persons [Insider] (as amended from time to time);
- iii) Code for Vigil Mechanism - Whistle Blower Policy ;
- iv) Code for Independent Directors;
- v) Corporate Social Responsibility (CSR) Policy;
- vi) Risk Management Policy, which includes identification of elements of risk, if any, which in the opinion of the Board of Directors may threaten the existence of the Company;
- vii) Policy on Document Preservations (Regulation 9 of the SEBI (LODR) Regulations, 2015);
- viii) Policy for determining of 'material' Subsidiary (Regulation 16 of the SEBI (LODR) Regulations, 2015);
- ix) Policy on materiality of related party transaction/s and on dealing with related party transaction/s (Regulation 23 of the SEBI (LODR) Regulations, 2015); and
- x) Policy for determination of materiality, based on specified criteria and accordingly, grant authorisation for determination of materiality of events (Regulation 30 of the SEBI (LODR) Regulations, 2015).

The aforesaid code(s) and policy(ies) are available on the Company's Website www.sunflagsteel.com.

28. MATERIAL DEVELOPMENT IN HUMAN RESOURCES**HUMAN RESOURCES**

An improvement in employee productivity is the key focus area for the Company, whereby achieving benchmark performance in this area, year on year, is a major goal for the Company led by its Human Resource Department.

The emphasis on the people of the organisation stems from the belief that human resource is the key factor to achieve success in any business. Sunflag Steel has always been a front runner in its human resource practices with many pioneering policies in the area of human resources. Our human resource practices are based on the values of Sunflag Steel with emphasis on respect, dignity, unity and fostering a culture of togetherness.

Employees' competencies and skills were enhanced by exposing them to several internal and external training programmes. Various measures were taken to improve motivation level of each employees. As a result, many improvements were seen, where initiatives were undertaken to bring about a change in culture and mind set of the workforce of the Company.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE

Sunflag Iron and Steel Company Limited ("the Company") has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

All employees (permanent, contractual, temporary, trainees, etc.) are covered under this Policy. Pursuant to the amendment to the Companies (Accounts) Rules, 2014 vide MCA's Notification dated 31st July, 2018, the Board of Directors do confirm that the Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 [14 of 2013].

The Certificate by the Deputy Managing Director and Chairman of the Company, to that effect is enclosed herewith as an **Annex - E** and forms an integral part of the Board's Report of the Company.

HEALTH AND SAFETY

Health and safety remains the Company's highest priority and Sunflag Steel aspires to be the steel industry benchmark in health & safety. The Health & Safety of the workforce is of utmost importance and hence the need was felt for the same to percolate from the top leadership in the form of learning and experience-sharing.

Several initiatives were undertaken during the financial year to improve health & safety standards of the Company. Steps were taken to improve competency and capability for hazard identification and risk management. Further, departmental safety co-ordinator/s are at place for monitoring & training on safety related matters at shop-floor. The Safety Committee and Apex Committee are available for periodical review on health, safety & environment of all department/s of the Company. As a part of regular assignment, training programs on safety are being organised for New Joinee, as well as for regular employees and contract labour/s, and as a part of this, mock-drills are conducted for practical exposure to meet emergency need on quarterly basis. The Hand book on safety awareness are distributed to all employees of the Company as well as it is displayed at Notice Board/s at the Works and Offices of the Company.

29. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has in place adequate internal control systems and procedures commensurate with the size and nature of business. These procedures are designed to ensure:-

- a) that all assets and resources are used efficiently and are adequately protected;
- b) that all the internal policies and statutory guidelines are complied with; and
- c) the accuracy and timing of financial reports and management information is maintained.

30. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company under review to which the financial statements relate and the date of this Board's Report. As such, no specific details are required to be given or provided.

31. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

During the financial year 2018-2019, no significant and material order is passed by any of the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations in future. As such, no specific details are required to be given or provided.

32. COMPLIANCE WITH SECRETARIAL STANDARDS

The Board of Directors confirms that the Company, has duly complied with the applicable Secretarial Standards, namely Secretarial Standard-1 ('SS-1') on Meetings of the Board of Directors, Secretarial Standard-2 ('SS-2') on General Meetings and Secretarial Standard-3 ('SS-3') on Dividend, during the financial year 2018-2019.

33. OTHER DISCLOSURES

The details regarding Board and its Committee Meeting/s, Evaluation of Board performance, Self-Declaration by the Independent Director/s, Remuneration policy for Director/s and KMP's, Induction, training and familiarisation programmes for the Director/s including Independent Director/s and such other related information has been provided under the Corporate Governance Report, which forms an integral part of the Board's Report of the Company.

34. ENCLOSURES

- a) Annex – A : Annual Report on Corporate Social Responsibility (CSR) activities together with expenditure details;
- b) Annex – B : Secretarial Audit Report in Form No. MR-3;
- c) Annex – C : Report on Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo;
- d) Annex – D : Extract of Annual Return for the financial year ended and as of 31st March, 2019 in the prescribed Form No. MGT-9; and
- e) Annex – E : Certificate on Prevention of Sexual Harassment of Women at the Workplace and its Prohibition and Redressal.

35. ACKNOWLEDGMENT

The Board of Directors acknowledge with thanks, co-operation and assistance received by the Company from the Shareholders, Consortium and other Banks or Lenders, Central, State Government and Local Authorities, and other external agencies involved in the overall business operations of the Company.

The Board of Directors also record their appreciation of the dedication of all the employees of the Company and their support and commitments to ensure that the Company continues to grow.

For and on behalf of the Board

Nagpur
12.08.2019

Ravi Bhushan Bhardwaj
Chairman
DIN - 00054700

ANNEX 'A' TO BOARD'S REPORT**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs. :
- The Board of Directors of the Company has constituted the Corporate Social Responsibility (CSR) Committee to implement or monitor implementation of CSR activities as per the CSR Policy of the Company.
- The CSR activities are carried out and monitored mainly through in-house Departments of the Company. Moreover, 'Sunflag Foundation, a Section 8 Company (Not for Profits), was incorporated, as a Wholly-owned Subsidiary of Sunflag Steel, appointed as an Implementing Agency to carry out the CSR activities as per CSR Policy of the Company.
- The CSR Committee has formulated a comprehensive Corporate Social Responsibility (CSR) Policy to cover various activities like Promotion of Education and Health Care, Rural Development, Water Conservation, Protection of Flora and Fauna, Environment Sustainability and other activities or project/s, which are in accordance with the provisions of Section 135 and Schedule VII to the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- The Members are requested to refer the CSR Policy of the Company for more specific details, the same together with details of activities, expenditure, etc. are placed on the Company's Website www.sunflagsteel.com
2. The Composition of the CSR Committee :
- Chairman of the Committee:-**
Mr. Ravi Bhushan Bhardwaj - Non-executive Chairman
- Members of the Committee:-**
1. Dr. E.R.C. Shekar - Non-executive, Independent Director
 2. CA Jayesh M. Parmar - Non-executive, Independent Director
 3. Mr. Surendra Kumar Gupta - Deputy Managing Director
3. Average net profit of the Company for last three financial years : ₹ 1,22,27,04,917/-
4. Prescribed CSR Expenditure [two percent (2%) of the amount as in item 3 above] : ₹ 2,44,54,098/-
5. Details of amount spent during the financial year on CSR activities
1. Total amount to be spent for the financial Year : ₹ 2,44,54,098/-
 2. Amount unspent, if any; : Out of the total sum of ₹ 2,44,54,098/-, the Company has incurred, a sum of ₹ 86,79,341/- on the CSR activities and the balance sum of ₹ 1,57,74,757/- have been allocated for capital expenditure of various approved CSR activities, against the total mandated sum of ₹ 2,44,54,098/- to be spent during the financial year 2018-2019 ended 31st March, 2019.
3. Manner in which the amount spent during the financial year : The manner in which the amount spent is detailed in the Annex I

Annex - I CORPORATE SOCIAL RESPONSIBILITY - EXPENDITURE : FY 2018 -2019

CSR project or activity identified	Sector in which the Project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overhead	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency
Integrated Rural Developments close to the manufacturing facilities (Steel Plant) of the Company at Warthi, Bhandara as well as Coal Block (Mine) of the Company at Belgaon, both in the State of Maharashtra	Health Care	Villages namely Warthi, Sirsi, Eklari, etc. in Bhandara District and villages Atmardi,	5,65,000	4,69,752	4,69,752	During the financial year 2018-2019 ended 31 st March, 2019 the Company has allocated a total sum of ₹ 2,44,54,098/- for spending towards various CSR activities as per CSR Policy of the Company. Out of which, a total sum of ₹ 86,79,341/- has already been spent and a sum of ₹ 1,57,74,757/- has been allocated towards capital expenditure for the various ongoing approved CSR activities of the Company. The total allocated sum of ₹ 2,44,54,098/- has been transferred by the Company to Sunflag Foundation, an Implementing Agency for the needful.
	Education - Training & Skill Development		1,01,09,000	29,54,059	34,23,811	
	Rural Development		30,35,000	15,84,344	50,08,155	
	i) Drinking water and Sanitation,		36,45,000	6,44,462	56,52,617	
	ii) Environment Sustainability & protection of Flora and Fauna		-	21,47,700	78,00,317	
	iii) Construction of Rural Roads		21,10,000	8,79,024	86,79,341	
	iv) Participation in Swachha Bharat Abhiyan etc.		20,00,000	-	86,79,341	
	v) Energy Saving Measures		29,91,000	-	86,79,341	
	vi) Social Welfare, Sports & Cultural Activities					
			Total	2,44,55,000	86,79,341#	

The amount of ₹ 1,57,74,757/- which remained unspent during the financial year 2018-2019, has been allocated towards capital expenditure for the various ongoing approved CSR activities of the Company and has been transferred by the Company to the Implementing Agency. The Implementing Agency is taking all the possible steps to spend this amount during financial year 2019-2020.

The CSR Committee confirms that the implementation of CSR Policy is in compliance with the CSR Objectives and Policy

The total expenses includes ₹ 40,10,088/- spent during the year pertaining to provisions made in FY - 2017-18

Place : Nagpur
Date : 12th August, 2019

Ravi Bhushan Bhardwaj
Non-executive Chairman & Chairman of CSR Committee
DIN - 00054700

ANNEX 'B' TO BOARD'S REPORT**Form No. MR – 3
SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR 2018-2019 ENDED 31st MARCH 2019****[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014]**

To

The Shareholders (Members)
Sunflag Iron and Steel Company Limited
CIN - L27100 MH 1984 PLC 034003
33, Mount Road, Sadar, Nagpur - 440001

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, review of management representation letter along with quarterly compliance reports by respective department heads, Company Secretary, Chief Financial Officer, Deputy Managing Director, noted and taken on record by the Board of Directors of the Company at their meeting/s, and also the information and explanation provided by the Company, its officers, agents and authorised 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 2018-2019 ended 31st March 2019, 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 2018-2019 ended 31st March, 2019 according to the provisions of:-

- i) The Companies Act, 2013 ('the Act') and the rules made there under;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii) The Depositories Act, 1996 and Regulation and Bye-laws framed there under;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v) The following Regulations, Circulars and Guidelines [as amended] prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable:-
 - a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - b) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - c) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - d) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 [Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996];
 - e) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;
 - f) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 [Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009] – Not Applicable to the Company during the audit period;
 - g) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 – Not Applicable to the Company during the audit period;
 - h) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 – Not Applicable to the Company during the audit period;
 - i) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – Not Applicable to the Company during the audit period;
 - j) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 [Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998] – Not Applicable to the Company during the audit period;
 - k) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 - Not Applicable to the Company during the audit period; and
 - l) The other Regulations, Circulars and Guidelines [as amended] of Securities and Exchange Board of India (SEBI) to the extent and as may be applicable to the Company.

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

- I) The Secretarial Standards (SS-1 for Meetings of the Board of Directors, SS-2 for General Meetings and SS-3 for Dividend) issued by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs, to the extent and as may be applicable to the Company.
- II) The Uniform Listing Agreement/s entered into by the Company with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

During the audit period [financial year 2018-2019 ended 31 March 2019] under review, the Company has duly complied with the provisions of the Act, Rules, Regulations, Circulars, Guidelines, Standards, etc. mentioned above.

We further report that, 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, the Company has complied with the following laws applicable specifically to the Company:-

- i) The Mines Act, 1952 and the Rules made there under;
- ii) The Mines and Mineral (Regulation and Development) Act, 1957 and the Rules made there under;
- iii) The Indian Boilers Act, 1923;
- iv) The Explosives Act, 1884 and the Rules made there under;
- v) The Environment (Protection) Act, 1986 and the Rules made there under;
- vi) The Water (Prevention and Control of Pollution) Act, 1974 and Rules made there under;
- vii) The Air (Prevention and Control of Pollution) Act, 1981 and the Rules made there under;
- viii) Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016; and Manufacture, Storage and Import of Hazardous Chemical Rules, 1989;
- ix) The Indian Electricity Act, 1910 and the Rules made there under;
- x) The Electricity Act, 2003 and the Rules made there under;
- xi) The Foreign Trade (Development and Regulation) Act, 1992;
- xii) Legal Metrology Act, 2009.
- xiii) The Micro, Small and Medium Enterprises Development Act, 2006;

We further report that :-

The Board of Directors of the Company is duly constituted with proper balance of Executive Director/s, Non-executive Director/s and Independent Director/s including Woman Director. The change 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, agenda and detailed notes on agenda, of at least seven days in advance, except where consent of requisite number of Director/s was received for scheduling meeting at a shorter notice, was given to all Director/s to schedule the Board and its Committee meeting/s. 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.

As per the minutes of the meeting/s duly recorded and signed by the Chairman, all decisions at the Board and its Committee meeting/s, as the case may be, are carried out unanimously and no dissenting views have been recorded.

We further report that as per the information and explanations given to us and the representation made by the management and relied upon by us, there are adequate systems, processes and control mechanism exist in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable Laws, Rules, Regulations, Circulars, Guidelines, Standards, etc. to the Company.

We further report that during the audit period [financial year 2018-2019 ended 31 March 2019], the Company has following specific events or actions having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Circulars, Guidelines, Standards, etc.:-

- i) During the financial year 2018-2019 ended 31 March 2019, Supra Corporation Limited [PAC] has acquired 188069 Equity Shares constituting 0.11% of Issued, Subscribed & Paid-up Share Capital of the Company. This has resulted into, an increase of its Shareholding from 8333356 [4.62%] Equity Shares to 8521425 [4.73%] Equity Shares and an Aggregate Shareholding of Promoters & Promoters Group from 88416476 [49.06%] Equity Shares to 88604545 [49.17%] Equity Shares in the Capital of the Company.
- ii) The Shareholders (Members) of the Company, at their Thirty-second (32) Annual General Meeting held on 25 September 2018, have approved the followings:-
 - a) The payment of remuneration by way of commission, not exceeding a sum equivalent to one per cent (1%) of net profits of the Company per annum, calculated in accordance with the provisions of Section 198 of the Act, be paid to, and be distributed amongst all the Non-executive Director/s of the Company, as may be determined by the Board of Directors of the Company, from time to time, in compliance of the applicable provisions of the Companies Act, 2013 read with the rules made there under and Listing Regulations, (as amended), subject to, no single Non-executive Director of the Company, be paid, a sum exceeding fifty per cent (50%) of total annual remuneration payable to all the Non-executive Director/s of the Company, for the time being in force, for a period of five (5) financial years, effective financial year 2018-2019 till the financial year 2022-2023.
 - b) Continuation of Mr. Ravi Bhushan Bhardwaj, [DIN – 00054700], as a Director, [Category - Non-executive Chairman & Promoter], of the Company, not liable to retire by rotation, on attaining the age of Seventy-five (75) years [DoB – 23 October 1943], on 23 October 2018, beyond 1 April 2019, on the existing terms and conditions of appointment, till cessation as a Director of the Company.
 - c) Continuation of Dr. E. R. C. Shekar, [DIN – 00013670], as a Director [Category - Non-executive & Independent], of the Company, not liable to retire by rotation, who has already attained the age of Seventy-five (75) years, [DoB – 20 April 1932], beyond 1 April 2019, on the existing terms and conditions of appointment, till the expiry of existing tenure as an Independent Director of the Company, i. e. till the conclusion of Thirty-sixth (36) Annual General Meeting of the Company, to be held for the financial year 2021-2022.

- d) Appointment of Mr. Rooshad Russi Patel, [DIN – 00473945], who was appointed, as an Additional Director, [Category – Non-executive & Independent], of the Company, effective 29 September 2017, as an Independent Director [Category - Non-executive & Independent] of the Company, not liable to retire by rotation, for a fixed first term of five (5) consecutive years i. e. from the conclusion of Thirty-second (32) Annual General Meeting held for the financial year 2017-2018 up to the conclusion of Thirty-seventh (37) Annual General Meeting of the Company to be held for the financial year 2022-2023.
- (iii) During the audit period [financial year 2018-2019 ended 31 March 2019], the Board of Directors, based on recommendation/s of Nomination & Remuneration Committee, of the Company, at their respective meeting/s, has approved the followings:-
- The payment of remuneration, by way of salary, perquisites and commission not exceeding a sum equivalent to two per cent (2%) of net profits of the Company, to Mr. Pranav Bhardwaj as the Managing Director of the Company, subject to overall maximum ceiling of ₹ 4.99 Crores per annum (financial year), effective financial year 2018-2019 till the expiry of present (existing) tenure, i.e. till 16 January 2021.
 - Cessation of CS Pranab Panigrahi, [ICSI Membership No. ACS – 16186], as the Company Secretary and Compliance Officer, designated Whole-time Key Managerial Personnel (KMP), of the Company, on account of resignation, effective 12 November 2018.
 - Appointment of CS Ashutosh Mishra, [ICSI Membership No. ACS – 23011], as the Company Secretary and Compliance Officer, designated Whole-time Key Managerial Personnel (KMP), of the Company, effective 12 November 2018.

Signed and Issued on this Monday, the 12 day of August 2019 at Nagpur.

For M/s. Mukesh Parakh & Associates
Company Secretaries

CS Mukesh Dulichandji Parakh
Proprietor
Company Secretary in Practice
M. No. FCS - 4343, CoP No. 13693

Nagpur
12th August 2019

Note : The Secretarial Audit Report is to be read with our letter of even date which is annexed as an Annex A and forms an integral part of this Report.

Annex A

To
The Shareholders (Members)
Sunflag Iron and Steel Company Limited
CIN - L27100 MH 1984 PLC 034003
33, Mount Road, Sadar, Nagpur - 440001

Our Secretarial Audit Report of even date is to be read along with this letter:-

1. Management's Responsibility

- It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.
- 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.

2. Auditor's Responsibility

- Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
- We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe, the processes and practices that we followed provide a reasonable basis for our opinion. We also believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, etc.

3. Disclaimer

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.

Signed and Issued on this Monday, the 12th day of August 2019 at Nagpur.

For M/s. Mukesh Parakh & Associates
Company Secretaries

CS Mukesh Dulichandji Parakh
Proprietor
Company Secretary in Practice
M. No. FCS - 4343, CoP No. 13693

Nagpur
12th August 2019

ANNEX 'C' TO BOARD'S REPORT**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**
[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]**A. CONSERVATION OF ENERGY****I) The following measures were taken during the financial year 2018-2019 ended 31st March, 2019 under review for conservation of energy :-**

- i. Fuel saving measures taken at Blooming Mill:
 - a) Increased usage of BG Gas during the period under review.
 - b) Replacement of old recuperator by the new modified air- recuperator.
 - c) Improved thermal efficiency by modification of tube arrangement.
- ii. Elimination of ideal running of Bar and Section Mill Cooling Bed during Garret Coiler Rolling to save fuel.
- iii. Provision of VFD for 11 kW pre-heating air blower to save power.
- iv. Provision of VFD for 45 kW ignition air blower to save power.
- v. 30 TR package AC replaced with 22 TR package AC for ECR-5 BSM to save power.
- vi. Provision of VVF drive for back unscrambler machine to save power.
- vii. Provision of VVF drive for back straightening machine to save power.
- viii. Modification of Bright Bar PLC to eliminate idle operation of UT-2 machine roller way & SH-3 Pinch Roller 1, 2 & 3 to save power.

II) The steps taken by the Company for utilising alternate source of energy:

The Company is exploring the possibility of alternate source of energy.

III) The capital investment on energy conservation equipment:

There was no capital investment on energy conservation equipment during the reporting financial year 2018-2019.

B) RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

New grade developed. New Sections developed.

BENEFITS

New market development for critical auto components

FUTURE PLAN :

- i. Installation of Super Alloy Steel Making.
- ii. Downstream of Blooming Mill.
- iii. Mechanised MPI Testing line.
- iv. Hot ingot charging soaking pit furnace.
- v. 200 mm dia peeling line.

Expenditure on Research and Development:-

Sr. No.	Particulars	2018-2019	2017 - 2018
1	Capital (₹ in Lakh)	24.03	183.65
2	Recurring (₹ in Lakh)	142.91	46.74
3	Total (₹ in Lakh)	166.94	230.39
4	Total R&D Expenditure as a percentage of net turnover	0.0749%	0.108%

The In-house R & D unit(s) of the Company located at its plant at Warthi, Bhandara, MH, IN have been registered with Department of Scientific Industrial Research (DSIR) vide their letter No. TU/IV-RD/4378/2018 dated 29th November, 2018.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Lakh)

Particulars	2018 - 2019	2017 - 2018
i) Earnings : Export of Goods	4,743	4,770
ii) Out Go		
a) CIF Value of imports	20,649	9,868
b) Others including Technical Services	541	412

For and on behalf of the Board

Nagpur
12th August, 2019

Ravi Bhushan Bhardwaj
Chairman
DIN - 00054700

ANNEX 'D' TO BOARD'S REPORT

Form No. MGT - 9

**EXTRACT OF ANNUAL RETURN
As on 31st March, 2019**

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

I. REGISTRATION AND OTHER DETAILS:-

- | | | |
|--|---|--|
| 1. CIN | - | L 27100 MH 1984 PLC 034003 |
| 2. Registration Date | - | 12 th September, 1984 |
| 3. Name of the Company | - | Sunflag Iron and Steel Company Limited |
| 4. Category/Sub-Category of the Company | - | Public Limited Company, having Share Capital, Company Limited by Shares, Indian Non-Government Company |
| 5. Address of the Registered office and contact details | - | 33, Mount Road, Sadar, Nagpur - 440001, MH, IN
Tel No. : +91 0712-2524661; Fax No. : +91 0712-2520360;
e-mail Id : investor@sunflagsteel.com :
Website : www.sunflagsteel.com |
| 6. Whether listed Company Yes/No | - | Yes (BSE & NSE) |
| 7. Name, Address and Contact details of Registrar and Transfer Agent, if any | - | M/s Bigshare Services Private Limited
1 st Floor, Bharat Tin Works Building, Opp. Vasant Oasis Apts,
(Next to Keys Hotel), Marol-Maroshi Road, Andheri (East),
Mumbai - 400 059, MH, IN
Tel No. : +91 022-62638200 (100 lines); Fax No. : +91 22 2847 5207
e-mail Id : investor@bigshareonline.com
Website : www.bigshareonline.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:-

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

Name and Description of Main Products / Services	NIC Code of the Product / Service	% to Total Turnover of the Company
Steel & Steel Products (Rolled Products)	2410	98.58%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

Sr. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Sunflag Power Limited B-203, Mount View Apartment, Near Ansal Green Valley, Bhagirathipuram, Jakhan, Rajpur Road, Dehradun - 248001, UR, IN	U31200UR2003PLC027802	Wholly-Owned Subsidiary	100.00	2(87)
2.	Khappa Coal Company Private Limited 33, Mount Road, Sadar, Nagpur - 440001, MH, IN	U10100MH2009PTC191907	Subsidiary & Joint Venture Company	63.27	2(87)
3.	Sunflag Foundation 33, Mount Road, Sadar, Nagpur - 440001, MH, IN	U74999MH2017NPL289961	Wholly-Owned Subsidiary (Section 8 Company)	100.00	2(87)
4.	C T Mining Private Limited Datma More, Behind CCL GM's Bungalow, P.S. - Kuju, Ramgarh - 825316, JH, IN	U10100JH2008PTC013329	Associate & Joint Venture Company	31.80	2(6)
5.	Madanpur (North) Coal Company Pvt Ltd Navbharat Udyog Bhawan, Ring Road No.1, Telibandha, Raipur - 492006, Chhattisgarh, IN	U10101CT2007PTC020161	Associate & Joint Venture Company	11.7318	2(6)
6.	Daido D.M.S. India Private Limited Plot No. 255, Sector-24, Faridabad - 121005, HR, IN	U28113HR2015FTC054839	Associate & Joint Venture Company	20.00	2(6)
7.	Ramesh Sunwire Private Limited Khasra No. 206 & 208, Mauza Eklari, Taluka Mohadi, Bhandara - 441905, MH, IN	U28999MH2016PTC287281	Associate & Joint Venture Company	49.00	2(6)

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

Category of Shareholders	No of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total	
A. Promoters									
1) Indian									
a) Individual / HUF	1612140	--	1612140	0.8945	1612140	--	1612140	0.8945	No Change
b) Central Government	--	--	--	--	--	--	--	--	--
c) State Government(s)	--	--	--	--	--	--	--	--	--
d) Bodies Corporate	8333356	--	8333356	4.6241	8521425	--	8521425	4.7284	0.1043
e) Banks / FI	--	--	--	--	--	--	--	--	--
f) Any Other	--	--	--	--	--	--	--	--	--
Sub-total (A-1)	9945496	--	9945496	5.5186	10133565	--	10133565	5.6229	0.1043
2) Foreign									
a) NRIs- Individuals	13217398	--	13217398	7.3341	13217398	--	13217398	7.3341	No Change
b) Other Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corporate	--	65253582	65253582	36.2078	--	65253582	65253582	36.2078	No Change
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any Other	--	--	--	--	--	--	--	--	--
Sub-total (A-2)	13217398	65253582	78470980	43.5419	13217398	65253582	78470980	43.5419	No Change
Total shareholding of Promoter (A) = (A-1 + A-2)	23162894	65253582	88416476	49.0605	23350963	65253582	88604545	49.1648	0.1043
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	--	35200	35200	0.0195	--	35200	35200	0.0195	No Change
b) Banks / FI	562973	41700	604673	0.3355	191495	41700	233195	0.1294	-0.2061
c) Central Government	--	--	--	--	--	--	--	--	--
d) State Government(s)	--	600	600	0.0003	--	--	--	--	-0.0003
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	400	400	0.0002	--	400	400	0.0002	No Change
g) FIs	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others : Foreign Portfolio Investors	362068	--	362068	0.2009	388509	--	388509	0.2156	0.0147
Sub-total (B-1)	925041	77900	1002941	0.5565	580004	77300	657304	0.3647	-0.1918
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	8058100	40370	8098470	4.4937	5556700	37160	5593860	3.1039	-1.3898
ii) Overseas	18021945	--	18021945	10.000	18021945	--	18021945	10.000	No Change
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	21923980	4310358	26234338	14.5569	22868389	3916370	26784759	14.8623	0.3054
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs	33349288	33300	33382588	18.5233	35477661	33300	35510961	19.7043	1.1810
c) Others (specify) (NRIs, Trust, Clearing Members/Corp./Director/ NBFC)	1964439	6552	1970991	1.0937	1948048	6552	1954600	1.0846	-0.0091
d) IEPF Authority - MCA	3091699	--	3091699	1.7155	3091474	--	3091474	1.7154	-0.0001
Sub-total (B-2)	86409451	4390580	90800031	50.3830	86964217	3993382	90957599	50.4704	0.0874
Total Public Shareholding (B) = (B-1 + B-2)	87334492	4468480	91802972	50.9395	87544221	4070682	91614903	50.8352	-0.1043
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	110497386	69722062	180219448	100.000	110895184	69324264	180219448	100.000	--

ii) Shareholding of Promoters (Including Promoters Group) :-

Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Share holding during the year
	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total Shares	
Sunflag Limited Channel Islands, UK	65253582	36.21	-	65253582	36.21	-	No change
Mr. Suhrit Bhardwaj	13217398	7.33	-	13217398	7.33	-	No change
Supra Corporation Limited	8333356	4.62	-	8521425	4.73	-	0.11
Mr. Pranav Bhardwaj	1612140	0.89	-	1612140	0.89	-	No change
Total	88416476	49.06	-	88604545	49.17	-	0.11

iii) Change in Promoters' Shareholding (please specify, if there is no change):-

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Supra Corporation Limited				
At the beginning of the year	8333356	4.6240	8333356	4.6240
Purchase of shares :-				
28 th January, 2019	28584	0.0158	8361940	4.6398
29 th January, 2019	53485	0.0297	8415425	4.6695
31 st January, 2019	106000	0.588	8521425	4.7284
At the End of the year	8521425	4.7284	8521425	4.7284

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):-

S. N.	Name of the Top 10 (ten) Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year		Change in Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Daido Steel Co. Ltd., Japan	18021945	10.00	18021945	10.00	-	-
2	Dhirendra Bhupendra Sanghavi	6210000	3.45	6624145	3.68	414145	0.23
3	Usha Bhupendra Sanghavi	5353747	2.97	6007624	3.33	653877	0.36
4	Bhupendra Gokaldas Sanghavi	4637179	2.57	5084682	2.82	447503	0.25
5	Kanwaljit Singh Bakshi	4150000	2.30	4150000	2.30	--	--
6	Investor Education and Protection Fund Authority	3091699	1.72	3091474	1.72	(225)	--
7	Bhavini Dhirendra Sanghavi	1200000	0.67	1400000	0.78	200000	0.11
8	Delhi Iron & Steel Co (P) Ltd	866000	0.48	866000	0.48	--	--
9	Dhirajlal V Shah	545317	0.30	762880	0.42	217563	0.12
10	Sanghavi Bhupendra Gokaldas	549369	0.30	731228	0.41	181859	0.10
11	Ajay Upadhyaya	600000	0.33	580000	0.32	20000	0.01
12	Errol Fernandes	658290	0.37	--	--	(658290)	(0.37)

v) Shareholding of Director/s, Key Managerial Personnel & their relatives:-

S. N.	Names of Director/s, Key Managerial Personnel (KMP) and their Relatives	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares of the Company	% of total shares of the Company	No. of shares of the Company	% of total shares of the Company
1	Mr. Ravi Bhushan Bhardwaj, Non Executive Chairman	--	--	--	--
2	Mr. Pranav Bhardwaj, Managing Director	1612140	0.89	1612140	0.89
3	Mr. Suhrit Ravi Bhushan Bhardwaj, Director	13217398	7.33	13217398	7.33
4	Mr. Surendra Kumar Gupta, Deputy Managing Director	-	-	-	-
5	Dr. E.R.C. Shekar, Independent Director	2000	0.0011	2000	0.0011
6	CA R. Muralidhar, Executive Director (Finance) & CFO (KMP)	-	-	-	-
7	Mr. Ramchandra V. Dalvi, Executive Director (Works) (KMP)	-	-	-	-
8	CS Ashutosh Mishra, Company Secretary (KMP)	-	-	-	-

Note : Other Director/s of the Company do not hold any Equity Shares in the Capital of the Company during the year under review.

V. INDEBTEDNESS AS ON 31st March, 2019
Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	233,95,23,832	46,29,30,616	-	280,24,54,448
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	233,95,23,832	46,29,30,616	-	280,24,54,448
Change in Indebtedness during the financial year				
i) Addition	12,69,03,897	-	-	12,69,03,897
ii) Reduction	-	5,89,04,596	-	5,89,04,596
Net Change	12,69,03,897	5,89,04,596	-	6,79,99,301
Indebtedness at the end of the financial year				
i) Principal Amount	246,64,27,729	40,40,26,020	-	287,04,53,749
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	41,92,211	-	-	41,92,211
Total (i + ii + iii)	247,06,19,940	40,40,26,020	-	287,46,45,960

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:-

(Amount in ₹)

S N	Particulars of Remuneration	Name of MD / WTD / Manager				Total Amount
		Mr. Pranav Bhardwaj Managing Director	Mr. Surendra Kumar Gupta, Deputy Managing Director	CA R. Muralidhar Executive Director (Finance) & CFO	Mr. Ramchandra Vasant Dalvi, Executive Director (Works)	
1.	Gross salary					
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1,46,25,480	1,03,82,558	91,03,750	74,44,800	4,15,56,588
	b) Value of Perquisites U/s 17(2) of the Income-tax Act, 1961	15,03,326	5,99,521	2,77,500	2,05,000	25,85,347
	c) Profits in lieu of Salary under Section 17(3) of the Income-tax Act, 1961	--	--	--	--	--
2.	Stock Option	--	--	--	--	--
3.	Sweat Equity	--	--	--	--	--
4.	Commission	--	--	--	--	--
	- as % of Profits	3,37,71,194	--	--	--	3,37,71,194
	- others, specify	--	--	--	--	--
5.	Others, please specify	--	--	--	--	--
	Grand Total (A)	4,99,00,000	1,09,82,079	93,81,250	76,49,800	7,79,13,129
	Ceiling as per the Act :	Overall Total Remuneration including Salary, Benefits, Perquisites and Commission @10% of the Net Profit calculated as per Section 198 of the Companies Act, 2013 amounting to ₹ 18,78,33,013/-				

B. Remuneration to other Director/s:-

(Amount in ₹)

Particulars of Remuneration	Name of Directors						Total Amount
	Dr. E.R.C. Shekar	Mr. S. Gajendran	CA Jayesh Parmar	Mr. K. J. Singh	Mrs. Neelam Kothari	Mr. Rooshad R. Patel	
1. Non-executive, Independent Director/s							
1. Fee for attending Board/Committee Meeting/s	1,69,000	1,22,000	1,01,000	1,10,000	74,000	70,000	6,46,000
2. Commission	2,00,000	2,00,000	2,00,000	2,00,000	2,00,000	2,00,000	12,00,000
3. Others, please Specify	-	-	-	-	-	-	-
Total (1)	3,69,000	3,22,000	3,01,000	3,10,000	2,74,000	2,70,000	18,46,000
2. Other Non-Executive Director/s							
	Mr. Ravi Bhushan Bhardwaj	Mr. Suhrit Bhardwaj	-	-	-	-	-
1. Fee for attending Board/Committee Meeting/s	-	-	-	-	-	-	-
2. Commission	92,03,817	-	-	-	-	-	92,03,817
3. Others, please Specify	-	-	-	-	-	-	-
Total (2)	-	-	-	-	-	-	92,03,817
Total (1 + 2)	-	-	-	-	-	-	1,10,49,817
Total Remuneration payable to Non-Executive Director/s (including sitting fees)	-	-	-	-	-	-	1,10,49,817
Total Remuneration paid to Non-Executive Director/s (excluding sitting fees)	-	-	-	-	-	-	1,04,03,817
Overall Ceiling as per the Act :	In addition to Sitting Fees paid or payable for attending Board and its Committee Meeting/s, @1% of the Net Profit calculated as per section 198 of the Companies Act, 2013 amount to ₹ 1,87,83,301/-						

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD :-

(Amount in ₹)

Particulars of Remuneration	CS Pranab Panigrahi Company Secretary (upto 12 th November, 2018)	CS Ashutosh Mishra Company Secretary (w.e.f. 12 th November, 2018)	Total
	Gross salary		
a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	21,30,836	12,22,774	33,53,610
b) Value of Perquisites under Section 17(2) of the Income-tax Act, 1961	50,330	40,215	90,545
c) Profits in lieu of Salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
Stock Option	-	-	-
Sweat Equity	-	-	-
Commission			
- as % of Profits	-	-	-
- others, specify	-	-	-
Others, please specify	-	-	-
Total	21,81,166	12,62,989	34,44,155

VII. Penalties / Punishments / Compounding of Offences:- NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment Compounding fees imposed	Authority [RD/NCLT/Court]	Appeal made if any (give Details)
A. COMPANY Penalty Punishment Compounding			Nil		
B. DIRECTORS Penalty Punishment Compounding			Nil		
C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding			Nil		

For and on behalf of the Board

 Nagpur
12th August, 2019

 Ravi Bhushan Bhardwaj
Chairman
DIN - 00054700

ANNEX 'E' TO BOARD'S REPORT**CERTIFICATE****Prevention of Sexual Harassment of Women at the Workplace and its Prohibition and Redressal**

[Pursuant to Section 22 & 28 of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013]

This is to certify that :

Sunflag Iron and Steel Company Limited ("the Company") has in place an Anti-Sexual Harassment Policy in line with the requirements of the "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013" and Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees etc.) are covered under this Policy.

The following is the Summary of sexual harassment complaints received and disposed-off during the financial year 2018-2019 ended 31st March, 2019 under review :-

Number of Complaints received	NIL
Number of Complaints disposed off	NIL

For and on behalf of the Board

Nagpur
12th August, 2019

Surendra Kumar Gupta
Deputy Managing Director
DIN - 00054836

Ravi Bhushan Bhardwaj
Chairman
DIN - 00054700

MANAGEMENT DISCUSSION AND ANALYSIS

Sunflag Iron and Steel Company Limited (**SUNFLAG STEEL**) had set up a 'state of the art' Integrated Steel Plant at Warthi, Bhandara Road in the State of Maharashtra, to produce high quality Special Steels with manufacturing facilities like Sponge Iron Plant, Mini Blast Furnace, Sinter Plant, Captive Power Plant, Steel Melt Shop, Continuous Casting Machine with EMS facility, Ingot Casting and Rolling Mills. Modern annealing facilities include Bell annealing furnace, hardening & tempering, Electric Annealing furnace. Bright Bar facilities like peeling machine, Combined drawing machine, Wire drawing units, coil to bar peeling machine, polishing & grinding lines and heat treatment facilities are available for value addition. Further, Ultramodern inspection & testing facilities which include Phased Assay Auto Ultrasonic testing machine, Magna flux leakage test, Eddy current test, MPI & mobile / XRF Spectrometer, Anti mix testing for assuring best quality.

SUNFLAG STEEL has established itself as a major global force. With the modern complex pulsating with world class technology, expert human resources and a commitment to excellence, **SUNFLAG STEEL** has become a reputed supplier in Flat Bars, Round Bars, Bright Bars and Wire Rods of Alloy Steel, Spring Steel and Stainless Steel and captured better position in these market segments. **SUNFLAG STEEL** is also embarking on an export thrust and is regularly supplying to various customers in South East Asian, North American and South American countries, Europe and China.

With Ultramodern Blooming Mill, **SUNFLAG STEEL** can cater higher section requirement for Automobile, Heavy Engineering, Railways, Defence and Aerospace requirements with higher reduction ratio. Further, with Bottom poured ingot facilities, **SUNFLAG STEEL** is catering special requirements of Railways and Defence for critical / core purchase.

The objective of this Management Discussion is to present an analysis of the current Indian & World economic scenario along with the expectations from the period ahead.

GLOBAL ECONOMIC SCENARIO & OUTLOOK

A) MACRO-ECONOMIC CONDITIONS

Following an upswing in the last two years, global growth declined to 3.6% in 2018, owing to various factors such as increase in trade tensions and tariff hikes between the United States and China, decline in business confidence, tightening of financial conditions, and higher policy uncertainty across many economies. While the first half of 2018 witnessed strong growth at 3.8%, the second half saw a deceleration in global economic activity, in light of the various factors affecting major economies.

Growth in China was at 6.6%, its slowest pace since 1990, due to necessary domestic regulatory tightening, slower domestic investment, and tariff hikes and trade tensions with the United States. The United States witnessed a growth of 2.9%, the highest since 2015, with major contribution coming from personal spending, fixed investment, public expenditure and inventories. Growth in the Euro area economy slowed to 1.8% in 2018, owing to weakening consumer and business sentiments, disruptions in car production in Germany due to delay in introduction of new fuel emission standards, fiscal policy uncertainty, elevated sovereign spreads, and declining investment in Italy, and drop in external demand, especially from emerging Asia. Growing concerns about a no-deal Brexit also probably weighed on investment spending within the euro area. Activity in Japan weakened mainly due to natural disasters.

Growth in India was 7.1%, primarily due to growth in construction sector (8.9%) and manufacturing sector (8.1%). The Gross fixed capital formation is estimated to have increased by 10%, thereby contributing to 32.3% of GDP.

Overall, increasing trade tensions took a toll on business confidence, worsening financial market sentiments. Also, tightening financial conditions for vulnerable emerging markets in early 2018 and for advanced economies later in the year showed its impact on global demand, leading to a slowdown in global economic growth.

B) ECONOMIC OUTLOOK

According to the International Monetary Fund ('IMF'), global economic growth is expected to further decline to 3.3% in 2019 but return to 3.6% in 2020. While the slow paced growth in the second half of 2018 is likely to continue in the first half of 2019, growth in the second half of 2019 is expected to gain momentum, owing to an ongoing build-up of policy stimulus in China, improvements in global financial market sentiment, waning of some temporary drags on growth in the euro area, and a gradual stabilisation of conditions in stressed emerging market economies. Improved momentum for emerging market and developing economies is projected to continue in 2020, primarily reflecting developments in economies currently experiencing macroeconomic distress.

Growth in advanced economies is expected to slow down from 2.2% in 2018 to 1.8% in 2019 to 1.7% in 2020. The United States is expected to grow at a slower pace of 2.3% in 2019, down to a further 1.9% in 2020 as the impact of the fiscal stimulus fades. Growth in the Euro area is expected to decline to 1.3% in 2019 as the effect of the weakness in 2018 is likely to carry forward to the first half of 2019.

China's economic growth is expected to be at 6.3% in 2019 due to lingering impact of trade tensions with the US. The Indian economy is expected to grow at about 7.3% in 2019 and further by 7.5% in 2020, supported by the continued recovery of investment and robust consumption amid a more expansionary stance of monetary policy and some expected impetus from fiscal policy. Resolution of Non-Performing Assets ('NPA') and other recoveries over the past year have been efficacious. Large NPA accounts should continue to see resolution in 2019. The projected increase in growth rate can also be attributed to sustained rise in consumption, gradual revival in investments, and greater focus on infrastructure development.

C) ECONOMIC AND BUSINESS OUTLOOK- GLOBAL AND INDIAN STEEL INDUSTRY

1. GLOBAL AND INDIAN STEEL INDUSTRY

According to the World Steel Association ('WSA'), global crude steel production reached 1,808.6 MnT in 2018, an increase of 4.6% over 2017. This increase is primarily due to growth in steel consumption in infrastructure, automotive, manufacturing and equipment sectors. China continued to be the world's largest crude steel producer, contributing to 51.3% of the global crude steel production.

Crude steel production in India, increased to 106.5 MnT. India's crude steel production increased by 4.9% over the previous year, making India the second largest crude steel producing country.

Despite slowdown in the economy, global steel demand increased by 2.1% in 2018. The marginal increase over 2017 was mainly supported by government stimulus in China and better than expected economic activity. However, steel demand in developed economies slowed to 1.8% in 2018 as compared to 3.1% in 2017.

Steel demand in the European Union ('EU') grew by 2.2% in 2018 as against 3.4% in 2017. Output growth in the steel consuming sectors in the EU eased in the second half of 2018, especially in the automotive sector. Output of passenger cars was negatively impacted by the introduction of new emission testing procedures and a slowdown in demand both inside and outside the EU. In 2018 the EU was a net importer of steel at 16.9 MnT. Exports from China to the rest of the world decreased again in 2018 to 68.8 MnT. Changing trade flows in the global steel market have caused an increase in the amount of anti-dumping measures.

2. Outlook for Steel Industry- Opportunities and Threats

As per WSA, global steel demand is forecasted to reach 1,735 MnT in 2019, an increase of 1.3% over 2018. In 2020, global steel demand is expected to reach 1,752 MnT, reflecting an increase of 1%. Although steel demand is expected to grow, the rate of growth will be lower owing to slowdown in global economy. Further, China's deceleration, uncertainty surrounding trade policies and the political situation in many regions suggest a possible moderation in business confidence and investment.

China plans for a major structural overhaul of the steel sector by 2020. Further, it plans to reduce the steel output which would ease the uneven supply-demand situation in the sector, modernize the steel mills to achieve energy consumption and pollutant emissions within the nation standard by 2020. Steel demand in developing Asia excluding China is expected to grow by 6.5% and 6.4% in 2019 and 2020 respectively, making it the fastest growing region in the global steel industry. In the ASEAN region, infrastructure development is expected to support demand for steel. Steel demand in advanced economies is expected to grow at a slower pace owing to trade tensions and lower spend on construction activities.

Steel demand in India is expected to grow at 7% in 2020. Steel demand in India will be driven by broad based growth across sectors. Construction is expected to grow boosted by government spending on infrastructure. The automotive sector is expected to grow at about 7.5% in 2019 which is lower than that of 2018 as sales slowed towards the end of 2018 and early 2019. Policy to support real estate sector will lead to stronger growth in 2019. Recovery in the capital goods sector witnessed in 2018 is expected to sustain in 2019. The sector is expected to grow above 7% aided by increasing demand for construction and earthmoving equipment.

OPPORTUNITIES

SUNFLAG STEEL is venturing into manufacturing of Super Alloy, which is alloy for high performance application which involves high load [stress] at high temperature [above 540 degree]; resistance to operation at high temperature; and resistance to environment attack at high temperature. This is used in Aircraft Parts, Armaments, Submarine Parts, Space Vehicle and Rocket Engines, Nuclear Reactor, Super-critical Power Plants, Industrial and Vehicle Gas Turbines, Petro-Chemical Plants and other High Temp and Corrosive Applications.

Since as of date most of the raw material being imported and sooner or later, this facility will help us to sustain the changed market scenario, **SUNFLAG STEEL** is seeing the opportunities to meet:

- the growing demand of our population and protect our border, growth NOF technology is inevitable.
- the growth of technology in relevant sectors like defence, armament, aerospace, marine, nuclear, thermal, petrochemical & transport etc.
- to attain high level of technical perfection in these sectors.

CURRENT CHALLENGES / THREATS

Increasing intensity of competition, particularly in Indian Steel industry post acquisition of steel assets by the international steel players through NCLT under Insolvency and Bankruptcy Code, 2016 is one of the major challenges to remain in the market. However, Sunflag is one of the approved source for the Auto giants like Maruti, Honda, Mahindra, Tata Motors etc.

SUSTAINABILITY

Sunflag is committed to maintain its quality and has received appreciations and awards from various sources. With the continuous efforts on making clean steel, now company is focusing on expanding its market share in other segments viz. railways and defence etc. This will protect the Company from dependency on Automobile sector.

SUNFLAG STEEL exploring better opportunities in the years to come due to continuous developments of new grades of high alloy steel as well wire rod. Further, venturing into the self-dependency of raw materials will help in reduction in the cost of production and enhancing the profitability. This has even proved advantageous during the recessionary period which is a very good sign for the Company.

MATERIAL DEVELOPMENT

Sunflag could not see any material change in the top line or in profitability, as the market remained sluggish during the year under review. However, in view of Sunflag steel having facilities to cater to defence, railways, the company has maintained the profitability (EBITDA) at 11.16% as compared to previous year of 11.92%.

In order to achieve effective cost reduction and improvement in productivity, activity of Total Productive Maintenance (TPM) continued to be implemented by the Company during the financial year 2018-2019 ended 31st March, 2019 under review.

CORPORATE GOVERNANCE

At **SUNFLAG STEEL**, we ensure that we evolve and follow the corporate governance guidelines and best practices diligently, not just to boost long-term shareholder value but also to respect minority rights. We consider it our inherent responsibility to disclose timely and accurate information regarding the operations & performance, leadership and governance of the Company.

Pursuant to the Listing Regulations, the Corporate Governance Report along with the Certificate from a Practicing Company Secretary, certifying compliance with conditions of Corporate Governance forms an integral part of the Annual Report.

CAUTIONARY STATEMENT

The Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward-looking statements' within the meaning applicable to securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand / supply and price conditions in the domestic and overseas markets, changes in the Government regulations, tax laws, other statutes and other incidental factors.

CORPORATE GOVERNANCE REPORT

Brief Statement on the Company's Philosophy on Code of Corporate Governance

At **SUNFLAG STEEL**, Corporate Governance has been an integral part of the way we have been doing our business since inception. We believe that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics. These main drivers, together with the Company's ongoing contributions to local communities through meaningful "Corporate Social Responsibility" initiatives will play a pivotal role in fulfilling our renewed vision to be the most sustainable and competitive Company in our industry and our mission to create value for all our stakeholders.

Your Company has already implemented the Code of Corporate Governance as prescribed by the Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) ('LODR') Regulations, 2015 ["Listing Regulations"], as amended. Your Company has in its place 'SISCO Code of Business Principles and Conduct' for its Board Members (including Non-executive Independent Director/s) as well as Members of Senior Management. The Company is following 'SISCO Code for Prevention of Insider Trading' as per the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended. The Company has also formulated various Codes and Policies as required and/or in compliance with the Companies Act, 2013 read with the rules made there under as well as the Listing Regulations and accordingly, has constituted the necessary Committee(s) thereof. All the necessary and requisite information are being posted and updated from time to time on the Company's Website www.sunflagsteel.com.





The Company always believes in compliance/s as applicable under various statutory and other rules or regulations governing the Company from time to time. As such, the Company is in due compliance of the provisions of Secretarial Standards [SS-1 for Meetings of the Board of Directors, SS-2 for General Meetings and SS-3 for Dividend] in true sense and spirits.

MANDATORY REQUIREMENTS

1) SUNFLAG PHILOSOPHY ON CORPORATE GOVERNANCE

The Board of Directors and Management of Sunflag Iron and Steel Company Limited commits themselves to:-

- i) Strive hard towards enhancement of shareholders' value through:-
 - ▲ sound business decisions;
 - ▲ prudent financial management; and,
 - ▲ high standards of ethics throughout the organisation.
- ii) Ensure transparency and professionalism in all decisions and transactions of the Company.
Achieve excellence in Corporate Governance by:-
 - ▲ conforming to and exceeding wherever possible, the prevalent mandatory guidelines on Corporate Governance; and,
 - ▲ regularly reviewing the Board processes and management systems for further improvement.
- iii) Ensure health, safety and environment management by making it an integral part of the Company's business strategy and to actively promote awareness of health, safety and environment issues throughout the Company and to our business partners.
- iv) Implement, maintain and continuously improve an environment management system.
- v) Achieve excellence in all activities by implementing Total Productive Maintenance (TPM) with the involvement of all employees to reduce cost, increase productivity & improve quality continuously with the aim of achieving "**Zero Failure, Zero Defect and Zero Accident Objective**".
- vi) The Vision and Mission of the Company:-

	
Vision	
To be a globally renowned special steel provider	
Mission	
To continually improve customer satisfaction and aim to achieve Customer delight	
To maintain sustainable growth and return on investments	
By	
Continuous improvement of	
▲ Human Resources	
▲ Technology	
▲ Environment	
and	
▲ Professional Excellence	
	

2) BOARD OF DIRECTORS

a) **Composition:** The Board of Directors of the Company as of 31st March, 2019 consisted of:-

Non-executive Director/s	Executive Director/s
Promoter Group Mr. Ravi Bhushan Bhardwaj (DIN - 00054700) Non-executive Chairman Mr. Suhrit Bhardwaj (DIN - 02318190) Non-executive Director	Promoter Group Mr. Pranav Bhardwaj (DIN - 00054805) Managing Director
Non-Promoter Group - Non-executive, Independent Director/s Dr. E.R.C. Shekar (DIN - 00013670) Mr. S. Gajendran (DIN - 00250136) CA Jayesh M. Parmar (DIN - 00802843) Mr. Kumar Jitendra Singh (DIN - 00626836) CA Neelam Kothari (DIN - 06709241) Mr. Rooshad Russi Patel (DIN - 00473945)	Non-Promoter Group Mr. Surendra Kumar Gupta (DIN - 00054836), Deputy Managing Director CA Rambhatla Muralidhar (DIN - 00982212), Executive Director (Finance) & CFO Mr. Ramchandra Vasant Dalvi (DIN - 00012065), Executive Director (Works)

Note: During the financial year under review i.e. 2018-2019 ended 31st March, 2019 :

- Mr. Rooshad Russi Patel (DIN - 00473945), who was appointed as an Additional Director [Category - Non-executive & Independent], has been appointed, as a Director [Category-Non-executive & Independent] of the Company, not liable to retire by rotation, for the fixed term of five (5) consecutive years, by the Shareholders at their Thirty-second (32nd) Annual General Meeting held on 25th September, 2018.
- Pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, Shareholders of the Company at their Thirty-second (32nd) Annual General Meeting held on 25th September, 2018, consented for the continuation of Mr. Ravi Bhushan Bhardwaj (DIN - 00054700) [Category - Non-executive Chairman & Promoter] who was about to attain the age of Seventy-five years on 23rd October, 2018 and Dr. E.R.C. Shekar (DIN - 00013670) [Category - Non-executive & Independent], who had already attained the age of Seventy-five (75) years, as the Directors of the Company for their remainder terms in the office of Director, on the existing terms and conditions of their appointment.

None of the Directors of the Company are inter-se related to each other except Mr. Pranav Bhardwaj, Managing Director and Mr. Suhrit Ravi Bhushan Bhardwaj, Non-executive, Non-Independent Director who are sons of Mr. Ravi Bhushan Bhardwaj, Non-Executive Chairman of the Company.

b) **Meetings, agenda and proceedings etc. of the Board of Directors :-**

The attendance of the Director/s at the Board Meeting/s and Thirty-second (32nd) Annual General Meeting of the Company, details of their Directorship in other Companies, Partnership in other Firms or LLP and Membership in the Board Committee/s of the Company and other Listed Companies :

- Four (4) meeting/s of the Board were held on 28th May, 2018, 13th August, 2018, 12th November, 2018 and 24th January, 2019 during the financial year 2018-2019 ended 31st March 2019 under review.
- Thirty-second (32nd) Annual General Meeting (AGM) was held on 25th September, 2018.

Sr. No.	Name of Director	No. of Board Meetings Attended	Whether Attended last AGM	Directorship in other Companies*	Partnership in Firm or LLP	Committee Membership of Sunflag and of other Listed Companies
1	Mr. Ravi Bhushan Bhardwaj	4	Yes	3	-	4
2	Mr. Pranav Bhardwaj	3	Yes	6	-	3
3	Dr. E. R. C. Shekar	4	-	2	-	8
4	Mr. S. Gajendran	4	-	1	-	8
5	CA Jayesh M. Parmar	2	Yes	5	4	7
6	Mr. Kumar Jitendra Singh	4	Yes	1	-	3
7	CA Neelam Kothari	3	Yes	-	1	1
8	Mr. Surendra Kumar Gupta	4	Yes	7	-	6
9	Mr. Suhrit Ravi Bhushan Bhardwaj	2	-	1	-	-
10	CA R. Muralidhar	4	Yes	4	-	2
11	Mr. Ramchandra Vasant Dalvi	4	Yes	2	1	-
12	Mr. Rooshad Russi Patel	4	Yes	1	-	1

* Directorship in other Companies denotes Companies other than Foreign Companies.

Details of Directors holding Directorship in other Listed Companies:-

S.No.	DIN	Name of Director	Name of the Listed Company	Designation
1	00250136	Mr. S. Gajendran	Metkore Alloys and Industries Limited	Non-Executive, Independent Director
2	00802843	CA Jayesh M. Parmar	Envair Electrodyne Limited	Non-Executive, Independent Director

None of the Independent Director/s have any material pecuniary relationship or transactions with the Company, other than receiving Sitting Fees for the Board and its Committee Meeting/s and profit based Commission from the Company.

The Company ensures that all statutory, significant material information are placed before the Board or its Committees, for their information, consideration, review and ratification and/or approval, if any, to enable them to discharge their responsibilities as trustees of the large family of stakeholders. During the financial year 2018-2019 ended 31st March 2019, all the information on matters mentioned in terms of Regulation 17(3) and Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ['Listing Regulations'] has been placed before the Board for its information, consideration, review, ratification and/or approval, if any. The Board periodically reviews compliance/s of all laws applicable to the Company.

Scheduling and selection of Agenda items for the Board and Committee Meetings:-

All departments of the Company schedule their work and plan in advance, particularly with regard to matters requiring consideration at the Board or its Committee Meeting/s.

Post meeting follow-up mechanism:-

All important decisions taken at the Board or its Committee Meeting/s are promptly communicated to the concerned department/s. Action Taken Report on decision/s and minutes of previous meeting/s are placed at the succeeding meeting/s of the Board and its Committee for information, consideration, review, ratification and/or approval, thereof.

Code of Conduct for the Board of Directors and Senior Management:-

The Code of Conduct has already been communicated to all the Members of the Board and Senior Management. The Code is also available on the Company's website www.sunflagsteel.com. All the Members of the Board and Senior Management have confirmed, the compliance/s with the Code for the financial year 2018-2019 ended 31st March, 2019. The Annual Report contains a declaration to this effect signed by the Managing Director of the Company.

c) Woman Director:-

As per the provisions of the Companies Act, 2013 read with the rules made there under and Listing Regulations, CA Neelam Kothari (DIN - 06709241), Director [Category - Non-executive & Independent], of the Company, a qualified Chartered Accountant and Cost Accountant, from Mumbai, continues as a Woman Director on the Board of the Company. The Company also confirms the compliance of having an Independent Woman Director on the Board of Directors of the Company, in terms of amendments to the Listing Regulations, though presently it is not mandatory for the Company based on market capitalization of the Company.

d) Separate Meeting of Independent Directors:-

As stipulated by, Schedule IV [Code of Independent Directors], to the Companies Act, 2013 and Regulation 25 of the Listing Regulations (as amended), a separate exclusive meeting of the Independent Director/s of the Company was held on 9th March, 2019 to review the performance of Non-independent Directors (including the Non-executive Chairman) of the Company and the Board as a whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management, the Board and its Committees, which is necessary to effectively and reasonably perform and discharge their duties.

e) Induction, Training and Familiarisation Program for the Board Members:-

The provision of an appropriate induction programme for new Director/s and ongoing training for existing Director/s of the Company, is a major contributor to the maintenance of high Corporate Governance standards of the Company. Every such newly appointed Director is required to undergo through a formal induction program including the presentation from the Managing Director and Deputy Managing Director on the Company's manufacturing, marketing, finance and other important aspects. The Chief Financial Officer and Company Secretary of the Company are jointly responsible for ensuring that such induction and training programs are provided to all such Director/s. The Independent Director/s, from time to time, request management to provide detailed understanding of any specific project, activity or process of the Company. The management provides such information and training either at the meeting of Board of Directors or otherwise.

The induction for Director/s includes interactive sessions with executive committee members, business and functional heads, visit to the manufacturing and coal mine sites, visits to locations where the CSR activities have been carried out by the Company, etc. On the matters of specialized nature, the Company engages services of outside experts and consultants for presentation and discussion with the Board Members from time to time.

The presentations are made by the management team giving an overview and familiarise the Director/s with the operations and business model of the Company. The Director/s are also apprised about the Industry developments, new initiatives and strategy of the Company from time to time. The Board Members were presented with reports, internal policies and periodic presentations at the Board and its Committee meeting/s. The Board Members are also apprised of their roles, authorities, rights and responsibilities under various laws and regulations applicable to the Company, including but not limited to, the Companies Act, 2013 read with the rules made there under and the Listing Regulations, as amended, from time to time.

The details of Directors' induction and familiarization program are available on the Company's **Website at - <http://www.sunflagsteel.com>**

f) Evaluation of the Board's Performance:-

During the financial year 2018-2019 ended 31st March, 2019, the Board continued with a formal mechanism for evaluating its performance as well as that of its Committee/s and individual Director/s, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Board functioning such as composition of the Board and its Committee/s, experience & competencies, performance of specific duties & obligations, governance issues, etc. Separate exercise was carried out to evaluate the performance of individual Director/s including the Chairman of the Board, who were evaluated on parameters such as attendance, contribution at the meetings, independent judgement, safeguarding of minority shareholders interest etc.

The evaluation of the Independent Director/s was carried out by the entire Board Members and that of the Chairman and the Non-Independent Director/s, were carried out by the Independent Director/s of the Company. The Director/s were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committee/s with the Company.

g) Agenda:-

All the meetings are conducted as per well designed and structured agenda. All the agenda items are backed by necessary supporting information, notes and documents (except for the critical or unpublished price sensitive information, which is circulated at the meeting itself) to enable the Board and its Committee/s to take well informed decisions. The agenda also includes item related to ratification, confirmation and approval, if any, of minutes of the previous meeting/s of the Board, its Committee/s and Subsidiary Companies. Additional agenda item/s, if any, in the form of "Other Business" are included with the permission of the Chairman and with the consent of requisite number of Director/s present in the meeting, which shall include at least one Independent Director, if any. The agenda including notes thereof are generally circulated along with Notice before seven clear days prior to the Board and its Committee Meeting/s. In addition, the resolutions passed by circulation for any business exigencies, are later placed in the ensuing Board Meeting for ratification and approval, if any.

The Companies Act, 2013 read with the relevant rules made there under, facilitates the participation of Director/s in the Board and its Committee Meeting/s through video conferencing or other audio visual mode. Accordingly, the option to participate in the meeting through video conferencing (subject to technical aspects) was made available for the Director/s except in respect of such meeting/s and item/s which are not permitted to be transacted through video conferencing pursuant to the provisions of the Companies Act read with the relevant rules made there under.

The Board periodically reviews the items required to be placed before it and in particular, reviews and approves the quarterly and half yearly statements of un-audited financial results and the statements of audited annual financial results, corporate strategies, business plans, annual budgets, projects and capital expenditure. The Board monitors overall operating performance, progress of major projects and review such other items which require Board's attention. It directs and guides the activities of the management towards the set goals and seeks accountability. It also sets standards of corporate behaviour, ensures transparency in corporate dealings and compliance with all applicable laws and regulations. The agenda for the Board meeting covers item/s set out as per the various laws and regulations applicable to the Company, including but not limited to, the Companies Act, 2013 read with the rules made there under and the Listing Regulations to the extent these are relevant and applicable to the Company.

h) Invitees and Proceedings:-

Apart from the Board Member/s, the Company Secretary is a Secretary to the Board and all its Committee/s while the Chief Financial Officer (CFO), who is also the Executive Director (Finance) also attends the Board Meeting/s as a member of the Board as well as its Committee meeting/s where ever he is a Member. Other senior management executives are called, as and when necessary, to provide additional inputs for the item/s being discussed by the Board and its Committee/s. The CFO gives presentation on the quarterly and annual operating - financial performance and capital expenditure budget. The Managing Director/s, CFO and other senior management executives give presentations on capital expenditure proposals and progress, operations, and other business issues. The Chairman of various Board Committee/s brief the Board on all the important matters discussed and decided at their respective Committee meeting/s, which are generally held prior to the Board meeting.

i) Post Meeting Action:-

Post meeting/s, all important decisions taken at the meeting were communicated to all the concerned official/s and department/s. An Action Taken Report is prepared and reviewed periodically for the action taken and pending for further action.

j) Support and Role of Company Secretary:-

The Company Secretary is responsible for convening the Board and its Committee meeting/s, preparation and distribution of agenda and other documents, recording of the minutes of the meeting/s. He acts as an interface between the Board and the Management, provides required assistance or assurance to the Board and Management on compliance and governance aspects.

k) Brief Profile of Directors:-**Mr. Ravi Bhushan Bhardwaj (DIN - 00054700) - Non-executive Chairman**

Mr. Ravi Bhushan Bhardwaj, age 75 years, Chairman (Category - Non-executive & Promoter) of the Company, hails from a renowned family of industrialists and an industrial entrepreneur himself. He has vast experience in various industries, particularly, Steel and Textile industry. He is associated with the Company since its inception as part of the Promoter and Promoter Group, working as the Vice-Chairman and Managing Director of the Company since 1st October, 1998. Subsequently, on ceasing as the Managing Director of the Company, effective 12th August, 2015, continued as the Non-executive Vice Chairman and then, as a Non-executive Chairman of the Company, effective 12th December, 2016.

He is the Chairman of Corporate Social Responsibility (CSR) and Share Transfer Committee and Member of Stakeholders' Relationship Committee and Nomination and Remuneration Committee and is an Invitee to Audit Committee of the Board. He does not hold any equity shares in the capital of the Company.

Mr. Pranav Bhardwaj (DIN - 00054805) - Managing Director

Mr. Pranav Bhardwaj, age 45 years, is a British National and Person of India Origin. He has graduated as B.Sc. majoring in Chemistry and Business Management (Joint Honors Degree) from the world renowned Imperial College of London. Subject to the superintendence, control and direction of the Board of Directors, Mr. Pranav Bhardwaj is overall in-charge of running the business affairs of the Company. As a Managing Director, he has successfully led the Company by his unstinted efforts and wide contributions, which resulted into a better overall performance. The Company had made remarkable growth under his leadership.

He is a member of Stakeholders' Relationship Committee and Share Transfer Committee of the Board of the Company. He is holding 16,12,140 (0.89%) equity shares in the capital of the Company.

Dr. E.R.C. Shekar (DIN - 00013670) - Non-executive, Independent Director

Dr. E. R. C. Shekar, age 87 years, has graduated in the Metallurgical Engineering and awarded Doctorate in that field. He was the Managing Director of Steel Authority of India Limited (SAIL). He has nearly six decades of experience in steel making and marketing. He has been associated with Sunflag Steel effective 5th September, 1991 as a Non-executive, Independent Director. He is the Chairman of Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Project Monitoring Committee and Risk Management Committee. He is also Member of Share Transfer Committee and Corporate Social Responsibility (CSR) Committee of the Board of the Company. He is holding 2,000 (0.001%) equity shares in the capital of the Company.

Mr. S. Gajendran (DIN - 00250136) - Non-executive, Independent Director

Mr. S. Gajendran, age 75 years, graduated from Madras University as an Electrical Engineer and started his career with Bharat Earth Movers Limited, Bengaluru in the year 1969. After that, he joined Tamilnadu Electricity Board in the year 1970 and served the Board in various capacities in rural areas and Chennai. He joined IDBI in the year 1979 and served in various capacities and handled projects appraisal, follow-up of large industrial concerns, etc. He retired from the services of IDBI, in the year 2004 as a Director JNIDB.

He has been associated with Sunflag effective 16th June, 2008 as a Non-executive, Independent Director. With effect from 7th July, 2019, he ceased as the Non-executive Independent Director of the Company on attaining the age of Seventy five (75) years due to the provisions of Regulation 17(1A) incorporated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 which became effective from 1st April, 2019 and provided that "No listed entity shall appoint a person or continue the directorship of any person as a Non-executive Director who has attained the age of Seventy-five (75) years unless a special resolution is passed to that effect."

Mr. Gajendran was Member of Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee of the Board. He was not holding any equity shares in the capital of the Company.

CA Jayesh M Parmar (DIN - 00802843) - Non-executive, Independent Director

CA Jayesh M Parmar, age 54 years, a Fellow Member of the Institute of the Chartered Accountants of India (ICAI), is in Practice as a Chartered Accountant, a Partner with M/s. Kanu Doshi Associates, Chartered Accountants, Mumbai since 1993. He is Member of Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility (CSR) Committee and Risk Management Committee of the Board. He is not holding any equity shares in the capital of the Company.

Mr. Kumar Jitendra Singh (DIN - 00626836) - Non-executive, Independent Director

Mr. Kumar Jitendra Singh, age 67 years, is B.Sc. Engineering (Mechanical) from Bihar College of Engineering and Bachelor of Law from Ranchi University. He was awarded fellowship in research from CSIR in the year 1976. His last position held was Chairman cum Managing Director (CMD) of MOIL Limited from 16th March, 2009 to 31st October, 2012 before retiring. He has more than 32 years of experience in varied industries such as maintenance of steel plant, project management and equipment procurement for steel plant, refractory industry, refractory application and management in steel plants, metal and mining industry, etc. He is Member of Audit Committee, Project Monitoring Committee and Corporate Social Responsibilities (CSR) Committee (w.e.f. 12th August, 2019) of the Board of the Company. He does not hold any equity shares in the capital of the Company.

CA Neelam Kothari (DIN - 06709241) - Non-executive, Independent Director

CA Neelam Kothari, age 48 years, is a qualified Chartered Accountant and Cost Accountant, a rank holder in both the professional course examinations. She worked with IDBI Bank Limited from the year 1993 to 2009 in various capacities. During her career spanning across 15 years, she rose from a management trainee to one of the youngest Deputy General Manager in the IDBI Bank Limited. She is a Member of Audit Committee and Stakeholders Relationship Committee (w.e.f. 12th August, 2019) of the Board. She does not hold any equity shares in the capital of the Company.

Mr. Surendra Kumar Gupta (DIN - 00054836) - Deputy Managing Director

Mr. Surendra Kumar Gupta, age 70 years, graduated in Mechanical Engineering (B.E.) and thereafter pursued Diploma in Business Management. He has wide experience of over 39 years in Steel & Steel making industry. He was appointed as a Director and also, the Whole-time Director of the Company in July, 2007, continued on the Board thereafter and presently, the Deputy Managing Director of the Company, looking after overall affairs of the Steel Plant and Coal Mine of the Company. He is a Member of Share Transfer Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility (CSR) Committee, Project Monitoring Committee and Risk Management Committee of the Board of the Company. He is not holding any equity shares in the capital of the Company.

Mr. Suhrit Bhardwaj (DIN - 02318190) - Director (Category - Non-executive & Promoter)

Mr. Suhrit Bhardwaj, age 44 years, a Kenyan National and Person of Indian Origin. He graduated as B.Sc. majoring in Chemistry and Business Management (Joint Honors Degree) from the renowned Kings College of London University.

Though he belongs to Promoter group, he preferred to join Sunflag group companies as a trainee in Kenya in the year 1997. He is having rich experience while working at basic levels through training and further heading in production, planning and control, maintenance and services, quality control, purchase, marketing, customer satisfaction and human resources management. He is instrumental in project development and commercial aspects. Presently, he is Group Managing Director of Sunflag Group, Kenya which owns textile manufacturing units employing about 4000 employees. He is Director of Supra Corporation Limited and holding 1,32,17,398 (7.33%) equity shares in the capital of the Company.

CA Rambhatla Muralidhar (DIN - 00982212) - Executive Director (Finance) & CFO

CA Rambhatla Muralidhar, age 64 years, is a Fellow Member of the Institute of Chartered Accountants of India (ICAI). He joined Sunflag in the year 1993 as a Manager (Finance) posted at Works and thereafter rose to the position of Executive Director (Finance) in the year 2010, one level below the Board of Directors of the Company. He is also holding the position of Chief Financial Officer (CFO) of the Company from the year 2001. Further, he was re-designated / re-classified as a Key Managerial Personnel (KMP) of the Company from 1st April, 2014. Prior to joining Sunflag, he was associated with various organisations viz. Cement Corporation of India Limited, Priyadarshani Cements Limited, Hindustan Fluorocarbons Limited and Bharat Aluminum Company Limited and has a rich and varied experience of about 38 years in all the fields of Finance.

He holds Directorship in Surjagarh Metals and Minerals Limited, Khappa Coal Company Private Limited, Ramesh Sunwire Private Limited and Sunflag Power Limited. He is a Member of Risk Management Committee and Project Monitoring Committee (w.e.f. 12th August, 2019) of the Board. He does not hold any shares in the capital of the Company.

Mr. Ramchandra Vasant Dalvi (DIN - 00012065) - Executive Director (Works)

Mr. Ramchandra Vasant Dalvi, age 69 years, graduated as B.Tech (Hons) in Metallurgical Engineering from Indian Institute of Technology (IIT), Mumbai. Thereafter, he joined various Steel Industries viz Mukand Limited (Year 1972-2001), Facor Steel (Year 2001-2004) and Vidarbha Iron & Steel Corporation Limited (Year 2004-2011) and gained rich and varied experience in steel and steel making. He has held various positions from Graduate Engineer Trainee to Chief Executive. He was a Director (Technical) on the Board of Directors of Facor Steel Limited during the year 2004-2011. He joined Sunflag in the year 2015 as the Executive Director (Works), one level below the Board of Directors of the Company and was in-charge of Company's Steel Plant at Warthi, Bhandara. Later on, he was elevated and inducted in the Board as the Whole-time Director, designated as Executive Director (Works) of the Company effective 14th August, 2017.

Presently, he is also Director of Sunflag Foundation (Section 8 Company); Sanika Hospitality (India) Private Limited, Pune and Partner in saidham Schemes, Pune. He does not hold any equity shares in the capital of the Company.

Mr. Rooshad Russi Patel (DIN - 00473945) - Non-executive, Independent Director

Mr. Rooshad Russi Patel, age 67 years, did his ISC in 1968 from St. Mary's School and completed commerce graduation from HR College in Mumbai. He started his enterprise namely Hi-tech Resisters Private Limited, Nagpur (HTR) in 1988 at the Electronics Zone in MIDC Industrial Area, Nagpur (Maharashtra), wherein he holds 70% stake. HTR today is a US\$ 3.5 Million Company and is amongst the few electronics components manufacturers in the world to be certified to ISO TS 16949 : 2009 which is essential to sell parts to automotive companies worldwide. HTR today makes Wire Wound, Current Sense, Surface Mount and Automotive Resistors and export 70% of its produce to about 35 countries world-wide with the EU (primarily Germany, Austria, Italy, Finland, Sweden and the UK being major markets for them along with the Peoples Republic of China). He has been awarded Maharashtra Government Gaurav (Certificate of recognition) in 1993. Hon'ble Shri Atal Bihari Vajpayee, then Prime Minister of India, bestowed the award for excellence to HTR on behalf of the Department of Electronics in 1996. Mr. Rooshad Russi Patel has been felicitated by various local bodies and spoken at various educational institutes to promote rational entrepreneurship. He holds Directorship in Hi-tech Resisters Private Limited, Nagpur. With effect from 12th August, 2019, he is a member of Audit Committee, Nomination and Remuneration Committee, Project Monitoring Committee and Risk Management Committee of the Board. He does not hold any equity shares in the capital of the Company.

Mr. Sajiv Dhawan (DIN - 00160085) - Non-executive, Additional Director (Independent)

Mr. Sajiv Dhawan, age 49 years, is a graduate in Classics - Latin from the Leeds University, UK. He has been involved in the Indian Equity Markets for the last 20 years and has successfully managed a well-known and highly regarded Broking House and Managing Investor's Portfolios. He has been a regular Securities Market Analyst and Expert appearing on CNBC (Indian and Singapore), Bloomberg TV, NDTV/ET NOW channels as well as on BBC World. He is a Member of India's largest Angel Investment Network (AIN). He is the CEO of JV Capital Services Pvt. Ltd. - a Member of the National Stock Exchange of India Limited (NSE). He has been appointed as an Additional Director (Category - Non-executive, Independent) of the Company w.e.f. 12th August, 2019. He holds Directorship in JV Capital Securities Limited and Redbell.com Online Store Private Limited. Presently he is not a member of any Committee of the Board. Further, he does not hold any equity shares in the Capital of the Company.

3) AUDIT COMMITTEE**a) Constitution:-**

The Board has constituted a well-qualified Audit Committee with Dr. E. R. C. Shekar as the Chairman of the Committee. All the members including Chairman of the Committee are Non-executive, Independent Director/s of the Company. They possess requisite knowledge of accounts, audit, finance, taxation, internal controls, etc.

b) Terms of Reference, Roles and Responsibility:-

I Pursuant to Regulation 18(3) read with Part-C of Schedule - II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the terms of reference, roles and responsibilities of the Audit Committee shall include, amongst others, the following :-

1. oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. approval of payment to statutory auditors for any other permissible services rendered by the statutory auditors;
4. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to :-
 - a) matters required to be included in the Director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - b) changes, if any, in accounting policies and practices and reasons for the same;
 - c) major accounting entries involving estimates based on the exercise of judgment by management;
 - d) significant adjustments made in the financial statements arising out of audit findings;
 - e) compliance with listing and other legal requirements relating to financial statements;
 - f) disclosure of any related party transactions;
 - g) modified opinion(s) in the draft audit report;
5. reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. reviewing, with the management, the statement of uses or application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document, prospectus, or notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. approval or any subsequent modification of transactions of the listed entity with related parties;
9. scrutiny of inter-corporate loans and investments;
10. valuation of undertakings or assets of the listed entity, wherever it is necessary;
11. evaluation of internal financial controls and risk management systems;
12. reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. discussion with internal auditors of any significant findings and follow up thereon;
15. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. to review the functioning of the Whistle blower mechanism;
19. approval of appointment of Chief Financial Officer (CFO) after assessing the qualifications, experience and background, etc. of the candidate; and
20. carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

II. The Audit Committee shall mandatorily review the following information:-

1. management discussion and analysis of financial condition and results of operations;
2. statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. management letters or letters of internal control weaknesses issued by the statutory auditors;
4. internal audit reports relating to internal control weaknesses; and
5. the appointment, removal and terms of remuneration of the Internal Auditors shall be subject to review by the Audit Committee.
6. statement of deviations:-
 - a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - b) annual statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7).

In addition to above:-

- The Audit Committee shall have discussions with the Statutory Auditors on the audit of the quarterly, half-yearly and yearly financial statement/s, the yearly audit plan, matters relating to compliance of Accounting Standards and Policies, their observations arising from the audit of the Company's financial statements and other related matters.

- The Audit Committee during its meetings shall review with the management and auditors (both external and internal) on all issues which are required to be reviewed by the Audit Committee pursuant to the Companies Act, 2013 and Listing Regulations. The Audit Committee shall also review the observations of the Internal and Statutory Auditors in relation to all areas of operations of the Company as also the Internal control systems. The Audit Committee shall also review the actions taken by the Company on various observations and queries of the Auditors.

c) Composition:-

- Chairman** : Dr. E.R.C. Shekar - Non-executive, Independent Director
- Members** : CA Jayesh M. Parmar, Mr. Kumar Jitendra Singh, CA Neelam Kothari, Mr. S. Gajendran (upto 7th July, 2019) and Mr. Roosad Russi Patel (w.e.f. 12th August, 2019) Non-executive, Independent Director/s of the Company.
- Secretary** : CS Ashutosh Mishra, Company Secretary w.e.f. 12th November, 2018 and CS Pranab Panigrahi, Company Secretary upto 12th November, 2018.

Invitees / Participants:-

- Mr. Ravi Bhushan Bhardwaj, Non-executive Chairman
- Mr. Surendra Kumar Gupta, Deputy Managing Director
- CAR. Muralidhar, Executive Director (Finance) & CFO
- Statutory Auditors
- Secretarial Auditors
- Internal Auditors
- Cost Auditors

d) Meetings and Attendance:-

During the financial year 2018-2019 ended 31st March 2019, Four (4) meetings of the Audit Committee were held on 28th May 2018, 13th August 2018, 12th November, 2018 and 24th January, 2019.

Attendance:-

Name of Director	Dr. E.R.C. Shekar	Mr. S. Gajendran	CA Jayesh M. Parmar	Mr. Kumar Jitendra Singh	CA Neelam Kothari
No. of Meetings Attended	4	4	2	4	3

4) NOMINATION AND REMUNERATION COMMITTEE:-**a) Composition:-**

Nomination & Remuneration Committee consists of the following Directors viz.

- Chairman** : Dr. E.R.C. Shekar, Non-executive, Independent Director
- Members** : CA Jayesh M. Parmar, Mr. S. Gajendran (upto 7th July, 2019), Mr. Roosad Russi Patel (w.e.f. 12th August, 2019) Non-executive, Independent Director/s; and Mr. Ravi Bhushan Bhardwaj, Non-executive Chairman of the Company.
- Secretary** : CS Ashutosh Mishra, Company Secretary w.e.f. 12th November, 2018 and CS Pranab Panigrahi, Company Secretary upto 12th November, 2018.

b) Terms of Reference of the Nomination and Remuneration Committee:-

Pursuant to Regulation 19(4) read with Part D of Schedule - II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the committee is empowered to:-

- identify persons who are qualified to become Director/s and who may be appointed as Senior Management, in accordance with the criteria laid down, recommend to the Board, their appointment and removal, and shall carry out evaluation of performance of every Director/s of the Company;
- formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board, a policy, relating to the remuneration of the Director/s, Key Managerial Personnel and other employees of the Company;
- while formulating the policy under (II) above, ensure that:-
 - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Director/s of the quality required to run the Company successfully;
 - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - remuneration to Director/s, Key Managerial Personnel and Senior Management, involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals or objectives.
- such other functions and activities as may be assigned and delegated from time to time either by the Board of Directors of the Company or pursuant to the provisions of the Companies Act, 2013 read with the rules made there under and Listing Regulations as amended.

c) Meeting and Attendance:-

During the financial year 2018-2019 ended 31st March, 2019. Four (4) meetings of the Nomination and Remuneration Committee were held on 28th May, 2018, 13th August, 2018, 12th November, 2018 and 24th January, 2019.

Attendance:-

Name of Director	Dr. E.R.C. Shekar	Mr. S. Gajendran	CA Jayesh M. Parmar	Mr. Ravi Bhushan Bhardwaj
No. of Meetings Attended	4	4	2	2

d) The Committee looks after appointment and re-appointment, review and finalization of the annual increments (remuneration) payable to the Executive Director/s and Key Managerial Personnel (KMP) of the Company within the prescribed limits of the Companies Act, 2013 read with the rules made there under and Listing Regulations.

i) For Executive Director/s:-

The total remuneration of Executive Directors consists of:-

- ▲ a fixed component - consisting of salary, perquisites and benefits; the perquisites and benefits are in line with the applicable and prevalent rules of the Company.
 - ▲ Commission @2% on net profits of the Company, calculated in accordance with Section 198 of the Companies Act, 2013, paid only to the Managing Director of the Company.
 - ▲ No commission was paid to the Deputy Managing Director and Whole-time Director/s of the Company.
 - ▲ No sitting fees was paid to any of the Executive Director/s for attending Board and its Committee Meeting/s.
- Further, as a matter of policy the Company adheres to and follows the relevant provisions of the Companies Act, 2013 read with relevant Schedule & Rules made there under and Listing Regulations, for payment of remuneration to the Executive Director/s and Key Managerial Personnel of the Company.

ii) For Non-executive Director/s:-

- ▲ The Sitting Fees @ ₹ 10,000/- and @ ₹ 5,000/- per meeting of the Board and its Committee respectively up to 28th May, 2018 and thereafter the revised Sitting Fees @ ₹ 15,000/- and @ ₹ 7,000/- per meeting of the Board and its Committee respectively, have been paid to the Non-executive, Independent Director/s together with reimbursement of actual travel and out-of-pocket expenses incurred for attending such meeting/s.
- ▲ No sitting fees was paid to Non-executive Promoter Director/s for attending Board and its Committee Meeting/s.

iii) Commission to Non-executive Director/s:-

The Shareholders of the Company, at its Thirty-second (32nd) Annual General Meeting, held on 25th September, 2018, by way of Ordinary Resolution, have considered and approved, that the payment of remuneration by way of commission, not exceeding a sum equivalent to one percent (1%) of net profits of the Company per annum, calculated in accordance with the provisions of Section 198 of the Act, be paid to, and be distributed amongst all the Non-executive Director/s of the Company, in the manner as may be determined by the Board of Directors of the Company, from time to time, in compliance of the applicable provisions of the Companies Act, 2013 read with the rules made thereunder and the Listing Regulations (as amended) subject to the condition that, no single Non-executive Director of the Company, be paid, a sum exceeding fifty percent (50%) of the total annual remuneration payable to all Non-Executive Directors of the Company, for a period of five (5) financial years, w.e.f. financial year 2018-2019 till the financial year 2022-2023.

Subsequent to this, the Board of Directors of the Company vide its meeting dated 24th January, 2019 finalised that the remuneration by way of commission be distributed amongst the following Non-executive Directors of the Company, within the limit not exceeding a sum equivalent to one percent (1%) of the net profits [as calculated pursuant to the provisions of Section 198 of the Companies Act, 2013] of the Company per annum, subject to the condition that no single Non-executive Director of the Company be paid by way of remuneration, a sum exceeding fifty percent (50%) of the total annual remuneration payable to all Non-executive Directors of the Company, for financial year 2018-2019, in the manner as below:

Dr. E.R.C. Shekar	: ₹ 2,00,000
Mr. S. Gajendran	: ₹ 2,00,000
CA Jayesh M. Parmar	: ₹ 2,00,000
Mr. Kumar Jitendra Singh	: ₹ 2,00,000
CA Neelam Kothari	: ₹ 2,00,000
Mr. Rooshad Russi Patel	: ₹ 2,00,000
Mr. Ravi Bhushan Bhardwaj (Non-executive Chairman)	: 0.49% of the 1% of the Net Profits of the Company for the Financial Year 2018-2019

Accordingly, a provision for a sum of ₹ 1,04,03,817/- equivalent to the sum which is payable as remuneration by way of commission to the Non-executive Director/s including, Non-executive Chairman of the Company for the financial year 2018-2019 ended 31st March, 2019 has been made as follows :

Dr. E.R.C. Shekar	: ₹ 2,00,000
Mr. S. Gajendran	: ₹ 2,00,000
CA Jayesh M. Parmar	: ₹ 2,00,000
Mr. Kumar Jitendra Singh	: ₹ 2,00,000
CA Neelam Kothari	: ₹ 2,00,000
Mr. Rooshad Russi Patel	: ₹ 2,00,000

and the sum of ₹ 92,03,817/- to Mr. Ravi Bhushan Bhardwaj, Non-executive Chairman of the Company.

- e) The details of Remuneration and Sitting fees, for the financial year 2018- 2019 ended 31st March, 2019 and Commission for the financial year 2017-2018 ended 31st March, 2018 paid to all the Director/s during the financial year 2018-2019 ended 31st March, 2019 are as under:-

Name	Designation	Sitting Fees (₹)	Remuneration perquisites and Benefits (₹)	Commission for the FY 2017-2018 (₹)	Total Amount (₹)
Mr. Ravi Bhushan Bhardwaj	Non-executive Chairman	-	-	1,97,18,360	1,97,18,360
Mr. Pranav Bhardwaj	Managing Director	-	1,61,28,806	4,07,57,707	5,68,86,513
Dr. E.R.C. Shekar	Non-executive, Independent Director	1,69,000	-	1,20,000	2,89,000
Mr. S. Gajendran	Non-executive, Independent Director	1,22,000	-	1,20,000	2,42,000
CA Jayesh M. Parmar	Non-executive, Independent Director	1,01,000	-	1,20,000	2,21,000
Mr. Kumar Jitendra Singh	Non-executive, Independent Director	1,10,000	-	1,20,000	2,30,000
CA Neelam Kothari	Non-executive, Independent Director	74,000	-	1,20,000	1,94,000
Mr. Rooshad Russi Patel	Non-executive, Independent Director	70,000	-	60,493	1,30,493
Mr. Suhrit Bhardwaj	Non-executive Director	-	-	-	-
Mr. Surendra Kumar Gupta	Deputy Managing Director	-	1,09,82,079	-	1,09,82,079
CA Rambhatla Muralidhar	Executive Director (Finance) & CFO	-	93,81,250	-	93,81,250
Mr. Ramchandra Vasant Dalvi	Executive Director (Works)	-	76,49,800	-	76,49,800

- f) The details of proposed Commission payable to all the Director/s of the Company in respect of financial year 2018 - 2019 ended 31st March, 2019 are as under:-

Name	Designation	Proposed Commission for the Financial Year 2018-2019 (₹)
Mr. Ravi Bhushan Bhardwaj	Non-executive Chairman	92,03,817
Mr. Pranav Bhardwaj	Managing Director	3,37,71,194
Dr. E. R. C. Shekar	Non-executive, Independent Director	2,00,000
Mr. S. Gajendran	Non-executive, Independent Director	2,00,000
CA Jayesh M. Parmar	Non-executive, Independent Director	2,00,000
Mr. Kumar Jitendra Singh	Non-executive, Independent Director	2,00,000
CA Neelam Kothari	Non-executive, Independent Director	2,00,000
Mr. Rooshad Russi Patel	Non-executive, Independent Director	2,00,000
Mr. Suhrit Bhardwaj	Non-Executive, Director	-
Mr. Surendra Kumar Gupta	Deputy Managing Director	-
CA Rambhatla Muralidhar	Executive Director (Finance) & CFO	-
Mr. Ramchandra Vasant Dalvi	Executive Director (Works)	-

5) STAKEHOLDERS' RELATIONSHIP COMMITTEE:-

Objective:-

The Stakeholders' Relationship Committee is responsible for the satisfactory redressal of investors' and shareholders' complaints and recommends measures for overall improvement in the quality of investor services. Especially, it looks after grievances of shareholders and investors complaints like dematerialisation or rematerialisation of shares, transfer of shares, transmission of shares, non-receipt of share certificates, annual report, dividend, etc. and timely redressal of their grievance thereto and such other functions as per Regulation 20(4) read with Part-D of Schedule - II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).

Composition:-

The Stakeholders' Relationship Committee consists of Dr. E. R. C. Shekar, Non-executive, Independent Director as its Chairman and Mr. Ravi Bhushan Bhardwaj, Mr. Pranav Bhardwaj, Mr. Surendra Kumar Gupta, Mr. S. Gajendran (upto 7th July, 2019) and CA Neelam Kothari (w.e.f. 12th August, 2019) as the Committee Members while CS Ashutosh Mishra, Company Secretary & Compliance Officer is Secretary to the Committee.

Meetings:-

During the financial year 2018-2019 ended 31st March, 2019, the committee had Three (3) meetings on 28th May, 2018, 12th November, 2018 and 24th January, 2019 and reviewed:-

- the system of handling with and responding to complaints received from the Shareholders and Investors.
- The complaint letters received from Shareholders, Investors, Stock Exchanges, SEBI, Depositories viz. NSDL & CDSIL and responses thereto.

At the beginning of the year	Received during the year	Resolved during the year	At the end of the year
NIL	43	43	NIL

6) SHARE TRANSFER COMMITTEE:-

The Share Transfer Committee consists of Four (4) Members, viz. Two (2) Non-executive Directors and Two (2) Executive Directors, as per details given below:-

Composition:-

- Chairman** : Mr. Ravi Bhushan Bhardwaj, Non-executive Chairman
Members : Mr. Pranav Bhardwaj & Mr. Surendra Kumar Gupta, Executive Directors and Dr. E. R. C. Shekar, Non-executive, Independent Director of the Company.
Secretary : CS Ashutosh Mishra, Company Secretary w.e.f. 12th November, 2018 and CS Pranab Panigrahi, Company Secretary upto 12th November, 2018.

The Securities and Exchange Board of India (SEBI) vide its Circular bearing reference No. CIR/MIRSD/8/2012 dated 5th July, 2012, in view to expedite the share transfer process in the interest of investors and in consultation with Stock Exchanges, has reduced the timeline for registration of transfer of equity shares by the listed companies to fifteen (15) days. Besides this proviso to Regulation 40(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) specifies that the Board of Directors and/or the delegated authority of the Listed Entity shall attend to the formalities pertaining to the transfer of securities at least once in a fortnight.

In view of above, the Board considered and granted the authorisation (sub-delegation) to CS Pranab Panigrahi, Company Secretary (up to 12th November, 2018) and CS Ashutosh Mishra, Company Secretary (w.e.f. 12th November, 2018) of the Company and in the absence of Company Secretary, CAR. Muralidhar, Executive Director (Finance) & CFO of the Company to approve all the transfer, transmission, transposition, deletion of name, rematerialisation of shares, issue of duplicate shares, consolidation, splitting of shares and ratify dematerialisation of shares on weekly basis to comply with the directions issued by the SEBI. The Board has authorised Share Transfer Committee to ratify all the approvals for all routine transfers, transmission, rematerialisation of shares and ratifications for dematerialisation of shares carried out by the Company Secretary and in his absence, by the Executive Director (Finance) & CFO of the Company on the quarterly basis.

Other Information:-

- a) The Company has already created a designated e-mail Id for the Investor Grievances or Complaints as ***investor@sunflagsteel.com***. The required information had already been sent to the concerned Stock Exchanges and also displayed at the Company's website ***www.sunflagsteel.com***
- b) The Securities and Exchange Board of India (SEBI) vide its Circular reference CIR/MRD/DP/10/2013 dated 21st March, 2013 has directed the listed companies for the usage of electronic modes for making cash payments to the investors and further asked to maintain the proper Bank Mandate or ECS Records of the investors.

In view of this, those shareholders who have not yet furnished or updated their Bank or ECS particulars, may kindly register the same with the Company or RTA, if shares are held in physical mode and with their Depository Participant (DP), if the shares are held in demat mode.

- c) In terms of the provisions of Section 124(5) of the Companies Act, 2013 (the Act), dividend amount remaining unpaid or unclaimed for a period of seven (7) consecutive years, from the date they became due for payment, is required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government.

Further, the Ministry of Corporate Affairs has notified "Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016" (**the Rules**) which have come into force from 7th September, 2016. The said Rules, amongst other matters, contain provisions for transfer of all shares in respect of which dividend has not been claimed for seven (7) consecutive years or more, in the name of '**IEPF Demat Account**'. Accordingly, during the Financial Year 2017-2018, the Company has transferred total 30,91,699 equity shares constituting about 1.716% of the total issued, subscribed and paid-up share capital, including of 28,050 equity shares of "**Unclaimed Suspense Account**" which was created pursuant to Regulation 39 of the SEBI (LODR) Regulations, 2015 effective 3rd August, 2015. Further to this, 77,616 equity shares have been transferred to the IEPF Demat Account related to those shareholders whose unclaimed dividend has been transferred to the IEPF Authority during the Financial Year 2018-2019. The voting rights on these shares shall remain frozen till the rightful owner of such shares claim the shares from the IEPF Authority. The IEPF Authority has laid down the detailed procedure for claiming both Dividend as well as Shares. The detailed list of shares transferred to this IEPF Authority account as well as detailed procedure to claim is available on the Company's website ***www.sunflagsteel.com***. Further, the procedure to claim is also available on the website of IEPF authority at ***www.iepf.gov.in***. During the financial year 2018-2019 ended 31st March, 2019 under review, two (2) rightful shareholders holding 225 equity shares have claimed shares from this account.

- d) As a part of Green Initiative in Corporate Governance, your Company proposes to send Annual Report, Notice of General Meeting/s, Statement annexed to Notice, Financial Statement/s, Board's Report, Auditors' Report, Postal Ballot Notice, Postal Ballot Form and other communications, documents, notices, etc. (referred to as communications or documents), as may be required under the Companies Act, 2013 and as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to its Members in the electronic form.

In view of above, the shareholders are requested to notify and/or update, if there is any change in their registered email address, with the DP or the Company, as the case may be, from time to time. **We strongly believe that with your support we can make this step of the Government meaningful in creating a healthier and greener environment.**

7) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR):-

The Company is an eligible Company qualifying under Section 135(1) of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended) for undertaking the Corporate Social Responsibility (CSR) activities as per the Company's CSR Policy during the financial year 2018-2019 ended 31st March, 2019.

Accordingly, the Company has constituted a Corporate Social Responsibility (CSR) Committee as required under Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended). The Committee is headed by Mr. Ravi Bhushan Bhardwaj and consists of Dr. E. R. C. Shekar, CA Jayesh M. Parmar, Mr. Surendra Kumar Gupta and Mr. Kumar Jitendra Singh (w.e.f. 12th August, 2019) as its Members.

During the financial year 2018-2019 ended on 31st March 2019, the CSR Committee had Four (4) meetings held on 28th May 2018, 12th November, 2018, 24th January, 2019 and 9th March, 2019, which were attended by the Members as under:-

S N	Name of Director	Category of Director	No. of meetings Held / Attended
1	Mr. Ravi Bhushan Bhardwaj	Non-executive, Chairman	2 / 4
2	Dr. E. R. C. Shekar	Non-executive, Independent Director	4 / 4
3	CA Jayesh M. Parmar	Non-executive, Independent Director	3 / 4
4	Mr. Surendra Kumar Gupta	Deputy Managing Director	4 / 4

Secretary : CS Ashutosh Mishra, Company Secretary w.e.f. 12th November, 2018 and
CS Pranab Panigrahi, Company Secretary upto 12th November, 2018.

The terms of reference of the CSR Committee are as follows:-

- formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken by the Company, either directly or through its implementing agency, as specified in Schedule VII to the Companies Act, 2013 as amended from time to time;
- recommend the amount of expenditure to be incurred on the activities by the Company, either directly or through its implementing agency referred to in clause (a);
- monitor the Corporate Social Responsibility (CSR) Policy of the Company from time to time; and
- such other functions or activities as may be assigned or delegated from time to time by the Board of Directors of the Company and / or pursuant to the provisions of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Disclosure/s:-

S N	Headings	Particulars
1	Average net profits of the Company for last three (3) financial years	₹ 122,27,04,917/-
2	Prescribed CSR Expenditure [two percent (2%) of the amount as in item 1 above]	₹ 2,44,54,098/-
3	Details of CSR expenditure during the FY 2018-2019:-	
	a) Total amount to be spent for the FY 2018-2019	₹ 2,44,54,098/-
	b) Amount unspent, if any;	Out of the total sum of ₹ 2,44,54,098/-, the Company has incurred, a sum of ₹ 86,79,341/-* on CSR activities and the balance sum of ₹ 1,57,74,757/- have been allocated for capital expenditure of various approved CSR activities, against the total mandated sum of ₹ 2,44,54,098/- to be spent during the Financial year 2018-2019 ended 31 st March, 2019.
	c) Manner in which the amount spent during the FY 2018-2019	The manner in which the amount spent & allocated is detailed in the Annex A to Board's Report.

* (includes expenses ₹ 40,10,088/- spent during the year pertaining to provisions made in FY 2017-18)

Further, the CSR Committee of the Company has already constituted its sub-committee comprising of the executives of the Company in order to look after the day to day CSR activities, recommendations for payments, certifying the completion of CSR activities, etc. and which will, in turn report to the CSR Committee on quarterly or as and when required basis. The sub-committee meets at regular intervals to ascertain the accomplishment of work and consequent release of payment.

Further, the Sunflag Iron and Steel Company Limited (SISCO) has formed and incorporated on 27th January, 2017, **Sunflag Foundation** (U 74999 MH 2017 NPL 289961), a Section 8 Company & Wholly-owned Subsidiary of SISCO, as implementing agency of SISCO regarding its CSR activities. Sunflag Foundation will implement & monitor all CSR activities and keep budget and accounts for the same, the manner in which the CSR amount is to be spent as per the CSR budget and activities approved by the Board of SISCO etc. and in turn will furnish its report to SISCO. During the financial year 2018-2019, the entire mandated amount of ₹ 2,44,54,098/- to be spent by the Company during the financial year 2018-2019, on the approved CSR activities has been transferred to Sunflag Foundation for implementation of CSR activities.

The amount of ₹ 1,57,74,757/- which remained unspent during the financial year 2018-2019, has been allocated towards capital expenditure for the various ongoing approved CSR activities of the Company and has been transferred by the Company to the Implementing Agency for the needful. The implementing Agency is taking all the possible steps to spend this amount during financial year 2019-2020.

As required, the details pertaining to the Corporate Social Responsibility (CSR) activities together with details of expenditure is enclosed herewith as an **Annex – A** to the Boards' Report.

8) RISK MANAGEMENT COMMITTEE (RMC):-

The Risk Management Committee (RMC) is required to lay down the procedures for risk assessment, risk minimisation procedures and in turn, the Board shall be responsible for framing, implementing and monitoring the risk management plan of the Company.

The Business Risk Evaluation and Management (BREM) is an ongoing process within the organisation. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities. The objectives and scope of the Risk Management Committee broadly comprises:-

- i) Oversight of risk management performed by the executive management; Reviewing the BREM policy and framework in line with local & legal requirements and SEBI guidelines;
- ii) Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle; and
- iii) Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.

Within its overall scope as aforesaid, the Committee shall review risks trends, exposure, potential impact analysis and mitigation plan.

The Committee reviewed the risk trend, exposure and potential impact analysis carried out by the management. It was specifically confirmed by the Managing Director, Deputy Managing Director and the CFO that the mitigation plans are finalised up to date, owners are identified and the progress of mitigation actions are monitored and such other related information to the Committee.

The details of Committee Membership together with the attendance at a meeting held on 9th March, 2019 is as below:-

Members and attendance:-

S. N.	Name of Director	Category of Director	No. of meetings Held / Attended
1	Dr. E.R.C. Shekar	Non-executive, Independent Director	1/1
2	CA Jayesh M. Parmar	Non-executive, Independent Director	1/1
3	Mr. Surendra Kumar Gupta	Deputy Managing Director	1/1
4	CA R. Muralidhar	Executive Director (Finance) & CFO	1/1

Mr. Rooshad Russi Patel, Non-executive, independent Director, has been inducted as a member of Risk Management Committee w.e.f. 12th August, 2019 by the Board of Directors of the Company.

9) PROJECT MONITORING COMMITTEE (PMC):-

In view of implementation of new capital projects, it is mandatory to constitute the Project Monitoring Committee to look after the process and progress of these new capital projects. Accordingly, the Board of Directors of the Company at its meeting held on 8th February, 2016 has constituted the Project Monitoring Committee (PMC), the details of which are as under:-

Chairman : Dr. E.R.C. Shekar, Non-executive, Independent Director

Members : Mr. Kumar Jitendra Singh, Non-executive, Independent Director, Mr. Surendra Kumar Gupta, Deputy Managing Director, CA R. Muralidhar, Executive Director (Finance) & CFO (w.e.f. 12th August, 2019) and Mr. Rooshad Russi Patel, Non-executive, Independent Director (w.e.f. 12th August, 2019) of the Company.

Secretary : CS Ashutosh Mishra, Company Secretary w.e.f. 12th November, 2018 and CS Pranab Panigrahi, Company Secretary upto 12th November, 2018.

Invitee / Participant : Mr. S. Mahadevan, General Manager (Finance) (w.e.f. 12th August, 2019)

Meeting and Attendance:-

During the financial year 2018-2019 ended 31st March 2019, Two (2) meeting/s of the Project Monitoring Committee (PMC) were held on 13th August, 2018 and 8th March, 2019.

S. N.	Name of Director	Category of Director	No. of meetings Held / Attended
1	Dr. E.R.C. Shekar	Non-executive, Independent Director	2/2
2	Mr. Kumar Jitendra Singh	Non-executive, Independent Director	2/2
3	Mr. Surendra Kumar Gupta	Deputy Managing Director	2/2

10) VIGIL MECHANISM / WHISTLE BLOWER POLICY:-

With the rapid expansion of business in terms of volume, value and geography, various risks associated with the business have also increased considerably. One such risk identified is the risk of fraud or misconduct. The Audit Committee is committed to ensure fraud-free work environment and in this direction, the Audit Committee has formulated the Whistle Blower Policy providing a platform to all the employees, vendors and customers to report any suspected or confirmed incident of fraud or misconduct through any of the reporting protocols.

In order to instill more confidence amongst Whistle Blowers, the management of the reporting protocols were managed by an independent agency. Adequate safeguards have been provided in the Whistle Blower Policy to prevent victimisation of anyone who is using this platform. Direct access to the Chairman of the Audit Committee is also available in exceptional cases and no personnel has been denied access to the Audit Committee.

This Whistle Blower Policy is applicable to all the directors, employees, vendors and customers of the Company and it is also posted on the website of the Company.

The main objectives of the policy are as under:-

- i) To protect the brand, reputation and assets of the Company from loss or damage, resulting from suspected or confirmed incidents of fraud / misconduct.
- ii) To provide guidance to the employees, vendors and customers on reporting any suspicious activity and handling critical information and evidence.
- iii) To provide healthy and fraud-free work culture.
- iv) To recommend to the management for taking appropriate actions such as disciplinary action, termination of service, changes in policies & procedure, policies and review of internal control systems; and
- v) To review the policy from time to time.

11) GENERAL BODY MEETING/S:-

a) Details of previous three (3) Annual General Meeting/s (AGM) of the Company :

S. N.	Number & Year	Venue	Day, Date & Time
1	32 nd AGM - 2018	Indian Medical Association's Dr. Dinkar Hardas CME Hall, Dr. Hardas IMA Annex, N. A. Road, Nagpur - 440010, MH, IN.	Tuesday, the 25 th September, 2018 at 3:00 P.M.
2	31 st AGM - 2017	Indian Medical Association's J. R. Shaw Auditorium North Ambazari Road, Nagpur - 440010, MH, IN.	Thursday, the 28 th September, 2017 at 3:00 P.M.
3	30 th AGM - 2016	Indian Medical Association's J. R. Shaw Auditorium North Ambazari Road, Nagpur - 440010, MH, IN.	Friday, the 23 rd September 2016 at 3:00 P.M.

b) Some special resolutions were passed at the above meeting/s. There has been no use of Postal Ballot so far.

c) The Company has provided e-voting platform to the shareholders (members) during all the previous three (3) general meeting/s including the Thirty-second (32nd) Annual General Meeting held for the financial year 2017-2018.

12) DISCLOSURES

a) **Related Party Disclosures:-**

Related Party	Relationship
Sunflag Power Limited Sunflag Foundation (Section 8 Company)*	Subsidiary Companies
Khappa Coal Company Private Limited	Subsidiary and Joint Venture Company
Haryana Television Limited	Associate Enterprise
Sunflag Limited, Channel Islands, UK	Enterprise which have significant influence (Promoter and Promoter Group)
Mr. Ravi Bhushan Bhardwaj	Non-executive Chairman (Promoter and Promoter Group)
Mr. Pranav Bhardwaj	Managing Director, Designated Key Managerial Personnel (KMP) [Promoter and Promoter Group]
Mr. Surendra Kumar Gupta CA R. Muralidhar Mr. Ramchandra Vasant Dalvi CS Pranab Panigrahi (up to 12 th November, 2018) CS Ashutosh Mishra (w.e.f. 12 th November, 2018)	Key Managerial Personnel (KMP)
Mr. Suhrit Ravi Bhushan Bhardwaj	Non-executive Director (Promoter and Promoter Group)
Madanpur (North) Coal Company Private Limited C T Mining Private Limited Daido D.M.S. India Private Limited Ramesh Sunwire Private Limited	Joint Venture Companies (Associate)

* Sunflag Foundation (CIN - U 74999 MH 2017 NPL 289961), a Section 8 Company & Wholly-owned Subsidiary of Sunflag Iron and Steel Company Limited (**SISCO**) holding 100.00% of Issued, Subscribed and Paid-up Share Capital was incorporated on 27th January, 2017 for implementing the Corporate Social Responsibility (CSR) activities applicable to **SISCO**. Sunflag Foundation is to implement & monitor all CSR activities and to keep budget and accounts for the same, to monitor the manner in which the CSR amount is to be spent etc. and in turn, will furnish its report to **SISCO**.

b) Transactions with the related parties:-

S. N.	Particulars	Amount (₹)
a	Subsidiary Companies - Unsecured Loan or Advances	13,79,521
b	Associate Enterprise - Rent paid	56,99,400
c	Key Managerial Personnel, Promoter & Promoter Group - Remuneration and Commission	10,80,62,157
d	Joint Venture - Ramesh Sunwire Private Limited - Share Subscription	1,19,50,000

c) Disclosure/s under Section 22 & 28 of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013:-

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy.

The following is the summary of sexual harassment complaints received and disposed-off during the financial year 2018-2019 ended 31st March, 2019:-

Number of Complaints received	NIL	Number of Complaints disposed off	N.A.
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d) Compliance with Regulators:-

The Company has complied with all the requirements of regulatory authorities on capital markets. There has been no instance of non-compliance by the Company on any matters related to the capital markets, nor have any penalty or strictures been imposed on the Company by the SEBI, Stock Exchanges or any other statutory authorities on such matters, for the last 3 (three) financial years.

e) Other Disclosures:-

- Transactions with related parties, as per requirements of INDAS 24, are disclosed in notes annexed to the financial statements.
- There are no material significant transactions with the related parties viz. Promoters, Directors, KMP, their relatives Subsidiary or Associate Companies that had potential conflict with the Company's interest. Suitable disclosures as required by the INDAS 24 has been made in the Annual Report of the Company.
- The Company has followed all relevant Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) while preparing Financial Statements.
- There are no pecuniary relationships or transactions of Independent Director/s vis-à-vis the Company which has potential conflict with the interests of the Company at large.
- During the financial year 2018-2019 ended 31st March, 2019, the Company does not have any material listed and unlisted Subsidiary Company(ies) as defined in Regulation 16(1)(c) of the Listing Regulations (as amended) Pursuant to Regulation 24 of the Listing Regulations, at least one Independent Director is to be on the Board of Directors of all Material Unlisted Subsidiary Company. At least one Independent Directors of the Sunflag Iron and Steel Company Limited is on the Board of all its Unlisted Subsidiary Company. The Audit Committee had reviewed the annual audited financial statements and Minutes of the Meetings of Board of Directors and Shareholders of all the Unlisted Subsidiary Companies from time to time and that the same were placed at the Meeting (s) of Board of Directors of the Company.
- The Independent Director/s of the Company have confirmed that they meet the criteria of 'Independence' as stipulated under Section 149 of the Companies Act, 2013 read with the rules made thereunder and Regulation/s 16 (1)(b) and 25 of the Listing Regulations, 2015 (as amended), as the case may be.

13) MEANS OF COMMUNICATION:-

- The quarterly and annual financial results are being furnished to Stock Exchanges and normally published in Indian Express in English and Loksatta in Marathi. The quarterly and annual financial results are also displayed on the Company's Notice Board as well as uploaded on the Company's Website www.sunflagsteel.com
- Management Discussion and Analysis forms part of this Annual Report.

14) GENERAL SHAREHOLDER INFORMATION:-

- Thirty-third (33rd) Annual General Meeting - Friday, the 27th September, 2019 at 3.00 P.M. at Indian Medical Association's Dr. Dinkar Hardas CME Hall, Dr. Hardas IMA Annex, North Ambazari Road, Nagpur - 440 010, MH, IN.
- Book Closure Dates - Saturday, the 7th September, 2019 to Friday the 27th September, 2019 (both days inclusive)
- Record Date for Dividend Payment - Friday, the 6th September, 2019
- Cut-off date for e-Voting - Friday, the 20th September, 2019

- e) **Financial Year - 1st April, 2019 to 31st March, 2020 (Calender)** **Tentative Schedule**
- | | |
|--|--|
| i) Unaudited Results for first quarter (Q-1) ending 30 th June, 2019 | - On or before 14 th August, 2019 |
| ii) Unaudited Results for second quarter (Q-2) and half year (H-1) ending 30 th September, 2019 | - On or before 14 th November, 2019 |
| iii) Unaudited Financial Results for third quarter (Q-3) ending 31 st December, 2019 | - On or before 14 th February, 2020 |
| iv) Audited Results for the fourth quarter (Q-4) and financial year ending 31 st March, 2020 | - On or before 30 th May, 2020 |
- f) **Listing of Equity Shares**
For the financial year 2018-2019, the Equity Shares of the Company were listed with (1) BSE Limited and (2) National Stock Exchange of India Limited
Listing fees for the financial year 2019-2020 has already been paid to both these Stock Exchanges
- g) **Equity Shares - Stock Codes**
Trading Symbol at Stock Exchanges
Demat ISI Number in NSDL & CDSL
- h) **Stock Market Data**
The high and low prices recorded on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) with their respective Indices are as under:-

Month	Share Price of Sunflag Steel				S&P BSE SENSEX		S & P CNX NIFTY	
	BSE		NSE		High	Low	High	Low
	High (₹)	Low (₹)	High (₹)	Low (₹)				
April 2018	93.75	75.50	94.40	76.20	35213	32973	10759	10111
May 2018	90.65	70.25	90.80	70.00	35994	34303	10929	10418
June 2018	78.00	58.75	78.20	57.50	35877	34785	10893	10551
July 2018	65.15	54.25	65.35	54.00	37645	35107	11366	10605
August 2018	74.45	61.40	74.25	61.30	38990	37129	11760	11235
September 2018	76.40	55.70	76.30	55.00	38934	35986	11752	10850
October 2018	62.75	49.00	62.70	48.00	36617	33292	11036	10005
November 2018	70.75	56.75	69.40	56.90	36389	34303	10922	10342
December 2018	61.90	53.00	62.00	53.60	36555	34426	10985	10334
January 2019	58.90	43.75	59.05	43.80	36701	35376	10987	10584
February 2019	49.00	40.55	49.00	40.25	37172	35287	11118	10586
March 2019	55.00	46.00	56.60	46.25	38749	35927	11630	10817

(Source: Official website of BSE Limited & National Stock Exchange of India Limited)

- i) **Registrar & Share Transfer Agent and process of transfer of shares :**
Effective 31st March, 2003, **M/s Bigshare Services Private Limited, 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis Apartments (Next to Keys Hotel), Marol-Maroshi Road, Andheri (East), Mumbai - 400059, MH, IN**, have been acting as the Registrar & Share Transfer Agent. All the Shareholders and Investors related Services, subject to the approval of the Company either through Board or Committee of the Board, are done by the said Registrar and Share Transfer Agent for and on behalf of the Company.
- j) **a) Distribution of Shareholding as on 31st March, 2019:-**

Shareholding of nominal value of		Shareholders		Value of Shares	
₹	₹	Number	%	Amount (₹)	%
Upto 5000		47,127	81.61	8,54,48,150	4.74
5001	10000	5,610	9.71	4,59,89,700	2.55
10001	20000	2,547	4.41	3,90,65,660	2.17
20001	30000	856	1.48	2,22,48,700	1.23
30001	40000	375	0.65	1,35,47,080	0.75
40001	50000	323	0.56	1,54,69,040	0.86
50001	100000	474	0.82	3,60,62,390	2.00
100001	1802194480	435	0.76	154,43,63,670	85.70
Total		57,747	100.00	180,21,94,480	100.00

j) **b(i) Pattern of Shareholdings as on 31st March, 2019:-**

Sr. No.	Category	No. of Holders	No. of Shares	%
1	Promoter and Promotor Group (Foreign)	2	7,84,70,980	43.542
2	Promoter and Promotor Group (Indian)	2	1,01,33,565	5.623
3	Foreign Portfolio Investors	3	3,88,509	0.216
4	Non Resident Indians and FIIs	429	12,81,984	0.711
5	Financial Institutions	4	96,013	0.053
6	Bodies Corporate (Indian)	579	55,93,860	3.104
7	Banks (Nationalised and Others)	7	1,37,182	0.076
8	Mutual Funds / UTI / Trust	9	45,800	0.025
9	Bodies Corporate (Foreign)	1	1,80,21,945	10.000
10	Indian Public including the Directors, KMPs and their Relatives	56,560	62,97,720	34.568
11	Clearing Members and Corporations	145	6,20,359	0.344
12	Others (Insurance Companies/NBFC)	5	40,057	0.022
13	IEPF Authority (MCA)	1	30,91,474	1.715
	Total	57,747*	180,219,448	100.00

j) **b(ii) Pattern of Shareholdings as on 31st March, 2019:-**

Sr. No.	Category	No. of Holders	No. of Shares	%
1	Promoters and Promotor Group (Foreign)	2	7,84,70,980	43.542
2	Promoters and Promotor Group (Indian)	2	1,01,33,565	5.623
3	Foreign Portfolio Investors	3	3,88,509	0.216
4	Non Resident Indians and FIIs	425	12,81,984	0.711
5	Financial Institutions	4	96,013	0.053
6	Bodies Corporate (Indian)	494	55,93,860	3.104
7	Banks (Nationalised and Others)	7	1,37,182	0.076
8	Mutual Funds / UTI / Trust	9	45,800	0.025
9	Bodies Corporate (Foreign)	1	1,80,21,945	10.000
10	Indian Public including the Directors, KMPs and their Relatives	55,715	62,97,720	34.568
11	Clearing Members and Corporations	99	6,20,359	0.344
12	Others (Insurance Companies/NBFC)	5	40,057	0.022
13	IEPF Authority (MCA)	1	30,91,474	1.715
	Total	56,767*	18,02,19,448	100.00

* The difference of 980 (57747 less 56767) Shareholders in the total number of Shareholders, is due to elimination of number of Shareholders holding equity shares in the capital of the Company, having multiple folio/s or demat account with same IT PAN. The SEBI directed the RTA's to provide the pattern of shareholding to listed entity, after clubbing and eliminating the Shareholders having multiple folios or demat account with same IT PAN while filing shareholding pattern on quarterly basis with the Stock Exchange/s.

For sake of convenience and better understanding, the pattern of shareholding with or without number of shareholders holding equity shares in the capital of the Company, having multiple folios or demat account with same IT PAN is being provided.

k) **Dematerialisation of Shares and Liquidity :-**

The equity shares of the Company are compulsorily traded in electronic form only. As on 31st March, 2019, there were 11,08,95,184 equity shares dematerialised through depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited, which represents about 61.5334% of the total paid-up capital of the Company.

The equity shares of the Company were listed and actively traded on BSE Limited (**BSE**) and National Stock Exchange of India Limited (**NSE**) and have very good liquidity.

l) **Risk Management and Hedging policy**

Pursuant to Regulation 21 of the Listing Regulations, as amended, Sunflag Steel has constituted a Risk Management Committee to oversee the risk management frame work.

Market Risk

Market risk is the risk, that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity risk. Foreign currency risk is the risk, that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk, that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This is based on present status of the financial assets and financial liabilities held.

Risk Mitigation Measures

Proactive tracking of financial covenants and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total loan portfolio. Regular review of hedging strategy, close monitoring of plant operations, cost optimization, inventory, receivables and trade payables.

Mitigation measures of Financial Risk/ Liquidity Risk

To control the risk due to fluctuation in foreign exchange rates and risk of shortage of funds, the Company has initiated the following efforts:

- To enter into a hedging contract/s, particularly for import transaction/s.
- To ensure strict corporate governance policy and timely reporting system.

The Company maintains balance between continuity of funding and flexibility through use of internal generation and availing of bank loan.

m)

ADDRESS FOR CORRESPONDENCE OF SHAREHOLDERS	
For all matters relating to Shares and Dematerialisation be sent to :	For all matters relating to Annual Reports / Dividend / Grievances :-
M/s. Bigshare Services Private Limited 1 st Floor, Bharat Tin Works Building, Opp. Vasant Oasis Apts, (Next to Keys Hotel), Marol-Maroshi Road, Andheri (East), MUMBAI - 400059, MH, IN Phone : +91 22 6263 8200 (100 Lines) Fax : +91 22 2847 5207 E-mail : investor@bigshareonline.com Website : http://www.bigshareonline.com	Company Secretary & Compliance Officer, Sunflag Iron and Steel Company Limited 33, Mount Road, Sadar, Nagpur - 440001, MH, IN Phone : +91 712 2524 661 / 2520 356-358 Fax : +91 712 2520 360 E-Mail : investor@sunflagsteel.com Website : http://www.sunflagsteel.com

- n) **Plant Location** :- Sunflag Iron and Steel Company Limited
Works: Warthi, P.O.: Bhandara Road,
Bhandara - 441905, MH, IN
Phone Nos : +91 7184 285551 to 285555

15) CEO/CFO- Compliance Certificate:-

The Company has also obtained a certificate from the CEO/CFO of the Company regarding compliances, in terms of Part B of Schedule II read with Regulation 17(8) of the Listing Regulations

16) Certificate on Corporate Governance:-

The Company has obtained a Certificate from M/s. Mukesh Parakh & Associates, Company Secretaries, Nagpur (ICSI Membership No. FCS-4343 & Certificate of Practice No. 13693), regarding compliance stipulation of Corporate Governance as stipulated in the Listing Regulations and the same is reproduced hereunder.

The Company has also obtained a Certificate from M/s. Mukesh Parakh & Associates, Company Secretaries, Nagpur (ICSI Membership No. FCS-4343 & Certificate of Practice No. 13693), regarding Non-disqualification of Directors as stipulated in the Listing Regulations and the same is reproduced hereunder.

17) Confirmation of Compliance

- i) The Company has duly complied with submission of Annual Secretarial Compliance Report obtained from M/s. Mukesh Parakh & Associates, Company Secretaries, Nagpur [ICSI Membership No. FCS-4343, Certificate of Practice No. 13693], for the financial year 2018-2019 ended 31st March, 2019 pursuant to Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) read with the SEBI Circular bearing No. CIR/CFD/CMD1/27/2019 Dated 8th February, 2019, with the Stock Exchanges – BSE & NSE on 28th May, 2019 and 29th May, 2019 respectively.

- ii) The Company has complied with the requirements specified in Regulations 17 to 27 and clauses (b) to (i) of the Regulation 46(2) of the Listing Regulations. It has also fully complied with the requirements of sub para (2) to (10) of para C of Schedule V of the Regulations applicable to the Corporate Governance Report.
- iii) The Company has duly informed and/or submitted the change in Credit Rating allocated by CRISIL Limited to the Company for its Long-term and Short-term Borrowing/s to the Stock Exchanges – BSE & NSE vide its communication of 16th July, 2018, the details of which are as follows:

Sr. No.	Particulars	Credit Rating (Existing)	Credit Rating (New)
1.	Long-term Borrowings	CRISILA-/Positive	CRISILA/Stable
2.	Short-term Borrowings	CRISILA2+	CRISILA1

- iv) The matters required to be covered under the Management Discussion and Analysis report are covered separately and forms part of the Annual Report.

NON-MANDATORY REQUIREMENTS

i. **Shareholder Rights:-**

The financial results are not being furnished to the individual Shareholders as they are furnished to the Stock Exchanges and also published through the Newspapers (Indian Express in English and Loksatta in Marathi Language) as well as displayed on the Company's Website www.sunflagsteel.com.

ii. **Separate posts of Chairperson and Chief Executive Officer/Managing Director :-**

Separate persons are holding the position of the Non-executive Chairman and the Managing Director of the Company.

iii. **Reporting of Internal Auditors:-**

The Internal Auditors report to the Audit Committee of the Board of Directors of the Company.

iv. **Modified Opinion in Audit Report :-**

The Audit Report on the Company's financial statements for the financial year 2018-2019 ended 31st March, 2019 does not contain any modified opinion.

For and on behalf of the Board

Nagpur
12.08.2019

Ravi Bhushan Bhardwaj
Chairman
DIN - 00054700

Certificate on compliance with the conditions of Corporate Governance

To

The Shareholders (Members)
Sunflag Iron and Steel Company Limited
CIN - L27100 MH 1984 PLC 034003
33, Mount Road, Sadar, Nagpur - 440001

We have examined the compliance of conditions of Corporate Governance by **Sunflag Iron and Steel Company Limited** (hereinafter referred to as '**the Company**') for the financial year 2018-2019 ended 31st March, 2019, as stipulated in Regulation 15(2) [Regulation 17 to 27 Clauses (b) to (i) of Regulation 46(2) and Para C and D of Schedule V] of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [as amended] (hereinafter referred to as '**Listing Regulations**').

Managements' Responsibility

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

Auditor's Responsibility

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

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

Opinion

Based on our examination of the relevant records and according to the information and explanations provided to us together with the representations provided by the Company Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 15(2) [Regulation 17 to 27 Clauses (b) to (i) of Regulation 46(2) & Para C and D of Schedule V] of the Listing Regulations for the financial year 2018-2019 ended 31st March 2019.

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

Signed and Issued on this Monday, the 12th day of August, 2019 at Nagpur.

**For M/s. Mukesh Parakh & Associates
Company Secretaries**

**CS Mukesh Dulichandji Parakh
Proprietor**

**Company Secretary in Practice
M. No. FCS - 4343, CoP No. 13693**

Certificate of Non-Disqualification of Directors

[Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To

The Shareholders (Members)
Sunflag Iron and Steel Company Limited
CIN - L27100 MH 1984 PLC 034003
33, Mount Road, Sadar, Nagpur - 440001

We have examined the relevant registers, records, forms, returns and declarations or disclosures received from all the Director/s of **Sunflag Iron and Steel Company Limited**, [CIN - L27100 MH 1984 PLC 034003], and having its registered office at 33, Mount Road, Sadar, Nagpur – 440001, MH, IN, (hereinafter referred to as '**the Company**'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V, Para C, Clause 10(i), of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [as amended].

In our opinion and to the best of our information and according to the verifications [including Directors Identification Number (DIN) status at the portal www.mca.gov.in] as considered necessary and explanations furnished to us by the Company, its officers, agents and authorised representatives, We do hereby certify that None of the Director/s on the Board of the Company as stated below for the financial year 2018-2019 ended 31st March 2019 have been debarred or disqualified from being appointed or continuing as the Director/s of Company or Companies by the Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA), or any such other Statutory Authority:-

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr. Ramchandra Vasant Dalvi	00012065	14/08/2017
2.	Mr. Edayathimangalam Ramnath Chandra Shekar	00013670	05/09/1991
3.	Mr. Ravi Bhushan Satya Dev Bhardwaj	00054700	01/10/1998
4.	Mr. Pranav Ravi Bhardwaj	00054805	03/02/2000
5.	Mr. Surendra Kumar Premnarayan Gupta	00054836	21/05/2017
6.	Mr. Gajendran S.	00250136	16/06/2008
7.	Mr. Rooshad Russi Patel	00473945	29/09/2017
8.	Mr. Kumar Jitendra Singh	00626836	05/08/2014
9.	Mr. Jayesh Madhavji Parmar	00802843	23/06/2009
10.	Mr. Rambhatla Muralidhar	00982212	14/08/2017
11.	Mr. Suhrit Ravi Bhushan Bhardwaj	02318190	27/03/2017
12.	Mrs. Neelam Naresh Kothari	06709241	29/09/2014

Ensuring the eligibility of, for the appointment or continuity of every Director on the Board, is the responsibility of the management of the Company. Our responsibility is to express an opinion on these, based on our verification.

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Signed and Issued on this Monday, the 12th day of August, 2019 at Nagpur.

**For M/s. Mukesh Parakh & Associates
Company Secretaries**

**CS Mukesh Dulichandji Parakh
Proprietor
Company Secretary in Practice
M. No. FCS - 4343, CoP No. 13693**

Declaration from Managing Director of the Company regarding the adherence to the Code of Business Conduct and Principles by the Board of Directors and Senior Management of the Company

To

The Members of
Sunflag Iron and Steel Company Limited
CIN - L27100 MH1984 PLC 034003
33, Mount Road, Sadar, Nagpur - 440001

On the basis of the written declaration received from the Members of the Board and Senior Management Personnel of the Company in terms of part D of Schedule V read with Regulation 34 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), I do hereby certify that the Members of the Board of Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Business Principles and Conduct of the Company during the financial year 2018-2019 ended 31st March, 2019.

For and on behalf of the Board

**Nagpur
12th August, 2019**

**Pranav Bhardwaj
Managing Director
DIN - 00054805**

INDEPENDENT AUDITORS' REPORT

To
The Members
Sunflag Iron and Steel Company Limited

Report on the Standalone Financial Statements**Opinion**

We have audited the accompanying standalone financial statements of **Sunflag Iron & Steel Company Limited** ("the Company"), which comprise the balance sheet as at 31st March 2019, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year ended on that date, and notes to the standalone financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2019, its profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	<p>Recognition of revenue, measurement, presentation and disclosure as per Ind AS-115 "Revenue from Contracts with Customers". (Refer Sub-note No. XVI of Note 2 of Accounting Policy.)</p>	<p>Our procedures included, but were not limited to the following :</p> <ul style="list-style-type: none"> ● We performed walkthroughs to understand the key processes and identify key controls related Ind AS 115 "Revenue from Contracts with Customers" ● On a sample basis we performed testing to verify physical deliveries of product in the year to ascertain transfer of control. ● We performed revenue cut-off testing, by reference to bill dates of sales recorded either side of the financial year end had legally completed; and ● Selected a sample of sales contracts and read, analyzed and identified the distinct performance obligations in these contracts. <p>Based on our audit procedures we have concluded that revenue is appropriately recognized, and that there was no evidence of management bias.</p>
2.	<p>Evaluation of uncertain civil and indirect tax positions and recoverability of amount deposited under protest as recoverable. The Company has material uncertain civil and indirect tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. The eventual outcome of these litigations is uncertain, and the positions taken by the management of the Company are based on the application of significant judgement and estimation. The</p>	<p>Our procedures included, but were not limited to the following :</p> <p>Obtained details of completed tax assessments of earlier years and demands as on 31st March, 2019 from management of the Company. We have done assessment of the managements underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Based on management estimates, the liability against these matters are not yet certain, hence the same has been shown as contingent liability in the current standalone financial statements.</p>

Sr. No.	Key Audit Matter	Auditor's Response
	<p>review of these matters requires application and interpretation of tax laws and reference to applicable judicial pronouncements.</p> <p>Based on management judgement and the advice from legal and indirect tax Consultants and considering the merits of the case, the Company has recognized provisions wherever required and for the balance matters, where the management expects favourable outcome, these litigations have been disclosed as contingency liabilities in the financial statements unless the possibility of out flow of resources is considered to be remote.</p> <p>Given the uncertainty and application of significant judgment in this area in terms of the eventual outcome of litigations, we determined this to be a key audit matter.</p>	<ul style="list-style-type: none"> ● Understanding and evaluating process and controls designed and implemented by the management including testing of relevant controls; ● Gaining an understanding of the civil and indirect tax related litigations through discussions with the management, including the significant developments, additions and settlements during the year and subsequent to 31st March, 2019; ● Verifying demand notices received from various indirect tax authorities and evaluating the Company's written responses to those matters; ● Evaluating the management's assessment on the likely outcome and potential magnitude by involving experts on complex or significant matters as considered necessary; and ● Assessing the adequacy of the Company's disclosures. <p>We did not identify any significant exceptions to the management's assessment of the ongoing civil and indirect tax litigations as a result of the above procedures.</p>

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

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

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

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

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(l) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the 'Annexure A', a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit we report that :
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid standalone financial statements.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The balance sheet, the statement of profit and loss including other comprehensive income, the statement of cash flows and statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the Operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
 - h) 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 in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at 31st March, 2019 on its financial position in its standalone financial statement - Refer Note 33 to the standalone financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the investor Education and Protection Fund by the Company.

For S.S. Kothari Mehta & Company
Chartered Accountants
Firm Regn. No. 000756N

CA Sunil Wahal
Partner
Membership Number - 087294

Nagpur
21st May, 2019

“ANNEXURE - A” TO INDEPENDENT AUDITOR’S REPORT

“Annexure – A” to the Independent Auditor’s Report to the Members of Sunflag Iron & Steel Company Limited on its standalone financial statements dated 21st May, 2019.

Report on the matters specified in paragraph 3 of the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government of India in terms of section 143(11) of the Companies Act, 2013 (“the Act”) as referred to in paragraph 1 of ‘Report on Other Legal and Regulatory Requirements’ section.

- 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, the frequency of which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No discrepancies were noticed on such verification.
c) In our opinion, and according to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.
- ii) The Management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- iii) a) The Company has granted unsecured loans to its subsidiaries Sunflag Power Limited and Khappa Coal Company Private Ltd., covered in the register maintained under Section 189 of the Act;
b) The above loan is re-payable on demand as agreed. In respect of this loan, we are informed that the company has not demanded repayment of such loan, thus there is no default on repayment of such loan. In respect of interest on such loan from Khapa Coal Company Private Limited and Sunflag Power Limited, the company has charged interest for the period 1st April 2018 to 31st March 2019 and waived off as approved in its Board Meeting.
c) Since there is no overdue amount as on the date, the relevant reporting is not applicable to the company.
- iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Act in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public within the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- vi) We have broadly reviewed the Cost Accounting records maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under subsection (1) of section 148 of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We are, however, not required to make a detailed examination of such books and records.
- vii. a) According to the records of the Company examined by us and the information and explanations given to us, the Company is generally regular in depositing its undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income Tax, Sales-tax, Service Tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable, with the appropriate authorities during the year and there are no such undisputed amounts payable which have remained outstanding as at 31st March, 2019 for a period of more than six months from the date they became payable.
b) According to the information and explanations given to us and the records of the Company, examined by us, the details of dues of Income Tax, Sales Tax, duty of customs, excise duty goods and service tax & value added tax which have not been deposited on account of any dispute along with the forum where the dispute is pending are as follows :

(₹ in Lakh)

Name of Statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount of Dispute	Amount Deposited
Central Excise Act, 1944	Excise duty	CESTAT, Mumbai	2013 - 2014	38	38
Central Excise Act, 1944	Excise duty	CESTAT, Mumbai	2012 - 2013 & 2013 - 2014	242	242
Income Tax Act, 1961	Income tax	Commissioner of Income Tax (Appeals)	Assessment year 2010 - 2011, 2011-2012 & 2016-2017	321	321

- viii) According to the information and explanations given to us and as per the books and records examined by us, the Company has not defaulted in repayment of its dues to a financial institution, banks and Government. The Company does not have any outstanding debentures.
- ix) According to the information and explanations given by the management, the Company has not raised any monies by way of initial public offer or further public offer during the financial year, and the term loans raised by the Company have been applied for the purpose for which they are were obtained.
- x) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi) In our opinion, and according to the information and explanations given to us, the managerial remuneration has been paid / provided in accordance the requisite approvals mandated by the provisions of section 197 with Schedule V to the Act.

- xii) The Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- xiii) In our opinion, and according to the information and explanations given to us during the course of audit, transactions with the related parties are in compliance with section 177 and section 188 of the Act and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable Indian accounting standards.
- xiv) The Company has not made any preferential allotment and private placement of shares or fully & partly convertible debentures during the year under audit. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.
- xv) In our opinion, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.S. Kothari Mehta & Company
Chartered Accountants
Firm Regn. No. 000756N

CA Sunil Wahal
Partner
Membership Number - 087294

Nagpur
21st May, 2019

“Annexure – B” to the Independent Auditor’s Report to the Members of Sunflag Iron & Steel Company Limited (“the Company”) on its standalone financial statements dated 21st May, 2019.

Report on the Internal Financial Controls under Clause (l) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”) as referred to in paragraph 1(f) of ‘Report on Other Legal and Regulatory Requirements’ section.

We have audited the internal financial controls over financial reporting of **Sunflag Iron & Steel Company Limited** (“the Company”) as of 31st March, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by The Institute of Chartered Accountants of India.” (ICAI)”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by The Institute of Chartered Accountants of India (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 internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that :

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

- b) 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 authorizations of management and directors of the company; and
- c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over financial Reporting issued by The Institute of Chartered Accountants of India (ICAI).

For S.S. Kothari Mehta & Company
Chartered Accountants
Firm Regn. No. 000756N

CA Sunil Wahal
Partner
Membership Number - 087294

Nagpur
21st May, 2019

**SUNFLAG IRON AND STEEL COMPANY LIMITED, NAGPUR
BALANCE SHEET AS AT 31st MARCH 2019**

Particulars	Note No.	As at 31.03.2019 (₹ in Lakh)	As at 31.03.2018 (₹ in Lakh)
A. ASSETS			
1. Non-current Assets			
a) Property, plant and equipment	3	53,482	51,278
b) Capital work-in progress		17,897	10,759
c) Financial Assets			
i. Investments	4	1,450	1,172
ii. Bank Balances	5	73	54
iii. Non-Current Loans	6	2,773	2,744
Other non current asset	6A	3,174	4,689
Total non-current assets		78,849	70,696
2. Current Assets			
a) Inventories	7	55,217	43,283
b) Financial assets			
i. Trade Receivables	8	28,602	30,176
ii. Cash and cash equivalents	9	161	480
iii. Bank balances other than above	9A	5,633	4,881
iv. Others	10	257	590
c) Current tax assets (net)	11	1,401	1,077
d) Other current assets	12	6,218	4,879
Total current assets		97,489	85,366
TOTAL ASSETS		176,338	156,062
B. EQUITY AND LIABILITIES			
1. Shareholders' funds			
a) Share Capital	13	18,022	18,022
b) Other equity	14	76,023	65,668
Total Shareholders' Funds		94,045	83,690
2. Non-current Liabilities			
a) Financial liabilities			
i. Borrowings	15	5,040	8,272
ii. Other financial liabilities	16	2,001	760
b) Provisions	17	2,328	2,966
c) Deferred Tax Liabilities (Net)	18	8,202	7,872
d) Other non-current liabilities	19	333	526
Total non-current liabilities		17,904	20,396
3. Current Liabilities			
a) Financial liabilities			
i. Borrowings	20	26,380	22,064
ii. Trade payables	21		
- Total outstanding dues of Micro Enterprises and Small Enterprises		1,263	1,331
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		25,458	17,588
iii. Other financial liabilities	22	10,128	9,836
b) Other current liabilities	23	1,160	1,157
Total current liabilities		64,389	51,976
TOTAL EQUITY AND LIABILITIES		176,338	156,062

Significant accounting policies

1 & 2

The accompanying notes form an integral part of these Financial Statements

As per our attached report of even date

For S S KOTHARI MEHTA & CO.
Chartered Accountants
FRN : 000756N

SUNIL WAHAL
Partner
M. No. 087294

Nagpur
21st May 2019

PRANAV BHARDWAJ
MANAGING DIRECTOR

S. K. GUPTA
Dy. MANAGING DIRECTOR

CA R. MURALIDHAR
EXECUTIVE DIRECTOR (FINANCE) & CFO

ASHUTOSH MISHRA
COMPANY SECRETARY
S. GAJENDRAN**K. J. SINGH****ROOSHAD R. PATEL****MRS. NEELAM KOTHARI****RAMCHANDRA V. DALVI****DIRECTORS**

**SUNFLAG IRON AND STEEL COMPANY LIMITED, NAGPUR
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2019**

Particulars	Note No.	Year Ended 31.03.2019 (₹ in Lakh)	Year Ended 31.03.2018 (₹ in Lakh)
Income			
1. Revenue from Operations	24	222,949	212,777
2. Revenue from sales of traded goods		-	142
3. Other Income	25	1,112	1,693
4. Total Income		224,061	214,612
5. Expenses :			
Cost of raw Materials & Components Consumed	26 (a)	147,347	123,331
Other Manufacturing Expenses	26 (b)	35,701	32,690
Excise duty on sale		-	5,475
Purchase of stock-in-trade		-	146
Changes in inventories of finished goods and work-in-progress	27	(10,085)	(1,559)
Employee Benefits Expense	28	10,208	10,257
Finance Costs	29	3,874	3,549
Depreciation and Amortisation Expenses	30	3,787	3,413
Other Expenses	31	16,000	18,894
Total Expenses		206,832	196,196
6. Profit before tax		17,229	18,416
7. Tax Expense :			
a) Current tax expense for the year		5,840	5,450
b) Deferred tax	18	330	99
8. Net Profit after tax		11,059	12,867
9. Other comprehensive Income			
Items that will not be reclassified to profit or loss		382	-
Income tax relating to items that will not be reclassified to profit or loss		-	-
Items that will be reclassified to profit or loss		-	-
Income tax relating to items that will be reclassified to profit or loss		-	-
10. Total comprehensive Income for the year		11,441	12,867
11. Earning per equity share (Amount in ₹)			
Basic	32	6.35	7.14
Diluted	32	6.35	7.14
Significant accounting policies	1 & 2		

The accompanying notes form an integral part of these financial statements.

As per our attached report of even date

For S S KOTHARI MEHTA & CO.
Chartered Accountants
FRN : 000756N

SUNIL WAHAL
Partner
M. No. 087294

Nagpur
21st May 2019

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DIRECTORS

**SUNFLAG IRON AND STEEL COMPANY LIMITED, NAGPUR
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2019**

Particulars	For the year ended 31.03.2019 (₹ in Lakh)	For the year ended 31.03.2018 (₹ in Lakh)
A. Cash flow from operating activities		
Net Profit/(Loss) before extraordinary items and tax	17,229	18,416
Items that will not be reclassified to profit or loss	382	-
<i>Adjustments for :</i>		
Depreciation and amortisation	3,787	-
(Profit)/loss on sale/write off of assets	(2)	-
Finance costs	3,874	-
Interest income	-	-
Exceptional adjustment	-	-
Provision for doubtful trade and other receivables, loans and advances	-	-
Operating profit/(loss) before working capital changes	25,546	25,243
<i>Changes in working capital :</i>		
<i>Adjustments for (increase)/decrease in operating assets :</i>		
Inventories	(11,934)	(4,139)
Trade receivables	1,298	(5,828)
Short-term loans and advances	9	(1,161)
Long-term loans and advances	(49)	1
Other current assets	(1,339)	(518)
Other non-current assets	1,515	(3,241)
<i>Adjustments for increase/(decrease) in operating liabilities :</i>		
Trade payables	7,802	4,866
Other current liabilities	259	(1,527)
Short-term provisions	-	-
Other long-term liabilities	1,048	209
Long-term provisions	(638)	1,026
Cash generated from operations	23,517	14,931
Net income tax (paid)/refunds	(5,840)	(5,450)
Net cash flow from/(used in) operating activities (A)	17,677	9,481
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(13,130)	(9,758)
Proceeds from sale of fixed assets	-	106
Interest income	-	498
Long-term investments in - Joint ventures	(278)	-
Net cash flow from/(used in) investing activities (B)	(13,408)	(9,154)
C. Cash flow from financing activities		
Proceeds from issue of equity shares	-	-
Proceeds from long-term borrowings	-	-
Repayment of long-term borrowings	(3,192)	5,548
Net (decrease)/increase in working capital borrowings	4,316	(4,479)
Proceeds from other short-term borrowings	-	-
Repayment of unsecured Deferred Sales Tax Loan	-	-
Finance cost	(3,874)	(3,527)
Dividends paid	(901)	-
Tax on dividend	(185)	-
Net cash flow (used in) / from financing activities (C)	(3,836)	(2,458)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	433	(2,131)
Cash and cash equivalents at the beginning of the year	5,361	7,492
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	-	-
Cash and cash equivalents at the end of the year	5,794	5,361

As per our attached report of even date

For S S KOTHARI MEHTA & CO.
Chartered Accountants
FRN : 000756N

SUNIL WAHAL
Partner
M. No. 087294

Nagpur
21st May 2019

PRANAV BHARDWAJ
MANAGING DIRECTOR

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RAMCHANDRA V. DALVI

DIRECTORS

SUNFLAG IRON AND STEEL COMPANY LIMITED, NAGPUR
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

Component of cash and cash equivalents	As at 31.03.2019 (₹ in Lakh)	As at 31.03.2018 (₹ in Lakh)
Cash and cash equivalents		
- Cash on hand	6	10
- Balances in current accounts	155	470
	161	480
Other Bank Balances		
- Margin money deposit against Letter of Credit & Bank Guarantee	5,614	4,860
- Unclaimed dividend accounts	19	21
	5,633	4,881
	5,794	5,361

Changes in liabilities arising from financing activities

Particulars	At the beginning	Cash flows	Fair value changes	Foreign exchange movement	As at the end 31 st March, 2019
Non-Current Borrowings	11,592	(3,192)	-	-	8,400
Current Borrowings	22,064	4,316	-	-	26,380

Statement of changes in equity for the year ended 31st March, 2019

a) Equity share Capital

Particulars	No. of shares	Amount (₹ in Lakh)
As at 1st April, 2017	180,219,448	18,022
Issue of share capital	-	-
As at 31st March, 2018	180,219,448	18,022
Issue of share capital	-	-
As at 31st March, 2019	180,219,448	18,022

b) Other equity

(₹ in Lakh)

Particulars	Securities premium reserve	Reserves and Surplus		Other comprehensive Income	Total
		General reserve	Retained earnings	Remeasurements of the defined benefit plans	
As at 1st April, 2017	3,785	256	48,760	-	52,801
Total comprehensive income for the year	-	-	-	-	-
Profit of the year	-	-	12,867	-	12,867
As at 31st March, 2018	3,785	256	61,627	-	65,668
Total comprehensive income for the year	-	-	-	-	-
Dividend including Dividend Distribution tax	-	-	(1,086)	-	(1,086)
Net Profit of the year	-	-	11,059	382	11,441
As at 31st March, 2019	3,785	256	71,600	382	76,023

Nature of reserves

- Retained earnings represent the undistributed profits of the Company.
- Other Comprehensive Income (OCI) reserve represent the balance in equity for items to be accounted in OCI. OCI is classified into (i) items that will not be reclassified to profit and loss, and (ii) items that will be reclassified to statement of profit and loss.
- General reserve represents the statutory reserve, this is in accordance with Indian Corporate Law wherein a portion of profit is apportioned to general reserve. Under erstwhile Companies Act, 1956 it was mandatory to transfer the amount before a company can declare dividend. However under Companies Act, 2013, transfer of any amount to general reserve is at the discretion of the Company.
- Securities Premium reserve represents the amount received in excess of par value of securities. Premium on redemption of securities is accounted in security premium available. When security premium is not available, premium on redemption of securities is accounted for in Statement of profit and loss. Section 52 of Companies Act, 2013 specifies restriction and utilisation of security premium.
- Capital reserve represents funds to be utilised for specific purposes.

As per our attached report of even date

For S S KOTHARI MEHTA & CO.
Chartered Accountants
FRN : 000756N

SUNIL WAHAL
Partner
M. No. 087294

Nagpur
21st May 2019

PRANAV BHARDWAJ
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ROOSHAD R. PATEL

MRS. NEELAM KOTHARI

RAMCHANDRA V. DALVI

DIRECTORS

Notes forming part of the Financial Statements for the year ended 31st March, 2019
1. Corporate information

Sunflag Iron and Steel Company Limited (the 'Company') was incorporated in 1984 and is engaged in the business of manufacturing and sale of Special Steel Rolled products. The Company is listed on BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE).

The registered office of the Company is situated at 33, Mount Road, Sadar, Nagpur - 440001, Maharashtra, India.

These financial statements are presented in Indian Rupees (₹)

2. Significant accounting policies
I. Basis of preparation

The financial statement of the Company has been prepared in accordance with the Indian accounting standards (IndAS) notified under the Companies (Indian Accounting Standard), Rules 2015, as amended and other relevant provisions of the Companies Act, 2013.

These financial statements have been prepared under the historical cost convention on the accrual basis, and certain financial instruments are measured at fair value, as explained in accounting policies.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest lakh (₹ 00,000), except when otherwise indicated.

The financial statements for the year ended 31st March, 2019 were authorized and approved for issue by the Board of Directors on 21st May, 2019.

II. Property, plant and equipment

Property, plant and equipment are stated at original cost net of tax/duty credit availed, less accumulated depreciation and accumulated impairment losses, when significant part of the property, plant and equipment are required to be replaced at intervals, the company derecognised the replaced part and recognised the new parts with its own associated useful life and depreciated accordingly. Likewise when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance cost are recognised in the statement of the profit and loss as incurred. The present value of the expected cost or the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Capital work in progress includes property plant & equipment under installation / under development as at the balance sheet date.

Capital expenditure on tangible assets for research and development is classified under property, plant and equipment and is depreciated on the same basis as other property, plant and equipment.

Property, plant and equipment eliminated from the financial statement, either on disposal or when retired from the active use. Losses arising in the case of retirement of property, plant and equipment are a recognised in the statement of the profit and loss in the year.

III. Intangible assets

Capital expenditure on purchase and development of identifiable assets without physical substance is recognized as intangible assets in accordance with principles given under IndAS-38 Intangible Assets.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

IV. Depreciation and amortization

The assets' residual values, useful lives and methods of depreciation are reviewed each financial year end and adjusted prospectively, if applicable.

Depreciation on property, plant and equipment is provided over the useful life of assets as specified in schedule - II to the Companies Act, 2013 on straight line method except in case of heavy & light vehicles which are depreciated on written down basis.

However, in respect of certain plant & machinery and electric installation, depreciation is provided as per their useful lives assessed on the basis of technical evaluation by the technical expert and management estimate. The details of which are as follows :-

Asset Description (As shown in Financials)	Useful life (in years) (As per Financials)	Useful life as per Schedule - II of the Companies Act, 2013 (in years)
Freehold Land		
Freehold Land	20,90,95,100	
Lease Hold Land		
Lease Hold Land	30,95	
Building including roads		
Buildings Factory	30	30
Non Factory Building	58,60	60
Township	60	60
Welfare Buildings	60	60
Office Buildings	10,60	60

Asset Description (As shown in Financials)	Useful life (in years) (As per Financials)	Useful life as per Schedule - II of the Companies Act, 2013 (in years)
Temporary Building	1	3
Boundary Wall & Fencing	5	5
Approach Roads	5, 10	10 (RCC) & 5 (Other)
Railway Siding	15	15
Plant and Machinery		
Plant & Machinery	8, 10, 15, 18, 20, 25, 30	
Electrical fittings	10	10
Computers	3, 6	3, 6
Combusters WHRB	40	15
Furniture fixtures and others		
Furniture fixtures and others	8	10
Vehicles		
Light Vehicles	8, 6, 10	8
Heavy Vehicles	8	8
Office equipment		
Office equipment	5, 10	5
Development of Mines		
Development of Mines	20, 27, 30	

Property, plant and equipment which are added / disposed-off during the year, depreciation is provided on pro-rata basis with reference to the month of addition / deletion.

No depreciation is charged on free hold land and capital work in progress.

Intangible assets are amortised over its useful life not exceeding six years on straight line basis.

V. Impairment of non-financial assets

Property, plant and equipment, intangible assets and assets classified as investment property with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit or loss.

An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

Impairment losses on continuing operations, including impairment on inventories are recognized in the statement of profit and loss, except for the assets previously revalued with the revaluation taken to other comprehensive income (OCI). For such assets, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

VI. Inventories

Inventories are valued as under :

a)	Raw materials & components	At lower of cost or net realisable value
b)	Consumables, store & spares	At depreciated cost
c)	Finished and semi-finished goods	At lower of cost or net realisable value produced and purchased by the Company
d)	Work in progress	At lower of cost of material, plus appropriate production overheads or net realisable value
e)	Any other saleable products of the manufacturing process are considered as finished goods	At the lower of the estimated net realisable value or cost
f)	Goods in transit	At cost

Cost represent, cost incurred in bringing the inventories to their present location and condition. Slow and non-moving material, obsolete, defective inventories are duly provided for and valued at net realisable value. Goods and materials in transit are valued at actual cost incurred up to the date of balance sheet.

Cost is calculated on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs required to make the sale.

The cost of inventories has been computed to include all cost of purchases, cost of conversion and other related expenses.

Materials and supplies held for use in the production of inventories are not written down if the finished product in which they will be used are expected to be sold at above cost.

VII. Cash and cash equivalents

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short term deposits, as defined above, net of outstanding bank overdraft as they are being considered as integral part of the Company's cash management.

VIII. Leases

A lease is classified at the inception date either as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. When acquired, such assets are capitalized at fair value of the leased property or present value of minimum lease payments, at the inception of lease, whichever is lower.

Other leases are operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortised over the lease term on the straight line basis.

Where the Company is the lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease, costs including depreciation are recognized as an expense in the statement of profit and loss.

Where the Company as a lessee

Leases in which significant portions of risks and reward of ownership are not transferred to the Company as lessee are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

IX. Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Indian Accounting Standard Ind AS-19 Employee Benefits.

a) Long term benefit

- **Defined benefit plan**

The Company's liabilities on account gratuity is determined at the end of each financial year on the basis of actuarial valuation certificates obtained from registered actuary in accordance with the measurement procedure as per Indian Accounting Standard (INDAS)-19 'Employee Benefits'. Gratuity liability is funded on year to year basis by contribution gratuity policy taken from Life Insurance Corporation (LIC). The costs of providing benefits under these plans are also determined on the basis of actuarial valuation at each year end. Actuarial gains and losses for defined benefit plans are recognized through OCI in the period in which they occur.

- **Defined contribution plan**

Retirement benefits in the form of provident fund are accrued as per the provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952. Contributions payable to the employee's provident fund in respect of the company are charged to the statement of profit and loss. There are no other than the contribution payable to the provident fund / trust.

Liability towards superannuation is funded in accordance with the scheme with Life Insurance Corporation of India.

b) Short term benefits

Short term employee benefits are recognized as expenses in the statement of profit & loss of the year in which related services are rendered.

Leave salary in respect of accumulated earned leave has been provided for according to the service rules of the Company.

X. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all potential dilutive equity shares.

XI. Provisions, contingent liabilities, contingent assets and commitments :**General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the 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. When the Company expects some or all of provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to provision presented in the statement of profit & loss net of any reimbursement.

If the effect of the time value of money is material, provisions are disclosed using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

Mine restoration or assets retirement obligation

Mine restoration expenditure is provided for in the statement of profit and loss based on present value of estimated expenditure required to be made towards restoration and rehabilitation at the time of vacation of mine. The cost estimates are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost estimates or life of operations. The unwinding of the discount on provision is shown as a finance cost in the statement of profit and loss.

Contingent liability is disclosed in the case of :

- ★ There is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.
- ★ A present obligation arising from past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- ★ A present obligation arises from the past event, when no reliable estimate is possible.
- ★ A present obligation arises from the past event, unless the probability of outflow are remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Onerous contract

A provision for onerous contracts is measured at the present value of the lower expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the company recognizes impairment on the assets with the contract.

Contingent assets

Contingent assets are not recognized. However, when the realization of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognized as an asset.

XII. Segment accounting and reporting

The company's business falls within a primary business segment viz. "Iron and Steel Business".

XIII. Investment in subsidiaries, joint ventures & associates

Investment in subsidiaries, joint ventures & associates are carried at cost. The cost comprises price paid to acquire investment and directly attributable cost.

On transition to IndAS, the company has adopted optional exemption under INDAS-101 to consider carrying value as deemed cost.

XIV. Government grant / assistance

Government grant with a condition to purchase, construct or otherwise acquire long term assets are initially measured based on grant receivable under the scheme. Such grant are recognized in the statement of profit & loss on a systematic basis over the useful life of the asset. Amount of benefits receivable in excess of grant income accrued based on usage of the assets is accounted as Government grant received in advance. Changes in estimate are recognized prospectively over the remaining useful life of assets. Government revenue grants relating to costs are deferred and recognized in the statement of profit and loss over the period necessary to match them with the costs that they intended to compensate.

XV. Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognized directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum alternate tax

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Deferred Tax

Deferred tax is recognised on timing differences, being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be future taxable income available to realise such assets.

Deferred tax assets are recognised timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their reliability.

XVI. Revenue recognition

Revenue is recognized 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 from sale of manufactured goods i.e. steel rolled products is recognised in accordance with Ind AS-18 issued by Ministry of Corporate Affairs and measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must be met before revenue is recognized :

- **Sale of goods**

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

The Company provides cash in kind discounts at fair value to customers. These benefits are passed to customers on achievement of certain target of sales by respective customers.

Consideration received is allocated between the products sold and discount to be allowed to customers. Fair value of the in kind discount is determined by applying principle of Ind AS-113, i.e. at market rate. The fair value of the in kind discount is deferred and recognised as revenue when the in kind discount is issued.

- **Other operating income**

Revenue from job work charges, incentives on exports and other government incentives related to operations are recognized in books after due consideration of certainty of utilization / receipt of such incentives.

- **Other income**

Interest income on fixed deposit with banks is recognized on time proportion basis taking into account the amount outstanding and the rates applicable.

Dividend income from investments is recognized when the company's right to receive payment is established.

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

XVII. Foreign currency translation / conversion

Financial statements have been presented in Indian Rupees (₹), which is the Company's functional and presentation currency.

a) Initial recognition

Foreign currency transactions are recorded in initial recognition in the functional currency, using the exchange rate at the date of the transaction.

b) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

c) Exchange differences

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognized as income or expense in the statement of profit and loss.

d) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

e) Borrowing costs

Borrowing costs include interest, amortization of ancillary costs incurred and exchange difference arising from foreign currency borrowings to the extent are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from the commencement of activities relating to construction / development of the qualifying assets up to the date of capitalization of such assets is added to the cost of the assets.

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

XVIII. Equity shares

Ordinary shares are classified as equity. Incremental cost net of taxes directly attributable to the issue of new equity shares are reduced from retained earnings, net of taxes.

XIX. Financial Instruments

i. Initial recognition

The company recognise financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivable which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition.

ii. Subsequent measurement**Non-derivative financial instruments****a) Financial assets carried at amortized cost**

A financial asset is subsequently measured at amortized if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

d) Financial assets at fair value through profit or loss (FVPL)

A financial asset i.e. equity which is not classified as FVOCL, are subsequently fair valued through profit or loss.

e) Financial guarantee contracts

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently the liability is measured at the higher of the amount of loss allowance determined as per impairment requirement of Ind AS 109 and the amount recognised less cumulative amortisation.

f) Impairment of financial assets

The company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss profit or loss.

g) Cash and cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

h) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, for trade and other payables maturing with one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii. De-recognition

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS-109. A financial liability (or a part of financial liability) is derecognized from the company's balance sheet when the obligation specified in the contract is discharged or canceled or expires.

iv. Reclassification of financial assets

The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets.

Changes to the business model are expected to be infrequent. The company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the company either begins or ceases to perform an activity that is significant to its operations. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The company does not restate any previously recognised gains, losses (including, impairment gains or losses) or interest.

v. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

vi. Current and non-current classification

The company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is :

- ★ Expected to be realized or intended to be sold or consumed in normal operating cycle.
- ★ Held primarily for the purpose of trading.

- ★ Expected to be realized within twelve months after the reporting period, or
- ★ There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The company has identified twelve months as its operating cycle.

XX. Fair value measurement

The company measures financial instruments at fair value at each balance sheet date.

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 principle market for the asset or liability, or
- ★ In the absence of a principle 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 the 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, maximizing the use of relevant observable inputs and minimizing 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.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets & liabilities on the basis of the nature, characteristics and the risks of the asset or liability and the level of the fair value hierarchy as explained above.

XXI. Critical accounting estimates, assumptions and judgements

In the process of applying the Company's accounting policies, management has made the following estimates, assumptions and judgements, which have significant effect on the amounts recognised in the financial statement :

a) Property, plant and equipment

External adviser or internal technical team assess the remaining useful lives and residual value of property, plant and equipment. Management believes that the assigned useful lives and residual value are reasonable.

b) Income taxes

Management judgement is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the standalone financial statements.

c) Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of Contingencies / claim / litigations against the Company as it is possible to predict the outcome of pending matters with accuracy.

d) Allowance for uncollected accounts receivable and advances

Trade receivables do not carry an interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible.

Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

e) Mine restoration obligation

In determining the fair value of the mine restoration obligation the company uses technical estimates to determine the expected cost to restore the mines and the expected timing of these costs. Discount rates are determined based on the government bond of similar tenure.

XXII. Recent accounting pronouncement

In March 2019, the Ministry of corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Indian Accounting Standard (IND AS) 116, "Leases" which will be effective from Accounting period beginning on or after 1st April, 2019. As per the present evaluation, the application of the said IND AS is not likely to have significant impact on the financial standards.

a) Ind AS-115 "Revenue from Contracts with Customers"

The new standard for revenue recognition will overhaul the existing revenue recognition standards Ind AS-18 Revenue and Ind AS-11 Construction contracts. The new standard provides a control-based revenue recognition model and provides a five step application principle to be followed for revenue recognition :

- i. Identification of the contracts with the customer
- ii. Identification of the performance obligations in the contract
- iii. Determination of the transaction price
- iv. Allocation of transaction price to the performance obligations in the contract (as identified in step - ii)
- v. Recognition of revenue when performance obligation is satisfied.

b) Appendix 'B' to Ind AS-21, Foreign currency transactions and advance consideration

On 28th 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 1st April, 2018.

Notes forming part of the financial statement for the year ended 31st March, 2019
3. Property, plant and equipment
(₹ in Lakh)

Particulars	Tangible Assets										
	Freehold Land	Leasehold Land	Building including Roads	Railway Siding	Plant & Machinery	Furniture Fixture & others	Vehicles	Office Equipment	Develop-ment of Mines	Total	Capital Work in Progress
Gross Block											
As at 01.04.2017	188	89	22,665	375	104,171	224	326	412	2,042	130,492	4,625
Additions	-	-	443	-	3,149	-	84	-	-	3,676	9,722
Capitalised during the year (Disposals)	-	-	-	-	-	-	-	-	-	-	(3,588)
As at 31.03.2018	188	89	23,108	375	106,262	224	410	412	2,042	133,110	10,759
Additions	-	-	280	-	5,443	-	275	-	-	5,998	12,535
Capitalised during the year (Disposals)	-	-	-	-	-	-	(103)	-	-	-	(5,397)
As at 31.03.2019	188	89	23,388	375	111,705	224	582	412	2,042	139,005	17,897
Accumulated Depreciation											
As at 01.04.2017	-	27	10,055	356	67,451	211	249	389	687	79,425	-
Charge for the year	-	1	525	-	2,744	1	39	1	102	3,413	-
Depreciation adjustments (Disposals)	-	-	-	-	-	-	-	-	-	-	-
As at 31.03.2018	-	28	10,580	356	69,189	212	288	390	789	81,832	-
Charge for the year	-	1	534	-	3,036	1	113	-	102	3,787	-
Depreciation adjustments (Disposals)	-	-	-	-	-	-	(96)	-	-	(96)	-
As at 31.03.2019	-	29	11,114	356	72,225	213	305	390	891	85,523	-
Net Block as at 31.03.2018	188	61	12,528	19	37,073	12	122	22	1,253	51,278	10,759
Net Block as at 31.03.2019	188	60	12,274	19	39,480	11	277	22	1,151	53,482	17,897

Notes :

- i) Addition to capital work in progress include ₹ 469 lakhs finance cost capitalised during the year (Previous year ₹ Nil).
- ii) Cost of Leasehold land is amortised over the period i.e. 95 years.
- iii) The Company has elected to measure the items of Property, Plant and Equipment at their cost on the date of transition being 1st April, 2015.

Additional information
Asset under construction

Capital work in progress incurred as at 31st March, 2019 amounted ₹ 17,897 lakhs (Previous year, ₹ 10,759 lakhs) in view of implementation of new projects viz.

- i) Continuous Finishing line at Blooming Mill
- ii) Super Alloys
- iii) Wire Drawing Machine

All creditors CWIP has been classified under other financial liabilities and it also includes project inventory as at the year end.

Notes forming part of the financial statement for the year ended 31st March, 2019
Impairment review

Assets are tested for impairment whenever there are any internal or external indicators of impairment. Impairment test is performed at the level of each Cash Generating Unit (CGU) or groups of CGUs within the Company at which the assets are monitored for internal management purposes, within an operating segment. The impairment assessment is based on higher of value in use and value from sale calculations. During the year, the testing did not result in any impairment in the carrying amount of other assets. The measurement of the cash generating units' value in use is determined based on financial plans that have been used by management for internal purposes. The planning horizon reflects the assumptions for short to mid-term market conditions.

Key assumptions used in value-in-use calculations :

- Operating margins (Earnings before interest and taxes)
- Discount rate
- Growth rates
- Capital expenditures

4. Non- Current Investments

(₹ in Lakh)

Particulars	As at 31.03.2019	As at 31.03.2018
Non trade investment in equity shares	1,450	1,172
Less : Provision for diminution in the value of investments	-	-
Total	1,450	1,172
Aggregate amount of unquoted investments	1,450	1,172

Details of Non Trade Investments in Equity Shares

Name of the Body Corporate Investment in equity instruments (at cost, unquoted & fully paid)	No. of Shares / Units		Extent of Holding (%)		Amount (₹ in Lakh)	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Subsidiaries						
Sunflag Power Limited	49,940	49,940	99.88	99.88	5	5
Khappa Coal Company Private Limited	3,163,500	3,163,500	63.27	63.27	316	316
Sunflag Foundation	10,000	10,000	100.00	100.00	1	1
Diminution in the value of investment					(64)	(64)
Joint Ventures						
Madanpur (North) Coal Co. Private Limited	1,210,188	1,210,188	11.73	11.73	110	110
C T Mining Private Limited	3,180,000	3,180,000	31.80	31.80	318	318
Daido D.M.S. India Private Limited	3,600,000	3,600,000	20.00	20.00	360	360
Ramesh Sunwire Private Limited	4,900,000	2,205,000	49.00	49.00	490	221
Diminution in the value of investment					(86)	(95)
Others						
India Bulls CSEB Bhayathan Power Limited	74	74	-	-	-	-
Total					1,450	1,172
Additional Information :						
Aggregate amount of quoted investments					-	-
Market value of quoted investments					-	-
Aggregate amount of unquoted investments					1,450	1,172
Aggregate amount of impairment in value of investments					-	-
Carrying amount of investments have been adjusted to reflect losses incurred at Joint Ventures and Associates.						

Pursuant to the Supreme Court Order dated 24th September, 2014, the Coal Block allocated to the Company with other Shareholders/Joint Venture partners in the names of Khappa Coal Company Private Limited Madanpur (North) Coal Company Private Limited and CT Mining Private Limited, stands cancelled. Subsequent to the cancellation of previous allocation, the Government of India, Ministry of Law and Justice (Legislative Department) has promulgated. The Coal Mines (Special Provisions) Act, 2015 for implementing the order of Supreme Court and fixation of compensation etc to the prior allottees. But the process of re-allotment and crystallization of compensation amount in respect of the above Company's mines, is pending, as the re-auctioning process of these mines are not yet completed. In view of aforesaid, the Company has not recognized any amount towards diminution in the value of the investments made in the Subsidiaries and Joint Venture companies.

Notes forming part of the financial statement for the year ended 31st March, 2019

	As at 31.03.2019 (₹ in Lakh)	As at 31.03.2018 (₹ in Lakh)
5. Bank Balances (non current)		
Non current bank balances*	73	54
Total	73	54
*it represent escrow account amount for Mine restoration obligation		
6. Non- Current loans (unsecured)		
Security deposits	993	981
Loans and advances to related parties (Refer Note No. 40) #	1,780	1,763
	2,773	2,744
# These loans are non interest bearing		
6A. Other non-current assets		
Capital advances	3,174	4,689
Total	3,174	4,689
7. Inventories		
Raw materials and components on hand	13,956	14,322
Goods-in transit (raw material)	1,051	-
Work-in-progress	18,429	14,296
Finished goods	18,077	12,125
Consumables, stores and spares	3,704	2,540
Total	55,217	43,283
Inventories are hypothecated to banks against working capital loans (Refer Note No. 15)		
8. Trade receivables#		
Unsecured, considered good	28,602	30,176
Unsecured, considered doubtful	980	704
	29,582	30,880
Less: Provision for expected credit loss	(980)	(704)
	28,602	30,176
# Trade receivables are non interest bearing and receivable in normal operating cycle		
9. Cash and bank balances		
Cash and cash equivalents		
Cash on hand	6	10
Balances with banks in current accounts *	155	470
Total	161	480
* The Balance are net of Book overdraft of ₹ 374 Lakhs		
9A. Bank balances other than above		
Margin money deposit against Letter of Credit & Bank Guarantee	5,614	4,860
Unclaimed dividend accounts *	19	21
Total	5,633	4,881
Total	5,794	5,361
* During the year an amount of ₹ 20.36 Lakhs has been transferred to investors Education Protection Fund.		
10. Other current financial assets		
Accruals - Interest accrued on deposits	144	107
Loans & advances to employees	91	33
Export incentives receivable	5	6
Claims receivables	15	58
Others	2	386
Total	257	590
11. Current tax assets (net)		
Advance tax net of provision	1,401	1,077
Total	1,401	1,077
12. Other current assets		
Advance to vendors	3,550	3,226
Prepaid Expenses	440	268
Balances with Statutory / Govt Authorities *	2,228	1,385
Total	6,218	4,879
* includes duty paid under protest ₹ 273 Lakhs (Previous year ₹ 264 Lakhs)		

13. Equity Share capital

(₹ in Lakh)

Particulars	As at 31.03.2019		As at 31.03.2018	
	Number	Amount	Number	Amount
Authorised				
Equity Shares of ₹ 10/- each	20,500,000,000	20,500	20,500,000,000	20,500
Total	20,500,000,000	20,500	20,500,000,000	20,500
Subscribed, issued & fully paid up				
Equity shares of ₹ 10/- each	180,219,448	18,022	180,219,448	18,022
Total	180,219,448	18,022	180,219,448	18,022

a) Terms/ Voting Rights attached to the Equity Shares

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion of the number of the Equity shares held by the Shareholders.

b) Reconciliation of the number of shares outstanding

Movement of Shares	As at 31.03.2019	As at 31.03.2018
Opening number of shares issued	180,219,448	180,219,448
Shares issued during the year	-	-
Shares bought back during the year	-	-
Closing number of shares issued	180,219,448	180,219,448

c) Details of share holders holding more than 5% shares in the Company

Name of shareholder	As at 31.03.2019		As at 31.03.2018	
	Number of shares	% Holding	Number of shares	% Holding
Sunflag Limited, Channel Islands, UK	65,253,582	36.21%	65,253,582	36.21%
Daido Steel Co. Ltd., Japan	18,021,945	10.00%	18,021,945	10.00%
Mr. Suhrit Ravi Bhushan Bhardwaj	13,217,398	7.33%	13,217,398	7.33%

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

d) The company has neither issued any bonus share or share for consideration other than cash neither bought back any shares during the period of five years immediately preceding the reporting date.

e) Dividend on equity shares at 5% aggregating to ₹ 1,086 Lakhs (including dividend distribution tax) was approved and paid during the current year.

	As at 31.03.2019 (₹ in Lakh)	As at 31.03.2018 (₹ in Lakh)
14. Other equity		
Securities premium reserve	3,785	3,785
General reserve	256	256
Retained earnings	71,600	61,627
Remeasurements of the defined benefit plans	382	-
Total	76,023	65,668
15. Non current borrowings		
Secured		
Term loans - from banks	4,360	6,963
Less : Current maturities of long-term debt (refer note 22)	(2,500)	(2,500)
Total (a)	1,860	4,463
Unsecured		
a) From promoters (interest free)	1,375	1,375
b) Other	-	-
Interest free Sales Tax loan	2,665	3,254
Less : Current maturities of long-term debt (refer note 22)	(860)	(820)
Total (b)	3,180	3,809
Total (a+b)	5,040	8,272

i. Term Loans from Banks are Secured by a first mortgage of the Company's immovable properties situated at Village Warthi, District Bhandara, both present and future ranking *pari passu interse* and a first charge by way of hypothecation of all the company's movables subject to prior charges created in favour of Company's bankers on inventories, book debts and other movables for securing the borrowings for working capital requirement.

ii. Term loan of ₹ 7,500 lakhs (outstanding ₹ 4,360 lakhs) (previous year ₹ 6,963 lakhs) borrowed from State Bank of India is further secured by Personal Guarantee of Shri Ravi Bhushan Bhardwaj, Chairman of the Company.

iii. The Company has not defaulted in repayment of principle and interest during the year.

- iv. The Unsecured loans comprising term loans given by Promoters are interest free. There is no stipulation as to the repayment hence there is no default which has occurred in repayment during the year.
- v. The Unsecured loans comprising Interest free Sales Tax Loan are valued on NPV basis. Actual liability is ₹ 2,665 lakhs (previous year ₹ 3,254 lakhs). The repayment of the sales tax loan is made as per the schedule and no default has occurred in repayment during the period.
- vi. Rate of interest charged on Rupee Term loan sanctioned by SBI - 9.80% (subject to reset after one year from the date of sanction i.e. 19.01.2020).

Maturity Profile	0-1 year	1 - 2 year	2 - 3 years	3 - 4 years	Beyond 4 years
Term loan from banks	2,500	1,860	-	-	-
Unsecured Interest Free Sales Tax Loan	860	812	762	231	-

	As at 31.03.2019 (₹ in Lakh)	As at 31.03.2018 (₹ in Lakh)
16. Other non - current financial liabilities		
Payable for capital goods	1,823	548
Security Deposit (Deposit recovered from contractors continue to remain over one year)	178	212
	<u>2,001</u>	<u>760</u>
17. Non - current provisions		
Provision for employee benefits	681	1,329
Provision for contingencies (refer below mention note)	1,647	1,637
	<u>2,328</u>	<u>2,966</u>

Movement in each class of provision as required by Ind AS - 37 during the financial year are provided below :

Particulars	Labour and other dues		Mine Restoration Obligation		Total	
	2018-2019	2017-2018	2018-2019	2017-2018	2018-2019	2017-2018
Opening	1,519	901	118	108	1,637	1,009
Provision during the year	-	618	-	-	-	618
Remeasurement losses accounted in OCI	-	-	-	-	-	-
Payment during the year	-	-	-	-	-	-
Interest Charge for the year	-	-	10	10	10	10
Closing	1,519	1,519	128	118	1,647	1,637

18. Deferred tax liabilities

Particulars	Balances as on 31.03.2019	Charge/Credit during the year	Balances as on 31.03.2018
Deferred Tax Liabilities on			
Tax on difference between book value of depreciable assets as per books of account and written down value as per Income tax Act,1961	9,402	357	9,045
	<u>9,402</u>	<u>357</u>	<u>9,045</u>
Deferred Tax Asset on			
Provision for doubtful debts	342	96	246
Expenses allowed under Income Tax Act,1961 on payment basis	858	(69)	927
	<u>1,200</u>	<u>27</u>	<u>1,173</u>
Net Deferred Tax Liability (Current Year)	8,202	330	7,872
Net Deferred Tax Liability (Previous year)	7,872	99	7,773

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31.03.2019 and 31.03.2018.

	Year ended 31.03.2019 (₹ in Lakh)	Year ended 31.03.2018 (₹ in Lakh)
Accounting profit before tax	17,229	18,415
Applicable tax rate	34.944%	34.608%
Computed tax	6,021	6,373
Adjustments	-	-
Less : MAT Credit entitlement utilise	-	(1,011)
Permanent disallowance	(85)	52
Due to change in tax rate	(59)	76
Less : Others	(37)	59
	<u>5,840</u>	<u>5,549</u>

	As at 31.03.2019 (₹ in Lakh)	As at 31.03.2018 (₹ in Lakh)
19. Other non - current liabilities		
Government grant	<u>333</u>	<u>526</u>
	<u>333</u>	<u>526</u>
20. Current financial liabilities - Borrowings		
Secured		
Loans repayable on demand		
Borrowings for working capital from banks	20,304	16,448
Unsecured		
Customer bills discounted	<u>6,076</u>	<u>5,616</u>
	<u>26,380</u>	<u>22,064</u>
i. Working capital borrowings are secured by way of hypothecation of Inventories and book debts and further secured by way of second charge ranking <i>pari passu</i> over the fixed assets situated at Village Warthi, District Bhandara both present and future, subject to prior charges created by the Company in favour of banks for securing term loan. Working capital borrowings are secured by the personal guarantee of Shri Ravi Bhushan Bhardwaj, Chairman of the Company.		
ii. Interest on working capital loan from Banks are charged at respective bank's MCLR plus 50 -100 bps		
iii. Outstanding under Customer bills discounted are supported by Letter of credit issued by the respective customers. Further the bills are discounted after receipt of acceptance from applicant's Bank.		
21. Current financial liabilities		
Trade payables		
a) Total outstanding dues of Micro Enterprises and Small Enterprises	1,263	1,331
b) Others		
i) Acceptances	11,166	2,994
ii) Other than acceptances	<u>14,292</u>	<u>14,594</u>
	<u>25,458</u>	<u>17,588</u>
Total (a+b)	<u>26,721</u>	<u>18,919</u>
Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditor.		
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	-	-
The amount of interest paid by the buyer in terms of section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The 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 Micro, Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining 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 under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	-	-
	<u>-</u>	<u>-</u>
Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. Moreover the Company is in the process of updating its suppliers data, as to the status as a Micro Small & Medium Enterprise with a copy of the Memorandum filed as per the provisions of Section 8 of the Micro, Small & Medium Enterprises Development Act, 2006.		
22. Other current financial liabilities		
Current maturities of long-term debt		
i) Term loan from banks	2,500	2,500
ii) Unsecured Interest free Sales Tax Loan	860	820
Interest accrued but not due on long term borrowings	42	37
Unclaimed dividends *	19	21
Discounts	754	1,487
Managerial commission	440	611
Salary & Reimbursements	1,294	840
Others	<u>4,219</u>	<u>3,520</u>
	<u>10,128</u>	<u>9,836</u>
* There are no amounts due and outstanding to be credited to the Investor Education and Protection fund		
23. Other Current Liabilities		
a) Government grant	200	229
b) Others		
Statutory dues payable	135	292
TDS payable	82	45
Others	<u>743</u>	<u>590</u>
	<u>1,160</u>	<u>1,157</u>

	For the year ended	
	31.03.2019 (₹ in Lakh)	31.03.2018 (₹ in Lakh)
24. Revenue From Operations		
Sale of manufactured goods #	222,858	212,684
Sub Total	222,858	212,684
# Sales for the previous includes Excise Duty of ₹ 5,475 lakhs. However, the corresponding sales for the current year are net of GST		
Other operating income		
Conversion charges received	-	1
Duty drawback & export incentives	91	92
Sub Total	91	93
Total revenue from operations	222,949	212,777
25. Other Income		
Interest Income	410	569
Insurance claims	65	79
Amortization of government grant	223	229
Gain on foreign exchange fluctuation	345	23
Others	69	793
	1,112	1,693
26. a) Cost of raw material & components consumed		
Inventory at the beginning of the year	16,862	11,278
Add : Purchases during the year	149,197	128,915
Less: Inventory at the end of the year	18,711	16,862
Total raw material consumption (a)	147,347	123,331
b) Other Manufacturing Expenses		
Consumption of fuel	5,441	3,903
Consumption of power (Net of captive consumption)	9,568	8,335
Coal mine freight & other expenses	8,448	9,985
Contract expenses	12,244	10,467
Total Other Manufacturing Expenses (b)	35,701	32,690
Total Expenses (a+b)	183,048	156,021
Details of raw material & components consumed		
Iron ore & iron ore fines	25,933	24,217
Coal & coal fines #	8,523	4,163
Coke	44,997	43,103
Sponge iron	-	17
Scrap & HBI	2,534	2,088
Ferro alloys	22,782	20,511
Fluxes, minerals & additives	6,358	6,156
Electrodes	4,621	2,747
Others	31,599	20,329
Total	147,347	123,331
Details of Inventory Raw Material & Components		
Iron Ore & Iron Ore Fines	3,018	3,461
Coal & Coal Fines #	2,145	1,111
Coke	3,216	4,019
Scrap & HBI	52	139
Ferro Alloys	2,621	1,994
Fluxes, Minerals & Additives	781	548
Electrodes	1,344	1,990
Goods in Transit	1,051	-
Others	4,483	3,600
Total	18,711	16,862

Net of Consumption of Coal from Captive Mines



32. Earnings Per Share		For the year ended 31.03.2019	For the year ended 31.03.2018
Basic Earnings per Share			
Continuing Operations			
Profit / (Loss) after Tax	₹ in lakh	11,441	12,867
Weighted Average shares outstanding at the end of Year	Number	180,219,448	180,219,448
Number of Shares outstanding at the end of year	Number	180,219,448	180,219,448
Basic and diluted Earnings ₹ per equity share	Rupees	6.35	7.14

Since there is no fresh issue or Bonus issue and also the absence of any other type of share capital outstanding at the end of the year the Diluted EPS and Basic EPS are same.

33. Contingent liabilities and commitments (to the extent not provided for) (₹ in Lakh)

Particulars	As at 31.03.2019	As at 31.03.2018
i) Contingent liabilities		
a) Unexpired letter of credit	6,649	6,003
b) Guarantees issued by Company's bankers on behalf of the Company	6,174	6,468
c) Excise duty & custom duty against which company has preferred appeal	605	751
d) Income Tax Liability - Disputed but paid	321	162
e) Income Tax Liability - Disputed and not paid	-	4,300
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	29,289	8,476

34. Disclosure under Regulation 34 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

Details of loans and advances in nature of loans to subsidiaries, parties in which Directors are interested and investments by the loanee in the shares of the Company as required by clause 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 :

Name of the party	Relationship	Amount outstanding as at		Maximum balance outstanding during	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018
Khappa Coal Company Private Limited	Subsidiary	737	737	737	737
Sunflag Power Limited	Subsidiary	1009	995	1009	995

35. Segment information

The Company has only one operating segment i.e. 'Iron & Steel Business' and operations are mainly within India. Hence, it is the only reportable segment under INDAS-108 'Operating Segments'.

Entity wide disclosure required by INDAS-108 are made as follows:

Particulars	Year ended 31 st March 2019		Year ended 31 st March 2018	
	Domestic	Foreign	Domestic	Foreign
Revenues from sale of products to external customers	218,206	4,743	207,827	4,858
Non - Current Assets				
Property, Plant and Equipment	53,482	-	51,278	-
Capital work in progress	17,897	-	10,759	-
Other non current assets	5,947	-	7,433	-

36. Operating Lease

Operating lease commitments - Company as lessee

The Company has entered into cancellable lease agreements for godowns and office premises. Some of the lease agreements contain escalation clause of upto 10%. There are no restrictions placed upon the Company by entering into these leases.

	As at 31.03.2019	As at 31.03.2018
Lease Payment during the year	150	161
	<u>150</u>	<u>161</u>
Future minimum rentals payable under non-cancellable operating leases as at 31 st March, 2019 are as follows :		
Future minimum lease payments		
Not later than one year	494	361
Later than one year and not later than five years	1,978	1,844
Later than five years	3,461	4,450
Total	<u>5,933</u>	<u>6,655</u>

37. Capital management

For the purpose of the Company's capital management, equity includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders and net debt includes interest bearing loans and borrowings less current investments and cash and cash equivalents. The primary objective of the Company's capital management is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, internal accruals, long term borrowings and short term borrowings. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

In order to achieve this overall objective, the Company's capital management amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

(₹ in Lakh)

Particulars	As at 31.03.2019	As at 31.03.2018
Long term borrowing	5,040	8,272
Short term borrowing	26,380	22,064
Current maturities of long-term debt	3,360	3,320
Less : Cash and bank balance	(5,794)	(5,361)
Net debt	28,986	28,295
Equity	94,045	83,690
Capital and net debt	123,031	111,985
Gearing ratio	24%	25%

To maintain or adjust the capital structure, the Company review the fund management at regular intervals and take necessary actions to maintain the requisite capital structure.

No changes were made in the objectives policies or processes for managing capital during the years ended 31st March 2019, 31st March 2018.

38. Subsequent events : There are no reportable events

The Company had received an intimation from the Nominated Authority, Ministry of Coal, Government of India, for appropriation of Performance Bank guarantee to the extent of ₹ 21.38 Crores in view of non-compliance of production schedule in terms Coal Mine Development and Production Agreement in respect of Belgaon Coal Mine. However, the Company filed a writ petition in the Hon'ble High Court at Delhi and after hearing the matter on 3rd May, 2018, the Hon'ble High Court directed the Company to file an appeal in the Special Tribunal at Nagpur within two weeks. Accordingly the Company filed an appeal on 8th May, 2018 and as a matter of prudence, necessary provision was made during the previous year ended 31st March, 2018. The matter is now listed for hearing on 17th June, 2019.

39. Employee benefit plans

Employee Provident Fund, the Company has made good the shortfall of interest on fund Nil. (Previous Year - Nil)

Further, the following table sets out for the Employees Benefits plan as required under IndAS-19

(₹ in Lakh)

Particulars	Gratuity		Provident Fund		Superannuation	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Statement showing changes in Present Value of obligation :						
Present value of obligations at the beginning of the year	2,632	2,168	5,950	5,346	2,569	2,397
Interest Cost	149	11	549	514	162	187
Current Service Cost	217	131	914	903	238	222
Benefits paid	(694)	(970)	(420)	(812)	(539)	(237)
Actuarial Loss on Obligations	-	648	-	-	-	-
Present value of obligations as at the end of the year	2,155	2,632	6,995	5,950	2,430	2,569
Table showing changes in the fair value of Plan Assets :						
Fair value of Plan Assets at the beginning of year	2,632	2,168	5,950	5,346	2,569	2,397
Expected return on Plan Assets	149	11	556	514	162	187
Contributions	217	648	914	903	238	222
Benefits paid	(694)	(970)	(420)	(812)	(539)	(237)
Actuarial Gain / (Loss) on Plan Assets	(1,686)	775	-	-	-	-
Fair value of Plan Assets at the end of the year	2,155	2,632	7,001	5,950	2,430	2,569
Funded Status	-	-	(6)	-	-	-
Excess of Actual over estimated return on Plan Assets	-	-	-	-	-	-
Actuarial Gain / (Loss) recognised :						
Actuarial Loss for the year - Obligation	-	648	-	-	-	-
Actuarial Gain / (Loss) for the year - Plan Assets	-	-	-	-	-	-
Total Loss for the year	-	-	-	-	-	-
Actuarial Gain / (Loss) recognised in the year	-	648	-	-	-	-

(₹ in Lakh)

Particulars	Gratuity		Provident Fund		Superannuation	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Amounts to be recognised in the Balance Sheet :						
Present value of obligations as at the end of the year	2,155	2,632	6,995	5,950	2,430	2,569
Fair value of Plan Assets as at the end of the year	2,155	2,632	7,001	5,950	2,430	2,569
Funded Status	-	-	-	-	-	-
Net Asset / (Liability) Recognised in the Balance Sheet	-	-	-	-	-	-
Expenses Recognised in the statement of Profit and Loss Account :						
Current Service Cost	217	131	549	514	-	-
Interest Cost	-	-	-	-	-	-
Expected Return on Plan Assets	-	-	556	514	-	-
Net Actuarial (Gain) / Loss Recognised in the Statement of Profit & Loss	-	648	-	-	-	-
Expenses Recognised in Statement of Profit & Loss	217	648	-	-	-	-
Actuarial Assumptions :						
Discount Rate	7.80%	7.50%	8.55%	8.65%	-	-
Salary Escalation	5.00%	7.00%	5.00%	5.00%	-	-
Investment Details (%) :						
GOI Securities	-	-	29%	32%	-	-
State Government Securities	-	-	33%	31%	-	-
Approved Marketable Securities	-	-	-	-	-	-
Bonds / Debentures etc	-	-	34%	33%	-	-
Loans	-	-	-	-	-	-
Equity	-	-	-	-	-	-
Liquid fund / Money Market Instrument	-	-	4%	4%	-	-
Total	-	-	100%	100%	-	-

a) The investment details of Gratuity funds are as per the Scheme of Life Insurance Corporation of India (LIC).

b) The investment details of Superannuation funds are as per the Scheme of Life Insurance Corporation of India (LIC) under two plans. Even though these plans are still continuing, Company has stopped making contribution towards One plan i.e. Superannuation Scheme of Workers w.e.f. 01.04.1995 on payment of bonus in the year 1995 as per the terms and conditions of Rules framed at the time of subscribing to the designated policy of LIC. Company was liable as per terms and conditions of the Trust deed to pay contributions only till applicability of provisions of payment of Bonus Act.

40. Related Party Disclosure (as identified by the Management)

In accordance with the requirements of IND AS-24, on 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 reporting periods.

Related Party Name and Relationship

(₹ in Lakh)

i) Key management personnel	Designation	Account	Transactions year ended		Outstanding as on	
			31.03.2019	31.03.2018	31.03.2019	31.03.2018
Mr. Ravi Bhushan Bhardwaj	Non Executive Chairman	Commission	91	198	2	3
Mr. Pranav Bhardwaj	Managing Director	Remuneration & Commission	499	554	1	1
Mr. Surendra Kumar Gupta	Deputy Managing Director	Remuneration	110	101	-	-
CA R. Muralidhar	Executive Director (Finance) & CFO	Remuneration	94	48*	-	-
Mr. Ramchandra V. Dalvi	Executive Director (Works)	Remuneration	76	34*	-	-
CS Pranab Panigrahi	Company Secretary	Remuneration	22*	25	-	-
CS Ashutosh Mishra	Company Secretary	Remuneration	13*	-	-	-
Mr. Suhrit Ravi Bhushan Bhardwaj	Relative of Director	Rent Paid	-	5.00	-	-
Dr. E.R.C. Shekhar	Non Executive, Independent Director	Commission & Sitting Fees	3.69	2.55	-	-
Mr. Kumar Jitendra Singh	Non Executive, Independent Director	Commission & Sitting Fees	3.10	2.15	-	-
CA Jayesh M. Parmar	Non Executive, Independent Director	Commission & Sitting Fees	3.01	1.95	-	-
Mr. S. Gajendran	Non Executive, Independent Director	Commission & Sitting Fees	3.22	2.30	-	-
CA Neelam Kothari	Non Executive, Independent Director	Commission & Sitting Fees	2.74	2.00	-	-
Mr. Rooshad Russi Patel	Non Executive, Independent Director	Commission & Sitting Fees	2.70	0.20	-	-

* Salary for the part of the year

(₹ in Lakh)

Particulars	Shareholding as on 31.03.2019	Account	Transactions year ended		Outstanding as on	
			31.03.2019	31.03.2018	31.03.2019	31.03.2018
ii) Subsidiaries						
Sunflag Power Limited	100%	Unsecured Loan	14	13	1,009	995
Khappa Coal Company Private Limited	63%	Advance Paid	-	-	737	737
Sunflag Foundation	100%	CSR	245	1		
Interest on advances to Subsidiaries charged @ 9% p.a. However, as these Companies are not commercially operational the same has been waived off since the chances of recovery is remote.						
iii) Joint Ventures						
Daido D.M.S. India Private Limited	20.00%	Share Capital	-	360	360	360
Ramesh Sunwire Private Limited	49.00%	Share Capital	270	221	490	371
CT Mining Private Limited	31.80%	Share Capital	-	-	-	-
iv) Associate Enterprises						
Haryana Televisions Limited	Relationship through KMP	Rent	57	56	24	21

41. Interest In Joint Ventures

The Company has interests in the following jointly controlled entities:

Name of Companies and country of incorporation	% of shareholding	Amount of Interest based on accounts for the year ended 31.03.2019					
		Assets	Liabilities	Income	Expenditure	Contingent Liabilities	Capital Commitments
Daido D.M.S. India Private Limited/ India	20.00 (20.00)	427 (367)	427 (367)	189 (167)	229 (179)	- -	- -
Madanpur (North) Coal Company Private Limited/ India	11.73 (11.73)	110 (110)	110 (110)	3 (3)	14 (14)	389 (389)	- -
Ramesh Sunwire Private Limited / India	49.00 (49.00)	1,742 (396)	1,742 (396)	- -	0.21 (1)	- -	- -
C T Mining Private Limited / India	31.80 (31.80)	311 (307)	311 (307)	7 (8)	2 (2)	- -	- -

Note : Figures in brackets relate to the previous year

42. Fair value hierarchy

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values :

(₹ in Lakh)

Particulars	Fair value hierarchy	As at 31.03.2019		As at 31.03.2018	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets designated at fair value through profit and loss					
Non current financial asset - Investments	Level-2	1,450	1,450	1,172	1,172
Financial assets designated at fair value through other comprehensive income					
Financial assets designated at amortised cost					
Non current financial asset - Bank		73	73	54	54
Non current financial asset - Loans		2,773	2,773	2,744	2,744
Current financial asset - Trade receivables		28,602	28,602	30,176	30,176
Current financial asset - Cash and cash equivalents		161	161	480	480
Financial Asset - Bank balances other than above		5,633	5,633	4,881	4,881
		38,692	38,692	39,507	39,507
Financial liability designated at amortised cost					
Non current financial liabilities - Borrowings		5,040	5,040	8,272	8,272
Non current financial liabilities - Other		2,001	2,001	760	760
Current financial liabilities - Borrowings		26,380	26,380	22,064	22,064
Current financial liabilities - Other		10,128	10,128	9,836	9,836

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties in an orderly market transaction, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values.

- i) The fair values of derivatives are on MTM as per Bank
- ii) Company has opted to fair value its Long term and Current investments through profit & loss
- iii) Company has adopted effective rate of interest for calculating Interest. This has been calculated as the weighted average of effective interest rates calculated for each loan. In addition processing fees and transaction cost relating to each loan has also been considered for calculating effective interest rate.

Fair value hierarchy

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

Level 2 - Inputs other than quoted prices included within Level-1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

43. Financial Risk Management
Financial risk factors

The Company's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to manage finances for the Company's operations. The Company has loan, investment, trade receivables, other receivables, cash and short-term deposits that arise directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks and also ensure that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes will be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below :

i) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity risk. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This is based on the financial assets and financial liabilities held as at 31st March, 2019 and 31st March, 2018.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest expenses to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total loan portfolio.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the unhedged portion of loans and borrowings. With all other variables held constant the Company's profit before tax is affected through the impact on floating rate borrowings, as follows :

Increase / (decrease) in interest rate		Effect on profit before tax	
As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
0.50%	0.50%	(11.82)	(12.92)
(0.50%)	(0.50%)	11.82	12.92

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating and financing activities.

Currency	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
EUR	5	(5)	-	-
GBP	1	(1)	-	-
SEK	1	(1)	-	-
USD	11	(11)	28	(28)
Grand Total	18	(18)	28	(28)

ii) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and advances to suppliers) and from its financing activities, including deposits and other financial instruments.

Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients. An impairment analysis is performed at each quarter end on an individual basis for major customers.

(₹ in Lakh)

Aging	Total		Up to 6 month		More than 6 month	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Trade receivables	28,602	30,176	27,622	29,390	980	786
Less : ECL Provision	(980)	(704)	-	-	(980)	(704)

iii) Liquidity Risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and cash credit facilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contracted undiscounted payments.

Non current /current financial liabilities	Total		Less than 1 year		1 to 2 year		2 year and above	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Non current financial liabilities								
i) Borrowings*	8,400	11,592	3,360	3,320	2,672	3,360	2,368	4,912
ii) Others	2,001	760	-	548	2,001	-	-	212
Current financial liabilities								
i) Borrowings*	26,380	22,064	26,380	22,064	-	-	-	-
ii) Others	10,128	6,516	10,128	6,516	-	-	-	-

* including current maturity of long term debt

44. Information related to Consolidated Financial statements

The company is listed on stock exchange in India, the Company has prepared consolidated financial statements as required under IND AS 110, Section 129 of Companies Act, 2013 and listing requirements. The consolidated financial statement is available on company's web site for public use.

45. The Company has spent amount on corporate social responsibility expenses as below :

Particulars	31.03.2019	31.03.2018
Gross amount required to be spent during the year	244	150
Amount spent during the year		
- Construction / acquisition of any assets	-	-
- On purpose other than above	244	150

46. During the year, Company has incurred expenditure related to construction of property plant and equipment and therefore accounted for the same under capital work in progress. Details of the expenses capitalised and carried forward as capital work in progress are given below :

Particulars	As at 31.03.2019	As at 31.03.2018
Brought forward from last year	10,759	4,625
Expenditure incurred during the year :		
- Building and civil constructions	1,422	-
- Machinery and equipments	10,644	9,722
- Interest and financial charges	469	-
- Miscellaneous expenses	-	-
Total expenditure during the year	12,535	9,722
Less : Miscellaneous income	-	-
Less : Capitalised during the year	5,397	3588
Carried forward as part of Capital-work-in-progress	17,897	10,759

47. Subsequent events

The Company has participated in the auction conducted by Government of Maharashtra for acquisition of Loharadongri iron ore mine and the result for which is awaited.

48. Previous year's figures have been regrouped / re-classified wherever necessary to make them more comparable.

As per our attached report of even date

For S S KOTHARI MEHTA & CO.
Chartered Accountants
FRN : 000756N

SUNIL WAHAL
Partner
M. No. 087294

Nagpur
21st May 2019

PRANAV BHARDWAJ
MANAGING DIRECTOR

S. K. GUPTA
Dy. MANAGING DIRECTOR

CA R. MURALIDHAR
EXECUTIVE DIRECTOR (FINANCE) & CFO

ASHUTOSH MISHRA
COMPANY SECRETARY

S. GAJENDRAN

K. J. SINGH

ROOSHAD R. PATEL

MRS. NEELAM KOTHARI

RAMCHANDRA V. DALVI

DIRECTORS

Form No. AOC – 1

Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries / Associate Companies / Joint Ventures

(₹ in Lakh)

Part "A" : Subsidiaries			
Particulars	Sunflag Power Limited	Khappa Coal Company Private Limited	Sunflag Foundation
Latest audited Balance Sheet date	31.03.2019	31.03.2019	31.03.2019
% of Shareholding of Sunflag Iron and Steel Company Limited	100%	63.27%	100%
Paid-up Share Capital	5.00	500.00	1.00
Interest free Unsecured Loan	1008.60	1,165.00	-
Share Application Money	-	-	-
Reserves and Surplus	-	(96.95)	-
Other Liabilities	0.04	6.45	263.50
Total Assets	1013.64	1,574.50	264.50
Total Liabilities	1013.64	1,574.50	264.50
Investments	-	-	-
Turnover	-	-	-
Profit / (Loss) before Taxation	-	5.43	-
Profit/(Loss) after Taxation	-	3.80	-
Proposed Dividend	-	-	-

Note: Except Sunflag Foundation, other Subsidiary Companies mentioned above, have yet to commence their activities or business operations.

Part "B" : Associates & Joint Ventures**Statement Pursuant to sub-section (3) of Section 129 of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

(₹ in Lakh)

S. N.	Particulars	Madanpur (North) Coal Company Private Limited	CT Mining Private Limited	Daido D.M.S India Private Limited	Ramesh Sunwire Private Limited
1	Latest audited Balance Sheet date	31.03.2019	31.03.2019	31.03.2019	31.03.2019
2	Shares of Associate / Joint Ventures held by the Company on the year end No.	12,10,188	31,80,000	36,00,000	22,05,000
	Amount of investment in Associate / Joint Ventures	121.00	318.00	360.00	220.50
	Extend of holding %	11.73%	31.80%	20.00%	49.00%
3	Description of how there is significant influence	Part of decision making	Shareholding exceeding 20%	Part of decision making	Part of decision making
4	Reason why the Associate / Joint Ventures not consolidated	N.A.	N.A.	N.A.	N.A.
5	Networth attributable to Shareholding as per latest audited Balance Sheet	110.00	303.25	260.56	480.67
6	Profit / (Loss) for the year	-	11.58	(204.22)	(0.42)
	Considered in consolidation	Equity accounted	Equity accounted	Equity accounted	Equity accounted
	Not Considered in consolidation	Equity accounted	Equity accounted	Equity accounted	Equity accounted

Note : All the Joint-Ventures mentioned above, except Daido DMS India Private Limited and Ramesh Sunwire Private Limited, have yet to commence the business operations.

As per our attached report of even date

For S S KOTHARI MEHTA & CO.
Chartered Accountants
FRN : 000756N

SUNIL WAHAL
Partner
M. No. 087294

Nagpur
21st May 2019

PRANAV BHARDWAJ
MANAGING DIRECTOR

S. K. GUPTA
Dy. MANAGING DIRECTOR

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EXECUTIVE DIRECTOR (FINANCE) & CFO

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ROOSHAD R. PATEL

MRS. NEELAM KOTHARI

RAMCHANDRA V. DALVI

DIRECTORS

INDEPENDENT AUDITORS' REPORT

To

The Members

Sunflag Iron and Steel Company Limited

Report on the Audit of the Consolidated Financial Statements
Opinion

We have audited the accompanying consolidated financial statements of **Sunflag Iron & Steel Company Limited** ("the Company" or "Holding Company"), its subsidiaries (the Company and its subsidiaries together referred to as "the Group") and its joint ventures, which comprise the consolidated balance sheet as at 31st March 2019, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries and management certified results of joint ventures referred to in the other matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint ventures as at 31st March 2019, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group and its joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in "Other Matters" paragraph below as well as based on management certified results is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	Recognition of revenue, measurement, presentation and disclosure as per Ind AS-115 "Revenue from Contracts with Customers". (Refer Sub-note No. XVII of Note 2 of Accounting Policy.	<p>Our procedures included, but were not limited to the following :</p> <ul style="list-style-type: none"> ● We performed walkthrough to understand the key processes and identify key controls related Ind AS-115 "Revenue from Contracts with Customers" ● On a sample basis we performed testing to verify physical deliveries of product in the year to ascertain transfer of control. ● We performed revenue cut-off testing, by reference to bill dates of sales recorded either side of the financial year end had legally completed; and ● Selected a sample of sales contracts and read, analyzed and identified the distinct performance obligations in these contracts. <p>Based on our audit procedures we have concluded that revenue is appropriately recognized, and that there was no evidence of management bias.</p>
2.	Evaluation of uncertain civil and indirect tax positions and recoverability of amount deposited under protest as recoverable.	<p>Our procedures included, but were not limited to the following :</p> <p>Obtained details of completed tax assessments of earlier years and demands as on 31st March, 2019 from management of the Company. We have done assessment of the managements underlying assumptions in estimating the tax provision and the possible outcome of the disputes.</p>

Sr. No.	Key Audit Matter	Auditor's Response
	<p>The Company has material uncertain civil and indirect tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p> <p>The eventual outcome of these litigations is uncertain, and the positions taken by the management of the Company are based on the application of significant judgement and estimation. The review of these matters requires application and interpretation of tax laws and reference to applicable judicial pronouncements.</p> <p>Based on management judgement and the advice from legal and indirect tax Consultants and considering the merits of the case, the Company has recognized provisions wherever required and for the balance matters, where the management expects favourable outcome, these litigations have been disclosed as contingency liabilities in the financial statements unless the possibility of out flow of resources is considered to be remote.</p> <p>Given the uncertainty and application of significant judgment in this area in terms of the eventual outcome of litigations, we determined this to be a key audit matter.</p>	<p>Based on management estimates, the liability against these matters are not yet certain, hence the same has been shown as contingent liability in the current standalone financial statements.</p> <ul style="list-style-type: none"> ● Understanding and evaluating process and controls designed and implemented by the management including testing of relevant controls; ● Gaining an understanding of the civil and indirect tax related litigations through discussions with the management, including the significant developments, additions and settlements during the year and subsequent to 31st March, 2019; ● Verifying demand notices received from various indirect tax authorities and evaluating the Company's written responses to those matters; ● Evaluating the management's assessment on the likely outcome and potential magnitude by involving experts on complex or significant matters as considered necessary; and ● Assessing the adequacy of the Company's disclosures. <p>We did not identify any significant exceptions to the management's assessment of the ongoing civil and indirect tax litigations as a result of the above procedures.</p>

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report Business Responsibility Report, Corporate Governance and Shareholder's information, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the management certified accounts of the joint ventures & subsidiaries audited by other auditors and, in doing so, place reliance on the work of other auditor and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far it relates to the subsidiaries and joint ventures, is traced from their financial statements audited by other auditors and management certified accounts respectively.

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

Responsibility of the Management and those charged with governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its joint ventures in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies making judgements 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and its joint ventures are responsible for assessing the ability of the Group and its joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group & its joint ventures or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint ventures are also responsible for overseeing the financial reporting process of the Group and of its joint ventures.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level

of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(l) of the Act, we are also responsible for expressing our opinion on whether the Group and its joint ventures which companies are incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors or management certified results, such other auditors remain responsible for the direction supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements and other financial information, in respect of two subsidiaries whose financial statements reflect total assets of ₹ 2,588 lakhs and net assets of ₹ 412 lakhs as at 31st March 2019; as well as the total revenue ₹ 6 lakhs for the year ended 31st March, 2019 total profit after tax of ₹ 4 lakhs, total comprehensive income of ₹ Nil and net cash flow amounting to ₹ 4 lakhs for the year ended 31st March, 2019. These financial statements and other information have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amount and disclosure included in respect of these subsidiaries and our report in terms of sub-section 3 of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

These consolidated financial statements also include financial results of four joint ventures wherein the Group's share of profit/(loss) including other comprehensive income is (₹ 34) lakhs for the year ended 31st March, 2019. The financial statement of these joint ventures has not been audited by other auditors. Our report to the extent it concerns these joint ventures on the consolidated financial statements for the year ended 31st March, 2019 is based solely on the management certified financial statements. These joint ventures are not material to the group.

Our opinion on the consolidated financial statements above and our report on the Other Legal and Regulatory Requirement below, is not modified in respect of above matters with respect to our reliance on the work done and the reports of the other auditors & management certified financial statements.

Report on other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the considerations of the reports of the other auditors on separate financial statements of the subsidiaries and joint ventures referred to in the Other Matters paragraph above we report, to the extent applicable, that :

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;
- c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Company as on 31st March, 2019 taken on record by the Board of Directors of the Company and its subsidiaries incorporated in India and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of Holding Company, its subsidiaries & joint ventures covered under the Act, and the Operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Group to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) 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 in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statement discloses the impact of pending litigations as at 31st March, 2019 on the consolidated financial position of the Group and its joint ventures - Refer Note 33 to the consolidated financial statements;
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the investor Education and Protection Fund by the Company, its subsidiary companies and joint ventures incorporated in India.

For S.S. Kothari Mehta & Company
Chartered Accountants
Firm Regn. No. 000756N

CA Sunil Wahal
Partner
Membership Number - 087294

Nagpur
21st May, 2019

"Annexure – A" to the Independent Auditor's Report to the Members of Sunflag Iron & Steel Company Limited dated 21st May, 2019 on its consolidated financial statements.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements' section.

In conjunction with our audit of the consolidated financial statement of **Sunflag Iron & Steel Company Limited** as of and for the year ended 31st March, 2019. We have audited the Internal Financial Controls over Financial Reporting of Sunflag Iron & Steel Company Limited (hereinafter referred to as the "Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and joint ventures all incorporated in India, for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Group and its joint ventures internal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by The Institute of Chartered Accountants of India (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 internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports as well as management certified results referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that :

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- b) 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 authorizations of management and directors of the company; and
- c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Group and joint ventures incorporated in India have maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the holding company including its subsidiary companies and joint ventures incorporated in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over financial Reporting issued by The Institute of Chartered Accountants of India (ICAI).

Other Matters

- a) Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.
- b) In our aforesaid reports we are unable to comment under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to four joint ventures which are companies incorporated in India for which no corresponding report of the auditors of such companies is available as the accounts are management certified. These joint ventures are not material to the Group.

Our audit report is not qualified in respect of above matters.

For S.S. Kothari Mehta & Company
Chartered Accountants
Firm Regn. No. 000756N

CA Sunil Wahal
Partner
Membership Number - 087294

Nagpur
21st May, 2019

**SUNFLAG IRON AND STEEL COMPANY LIMITED, ITS SUBSIDIARIES AND JOINT VENTURES
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2019**

Particulars	Note No.	As at 31.03.2019 (₹ in Lakh)	As at 31.03.2018 (₹ in Lakh)
A. ASSETS			
1. Non-current Assets			
a) Property, plant and equipment	3	53,667	51,463
b) Capital work-in progress		20,162	13,010
c) Financial Assets			
i. Investments	4	1,155	911
ii. Bank Balances	5	73	54
iii. Non-Current Loans	6	1,027	1,012
d) Other non current asset	6A	3,174	4,689
Total non-current assets		79,258	71,139
2. Current Assets			
a) Inventories	7	55,217	43,283
b) Financial assets			
i. Trade Receivables	8	28,602	30,176
ii. Cash and cash equivalents	9	184	499
iii. Bank balances other than above	9A	5,723	4,973
iv. Others	10	257	591
c) Current tax assets (net)	11	1,399	1,074
d) Other current assets	12	6,241	4,902
Total current assets		97,623	85,498
TOTAL ASSETS		176,881	156,637
B. EQUITY AND LIABILITIES			
1. Shareholders' funds			
a) Share Capital	13	18,022	18,022
b) Other equity	14	75,992	65,669
c) Minorities interest		146	146
Total Shareholders' Funds		94,160	83,837
2. Non-current Liabilities			
a) Financial liabilities			
i. Borrowings	15	5,468	8,700
ii. Other financial liabilities	16	2,001	760
b) Provisions	17	2,328	2,966
c) Deferred tax liabilities (Net)	18	8,202	7,872
d) Other non-current liabilities	19	333	526
Total non-current liabilities		18,332	20,824
3. Current Liabilities			
a) Financial liabilities			
i. Borrowings	20	26,380	22,064
ii. Trade payables			
- Total outstanding dues of Micro Enterprises and Small Enterprises		1,263	1,331
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	21	25,458	17,588
iii. Other financial liabilities	22	10,128	9,836
b) Other current liabilities	23	1,160	1,157
Total current liabilities		64,389	51,976
TOTAL EQUITY AND LIABILITIES		176,881	156,637

Significant accounting policies 1 & 2

The accompanying notes form an integral part of these Financial Statements

As per our attached report of even date

For S S KOTHARI MEHTA & CO.
Chartered Accountants
FRN : 000756N

SUNIL WAHAL
Partner
M. No. 087294

Nagpur
21st May 2019

PRANAV BHARDWAJ
MANAGING DIRECTOR

S. K. GUPTA
Dy. MANAGING DIRECTOR

CA R. MURALIDHAR
EXECUTIVE DIRECTOR (FINANCE) & CFO

ASHUTOSH MISHRA
COMPANY SECRETARY

S. GAJENDRAN

K. J. SINGH

ROOSHAD R. PATEL

MRS. NEELAM KOTHARI

RAMCHANDRA V. DALVI

DIRECTORS

**SUNFLAG IRON AND STEEL COMPANY LIMITED, ITS SUBSIDIARIES AND JOINT VENTURES
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2019**

Particulars	Note No.	Year Ended 31.03.2019 (₹ in Lakh)	Year Ended 31.03.2018 (₹ in Lakh)
1. Revenue from Operations	24	222,949	212,777
2. Revenue from sales of traded goods		-	142
3. Other Income	25	1,118	1,697
4. Total Income		224,067	214,616
5. Expenses			
Cost of raw Materials & Components Consumed	26 (a)	147,347	123,331
Other Manufacturing Expenses	26 (b)	35,701	32,690
Excise duty on sale		-	5,475
Purchase of stock-in-trade		-	146
Changes in inventories of finished goods and work-in-progress	27	(10,085)	(1,559)
Employee Benefits Expense	28	10,208	10,257
Finance Costs	29	3,874	3,549
Depreciation and Amortisation Expenses	30	3,787	3,413
Other Expenses	31	16,001	18,895
Total Expenses		206,833	196,197
6. Profit before tax		17,234	18,419
7. Profit/(loss) after tax before share of profit in associates		(34)	(4)
8. Tax Expense			
a) Current tax expense for current year		5,842	5,450
b) Deferred tax	18	330	99
9. Profit/(Loss) for the year from continuing operation after tax		11,028	12,866
10. Profit/(Loss) for the year from continuing operation after tax attributable to			
Owners Equity		11,025	12,864
Non-Controlling interest		3	2
11. Other comprehensive income attributable to			
Owners Equity		382	-
Non-Controlling interest		-	-
12. Total comprehensive income attributable to			
Owners Equity		11,407	12,864
Non-Controlling interest		3	2
Items that will not be reclassified to profit or loss		-	-
Income tax relating to items that will not be reclassified to profit or loss		-	-
Items that will be reclassified to profit or loss		-	-
Income tax relating to items that will be reclassified to profit or loss		-	-
13. Total comprehensive Income for the year		11,410	12,866
14. Earning per equity share (Amount in ₹)			
Basic	32	6.33	7.14
Diluted	32	6.33	7.14
Significant accounting policies	1 & 2		

The accompanying notes form an integral part of these financial statements

As per our attached report of even date

For S S KOTHARI MEHTA & CO.
Chartered Accountants
FRN : 000756N

SUNIL WAHAL
Partner
M. No. 087294

Nagpur
21st May 2019

PRANAV BHARDWAJ
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S. K. GUPTA
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DIRECTORS

**SUNFLAG IRON AND STEEL COMPANY LIMITED, ITS SUBSIDIARIES AND JOINT VENTURES
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019**

Particulars	For the year ended 31.03.2019 (₹ in Lakh)		For the year ended 31.03.2018 (₹ in Lakh)	
A. Cash flow from operating activities				
Net Profit/(Loss) before extraordinary items and tax		17,200		18,522
Items that will not be reclassified to profit or loss		382	-	
<i>Adjustments for :</i>				
Depreciation and amortisation		3,787	-	3,413
(Profit)/loss on sale/write off of assets		(2)	-	(106)
Finance costs		3,874	-	3,549
Interest income	-	-	-	-
Exceptional adjustment	-	-	-	-
Provision for doubtful trade and other receivables, loans and advances	-	276	-	540
Operating profit/(loss) before working capital changes		25,517		25,918
<i>Changes in working capital :</i>				
<i>Adjustments for (increase)/decrease in operating assets :</i>				
Inventories	(11,933)		(4,139)	
Trade receivables	1,298		(5,828)	
Short-term loans and advances	9		(1,161)	
Long-term loans and advances	(35)		14	
Other current assets	(1,339)		(588)	
Other non-current assets	1,515	(10,485)	(3,247)	(14,949)
<i>Adjustments for increase/(decrease) in operating liabilities :</i>				
Trade payables	7,802		4,866	
Other current liabilities	298		117	
Short-term provisions	-		-	
Other long-term liabilities	1,048		320	
Long-term provisions	(638)	8,510	1,026	6,329
Cash flow from extraordinary items		-		-
Cash generated from operations		23,542		17,298
Net income tax (paid)/refunds		(5,842)		(5,549)
Net cash flow from/(used in) operating activities (A)		17,700		11,749
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances		(13,145)		(9,824)
Proceeds from sale of fixed assets		-		158
Interest Income		-		-
Long-term investments in - Joint ventures		(244)		-
Net cash flow from/(used in) investing activities (B)		(13,389)		(9,666)
C. Cash flow from financing activities				
Proceeds from issue of equity shares		-		-
Proceeds from long-term borrowings		-		-
Repayment of long-term borrowings		(3,231)		3,925
Net (decrease)/increase in working capital borrowings		4,315		(4,479)
Proceeds from other short-term borrowings		-		-
Repayment of unsecured Deferred Sales Tax Loan		-		-
Finance cost		(3,873)		(3,549)
Dividends paid		(901)		-
Tax on dividend		(185)		-
Cash flow from extraordinary items		-		-
Net cash flow (used in) / from financing activities (C)		(3,875)		(4,103)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		436		(2,020)
Cash and cash equivalents at the beginning of the year		5,471		7,492
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		-		-
Cash and cash equivalents at the end of the year		5,907		5,472

As per our attached report of even date

For S S KOTHARI MEHTA & CO.
Chartered Accountants
FRN : 000756N

SUNIL WAHAL
Partner
M. No. 087294

Nagpur
21st May 2019

PRANAV BHARDWAJ
MANAGING DIRECTOR

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RAMCHANDRA V. DALVI

DIRECTORS

**SUNFLAG IRON AND STEEL COMPANY LIMITED, ITS SUBSIDIARIES AND JOINT VENTURES
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019**

Component of cash and cash equivalents	As at 31.03.2019 (₹ in Lakh)	As at 31.03.2018 (₹ in Lakh)
Cash and cash equivalents		
- Cash on hand	6	11
- Balances in current accounts	178	488
	184	499
Other Bank Balances		
- Margin money deposit against Letter of Credit & Bank Guarantee	5,704	4,952
- Unclaimed dividend accounts	19	21
	5,723	4,973
	5,907	5,472

Changes in liabilities arising from financing activities

Particulars	At the beginning	Cashflows	Fair value changes	Foreign exchange movement	As at the end 31.03.2019
Non-Current Borrowings	12,020	(3,231)	-	-	8,789
Current Borrowings	22,064	4,315	-	-	26,379

Statement of changes in equity for the year ended 31ST March, 2019
a) Equity share Capital

Particulars	No. of shares	Amount (₹ in Lakh)
As at 1st April, 2017	180,219,448	18,022
Issue of share capital	-	-
As at 31st March, 2018	180,219,448	18,022
Issue of share capital	-	-
As at 31st March, 2019	180,219,448	18,022

b) Other equity

(₹ in Lakh)

Particulars	Securities premium reserve	Reservs and Surplus		Other comprehensive Income		Total
		General reserve	Retained earnings	Retained Earnings Account Remeasurements	Remeasurements of the defined benefit plans	
As at 1st April, 2017	3,785	256	48,535	227	-	52,803
Total comprehensive income for the year	-	-	12,866	-	-	-
As at 31st March, 2018	3,785	256	61,401	227	-	65,669
Total comprehensive income for the year	-	-	(1,086)	-	-	(1,086)
Dividend including Dividend Distribution tax	-	-	-	-	-	-
Net Profit of the year	-	-	11,028	-	382	11,410
As at 31st March, 2019	3,785	256	71,342	227	382	75,992

Nature of reserves

- Retained earnings represent the undistributed profits of the Company.
- Other Comprehensive Income (OCI) reserve represent the balance in equity for items to be accounted in OCI. OCI is classified into (i) items that will not be reclassified to profit and loss, and (ii) items that will be reclassified to statement of profit and loss.
- General reserve represents the statutory reserve, this is in accordance with Indian Corporate Law wherein a portion of profit is apportioned to general reserve. Under Companies Act, 1956 it was mandatory to transfer the amount before a company can declare dividend. However under Companies Act, 2013, transfer of any amount to general reserve is at the discretion of the Company.
- Securities Premium reserve represents the amount received in excess of par value of securities. Premium on redemption of securities is accounted in security premium available. When security premium is not available, premium on redemption of securities is accounted for in Statement of profit and loss. Section 52 of Companies Act, 2013 specifies restriction and utilisation of security premium.
- Capital reserve represents funds to be utilised for specific purposes.

As per our attached report of even date

For S S KOTHARI MEHTA & CO.
Chartered Accountants
FRN : 000756N

SUNIL WAHAL
Partner
M. No. 087294

 Nagpur
21st May 2019

PRANAV BHARDWAJ
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MRS. NEELAM KOTHARI
RAMCHANDRA V. DALVI

DIRECTORS

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2019**1. Corporate information**

Sunflag Iron and Steel Company Limited (the 'Company'), including its subsidiaries and joint venture collectively referred to as (the group) was incorporated in 1984 and is engaged in the business of manufacturing and sale of Special Steel Rolled products. The Company is listed on The National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The registered office of the Company is situated at 33, Mount Road, Sadar, Nagpur - 440001, Maharashtra, India.

The details of Subsidiaries and Joint Ventures are as follows :

Subsidiaries	Joint Ventures
Sunflag Power Limited	Daido D.M.S India Pvt. Ltd.
Khappa Coal Company Private Limited	Ramesh Sunwire Private Limited
Sunflag Foundation (not considered for consolidation as this company is formed for incurring CSR expenses)	C T Mining Private Limited
	Madanpur (North) Coal Company Private Limited

These financial statements are presented in Indian Rupees (₹)

2. Significant accounting policies**I. Basis of preparation**

The financial statement of the Company has been prepared in accordance with the Indian accounting standards (Ind AS) notified under the Companies (Indian Accounting Standard), Rules 2015, as amended and other relevant provisions of the Companies Act, 2013.

These financial statements have been prepared under the historical cost convention on the accrual basis, and certain financial instruments are measured at fair value, as explained in accounting policies.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest lakh (₹ 00,000), except when otherwise indicated.

The financial statements for the year ended 31st March, 2019 were authorized and approved for issue by the Board of Directors on 21st May, 2019.

II. Basis of consolidation

The Consolidated financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the consolidated financial statements. All assets and liabilities have been classified as current or non current as per the Group's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013.

Principles of consolidation and equity accounting**Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

Joint Ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial assets. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

III. Property, plant and equipment

Property, plant and equipment are stated at original cost net of tax / duty credit availed, less accumulated depreciation and accumulated impairment losses, when significant part of the property, plant and equipment are required to be replaced at intervals, the Group derecognised the replaced part and recognised the new parts with its own associated useful life and depreciated accordingly. Likewise when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance cost are recognised in the statement of the profit and loss as incurred. The present value of the expected cost or the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Capital work in progress includes property plant & equipment under installation / under development as at the balance sheet date.

Capital expenditure on tangible assets for research and development is classified under property and equipment and is depreciated on the same basis as other property, plant and equipment.

Property, plant and equipment eliminated from the financial statement, either on disposal or when retired from the active use. Losses arising in the case of retirement of property, plant and equipment are a recognised in the statement of the profit and loss in the year.

IV. Intangible assets

Capital expenditure on purchase and development of identifiable assets without physical substance is recognized as intangible assets in accordance with principles given under Ind AS-38 Intangible Assets.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

V. Depreciation and amortization

The assets' residual values, useful lives and methods of depreciation are reviewed each financial year end and adjusted prospectively, if applicable.

Depreciation on property, plant and equipment is provided over the useful life of assets as specified in schedule II to the Companies Act, 2013 on straight line method except in case of heavy & light vehicles which are depreciated on written down basis.

However, in respect of certain plant & machinery and electric installation, depreciation is provided as per their useful lives assessed on the basis of technical evaluation by the technical expert and management estimate. The details of which are as follows :-

Asset Description (As shown in Financials)	Useful life (in years) (As per Financials)	Useful life as per Schedule -II of the Companies Act, 2013 (in years)
Freehold Land		
Freehold Land	20,90,95,100	
Lease Hold Land		
Lease Hold Land	30,95	
Building including roads		
Buildings Factory	30	30
Non Factory Building	58,60	60
Township	60	60
Welfare Buildings	60	60
Office Buildings	10,60	60
Temporary Building	1	3
Boundary Wall & Fencing	5	5
Approach Roads	5,10	10 (RCC) & 5 (Other)
Railway Siding	15	15
Plant and Machinery		
Plant & Machinery	8, 10, 15, 18, 20, 25, 30	
Electrical fittings	10	10
Computers	3, 6	3,6
Combusters WHRB	40	15

Asset Description (As shown in Financials)	Useful life (in years) (As per Financials)	Useful life as per Schedule - II of the Companies Act, 2013 (in years)
Furniture fixtures and others		
Furniture fixtures and others	8	10
Vehicles		
Light Vehicles	8, 6, 10	8
Heavy Vehicles	8	8
Office equipment		
Office equipment	5, 10	5
Development of Mines		
Development of Mines	20, 27, 30	

Property, plant and equipment which are added / disposed-off during the year, depreciation is provided on pro-rata basis with reference to the month of addition / deletion.

No depreciation is charged on free hold land and capital work in progress.

Intangible assets are amortised over its useful life not exceeding six years on straight line basis.

VI. Impairment of non-financial assets

Property, plant and equipment, intangible assets and assets classified as investment property with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit or loss.

An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

Impairment losses on continuing operations, including impairment on inventories are recognized in the statement of profit and loss, except for the assets previously revalued with the revaluation taken to other comprehensive income (OCI). For such assets, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

VII. Inventories

Inventories are valued as under :

a	Raw materials & components	At lower of cost or net realisable value
b	Consumables, store & spares	At depreciated cost
c	Finished and semi-finished goods	At lower of cost or net realisable value produced and purchased by the Company
d	Work in progress	At lower of cost of material, plus appropriate production overheads or net realizable value
e	Any other saleable products of the manufacturing process are considered as finished goods	At the lower of the estimated net realisable value or cost
f	Goods in transit	At cost

Cost represent, cost incurred in bringing the inventories to their present location and condition. Slow and non-moving material, obsolete, defective inventories are duly provided for and valued at net realisable value. Goods and materials in transit are valued at actual cost incurred up to the date of balance sheet.

Cost is calculated on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs required to make the sale.

The cost of inventories has been computed to include all cost of purchases, cost of conversion and other related expenses.

Materials and supplies held for use in the production of inventories are not written down if the finished product in which they will be used are expected to be sold at above cost.

VIII. Cash and cash equivalents

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short term deposits, as defined above, net of outstanding bank overdraft as they are being considered as integral part of the Group's cash management.

IX. 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 Group is classified as a finance lease. When acquired, such assets are capitalized at fair value of the leased property or present value of minimum lease payments, at the inception of lease, whichever is lower.

Other leases are operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortised over the lease term on the straight line basis.

Where the Group is the lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease, costs including depreciation are recognized as an expense in the statement of profit and loss.

Where the Group as a lessee

Leases in which significant portions of risks and reward of ownership are not transferred to the Group as lessee are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

X. Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Indian Accounting Standard Ind AS-19 Employee Benefits.

a) Long term benefit

- **Defined benefit plan**

The Group's liabilities on account gratuity is determined at the end of each financial year on the basis of actuarial valuation certificates obtained from registered actuary in accordance with the measurement procedure as per Indian Accounting Standard (INDAS)-19 'Employee Benefits'. Gratuity liability is funded on year to year basis by contribution gratuity policy taken from Life Insurance Corporation (LIC). The costs of providing benefits under these plans are also determined on the basis of actuarial valuation at each year end. Actuarial gains and losses for defined benefit plans are recognized through OCI in the period in which they occur.

- **Defined contribution plan**

Retirement benefits in the form of provident fund are accrued as per the provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952. Contributions payable to the employee's provident fund in respect of the Group are charged to the statement of profit and loss. There are no other than the contribution payable to the provident fund / trust.

Liability towards superannuation is funded in accordance with the scheme with Life Insurance Corporation of India.

b) Short term benefits

Short term employee benefits are recognized as expenses in the statement of profit & loss of the year in which related services are rendered.

Leave salary in respect of accumulated earned leave has been provided for according to the service rules of the Group.

XI. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all potential delusive equity shares.

XII. Provisions, contingent liabilities, contingent assets and commitments**General**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the 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. When the Group expects some or all of provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to provision presented in the statement of profit & loss net of any reimbursement.

If the effect of the time value of money is material, provisions are disclosed using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

Mine restoration or assets retirement obligation

Mine restoration expenditure is provided for in the statement of profit and loss based on present value of estimated expenditure required to be made towards restoration and rehabilitation at the time of vacation of mine. The cost estimates are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost estimates or life of operations. The unwinding of the discount on provision is shown as a finance cost in the statement of profit and loss.

Contingent liability is disclosed in the case of

- * There is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.
- * A present obligation arising from past event, when it is not probable that as outflow of resources will be required to settle the obligation.

- ★ A present obligation arises from the past event, when no reliable estimate is possible.
- ★ A present obligation arises from the past event, unless the probability of outflow are remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Onerous contract

A provision for onerous contracts is measured at the present value of the lower expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Group recognizes impairment on the assets with the contract.

Contingent assets

Contingent assets are not recognized. However, when the realization of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognized as an asset.

XIII. Segment accounting and reporting

The chief operational decision maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss and is measured consistently with profit and loss in the financial statements.

The operating segments have been identified on the basis of the nature of products/services.

- i. Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.
- ii. Expenses that are directly identifiable with / allocable to the segments are considered for determining the segment result. Expenses not allocable to segments are included under unallocable expenditure.
- iii. Income not allocable to the segments is included in unallocable income.
- iv. Segment results includes margin or inter segment and sales which are reduced in arriving at the profit before tax of the Group.
- v. Segment assets and Liabilities include those directly identifiable with the respective segments. Assets and liabilities not allocable to any segment are classified under unallocable category.

XIV. Investment in subsidiaries, joint ventures & associates

Investment in subsidiaries are carried at cost. The cost comprises price paid to acquire investment and directly attributable cost.

On transition to INDAS, the Group has adopted optional exemption under INDAS-101 to consider carrying value as deemed cost.

XV. Government grant / assistance

Government grant with a condition to purchase, construct to otherwise acquire long term assets are initially measured based on grant receivable under the scheme. Such grant are recognized in the statement of profit & loss on a systematic basis over the useful life of the asset. Amount of benefits receivable in excess of grant income accrued based on usage of the assets is accounted as Government grant received in advance. Changes in estimate are recognized prospectively over the remaining useful of life of assets. Government revenue grants relating to costs are deferred and recognized in the statement of profit and loss over the period necessary to match them with the costs that they intended to compensate.

XVI. Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognized directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum alternate tax

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

Deferred Tax

Deferred tax is recognised on timing differences, being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be future taxable income available to realise such assets.

Deferred tax assets are recognised timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Group has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their reliability.

XVII. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue from sale of manufactured goods i.e. steel rolled products is recognised in accordance with Ind AS-18 issued by Ministry of Corporate Affairs and measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and exuding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must be met before revenue is recognized :

- **Sale of goods**

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

The Group provides cash in kind discounts at fair value to customers. These benefits are passed to customers on achievement of certain target of sales by respective customers.

Consideration received is allocated between the products sold and discount to be allowed to customers. Fair value of the in kind discount is determined by applying principle of Ind AS-113, i.e. at market rate. The fair value of the in kind discount is deferred and recognised as revenue when the in kind discount is issued.

- **Other operating income**

Revenue from job work charges, incentives on exports and other government incentives related to operations are recognized in books after due consideration of certainty of utilization / receipt of such incentives.

- **Other income**

Interest income on fixed deposit with banks is recognized on time proportion basis taking into account the amount outstanding and the rates applicable.

Dividend income from investments is recognized when the Group's right to receive payment is established.

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

XVIII. Foreign currency translation / conversion

Standalone financial statements have been presented in Indian Rupees (₹), which is the Group's functional and presentation currency.

- a) **Initial recognition**

Foreign currency transactions are recorded in initial recognition in the functional currency, using the exchange rate at the date of the transaction.

- b) **Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

- c) **Exchange differences**

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Group are recognized as income or expense in the statement of profit and loss.

- d) **Borrowings**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

- e) **Borrowing costs**

Borrowing costs include interest, amortization of ancillary costs incurred and exchange difference arising from foreign currency borrowings to the extent are regarding as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from the commencement of activities relating to construction / development of the qualifying assets up to the date of capitalization of such asset is added to the cost of the assets.

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

XIX. Equity shares

Ordinary shares are classified as equity. Incremental cost net of taxes directly attributable to the issue of new equity shares are reduced from retained earnings, net of taxes.

XX. Financial Instruments**i) Initial recognition**

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivable which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition.

ii) Subsequent measurement**Non-derivative financial instruments****a) Financial assets carried at amortized cost**

A financial asset is subsequently measured at amortized if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

d) Financial assets at fair value through profit or loss (FVPL)

A financial asset i.e. equity which is not classified as FVOCI, are subsequently fair valued through profit or loss.

e) Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently the liability is measured at the higher of the amount of loss allowance determined as per impairment requirement of Ind AS-109 and the amount recognised less cumulative amortisation.

f) Impairment of financial assets

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss profit or loss.

g) Cash and cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

h) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, for trade and other payables maturing with one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii) De-recognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS-109. A financial liability (or a part of financial liability) is derecognized from the Group's balance sheet when the obligation specified in the contract is discharged or canceled or expires.

iv) Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets.

Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including, impairment gains or losses) or interest.

v) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

vi) Current and non-current classification

The Group presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is :

- ★ Expected to be realized or intended to be sold or consumed in normal operating cycle.
- ★ Held primarily for the purpose of trading
- ★ Expected to be realized within twelve months after the reporting period, or
- ★ There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

XXI. Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

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 principle market for the asset or liability, or
- ★ In the absence of a principle market, in the most advantageous market for the asset or liability.

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

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 the best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing 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.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets & liabilities on the basis of the nature, characteristics and the risks of the asset or liability and the level of the fair value hierarchy as explained above.

XXII. Critical accounting estimates, assumptions and judgements

In the process of applying the Group's accounting policies, management has made the following estimates, assumptions and judgements, which have significant effect on the amounts recognised in the financial statement :

a) Property, plant and equipment

External adviser or internal technical team assess the remaining useful lives and residual value of property, plant and equipment. Management believes that the assigned useful lives and residual value are reasonable.

b) Income taxes

Management judgement is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Group reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the standalone financial statements.

c) Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of Contingencies / claim / litigations against the Group as it is possible to predict the outcome of pending matters with accuracy.

d) Allowance for uncollected accounts receivable and advances

Trade receivables do not carry and interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible.

Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

e) Mine restoration obligation

In determining the fair value of the mine restoration obligation the Group uses technical estimates to determine the expected cost to restore the mines and the expected timing of these costs. Discount rates are determined based on the government bond of similar tenure.

XXIII. Recent accounting pronouncement

In March, 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Indian Accounting Standard (IND AS) 116, "Leases" which will be effective from Accounting period beginning on or after 1st April, 2019. As per the present evaluation, the application of the said IND AS is not likely to have significant impact on the financial standards.

a) Ind AS-115 "Revenue from Contracts with Customers"

The new standard for revenue recognition will overhaul the existing revenue recognition standards Ind AS-18 Revenue and Ind AS-11 Construction contracts. The new standard provides a control-based revenue recognition model and provides a five step application principle to be followed for revenue recognition :

- i. Identification of the contracts with the customer
- ii. Identification of the performance obligations in the contract
- iii. Determination of the transaction price
- iv. Allocation of transaction price to the performance obligations in the contract (as identified in step - ii)
- v. Recognition of revenue when performance obligation is satisfied.

b) Appendix 'B' to Ind AS-21, Foreign currency transactions and advance consideration :

On 28th 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 1st April, 2018.

Notes forming part of the financial statement for the year ended 31st March, 2019
3. Property, plant and equipment
(₹ in Lakh)

Particulars	Tangible Assets										
	Freehold Land	Leasehold Land	Building including Roads	Railway Siding	Plant & Machinery	Furniture Fixture & others	Vehicles	Office Equipment	Development of Mines	Total	Capital Work in Progress
Gross Block											
As at 01.04.2017	369	89	22,665	375	102,057	227	351	412	2,042	128,586	6,876
Additions	-	-	443	-	3,149	-	84	-	-	3,676	9,722
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	(3,588)
(Disposals)	-	-	-	-	(1,058)	-	-	-	-	(1,058)	-
As at 31.03.2018	369	89	23,108	375	106,264	227	435	412	2,042	133,320	13,010
Additions	-	-	280	-	5,443	-	275	-	-	5,999	7,152
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	(103)	-	-	(103)	-
As at 31.03.2019	369	89	23,388	375	111,707	227	607	412	2,042	139,216	20,162
Accumulated Depreciation											
As at 01.04.2017	-	27	10,055	356	67,451	211	249	389	687	79,425	-
Charge for the year	-	1	525	-	2,746	2	62	1	102	3,439	-
Depreciation adjustments	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(1,006)	-	-	-	-	(1,006)	-
As at 31.03.2018	-	28	10,580	356	69,191	213	311	390	789	81,858	-
Charge for the year	-	1	534	-	3,036	1	113	-	102	3,787	-
Depreciation adjustments	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	(96)	-	-	(96)	-
As at 31.03.2019	-	29	11,114	356	72,227	214	328	390	891	85,549	-
Net Block as at 31.03.2018	369	61	12,528	19	37,073	14	124	22	1,253	51,463	13,010
Net Block as at 31.03.2019	369	60	12,274	19	39,480	13	279	22	1,151	53,667	20,162

Notes :

- i) Addition to capital work in progress include ₹ 469 lakhs finance cost capitalised during the year (Previous year ₹ Nil).
- ii) Cost of Leasehold land is amortised over the period i.e. 95 years.
- iii) The Company has elected to measure the items of Property, Plant and Equipment at their cost on the date of transition.

Additional information
Asset under construction

Capital work in progress incurred as at 31st March, 2019 amounted ₹ 17,897 lakhs (Previous year, ₹ 10,759 lakhs) in view of implementation of new projects viz.

- i) Continuous Finishing line at Blooming Mill
- ii) Super Alloys
- iii) Wire Drawing Machine

All creditors CWIP has been classified under other financial liabilities and it also includes project inventory as at the year end.

Notes forming part of the financial statement for the year ended 31st March, 2019**Impairment review**

Assets are tested for impairment whenever there are any internal or external indicators of impairment. Impairment test is performed at the level of each Cash Generating Unit (CGU) or groups of CGUs within the Company at which the assets are monitored for internal management purposes, within an operating segment. The impairment assessment is based on higher of value in use and value from sale calculations. During the year, the testing did not result in any impairment in the carrying amount of other assets. The measurement of the cash generating units' value in use is determined based on financial plans that have been used by management for internal purposes. The planning horizon reflects the assumptions for short to mid-term market conditions.

Key assumptions used in value-in-use calculations :

- Operating margins (Earnings before interest and taxes)
- Discount rate
- Growth rates
- Capital expenditures.

4. Non- Current Investments

(₹ in Lakh)

Particulars	As at 31.03.2019	As at 31.03.2018
Non trade investment in equity shares	1,155	911
Less : Provision for diminution in the value of investments	-	-
Total	1,155	911
Aggregate amount of unquoted investments	1,155	911

Details of Non Trade Investments in Equity Shares

Name of the Body Corporate Investment in equity instruments (at cost, unquoted & fully paid)	No. of Shares / Units		Extent of Holding (%)		Amount (₹ in Lakh)	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Subsidiaries						
Sunflag Foundation	10,000	10,000	100.00	100.00	1	1
Joint Ventures						
Madanpur (North) Coal Co. Private Limited	1,210,188	1,210,188	11.73	11.73	110	110
C T Mining Private Limited	3,180,000	3,180,000	31.80	31.80	318	318
Daido D.M.S. India Private Limited	3,600,000	3,600,000	20.00	20.00	360	360
Ramesh Sunwire Private Limited	4,900,000	2,205,000	49.00	49.00	490	221
Diminution in the value of investment					(124)	(98)
Others						
India Bulls CSEB Bhaiyathan Power Limited	74	74	-	-	-	-
Total					1,155	911
Additional Information :						
Aggregate amount of quoted investments					-	-
Market value of quoted investments					-	-
Aggregate amount of unquoted investments					1,155	911
Aggregate amount of impairment in value of investments					-	-
Carrying amount of investments have been adjusted to reflect losses incurred at Joint Ventures and Associates.						

Pursuant to the Supreme Court Order dated 24th September, 2014, the Coal Block allocated to the Company with other Shareholders / Joint Venture partners in the names of Khappa Coal Company Private Limited Madanpur (North) Coal Company Private Limited and CT Mining Private Limited, stands cancelled. Subsequent to the cancellation of previous allocation, the Government of India, Ministry of Law and Justice (Legislative Department) has promulgated. The Coal Mines (Special Provisions) Act, 2015 for implementing the order of Supreme Court and fixation of compensation etc to the prior allottees. But the process of re-allotment and crystallization of compensation amount in respect of the above Company's mines, is pending, as the re-auctioning process of these mines are not yet completed. In view of aforesaid, the Company has not recognized any amount towards diminution in the value of the investments made in the Subsidiaries and Joint Venture companies.

Notes forming part of the financial statement for the year ended 31st March, 2019

	As at 31.03.2019 (₹ in Lakh)	As at 31.03.2018 (₹ in Lakh)
5. Bank Balances (non current)		
Non current bank balances*	73	54
Total	73	54
*it represent escrow account amount for Mine restoration obligation		
6. Non- Current loans (unsecured)		
Security deposits	993	981
Loans and advances to related parties (Refer Note No. 40) #	34	31
Total	1,027	1,012
#These loans are non interest bearing		
6A. Other non-current assets		
Capital advances	3,174	4,689
Total	3,174	4,689
7. Inventories : Raw materials and components #		
on hand	13,956	14,322
Goods-in transit (raw material)	1,051	-
Work-in-progress	18,429	14,296
Finished goods	18,077	12,125
Consumables, stores and spares	3,704	2,540
Total	55,217	43,283
#Inventories are hypothecated to banks against working capital loans (Refer Note No. 15)		
8. Trade receivables#		
Unsecured, considered good	28,602	30,176
Unsecured, considered doubtful	980	704
	29,582	30,880
Less: Provision for expected credit loss	(980)	(704)
	28,602	30,176
#Trade receivables are non interest bearing and receivable in normal operating cycle		
9. Cash and bank balances		
Cash and cash equivalents		
Cash on hand	6	11
Balances with banks in current accounts *	178	488
Total	184	499
*The Balance are net of Book overdraft of ₹ 374 Lakhs		
9A. Bank balances other than above		
Margin money deposit against Letter of Credit & Bank Guarantees	5,704	4,952
Unclaimed dividend accounts#	19	21
Total	5,723	4,973
Total	5,907	5,472
#During the year an amount of ₹ 20.36 Lakhs has been transferred to investors Education Protection Fund		
10. Other current financial assets		
Accruals - Interest accrued on deposits	144	108
Loans & advances to employees	91	33
Export incentives receivable	5	6
Claims receivables	15	58
Others	2	386
Total	257	591
11. Current tax assets (net)		
Advance tax net of provision	1,399	1,074
Total	1,399	1,074
12. Other current assets		
Advance to vendors	3,574	3,250
Prepaid Expenses	440	268
Balances with Statutory / Govt Authorities#	2,227	1,384
Total	6,241	4,902
# includes duty paid under protest		

13. Equity Share capital

(₹ in Lakh)

Particulars	As at 31.03.2019		As at 31.03.2018	
	Number	Amount	Number	Amount
Authorised				
Equity Shares of ₹ 10/- each	205,000,000	20,500	205,000,000	20,500
Total	205,000,000	20,500	205,000,000	20,500
Subscribed, issued & fully paid up				
Equity shares of ₹ 10/- each	180,219,448	18,022	180,219,448	18,022
Total	180,219,448	18,022	180,219,448	18,022

a) Terms / Voting Rights attached to the Equity Shares

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion of the number of the Equity shares held by the Shareholders.

b) Reconciliation of the number of shares outstanding

Movement of Shares	As at 31.03.2019	As at 31.03.2018
Opening number of shares issued	180,219,448	180,219,448
Shares issued during the year	-	-
Shares bought back during the year	-	-
Closing number of shares issued	180,219,448	180,219,448

c) Details of shareholders holding more than 5% shares in the Company

Name of shareholder	As at 31.03.2019		As at 31.03.2018	
	Number of shares	% Holding	Number of shares	% Holding
Sunflag Limited, Channel Islands, UK	65,253,582	36.21%	65,253,582	36.21%
Daido Steel Co. Ltd., Japan	18,021,945	10.00%	18,021,945	10.00%
Mr. Suhrit Ravi Bhushan Bhardwaj	13,217,398	7.33%	13,217,398	7.33%

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

d) The company has neither issued any bonus share or share for consideration other than cash neither bought back any shares during the period of five years immediately preceding the reporting date.

e) Dividend on equity shares at 5% aggregating to ₹ 1,086 Lakhs (including dividend distribution tax) was approved and paid during the current year.

	As at 31.03.2019 (₹ in Lakh)	As at 31.03.2018 (₹ in Lakh)
14. Other equity		
Securities premium reserve	3,785	3,785
General reserve	256	256
Retained earnings	71,342	61,401
Retained earnings - Remeasurement	227	227
Remeasurements of the defined benefit plans	382	-
Total	75,992	65,669
15. Non current borrowings		
Secured		
Term loans - from banks	4,360	6,963
Less : Current maturities of long-term debt (refer note 22)	(2,500)	(2,500)
Total (a)	1,860	4,463
Unsecured		
a) From promoters (interest free)	1,803	1,803
b) Others		
- Interest free Sales Tax loan	2,665	3,254
Less : Current maturities of long-term debt (refer note 22)	(860)	(820)
Total (b)	3,608	4,237
Total (a+b)	5,468	8,700

i. Term Loans from Banks are Secured by a first mortgage of the Company's immovable properties situated at Village Warthi, District Bhandara, both present and future ranking *pari passu interse* and a first charge by way of hypothecation of all the company's movables subject to prior charges created in favour of Company's bankers on inventories, book debts and other movables for securing the borrowings for working capital requirement.

ii. Term loan of ₹ 7,500 lakhs (outstanding ₹ 4,360 lakhs) (previous year ₹ 6,963 lakhs) borrowed from State Bank of India is further secured by Personal Guarantee of Shri Ravi Bhushan Bhardwaj, Chairman of the Company.

iii. The Company has not defaulted in repayment of principal and interest during the year.

- iv. The Unsecured loans comprising term loans given by Promoters are interest free. There is no stipulation as to the repayment hence there is no default which has occurred in repayment during the year.
- v. The Unsecured loans comprising Interest free Sales Tax Loan are valued on NPV basis. Actual liability is ₹ 2,665 lakhs (previous year ₹ 3,254 lakhs). The repayment of the sales tax loan is made as per the schedule and no default has occurred in repayment during the period.
- vi. Rate of interest charged on Rupee Term loan sanctioned by SBI - 9.80% (subject to reset after one year from the date of sanction i.e. 19.01.2020). (₹ in Lakh)

Maturity Profile	0-1 year	1 - 2 year	2 - 3 years	3 - 4 years	Beyond 4 years
Term loan from banks	2,500	1,860	-	-	-
Unsecured Interest Free Sales Tax Loan	860	812	762	231	-

	As at 31.03.2019 (₹ in Lakh)	As at 31.03.2018 (₹ in Lakh)
16. Other non - current financial liabilities		
Payable for capital goods	1,823	548
Security Deposit (Deposit recovered from contractors continue to remain over one year)	178	212
	2,001	760
17. Non - current provisions		
Provision for employee benefits	681	1,329
Provision for contingencies (refer below mention note)	1,647	1,637
	2,328	2,966

Movement in each class of provision as required by Ind AS - 37 during the financial year are provided below :

Particulars	Labour and other dues		Mine Restoration Obligation		Total	
	2018-2019	2017-2018	2018-2019	2017-2018	2018-2019	2017-2018
Opening	1,519	901	118	108	1,637	1,009
Provision during the year	-	618	-	-	-	618
Remeasurement losses accounted in OCI	-	-	-	-	-	-
Payment during the year	-	-	-	-	-	-
Interest Charge for the year	-	-	10	10	10	10
Closing	1,519	1,519	128	118	1,647	1,637

18. Deferred tax liabilities

Particulars	Balances as on 31.03.2019	Charge/Credit during the year	Balances as on 31.03.2018
Deferred Tax Liabilities on			
Tax on difference between book value of depreciable assets as per books of account and written down value as per Income tax Act,1961	9,402	357	9,045
	9,402	357	9,045
Deferred Tax Asset on			
Provision for doubtful debts	342	96	246
Expenses allowed under Income Tax Act,1961 on payment basis	858	(69)	927
	1,200	27	1,173
Net Deferred Tax Liability (Current Year)	8,202	330	7,872
Net Deferred Tax Liability (Previous year)	7,872	99	7,773

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31.03.2019 and 31.03.2018.

	Year ended 31.03.2019 (₹ in Lakh)	Year ended 31.03.2018 (₹ in Lakh)
Accounting profit before tax	17,234	18,418
Applicable tax rate	34.61%	34.61%
Computed tax	5,964	6,374
Adjustments		
Less : MAT Credit entitlement utilise	-	(1,011)
Permanent disallowance	(85)	52
Due to change in tax rate	(58)	76
Less : Others	21	59
	5,842	5,550

	As at 31.03.2019 (₹ in Lakh)	As at 31.03.2018 (₹ in Lakh)
19. Other non - current liabilities		
Government grant	<u>333</u>	<u>526</u>
	<u>333</u>	<u>526</u>
20. Current financial liabilities - Borrowings		
Secured		
Loans repayable on demand		
Borrowings for working capital from banks	20,304	16,448
Unsecured		
Customer bills discounted	<u>6,076</u>	<u>5,616</u>
	<u>26,380</u>	<u>22,064</u>
i. Working capital borrowings are secured by way of hypothecation of Inventories and book debts and further secured by way of second charge ranking <i>pari passu</i> over the fixed assets situated at Village Warthi, District Bhandara both present and future, subject to prior charges created by the Company in favour of banks for securing term loan. Working capital borrowings are secured by the personal guarantee of Shri Ravi Bhushan Bhardwaj, Chairman of the Company.		
ii. Interest on working capital loan from Banks are charged at respective bank's MCLR plus 50 -100 bps		
iii. Outstanding under Customer bills discounted are supported by Letter of credit issued by the respective customers. Further the bills are discounted after receipt of acceptance from applicant's Bank.		
21. Current financial liabilities		
Trade payables		
a) Total outstanding dues of Micro Enterprises and Small Enterprises	1,263	1,331
b) Others		
i) Acceptances	11,166	2,994
ii) Other than acceptances	<u>14,292</u>	<u>14,594</u>
	<u>25,458</u>	<u>17,588</u>
Total (a+b)	<u>26,721</u>	<u>18,919</u>
Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditor.		
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	-	-
The amount of interest paid by the buyer in terms of section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The 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 Micro, Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining 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 under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	-	-
	<u>-</u>	<u>-</u>
Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. Moreover the Company is in the process of updating its suppliers data, as to the status as a Micro Small & Medium Enterprise with a copy of the Memorandum filed as per the provisions of Section-8 of the Micro, Small & Medium Enterprises Development Act, 2006.		
22. Other current financial liabilities		
Current maturities of long-term debt		
i) Term loan from banks	2,500	2,500
ii) Unsecured Interest free Sales Tax Loan	860	820
Interest accrued but not due on long term borrowings	42	37
Unclaimed dividends *	19	21
Discounts	754	1,487
Managerial commission	440	611
Salary & Reimbursements	1,294	840
Others	<u>4,219</u>	<u>3,520</u>
	<u>10,128</u>	<u>9,836</u>
* There are no amounts due and outstanding to be credited to the Investor Education and Protection fund.		
23. Other Current Liabilities		
a) Government grant	200	229
b) Others		
Statutory dues payable	135	292
TDS payable	82	45
Others	<u>743</u>	<u>590</u>
	<u>1,160</u>	<u>1,157</u>

	For the year ended	
	31.03.2019 (₹ in Lakh)	31.03.2018 (₹ in Lakh)
24. Revenue From Operations		
Sale of manufactured goods #	222,858	212,684
Sub Total	222,858	212,684
# Sales for the previous includes Excise Duty of ₹ 5,475 lakhs. However, the corresponding sales for the current year are net of GST		
Other operating income		
Conversion charges received	-	1
Duty drawback & export incentives	91	92
Sub Total	91	93
Total revenue from operations	222,949	212,777
25. Other Income		
Interest Income	416	574
Insurance claims	65	79
Amortization of government grant	223	229
Gain on foreign exchange fluctuation	345	23
Others	69	792
	1,118	1,697
26. a) Cost of raw material & components consumed		
Inventory at the beginning of the year	16,862	11,278
Add : Purchases during the year	149,197	128,915
Less : Inventory at the end of the year	18,711	16,862
Total raw material consumption (a)	147,347	123,331
b) Other Manufacturing Expenses		
Consumption of fuel	5,441	3,903
Consumption of power (Net of captive consumption)	9,568	8,335
Coal mine freight & other expenses	8,448	9,985
Contract expenses	12,244	10,467
Total Other Manufacturing Expenses (b)	35,701	32,690
Total Expenses (a+b)	183,048	156,021
Details of raw material & components consumed		
Iron ore & iron ore fines	25,933	24,217
Coal & coal fines (Net of Consumption of Coal from Captive Mines)	8,523	4,163
Coke	44,997	43,103
Sponge iron	-	17
Scrap & HBI	2,534	2,088
Ferro alloys	22,782	20,511
Fluxes, minerals & additives	6,358	6,156
Electrodes	4,621	2,747
Others	31,599	20,329
Total	147,347	123,331
Details of Inventory Raw Material & Components		
Iron Ore & Iron Ore Fines	3,018	3,461
Coal & Coal Fines (Net of Consumption of Coal from Captive Mines)	2,145	1,111
Coke	3,216	4,019
Scrap & HBI	52	139
Ferro Alloys	2,621	1,994
Fluxes, Minerals & Additives	781	548
Electrodes	1,344	1,990
Goods in Transit	1,051	-
Others	4,483	3,600
Total	18,711	16,862

	For the year ended		
	31.03.2019 (₹ in Lakh)	31.03.2018 (₹ in Lakh)	
27. Change in inventories of finished goods and work-in-progress			
Inventories at the end of the year			
Finished goods	18,077	12,125	
Work-in-progress	18,429	14,296	
	36,506	26,421	
Inventories at the beginning of the year			
Finished goods	12,125	20,245	
Work-in-progress	14,296	9,030	
	26,421	29,275	
Excise Duty on account of increase / (decrease) in stock of finished product	-	(4,413)	
Net (increase) / decrease	(10,085)	(1,559)	
28. Employee Benefit Expenses			
Salaries, Wages and Bonus	8,266	8,341	
Contribution to Provident & other Funds	1,341	1,367	
Staff Welfare Expenses	601	549	
	10,208	10,257	
29. Finance Cost			
Interest on term loans	384	388	
Interest on working capital loans	1,980	2,195	
Interest on bills discounted	322	409	
Unwinding of interest	11	10	
Other borrowing costs	1,177	547	
	3,874	3,549	
30. Depreciation and amortization expense			
Depreciation of tangible assets	3,787	3,413	
Amortization of intangible assets	-	-	
	3,787	3,413	
31.			
31.1 Other Expenses			
Freight & forwarding	7,960	9,152	
Travelling expenses	507	438	
Insurance charges	206	185	
Rent, rates and taxes	190	279	
Repairs & maintenance	160	190	
Printing & stationery	41	41	
Directors' sitting fee	6	5	
Postage & telephones	102	86	
Corporate social responsibility	245	150	
Admin Expenses	703	1,270	
Legal & professional expenses	980	686	
Commission	69	92	
Discounts	4,349	5,594	
Bad Debts written-off	7	-	
Provision for doubtful debts	276	540	
Others	200	187	
	16,001	18,895	
31.2 Payments to Auditors			
Statutory Audit fees	17	15	
Out of Pocket Expenses	1	1	
Total	18	16	
32. Earnings Per Share			
Basic Earnings per Share			
Continuing Operations			
Profit / (Loss) after Tax	₹ in lakh	11,410	12,866
Weighted Average shares outstanding at the end of Year	Number	180,219,448	180,219,448
Number of Shares outstanding at the end of year	Number	180,219,448	180,219,448
Basic and diluted Earnings ₹ per equity share	Rupees	6.33	7.14
Since there is no fresh issue or Bonus issue and also the absence of any other type of share capital outstanding at the end of the year the Diluted EPS and Basic EPS are same.			

33. Contingent liabilities and commitments (to the extent not provided for)

(₹ in Lakh)

Particulars	As at 31.03.2019	As at 31.03.2018
i) Contingent liabilities		
a) Unexpired letter of credit	6,649	6,003
b) Guarantees issued by Company's bankers on behalf of the Company	6,174	6,468
c) Excise duty & custom duty against which company has preferred appeal	605	751
d) Income Tax Liability - Disputed but paid	321	162
e) Income Tax Liability - Disputed and not paid	-	4,300
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	29,289	8,476

34. Segment information

The Company has only one operating segment i.e. 'Iron & Steel Business' and operations are mainly within India. Hence, it is the only reportable segment under INDAS-108 'Operating Segments'.

Entity wide disclosure required by INDAS-108 are made as follows:

Particulars	Year ended 31 st March 2019		Year ended 31 st March 2018	
	Domestic	Foreign	Domestic	Foreign
Revenues from sale of products to external customers	218,206	4,743	207,827	4,858
Non - Current Assets				
- Property, Plant and Equipment	53,667	-	51,278	-
- Capital work in progress	20,162	-	10,759	-
- Other non current assets	4,201	-	5,701	-

35. Operating Lease
Operating lease commitments - Company as lessee

The Company has entered into cancellable lease agreements for godowns and office premises. Some of the lease agreements contain escalation clause of upto 10%. There are no restrictions placed upon the Company by entering into these leases.

	<u>As at 31.03.2019</u>	<u>As at 31.03.2018</u>
Lease Payment during the year	150	161
	<u>150</u>	<u>161</u>

Future minimum rentals payable under non-cancellable operating leases as at 31st March, 2019 are as follows :

Future minimum lease payments

Not later than one year	494	361
Later than one year and not later than five years	1,978	1,844
Later than five years	3,461	4,450
Total	<u>5,933</u>	<u>6,655</u>

36. Capital management

For the purpose of the Company's capital management, equity includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders and net debt includes interest bearing loans and borrowings less current investments and cash and cash equivalents. The primary objective of the Company's capital management is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, internal accruals, long term borrowings and short term borrowings. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

In order to achieve this overall objective, the Company's capital management amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

(₹ in Lakh)

Particulars	As at 31.03.2019	As at 31.03.2018
Long term borrowing	5,468	8,700
Short term borrowing	26,380	22,064
Current maturities of long-term debt	3,360	3,320
Less : Cash and bank balance	(5,907)	(5,472)
Net debt	29,301	28,612
Equity	94,160	83,837
Capital and net debt	123,461	112,449
Gearing ratio	24%	25%

To maintain or adjust the capital structure, the Company review the fund management at regular intervals and take necessary actions to maintain the requisite capital structure.

No changes were made in the objectives policies or processes for managing capital during the years ended 31.03.2019 & 31.03.2018.

37. Subsequent events

The Company had received an intimation from The Nominated Authority, Ministry of Coal, Government of India, for appropriation of Performance Bank guarantee to the extent of ₹21.38 Crores in view of non-compliance of production schedule in terms Coal Mine Development and Production Agreement in respect of Belgaon Coal Mine. However, the Company filed a writ petition in the Hon'ble High Court at Delhi and after hearing the matter on 3rd May, 2018, the Hon'ble High Court directed the Company to file an appeal in the Special Tribunal at Nagpur within two weeks. Accordingly the Company filed an appeal on 8th May, 2018 and as a matter of prudence, necessary provision was made during the previous year ended 31st March, 2018. The matter is now listed for hearing on 17th June, 2019.

38. Employee benefit plans

Employee Provident Fund, the Company has made good the shortfall of interest on fund Nil. (Previous Year Nil)

Further, the following table sets out for the Employee Benefits plan as required under Ind AS-19

(₹ in Lakh)

Particulars	Gratuity		Provident Fund		Superannuation	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Statement showing changes in Present Value of obligation :						
Present value of obligations at the beginning of the year	2,632	2,168	5,950	5,346	2,569	2,397
Interest Cost	149	11	549	514	162	187
Current Service Cost	217	131	914	903	238	222
Benefits paid	843	(970)	(420)	(812)	(539)	(237)
Actuarial Loss on obligations	0	648	-	-	-	-
Present value of obligations as at the end of the year	2,155	2,632	6,995	5,950	2,430	2,569
Table showing changes in the fair value of Plan Assets :						
Fair value of Plan Assets at the beginning of year	2,632	2,168	5,950	5,346	2,569	2,397
Expected return on Plan Assets	149	11	556	514	162	187
Contributions	217	566	914	903	238	222
Benefits paid	843	(970)	(420)	(812)	(539)	(237)
Actuarial Gain / (Loss) on Plan Assets	(1,686)	857	-	-	-	-
Fair value of Plan Assets at the end of the year	2,155	2,632	7,001	5,950	2,430	2,569
Funded Status	-	-	(6)	-	-	-
Excess of Actual over estimated return on Plan Assets	-	-	6	-	-	-
Actuarial Gain / (Loss) recognised :						
Actuarial Loss for the year - Obligation	-	648	-	-	-	-
Actuarial Gain / (Loss) for the year - Plan Assets	-	-	-	-	-	-
Total Loss for the year	-	-	-	-	-	-
Actuarial Gain / (Loss) recognised in the year	-	648	-	-	-	-
Amounts to be recognised in the Balance Sheet :						
Present value of obligations as at the end of the year	2,155	2,632	6,995	5,950	2,430	2,397
Fair value of Plan Assets as at the end of the year	2,155	2,632	7,001	5,950	2,430	2,397
Funded Status	-	-	6	-	-	-
Net Asset / (Liability) Recognised in the Balance Sheet	-	-	(6)	-	-	-
Expenses Recognised in the statement of Profit and Loss Account :						
Current Service Cost	217	131	549	514	-	-
Interest Cost	-	-	-	-	-	-
Expected Return on Plan Assets	-	-	556	514	-	-
Net Actuarial (Gain) / Loss Recognised in the Statement of Profit & Loss	-	648	-	-	-	-
Expenses Recognised in Statement of Profit & Loss	217	566	-	-	-	-
Actuarial Assumptions :						
Discount Rate	7.80%	7.30%	8.55%	8.65%	-	-
Salary Escalation	5.00%	5.00%	5.00%	5.00%	-	-
Investment Details (%) :						
GOI Securities	-	-	29%	32%	-	-
State Government Securities	-	-	33%	31%	-	-
Approved Marketable Securities	-	-	-	-	-	-
Bonds / Debentures etc	-	-	34%	33%	-	-
Loans	-	-	-	-	-	-
Equity	-	-	-	-	-	-
Liquid fund / Money Market Instrument	-	-	4%	4%	-	-
Total	-	-	100%	100%	-	-

a) The investment details of Gratuity funds are as per the Scheme of Life Insurance Corporation of India (LIC).

b) The investment details of Superannuation funds are as per the Scheme of Life Insurance Corporation of India (LIC) under two plans. Even though these plans are still continuing, Company has stopped making contribution towards One plan i.e. Superannuation Scheme of Workers w.e.f. 01.04.1995 on payment of bonus in the year 1995 as per the terms and conditions of Rules framed at the time of subscribing to the designated policy of LIC. Company was liable as per terms and conditions of the Trust deed to pay contributions only till applicability of provisions of payment of Bonus Act.

39. Related Party Disclosure (as identified by the Management)

In accordance with the requirements of IND AS-24, on 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 reporting periods.

(₹ in Lakh)

Related Party Name and Relationship	Designation	Account	Transactions year ended		Outstanding as on	
			31.03.2019	31.03.2018	31.03.2019	31.03.2018
i) Key Management Personnel						
Mr. Ravi Bhushan Bhardwaj	Non Executive Chairman	Commission	91	198	2	3
Mr. Pranav Bhardwaj	Managing Director & Commission	Remuneration	499	554	1	1
Mr. Surendra Kumar Gupta	Deputy Managing Director	Remuneration	110	101	-	-
CA R. Muralidhar	Executive Director (Finance) & CFO	Remuneration	94	48*	-	-
Mr. Ramchandra V. Dalvi	Executive Director(Works)	Remuneration	76	34*	-	-
CS Pranab Panigrahi	Company Secretary	Remuneration	22*	25	-	-
CS Ashutosh Mishra	Company Secretary	Remuneration	13*	-	-	-
Mr. Suhrit Ravi Bhushan Bhardwaj	Relative of Director	Rent Paid	-	5.00	-	-
Dr. E.R.C. Shekhar	Non Executive, Independent Director	Commission & Sitting Fees	3.69	2.55	-	-
Mr. Kumar Jitendra Singh	Non Executive, Independent Director	Commission & Sitting Fees	3.10	2.15	-	-
CA Jayesh M. Parmar	Non Executive, Independent Director	Commission & Sitting Fees	3.01	1.95	-	-
Mr. S. Gajendran	Non Executive, Independent Director	Commission & Sitting Fees	3.22	2.30	-	-
CA Neelam Kothari	Non Executive, Independent Director	Commission & Sitting Fees	2.74	2.00	-	-
Mr. Rooshad Russi Patel	Non Executive, Independent Director	Sitting Fees	2.70	0.20	-	-

* Salary for the part of the year

(₹ in Lakh)

	Shareholding as on 31.03.2019	Account	Transactions year ended		Outstanding as on	
			31.03.2019	31.03.2018	31.03.2019	31.03.2018
ii) Subsidiaries						
Sunflag Foundation	100%	-	245	1	-	-
iii) Joint Ventures						
Daido D.M.S. India Private Limited	20.00%	Share Capital	-	360	360	360
Ramesh Sunwire Private Limited	49.00%	Share Capital	270	221	490	362
CT Mining Private Limited	31.80%	Share Capital	-	-	-	-
iv) Associate Enterprises						
Haryana Televisions Limited	Relationship through KMP	Rent	57	56	24	21

40. Interest In Joint Ventures

The Company has interests in the following jointly controlled entities:

Name of Companies and country of incorporation	% of shareholding	Amount of Interest based on accounts for the year ended 31.03.2019					
		Assets	Liabilities	Income	Expenditure	Contingent Liabilities	Capital Commitments
Daido D.M.S. India Private Limited/ India	20.00 (20.00)	427 (367)	427 (367)	189 (167)	229 (179)	- -	- -
Madanpur (North) Coal Company Private Limited/India	11.73 (11.73)	110 (110)	110 (110)	3 (3)	14 (14)	389 (389)	- -
Ramesh Sunwire Private Limited/ India	49.00 (49.00)	1,742 (396)	1,742 (396)	- -	0.21 (1)	- -	- -
C T Mining Private Limited/India	31.80 (31.80)	311 (307)	311 (307)	7 (8)	2 (2)	- -	- -

Note : Figures in brackets relate to the previous year.

41. Fair value hierarchy

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values :

(₹ in Lakh)

Particulars	Fair value hierarchy	As at 31.03.2019		As at 31.03.2018	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets designated at fair value through profit and loss	Level-2				
Non current financial asset - investments		1,155	1,155	911	911
Financial assets designated at fair value through other comprehensive income					
Financial assets designated at amortised cost					
Non current financial asset - Bank		73	73	54	54
Non current financial asset - Loans		1,027	1,027	1,012	1,012
Current financial asset - Trade receivables		28,602	28,602	30,176	30,176
Current financial asset - Cash and cash equivalents		184	184	499	499
Financial Asset - Bank balances other than above		5,723	5,723	4,973	4,973
		36,764	36,764	38,359	38,359
Financial liability designated at amortised cost					
Non current financial liabilities - Borrowings		5,468	5,468	8,700	8,700
Non current financial liabilities - Other		2,001	2,001	760	760
Current financial liabilities - Borrowings		26,380	26,380	22,064	22,064
Current financial liabilities - Other		10,128	10,128	9,836	9,836

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties in an orderly market transaction, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values

- The fair values of derivatives are on MTM as per Bank
- Company has opted to fair value its Long term and Current investments through profit & loss
- Company has adopted effective rate of interest for calculating Interest. This has been calculated as the weighted average of effective interest rates calculated for each loan. In addition processing fees and transaction cost relating to each loan has also been considered for calculating effective interest rate.

Fair value hierarchy

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

Level 2 - Inputs other than quoted prices included within Level-1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

42. Financial Risk Management
Financial risk factors

The Company's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to manage finances for the Company's operations. The Company has loan, investment, trade receivables, other receivables, cash and short-term deposits that arise directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks and also ensure that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes will be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below :

i) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity risk. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This is based on the financial assets and financial liabilities held as at 31st March, 2019 and 31st March, 2018.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest expenses to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total loan portfolio.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the unhedged portion of loans and borrowings. With all other variables held constant the Company's profit before tax is affected through the impact on floating rate borrowings, as follows :

Increase / (decrease) in interest rate		Effect on profit before tax	
As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
0.50%	0.50%	(11.82)	(12.92)
(0.50%)	(0.50%)	11.82	12.92

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating and financing activities.

Currency	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
EUR	5	(5)	-	-
GBP	1	(1)	-	-
SEK	1	(1)	-	-
USD	11	(11)	28	(28)
Grand Total	18	(18)	28	(28)

ii) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and advances to suppliers) and from its financing activities, including deposits and other financial instruments.

Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients. An impairment analysis is performed at each quarter end on an individual basis for major customers.

(₹ in Lakh)

Aging	Total		Up to 6 month		More than 6 month	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Trade receivables	29,582	30,880	28,602	30,176	980	704
Less : ECL Provision	(980)	(704)	-	-	(980)	(704)

iii) Liquidity Risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and cash credit facilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contracted undiscounted payments.

Non current /current financial liabilities	Total		Less than 1 year		1 to 2 year		2 year and above	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Non current financial liabilities								
i) Borrowings*	8,828	12,020	3,360	3,320	2,672	3,360	2,796	5,340
ii) Others	2,001	760	-	548	2,001	-	-	212
Current financial liabilities								
i) Borrowings*	26,380	22,064	26,380	22,064	-	-	-	-
ii) Others	10,128	9,836	10,128	9,836	-	-	-	-

* including current maturity of long term debt

43. Information related to Consolidated Financial statements

The company is listed on stock exchange in India, the Company has prepared consolidated financial statements as required under IND AS-110, Section 129 of Companies Act, 2013 and listing requirements. The consolidated financial statement is available on company's web site for public use.

44. The Company has spent amount on corporate social responsibility expenses as below :

Particulars	31.03.2019	31.03.2018
Gross amount required to be spent during the year	244	150
Amount spent during the year		
- Construction / acquisition of any assets	-	-
- On purpose other than above	244	150

45. During the year, Company has incurred expenditure related to construction of property plant and equipment and therefore accounted for the same under capital work in progress. Details of the expenses capitalised and carried forward as capital work in progress are given below :

Particulars	As at 31.03.2019	As at 31.03.2018
Brought forward from last year	13,010	6,876
Expenditure incurred during the year :		
- Building and civil constructions	1,422	-
- Machinery and equipments	10,658	9,722
- Interest and financial charges	469	-
- Miscellaneous expenses	-	-
Total expenditure during the year	12,549	9,722
Less : Miscellaneous income	-	-
Less : Capitalised during the year	5,397	3,588
Carried forward as part of Capital-work-in-progress	20,162	13,010

46. Subsequent events

The Company has participated in the auction conducted by Government of Maharashtra, for acquisition of Loharadongri iron ore mine and the result for which is awaited.

47. Previous year's figures have been regrouped / re-classified wherever necessary to make them more comparable.

As per our attached report of even date

For S S KOTHARI MEHTA & CO.
Chartered Accountants
FRN : 000756N

SUNIL WAHAL
Partner
M. No. 087294

Nagpur
21st May 2019

PRANAV BHARDWAJ
MANAGING DIRECTOR

S. K. GUPTA
Dy. MANAGING DIRECTOR

CA R. MURALIDHAR
EXECUTIVE DIRECTOR (FINANCE) & CFO

ASHUTOSH MISHRA
COMPANY SECRETARY

S. GAJENDRAN

K. J. SINGH

ROOSHAD R. PATEL

MRS. NEELAM KOTHARI

RAMCHANDRA V. DALVI

DIRECTORS

PROXY FORM**FORM NO. MGT - 11**[Pursuant to Section 105(6) of the Companies Act, 2013 read with
Rule 19(3) of the Companies (Management and Administration) Rules, 2014 (as amended)]**SUNFLAG IRON AND STEEL COMPANY LIMITED****REGISTERED OFFICE : 33, MOUNT ROAD, SADAR, NAGPUR - 440001, MH, IN**

Corporate Identification Number (CIN) – L 27100 MH 1984 PLC 034003

Tel Nos. + 91 712 2524661 / 2520356-7-8, Fax No. + 91 712 2520360, e-mail id : investor@sunflagsteel.com, Website : www.sunflagsteel.com

Thirty-third (33rd) Annual General Meeting – Friday, the 27th September, 2019 at 3:00 P.M.

Name of the Member(s) :	<input type="text"/>
Registered Address :	<input type="text"/>
e-mail Id :	<input type="text"/>

DPID	<input type="text"/>
------	----------------------

Reg. Folio No.	<input type="text"/>
----------------	----------------------

CLID	<input type="text"/>
------	----------------------

No. of Shares	<input type="text"/>
---------------	----------------------

I / We, being the member(s) of the above named Company, holding _____ Shares, hereby appoint:

1. Name : e-mail Id :

Address : Signature :

.....

OR failing him / her

2. Name : email Id :

Address : Signature :

.....

OR failing him / her

3. Name : email Id :

Address : Signature :

.....

as my / our Proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Thirty-third (33rd) Annual General Meeting of the Company, to be held on Friday, 27th September, 2019 at 3:00 P.M. at the Indian Medical Association's - Dr. Dinkar Hardas CME Hall, Dr. Hardas IMA Annex, North Ambazari Road, Nagpur – 440010, MH, IN and at any adjournment thereof in respect of such Resolution/s as are indicated below:-

Sr. No.	Resolution	Vote (Optional) (Refer Note 2)		
		For	Against	Abstain
Ordinary Business				
1	To adopt the Financial Statements (Standalone & Consolidated) of the Company for the Year 2018-2019 ended 31 st March, 2019 including the Balance Sheet as at 31 st March, 2019; Profit and Loss, Cash Flow for the year ended 31 st March, 2019, together with the Board's Report and the Report of the Statutory Auditors thereon.			
2	To declare Dividend @5% (i.e. Rs. 0.50 per Equity Share) on Equity Shares of the Company.			
3	To appoint a Director in place of CA Rambhatla Muralidhar (DIN - 00982212), who retires by rotation and, being eligible, offers himself for re-appointment.			
Special Business				
4	To appoint Mr. Sajiv Dhawan (DIN - 00160085), as a Director [Category - Non-executive, Independent] of the Company, not liable to retire by rotation, and also for a fixed first term of three (3) consecutive years, as an Independent Director of the Company.			
5	To ratify the Remuneration of Cost Auditors of the Company.			

Signed this _____ Day of _____, 2019

Signature of Shareholder _____

Affix Revenue Stamp of ₹ 1/-

Signature of first proxy holder_____
Signature of second proxy holder_____
Signature of third proxy holder**Notes:-**

1. This form of proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the time fixed for commencement of meeting.
2. It is optional to indicate your preference. If you leave for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he / she may deem appropriate.

ATTENDANCE SLIP**SUNFLAG IRON AND STEEL COMPANY LIMITED****REGISTERED OFFICE : 33, MOUNT ROAD, SADAR, NAGPUR - 440001, MH, IN**

Corporate Identification Number (CIN) – L 27100 MH 1984 PLC 034003

Tel Nos. + 91 712 2524661 / 2520356-7-8, Fax No. + 91 712 2520360, e-mail Id : investor@sunflagsteel.com, Website : www.sunflagsteel.com

Thirty-third (33rd) Annual General Meeting - Friday, the 27th September, 2019 at 3.00 p.m.

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint Shareholders may obtain additional Slips on request.

NAME & ADDRESS OF THE SHAREHOLDER(S)

DPID	
------	--

Reg. Folio No.	
----------------	--

CLID	
------	--

No. of Shares	
---------------	--

I hereby record my presence at the Thirty-third (33rd) Annual General Meeting of the Company held at Indian Medical Association's Dr. Dinkar Hardas CME Hall, Dr. Hardas IMA Annex, North Ambazari Road, Nagpur - 440010, MH, IN, on Friday, the 27th September, 2019 at 3.00 p.m.

SIGNATURE OF THE SHAREHOLDER OR THE PROXY ATTENDING THE MEETING

If Shareholder, Please Sign here

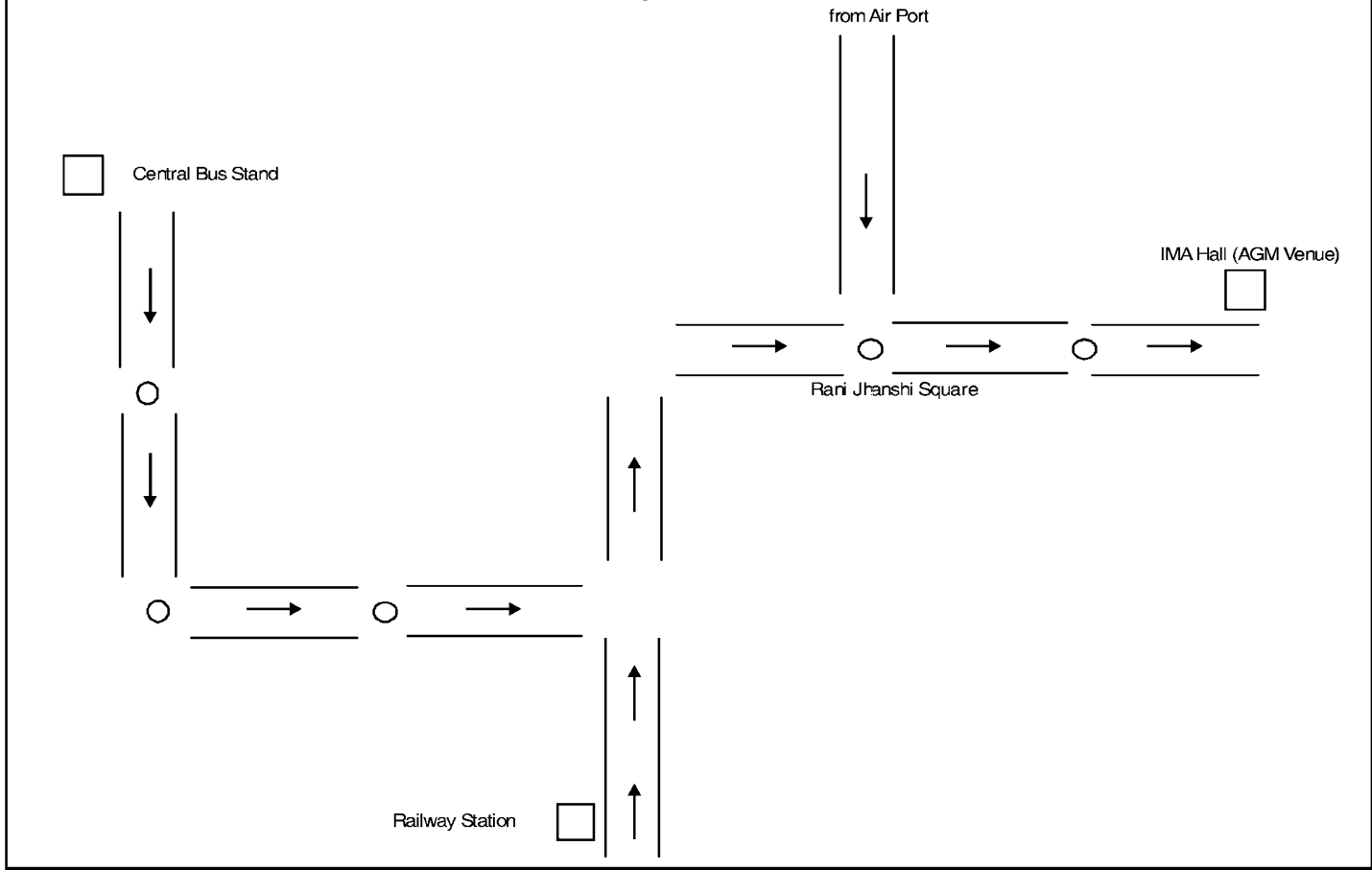
If Proxy, Please Sign here

.....

.....

Note : The Shareholder or Proxy Holder is requested to please bring their copy of Thirty-third (33rd) Annual Report to the meeting venue for reference purpose.

Route Map to AGM Venue



POST / COURIER

If undelivered please return to :

SUNFLAG IRON AND STEEL COMPANY LIMITED

Registered Office : 33, Mount Road, Sadar,
Nagpur - 440001 (Maharashtra) India
visit us at : www.sunflagsteel.com